

## QUARTERLY REPORT - SEPTEMBER 2009

### About Golden West Resources

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

*To date the company has a combined Hematite Resource Estimate of 141Mt at 59% Fe making it the second largest DSO resources in the Midwest Iron Ore province.*

*Golden West Resources also has gold and uranium projects.*

### Corporate summary

ASX code: GWR

Issued Capital: 143 Mil

Issued Options: 28 Mil

### Board and Officers

*Vaughan Webber  
Non-executive chairman*

*John Lester  
Managing director*

*Mick Wilson  
Executive director*

*Wang Jun  
Non-executive director*

*John Douth  
Non-executive director*

*Anthony Begovich  
CFO/Company secretary*

### Enquiries

*Richard Taylor  
Riley Mathewson Public  
Relations*

*Tel: +61 (0)8 9381 2144  
Mob: +61 (0)451 471 006*

### Go-forward strategy

The Board has completed its strategic review of the Company's operations and has determined a number of key outcomes that form part of the go-forward strategy.

### Wiluna West Hematite Project

- Detailed research and modelling has confirmed that the present in-situ Resource of 141Mt at 59% Fe is of the magnitude to develop a mine that can provide an investment grade return over a mine life of greater than 10 years. This conclusion precludes any potential need for the subsequent expansion of the Resource base.
- Infrastructure requirements continue to be assessed and GWR is in constant discussions with other stakeholders in the Midwest region to develop, with priority, an infrastructure solution.
- GWR is well positioned to commence production within the next twelve months (circa 1-2 Mt per annum) mining a high grade iron ore product. This product may be of particular interest to companies requiring such material for blending.
- GWR will concentrate its efforts on lifting the Resource definition significantly beyond the current Indicated Mineral Resource of 42Mt at 60% Fe and on defining a product for sale to the market.
- GWR will continue to seek additional sources of iron ore through joint venture arrangements or acquisitions.

### Gold Projects

- In order to enhance the value of the proposed demerger of the non-iron ore assets subject to market conditions GWR will consider short term production of its Wiluna West Gold Project.
- GWR is well positioned to commence gold production within the next nine to twelve months, by toll milling its ore through one of several nearby facilities.

### Personnel

- GWR will continue to strengthen its board and is currently seeking a Non Executive Director with iron ore mining experience.
- GWR will strengthen its executive management team and is currently seeking a CEO.

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## Strategic review

Corporate advisors KPMG completed a strategic review of the Company during the quarter. The review supports the Board's current three pronged strategy.

- I. **Short term** - commence mining the high grade low impurity Resource at Joyner's Find to sell as blending material to other producers; continue to study the commercial viability of early production being exported through Esperance. GWR has just completed a drilling program to further define the Resource at Joyner's Find and allow an application to mine to be sent to the Department of Minerals and Petroleum. The assay results from this program are expected during November.
- II. **Medium term** - concentrate efforts on better definition of the material already identified and on lifting the JORC compliant status of the Resource to Indicated status from the mainly Inferred status. The recently announced Resource upgrade shows early results of this work. While this program of work is being completed GWR is working with Oakajee Port and Rail (OP&R) on transport infrastructure to the proposed port of Oakajee. The company is close to signing a confidentiality agreement with OP&R to allow the two groups to share information and work more closely together.
- III. **Longer term** - GWR will seek additional sources of iron ore outside its existing tenements at Wiluna West. These should be as close as possible to the planned infrastructure developments.

The report confirmed the commercial viability of the current project, provided suitable transport infrastructure is available.

"The results suggest there could be adequate reserves at Wiluna West based on the current resources to justify a commercial operation at 10mtpa with third party rail to Wiluna West subject to the same caveats on infrastructure, capital and operating costs, ore quality and iron ore prices."

The main sensitivities are iron ore prices, transportation tariffs and the AUD/US\$ exchange rate.

## Iron Projects

### *Resource modelling*

As announced on 26 October 2009 the global hematite iron Resource at the Wiluna West Project continues to expand and has now reached 141Mt @ 59% Fe (Table 1) confirming the Wiluna West Project as the second largest DSO project in the Mid West. These results represent another major step towards the development of an operating mine at the Wiluna West Hematite Project.

For the first time the inventory includes an Indicated Mineral Resource category totalling 42 million tonnes (Mt) at 60% Fe (30% of the total Resource).

Recent diamond drilling and down hole geophysical surveys have vastly improved the geological understanding of the deposits. Additional mineralisation has been identified at Wiluna West. Significantly, the total volume of the identified Mineral Resource has increased by 9,270,000 m<sup>3</sup> (28%) since the last Mineral Resource update, and a significantly larger portion of the Mineral Resources report above a 55% Fe cut-off. Offsetting this increase is a decrease in the density factor to better reflect the various mineralisation types. This adjustment in density led to tonnage loss of approximately 14% from previous Mineral Resource estimates.

**TABLE 1**  
**Golden West Resources Limited**  
**Wiluna West Hematite Project 2009 Mineral Resource Update**  
**Reported above a 50% cut-off**

Classification	Deposit	Calc	Tonnes (Mt)	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %
Measured	BOWERBIRD CENTRAL	Optiro 2009	1.16	61.89	6.53	2.89	0.037	1.68
	<b>TOTAL</b>		<b>1.16</b>	<b>61.89</b>	<b>6.53</b>	<b>2.89</b>	<b>0.037</b>	<b>1.68</b>
Indicated	BOWERBIRD CENTRAL	Optiro 2009	5.42	58.15	9.67	3.86	0.056	2.85
	BOWERBIRD SOUTH	Optiro 2009	10.50	58.21	9.18	3.62	0.058	3.37
	JINDALEE JOYNNERS	Optiro 2009	3.10	60.05	7.11	2.71	0.049	2.48
	C3	Optiro 2009	10.40	59.10	7.57	2.27	0.075	5.26
	C4	Optiro 2009	13.00	61.80	7.06	1.93	0.034	2.38
	<b>TOTAL</b>		<b>42.42</b>	<b>59.66</b>	<b>8.05</b>	<b>2.74</b>	<b>0.05</b>	<b>3.40</b>
Inferred	BOWERBIRD NTH NTH	GWR 2009	2.58	60.84	5.19	2.19	0.050	3.64
	BOWERBIRD NTH	Snowden 2008	3.90	59.70	6.50	3.80	0.040	2.60
	BOWERBIRD CENTRAL	Optiro 2009	4.70	57.11	11.25	3.67	0.055	2.84
	BOWERBIRD SOUTH	Optiro 2009	18.50	56.25	11.47	3.90	0.045	3.44
	JOYNER FIND	Optiro 2009	4.00	64.90	2.90	1.87	0.015	1.96
	JINDALEE JOYNNERS	Optiro 2009	5.10	60.17	7.31	2.81	0.026	2.08
	C1	Snowden 2007	4.20	58.50	7.20	3.30	0.088	5.20
	C2	GWR 2009	6.76	58.52	6.89	2.86	0.036	6.25
	C3	Optiro 2009	27.60	58.00	8.82	2.49	0.081	5.28
	C4	Optiro 2009	9.60	58.10	11.05	2.50	0.035	2.88
	C5	Snowden 2007	4.40	59.10	8.90	2.10	0.118	3.80
	CR	Snowden 2007	4.00	60.60	9.30	1.40	0.030	1.70
	South 2	Snowden 2008	2.20	56.20	9.10	2.03	0.077	7.80
	<b>TOTAL</b>		<b>97.54</b>	<b>58.35</b>	<b>8.97</b>	<b>2.84</b>	<b>0.06</b>	<b>4.03</b>
Deposit Totals	BOWERBIRD NTH NTH	GWR 2009	2.6	60.84	5.19	2.19	0.050	3.64
	BOWERBIRD NTH	Snowden 2008	3.9	59.70	6.50	3.80	0.040	2.60
	BOWERBIRD CENTRAL	Optiro 2009	11.3	58.10	10.01	3.68	0.054	2.73
	BOWERBIRD SOUTH	Optiro 2009	29.0	56.96	10.64	3.80	0.050	3.42
	JOYNER FIND	Optiro 2009	4.0	64.90	2.90	1.87	0.015	1.96
	JINDALEE JOYNNERS	Optiro 2009	8.2	60.12	7.23	2.77	0.035	2.23
	C1	Snowden 2007	4.2	58.50	7.20	3.30	0.088	5.20
	C2	GWR 2009	6.8	58.52	6.89	2.86	0.036	6.25
	C3	Optiro 2009	38.0	58.30	8.48	2.43	0.079	5.27
	C4	Optiro 2009	22.6	60.23	8.75	2.17	0.034	2.59
	C5	Snowden 2007	4.4	59.10	8.90	2.10	0.118	3.80
	CR	Snowden 2007	4.0	60.60	9.30	1.40	0.030	1.70
	South 2	Snowden 2008	2.2	56.20	9.10	2.03	0.077	7.80
	<b>Grand Total</b>		<b>141.1</b>	<b>58.77</b>	<b>0.06</b>	<b>8.67</b>	<b>0.06</b>	<b>3.82</b>

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## ***Joyners Find***

Infill and extensional drilling at Joyners Find was undertaken during the quarter. This drilling extended the deposit approximately 500m to the south and confirmed the existing geological model.

Once the assay results are returned and incorporated into the existing resource model mine planning will commence in preparation for an early start to mining, dependent on the sale of the high-grade low impurity hematite ore to a third party and statutory approvals.

The hematite deposit has exceptionally low levels of alumina, silica and phosphorous defining it as highly suitable for blending with third party ore. Preliminary metallurgical drop tower testing has shown a 60-70% lump/fine ratio for the near surface mineralisation.

## ***Exploration Drilling***

Exploration drilling which focused on identifying potentially large deposits continued but at a significantly reduced rate from the previous Quarter. Several wide zones of mineralisation were identified outside of the current Resource envelope including 18m @ 61.2% Fe from C2 and 17m @ 64.6% Fe from CR. These require follow up drilling. Refer to Tables 1 and 2 for exploration drilling and significant intercepts during the September quarter.

<b>TABLE 2</b> <b>Golden West Resources Limited</b> <b>Summary of Drilling Completed by Deposit</b>		
<b>Prospect</b>	<b>Holes</b>	<b>Metres</b>
C1	1	92
C2	2	185
C4	18	1593
BBN	9	846
CR	19	1573
JF	14	1881
<b>Total</b>	<b>62</b>	<b>6078</b>

**TABLE 3**  
**Golden West Resources Limited**  
**Summary of Significant Fe Intercepts**

Hole ID	Prospect	MGA Northing	MGA Easting	Az/Dip	From	To	Intercept	Fe %	SiO2%	Al2O3%	P%	LOI%
<b>WWRC1685</b>	<b>C2</b>	<b>7032500</b>	<b>792445</b>	<b>90/-60</b>	<b>5</b>	<b>23</b>	<b>18</b>	<b>61.2</b>	<b>6.0</b>	<b>2.7</b>	<b>0.08</b>	<b>3.8</b>
WWRC1685					26	30	4	64.1	3.2	2.1	0.07	2.8
WWRC1685					47	53	6	58.9	5.9	2.9	0.30	5.6
WWRC1687	C2	7032300	792400	90/-60	3	19	16	58.7	6.4	3.4	0.11	5.8
WWRC1690	C4 South	7045350	792360	90/-60	64	69	5	61.8	7.8	1.9	0.02	1.4
WWRC1691	C4 South	7045350	792320	90/-60	62	69	7	58.5	13.4	1.2	0.04	1.5
WWRC1691					71	74	3	60.2	11.7	1.0	0.02	0.9
<b>WWRC1691</b>					<b>91</b>	<b>110</b>	<b>19</b>	<b>61.1</b>	<b>8.9</b>	<b>1.9</b>	<b>0.06</b>	<b>1.3</b>
WWRC1700	C4 West	7046300	792200	90/-60	27	39	12	53.8	19.6	1.4	0.02	2.1
WWRC1717	CR	7048400	792560	90/-60	93	98	5	60.6	8.3	2.9	0.01	0.9
<b>WWRC1721</b>	<b>CR</b>	<b>7048530</b>	<b>793040</b>	<b>90/-60</b>	<b>4</b>	<b>21</b>	<b>17</b>	<b>64.6</b>	<b>4.2</b>	<b>1.8</b>	<b>0.02</b>	<b>1.3</b>
WWRC1721				90/-60	38	43	5	64.5	4.1	1.6	0.02	1.5
WWRC1722A	CR	7048530	793000	90/-60	18	28	10	56.2	10.7	5.8	0.01	2.9
WWRC1722A				90/-60	35	38	3	58.7	11.0	3.3	0.01	1.5
WWRC1722A				90/-60	39	42	3	55.9	11.4	5.9	0.01	2.7
WWRC1722A				90/-60	44	51	7	55.4	19.1	0.7	0.02	0.7
WWRC1725	CR	7048500	792840	90/-60	7	12	5	54.8	14.9	3.9	0.01	2.6
WWRC1727	CR	7048500	792760	90/-60	65	70	5	56.0	18.8	0.4	0.02	0.5
WWRC1727				90/-60	91	101	10	58.1	13.1	2.1	0.02	1.3

**Notes: Minimum Intersection Length = 1m, Interval Top Cut = 9,999,999.00 % Fe, Interval Bottom Cut = 50.00 % Fe, Maximum Internal Dilution = 1m, Reporting Assays Greater than 50.00 % Fe**

## Native Title and Aboriginal Heritage

Negotiations with the Native Title claimants, the Tarlpa people, continued during the quarter and meetings are due to be held in November 2009 with respect to finalising a mining agreement.

## Gold projects

The Company is assessing the potential to develop several shallow open cut gold pits based around the currently defined gold Inferred Mineral Resource Estimate of 788,000 tonnes at 3.5 g/t gold.

It is expected this ore would be relatively high grade oxide ore and would be trucked to one of several nearby operating gold mills for processing. Many of the defined gold deposits remain open at depth and along strike.

In order to prioritise future drilling a regional soil sampling programme was completed during the quarter over an area of approximately 55km<sup>2</sup> covering the most prospective north eastern corner of GWR's tenure which contains all the existing gold Resources.

## Uranium project

No uranium exploration was undertaken during the Quarter.

## Corporate

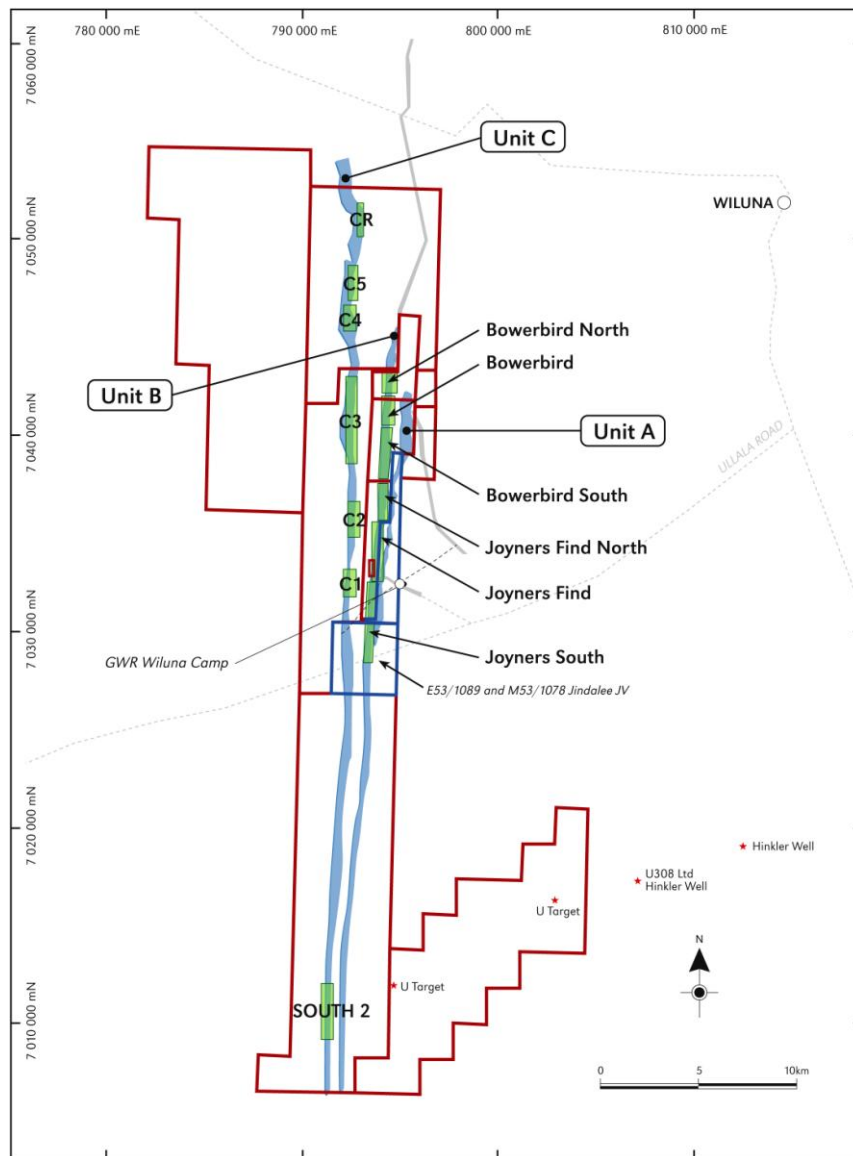
During the quarter the following changes were made to the Golden West Resources Board:

- Mr John Douth was appointed as a Non-executive director to fill a casual vacancy caused by the resignation of Mr Alan Rudd.
- Mr Con Markopoulos stepped down from his role as Executive Chairman and subsequently resigned from the Board.
- Mr Michael Wilson assumed the role of Interim Chairman.
- Mr John Lester was appointed as interim Managing Director.
- Mr Vaughan Webber was appointed as a Non-executive director to fill the casual vacancy caused by the resignation of Mr Markopoulos.
- As announced on 20 October 2009 Mr Webber has been appointed Non executive Chairman and Mr Wilson remains on the Company's Board as an Executive Director, in charge of the Company's exploration activities

As reported in the attached Appendix 5B, the Company's cash on hand at the end of September 2009 was \$16.9 million. This does not include interest earned but yet to be received.



## Project Site Map



## About the Company

The Company was listed on the Australian Securities Exchange in December 2004.

The Group's main focus is the Wiluna West iron ore project located 35km southwest of the township of Wiluna in the north-eastern Goldfields of Western Australia, and 630km north east of the port of Geraldton. The Wiluna region is well known for large deposits of nickel, gold, lead, uranium and now iron. The Project is 440km<sup>2</sup> in area and 45km long and covers almost the entire Joyners Find Greenstone Belt.

The Company also has gold assets which comprise the Wiluna West and Doherty's gold projects. Due to the increase in the gold price during the year the Company reassessed its gold assets including the most efficient way to optimise these assets and the corporate structure to maximise shareholder benefit.

Golden West Resources also holds exploration licence E53/1159 which is located in the south east of the Wiluna West project area. The region is highly prospective for calcrete style uranium deposits, and our tenement is upstream from the well-known Dawson Well, Hinkler Well, Centipede and Lake Way uranium deposits.

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## **Competent Person's Statement**

The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the principal of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Maynard consents to inclusion in the report of the matters based on his information in the form and context in which it appears.



## Appendix 5B

### *Mining exploration entity quarterly report*

Name of entity

Golden West Resources Limited

ABN

54 102 622 051

Quarter ended ("current quarter")

30 September 2009

### Consolidated statement of cash flows

		Current quarter (3 months) \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(2,457)	(2,457)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(1,604)	(1,604)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	539	539
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
<b>Net Operating Cash Flows</b>		<b>(3,522)</b>	<b>(3,522)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(3)	(3)
1.9	Proceeds from sale of (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	63	63
1.12	Other (provide details if material)	(35)	(35)
<b>Net investing cash flows</b>		<b>25</b>	<b>25</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(3,497)</b>	<b>(3,497)</b>

1.13	Total operating and investing cash flows (brought forward)	(3,497)	(3,497)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(3,497)	(3,497)
1.20	Cash at beginning of quarter/year to date	20,383	20,383
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	16,884	16,884

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

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	791
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	The amount included in item 1.2 includes payments made to Denarda Holdings Pty Ltd a drilling contractor engaged by the Company that Mr John Douch is both a director and 50% shareholder, totalling \$538,650	

#### Non-cash financing and investing activities

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

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

### Financing facilities available

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

### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	2,269
4.2	Development	-
	<b>Total</b>	2,269

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	684	955
5.2	Deposits at call	16,200	19,428
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	<b>Total: cash at end of quarter (item 1.22)</b>	16,884	20,383

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	E53/1448 E53/1456 E53/1457 E53/1458	Granted 20.08.09 Granted 25.08.09 Granted 25.08.09 Granted 25.08.09	0% 0% 0% 0%
				100% 100% 100% 100%

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

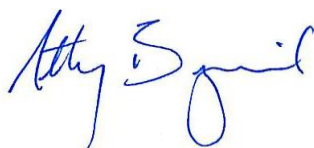
		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	<b>Preference</b> <sup>+</sup> <b>securities</b> (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<sup>+</sup> <b>Ordinary securities</b>	143,135,763	143,135,763		
7.4	Changes during quarter (a) Increases through issues Rights issue Placements Listed Options Exercised Unlisted Options Exercised (b) Decreases through returns of capital, buy-backs				
7.5	<sup>+</sup> <b>Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	18,013,879 10,250,000	18,013,879 -	<b>Exercise price</b> \$2.00 \$3.00	<b>Expiry date</b> 31 Dec 2010 31 Dec 2011
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

### Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date:

30 October 2009

Print name:

Mr Anthony Begovich

**Notes**

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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