GoldenWest RESOURCES LIMITED

ABN 54 102 622 051

15 July 2008

ASX ANNOUNCEMENT

Corporate Summary

ASX Code: ***GWR***

Issued Capital: ***110 Mil***

Issued Options: ***14.5 Mil***

Market Cap fully diluted

Jul-08 ***$A 193Mil***

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Enquiries:

Con Markopoulos

Chairman

Mick Wilson

Exploration Director

Chairman's Letter

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Dear Shareholder

Company Update

I am taking the opportunity to write to all shareholders again to provide a further update in relation to the Company's Wiluna West Iron Ore Project and the progress the Company has made in recent months, in the light of the recent request received from Portman Limited to make changes to the Company's Board.

Exploration Strategy

Exploration at present continues to be focused on increasing the global resource to a magnitude that will underpin a 10 million tonne per annum mining operation. At this point exploration will focus on not only increasing the global inferred mineral resource but converting the resources through the JORC compliant categories to mining reserves. The Company is about to commence a detailed scoping and pre-feasibility study that will highlight these milestones and has now formally engaged consultants to undertake this work. The services of Engenium have been secured to perform this work. The current exploration program incorporates:

- Resource calculations presently being undertaken by Snowden's with results expected by end July 2008.
- Extensional drilling along strike and at depth to provide additional inferred resources along both B and C ridges which are at present poorly tested.
- Infill drilling on existing resources to define indicated resources. This drilling is expected to be carried out on one or more deposits concurrently.
- Surface magnetic surveys to define location and structure of hematite ore under cover.

Resource Potential

Recent exploration has revealed a much clearer understanding of the controls to mineralisation and as a result the project's global potential has been upgraded significantly. The Company's external consultants have reviewed this and their report is expected by the end of July.
Some observations that have yielded this increased confidence are as follows:

- In the past the project's potential was based upon outcropping hematite mineralisation conforming to a supergene surface enrichment model
- Exploration has demonstrated that the deposits are not near surface enriched capping; rather they have considerable depth and substantial widths with mineralisation in excess of 60% Fe still open at vertical depths of 200m in a number of deposits.
- Recent exploration has shown that the larger deposits (e.g. C3 and C4) tend to outcrop poorly.
- Exploration until relatively recently focused on outcropping mineralisation and as such has overlooked areas that host potentially large deposits. Recent success at the C3 deposit highlights this.

Proposed Acquisition of Mining Leases

The Company is close to finalising a proposal to acquire two additional mining leases positioned within the Company's Wiluna West tenements. Whilst the Company has obtained an independent valuation of these tenements, given the importance of this matter the Company also intends to seek shareholder approval for the proposed acquisition at its forthcoming general meeting.

Corporate

The Company has made considerable progress in securing significant ongoing funding for the Company as foreshadowed in my previous letter to you in April. Since that time the Company's share price has recovered significantly but the overall market has not and the current volatility of equity markets continues to have a detrimental impact on the Company's share price. The Board is committed to ensuring that to the extent possible any new funding will come from strategic investors looking for a long term investment whose interests are aligned with those of the Company.

Portman Limited

As you are probably aware Portman Limited has recently increased their shareholding in the Company to 19.9% and there has been considerable media speculation in relation to the possibility of a takeover from Portman. Portman has denied on a number of occasions that they have any intention to make a takeover bid for the Company *at this stage*.

Portman (which is majority owned by American company Cleveland Cliffs with a percentage holding of approximately 85%) operates the Koolyanobbing iron ore mine in Western Australia and exports iron ore through the port of Esperance. Mr Richard Mehan, the managing director of Portman, has been reported as suggesting that iron ore from GWR's Wiluna West project should be exported through Esperance with a spur railway line being built between Leonora and Wiluna West. This would not only be very expensive but the whole process would seriously disadvantage the other 80% shareholders of your Company. The costs of exporting through this route are considerably greater than the board's favoured route to the proposed new port at Oakajee. The distance is half as far again, shipping takes 5 days longer with the exporter paying a freight penalty and the railway will be extremely expensive to build. This means that the Company gets far less profit for each ton of ore sold.

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Portman has delivered to the Company a request to convene a general meeting of the Company to consider the removal of the Company's two executive directors and the appointment of Portman Managing Director, Mr Richard Mehan and former Rio Tinto executive, Mr Paul Piercy, as directors. A shareholders' meeting will be called for 29 August 2008 to consider these resolutions. The remaining members of the Board (being Alan Rudd and John Lester) do not support the proposed removal of either of the executive directors, particularly in the circumstances where identical resolutions were considered at a general meeting held in February 2008 and no shareholder of the Company was prepared to propose either resolution. The Company has been advised by Fairstar Resources Limited, its largest shareholder, that it supports the entire current Board. If Portman succeeds in replacing the two executive directors with its own nominees and then goes on to appoint a new Managing Director of Portman's choice then it will have aggressively taken control of the Company by the back door without paying a control premium.

Contact details

If you have any queries in relation to the Company I urge you to contact me or my fellow directors by telephone on 08 9201 9202 or email at admin@goldenwestresources.com

Regards

Con Markopoulos
Executive Chairman

For more information, please contact:

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The information in this Public Report that relates to Mineral Resources is based on, and accurately reflects, the information compiled by Ms Marlene Kelly Exploration Manager for Golden West Resources Limited who is a member of the Australian Institute of Geoscientists. Ms Kelly has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities which they are undertaking to qualify as Competent Persons as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ms Kelly consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.