



ASX ANNOUNCEMENT/MEDIA RELEASE

25 March 2011

Golden West Resources – Gold Asset update

Highlights

- GWR has entered into a Merger Implementation Agreement to facilitate the acquisition of all shares in the West African gold explorer, Silvrex Limited (“Silvrex”).
- GWR has made a formal offer to all Silvrex shareholders to acquire all of their shares.
- Silvrex has continued work at its Dalafin project in West Africa’s Senegal with funds provided under a GWR loan arrangement.
- GWR has renamed the new gold entity (GWR’s wholly owned Aureus Gold Limited and Silvrex Limited) Western Gold Resources Limited (“Western Gold”) to reflect assets in both West Africa and Western Australia.
- GWR is well advanced on completing the documentation required to lodge a prospectus for the Initial Public Offer of Western Gold.

Details

Golden West Resources Limited (‘GWR’) is pleased to announce the signing of a Merger Implementation Agreement (“MIA”) by GWR’s new gold subsidiary, Western Gold Resources Limited (“Western Gold”), to purchase all the shares in prospective West African gold company Silvrex Limited (“Silvrex”). Finalisation of the acquisition is subject to Silvrex shareholders accepting the offer by Western Gold to acquire their shares and a subsequent listing of Western Gold on the ASX.

GWR has undertaken extensive due diligence on Silvrex which included a visit to the Dalafin project in the West African country of Senegal. In addition, GWR has provided Silvrex loan funding of AUD\$90,000 per month to continue detailed work programmes on prospective drill targets at their Dalafin project. This work is continuing through the lead up to the Initial Public Offer of Western Gold.

GWR continues to be excited by the prospective nature of the project and very pleased with the quality of Silvrex management, partners and staff associated with the Dalafin project who will transfer into Western Gold.

GWR continues to progress the Initial Public Offer which consists of an in-specie distribution of GWR’s Wiluna West Gold assets to all GWR shareholders and the acquisition of Silvrex’s Dalafin project. Western Gold’s strategic intent is to move to production in Wiluna West and undertake rapid exploration and development of prospective West African assets such as the Dalafin project.

Mr David Sanders, Chairman of GWR commented, “We are delighted to progress the Silvrex acquisition to this stage and are encouraged by the preliminary results to date at Dalafin.”

Managing Director of Silvrex, Mr John Cole-Baker said, "the agreement of the MIA is a milestone achievement for Silvrex and we are looking with some excitement towards completing a successful Initial Public Offer for the newly created Western Gold on the ASX."

About GWR's Wiluna West asset

The Wiluna West Assets comprise 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. A drilling programme is planned to upgrade the resources and to extend the known deposits.

About Silvrex's asset

Silvrex's principal asset is the Dalafin Senegal gold project in the West African Birimian Greenstone Region where several multi-million ounce gold deposits, including the newly opened Sabodala gold mine, already exist. This early exploration stage project covers an area of 636 sq/km and is considered highly prospective following the interpretation of airborne geophysical and structural analysis, together with the results of termite mound and soil geochemical surveys which show multiple NE-trending structures through the property.

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