



27 October 2011

### **About Golden West Resources**

Golden West Resources is an emerging Iron ore producer in the Midwest region of Western Australia.

To date the company has a total JORC Hematite Reserve of 69.2Mt, comprising of Proven 2.9Mt @ 59.7% Fe and Probable 66.4Mt @ 60.3% Fe and a Resource of 130.3Mt, comprising of Measured 3.7Mt @ 59.6% Fe, Indicated 77.2Mt @ 60.3% Fe and Inferred 49.5Mt @ 59.8% Fe, making it the second largest DSO resource in the Midwest Iron Ore province.

Golden West Resources also has a JORC gold Resource comprising of Indicated 46,000t @ 3.54 g/t Au and Inferred 3,432,000t @ 2.29g/t Au for a total 3,478,000t @ 2.31g/t Au for 258,200oz Au.

### **Corporate summary**

ASX code: GWR

Issued Capital: 192.083 Million

Issued Options: 10.250 Million

### **Board and Officers**

David Sanders – Non executive chairman

Mick Wilson - Executive director

Chin An Lau - Non executive director

Tien Seng Law - Non executive director

Kong Leng Lee - Non executive director

John Lester – Non executive director

Gary Lyons – Non executive director

Jun Wang – Non executive director

Teck Siong Wong – Alternate director for Mr Law

Xiang Hong Yang – Alternate director for Mr Wang

Anthony Begovich - CFO/Company secretary

### **Enquiries**

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## **QUARTERLY REPORT – September 2011**

### **HIGHLIGHTS**

#### **Maiden Reserve Statement**

In August 2011 GWR announced a maiden Iron Ore Reserve Estimate of 69.2Mt at 60.3% Fe (comprising a Proven Reserve of 2.9Mt at 59.7% Fe and a Probable Reserve of 66.4Mt at 60.3% Fe) from its Wiluna West DSO Hematite Project, representing a significant milestone for the Company.

The 69.2 Mt Hematite Ore Reserve:

- underpins a potential 10 year mine life at a production rate of approximately 7Mt per year;
- is contained within the C3, C4, Joyners Find and Bowerbird deposits, where 95% of the Indicated and Measured Resources within these optimised pits have been converted to Reserves; and
- does not include an additional 14.3Mt of Inferred Resources at a grade of 59.3% Fe, 7.9% SiO<sub>2</sub>, 2.9% Al<sub>2</sub>O<sub>3</sub>, 0.04% P and 3.5% LOI that occurs within the designed pits.

#### **Project Generation**

GWR via its 100% owned subsidiary Iron West Resources Pty Ltd has recently applied for three Exploration Licences totalling approximately 1360Km<sup>2</sup> within the highly prospective Earraheedy Basin. The Earraheedy basin is located approximately 200km north east of Wiluna and is considered highly prospective for both iron and manganese deposits.

#### **Aboriginal Heritage**

In July a 5 day cultural mapping and ethnographic survey was undertaken over the entire Wiluna West project area by the traditional owners and CDNTS. This survey is in accordance with Native Title Mining Agreement executed with the Tarlpa Native Title claimants and will form the basis of a Heritage Management Plan.

## Wiluna West Hematite Project

### Reserves & Resources

During the Quarter GWR completed its maiden Iron Ore Reserve Estimate of 69.2Mt at 60.3% Fe (comprising a Proven Reserve of 2.9Mt at 59.7% Fe and a Probable Reserve of 66.4Mt at 60.3% Fe) from its Wiluna West DSO Hematite Project (Table 1). This represented a significant milestone for the Company and is a further validation of the high quality low impurity Hematite deposit at Wiluna West.

The 69.2 Mt Hematite Ore Reserve:

- underpins a potential 10 year mine life at a production rate of approximately 7Mt per year;
- is contained within the C3, C4, Joyners Find and Bowerbird deposits. Importantly 95% of the Indicated and Measured Resources within these optimised pits have been converted to Reserves; and
- does not include an additional 14.3Mt of Inferred Resources at a grade of 59.3% Fe, 7.9% SiO<sub>2</sub>, 2.9% Al<sub>2</sub>O<sub>3</sub>, 0.04% P and 3.5% LOI that occurs within the designed pits.

The achievement of a Reserve positions GWR to continue momentum for its plans towards mining operations. GWR is pursuing a strategy of initially exporting iron ore through the Esperance port in the short term and the proposed port of Oakajee in the longer term.

| <b>Table 1</b><br><b>Golden West Resources Limited</b><br><b>Wiluna West DSO Hematite Project Reserve Estimate</b><br><b>Reported at a 50% cut-off</b> |             |             |                    |                                  |            |             |
|--|-------------|-------------|--------------------|----------------------------------|------------|-------------|
| Classification   | Tonnes (Mt) | Fe %        | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | LOI %      | P %         |
| Proven   | 2.9         | 59.7        | 7.6                | 2.6                              | 4.0        | 0.07        |
| Probable   | 66.4        | 60.3        | 7.2                | 2.5                              | 3.6        | 0.05        |
| <b>Total</b>   | <b>69.2</b> | <b>60.3</b> | <b>7.2</b>         | <b>2.5</b>                       | <b>3.6</b> | <b>0.05</b> |

The Reserves occur within the global Wiluna West DSO Hematite Resource as summarised in Table 2.

| <b>Table 2</b><br><b>Golden West Resources Limited</b><br><b>Wiluna West Hematite Project 2011 Mineral Resource Update</b><br><b>Reported above a 50% cut-off</b> |              |             |                    |                                  |            |             |
|---|--------------|-------------|--------------------|----------------------------------|------------|-------------|
| Classification  | Tonnes (Mt)  | Fe %        | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | LOI %      | P %         |
| Measured  | 3.7          | 59.6        | 7.8                | 2.5                              | 4.0        | 0.09        |
| Indicated   | 77.2         | 60.3        | 7.4                | 2.4                              | 3.6        | 0.05        |
| Inferred  | 49.5         | 59.6        | 7.3                | 2.5                              | 3.9        | 0.05        |
| <b>Total</b>  | <b>130.3</b> | <b>60.0</b> | <b>7.4</b>         | <b>2.4</b>                       | <b>3.6</b> | <b>0.06</b> |

### Drilling

4 RC drill holes for 380m were completed at the South 2 prospect during the Quarter.

### Aboriginal Heritage

In July a 5 day cultural mapping and ethnographic survey was undertaken over the entire Wiluna West project area by the traditional owners and CDNTS. This survey is in accordance with Native Title Mining Agreement executed with the Tarlpa Native Title claimants and will form the basis of a Heritage Management Plan.

## **Offtake Arrangements**

GWR has previously entered into iron ore sales contracts with both Hunan Valin Steel Co Limited and Yijian Investments Limited, with the contracts being conditional on the parties reaching agreement in relation to the ore specifications. GWR has been unable to reach agreement with Hunan Valin Steel Co Limited in relation to the specifications and as such has elected to terminate the contract, whilst at the same time recognising the importance of Hunan Valin Steel Co Limited as a shareholder and supporter of GWR and inviting alternative proposals from Hunan Valin Steel Co Limited to purchase GWR's ore in the future once GWR has developed its final product specifications. The contract with Yijian Investments Limited remains conditional on agreement in relation to ore specifications.

## **Wiluna West Gold Project**

The Wiluna West Gold Project comprises of a number of known gold deposits containing a combined gold Resource of Indicated 46,000t @ 3.54 g/t Au and Inferred 3,432,000t @ 2.29g/t Au for a total 3,478,000t @ 2.31g/t Au for 258,200oz Au.

Following the withdrawal of the Western Gold IPO, the Company is reviewing options in relation to its Wiluna West Gold Project.

## **Project Generation**

As previously announced the Company is now actively seeking other iron ore and bulk commodity opportunities within the Midwest and Yilgarn regions and is currently reviewing a number of opportunities.

As part of the above strategy GWR via its wholly owned subsidiary Iron West Resources Pty Ltd has recently applied for three Exploration Licences totalling approximately 1360Km<sup>2</sup> within the highly prospective Earraheedy Basin. The Earraheedy basin is located approximately 200km north east of Wiluna and is considered highly prospective for both iron and manganese deposits.

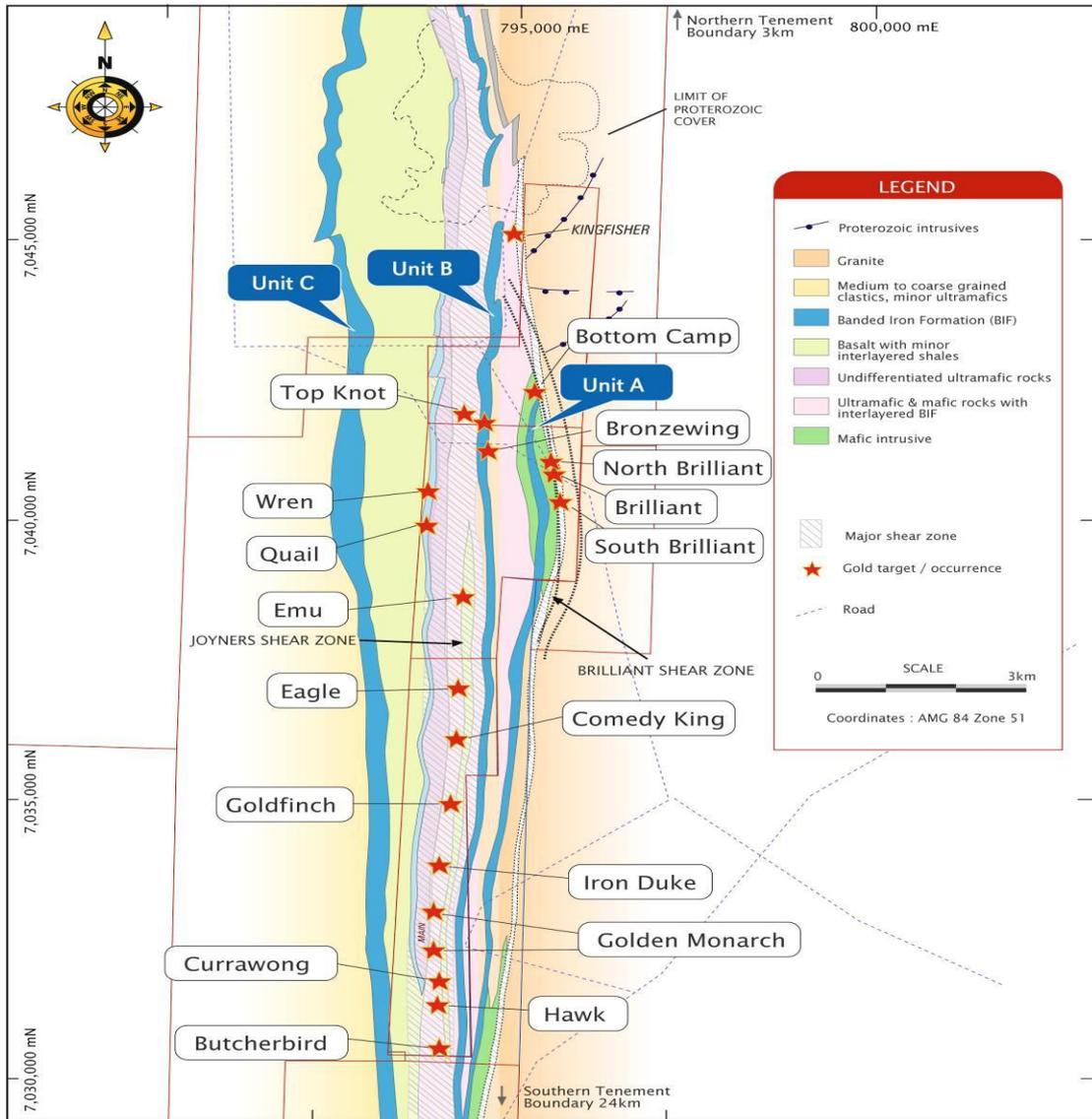
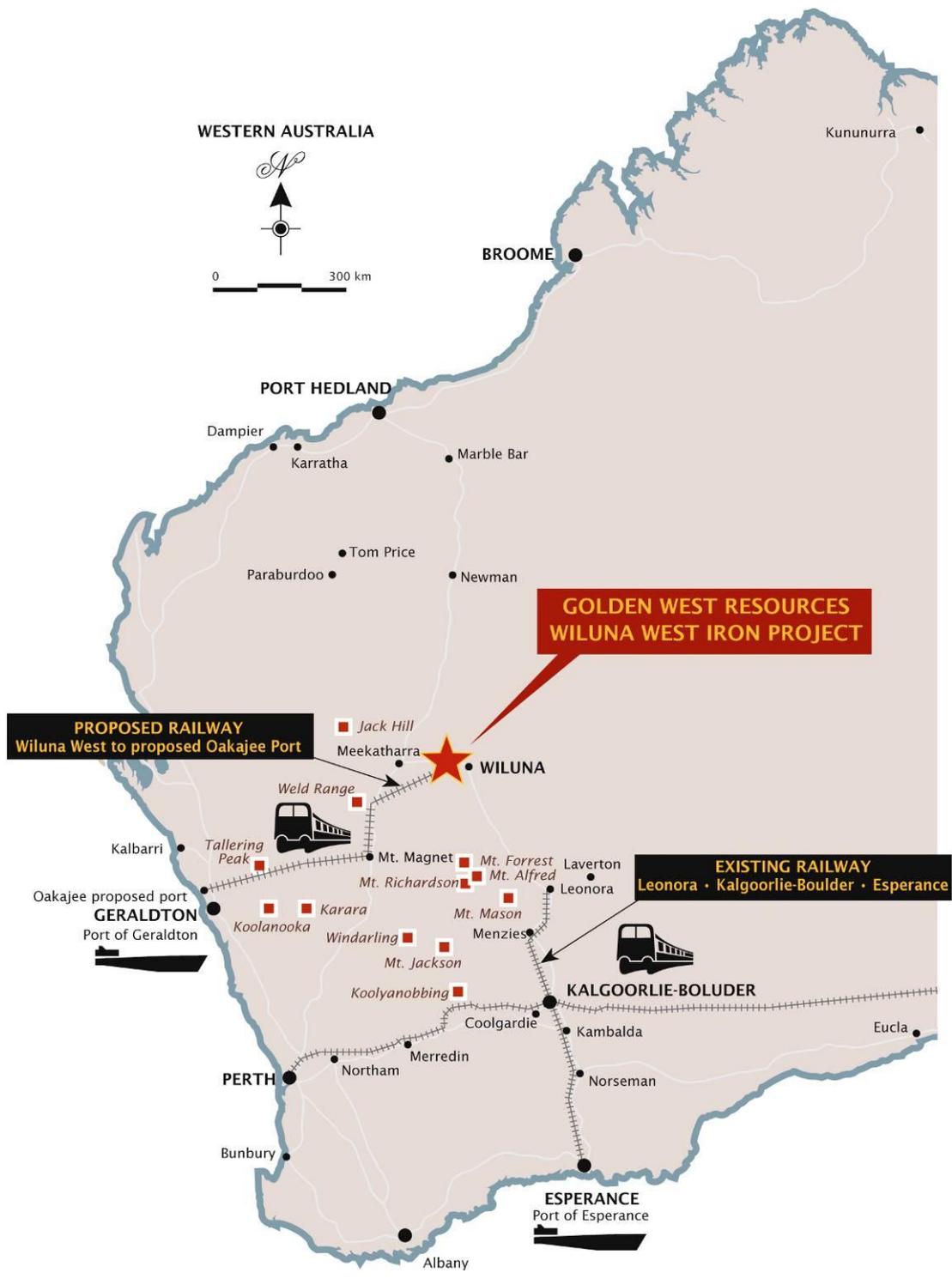
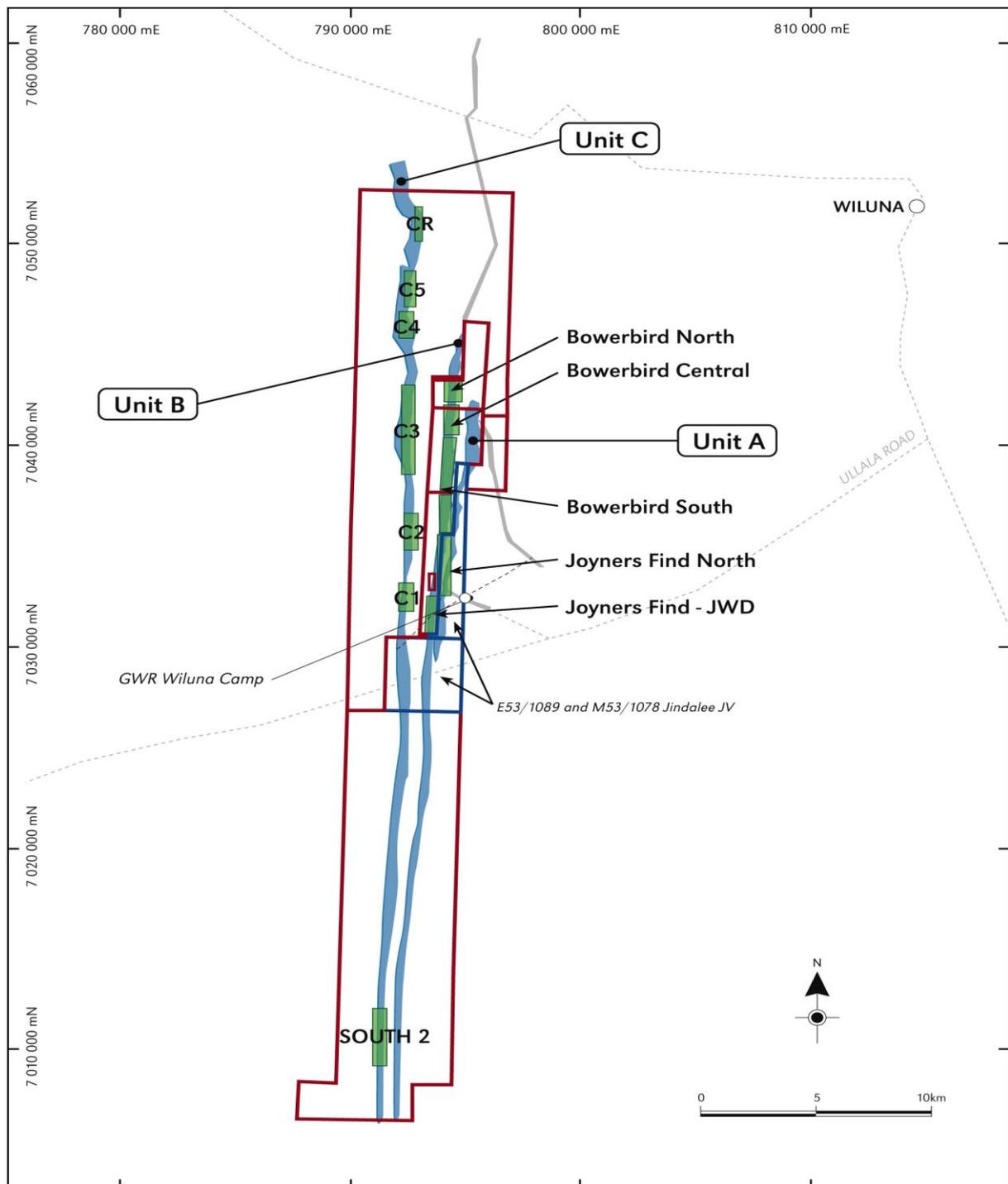


Figure 1: Project Site Map



**Figure 2: Project Location**



**Figure 3: Wiluna West Iron Project**

### Competent Person's Statement

The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brian Varndell, who is a Fellow of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Varndell is a consultant of AI Maynard & Associates Pty Ltd and has 40 years of experience in exploration and mining in a variety of mineral deposit styles. Mr Varndell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Varndell consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Golden West Resources Limited

ABN

54 102 622 051

Quarter ended ("current quarter")

30 September 2011

#### Consolidated statement of cash flows

| Cash flows related to operating activities                      | Current quarter<br>(3 month's)<br>\$A'000 | Year to date<br>(3 month's)<br>\$A'000 |
|---|---|--|
| 1.1 Receipts from product sales and related debtors             | -   | -                                      |
| 1.2 Payments for  |   |  |
| (a) exploration & evaluation                                    | (1,756)                                   | (1,756)                                |
| (b) development   | -   | -                                      |
| (c) production  | -   | -                                      |
| (d) administration  | (949)                                     | (949)                                  |
| 1.3 Dividends received  | -   | -                                      |
| 1.4 Interest and other items of a similar nature received       | 737                                       | 737                                    |
| 1.5 Interest and other costs of finance paid                    | -   | -                                      |
| 1.6 Income taxes paid   | -   | -                                      |
| 1.7 Other (provide details if material)                         | -   | -                                      |
| <b>Net Operating Cash Flows</b>                                 | <b>(1,968)</b>                            | <b>(1,968)</b>                         |
| <b>Cash flows related to investing activities</b>               |   |  |
| 1.8 Payment for:  |   |  |
| (a) prospects   | -   | -                                      |
| (b) equity investments  | -   | -                                      |
| (c) other fixed assets  | (3)                                       | (3)                                    |
| 1.9 Proceeds from:  |   |  |
| (a) prospects   | -   | -                                      |
| (b) equity investments  | -   | -                                      |
| (c) other fixed assets  | -   | -                                      |
| 1.10 Loans to other entities                                    | (113)                                     | (113)                                  |
| 1.11 Loans repaid by other entities                             | -   | -                                      |
| 1.12 Other  | 5   | 5                                      |
| <b>Net investing cash flows</b>                                 | <b>(111)</b>                              | <b>(111)</b>                           |
| 1.13 Total operating and investing cash flows (carried forward) | <b>(2,079)</b>                            | <b>(2,079)</b>                         |

|      |  |         |         |
|------|--|---------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (2,079) | (2,079) |
|      | <b>Cash flows related to financing activities</b>          |         |         |
| 1.14 | Proceeds from issues of shares, options, etc.              | -       | -       |
| 1.15 | Proceeds from sale of forfeited shares                     | -       | -       |
| 1.16 | Proceeds from borrowings                                   | -       | -       |
| 1.17 | Repayment of borrowings                                    | -       | -       |
| 1.18 | Dividends paid   | -       | -       |
| 1.19 | Other (capital raising costs)                              | -       | -       |
|      | <b>Net financing cash flows</b>                            | -       | -       |
|      | <b>Net increase (decrease) in cash held</b>                | (2,079) | (2,079) |
| 1.20 | Cash at beginning of quarter/year to date                  | 31,623  | 31,623  |
| 1.21 | Exchange rate adjustments to item 1.20                     | -       | -       |
| 1.22 | <b>Cash at end of quarter</b>                              | 29,544  | 29,544  |

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2                                 | 237                        |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10                                   | -                          |
| 1.25 | Explanation necessary for an understanding of the transactions                                   |                            |
|      | Payment of fees, salaries and superannuation to the directors of the Company during the quarter. |                            |

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

### Financing facilities available

Add notes necessary for an understanding of the position.

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | -                           | -                      |
| 3.2 Credit standby arrangements | -                           | -                      |

### Estimated cash outflows for next quarter

|                                | \$A'000      |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | 1,708        |
| 4.2 Development                | -            |
| 4.3 Production                 | -            |
| 4.4 Administration             | 755          |
| <b>Total</b>                   | <b>2,463</b> |

### Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. |                          | Curent quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|--------------------------|---------------------------|-----------------------------|
| 5.1   | Cash on hand and at bank | 2,046                     | 3,052                       |
| 5.2   | Deposits at call         | 27,498                    | 28,571                      |
| 5.3   | Bank overdraft           | -                         | -                           |
| 5.4   | Other (provide details)  | -                         | -                           |
| <b>Total: cash at end of quarter (item 1.22)</b>  |                          | <b>29,544</b>             | <b>31,623</b>               |

### Changes in interests in mining tenements

|     | Tenement<br>reference | Nature of interest<br>(note (2)) | Interest at<br>beginning<br>of quarter | Interest at<br>end of<br>quarter |
|-----|-----------------------|----------------------------------|--|----------------------------------|
| 6.1 | -                     | -                                | -                                      | -                                |
| 6.2 | E69/3020              | Application-                     | 0-                                     | 100%                             |
|     | E69/3022              | Application                      | 0                                      | 100%                             |
|     | E69/3026              | Application                      | 0                                      | 100%                             |

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

|      |  | Total number | Number quoted | Issue price per security<br>(see note 3)<br>(cents) | Amount paid up per security<br>(see note 3)<br>(cents) |
|------|--|--------------|---------------|---|--|
| 7.1  | <b>Preference +securities</b><br><i>(description)</i>  |              |               |   |  |
| 7.2  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |              |               |   |  |
| 7.3  | <b>+Ordinary securities</b>  | 192,082,567  | 192,082,567   |   |  |
| 7.4  | Changes during quarter<br>(a) Increases through issues:<br>(b) Decreases through returns of capital, buy-backs             |              |               |   |  |
| 7.5  | <b>+Convertible debt securities</b> <i>(description)</i>   |              |               |   |  |
| 7.6  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |              |               |   |  |
| 7.7  | <b>Options</b> <i>(description and conversion factor)</i>  | 10,250,000   | -             | <b>Exercise price</b><br>\$3.00                     | <b>Expiry date</b><br>31 Dec 2011                      |
| 7.8  | Issued during quarter  |              |               |   |  |
| 7.9  | Exercised during quarter   |              |               |   |  |
| 7.10 | Expired during quarter   |              |               |   |  |
| 7.11 | <b>Debentures</b><br><i>(totals only)</i>  |              |               |   |  |
| 7.12 | <b>Unsecured notes</b> <i>(totals only)</i>  |              |               |   |  |

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 27 October 2011

(Company secretary)  
Print name: Mr Anthony Begovich

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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