Golden West RESOURCES LIMITED

ABN 54 102 622 051

26 September 2011

Company announcements office
ASX Limited
20 Bridge Street
Sydney NSW 2000

2011 Annual report

Dear Sir/Madam,

Please find following the 2011 Annual report of Golden West Resources Limited for the year ending 30 June 2011.

The 2011 Annual report will be available on our website www.goldenwestresources.com following this release under the heading Investor relations/Reports.

Yours sincerely

Anthony Begovich
CFO/Company Secretary

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PO Box 260, Osborne Park, Western Australia 6917

GoldenWest
RESOURCES LIMITED

ABN 54 102 622 051

2011 ANNUAL REPORT

Corporate Directory

Board of directors:
David Sanders (Non-executive chairman)
Mick Wilson (Executive director)
Chin An Lau (Non-executive director)
Tien Seng Law (Non-executive director)
Kong Leng (Jimmy) Lee (Non-executive director)
John Lester (Non-executive director)
Gary Lyons (Non-executive director)
Jun Wang (Non-executive director)
Xiang Hong Yang (Alternate for Mr Wang)
Teck Siong Wong – (Alternate for Mr Law)

Company secretary/Chief financial officer:
Anthony Begovich

Principal and registered office:
Suite 4, 138 Main Street
OSBORNE PARK, WESTERN AUSTRALIA 6017
PO Box 260
OSBORNE PARK, WESTERN AUSTRALIA 6917
Telephone: +61 8 9201 9202
Facsimile: +61 8 9201 9203
Email: admin@goldenwestresources.com
Website: www.goldenwestresources.com

Issued capital:

Fully paid ordinary shares:	192,082,567
Options expiring 31/12/2011 at $3.00:	10,250,000

Auditors:
Stantons International
Level 1, 1 Havelock Street
WEST PERTH, WESTERN AUSTRALIA 6005
Telephone: +61 8 9481 3188
Facsimile: +61 8 9321 1204

Bankers:
National Australia Bank Limited
Suite 7, 51-53 Kewdale Road
WELSHPOOL, WESTERN AUSTRALIA 6106

Share registry:
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS, WESTERN AUSTRALIA 6153
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Solicitors:
Bennet & Co
Level 10, BGC Centre
28 The Esplanade
PERTH, WESTERN AUSTRALIA 6000
Telephone: +61 8 6316 2200
Facsimile: +61 8 6316 2211

Stock exchange:
Australian Securities Exchange Limited

Company code:
GWR

Contents:

Competent Person's Statement *- The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserve is based on information compiled by Mr Allen Maynard, who is a Member of Australian Institute of Geosciences ("AIG"), a corporate Member of the Australasian Institute of Mining and Metallurgy ("AusIMM") and independent consultant to the company. Mr Maynard is the principal of Al Maynard and Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposits 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 Maynard consents to inclusion in the report of the matters based on his information in the form and context which it appears.*

Chairman's letter

The 2010 – 2011 financial year has seen your Company continue to develop its flagship Wiluna West Hematite Project in a prudent methodical manner as we transition from explorer to miner. During the year we introduced two cornerstone new investors and at year's end had cash reserves of $31.62 million, positioning our Company well to exploit both its existing assets and other complementary opportunities that may arise. Our current focus is on obtaining port access and determining the most economical and efficient pathway to markets for our hematite.

I informed you last year about your Board's three-phase approach to the development of Golden West Resources' high-grade low-impurity Wiluna West Hematite Project. Fundamentally this remains our strategy but with the uncertainty surrounding Oakajee port we have made some minor changes.

Stage I - Mine 1 to 2Mtpa high grade DSO and ship through Esperance.

Stage II - Expand stage I output to 3Mtpa High Grade DSO and ship through Esperance.

Stage III - Full scale 7Mtpa DSO shipped through Oakajee and / or Esperance.

Critically important to Golden West Resources is both the progress being made on expansion of the Esperance Port and the development of the Oakajee Port and Rail projects. In November 2010, Golden West announced that it had been awarded a 3Mtpa allocation by Esperance Ports Sea and Land (EPSL) from Stage 1 of the ports expansion plans. Golden West plans to take a lead role in promoting and expediting the Esperance Port's proposed new multi-user facility.

The conversion of a large portion of our previous Inferred Resource to Measured and Indicated categories over the year culminated in the announcement of our maiden Reserve in August 2011 placing Golden West in a commanding position to progress towards production once infrastructure access has been secured.

During the year, Golden West also attempted to "spin off" its Wiluna West gold assets but uncertain economic conditions led to the cancellation of the Initial Public Offer of the Company's gold subsidiary, Western Gold Resources. We continue to investigate ways of unlocking value from our Wiluna West gold assets for shareholders and this will form part of our focus for the next 12 months. As part of the proposed "spin off" we have acquired a 16% stake in Silvrex Limited, an unlisted UK based company, which has rights to early exploration gold assets in Senegal and Mauritania, West Africa. We will be working closely with Silvrex management to realise the potential of these projects.

This has also been a consolidation year for our committed and talented staff. The Board is most grateful to the professional and enthusiastic manner our team have approached their many and varied tasks and growing workloads.

I would also wish to thank my fellow Board members who have contributed greatly in a difficult year on world markets to a successful year. Their insights and diligence are greatly appreciated, as is their willingness to engage in sometimes long and demanding tasks. Our Board was further strengthened during the year by the appointment of non-executive Directors Mr David Law, Mr CA Lau and experienced mining engineer Mr Jimmy Lee.

Mention should also be made of the Tarlpa people who without their total support our Wiluna project would not proceed. We have an excellent working relationship with the Tarlpa people which has been built upon friendship and trust.

Again, our shareholders have been enduring and we believe their patience and loyalty will be rewarded over the coming year and years.

Regards

David Sanders
Non-executive chairman

Figure 1 - Project Locations

Review of operations

Overview

During the 2010 - 2011 financial year the Company has focussed on taking the necessary steps in transitioning Golden West Resources from an exploration company to an emerging iron ore exporter. This has been achieved by progressing both the development of the Wiluna West Hematite Iron Project and various infrastructure alternatives that are available to the Company.

The cornerstone activity was to progress the Wiluna West Hematite Iron Project with the conversion of the largely Inferred Resource to Measured and Indicated status to underpin a JORC compliant Reserve that is capable of supporting a ten year mine life. The Wiluna West iron deposit is an outstanding high-grade, low-impurity hematite direct shipping ore deposit.

The maiden Reserve statement, made subsequent to year end in August 2011, of 69.2Mt at 60.3%Fe, includes 2.9Mt @ 59.7% Fe in the Proven category and 66.4Mt @ 60.3% Fe in the Probable category, places the Company in a commanding position to progress towards production once infrastructure access has been secured.

Concurrently with the development of our Wiluna West Hematite Iron Project was the work with the community, local indigenous groups and Native Title claimants. It is a high priority for the Company that all activities that we conduct at our Wiluna West Project involve consultation and participation from these important stakeholders. This was evidenced in July 2010 by the execution of a Native Title Mining Agreement with the Martu people. We have taken this milestone in our company life as a sign of connection and during the year Golden West has continued to be active in supporting local communities, providing education opportunities to Martu children, and employing local and indigenous people.

An infrastructure solution is one that impacts all of the prospective Iron Ore producers in the Mid West. There has been much commentary in recent times surrounding the proposed main avenue to export being the Oakajee Port and Rail (OPR) system running from just north of Geraldton through to the Mid-West. Golden West remains a supporter of the construction of a port at Oakajee and a vital participant in the economic viability of Oakajee.

However, whilst Golden West remains confident that Oakajee will be developed for the benefit of the Mid West emerging producers, it is highly likely that this project is several years from completion. To this end Golden West have been actively pursuing alternative infrastructure solutions, principally involving the development of the Port of Esperance.

In November 2010, Golden West announced that it had been provided with a 3Mt per annum throughput allocation by Esperance Ports Sea and Land (EPSL) as part of the multi user allocation which forms part of the Port of Esperance expansion plans. Together with the other prospective iron ore producers and ESPL, Golden West continues to work hard to progress this infrastructure alternative, which has the support of both the State and Federal Governments.

The priorities for the upcoming year will remain consistent with 2011. We will actively progress the Port of Esperance infrastructure alternative whilst monitoring the Oakajee developments. We will undertake further work on our ore body in preparation for production as well as seek additional hematite iron ore resources in the Mid West and Yilgarn areas.

The Company's gold assets consist of the Wiluna West and Doherty's gold projects, together with its investment in Silvrex Limited, an unlisted English company having gold exploration assets in Senegal and Mauritania.

The Company's total gold Resource Estimate is 3,478,000 tonnes @ 2.3g/t for a contained 258,000 oz at a 1g/t cut off giving an Indicated Resource of 46,000 tonnes @ 3.54g/t for 5,200 ounces and an Inferred Resource of 3,432,000 tonnes @ 2.29g/t for 253,000 ounces.

With gold prices at all time highs, Golden West will move to unlock value from the Wiluna West gold assets for its shareholders. Plans see the commencing of mining operations within the next 6-12 months, with pit optimisation studies and resource modelling well advanced. Negotiations with a processing facility in close proximity to the Wiluna West asset are well underway.

With the renewed interest in gold the executive team is considering alternative approaches and proposals for generating revenue from the gold assets. Whilst these investigations are underway the level of progress being made is uninterrupted.

Wiluna West exploration camp

Location

The Company's operations are located near the town of Wiluna in the mineral rich north-eastern goldfields of Western Australia. The nearest regional centres are to the south, the inland city of Kalgoorlie (535km) and to the southwest, the coastal city of Geraldton (630km).

The Wiluna West Project is located 35km southwest of Wiluna. The project area is 45km long and covers almost the entire 'Joyners Find' Greenstone Belt.

Iron Ore

Golden West Resources has the second largest direct shipping hematite iron ore project in the Mid West with a total JORC Resource of 130.3Mt @ 60%Fe, comprising of Measured 3.7Mt @ 59.6% Fe, Indicated 77.2Mt @ 60.3% Fe and Inferred 49.5Mt @ 59.6% Fe. The company recently announced, that within its total Resource at its Wiluna West Hematite Iron Project, it has a Reserve of 69.2Mt @ 60.3% Fe, including 2.9Mt @ 59.7% Fe in the Proven category and 66.4Mt @ 60.3% Fe in the Probable category.

This resource is within two mineralised units described as Units B and C. Unit B and C are interpreted from magnetic survey data to extend the entire 45km length of the tenements.

Strategy

The Board continues to pursue a development strategy that recognises the need for flexibility and is targeting using the existing port of Esperance and the yet to be constructed port of Oakajee.

Wiluna West Hematite Project - Port Options

Port	Spur or Road (km)	Public Rail (km)	Total (km)
Oakajee	230	400	630
Esperance	320	650	970

Esperance is the deepest port in southern Australia, capable of handling Cape Class vessels up to 200,000 tonnes. The port is linked by rail through Kalgoorlie to Leonora. Trucking operations would then use a relatively short section of the unsealed Ulalla Road linking the mine to the fully sealed Goldfields Highway from Wiluna to Leonora. Golden West is confident that at current iron ore prices the export of up to 3Mt per annum of Iron Ore through Esperance is economic.

There has been much commentary in recent times surrounding the proposed main avenue to export being the Oakajee Port and Rail (OPR) system running from just north of Geraldton through to the Mid-West. Golden West remains a vital participant in the economic viability of both Oakajee and the upgrading of the Esperance Port.

Resources

Golden West Resources in July 2011 and subsequent to year end announced a JORC Resource update for a total Resource of 130.3Mt @ 60%Fe, comprising of Measured 3.7Mt @ 59.6% Fe, Indicated 77.2Mt @ 60.3% Fe and Inferred 49.5Mt @ 59.6% Fe. A summary of the high quality low contaminants Hematite Iron Ore is set out in the table below:

Wiluna West Hematite Project - Mineral Resource Reported above a 50% cut-off

Classification	Tonnes (Mt)	Fe (%)	Al_2O_3 (%)	P (%)	SiO_2 (%)	LOI (%)
Measured	3.7	59.6	7.8	2.5	0.09	4.0
Indicated	77.2	60.3	7.4	2.4	0.05	3.6
Inferred	49.5	59.6	7.3	2.5	0.05	3.9
TOTAL	**130.3**	**60.0**	**7.4**	**2.4**	**0.06**	**3.6**

Note: differences may occur due to rounding

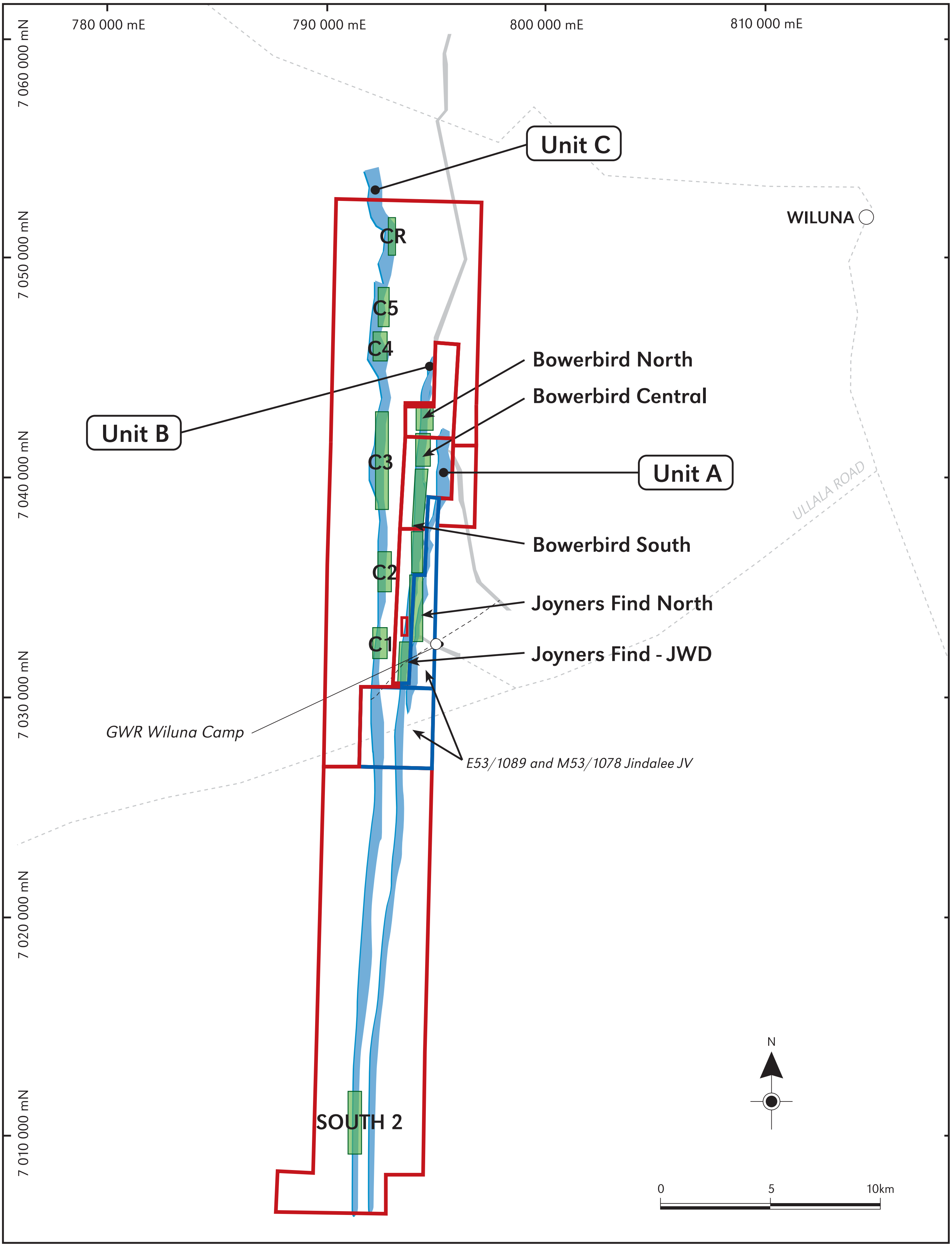


Figure 2 - Iron Occurrences - Wiluna West Hematite Project

Reserves

In August 2011 we announced our maiden Reserve of 69.2Mt at 60.3%Fe, including 2.9Mt in the Proven category and 66.4Mt in the Probable category. A summary of the Reserve is set out in the table below:

Wiluna West Hematite Project - Reserve Estimate Reported above a 50% cut-off

Classification	Tonnes (Mt)	Fe (%)	Al_2O_3 (%)	P (%)	SiO_2 (%)	LOI (%)
Proven	2.9	59.7	7.6	2.6	0.07	4.0
Probable	66.4	60.3	7.2	2.5	0.05	3.6
TOTAL	**69.2**	**60.3**	**7.2**	**2.5**	**0.05**	**3.6**

Note: differences may occur due to rounding

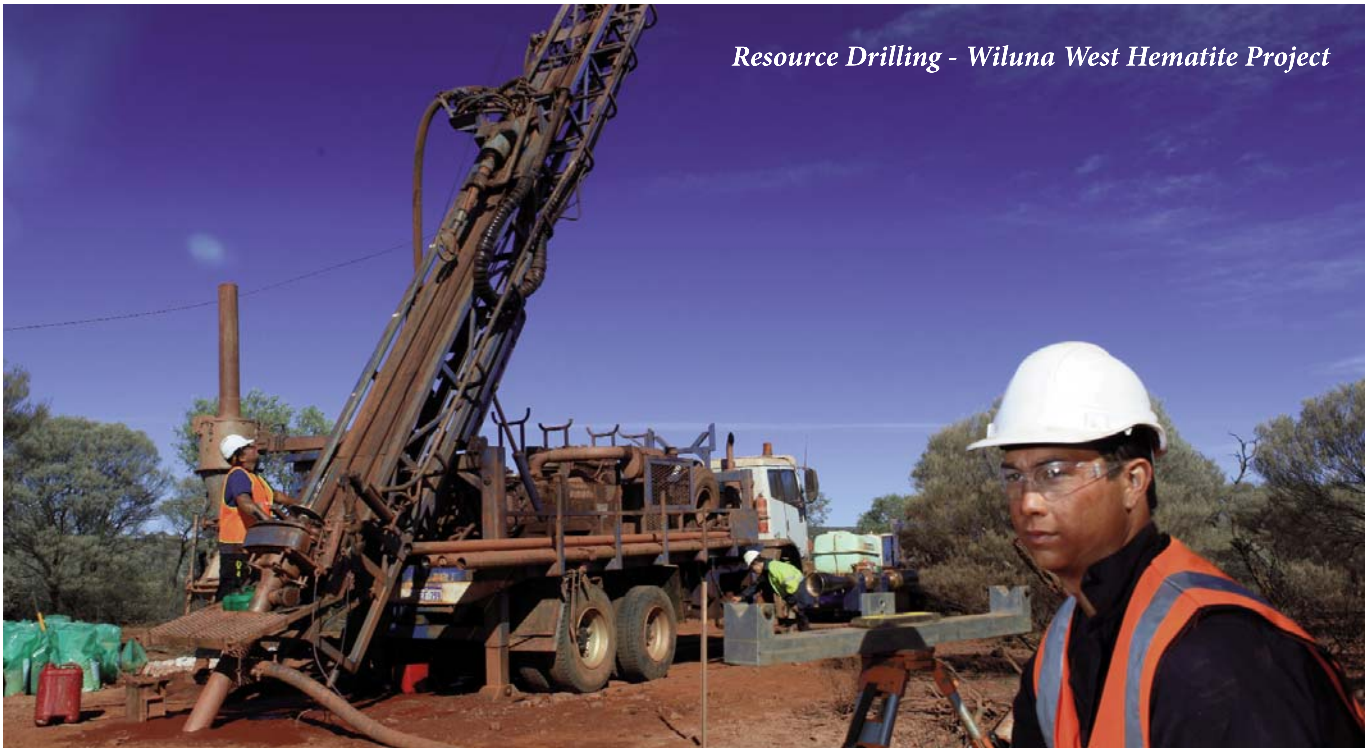
Drilling Programs

RC Drilling

A total of 421 RC drill holes were completed for an aggregate of 34,112m during the financial year. Almost all of this drilling was infill drilling which was required to increase confidence levels to permit conversion of Inferred Resources to Indicated or Measured status.

Wiluna West Hematite Project - Summary of RC drilling completed by deposit

Deposit:	Bowerbird	C1	C3	C4	C5	South 1	JWD (Sterilisation)	TOTAL
No. Holes	170	4	145	65	13	1	23	**421**
Metres	14,281	453	11,137	5,710	1,243	94	1,196	**34,112**


Resource Drilling - Wiluna West Hematite Project

Historic workings - Wiluna West Gold Project

Gold

The Company's gold assets consist of the Wiluna West and Doherty's gold projects, together with its investment in Silvrex Limited, an unlisted English company with gold exploration assets in Senegal and Mauritania.

The Wiluna West gold project refers to the gold located on the Company's Wiluna West tenements.

During the year the Company's consultants undertook a review of the known Wiluna West gold deposits, other than the deposits reported upon in March 2010. As a result of the review the Company's total gold Resource Estimate increased to 3,478,000 tonnes @ 2.3g/t for a contained 258,000 oz at a 1g/t cut off including an Indicated Resource of 46,000 tonnes @ 3.54g/t for 5,200 ounces and an Inferred Resource of 3,432,000 tonnes @ 2.29g/t for 253,000 ounces.

In addition a 25 hole RC drilling program for 1,136m was completed at the Golden Monarch deposit.

In July 2010 GWR announced a gold Resource update as summarised below.

Wiluna West Gold Project - Summary of Gold Resources Reported above a 1.0g/t Au cut off

Prospect	Category	Shear	Tonnes	Au g/t	Ounces
Bottom Camp	Inferred	BSZ	329,000	2.00	21,100
Bower Bird	Inferred	JSZ	169,000	3.12	17,000
Brilliant	Inferred	BSZ	342,000	2.53	27,900
Bronzewing	Inferred	JSZ	104,000	2.40	8,000
Comedy King	Inferred	JSZ	183,000	1.84	10,800
Eagle	Inferred	JSZ	489,000	2.40	37,800
Emu	Inferred	JSZ	371,000	2.41	28,700
Gold Finch	Inferred	JSZ	80,000	1.39	3,600
Golden Monarch	Indicated	JSZ	46,000	3.54	5,200
Golden Monarch	Inferred	JSZ	685,000	2.31	50,900
Iron Hawk	Inferred	JSZ	138,000	1.53	6,800
Iron King	Inferred	JSZ	481,000	2.30	35,600
Wren	Inferred	JSZ	61,000	2.48	4,800
Total			**3,478,000**	**2.31**	**258,200**

Joyners Shear Zone (JSZ), Brilliant Shear Zone (BSZ)

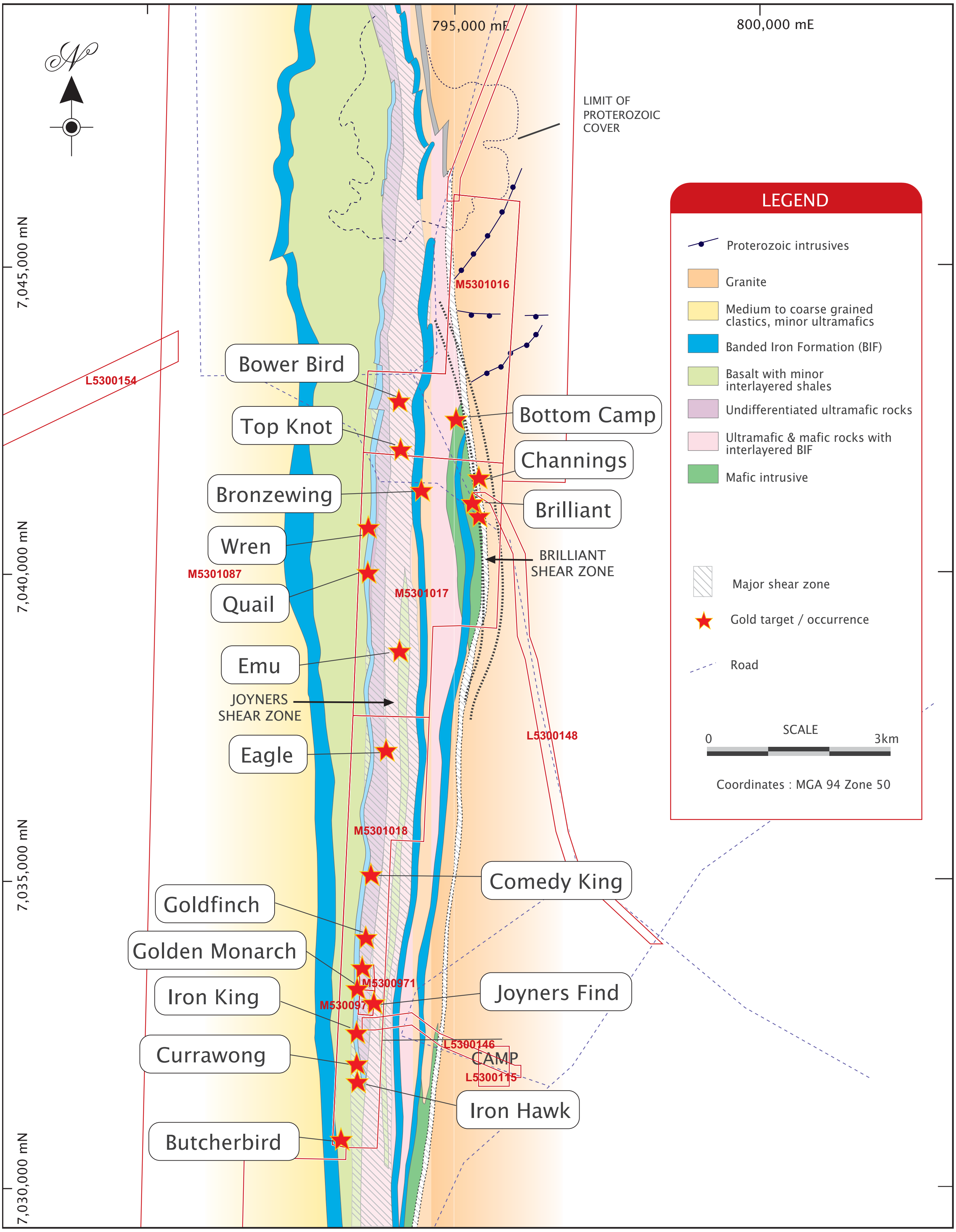


Figure 3 - Gold Occurrences - Wiluna West Gold Project

Classic Minerals are earning a 90% interest in the Doherty's gold project, which is located in the Barrambie Greenstone Belt, 65km north of the township of Sandstone in the Murchison region of Western Australia. The Company has tenure over an area of 175 hectares. In May 2009 the Company granted an option to Classic Minerals Limited ('Classic') regarding the project.

During the year Classic conducted a review of geological data and completed the logging and sampling of 374 metres of reverse circulation drilling performed during the 2009-2010 financial year.

During the 2011 Financial Year, Golden West invested a large amount of time and effort in the Initial Public Offer of Western Gold Resources Limited – the company that owns Golden West's Wiluna West gold assets and had agreed to acquire Silvrex Limited which has rights to early exploration gold assets in Senegal and Mauritania, West Africa. It was anticipated that Golden West shareholders would participate in the Initial Public Offer through the issue of shares via an in specie distribution.

Despite the continuing strength of the gold price and strong support from Golden West shareholders, the Initial Public Offer of Western Gold was unsuccessful and was formally withdrawn in July 2011. The principal factor in being unable to complete the Initial Public Offer was a decline in global confidence and macro economic conditions that led to a scarcity of available capital for junior resources companies.

Golden West is disappointed that events beyond its control conspired to generate this outcome. However, whilst a consequence was that the proposed merger with Silvrex was discontinued and instead Golden West converted its interest in Silvrex to a shareholding of approximately 16%, Golden West will continue to explore alternatives for generating value out of its gold assets in the current climate of high gold prices.

Native Title Agreement

On the 28th July 2010, the Company announced that it had executed a Native Title Mining Agreement with the Tarlpa native title claimants over the Wiluna West project.

The agreement represents a significant milestone for GWR and respects the traditional rights and customs of the Martu People, in particular the Tarlpa Native Title claimants who are the traditional owners and custodians of the land under tenements which constitute the Wiluna West Project.

The agreement represents a major milestone for the Company in its endeavours to bring the Wiluna West iron ore project to production.

The mining agreement encompasses a number of employment, cultural and business initiatives.

Signing of the Native Title Mining Agreement for the Company's Wiluna West Hematite Project in Wiluna

Golden West Resources' site-based workforce is already largely indigenous, and the Company intend working with the wider community to encourage indigenous business initiatives able to provide goods and services to the Company into the future.

The Company employs a Community Liaison Officer from the community to ensure all heritage and cultural issues are dealt with in accordance with Aboriginal Culture.

Community

Golden West Resources acknowledges the Martu people as the traditional owners of the land at Wiluna West on which we operate and we recognise that the Martu people have the right to derive social and economic benefits from our activities on their land.

The Company also recognises that the mining and exploration companies have an important role to play in contributing to sustainable social, economic and institutional development in and around the communities impacted by their activities

Golden West Resources is working hard to deliver an iron ore project and to pursue gold mining opportunities on their Wiluna West tenements. By meeting shareholder expectations on success and profitability, the Company recognises it can maximise positive outcomes for the wider Wiluna community.

Indigenous employment

The Company is committed to working with the Martu people to identify and create opportunities to maximise Martu employment and training opportunities.

As at 30 June 2011 Golden West Resources had 8 Aboriginal employees, 6 of whom are local Martu or Yamatji people.

Regional partnership agreement

The Company have wholeheartedly engaged in the Wiluna Regional Partnership Agreement ('RPA'), an initiative formulated by the Commonwealth Government in partnership with the Minerals Council of Australia.

The RPA program has set up eight trial sites across Australia as a collaborative partnership to address a wide scope of social, economic and cultural development needs in local government areas.

The RPA program works together with Indigenous people to build sustainable, prosperous communities in which individuals can create and take up social, employment and business opportunities.

The Wiluna RPA is unique in the fact that there are eight surrounding mining company's who form part of the RPA. These Industry Partners work hard in conjunction with the Martu people and local agencies to ensure maximum benefits are achieved for the local and wider community.

Scholarship programs

Golden West Resources have a commitment to the youth of Wiluna who represent the building blocks for the community's long-term strength.

The Company has in place scholarships to the Clontarf Football Academy for young men and Rolemodels Australia for young women. As at 30 June 2011 there were 9 boys from Wiluna enrolled in Clontarf and 3 girls in Rolemodels Australia.

These programs encourage the young to remain in education as well as offering them a chance to chase their dreams of sporting success and will continue to be part of the Company's thinking into the future.

Sport and cultural events

As part of the Company's commitment to the Wiluna Community, a significant sporting and cultural event was organised for the June long weekend in 2011.

The Wiluna Junior Football Club, the Martu Eagles, travelled by bus from Wiluna to play a game of Australian Rules Football against the Dalkeith Nedlands Eagles at Rottnest Island.

This year's event titled, Wiluna comes west, was conducted on Rottnest (Wadjemup) Island over the Foundation Day long weekend. With over 120 players, parents and supporters making the trip across the water to participate in the four day carnival, the organisation needed for this year's event was a massive collaborative effort.

Back to country

Golden West Resources has contributed and is fully supportive of the 'Back to Country' program for the past three years. This program is run by the Central Desert Native Title Services.

The immediate return from this project is about Martu cultural well-being, maintenance and connection to homelands, and the recording of oral histories (film, photographic and word).

The longer term return will be about Martu economic development linked to the land use, land care and tourism.

Community health

Another beneficiary of Golden West Resources support program is the Wiluna AMS (Medical Centre) who received approximately $40,000. The AMS medical centre is contracted to supply services for the Company's operations and this has beneficial outcomes for the wider community.

Environmental

Golden West Resources is committed to environmental sustainability, recognising the Company's obligations to practice good environmental "stewardship" of the tenements on which we operate.

Golden West's underlying goals relating to environmental sustainability are:

- To minimise any adverse impacts upon the environment resulting from the company's activities; and
- To offset, as much as is practicable, any deleterious impacts so that the company is able to demonstrate a net environmental benefit from its activities.

The Company's activities at Wiluna West are conducted in a manner that minimises our environmental "footprint" as much as possible, and are conducted strictly in accordance with all necessary permits and approvals from regulators.

Detailed flora and fauna surveys have been undertaken as part of the Company's Wiluna West DSO Hematite Iron Ore project. Of the fauna species of conservation significance that may occur in the area, their conservation classification is unlikely to be altered by the proposed mining activity.

A rehabilitated drill hole line at the C5 deposit.

Safety

Golden West Resources report monthly to the Mines Department in regard to the amount of people working on site and if there were any Lost Time Injuries (LTI). To date GWR has had no LTI's. This is a highly commendable result, particularly considering that the Project has been LTI free since first reporting to the Mines Department in 2005.

The Company maintains a comprehensive database of hours worked on site and by whom. We also have a comprehensive Incident Reporting System as part of our HSE System, with trained Accident Investigators within the company to investigate all incidents. Complementing the systems based approach to HSE has been the highly successful PASS programme which is embedded in GWR's Safety culture.

Education and awareness

Prior to commencement of employment each employee is given a full induction on Company procedures and policies, including all safety procedures. New employees are also given a handbook on safety procedures and information and also a copy of the company policies.

Every day on site prior to commencement of work and once a week in the head office, meetings are held to bring awareness to any safety or environmental issues and are also there to encourage employees to take initiative when working either out in the field, at home or within their community.

GWR conducts regular training in First Aid, Emergency Drills, Safety Awareness and many other programs and initiatives within the working area.

GWR is committed to the ongoing education and up skilling of their employees.

Gary Lyons
Chairman
Executive Committee

GWR proudly sponsor the Martu Eagles. In 2011 they travelled by bus from Wiluna to play a game of Australian Rules Football against the Dalkeith Nedlands Junior Football Club at Rottnest Island.

Directors' report

Your directors submit their report for Golden West Resources Limited ('the Company' or 'the Parent') and for the Group, being the Company and its controlled entities, for the financial year ended 30 June 2011.

Directors

The following persons were Directors of the Company during the financial year and up to the date of this report. Directors were in office for this entire period unless otherwise stated.

Names qualifications, experience and special responsibilities

David Sanders, B.Juris, LLB, BComm – Non-executive chairman

Mr Sanders is a lawyer with over 15 years experience in corporate and resources law. He holds a Bachelor of Jurisprudence, Bachelor of Law and Bachelor of Commerce degrees from the University of Western Australia and a Graduate Diploma of Applied Finance and Investments from the Securities Institute of Australia.

Mr Sanders advises numerous ASX listed companies, including companies in the resources sector, on capital raising, mergers and acquisitions, Corporations Act and ASX Listing Rules compliance and corporate governance.

Mr Sanders is also a member of the Audit & Risk Management Committee of the Group.

Present ASX company directorships: Marenica Energy Limited
Previous ASX company directorships (last 3 years): Acuvax Limited

Michael Wilson, B.App.Sc – Executive director & Exploration Manager

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

He is a foundation Director of GWR and has a long association with the Wiluna West Project and was instrumental in consolidating the ownership of the 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.

Present ASX company directorships: Nil
Previous ASX company directorships (last 3 years): Nil

Chin An Lau – Non-executive director (appointed 25 May 2011)

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.

Present ASX company directorships: Nil
Previous ASX company directorships (last 3 years): Nil

Law Tien Seng – Non-executive director (appointed 22 July 2010)

Mr Law is a highly experienced investor in iron ore companies and was previously the Deputy Chairman and major shareholder of Midwest Corporation Limited. Mr Law also has extensive business interests and investments in China. Mr Law is currently the executive Chairman of T.S. Law Holding Sdn Bhd, an investment holding company in Malaysia, covering a diverse range of industries. These companies include those with activities in property investment and development, food and beverage and steel plate distribution.

Mr Law is the appointed Malaysian Business Advisor of Jinan Group of Companies of the Shandong Province, the People's Republic of China. He has a substantial interest in Ji Kang Dimensi Sdn Bhd, a company within the Jinan Group of Companies operating a steel plates manufacturing plant in Kuantan.

Mr Law is a substantial stakeholder and Deputy Chairman of Hiap Teck Venture Berhad, a Malaysian listed company engaged in distribution and trading of steel related products and as well as manufacturing of steel pipes.

Present ASX company directorships: Nil
Previous ASX company directorships (last 3 years): Midwest Corporation Limited

Kong Leng (Jimmy) Lee, B.Sc – Non-executive director (appointed 8 December 2010)

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 positions 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 Lee is also a member of the Remuneration Committee of the Group.

Present ASX company directorships: Nil
Previous ASX company directorships (last 3 years): Sultan Corporation Limited

John Lester – Non-executive Director (as from 25 May 2011)

Mr Lester has extensive international experience as a stockbroker and corporate adviser. Mr Lester graduated from Oxford University with an honours degree in Natural Science before joining Joseph Sebag and Company Stockbrokers in London. His time there included a period on secondment to the investment team at Consolidated Goldfields Limited. He was manager of Sebag's Perth and Melbourne offices. Mr Lester then joined Jardine Fleming and Company as chief securities dealer and was made a member of the main board. He later joined Peter Hains and Company Stockbrokers in Sydney and Pembroke Securities Limited as head of Corporate Finance.

More recently, Mr Lester spent a number of years in Indonesia where he advised mining companies on capital raisings and their relations with stock market investors. He later set up and owned a number of companies specializing in the provision of services to the mining and oil industries in Indonesia. Since returning to Australia he has acted as a consultant, providing corporate and financial services to a number of mining companies.

Present ASX company directorships: International Coal Limited
Previous ASX company directorships (last 3 years): Nil

Gary Lyons – Non-executive director

Mr Lyons is a successful and well respected Perth based businessman; being a shareholder and the Managing Director of the Heiniger Groups Australasian operations for the last 20 years. He is also a Non Executive Director of Anagen Limited.

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

Present ASX company directorships: Fairstar Resources Limited
Previous ASX company directorships (last 3 years): Nil

Jun Wang – Non executive director

Mr Wang was previously Chief of Sales Department, Chief of Finance Department, Deputy Director of the Reform Office at Hengyang Steel Tube Mill and Assistant Manager, Deputy Manager & Manager of Securities Department at Hunan Valin Steel Company Limited, and currently is a Director, Vice President of Hunan Valin Steel Company, Limited.

Mr Wang is a Senior Economist with a Doctorate, and he is experienced in Capital Operations.

Present ASX company directorships: Nil
Previous ASX company directorships (last 3 years): Nil

Xiang Hong Yang – Alternate Director for Mr Wang (appointed 23 September 2010)

Mr Yang is the Chief economist & Board Secretary of Hunan Valin Steel Co. Limited previously he was Director of HR Department of HQ and Director of Securities Department.

Mr Yang was also GM office's Deputy Director, Director of Party Committee office, Director of GM office and Director of Archive Management Department for Hengyang Valin Steel Tube Co. Limited, one of the main subsidiaries of Valin.

Present ASX company directorships: Nil
Previous ASX company directorships (last 3 years): Nil

Teck Siong Wong – Alternate Director for Mr Law (appointed 27 July 2011)

Mr Wong has considerable international business experience having worked in Hong Kong, United Kingdom and now in Malaysia and Indonesia after graduating with a Bachelor of Business degree from Swinburne University (Melbourne).

Mr Wong is involved with iron ore mining industry in Indonesia. He was previously involved in sales and exports of steel related products and was a director of a retail chain business in United Kingdom, previously known as JW Carpenter Ltd. Mr Wong was working in the OEM plastic manufacturing industry in Hong Kong prior to taking up a position in the steel industry in Malaysia.

Present ASX company directorships: Nil
Previous ASX company directorships (last 3 years): Nil

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of the Company were:

	Ordinary shares	Options (listed)	Options (unlisted)
D Sanders	27,050	-	-
M Wilson	2,084,438	-	1,500,000
C A Lau[1]	195,000	-	-
T S Law[2]	21,489,114	-	-
J Lester	-	-	500,000
K L Lee	-	-	-
G Lyons	-	-	-
J Wang	-	-	-
X H Yang	-	-	-
T S Wong	-	-	-

1 Indirect interest via spouse.

2 Indirect interest via Wynnes Investment Holding Ltd. Tien Seng Law controls more than 20% of the voting power of the issued and paid up share capital of Wynnes Investment Holding Ltd.

Company secretary

Anthony Begovich, BBus, CA

Mr Begovich has over seven years experience working as a company secretary for Australian listed companies and is a chartered accountant with over six years experience in the financial management of listed resource companies.

Dividends

No amounts have been paid or declared by way of dividend by the Company since the end of the previous financial period and up until the date of this report. The directors do not recommend the payment of any dividend for the financial year ended 30 June 2011.

Principal activities

The principal activity of the Group during the year was the evaluation and exploration of its mining projects in Australia.

Operating and financial review

Group overview

Golden West Resources Limited was formed on 18 November 2002 and listed on the Australian Securities Exchange on 24 December 2004.

During the year the Group continued to develop its Iron and Gold projects while disposing of its non-core Uranium assets.

The Group attempted to merge its Gold assets with Silvrex Limited a company with gold assets in Africa and spin off the combined gold assets via an Initial Public Offering of its subsidiary Western Gold Resources Limited. However the transaction was not completed mainly due to deteriorating market conditions.

The Group also bolstered its balance sheet especially its cash reserves via two successful capital raisings and a share purchase plan and strengthened its Board by adding three new directors.

Details regarding these items are discussed in more detail below.

Iron projects

The Company's principal asset is the Wiluna West iron ore project comprising of approximately 288km^2 of tenements at Wiluna West, 30km south of Wiluna, covering a 45km strike of the Joyners Find Greenstone Belt. The Company has a 100% interest in the Wiluna West tenements except for the Joyner Find North deposit which is 80% owned.

During the year the Company continued its resource definition drilling with the aim of upgrading the Resource and achieving a maiden iron ore Reserve.

Over 34,000 metres of reverse circulation drilling were completed during the year at the Bowerbird, C1, C3, C4, C5, South 1 and JWD deposits and assay results were received for the drilling at these deposits.

As a result of the above, but excluding some of the results from C3, the Company announced a total JORC Resource of 130Mt, comprising of Measured 3.7Mt @ 59.6% Fe, Indicated 77.2Mt @ 60.3% Fe and Inferred 49.5Mt @ 59.6% Fe, on 8 July 2011 maintaining its position as the second largest DSO Resource in the Midwest Iron Ore province.

Also during the year the Company worked with the EPSL and other stakeholders to progress the Port of Esperance expansion program while continuing to be supportive of the Oakajee port and rail ('OPR') development and actively monitored the developments of OPR and the advancement of this project.

Gold projects

The Company's gold assets consist of the Wiluna West and Doherty's gold projects and a 16% shareholding in Silvrex Limited, a UK company with gold exploration assets in West Africa. The Wiluna West gold project refers to the gold located on the Company's Wiluna West tenements.

During the year the Company's consultants undertook a review of the known Wiluna West gold deposits, other than the deposits reported upon in March 2010. As a result of the review the Company's total gold Resource Estimate increased to 3,478,000 tonnes @ 2.3g/t for a contained 258,000 oz at a 1g/t cut off including an Indicated Resource of 46,000 tonnes @ 3.54g/t for 5,200 ounces and an Inferred Resource of 3,432,000 tonnes @ 2.29g/t for 253,000 ounces.

In addition a 25 hole RC drilling program for 1,136m was completed at the Golden Monarch deposit.

The Doherty's gold project is located in the Barrambie Greenstone Belt, 65km north of the township of Sandstone in the Murchison region of Western Australia. The Company has tenure over an area of 175 hectares. In May 2009 the Company granted an option to Classic Minerals Limited ('Classic') regarding the project. Under this Agreement Classic must spend $200,000 over three years and pay the Company $80,000 in order to earn a 90% interest in the project.

During the year Classic conducted a review of geological data and completed the logging and sampling of 374 metres of reverse circulation drilling performed during the 2009-2010 financial year.

Uranium

The Company relinquished its interests in its uranium tenements during the half year and sold its mining information in relation to the uranium tenements to a third party for $200,000 on 9 November 2010.

Native Title

A Mining Agreement with the Tarlpa Native Title claimants was signed on the 28 July 2010 at a ceremony on site at the Wiluna West project.

The Company considers this agreement as a major milestone in cementing close and mutually beneficial relationships with the Tarlpa people and in bringing the mine closer to development.

Withdrawn IPO and cancellation of Merger

During the year the Company announced that its subsidiary Western Gold Resources Limited ('WGR') was pursuing a merger with Silvrex Limited and a subsequent listing on the ASX.

On the 1 July 2011 the Company announced that it had decided to withdraw the Initial Public Offer ('IPO') of WGR due to the minimum subscription not being met and consequently the merger with Silvrex Limited was also cancelled.

All costs relating to the IPO and Merger have been expensed as at 30 June 2011.

Capital raisings

In July 2010 the Company completed a placement raising net proceeds of $16.3 million via the issue of 21,470,364 fully paid ordinary shares at $0.80 a share. The shares were issued to Wynnes Investment Holding Pty Limited ('Wynnes') a family company of Mr Tien Seng Law.

In December 2011 the Company completed another placement raising net proceeds of $19.4 million via the issue of 25 million shares at $0.80 a share. The shares were issued to third party sophisticated investors.

In February 2011 the Company completed a Share Purchase Plan raising at net proceeds of $1.95 million from existing shareholders via the issue of 2,438,750 fully paid ordinary shares at $0.80 per share.

Board appointments

During the year the Company appointed Mr Tien Seng Law and Mr Kong Leng (Jimmy) Lee as Non executive directors. In addition since the end of the financial year Mr John Lester's contract as an executive director has expired. Mr Lester did not seek a renewal of the contract and therefore is now a Non-executive director. Mr Chin Au Lau was appointed as a Non executive director after previously serving as an Alternate director for Mr Law. Also during the period Mr Xiang Hong Yang was appointed as an Alternate director for Mr Wang.

Operating results for the year

The consolidated loss for the year after income tax was $3,857,348 (2010: loss of $4,102,847).

The result includes non-cash costs of $154,878 (2010: $327,402) relating to the write-off and impairment of capitalised exploration & evaluation expenditure and non-recurring costs of $778,354 (2010: Nil) relating to the withdrawn IPO and cancellation of merger.

After excluding the abovementioned non cash and non recurring costs the result for the year was $2,924,116 (2010: $3,775,444) a 22.5% improvement, on a like for like basis, from the prior year.

Share holders returns

	2011	2010	2009	2008	2007
Net profit/(loss) ($000)	(3,857)	(4,103)	(18,350)	(9,833)	(20,847)
Basic EPS (cents)	(2.2)	(2.9)	(13.5)	(10.7)	(34.3)
Return on assets (%)	(3.4)	(5.2)	(22.2)	(19.4)	(104.3)
Return on equity (%)	(3.5)	(5.3)	(22.6)	(20.0)	(109.8)
Net debt/equity ratio (%)	(26.7)	(10.6)	(23.6)	(23.6)	(34.8)

Review of financial condition

Liquidity and capital resources

The group's principal source of liquidity as at 30 June 2011 is cash and cash equivalents of $31,622,677 (2010: $9,119,673) of which $28,570,458 has been placed on short term deposit.

The principal sources of cash during the year were net proceeds of $37,615,555 from share issues.

Asset and capital structure

	2011 $'000	2010 $'000
Debts:		
Trade and other payables	847	910
Interest bearing liabilities	17	19
Cash and short term deposits	(31,623)	(9,120)
Net debt/(cash)	(30,759)	(8,191)
Total equity	110,840	77,053
Total capital employed	80,081	68,862
Gearing	(38.4)%	(11.9)%

The Group has minimal debt as its activities are financed via share placements whenever possible. As a result the Group has no formal gearing limit.

Shares issued during the year

The Company announced on 1 July 2010 the completion of a share placement involving the issue of 21.4 million ordinary shares at a price of $0.80 per share with net proceeds of around $16.3 million. On the 23 December 2010 the Company announced the completion of another placement of 25 million shares at $0.80 a share, raising net proceeds of around $19.4 million.

In addition, on 15 February 2011 the Company issued 37,690 fully paid ordinary shares at $0.80 per share in accordance with the Company's Tax Discount Employee Share Ownership Plan and on 22 February 2011 the Company completed a Share Purchase Plan raising net proceeds of around $1.95 million via the issue of 2.44 million shares at $0.80 per share.

Risk management

The Board as a whole is ultimately responsible for establishing and reviewing the Company's policies on risk profile, oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board has established an Audit and Risk Management Committee pursuant to an Audit and Risk Management Committee Charter whose mandate includes overseeing the implementation of the Company's risk management program and reporting to the Board as to the effectiveness of the Company's management of its material risks.

The Company's risk management program is implemented by an Executive Committee under the direction of the Audit and Risk Management Committee as follows:

- ensuring that matters affecting the goals, objectives and performance of the Company and the safety of its stakeholders are identified and assessed by an operational risk management framework in accordance with industry accepted standards;
- obtaining and regularly reviewing insurance for the Company relevant to managing material risks;
- implementing and maintaining internal control systems which will be identified in conjunction with the external auditors;
- monitoring and verifying the Company's compliance with record keeping and operating requirements, including all requirements of law including indigenous and community rights and environmental obligations;
- minimising the potential for loss or damage resulting from risks affecting the Company; and
- the Audit & Risk Management Committee reporting to the Board at least once a year as to the effectiveness of the Company's management of its material risks.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group that occurred during the financial year under review that is not mentioned elsewhere in this report or listed below.

Significant events after the balance date

Withdrawal of IPO and cancellation of merger

On 1 July 2011 the Company announced the withdrawal of the Initial Public Offering ('IPO') of its subsidiary Western Gold Resources Limited ('WGR') and consequently the proposed merger with Silvrex Limited was cancelled.

All costs associated with the IPO and merger totalling $724,210 (note 7b) have been expensed as at 30 June 2011. Gross application funds for the IPO totalling $745,590 (note 12 & 18b) were returned in July 2011 and loan funds provided to Silvrex Limited of approximately $655,421 (note 12) was converted into 27,448,242 Silvrex Limited shares at GBP0.015 per share in August 2011.

Resource update

On the 8 July 2011 the Company announced an increase of 5.8 million tonnes of Indicated Resource to 77.2 million tonnes at its Wiluna West Hematite project resulting in combined Measured (3.7Mt @ 59.6% Fe) and Indicated (77.2Mt @ 60.3% Fe) Resources of 80.9 million tonnes.

Board changes

On the 28 July 2011 the Company announced the appointment of Mr Teck Siong Wong as an Alternate director for Mr Tien Seng Law.

Maiden iron ore Reserve

On 31 August 2011 the Company announced, that within its total Resource at its Wiluna West Hematite Iron Project, it has a Reserve of 69.2Mt @ 60.3% Fe, including 2.9Mt @ 59.7% Fe in the Proven category and 66.4Mt @ 60.3% Fe in the Probable category.

Likely developments and expected results

The Company intends to continue the development of its Wiluna West Hematite Project and its Gold assets.

Environmental regulation and performance

The Group's current evaluation and exploration activities have been undertaken under approved Programmes of Work on granted mining tenements in accordance with environmental regulations under both Commonwealth and State legislation.

As stated in the Group's Environmental policy it is committed to environmental sustainability, recognising our obligations to practice good environmental 'stewardship' of the tenements on which we operate. Our activities are conducted in a manner that minimises our environmental 'footprint' as much as possible, and are conducted strictly in accordance with all necessary permits and approvals from regulators.

The Company has employed environmental consultants to ensure it achieves its objectives by monitoring the Group's environmental exposures and compliance with environmental regulations. Results are reported to management and to the Board on a regular basis.

There have been no significant known breaches of the Group's environmental regulations to which it is subject to.

Share options

At the date of this report, there were 10,250,000 unissued shares under option.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or of any related body corporate.

Indemnification and insurance of directors and officers

The Company has made an agreement indemnifying all the directors and officers against all losses or liabilities incurred by each director and officer in their capacity as directors and officers of the Company to the extent permitted under the Corporations Act 2001.

During the year the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Company. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 8 board meetings, 3 audit and risk management committee meetings, 3 remuneration committee meetings were held.

	Board meetings		Committee meetings Audit		Remuneration	
	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended	Number Eligible to attend	Number attended
D Sanders	8	8	3	3		
M Wilson[1]	8	8				
C A Lau[2]	1	1	2	2	3	3
T S Law[3]	8	8				
K L Lee[4]	6	6			3	3
J Lester[5]	8	8	1	1		
G Lyons[6]	8	8	3	3	3	3
J Wang	8	2				

1 Mr Wilson resigned from the Audit & Risk Management Committee on 22 July 2010

2 Mr Lau was appointed to the Board on 25 May 2011, the Audit & Risk Management Committee on 19 January 2011 and the Remuneration Committee on 20 January 2011.

3 Mr Law was appointed to the Board on 22 July 2010.

4 Mr Lee was appointed to the Board on 8 December 2010 and the Remuneration Committee on 20 January 2011.

5 Mr Lester resigned from the Audit & Risk Management Committee on 19 January 2011.

6 Mr Lyons was appointed to the Audit & Risk Management Committee on 22 July 2010 and the Remuneration Committee on 20 January 2011

Committee membership

As at the date of this report, the company has an Audit & Risk Management Committee and a Remuneration Committee.

Members acting on the Committees during the year were:

Audit & Risk Management Committee	**Remuneration Committee**
G Lyons[C]	C A Lau[C]
D Sanders	K L Lee
M Wilson	G Lyons
C A Lau	
J Lester	

C Designates the Chairman of the Committee

Auditor's independence declaration

The directors received the following declaration from the auditor of the Group which is set out below.

Level 1, 1 Havelock St
West Perth WA 6005
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PO Box 1908
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w: www.stantons.com.au
e: info@stantons.com.au

Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as
Stantons International
Chartered Accountants and Consultants

26 September 2011

Board of Directors
Golden West Resources Limited
Suite 4, 138 Main Street
Osborne Park WA 6017

Dear Directors

RE: GOLDEN WEST RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Golden West Resources Limited.

As the Audit Director for the audit of the financial statements of Golden West Resources Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik

Martin Michalik
Director

Liability limited by a scheme approved under Professional Standards Legislation

Member of Russell Bedford International

Russell Bedford

Non-audit services

Any non audit services provided by the entity's auditor, Stantons International during the year, is shown at note 27. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Remuneration report (audited)

This remuneration report for the year ended 30 June 2011 outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel ('KMP') who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report the term 'executive' encompasses executive directors and senior executives of the Parent and the Group.

Details of key management personnel

Non executive directors

D Sanders	Chairman
CA Lau	appointed Alternate director for Mr Law on 22 July 2010 until 25 May 2011 and appointed Non-executive director on 25 May 2011
TS Law	appointed 22 July 2010
KL Lee	appointed 8 December 2010
J Lester	as from 25 May 2011
G Lyons	
J Wang	

Executive directors

J Lester	up to 25 May 2011
M Wilson	

Other executives

A Begovich	Chief financial officer & Company secretary
M Hine	Chief executive officer – resigned 3 March 2011
P Leidich	Study manager
V Webber	Executive General Manager Corporate Development appointed 8 November 2010 and resigned 8 July 2011

Remuneration committee

The Remuneration Committee is entrusted by the Board to provide appropriate guidance to the Board in relation to the following responsibilities:

- remuneration packages of senior executives (including executive directors);
- the remuneration framework for non-executive directors;
- employment incentive and equity based plans for senior executives, directors and employees generally including the appropriateness of performance hurdles and equity based incentives in the context of overall remuneration packages;
- remuneration policy generally including but not limited to fixed and performance based remuneration, non-cash remuneration including superannuation, and inclusive remuneration principles consistent with the Company's Diversity Policy; and
- retention and termination policies.

The remuneration committee assesses the appropriateness of the nature and amount of remuneration of senior executives (including executive directors) and non-executive directors on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit by balancing the Company's competing interests of attracting and retaining senior executives and directors and avoiding excessive remuneration.

The remuneration committee comprises three non-executive directors. Further information on the committee's role and responsibilities can be seen at **www.goldenwestresources.com**

Remuneration philosophy

The performance of the group depends upon the quality of its key personnel. To prosper, the group must attract, motivate and retain high skilled directors and executives. Due to the nature of the Group's business activities the overall level of compensation does not focus on the earnings of the Company.

To this end, the Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre personnel;
- link rewards to shareholder value;

Remuneration structure

In accordance with best practice corporate governance, the structure of executive and non-executive director remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX listing rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting of shareholders. The latest determination was at the annual general meeting held on 25 November 2011 when shareholders voted to increase the aggregate remuneration to $500,000 per year.

Non-executive directors are remunerated by way of fees and statutory superannuation. Current fees for Non-executive directors are $65,000 per annum and $100,000 per annum for the Chairman. An additional amount of $5,000 per annum is paid to the Chairman of the Audit and Risk Management and Remuneration Committees and an additional $2,500 for members of these Committees.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Remuneration Committee considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Non-executive directors are remunerated by way of fees and statutory superannuation but no other retirement benefits. Non-executive directors are also reimbursed for all reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

No options or shares are awarded to Non-executive directors who are encouraged by the Board to hold shares in the Company.

The remuneration of non-executive directors for the reporting period ending 30 June 2011 and 30 June 2010 is detailed in tables 1 and 2 respectively of this report.

Executive remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Structure

In determining the level and make up of executive remuneration, the Remuneration Committee engages external consultants as needed to provide independent advice.

Remuneration consists of the following key elements:

- Fixed remuneration
- Variable remuneration comprising Short ('STI') and Long ('LTI') term incentives.

The proportion of fixed remuneration and variable remuneration for executive is set out in table 1.

Fixed remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the remuneration committee and the process consists of individual performance, relative comparative remuneration in the market and, where appropriate, external advice.

Structure

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component of executives is detailed in table 1.

Variable remuneration — short term incentive (STI)

Objective

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets.

Structure

Actual STI payments granted to each executive depend on the remuneration committee's assessment of the individual's performance and the performance of their business unit. The aggregate of annual STI payments available for executives across the Group is subject to the approval of the remuneration committee.

For the year ending 30 June 2011 a cash bonus of $2,000 (2010: $45,000) was awarded and paid in full to executives.

Variable remuneration — long term incentive (LTI)

Objective

The objective of the LTI program is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. As such, LTI grants are made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance.

Structure

LTI grants to executives may be delivered in the form of share options or performance rights.

Table 3 provides details of LTI options granted and the value of options granted, exercised and lapsed during the year.

Employment contracts

The Board has entered into contracts and agreements with executives the details of which are provided below.

Anthony Begovich

Mr Begovich was employed by the Company on 23 March 2009 as Chief financial officer and Company secretary in accordance with the terms of an agreement.

Under the agreement the Company is to pay Mr Begovich an initial base annual salary of $220,183 plus statutory superannuation.

The Company may terminate the agreement by giving 3 months notice and Mr Begovich is not entitled to any retirement benefits pursuant to his agreement.

Mark Hine

Mr Hine was engaged by the Company as Chief Executive Officer on 20 June 2010 in accordance with the terms of an agreement.

Under the agreement, the Company is to pay Mr Hine an initial base annual salary of $350,000 inclusive of superannuation and vehicle allowance plus incentives.

Mr Hine resigned on 3 March 2011 and was not entitled to any retirement benefits pursuant to his agreement.

Paul Leidich

Mr Leidich was engaged by the Company on 28 June 2007 as a consultant in accordance with the terms of a consultancy agreement. Under the agreement the Company is to pay Mr Leidich at the rate of $1,250 per day.

The Company may terminate the agreement by giving 30 days notice and Mr Leidich is not entitled to any retirement benefits pursuant to his agreement.

John Lester

Mr Lester was engaged by the Company as Executive Director on 21 August 2008 for an initial three year period pursuant to a consulting agreement.

Under the agreement, the Company is to pay Mr Lester a base annual salary of $305,200 plus a car allowance of $3,000 per month.

Mr Lester stepped down from his executive role on 25 May 2011 and continues serving as a Non-executive director.

Mr Lester is not entitled to any retirement benefits pursuant to his agreement.

Michael Wilson

Mr Wilson was engaged by the Company as Exploration Manager with effect from 24 December 2004.

On the 21 August 2008 Mr Wilson's employment was extended for a 3 year period and was subsequently extended for a further 12 months on 18 August 2011.

Under the agreement, the Company is to pay Mr Wilson a base annual salary of $280,000, plus statutory superannuation and the Company is also required to provide Mr Wilson with a fully maintained commercial motor vehicle or a car allowance of $3,000 per month.

The Company may terminate the agreement immediately in the usual circumstances. If the Company terminates the agreement before the end of the term the Company is required to pay Mr Wilson an amount equivalent to the balance of the term. In addition, either the Company or Mr Wilson may terminate the agreement with three month's notice. On the termination of Mr Wilson's employment Mr Wilson is entitled to one month's salary for every 12 month period of service, up to a maximum of 12 month's salary.

Apart from that stated Mr Wilson is not entitled to any retirement benefits pursuant to his agreement.

Remuneration of key management personnel and the five highest paid executives of the Company and Group

Table 1: Remuneration for the year ended 30 June 2011

	Short-term				Post-employment		Share-based payment	Termination Benefits	Total	Performance related [3]	Options
	Salary & fees[1]	Cash Bonus	Non Monetary Benefit	Other[2]	Super	Long Service Leave	Options				
30 June 2011	$	$	$	$	$	$	$	$	$	%	%
Non executive directors											
CA Lau	10,007	-	-	14,198	-	-	-	-	24,205	-	-
TS Law	55,372	-	-	-	-	-	-	-	55,372		
KL Lee	27,470	-	-	87,638	2,472	-	-	-	117,580		
J Lester[4]	31,783	-	-	-	-	-	-	-	31,783		
G Lyons	59,909	-	-	-	5,392	-	-	-	65,301	-	-
D Sanders	81,847	-	-	-	7,366	-	-	-	89,213	-	-
J Wang	75,000	-	-	-	-	-	-	-	75,000	-	-
Sub total	**341,388**	-	-	**101,836**	**15,230**	-	-	-	**458,454**		
Executive directors											
J Lester[4]	309,417	-	-	-	-	-	-	-	309,417	-	-
M Wilson[5]	292,384	-	23,922	-	25,200	4,830	-	15,330	361,666	-	-
Other executives											
A Begovich	241,523	1,000	-	-	21,889	4,184	-	-	268,596	0.4%	-
M Hine[6]	224,932	-	9,728	100,000	17,584	-	-	-	352,244	-	-
P Leidich	262,504	1,000	-	-	-	-	-	-	263,504	0.4%	-
V Webber	198,764	-	14,563	-	15,572	1,391	-	-	230,290	-	-
Sub total	**1,529,524**	**2,000**	**48,213**	**100,000**	**80,245**	**10,405**	-	**15,330**	**1,785,717**		
Total	**1,870,912**	**2,000**	**48,213**	**201,836**	**95,475**	**10,405**	-	**15,330**	**2,244,171**		

1 Salary and fees includes movements in annual leave provisions.
2 Other refers to consulting fees and compensation payments.
3 Performance related refers to the percentage of total remuneration that is performance related
4 Mr Lester became a Non-executive director of the Company after his resignation as an Executive director on 25 May 2011.
5 Mr Wilson's remuneration includes movements in his termination benefits provision in accordance with his employment contract.
6 Mr Hine resigned on 3 March 2011.

Remuneration of key management personnel and the five highest paid executives of the Company and Group

Table 2: Remuneration for the year ended 30 June 2010

	Short-term				Post-employment		Share-based payment	Termination Benefits	Total	Performance related[3]	Options
	Salary & fees[1]	Cash Bonus	Non Monetary Benefit	Other[2]	Super	Long Service Leave	Options				
30 June 2010	$	$	$	$	$	$	$	$	$	%	%
Non executive directors											
J W Doutch[7]	12,727	-	-	-	-	-	-	-	12,727	-	-
G Lyons	4,167	-	-	-	375	-	-	-	4,542	-	-
D Sanders	40,958	-	-	-	3,686	-	-	-	44,644	-	-
J Wang	75,000	-	-	-	-	-	-	-	75,000	-	-
V Webber[7]	30,519	-	-	-	2,747	-	-	-	33,266	-	-
Sub total	**163,371**	-	-	-	**6,808**	-	-	-	**170,179**		
Executive directors											
J Lester	341,200	-	-	-	-	-	-	-	341,200	-	-
C Markopoulos[8]	22,011	-	-	-	1,781	-	-	-	23,792	-	-
M Wilson[9]	285,718		26,845	23,156	25,200	(8,830)	-	25,433	377,522	6.1%	-
Other executives											
A Begovich	218,767	40,000	-	-	19,817	1,087	-	-	279,671	14.3%	-
M Hine[10]	155,139	-	-	-	11,569	1,023	-	-	167,731	-	-
P Leidich	273,035	5,000	-	-	-	-	-	-	278,035	1.8%	-
C Markopoulos[8]	540,498	-	-	-	30,619	(4,997)	-	259,664	825,784	-	-
Sub total	**1,836,368**	**45,000**	**26,845**	**23,156**	**88,986**	**(11,717)**	-	**285,097**	**2,293,735**		
Total	**1,999,739**	**45,000**	**26,845**	**23,156**	**95,794**	**(11,717)**	-	**285,097**	**2,463,914**		

7 Mr Doutch and Mr Webber were appointed on 23 July 2009 and resigned on 26 November 2009.

8 Mr Markopoulos resigned as a director on 23 July 2009 but remained employed by the Company as a consultant until 30 November 2009.

9 Mr Wilson's remuneration includes movements in termination benefit entitlements provision in accordance with his employment contract.

10 Mr Hine was appointed as Chief executive officer on 13 January 2010.

Equity instruments (Consolidated)

Options granted and vested for the years ended 30 June 2011 and 30 June 2010

There were no options granted, vested to key management personnel during the past two years.

Value of options granted, exercised and lapsed during the year

	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $
J Lester	-	-	500,000
M Wilson	-	-	1,500,000

Shares issued on exercise of options

There were no shares issued on the exercise of options to key management personnel during the year.

Signed on behalf of directors and in accordance with a resolution of directors.

Gary Lyons
Chairman
Executive Committee

Perth, 26 September 2011

Corporate governance statement

Approach to Corporate Governance

Golden West Resources Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd edition ("Principles & Recommendations"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Further information about the Company's corporate governance practices may be found on the Company's website at **www.goldenwestresources.com**, under the section marked "Corporate - Corporate Governance".

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2010/2011 financial year ("Reporting Period"). The Principles & Recommendations were amended in 2010. These amendments apply to the Company's first financial year commencing on or after 1 January 2011. However, as encouraged by the ASX Corporate Governance Council, the Company has made an early transition to the amended Principles & Recommendations. Accordingly, the report below is made against the Principles and Recommendations as amended in 2010.

Board

Roles and responsibilities of the Board and Senior Executives

(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to Senior Executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Chief Executive Officer (or equivalent) and assisting the Chief Executive Officer (or equivalent) in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

The Company's Board Charter is available on the Company's website.

Skills, experience, expertise and period of office of each Director

(Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report.

Director independence

(Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board does not have a majority of directors who are independent. The Board is of the view that given the Company's size and composition, the Board's current composition was the best structure for the Company's objectives during the period.

The independent directors of the Company are Mr Sanders and Mr Lee. These directors are independent because they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations. The Company did not measure independence against set materiality thresholds due to the fact that during the Reporting Period the Company had not determined its materiality thresholds. However, when considering materiality the Company would consider the key factors of financial impact and market perception.

The non-independent directors of the Company are Mr Wilson, Mr Lau, Mr Law, Mr Lester, Mr Lyons, Mr Wang (and Mr Yang as alternate for Mr Wang).

The independent Chair of the Board is Mr Sanders.

The Chief executive officer (or equivalent) was Mr Mark Hine for the period 1 July 2010 to 3 March 2011 and from the 4 March 2011 onwards, the Chief executive officer (or equivalent) role has been performed by an Executive Committee comprising of members other than the Chair of the Board.

The current members of the Executive Committee are Mr Lyons, Mr Begovich, Mr Lau, Mr Law and Mr Lee.

Independent professional advice

(Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Selection and (Re) Appointment of Directors

(Recommendation: 2.6)

In determining candidates for the Board, the Board follows a prescribed process whereby it evaluates the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Board is to identify the particular skills and diversity that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, are considered for appointment by the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than a managing director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

Board committees

Nomination Committee

(Recommendations: 2.4, 2.6)

The Company has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee.

Audit & Risk Management Committee

(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Company has established an Audit & Risk Management Committee.

The Audit & Risk Management Committee is not structured in compliance with Recommendation 4.2. At the end of the Reporting Period Mr Sanders was the only independent director on the Audit & Risk Management Committee which consisted of only non executive directors from 19 January 2011 onwards. The Committee chair is Mr Lyons who is a non-independent director.

The members of the Audit & Risk Management Committee are Mr Lyons, Mr Lau and Mr Sanders.

Given the current size and composition of the Board, the Company is unable to comply with this Recommendation.

The Company has adopted an Audit & Risk Management Committee Charter and this is available on the Company's website.

Details of the number of Audit & Risk Management Committee meetings held during the Reporting Period, the members of the Committee and their attendance at Committee meetings is set out in the Directors' Report.

Details of each of the director's qualifications are set out in the Directors' Report. All members of the Audit & Risk management Committee consider themselves to be financially literate and have industry experience.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit & Risk Management Committee. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances.

The performance of the external auditor is reviewed on an annual basis by the Audit & Risk Management Committee and any recommendations are made to the Board.

The Company's Audit & Risk Management Committee Charter is available on the Company's website.

Remuneration Committee

(Recommendations: 8.1, 8.2, 8.3, 8.4)

The Company has established a separate Remuneration Committee.

The Remuneration Committee is not structured in accordance with Recommendation 8.2. The Company established a separate Remuneration Committee on 20 January 2011. Previously the Board performed the role of the Remuneration Committee as it believed the Company was not of a sufficient size to justify the establishment of a separate Committee. At the end of the Reporting Period Mr Lee was the only independent director on the Remuneration Committee which consisted of only non executive directors. The Committee chair is Mr Lau who is a non-independent director. Details of the number of Remuneration Committee meetings held during the Reporting Period, the members of the Committee and their attendance at Committee meetings is set out in the Directors' Report.

The Company has adopted a Remuneration Committee Charter.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report. Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options or performance rights granted at the discretion of the Remuneration Committee and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter is available on the Company's website.

Performance evaluation

Senior executives

(Recommendations: 1.2, 1.3)

The Chief Executive Officer (or equivalent) reviews the performance of the senior executives other than executive directors who are reviewed by the Chairman. This is conducted annually by individual interviews. The review is conducted with reference to the terms of senior executive's employment contract and/or annual plan.

Board, its committees and individual directors

(Recommendations: 2.5, 2.6)

The performance evaluation of the Board is completed by the Chair at least once every calendar year. A confidential customised questionnaire is completed by each director. These are then reviewed by the Chair, who then reports to the Board.

The Audit & Risk Management and Remuneration Committees self assesses their performance and reports to the Board.

Performance evaluations of executive directors are undertaken by way of interview and customised appraisal forms.

The Chief Executive Officer (or equivalent)'s performance evaluation is reviewed by the Chair or the Board as a whole at least once every calendar year.

During the Reporting Period a performance evaluation of the Board was undertaken in accordance with the process described above.

As the Audit & Risk Management and Remuneration Committees in their current composition were only formed in January 2011 a performance evaluation of the Committees was not conducted during the Reporting period but the Company has committed to undertake such an evaluation in the current year.

A performance evaluation of the Chief Executive Officer (or equivalent) was not performed during the Reporting Period as he resigned on the 3 March 2011. A performance evaluation of the executive directors was not performed during the Reporting Period as their contracts were due to expire shortly after the end of the Reporting Period. A performance evaluation of Mr Wilson was performed prior to extending his contract.

Ethical and responsible decision making

Code of Conduct

(Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company's Code of Conduct is available on the Company website.

Diversity

(Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company has established a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving diversity in the workplace and for the Board to assess annually both the objectives and progress in achieving them.

A summary of the Company's Diversity Policy is available on the Company's website.

The Board has set the following measurable objectives for achieving a diverse workplace;

- review the recruitment and selection processes to ensure that current and potential employees are not discriminated against;
- ensure that the selection process of its employees, senior management and the board takes into account the following factors:
    - attract and retain people from equal employment opportunity target groups, and others who together make up a diverse workforce; and
    - facilitate the employment of indigenous Australian people.
- provide induction, education and training to staff who are from diverse backgrounds to enhance the retention of new employees and promotion of existing employees to senior management and board positions;

- ensure that employees, senior management and the board attend programs to increase awareness of issues in relation to the employment of staff from diverse backgrounds.
- regularly gather information on demographics in the Company and conduct staff surveys or diversity audits to identify areas of weakness.

In June 2011 work commenced on updating the Company's human resource policies to further align them with the objectives set out in the policy which is expected to be completed in the 2011/12 financial year.

The proportion of women and indigenous employees in the whole organisation, in senior executive positions and on the Board as at 30 June 2011 are set out in the following table:

	Proportion of women	Proportion indigenous
Whole organisation	9 out of 41 (22%)	8 out of 41 (20%)
Senior Executive positions	1 out of 5 (20%)	0 out of 5 (0%)
Board	0 out of 8 (0%)	0 out of 8 (0%)

Continuous Disclosure

(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

The Company's Disclosure Policy is available on the Company's website.

Shareholder Communication

(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Risk Management

(Recommendations: 7.1, 7.2, 7.3, 7.4)

The Company has formally established a Risk Management policy which sets out the Company's risk management framework which includes its approach to risk, the Company's risk profile and register, the responsibilities of the Board, management and others in relation to risk management, the Company existing risk management structures and its annual program of risk management activities.

Under the Policy, the Board is ultimately responsible for establishing and reviewing the Company's policies on risk profile, oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board has established an Audit and Risk Management Committee pursuant to an Audit and Risk Management Committee Charter whose mandate includes overseeing the implementation of the Company's risk management program and reporting to the Board as to the effectiveness of the Company's management of its material risks.

The Company's risk management program is implemented by senior management under the direction of the Audit and Risk Management Committee.

The Company's Risk profile is comprised of the following categories:

- environmental;
- sustainability;
- compliance;
- strategic;
- ethical conduct;
- reputation or brand;
- technological;
- product or service quality;
- human capital;
- financial reporting;
- market-related risks.

The individual risks which fall within the Risk profile are included in the Company's Risk register. The management of individual risks are allocated to senior management and individuals within the organisation and noted in the Risk register.

All risks identified in the Risk register are reviewed and assessed by management and the Board at least annually.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The Chief Executive Officer (or equivalent) and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risk.

Consolidated statement of comprehensive income for the year ended 30 June 2011

	Notes	Consolidated 2011 $	Consolidated 2010 $
Revenue	6	1,651,621	900,313
Employee expenses	7(a)	(2,980,280)	(2,866,856)
Depreciation expense		(312,045)	(368,835)
Other expenses	7(b)	(2,216,644)	(1,767,469)
Profit/(loss) before income tax		**(3,857,348)**	**(4,102,847)**
Income tax expense	8	-	-
Profit/(loss) after income tax		**(3,857,348)**	**(4,102,847)**
Profit/(loss) attributable to members of the Parent		**(3,857,348)**	**(4,102,847)**
Other comprehensive income/(loss)			
Other comprehensive income		-	-
Other comprehensive income/(loss) after tax		-	-
Total comprehensive income/(loss) after tax	22	**(3,857,348)**	**(4,102,847)**
Profit/(loss) attributable to members of the Parent		**(3,857,348)**	**(4,102,847)**
Total comprehensive income/(loss) attributable to members of the Parent		**(3,857,348)**	**(4,102,847)**
Basic earnings/(loss) per share (cents per share)	9	(2.17)	(2.87)

Diluted loss per share is not disclosed as it would not reflect an inferior position.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of financial position at 30 June 2011

	Notes	Consolidated 2011 $	Consolidated 2010 $
Current assets			
Cash and cash equivalents	10	31,622,677	9,119,673
Trade and other receivables	11	886,470	342,394
Other financial assets	12	1,435,980	226,783
Exploration & evaluation expenditure	14(a)	-	200,000
Total current assets		**33,945,127**	**9,888,850**
Non-current assets			
Plant and equipment	13	999,609	1,151,177
Exploration & evaluation expenditure	14(b)	77,337,627	66,922,431
Available-for-sale financial assets	15	-	-
Other financial assets	16	532,924	341,903
Total non-current assets		**78,870,160**	**68,415,511**
Total assets		**112,815,287**	**78,304,361**
Current liabilities			
Trade and other payables	17	846,728	909,539
Interest bearing liabilities	18 (a)	16,863	19,147
Other current liabilities	18 (b)	745,590	-
Provisions	19(a)	95,172	106,168
Total current liabilities		**1,704,353**	**1,034,854**
Non-current liabilities			
Provisions	19(b)	270,689	216,694
Total non-current liabilities		**270,689**	**216,694**
Total liabilities		**1,975,042**	**1,251,548**
Net assets		**110,840,245**	**77,052,813**
Equity			
Contributed equity	20	147,001,501	109,356,721
Reserves	21	23,883,574	23,883,574
Accumulated losses	22	(60,044,830)	(56,187,482)
Total equity		**110,840,245**	**77,052,813**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity for the year ended 30 June 2011

	Ordinary share capital $	Option reserves $	Accumulated losses $	Total $
Balance at 01/07/2009	109,356,721	23,883,574	(52,084,635)	81,155,660
Shares issued during the year	-	-	-	-
Capital raising costs	-	-	-	-
Options issued during the year	-	-	-	-
Loss attributable to members of Parent	-	-	(4,102,847)	(4,102,847)
Balance at 30/06/2010	**109,356,721**	**23,883,574**	**(56,187,482)**	**77,052,813**
Balance at 01/07/2010	109,356,721	23,883,574	(56,187,482)	77,052,8131
Shares issued during the year	39,157,963	-	-	39,157,963
Capital raising costs	(1,513,183)	-	-	(1,513,183)
Options issued during the year	-	-	-	-
Loss attributable to members of Parent	-	-	(3,857,348)	(3,857,348)
Balance at 30/06/2011	**147,001,501**	**23,883,574**	**(60,044,830)**	**110,840,245**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated statement of cash flows for the year ended 30 June 2011

	Notes	Consolidated 2011 $	Consolidated 2010 $
Cash flows from operating activities			
Payments to suppliers & employees		(4,653,438)	(4,691,950)
Interest received		884,280	978,583
Net cash used in operating activities	23	**(3,769,158)**	**(3,713,367)**
Cash flows from investing activities			
Payments for exploration & evaluation		(10,695,816)	(9,478,488)
Payments for plant & equipment		(195,126)	(99,672)
Proceeds from sale of plant & equipment		215	6,364
Proceeds from sale of uranium assets		200,000	-
Payments for security deposits/bonds		(211,836)	(35,049)
Proceeds from security deposits/bonds		95,048	12,650
Loans to other entities		(678,851)	-
Repayments from other entities		144,420	2,044,436
Net cash used in investing activities		**(11,341,946)**	**(7,549,759)**
Cash flows from financing activities			
Proceeds from issue of shares and options		39,127,291	-
Share and option issue costs		(1,513,183)	-
Net cash provided by financing activities		**37,614,108**	**-**
Net increase in cash and cash equivalents		22,503,004	(11,263,126)
Cash and cash equivalents at the beginning of the financial year		9,119,673	20,382,799
Cash and cash equivalents at the end of the financial year	10	**31,622,677**	**9,119,673**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Note 1: Corporate information

The financial report of Golden West Resources Limited ('the Company' or the 'Parent') and of the Group, being the Company and its controlled entities for the financial year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 26 September 2011.

Golden West Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the directors' report.

Separate financial statements for Golden West Resources Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, required financial information for Golden West Resources Limited as an individual entity is included in Note 31.

Note 2: Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards board. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards board.

(c) New accounting standards and interpretations

(i) Adoption of new and revised Accounting Standards

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations for the financial year beginning 1 July 2011.

- AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (AASB 5, 8, 101, 107, 117, 118, 136, and 139)
- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (AASB 3, 7, 121, 128, 131, 132 and 139)
- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments and AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19.*

The adoption of these new and revised Standards and Interpretations has not resulted in any material change to the Group's accounting policies.

(ii) New Accounting Standards for Application in Future Periods

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

a. AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013).

   AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard is not expected to impact on the Group's accounting for financial assets as it does not have any available for sale assets other than equity investments. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The Group has decided not to early adopt AASB 9.

b. Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011).

   In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

c. AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

   On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Golden West Resources Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Golden West Resources Limited and its subsidiaries as at 30 June each year ('The Group').

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. A list of subsidiaries at 30 June 2011 is contained in note 24 to the financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from inter-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(e) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

The Group determines and presents operating segments based on the information internally provided to the executive management team.

(f) Revenue

Revenue is recognised as income to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest Income

Revenue is recognised as the interest accrues using the effective interest method. This is the method of calculating the amortised costs of the financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(g) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities related to the same taxable entity and the same taxation authority.

(h) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(j) Plant and equipment

All plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold improvements	20%
Motor vehicles	18.5%
Plant and equipment	7.50-40.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the item is derecognised.

(k) Exploration and evaluation expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and either:

- the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised 'Mine properties in development'. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

(l) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category financial assets at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the balance sheet.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(iv) Available-for-sale securities

Available-for-sale investments are those non-derivative financial assets, principally equity securities, that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include:

- using recent arm's length market transactions;
- reference to the current market value of another instrument that is substantially the same;
- discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(m) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(o) Employee benefits

(i) Wages salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave and other employment entitlements

The liability for long service leave and other employment entitlements is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(r) Leases

Leases are classified at the inception as either operating or finance leases, based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

(i) Group as a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(ii) Group as a lessor

Leases in which the group retains substantially all the risks and benefits and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

(s) Share-based payment transactions

(i) Equity settled transactions

The Group provides benefits to directors, employees and other parties in the form of share-based payment transactions, whereby directors, employees and other parties render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with directors, employees and consultants (for awards granted after 7 November 2002 that were unvested at 1 January 2005) is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black-Scholes model, further details of which are given in note 26.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Golden West Resources Limited ('market conditions') if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(ii) Cash settled transactions

The Group also provides benefits to various parties in the form of cash-settled share based payments, whereby the various parties provides goods and services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Golden West Resources Limited.

The ultimate cost of these cash-settled transactions will be equal to the actual cash paid to the various parties, which will be the fair value at settlement date.

The cumulative cost recognised until settlement is a liability and the periodic determination of this liability is as follows:

(i) At each reporting date between grant and settlement, the fair value of the award is determined

(ii) During the vesting period, the liability recognised at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period

(iii) From the end of the vesting period until settlement, the liability recognised is the full fair value of the liability at the reporting date.

(iv) All changes in the liability are recognised in profit or loss for the period

The fair value of the liability is determined, initially and at each reporting date until it is settled, by applying a Black-Scholes option pricing model, taking into account the terms and conditions on which the award was granted, and the extent to which employees have rendered service to date (note 26).

(t) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(u) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increase amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Note 3: Financial risk management objectives and policies

The Group's principal financial instruments comprise cash, short term deposits, trade and other receivables, available for sale investments, trade and other payables and interest bearing liabilities.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's activities, which mainly comprise of exploration and evaluation work that occurs solely within Australia, do not exposure it, at this time, to any foreign currency risk or price risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the financial performance of the Group.

The main risks arising from the Group's financial instruments are market risk (e.g. interest rate risk), credit risk and liquidity risk.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and assessment of market forecasts for interest rates. The Group manages credit risk by only dealing with recognised, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees procedures for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with management under the procedures approved by the Board. The Board reviews management's processes for managing each of the risks identified below including future cash flow forecast projections.

Note 3: Financial risk management objectives and policies *continued*

Risk exposures and responses

Market risk

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents, other financial assets and interest bearing liabilities. The Group has provided loans to third parties, which are disclosed under other financial assets (current) in note 12, at fixed rates of interest and as such does not expose the Group to interest rate risk. Trade and other receivables disclosed in note 11 and Trade and other payables disclosed in note 17 are non-interest bearing.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk.

	Consolidated	
	2011 $	2010 $
Financial assets		
Cash and cash equivalents	31,622,677	9,119,673
Other financial assets (current)	35,041	109,274
Other financial assets (non-current)	532,924	341,903
	32,190,642	9,570,850
Financial liabilities		
Interest bearing liabilities	16,863	19,147
Net exposure	32,173,779	9,551,703

The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt. The Group regularly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate exposures in existence at the balance sheet date after taking into account judgements by management of reasonably possible movements in interest rates after consideration of the views of market commentators over the next twelve months.

At 30 June 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post tax profit higher/(lower)		Equity higher/(lower)	
	2011 $	2010 $	2011 $	2010 $
Consolidated				
+0.50% (50 basis points)	160,869	47,759	160,869	47,759
-0.25% (25 basis points)	(80,434)	(23,879)	(80,434)	(23,879)

The sensitivity is higher in 2011 than in 2010 for the Consolidated entity because of a increase in cash and term deposits.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure. The Group only trades with recognised, creditworthy third parties, and as such collateral is not requested, nor it is the Group's policy to securitise its trade and other receivables.

Financial instruments held by the Group are spread amongst a number of financial institutions all of which have credit ratings of AA or better, to minimise the risk of counterparty default. However, at balance date the majority of cash and cash equivalents are held by one financial institution.

Note 3: Financial risk management objectives and policies *continued*

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group does not have any significant financial liabilities as its objective has been to ensure continuity of funding through the use of ordinary shares. The Group regularly monitors forecasts and actual cash flows and the maturity profiles of its financial assets and liabilities to manage its liquidity risk.

There may be a need to raise additional funds in the next twelve months to meet forecast operating activities. The decision on how the Group will raise these funds which may include debt and equity will depend on market conditions at the time.

The remaining contractual maturities of the Group's and Parent's financial liabilities are:

	Consolidated	
	2011 **$**	**2010** **$**
1 month or less	863,591	928,965
1 – 3 months	-	-
Over 3 months	-	-
	863,591	928,965

At balance date the Group had cash and cash equivalents of $31,622,677 for its immediate use.

Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

Note 4: Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

In the process of applying the Group's accounting policies management has the following significant accounting judgements apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Determination of mineral resources and ore reserves

The Group reports its mineral resources and ore reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition ('the JORC code') as a minimum standard. The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in reserves or resources being restated.

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Group measures the cost of equity-settled and cash-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model and the assumptions and carrying amount at the reporting date is disclosed in note 26.

Impairment of capitalised Exploration and evaluation expenditure

The future recoverability of capitalised Exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related Exploration and evaluation asset through sale.

Note 4: Significant accounting judgements, estimates and assumptions *continued*

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised Exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, Exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

Note 5: Segment information

Business and geographical segments:

The operations and assets of Golden West Resources Limited and its controlled entities are predominantly employed in exploration and evaluation activities relating to minerals in Australia.

Note 6: Revenue

	Consolidated	
	2011	**2010**
	$	**$**
Revenue		
Interest received	1,651,621	900,313

Note 7: Expenses

	Consolidated	
(a) Employee expenses		
Salary and wages	2,258,740	2,304,084
Superannuation	137,972	137,192
Share based payments	30,672	-
Other employee expenses	552,896	425,580
	2,980,280	2,866,856
(b) Other expenses		
Administration costs	701,052	610,311
Corporate costs	118,904	147,912
Consulting fees	94,926	231,343
Legal costs	95,756	151,899
Occupancy costs	292,485	292,275
Exploration & Evaluation expenditure written off	154,878	111,374
IPO and merger costs (note 30)	724,210	-
Loss on disposal of plant and equipment	34,433	6,326
Impairment loss – Exploration & Evaluation expenditure	-	216,029
	2,216,644	1,767,469

Note 8: Income tax

	Consolidated	
	2011 $	2010 $
A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate is as follows:		
Accounting loss before income tax	(3,857,348)	(4,102,847)
At the statutory income tax rate of 30% (2010: 30%)	(1,157,205)	(1,230,854)
Non deductible expenditure	14,521	4,549
Tax loss and temporary differences not brought to account as a deferred tax asset	4,805,014	1,517,498
Temporary investment allowance	-	(1,120)
Capital raising costs	(3,662,330)	(290,073)
At the effective income tax rate of 0% (2010: 0%)	-	-
Unrecognised deferred tax assets (liabilities)		
Deferred tax assets have not been recognised in respect of the following items:		
Employee entitlements	109,759	96,859
Trade and other payables	18,643	24,572
Business related expenses	982,113	850,908
Allowance for impairment loss	3,528,000	3,528,000
Tax losses	31,661,329	26,921,402
Deferred tax assets:	36,299,844	31,421,741
Deferred tax liabilities have not been recognised in respect of the following items:		
Accrued interest receivable	(238,011)	(23,853)
Plant and equipment	(7,820)	(3,490)
Capitalised exploration & evaluation expenditure	(23,201,288)	(20,136,729)
	(23,447,119)	(20,164,072)
Net unrecognised deferred tax asset (liability)	12,852,725	11,257,669

Tax losses

Deferred tax assets and deferred tax liabilities have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

Tax consolidation

Members of the tax consolidated group and the tax sharing arrangement

The Company and its 100% owned controlled entities have formed a tax consolidated group. Members of the consolidated entity have not entered into a tax sharing or tax funding arrangement. The head entity of the tax consolidated group is Golden West Resources Limited.

Tax effect accounting by members of the tax consolidated group

As no tax funding arrangement has been entered into, the deferred tax balances have been recognised as equity adjustments. In this regard the head entity has assumed the benefit of tax losses from controlled entities of $2,073,583 (2010: $437,598) as of balance date.

Note 9: Loss per share

	Consolidated	
	2011 $	2010 $
The following reflects the income and data used in the calculations of basic and diluted loss per share:		
Loss used in calculating basic and diluted loss per share	(3,857,348)	(4,102,847)
	No. of shares	No. of shares
Weighted average number of ordinary shares used in calculating basic earnings per share:	177,930,369	143,135,763

Diluted loss per share is not disclosed as it would not reflect an inferior position.

Note 10: Cash and cash equivalents

	Consolidated	
	2011 $	2010 $
Cash on hand	1,000	1,000
Cash at bank	3,051,219	418,673
Term deposits	28,570,458	8,700,000
Total cash and cash equivalents	31,622,677	9,119,673

Note 11: Trade and other receivables

Trade receivables	-	28,632
Accrued interest	793,370	79,510
Goods and services tax	33,036	173,666
Other receivables	60,064	8,336
Prepayments	-	52,250
	886,470	342,394

As of 30 June 2011 there were no trade and other receivables that are impaired or past due.

Note 12: Other financial assets

Security deposits/bonds	35,041	109,274
Application deposits (Note 18b)[1]	745,518	-
Loans to third parties[2]	655,421	117,509
	1,435,980	226,783

1 The application deposits balance refers to funds received from applicants in relation to the Western Gold Resources Limited Initial Public Offering ('IPO') less bank charges. On the 1 July 2011 the Company announced the withdrawal of the IPO and consequently all monies were refunded in July 2011.

2 The loan to third parties balance as at 30 June 2011 relates to the interest free loan to Silvrex Limited under the terms of the Merger Implementation Deed (MID) signed between Western Gold Resources Limited and Silvrex Limited. In accordance with the MID, the loan was converted to Silvrex Limited shares on 5 August 2011 at an issue price of 1.5 pence per share. The comparative amount relates to funds advanced by the Company to various third parties at the rate of 8% per annum, which were all repaid during the current reporting period.

Note 13: Plant and equipment

	Consolidated	
	2011 $	2010 $
Plant and equipment at cost	1,623,267	1,556,387
Less: accumulated depreciation	(1,109,991)	(918,347)
	513,276	638,040
Motor vehicles at cost	557,791	589,904
Less: accumulated depreciation	(268,879)	(219,657)
	288,912	370,247
Leasehold improvements at cost	282,163	185,178
Less: accumulated depreciation	(84,742)	(42,288)
	197,421	142,890
Total plant and equipment	999,609	1,151,177

Reconciliation of the carrying amount for plant and equipment, motor vehicles and leasehold improvements is set out below:

Plant and equipment		
Carrying amount at beginning of year	638,040	859,415
Additions	93,306	37,318
Disposals	(18,998)	-
Depreciation expense	(199,072)	(258,693)
Carrying amount at end of year	513,276	638,040
Motor vehicles		
Carrying amount at beginning of year	370,247	397,826
Additions	-	59,609
Disposals	(12,845)	(12,690)
Depreciation expense	(68,490)	(74,498)
Carrying amount at end of year	288,912	370,247
Leasehold improvements		
Carrying amount at beginning of year	142,890	175,789
Additions	101,820	2,745
Disposals	(2,805)	-
Depreciation expense	(44,484)	(35,644)
Carrying amount at end of year	197,421	142,890
Total carrying amount at end of year	999,609	1,151,177

Note 14: Exploration and evaluation expenditure

	Consolidated	
	2011 $	2010 $
(a) Current		
Balance at beginning of year	200,000	-
Reclassified from non-current	-	416,029
Disposal[1]	(200,000)	-
Impairment (Note 7b)	-	(216,029)
Balance at end of year	-	200,000

1 The Disposal relates to the relinquishment of the Company's uranium tenements and the sale of associated mining information to a third party for an amount equivalent to its carrying value.

	2011 $	2010 $
(b) Non Current		
Balance at beginning of year	66,922,431	57,792,257
Expenditure incurred during the year	10,570,074	9,657,577
Expenditure expensed during the year (Note 7b)	(154,878)	(111,374)
Reclassified to current	-	(416,029)
Balance at end of year	77,337,627	66,922,431

Note 15: Available-for-sale financial assets

	2011 $	2010 $
At fair value		
Shares – Australian unlisted	-	-

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

Valuation assumptions

The fair value of the unlisted available-for-sale investments has been estimated using valuation techniques based on assumptions, which are outlined in note 2, that are not supported by observable market prices or rates. Management believes the estimated fair value resulting from the valuation techniques and recorded in the balance sheet and the related impairment charge recorded in the profit and loss account are reasonable and the most appropriate at the balance sheet date. A reconciliation of the movement during the year is as follows:

	2011 $	2010 $
Cost:		
Opening balance	11,760,000	11,760,000
Movements	-	-
Closing balance	11,760,000	11,760,000
Less: Allowance for impairment loss	(11,760,000)	(11,760,000)
Fair value at balance date	-	-

Note 16: Other financial assets

	Consolidated	
	2011 $	2010 $
Security deposits/bonds	532,924	341,903

Note 17: Trade and other payables

Trade payables	364,782	258,608
Other payables	116,083	202,108
Accruals	365,863	448,823
	846,728	909,539

Note 18: Current liabilities

(a) Interest bearing liabilities

Corporate credit cards[1]	16,863	19,147

1 Details regarding interest rate risk is disclosed in Note 3

(b) Other current liabilities

Application for shares (Note 12)[1]	745,590	-

1 The application for shares balance refers to the value of the shares the Company is obligated to issue based on monies received from applicants for the Western Gold Resources Limited Initial Public Offering ('IPO') as at 30 June 2011. On the 1 July 2011 the Company announced the withdrawal of the IPO and consequently all monies received were refunded in July 2011 and the obligation to issue shares was cancelled.

Note 19: Provisions

(a) Current

Employee entitlements	95,172	106,168

(b) Non Current

Employee entitlements	270,689	216,694

Note 20: Contributed equity

	Consolidated	
	2011 $	2010 $
(a) Issued capital		
192,082,567 Ordinary fully paid shares (2010: 143,135,763)	147,001,501	109,356,721

	Number	$
Movement in ordinary shares on issue		
At 1 July 2009	143,135,763	109,356,721
Share issue	-	-
Transaction costs	-	-
At 30 June 2010	143,135,763	109,356,721
Share issue[1]	21,470,364	17,176,291
Share issue[2]	25,000,000	20,000,000
Employee share plan issue[3]	37,690	30,672
Share purchase plan issue [4]	2,438,750	1,951,000
Transaction costs[5]	-	(1,513,183)
At 30 June 2011	192,082,567	147,001,501

1 On 1 July 2010, 21,470,364 shares were issued for cash.

2 On 29 December 2011, 25,000,000 were shares issued for cash.

3 On 15 February 2011, 37,690 shares were issued in accordance with a Tax Discounted Employee Share Ownership Plan.

4 On 25 February 2011, 2,438,750 shares were issued under a Share Purchase Plan.

5 The transaction costs represent the costs of issuing shares.

(b) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

As the equity market is constantly changing management may issue new shares to provide for future exploration, evaluation and development activity. Management is currently considering a number of options to fund the development of its mining projects which may include the issue of shares and the borrowing of funds.

The Group is not subject to any externally imposed capital requirements.

Note 21: Reserves

	Consolidated	
	2011 $	2010 $
(a) Options reserve		
10,250,000 unlisted options (2010: 28,263,879 listed and unlisted)	23,883,574	23,883,574

	Number listed	Number unlisted
Movement in options on issue		
At 1 July 2009	18,013,879	10,250,000
Issue of options	-	-
At 30 June 2010	18,013,879	10,250,000
Issue of options	-	-
Options lapsed/expired on 31 December 2010	(18,013,879)	-
At 30 June 2011	-	10,250,000

Note 22: Accumulated losses

	Consolidated	
	2011 $	2010 $
Balance at beginning of year	(56,187,482)	(52,084,635)
Loss attributable to members of the Parent	(3,857,348)	(4,102,847)
Balance at end of year	(60,044,830)	(56,187,482)

Note 23: Cash flow statement reconciliation

(a) Reconciliation of net cash and cash equivalents used in operating activities to loss after income tax:		
Loss after income tax	(3,857,348)	(4,102,847)
Depreciation	312,045	368,835
Share based payments	30,672	-
Exploration & evaluation expenditure written off	154,878	111,374
Loss on disposal of plant and equipment	34,433	6,326
Impairment of capitalised exploration & evaluation expenditure	-	216,029
Movements in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(547,558)	(12,212)
Increase/(decrease) in trade and other payables	60,720	(237,009)
Increase/(decrease) in provisions	43,000	(63,863)
Net cash used in operating activities	(3,769,158)	(3,713,367)
(b) Non-cash financing and investing activities		
Share based payments (note 26)	30,672	-

Note 24: Related party disclosure

1. Subsidiaries

The consolidated financial statements include the financial statements of Golden West Resources Limited and the subsidiaries listed in the following table;

	Country of Incorporation	Equity interest 2011 %	2010 %
Iron West Resources Pty Ltd (formerly Golden West Energy Pty Ltd)	Australia	100%	100%
Western Gold Resources Limited (formerly Aureus Gold Ltd and Triple Eight Resources Ltd)	Australia	100%	100%
Wiluna West Gold Pty Ltd (formerly Iron West Resources Pty Ltd)	Australia	100%	100%

2. Ultimate parent

Golden West Resources Limited is the ultimate parent of the Group.

3. Key management personnel

Details relating to key management personnel are included in note 25.

4. Transactions with related parties

During the year the Company received a cash payment of $200,000 from a third party relating to the proceeds from the sale of mining information associated with uranium projects held by its subsidiary Iron West Resources Pty Ltd.

The Company also sold its gold assets (interests in the gold rights and mining information on certain tenements) related to its Wiluna West Gold project to Wiluna West Gold Pty Ltd during the year pursuant to the Option Deed, which was entered into between the Company with Wiluna West Gold Pty Ltd. Via the Deed of Variation to Option Deed, Western Gold Resources Limited (on behalf of Wiluna West Gold Pty Ltd) issued 51,999,000 ordinary shares to the Company at a price 20 cents per share for a total consideration of $10,399,800.

In addition, the Company paid various corporate expenses on behalf of its subsidiaries Iron West Resources Pty Ltd, Wiluna West Gold Pty Ltd and Western Gold Resources Limited and to the value of $800,114 (2010: $46,525).

5. Terms and conditions

Outstanding balances at year-end are interest free and have no fixed repayment terms.

Note 25: Key management personnel disclosures

	Consolidated 2011 $	2010 $
(a) Compensation for key management personnel		
Compensation by category:		
Short-term	2,122,961	2,094,740
Post employment	95,475	95,794
Long-term	10,405	(11,717)
Termination	15,330	285,097
Share-based payments	-	-
	2,244,171	2,463,914

Note 25: Key management personnel disclosures *continued*

(b) Option holdings for key management personnel (consolidated)

Options for shares in Golden West Resources Limited (number)

Listed options	Balance 01/07/10	Granted as remuneration	Options exercised	Net change other [1]	Balance 30/06/11	Vested & exercisable	Unvested
Non executive directors							
CA Lau	-	-	-	-	-	-	-
TS Law	-	-	-	-	-	-	-
KL Lee	-	-	-	-	-	-	-
J Lester	500,000	-	-	(500,000)	-	-	
G Lyons	-	-	-	-	-	-	-
D Sanders	-	-	-	-	-	-	-
J Wang	-	-	-	-	-	-	-
Executive directors							
M Wilson	1,500,000	-	-	(1,500,000)	-	-	-
Other executives							
A Begovich	-	-	-	-	-	-	-
M Hine	-	-	-	-	-	-	-
P Leidich	-	-	-	-	-	-	-
V Webber	-	-	-	-	-	-	-
Total	**2,000,000**	**-**	**-**	**(2,000,000)**	**-**	**-**	

Listed options	Balance 01/07/09	Granted as remuneration	Options exercised	Net change other [1]	Balance 30/06/10	Vested & exercisable	Unvested
Non executive directors							
J Doutch	2,159,700	-	-	(2,159,700)	-	-	-
J Wang	-	-	-	-	-	-	-
V Webber	-	-	-	-	-	-	-
D Sanders	-	-	-	-	-	-	-
G Lyons	-	-	-	-	-	-	-
Executive directors							
J Lester	500,000	-	-	-	500,000	500,000	-
C Markopoulos	500,000	-	-	(500,000)	-	-	-
M Wilson	1,500,000	-	-	-	1,500,000	1,500,000	-
Other executives							
A Begovich	-	-	-	-	-	-	-
P Leidich	-	-	-	-	-	-	-
M Hine	-	-	-	-	-	-	-
Total	**4,659,700**	**-**	**-**	**(2,659,700)**	**2,000,000**	**2,000,000**	**-**

1 Refers to lapsed options and includes options held by key management personnel at date of resignation

Note 25: Key management personnel disclosures *continued*

Unlisted options	Balance 01/07/10	Granted as remuneration	Options exercised	Net change other [1]	Balance 30/06/11	Vested & exercisable	Unvested
Non executive directors							
CA Lau	-	-	-	-	-	-	-
TS Law	-	-	-	-	-	-	-
KL Lee	-	-	-	-	-	-	-
J Lester	500,000	-	-	-	500,000	500,000	-
G Lyons	-	-	-	-	-	-	-
D Sanders	-	-	-	-	-	-	-
J Wang	-	-	-	-	-	-	-
Executive directors							
M Wilson	1,500,000	-	-	-	1,500,000	1,500,000	-
Other executives							
A Begovich	-	-	-	-	-	-	-
M Hine	-	-	-	-	-	-	-
P Leidich	-	-	-	-	-	-	-
V Webber	-	-	-	-	-	-	-
Total	**2,000,000**	**-**	**-**	**-**	**2,000,000**	**2,000,000**	**-**

Unlisted options	Balance 01/07/09	Granted as remuneration	Options exercised	Net change other [1]	Balance 30/06/10	Vested & exercisable	Unvested
Non executive directors							
J Doutch	1,500,000	-	-	(1,500,000)	-	-	-
J Wang	-	-	-	-	-	-	-
V Webber	-	-	-	-	-	-	-
D Sanders	-	-	-	-	-	-	-
G Lyons	-	-	-	-	-	-	-
Executive directors							
J Lester	500,000	-	-	-	500,000	500,000	-
C Markopoulos	500,000	-	-	(500,000)	-	-	-
M Wilson	1,500,000	-	-	-	1,500,000	1,500,000	-
Other executives							
A Begovich	-	-	-	-	-	-	-
P Leidich	-	-	-	-	-	-	-
M Hine	-	-	-	-	-	-	-
Total	**4,000,000**	**-**	**-**	**(2,000,000)**	**2,000,000**	**2,000,000**	**-**

1 Includes options held by key management personnel at date of resignation

Note 25: Key management personnel disclosures *continued*

(c) Shareholdings of key management personnel (consolidated)

Shares held in Golden West Resources Limited (number)

	Balance 01/07/10	Granted as remuneration	On exercise of options	Net change other [1]	Balance 30/06/11
Non executive directors					
CA Lau	-	-	-	195,000	195,000
TS Law	-	-	-	21,489,114	21,489,114
KL Lee	-	-	-	-	-
J Lester	-	-	-	-	-
G Lyons	-			-	-
D Sanders	8,300	-	-	18,750	27,050
J Wang	-	-	-	-	-
Executive directors					
M Wilson	2,199,438			(115,000)	2,084,438
Other executives					
A Begovich	-	-	-	-	-
M Hine	-	-	-	-	-
P Leidich	14,300	-	-	18,750	33,050
V Webber	-	-	-	-	-
Total	**2,222,038**	**-**	**-**	**21,606,614**	**23,828,652**

	Balance 01/07/09	Granted as remuneration	On exercise of options	Net change other [1]	Balance 30/06/10
Non executive directors					
J Doutch	807,749	-	-	(807,749)	-
G Lyons	-	-	-	-	-
D Sanders	-	-	-	8,300	8,300
V Webber	-	-	-	-	-
J Wang	-	-	-	-	-
Executive directors					
J Lester	-	-	-	-	-
C Markopoulos	-	-	-	-	-
M Wilson	2,255,438	-	-	(56,000)	2,199,438
Other executives					
A Begovich	-	-	-	-	-
M Hine	-	-	-	-	-
P Leidich	-	-	-	14,300	14,300
Total	**3,063,187**	**-**	**-**	**(841,149)**	**2,222,038**

1 Includes shares held by key management personnel at date of appointment and date of resignation

Note 26: Share based payments

	Consolidated	
	2011 $	2010 $
Recognised share based payment costs		
Equity-settled share based payment transactions:		
Shares	30,672	-
	30,672	-

Equity–settled share based payment transactions

Options

(a) Types of share-based payment plans

The Company has a formal Employee Share Option Plan ('ESOP') for employees and directors. The purpose of the ESOP is designed to align participant's interests with those of shareholders by increasing the value in the Company's shares and well as reward, incentivise and retain employees and directors.

The Board decides which employee or director is eligible to receive the options and the number of options but is limited to offering options to employees or directors who have served in their respective roles for at least a year. The Board may, subject to applicable laws, impose any conditions on the exercise of options such as vesting conditions and performance conditions.

Under the ESOP, the exercise price must be at least the weighted average market price of a Share on the ASX over the last five trading days preceding the date of the of the relevant offer. The contractual life of each option is five years or such other time as shareholders approve in a general meeting.

(b) Summaries of options granted

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2011 No.	2011 WAEP	2010 No.	2010 WAEP
Outstanding at beginning of year	23,575,000	$2.1612	23,575,000	$2.1612
Granted during the year	-	-	-	-
Forfeited during the year	13,325,000	$2.1612	-	-
Exercised during the year[1]	-	-	-	-
Outstanding at end of year	10,250,000	$2.1612	23,575,000	$2.1612
Exercisable at end of year	10,250,000	$2.1612	23,575,000	$2.1612

1 No options were exercised during the year (2010: Nil)

The outstanding balances as at 30 June 2011 are represented by:

Grant date	Exercise date	Expiry date	Exercise price	Number
21 March 2007	21 March 2007	31 December 2011	$3.00	7,000,000
19 September 2007	19 September 2007	31 December 2011	$3.00	1,500,000
17 March 2008	17 March 2008	31 December 2011	$3.00	250,000
26 September 2008	26 September 2008	31 December 2011	$3.00	500,000
29 October 2008	29 October 2008	31 December 2011	$3.00	1,000,000
Total				**10,250,000**

Note 26: Share based payments *continued*

(c) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 0.5 years (2010: 0.93 years).

(d) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was $3.00 (2010: $2.00 to $3.00).

(e) Weighted average fair value

The weighted average fair value of options granted during the year was $Nil (2010: $Nil).

(f) Option pricing model

The fair value of the equity-settled share options granted is estimated at the date of the grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the weighted average inputs to the model used for the years ended 30 June 2011 and 30 June 2010.

	2011	2010
Expected volatility (%)	-	-
Risk-free interest rate (%)	-	-
Expected life of option (years)	-	-
Option exercise price ($)	-	-
Weighted average share price at grant date ($)	-	-

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Shares

(a) Types of share-based payment plans

Tax Discount Employee Share Ownership Plan (ESOP)

Shares were granted to employees with more than 12 months' service, and or pro-rata to employees with more than 3 months' services. The ESOP was designed to recognise the efforts all employees' contribution to the Company's success and enhance the loyalty and relationships already formed between the Company and its employees.

The value of Shares offered to each employee under the ESOP is limited to $1,000.00 per annum and the share price is based on the market price at the time when the shares are issued.

Note 27: Remuneration of auditors

	Consolidated	
	2011 $	2010 $
Amount paid or due and payable to Stantons		
International for:		
Audit services	45,539	54,539
Other services	31,433	-
	76,972	54,539

The Auditors did not receive any other benefit during the year.

Note 28: Commitments for expenditure

	Consolidated	
	2011 $	2010 $
Tenement expenditure commitments		
In order to maintain current rights of tenure to mining tenements, the Consolidated and Parent have minimum tenement expenditure requirements and lease rentals. Assuming the Consolidated and Parent wish to maintain the rights to tenure for these tenements in accordance with the terms of the agreements as at balance date the obligations, which are not provided for in the accounts, are as follows:		
Less than one year	1,585,100	727,300
Between one and five years	7,255,500	3,936,500
More than five years	19,427,200	3,469,500
	28,267,800	8,133,300
Office rental commitments		
Less than one year	135,807	128,498
Between one and five years	278,095	518,327
More than five years	-	-
	413,902	646,825
Key management personnel contract commitments		
Less than one year	97,219	682,400
Between one and five years	-	39,261
More than five years	-	-
	97,219	721,661

Note 29: Contingencies

The Group is not aware of any significant contingencies as at the end of the financial year.

Note 30: Events after balance sheet date

Subsequent to the end of the financial year, the following events have occurred:

Withdrawal of IPO and cancellation of merger

On 1 July 2011 the Company announced the withdrawal of the Initial Public Offering ('IPO') of its subsidiary Western Gold Resources Limited ('WGR') and consequently the proposed merger with Silvrex Limited was cancelled.

All costs associated with the IPO and merger totalling $724,210 (note 7b) have been expensed as at 30 June 2011. Gross application funds for the IPO totalling $745,590 (note 12 & 18b) were returned in July 2011 and loan funds provided to Silvrex Limited of approximately $655,421 (note 12) was converted into 27,448,242 Silvrex Limited shares at GBP0.015 per share in August 2011.

Resource update

On the 8 July 2011 the Company announced an increase of 5.8 million tonnes of Indicated Resource to 77.2 million tonnes at its Wiluna West Hematite project resulting in combined Measured (3.7Mt @ 59.6% Fe) and Indicated (77.2 Mt @ 60.3% Fe) Resources of 80.9 million tonnes.

Board changes

On the 28 July 2011 the Company announced the appointment of Mr Teck Siong Wong as an Alternate director for Mr Tien Seng Law.

Maiden iron ore Reserve

On 31 August 2011 the Company announced, that within its total Resource at its Wiluna West Hematite Iron Project, it has a Reserve of 69.2Mt @ 60.3% Fe, including 2.9Mt @ 59.7% Fe in the Proven category and 66.4Mt @ 60.3% Fe in the Probable category.

Note 31: Parent entity disclosures

	2011 $	2010 $
(a) Financial position		
Assets		
Current assets	32,450,532	9,910,650
Non-current assets	89,119,486	68,393,710
Total assets	**121,570,018**	**78,304,360**
Liabilities		
Current liabilities	877,203	1,034,853
Non-current liabilities	270,690	216,694
Total liabilities	**1,147,893**	**1,251,547**
Equity		
Contributed equity	147,001,501	109,356,721
Accumulated losses	(50,462,950)	(56,187,482)
Reserves		
Option Reserves	23,883,574	23,883,574
Total equity	**120,422,125**	**77,052,813**
(b) Financial performance		
Profit for the year (Note 24)[1]	5,724,532	(4,102,846)
Other comprehensive income	-	-
Total comprehensive income	**5,724,532**	**(4,102,846)**

1 The Profit for the year includes the profit $ 8,778,630 on sale of gold rights from the Parent company (Golden West Resources Limited) to its wholly owned subsidiary (Wiluna West Gold Pty Ltd), via Western Gold Resources Limited.

	2011 $	2010 $
(c) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries		
Guarantee provided under the deed of cross guarantee	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-

Directors' declaration

In accordance with a resolution of the directors of Golden West Resources Limited, I state that:

1. In the opinion of the directors:
   (a) The financial statements and notes of Golden West Resources Limited for the financial year ended 30 June 2011 are in accordance with the *Corporations Act 2001*, including:
      (i) Giving a true and fair view of its financial position as at 30 June 2011 and performance
      (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*
   (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2b
   (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2011.

On behalf of the Board

GARY LYONS
Director
Perth, 26 September 2011

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Stantons International Audit and Consulting Pty Ltd
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Stantons International

Chartered Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GOLDEN WEST RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Golden West Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Stantons International

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Golden West Resources Limited is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
    (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2(b).

Report on the Remuneration Report

We have audited the remuneration report included in pages 22 to 27 of the directors' report for the year ended 30 June 2011. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion
In our opinion the remuneration report of Golden West Resources Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)
Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
26 September 2011

Shareholder Information

1. Quoted securities

(a) Ordinary fully paid shares

(i) Distribution of shareholders as at 31 August 2011:

Spread of holdings	Holders	Shares	Percentage of issued capital %
1 - 1,000	551	249,765	.13
1,001 - 5,000	705	1,914,508	1.00
5,001 - 10,000	297	2,238,422	1.17
10,001 - 100,000	490	13,848,392	7.21
100,001+	92	173,831,480	90.5
	2,135	**192,082,567**	**100.00**

The number of shareholdings held in less than marketable parcels is 454.

(ii) Top 20 holders of ordinary fully paid shares:

The names of the twenty largest shareholders of ordinary fully paid shares are listed below:

	Name	No. of ordinary fully paid shares held	Percentage of issued shares held %
1.	Nefco Nominees Pty Ltd	36,450,048	18.98
2.	HSBC Custody Nominees Aust Ltd	27,641,885	14.39
3.	Cliffs Asia Pacific Iron	24,276,852	12.64
4.	Hunan Valin Steel Co Ltd	14,400,000	7.50
5.	Walthamstow Pty Ltd	8,500,000	4.43
6.	Aust Conglin Intnl Inv Gr	7,213,099	3.76
7.	Fairstar Resources Ltd	5,316,708	2.77
8.	Citicorp Nominees Pty Ltd	4,655,362	2.42
9.	Rubicon Nominees Pty Ltd	4,646,849	2.42
10.	National Nominees Limited	3,484,460	1.81
11.	Wilson Michael Reginald	2,084,438	1.09
12.	JP Morgan Nominees Aust Ltd	1,695,913	.88
13.	Bonaccorso Garry	1,685,000	.88
14.	Phillip Securities (Hong Kong) Ltd	1,642,891	.86
15.	Yijian Investment Co Ltd	1,600,000	.83
16.	Dolphin Technology Pty Ltd	1,536,488	.80
17.	Goldlaw Pty Ltd	1,500,000	.78
18.	Rudd Alan Paul	1,400,000	.73
19.	Shashua PL	1,370,000	.71
20.	Uob Kay Hian Private Ltd	1,017,000	.53
		152,116,993	**79.21**

(iii) Voting rights

Articles 15 of the Constitution specify that on a show of hands every member present in person, by attorney or by proxy shall have:

(a) for every fully paid share held by him one vote

(b) for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares.

(iv) Substantial shareholders

The following substantial shareholders are recorded with the most recent notifications lodged;

Name	Ordinary shares no.	%
Cliffs Asia Pacific Iron	24,276,852	12.80
Fairstar Resources Ltd	23,297,958	12.29
Wynnes Investment Holding Ltd	21,470,364	11.32
Joyful Winner Holding Ltd	20,677,910	10.91
Hunan Valin Steel Co Ltd	14,400,000	7.59

(v) On-market buy back

There is no current on-market buy back.

(vi) Restricted securities

The Company has no securities under restriction.

(b) Options exercisable

The Company has no listed options exercisable.

2. Unquoted securities

As at 5 September 2011 there existed the following unquoted options:

(a) Options exercisable at $3.00 each on or before 31 December 2011

(i) Distribution of option holders as at 5 September 2011:

Spread of holdings	No. of holders	No. of options	Percentage of issued options %
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	0	0	0.00
100,001+	14	10,250,000	100.00
		10,250,000	**100.00**

(ii) Top 20 holders of options exercisable at $3.00 on or before 31 December 2011:

The names of the twenty largest holders of options exercisable at $3.00 on or before 31 December 2011 are listed below:

	Options	%
Shashua Pty Ltd	1,500,000	14.63
Wilson Michael Reginald	1,500,000	14.63
Doutch John Wallace	1,500,000	14.63
Rose David Malcolm & Rose Meredie Ann	1,000,000	9.76
Daniels John Leonard	1,000,000	9.76
Rudd Alan Paul	1,000,000	9.76
Lester John	500,000	4.88
Dolphin Technology Pty Ltd	500,000	4.88
Markopoulos Aspasia	500,000	4.88
Jewell Cove Pty Ltd	300,000	2.93
Marlene Kelly	250,000	2.44
Regalquest Investments Pty Ltd	250,000	2.44
Superfine Nominees Pty Ltd	250,000	2.44
Roseline Holdings Pty Ltd	200,000	1.95
	10,250,000	**100**

(iii) Voting rights

Holders of options are not entitled to vote at a General Meeting of Members in person, by proxy or upon a poll, in respect of their option holding.

3. Schedule of interests in mining tenements

Location	Tenement	Percentage held
Wiluna West	E53/1089-I	80%
Wiluna West	E53/1116-I	100%
Wiluna West	E53/1491-I	100%
Wiluna West	E53/1513-I	100%
Wiluna West	L53/115	100%
Wiluna West	L53/146	100%
Wiluna West	L53/147	100%
Wiluna West	L53/148	100%
Wiluna West	L53/154	100%
Wiluna West	M53/971-I	100%
Wiluna West	M53/972-I	100%
Wiluna West	M53-1016-I	100%
Wiluna West	M53-1017-I	100%
Wiluna West	M53-1018-I	100%
Wiluna West	M53/1078-I	80%
Wiluna West	M53/1087-I	100%
Doherty's	M57/619	100%
Depot Springs	E57/799-I	100%

Golden West Resources Limited

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Golden West
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