



# **Golden West Resources Limited**

(ABN 54 102 622 051)

**Half year report  
31 December 2010**

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## Corporate directory

### Board of directors:

David Sanders (Non-executive chairman)

John Lester (Executive director)

Michael Wilson (Executive director)

Tien Seng Law (Non-executive director)

Kong Leng (Jimmy) Lee (Non-executive director)

Gary Lyons (Non-executive director)

Jun Wang (Non-executive director)

Chin An Lau (Alternate for T S Law)

Xiang Hong Yang (Alternate for J Wang)

### Chief financial officer:

Anthony Begovich

### Company secretary:

Anthony Begovich

### Principal and registered office:

Suite 4

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### Auditors:

Stantons International

Level 1, 1 Havelock Street

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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

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### Solicitors:

Lavan Legal

Level 19

1 William Street

PERTH, WESTERN AUSTRALIA 6000

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## Directors' report

Your Directors submit their report for the half-year 31 December 2010.

### Directors

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

David Sanders	- Non Executive Chairman
John Lester	- Executive Director
Michael Wilson	- Executive Director
<u>Wang Jun</u>	- Non Executive Director
Gary Lyons	- Non Executive Director
<u>Law Tien Seng</u>	- Non Executive Director (appointed on 22 July 2010)
<u>Lee Kong Leng (Jimmy)</u>	- Non Executive Director (appointed on 8 December 2010)
<u>Lau Chin An</u>	- Alternate for Mr Law (appointed on 22 July 2010)
<u>Yang Xiang Hong</u>	- Alternate for Mr Wang (appointed on 23 September 2010)

### Dividends

No amounts have been paid or declared by way of dividend by the Company during the half-year or in the period to the date of this report.

### Principal activities

The principal activities of the Company and its subsidiaries during the course of the half-year continued to be the exploration and evaluation of its mining projects in Australia.

### Operating results

The consolidated loss after income tax for the half-year was \$1,715,324 (2009: loss of \$2,106,082) a decrease in the loss of approximately 19%.

### Review of operations

#### *Iron projects*

RC Drilling designed to convert Inferred Resources to Indicated Resources was performed during the half year ending 31 December 2011. All of the assay results for this drilling have now been received and are currently being incorporated into updated resource models.

Work also continued during the period to prepare the exceptionally high-grade low-impurity hematite ore of the John William Douth (JWD) deposit for mining. The Company has submitted a mining proposal to the Department of Mines and Petroleum (DMP) and once the clearing permit is approved it is expected that the mining approval will be granted, upon the approval of a Section 18 application to the Department of Indigenous Affairs.

### ***Gold projects/IPO***

On the 14 July the Company announced a 230% increase to its previous gold resource estimates. 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.

A 25 hole RC drilling program for 1,136m was also completed at the Golden Monarch deposit.

As approved by GWR shareholders at its November 2010 AGM, the Company proposes to transfer its Wiluna West gold assets to a wholly owned subsidiary and complete an in-specie distribution of shares in that company to all shareholders of GWR as part of an Initial Public Offer ('IPO').

To augment the IPO, in December 2010 GWR executed a Heads of Agreement (HOA) in relation to the potential acquisition of Silvrex Limited, an unlisted UK company. Silvrex's principal asset is the right to acquire a majority interest in the 636 km<sup>2</sup> Dalafin Senegal Gold Project which is within the West African Birimian Greenstone Belt that already contains several multi-million ounce gold resources, including the Sabadola gold mine which opened in 2009. This project is considered to be highly prospective for gold mineralisation.

The transaction will bring two highly experienced and well-respected mining sector executives, John Cole-Baker and Ed Slowey that will not only enhance the development of the Dalafin project but also provide access to additional West African assets in Senegal and other countries in the region, such as Mali and Mauritania.

Under the HOA, the parties have agreed to work together to seek to implement a merger by way of the IPO company acquiring all of the securities on issue in Silvrex from the shareholders of Silvrex.

### ***Uranium projects***

The Company relinquished its interests in its uranium tenements during the half year and sold its mining information in relation to the uranium tenements to a third party for \$200,000 on 9 November 2010.

### ***Native Title***

A Mining Agreement with the Tarlpa Native Title claimants was signed on the 28 July 2010 at a ceremony on site at the Wiluna West project.

The Company considers this agreement as a major milestone in cementing close and mutually beneficial relationships with the Tarlpa people and in bringing the mine closer to development.

### ***Board appointments***

During the half-year the Company appointed Mr Tien Seng Law as a Non executive director, Mr Chin An Lau as an alternate director for Mr Law and Mr Yang Xiang Hong as an alternate director for Mr Wang and Mr Kong Leng (Jimmy) Lee as an independent Non executive director.

## ***Funding***

The Company announced on 1 July 2010 the completion of a share placement involving the issue of approximately 21.4 million ordinary shares at \$0.80 a share, resulting in net proceeds of around \$16.3 million. On the 23 December 2010 the Company also announced the completion of a further placement of 25 million shares at \$0.80 a share, raising net proceeds of around \$19.4 million.

The funds raised through these placements will be used to advance the Company's Wiluna West Iron ore project, assist in funding the proposed spin-off of the Company's gold assets and to fund working capital requirements.

## ***Infrastructure***

The Company continues to support the proposed port and rail development of Oakajee Port and Rail (OPR) through the yet to be constructed Port of Oakajee. As previously announced the Company is also investigating other infrastructure options to support early iron ore production and in November announced that it has entered into an allocation agreement with the Esperance Ports Sea and Land to secure a 3 million tonne per annum through put allocation as part of the Port of Esperance expansion.

## ***Co-operation agreement***

In October 2010, the Company executed a co-operation agreement with Sinosteel Midwest Corporation to work together on financial, operational and logistical matters for their respective DSO projects.

## **Events subsequent to reporting date**

On 22 February 2011 the Company announced the completion of a Share Purchase Plan share issue of approximately 2.4 million shares at \$0.80 per share that raised around \$2 million.

## **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 Brian Varndell, a Fellow Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Varndell is an employee of Al Maynard & Associates Pty Ltd and has many 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.

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



**David Sanders**  
**Chairman**

Dated at Perth this 9<sup>th</sup> day of March 2011

**Statement of comprehensive income**  
**For the half-year ended 31 December 2010**

	Notes	Consolidated	
		December 2010 \$	December 2009 \$
Revenue	4	650,225	544,744
Employee expenses	5(a)	(1,269,253)	(1,738,794)
Depreciation expense		(153,432)	(170,126)
Other expenses	5(b)	(942,864)	(741,906)
<b>Profit/(loss) before income tax</b>		<b>(1,715,324)</b>	<b>(2,106,082)</b>
Income tax expense		--	--
<b>Profit/(loss) after income tax</b>		<b>(1,715,324)</b>	<b>(2,106,082)</b>
<b>Profit/(loss) attributable to members of the Parent</b>		<b>(1,715,324)</b>	<b>(2,106,082)</b>
<b>Other comprehensive income/(loss)</b>			
Other comprehensive income		--	--
Other comprehensive income/(loss) after tax		--	--
<b>Total comprehensive income/(loss) after tax</b>		<b>(1,715,324)</b>	<b>(2,106,082)</b>
Profit/(loss) attributable to members of the Parent		(1,715,324)	(2,106,082)
Total comprehensive income/(loss) attributable to members of the Parent		(1,715,324)	(2,106,082)
<b>Basic earnings/(loss) per share (cents per share)</b>		<b>(1.04)</b>	<b>(1.47)</b>

Diluted profit/(loss) per share is not disclosed as it would not reflect an inferior position

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

**Statement of financial position  
as at 31 December 2010**

	Notes	Consolidated	
		December 2010 \$	June 2010 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	37,290,121	9,119,673
Trade and other receivables	7	294,896	342,394
Other financial assets	8	193,436	226,783
Exploration and evaluation expenditure	9(a)	--	200,000
<b>Total current Assets</b>		<b>37,778,453</b>	<b>9,888,850</b>
<b>Non Current Assets</b>			
Plant & Equipment		1,180,862	1,151,177
Exploration & evaluation expenditure	9(b)	73,988,254	66,922,431
Available-for-sale financial assets	10	--	--
Other financial assets	11	329,777	341,903
<b>Total Non Current Assets</b>		<b>75,498,893</b>	<b>68,415,511</b>
<b>Total assets</b>		<b>113,277,346</b>	<b>78,304,361</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	1,906,196	909,539
Interest bearing liabilities	13	--	19,147
Provisions		79,964	106,168
<b>Total Current Liabilities</b>		<b>1,986,160</b>	<b>1,034,854</b>
<b>Non Current Liabilities</b>			
Provisions		257,758	216,694
<b>Total Non Current Liabilities</b>		<b>257,758</b>	<b>216,694</b>
<b>Total liabilities</b>		<b>2,243,918</b>	<b>1,251,548</b>
<b>Net assets</b>		<b>111,033,428</b>	<b>77,052,813</b>
<b>Equity</b>			
Contributed equity	14	145,052,660	109,356,721
Reserves	15	23,883,574	23,883,574
Accumulated losses		(57,902,806)	(56,187,482)
<b>Total equity</b>		<b>111,033,428</b>	<b>(77,052,813)</b>

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

**Statement of changes in equity  
for the half-year ended 31 December 2010**

	Contributed equity \$	Retained earnings \$	Options reserve \$	Total equity \$
<b>Balance at 1/7/2009</b>	109,356,721	(52,084,635)	23,883,574	81,155,660
<i>Share issued during the period</i>	--	--	--	--
<i>Options issued during the period</i>	--	--	--	--
<i>Capital raising costs</i>	--	--	--	--
Total comprehensive income/(loss) for the half-year, net of tax	--	(2,106,082)	--	(2,106,082)
Rounding	--	(2)	--	(2)
<b>Balance at 31/12/2009</b>	<b>109,356,721</b>	<b>(54,190,719)</b>	<b>23,883,574</b>	<b>79,049,576</b>
<b>Balance at 1/7/2010</b>	<b>109,356,721</b>	<b>(56,187,482)</b>	<b>23,883,574</b>	<b>77,052,813</b>
<i>Share issued during the period</i>	<b>37,176,291</b>	--	--	<b>37,176,291</b>
<i>Options issued during the period</i>	--	--	--	--
<i>Capital raising costs</i>	<b>(1,480,352)</b>	--	--	<b>(1,480,352)</b>
Total comprehensive income/(loss) for the half-year, net of tax	--	<b>(1,715,324)</b>	--	<b>(1,715,324)</b>
<b>Balance at 31/12/2010</b>	<b>145,052,660</b>	<b>(57,902,806)</b>	<b>23,883,574</b>	<b>111,033,428</b>

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

**Statement of cash flows  
for the half-year ended 31 December 2010**

	<b>Consolidated</b>	
	<b>December 2010</b>	<b>December 2009</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(1,959,596)	(2,723,104)
Interest received	553,303	609,713
	<b>(1,406,293)</b>	<b>(2,113,391)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration & evaluation expenditure	(6,782,845)	(4,755,488)
Payments for plant and equipment	(185,328)	(8,191)
Payments for security deposits/bonds	--	(22,399)
Proceeds from sale of plant and equipment	215	--
Proceeds from sale of uranium assets	200,000	--
Refunds from security deposits/bonds	98,998	--
Loans to other entities	(164,472)	--
Repayment from other entities	114,234	62,500
	<b>(6,719,198)</b>	<b>(4,723,578)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	37,176,291	--
Share issue costs	(880,352)	--
	<b>36,295,939</b>	<b>--</b>
<b>Net cash provided by financing activities</b>		
	<b>36,295,939</b>	<b>--</b>
Net increase/(decrease) in cash and cash equivalents	<b>28,170,448</b>	<b>(6,836,969)</b>
Cash and cash equivalents at beginning of the period	<b>9,119,673</b>	<b>20,382,799</b>
Cash and cash equivalents at the end of the period	<b>37,290,121</b>	<b>13,545,830</b>

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

## **Notes to the financial statements for the half-year ended 31 December 2010**

### **Note 1: Corporate information**

The financial report of Golden West Resources Limited and its subsidiaries ('the consolidated entity or the Group') for the half-year ended 31 December 2010 was authorized for issue in accordance with a resolution of the directors on 9 March 2011.

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

### **Note 2: Basis of preparation and accounting policies**

#### **Basis of preparation**

This general purpose condensed financial report for the half-year ended 31 December 2010 has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. It is therefore recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2010, and considered together with any public announcements made by Golden West Resources Limited during the half-year ended 30 June 2010.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 30 June 2010, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### **Changes in accounting policies**

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 their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*.

## Notes to the financial statements for the half-year ended 31 December 2010

AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the classification of expenditures on unrecognised assets in the statement of cash flows.

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and have no affect on the amounts reported for the current or prior periods.

### Note 3: Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (chief operating decision makers) in assessing performance and determining the allocation of resources.

The reportable segments are based on aggregated operating segments determined by the nature of the activity undertaken as this is the source of the Group's major risks and impacts on how the Group allocated its resources.

For management purposes, the Group has identified only one reportable segment, being mineral exploration activities undertaken in Western Australia. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in this geographic location.

### Note 4: Revenue

	<b>Consolidated</b>	
	<b>December 2010</b>	<b>December 2009</b>
	<b>\$</b>	<b>\$</b>
Interest received	650,225	544,744

### Note 5(a): Employee expenses

Salary and wages	1,001,091	790,587
Superannuation	68,184	56,303
Other employee expenses	199,978	891,904
	1,269,253	1,738,794

**Notes to the financial statements  
for the half-year ended 31 December 2010**

**Note 5(b): Other expenses**

	<b>Consolidated</b>	
	<b>December 2010</b>	<b>December 2009</b>
	<b>\$</b>	<b>\$</b>
Administration costs	604,142	334,164
Corporate costs	59,263	77,663
Consulting fees	40,436	66,950
Legal costs	116,089	101,877
Occupancy costs	115,509	161,252
Community costs	5,430	--
Loss on disposal of fixed assets	1,995	--
	<u>942,864</u>	<u>741,906</u>

**Note 6: Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>December 2010</b>	<b>June 2010</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	1,000	1,000
Cash at bank	20,756,488	418,673
Term deposits	16,532,633	8,700,000
Total cash and cash equivalents	<u>37,290,121</u>	<u>9,119,673</u>

**Note 7: Trade and other receivables**

Trade receivables	--	28,632
Accrued interest	173,145	79,510
Goods and services tax	119,816	173,666
Other receivables	1,743	8,336
Prepayments	192	52,250
	<u>294,896</u>	<u>342,394</u>

**Notes to the financial statements  
for the half-year ended 31 December 2010**

**Note 8: Other financial assets**

	<b>Consolidated</b>	
	<b>December</b>	<b>June</b>
	<b>2010</b>	<b>2010</b>
	\$	\$
Security deposits/bonds	22,403	109,274
Loans to third parties	171,033	117,509
	193,436	226,783

The Loans to third parties balance as at 31 December 2010 includes an amount of \$29,992 (principal and accrued interest) that relates to funds advanced by the Company to a third party at the rate of 8% per annum. The remaining balance refers to an interest free loan provided to a third party. Both amounts are expected to be repaid within six months.

**Note 9: Exploration and evaluation expenditure**

**(a) Current**

Balance at beginning of the period	200,000	416,029
Impairment	--	(216,029)
Disposal <sup>1</sup>	(200,000)	--
Balance at the end of the period	--	200,000

<sup>1</sup>The Disposal relates to the relinquishment of the Company's uranium tenements and the sale of associated mining information to a third party.

**(b) Non Current**

Balance at beginning of the period	66,922,431	57,792,257
Expenditure incurred during the period	7,065,823	9,657,577
Expenditure expensed during the year	--	(111,374)
Impairment	--	(416,029)
Balance at the end of the period	73,988,254	66,922,431

The ultimate recoupment of exploration and evaluation expenditure relating to the Company's iron ore and gold projects carried forward is dependent on the successful development for commercial exploitation or sale of the respective mining projects.

**Notes to the financial statements  
for the half-year ended 31 December 2010**

**Note 10: Available-for-sale financial assets**

	<b>Consolidated</b>	
	<b>December 2010</b>	<b>June 2010</b>
	<b>\$</b>	<b>\$</b>
At fair value		
Shares – Australian unlisted	--	--

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 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 period is as follows:

Opening balance	11,670,000	11,670,000
Additions	--	--
Closing balance	11,670,000	11,670,000
Allowance for impairment loss <sup>1</sup>	(11,670,000)	(11,670,000)
	--	--

<sup>1</sup>An allowance for impairment loss of \$11,670,000 has been recognised by the Group in a prior period as management has determined that the investment is impaired.

*(ii) Valuation sensitivity*

Management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation models and has quantified this as an increase in fair value of approximately \$400,000 using more favourable assumptions.

**Note 11: Other financial assets**

Security deposits/bonds	329,777	341,903
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**Notes to the financial statements  
for the half-year ended 31 December 2010**

**Note 12: Trade and other payables**

	<b>Consolidated</b>	
	<b>December 2010</b>	<b>June 2010</b>
	<b>\$</b>	<b>\$</b>
Trade payables	595,103	258,608
Other payables	134,500	202,108
Accruals	1,176,593	448,823
	<u>1,906,196</u>	<u>909,539</u>

**Note 13: Interest bearing liabilities**

Corporate credit cards	--	<u>19,147</u>
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**Note 14: Contributed equity**

Issued capital		
189,606,127 Ordinary fully paid shares <sup>1</sup>		
(30 June 2010: 143,135,763)	<u>145,052,660</u>	<u>109,356,721</u>
	<b>Number</b>	<b>\$</b>
<i>Movement in ordinary shares on issue</i>		
At 1 January 2010	143,135,763	109,356,721
Share issues	--	--
At 30 June 2010	<u>143,135,763</u>	<u>109,356,721</u>
Share issues <sup>1</sup>	46,470,364	35,695,939
At 31 December 2010	<u>189,606,127</u>	<u>145,052,660</u>

<sup>1</sup>The Issued capital as at 31 December 2010 includes net proceeds of \$19.4 million that were received by the Company on 29 December 2010. The proceeds relate to a placement of 25,000,000 shares at a price of \$0.80 per share.

**Notes to the financial statements  
for the half-year ended 31 December 2010**

**Note 15: Reserves**

	<b>Consolidated</b>	
	<b>December 2010</b>	<b>June 2010</b>
	<b>\$</b>	<b>\$</b>
Option reserve		
10,250,000 unlisted options		
(30 June 2010: 28,263,879 listed and unlisted options)	23,883,574	23,883,574
	<b>Number listed</b>	<b>Number unlisted</b>
<i>Movement in options on issue</i>		
At 1 January 2010	18,013,879	10,250,000
Option issues	--	--
At 30 June 2010	18,013,879	10,250,000
Option issues	--	--
Options lapsed/expired on 31 December 2010	(18,013,879)	--
At 31 December 2010	--	10,250,000

**Note 16: Contingent liabilities**

The Group is not aware of any significant contingencies since the last annual reporting date.

**Note 17: Events subsequent to reporting date**

On 22 February 2011 the Company announced the completion of a Share Purchase Plan share issue of approximately 2.4 million shares at \$0.80 per share that raised around \$2 million.

## Directors' declaration

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

In the opinion of the directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) Giving a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the 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.

On behalf of the Board,



.....  
David Sanders  
Chairman

Perth, 9<sup>th</sup> March, 2011

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**Stantons International**

Chartered Accountants and Consultants

9 March 2011

Board of Directors  
Golden West Resources Limited  
Suite 4, 138 Main Street  
Osborne Park WA 6017

Dear Sirs

**RE: GOLDEN WEST RESOURCES LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Golden West Resources Limited.

As Audit Director for the review of the financial statements of Golden West Resources Limited for the period ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**Martin Michalik**  
**Director**

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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Golden West Resources Limited, which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Golden West Resources Limited (the consolidated entity). The consolidated entity comprises both Golden West Resources Limited (the company) and the entities it controlled during the half year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Golden West Resources Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Golden West Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Golden West Resources Limited on 9 March 2011.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Golden West Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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**Martin Michalik**  
**Director**

West Perth, Western Australia  
9 March 2011