



Golden West
RESOURCES LIMITED

ABN 54 102 622 051

22 October 2010

ASX Limited
Company Announcements office
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

Correction – 2010 Annual Report

Please find following a revised version of the 2010 Annual Report which includes additional information on pages 58 and 60 which was inadvertently omitted when the initial version was lodged on 30 September 2010.

Yours faithfully

ANTHONY BEGOVICH
Company secretary



Golden West
RESOURCES LIMITED



AR | 2010
ANNUAL REPORT

ABN 54 102 622 051

CORPORATE DIRECTORY

Board of Directors:

David Sanders (*Non-executive chairman*)
John Lester (*Executive director*)
Mick Wilson (*Executive director*)
Chin An Lau (*Alternate for T. S. Law*)
Tien Seng Law (*Non-executive director*)
Gary Lyons (*Non-executive director*)
Jun Wang (*Non-executive director*)
Xiang Hong Yang (*Alternate for J. Wang*)

Chief executive officer:

Mark Hine

Company secretary/Chief financial officer:

Anthony Begovich

Principal and registered office:

Suite 4,
138 Main Street
OSBORNE PARK, WESTERN AUSTRALIA 6017

PO Box 260
OSBORNE PARK, WESTERN AUSTRALIA 6917

Telephone: +61 8 9201 9202
Facsimile: +61 8 9201 9203

Website & Email

Email: admin@goldenwestresources.com
Website: www.goldenwestresources.com

Issued capital:

Fully paid ordinary shares: 164,606,127
Options expiring 31/12/2010 at \$2.00: 18,013,879
Options expiring 31/12/2011 at \$3.00: 10,250,000

Auditors:

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

Bankers:

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

Share registry:

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

Solicitors:

Lavan Legal
Level 19, 1 William Street
PERTH, WESTERN AUSTRALIA 6000
Telephone: +61 8 9288 6000
Facsimile: +61 8 9288 6001

Stock exchange:

Australian Securities Exchange Limited
(*Company code: GWR*)

CONTENTS

	Page
Corporate directory	Inside front cover
Chairman's letter.	1
Chief executive officers' review of operations.	2
Directors' report	16
Corporate governance statement	31
Income statement	40
Balance sheet.	41
Statement of changes in equity	42
Statement of cash flows	43
Notes to the financial statements	44
Directors' declaration	70
Independent audit report	71
ASX Additional information	73

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.

The 2009 – 2010 financial year has been one of consolidation for Golden West Resources as the Company heads toward production.

Completion of a strategic review by the Company's corporate consultants confirmed the commercial viability of the Company's Wiluna West Hematite Project, while emphasising transport infrastructure as critical.

Your Company is fortunate to have access to the fully sealed Goldfields Highway through to a rail siding at Leonora. The rail system goes through the transport hub of Kalgoorlie and to the south coast iron ore export port of Esperance. Discussions with the transport providers and other stakeholders for export of Wiluna West ore through Esperance were initiated in the financial year. Equally important is the progress being made on development of the Oakajee Port and Rail project in delivering infrastructure needed to ensure the success of the iron ore industry in the Mid West.

As set out in the CEO's Review of Operations our iron ore resource base continues to grow and the Company also recently announced a significant increase in its gold resources at Wiluna West.

Our financial position is very sound, having attracted at the end of the financial year a \$17.2 million investment at \$0.80 per share from Wynnes Investment Holding Ltd, a family company owned by Mr David Law Tien Seng. Mr Law was previously the Deputy Chairman and major shareholder of Midwest Corporation Limited.

As a consequence of the placement being completed at a significant premium to the market price your Board has decided to postpone the proposed Share Purchase Plan until the time of its next capital raising and will seek shareholder approval for a further capital raising at its 2010 AGM.

Our Board was further strengthened by the appointment of non-executive Directors Mr David Law and experienced businessman Mr Gary Lyons the Managing Director of the Heiniger Group's Australasian operations.

This has been an important year for our committed staff both on location at Wiluna and at our Perth headquarters and the Board is most grateful to the professional and enthusiastic manner our team have approached their many and varied tasks. I would also wish to thank my fellow Board members and in particular our CEO, Mr Mark Hine, who have contributed greatly to a successful year.

Of equal importance is the finalisation with the Tarlpa Native Title Claimants on the terms for an Agreement at the Wiluna West project at a signing ceremony in July. This major Company milestone was reached through the sincere and open way the Martu People have approached this agreement and has demonstrated the friendship and trust between the Martu and Golden West Resources.

Finally I would like to thank you as shareholders for your continuing support and we believe your patience and loyalty will be rewarded over the coming year and years.

Regards



David Sanders
Chairman



Project Location - Mid west

Overview

For some time, the Wiluna West Project has demonstrated the quality of ore within the resource; it is an outstanding high-grade, low-impurity hematite direct shipping ore. The confirmation of the economics of the project, provided the appropriate infrastructure is in place, has seen considerable focus on discussions that will lead to access to existing infrastructure.

Following my appointment as Chief Executive Officer in January 2010, substantial progress has been made in transitioning Golden West Resources ('GWR') from a junior exploration company to an emerging iron ore exporter. The development and implementation of a three stage strategy for the Wiluna West Iron Ore Project now positions Golden West Resources to capitalise on the continued growth in the global iron ore market.

Discussions have commenced with the Esperance Port Authority, Westnet and QR National in respect to transporting and exporting ore initially through Esperance.

There will be further discussions with these organisations as well as with the State Government, the community and other current users to progress access for our product through the iron ore port of Esperance.

Of equal importance and significant for our longer-term aspirations to mine 10Mtpa from our Wiluna West Iron Ore Project is the successful development of the Oakajee Port and Rail (OPR) system running from just north of Geraldton through to the Mid-West.

The announcement in April 2010 of OPR's increased port and rail capacity from 35 to 45Mtpa is a significant step in delivering the infrastructure needed to ensure the success of the iron ore industry in the Mid West.

While progressing the development of the high quality Wiluna West Iron Ore resource throughout the year, pleasing progress was also made in relation to GWR's gold assets. Remodelling of the known gold resources within the Wiluna West tenements resulted in a 230% increase in the previous reported Gold Resource. This increase in the resource provides further momentum to the planned spin out of GWR's non iron ore assets into Aureus Gold Ltd.

Location

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

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

Iron Ore

Golden West Resources is the second largest direct shipping hematite iron ore project in the Mid West with a total JORC Code compliant Resource of 147.7Mt @ 59% Fe, comprising of Measured 1.2Mt @ 61.9% Fe, Indicated 49.2Mt @ 60.5% Fe and Inferred 97.3Mt @ 58.4% Fe.

This resource is within two mineralised units described as Units B and C. Units B and C are interpreted from magnetic survey data to extend the entire 45km length of the tenements. Exploration has been concentrated on the northern, more exposed section of Units B and C.

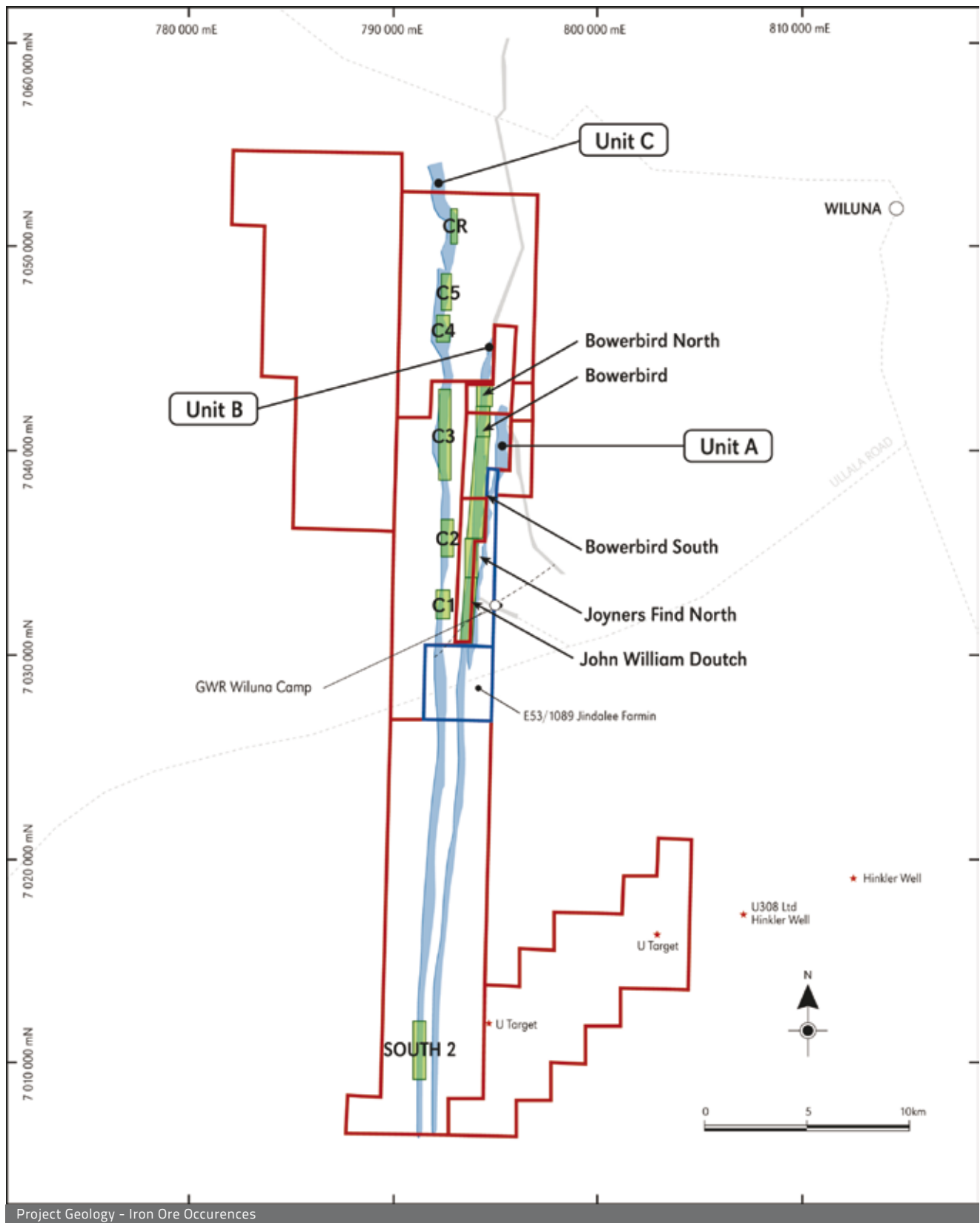
Strategic Directions

The Board has approved a development strategy involving three stages that will see Golden West Resources head for early production; a strategy that has been endorsed by the Company's corporate consultants.

The strategy recognises the need for flexibility in the Company's marketing approach, and is targeting using the existing port of Esperance and the yet to be constructed port of Oakajee.

Esperance already moves some eight million tonnes of iron ore a year through its port facilities, and is the deepest port in southern Australia, capable of handling Cape Class vessels up to 200,000 tonnes.

The port is linked by rail through Kalgoorlie to Leonora. Trucking operations would then use the fully sealed Goldfields Highway from Wiluna to Leonora.



Stage I

The short-term Stage I strategy will:

- Mine 1mtpa high-grade DSO from the John William Douth ('JWD') deposit over 2-3 years.
- Demonstrate robustness of the project and quality of the Resource
- Truck to Leonora and rail to Esperance Port.
- Scoping studies were completed at the end of 2009.
- Utilise existing facilities at Esperance Port (or establish railcar dumper and storage facilities with other parties).

The product from the JWD Deposit is very high-grade and low-impurity, particularly low in phosphorous. This makes it an excellent blending product and will be keenly sought in the marketplace.



Project Location - Infrastructure Options

Stage II

The Stage II development enhances the project economics and cash flows while the longer-term infrastructure solution is being built. The core elements of this stage are:

- Upgrade existing rail and port infrastructure to accommodate an additional 5-7mtpa of shared throughput at Esperance.
- Develop agreement with other potential and existing users to share upgrades and other infrastructure costs to allow for the expanded tonnage.
- Mine expanded from 1mtpa to 3mtpa.

Prefeasibility engineering studies for Stage I and Stage II has been completed, and GWR believes suitable commercial arrangements can be negotiated to access the infrastructure.

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

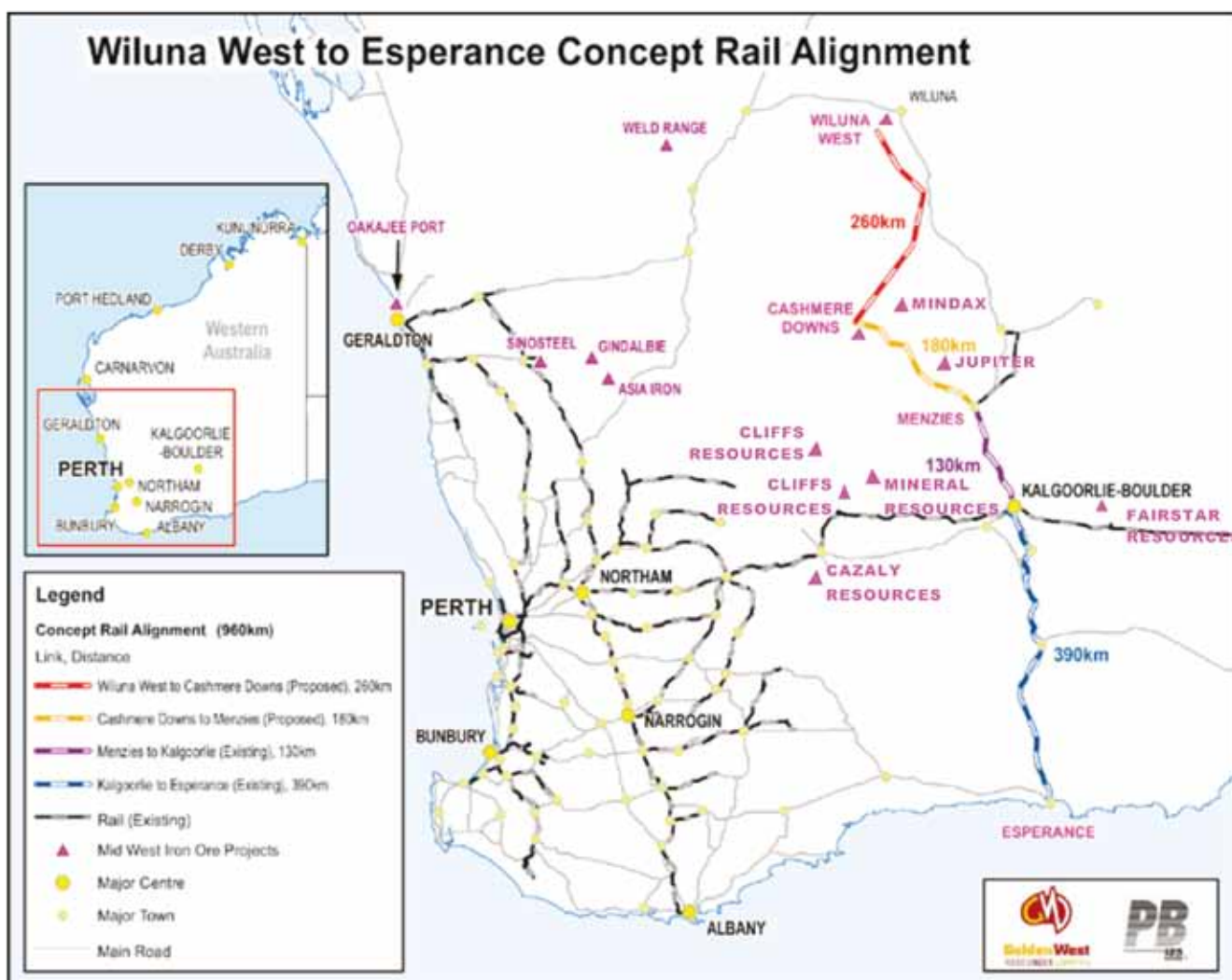
Stage III

The Stage III option is centered on the soon to be constructed port of Oakajee. The key elements of this stage are:

- Oakajee Phase I – Port 45Mtpa, Rail 75Mtpa
- Dependent on new Oakajee Port and Rail being developed to Weld Range
- Requires 230kms of new rail/haulroad from Wiluna West to Weld Range.
- Potential for GWR to blend with others.
- Planned to be operational by 2014.
- Complete Wiluna West (Major Project) DFS Q4, 2011.
- Wiluna West expanded to 10mtpa DSO.

Golden West is in a good strategic position, sharing both east-west and north-south iron ore development corridors. If there were to be any long-term development issues with the Oakajee Development, GWR has the option of entering into discussions with projects located in the Wiluna to Kalgoorlie corridor. These would see:

- Approximately 400km of new rail from Wiluna West to Menzies.
- Link in emerging producers (Cashmere Iron, Mindax, JMS)
- Upgrade existing Menzies to Esperance railway to allow – 35mtpa combined capacity.
- Expand Esperance Port to handle 35Mtpa.
- Infrastructure costs to be shared with existing and emerging DSO operations along the line.



Conceptual Rail alignment to Esperance - Stage III

Resources

Over the FY 2009-2010, Golden West Resources has increased its base from an Inferred JORC Code compliant Resource of 126Mt @ 59% Fe to a total JORC resource of 147.7Mt, comprising of Measured 1.2Mt @ 61.9% Fe, Indicated 49.2Mt @ 60.5% Fe and Inferred 97.3Mt @ 58.4% Fe.

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

Classification	Tonnes (Mt)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Measured	1.2	61.9	6.5	2.9	0.04	1.7
Indicated	49.2	60.5	7.2	2.6	0.05	3.3
Inferred	97.3	58.4	8.9	2.8	0.06	4.1
TOTAL	147.7	59.1	8.3	2.7	0.06	3.8

Work continues at pace to prepare the exceptionally high-grade low-impurity hematite ore, averaging 64.6% Fe, of the Stage I John William Douth (JWD) deposit for mining.

An optimised pit has been designed incorporating 3 years of production at 1Mtpa entirely within the 100% GWR owned JWD deposit. The iron mineralisation is contained within 4 sub-parallel lodes defined as lode 100, 200, 300 and 400 containing a total of 3.19Mt at an average grade of 64.6% Fe of which 3.04Mt is in the Indicated category see below (Table 2). The final design has a low stripping ratio of 3 : 2:1.

TABLE 2
Golden West Resources Limited
John William Douth Deposit
In Pit Resources 1Mt/Annum Pit

Classification	Lode	Tonnes	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Indicated	100	1,728,000	63.55	3.17	1.82	0.032	3.63
Indicated	200	1,315,000	66.00	1.95	1.44	0.014	1.43
Inferred	300	97,000	63.08	5.77	1.40	0.028	2.02
Inferred	400	45,000	65.98	2.45	1.07	0.009	1.36
Totals		3,185,000	64.60	2.70	1.60	0.02	2.60

The quality of the iron mineralisation compares very favourably with existing specifications of some of the world's leading iron exporters as summarised in Table 3 below. Of particular interest is the very low amount of contained phosphorous (P) which makes it suitable to be considered as a blending product for other higher phosphorous ores.



DSO Hematite Unit B

TABLE 3
Golden West Resources Limited
John William Douth Deposit Comparison of Ore Quality

	John William Douth Deposit	BHP Lump Ore Mt Newman	Vale Standard Sinter Feed Tubao	Samarco Medium Silica Pellet Feed
Fe	64.6	63.9	65.00	66.79
SiO ₂	2.7	3.8	4.40	1.54
Al ₂ O ₃	1.6	1.5	0.90	0.32
P	0.020	0.069	0.049	0.045
LOI	2.6	2.90	1.60	2.43

At the same time as progressing the Stage I operation, the Company continues to progress towards the larger 3Mtpa and 10Mtpa mining targets which will utilise the total JORC compliant resource for Wiluna West which currently stands at 147.7Mt @ 59% Fe including 50.4Mt in the Indicated and Measured categories, as shown above (Table 1).

For Stages II and III, at least three deposits are expected to be mined concurrently to produce a blended product for consistent quantity and quality of ore. Initially this will be the C3, C4 and Bowerbird deposits which are the subject of the ongoing RC definition drilling.

Drilling Programs

RC Drilling

Golden West Resources Limited
Summary of RC drilling completed by deposit FY 2009-2010

Prospect	Holes	Metres
C1	1	92
C1 South	3	360
C2	2	185
C3	175	13,383
C4	60	4,471
Bowerbird	6	450
Bowerbird north	9	846
CR	19	1,573
JWD	39	3,943
Total	314	25,303

Some exploration drilling was undertaken at the beginning of this financial year, with some promising results that will be followed up. The exploration drilling confirmed several wide zones of mineralisation outside the current Resources envelope.

The remainder of the drilling over the year was largely infill drilling to firm current resources from inferred to indicated and measured.



The Company's drilling contractor - Denarda

Metallurgical Diamond Drilling

Golden West Resources Limited Summary of PQ diamond drilling completed by deposit FY 2009-2010		
Prospect	Holes	Metres
C3	3	187
C4	4	370
Bowerbird	7	406
JWD	3	129
Total	17	1089

A total of 17 PQ (85mm core size) diamond drill holes for 1,089 m were completed to provide metallurgical samples and a twin holes for existing RC drill holes.

Native Title Mining Agreement

In June 2010, the Company announced it had reached an in principle agreement with the Tarlpa Native Title Claimants on the terms for an Agreement at the Wiluna West Project. This Native Title Mining Agreement was ratified in July with the signing of that agreement.

This Agreement respects the traditional rights and customs of the Martu People, in particular the Tarlpa and Wiluna Native Title Claimants who are the traditional owners and custodians of the land under tenements which constitute the Wiluna West Project.

A signing ceremony was held at the Company's exploration camp near Wiluna, where Chairman Mr David Sanders commented:

"A Native Title Agreement is about the relationship between the parties, one entrenched in mutual trust and respect. These are the fundamental building blocks of friendship and the sincere and open way the Martu People have approached this agreement has demonstrated that friendship."



The Native Title Mining Agreement for Golden West Resources' Wiluna West hematite iron ore project being signed in Wiluna. From left, GWR Directors Gary Lyons, Mick Wilson, John Lester and David Sanders with Tarlpa Native Title Claimants James Calyun, Norman Thompson and Lizzie Wonyabong.

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

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

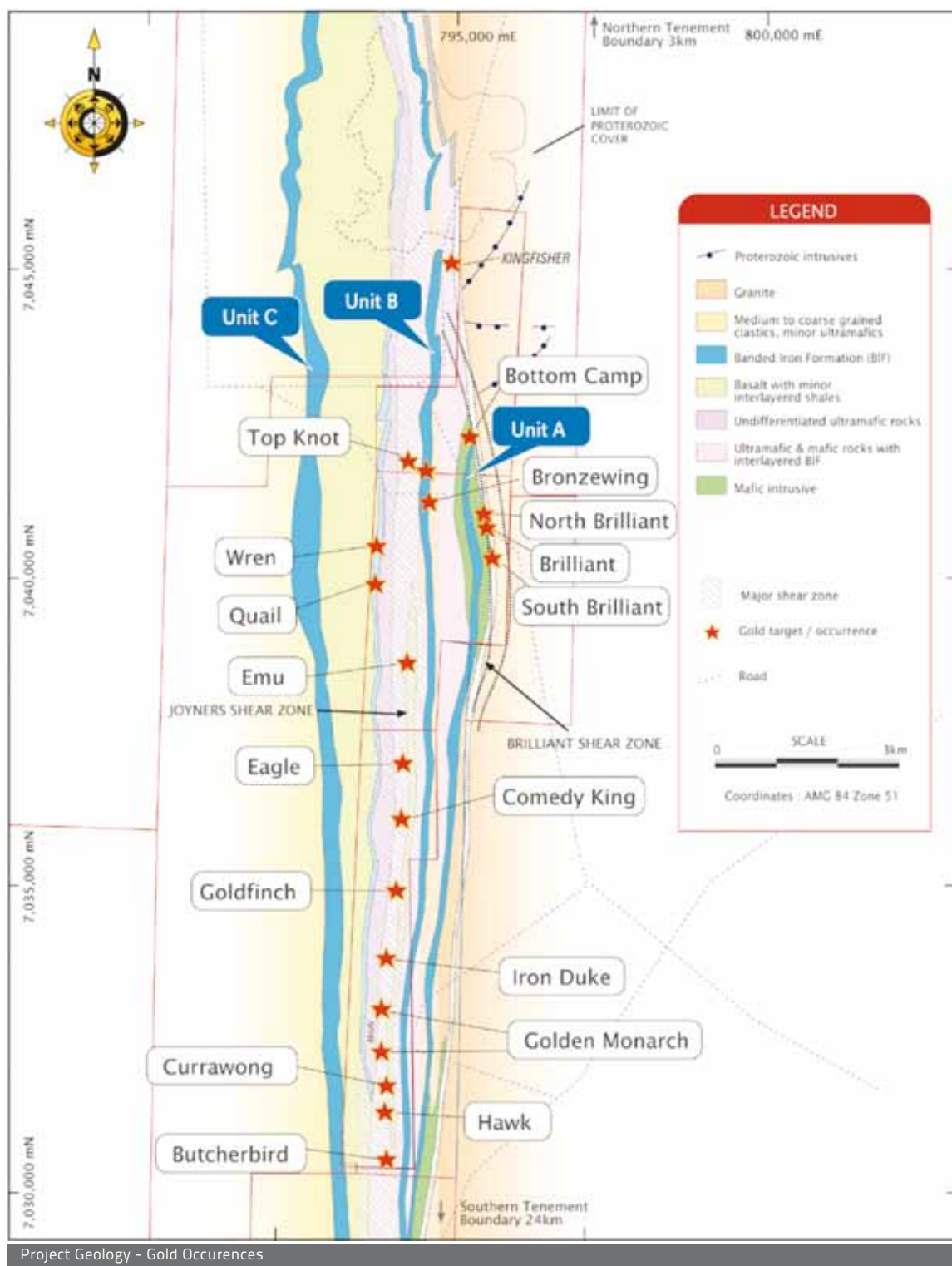
Golden West Resources' site-based workforce is already largely indigenous, and the Company intends to work with the wider community to encourage indigenous business initiatives able to provide goods and services to the Company into the future.

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

Gold

When the financial year began, on 1 July 2009, gold was priced at US\$930 an ounce and 12 months later it was around US\$1240 a 33.3% increase.

Golden West Resources had a gold resource of 788,000tonnes @ 3.5g/t for 87,000oz at the beginning of the Financial Year and 12 months later, has 3,478,000 tonnes @ 2.3 g/t Au for a contained 258,000oz, a 230% increase.



CHIEF EXECUTIVE OFFICERS' REVIEW OF OPERATIONS

As a consequence of the strong gold price, GWR began investigating the viability of short-term gold production from their known deposits at the Wiluna West Project.

In March 2010, as part of this ongoing assessment, GWR commissioned CSA Global Pty Ltd (CSA) to undertake a resource review and update of the Iron Duke, NWBIF and Iron Monarch deposits. The review resulted in upgrading the known resource base to 1,119,000 tonnes @ 3.07 g/t Au for a contained 110,400oz a rise of over 25%.

The consultants suggested the three deposits are actually part of a single larger system which was renamed the Golden Monarch.

The Company commissioned CSA Global to undertake a further review of the known Wiluna West gold deposits, other than those reported in March 2010, which led to the significant increase of 258,000oz of gold, with CSA Global believing there is potential for additional discoveries.

Golden West Resources, through its wholly owned subsidiary Aureus Gold Limited, plans to progress the development of a gold mining operation initially focussing on the Golden Monarch deposit.

Mineral Resource Estimate	Class	Tonnes	Au g/t	Ounces
February 2010 Golden Monarch	Indicated	46,000	3.54	5,200
	Inferred	568,000	2.39	43,600
June 2010	Inferred	2,864,000	2.27	209,400
Total		3,478,000	2.31	258,200

Note: Tonnes and grade based on a 1.0 Au cut off. Differences may occur due to rounding

Discussions with nearby potential milling facilities are under way, while an infill RC drilling program is planned for the Golden Monarch and Eagle deposits, for metallurgical test work and aiming to upgrade some of the Inferred Resources to Indicated status.

At the beginning of the Financial Year, GWR announced the strategic intention to consider the demerger of the non-iron ore assets, believing shareholder value will be enhanced by having these gold assets in production, and allowing GWR to maintain its full focus on its iron assets.

Community

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

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

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



Miranda Long

Indigenous employment

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

As at 30 June 2010 Golden West Resources had 11 Aboriginal employees, 10 of whom are local Martu or Yamatji people. In addition 50% of the field employees at the Wiluna West Project are Aboriginal.

Regional Partnership Agreement

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

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

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

Scholarship programs

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

GWR have in place scholarships to the Clontarf Football Academy and are investigating establishing scholarships and opportunities for the girls of Wiluna.

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



Scholarship winners Duran Patch, Leslee Gilbert, and Gevaris Ashwin, meeting Company Secretary, ex-Eagles player Anthony Begovich while Adam Wiringi of the Wiluna Police looks on.

Sport and Cultural Events

As part of the Company's commitment to the Wiluna community, a significant sporting and cultural event was organised for the June long weekend in 2010.

The Wiluna Junior Football Club, the Martu Eagles, hosted players, parents, coaches and committee members of the Dalkeith Nedlands Junior Football Club who travelled to Wiluna to play a game of Australian Rules football.

This was the second year the under 16s of the two clubs gathered for a social game of football, with the inaugural match played 12 months earlier when the Martu Eagles travelled to play at the DNJFC grounds in Nedlands in Perth.

The weekend at Wiluna was an outstanding success and of course a lot more than just a game of football. All members of the Wiluna RPA participated in the event, with air travel provided by BHP Billiton's Nickel West and Yeelirie operations on their daily flights to Mt Keith south of Wiluna.

Golden West Resources provided accommodation for the DNJFC at its exploration camp, while other companies provided meals and site tours of their mining operations.

Elders and community members provided a traditional "Bush Tucker" lunch on the Saturday prior to the Sunday game as well as organising a number of 'ice-breaker' games to allow the two teams to re-acquaint themselves with one-another.

Guest coach and motivational speaker for the Martu Eagles was ex-world boxing champion "Aussie Joe Bugner" who thrilled both teams when he showed his legendary fights with Mohammed Ali and Joe Frazier.

A community lunch hosted by Magellan Metals followed the game with both teams committing to a further rematch in Perth in 2011.



Wiluna Martu Eagles and Dalkeith Nedlands Junior Football Clubs

Back to country

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

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

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

Other

The Company also assisted with a schools lunch program for the Wiluna Remote Community School, helping ensure nutrition levels would not impact the students' ability to participate in learning activities.

Another beneficiary of Golden West Resources' support program is the Wiluna AMS (Medical Centre). They are contracted to supply services for the Company's operations and this engagement has beneficial outcomes in the levels of service able to be provided by the medical centre to the wider community.

Environmental

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

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

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

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

Progressive rehabilitation of access tracks and drill pads used during recent exploration activities is currently being undertaken. This involves removing all the "evidence" of our presence and undertaking land sculpting to allow adjacent native vegetation to re-grow.

Detailed flora and fauna surveys have been undertaken as part of the Company's Wiluna West DSO Hematite Iron Ore project, and no endangered or threatened species have been identified.



Safety

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

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

Education and Awareness

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

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

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

Mark Hine

Chief executive officer

DIRECTORS' REPORT

Your directors submit their report for Golden West Resources Limited ('the Company' or 'the Parent') and for the Group, being the Company and its controlled entities, for the financial year ended 30 June 2010.

Directors

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

Names qualifications, experience and special responsibilities



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

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

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

Present directorships: Marenica Energy Limited

Previous directorships (last 3 years): Acuvax Limited



John Lester – Executive director

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

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

Present directorships: Nil

Previous directorships (last 3 years): Nil



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

Mr Wilson is an exploration geologist with more than 20 years experience within Australia and South East Asia. He was actively involved in the discovery of the Bullabulling gold deposits in Western Australia and the development of the Longos gold deposit in the Philippines.

Present directorships: Nil

Previous directorships (last 3 years): Nil.



Chin An Lau – Alternate director for Mr Law (appointed 21 July 2010)

Mr Lau is a qualified lawyer and owner of the legal practice Lau Moghan & Ee. Mr Lau is also a director of LTS Properties (M) Sdn Bhd and LTS Capital Sdn. Bhd which are both property development companies.

Present directorships: Nil

Previous directorships (last 3 years): Nil



Tien Seng Law – Non-executive director (appointed 21 July 2010)

Mr Law is a highly experienced investor in iron ore companies and was previously the Deputy Chairman and major shareholder of Midwest Corporation Limited. Mr Law also has extensive business interests and investments in China, covering property ownership, property development, hotel and mining.

Mr Law is currently the executive Chairman of T.S. Law Holding Sdn Bhd, an investment holding company in Malaysia. Mr Law owns a group of companies in Malaysia covering a diverse range of industries. These companies include those with activities in property investment and development, television and video production, food and beverage and steel plate distribution.

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

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

Present directorships: Nil

Previous directorships (last 3 years): Midwest Corporation Limited



Gary Lyons – Non-executive director

Mr Lyons is a successful and well respected Perth based businessman; being a shareholder and the Managing Director of the Heiniger Groups Australasian operations for the last 20 years. He is also Chairman of Stallion Station one of the largest equine breeding establishments in the southern hemisphere and Non Executive Director of Biological Woolharvesting Holdings Company Limited.

Present directorships: Fairstar Resources Limited

Previous directorships (last 3 years): Nil



Jun Wang – Non executive director

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

Mr Wang was born in Hunan Province of China in April 1970. He is Senior Economist with a Master's Degree, and he is experienced in Capital Operating.

Present directorships: Hunan Valin Steel Company, Limited.

Previous directorships (last 3 years): Nil.

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

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

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

Present directorships: Nil

Previous directorships: Nil

Former directors

John Wallace Douth – Non-executive director, resigned 26 November 2009.

Constantino Markopoulos – Executive chairman, resigned 23 July 2009.

Vaughan Webber – Non-executive director, resigned 26 November 2009.

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

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

	Ordinary shares	Options (listed)	Options (unlisted)
D Sanders	8,300	-	-
J Lester	-	500,000	500,000
M Wilson	2,184,438	1,500,000	1,500,000
C A Lau ²	95,000	-	-
T S Law ¹	21,470,364	-	-
G Lyons	-	-	-
J Wang	-	-	-
X H Yang	-	-	-

¹ Indirect interest via Wynnes Investment Holding Ltd. Tien Seng Law controls more than 20% of the voting power of the issued and paid up share capital of Wynnes Investment Holding Ltd and his wife Geok Ngor, Saw controls more than 20% of the voting power of the issued and paid up capital of Wynnes Investment Holding Ltd.

² Indirect interest via spouse

Company secretary

Anthony Begovich, BBus, CA

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

Dividends

No amounts have been paid or declared by way of dividend by the Company since the end of the previous financial period and up until the date of this report. The directors do not recommend the payment of any dividend for the financial year ended 30 June 2010.

Principal activities

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

Operating and financial review

Group overview

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

Iron ore

The Company's principal asset is the Wiluna West iron ore project comprising of 440km² of tenements at Wiluna West, 30km south of Wiluna, covering a 45km strike of the Joyners Find Greenstone Belt. The Company has a 100% interest in the Wiluna West tenements except for the Joyner Find North deposit which is 80% owned.

During the year the Company commenced resource definition drilling with the aim of achieving an overall Reserve of at least 60 million tonnes and to underpin a small scale mining operation at John William Douth ('JWD') deposit. Approximately 27,000 metres were completed during the year at the C3, C4 and JWD & Joyners Find ('JF') deposits.

Assay results were received for the drilling at C3, C4 and JWD and JF.

As a result of the above, but excluding some of the results from C3, the Company announced a total JORC Hematite Resource of 147.7Mt, comprising of Measured 1.2Mt @ 61.9% Fe, Indicated 49.2Mt @ 60.5% Fe and Inferred 97.3Mt @ 58.4% Fe, making it the second largest DSO resource in the Midwest Iron Ore province.

A metallurgical diamond drilling program was also completed during the year to define product quality for the iron ore.

The Company submitted a mining proposal for a small scale mining operation at JWD on 19 May 2010.

The Company continued to work with Oakajee Port and Rail (OPR) during the year in respect of the proposed port and rail development infrastructure solution through the yet to be constructed Port of Oakajee. In addition the Company also held discussions with Esperance Ports Sea and Land (EPSL), Westnet and QR National to progress the infrastructure solution through the port of Esperance.

Significant progress was also made during the year with regards to finalising an Agreement with the Tarlpa Native Title Claimants at the Company's Wiluna West Project.

Gold

The Company's gold assets consist of the Wiluna West and Doherty's gold projects.

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

During the year the Company commissioned an independent consultant to perform a review of all the known gold deposits on the Wiluna West tenements. As a result of the review the Company's total gold Resource Estimate was raised to 3,478,000 tonnes @ 2.3g/t for a contained 258,000 oz at a 1g/t cut off which was announced to the market on 14 July 2010. In addition the Company also made progress regarding its strategic intention to divest its Wiluna West gold project.

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

During the year Classic conducted exploration drilling in accordance with the Joint Venture Agreement at the project and the results of this drilling is expected in the 2010/11 financial year.

Uranium

The Company's Wiluna West uranium project has tenure over an area located in the south east of the Wiluna West tenements which is highly prospective for calcrete style uranium deposits, and our tenement is upstream from the known Dawson Well, Hinkler Well, Centipede and Lake Way uranium deposits.

The Company is in discussions with third parties regarding the sale of its Wiluna West uranium project.

Corporate

During the period the Company appointed David Sanders as Non-executive chairman and Gary Lyons as a Non-executive director to replace Non-executive directors, John Douth and Vaughan Webber who resigned.

Operating results for the year

The consolidated loss for the year after income tax was \$4,102,847 (2009: loss of \$18,350,419).

The result includes non-cash costs of \$327,403 (2009: \$13,458,752) relating to the write-off and impairment of capitalised exploration and evaluation expenditure (2009: Nil).

After excluding the abovementioned non cash costs the result for the year was \$3,775,444 (2009: \$4,891,667) a 23% improvement, on a like for like basis, from the prior year.

Share holders returns

	2010	2009	2008	2007	2006
Net profit/(loss) (\$'000)	(4,103)	(18,350)	(9,833)	(20,847)	(2,271)
Basic EPS (cents)	(2.9)	(13.5)	(10.7)	(34.3)	(4.8)
Return on assets (%)	(5.2)	(22.2)	(19.4)	(104.3)	(43.8)
Return on equity (%)	(5.3)	(22.6)	(20.0)	(109.8)	(45.9)
Net debt/equity ratio (%)	(10.6)	(23.6)	(23.6)	(34.8)	(28.3)

Review of financial condition

Liquidity and capital resources

The group's principal source of liquidity as at 30 June 2010 is cash and cash equivalents of \$9,119,673 (2009: \$20,382,799) of which \$8,700,000 has been placed on short term deposit.

The principal sources of cash during the year were loan repayments from other entities and interest received from term deposits. In prior years, cash was derived from capital raisings and the exercise of options.

DIRECTOR'S REPORT

Asset and capital structure

	2010 \$'000	2009 \$'000
Debts:		
Trade and other payables	910	1,154
Interest bearing liabilities	19	54
Cash and short term deposits	(9,120)	(20,383)
Net debt/(cash)	(8,191)	(19,175)
Total equity	77,053	81,156
Total capital employed	68,862	61,981
Gearing	(11.9)%	(30.9)%

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

Shares issued during the year

There were no new shares issued during the year.

Risk management

The Board reviews and approves the Group's Risk management policy.

In accordance with the Risk management policy:

- Senior management is responsible for efficient and effective risk management across the activities of the Group.
- The Chief Executive Officer is responsible for ensuring the process for managing risk is integrated within divisional business planning and management activities.
- Reports on risk management are provided to the Board who are responsible for monitoring the risk management process within the Group.

Significant changes in the state of affairs

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

Significant events after the balance date

Share placement

The Company announced on 1 July 2010 the completion of the share placement that was initially announced to the market on 30 June 2010. The share placement involved the issue of 21,470,364 ordinary shares at \$0.80 a share resulting in net proceeds of \$16,295,938. Post the Placement, GWR will have total cash reserves in excess of \$25 million.

Board changes

On 21 July 2010 the Company announced the appointment of Mr T Law as a non-executive director and Mr C Lau as his alternate.

Gold resource upgrade

The Company announced a 230% increase in the previously reported gold resource estimates on 14 July 2010.

The combined Inferred and Indicated Resources for the Wiluna West project are now 3,478,000 tonnes @ 2.3g/t for a contained 258,000 oz, based upon a 1g/t cut off.

Native title agreement signed

On the 28 July 2010 the Company announced the signing of a Mining Agreement with the Tarlpa Native Title Claimants at the Company's Wiluna West Project. This represents a major milestone for the Company in its endeavours to bring the Wiluna West iron ore project to production and respects the traditional rights and customs of the Martu People, in particular the Tarlpa and Wiluna Native Title claimants who are the traditional owners and custodians of the land.

Likely developments and expected results

The Company intends to continue the development of its Wiluna West Hematite Project and progress the spin out of its gold assets through its wholly owned subsidiary Aureus Gold Limited.

Environmental regulation and performance

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

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

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

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

Share options

At the date of this report, there were 28,263,879 unissued shares under option.

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

Indemnification and insurance of directors and officers

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

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

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 10 board meetings, 3 audit and risk management committee meetings were held.

	Board meetings		Audit & Risk Management committee meetings	
	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended
D Sanders ¹	7	7	2	2
J Lester ²	10	10	3	3
M Wilson	10	10	3	3
J Douth ³	4	4	-	-
G Lyons ⁴	1	1	-	-
C Markopoulos ⁵	1	1	-	-
J Wang	10	4	-	-
V Webber ³	4	4	1	1

¹ Mr Sanders was appointed on 27 November 2009.

² Mr Lester was appointed on 23 July 2009

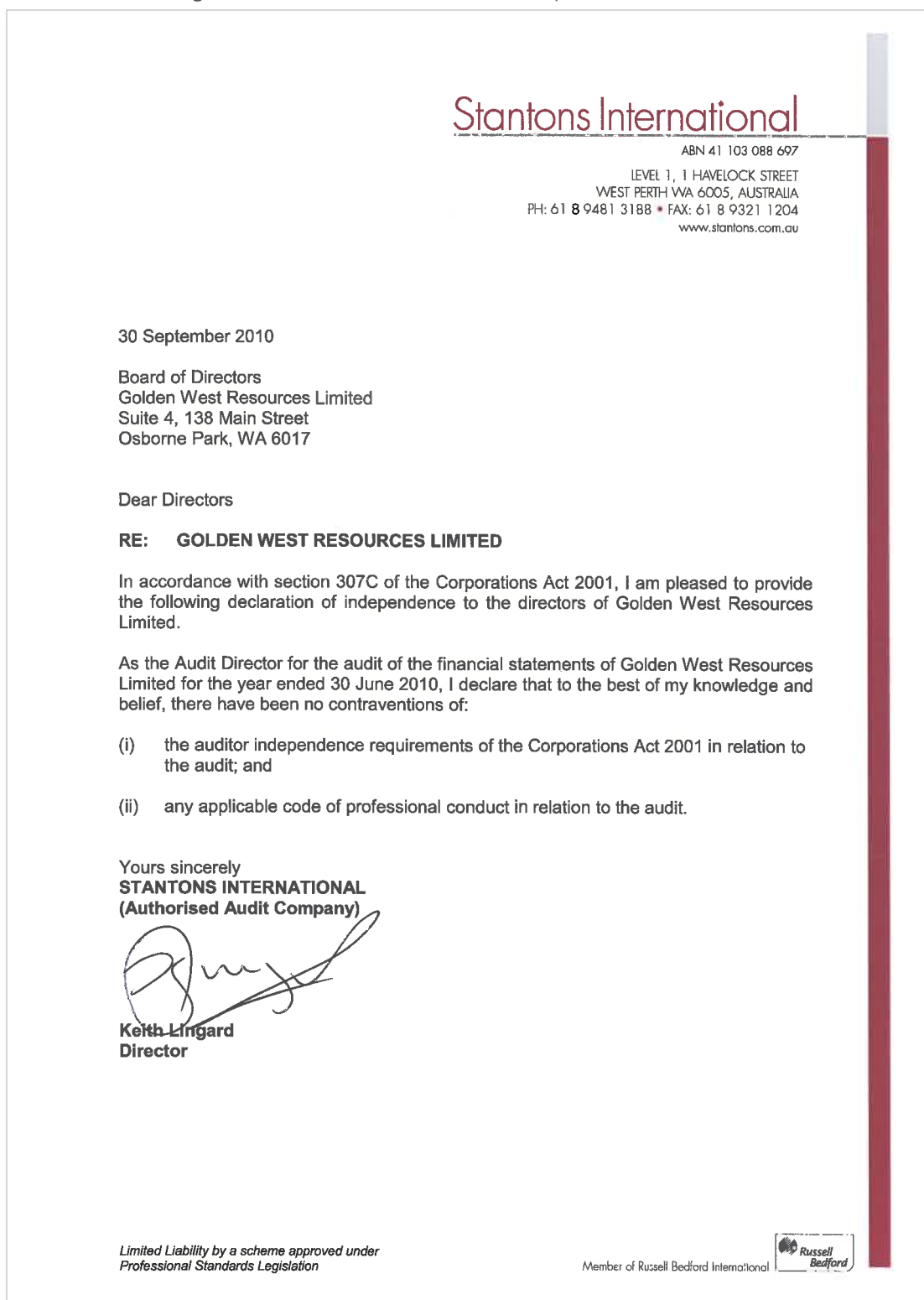
³ Mr Douth and Mr Webber were appointed on 23 July 2009 and resigned on the 26 November 2009. Mr Webber was Chairman of the Committee during his appointment

⁴ Mr Lyons was appointed on 2 June 2010 and became Chairman of the Committee on 22 July 2010.

⁵ Mr Markopoulos resigned on 23 July 2009.

Auditors independence and non-audit services

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



Non-audit services

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

Remuneration report (audited)

This remuneration report for the year ended 30 June 2010 outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

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

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

Details of key management personnel

Non-executive directors

D Sanders	appointed 27 November 2009
J Douth	appointed 23 July 2009 and resigned 26 November 2009
G Lyons	appointed 2 June 2010
J Wang	
V Webber	appointed 23 July 2009 and resigned 26 November 2009

Executive directors

J Lester	
C Markopoulos	resigned 23 July 2009
M Wilson	

Other executives

A Begovich	Chief financial officer & Company secretary
M Hine	Chief executive officer - appointed 13 January 2010
P Leidich	Study manager

Remuneration committee

The Board as a whole is responsible for determining and reviewing remuneration arrangements for the directors and executives at it believes the Company is not of a size to justify having a separate Remuneration Committee.

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

No director may be involved in setting their own remuneration or terms and conditions and in such a case relevant directors are required to be absent from the full Board discussion.

Remuneration philosophy

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

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

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

Remuneration structure

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

Non-executive director remuneration

Objective

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

Structure

The Constitution and the ASX listing rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting of shareholders. The latest determination was at the annual general meeting held on 26 November 2009 when shareholders voted to retain the existing aggregate remuneration of \$250,000 per year.

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

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

Non-executive directors are encouraged by the Board to hold shares in the Company. In addition long term equity incentives may be awarded to non-executive directors, subject to shareholder approval, in a manner which aligns this element of remuneration with the creation of shareholder wealth.

The Company has taken into account the guidelines for non executive director remuneration as set out in Box 8.2 of the ASX Corporate Governance Council's second edition of the Corporate Governance Principles and Recommendations ('Guidelines'). Item 2 of the Guidelines set out in Box 8.2 states that non-executive directors should not receive options or bonus payments.

The Company considers the issue of equity incentives and bonus payments to non-executive directors is appropriate in certain circumstances where the quantum of cash fees that the Company believes it is prudent to pay does not represent an adequate reward and does not provide an adequate incentive to enable the Company to attract and retain non-executive directors of the requisite level of experience and qualifications to assist with the development of the Company. The Company did not issue any equity incentives or pay any cash - bonuses payments to Non-executive directors during the year (2009: \$100,000)

The remuneration of non-executive directors for the reporting periods ending 30 June 2010 and 30 June 2009 is detailed in tables 1 and 2 respectively of this report.

Executive remuneration

Objective

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

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

Structure

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

Remuneration consists of the following key elements:

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

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

Fixed remuneration

Objective

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

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

Structure

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

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

Variable remuneration – short term incentive (STI)

Objective

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure

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

For the year ending 30 June 2010 a cash bonus of \$45,000 (2009: \$240,000) was awarded and paid in full to executives.

Variable remuneration – long term incentive (LTI)

Objective

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

Structure

LTI grants to executives have previously been delivered in the form of share options but the Group has recently adopted a performance rights plan for future LTI grants.

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

Employment contracts

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

Anthony Begovich

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

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

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

Mark Hine

Mr Hine was engaged by the Company as Chief Executive Officer on 20 January 2010 and gave 6 months notice of his resignation on the 3rd September 2010.

Under the agreement, the Company is to pay Mr Hine a base annual salary of \$350,000 inclusive of superannuation and vehicle allowance.

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

Paul Leidich

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

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

John Lester

Mr Lester was engaged by the Company as Executive Director on 21 August 2008 for an initial three year period in accordance with the terms of the agreement.

Under the agreement, the Company is to pay Mr Lester a base annual salary of \$305,200 plus a car allowance of \$3,000 per month. In addition Mr Lester received 500,000 options exercisable at \$2.00 each, expiring 31 December 2010 and 500,000 options exercisable at \$3.00 each, expiring 31 December 2011, in the Company.

The Company may terminate the agreement immediately in the usual circumstances. If the Company terminates the agreement before the end of the initial three year term or before the end of any subsequent extension the Company shall pay Mr Lester an amount equivalent to the balance of the term. Mr Lester is not entitled to any retirement benefits pursuant to his agreement.

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

Con Markopoulos

Mr Markopoulos was engaged by the Company as Executive Chairman on 14 August 2008 for a three year period.

Mr Markopoulos stepped down as Executive Chairman on the 23 July 2009 and ceased employment as an executive on 30 November 2009.

Under the agreement, the Company was required to pay Mr Markopoulos a base annual salary of \$320,000, plus statutory superannuation and a car allowance of \$3,000 per month. The agreement was required to be reviewed annually by the Company.

On termination of the agreement before the end of the initial three year term the Company paid Mr Markopoulos an amount equivalent to the balance of the term.

Michael Wilson

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

On the 14 August 2008 Mr Wilson's employment was extended for a 3 year period.

Under the agreement, the Company is to pay Mr Wilson a base annual salary of \$280,000, plus statutory superannuation and the Company is also required to provide Mr Wilson with a fully maintained commercial motor vehicle or a car allowance of \$3,000 per month. The agreement is reviewed annually by the Company provided the base annual salary cannot be reduced as a result of the review.

The Company may terminate the agreement immediately in the usual circumstances. If the Company terminates the agreement before the end of the initial term or before the end of any subsequent extension the Company shall pay Mr Wilson an amount equivalent to the balance of the term. In addition, either the Company or Mr Wilson may terminate the agreement with three month's notice and payment by the Company to Mr Wilson of one month's salary for every 12 month period of service, up to a maximum of 12 month's salary.

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

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

Table 1: Remuneration for the year ended 30 June 2010

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

¹ Salary and fees includes movements in annual leave entitlement provisions

² Performance related refers to the percentage of total remuneration that is performance related

³ Mr Douth and Mr Webber were appointed on 23 July 2009 and resigned on 26 November 2009.

⁴ Mr Sanders was appointed as Non-executive chairman on 27 November 2009.

⁵ Mr Lyons was appointed as Non-executive director on 2 June 2010.

⁶ Mr Markopoulos resigned as a director on 23 July 2009 but remained employed by the Company as a consultant until 30 November 2009.

⁷ Mr Wilson remuneration includes movements in termination benefit entitlements provision in accordance with his employment contract.

⁸ Mr Hine was appointed as Chief executive officer on 13 January 2010.

Remuneration of key management personnel and the five highest paid executives of the Company and Group
Table 2: Remuneration for the year ended 30 June 2009

	Short-term												Post employment	Share-based payments ⁹			Termination benefits	Total	Performance related ²	Options ¹⁰													
	Salary & fees ¹				Cash bonus				Non Monetary Benefit					Other ⁸							Super				Long Service Leave				Options				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$					\$	\$	\$	\$	\$	\$	\$	%	%				
30 June 2009																																	
Non-executive directors																																	
M Bennett	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
J Douth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
J Lester ¹¹	18,750	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
A Rudd	72,482	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
D Sanders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
J Wang	23,333	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Sub total	114,565	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Executive directors																																	
J Lester ¹¹	294,595	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55%								
C Markopoulos	416,897	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
M Wilson ⁷	343,635	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Other executives																																	
A Begovich	66,255	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
P Leidich	274,502	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
D Rose	176,513	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	62%								
Sub total	1,572,397	240,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
Total	1,686,962	340,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								

⁷ Mr Wilson remuneration includes movements in termination benefit entitlements provision in accordance with his employment contract.

⁸ Other refers to fees paid for consultancy work performed for the Company

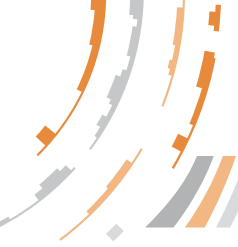
⁹ Share based payments refers to the fair value of options granted during the year

¹⁰ Options refers to the value of options as granted during the year as a proportion of total remuneration

¹¹ Mr Lester became an executive director of the Company on 21 August 2008

Options granted and vested during the past two years (Consolidated)
Table 3: Options granted and vested for the years ended 30 June 2010 and 30 June 2009

Terms and conditions for each grant										Vested	
Granted		Fair value		Exercise price		Expiry date		Exercise date			
No.	Date	\$	\$	\$	\$			First	Last	No.	%
30 June 2010											
Executive directors	-	-	-	-	-	-	-	-	-	-	-
Other executive											
-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-
30 June 2009											
Executive directors											
J Lester ¹¹	500,000	27/8/2008	\$0.5176	\$2.00	31/12/2010	27/8/2008	31/12/2010	500,000	100		
	500,000	27/8/2008	\$0.4473	\$3.00	31/12/2011	27/8/2008	31/12/2011	500,000	100		
Other executives											
D Rose	1,000,000	28/8/2008	\$0.5365	\$2.00	31/12/2010	28/8/2008	31/12/2010	1,000,000	100		
	1,000,000	28/8/2008	\$0.4635	\$3.00	31/12/2011	28/8/2008	31/12/2011	1,000,000	100		
Total	3,000,000							3,000,000			



DIRECTOR'S REPORT

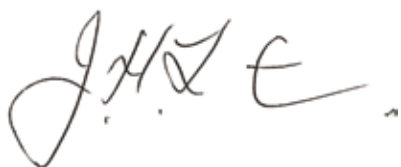
Value of options granted, exercised and lapsed during the year

There were no options granted, exercised or lapsed to key management personnel during the year.

Shares issued on exercise of options (Consolidated)

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

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



JOHN LESTER

Director

Perth, 30 September 2010

Statement

Golden West Resources Limited ('the Company') has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement.

Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('Principles & Recommendations'), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices.

Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Disclosure of corporate governance practices

Summary statement

	ASX P & R ¹	If not, why not ²		ASX P & R ¹	If not, why not ²
Recommendation 1.1	✓		Recommendation 4.3	✓	
Recommendation 1.2	✓		Recommendation 4.4 ³	n/a	n/a
Recommendation 1.3 ³	n/a	n/a	Recommendation 5.1	✓	
Recommendation 2.1		✓	Recommendation 5.2 ³	n/a	n/a
Recommendation 2.2		✓	Recommendation 6.1	✓	
Recommendation 2.3		✓	Recommendation 6.2 ³	n/a	n/a
Recommendation 2.4		✓	Recommendation 7.1		✓
Recommendation 2.5	✓		Recommendation 7.2	✓	
Recommendation 2.6 ³	n/a	n/a	Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4 ³	n/a	n/a
Recommendation 3.2	✓		Recommendation 8.1		✓
Recommendation 3.3 ³	n/a	n/a	Recommendation 8.2	✓	
Recommendation 4.1	✓		Recommendation 8.3 ³	n/a	n/a
Recommendation 4.2					

¹ Indicates where the Company has followed the Principles & Recommendations.

² Indicates where the Company has provided "if not, why not" disclosure.

³ Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure - information required is either provided or it is not.

Website disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.goldenwestresources.com, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

Charters	Recommendation(s)
Audit & Risk Management Committee Charter	4.4
Policies and Procedures	
Code of Conduct	3.1, 3.3
Policy for Trading in Company Securities	3.2, 3.3
Disclosure Policy	5.1, 5.2
GWR Corporate Governance Statement	1.3, 2.6, 6.1, 6.2, 7.1, 7.4 and 8.3

Disclosure - Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2009/2010 financial year ('Reporting Period').

Principle 1 - Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its Corporate Governance Statement. These functions are:

The Board is responsible for the following matters:

- ensuring the Company's conduct and activities are ethical and carried out for the benefit of all its stakeholders;
- setting the strategic direction of the Company and monitoring the Company's performance against its stated objectives;
- providing input into and final approval of corporate strategy and monitoring implementation of corporate strategy, business plans and performance objectives;
- setting the risk profile for the Company and reviewing, ratifying and monitoring systems of risk management;
- reviewing and monitoring codes of conduct, and legal and regulatory compliance;
- the appointment of the Company's Chief Executive Officer or equivalent, a right of veto in relation to the appointment of the Chief Financial Officer, Company Secretary and other senior executives, and monitoring senior executives' performance and implementation of strategy;
- determining appropriate remuneration policies;
- allocating resources and ensuring appropriate resources are available to management;
- approving and monitoring the annual budget, progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

The Company has established the functions delegated to senior executives and has set out these functions in its Corporate Governance Statement.

Senior executives are responsible for supporting the Chief Executive Officer or equivalent ('Chief Executive Officer') and assisting the Chief Executive Officer in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. Senior executives are also responsible for reporting all matters which are deemed necessary at first instance to the Chief Executive Officer or, if the matter concerns the Chief Executive Officer, then directly to the Chair, as appropriate.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Chief Executive Officer is responsible for reviewing the performance of executive management at least once every calendar year with reference to the terms of their employment contract and/or Annual plans.

Recommendation 1.3:

Companies should provide the information indicated in the Guide to reporting on Principle 1.

Disclosure:

During the Reporting Period performance evaluations for senior executives did occur. The evaluations were performed in accordance with the process disclosed above in Recommendation 1.2.

Principle 2 - Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Notification of departure:

The Board does not have a majority of independent directors.

Explanation for departure:

During the Reporting Period the Board did not have a majority of independent directors. From 20 October 2009 onwards the Board had one independent director, initially by Mr Webber and following his resignation on 26 November 2009, Mr Sanders. The Board was of the view that the Company's size and composition was the best structure for its objectives during that time.

Recommendation 2.2:

The Chair should be an independent director.

Notification of departure:

For part of the Reporting Period the Chairman of the Board was not independent.

Explanation for departure:

Mr Markopoulos and following his resignation Mr Wilson were the interim Chairman of the Board whilst the Company was seeking to appoint a Non executive independent Chair. The Board believed that Mr Markopoulos and Mr Wilson were the best suited persons to fill the position of Chairman whilst the Company was seeking an independent Chairman. Mr Webber was appointed as the Company's Non executive independent Chairman on 20 October 2009 and following his resignation on 26 November 2009, Mr Sanders assumed the role.

Recommendation 2.3:

The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

Notification of departure:

For part of the Reporting Period the roles of Chair and Chief Executive Officer were exercised by the same individual.

Explanation for departure:

Mr Markopoulos was both the interim Chair and the interim Chief Executive Officer of the Company for the period 1 July 2009 to 24 July 2009. The Board believed that Mr Markopoulos was the best suited person to take on these interim positions. Since 25 July 2010 following the resignation of Mr Markopoulos, the roles of Chair and Chief Executive Officer were not exercised by the same individual. Mr Lester assumed the role of Chief Executive Officer on 24 July 2010 until Mr Hine was appointed on 20 January 2010. Both Mr Lester and Mr Hine were not Chair of the Board.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Notification of departure:

The Company has not established a separate Nomination Committee.

Explanation for departure:

Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions. Further the Company seeks advice and assistance from external consultants when discussing nomination related matters.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chair is responsible for reviewing the performance of the Board, Chief Executive Officer and individual directors at least once every calendar year. Performance evaluations of the Board are undertaken by way of confidential customised questionnaires to self-assess performance. Performance evaluations of the Chief Executive Officer are by way of formal interviews utilising KPI's approved by the Board. The Audit & Risk Management Committee (the only separate committee of the Board) self assesses and completes a performance review of itself before reporting to Board on the results of its self assessments.

Recommendation 2.6:

Companies should provide the information indicated in the Guide to reporting on Principle 2.

Disclosure:

Skills, experience, expertise and term of office of each director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of independent directors and materiality thresholds

The independent director of the Company is Mr Sanders. Mr Webber (who resigned from the Company during the Reporting Period), was also an independent director of the Board. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

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

Statement concerning availability of independent professional advice

To facilitate independent decision making, the Board and any committees it convenes from time to time may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chairperson, individual directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities.

Nomination matters

The full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period however the Board discussed nomination-related matters from time to time during the year as required.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

Performance evaluation

During the Reporting Period no performance evaluations were undertaken.

Selection and (re) appointment of directors

If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board believes corporate performance is enhanced when the Board has an appropriate mix of skills and experience.

In support of their candidature for directorship or re-election, Non executive directors are expected to provide the Board with details of other commitments and an indication of time available for the Company. Prior to appointment or being submitted for re-election Non executive directors are expected to specifically acknowledge to the Company that they will have sufficient time to meet what is expected of them. The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning.

Under the Company's Constitution, no director (except the Managing Director) may hold office without retiring and submitting themselves for re-election past the third annual general meeting following that director's appointment or 3 years, whichever is longer. Any director appointed by the Board may retire at the next general meeting (or if not, must retire at the next annual general meeting) following their appointment and may submit themselves for re-election. Re-appointment of directors is not automatic.

Principle 3 Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Board has adopted a Code of Conduct which promotes ethical and responsible decision making by directors, management and employees. The Code embraces the values of honesty, integrity, enterprise, excellence, accountability, justice, independence and equality of stakeholder opportunity.

The Chief Executive Officer is responsible for ensuring that training on the Code of Conduct is provided to staff and officers of the Company. The Chief Executive Officer and the Company Secretary are responsible for making advisers, consultants and contractors aware of and accountable to the Company's expectations set out in its Code of Conduct.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Board has adopted a policy on trading in the Company's securities by directors, senior executives and employees. The Chief Executive Officer and Company Secretary are responsible for ensuring that the policy is brought to the attention of all affected persons and for monitoring compliance with the policy.

Recommendation 3.3:

Companies should provide the information indicated in the Guide to reporting on Principle 3.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 4 - Safeguard integrity in financial reporting**Recommendation 4.1:**

The Board should establish an Audit Committee.

Disclosure:

The Company has established an Audit & Risk Management Committee.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- consists only of Non executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not Chair of the Board
- has at least three members.

Notification of departure:

The Audit & Risk Management Committee is not structured in accordance with Recommendation 4.2.

Explanation for departure:

During the Reporting Period the Audit & Risk Management Committee included Mr Wilson and Mr Lester who are both Executive directors. Given the current size and composition of the Board, the Company is unable to comply with this Recommendation.

Since the end of the Reporting Period, however, Mr Wilson has been replaced by Mr Lyons who is a Non executive director. Mr Lyons has been appointed as Chair of the Audit & Risk Management Committee.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit & Risk Management Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the Guide to reporting on Principle 4.

Disclosure:

The Audit & Risk Management Committee held three meetings during the Reporting Period. The following table identifies those directors who are members of the Audit & Risk Management Committee and shows their attendance at Committee meetings:

Name	No. of meetings attended
D Sanders	2
J Lester	3
G Lyons	-
M Wilson	3
V Webber	1

Details of each of the director's qualifications are set out in the Directors' Report.

All members of the Audit & Risk management Committee consider themselves to be financially literate and have industry experience.

The Company has established procedures for the selection, appointment and rotation of its external auditor. These procedures form part of the responsibilities of the Audit & Risk Management Committee and comprise:

- reviewing and overseeing the planning process for external audits;
- reviewing the overall conduct of the external audit process including the independence of all parties to the process;
- reviewing the performance of the external auditors;
- considering the reappointment and proposed fees of the external auditor; and
- where appropriate, seeking tenders for the audit and where a change of external auditor is recommended, reporting this to the Board.

Principle 5 - Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

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

Recommendation 5.2:

Companies should provide the information indicated in the Guide to reporting on Principle 5

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 6 Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

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

Recommendation 6.2:

Companies should provide the information indicated in the Guide to reporting on Principle 6.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 7 Recognise and manage risk**Recommendation 7.1:**

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Notification of departure:

For part of the Reporting Period the Company had not formally established policies for the oversight and management of material business risks.

Explanation for departure:

The Company formally established a Risk Management policy on 27 May 2010, before then the Company had established a number of guidelines, as well as a risk profile, in its Corporate Governance Statement that it was required to follow when dealing with risk related issues.

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

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

The Board delegates day-to-day management of risk to the Chief Executive Officer, who is responsible for identifying, assessing, monitoring and managing risks. The Chief Executive Officer is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

The Board has established a separate Audit and Risk Management Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

In addition, the following risk management structures have been adopted by the Board to manage the Company's material business risks:

- Regular budgeting and financial reporting to the Board in respect of operations and the financial position of the Company and ensuring all legal, reporting, compliance matters and other obligations are met.
- the Board has established authority limits for management which, if exceeded, will require prior Board approval; and
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations.

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

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

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

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

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

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

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

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

Recommendation 7.4:

Companies should provide the information indicated in the Guide to reporting on Principle 7.

Disclosure:

The Board has received the report from management under Recommendation 7.2. The Board has received the assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

Principle 8 - Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Notification of departure:

The Company has not established a separate Remuneration Committee.

Explanation for departure:

Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required.

The Board deals with any conflicts of interest that may occur when convening in the capacity of Remuneration Committee by ensuring the director with conflicting interests is not party to the relevant discussions. Further, the Company seeks advice and assistance from external consultants when discussing remuneration related matters.

Recommendation 8.2:

Companies should clearly distinguish the structure of Non executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

The Company's remuneration policy is structured for the purpose of:

- motivating senior executives to pursue the long-term growth and success of the Company; and
- demonstrating a clear relationship between senior executives' performance and remuneration.

The Board's responsibility is to set the level and structure of remuneration for officers (including but not limited to directors and secretaries) and executives, for the purpose of balancing the Company's competing interests of:

- attracting and retaining senior executives and directors; and
- not paying excessive remuneration.

Executive directors' and senior executives' remuneration packages should involve a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals.

Non-executive directors' remuneration should be formulated with regard to the following guidelines:

- Non executive directors should normally be remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or equity, without participating in schemes designed for the remuneration of executives;
- Non executive directors should not be provided with retirement benefits other than superannuation.

No director may be involved in setting their own remuneration or terms and conditions and in such a case relevant directors are required to be absent from the full Board discussion.

Shareholder approval will be sought in the event that it is required pursuant to the Corporations Act, the ASX Listing Rules or the Company's Constitution for any aspect of director or senior executive remuneration.

Recommendation 8.3:

Companies should provide the information indicated in the Guide to reporting on Principle 8.

Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report.

The full Board carries out the role of the Remuneration Committee. The full Board did not officially convene as a Remuneration Committee during the Reporting Period however, the Board discussed remuneration-related matters from time to time during the year as required.

The explanation for departure set out under Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed.

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

During the Reporting Period the Company did not disclose its policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes. However, the Company's position is that such transactions are prohibited.

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income for the year ended 30 June 2010

	Note	Consolidated 2010 \$	2009 \$
Revenue	6	900,313	1,966,036
Employee expenses	7(a)	(2,866,856)	(4,788,919)
Depreciation expense		(368,835)	(394,914)
Finance expenses	7(b)	-	(14,906)
Impairment loss	15	-	(11,760,000)
Other expenses	7(c)	(1,767,469)	(3,357,716)
Profit/(loss) before income tax		(4,102,847)	(18,350,419)
Income tax expense	8	-	-
Profit/(loss) after income tax		(4,102,847)	(18,350,419)
Profit/(loss) attributable to members of the Parent		(4,102,847)	(18,350,419)
Other comprehensive income/(loss)			
Other comprehensive income		-	-
Other comprehensive income/(loss) after tax		-	-
Total comprehensive income/(loss) after tax	22	(4,102,847)	(18,350,419)
Profit/(loss) attributable to members of the Parent		(4,102,847)	(18,350,419)
Total comprehensive income/(loss) attributable to members of the Parent		(4,102,847)	(18,350,419)
Basic earnings/(loss) per share (cents per share)	9	(2.87)	(13.48)

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

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

Consolidated statement of financial position at 30 June 2010

	Note	Consolidated 2010 \$	2009 \$
Current assets			
Cash and cash equivalents	10	9,119,673	20,382,799
Trade and other receivables	11	342,394	504,401
Other financial assets	12	226,783	2,209,353
Exploration & evaluation expenditure	14(a)	200,000	-
Total current assets		9,888,850	23,096,553
Non-current assets			
Plant and equipment	13	1,151,177	1,433,030
Exploration & evaluation expenditure	14(b)	66,922,431	57,792,257
Available-for-sale financial assets	15	-	-
Other financial assets	16	341,903	428,778
Total non-current assets		68,415,511	59,654,065
Total assets		78,304,361	82,750,618
Current liabilities			
Trade and other payables	17	909,539	1,154,415
Interest bearing liabilities	18	19,147	53,818
Provisions	19(a)	106,168	180,236
Total current liabilities		1,034,854	1,388,469
Non-current liabilities			
Provisions	19(b)	216,694	206,489
Total non-current liabilities		216,694	206,489
Total liabilities		1,251,548	1,594,958
Net assets		77,052,813	81,155,660
Equity			
Contributed equity	20	109,356,721	109,356,721
Reserves	21	23,883,574	23,883,574
Accumulated losses	22	(56,187,482)	(52,084,635)
Total equity		77,052,813	81,155,660

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

FINANCIAL STATEMENTS

Consolidated statement of changes in equity for the year ended 30 June 2010

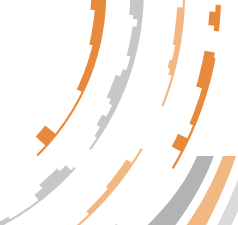
	Ordinary share capital \$	Option reserve \$	Accumulated losses \$	Total \$
Balance at 01/07/2008	60,593,477	22,396,924	(33,734,220)	49,256,181
Shares issued during the year	50,310,000	-	-	50,310,000
Capital raising costs	(1,546,752)	-	-	(1,546,752)
Options issued during the year	-	1,486,650	-	1,486,650
Loss attributable to members of Parent	-	-	(18,350,419)	(18,350,419)
Rounding	(4)	-	4	-
Balance at 30/06/2009	109,356,721	23,883,574	(52,084,635)	81,155,660
Balance at 01/07/2009	109,356,721	23,883,574	(52,084,635)	81,155,660
Shares issued during the year	-	-	-	-
Capital raising costs	-	-	-	-
Options issued during the year	-	-	-	-
Loss attributable to members of Parent	-	-	(4,102,847)	(4,102,847)
Rounding	-	-	-	-
Balance at 30/06/2010	109,356,721	23,883,574	(56,187,482)	77,052,813

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

Consolidated statement of cash flows for the year ended 30 June 2010

	Note	Consolidated 2010 \$	Consolidated 2009 \$
Cash flows from operating activities			
Receipts from customers		-	2,000
Payments to suppliers & employees		(4,691,950)	(5,912,112)
Interest received		978,583	2,096,104
Interest paid		-	(14,906)
Net cash used in operating activities	23	(3,713,367)	(3,828,914)
Cash flows from investing activities			
Payments for exploration & evaluation		(9,478,488)	(23,704,748)
Payments for plant & equipment		(99,672)	(656,383)
Proceeds from sale of plant & equipment		6,364	12,000
Payments for security deposits/bonds		(35,049)	(75,578)
Proceeds from security deposits/bonds		12,650	10,000
Proceeds from held-to-maturity investments		-	10,000,000
Loans to other entities		-	(2,595,000)
Repayments from other entities		2,044,436	411,508
Net cash used in investing activities		(7,549,759)	(16,598,201)
Cash flows from financing activities			
Proceeds from issue of shares and options		-	29,600,000
Share and option issue costs		-	(1,546,752)
Net cash provided by financing activities		-	28,053,248
Net increase in cash and cash equivalents		(11,263,126)	7,626,133
Cash and cash equivalents at the beginning of the financial year		20,382,799	12,756,666
Cash and cash equivalents at the end of the financial year	10	9,119,673	20,382,799

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



NOTES TO THE FINANCIAL STATEMENTS

Note 1: Corporate information

The financial report of Golden West Resources Limited ('the Company' or the 'Parent') and of the Group, being the Company and its controlled entities for the financial year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 30 September 2010.

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

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

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

Note 2: Summary of significant accounting policies

(a) Basis of preparation

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

The financial report is presented in Australian dollars and all values have not been rounded.

(b) Compliance with IFRS

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

(c) New accounting standards and interpretations

(i) Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the 'AASB') that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any material changes to the Group's accounting policies.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- The replacement of income statement with statement of comprehensive income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the statement of changes in equity;
- The adoption of the single statement approach to the presentation of the statement of comprehensive income;
- Other financial statements are renamed in accordance with the Standard; and
- Presentation of a third statement of financial position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy of material reclassification of items.

Operating Segments

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Groups' chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of comprehensive income and statement of financial position.

Business Combinations and Consolidation Procedures

Revised AASB 3 is applicable prospectively from 1 July 2009. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Group, include the following:

- *All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.*

- *Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.*
- *The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.*
- *If the Group holds less than 100% of the equity interests in an acquiree and the business combination results in goodwill being recognised, the Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group elects which method to adopt for each acquisition.*
- *Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.*

AASB 127 Consolidated and Separate Financial Statements (as revised in 2008)

The revisions to AASB 127(2008) principally affect the accounting for transactions or events that result in a change in the Group's interests in its subsidiaries.

AASB 127(2008) has been adopted for periods beginning on or after 1 July 2009 and has been applied retrospectively (subject to specified exceptions) in accordance with the relevant transitional provisions. The revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. In prior years, in the absence of specific requirements in A-IFRS, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss. Under AASB 127(2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

(ii) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows;

- AASB 9: Financial Instruments and AASB 2009-11; Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 138, 139, 1023 & 1038 and Interpretations 10 & 121 (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and

NOTES TO THE FINANCIAL STATEMENTS

- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on;
 - a. the objective of the entity's business model for managing the financial assets; and
 - b. the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- AASB 2009-5; Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

- AASB 2009-8; Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

- AASB 2009-9: Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

- AASB 2009-10: Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

- AASB 2009-14: Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement [AASB interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan. This standard will not impact the Group.

- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

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

(d) Basis of consolidation

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

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. A list of subsidiaries at 30 June 2010 is contained in note 24 to the financial statements.

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

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

(e) Segment reporting

As of 1 July 2009, the Group determines and presents operating segments based on the information internally provided to the CEO, who is the Group's chief operating decision maker. This change in accounts policy is due to the adoption of IFRS 9 *Operating Segments*. Previously operating segments were determined and presented in accordance with AASB 114 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is not impact on earnings per share.

(f) Revenue

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

Interest Income

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

(g) Income tax

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

(h) Other taxes

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

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

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

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

(i) Cash and cash equivalents

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

(j) Plant and equipment

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

Depreciation

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

Leasehold improvements	20%
Motor vehicles	25%
Plant and equipment	7.50-40.00%

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

Derecognition and disposal

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

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

(k) Exploration and evaluation expenditure

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

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

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

Impairment

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

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

(l) Investments and other financial assets

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

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

Recognition and derecognition

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

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

Financial assets classified as held for trading are included in the category financial assets at fair value through profit or loss². Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the balance sheet.

(ii) Held-to-maturity investments

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

(iii) Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS

(iv) Available-for-sale securities

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

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

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

(m) Trade and other payables

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

(n) Provisions

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

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

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

(o) Employee benefits

(i) Wages salaries, annual leave and sick leave

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

(ii) Long service leave and other employment entitlements

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

(p) Contributed equity

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

(q) Earnings per share

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

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

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

(r) Leases

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

(i) Group as a lessee

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

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

(iii) Group as a lessor

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

(s) Share-based payment transactions

(i) Equity settled transactions

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(iii) Cash settled transactions

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

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

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

- (i) At each reporting date between grant and settlement, the fair value of the award is determined
- (ii) During the vesting period, the liability recognised at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period
- (iii) From the end of the vesting period until settlement, the liability recognised is the full fair value of the liability at the reporting date.
- (iv) All changes in the liability are recognised in profit or loss for the period

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

(t) Comparative figures

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

Note 3: Financial risk management objectives and policies

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

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

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

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

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

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

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

Risk exposures and responses

Market risk

Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS

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

	Consolidated	
	2010 \$	2009 \$
Financial assets		
Cash and cash equivalents	9,119,673	20,382,799
Other financial assets (current)	109,274	-
Other financial assets (non-current)	341,903	428,778
	9,570,850	20,811,577
Financial liabilities		
Interest bearing liabilities	19,147	53,818
Net exposure	9,551,703	20,757,759

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

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

At 30 June 2010, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post tax profit higher/(lower)		Equity Higher/(lower)	
	2010 \$	2009 \$	2010 \$	2009 \$
Consolidated				
+0.50% (50 basis points)	47,759	103,789	47,759	103,789
-0.25% (25 basis points)	(23,879)	(51,894)	(23,879)	(51,894)

The sensitivity is slightly lower in 2010 than in 2009 for the Consolidated entity because of a decrease in cash and term deposits.

Credit risk

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

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

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

Liquidity risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

	Consolidated	
	2010 \$	2009 \$
1 month or less	928,965	746,467
1 – 3 months		461,766
Over 3 months	-	-
	928,965	1,208,233

At balance date the Group had cash and cash equivalents of \$9,119,673 for its immediate use.

Fair value

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

Note 4: Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

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

Determination of mineral resources and ore reserves

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

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

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

(ii) Significant accounting estimates and assumptions

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

Share-based payment transactions

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

Impairment of capitalised Exploration and evaluation expenditure

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Note 5: Segment information

Business and geographical segments:

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

Note 6: Revenue

Revenue

Interest received
Other income

Consolidated	
2010 \$	2009 \$
900,313	1,964,036
-	2,000
900,313	1,966,036

Note 7: Expenses

(a) Employee expenses

Salary and wages
Superannuation
Share based payments
Other employee expenses

2,304,084	2,621,804
137,192	119,027
-	1,482,450
425,580	565,638
2,866,856	4,788,919

(b) Finance expenses

Interest

-	14,906
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(c) Other expenses

Administration costs
Corporate costs
Consulting fees
Legal costs
Occupancy costs
Exploration & Evaluation expenditure written off (note 14b)
Loss on disposal of plant and equipment
Share based payments
Impairment - Exploration & Evaluation expenditure (note 14a)

610,311	1,281,514
147,912	896,521
231,343	397,897
151,899	448,040
292,275	117,442
111,374	-
6,326	212,102
-	4,200
216,029	-
1,767,469	3,357,716

NOTES TO THE FINANCIAL STATEMENTS

Note 8: Income tax

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate is as follows:

Accounting loss before income tax

At the statutory income tax rate of 30% (2009: 30%)

Non deductible expenditure

Tax loss and temporary differences not brought to account as a deferred tax asset

Temporary investment allowance

Capital raising costs

At the effective income tax rate of 0% (2009: 0%)

Consolidated	
2010 \$	2009 \$
(4,102,847)	(18,350,419)
(1,230,854)	(5,505,126)
4,549	457,302
1,517,498	5,391,146
(1,120)	(25,588)
(290,073)	(317,734)
-	-

Unrecognised deferred tax assets (liabilities)

Deferred tax assets have not been recognised in respect of the following items:

Employee entitlements

Trade and other payables

Business related expenses

Allowance for impairment loss

Tax losses

Deferred tax assets:

96,859	116,018
24,572	33,794
850,908	1,205,842
3,528,000	3,528,000
26,921,402	22,556,304
31,421,741	27,439,958

Deferred tax liabilities have not been recognised in respect of the following items:

Accrued interest receivable

Plant and equipment

Capitalised exploration & evaluation expenditure

(23,853)	(99,600)
(3,490)	(2,953)
(20,136,729)	(17,337,677)
(20,164,072)	(17,440,230)
11,257,669	9,999,728

Net unrecognised deferred tax asset (liability)

Tax losses

The Group has tax losses that do not expire under current legislation. Deferred tax assets and deferred tax liabilities have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

Tax consolidation

Members of the tax consolidated group and the tax sharing arrangement

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

Tax effect accounting by members of the tax consolidated group

As no tax funding arrangement has been entered into, the deferred tax balances have been recognised as equity adjustments. In this regard the head entity has assumed the benefit of tax losses from controlled entities of \$437,598 (2008: \$3,053) as of balance date.

NOTES TO THE FINANCIAL STATEMENTS

Note 9: Loss per share

The following reflects the income and data used in the calculations of basic and diluted loss per share:

	Consolidated	
	2010 \$	2009 \$
Loss used in calculating basic and diluted loss per share	(4,102,847)	(18,350,419)
	No. of shares	No. of shares
	143,135,763	136,123,236
Weighted average number of ordinary shares used in calculating basic earnings per share:		

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

Note 10: Cash and cash equivalents

	Consolidated	
	2010 \$	2009 \$
Cash on hand	1,000	1,000
Cash at bank	418,673	953,877
Term deposits	8,700,000	19,427,922
Total cash and cash equivalents	9,119,673	20,382,799

Note 11: Trade and other receivables

Trade receivables	28,632	-
Accrued interest	79,510	332,000
Goods and services tax	173,666	127,563
Other receivables	8,336	7,839
Prepayments	52,250	36,999
	342,394	504,401

As of 30 June 2010 there were no trade and other receivables that are impaired or past due.

Note 12: Other financial assets

Security deposits/bonds	109,274	-
Loans to third parties ¹	117,509	2,209,353
	226,783	2,209,353

¹ The outstanding loan balance as at 30 June 2010 includes accrued interest and relates to funds advanced by the Company to various third parties at the rate of 8% (2009: 8% to 10%) per annum which are expected to be repaid within 12 months.

NOTES TO THE FINANCIAL STATEMENTS

Note 13: Plant and equipment

Plant and equipment at cost
Less: accumulated depreciation

Motor vehicles at cost
Less: accumulated depreciation

Leasehold improvements at cost
Less: accumulated depreciation

Total plant and equipment

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

Plant and equipment

Carrying amount at beginning of year
Additions
Disposals
Depreciation expense
Carrying amount at end of year

Motor vehicles

Carrying amount at beginning of year
Additions
Disposals
Depreciation expense
Carrying amount at end of year

Leasehold improvements

Carrying amount at beginning of year
Additions
Disposals
Depreciation expense
Carrying amount at end of year
Total carrying amount at end of year

Consolidated	
2010	2009
\$	\$
1,556,387	1,519,069
(918,347)	(659,654)
638,040	859,415
589,904	557,673
(219,657)	(159,847)
370,247	397,826
185,178	182,433
(42,288)	(6,644)
142,890	175,789
1,151,177	1,433,030

859,415	779,825
37,318	392,133
-	(23,024)
(258,693)	(289,519)
638,040	859,415
397,826	409,149
59,609	81,818
(12,690)	(15,062)
(74,498)	(78,079)
370,247	397,826

175,789	205,597
2,745	182,432
-	(184,924)
(35,644)	(27,316)
142,890	175,789
1,151,177	1,433,030

NOTES TO THE FINANCIAL STATEMENTS

Note 14: Exploration and evaluation expenditure

(a) Current

Balance at beginning of year
Reclassified from non-current
Impairment (note 7c)
Balance at end of year

(b) Non Current

Balance at beginning of year
Expenditure incurred during the year
Expenditure expensed during the year (note 7c)
Reclassified to current
Balance at end of year

Consolidated	
2010	2009
\$	\$
-	-
416,029	-
(216,029)	-
200,000	-
57,792,257	25,152,378
9,657,577	32,639,879
(111,374)	-
(416,029)	-
66,922,431	57,792,257

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on the successful development for commercial exploitation or sale of the respective mining projects.

Note 15: Available-for-sale financial assets

At fair value

Shares - Australian unlisted

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

(i) Valuation assumptions

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

Opening balance	11,760,000	-
Additions	-	11,760,000
Sub total	11,760,000	11,760,000
Allowance for impairment loss	(11,760,000)	(11,760,000)
Closing balance	-	-

Note 16: Other financial assets

Security deposits/bonds

341,903	428,778
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NOTES TO THE FINANCIAL STATEMENTS

Note 17: Trade and other payables

Trade payables
Other payables
Accruals

Consolidated	
2010	2009
\$	\$
258,608	406,324
202,108	175,625
448,823	572,466
909,539	1,154,415

Note 18: Interest bearing liabilities

Corporate credit cards¹

19,147	53,818
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¹ Details regarding interest rate risk is disclosed in note 3

Note 19: Provisions

(a) Current

Employee entitlements

106,168	180,236
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(b) Non Current

Employee entitlements

216,694	206,489
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Note 20: Contributed equity

(a) Issued capital

143,135,763 Ordinary fully paid shares (2009: 143,135,763)

109,356,721	109,356,721
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Movement in ordinary shares on issue

At 1 July 2008

Other share issues

Transaction costs

At 30 June 2009

Other share issues

At 30 June 2010

Number	\$
110,415,763	60,593,477
32,720,000	50,310,000
-	(1,546,756)
143,135,763	109,356,721
-	-
143,135,763	109,356,721

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Note 21: Reserves

(a) Options reserve

28,263,879 listed and unlisted options (2009: 28,263,879)

Movement in options on issue

At 1 July 2008

Issue of option

At 30 June 2009

Issue of options

At 30 June 2010

Consolidated	
2010 \$	2009 \$
23,883,574	23,883,574

Number listed	Number unlisted
14,513,879	8,750,000
3,500,000	1,500,000
18,013,879	10,250,000
-	-
18,013,879	10,250,000

Note 22: Accumulated losses

Balance at beginning of year

Loss attributable to members of the Parent

Rounding

Balance at end of year

(52,084,635)	(33,734,220)
(4,102,847)	(18,350,419)
-	4
(56,187,482)	(52,084,635)

Note 23: Cash flow statement reconciliation

(a) Reconciliation of net cash and cash equivalents used in operating activities to loss after income tax:

Loss after income tax

Depreciation

Share based payments

Exploration & evaluation expenditure written off

Loss on disposal of plant and equipment

Diminution in value of investment

Impairment of capitalised exploration & evaluation expenditure

Movements in assets and liabilities:

(Increase)/decrease in trade and other receivables

Increase/(decrease) in trade and other payables

Increase/(decrease) in provisions

Net cash used in operating activities

Consolidated	
2010 \$	2009 \$
(4,102,847)	(18,350,419)
368,835	394,914
-	1,486,650
111,374	-
6,326	212,102
-	11,760,000
216,029	-
(12,212)	420,897
(237,009)	51,940
(63,863)	195,002
(3,713,367)	(3,828,914)

(b) Non-cash financing and investing activities

Share based payments (note 26)

-	20,710,000
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NOTES TO THE FINANCIAL STATEMENTS

Note 24: Related party disclosure

1. Subsidiaries

	Country of incorporation	Equity interest	
		2010 %	2009 %
Aureus Gold Limited	Australia	100%	-
Golden West Energy Pty Ltd	Australia	100%	100%
Iron West Resources Pty Ltd	Australia	100%	100%

Aureus Gold Limited was incorporated on the 24 September 2009.

2. Ultimate parent

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

3. Key management personnel

Details relating to key management personnel are included in note 25

4. Transactions with related parties

During the year the Company paid a security deposit/bond relating to various tenements to the value of \$8,000 (2009: \$14,000) on behalf of Golden West Energy Pty Ltd.

The Company also transferred the carrying value of capitalised costs relating to its uranium projects to Golden West Energy Pty Ltd to the value of \$416,029.

In addition, the Company paid various corporate expenses on behalf of Golden West Energy Pty Ltd, Iron West Resources Pty Ltd and Aureus Gold Limited to the value of \$46,525 (2009: \$915).

5. Terms and conditions

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

Note 25: Key management personnel disclosures

(a) Compensation for key management personnel

Compensation by category:

Short-term

Post employment

Long-term

Termination

Share-based payments

Consolidated	
2010 \$	2009 \$
2,094,740	2,170,806
95,794	98,700
(11,717)	18,443
285,097	432,770
-	1,482,450
2,463,914	4,203,169

NOTES TO THE FINANCIAL STATEMENTS

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

Options for shares in Golden West Resources Limited (number)

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

	Balance 01/07/08	Granted as remuneration	Options exercised	Net change other ¹	Balance 30/06/09	Vested & exercisable	Unvested
Non-executive directors							
M Bennett	-	-	-	-	-	-	-
J Douth	2,159,700	-	-	-	2,159,700	2,159,700	-
J Wang	-	-	-	-	-	-	-
J Lester	-	-	-	-	-	-	-
A Rudd	1,000,000	-	-	(1,000,000)	-	-	-
D Sanders	-	-	-	-	-	-	-
Executive directors							
J Lester	-	500,000	-	-	500,000	500,000	-
C Markopoulos	500,000	-	-	-	500,000	500,000	-
M Wilson	1,500,000	-	-	-	1,500,000	1,500,000	-
Other executives							
A Begovich	-	-	-	-	-	-	-
P Leidich	-	-	-	-	-	-	-
D Rose	-	1,000,000	-	(1,000,000)	-	1,000,000	-
Total	5,159,700	1,500,000	-	(2,000,000)	4,659,700	5,659,700	-

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

NOTES TO THE FINANCIAL STATEMENTS

Unlisted options

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

	Balance 01/07/08	Granted as remuneration	Options exercised	Net change other ¹	Balance 30/06/09	Vested & exercisable	Unvested
Non-executive directors							
M Bennett	-	-	-	-	-	-	-
J Douth	1,500,000	-	-	-	1,500,000	1,500,000	-
J Wang	-	-	-	-	-	-	-
J Lester	-	-	-	-	-	-	-
A Rudd	1,000,000	-	-	(1,000,000)	-	-	-
D Sanders	-	-	-	-	-	-	-
Executive directors							
J Lester	-	500,000	-	-	500,000	500,000	-
C Markopoulos	500,000	-	-	-	500,000	500,000	-
M Wilson	1,500,000	-	-	-	1,500,000	1,500,000	-
Other executives							
A Begovich	-	-	-	-	-	-	-
P Leidich	-	-	-	-	-	-	-
D Rose	-	1,000,000	-	(1,000,000)	-	-	-
Total	4,500,000	1,500,000	-	(2,000,000)	4,000,000	4,000,000	-

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

NOTES TO THE FINANCIAL STATEMENTS

(c) Shareholdings of key management personnel (consolidated)

Shares held in Golden West Resources Limited (number)

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

	Balance 01/07/08	Granted as remuneration	On exercise of options	Net change other ¹	Balance 30/06/09
Non-executive directors					
M Bennett	-	-	-	-	-
J Douth	942,749	-	-	(135,000)	807,749
W Jun	-	-	-	-	-
J Lester	-	-	-	-	-
A Rudd	600,000	-		(600,000)	-
D Sanders	-	-	-	-	-
Executive directors					
J Lester	-	-	-	-	-
C Markopoulos	3,578			(3,578)	-
M Wilson	2,031,438			224,000	2,255,438
Other executives					
A Begovich	-	-	-	-	-
P Leidich	-	-	-	-	-
D Rose	-	-	-	-	-
Total	3,577,765	-	-	(514,578)	3,063,187

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

NOTES TO THE FINANCIAL STATEMENTS

(d) Other transactions and balances with key management personnel and their related parties

Purchases

During the year, the Company paid Denarda Holdings Pty Ltd, a company that Mr John Douth is both a director and 50% shareholder, \$2,314,819 (2009: \$2,980,532) in relation to drilling services in accordance with a contract that was the subject of a competitive tender.

Advances

During the year the Company advanced funds to Denarda Holdings Pty Ltd, a company that Mr John Douth is both a director and 50% shareholder, amounting to \$173,334 (2009: Nil). No interest was charged on the advanced funds which were repaid in full as at 30 June 2010.

Loans

The Company did not provide any loan funds during the year (2009: \$380,000). The loan interest rate is 8% per annum and has no fixed repayment terms. Details regarding the loan balance are as follows:

	Consolidated	
	2010	2009
	\$	\$
Balance at beginning of the year	178,653	-
Amounts advanced	-	380,000
Repayments	(70,828)	(225,000)
Interest charged	9,684	23,653
Balance at end of year	117,509	178,653

Note 26: Share based payments

Recognised share based payment costs

Equity - settled share based payment transactions:

Options	-	1,486,650
Shares	-	20,710,000
	-	22,196,650

Equity settled share based payment transactions

Options

(a) Types of share-based payment plans

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

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

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

(b) Summaries of options granted

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

	2010 No.	2010 WAEP	2009 No.	2009 WAEP
Outstanding at beginning of year	23,575,000	\$2.1612	18,575,000	\$2.1238
Granted during the year	-	-	5,000,000	\$2.3000
Forfeited during the year	-	-	-	-
Exercised during the year ¹	-	-	-	-
Outstanding at end of year	23,575,000	\$2.1612	23,575,000	\$2.1612
Exercisable at end of year	23,575,000	\$2.1612	23,575,000	\$2.1612

¹ No options were exercised during the year (2009: Nil)

NOTES TO THE FINANCIAL STATEMENTS

The outstanding balances as at 30 June 2010 are represented by:

Grant date	Exercise date	Expiry date	Exercise price	Number
21 March 2007	21 March 2007	31 December 2010	\$2.00	7,000,000
21 March 2007	21 March 2007	31 December 2011	\$3.00	7,000,000
4 April 2007	4 April 2007	31 December 2010	\$2.00	1,025,000
19 September 2007	19 September 2007	31 December 2010	\$2.00	1,550,000
19 September 2007	19 September 2007	31 December 2011	\$3.00	1,500,000
17 March 2008	17 March 2008	31 December 2010	\$2.00	250,000
17 March 2008	17 March 2008	31 December 2011	\$3.00	250,000
26 September 2008	26 September 2008	31 December 2010	\$2.00	500,000
26 September 2008	26 September 2008	31 December 2011	\$3.00	500,000
29 October 2008	29 October 2008	31 December 2010	\$2.00	1,000,000
29 October 2008	29 October 2008	31 December 2011	\$3.00	1,000,000
28 November 2008	28 November 2008	31 December 2010	\$2.00	2,000,000
Total				23,575,000

(c) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 is 0.93 years (2009: 1.93 years).

(d) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was \$2.00 to \$3.00 (2009: \$2.00 to \$3.00).

(e) Weighted average fair value

The weighted average fair value of options granted during the year was \$Nil (2009: \$0.2973).

(f) Option pricing model

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

The following table lists the weighted average inputs to the model used for the years ended 30 June 2010 and 30 June 2009.

	2010	2009
Expected volatility (%)	-	55
Risk-free interest rate (%)	-	4.87
Expected life of option (years)	-	1.97
Option exercise price (\$)	-	2.30
Weighted average share price at grant date (\$)	-	0.57

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

Shares

The Company did not enter into any share-based transactions during the year.

NOTES TO THE FINANCIAL STATEMENTS

Note 27: Remuneration of auditors

Amount paid or due and payable to Stantons International for:
Audit services
Special audit of proxies

Consolidated	
2010	2009
\$	\$
54,539	46,879
-	26,271
54,539	73,150

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

Note 28: Commitments for expenditure

Tenement expenditure commitments

In order to maintain current rights of tenure to mining tenements, the Consolidated and Parent have minimum tenement expenditure requirements and lease rentals. Assuming the Consolidated and Parent wish to maintain the rights to tenure for these tenements in accordance with the terms of the agreements as at balance date the obligations, which are not provided for in the accounts, are as follows:

Less than one year
Between one and five years
More than five years

727,300	610,476
3,936,500	1,956,956
3,469,500	4,448,553
8,133,300	7,015,985

Office rental commitments

Less than one year
Between one and five years
More than five years

128,498	212,712
518,327	850,848
-	-
646,825	1,063,560

Key management personnel contract commitments

Less than one year
Between one and five years
More than five years

682,400	1,067,000
39,261	1,121,009
-	-
721,661	2,188,009

Note 29: Contingencies

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

Note 30: Events after balance sheet date

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

Placement

The Company announced on 1 July 2010 the completion of the share placement that was initially announced to the market on 30 June 2010. The share placement involved the issue of 21,470,364 ordinary shares at \$0.80 a share resulting in net proceeds of \$16,317,477.

Post the Placement, GWR will have total cash reserves in excess of \$25 million. The funds from the placement will primarily be used as follows:

- to progress the planned Stage I development of the Wiluna West Iron Project;
- to continue with the current Iron Resource definition drilling to define a JORC Reserve of 60Mt by March 2010; and
- to fund the Company's general working capital requirements.

Native title agreement

On the 28 July 2010 the Company announced the signing of a Mining Agreement with the Tarlpa Native Title Claimants at the Company's Wiluna West Project. This represents a major milestone for the Company in its endeavours to bring the Wiluna West iron ore project to production and respects the traditional rights and customs of the Martu People, in particular the Tarlpa and Wiluna Native Title claimants who are the traditional owners and custodians of the land.

Under the Agreement the Company has various financial commitments including an initial payment of \$175,000 and annual payments thereafter of \$25,000 per annum until production commences, an initial payment of \$250,000 after the first commercial shipment and a production benefit of \$0.35 per tonne mined.

Note 31: Parent entity disclosures

(a) Financial position

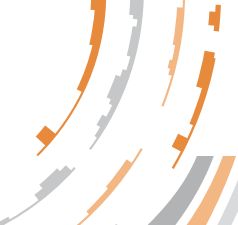
	30/06/10 \$	30/06/09 \$
Assets		
Current assets	9,910,650	23,109,553
Non-current assets	68,393,710	59,641,066
Total assets	78,304,360	82,750,619
Liabilities		
Current liabilities	1,034,853	1,388,470
Non-current liabilities	216,694	206,489
Total liabilities	1,251,547	1,594,958
Equity		
Contributed equity	109,356,721	109,356,721
Accumulated losses	(56,187,482)	(52,084,635)
Reserves		
Option Reserves	23,883,574	23,883,574
Total equity	77,052,813	81,155,660

(b) Financial performance

Profit for the year	(4,102,846)	(18,350,420)
Other comprehensive income	-	-
Total comprehensive income	(4,102,846)	(18,350,420)

(c) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Guarantee provided under the deed of cross guarantee	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-

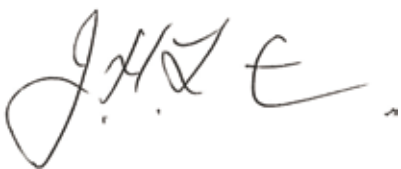


DIRECTORS' DECLARATION

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

1. In the opinion of the directors:
 - (a) The financial statements, notes and the additional disclosures included in the Directors' designated as audited, of the Company and the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date.
 - (ii) Complying with Accounting Standards and Corporations Regulations 2001.
 - (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.
 - (c) The financial report also complies with International Financial Reporting Standards as disclosed in note 2b.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with is made in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2010.

On behalf of the Directors



JOHN LESTER

Director

Perth, 30 September 2010

Stantons International

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

Report on the Financial Report

We have audited the accompanying financial report of Golden West Resources Limited, which comprises the statement of financial position **as at** 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the **year's end** or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing 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 2(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and **notes**, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

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71

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accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report Golden West Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year 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 2(b).

Report on the Remuneration Report

We have audited the remuneration report included in pages 23 to 30 of the directors' report for the year ended 30 June 2010. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion

In our opinion the remuneration report of Golden West Resources Limited for the year ended 30 June 2010 complies with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL
(An Authorised Audit Company)



Keith Lingard
Director

West Perth, Western Australia
30 September 2010

1. Quoted securities

(a) Ordinary fully paid shares

(i) Distribution of shareholders as at 22 September 2010:

Spread of holdings	Holders	Shares	Percentage of issued capital %
1 - 1,000	613	301,292	.18
1,001 - 5,000	832	2,300,311	1.40
5,001 - 10,000	366	2,779,304	1.69
10,001 - 100,000	510	14,959,734	9.09
100,001+	96	144,265,456	87.64
	2,417	164,606,127	100.00

The number of shareholdings held in less than marketable parcels is 501.

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

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

Name	No. of ordinary fully paid shares held	Percentage of issued shares held %
1. Cliffs Asia Pacific Iron	24,276,852	14.75
2. Fairstar Resources Ltd	23,297,958	14.15
3. Wynnes Investment Holdings Ltd	21,470,364	13.04
4. Hunan Valin Steel Co Ltd	14,400,000	8.75
5. Aust Conglin Intl Investment Gr	7,213,099	4.38
6. Rubicon Nominees Pty Ltd	4,646,849	2.82
7. Yilgarn Infrastructure Ltd	4,058,291	2.47
8. Citicorp Nominees Pty Ltd	3,823,079	2.32
9. PUB Trustee	2,820,000	1.71
10. Wilson Michael Reginald	2,184,438	1.33
11. Shasua Pty Ltd	2,005,000	1.22
12. HSBC Custody Nominees Aust Ltd	1,925,493	1.17
13. Rudd Alan Paul	1,800,000	1.09
14. Yijian Investment Co Ltd	1,600,000	.97
15. Dolphin Technology Pty Ltd	1,536,488	.93
16. Nefco Nominees Pty Ltd	1,514,635	.92
17. Sandri Eliana	1,100,000	.67
18. Surfboard Pty Ltd	1,010,498	.61
19. Douth Malcolm James	987,216	.60
20. Joseph Neville	954,504	.57
	122,615,764	74.47

ASX ADDITIONAL INFORMATION

(iii) Voting rights

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

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

(iv) Substantial shareholders

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

Name	Ordinary shares no.	%
Cliffs Asia Pacific Iron	24,276,852	14.75
Fairstar Resources Ltd	23,297,958	14.15
Wynnes Investment Holdings Ltd	21,470,364	13.04

(v) On-market buy back

There is no current on-market buy back.

(vi) Restricted securities

The Company has on issue at the date of this report 21,470,364 ordinary fully paid shares that are subject to voluntary escrow until 1 April 2011.

(b) Options exercisable at \$2.00 on or before 22 December 2010

(i) Distribution of option holders as at 22 September 2010:

Spread of holdings	No. of holders	No. of options	Percentage of issued options %
1 - 1,000	1	20	0.00
1,001 - 5,000	8	22,001	0.12
5,001 - 10,000	8	59,280	0.33
10,001 - 100,000	66	2,643,168	14.67
100,001+	21	15,289,410	84.88
	104	18,013,879	100.00

(ii) Top 20 holders of options exercisable at \$2.00 on or before 31 December 2010:

The names of the twenty largest holders of options exercisable at \$2.00 on or before 31 December 2010 are listed below:

Name	No. of options held	Percentage of issued options %
1. Yijian Investment Co Ltd	2,000,000	11.10
2. Douth John Wallace	1,700,000	9.44
3. Hedges Family Holdings Pty Ltd	1,500,000	8.33
4. Michael Reginald Wilson	1,500,000	8.33
5. Hedges Holdings Pty Ltd	1,296,886	7.20
6. Daniels John Leonard	1,000,000	5.55
7. Douth Gary William	859,102	4.77
8. Shasua Pty Ltd	790,000	4.39
9. Rudd Alan Paul	750,000	4.16
10. Lester John	500,000	2.78
11. Dolphin Technology Pty Ltd	500,000	2.78
12. Markopoulos Aspasia	500,000	2.78
13. HSBC Custody Nominees Aust Ltd	500,000	2.78
14. Gaensler Steven Peter	400,000	2.22
15. Pitt Heather Margaret & Pitt Stephen Wayne	346,200	1.92
16. Marlene Kelly	275,000	1.53
17. Regalquest Investment Pty Ltd	250,000	1.39
18. Superfine Nominees Pty Ltd	250,000	1.39
19. Hutchinson Katharine	150,000	0.83
20. D & F WA Pty Ltd	111,111	0.62
	15,128,299	84.01

(iii) Voting rights

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

2. Unquoted securities

As at 22 September 2010 there existed the following unquoted options:

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

(i) Distribution of option holders as at 22 September 2010:

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

ASX ADDITIONAL INFORMATION

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

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

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

(iii) Voting rights

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

3. Schedule of interests in mining tenements

Location	Tenement	Percentage held
WILUNA WEST	E53/1089-1	80%
WILUNA WEST	E53/1116-1	100%
WILUNA WEST	E53/1159-1	100%
WILUNA WEST	E53/1177-1	100%
WILUNA WEST	E53/1448	100%
WILUNA WEST	E53/1455-1	100%
WILUNA WEST	E53/1456	100%
WILUNA WEST	E53/1457	100%
WILUNA WEST	E53/1458	100%
WILUNA WEST	E53/1459	100%
WILUNA WEST	E53/1491-1	100%
WILUNA WEST	E53/1513	100%
WILUNA WEST	L53/115	100%
WILUNA WEST	L53/146	100%
WILUNA WEST	L53/147	100%
WILUNA WEST	L53/148	100%
WILUNA WEST	L53/154	100%
WILUNA WEST	M53/971-1	100%
WILUNA WEST	M53/972-1	100%
WILUNA WEST	M53/1016-1	100%
WILUNA WEST	M53/1017-1	100%
WILUNA WEST	M53/1018-1	100%
WILUNA WEST	M53/1078-1	80%
WILUNA WEST	M53/1087	100%
DOHERTY'S	M57/619	100%
DEPOT SPRINGS	E57/799	100%



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