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**Golden West Resources Limited**

(ABN 54 102 622 051)

**Half year report  
31 December 2009**

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## Corporate directory

### Board of directors:

D Sanders (Chairman)  
J Lester (Executive director)  
M Wilson (Executive director)  
J Wang (Non-executive director)

### Chief executive officer:

M Hine

### Chief financial officer:

A Begovich

### Company secretary:

A 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:

[www.goldenwestresources.com](http://www.goldenwestresources.com)

### E-MAIL:

[admin@goldenwestresources.com](mailto:admin@goldenwestresources.com)

### 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:

Link Market Services Limited  
Level 12, 680 George Street  
SYDNEY, NEW SOUTH WALES 2000

Telephone: +61 2 8280 7111

Facsimile: +61 2 9287 0303

### Solicitors:

Lavan Legal  
Level 19  
1 William Street  
PERTH, WESTERN AUSTRALIA 6000

Telephone: +61 8 9288 6000

Facsimile: +61 8 9288 6001

## Directors' report

Your Directors submit their report for the half-year 31 December 2009.

### 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 (appointed on 26 November 2009)

John Lester

Michael Wilson

Wang Jun

Con Markopoulos (resigned on 23 July 2009)

Vaughan Webber (appointed on 23 July 2009 and resigned on 26 November 2009)

John Douth (appointed on 23 July 2009 and resigned on 26 November 2009)

### 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 \$2,106,082 (2008: loss of \$8,195,881) an improvement of 74% from the prior period.

### Review of operations

#### *Iron projects*

The Company announced on the 26 October 2009 that it had completed another significant resource upgrade at the Wiluna West Hematite Project. The total Mineral Resource announced at that time was 141Mt at 59% Fe with deleterious elements within sales specifications. This includes an Indicated and Measured Mineral resource of 44 million tonnes (Mt) at 60% Fe (31% of the total resource).

The Company also stated on 13 November 2009 that it was developing a strategy to commence mining of its high grade, low impurities Resource at its Joyners Find deposit. As part of this strategy an RC drilling program totaling 3,353m was completed over the highest grade area of the deposit. The program successfully extended the resource to the south and confirmed wide ore zones.

Discussions have commenced with a number of parties interested in buying the ore. The very low levels of phosphorous, silica and alumina make it an extremely attractive blending product.

Drilling is continuing with the aim of significantly increasing the proportion of resources in the indicated and measured categories to underpin a bankable feasibility study.

Refer to note 16 for details regarding a subsequent Resource upgrade based on the results of drilling at the Joyners Find deposits.

### ***Gold projects***

During the half year the Company announced that it was advancing options to mine one or more of its gold deposits by the end of 2010 to take advantage of the current high gold prices.

Discussions were held with nearby gold operations in regards to a toll milling agreement. The operation would mine one or more of the shallow open cut gold deposits which are part of the combined Mineral Resource Estimate of 788,000 tonnes at 3.5 g/t gold.

Soil sampling covering 55km<sup>2</sup> was also undertaken during the period highlighting a gold in soil anomaly over a strike length of 11km. The anomaly was co-incident with the Joyners Find and Brilliant Shear zones which host all of the known gold mineralisation in the project area. Large sections of the anomaly remain untested.

Refer to note 16 for details regarding a subsequent Resource upgrade based on the results of a review and reinterpretation of earlier drilling data and geology models.

### ***Uranium projects***

No uranium exploration was undertaken during the half-year.

### ***Board and senior management changes***

During the half-year there were a number of changes to the Board which has ultimately led to Mr David Sanders joining the Company as its new Non-executive Chairman on 26 November 2009. In addition the Company has also announced that is looking to appoint an independent Non-executive director with iron ore experience.

Late in 2009 the Company identified Mr Mark Hine as its new Chief Executive Officer. Mr Hine officially joined the Company on 20 January 2010.

### ***Demerger of non-iron assets***

The Company remains committed to the previously announced 'spin-off' of its non iron assets into a new ASX listed company, and is in the process of transferring these assets to a newly registered subsidiary as part of that process.

### ***Funding***

In November 2009 the Company announced a proposed placement and share purchase plan. The placement, of up to 15% of its issued share capital, will be made to investors entitled to receive excluded offers under the Corporations Act. Shares will also be offered to existing shareholders under similar terms to the placement through a share purchase plan.

The funds raised through these initiatives will be used to complete the pre-feasibility study for the Wiluna West hematite project, complete the approval process for commencement of mining the Joyners Find deposit, complete the study and implementation of mining the Company's gold resources, assist in funding the proposed spin-off of the Company's non-iron assets and to fund working capital requirements.

### ***Infrastructure***

Infrastructure requirements continued to be assessed during the period and the Company is in constant discussions with other stakeholders in the Midwest region to ensure nominated rail and port provider, Oakajee Port and Rail, prioritises advice on tariff charges to allow bankable feasibility studies to be progressed.

### **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.

11 March 2010

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

Dear Sirs

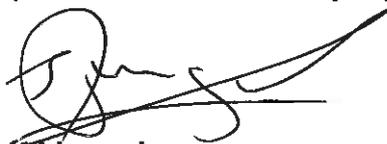
**RE: GOLDEN WEST RESOURCES LIMITED**

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 2009, 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 faithfully  
**STANTONS INTERNATIONAL**  
(Authorised Audit Company)



**K Lingard**  
Director

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



.....  
**David Sanders**  
Chairman

Dated at Perth this 11<sup>th</sup> day of March 2010

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**Statement of comprehensive income**  
**For the half-year ended 31 December 2009**

	Notes	Consolidated	
		December 2009 \$	December 2008 \$
Revenue	3	544,744	1,098,671
Employee expenses	4(a)	(1,738,794)	(3,074,961)
Depreciation expense		(170,126)	(192,245)
Impairment loss		--	(2,940,000)
Other expenses	4(b)	(741,906)	(3,087,346)
<b>Profit/(loss) before income tax</b>		<b>(2,106,082)</b>	<b>(8,195,881)</b>
Income tax expense		--	--
<b>Net profit/(loss) after income tax</b>		<b>(2,106,082)</b>	<b>(8,195,881)</b>
<b>Other comprehensive income/(loss) before income tax</b>		--	--
Income tax expense on items of other comprehensive income		--	--
<b>Other comprehensive income/(loss) after tax</b>		--	--
<b>Total comprehensive income/(loss) after tax</b>		<b>(2,106,082)</b>	<b>(8,195,881)</b>
Profit/(loss) attributable to members of the Parent		(2,106,082)	(8,195,881)
Total comprehensive income/(loss) attributable to members of the Parent		(2,106,082)	(8,195,881)
<b>Basic earnings/(loss) per share (cents per share)</b>		<b>(1.47)</b>	<b>(6.34)</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 2009**

	Notes	Consolidated	
		December 2009 \$	June 2009 \$
<b>Current assets</b>			
Cash and cash equivalents	5	13,545,830	20,382,799
Trade and other receivables	6	321,218	504,401
Other financial assets	7	2,030,257	2,209,353
<b>Total current Assets</b>		<b>15,897,305</b>	<b>23,096,553</b>
<b>Non-current assets</b>			
Plant and equipment		1,271,095	1,433,030
Exploration and evaluation expenditure	8	62,379,292	57,792,257
Available-for-sale financial assets	9	--	--
Other financial assets	10	451,177	428,778
<b>Total non-current assets</b>		<b>64,101,564</b>	<b>59,654,065</b>
<b>Total assets</b>		<b>79,998,869</b>	<b>82,750,618</b>
<b>Current liabilities</b>			
Trade and other payables	11	627,379	1,154,415
Provisions		60,345	180,236
Interest bearing liabilities	12	17,106	53,818
<b>Total current liabilities</b>		<b>704,830</b>	<b>1,388,469</b>
<b>Non-current liabilities</b>			
Provisions		244,463	206,489
<b>Total non-current liabilities</b>		<b>244,463</b>	<b>206,489</b>
<b>Total liabilities</b>		<b>949,293</b>	<b>1,594,958</b>
<b>Net assets</b>		<b>79,049,576</b>	<b>81,155,660</b>
<b>Equity</b>			
Contributed equity	13	109,356,721	109,356,721
Reserves	14	23,883,574	23,883,574
Accumulated losses		(54,190,719)	(52,084,635)
<b>Total equity</b>		<b>79,049,576</b>	<b>81,155,660</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 2009**

<b>For the half-year ended 31/12/2009</b>	<b>Contributed equity \$</b>	<b>Retained earnings \$</b>	<b>Options reserve \$</b>	<b>Members of parent \$</b>	<b>Total equity \$</b>
<b>Balance at 1/7/2009</b>	<b>109,356,721</b>	<b>(52,084,635)</b>	<b>23,883,574</b>	<b>81,155,660</b>	<b>81,155,660</b>
Changes in equity for the half-year to 31/12/2009					
<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	--	<b>(2,106,082)</b>	--	<b>(2,106,082)</b>	<b>(2,106,082)</b>
Rounding	--	<b>(2)</b>	--	<b>(2)</b>	<b>(2)</b>
<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>79,049,576</b>
<b>Balance at 1/7/2008</b>	<b>60,593,477</b>	<b>(33,734,220)</b>	<b>22,396,924</b>	<b>49,256,181</b>	<b>49,256,181</b>
Changes in equity for the half-year to 31/12/2008					
<i>Share issued during the period</i>	50,310,000	--	--	50,310,000	50,310,000
<i>Options issued during the period</i>	--	--	1,486,650	1,486,650	1,486,650
<i>Capital raising costs</i>	(1,480,000)	--	--	(1,480,000)	(1,480,000)
Total comprehensive income/(loss) for the half-year, net of tax	--	<b>(8,195,881)</b>	--	<b>(8,195,881)</b>	<b>(8,195,881)</b>
<b>Balance at 31/12/2008</b>	<b>109,423,477</b>	<b>(41,930,101)</b>	<b>23,883,574</b>	<b>91,376,950</b>	<b>91,376,950</b>

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

**Statement of cash flows  
for the half-year ended 31 December 2009**

	<b>Consolidated</b>	
	<b>December 2009</b>	<b>December 2008</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(2,723,104)	(2,837,570)
Interest received	609,713	649,728
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(2,113,391)</b>	<b>(2,187,842)</b>
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Payments for exploration expenditure	(4,755,488)	(15,215,654)
Payments for plant and equipment	(8,191)	(219,534)
Payments for security deposits/bonds	(22,399)	(75,578)
Proceeds from held-to-maturity investments	--	10,000,000
Loans to other entities	--	(1,516,091)
Repayment from other entities	62,500	--
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(4,723,578)</b>	<b>(7,026,857)</b>
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares and options	--	29,600,000
Share and option issue costs	--	(1,480,000)
	<hr/>	<hr/>
<b>Net cash provided by financing activities</b>	<b>--</b>	<b>28,120,000</b>
	<hr/>	<hr/>
Net increase in cash and cash equivalents	(6,836,969)	18,905,301
Cash and cash equivalents at beginning of the period	20,382,799	12,756,666
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	5 <b>13,545,830</b>	<b>31,661,967</b>
	<hr/>	<hr/>

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

## **Notes to the financial statements for the half-year ended 31 December 2009**

### **Note 1: Basis of preparation and accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Golden West Resources Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2009, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

#### **Accounting Standards not previously applied**

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

#### *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 or 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 Group's 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.

## **Notes to the financial statements for the half-year ended 31 December 2009**

### *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.

### **Note 2: Segment information**

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 Group's 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. The Group operates only in the exploration industry in Australia.

**Notes to the financial statements  
for the half-year ended 31 December 2009**

**Note 3: Revenue**

	<b>Consolidated</b>	
	<b>December 2009</b>	<b>December 2008</b>
	<b>\$</b>	<b>\$</b>
Interest received	544,744	1,096,756
Other income	--	1,915
	<u>544,744</u>	<u>1,098,671</u>

**Note 4(a): Employee expenses**

Salary and wages	790,587	1,273,211
Superannuation	56,303	61,936
Share based payments	--	1,486,650
Other employee expenses <sup>1</sup>	891,904	253,164
	<u>1,738,794</u>	<u>3,074,961</u>

<sup>1</sup>Other employee expenses include termination and other related payments made to former employees totalling \$678,367.

**Note 4(b): Other expenses**

Administration costs	334,164	616,828
Corporate costs	77,663	363,123
Consulting fees	66,950	93,420
Legal costs	101,877	464,364
Occupancy costs	161,252	99,611
Share based payments	--	1,450,000
	<u>741,906</u>	<u>3,087,346</u>

**Note 5: Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>December 2009</b>	<b>June 2009</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	1,000	1,000
Cash at bank	1,344,107	953,877
Term deposits	12,200,723	19,427,922
Total cash and cash equivalents	<u>13,545,830</u>	<u>20,382,799</u>

**Notes to the financial statements  
for the half-year ended 31 December 2009**

**Note 6: Trade and other receivables**

	<b>Consolidated</b>	
	<b>December 2009</b>	<b>June 2009</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	6,204	--
Accrued interest	162,000	332,000
Goods and services tax	75,214	127,563
Other receivables	7,800	7,839
Prepayments	70,000	36,999
	<u>321,218</u>	<u>504,401</u>

**Note 7: Other financial assets**

Loans to third parties	<u>2,030,257</u>	<u>2,209,353</u>
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The outstanding loan balances as at 31 December 2009 includes accrued interest and relates to funds advanced by the Company to various third parties at the rate of 8% to 10% per annum which are expected to be repaid within 12 months.

Security has been obtained for loans to the value of \$1,911,005 as at 31 December 2009 by way of a fixed and floating charge over the majority of the assets of the third party.

**Note 8: Exploration and evaluation expenditure**

Balance at beginning of the period	57,792,257	25,152,378
Expenditure incurred during the period	4,587,035	32,639,879
Expenditure expensed during the period	--	--
Balance at the end of the period	<u>62,379,292</u>	<u>57,792,257</u>

**Notes to the financial statements  
for the half-year ended 31 December 2009**

**Note 9: Available-for-sale financial assets**

	<b>Consolidated</b>	
	<b>December 2009</b>	<b>June 2009</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	--
Additions	--	11,670,000
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 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 \$1,176,000 using more favourable assumptions.

**Note 10: Other financial assets**

Security deposits/bonds	451,177	428,778
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**Notes to the financial statements  
for the half-year ended 31 December 2009**

**Note 11: Trade and other payables**

	<b>Consolidated</b>	
	<b>December 2009</b>	<b>June 2009</b>
	<b>\$</b>	<b>\$</b>
Trade payables	141,278	406,324
Other payables	214,143	175,625
Accruals	271,958	572,466
	<u>627,379</u>	<u>1,154,415</u>

**Note 12: Interest bearing liabilities**

Corporate credit cards	<u>17,106</u>	<u>53,818</u>
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**Note 13: Contributed equity**

Issued capital		
143,135,763 Ordinary fully paid shares (30 June 2009: 143,135,763)	<u>109,356,721</u>	<u>109,356,721</u>
	<b>Number</b>	<b>\$</b>
<i>Movement in ordinary shares on issue</i>		
At 1 January 2009	143,135,763	109,356,721
Share issues	--	--
At 30 June 2009	<u>143,135,763</u>	<u>109,356,721</u>
Share issues	--	--
At 31 December 2009	<u>143,135,763</u>	<u>109,356,721</u>

**Notes to the financial statements  
for the half-year ended 31 December 2009**

**Note 14: Reserves**

	<b>Consolidated</b>	
	<b>December 2009</b>	<b>June 2009</b>
	<b>\$</b>	<b>\$</b>
Option reserve		
28,263,879 listed and unlisted options (30 June 2009: 28,263,879)	23,883,574	23,883,574
	<b>Number listed</b>	<b>Number unlisted</b>
		<b>\$</b>
<i>Movement in options on issue</i>		
At 1 January 2009	18,013,879	10,250,000
Option issues	--	--
At 30 June 2009	18,013,879	10,250,000
Option issues	--	--
At 31 December 2009	18,013,879	10,250,000
		23,883,574

**Note 15: Contingent liabilities**

Golden West Resources Limited and its controlled entities have had no known material contingent liabilities since the last annual reporting date.

**Note 16: Events subsequent to reporting date**

Subsequent to the end of the half-year ended 31 December 2009 the following event has occurred.

***Resource upgrade – Joyners Find deposit***

The Company announced on 24 February 2010 that additional drilling completed in late 2009 has resulted in a combined 54% increase in the Joyners Find and Joyners Find North hematite deposits, to 18.8Mt @ 63.3% Fe. Consequently the Wiluna West global Mineral Resource now stands at 148 Mt at 59% Fe with deleterious elements within expected sales specifications.

***Resource upgrade – Wiluna West Gold Resource***

The Company also announced on 10 March 2010 resource upgrades for three of the ten identified gold deposits located at the Company's Wiluna West Project as a result of a review and reinterpretation of the earlier drilling data and geology models.

The review indicates the three deposits are likely to form a larger single deposit now renamed the Golden Monarch.

The combined Inferred and Indicated Mineral Resource at Golden Monarch at a 1g/t cut off is 614,000 tonnes at 2.47g/t Au for a contained 48,800 oz, a rise of over 91%. The global gold Mineral Resource at the Wiluna West project has increased to 1,119,000 tonnes @ 3.07 g/t Au for a contained 110,400 oz a rise of over 25%.

Discussions with nearby potential milling facilities have been initiated and an infill RC drilling program is being planned for metallurgical testwork and to upgrade the Inferred portion of the Mineral Resource to Indicated status.

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## 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 2009 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, 11<sup>th</sup> March, 2010

## 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 2009, and 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, a condensed statement of accounting policies, other selected explanatory notes 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 (the company) 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*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year 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.

#### *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 Standards on Review Engagements ASRE 2410 *Review of Interim Financial and Other Financial Reports 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 2009 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.

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

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*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 11 March 2010.

*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 2009 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.

**STANTONS INTERNATIONAL  
(An Authorised Audit Company)**

*Stantons International*



**Keith Lingard  
Director**

West Perth, Western Australia  
11 March 2010

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