



31 January 2012

### About Golden West Resources

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

To date, the Company has a total JORC Hematite Reserve of 69.2Mt, comprising of Proven 2.9Mt @ 59.7% Fe and Probable 66.4Mt @ 60.3% Fe and a Resource of 130.3Mt, comprising of Measured 3.7Mt @ 59.6% Fe, Indicated 77.2Mt @ 60.3% Fe and Inferred 49.5Mt @ 59.8% Fe, making it the second largest DSO resource in the Midwest Iron Ore province.

Golden West Resources also has a JORC gold Resource comprising of Indicated 46,000t @ 3.54 g/t Au and Inferred 3,432,000t @ 2.29g/t Au for a total 3,478,000t @ 2.31g/t Au for 258,200oz Au.

### Corporate summary

ASX code: GWR

Issued Capital: 192.14 Million

Issued Options: 22.2 Million

### Board and Management

Mick Wilson  
Executive director

Tien Seng Law  
Non-executive director

Gary Lyons  
Non-executive director

Kong (Jimmy) Lee  
Non-executive director

CA Lau  
Non-executive director

Sophie Raven  
Company secretary

Craig Ferrier  
Executive General Manager

### Enquiries

Richard Taylor  
Riley Mathewson Public Relations

Tel: +61 (0)8 9381 2144

Mob: +61 (0)451 471 006

## QUARTERLY REPORT – DECEMBER 2011

### HIGHLIGHTS

#### Wiluna West Iron Project

##### Infrastructure

Following the end of the quarter the West Australian Government announced its decision to increase the Esperance port capacity by up to 20 million tonnes per annum in a staged plan. The directors of GWR applaud the Minister of Transport's decision committing to expand the port and intention to involve the private sector in the proposed development. GWR has undertaken substantial work in advancing the Wiluna West project with Stage 1 development focussed on the export of up to 3 million tonnes per annum of its high quality direct shipping iron ore (DSO) through Esperance.

##### Aboriginal Heritage

GWR submitted additional information supporting its SEC18 application. This has been scheduled for consideration by the ACMC committee at the DIA in early February. An instructions meeting was held on site with the native title claimants and CDNTS in November and this, combined with the ethnographic survey undertaken in the previous quarter, will underpin a heritage management plan for the entire project area due to be finalised early in 2012.

##### Bands 5 & 6

A total of 33 RC holes for an aggregate of 2,159m were completed testing Bands 5 & 6 which are located 200m to the west of Unit B. Results confirm significant hematite mineralisation over a strike length of 6.4km.

#### Wiluna West Gold Project

29 RC holes for an aggregate of 1,288m were drilled at the Bottom Camp, Golden Monarch and Iron King prospects. Table 2 summarises significant intercepts achieved by this drilling. The Company is seeking to commence gold production by custom milling ore at a nearby processing facility and negotiations are well under way.

#### Earaheedy Iron Manganese Project

An additional 21.7km<sup>2</sup> exploration licence E68/3037 was applied for on the 3<sup>rd</sup> of November 2011. This tenement is located in the south west portion of the Earahedy Basin and contains 7km of strike over the prospective Frere Formation. Cazaly / Vector hold the ground to the east and west. GWR has now applied for exploration licences occupying a total area of 1,382 km<sup>2</sup>.

### Corporate

GWR appointed Craig Ferrier as Executive General Manager commencing in early December 2011. Mr Ferrier brings to GWR significant management experience in iron ore infrastructure development, mining operations and project and corporate finance. In addition, Ms Sophie Raven was appointed Company Secretary in November 2011.

The Company had cash on hand as at 31 December 2011 of \$27.8 million.

## **Wiluna West Hematite Project**

### **Infrastructure**

During the quarter GWR progressed discussions related to transport and infrastructure access.

On 19 January 2012 the Minister for Transport, Mr Troy Buswell, announced that the State Government of Western Australia had committed to increase export capacity at Esperance Port by up to 20 million tonnes per annum (mtpa) in a staged development.

The Government plans to embark on a market sounding exercise to identify private sector interest in expanding the port's capacity for iron ore exports. In the media release Mr Buswell said significant work had been undertaken to explore options to expand port capacity at both Esperance and Kwinana. The Minister said the decision to expand capacity from 11mtpa to about 20mtpa in the first instance at Esperance Port instead of Kwinana was influenced by a recently completed study into the Yilgarn province's burgeoning iron ore industry and the fact that \$120million was being spent to upgrade the port's road and rail access.

GWR has undertaken substantial work in advancing the Wiluna West project with Stage 1 development focussed on the export of up to 3 million tonnes per annum of its high quality DSO through Esperance. The decision by the State Government will allow for an acceleration of work and current discussions with third parties in relation to rail and port infrastructure access and related transport and mine development activities.

A full copy of the Ministers media release is available at [www.mediastatements.wa.gov.au](http://www.mediastatements.wa.gov.au).

### **Aboriginal Heritage**

GWR submitted additional information with the assistance of CDNTS and the traditional owners supporting its SEC18 application. This has been scheduled for consideration by the ACMC committee meeting on the 8<sup>th</sup> of February at the DIA.

An instructions meeting was held on site with the native title claimants and CDNTS in November and this combined with the ethnographic survey undertaken in the previous quarter will underpin a heritage management plan for the entire project area due to be finalised early in 2012.

### **Bands 5 & 6 RC Drilling**

A total of 33 RC holes for an aggregate of 2159m were completed testing Bands 5 & 6 which are located 200m to the west of Unit B. Results confirm significant hematite mineralisation over a strike length of 6.4km and significant intercepts are summarised in Table 1.

For personal use only

**Table 1  
Significant RC Drilling Results  
Bands 5 & 6**

Hole #	Northing	Easting	From (m)	Intercept (m)	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	LOI%
WWRC2819	7039400	794230	70	14	57.1	6.6	1.8	0.14	8.9
WWRC2820	7039200	794060	66	14	56.6	4.8	2.2	0.43	10.5
WWRC2821	7039200	794100	18	4	53.3	4.6	6.8	0.07	11.8
WWRC2822A	7037400	794138	14	14	59.4	5.5	3.5	0.07	5.7
WWRC2823	7037400	794100	66	9	61.4	4.4	1.5	0.10	5.9
WWRC2825	7035400	793770	39	8	59.6	4.8	2.5	0.19	6.6
WWRC2832	7034200	793625	19	8	65.8	2.8	1.2	0.02	1.5
WWRC2834	7035800	793980	4	8	60.1	5.3	2.8	0.07	5.6
WWRC2837	7035800	793825	28	11	56.0	7.2	5.3	0.13	6.5
WWRC2838	7036050	793790	12	6	58.1	6.2	4.1	0.05	6.3
WWRC2841	7037000	794130	12	18	57.3	5.8	4.1	0.05	7.5
WWRC2842	7037000	794090	78	8	60.4	7.3	2.4	0.05	3.6
WWRC2844	7039000	794050	77	8	54.9	7.0	4.9	0.12	8.9
WWRC2827	7033000	793460	17	6	64.4	2.9	1.9	0.04	2.8
WWRC2828	7033000	793420	69	3	61.4	5.9	2.8	0.09	2.7
WWRC2830	7034000	793600	32	6	60.0	3.6	2.3	0.14	7.6
WWRC2846	7033600	793660	14	6	58.7	3.3	2.5	0.03	9.5

### Wiluna West Gold Project

In November 2011 GWR drilled a total of 29 RC holes for an aggregate of 1,288m at the Bottom Camp, Golden Monarch and Iron King prospects. The drilling was undertaken to test for near surface continuity of mineralisation, confirm the reliability of previous drilling results, obtain density data and collect metallurgical samples. Table 2 summarises the significant intercepts achieved by this drilling.

The Wiluna Gold Project contains a total Resource Estimate of 3.48Mt @ 2.3g/t Au for a contained 258,000 oz at a 1g/t cut off (Indicated Resource 46,000 tonnes @ 3.5g/t Au and Inferred Resource 3.43Mt @ 2.3g/t Au).

The Company intends to commence gold production by custom milling ore at a nearby processing facility and negotiations are well under way. Recent work highlighted the Golden Monarch, Iron King and Bottom Camp prospects as the most attractive start up pits.

The company now plans to incorporate the recent RC drilling results and undertake the following;

- Resource modelling
- Pit design & optimisation studies
- Metallurgical testwork

For personal use only

**Table 2**  
**Significant Drill Hole Intercepts**

HOLE#	PROSPECT	Type	NORTH	EAST	AZI	DIP	FROM (m)	TO (m)	INTERVAL (m)	AU (g/t)				
WGRC0001	Iron King	Infill	7032455	793390	90	-60	5	6	1	1.05				
WGRC0002A	Iron King	Twin	7032455	793363	90	-60	33	34	1	2.11				
							<b>37</b>	<b>38</b>	<b>1</b>	<b>68.3</b>				
WGRC0003	Iron King	Infill	7032298	793381	90	-60	27	30	3	1.59				
WGRC0004	Iron King	Infill	7032220	793396	90	-60	4	6	2	1.72				
WGRC0005	Iron King	Twin	7032220	793391	90	-60	12	13	1	1.11				
WGRC0006	Iron King	Twin	7032143	793372	90	-60	26	29	3	1.43				
							33	36	3	2.9				
WGRC0007	Iron King	Infill	7032160	793388	90	-60	27	28	1	2.7				
WGRC0010	Iron King	Infill	7032100	793408	270	-60	<b>29</b>	<b>38</b>	<b>9</b>	<b>5.06</b>				
WGRC0012	Bottom Camp	Infill	7042392	795212	90	-60	<b>13</b>	<b>18</b>	<b>5</b>	<b>6.5</b>				
							INCLUDING				<b>17</b>	<b>18</b>	<b>1</b>	<b>26.3</b>
WGRC0015	Golden Monarch	Infill	7033564	793468	90	-60	<b>31</b>	<b>34</b>	<b>3</b>	<b>9.5</b>				
							INCLUDING				<b>32</b>	<b>33</b>	<b>1</b>	<b>22.6</b>
WGRC0016	Golden Monarch	Infill	7033543	793465	90	-60	26	27	1	1.46				
							30	31	1	1.24				
WGRC0020	Golden Monarch	Infill	7033402	793458	90	-60	2	3	1	1.49				
							5	6	1	1.22				
WGRC0022	Iron King	Infill	7032121	793412	270	-60	25	26	1	2.71				
							33	34	1	4.85				
							<b>40</b>	<b>49</b>	<b>9</b>	<b>3.85</b>				
WGRC0023	Iron King	Infill	7032123	793359	90	-60	51	52	1	1.39				
							56	58	2	2.47				
							66	68	2	1.25				
WGRC0024	Golden Monarch	Pit	7033591	793490	0	-90	1	11	10	1.41				
							18	27	9	2.08				
WGRC0025	Golden Monarch	Pit	7033577	793485	0	-90	18	19	1	1.61				
WGRC0026	Golden Monarch	Pit	7033532	793479	0	-90	<b>4</b>	<b>19</b>	<b>15</b>	<b>5.96</b>				
							INCLUDING				<b>9</b>	<b>10</b>	<b>1</b>	<b>49.4</b>
WGRC0027	Golden Monarch	Pit	7033542	793481	0	-90	2	3	1	1.92				
							<b>5</b>	<b>13</b>	<b>8</b>	<b>5.19</b>				
							INCLUDING				<b>11</b>	<b>12</b>	<b>1</b>	<b>18.4</b>
							16	23	7	2.81				
							33	34	1	1.54				
WGRC0028	Golden Monarch	Pit	7033552	793483	0	-90	4	12	8	2.95				
							14	15	1	1.67				
							19	27	8	2.95				
							<b>22</b>	<b>23</b>	<b>1</b>	<b>16</b>				

Notes:

- 1) Intercepts based upon 1g/t cut off with maximum of 2m of internal dilution.
- 2) The metre intervals in the table are down hole lengths and are not true widths. This is especially so for the holes drilled with an azimuth of 270° or dip of 90°.

For personal use only

## **Earaheedy Iron & Manganese Project**

An additional 21.7km<sup>2</sup> exploration licence E68/3037 was applied for on the 3<sup>rd</sup> of November 2011. This tenement is located in the south west portion of the Earraheedy Basin and contains 7km of strike over the prospective Frere Formation. Cazaly/Vector hold the ground to the east and west. GWR has now applied for exploration licences occupying a total area of 1,382km<sup>2</sup>.

GWR has executed standard land access agreements with the Wiluna Native Title claimants for E69/3020, 3022, 3026 and 3037 and expects these to be signed off on a Native Title meeting in March 2012.

## **Project Generation**

As previously announced the Company is now actively seeking other iron ore and bulk commodity opportunities within the Midwest and Yilgarn regions, is currently concluding negotiations in relation to a farm-in proposal and is reviewing a number of other opportunities.

## **Corporate**

GWR appointed Craig Ferrier as Executive General Manager commencing in early December 2011. Mr Ferrier brings to GWR significant management experience in iron ore infrastructure development, mining operations and project and corporate finance. In addition, Ms Sophie Raven was appointed Company Secretary in November 2011.

The Company had cash on hand as at 31 December 2011 of \$27.8 million.

For personal use only



Figure 1: Project Location

For personal use only

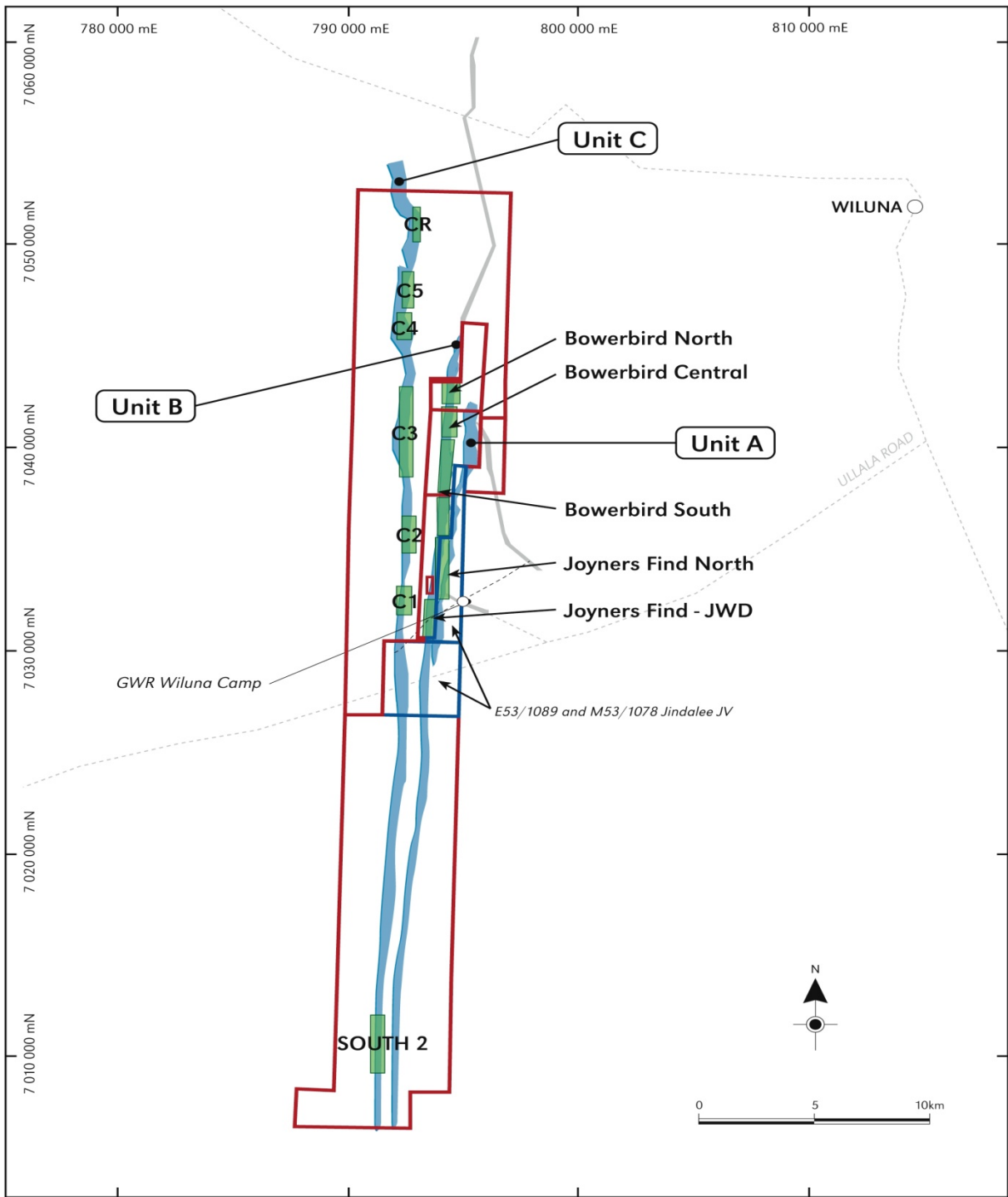
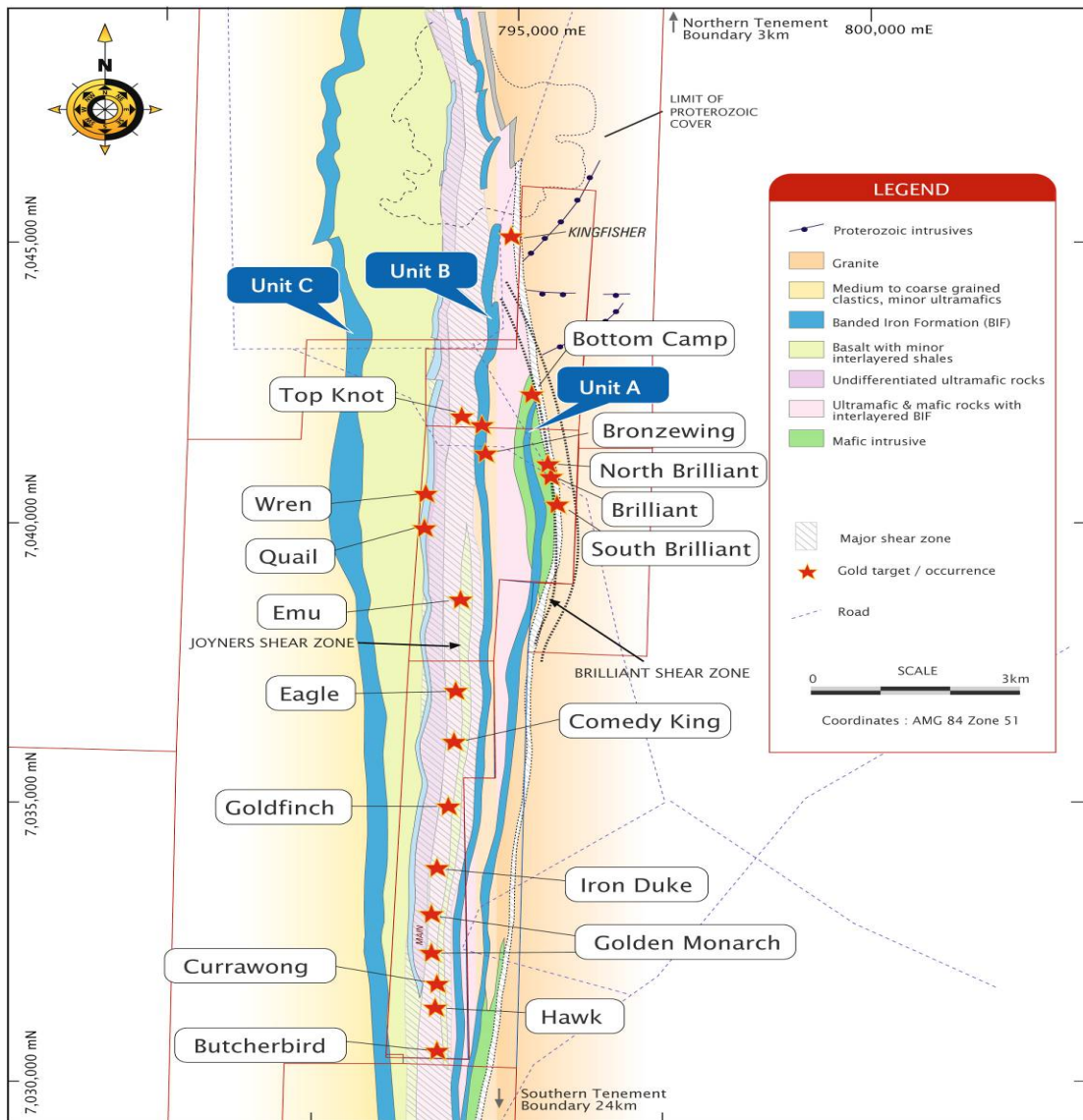


Figure 2: Wiluna West Iron Project



**Figure 3 Wiluna West Gold**

**Competent Person's Statement**

The information in this report which relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brian Varndell, who is a Fellow of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Varndell is a consultant of AI Maynard & Associates Pty Ltd and has 40 years of experience in exploration and mining in a variety of mineral deposit styles. Mr Varndell 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 Varndell consents to inclusion in the report of the matters based on his information in the form and context in which it appears.



## Appendix 5B

### Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Golden West Resources Limited

ABN

54 102 622 051

Quarter ended ("current quarter")

31 December 2011

#### Consolidated statement of cash flows

		Current quarter (3 month's) \$A'000	Year to date (6 month's) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,292)	(3,048)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(872)	(1,821)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	395	1,132
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>		<b>(1,769)</b>	<b>(3,737)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for: (a) prospects	-	-
	(b) equity investments	(39)	(39)
	(c) other fixed assets	-	(3)
1.9	Proceeds from: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	34	34
1.10	Loans to other entities	-	(113)
1.11	Loans repaid by other entities	-	-
1.12	Other (Environmental bonds & security deposits)	38	43
<b>Net investing cash flows</b>		<b>33</b>	<b>(78)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(1,736)</b>	<b>(3,815)</b>

For personal use only

1.13	Total operating and investing cash flows (brought forward)	(1,736)	(3,815)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(1,736)	(3,815)
1.20	Cash at beginning of quarter/year to date	29,544	31,623
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	27,808	27,808

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

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	339
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Payment of fees, salaries and superannuation to the directors of the Company during the quarter.	

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
- 
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
- 

For personal use only

### Financing facilities available

Add notes necessary for an understanding of the position.

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

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,177
4.2 Development	-
4.3 Production	-
4.4 Administration	716
<b>Total</b>	1,893

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Curent quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,155	2,046
5.2 Deposits at call	26,653	27,498
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	27,808	29,544

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	E69/3037	Application	-	100%

For personal use only

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

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference + securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+ Ordinary securities</b>	192,082,567	192,082,567		
7.4 Changes during quarter (a) Increases through issues: (b) Decreases through returns of capital, buy-backs				
7.5 <b>+ Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	21,500,000		<b>Exercise price</b> \$0.58	<b>Expiry date</b> 22 Nov 2015
7.8 Issued during quarter Unlisted options to Directors	21,500,000		\$0.58	22 Nov 2015
7.9 Exercised during quarter				
7.10 Expired during quarter	10,250,000		\$3.00	31 Dec 2011
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

For personal use only

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 31 January 2012

Print name: Craig Ferrier  
**Executive General Manager**

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

For personal use only