



Golden West
RESOURCES LIMITED

ABN 54 102 622 051

21 October 2011

ASX Limited
Exchange Centre
Company Announcements office
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

Notice of Annual General Meeting – 25 November 2010

Please find following a Notice of Annual General Meeting, Explanatory Memorandum and Proxy Form which is today being mailed to shareholders.

Yours faithfully

ANTHONY BEGOVICH
Company secretary

Golden West Resources Limited

ACN 102 622 051

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

Date of General Meeting: Monday, 21 November 2011
Time of General Meeting: 2:00pm (WST)
**Place of General Meeting: Hyatt Regency Perth Hotel, 99 Adelaide
Terrace, Perth, Western Australia**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Golden West Resources Limited will be held at Hyatt Regency Perth Hotel, 99 Adelaide Terrace, Perth, Western Australia on Monday, 21 November 2011 at 2pm (WST).

An Explanatory Memorandum containing information in relation to each of the following matters to be considered at the meeting accompanies and forms part of this Notice.

AGENDA

FINANCIAL, DIRECTORS' AND AUDITOR'S REPORT

To receive and consider the Financial Report, Directors' Report and Auditor's Report of the Company and its controlled entities for the financial year ended 30 June 2011.

1. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

"That for the purposes of section 250R(2) of the Corporations Act, the Remuneration Report for the financial year ended 30 June 2011 be adopted."

The Company will disregard any votes cast on this Resolution by Key Management Personnel or their Closely Related Parties. However, the Company need not disregard a vote cast on this resolution if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the directions on the proxy form.

2. RESOLUTION 2 - RE-ELECTION OF DIRECTOR – KONG LENG LEE

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

"That Mr Kong Leng Lee, who was appointed as a Director on 8 December 2010 to fill a casual vacancy, be re-elected as a director of the Company."

3. RESOLUTION 3 - RE-ELECTION OF DIRECTOR – CHIN AN LAU

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

"That Mr Chin An Lau, who was appointed as a Director on 25 May 2011 to fill a casual vacancy, be re-elected as a director of the Company."

4. RESOLUTION 4 - RE-ELECTION OF DIRECTOR – MICHAEL WILSON

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

"That for the purposes of section 7.3(a) of the Company's Constitution, Mr Michael Wilson, who retires and offers himself for re-election is re-elected as a director."

5. RESOLUTION 5 - APPROVAL OF ISSUE OF SHARES TO EMPLOYEES PURSUANT TO EMPLOYEE SHARE OPTION PLAN

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purpose of Exception 9(b) set out in Listing Rule 7.2 of the Listing Rules of ASX Limited, approval is given for the Company to issue options under the Company’s Employee Share Option Plan (for which approval was previously given in 2008) for a period of 3 years after the resolution is passed.”

The Company will disregard any votes cast on this resolution by a director of the Company and any associate(s) of a director. However, the Company need not disregard a vote cast on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

6. RESOLUTION 6 - APPROVAL OF GRANT OF OPTIONS TO TIEN SENG LAW

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

“That in accordance with ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, Shareholders approve the grant of 4,000,000 options to Tien Seng Law or his nominee on the terms and conditions in the Explanatory Memorandum.”

The Company will disregard any votes cast on this resolution by Mr Law and any associate(s) of Mr Law. However, the Company need not disregard a vote cast on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

7. RESOLUTION 7 - APPROVAL OF GRANT OF OPTIONS TO CHIN AN LAU

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

“That in accordance with ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, Shareholders approve the grant of 4,000,000 options to Chin An Lau or his nominee on the terms and conditions in the Explanatory Memorandum.”

The Company will disregard any votes cast on this resolution by Mr Lau and any associate(s) of Mr Lau. However, the Company need not disregard a vote cast on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

8. RESOLUTION 8 - APPROVAL OF GRANT OF OPTIONS TO GARY LYONS

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

“That in accordance with ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, Shareholders approve the grant of 4,000,000 options to Gary Lyons or his nominee on the terms and conditions in the Explanatory Memorandum.”

The Company will disregard any votes cast on this resolution by Mr Lyons and any associate(s) of Mr Lyons. However, the Company need not disregard a vote cast on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

9. RESOLUTION 9 - APPROVAL OF GRANT OF OPTIONS TO MICHAEL WILSON

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

“That in accordance with ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, Shareholders approve the grant of 4,000,000 options to Michael Wilson or his nominee on the terms and conditions in the Explanatory Memorandum.”

The Company will disregard any votes cast on this resolution by Mr Wilson and any associate(s) of Mr Wilson. However, the Company need not disregard a vote cast on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

10. RESOLUTION 10 - APPROVAL OF GRANT OF OPTIONS TO KONG LENG LEE

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

“That in accordance with ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, Shareholders approve the grant of 4,000,000 options to Kong Leng Lee or his nominee on the terms and conditions in the Explanatory Memorandum.”

The Company will disregard any votes cast on this resolution by Mr Lee and any associate(s) of Mr Lee. However, the Company need not disregard a vote cast on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

11. RESOLUTION 11 - APPROVAL OF GRANT OF OPTIONS TO DAVID SANDERS

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

“That in accordance with ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, Shareholders approve the grant of 1,000,000 options to David Sanders or his nominee on the terms and conditions in the Explanatory Memorandum.”

The Company will disregard any votes cast on this resolution by Mr Sanders and any associate(s) of Mr Sanders. However, the Company need not disregard a vote cast on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

12. RESOLUTION 12 - APPROVAL OF GRANT OF OPTIONS TO JOHN LESTER

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

“That in accordance with ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, Shareholders approve the grant of 500,000 options to John Lester or his nominee on the terms and conditions in the Explanatory Memorandum.”

The Company will disregard any votes cast on this resolution by Mr Lester and any associate(s) of Mr Lester. However, the Company need not disregard a vote cast on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

QUESTIONS AND COMMENTS

The Chairman will allow a reasonable opportunity for shareholders at the meeting to ask questions about or make comments on the management of the Company.

BY ORDER OF THE BOARD



Anthony Begovich
Company Secretary

PROXY INSTRUCTIONS

Members are advised that:

- each member has a right to appoint a proxy to attend and vote for them;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint either 1 or 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment is for 2 proxies and does not specify the proportion or number of votes each proxy may exercise, then, in accordance with section 249X(3) of the *Corporations Act*, each proxy may exercise half of the votes.

The member may specify the manner in which the proxy is to vote on each resolution or may allow the proxy to vote at his or her discretion.

In accordance with section 250BA of the *Corporations Act*, the Company specifies that the proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be:

- posted to the Company's share registry, Security Transfer Registrars Pty. Limited 770 Canning Highway, Applecross, Western Australia, 6153, or sent to the share registry by facsimile on +61 8 9315 2233; or
- posted or delivered to the registered office of the Company at Suite 4, 138 Main Street, Osborne Park, Western Australia 6017, or sent to the registered office by facsimile on +61 8 9201 9203.

Those documents must be received by the Company at least 48 hours before the time for holding the Annual General Meeting, or adjourned Annual General Meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a body corporate, in a manner permitted by the *Corporations Act*. In the case of Shares jointly held by two or more persons, at least one joint holder must sign the proxy form.

A proxy form is enclosed with this Notice.

VOTING ENTITLEMENT

In accordance with Regulation 7.11.37 of the *Corporations Act*, the Directors have set a date to determine the identity of those entitled to attend and vote at the Annual General Meeting. For the purposes of determining voting entitlements at the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding at 2:00pm (WST) on **Saturday, 19 November 2011**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

DEFINITIONS

For assistance in considering the Notice and accompanying Explanatory Memorandum, the following words are defined here:

AGM or Annual General Meeting means the 2011 annual general meeting of the Company.

ASX means ASX Limited ACN 008 624 691.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors of the Company.

Chairman means the chairman of the Annual General Meeting.

Closely Related Party means, in relation to a member of Key Management Personnel: (a) a spouse or child of the member, (b) a child of the member's spouse; (c) a dependent of the member or the member's spouse; (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; (e) a company the member controls; or (f) a person prescribed by the regulations, as defined in the Corporations Act.

Company means Golden West Resources Limited ABN 54 102 622 051.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act* 2001 (Commonwealth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Explanatory Memorandum means the explanatory memorandum enclosed with and comprising part of this notice of annual general meeting.

Financial Report means the 2011 annual financial report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Key Management Personnel means those persons details of whose remuneration are included in the Remuneration Report having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise), as defined in the Corporations Act.

Listing Rules means the ASX Listing Rules.

Notice means this notice of annual general meeting.

Option means an option to acquire a Share.

Proxy Form means the proxy form enclosed with the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolutions means the resolutions proposed in the Notice.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

WST means Australian Western Standard Time.

GOLDEN WEST RESOURCES LIMITED

ABN 54 102 622 051

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with information to assess the merits of the resolutions contained in the accompanying Notice.

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice.

Financial, Directors' and Auditors Report

The Financial Report, Director's Report and Auditor's Report for the Company for the year ending 30 June 2011 will be laid before the AGM.

There is no requirement for the Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's report.

In addition to taking questions at the AGM, written questions to the Company's auditors about:

- the preparation and content of the Auditor's report;
- the conduct of the audit;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the AGM date to the Company Secretary at the Company's registered office at Suite 4, 138 Main Street, Osborne Park, WA 6017 or sent by facsimile to the registered office on (08) 9202 9203.

Resolution 1: Adoption of Remuneration Report

The Company is required to include in its Directors' report a detailed Remuneration Report relating to Directors' and executives' remuneration. Section 300A of the *Corporations Act* sets out the information to be included in the Remuneration Report. A copy of the report appears on pages 22 to 27 of the Company's Annual Report.

Section 249L(2) and 250(2) of the *Corporations Act* require that a resolution that the Remuneration Report be adopted by put to a vote of Shareholders at the Company's annual general meeting. The vote on this resolution is advisory to the Company only and does not bind the Board.

Under section 250SA of the *Corporations Act*, Shareholders must be given a reasonable opportunity to ask questions about, or make comment on, the Remuneration Report.

Shareholders should also note that the Federal government has recently introduced the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011* (Cth), which came into effect on 1 July 2011. This act amends the *Corporations Act* to include new provisions relating to this resolution.

The resolution is now the subject of a voting exclusion statement precluding Key Management Personnel and their Closely Related Parties from voting on the resolution, except as proxies for Shareholders entitled to vote. Any undirected proxies in favour of the Chairman concerning this resolution will be voted in favour of the resolution.

From 1 July 2011 the Corporations Act provides shareholders the opportunity to spill a company's board of directors if the resolution to approve the company's Remuneration Report receives "no" votes of 25% or more at two successive annual general meetings of the Company.

A summary of the process as it applies to the Company is as follows:

- (a) If a "no" vote of 25% or more is cast on Resolution 1 to adopt the Remuneration Report, the Remuneration Report in 2012 must outline the Board's proposed action in response to the "no" vote (or state the reasons for any inaction);
- (b) If a "no" vote of 25% or more is cast on the resolution to adopt the Remuneration Report at the 2012 AGM, the Shareholders must then vote on a resolution that a general meeting be convened to consider the election of directors;
- (c) If the resolution is carried by ordinary majority (more than 50% of those present and voting), then the general meeting must be held within 90 days. All directors (other than any managing director who is permitted to hold office indefinitely without being re-elected under ASX Listing Rules) cease to hold office immediately before the end of the general meeting and may offer themselves for re-election;
- (d) The Corporations Act contains provisions to ensure that there are at least three directors following such a general meeting. These three positions will be occupied by:
 - (i) the managing director (if any); and
 - (ii) the two (or three) people who receive the highest proportion of votes in favour of their appointment at the meeting (even if less than 50% of the votes cast on their election are in favour of their re-appointment).

Resolutions 2 to 4: Re-election of Directors

Under the Company's Constitution any Director appointed to fill a casual vacancy (other than a Managing Director) holds office only until the conclusion of the next annual general meeting of Shareholders and is eligible for re-election at that meeting.

Mr Kong Leng (Jimmy) Lee was appointed as a Director on 8 December 2010 to fill a casual vacancy. Mr Lee is therefore offering himself for re-election at the AGM.

Mr Lee is a mining engineer with more than 30 years of industry experience and is a member of AusIMM. He has successfully worked with a number of major Australian mining companies and has held senior position with Hamersley Iron Ltd, Dominion Mining Ltd, Christmas Island Phosphates, North Ltd and Carey Mining Ltd.

Mr Lee provides mining and corporate advisory services to the mining industry and was formerly a founding director of Terrain Minerals Limited. In addition, he has a successful track record with contract negotiations and company investment strategies.

Mr Chin An Lau was appointed as a Director on 25 May 2011 to fill a casual vacancy. Mr Lau is therefore offering himself for re-election at the AGM.

Mr Lau is a qualified lawyer and owner of the legal practice Lau Moghan & Ee. Mr Lau is also a director of LTS Properties (M) Sdn Bhd and LTS Capital Sdn Bhd which are both property development companies.

Mr Lau is currently the Deputy Chairman of Perduren Ltd, a property development company listed on the Malaysia stock exchange (Bursa).

Mr Lau is also Chairman of the Remuneration Committee and a member of the Audit & Risk Management Committee of the Group.

Under the Company's Constitution, a Director may not hold office without re-election past the third AGM following the Director's appointment or 3 years, which is longer.

Mr Michael Wilson was re-elected as a director at the Company's AGM on 28 November 2008. As a result, Mr Wilson may not hold office past 28 November 2011. Mr Wilson is therefore retiring and offering himself up for re-election.

Mr Wilson is an exploration geologist with more than 25 years experience within Australia and South East Asia.

He is a foundation Director of the Company and has a long association with the Wiluna West Project and was instrumental in consolidating the ownership of tenement package and bringing that tenement package to market. He is also very well respected by the Aboriginal communities in and around Wiluna and takes a leading role in negotiating and resolving Heritage and Native Title matters.

Resolution 5: Approval of issue of options to employees under Employee Share Option Plan

Background

In 2008 the Company adopted an Employee Share Option Plan, and Shareholders approved the issue of options pursuant to that plan for a period of 3 years. The Company is now seeking approval for the issue of options under the plan for a further 3 years.

The purpose of the Employee Share Option Plan is to:

- recognise the efforts of those employees that have made a significant contribution to the Company's success;
- provide an incentive to employees of the Company to work towards achieving the Company's long-term objectives and thereby improve the financial performance of the Company;
- attract people with a high level of experience and ability to the employment of the Company; and
- enhance the loyalty and relationships already formed between the Company and its employees.

In 2010 the Company developed two new Employee Share Ownership Plans primarily due to changes to the taxation rules applicable to employee incentive schemes. Since that time, however, the Company's Remuneration Committee has taken extensive advice in relation to employee incentive schemes and has recommended to the Board that the Company continue with the Employee Share Option Plan.

The Board of the Company believes that the Employee Share Option Plan will make an important contribution to the long-term financial performance of the Company and, correspondingly, an increase in shareholder wealth.

Eligibility for participation in the Employee Share Option Plan is at the discretion of the Board of the Company or a committee of Directors formed for that purpose. Directors of the Company are eligible to participate in the Employee Share Option Plan subject to shareholder approval. The Company's Corporate Governance Statement provides, however, that non-executive directors should normally not participate in schemes designed for the remuneration of executives. All except one director of the Company are non-executive directors. As such, the Board does not currently intend to offer any options to Directors under the Employee Share Option Plan.

ASX Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue equity securities (which includes shares and options) exceeding 15% of the company's ordinary capital in any 12 month period without shareholder approval, subject to a number of exceptions.

Exception 9(b) to ASX Listing Rule 7.2 permits equity securities issued under an employee incentive scheme (such as the Employee Share Option Plan) where the employee incentive scheme is approved by shareholders within 3 years before the date the securities are issued.

For the purpose of approval pursuant to exception 9(b) to Listing Rule 7.2 a summary of the terms of the Employee Share Option Plan is set out as follows:

- The total number of options that may be offered under the Employee Share Option Plan is limited with reference to the ASIC Class Order applicable to Employee Share Incentive Schemes.
- In making its decision to issue options the Board may decide which employee or Director is eligible to receive the options, the number of options and the conditions which are to apply in respect of the options.
- When deciding to invite a participant to apply for options, the Board is required to determine the exercise price, which must be at least the weighted average market price of a Share on the ASX over the five trading days preceding the date of the relevant offer.
- The options are to be exercisable for a term not exceeding 5 years from the date of issue, or such longer term as shareholders approve in general meeting. The options may not be exercised after the expiry of that term.
- To exercise an option the participant must give written notice to the Company in the prescribed form specifying that they wish to exercise some or all of their options and provide the relevant option certificate and payment of the full exercise price.
- If at any time prior to the last date options are exercisable, a participant ceases to be a participant due to retirement, permanent disability, redundancy or death, all such options held by the participant, may be exercised within 1 year after the event, and if not exercised in that period the options shall lapse.
- If it at any time prior to the last date options are exercisable, a participant ceases to be a participant other than due to retirement, permanent disability, redundancy or death, all such options held by the participant, may be exercised within 90 days after the participant ceases to be a participant and if not exercised in that period the options shall lapse.
- An executor, administrator, successor or permitted assign of an option holder who is deceased or becomes bankrupt or subject to external administration is entitled to be registered as the option holder. In all other circumstances the options are not transferable.
- Despite any unfulfilled vesting or performance conditions options will be exercisable in the event of a takeover bid for the Company for a period of 120 days.
- There are no participating rights or entitlements inherent in the options and option holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, as required by the Listing Rules, the Company will send a notice to each holder of options prior to any record date and option holders will only be able to participate in a new issue if they have exercised their options prior to the record date for the new issue.
- In the event of any reorganisation of the issued capital of the Company on or prior to the expiry of the options, the rights of an option holder will be changed to the extent necessary to comply with the applicable Listing Rules in force at the time of the reorganisation.

No securities have been issued pursuant to the Employee Share Option Plan since the last approval by Shareholders.

Resolutions 6 to 12: Approval of Grant of Options to Directors

Resolutions 6 to 12 seek Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the grant of a total of 21,500,000 Options to Directors (or their nominees) as follows:

Mr Tien Seng Law	4,000,000 Options;
Mr Chin An Lau	4,000,000 Options;
Mr Gary Lyons	4,000,000 Options;
Mr Michael Wilson	4,000,000 Options;
Mr Kong Leng Lee	4,000,000 Options;
Mr David Sanders	1,000,000 Options;
Mr John Lester	500,000 Options

The Options are unlisted but are transferable. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise.

The purpose of the grant of the Options is for the Company to retain directors of high calibre. The Board considers the issue of Options in Resolutions 6 to 12 to be reasonable in the circumstances given the Company's size, stage of development, and the need to attract and retain directors of high calibre, whilst still maintaining cash reserves through the payment of directors' fees below the average for comparable companies. In this regard it is noted that the total number of Options proposed to be granted would, if exercised, represent approximately 10% of the Company's share capital if no other Shares are issued in the meantime, and the exercise of the Options would deliver significant capital to the Company at a significant premium to the Company's share price as traded on ASX in the period leading up to the issue of the Options.

The proposed allocation of the Options between the directors is based on the same proposed allocation to the Company's executive director and the non-executive directors who serve on the Company's executive committee, with a smaller allocation proposed to the Company's non-executive Chairman and a smaller allocation proposed to the Company's other non-executive director.

Reason approval required

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because the Directors are related parties of the Company.

If Shareholder approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Furthermore, Shareholder approval of the issue of Options means that the grant will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

Listing Rule 10.13 and section 219 of the Corporations Act require that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant:

- (a) 21,500,000 Options will be offered to the Directors (or their nominees) as follows:

Name of Director	Total Number of Options to be issued
Tien Seng Law	4,000,000

Chin An Lau	4,000,000
Gary Lyons	4,000,000
Michael Wilson	4,000,000
Kong Leng Lee	4,000,000
David Sanders	1,000,000
John Lester	500,000

- (b) Each Option will be granted for nil consideration. Each Option entitles the holder to subscribe for one (1) Share at an exercise price of 1.43 times the average market price for Shares on the five trading days immediately prior to the AGM, exercisable on or before the date that is 4 years after their issue.
- (c) The Options will be unlisted and transferable only with the consent of the Company. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise.
- (d) The full terms and conditions of the Options are set out in Schedule 1.
- (e) The Company will issue the Options no later than one month after the date of the Meeting or such longer period of time as ASX may in its discretion allow.
- (f) The Directors have an interest in Resolutions 6 to 12 and therefore believe it inappropriate to make a recommendation.
- (g) The offer of Options pursuant to Resolutions 7, 9 and 10 to the specified Directors is subject to Shareholders passing Resolution 2, Resolution 3 and Resolution 4 re-electing those Directors.
- (h) The dilution effect if all of the Options granted are exercised is as follows:

Current number of Shares on issue	192,082,567
Number of Options to be granted under Resolution 6	21,500,000
Dilution effect if all Options granted are exercised	10.07%

- (i) The current relevant interests in security holdings of the Directors are as follows:

Name of Director	Shares	Options
Tien Seng Law	21,489,114	-
Chin Au Lau	195,000	-
Gary Lyons	-	-
Michael Wilson	2,084,438	1,500,000
Kong Leng Lee	-	-
David Sanders	27,050	-
John Lester	-	500,000

- (j) A voting exclusion statement is included in the Notice.
- (k) No funds will be raised by the grant of the Options as they are being issued for nil consideration.
- (l) Shareholders have previously approved an aggregate amount of up to \$500,000 to be paid as directors fees. The Directors have resolved that non-executive directors receive \$65,000 per annum as a Director's fee inclusive of statutory superannuation and that the Chairman of directors receives \$100,000 per annum as a Director's fee inclusive of statutory superannuation. Additional fees of \$5,000 per annum are payable to the Chairmen of the Board committees and \$2,500 per annum to the members of those committees. Non-executive directors who are on the executive committee are also entitled to consulting fees at the rate of \$250 per hour for any additional work required of them by Company management in that role. Mr Wilson, the Company's executive director, is entitled to an annual salary of \$280,000 plus statutory superannuation and a vehicle allowance.
- (m) Remuneration of the Directors in the twelve months to 30 June 2011 was as follows:

	Salary / Director Fees	Non- monetary Benefit	Super	Share based Payments	Long Service Leave	Termination Benefits	Consulting Fees	Total
	\$		\$	\$	\$	\$	\$	\$
Tien Seng Law	55,372	-	-	-	-	-	-	55,372
Chin Au Lau	10,007		-	-	-	-	14,198	24,205
Gary Lyons	59,909	-	5,392	-	-	-	-	65,301
Michael Wilson	292,384	23,922	25,200	-	4,830	15,330	-	361,666
Kong Leng Lee	27,470	-	-	-	-	-	87,638	117,580
David Sanders	81,847	-	7,366	-	-	-	-	89,213
John Lester	309,417	-	-	-	-	-	-	309,417

- (n) On the basis of the assumptions below the Company has determined the technical value of one Option approximates A\$0.0868. This valuation imputes a total value of A\$1,866,200 to the Options.

The value may go up or down after that date as it will depend on the future price of a Share. Black & Scholes methodology has been used, together with the following assumptions:

- (i) interest rate set at 3.79% which is based on indicative rate of the capital market bonds by the Reserve bank of Australia for similar term;
- (ii) the date of valuation for the purposes of settling the current market value of a Share is 5 October 2011;
- (iii) at this date the Share price was A\$0.38 which is the price used in the valuation;
- (iv) the exercise price of \$0.55 (being the minimum exercise price which is 1.43 times the 5 day average market price for Shares at the time of valuation);
- (v) volatility of 0.459099535 which is based on annualised volatility calculator; and
- (vi) the Options will be exercisable upon issue.

- (o) The market price of Shares would normally determine whether the Directors will exercise the Options or not. If the Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.
- (p) Historical share price information for the last twelve months is as follows:

	Price	Date
Highest	\$0.91	12/10/2010
Lowest	\$0.375	5/10/2011
Last	\$0.40	14/10/2011

- (q) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 6 to 12.

Questions and Comments

The Chairman will allow a reasonable opportunity for Shareholders to ask questions about or make comments on the management of the Company.

Schedule 1 – Terms and Conditions of Options

(a) Entitlement

The Options entitle the holder to subscribe for one (1) Share upon the exercise of each Option.

(b) Exercise Price

The exercise price of each Option will be 1.43 times the average market price for Shares on the five trading days immediately prior to the AGM.

(c) Expiry Date

Four years after the date of issue.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date.

(e) Notice of Exercise

The Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Option being exercised. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(f) Shares Issued on Exercise

Shares issued on exercise of the Options rank equally with the Shares of the Company.

(g) Quotation of Shares on Exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

(h) Timing of issue of Shares

After an Option is validly exercised, the Company must as soon as possible:

(i) issue the Share; and

(ii) do all such acts matters and things to obtain

(A) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option; and

(B) receipt of cleared funds equal to the sum payable on the exercise of the Options.

(i) Participation in New Issues

There are no participation rights or entitlements inherent in the Options and holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holder of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(j) Adjustment for Bonus Issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(k) Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one (1) Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one (1) new share.

(l) Adjustments for Reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Option holder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(m) Quotation of Options

The Options will be unlisted Options. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise. Should the Company make an application for quotation of the Options and the ASX accepts the application for quotation of the options then the options will be listed Options from time to time that the ASX accepts such application.

(n) Options transferable

The Options are transferable with the consent of the Company.

(o) Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

GOLDEN WEST RESOURCES LIMITED

REGISTERED OFFICE:
SUITE 4
138 MAIN STREET
OSBORNE PARK WA 6017

ABN: 54 102 622 051

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

Holder Number:

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐

OR

The meeting Chairperson
(mark with an "X")

The name of the person you are appointing
(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairman as my/our proxy and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Golden West Resources Ltd to be held at Hyatt Regency Perth Hotel, 99 Adelaide Terrace, Perth, Western Australian, at 2pm (WST) on Monday 21 November 2011 and at any adjournment of that meeting.

SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

RESOLUTIONS	For	Against	Abstain*	For	Against	Abstain*
1. Adoption of remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
2. Re-election of Director - Kong Leng Lee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
3. Re-election of Director - Chin An Lau	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
4. Re-election of Director - Michael Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
5. Approval of issue of shares to employees pursuant to Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
6. Approval of Grant of Options to Tien Seng Law	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
7. Approval of Grant of Options to Chin An Lau	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
8. Approval of Grant of Options to Gary Lyons	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
9. Approval of Grant of Options to Michael Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
10. Approval of Grant of Options to Kong Leng Lee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
11. Approval of Grant of Options to David Sanders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
12. Approval of Grant of Options to John Lester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			

*If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item.

Appointment of a second proxy

I/We wish to appoint a second proxy

☐

mark with an "X" if you wish to appoint a second proxy

AND

%

OR

State the percentage of your voting rights or the number of shares for this Proxy Form

☐

If the Chairman is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of a resolution and that the votes cast by the Chairman for those resolutions other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote any undirected proxies in favour of all resolutions. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on a resolution if the Chairman is a person whose votes are required to be disregarded on that resolution, and your votes will not be counted in calculating the required majority if a poll is called on that resolution.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

4143471420

Reference Number:

1

GWR

1

My/Our contact details in case of enquiries are:

NAME

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TELEPHONE NUMBER

()												
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NOTES

1. Name and Address

This is the name and address on the Share Register of Golden West Resources. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Appointment of a Proxy

Please write the name of that person you wish to appoint as proxy in the space indicated. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman will be your proxy and vote on your behalf. A proxy need not be a shareholder of Golden West Resources Ltd.

3. Votes on Items of Business

You may direct your proxy how to vote by placing a mark one of the three boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy will vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4. Appointment of a Second Proxy

If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company or you may copy this form. To appoint a second proxy you must:

- " indicate that you wish to appoint a second proxy by marking the box;
- " on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form; and
- " return both forms together.

5. Authorised Signature/s

You must sign this form as follows in the spaces provided:

- " Joint Holding in the case of joint holders the proxy form may be signed by any one holder.
- " Power of Attorney if signed under a Power of Attorney, you must have already lodged it with the Company, or alternatively, attach the Power of Attorney or a copy to this Proxy Form when you return it.
- " Companies a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also the sole Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the meeting and a proxy form is not used, then an appropriate "Certificate of Appointment of Representative" should be produced prior to admission.

Lodgement of Proxy Form

This Proxy Form and any Power of Attorney or other authority under which it is signed (or a copy or facsimile which appears on its face to be an authentic copy of the proxy, power or authority) must be received no later than 48 hours before the commencement of the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by facsimile to the Company's share registry on +61 8 9315 2233 or to the registered office on +61 8 9201 9203, or by mail or delivery to the share registry, Security Transfer Registrars Pty. Limited, 770 Canning Highway, Applecross, Western Australia, 6153, or by mail or delivery to the registered office of the Company at Suite 4, 138 Main Street, Osborne Park, WA, Australia, 6017.

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.