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GREAT WESTERN
Exploration Limited

ABN 53 123 631 470

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CORPORATE DIRECTORY

DIRECTORS

Donald Ross Kennedy (Chairman)
Thomas Bedford Bannerman (Managing Director)
Kevin Clarence Somes

COMPANY SECRETARY

Kelvin Frederick Edwards

REGISTERED AND PRINCIPAL OFFICE

Suite 3, 1200 Hay Street
West Perth Western Australia 6005
Telephone: (08) 9321 4181
Facsimile: (08) 9321 4190

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth Western Australia 6000
Telephone: 1300 55 7010
Facsimile: (08) 9323 2033

WEBSITE

www.greatwesternexploration.com.au

AUDITOR

Rix Levy Fowler
Level 1, 12 Kings Park Road
West Perth Western Australia 6005

SOLICITORS

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
Perth Western Australia 6000

STOCK EXCHANGE

The Company's shares are listed by the
Australian Stock Exchange Limited
The home exchange is Perth

ASX CODE

Fully paid shares GTE
Listed options GTEO

CHAIRMAN'S LETTER

Dear Shareholder

During the financial period under review, the Company successfully completed the acquisition of the Mt Gibb/Hatters Hill projects from Uran Limited, the raising of \$3,000,000 before issue costs and the listing on ASX in June 2007.

The Mt Gibb project is located along strike from Western Area's producing Flying Fox mine and Digger Rocks' nickel deposit, and in the same belt as the highly prospective nickel tenement acquired by Kagara Zinc Ltd late last year from LionOre Mining International Limited. With the commissioning of Flying Fox and forthcoming exploration programmes by Kagara, the Forrestania Greenstone belt is experiencing a significant increase in nickel exploration activity.

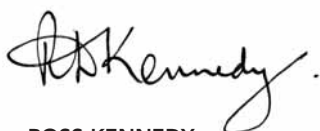
The project comprises approximately 190km² at the southern end of the Forrestania Greenstone belt. Previous exploration conducted at Mt Gibb confirmed its prospectivity and intersected massive sulphides in its first drilling programme. The work carried out indicated a potential for the Mt Gibb project to host a significant southern extension of the nickel-prospective Forrestania Greenstone belt.

The Company's current exploration programme, consisting of a ground electromagnetic (EM) surveying over the first of three targeted areas, commenced in August 2007.

Deep drilling of three holes to a depth of 300 metres at Mt Gibb South to follow up anomalous nickel results from earlier shallow drilling is also scheduled.

The Board believes that the significant interest and the level of exploration activity in the area demonstrate the potential of the project. In this regard future exploration is programmed over the untested magnetic features on Hatters North exploration licence, eight kilometres east of Diggers Rocks.

Yours sincerely



ROSS KENNEDY

Chairman



DIRECTORS' REPORT

DIRECTORS

The names and details of the Company's directors in office during the financial period and up to the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

- D R Kennedy Appointed 25 January 2007
- T B Bannerman Appointed 25 January 2007
- K C Somes Appointed 25 January 2007

INFORMATION ON DIRECTORS:

MR DONALD ROSS KENNEDY BSc (Hons), F.AusIMM

Chairman - Non-Executive

Experience and Expertise:

Mr Kennedy has had over 40 years of experience in mineral exploration throughout Australia and overseas. He was Chairman of Paladin Resources Pty Ltd, and is Chairman of Energy Metals Ltd, a listed uranium exploration company. He was responsible for uranium exploration in Northern Territory and South Australia, for CRA Exploration Pty Ltd (now Rio Tinto), and was Exploration Director for Resolute Mining during the definition of the Valhalla uranium deposit. He has been a founding Board member of numerous ASX-listed mining companies including Resolute, Marymia Exploration, Astro Mining, and Jindalee Resources Ltd.

He has held senior geological and management positions with Anaconda Australia Incorporated, Union Miniere Development and Mining and CRA Exploration Pty Ltd (now Rio Tinto Exploration Pty Ltd).

Mr Kennedy is a Chartered Professional (geology) and Fellow of the Australasian Institute of Mining and Metallurgy, and a Member of the Australian Institute of Geoscientists, the Geological Society of Australia, the Mineral Industry Consultants Association and the Australian Institute of Company Directors. In 1993, Mr Kennedy was awarded the Gibb Maitland Medal by the Geological Society of Australia (WA Division) in recognition of his substantial contributions to geosciences.

- Other current directorships:
- Jindalee Resources Limited
 - Energy Metals Limited
 - Vital Metals Limited
 - Uran Limited

- Former directorships in last three years:
- None

MR THOMAS BEDFORD BANNERMAN LLB. (Hons)

Managing Director

Experience and expertise

Mr Bannerman has practised law in a wide number of fields including Mining Law and conducted a successful practice in Kalgoorlie between 1970 and 1977. He has extensive experience in management of mineral exploration companies, including nine years as Chairman of Kanowna Lights Limited (now Peninsula Minerals Ltd).

- Other current directorships:
- None.

- Former directorships in last three years:
- Uran Limited (2003 – 2007).

DIRECTORS' REPORT

MR KEVIN CLARENCE SOMES FCA

Non-executive

Experience and expertise

Mr Somes is a fellow of the Institute of Chartered Accountants and has been a partner of Somes & Cooke Chartered Accountants for 25 years. The firm specialises in tax and accounting services, auditing and financial planning.

Mr Somes has extensive experience in the management of exploration companies, with Somes & Cooke being the auditors of a number of ASX listed mining companies.

Other current directorships: • Kimberley Diamond Company NL.

Former directorships in last three years: • Uran Limited (2003 – 2006).

COMPANY SECRETARY

The Company Secretary is Mr K F Edwards, CA

He is a Chartered Accountant, with over 20 years experience in the management and administration of ASX listed public companies.

PRINCIPAL ACTIVITIES

The principal activity during the period to 30 June 2007 was mineral exploration for nickel and gold.

OPERATING AND FINANCIAL REVIEW

Great Western Exploration Limited successfully completed an IPO to raise \$3,000,000, before issue costs, and listed on ASX in June 2007.

The Company has an 80% interest in the Mt Gibb nickel prospect situated along strike of the Flying Fox and Diggers Rocks nickel deposits, and the Hatters Hill gold prospect. These prospects are situated at the southern extension of the Forrestania Greenstone Belt.

The objective of the Company, in the event of the discovery of a mineral resource, would be the successful exploration and development of the resource.

The Company's exploration programme on these projects will commence in the first quarter of the 2007/2008 year.

At the end of the financial period, the Company had cash resources of \$2.5 million.

RESULTS OF OPERATIONS

The operating loss for the period, after providing for income tax, was \$121,545.

SHARE ISSUES DURING THE YEAR

In February 2007, the allotment of 5,000,000 ordinary fully paid shares at \$0.20 for the acquisition of the Mt Gibb and Hatters Hill Nickel and Gold prospects.

In May 2007, the Company completed by way of an IPO, the issue of 15,000,000 ordinary fully paid shares at \$0.20 each to raise \$3,000,000 before issue costs.

DIVIDENDS

No dividends have been recommended by the Directors.



SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In February 2007, the Company acquired the Mt Gibb and Hatters Hill nickel and gold prospect from Uran Limited for a consideration of \$1,000,000 satisfied by the issue of 5,000,000 ordinary fully paid shares.

In May 2007, Uran distributed the majority of its shareholding in Great Western Exploration Limited to the shareholders by way of an in specie distribution.

By an IPO, the Company raised \$3,000,000, before issue costs, and listed on ASX on 5 June 2007.

Apart from the above, there has been no significant change in the state of affairs of the Company during the financial period.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

In July 2007, the Company issued a prospectus for the non-renounceable rights issue of one option, exercisable at \$0.30 each and expiring 30 June 2012, for every fully paid share held at 26 July 2007. The issue closed 15 August 2007, with a total of 14,376,112 options issued.

The Company has entered into an Employment Service Agreement with Mr T B Bannerman, Managing Director. The early termination of the agreement for a reason other than gross misconduct, will require the payment of termination benefits equivalent to six months' salary.

Apart from the above, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial years not already disclosed in this report.

ENVIRONMENTAL REGULATIONS

Great Western Exploration Limited conducts its exploration activities in an environmentally sensitive manner, and believes it has adequate systems in place for the management of environmental requirements. The Company is not aware of any breach of statutory conditions or obligations.

SHARE OPTIONS

The details of unissued ordinary shares under option at the date of this report are as follows:

	NUMBER	EXERCISE PRICE	EXPIRY DATE
Quoted	14,374,510	30 cents	30 June 2012

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

DIRECTORS' REPORT

REMUNERATION REPORT

A) PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION:

The Remuneration Report outlines the directors and executive remuneration arrangements of the Company. For the purposes of this report Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, including any directors of the Company and the five executives receiving the highest remuneration.

Remuneration Committee

During the period the Board as a whole assumed the role of the Remuneration Committee. The Board is responsible for determining and reviewing the remuneration of the Directors and executives. The Board assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to market and industry conditions.

The Board in consultation with external remuneration consultants, where applicable, structures remuneration that is market competitive to attract and retain high calibre executives to create value for shareholders.

Non-Executive Directors

Fees and payments to non-executive directors reflects the demands that are made on, and the responsibilities of Directors from time to time.

Directors' fees are determined by the Board within the aggregate directors' fee limit approved by shareholders. The maximum currently stands at \$150,000 per annum.

Executive Remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to reward the executives, ensure total remuneration is competitive by market standards and align the interests of executives with those of shareholders.

Due to the nature of the Company's operations the remuneration of non-executive directors and executives does not include performance based incentives.

The company pays superannuation on non-executive and executive remuneration in accordance with the prevailing Superannuation Legislation. Directors and executives may elect to salary sacrifice.

B) COMPENSATION OF KEY MANAGEMENT PERSONNEL FOR THE PERIOD ENDED 30 JUNE 2007

	SALARY FEES	LONG TERM SUPERANNUATION	TOTAL	% PERFORMANCE RELATED
Non-Executive Directors				
D R Kennedy	-	*26,083	26,083	-
K C Somes	12,500	-	12,500	-
Executive Directors				
T B Bannerman	-	*71,429	71,429	-
Other Key Management Executives				
K F Edwards	10,890	-	10,890	-
	23,390	97,512	120,902	-

* Includes director's fees and consulting fees, the whole amount of which was salary sacrificed.



C) COMPENSATION OPTIONS: GRANTED AND VESTED DURING THE PERIOD

There were no compensation options granted and vested during the period ended 30 June 2007.

D) OPTIONS GRANTED AS PART OF REMUNERATION

There were no options granted as part of remuneration during the financial period ended 30 June 2007.

E) SERVICE AGREEMENTS

At the end of the financial period, no service agreement has been entered into with key management personnel.

Subsequent to the end of the financial period, the Company entered into an Employment Service Agreement with Mr T B Bannerman, Managing Director, the terms of which being:

- Terms of Agreement – 3 years.
- Base annual salary inclusive of superannuation \$150,000.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to \$75,000.

F) SHARE BASED COMPENSATION

No share based compensation was granted to key personnel during the financial period ended 30 June 2007.

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

The particulars of Directors' interest in shares and options are as at the date of this report.

	ORDINARY SHARES	OPTIONS EXPIRING 30 JUNE 2012
D R Kennedy	125,642	125,642
T B Bannerman	500,191	500,191
K C Somes	256,985	256,985

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the financial period ended 30 June 2007 and the numbers of meetings attended by each Director.

	NUMBER HELD WHILST IN OFFICE	ATTENDED NUMBER
D R Kennedy	4	4
T B Bannerman	4	4
K C Somes	4	4

DIRECTORS AND OFFICERS INSURANCE

The Company has made an agreement to indemnify all the Directors and Officers against all indemnifiable losses or liabilities incurred by each Director and Officer in their capacities as Directors and Officers of the Company.

DIRECTORS' REPORT

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The following non-audit services were provided by the Company's auditor, Rix Levy Fowler. 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 auditors received or are due to receive the following amounts for the provision of non-audit services:

	\$
Investigating Accountants Report	8,500

Details of the amounts paid or payable to the auditor for audit and other services paid during the period are set out in Note 20.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independent Declaration, as required under section 307C of the Corporations Act 2001, is set out on page 29.

This report is made in accordance with a resolution of the Directors.

Dated this 28th day of September 2007



T B BANNERMAN

Managing Director



CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Great Western Exploration Limited is responsible for Corporate Governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are responsible.

Guidelines for Corporate Governance have been established with the introduction of the ASX Corporate Governance Council – “Principles of Good Corporate Governance and Best Practice Recommendations”. In accordance with the recommendations, the Corporate Governance Statement must contain specific information and must disclose the extent to which a Company has followed the guidelines. Where a recommendation has not been followed, that must be disclosed and reasons given for the departure.

The Company's Corporate Governance policies are based on the Principles and Recommendations of the Council.

STRUCTURE OF THE BOARD

The skills, experience and expertise relevant to the position of Director held by each person in office at the date of the Annual Report is set out in the Directors' Report.

Directors of Great Western Exploration Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.

Mr D R Kennedy and Mr K C Some are considered to be independent.

There are procedures in place to enable Directors to seek independent professional advice, at the expense of the Company, on issues arising in the course of their duties as Directors.

Set out below is the term in office held by each Director at the date of this report:

D R Kennedy Appointed 25 January 2007

T B Bannerman Appointed 25 January 2007

K C Some Appointed 25 January 2007.

NOMINATION COMMITTEE

At present, due to the size and nature of the Company's operations, the Company has not formed a separate Nomination Committee.

The function of establishing the criteria for Board membership, nomination of Directors and review of Board membership, is performed by the Board as a whole, until such time as the Company is of a sufficient size to warrant the establishment of a separate Nomination Committee.

The composition of the Board is determined ensuring that there is an appropriate combination of corporate and operational expertise and qualifications.

PERFORMANCE

An evaluation of Directors is conducted by the Board on an annual basis.

REMUNERATION

The Board is responsible for determining and reviewing the arrangements for Directors and Executive management. The Board assesses the appropriateness of the nature and amount of emoluments of such Officers on an annual basis by reference to market and industry conditions and taking into account the Company's operational and financial performance.

Other than statutory superannuation, there is no scheme in place to provide retirement benefits to non-executive Directors.

Details of remuneration received by directors and executives are included in the Remuneration Report contained within the Directors' Report.

CORPORATE GOVERNANCE STATEMENT

AUDIT COMMITTEE

During the financial period the Board had not established an Audit committee.

The role of the Audit Committee in the establishment of effective internal control framework to safeguard the Company's assets, maintain proper accounting records and ensure the reliability of financial information was performed by the Board as a whole during the financial period.

The Board as a whole deals directly with and receives reports from the Company's external auditors in relation to the Annual financial reports and other statutory requirements.

It is the intention of the Board to have a separately constituted audit committee during the financial year to 30 June 2008.

RISK COMMITTEE

The Board has not established a Risk Management Committee due to the size of its current operations.

The Board's collective experience will enable accurate identification of the principal risks which may affect the Company's business. Key operational risks and their management are recurring items for deliberation at Board meetings.

ETHICAL STANDARDS

The Board requires that Directors and Executive staff of the Company administer a high ethical standard at all times. The Directors, as members of their appropriate professional bodies, abide by the ethical standards of those bodies.

Directors, Executives and staff of the Company are not permitted to engage in trading of the Company's securities during a period when they are in possession of price sensitive information not otherwise available to the market or in the period leading up to the release of periodic reports.

SHAREHOLDERS

The Board endeavours to ensure that shareholders are fully informed of all activities affecting the Company. Information is conveyed to shareholders via the Annual Report, Quarterly Reports and other announcements. This information is available on the Company's website, www.greatwesternexploration.com.au, and in hard copy upon request.

The Board encourages attendance and participation of shareholders at the Annual General and other General Meetings of the Company.

The Company's external auditor is requested to attend the Annual General Meeting and be available to take questions about the conduct of the audit and the content of the Auditors' Report.

COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

During the financial year, the Company has complied with the Corporate Governance Principles and corresponding Best Practice Recommendations other than in the following areas:

BEST PRACTICE RECOMMENDATION	DEPARTURE FROM RECOMMENDATION	REASON FOR DEPARTURE
2.4 and 9.2	The Company did not have a Nomination or Remuneration Committee	Due to the size and nature of the company's operations the role of these Committees has been assumed by the Board as a whole.
4.2 and 7.1	Audit Committee and Risk Committee	The Company did not have an Audit Committee and a Risk Committee due to the size and nature of its operations, the role of these committees was assumed by the Board as a whole.



BALANCE SHEET

AS AT 30 JUNE 2007

	NOTE	2007 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	8	2,493,149
Trade and other receivables	9	22,660
TOTAL CURRENT ASSETS		<u>2,515,809</u>
NON CURRENT ASSETS		
Property, plant and equipment	10	7,222
Mineral exploration expenditure	11	1,058,022
TOTAL NON CURRENT ASSETS		<u>1,065,244</u>
TOTAL ASSETS		<u>3,581,053</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	12	24,073
TOTAL CURRENT LIABILITIES		<u>24,073</u>
TOTAL LIABILITIES		<u>24,073</u>
NET ASSETS		<u>3,556,980</u>
EQUITY		
Issued capital	13	3,678,525
Accumulated losses	14	(121,545)
TOTAL EQUITY		<u>3,556,980</u>

The above balance sheet should be read in conjunction with the accompanying notes.

INCOME STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2007

	NOTE	2007 \$
Revenue		
Interest received		39,627
Employee benefit expense		(97,511)
Administration expenses		(41,341)
Directors' fees		(12,500)
Compliance and regulatory expenses		<u>(9,820)</u>
Loss before income tax expense		(121,545)
Income tax expense	6	<u>-</u>
Loss for the period		<u><u>(121,545)</u></u>
Basic loss per share (cents per share)	7	<u>.6</u>
Diluted loss per share (cents per share)	7	<u><u>.6</u></u>

The above income statement should be read in conjunction with the accompanying notes.



STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2007

	NOTE	ISSUED CAPITAL \$	EMPLOYEE EQUITY BENEFITS \$	ACCUMULATED LOSSES \$	TOTAL EQUITY \$
Balance at incorporation		1	-	-	1
Loss for the year		-	-	(121,545)	(121,545)
Shares issued during the year		4,000,000	-	-	4,000,000
Share issue costs		(321,476)	-	-	(321,476)
Balance at 30 June 2007		3,678,525	-	(121,545)	3,556,980

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

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2007

	NOTE	2007 \$
Cash flows from operating activities		
Cash payments to suppliers and employees		(160,459)
Payments for exploration and evaluation expenditure		(8,619)
Interest received		37,264
Net cash used in operating activities	15	<u>(131,814)</u>
Cash flows from investing activities		
Payments for acquisition of mineral tenements		(47,740)
Payments for property, plant and equipment		(5,822)
Net cash used in investing activities		<u>(53,562)</u>
Cash flows from financing activities		
Proceeds from issue of shares and options		3,000,001
Share issue costs		(321,476)
Net cash provided by financing activities		<u>2,678,525</u>
Net increase/(decrease) in cash held		2,493,149
Cash at the beginning of the financial period		-
Cash at the end of the financial period	8	<u>2,493,149</u>

The above cash flow statement should be read in conjunction with the accompanying notes.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2007

1. CORPORATE INFORMATION

The financial report of Great Western Exploration Limited ("the Company") for the period ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 28 September 2007.

Great Western Exploration Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

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* and Australian Accounting Standards. The financial report has also been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial report is presented in Australian dollars.

b) STATEMENT OF COMPLIANCE

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with all International Financial Reporting Standards (IFRS).

Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 30 June 2007. The directors have assessed the impact of these new or amended standards (to the extent relevant to the company) and interpretations as follows:

AASB 7 Financial Instruments: Disclosures AASB 2005-10 *Amendments to Australian Accounting Standards* (AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038) – new disclosure requirements for financial instruments applicable for annual reporting periods beginning on or after 1 July 2007. These standards will not impact the amounts recognised in the financial statements.

AASB 2007-4 *Amendments to Australian Accounting Standards arising from ED151 and other amendments* – the standard is a result of the AASB decision that, in principle, all accounting policy options currently existing in IFRS should be included in Australian equivalents to IFRS and the additional Australian disclosures should be eliminated other than those considered particularly relevant to the Australian reporting environment for reporting periods on or after 1 July 2007. The Company does not anticipate changing any of its accounting policy choices as a result will have no impact on the Company's financial statements. The new standard may have an impact on the disclosures in the Company's financial report.

AASB 7 Financial Instruments: Disclosures. New standard replacing disclosure requirements of AASB 130 *Disclosure in the Financial Statements of Banks and Similar Financial Institutions* and AASB 132 *Financial Instruments: Disclosure and presentation* for the annual reporting period beginning on or after 1 July 2007. AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. However, the amendments will result in changes to the financial instrument disclosures including in the Company's financial report.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued**b) STATEMENT OF COMPLIANCE Continued**

AASB 2007-7 Amendments to Australian Accounting Standards (AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128) Amending standards for wording errors, discrepancies and inconsistencies for the reporting period beginning on or after 1 July 2007. The amendments are minor and do not affect the recognition, measurement or disclosure requirements of the standards. Therefore the amendments are not expected to have any impact on the Company's financial report.

AASB Interpretation 10 *Interim Financial Reporting and Impairment*. Addresses an inconsistency between AASB 134 *Interim Financial Reporting* and the impairment requirements relating to goodwill in AASB 136 *Impairment of Assets* and equity instruments classified as available for sale in AASB 139 *Financial Instruments: Recognition and Measurement* for the reporting period beginning on or after 1 July 2007. The prohibitions on reversing impairment losses in AASB 136 and AASB 139, which are to take precedence over the more general statement in AASB 134, are not expected to have any impact on the Company's financial report.

AASB 101 (revised October 2006) *Presentation of Financial Statements*. Many of the disclosures from previous GAAP and all of the guidance from previous GAAP are not carried forward in the October 2006 version of AASB 101. The revised standard includes some text from IAS 1 that is not in the existing AASB 101 and has fewer additional Australian disclosure requirements than the existing AASB 101 for the reporting period beginning on or after 1 July 2007. AASB 101 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. However, the revised standard may result in changes to the disclosures included in the Company's financial report.

c) SEGMENT REPORTING

The Company operates in one business segment, being mineral exploration, and in one geographical segment in Australia.

d) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

e) TRADE AND OTHER RECEIVABLES

Trade receivables, which generally have 30-day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivable is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Company will not be able to collect the debt.

f) INVESTMENTS AND OTHER FINANCIAL ASSETS

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.



All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company 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.

(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. Gains or losses on investments held for trading are recognised in the profit or loss.

(ii) Loans and receivables

Loans and receivables 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, as well as through the amortisation process.

g) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

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

Plant and Equipment – over 5 years

Computer Equipment – over 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

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

Any gain or loss arising on de-recognition 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 asset is derecognised.

h) EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs are capitalised as exploration and evaluation assets on a project by project basis pending determination of the technical feasibility and commercial viability of the project. The capitalised costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. When a licence is relinquished or a project abandoned, the related costs are recognised in the Income Statement immediately.

i) IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued**j) TRADE AND OTHER PAYABLES**

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company 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.

k) PROVISIONS AND EMPLOYEE LEAVE BENEFITS

Provisions are recognised when the Company 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 Company expects some or all of the 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.

Employee Leave Benefits*(i) Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick 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

The liability for long service leave is recognised and measured as the present level 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.

l) 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.



m) REVENUE RECOGNITION

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Interest Income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a 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 assets to the net carrying amount of the financial asset.

n) INCOME TAX AND OTHER TAXES

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 the 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 difference 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 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued**n) INCOME TAX AND OTHER TAXES Continued**

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 relate to the same taxable entity and the same taxation authority.

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, which 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 is classified as part of operating cash flows.

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

o) 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 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
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

p) COMPARATIVE FIGURES

The Company was incorporated 25 January 2007 and, accordingly, there are no comparative figures.



3. FINANCIAL INSTRUMENTS

a) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial instruments comprise cash and short-term deposits.

The main purpose of these financial assets and liabilities is to raise finance for the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risk arising from the Company's financial instruments are cash flow interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks as summarised below.

Interest rate risk

The Company's financial instruments consist of cash and short term deposits and are subject to rate fluctuations according to market conditions.

Credit risk

The Company trades with only recognised, creditworthy third parties.

With respect to credit risk arising from the other financial assets of the Company, comprising cash and cash equivalents and available-for-sale financial assets, the Company's exposure to risk arises from default of the counter party, with the maximum exposure equal to the carrying amount of these instruments.

b) INTEREST RATE RISK

The following table sets out the carrying amount, by maturity of the financial instruments exposed to interest risk:

	FLOATING INTEREST RATE	WITHIN 1 YEAR	1-5 YEARS	OVER 5 YEARS	NON INTEREST BEARING	TOTAL	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE
Year Ended 30 June 2007							
FINANCIAL ASSETS							
Cash and cash equivalents	2,493,149	-	-	-	-	2,493,149	6.1%
Trade and other receivables	-	-	-	-	22,660	22,660	
Total Financial Assets	2,493,149	-	-	-	22,660	2,515,809	
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	-	24,073	24,073	
Total Financial Liabilities	-	-	-	-	24,073	24,073	

The aggregate net fair values and carrying amounts of financial assets was \$2,515,809 at balance date and \$24,073 for financial liabilities at balance date.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Company's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions.

5. SEGMENT INFORMATION

The Company operates in one business segment, being mineral exploration and in one geographical segment in Australia.

NOTES TO THE FINANCIAL STATEMENTS

2007
\$**6. INCOME TAX**

a) Income Tax expense

Current income tax benefit	-
Deferred income tax relating to origination and reversal of temporary differences	36,464
Deferred tax assets not brought to account as realisation is not considered probable	(36,464)
Income tax expense reported in the income statement	-

b) Numerical reconciliation between aggregate tax expenses recognised in the income statement and the tax expense calculated per the statutory income tax rate

Accounting loss before income tax	(121,545)
At the Company's statutory income tax rate of 30%	(36,464)
Expenditure not allowable for income tax purposes	380
Deferred tax assets not brought to account as realisation is not considered probable	36,084
Income Tax expense reported in the income statement	-

BALANCE
SHEET
2007
\$INCOME
STATEMENT
2007
\$

c) Recognised deferred tax assets and liabilities

Deferred assets and liabilities at 30 June relates to the following:

Deferred tax assets

Accruals	(1,500)	(1,500)
Income tax losses	37,584	37,584
Total deferred tax assets	36,084	36,084
Deferred tax assets not brought into account as realisation is not considered probable	(36,084)	(36,084)
Net deferred tax recognised	-	-

d) Tax Losses

The Company has deferred tax assets not brought to account of \$36,084

The Company has not recognised the deferred tax assets in the financial statements as it is not considered probable that sufficient taxable amounts will be available in future periods in which to be offset.

The availability of these losses is subject to satisfying Australian taxation legislation requirements and will only be available if:

- The company derives future assessable income of a nature and amount sufficient to enable the benefit from the deduction for the losses to be realised.
- The company continues to comply with the provisions of the income tax legislation relating to the deduction of losses from prior years.
- No changes in tax legislation adversely affect the company in realising the benefit from the deduction for the losses.



2007
\$

7. EARNINGS PER SHARE

Earnings/(loss) used in the calculation of basic and diluted EPS	(121,545)
Weighted average number of ordinary shares used in calculation of basic earnings per share	20,000,001
Weighted average number of ordinary shares used in calculation of diluted earnings per share	20,000,001

2007
\$

8. CASH AND CASH EQUIVALENTS

Cash at bank	77,325
Cash on deposit	2,415,824
	2,493,149

Cash at bank earns interest at floating rates. The carrying amounts of cash and cash equivalents represent fair value.

Deposits are made for carrying periods up to three months and earn interest at respective short-term rates.

2007
\$

9. TRADE AND OTHER RECEIVABLES

Current	
GST receivable	20,297
Other	2,363
	22,660

2007
\$

10. PROPERTY, PLANT AND EQUIPMENT

Plant and Equipment – at cost	7,222
Less: accumulated depreciation	-
	7,222

Reconciliation of the carrying amount of property, plant and equipment

Carrying amount at beginning of period	-
Additions	7,222
Disposals	-
Depreciation for the period	-
Carrying amount at 30 June 2007	7,222

NOTES TO THE FINANCIAL STATEMENTS

2007
\$**11. MINERAL EXPLORATION EXPENDITURE**

Balance at beginning of the period	-
Acquisition costs	1,047,740
Exploration expenditure	10,282
Balance at 30 June 2007	<u>1,058,022</u>

The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest or, alternatively, by their sale.

The Company's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

2007
\$**12. TRADE AND OTHER PAYABLES**

Current	
Trade payables	<u>24,073</u>

2007
\$**13. ISSUED CAPITAL**

Ordinary shares	<u>3,678,525</u>
-----------------	------------------

	NO. OF SHARES 2007	2007 \$
Movements		
Ordinary Shares		
At incorporation	1	1
Issue for acquisition of mineral tenement	5,000,000	1,000,000
Issue by way of IPO	15,000,000	3,000,000
	<u>20,000,001</u>	<u>4,000,001</u>
Less		
Issue costs	-	(321,476)
At 30 June 2007	<u>20,000,001</u>	<u>3,678,525</u>

Ordinary shares participate in dividends and the proceeds of winding up of the entity in proportion to the number of shares held.

At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

2007
\$**14. ACCUMULATED LOSSES AND RESERVES**

At incorporation	-
Loss for the year	(121,545)
At 30 June 2007	(121,545)
	2007 \$

15. CASH FLOW STATEMENT RECONCILIATION

a) Reconciliation of net loss after tax to net cash flows from operations	
Loss for the year	(121,545)
Changes in assets and liabilities	
(Increase)/Decrease in trade and other receivables	(21,279)
Increase/(Decrease) in trade and other payables	19,629
(Increase)/Decrease in exploration expenditure	(8,619)
	(131,814)
b) Non-cash financing and investing activities	
Acquisition of mineral tenements	1,000,000

During the year, the Company acquired the Mt Gibb and Hatters Hill Nickel and Gold prospects for a consideration of \$1,000,000 satisfied by the issue of 5,000,000 ordinary fully paid shares at \$0.20 each.

16. RELATED PARTY DISCLOSURE**a) KEY MANAGEMENT PERSONNEL**

Details relating to key management personnel, including remuneration paid, are included in Note 17.

b) TRANSACTIONS WITH RELATED PARTIES

During the period, the Company purchased its interest in gold and nickel assets at Mt Gibb and Hatters Hill from Uran Limited for a consideration of \$1,000,000 satisfied by the issue of 5,000,000 ordinary fully paid shares. The Company was at that time a wholly owned entity of Uran Limited. By way of a capital reduction and an in specie distribution to shareholders approved 4 May 2007, whereby the majority of Uran Limited's investment in Great Western Exploration Limited was distributed to Uran Limited shareholders. The Company raised by IPO \$3,000,000 (before issue costs) and listed on ASX on 5 June 2007.

During the period, the Company received an interest-free loan of \$147,740 from Uran Limited to assist with cost of the IPO. These funds have been repaid at year end.

c) OTHER TRANSACTIONS WITH DIRECTORS AND DIRECTORS RELATED ENTITIES

During the period, the Company held an 80% interest in the Mt Gibb/Hatters Hill gold and nickel project. The remaining 20% interest was held by Jindalee Resources Ltd which was free earned until bankable feasibility study. Mr D R Kennedy is a director and shareholder of Jindalee Resources Limited.

The above transactions were entered into on normal commercial terms.

NOTES TO THE FINANCIAL STATEMENTS

17. KEY MANAGEMENT PERSONNEL

(a) DETAILS OF KEY MANAGEMENT PERSONNEL

i) Directors

D R Kennedy	Chairman (Non-executive) – Appointed 25 January 2007
T B Bannerman	Managing Director – Appointed 25 January 2007
K C Somes	Director (Non-executive) – Appointed 25 January 2007

ii) Executives

K F Edwards	Company Secretary – Appointed 25 January 2007
-------------	---

There were no other changes of key management personnel after reporting date and before the financial report was authorised for issue.

(b) COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2007 \$
Short term employee benefits	23,390
Post-employment benefits	97,512
Other long-term benefits	-
Termination benefits	-
Share-based payments	-
	<u>120,902</u>

The Company has applied the option under Corporations Amendments Regulation 2006 to transfer key management personnel remuneration disclosures required by AASB 124 Related Party Disclosures paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' Report. These transferred disclosures have been audited.

c) OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

At the end of the financial period, no options were on issue.

d) SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Shares in Great Western Exploration Limited

	BALANCE 1 JULY 2006	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE OTHER	BALANCE 30 JUNE 2007
ORDINARY SHARES 30 JUNE 2007					
Directors					
D R Kennedy	-	-	-	125,642	125,642
T B Bannerman	-	-	-	500,191	500,191
K C Somes	-	-	-	256,985	256,985
Executives					
K F Edwards	-	-	-	102,239	102,239
	-	-	-	985,057	985,057

Net change other movements represent shares acquired under the Uran Limited in specie distribution, shares taken up in the Company's IPO and on market transactions.



2007
\$

18. COMMITMENTS AND CONTINGENCIES COMMITMENTS

a) EXPLORATION TENEMENT LEASES

In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay lease rentals and to meet the minimum expenditure requirements of the Western Australian Department of Industry and Resources. These obligations are subject to renegotiation upon expiry of the exploration licences or when application for a mining lease is made, and assume that all pending applications are granted, no properties are farmed out, and no expenditure exemptions are granted. These obligations are not provided for in the financial statements and are payable:

Within one year

139,000

CONTINGENCIES

There were no contingencies at the end of the financial year.

19. EVENTS AFTER BALANCE DATE

In July 2007, the Company issued a prospectus for the non-renounceable rights issue of one option, exercisable at \$0.30 each and expiring 30 June 2012, for every fully paid share held at 26 July 2007. The issue closed 15 August 2007, with a total of 14,376,112 options issued.

The Company has entered into an Employment Service Agreement with Mr T B Bannerman, Managing Director. The early termination of the agreement for a reason other than gross misconduct, will require the payment of termination benefits equivalent to six months' salary.

Apart from the above, there are no events subsequent to the end of the financial period that would have a material effect on these financial statements.

20. AUDITORS REMUNERATION

The Auditor of Great Western Exploration Limited is Rix Levy Fowler

2007
\$

Amounts received or due and receivable for

- an audit or review of the financial report of the Company
- other services in relation to the Company – other services

5,000

8,500

13,500

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Great Western Exploration Limited, I state that:

1. In the opinion of the directors:
 - (a) the financial statements and notes and the additional disclosures, including in the directors' report designated as audited, of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2007 and of its performance for the period ended on that date; and
 - (ii) complying with the Accounting Standards and Corporations Regulations 2001; and
 - (b) 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 period ending 30 June 2007.

On behalf of the Board



T B BANNERMAN

Managing Director

28th September 2007



AUDITOR'S INDEPENDENCE DECLARATION



RIX LEVY FOWLER
AUDIT & CORPORATE PTY LTD

Directors

Phillip Rix FCA
Ranko Matic CA
Chris Watts CA

BUSINESS ADDRESS

Level 1,
12 Kings Park Road,
West Perth WA 6005

POSTAL ADDRESS

PO Box 44
West Perth WA 6872

Ph: 08 9226 4500
Fax: 08 9226 4300
rixlevyfowler.com.au
ABN 33 121 222 802

To The Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

This declaration is made in connection with our audit of the financial report of Great Western Exploration Limited for the period ended 30 June 2007 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;

no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully

RIX LEVY FOWLER

RIX LEVY FOWLER
Audit & Corporate Pty Ltd

CHRIS WATTS
Director

DATED at PERTH this 28th day of September 2007

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF GREAT WESTERN EXPLORATION LIMITED



RIXLEVYFOWLER
AUDIT & CORPORATE PTY LTD

Directors

Phillip Rix FCA
Ranko Matic CA
Chris Watts CA

BUSINESS ADDRESS

Level 1,
12 Kings Park Road,
West Perth WA 6005

POSTAL ADDRESS

PO Box 44
West Perth WA 6872

Ph: 08 9226 4500

Fax: 08 9226 4300

rixlevyfowler.com.au

ABN 33 121 222 802

Independent Audit Report**To the Members of Great Western Exploration Limited**

We have audited the accompanying financial report of Great Western Exploration Limited (the company), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the period ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading "Remuneration Report" in the directors' report and not in the financial report.

DIRECTORS RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

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 and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

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 judgment, 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 and the remuneration disclosures in the directors' report.

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

When in place, liability will be limited by a scheme approved under Professional Standards Legislation.





INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDITOR'S OPINION

In our opinion:

- a. the financial report of Great Western Exploration Limited is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the period ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1; and
- c. the remuneration disclosures that are contained in the directors' report comply with Accounting Standard AASB 124.

RIX LEVY FOWLER

RIX LEVY FOWLER
Audit & Corporate Pty Ltd

CHRIS WATTS
Director

DATED at PERTH this 28th day of September 2007

ADDITIONAL INFORMATION

1. SHAREHOLDER INFORMATION

1.1 VOTING RIGHTS

In accordance with the Company's constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

1.2 AS AT 26 SEPTEMBER 2007, THE COMPANY HAS ON ISSUE THE FOLLOWING RESTRICTED SECURITIES:

CLASS OF EQUITY SECURITY	NUMBER	DATE CEASING TO BE RESTRICTED SECURITY
Ordinary fully paid shares	872,735	5 June 2009

1.3 DISTRIBUTION OF HOLDERS AS AT 26 SEPTEMBER 2007

	FULLY PAID ORDINARY SHARES	OPTIONS EXPIRING 30 JUNE 2012
Number of Holders	2,010	770
Distribution is:		
1 – 1000	994	160
1001 – 5000	372	136
5001 – 10,000	198	167
10,001 – 100,000	416	284
10,001 – and over	30	23
	2,010	770
Holding less than a marketable parcel	1,293	332



1.4 TOP TWENTY HOLDERS:

(a) Ordinary Shares

The names of the twenty largest ordinary fully paid shareholders as at 26 September 2007 are as follows:

NAME	%	NO. OF SHARES
1 Fleubaix Pty Ltd	2.50	500,191
2 Dr K W Hedley	2.50	500,098
3 Mr K F Punch	2.23	447,026
4 Cheetah Holdings Pty Ltd	2.01	402,337
5 Crawley Investments Pty Ltd	1.97	393,873
6 Kate Hobbs Superannuation Fund	1.97	393,873
7 Zhivan Pty Ltd	1.73	345,868
8 Novacarta Pty Ltd	1.50	300,000
9 Mr G J & Mrs P M Munyard	1.31	262,045
10 KCS Superannuation Fund Pty Ltd	1.28	256,985
11 Jindalee Resources Limited	1.25	249,612
12 Mr J Y & Mrs M Kim	1.15	230,000
13 Mrs H Fong	1.05	219,000
14 Mr P J & Mrs C F Neumann	1.00	200,000
15 Mr J O Clinton	0.92	184,125
16 Mr J O & Mrs L A Clinton (Clinton Super Fund)	0.87	175,000
17 Delcooke Pty Ltd	0.82	165,000
18 Droneast Pty Ltd	0.80	160,000
19 Mr R S & Mrs B F Punch	0.75	150,982
20 Morrell Enterprises Pty Ltd	0.70	140,000
	28.38	5,676,015

ADDITIONAL INFORMATION

(b) Options expiring 30 June 2012

The names of the twenty largest optionholders as at 26 September 2007 are as follows:

NAME	%	NO. OF OPTIONS
1 Fleubaix Pty Ltd	3.48	500,191
2 Dr K W Hedley	3.47	500,098
3 Mr K F Punch	3.11	447,026
4 Crawley Investments Pty Ltd	2.74	393,873
5 Zhivan Pty Ltd	2.52	363,280
6 Novacarta Pty Ltd	2.09	300,000
7 Mr J O Clinton	2.02	290,107
8 Mrs T J Nicholaidis	1.88	270,000
9 KCS Superannuation Fund Pty Ltd	1.80	256,985
10 Jindalee Resources Limited	1.74	249,612
11 Scalise Holdings Pty Ltd	1.32	190,000
12 Mr J O & Mrs L A Clinton (Clinton Super Fund)	1.22	175,000
13 Delcooke Pty Ltd	1.15	165,000
14 Mr C Chin	1.10	157,734
15 Mr R S & Mrs B F Punch	1.05	150,982
16 Cheetah Holdings Pty Ltd	0.90	130,000
17 M & K Korkidas Pty Ltd	0.89	128,733
18 Mr J A Bougher & Mr W R E Bougher	0.88	126,964
19 Little Tagon Pty Ltd	0.87	125,642
20 Mr J Y Kim & Mrs M Kim	0.84	120,000
	35.07	5,041,227

2. In accordance with ASX Listing Rule 4.10.19, for the period from the date of admission to ASX to 30 June 2007, the entity used the cash and assets, in a form readily convertible to cash it had at the time of admission in a way consistent with its business objectives.



3. SCHEDULE OF MINERAL TENEMENTS

PROJECT	TENEMENT REFERENCE	INTEREST %
Mt Gibb/Hatters Hill	E74/181	80
	E74/273*	80
	E74/305	80
	E74/313	80
	E74/320	80
	E74/368*	80
	P74/251*	80

* Applications pending



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