

**GWR  
ANNUAL  
REPORT  
2013**





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## 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 and Metallurgy ("AusIMM") and independent consultant to the Company. Mr Varndell is a consultant of Al Maynard and 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.

# CHAIRMAN'S LETTER

The past year has been characterised by our efforts to complete the transition from explorer to producer. We are closer to achieving this objective than ever before and remain confident of the opportunities before us that will ensure we fulfil this promise.

The global iron ore market has seen prices fluctuate, but on the whole, remain buoyant and supporting a view of a market still in deficit. Chinese steel production in 2013 has outperformed most analysts expectations and as has been the case in recent years, the delivery of much of the slated new iron ore supply has been delayed or deferred. We believe that demand for seaborne iron ore will remain strong for the foreseeable future and continue to provide opportunities within the sector and for the long term development of quality assets, including the high grade resource of the Wiluna West Project.

Our flagship asset, the Wiluna West Iron Ore Project, has been further de-risked through our endeavours this year with the successful completion of major programs, including: product definition for our JWD lump and fines products; and hydrogeological, port and transport logistics studies. A major milestone was achieved during the past year following the submission of the Company's proposal for large scale mining at Wiluna West. In April 2013, the Company was notified by the EPA that the Wiluna West Iron Ore Project did not warrant formal assessment under the Environmental Protection Act 1986, clearing the pathway for future large-scale mining activities. These activities and achievements are more fully described in the accompanying CEO's Review, which I commend to you.

Work has progressed rapidly on the opportunity to commence shipments of iron ore via the Port of Geraldton in the short to medium term. Rest assured, the Board and Executive are exploring all viable options that will enable mining activity to commence.

Whilst we explore opportunities to commence operations and the export of ore via Geraldton, GWR remains actively engaged in the plans being advanced by the Western Australia State Government and the Esperance Port Authority for the development of a Multi User Iron Ore Facility ("MUIOF") at Esperance. At the time of writing, the tender phase for the MUIOF is underway - intended to lead to the selection of a proponent to design, finance, construct and operate the port facility. GWR has registered as a potential user and will engage with the two consortia bidding for the work in coming months. GWR completed a detailed Yilgarn supply chain study during the past year in anticipation of this development and commercial negotiations. The Board is confident that a multi-port option strategy will allow GWR to optimise its production outcomes and the timing for commencement of operations.

Our efforts in advancing the Company's interests have not been limited to the Wiluna West Project. The Board has articulated a strategy to build a successful iron ore company and geographical diversification is seen as a key component of that strategy. To this end, the Company has recognised West Africa, and Liberia in particular, as a major iron ore province. Our investment in West Peak Iron Limited, whilst relatively modest, reflects the effort to extend our focus beyond the Mid-west and Yilgarn regions of Western Australia. The prospectivity and development options for iron ore projects in Liberia are seen as warranting the investment of our human and financial resources. We continue to monitor and assess opportunities within this region.

Regional exploration within Western Australia has also advanced in the past year with our first drilling campaign undertaken outside of Wiluna West. Encouraging results from our drilling at Woodley in late 2012 will be followed up in the current financial year. Whilst at Earahedy we have increased our land holding in our own right and also by way of farm-in agreement. We look forward to the opportunity to advance these exploration projects in the year ahead and working closely with our joint venture partners.

In closing, I would like to thank our shareholders for their continued support, which was best illustrated by the level of participation in the recently completed entitlements offer. In this regard, we also welcome the new shareholders who have joined the register in the past year. Finally, I would like to acknowledge the efforts of our loyal and dedicated staff who under the leadership of CEO, Craig Ferrier and my fellow directors have achieved a number of milestones and made substantial gains towards achieving our objective of commencing mining at Wiluna West.

Yours sincerely



Gary Lyons  
Chairman



# CHIEF EXECUTIVE OFFICER'S REVIEW



**Craig Ferrier**  
Chief Executive Officer

The 2013 year has seen us strive to deliver a world-class mining project at Wiluna West, expand our resource base through regional exploration in Western Australia and diversify geographically with an interest in iron ore exploration in West Africa.

These activities have been deliberate and considered, directed at building a successful iron ore company – a company in which all stakeholders take pride in its achievements and share the benefits of its success.

This review aims to present an overview of our major projects and activities during the past year, outlining the status and describing our achievements, challenges and opportunities as we move forward.



## Wiluna West Iron Ore Project

GWR's flagship project, the Wiluna West Iron Ore Project, is an exceptional, direct shipping ore ("DSO") iron ore development project, which will produce a high grade, low impurity iron ore.

GWR has made substantial progress towards mining operations at Wiluna West and is ready to complete development and move into production.

The Wiluna West Project (which incorporates the Wiluna West Gold Project) is located 35km south-west of Wiluna. The project area is 45km long and covers almost the entire Joyners Find Greenstone Belt.

### Resources & Reserves

The Company commenced exploration for iron ore at its tenements in 2005 and has defined a substantial JORC Code compliant resource of 130.3Mt with an average iron grade of 60% which includes a JORC reserve of 69.2Mt at an average iron grade of 60.3%.

Following are the JORC (2004) Resource and Reserve Statements.

### Resources

#### Wiluna West Iron Ore Project - Mineral Resource Reported above a 50% cut-off

Classification	Tonnes (Mt)	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %
Measured	3.7	59.6	7.8	2.5	0.09	4.0
Indicated	77.2	60.3	7.4	2.4	0.05	3.6
Inferred	49.5	59.6	7.3	2.5	0.05	3.9
Total	130.3	60.0	7.4	2.4	0.06	3.6

### Reserves

#### Wiluna West Iron Ore Project - Reserve Estimate Reported above a 50% cut-off

Classification	Tonnes (Mt)	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %
Proven	2.9	59.7	7.6	2.6	0.07	4.0
Probable	66.4	60.3	7.2	2.5	0.05	3.6
Total	69.2	60.3	7.2	2.5	0.05	3.6

*Note: Both the Resource and Reserve Statements for the Wiluna West Iron Ore Project have been prepared in accordance with the 2004 edition of the JORC Code.*

## JWD Mining Project

GWR proposes to commence its mining activities at Wiluna West at the John William Douth ("JWD") deposit which provides a unique opportunity to produce an exceptional high grade iron ore.

The JWD deposit is within the Wiluna West Iron Ore Project and contains a DSO hematite resource of 10.7Mt at a very high grade 63.7% Fe, above a cut off of 55% Fe.

In April 2012, the Western Australian Department of Mines and Petroleum approved the mining proposal for the high grade JWD deposit.

### Resource Upgrade

GWR completed a 4,468m infill RC drilling program during the year, the results of which were used to complete a resource update for the deposit. The nominal drill spacing is now 50m by 20m (previously 100m by 40m). The Company announced the resource update, which was completed by independent consultants, Optiro, in April 2013, as summarised below.

### JWD Mineral Resource Reported above a 55% cut-off

Classification	Tonnes (Mt)	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %
Measured	6.4	64.1	2.6	1.5	0.03	3.1
Indicated	0.9	63.6	2.8	1.3	0.03	3.6
Inferred	3.4	63.1	3.2	1.6	0.03	3.4
Total	10.7	63.7	2.8	1.5	0.03	3.2

*Note: The Resource Statement for the JWD Mineral Resource has been prepared in accordance with the 2004 edition of the JORC Code.*

The increase in drill density for the current estimate has resulted in an increase in resource confidence and hence the resource is now classified dominantly as Measured (approximately 60%), with some Indicated and Inferred, compared to the Indicated and Inferred classification of the previous estimate.

### Product Definition

To demonstrate the high quality nature of the JWD product to end users, a program of metallurgical test-work on the lump and fines ores was completed during the year.

The JWD lump metallurgical test-work was carried out at the CSIRO laboratories in Brisbane. The test-work confirmed the lump ore to be physically competent with high metallurgical properties, qualities highly valued by North Asian steel mills.

The high desirability of using JWD lump was confirmed by feedback obtained from a customer engagement program to steel mills in North East Asia, conducted in late 2012.

### JWD lump

Typical Chemical Analysis (%)

Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	S	LOI	CaFe
63.5	3.7	1.6	0.02	0.01	3.4	65.7

The sintering performance of two JWD iron ore fines products (normal fines and coarse fines) was carried out at CISRI's Beijing research facilities.

### JWD fines (-6.3mm)

Typical Chemical Analysis (%)

Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	S	LOI	CaFe
61.0	5.8	2.9	0.03	0.01	2.7	62.7

### JWD coarse fines (-10mm)

Typical Chemical Analysis (%)

Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	S	LOI	CaFe
62.6	4.5	2.0	0.03	0.01	2.7	64.3

A total of nine sintering blends were tested using the substitution method. The blends tested represent the typical iron ore blends expected to be used in sintering in the Chinese steel mills market segment.

The CISRI sinter pot test-work results show that the proposed GWR iron ore fines products perform in the sintering process at a level equivalent to or better than (eg productivity, fuel rate) the high volume, seaborne-traded, iron ore fines products currently exported from the Pilbara region.

The resultant sinter product metallurgical test-work (Reducibility Index (RI), Reduction Degradation Index (RDI), Decrepitation Index (DI) and Softening & Melting (S value)), indicates that the two GWR fines products produce sinter suitable for blast furnace usage and in the case of the 'S' value, a sinter that has improved melting properties. The positive metallurgical test-work results indicate that GWR's lump and iron ore fines products will be viewed by the steel mills as value adding.

### Logistics

For some time GWR has seen Esperance as a preferred port option to facilitate commencement of mining (discussed on the following page under the heading of "Infrastructure"). Whilst Esperance remains part of our forward planning, GWR considers that the Port of Geraldton potentially offers an opportunity to commence mining activities in the short term and is pursuing commercial discussions directed at securing port access and transport arrangements.

GWR has completed haulage and transport studies that confirm Geraldton as a viable option for the export of ore to support the commencement of operations at JWD.

### Large Scale Mining Approval

In April 2013, GWR received notification from the Office of the Environmental Protection Authority ("EPA"), of the Chairman's determination, on the level of assessment required for the Wiluna West Iron Ore Project environmental referral.

The referral, lodged with the EPA in December 2012 under section 38(1) of the Environmental Protection Act 1986 ("EP Act"), concerned the plans to develop the Wiluna West iron ore mine at a rate of production of up to 10 million tonnes per annum with a mine life of approximately 15 years.

The EPA has advised that it considers the information provided by GWR, in its referral information, is adequate, and although it does potentially impact on the environmental factors identified, it does not warrant formal assessment under the EP Act. The EPA advised that any potential environmental impacts of the proposal can be adequately regulated and mitigated by other statutory decision-making processes in order to meet the EPA's objectives and principles. The determination was subject to a 14 day appeals period, which closed without any objection lodged.

# CHIEF EXECUTIVE OFFICER'S REVIEW

The determination will permit development of the Wiluna West Iron Ore Project on the basis of large scale mining activity, subject to standard processes including, obtaining clearing permits under Part V of the EP Act and approval of mining proposals under the Mining Act 1978.

As outlined above, GWR has already obtained clearing permits and approval under the Mining Act 1978 for mining to commence at the JWD deposit, which forms part of the larger Wiluna West Iron Ore Project.

## Infrastructure

A critical component of any bulk commodity undertaking is logistics – in particular over land transport and shipping. GWR has the opportunity to consider export of iron ore via the existing ports of Esperance and Geraldton.

Esperance is the deepest port in southern Australia, capable of handling Capesize vessels up to 200,000 tonnes and is currently utilised by Cliffs Asia Pacific for export of iron ore. The port is linked by rail through Kalgoorlie to Leonora. Trucking operations from Wiluna West would use a relatively short section of the unsealed Ulalla Road linking the mine to the fully sealed Goldfields Highway from Wiluna to Leonora.

In January 2012, the Western Australian State Government announced its decision to increase the Esperance port capacity by up to 20 million tonnes per annum, in a staged expansion plan.

The State Government announced in January 2013 that it had given the go-ahead for the next stage of developing a new iron ore export facility at the Port of Esperance.

Transport Minister Troy Buswell announced that the State Government has accepted an Esperance Port Authority ("EPSL") board recommendation to start a procurement process to identify a private sector consortium to design, finance, construct and operate the planned Multi-User Iron Ore Facility ("MUIOF").

The private sector were invited to participate in a Registration of Interest and Pre-qualification ("ROIP") process. This followed a market sounding exercise conducted for the EPSL in 2012 which indicated that it may be commercially viable to develop a facility for an additional 10 to 12 million tonnes per year. Esperance Port currently has an operating licence to handle 11.5 million tonnes a year.

The market sounding exercise carried out by EPSL also confirmed previous industry studies that iron ore production in the Yilgarn region could significantly grow in the next 10-15 years.

Two of five consortia that registered an interest in participating in a Request for Proposal (RFP) have been invited to tender for the project. The two consortia are:

- Qube Bulk Pty Ltd and Brookfield Infrastructure (Australia) Pty Ltd, and
- Yilgarn Esperance Solution (YES) consortium. YES consortium comprises McConnell Dowell Constructors (Aust) Pty Ltd, Asciano Limited and Marubeni Corporation Ltd.

The consortia invited to tender have significant experience in infrastructure investment as well as designing, financing and operating major projects related to the movement and handling of large volumes of bulk products. EPSL believe that a key feature of the MUIOF is that it will be designed and developed by the private sector. Accordingly, the scope and capital costs of the project will be identified by the private sector, based on its view of the level of commercially sustainable demand for iron ore export capacity through the Port.

In July 2012, GWR and EPSL entered into a Capacity Reservation Deed concerning the reservation of capacity in relation to facilities to be constructed as part of the proposed increase in export capacity at the Port of Esperance ("New Facilities").

The arrangements reserve capacity for GWR to export three million tonnes per annum utilising the New Facilities. GWR's right to access the Port or utilise any reserved capacity is dependent on the Company entering into a New Facilities Agreement on terms that are acceptable to the respective parties (including a future operator of the proposed New Facilities).

During the year, GWR commissioned engineering firm, AECOM to develop a GWR-specific supply chain model customised to include transportation of ore from the Wiluna West mine site to potential rail hub(s) between Leonora and Menzies. This work is being used to further define the project development options and assist in current and future commercial discussions.

As stated above, GWR has completed studies and also progressed discussions concerning port and infrastructure access related to Geraldton Port to support the commencement of operations at the JWD Mining Project.

In recent years iron ore has been exported via Geraldton Port by Mt Gibson Iron Ore, Karara Mining, Sino Midwest and Crosslands Resources. Ore is shipped utilising Panamax vessels and would be transported to Geraldton by road or a combination of road and rail.

## Wiluna West Gold Project

In addition to the substantial iron ore resource, the Wiluna West tenements also host a significant gold resource, referred to as the Wiluna West Gold Project.

GWR has a number of gold deposits at Wiluna West with a combined Resource of 3.5Mt @ 2.3g/t Au for 258,000oz (as set out in the table following) and is aiming to commence gold mining operations via a toll milling arrangement with a nearby milling facility.

## Resources

### Wiluna West Gold Project - Mineral Resource Reported above a 1.0g/t cut-off

Classification	Tonnes	Au g/t	Ounces
Indicated	46,000	3.54	5,200
Inferred	3,432,000	2.3	253,000
<b>Total</b>	<b>3,478,000</b>	<b>2.3</b>	<b>258,200</b>

*Note: The Resource Statement for the Wiluna West Gold Project has been prepared in accordance with the 2004 edition of the JORC Code.*

In 2011, a 29-hole RC drilling program for 1,288m was completed at the Golden Monarch, Iron King and Bottom Camp 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.

The Company is completing a comprehensive study of the Wiluna West Gold project, focusing on the Golden Monarch and Iron King deposits. This work includes resource modelling and pit optimisation studies. GWR is actively pursuing options for treatment of ore from its Wiluna West Gold Project.

## Regional Exploration

### Earaheedy Iron & Manganese Project

GWR continues to look for opportunities within the Earraheedy Basin, located approximately 200km north-east of Wiluna. This basin is considered highly prospective for both iron and manganese deposits.

Previous exploration, mostly in the 1970s, identified significant hematite-goethite mineralisation associated with the Frere Formation that is evident on air magnetics (Figure 1 on page 8).

Based upon aerial magnetic data interpretation and geological mapping undertaken by the Geological Survey of WA, the GWR tenements and applications are estimated to contain approximately 45km of prospective strike.

In December 2012, GWR announced that it had entered into an agreement to farm-in to their Lee Steere project which consists of two tenements, E69/2126 and E69/2377 ("Farm-in Agreement").

Following signing of the Lee Steere farm-in agreement (described below), GWR had acquired a total area of 1,527km<sup>2</sup> by year end. The tenements comprising the Lee Steere farm-in agreement with Dragon Energy Ltd ("Dragon") are interpreted to contain approximately 38km of prospective strike. Collectively prospective strike is now a total of 83km.

Dragon holds the two tenements with the iron ore rights for the tenements being subject to a joint venture between Dragon and Polaris Metals Pty Ltd ("Polaris") a wholly owned subsidiary of Mineral Resources Limited.

Exploration by Dragon has included reconnaissance geological mapping, rock chip sampling, ground magnetic surveys and a gravity survey.

Results from this work have identified significant iron and manganese mineralisation, with rock chip sampling results ranging from 30.5% up to 65.6% Fe and 17.7% up to 49.5% Mn.

Under the Farm-in Agreement, GWR has agreed to farm in to Dragon's interest in the tenements and the Polaris joint venture ("Joint Venture") on the following key terms:

- GWR can earn a 55% interest in the tenements and iron ore rights by spending approximately \$845,000 on Joint Venture Expenditure (which includes exploration, development and mining expenditure);
- GWR is obliged to spend a minimum of \$350,000 on Joint Venture Expenditure within 24 months of the commencement date, after which time it can elect to withdraw;
- Unless GWR elects to withdraw it will make a payment of \$200,000 to Dragon (payable at the election of GWR in either cash or shares in GWR);
- GWR to be appointed manager of the Joint Venture upon earning its 55% interest;
- Upon completion of the farm-in commitment by GWR the interest of the respective parties in minerals on the tenements will be as follows:

Name of party	Iron Ore	Other Minerals
GWR	55%	55%
Dragon	20%	45%
Polaris	25%	Nil

Exploration undertaken during the year has included a detailed aerial magnetic survey, acquisition of high quality satellite imagery and a geological mapping and a rock chip sampling program.

#### Aerial Magnetic Survey

A detailed aerial magnetic survey (100m flight lines) was flown by Thomson Aviation over E69/3022 (100% GWR) and the Lee Steere farm-in tenements E69/2126 and E69/2377 during February 2012.

#### Detailed Satellite Imagery and Interpretation E69/2126

GWR commissioned Nick Lockett and Associates to acquire detailed satellite imagery and complete a detailed photogeological interpretation over E69/2126. This work has identified a number of targets prospective for DSO iron and manganese mineralisation.

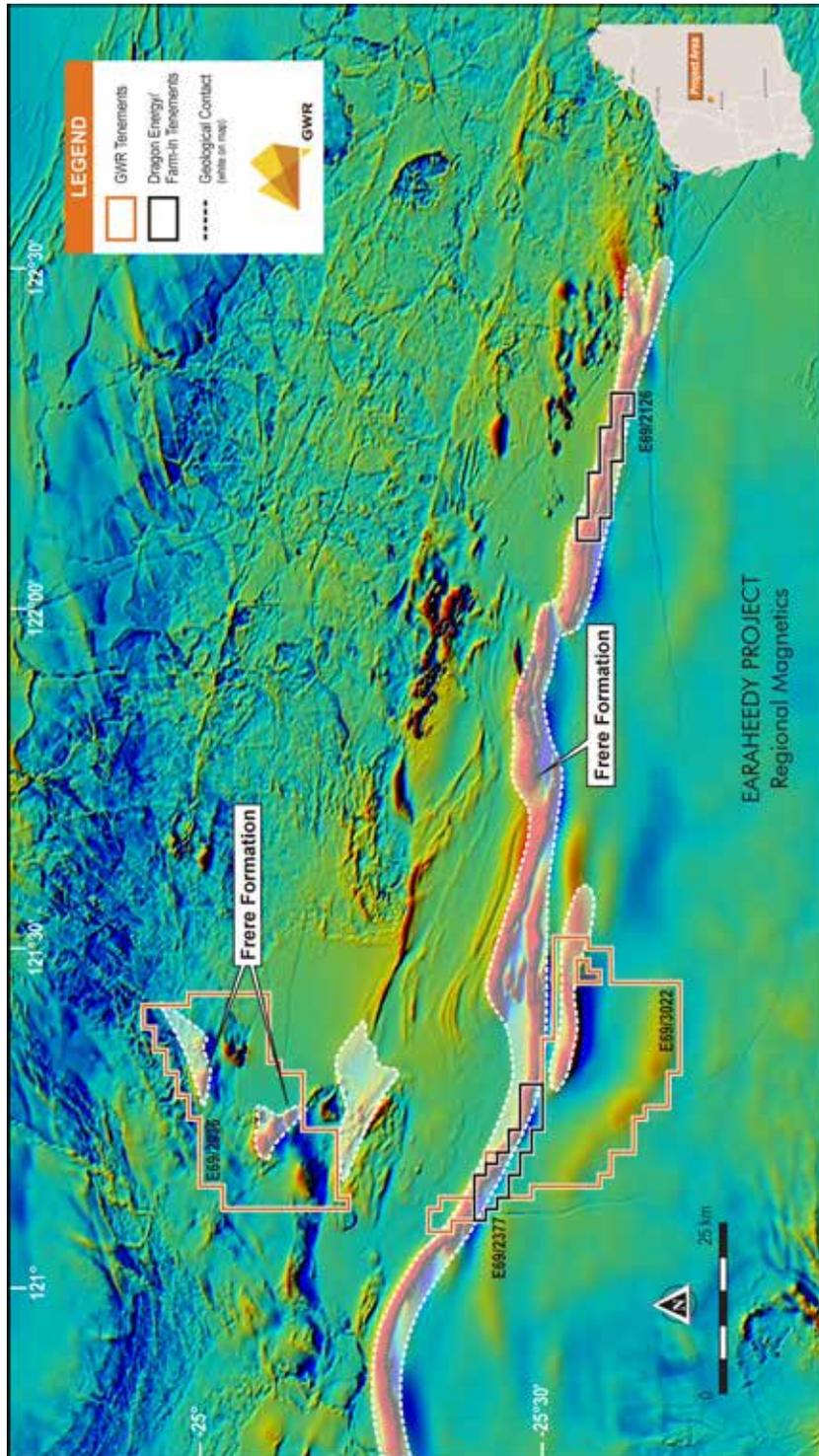
#### Geological Mapping & Rock Chip Sampling E69/2377

A geological mapping and rock chip sampling program was completed on E69/2377 which has identified significant outcropping hematite mineralisation occurring in six discrete lenses with a cumulative strike length of 8.4km. The mineralisation is hosted by the Frere Formation, which is present over the entire 20km length of E69/2377.

Iron results range from a maximum of 65.8% Fe to a minimum of 8.5% Fe, with 33% of samples returning grades  $\geq$ 60% Fe and 61% of samples returning grades  $\geq$ 55% Fe. Several samples also returned high values of Mn with one sample recording 42.7% Mn.

# CHIEF EXECUTIVE OFFICER'S REVIEW

Figure 1: Earraheedy Project



The rock chip samples indicate high-grade iron values at surface, however, the depth extent of this possible DSO mineralisation will not be known until drilling has been undertaken.

Planned work for the coming period includes processing and interpretation of results of the detailed aerial magnetic survey completed in February, follow up on targets identified from the satellite imagery interpretation and by mapping and rock chip sampling, planning of RC drilling program, and advance heritage clearance.

### Woodley Iron Project

GWR is earning an 85% interest in the Woodley Iron Project. The 254km<sup>2</sup> Woodley Project is located 600km north of Perth and 100km south west of the GWR Wiluna West Iron Ore Project in the Mid-west region of WA and contains a north-west trending banded iron formation ("BIF") with a strike length of 22km.

Key terms of the farm in agreement signed in March 2012 with Nemex Resources Ltd ("Nemex") are as follows:

- GWR must spend a minimum of \$300,000 on exploration within 12 months of signing the agreement after which time it may elect to withdraw;
- Upon GWR spending a total of \$1,000,000 on exploration it will have earned an interest of 85%;
- Nemex will be free carried to completion of a bankable feasibility study;
- Should GWR identify an iron resource of at least 10Mt at greater than or equal to 55% Fe or a gold resource of greater than 500,000 ounces of gold at a grade of 2g/t then Nemex shall be entitled to be issued up to 1,000,000 shares in GWR with the number of shares capped at \$600,000 maximum value.

GWR satisfied the \$300,000 minimum spend commitment during the 2013 financial year.

Programs of geological mapping, rock chip sampling and RC drilling were conducted during the past year. Geological mapping has identified widespread hematite and goethite mineralisation over a strike length of approximately 15km associated with the BIF.

Rock chip sampling has confirmed that significant mineralisation is present in outcrop over significant widths of up to 30m in some locations.

In November 2012, GWR announced encouraging results from its maiden 21 hole 1,608m RC drilling program undertaken at the Woodley Project. This RC drilling program was a first phase program designed to test four initial DSO target areas identified by earlier rock chip sampling and geological mapping over a strike length of 15km (Figure 2). Significant intercepts from this program were reported to ASX and included:

- WRR001, 12m @ 55.8% Fe (63.2% Ca Fe) from 6m at Target 2
- WRR007, 10m @ 58.2% Fe (61.8% Ca Fe) from 7m at Target 2
- WRR014, 11m @ 57.5% Fe (61.2% Ca Fe) from 9m at Target 4
- WRR015, 16m @ 58.8% Fe (62.1% Ca Fe) from 10m at Target 4
- WRR016, 11m @ 58.2% Fe (62.4% Ca Fe) from 6m at Target 4

*Note: Ca Fe = Fe/(100-LOI)\*100, widths are down hole intercepts not true width.*

The hematite-goethite mineralisation intersected by the RC drilling is encouraging as it now can be demonstrated that the surface mineralisation is not simply a thin enriched capping over BIF.

- At Target 2, holes WRR001 and WRR002 tested up and down dip respectively of NWDR006 drilled by Nemex in 2011, which intersected 16m @ 54.8% Fe (60.6% CaFe), from 37m. This confirms the up and down dip continuity of the mineralisation
- At Target 4, holes WRR014, 015 and 016 confirm that multiple parallel mineralised bands are present at this location. WRR017 and WRR018 drilled down dip of WRR014 and WRR015, both intersected significant mineralisation however WRR018 had lower widths and slightly lower assays than holes nearer surface

A review of the geological mapping and RC drilling program completed last year has been undertaken and an RC drilling program has been planned to test Targets 2 and 4 following up on DSO mineralisation intersected in the November 2012 RC program.

### Investment in West Peak Iron Limited

GWR holds a 19.9% interest in ASX listed company West Peak Iron Limited (WPI). WPI has granted tenure prospective for iron ore in Liberia across four projects, through a combination of reconnaissance and exploration licences.

All licenses contain identified iron-bearing formations and are located close to port, rail and road infrastructure (both existing and currently being upgraded to meet iron ore industry requirements). WPI also has exploration interests in Western Australia.

GWR acquired its interest in WPI during the past year participating in placements made by WPI and has a shareholding of 16,000,000 shares at a cost of \$880,000. Messrs Lyons and Lee, directors of GWR, have been appointed to the board of WPI.

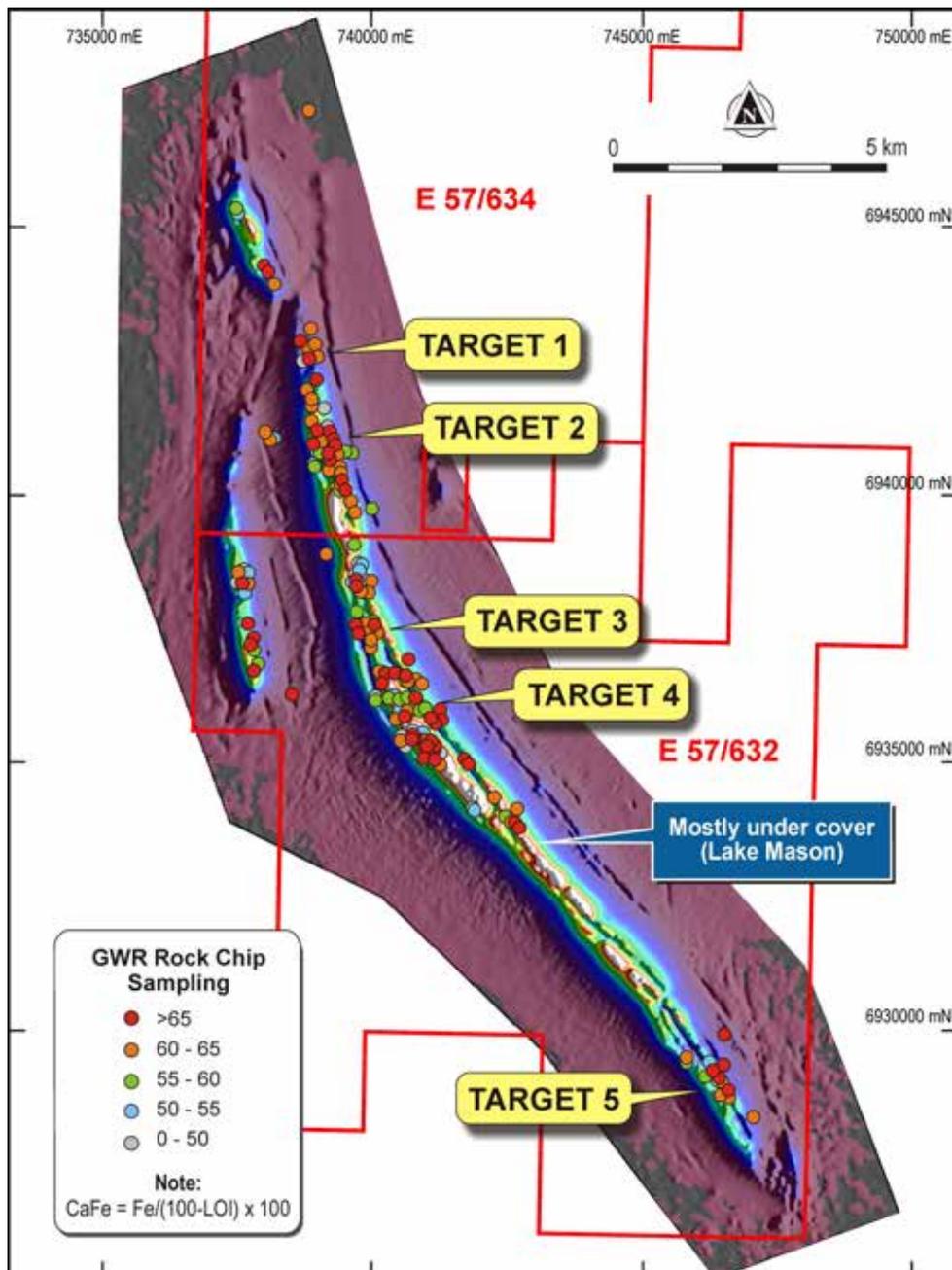
WPI have been focusing on the Bomi South Project which is located 60km from the port of Monrovia in close proximity to existing railroads, where seven targets have been identified based upon a detailed aerial magnetic survey completed in 2012.

In March 2013, WPI undertook RC drilling at Targets 4 and 6 which intersected true widths of up to 40m of friable itabirite (refer to WPI June 2013 Quarterly Report).

Field work is currently being undertaken on Targets 2, 3 and 7 which includes geological mapping, and geochemical sampling, including pitting and auger sampling. Field work is also planned for the Bobo Creek project in the next few months.

# CHIEF EXECUTIVE OFFICER'S REVIEW

Figure 2: Woodley Project



## Community

GWR acknowledges the Martu people as the traditional owners of the land at Wiluna West and we recognise their 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.

GWR is working hard to deliver an iron ore project and to pursue gold mining opportunities at Wiluna West and elsewhere that it conducts activities.

By meeting shareholder expectations on success and profitability, the Company recognises it can maximise positive outcomes for the wider Wiluna community.

In July 2010, the Company executed a Native Title Mining Agreement with the Tarlpa Native Title Claimants over the Wiluna West Project. The agreement represents a significant milestone for GWR and respects the traditional rights and customs of the indigenous people, in particular the Tarlpa Native Title Claimants who are the traditional owners and custodians of the land which constitutes the Wiluna West Project.

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

The Company is pleased to note that on 29 July 2013 the Federal Court of Australia formally recognised the existence of native title rights with respect to the Tarlpa Native Title Claim, with a determination of native title to take effect upon nomination by the Claimants of a Prescribed Body Corporate ("PBC") to be trustee of the native title rights.

The determination will not affect the Company's rights or obligations under the Native Title Mining Agreement other than that the PBC referred to will have the right to assume the rights and obligations of the Tarlpa Native Title Claimants pursuant to the agreement.

GWR is rightfully proud of its leadership role in the Wiluna community, and is a founding partner of not-for-profit organisation, Murupirramarra Connection Limited. Murupirramarra assists and supports Wiluna youth in areas of education, sporting pathways, health, rehabilitation, self esteem and employment prospects.

Murupirramarra currently has 15 Wiluna youths attending boarding schools throughout Western Australia. In November 2012, Murupirramarra had two Year 12 graduates and in November 2013, they expect to have three Year 12 graduates.

GWR also sponsors the annual cultural football carnival involving the Wiluna Martu Eagles and Dalkeith Nedlands Junior Football Club, which is in its fifth year.



The Wiluna Martu Eagles team members prepare ahead of the 2013 clash in Dwellingup, Western Australia



# 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 2013.

## 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:



#### Gary Lyons - Non-executive Chairman

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 25 years. Mr Lyons was appointed a director on 2 June 2010 and elected Chairman on 8 February 2012.

Mr Lyons is also Chairman of the GWR Executive Committee, and is a member of both the GWR Audit & Risk Management Committee and the GWR Remuneration Committee.

*Present ASX company directorships: West Peak Iron Limited  
Previous ASX company directorships (last 3 years): Fairstar Resources Limited*



#### Tan Sri Dato' Tien Seng Law - Non-executive Deputy Chairman

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.

Mr Law is currently the executive Chairman of T.S. Law Holding Sdn Bhd, an investment holding company in Malaysia, covering a diverse range of industries. These companies include those with activities in property investment and development, 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 as manufacturing of steel pipes. Mr Law was appointed a director on 22 July 2010 and elected Deputy Chairman on 8 February 2012.

*Present ASX company directorships: Nil  
Previous ASX company directorships (last 3 years): Nil*



#### Michael Wilson - Executive Director

Mr Wilson is an exploration geologist with more than 25 years' experience in Australia and South East Asia.

Mr Wilson is a foundation Director of GWR and has a long association with the Wiluna West Project. He was instrumental in consolidating the ownership of the tenement package and bringing that tenement package to market. Mr Wilson is also very well respected by the Aboriginal communities in and around Wiluna and takes a leading role in negotiating and resolving Heritage and Native Title matters.

*Present ASX company directorships: Nil  
Previous ASX company directorships (last 3 years): Nil*



#### Chin An Lau - Non-executive Director

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.

Mr Lau is also currently the Deputy Chairman of Perduren Ltd, a property development company listed on the Malaysia stock exchange (Bursa).

Mr Lau is Chairman of both the GWR Remuneration Committee and the GWR Audit & Risk Management Committee.

*Present ASX company directorships: Nil  
Previous ASX company directorships (last 3 years): Nil*

*\*On 11 October 2013, Mr Lau was awarded the honorific Malaysian title of "Datuk" and is entitled to be addressed as Datuk Chin An Lau.*

# DIRECTORS' REPORT



## Kong Leng (Jimmy) Lee - Non-executive Director

Mr Lee is a mining engineer with more than 30 years of industry experience and is a member of AuslMM. He has successfully worked with a number of major Australian mining companies and has held senior positions with Hamersley Iron Ltd, Dominion Mining Ltd, Christmas Island Phosphates, North Ltd and Carey Mining Ltd.

Mr Lee provides mining and corporate advisory services to the mining industry and was formerly a founding director of Terrain Minerals Limited. In addition, he has a successful track record with contract negotiations and company investment strategies.

Mr Lee is a member of the GWR Remuneration Committee and the GWR Audit & Risk Management Committee.

*Present ASX company directorships: West Peak Iron Limited*

*Previous ASX company directorships (last 3 years): Balamara Resources Limited*



## Teck Siong Wong - Alternate Director for Mr Law

Mr Wong has considerable international business experience having worked in Hong Kong, the United Kingdom and now in Malaysia and Indonesia after graduating with a Bachelor of Business degree from Swinburne University (Melbourne).

Mr Wong is involved with iron ore mining industry in Indonesia. He was previously involved in the sales and export of steel related products and was a director of a retail chain business in the United Kingdom, previously known as JW Carpenter Ltd. Mr Wong was working in the OEM plastic manufacturing industry in Hong Kong prior to taking up a position in the steel industry in Malaysia.

*Present ASX company directorships: West Peak Iron Limited*

*Previous ASX company directorships (last 3 years): Nil*

## Former directors

No former directors held office during financial year.

## 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:

Directors	Ordinary shares	Options (unlisted)
G Lyons <sup>3</sup>	19,900	4,000,000
T S Law <sup>2</sup>	26,861,392	4,000,000
M Wilson	2,605,548	4,000,000
C A Lau <sup>1</sup>	195,000	4,000,000
K L Lee	-	4,000,000
T S Wong	-	-

1. Ordinary shares held via indirect interest through Mr C A Lau's spouse.
2. Ordinary shares held via indirect interest through HSBC Custody Nominees Australia (as registered holder) on behalf of Wynnes Investment Holding Ltd (as beneficial holder), of which Mr Tien Seng Law and his wife have control.
3. Ordinary shares held via indirect interest through Lyons Super Fund.

## Company Secretary

### Mark Pitts

Mr Pitts is a Fellow of the Institute of Chartered Accountants with more than 25 years' experience in statutory reporting and business administration. He has been directly involved with, and consulted to a number of public companies holding senior financial management positions.

He is a Partner in the corporate advisory firm Endeavour Corporate providing company secretarial support; corporate and compliance advice to a number of ASX listed public companies.

Mr Pitts was appointed Company Secretary on 31 August 2012.

### Former company secretaries

Sophie Raven (appointed 3 November 2011 and resigned 31 August 2012).

## 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 2013.

## Principal activities

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

## Operating and financial overview

### Group overview

The focus of the Company's activities during the financial year remained on the development of the Wiluna West Iron Ore Project and its transition from mineral explorer to miner. The Company diversified its geographic interest via regional exploration programs, including its first drilling campaign outside of Wiluna, and by taking a strategic 19.9% interest in West African focussed iron ore explorer, West Peak Iron Limited ("WPI").

The Company commenced exploration outside of Wiluna during the year with activity focussed at the Woodley and Earraheedy Iron Ore Projects. An amount of \$669,306 was incurred on these projects. This includes expenditure on tenements owned by the Group in its own right and also on farm-in commitments with Nemex Resources Limited (Woodley) and Dragon Energy Limited (the Lee Steere Project at Earraheedy). The maiden 21-hole, 1608m RC Drilling campaign at Woodley yielded significant DSO hematite/goethite intercepts which were reported to the ASX in November 2012. A follow up program is planned for later this calendar year.

Deferred (or capitalised) exploration and evaluation expenditure increased by \$4,953,734 (2012: \$4,930,649) to \$87,222,010 after impairment losses and expensed expenditures for the year. Whilst exploration activity at Wiluna West has now been largely completed, the exploration team incurred \$2,598,104 during the financial year on advancing the Wiluna West Iron Ore project. Activities included the completion of a 4,468m program of in-fill drilling at the JWD deposit, supporting completion of an updated resource model to support future mining activities.

Significant effort was also made in evaluation and project studies at Wiluna West with expenditure totalling \$1,071,974. This expenditure was incurred in supporting the following major activities:

Completion of hydrogeological studies including pump testing of production bores;

- JWD product definition with metallurgical lump and fines sinter pot test work completed at CSIRO in Brisbane and the CISRI facilities in Beijing respectively;
- Preparation and submission of the environmental referral document for large scale mining at Wiluna West;
- Customer engagement program in Japan, Korea and Taiwan; and
- Supply chain studies related to the transport and export of iron ore via Esperance and Geraldton Ports.

### Business strategies and prospects for future financial years

As part of a strategy directed at geographic diversification, the Company's non-current assets increased by a further \$880,000 following the investment in WPI, an ASX listed explorer, focussed on iron ore projects in Liberia, West Africa. This strategic investment was made by way of subscription to private placements and has secured the Company a 19.9% interest in WPI.

The GWR Board has sought to ensure that the Company remains a well-funded organisation with the financial capacity to be able to meet its operational demands and also consider acquisitions and new project activities. Accordingly, during the June quarter, the Company undertook a 1 for 4 underwritten entitlements issue that raised \$7.2m before costs, resulting in a closing cash balance of \$24,361,191. The Company's other non-current financial assets also include approximately \$1.1m in cash backed security deposits for mining performance bonds.

The Company anticipates that its activities in the year ahead will be consistent with its stated strategy of commencing mining at Wiluna West in the near term, progressing exploration on a regional basis with planned activity at Woodley and Earraheedy and looking to create value by pursuing new project opportunities in iron ore, including those in Liberia, West Africa.

### Management and Board changes

Mr Craig Ferrier was appointed Chief Executive Officer on 12 March 2013. He had previously held the position of Executive General Manager. There were no changes to the Board during the reporting period.

# DIRECTORS' REPORT

## Operating results for the year

The consolidated operating result of a loss after income tax of \$2,427,818 (2012: \$4,576,410) reflected significantly lower employee expenses of \$1,716,673 (2012: \$4,395,667). The major component of this difference is attributable to the absence of any equity incentives or share based payments made during the year (2012: \$2,446,038). A lower number of employees accounted for the balance of the difference. Also impacting upon the net operating result was a fall in interest income to \$1,060,786 compared to \$1,753,625 in the prior year.

The fall in interest revenue was a result of lower average cash balances maintained during the respective periods and a consequence of the lowering of the cash rate by the Reserve Bank. The loss also includes an equity accounted a share of loss in an associate of \$418,355 (2012: \$Nil) detailed in note 15.

## Shareholders returns

	2013	2012	2011	2010	2009
Net profit/(loss) (\$000)	(2,428)	(4,576)	(3,857)	(4,103)	(18,350)
Basic EPS (cents)	(1.24)	(2.4)	(2.2)	(2.9)	(13.5)
Return on assets (%)	(2.12)	(4.2)	(3.4)	(5.2)	(22.2)
Return on equity (%)	(2.15)	(4.2)	(3.5)	(5.3)	(22.6)
Net debt/equity ratio (%)	(20.80)	(22.31)	(27.75)	(10.6)	(23.6)

## Review of financial condition

### Liquidity and capital resources

The Group's principal source of liquidity as at 30 June 2013 is cash and cash equivalents of \$24,361,191 (2012: \$24,882,064) of which \$22,281,224 has been placed on short term deposit.

### Asset and capital structure

(\$000)	2013	2012
Debts:		
Trade and other payables	846	621
Interest bearing liabilities	1	7
Cash and short term deposits	(24,361)	(24,882)
Net debt / (cash)	(23,514)	(24,254)
Total equity	113,077	108,710
Total capital employed	89,563	84,456
Gearing	(26.3%)	(28.7%)

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

On 21 May 2013, the Company issued 24,625,891 fully paid ordinary shares at \$0.15 per share representing shareholders acceptance of entitlements pursuant to a Non Renounceable Entitlement Issue (Rights Issue). A further 23,409,721 fully paid ordinary shares were issued on 21 June 2013 being the placement of shortfall shares at \$0.15 per share by the underwriter, Eight Carat Securities Pty Ltd. The Rights Issue raised \$7.2m with net proceeds \$6.78m after costs.

## Risk management

The Board as a whole 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 has established an Audit and Risk Management Committee pursuant to an Audit and Risk Management Committee Charter whose mandate includes overseeing the implementation of the Company's risk management program and reporting to the Board as to the effectiveness of the Company's management of its material risks.

The Company's risk management program is implemented by Chief Executive Officer or equivalent under the direction of the Audit and Risk Management Committee as follows:

- ensuring that matters affecting the goals, objectives and performance of the Company and the safety of its stakeholders are identified and assessed by an operational risk management framework in accordance with industry accepted standards;
- obtaining and regularly reviewing insurance for the Company relevant to managing material risks;
- implementing and maintaining internal control systems which will be identified in conjunction with the external auditors;
- monitoring and verifying the Company's compliance with record keeping and operating requirements, including all requirements of law including indigenous and community rights and environmental obligations;
- minimising the potential for loss or damage resulting from risks affecting the Company; and
- the Audit & Risk Management Committee shall report to the Board at least twice a year as to the effectiveness of the Company's management of its material risks.

### 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

The Company sold its 100% interest in its Doherty's Project (M57/619) to Classic Minerals Ltd (ASX code: CLZ) on 31 July 2013 for a consideration of \$80,000 cash and the issue of 570,000 fully paid ordinary shares in Classic Minerals. Other than this transaction, there were no other significant events after balance date.

### Likely developments and expected results

As described more fully in the Operating and Financial Review, the Company intends to continue the development of its Wiluna West Iron Ore Project, undertake further regional exploration at its Earraheedy and Woodley tenements in Western Australian and progress its iron ore interests in West Africa.

### 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 known breaches of the Group's environmental regulations to which it is subject to.

### Share options

At the date of this report, there were 24,600,000 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' REPORT

## 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, 5 board meetings, 3 audit and risk management committee meetings, 1 remuneration committee meetings were held.

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended
G Lyons	5	5	3	3	1	1
T S Law	5	1 <sup>1</sup>	0	0	0	0
M Wilson	5	5	0	0	0	0
C A Lau	5	5	3	3	1	1
K L Lee	5	5	3	3	1	1

<sup>1</sup> Mr Law's alternate director, Mr Teck Wong, attended all four Board meetings at which Mr Law was unable to attend.

## Committee membership

As at the date of this report, the company had an Audit & Risk Management Committee and a Remuneration Committee. Members acting on the Committees during the year were:

### Audit & Risk Management Committee

C A Lau (Chairman)  
G Lyons  
K L Lee

### Remuneration Committee

C A Lau (Chairman)  
G Lyons  
K L Lee

## Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

## Auditor's independence and non-audit services

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

Stantons International Audit and Consulting Pty Ltd  
trading as

**Stantons International**  
Chartered Accountants and Consultants

PO Box 1908  
West Perth WA 6872  
Australia  
Level 2, 1 Walker Avenue  
West Perth WA 6005  
Australia  
Tel: +61 8 9481 3188  
Fax: +61 8 9321 1204  
ABN: 84 144 581 519  
[www.stantons.com.au](http://www.stantons.com.au)

23 September 2013

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 audit of the financial statements of Golden West Resources Limited for the year ended 30 June 2013, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

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



## Non-audit services

Any non-audit services provided by the entity's auditor, Stantons 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.

# DIRECTORS' REPORT

## Remuneration report (audited)

This remuneration report for the year ended 30 June 2013 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

G Lyons	Chairman
TS Law	Deputy chairman
CA Lau	Director
KL Lee	Director

### Executive directors

M Wilson	Director and Exploration Manager
----------	----------------------------------

### Other executives

C Ferrier <sup>1</sup>	Chief Executive Officer
M Pitts	Company Secretary, appointed 31 August 2012
S Raven	Company Secretary, appointed 3 November 2011 and resigned 31 August 2012

1. Mr Ferrier was appointed Chief Executive Officer on 12 March 2013 and previously held the position of Executive General Manager from 5 December 2011.

## Remuneration committee

The Remuneration Committee is entrusted by the Board to provide appropriate guidance to the Board in relation to the following responsibilities:

- remuneration packages of senior executives (including executive directors);
- the remuneration framework for non-executive directors;
- employment incentive and equity based plans for senior executives, directors and employees generally including the appropriateness of performance hurdles and equity based incentives in the context of overall remuneration packages;
- remuneration policy generally including but not limited to fixed and performance based remuneration, non-cash remuneration including superannuation, and inclusive remuneration principles consistent with the Company's Diversity Policy; and
- retention and termination policies.

The remuneration committee assesses the appropriateness of the nature and amount of remuneration of senior executives (including Executive Directors) and Non-executive Directors 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.

The remuneration committee comprises three Non-executive Directors. Further information on the committee's role and responsibilities can be seen at [www.goldenwestresources.com](http://www.goldenwestresources.com).

## 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 25 November 2010 when shareholders voted to increase the aggregate remuneration to \$500,000 per year.

Non-executive directors are remunerated by way of fees and statutory superannuation. Current fees for non executive directors are from \$65,000 per annum and \$100,000 per annum for the Chairman. An additional amount of \$5,000 per annum was paid to the Chairman of the Audit and Risk Management and Remuneration Committees and an additional \$2,500 for members of these Committees during the reporting year. The Board has suspended the payment of committee fees from 1 July 2013 as a cost saving measure.

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 also paid consulting fees related to their participation in Executive Committee meetings and the provision of other services.

The remuneration of non-executive directors for the reporting period ending 30 June 2013 and 30 June 2012 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 remuneration committee engages external consultants as needed to provide independent advice.

Remuneration consists of the following key elements:

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

The proportion of fixed remuneration and variable remuneration for executives 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 remuneration committee 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.

# DIRECTORS' REPORT

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 remuneration committee'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 remuneration committee.

There were no cash bonus payments made in the current and prior financial years.

## 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 may be delivered in the form of share options or performance rights.

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.

### Craig Ferrier

Mr Ferrier was appointed as Chief Executive Officer on 12 March 2013. Prior to this position he was employed by the company as Executive General Manager from 5 December 2011, in accordance with the terms of an employment agreement. There was no change to Mr Ferrier's remuneration following his appointment as Chief Executive Officer or otherwise during the year.

Under the agreement, subsequently amended in March 2012, the Company is to pay Mr Ferrier a base salary of \$350,000 plus statutory superannuation. Pursuant to the terms of that agreement Mr Ferrier was issued 1,000,000 options in March 2012 to subscribe for the shares of the Company pursuant to Company's Employment Option Incentive Scheme as per the agreement.

Mr Ferrier may terminate his employment by the giving of one months' notice in writing to the Company. The Company may terminate the agreement by giving three months' notice in writing. The Company may pay Mr Ferrier for any or all of the three months' notice period in lieu of notice.

Mr Ferrier is not entitled to retirement benefits pursuant to his agreement.

### Mark Pitts

Mr Pitts was appointed Company Secretary on 31 August 2012.

Pursuant to an agreement with Endeavour Corporate, an entity related to Mr Pitts, Endeavour Corporate will be paid a monthly fee of \$4,000.

### Michael Wilson

Mr Wilson was engaged by the Company as Exploration Manager with effect from 24 December 2004.

The Company entered a new employment agreement with Mr Wilson on 7 September 2012. Under the agreement, the Company is to pay Mr Wilson a base annual salary of \$294,000, plus statutory superannuation. There has been no change to Mr Wilson's remuneration during the year.

In accordance with the agreement, either the Company or Mr Wilson may terminate the agreement with three months' notice in writing to the other party 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 6 month's salary. The Company may pay Mr Wilson for any or all of the three months' notice period in lieu of notice. Mr Wilson is not entitled to any retirement benefits pursuant to his agreement.

## Remuneration of key management personnel of the Company and Group

Table 1: Remuneration for the year ended 30 June 2013

	Short-term			Post employment		Share-based payments	Termination benefits	Total	Performance related <sup>3</sup>
	Salary & fees <sup>1</sup>	Cash bonus	Non-monetary benefit	Other <sup>2</sup>	Super	Long Service Leave	Options		
	\$	\$	\$	\$	\$	\$	\$		
<b>Non-executive directors</b>									
G Lyons	96,330	-	-	46,041	13,128	-	-	155,499	-
TS Law	64,759	-	-	-	241	-	-	65,000	-
CA Lau	68,807	-	-	6,446	5,706	-	-	80,959	-
KL Lee <sup>5</sup>	64,220	-	-	272,000	5,780	-	-	342,000	-
<b>Sub total</b>	<b>294,116</b>	<b>-</b>	<b>-</b>	<b>324,487</b>	<b>24,855</b>	<b>-</b>	<b>-</b>	<b>643,458</b>	
<b>Executive directors</b>									
M Wilson <sup>4</sup>	330,364	-	-	-	26,460	7,856	(31,806)	332,874	-
<b>Other executives</b>									
C Ferrier	365,030	-	-	-	16,470	-	-	381,500	-
M Pitts	40,000	-	-	-	-	-	-	40,000	-
S Raven	10,938	-	-	-	-	-	-	10,938	-
<b>Sub total</b>	<b>746,332</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,930</b>	<b>7,856</b>	<b>(31,806)</b>	<b>765,312</b>	
<b>Total</b>	<b>1,040,448</b>	<b>-</b>	<b>-</b>	<b>324,487</b>	<b>67,785</b>	<b>7,856</b>	<b>(31,806)</b>	<b>1,408,770</b>	

1. Salary and fees includes movements in annual leave provisions.
2. Other refers to fees paid for consultancy work performed for the Company.
3. Performance related refers to the percentage of total remuneration that is performance related.
4. Mr Wilson's remuneration includes movements in his long service leave and termination benefits provision in accordance with his employment contract and his salary & fees includes \$36.3k being cash out of annual leave.
5. Mr Lee was paid \$272,000 for consulting fees related to his participating in Executive Committee meetings and other corporate matters.

# DIRECTORS' REPORT

## Remuneration of key management personnel of the Company and Group

Table 2: Remuneration for the year ended 30 June 2012

	Short-term			Other <sup>2</sup>	Post employment		Share-based	Termination	Total	Performance
	Salary & fees <sup>1</sup>	Cash bonus	Non-monetary benefit		Super	Long Service Leave	payments	benefits		related <sup>3</sup>
							Options			%
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-executive directors</b>										
CA Lau	76,604	-	-	13,063	6,894	-	384,117	-	480,678	-
TS Law	63,984	-	-	-	1,504	-	384,117	-	449,605	-
KL Lee	62,836	-	-	256,000	5,655	-	384,117	-	708,608	-
J Lester <sup>4</sup>	16,175	-	-	-	1,456	-	48,014	-	65,645	-
G Lyons	86,790	-	-	64,000	7,811	-	384,117	-	542,718	-
D Sanders <sup>5</sup>	54,855	-	-	-	4,937	-	96,029	-	155,821	-
J Wang <sup>6</sup>	29,375	-	-	-	-	-	-	-	29,375	-
<b>Sub total</b>	<b>390,619</b>	<b>-</b>	<b>-</b>	<b>333,063</b>	<b>28,257</b>	<b>-</b>	<b>1,680,511</b>	<b>-</b>	<b>2,432,450</b>	
<b>Executive directors</b>										
M Wilson <sup>7</sup>	295,108	-	13,987	-	27,579	8,855	384,117	26,266	755,912	-
<b>Other executives</b>										
C Ferrier <sup>8</sup>	176,519	-	-	-	15,887	-	123,526	-	315,932	-
S Raven <sup>9</sup>	39,550	-	-	-	-	-	-	-	39,550	-
A Begovich <sup>10</sup>	105,846	-	-	-	8,607	-	-	62,368	176,821	-
V Webber <sup>11</sup>	10,141	-	19,368	-	600	-	-	-	30,109	-
<b>Sub total</b>	<b>627,164</b>	<b>-</b>	<b>33,355</b>	<b>-</b>	<b>52,673</b>	<b>8,855</b>	<b>507,643</b>	<b>88,634</b>	<b>1,318,324</b>	
<b>Total</b>	<b>1,017,783</b>	<b>-</b>	<b>33,355</b>	<b>333,063</b>	<b>80,930</b>	<b>8,855</b>	<b>2,188,154</b>	<b>88,634</b>	<b>3,750,774</b>	

- Salary and fees includes movements in annual leave provisions.
- Other refers to fees paid for consultancy work performed for the Company.
- Performance related refers to the percentage of total remuneration that is performance related.
- Mr Lester resigned as a Non-executive director on 28 November 2011.
- Mr Sanders resigned as Non-executive chairman on 30 January 2012.
- Mr Wang Jun ceased being a Non-executive director on 21 November 2011.
- Mr Wilson's remuneration includes movements in his termination benefits provision in accordance with his employment contract. During the year, a company car was sold to Mr Wilson, the proceeds of the sale \$23,444 was offset against his salary.
- Mr Ferrier was appointed on 5 December 2011.
- Ms Raven was appointed on 3 November 2011.
- Mr Begovich resigned on 18 November 2011.
- Mr Webber resigned on 8 July 2011.

## Equity instruments - consolidated

The table below discloses the share options granted to directors and key management personnel. Share options do not carry any voting or dividend rights and can be exercised once the terms and conditions for the exercise of options have been met.

Table 3: Options granted to key management personnel and lapsed for the year ended 30 June 2013 and 30 June 2012

		Options granted during the year		Fair value per options at granted date	Exercise price		Options lapsed during this year
<i>30 June 2013</i>	Year	No.	Granted date	\$	\$	Expiry date	No.
<b>Directors</b>	-	-	-	-	-	-	-
<b>Other executive</b>	-	-	-	-	-	-	-
<b>Total</b>		-					-
<i>30 June 2012</i>							
<b>Directors</b>							
G Lyons	2012	4,000,000	21-Nov-2011	0.096	0.58	22-Nov-2015	-
T S Law	2012	4,000,000	21-Nov-2011	0.096	0.58	22-Nov-2015	-
M Wilson	2012	4,000,000	21-Nov-2011	0.096	0.58	22-Nov-2015	-
	2008	-	19-Sep-2007	-	-	-	1,500,000
C A Lau	2012	4,000,000	21-Nov-2011	0.096	0.58	22-Nov-2015	-
K L Lee	2012	4,000,000	21-Nov-2011	0.096	0.58	22-Nov-2015	-
D Sanders	2012	1,000,000	21-Nov-2011	0.096	0.58	22-Nov-2015	-
J Lester	2012	500,000	21-Nov-2011	0.096	0.58	22-Nov-2015	-
	2008	-	26-Sep-2008	-	-	-	500,000
<b>Other executive</b>							
C Ferrier	2012	1,000,000	12-Mar-2012	0.124	0.58	22-Mar-2016	-
<b>Total</b>		<b>22,500,000</b>					<b>2,000,000</b>

# DIRECTORS' REPORT

Table 4: Value of options granted, exercised and lapsed for year ended 30 June 2013 and 30 June 2012<sup>^</sup>

## Year ended 30 June 2013

There were no options granted to key management personnel during the year ended 30 June 2013. No options held by key management personnel vested during the year ended 30 June 2013.

## Year ended 30 June 2012

	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of share options for the year
	\$	\$	\$	%
G Lyons	384,117	-	-	71
T S Law	384,117	-	-	85
M Wilson	384,117	-	-	51
C A Lau	384,117	-	-	80
K L Lee	384,117	-	-	54
D Sanders	96,029	-	-	62
J Lester	48,014	-	-	73
C Ferrier	123,526	-	-	39

<sup>^</sup> For details on the valuation of the options, including models and assumptions used, please refer to Note 26.

## Shares issued on exercise of options

There were no shares issued on the exercise of options to key management personnel for the years ended 30 June 2013 and 30 June 2012.

## END OF REMUNERATION REPORT

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



Gary Lyons  
Chairman

Dated at Perth this 23rd day of September 2013

# CORPORATE GOVERNANCE STATEMENT

## Overview

In March 2003, the Australian Securities Exchange (ASX) Corporate Governance Council published its Principles of Good Corporate Governance and Best Practice Recommendations (“Recommendations”).

In August 2007, the ASX Corporate Governance Council published a revised Principles and Recommendations (2nd Edition).

In 2010, the ASX Corporate Governance Council published a further revised Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) to ensure that these remain relevant to the Australian business and investment communities. The Company’s Corporate Governance Statement is structured below with reference to the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition). The Company’s Board of Directors has reviewed the recommendations. In many cases the Company was already achieving the standard required. In a limited number of instances, the Company has determined not to comply with the standard set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous for a Company of this size. Recommendations which the Company does not comply with are highlighted in this report.

Further information on the Company’s corporate governance policies is located on the website: [www.goldenwestresources.com](http://www.goldenwestresources.com).

## Principle 1: Lay Solid Foundations for Management and Oversight

### 1.1 Companies should establish and disclose the respective roles and responsibilities of board and management.

- Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.
- Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.
- Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.

### 1.2 The Company’s practice:

The Board considers that the essential responsibility of Directors is to oversee the Company’s activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value. Responsibility for management of the Company’s business is delegated to a committee of the board, the Executive Committee, comprising all non-executive directors, the Executive Director and the Executive Chief Officer. The Executive Chief Officer and Executive Director are responsible for managing the Company’s activities reporting through the Executive Committee.

The Executive Committee meets every fortnight other than when scheduled board meetings occur. The Board has established a delegated authorities policy with tiered levels of approval set for the Board, the Executive Committee and senior management in respect to expenditure commitment, employment and contracting.

Further, the Board takes specific responsibility for:

- Contributing to the development of and approving corporate strategy;
- Appointing, assessing the performance of and, if necessary removing senior management;
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- Overseeing and monitoring:
  - Organisational performance and the achievement of strategic goals and objectives;
  - Compliance with the Company’s code of conduct;
  - Progress of major capital expenditures and other corporate projects including acquisitions, mergers and divestments;
- Monitoring financial performance including approval of the annual, half yearly and quarterly reports and liaison with the auditor;
- Ensuring there are effective management processes in place, including reviewing and ratifying systems of risk identification and management, ensuring appropriate and adequate internal control processes, and that monitoring and reporting procedures for these systems are effective;
- Enhancing and protecting the Company’s reputation;
- Approving major capital expenditure, capital management, acquisitions and divestments;
- Reporting to shareholders;
- Appointment of Directors; and
- Any other matter considered desirable and in the interest of the Company.

# CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the overall corporate governance of the Company, including the strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Company has a formal Board Charter which is on the Company's website and summarised above. In broad terms, the Board is accountable to the shareholders and must ensure that the Company is properly managed to protect and enhance shareholders' wealth and other interests. The Board Charter sets out the role and responsibilities of the Board within the governance structure of the Company and its related bodies corporate (as defined in the Corporations Act).

Senior executives are responsible for the ongoing management of the Company's operations and report to the Board through the Executive Committee. They are accountable for all functions that are necessary to the operations of the Company and not specifically reserved to the Board or Executive Committee as the case may be. Senior executives' performance is reviewed on a regular basis by the Board.

Based on the above information the Company believes it is fully compliant with Recommendations 1.1, 1.2 and 1.3.

## Principle 2: Structure the Board to Add Value

### 2.1 Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

- Recommendation 2.1: A majority of the board should be independent Directors.
- Recommendation 2.2: The chair should be an independent Director.
- Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.
- Recommendation 2.4: The board should establish a nomination committee.
- Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual Directors.
- Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.

### 2.2 The Company's practice:

#### *Independence*

Corporate Governance Council Recommendation 2.1 requires a majority of the Board to be independent Directors. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement. In accordance with this definition, the Company has one (1) independent Director, with the Board comprising of a Non-executive Chairman, a Non-executive Deputy Chairman, an Executive Director, and two Non-executive Directors.

The sole independent Director is Mr Gary Lyons, the Company's Non-executive Chairman, and the non-independent Directors of the Company are Mr Tien Seng Law, Mr Michael Wilson, Mr Chin An Lau, Mr Kong Leng Lee, and Mr Teck Siong Wong (as alternate for Mr Lau).

The Board is of the view that, given the Company's size and composition, the Board's current composition was the best structure for the Company's objectives during the period.

The Chief Executive Officer, Mr Craig Ferrier, was appointed by the Board on 12 March 2013.

#### *Composition*

The Directors have been chosen for their particular expertise to provide the company with a competent and well-rounded decision-making body and which will assist the company and shareholders in meeting their objectives.

As at September 2013, the term in office held by each Director in office at the date of this report is as follows and details of the professional skills and expertise of each of the Directors are set out in the Directors' Report.

Name	Position	Term in office
Mr Gary Lyons	Non-executive Chairman	3 years and 3 months <sup>1</sup>
Mr Tien Seng Law	Non-executive Director and Deputy Chairman	3 years and 2 months (appointed 21/07/10)
Mr Michael Wilson	Executive Director	12 years and 10 months (appointed 18/11/02)
Mr Kong Leng (Jimmy) Lee	Non-executive Director	2 years and 9 months (appointed 08/12/10)
Mr Chin An Lau	Non-executive Director	2 years and 4 months (appointed 25/05/11)
Mr Teck Siong Wong	Alternate Director for Mr Law	2 years and 2 months (appointed 27/07/11)

1. Appointed Non-Executive Chairman on 8 February 2012

The Directors meet frequently, both formally and informally, so that they maintain a mutual, thorough understanding of the Company's business and to ensure that the Company's policies of corporate governance are adhered to.

### ***Education***

The Company encourages Directors to maintain their knowledge of the specific matters relating to the Company including: the nature of the business, current issues, the corporate strategy. The Company makes its expectations clear concerning the performance of Directors and Directors are given access to and encouraged to participate in continuing education opportunities to update and enhance their skills and knowledge.

### ***Independent professional advice and access to company information***

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified advisor at the consolidated entity's expense. The Director must consult with an advisor suitably qualified in the relevant field and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the Director is made available to all other board members.

### ***Nomination committee***

The Company does not currently have a separate nomination committee and as such has not complied with Recommendation 2.4. The duties and responsibilities typically delegated to such a committee are considered to be the responsibility of the full Board, given the size and nature of the Company's activities and as such, the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.

### ***Monitoring of Board Performance***

The performance of all Directors is reviewed by the Chairman on an ongoing basis and any Director whose performance is considered unsatisfactory is asked to retire. The Chairman's performance is reviewed by the other Board members.

Based on the above information the Company believes it is fully compliant with Recommendations 2.2, 2.3, 2.5 and 2.6. The Company is not compliant with Recommendations 2.1 and 2.4, as outlined above.

## **Principle 3: Promote Ethical and Responsible Decision Making**

### **3.1 Companies should actively 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
  - Practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
  - Responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
- Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.
- Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.
- Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.
- Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.

### **3.2 The Company's practice:**

#### ***Ethical Standards***

The Company has a formal Code of Conduct as per Recommendation 3.1. This code outlines how Directors and employees of the Company and its related bodies corporate are to behave when conducting business. A full copy of this Code of Conduct is available on the Company's website.

The Company is committed to the highest level of integrity and ethical standards in all business practices. Directors and employees must conduct themselves in a manner consistent with current community and corporate standards and in compliance with all legislation.

# CORPORATE GOVERNANCE STATEMENT

All Directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

## ***Diversity Policy***

The Board has adopted a Diversity Policy as per Recommendation 3.2. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of Directors, officers and employees. The Diversity Policy outlines the processes by which the Board will set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity within the Company.

The Company is committed to ensuring a diverse mix of skills and talent exists amongst its Directors, officers and employees and is utilised to enhance the Company's performance.

The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.

## ***Gender Diversity***

As a priority, the Company is focusing on the participation of women on its Board and within senior management. The Board is in the process of determining appropriate measurable objectives for achieving gender diversity.

The Company and its consolidated entities have eight (2012: nine) female employees and/or executives, including:

- Its Financial Controller;
- Four (4) female employees, located at the Company's head office; and
- Three (3) female employees, located on site

These employees represent approximately 28% of the total employees, executives and/or board members of the Company and its consolidated entities. There are currently no female members of the Board of the Company.

Based on the above information the Company believes it is fully compliant with Recommendations 3.1, 3.2, 3.3, 3.4 and 3.5.

## **Principle 4: Safeguard Integrity in Financial Reporting**

### **4.1 Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.**

- Recommendation 4.1: The board should establish an audit 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; and
  - has at least three members.
- Recommendation 4.3: The audit committee should have a formal charter.
- Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.

### **4.2 The Company's practice:**

#### ***Audit and Risk Management Committee***

The Board has created a separate audit and risk management committee, which consists of three members, and therefore has complied with Recommendation 4.1. However, due to the size and current operations of the Company, the audit committee currently only has one (1) independent Director and the chair of the Audit and Risk Management Committee is not an independent Director, for which reason the Company is not compliant with all of Recommendation 4.2. The duties and responsibilities delegated to the audit committee include:

- Reviewing internal control and recommending enhancements;
- Monitoring compliance with Corporations Act 2001, Securities Exchange Listing Rules, matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investment Commission and financial institutions;
- Improving the quality of the accounting function, personnel and processes;
- Reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- Liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner; and
- Reviewing the performance of the external auditors on an annual basis.

### ***Audit and Compliance Policy***

The Board imposes stringent policies and standards to ensure compliance with all corporate financial and accounting standards. Where considered appropriate, the Company's external auditors, professional advisors and management are invited to advise the Board on these issues and the Board meets quarterly to consider audit matters prior to statutory reporting.

The Company requires that its auditors must not carry out any other major area of service to the Company and should have expert knowledge of both Australian and international jurisdictions.

The Board assumes responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information. The Board maintains responsibility for a framework of internal control and ethical standards for the management of the consolidated entity.

The board, consisting of members with financial expertise and detailed knowledge and experience of the mineral exploration and evaluation business, advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. The Chief Executive Officer and Financial Controller have declared in writing to the Board that the Company's financial reports for the year ended 30 June 2013 present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This statement is required annually.

Based on the above information the Company believes it is fully compliant with Recommendations 4.1, 4.3 and 4.4. The Company is not compliant with all of Recommendation 4.2 as outlined above.

## **Principle 5: Make timely and balanced disclosure**

### **5.1 Companies should promote timely and balanced disclosure of all material matters concerning the company.**

- 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.
- Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.

### **5.2 The Company's practice:**

#### ***Continuous Disclosure Policy***

The Company has a formal Disclosure Policy as required by Recommendation 5.1. This policy was introduced to ensure the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules and ensuring The Company and individual officers do not contravene the Corporations Act or ASX Listing Rules. A full copy of this policy can be found on the Company's website.

The Company is required to immediately tell the ASX once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

Therefore to meet this obligation the Company undertakes to:

- (a) Notify the ASX immediately it becomes aware of any information that a reasonable person would expect to have a material effect on the price and value of the companies securities, unless that information is not required to be disclosed under the listing rules;
- (b) Disclose notifications to the ASX on the Company website following confirmation of the publishing of the information by the ASX; and
- (c) Not respond to market speculation or rumour unless the ASX considers it necessary due to there being, or likely to be, a false market in the Company's securities.

The Chief Executive Officer and the Company Secretary are responsible for co-ordinating the disclosure requirements. To ensure appropriate procedure all Directors, officers and employees of the Company coordinate disclosures through the Executive Chief Officer and the Company Secretary, including:

- (a) Media releases;
- (b) Analyst briefings and presentations; and
- (c) The release of reports and operational results.

Based on the above information the Company believes it is fully compliant with Recommendations 5.1 and 5.2.

# CORPORATE GOVERNANCE STATEMENT

## Principle 6: Respect the Rights of Shareholders

### 6.1 Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

- 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.
- Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

### 6.2 The Company's practice:

#### *Shareholder Communication*

It is the policy of the Company to communicate effectively with its shareholders by giving them ready access to balanced and understandable information about the Company and making it easier for them to participate in general meetings.

The Board encourages full shareholder participation at the Annual General Meeting as it provides shareholders an opportunity to review the Company's annual performance. Shareholder attendance also ensures a high level of accountability and identification with the Company's strategy and goals.

The shareholders are responsible for voting on the appointment of Directors, approval of the maximum amount of Directors' fees and the granting of options and shares to Directors. Important issues are presented to the shareholders as single resolutions.

The Company's auditor is required to be present, and be available to shareholders, at the Annual General Meeting.

Information is communicated to shareholders through:

- Annual Report which is distributed to all shareholders;
- Half-Yearly Reports, Quarterly Reports, and all Australian Securities Exchange announcements which are posted on the Company's website;
- Annual General Meeting and other meetings so called to obtain approval for Board action as appropriate; and
- Compliance with the continuous disclosure requirements of the Australian Securities Exchange Listing Rules.

The Company's full policy on shareholder communication can be found on our website.

Based on the above information the Company believes it is fully compliant with Recommendations 6.1 and 6.2.

## Principle 7: Recognise and Manage Risk

### 7.1 Companies should establish a sound system of risk oversight and management and internal control.

- Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
- 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.
- 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.
- Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

### 7.2 The Company's practice:

#### *Recognise and Manage Risk*

Risk oversight, management and internal control are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various Directors and management, depending upon the nature and materiality of the matter.

The Board has established a formal policy to effectively recognise and manage risk as required by Recommendation 7.1. The Company's policy is to achieve levels of operation that balance risk and reward with the ultimate aim of optimising shareholder value. The Corporate Governance Statement is detailed in full on our website.

### ***Oversight of the risk management system***

The Board takes a proactive approach to risk management. The Board is responsible for oversight of the processes whereby the risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board. This oversight encompasses operational, financial reporting and compliance risks.

The Company believes that it is crucial for all Board members to be a part of the process, and as such the Board has not established a separate risk management committee.

The Board oversees the establishment, implementation and annual review of the Company's risk management policies as part of the Board approval process for the strategic plan, which encompasses the Company's vision and strategy, designed to meet stakeholder's needs and manage business risks.

The Chief Executive Officer and Financial Controller have declared, in writing to the Board and in accordance with section 295A of the Corporations Act, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations in the Company.

### ***Internal control framework***

The Board acknowledges that it is responsible for the overall internal control framework, but recognizes that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that deals with:

- Financial reporting - there is a comprehensive budgeting system with an annual budget, updated on a regular basis approved by the Board. Monthly actual results are reported against these budgets.
- Investment appraisal - the Company has clearly defined guidelines for capital expenditure including annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses or assets are being acquired or divested.
- Quality and integrity of personnel - the Company's policies are detailed in an approved induction manual. Formal appraisals are conducted annually for all employees.

Based on the above information the Company believes it is fully compliant with Recommendations 7.1, 7.2, 7.3 and 7.4.

## **Principle 8: Remunerate Fair and Responsibly**

### **8.1 Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.**

- Recommendation 8.1: The board should establish a remuneration committee.
- Recommendation 8.2: The remuneration committee should be structured so that it:
  - consists of a majority of independent Directors;
  - is chaired by an independent chair; and
  - has at least three members.
- Recommendation 8.3: Companies should clearly distinguish the structure of Non-executive Directors' remuneration from that of executive Directors and senior executives.
- Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.

### **8.2 The Company's practice:**

#### ***Remuneration committee:***

The Company has created a separate remuneration committee, which consists of three members, and therefore has complied with Recommendation 8.1, however due to the size and current operations of the Company, the remuneration committee currently only has one (1) independent Director and the chair of the remuneration committee is not an independent Director, for which reason the Company is not compliant with all of Recommendation 8.2.

#### ***Remuneration policies:***

Remuneration of Directors are formalised in service agreements. The remuneration committee is responsible for determining and reviewing compensation arrangements for the Non-executive and Executive Directors, the Chief Executive Officer and the executive team.

# CORPORATE GOVERNANCE STATEMENT

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating Directors and senior executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board links the nature and amount of executive Directors' and senior executives' emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

1. Retention and motivation of senior executives;
2. Attraction of quality management to the Company; and
3. Performance incentives which allow executives to share the rewards of the success of the Company.

Remuneration of the Non-executive Directors is determined by the Board with reference to comparable industry levels and, specifically for Directors' fees, within the maximum amount approved by shareholders. There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-executive Directors.

For details on the amount of remuneration and all monetary and non-monetary components for all Directors refer to the Remuneration Report on pages 10 to 17 of the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the period.

Based on the above information the Company believes it is fully compliant with Recommendations 8.1, 8.3 and 8.4. The Company is not compliant with all of Recommendation 8.2 as outlined above.

Principle	Reference in the Company's Corporate Governance Statement
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## Principle 1 – Lay solid foundations for Management and oversight

Companies should establish and disclose the respective roles and responsibilities of Board and Management.

- Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions. See pages 27 to 28
- Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.
- Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.

## Principle 2 - Structure the Board to add value

Companies should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

- Recommendation 2.1: A majority of the Board should be independent directors.
- Recommendation 2.2: The chair should be an independent director.
- Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual. See pages 28 to 29
- Recommendation 2.4: The Board should establish a nomination committee.
- Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.
- Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.

**Principle**

**Reference in the  
Company's Corporate  
Governance  
Statement**

**Principle 3 – Promote ethical and responsible decision-making**

Companies should actively 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
  - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices
- Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.
- Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.
- Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.
- Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.

See pages 29 to 30

**Principle 4 - Safeguard integrity in financial reporting**

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

- Recommendation 4.1: The Board should establish an audit 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.
- Recommendation 4.3: The audit committee should have a formal charter.
- Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.

See pages 30 to 31

**Principle 5 - Make timely and balanced disclosure**

Companies should promote timely and balanced disclosure of all material matters concerning the Company.

- 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.
- Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.

See page 31

# CORPORATE GOVERNANCE STATEMENT

## Principle

Reference in the  
Company's Corporate  
Governance  
Statement

### Principle 6 - Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

- 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.
- Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

See page 32

### Principle 7- Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal control.

- Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
- 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.
- 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.
- Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

See pages 32 to 33

### Principle 8- Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

- Recommendation 8.1: The Board should establish a remuneration committee.
- Recommendation 8.2: The remuneration committee should be structured so that it:
  - consists of a majority of independent directors
  - is chaired by an independent chair
  - has at least three members.
- Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.
- Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.

See pages 33 to 34

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Note	Consolidated	
		2013	2012
		\$	\$
Revenue	6	1,148,394	1,753,625
Employee expenses	7(a)	(1,716,673)	(1,949,629)
Share based payments	7(b)	-	(2,446,038)
Depreciation expense		(210,874)	(246,735)
Finance costs	7(c)	-	(542,909)
Other expenses	7(d)	(1,230,310)	(1,144,724)
Share of loss of an associate	15	(418,355)	-
<b>Profit/(loss) before income</b>		<b>(2,427,818)</b>	<b>(4,576,410)</b>
Income tax expense	8	-	-
<b>Profit/(loss) for the year</b>		<b>(2,427,818)</b>	<b>(4,576,410)</b>
<b>Profit/(loss) attributable to members of the Parent</b>	22	<b>(2,427,818)</b>	<b>(4,576,410)</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net fair value gain/(loss) on available-for-sale financial assets		(14,855)	-
Share of other comprehensive income of an associate		29,108	-
Other comprehensive income/(loss) after tax		14,253	-
<b>Total comprehensive income/(loss) after tax</b>		<b>(2,413,565)</b>	<b>(4,576,410)</b>
Profit/(loss) attributable to members of the Parent		<b>(2,413,565)</b>	<b>(4,576,410)</b>
Total comprehensive income/(loss) attributable to members of the Parent		<b>(2,413,565)</b>	<b>(4,576,410)</b>
<b>Basic profit/(loss) per share in cents</b>	9	<b>(1.24)</b>	<b>(2.38)</b>

Diluted 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.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

		Consolidated	
	Note	2013	2012
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	10	24,361,191	24,882,064
Trade and other receivables	11	285,039	479,450
Prepayments		33,733	13,593
<b>Total current assets</b>		<b>24,679,963</b>	<b>25,375,107</b>
<b>Non-current assets</b>			
Plant and equipment	12	645,052	828,834
Exploration & evaluation expenditure	13	87,222,010	82,268,276
Available-for-sale financial assets	14	136,637	151,492
Investment in an associate	15	490,753	-
Other financial assets	16	1,126,735	1,107,163
<b>Total non-current assets</b>		<b>89,621,187</b>	<b>84,355,765</b>
<b>Total assets</b>		<b>114,301,150</b>	<b>109,730,872</b>
<b>Current liabilities</b>			
Trade and other payables	17	845,945	621,023
Interest bearing liabilities	18	516	6,687
Provisions	19(a)	91,374	102,896
<b>Total current liabilities</b>		<b>937,835</b>	<b>730,606</b>
<b>Non-current liabilities</b>			
Provisions	19(b)	286,717	290,393
<b>Total non-current liabilities</b>		<b>286,717</b>	<b>290,393</b>
<b>Total liabilities</b>		<b>1,224,552</b>	<b>1,020,999</b>
<b>Net assets</b>		<b>113,076,598</b>	<b>108,709,873</b>
<b>Equity</b>			
Contributed equity	20	153,801,791	147,021,501
Reserves	21	26,323,865	26,309,612
Accumulated losses	22	(67,049,058)	(64,621,240)
<b>Total equity</b>		<b>113,076,598</b>	<b>108,709,873</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Ordinary share capital	Accumulated losses	Option reserve	Investments revaluation reserve	Translation reserve	Total equity
	\$	\$	\$	\$	\$	\$
<b>Balance at 1/7/2012</b>	<b>147,021,501</b>	<b>(64,621,240)</b>	<b>26,309,612</b>	<b>-</b>	<b>-</b>	<b>108,709,873</b>
Profit/(loss) for the year	-	(2,427,818)	-	-	-	(2,427,818)
Other comprehensive profit/(loss)	-	-	-	(14,855)	29,108	14,253
<b>Total comprehensive profit/(loss) for the year</b>	<b>-</b>	<b>(2,427,818)</b>	<b>-</b>	<b>(14,855)</b>	<b>29,108</b>	<b>(2,413,565)</b>
Shares issued during the year	7,205,342	-	-	-	-	7,205,342
Capital raising costs	(425,052)	-	-	-	-	(425,052)
<b>Balance at 30/06/2013</b>	<b>153,801,791</b>	<b>(67,049,058)</b>	<b>26,309,612</b>	<b>(14,855)</b>	<b>29,108</b>	<b>113,076,598</b>
<b>Balance at 01/07/2011</b>	<b>147,001,501</b>	<b>(60,044,830)</b>	<b>23,883,574</b>	<b>-</b>	<b>-</b>	<b>110,840,245</b>
Profit/(loss) for the year	-	(4,576,410)	-	-	-	(4,576,410)
Other comprehensive profit/(loss)	-	-	-	-	-	-
<b>Total comprehensive profit/(loss) for the year</b>	<b>-</b>	<b>(4,576,410)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,576,410)</b>
Shares issued during the year	20,000	-	-	-	-	20,000
Capital raising costs	-	-	-	-	-	-
Options issued during the year	-	-	2,426,038	-	-	2,426,038
<b>Balance at 30/06/2012</b>	<b>147,021,501</b>	<b>(64,621,240)</b>	<b>26,309,612</b>	<b>-</b>	<b>-</b>	<b>108,709,873</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

		Consolidated	
	Note	2013	2012
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers & employees		(3,016,491)	(3,316,107)
Interest received		1,274,042	2,111,541
Other income		87,608	-
<b>Net cash used in operating activities</b>	23	<b>(1,654,841)</b>	<b>(1,204,566)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration & evaluation		(5,142,543)	(4,881,337)
Payments for plant & equipment		(29,629)	(110,311)
Proceeds from sale of plant & equipment		370	33,779
Payments for security deposits/bonds		(19,572)	(573,808)
Proceeds from security deposits/bonds		-	34,610
Loans to other entities		(175,101)	(104,482)
Repayments from other entities		175,101	104,482
Acquisition of shares		(880,000)	(38,980)
<b>Net cash used in investing activities</b>		<b>(6,071,374)</b>	<b>(5,536,047)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares and options		7,205,342	-
<b>Net cash provided by financing activities</b>		<b>7,205,342</b>	<b>-</b>
Net increase in cash and cash equivalents		(520,873)	(6,740,613)
Cash and cash equivalents at the beginning of the financial year		24,882,064	31,622,677
<b>Cash and cash equivalents at the end of the financial year</b>	10	<b>24,361,191</b>	<b>24,882,064</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

## 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 2013 was authorised for issue in accordance with a resolution of the directors on 17 September 2013.

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 are rounded to the nearest dollar unless otherwise stated.

### 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

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 Presentation of Financial Statements effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group.

At the date of the authorization of the financial statements, the standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', and AASB 2012-6 'Amendments to Australian Accounting Standards-Mandatory Effective date of AASB 9 and Transition Disclosures'	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 19 (2011)'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements (2011), AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011), AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards- Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 7)	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards- Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 132)	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements cycle'	1 January 2013	30 June 2014
AASB 2012-6 'Amendments to Australian Accounting Standards- Mandatory Effective date of AASB 9 and Transition Disclosures'	1 January 2013	30 June 2014
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'.	1 January 2013	30 June 2014

The Group has decided not to early adopt any of the new and amended pronouncements. Of the above new and amended Standards and Interpretations the Group's assessment of those new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments (December 2010) and AASB 2010-7 and AASB 2012-6: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010). These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key 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
- requiring financial assets to be reclassified 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; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation - Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either “joint operations” (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or ‘joint ventures’ (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the ‘special purpose entity’ concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will only affect disclosures and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the Group.

AASB 2011-4: Amendments to Australian Accounting Standards to remove the individual key management Personnel Disclosure Requirements ((applicable for annual reporting periods commencing on or after 1 January 2013).

This standard makes amendments to AASB 124; Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus 29.1 to Aus 29.9.3). These amendments serve a number of purposes, including furthering the trans-Tasman conversion, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements. This standard is not expected to significantly impact the Group’s financial report as a whole.

AASB 119 (September 2011) includes changes to the accounting for termination benefits. This standard is not expected to significantly impact the Group’s financial report as a whole.

AASB 2012-2 ‘Amendments to Australian Accounting Standards- Disclosures-Offsetting Financial Assets and Liabilities’ (Amendments to AASB 7); AASB 2012-3 ‘Amendments to Australian Accounting Standards- Disclosures-Offsetting Financial Assets and Liabilities’ (Amendments to AASB 132); AASB 2012-5 ‘Amendments to Australian Accounting Standards arising from Annual Improvements cycle’; AASB 2012-6 ‘Amendments to Australian Accounting Standards-Mandatory Effective date of AASB 9 and Transition Disclosures’; and Interpretation 20 ‘Stripping Costs in the Production Phase of a Surface Mine’ and AASB 2011-12 ‘Amendments to Australian Accounting Standards arising from Interpretation 20’. These standards are not expected to impact the Group.

#### **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 2013 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**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

The Group determines and presents operating segments based on the information internally provided to the executive management team.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

## 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:

- 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 using diminishing balance method over the estimated useful life of the assets as follows:

Leasehold improvements	5 to 10 years
Motor vehicles	10 years
Plant and equipment	5 to 20 years

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 in an associate**

The Group's investment in its associate, an entity in which the Group has significant influence, is accounted for using the equity method.

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss and other comprehensive income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the associate and its carrying value, then recognises the loss as 'Share of Losses of an associate' in the statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognises the retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

## m) Financial assets

Financial assets within 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 loss. 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.

#### (iv) Available-for-sale securities

Available-for-sale investments are those non-derivative financial assets, principally equity securities, which 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; and
- 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.

## n) 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.

## o) 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.

## p) 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.

## q) 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.

## r) 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.

## s) 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.

### (ii) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

## t) 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').

There are currently two plans in place to provide these benefits:

- Employee Option Incentive Scheme, which provides benefits to directors, executives and other parties
- Employee Share Ownership Plan, which provides benefits to all employees, excluding KMP

The cost of these equity-settled transactions with directors, employees and consultants is measured by reference to the fair value of the equity instrument 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.

### (ii) 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:

- At each reporting date between grant and settlement, the fair value of the award is determined
- 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
- From the end of the vesting period until settlement, the liability recognised is the full fair value of the liability at the reporting date.
- 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).

## u) Comparative figures

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

## v) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impaired losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increase amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## 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), 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

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

	Consolidated	
	2013	2012
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	24,361,191	24,882,064
Other financial assets (current)	-	-
Other financial assets (non-current)	1,121,535	1,101,963
	<u>25,482,726</u>	<u>25,984,027</u>
<b>Financial liabilities</b>		
Interest bearing liabilities	516	6,687
<b>Net exposure</b>	<u>25,482,210</u>	<u>25,977,340</u>

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 2013, 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		Equity	
	Higher/(lower)		Higher/(lower)	
	2013	2012	2013	2012
	\$	\$	\$	\$
<b>Consolidated</b>				
+0.50% (50 basis points)	127,411	129,887	127,411	129,887
-0.25% (25 basis points)	(63,706)	(64,943)	(63,706)	(64,943)

The sensitivity is lower in 2013 than in 2012 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. At balance date the cash and cash equivalents are held by three big financial institutions.

## 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.

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

	Consolidated	
	2013	2012
	\$	\$
1 month or less	846,461	627,710
1 - 3 months	-	-
Over 3 months	-	-
	846,461	627,710

At balance date the Group had cash and cash equivalents of \$24,361,191 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

### (a) 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.

### (b) 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

## Note 5: Segment information

### Determination and identification of reportable segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Group identifies 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 operations and assets of Golden West Resources Limited and its controlled entities are primarily employed in exploration and evaluation activities relating to minerals in Western Australia. The decision to allocate the resources to individual projects is predominantly based on available cash reserves, technical data and the expectation of future metal price. Accordingly, the Group has identified only one reportable segment, being mineral exploration activities undertaken in Western Australia.

The financial information presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position is the same as that presented to the chief operating decision maker.

## Note 6: Revenue

	Consolidated	
	2013	2012
Revenue	\$	\$
Interest received	1,060,786	1,753,625
Sundry income	87,608	-
	<u>1,148,394</u>	<u>1,753,625</u>

## Note 7: Expenses

### (a) Employee expenses

Salary and wages	1,255,669	1,511,954
Superannuation	86,403	92,503
Other employee expenses	374,601	345,172
	<u>1,716,673</u>	<u>1,949,629</u>

### (b) Share based payments

Share based payments (Note 26)	-	2,446,038
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### (c) Finance costs

Impairment loss on listed available-for-sale share investments (Note 14)	-	542,909
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### (d) Other expenses

Administration costs	492,951	523,625
Corporate costs	203,446	154,342
Consulting fees	73,870	36,083
Legal costs	66,059	158,558
Occupancy costs	257,755	271,544
Exploration & evaluation expenditure written off	19,105	-
Loss on disposal of plant and equipment	2,167	572
Impairment loss - exploration & evaluation expenditure	114,957	-
	<u>1,230,310</u>	<u>1,144,724</u>

## Note 8: Income tax

	Consolidated	
	2013	2012
	\$	\$
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	(2,427,818)	(4,576,410)
At the statutory income tax rate of 30% (2012: 30%)	(728,345)	(1,372,923)
Non-deductible expenditure	3,105	740,951
Tax loss and temporary differences not brought to account as a deferred tax asset	934,339	952,935
Capital raising costs	(209,099)	(320,963)
At the effective income tax rate of 0% (2012: 0%)	-	-
<b>Unrecognised deferred tax assets (liabilities)</b>		
Deferred tax assets have not been recognised in respect of the following items:		
Employee entitlements	113,427	117,987
Trade and other payables	17,514	18,511
Business related expenses	376,275	506,157
Allowance for impairment loss	3,820,251	3,690,873
Tax losses	36,253,421	33,970,388
Deferred tax assets:	40,580,888	38,303,916
Deferred tax liabilities have not been recognised in respect of the following items:		
Accrued interest receivable	(66,515)	(130,160)
Plant and equipment	(15,846)	(9,675)
Capitalised exploration & evaluation expenditure	(26,166,603)	(24,680,483)
	(26,248,964)	(24,820,318)
<b>Net unrecognised deferred tax asset</b>	14,331,924	13,483,598

Net deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

### Tax consolidation

The Company and its 100% owned controlled entities have formed a tax consolidated group. Members of the consolidated entity have entered into a tax sharing agreement and a tax funding agreement. The head entity of the tax consolidated group is Golden West Resources Limited. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach with is consistent with the principle of AASB 112 Income Taxes.

The consolidated entity's carried forward tax losses at balance date are \$120,844,737 (2012: \$113,234,116).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

## Note 9: Loss per share

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

	Consolidated	
	2013	2012
	\$	\$
Loss used in calculating basic and diluted loss per share	(2,427,818)	(4,576,410)
	<b>No. of shares</b>	<b>No. of shares</b>
Weighted average number of ordinary shares used in calculating basic earnings per share:	195,418,401	192,111,689
Basic loss per share in cents	(1.24)	(2.38)
Diluted loss per share is not disclosed as it would not reflect an inferior position.		

## Note 10: Cash and Cash equivalents

	\$	\$
Cash on hand	1,000	1,000
Cash at bank	2,078,967	681,064
Term deposits	22,281,224	24,200,000
	<u>24,361,191</u>	<u>24,882,064</u>

## Note 11: Trade and other receivables

Trade receivables	11,121	12,227
Accrued interest	220,610	433,866
Goods and services tax	23,517	25,543
Other receivables	29,791	7,814
	<u>285,039</u>	<u>479,450</u>

As of 30 June 2013 there were no trade and other receivables that are impaired or past due.

## Note 12: Plant and equipment

	Consolidated	
	2013	2012
	\$	\$
Plant and equipment at cost	1,756,238	1,731,618
Less: accumulated depreciation	(1,407,901)	(1,268,375)
	348,337	463,243
Motor vehicles at cost	451,190	451,190
Less: accumulated depreciation	(283,979)	(245,392)
	167,211	205,798
Leasehold improvements at cost	282,163	282,163
Less: accumulated depreciation	(152,659)	(122,370)
	129,504	159,793
Total plant and equipment	645,052	828,834

**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	463,243	513,276
Additions	29,629	110,311
Disposals	(2,537)	(335)
Depreciation expense	(141,998)	(160,009)
Carrying amount at end of year	348,337	463,243

### Motor vehicles

Carrying amount at beginning of year	205,798	288,912
Additions	-	-
Disposals	-	(34,016)
Depreciation expense	(38,587)	(49,098)
Carrying amount at end of year	167,211	205,798

### Leasehold improvements

Carrying amount at beginning of year	159,793	197,421
Additions	-	-
Disposals	-	-
Depreciation expense	(30,289)	(37,628)
Carrying amount at end of year	129,504	159,793
Total carrying amount at end of year	645,052	828,834

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

## Note 13: Exploration and evaluation expenditure

	Consolidated	
	2013	2012
	\$	\$
Balance at beginning of year	82,268,276	77,337,627
Expenditure incurred during the year	5,087,796	4,930,649
Expenditure expensed during the year (Note 7(c))	(19,105)	-
Impairment (Note 7(c))	(114,957)	-
Balance at end of year	87,222,010	82,268,276

## Note 14: Available-for-sale financial assets

### At fair value

Shares - UK listed <sup>1</sup>	136,637	151,492
Shares - Australian unlisted	-	-
	136,637	151,492

- Western Gold Resources Limited wholly owned by Golden West Resources Limited, holds 1,795,803 ordinary shares in Stratex International Limited ('Stratex') as at 30 June 2013. Stratex is listed on the London Stock Exchange.

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

### (a) Listed shares

The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of share investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. The Group evaluates, among other factors, historical share price movements and the duration or extent to which the fair value of an investment is less than its cost.

Based on these criteria, the Company identified an impairment of \$Nil (2012: \$542,909) on available-for-sale investment listed shares, which is recognised within finance costs in the income statement (Note 7 (c)).

A reconciliation of the movement during the year is as follows:

<b>Cost:</b> Opening balance	151,492	-
Movements	-	694,401
Closing balance	151,492	694,401
<b>Less:</b> Allowance for impairment loss (Note 7 (c))	-	(542,909)
Net loss on revaluation of available-for-sale financial assets (Note 21)	(14,855)	-
Fair value at balance date	136,637	151,492

### (b) Unlisted shares

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:

	Consolidated	
	2013	2012
	\$	\$
<b>Cost:</b> Opening balance	11,760,000	11,760,000
Movements	-	-
Closing balance	11,760,000	11,760,000
<b>Less:</b> Allowance for impairment loss	(11,760,000)	(11,760,000)
Fair value at balance date	-	-

### Note 15: Investment in an associate

The Company has a 19.9% interest in West Peak Iron Limited (“WPI”), which is an exploration company with a focus on exploration for iron ore in West Africa and Western Australian. WPI is a listed company on the ASX. The following table illustrates the summarised financial information of the Company’s investment in WPI:

Share of the associate’s statement of financial position:		
Current assets	235,373	-
Non-current assets	343,506	-
Current liabilities	(49,860)	-
Non-current liabilities	-	-
<b>Equity</b>	529,019	-
Cost of Investment	880,000	-
Less:		
Share of the associate’s loss		
Revenue	4,630	-
Expenses	(422,985)	-
Profit/(loss)	(418,355)	-
Add:		
Share of the associate’s other comprehensive income		
Exchange difference on translation of foreign operations	29,108	-
Other comprehensive income	29,108	-
<b>Carrying amount of the investment</b>	490,753	-

### Note 16: Other financial assets

<b>Non-current</b>		
Security deposits/bonds	1,126,735	1,107,163

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

## Note 17: Trade and other payables

	Consolidated	
	2013	2012
	\$	\$
Trade payables	129,936	43,712
Other payables	76,979	76,781
Accruals	639,030	500,530
	<u>845,945</u>	<u>621,023</u>

## Note 18: Current liabilities

### Interest bearing liabilities

Corporate credit cards <sup>1</sup>	516	6,687
	<u>516</u>	<u>6,687</u>

1. Details regarding interest rate risk is disclosed in Note 3

## Note 19: Provisions

### (a) Current

Employee entitlements	91,374	102,896
	<u>91,374</u>	<u>102,896</u>

### (b) Non-current

Employee entitlements	286,717	290,393
	<u>286,717</u>	<u>290,393</u>

## Note 20: Contributed equity

### (a) Issued capital

240,178,059 Ordinary fully paid shares (2012: 192,142,447)	153,801,791	147,021,501
	<u>153,801,791</u>	<u>147,021,501</u>

	Number	\$
<i>Movement in ordinary shares on issue</i>		
At 1 July 2011	192,082,567	147,001,501
Employee share plan issue <sup>1</sup>	59,880	20,000
Transaction costs	-	-
At 30 June 2012	<u>192,142,447</u>	<u>147,021,501</u>
Rights Issue - acceptance of entitlements <sup>2</sup>	24,625,891	3,693,884
Rights Issue - shortfall shares <sup>3</sup>	23,409,721	3,511,458
Transaction costs <sup>4</sup>	-	(425,052)
At 30 June 2013	<u>240,178,059</u>	<u>153,801,791</u>

1. On 4 January 2012, 59,880 shares were issued under the Tax Discounted Employee Share Ownership Plan.

2. On 21 May 2013, 24,625,891 shares were issued for cash via rights issue to the existing shareholders.

3. On 21 June 2013, 23,409,721 shares were issued following the placement of shortfall shares by the Underwriter to the Rights Issue.

4. The transaction costs represents the costs of issuing shares.

### (b) Capital management

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.

## Note 21: Reserves

	Consolidated	
	2013	2012
	\$	\$
Options reserve	26,309,612	26,309,612
Investments revaluation reserve	(14,855)	-
Foreign currency translation reserve	29,108	-
	<u>26,323,865</u>	<u>26,309,612</u>
<i>Movements:</i>		
<b>Options reserve</b>		
Balance at beginning of financial year	26,309,612	23,883,574
Share-based payment expense	-	2,426,038
Balance at end of financial year	<u>26,309,612</u>	<u>26,309,612</u>
<i>Movement in options on issue</i>		
	<b>Number listed</b>	<b>Number unlisted</b>
At 30 June 2011	-	10,250,000
Issue of options <sup>1</sup>	-	24,600,000
Options lapsed/expired on 31 December 2011	-	(10,250,000)
At 30 June 2012	-	24,600,000
Issue of options	-	-
At 30 June 2013	-	24,600,000

Under the company's Employee Option Incentive Scheme:

- 21,500,000 unlisted options were granted to directors on 21 November 2011; 450,000 unlisted options granted to employees and 250,000 unlisted options granted to a consultant on 21 November 2011; 1,400,000 unlisted options were granted to another consultant on 11 January 2012; 1,000,000 unlisted options granted to an employee on 12 March 2012.

	\$	\$
<b>Investments revaluation reserve</b>		
Balance at beginning of financial year	-	-
Net loss on revaluation of available-for-sale financial assets	(14,855)	-
Balance at end of financial year	<u>(14,855)</u>	<u>-</u>
<b>Foreign currency translation reserve</b>		
Balance at beginning of financial year	-	-
Net loss on revaluation of available-for-sale financial assets	29,108	-
Balance at end of financial year	<u>29,108</u>	<u>-</u>

## Note 22: Accumulated losses

Balance at beginning of year	(64,621,240)	(60,044,830)
Loss attributable to members of the Parent	(2,427,818)	(4,576,410)
Balance at end of year	<u>(67,049,058)</u>	<u>(64,621,240)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

## Note 23: Cash flow statement reconciliation

	Consolidated	
	2013	2012
	\$	\$
<b>(a) Reconciliation of net cash and cash equivalents used in operating activities to loss after income tax:</b>		
Loss after income tax	(2,427,818)	(4,576,410)
Depreciation	210,874	246,735
Share based payments	-	2,446,038
Exploration & evaluation expenditure written off/ impairment	134,062	-
Loss on disposal of plant and equipment	2,167	572
Impairment loss of available-for-sale share investments	-	542,909
Share of loss in an associate	418,355	-
Movements in assets and liabilities		
(Increase)/decrease in trade and other receivables	174,271	393,427
Increase/(decrease) in trade and other payables	(151,554)	(285,265)
Increase/(decrease) in provisions	(15,198)	27,428
Net cash used in operating activities	<u>(1,654,841)</u>	<u>(1,204,566)</u>
<b>(b) Non-cash financing and investing activities</b>		
Share based payments (Note 26)	-	2,446,038

## Note 24: Related party disclosure

### (a) Subsidiaries

	Country of Incorporation	Equity Interest	
		2013	2012
Iron West Resources Pty Ltd	Australia	100%	100%
Western Gold Resources Limited	Australia	100%	100%
Wiluna West Gold Pty Ltd	Australia	100%	100%

### (b) Ultimate parent

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

### (c) Associates

The Company acquired an initial 18.6% interest in WPI for \$600,000 via a placement on 3 October 2012. WPI is an ASX listed exploration company with a focus on iron ore projects in Western Australia and Liberia. On 24 December 2012 the Company increased its interest to 19.9% by subscribing for a further placement of \$280,000. During the year, the Company paid exploration expenditures of \$159,183 (ex. GST) on behalf of WPI, which was fully recouped before the end of the year.

#### (d) Joint venture

On 24 December 2012 the Company via its subsidiary Iron West Resources Pty Ltd (“Iron West”) entered in an agreement with ASX listed Company Dragon Energy Ltd (“Dragon”) to farm in to the Lee Steere Project in Earaheedy Basin. Dragon is the tenement holder and holds the iron rights for the tenements being subject to a joint venture with Polaris Metals Pty Ltd a wholly owned subsidiary of Mineral Resources Limited. Under the Farm-in Agreement Iron West agreed to farm into Dragon’s interest in the tenements and the Polaris joint venture on the following terms:

- Iron West can earn a 55% interest in the tenements and iron ore rights by spending approximately \$845,000 on Joint Venture expenditure including exploration, development and mining costs;
- Iron West is obligated to spend a minimum of \$350,000 on Joint Venture Expenditure within 24 months of the commencement date, after which time it can elect to withdraw;
- Unless Iron West elects to withdraw it makes a payment of \$200,000 to Dragon, payable at the election of Iron West in either cash or shares in the Company; and
- Upon completion of the farm-in commitment by Iron West the interest of the respective parties in minerals on the tenements will be as follows:

Name of parties	Iron Ore	Other Minerals
Iron West Resources Pty Ltd	55%	55%
Dragon Energy Ltd	20%	45%
Polaris Metals Pty Ltd	25%	Nil

#### (e) Key management personnel

During the year, the Company paid \$656 on behalf of an entity related to a director, Mr Law. The Company was fully reimbursed prior to year end.

More details relating to key management personnel are included in Note 25.

#### (f) Transactions with related parties

During the year, the Company also paid various corporate expenses and or exploration costs on behalf of Iron West Resources Pty Ltd, Wiluna West Gold Pty Ltd and Western Gold Resources Limited to the total value of \$1,104,899 (2012: \$365,306).

#### (g) Terms and conditions of transactions with related parties

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

### Note 25: Key management personnel disclosures

	Consolidated	
	2013	2012
	\$	\$
<b>(a) Compensation for key management personnel</b>		
Compensation by category:		
Short-term	1,364,935	1,384,201
Post employment	67,785	80,930
Long-term	7,856	8,855
Termination	(31,806)	88,634
Share-based payments	-	2,188,154
	<u>1,408,770</u>	<u>3,750,774</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

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

Options for shares in Golden West Resources Limited (number)

Unlisted options	Balance 01/07/12	Granted as remuneration	Options exercised	Net change Other	Balance <sup>1</sup> 30/06/13	Vested & exercisable	Unvested
<b>Non-executive directors</b>							
G Lyons	4,000,000	-	-	-	4,000,000	4,000,000	-
TS Law	4,000,000	-	-	-	4,000,000	4,000,000	-
CA Lau	4,000,000	-	-	-	4,000,000	4,000,000	-
KL Lee	4,000,000	-	-	-	4,000,000	4,000,000	-
<b>Executive directors</b>							
M Wilson	4,000,000	-	-	-	4,000,000	4,000,000	-
<b>Other executives</b>							
C Ferrier	1,000,000	-	-	-	1,000,000	1,000,000	-
M Pitts	-	-	-	-	-	-	-
S Raven	-	-	-	-	-	-	-
<b>Total</b>	<b>21,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,000,000</b>	<b>21,000,000</b>	<b>-</b>

Unlisted options	Balance 01/07/11	Granted as remuneration	Options exercised	Net change Other	Balance <sup>1</sup> 30/06/12	Vested & exercisable	Unvested
<b>Non-executive directors</b>							
CA Lau	-	4,000,000	-	-	4,000,000	4,000,000	-
TS Law	-	4,000,000	-	-	4,000,000	4,000,000	-
KL Lee	-	4,000,000	-	-	4,000,000	4,000,000	-
J Lester	500,000	500,000	-	(500,000)	500,000	500,000	-
G Lyons	-	4,000,000	-	-	4,000,000	4,000,000	-
D Sanders	-	1,000,000	-	-	1,000,000	1,000,000	-
J Wang	-	-	-	-	-	-	-
<b>Executive directors</b>							
M Wilson	1,500,000	4,000,000	-	(1,500,000)	4,000,000	4,000,000	-
<b>Other executives</b>							
C Ferrier	-	1,000,000	-	-	1,000,000	1,000,000	-
S Raven	-	-	-	-	-	-	-
A Begovich	-	-	-	-	-	-	-
V Webber	-	-	-	-	-	-	-
<b>Total</b>	<b>2,000,000</b>	<b>22,500,000</b>	<b>-</b>	<b>(2,000,000)</b>	<b>22,500,000</b>	<b>22,500,000</b>	<b>-</b>

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

### (c) Shareholdings of key management personnel (consolidated)

Shares held in Golden West Resources Limited (number)

	Balance 01/07/12	Granted as remuneration	On exercise of options	Net change Other	Balance <sup>1</sup> 30/06/13
<b>Non-executive directors</b>					
G Lyons	-	-	-	19,900	19,900
TS Law	21,489,114	-	-	5,372,278	26,861,392
CA Lau	195,000	-	-	-	195,000
KL Lee	-	-	-	-	-
<b>Executive directors</b>					
M Wilson	2,084,438	-	-	521,110	2,605,548
<b>Other executives</b>					
C Ferrier	-	-	-	-	-
M Pitts	-	-	-	100,000	100,000
S Raven	-	-	-	-	-
<b>Total</b>	<b>23,768,552</b>	<b>-</b>	<b>-</b>	<b>6,013,288</b>	<b>29,781,840</b>

	Balance 01/07/11	Granted as remuneration	On exercise of options	Net change Other	Balance <sup>1</sup> 30/06/12
<b>Non-executive directors</b>					
CA Lau	-	-	-	-	-
TS Law	21,489,114	-	-	-	21,489,114
KL Lee	195,000	-	-	-	195,000
J Lester	-	-	-	-	-
G Lyons	27,050	-	-	-	27,050
D Sanders	-	-	-	-	-
J Wang	-	-	-	-	-
<b>Executive directors</b>					
M Wilson	2,084,438	-	-	-	2,084,438
<b>Other executives</b>					
C Ferrier	-	-	-	-	-
S Raven	-	-	-	-	-
A Begovich	-	-	-	-	-
V Webber	-	-	-	-	-
<b>Total</b>	<b>23,795,602</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,795,602</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

## Note 26: Share based payments

### Recognised share based payment costs

	Consolidated	
	2013	2012
	\$	\$
Equity-settled share based payment transactions:		
Shares	-	2,446,038
	-	2,446,038

### Equity-settled share based payment transactions

#### (a) Options

##### *Types of share-based payment plans*

The Company has a formal Employee Option Incentive Scheme ('the Scheme') for employees and directors. The purpose of the scheme 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.

Under the Scheme, options will only be issued to an Eligible Person who is also a Related Party of the Company after the members of the Company have approved by resolution the proposed issue, if such approval is required by the Listing Rules of the Corporations Act or both. The exercise price for options is determined with reference to the market value of the Company's shares at the time of resolving to make the offer. The options will be issued with no vesting conditions. On exercise, each option is convertible to one ordinary share within 10 business days of the receipt of the exercise notice and payment of the exercise price in Australian dollars. Options are to be for a term not exceeding five years from the date of issue, or such longer term as the members in general meeting approve. If an eligible person ceases to be an eligible person, any options held by them will automatically lapse except if the person ceases to be an eligible person by reason of retirement at age 55 or over after not less than five years' service as an employee, permanent disability, or death, in which case options may be exercised within three months of that event happening and if not exercised in that period options shall lapse. The options issued under the scheme carry no dividend or voting rights.

The Board decides which employee or director is eligible to receive the options and the number of options. The Board may, subject to applicable laws, impose any conditions on the exercise of options such as vesting conditions and performance conditions.

Under the Scheme, 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 of the relevant offer. The contractual life of each option is five years or such other time as shareholders approve in a general meeting.

##### *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:

	2013 No.	2013 WAEP	2012 No.	2012 WAEP
Outstanding at beginning of year	24,600,000	\$0.58	10,250,000	\$2.1612
Granted during the year <sup>1</sup>	-	-	24,600,000	\$0.58
Lapsed during the year	-	-	(10,250,000)	\$2.1612
Exercised during the year <sup>2</sup>	-	-	-	-
Outstanding at end of year	24,600,000	\$0.575 <sup>3</sup>	24,600,000	\$0.58
Exercisable at end of year	24,600,000	\$0.575 <sup>3</sup>	24,600,000	\$0.58

1. No options were issued for the year ended 30 June 2013

2. No options were exercised in both financial years.

3. Change to option's exercise price is pursuant to Section 6.22 of the ASX Listing Rules.

The outstanding balances as at 30 June 2013 are represented by:

Grant date	Exercise date	Expiry date	Exercise price	Number
21 November 2011	21 November 2011	22 November 2015	\$0.575	21,500,000
21 November 2011	21 November 2011	04 January 2016	\$0.575	700,000
11 January 2012	11 January 2012	22 February 2016	\$0.575	1,400,000
12 March 2012	12 March 2012	22 March 2016	\$0.575	1,000,000
<b>Total</b>				<b>24,600,000</b>

**Weighted average remaining contractual life**

The weighted average remaining contractual life for the share options outstanding as at 30 June 2013 is 2.43 years (2012: 3.43 years).

**Range of exercise price**

The range of exercise prices for options outstanding at the end of the year was \$0.575 (2012: \$0.58).

**Weighted average fair value**

The weighted average fair value of options granted during the year was \$Nil (2012: \$0.0986).

**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 inputs to the models used for the year ended 30 June 2012.

Grant date	21 November 2011	11 January 2012	22 March 2012
Expected volatility (%)	48.53	59.28	64.17
Risk-free interest rate (%)	3.36	3.30	3.59
Expected life of option (years)	4	4	4
Option exercise price (\$)	0.58	0.58	0.58
Share price at grant date (\$)	0.40	0.40	0.38

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.

**(b) Shares**

**Types of share-based payment plans**

*Tax Discount Employee Share Ownership Plan (ESOP)*

Shares are granted to employees with more than 12 months' service, and or pro-rata to employees with more than 3 months' services. The ESOP was designed to recognise the efforts all employees' contribution to the Company's success and enhance the loyalty and relationships already formed between the Company and its employees.

The value of Shares offered to each employee under the ESOP is limited to \$1,000 per annum and the share price is based on the market price at the time when the shares are issued.

No shares were granted to employees under ESOP during the year ended 30 June 2013.

**Note 27: Remuneration of auditors**

	Consolidated	
	2013	2012
Amount paid or due and payable to Stantons International for:	\$	\$
Audit services	39,164	39,039
Other services	-	1,300
	<b>39,164</b>	<b>40,339</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

## Note 28: Commitments for expenditure

### Tenement expenditure commitments

In order to maintain current rights of tenure to mining tenements, the Group and Parent have minimum tenement expenditure requirements and lease rentals. Assuming the Group 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:

	Consolidated	
	2013	2012
	\$	\$
Less than one year	1,097,900	1,898,100
Between one and five years	7,402,500	8,158,500
More than five years	15,385,800	16,943,300
	<u>23,886,200</u>	<u>26,999,900</u>

### Office rental commitments

Less than one year	237,868	243,420
Between one and five years	-	234,024
More than five years	-	-
	<u>237,868</u>	<u>477,444</u>

### Key management personnel contract commitments

Less than one year	-	45,655
Between one and five years	-	-
More than five years	-	-
	<u>-</u>	<u>45,655</u>

### Commitments relating to joint venture project

The Company via its subsidiary Iron West Resources Pty Ltd has commitments of solely spending minimum exploration costs of \$350,000 within 24 months of signing the farm-in agreement on its joint venture Lee Steere Project with Dragon Energy Ltd, of which \$154,000 was spent by the end of 30 June 2013.

## Note 29: Contingencies

The Group is not aware of any significant contingencies as at the end of the financial year other than disclosed at Note 24 (d) regarding the Joint Venture with Dragon Energy Ltd.

## Note 30: Events after balance date

The Company sold a 100% interest in its Doherty's Project (M57/619) to Classic Minerals Ltd (ASX code: CLZ) on 31 July 2013 for a consideration of \$80,000 cash and the issue of 570,000 fully paid ordinary shares in Classic Minerals Ltd.

## Note 31: Parent entity disclosures

### (a) Financial position

	Consolidated	
	2013	2012
	\$	\$
<b>Assets</b>		
Current assets	27,608,521	25,367,294
Non-current assets	96,814,807	94,450,195
Total assets	124,423,328	119,817,489
<b>Liabilities</b>		
Current liabilities	913,400	715,960
Non-current liabilities	286,717	290,393
Total liabilities	1,200,117	1,006,353
<b>Equity</b>		
Contributed equity	153,801,791	147,021,501
Accumulated losses	(56,917,300)	(54,519,977)
<b>Reserves</b>		
Reserves	26,338,720	26,309,612
Total equity	123,223,211	118,811,136

### (b) Financial performance

Profit/(loss) for the year <sup>1</sup>	(2,397,323)	(4,057,027)
Other comprehensive income	29,108	-
Total comprehensive income	(2,368,215)	(4,057,027)

1. The comparative amount included share based payments of \$2,446,038 (Notes 7 & 26)

### (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 and notes of Golden West Resources Limited for the financial year ended 30 June 2013 are in accordance with the Corporations Act 2001, including:
  - (i) Giving a true and fair view of its financial position as at 30 June 2013 and performance
  - (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001
- (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b).
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2013.

On behalf of the Directors,



Gary Lyons

**Director**

Dated at Perth, this 23rd day of September, 2013

# INDEPENDENT AUDITOR'S REPORT

Stantons International Audit and Consulting Pty Ltd  
trading as

**Stantons International**  
Chartered Accountants and Consultants

PO Box 1908  
West Perth WA 6872  
Australia

Level 2, 1 Walker Avenue  
West Perth WA 6005  
Australia

Tel: +61 8 9481 3188  
Fax: +61 8 9321 1204

ABN: 84 144 581 519  
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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 consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 2(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply 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. Those 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 company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of 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.

# INDEPENDENT AUDITOR'S REPORT

## *Independence*

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

## *Opinion*

In our opinion:

- (a) the financial report of 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 2013 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2(b).

## *Emphasis of Matter regarding the Recoverability of Capitalised Exploration Expenditure Assets*

Without qualification to our audit opinion expressed above, attention is drawn to the following matter:

The Group has recorded a non-current capitalised exploration expenditure asset totalling \$87,222,010. This asset has been recognised over a number of years in accordance with the consistent application of the Group's accounting policies as set out in note 2(k). The ability to realise and ultimately recover the capitalised exploration expenditure in full is dependent on the Group successfully exploiting and commercialising the asset by undertaking mining operations, or through the sale of the relevant mineral interests.

If the Group is not successful in the aforementioned activities, the realisable value of the consolidated entity's non-current exploration expenditure may be significantly less than its current carrying value.

## **Report on the Remuneration Report**

We have audited the remuneration report included in pages 20 to 26 of the directors' report for the year ended 30 June 2013. 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.

## *Opinion*

In our opinion the remuneration report of Golden West Resources Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

## **STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**

**(Trading as Stantons International)**

**(An Authorised Audit Company)**

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
Director

West Perth, Western Australia  
23 September 2013

# ADDITIONAL INFORMATION

## Security holder information as at 30 September 2013

### Distribution schedule and number of holders of equity securities

Category	1 - 1000	1,001 - 5,000	5,001 - 10,000	10,001 - 100,000	100,001+	Total
Listed shares	516	639	243	441	100	1939
Director options	-	-	-	-	7	7
Staff options	-	-	-	-	5	5
Consultant options	-	-	-	-	1	1

Number of holders holding less than a marketable parcel of fully paid ordinary shares is 930.

### 20 largest holders of quoted equity securities

#### Ordinary shares (GWR)

Name	No. of ordinary fully paid shares held	Percentage of issued shares held
1 HSBC Custody Nominees (Aust) Ltd	52,882,622	22.02%
2 Nefco Nom PL	40,316,601	16.79%
3 Cliffs Asia Pacific Iron	24,276,852	10.11%
4 Citicorp Nominees Pty Ltd	21,810,220	9.08%
5 Hunan Valin Steel Co Ltd	14,400,000	6.00%
6 Maxim Growth CAP Ltd	11,900,000	4.95%
7 Aust Congling Intn Inv Gr	7,213,099	3.00%
8 National Nom Ltd	5,156,125	2.15%
9 Calais Grp Ltd	5,000,000	2.08%
10 Rubicon Nominees Pty Ltd	4,646,849	1.93%
11 Michael Reginald Wilson	2,605,548	1.08%
12 JP Morgan Nom Aust Ltd	1,815,244	0.76%
13 Garry Bonaccorso	1,685,000	0.70%
14 Yijian Inv Co Ltd	1,600,000	0.67%
15 Goldlaw PL	1,500,000	0.62%
16 Rudd Alan Paul	1,390,000	0.58%
17 UOB Kay Hian Private Ltd	1,100,078	0.46%
18 Brentnall Dene	1,000,000	0.42%
19 Malcolm James Douch	875,615	0.36%
20 Joseph Neville	845,504	0.35%

\*The registered holding HSBC Custody Nomiees Aust Ltd includes 27,012,450 shares beneficially owned by Wynnes Investment Holding Ltd - a related entity of director Tan Sri Dato' Tien Seng Law. Refer to Substantial Shareholders information on the following page.

### 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:

- for every fully paid share held by him, one vote
- 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

# ADDITIONAL INFORMATION

## Substantial shareholders

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

Name	Ordinary shares no.	%
Wynnes Investment Holding Ltd	27,012,450	11.25%
Cliffs Asia Pacific Iron	24,276,852	10.11%
Joyful Winner Holding Ltd	20,696,660	8.62%
Hunan Valin Steel Co Ltd	14,400,000	6.00%

## On-market buy back

There is no current on-market buy back.

## Restricted securities

The Company has no restricted securities on issue.

## Options exercisable

The Company has no listed options exercisable.

## Unquoted securities on issue

Unquoted securities	Number on issue	Exercise price	Expiry date
Director options	21,500,000	\$0.58	22/11/2015
Staff options	1,700,000	\$0.58	04/01/2016 – 22/03/2016
Consultant options	1,400,000	\$0.58	22/02/2016

## Securities

Securities	Name	Number of Securities
Consultant options	Septimus Investments Pty Ltd	1,400,000

## 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.

## Tenement interests as at 30 September 2013

### Schedule of interests in mining tenements

Location	Tenement	Percentage held
Wiluna West	E53/1089-I	80%
Wiluna West	E53/1116-I	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	LA53/177	100%
Wiluna West	LA53/178	100%
Wiluna West	LA53/179	100%
Wiluna West	M53/971-I	100%
Wiluna West	M53/972-I	100%
Wiluna West	M53/1016-I	100%
Wiluna West	M53/1017-I	100%
Wiluna West	M53/1018-I	100%
Wiluna West	M53/1078-I	80%
Wiluna West	M53/1087-I	100%
Earaheedy	E69/2936-I	100%
Earaheedy	ELA69/3020	100%
Earaheedy	E69/3022-I	100%
Earaheedy	E69/3026	100%
Earaheedy	E69/3037-I	100%
Earaheedy	ELA69/3192	100%
Earaheedy	ELA69/3232	100%
Woodley JV	E57/632-I	0%
Woodley JV	E57/634-I	0%
Lee Steere Farm-in	E69/2126-I	0%
Lee Steere Farm-in	E69/2377-I	0%

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# CORPORATE DIRECTORY

## Board of directors:

Gary Lyons (Non-executive chairman)  
Tan Sri Dato' Tien Seng Law (Non-executive deputy chairman)  
Mick Wilson (Executive director)  
Datuk Chin An Lau (Non-executive director)  
Kong Leng (Jimmy) Lee (Non-executive director)  
Teck Siong Wong (Alternate for Mr Law)

## Chief Executive Officer

Craig Ferrier

## Company Secretary:

Mark Pitts

## 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  
Email: [admin@goldenwestresources.com](mailto:admin@goldenwestresources.com)  
Website: [www.goldenwestresources.com](http://www.goldenwestresources.com)

## Issued capital as at 30 June 2013:

Fully paid ordinary shares: 240,178,059  
Options: 24,600,000

## Auditors:

Stantons International  
Level 2, 1 Walker Avenue  
WEST PERTH, WESTERN AUSTRALIA 6005  
Telephone: +61 8 9481 3188  
Facsimile: +61 8 9321 1204

## Bankers:

National Australia Bank Limited  
6/259 Bannister Road  
CANNING VALE, WESTERN AUSTRALIA 6155

## 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:

Bennett & Co  
Ground Floor, BGC Centre  
28 The Esplanade  
PERTH, WESTERN AUSTRALIA 6000  
Telephone: +61 8 6316 2200  
Facsimile: +61 8 6316 2211

## Stock exchange:

Australian Securities Exchange Limited

## Company code:

GWR

## Definitions:

'GWR' and 'the Company' means Golden West Resources Limited

ABN 54 102 622 051



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PO Box 260, Osborne Park, Western Australia 6917  
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**W** [www.goldenwestresources.com](http://www.goldenwestresources.com)  
Golden West Resources Limited  
ABN 54 102 622 051