GREAT WESTERN Exploration Limited

ABN 53 123 631 470

ANNUAL REPORT 2010

CORPORATE DIRECTORY

DIRECTORS

Thomas Bedford Bannerman *(Chairman)*

Jordan Ashton Luckett *(Managing Director)*

Kevin Clarence Somes *(Non-executive Director)*

COMPANY SECRETARY

Kelvin Frederick Edwards

REGISTERED AND PRINCIPAL OFFICE

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AUDITOR

Bentleys

Level 1, 12 Kings Park Road

West Perth

Western Australia 6005

SOLICITORS

Steinepreis Paganin

Level 4

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16 Milligan Street

Perth

Western Australia 6000

STOCK EXCHANGE

The Company's shares are listed by the

Australian Securities Exchange Limited

The home exchange is Perth

ASX Code	- Fully paid shares	GTE
	- Listed options	GTEO

REVIEW OF EXPLORATION ACTIVITIES

INTRODUCTION

During the year the Company continued its focus as a multi commodity explorer.

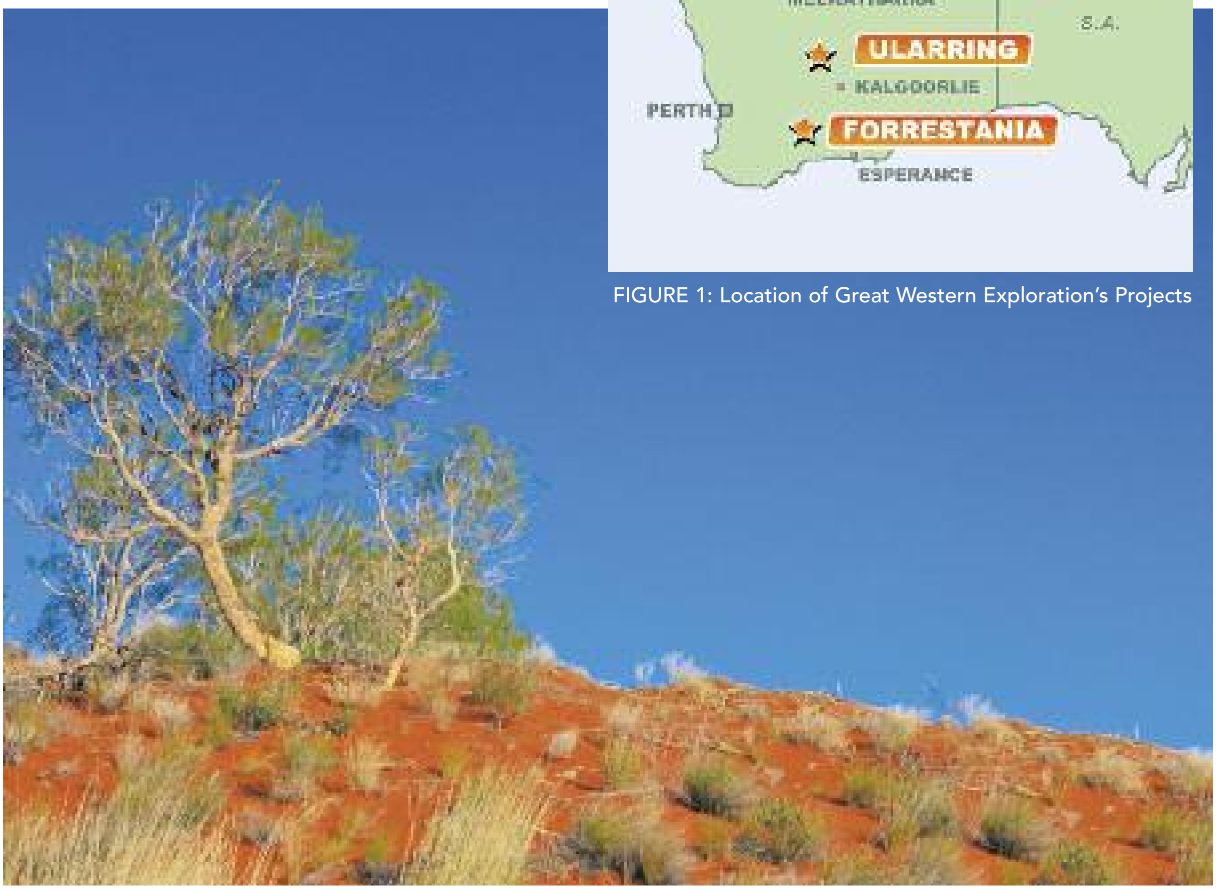
The Pine Creek Gold & Uranium Project, located in the Northern Territory was acquired under an Option Agreement whereby the Company could acquire 80% of the project which comprises eight (8) granted Exploration Licenses (EL) and 2 Exploration Licence Applications (ELA) covering approximately 900km^2 within the highly prospective Pine Creek Oregon.

Active exploration commenced on the Doolgunna Base Metals Project. The project is located approximately 140km NE of Meekatharra and comprises ten (10) exploration licenses covering an area of 1700km^2. The primary exploration target is Volcanogenic Massive Sulphide mineralisation (VMS) within the Yerrida Basin, in a similar setting to the Degrussa deposit

At the Forrestania Gold and nickel project the company entered into a joint venture with Western Areas NL (ASX: WSA) to explore the project whereby WSA can earn up to 70% interest in the Project in two stages by spending $2.5 million and are the operators of the project.

Further work was carried out at the Ularring Uranium Project. The project comprises three exploration licenses that cover 540km^2 of drainage channel. The company pegged the area after detecting granites with very high background radiation levels within the catchment area of the target channel.

FIGURE 1: Location of Great Western Exploration's Projects



DOOLGUNA BASE METALS

The Doolgunna project is centred 142 km NE of Meekatharra within the Yerrida Basin where the company is targeting massive sulphide mineralisation (copper – gold) similar to what has been discovered at Degrussa, located 30km to the NW.

The project comprises of ten exploration licences for a total area of 1,750km^2, nine are 100% owned by the company and one in which the company has entered into an Option Agreement during the year with Westex Resources Pty Ltd (Westex) for E53/1355 whereby the company can acquire up to 90%.

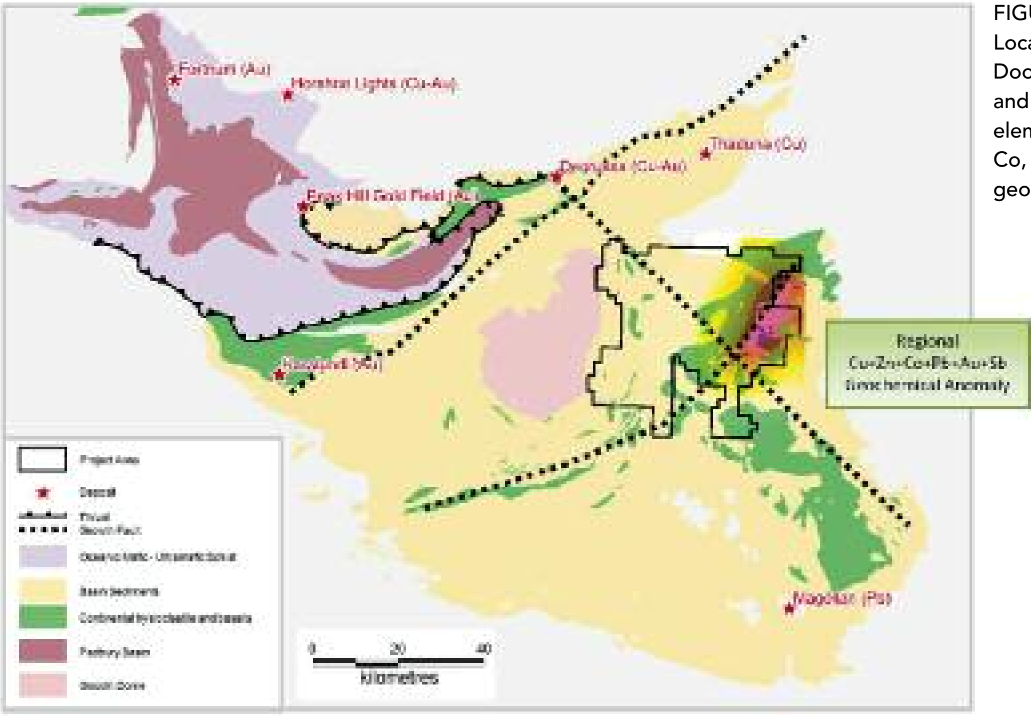


FIGURE 2: Location of the Doolgunna project and regional multi-element (Zn, Pb, Cu, Co, Au, Pt & Sb) geochemical anomaly.

The company recognised the area has having very similar stratigraphy and geological setting as that seen at Degrussa and the work completed by the Geological Society of Western Australia (GSWA) shows that the volcanic rocks that host Degrussa are more like the those of the Killara formation in the Yerrida Basin then those of the rest of the Narracoota Formation. This was primarily because both the rocks that host Degrussa and those of the Killara formation were formed within the Yilgarn Craton associated with continental rifting while the rest of the volcanic rocks of the Narracoota were formed at Mid Ocean Ridge which represents two vastly different geological settings.

It was then identified that the rocks at the top of the Killara Formation directly below the Maraloou Formation where there has been a transition from volcanism (volcano eruptions) to seafloor sediment deposition as the most likely to host VMS. The overlying Maraloou Formation comprises black shale and fine grained carbonate sediments and the basal contact with the underlying Killara Formation is gradational and characterised by intercalated black shale horizons, carbonates, cherts and mafic lavas & dolerite sills and this sequence forms the target rocks.

The GSWA Peak Hill regional geochemical survey was used to identify where this transition was shedding the most metal and it became apparent there was a very significant 30km x 15km regional multi-element geochemical anomaly associated with the target stratigraphy. The company then pegged this transition and as much of the Killara volcanic sequence that was available at the time (See Fig 2).

During the year the considerable progress was made at Doolgunna including field reconnaissance, 727 line km of geophysical airborne VTEM survey and a broad spaced (800m x 800m) soil sample survey. The results from this work identified many positive indicators for VMS base metal mineralisation, and these include:

- The microscopic analysis (petrology) of rock chips taken from the target rocks demonstrates these rocks conform to the existing VMS mafic-pelite model (Besshi style) and are similar to the rocks that host Degrussa. It also identified that the sequence has been subject to hydrothermal alteration (chlorite and sericite), which is also known to occur within the vicinity of typical VMS deposits..
- The target rocks are co-incident with historical regional copper-gold-zinc-platinum-antimony geochemical anomaly that is 30km long and 15km wide. Historical results include a highly anomalous 454 ppb gold in stream sampling and 574ppm nickel, 375ppm copper, 3.29% lead, and 1.58% manganese in rock chips within the current survey area.
- VTEM carried out over part of the target stratigraphy resulted in the identification of clusters of numerous strong conductors, interpreted faults and a possible large intrusion at depth to provide heat and magmatic fluids.
- The area is more structurally complex than previously thought with evidence from Aster, SRTM, aerial photographs and VTEM identifying lineaments orientated NW, NE and NS. Field mapping has identified foliations consistent with large N, NW and NE trending faults.
- The 800m x 800m soil sampling has resulted in the identification of four areas that have anomalous multi-element geochemical responses with a similar element association to the nearby Degrussa deposit and the VMS model in general. These anomalies contain clusters of very strong conductors identified in the VTEM survey and are also co-incident at the convergence of NW, NE and NS orientated lineaments.

Following the success of the VTEM survey, which identified numerous strong conductors, interpreted faults and magnetic features, the company commenced a soil sample programme on an 800m x 800m grid to provide a nominal sample density of 1km^2 over the same area. The survey covers a 250km^2 which represents 15% of the entire project area.

The soil programme was designed to map areas that may have been subject to hydrothermal alteration (hot fluids) with a similar geochemical signature to what has been published at Sandfire Resource's Degrussa deposit, located 65km to the northwest.

Four large geochemical anomalies have been defined (see figure 3):

- Area 1A is a multi-element (Cu, Zn, W, Sn, Sb, Te, Bi, Mo, As, Ba, Cd, Co, Pb, Au) geochemical anomaly approximately 4.5km x 4km in size. Within the anomaly there is a cluster of strong VTEM conductors. It is also co-incident with the convergence of north-south (NS), north-east (NE) and north-west (NW) lineaments.
- Area 1B is a multi-element (Cu, Zn, W, Sn, Sb, Te, Bi, Mo, As, Ba, Cd, Co, Pb, Au) geochemical anomaly approximately 2.5km x 2.5km in size. Within the anomaly there is a cluster of strong VTEM anomalies. It is also co-incident with the convergence of NS and NE trending lineaments.
- Area 1C is a multi-element (Cu, Bi, Mo, W, As, Sb, Pb) anomaly approximately 2.5km x 2.5km in size that is just outside of the VTEM survey. It is also co-incident with the convergence of NW and NE lineaments.
- Area 1D is a multi-element (Cu, Zn, Ba, Co, Au) approximately 3.0km x 2.5km in size that contains a cluster of strong VTEM anomalies. The anomaly is located on the intersection of NE,

NW and NS lineaments and is only slightly offset to the NW of Area C. Underlying the anomaly at some depth is a circular intrusion (interpreted from magnetic data).

With each phase of exploration the prospectivity of the project has improved and there is plenty of encouragement to continue. The next phase of exploration will be to infill the soil sampling over the four identified areas and carry out ground EM to accurately model the EM conductors prior to drill testing.

The company believes that as one of the first movers in the region it has secured some of the most prospective stratigraphy for VMS mineralisation in what will be an emerging base metal district.

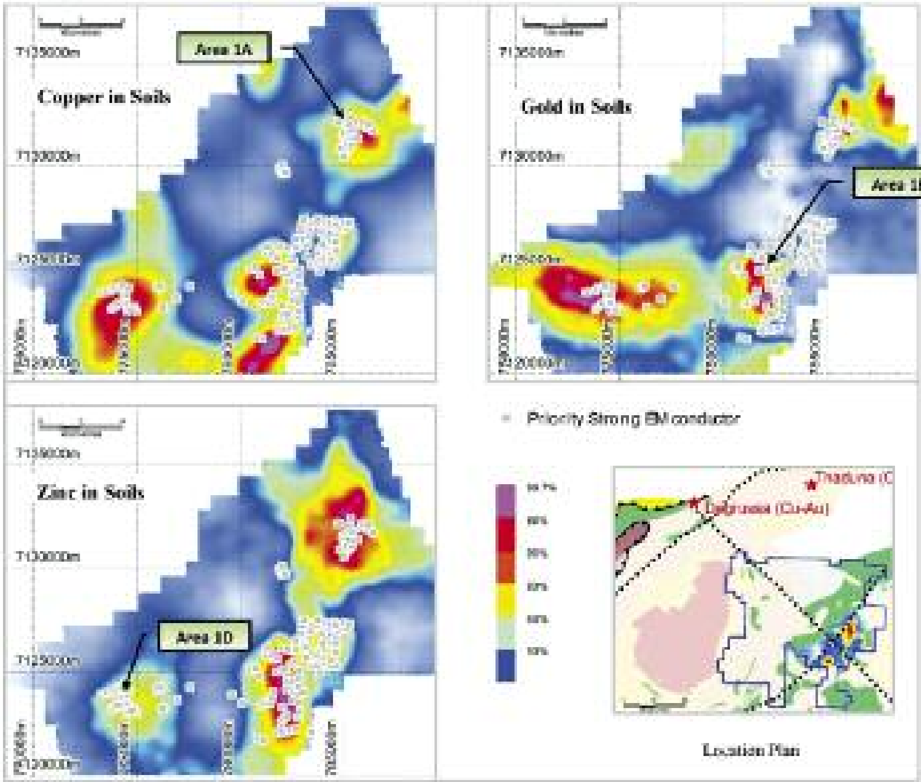


FIGURE 3: Multi-element soil geochemical anomalies co-incident with clusters of very strong airborne EM conductors defining areas highly prospective for base metal mineralisation.

PINE CREEK GOLD URANIUM PROJECT

On the 15th October 2009 the company entered into an Option Agreement to acquire 80% of the Pine Creek Gold & Uranium Project, located in the Northern Territory. The project is located 220km SSE of Darwin and 90km north of Katherine, centred on the township of Pine Creek. The project is comprised of 8 granted Exploration Licenses (EL) and 2 Exploration Licence Applications (ELA) covering approximately 900km^2 within the highly prospective Pine Creek Oregon (fig 4).

According to the Northern Territory Geological Survey (NTGS) the region hosts over a thousand mineral occurrences and is one of the most prospective provinces of the Northern Territory. The district contains approximately 20% of the world's low-cost uranium resources and has significant potential for gold. Considerable resources of lead-zinc- silver, copper, platinum, palladium, tin,tantalum-tungsten and various other commodities also exist.

The project provides an excellent entry into one of the prime mineral provinces of Australia containing a variety of under-explored geological settings with similarities to those of known to host major deposits including:

FIGURE 4: Location of Pine Creek Project

- Structurally controlled gold deposits
- Intrusive related gold deposits
- Unconformity style uranium deposits
- Volcanic and meta-sediment hosted copper-lead-zinc-silver deposits

Initially the company identified 7 high priority uranium targets from airborne radiometric surveys completed during the year and one high priority gold target identified from the regional magnetic data and subsequent soil sampling also carried out during the year.

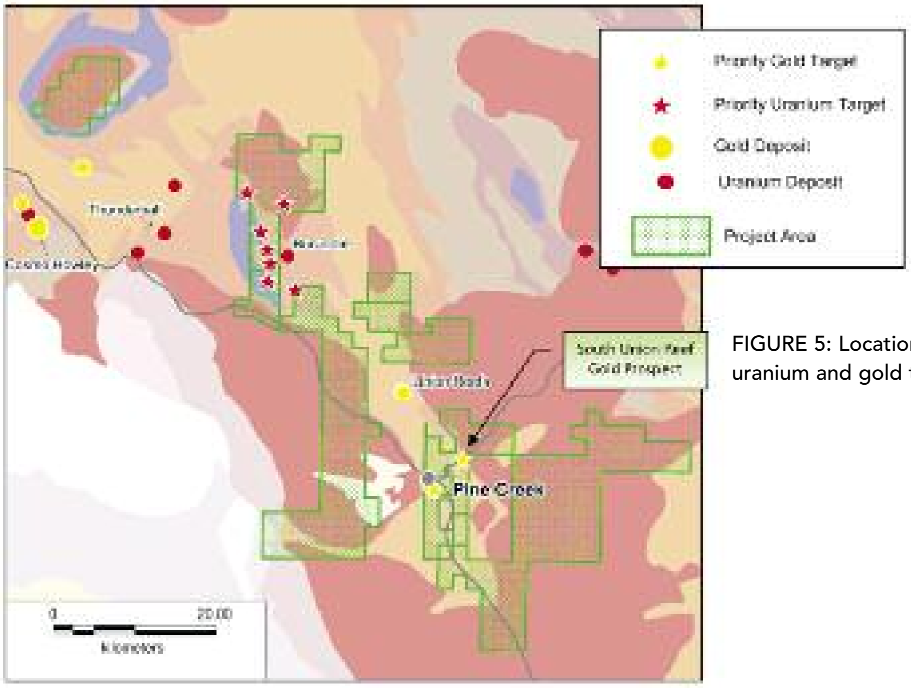


FIGURE 5: Location of priority uranium and gold targets

URANIUM

The Pine Creek project contains over 20 kilometres of strike of the Koolpin Formation which has been identified by the Northern Territory Geological Service (NTGS) as being prospective for uranium mineralisation. This sequence hosts the Burrundie, Thunderball and Corkscrew uranium prospects which are all located within a 12km radius of the project.

The regional radiometric data had identified uranium anomalism within the project area and during the quarter the company completed a detailed radiometric survey to better define the nature of that anomalism. A total of 2,800 line kilometres along lines spaced 50m were completed using the most sensitive spectrometer available in Australia. The results from this survey have been very encouraging with 7 high priority uranium targets delineated (see fig 5).

Field checking of these anomalies has shown the 5 central anomalies are within the right stratigraphy associated with primarily hematite with an associated quartz breccia that is interpreted to form part of a splay fault with up to 1350 CPS (counts per second) that assayed 120 ppm using a Niton handheld XRF machine.

GOLD

During the year the company carried completed 834 soil samples on a 200m x 50m grid and ground magnetic survey at the South Union Reef prospect which is a structural target identified in the regional magnetic data 10km south along strike of the Union Reef gold mine.

The soil programme delineated a coherent anomaly where the > 20 ppb gold contour has a strike length of approximately 1,000m which includes 700m strike of > 100 ppb gold contour. Several other anomalies were also identified including one located 800m east of the main anomaly that contained the highest value of 3,173 ppb gold within area of gold anomalism, albeit not as coherent as the main anomaly. Subsequent field work showed the target as having sub crop of quartz veining and silica alteration within sediments similar to what has been described at Union Reefs.

The ground magnetic survey carried over the area indicates that the soil anomaly is adjacent to a significant contact, interpreted to be fault, which can be traced on the regional magnetic maps 10km north along strike through to the Union Reef Gold mine. The Union Reef mine had a published resource of 20 million tonnes at 1.8 g/t gold and is the location of an operating 2.4 Mt/year plant.

Drilling is planned to test the South Union Reef gold prospect in August 2010 and further ground work will also be completed on the 7 uranium targets.

FORRESTANIA NICKEL PROJECT

The Forrestania Project tenements consist of a total of 303km^2 of area in the Forrestania region (Fig 7). The company believes that the Forrestania greenstone belt extends a further 12km south than previously thought, obscured by the remnants of a thin granite sill overlying the sequence. The company has intersected komatiite and sulphidic BIF units at least 6km further south and along strike of the last known ultramafic in outcrop or drill hole.

During the year the company entered a Joint Venture Agreement with Western Areas NL (ASX Code: WSA) to explore the company's Forrestania Project.

Under the agreed terms, WSA can earn up to 70% interest in the Project in two stages by spending $2.5 million.

- Stage 1 WSA to earn 51% by spending $1.0 million in two years;
- Stage 2 WSA to earn a further 19% by spending $1.5 million within five years;
- There is a minimum commitment of $200,000 before WSA can withdraw from the JV.

Western Areas NL owns and operates the Flying Fox nickel mine and other significant infrastructure in the region which includes nickel concentrator, grid power and plant & equipment. In addition to its operations, Western Areas also has an impressive discovery record since they commenced nickel exploration in the region, which includes the recent Spotted Quoll deposit.

Great Western believes this to be an excellent opportunity to progress the project further by leveraging off the considerable infrastructure, resources & expertise that Western Areas bring to the JV.

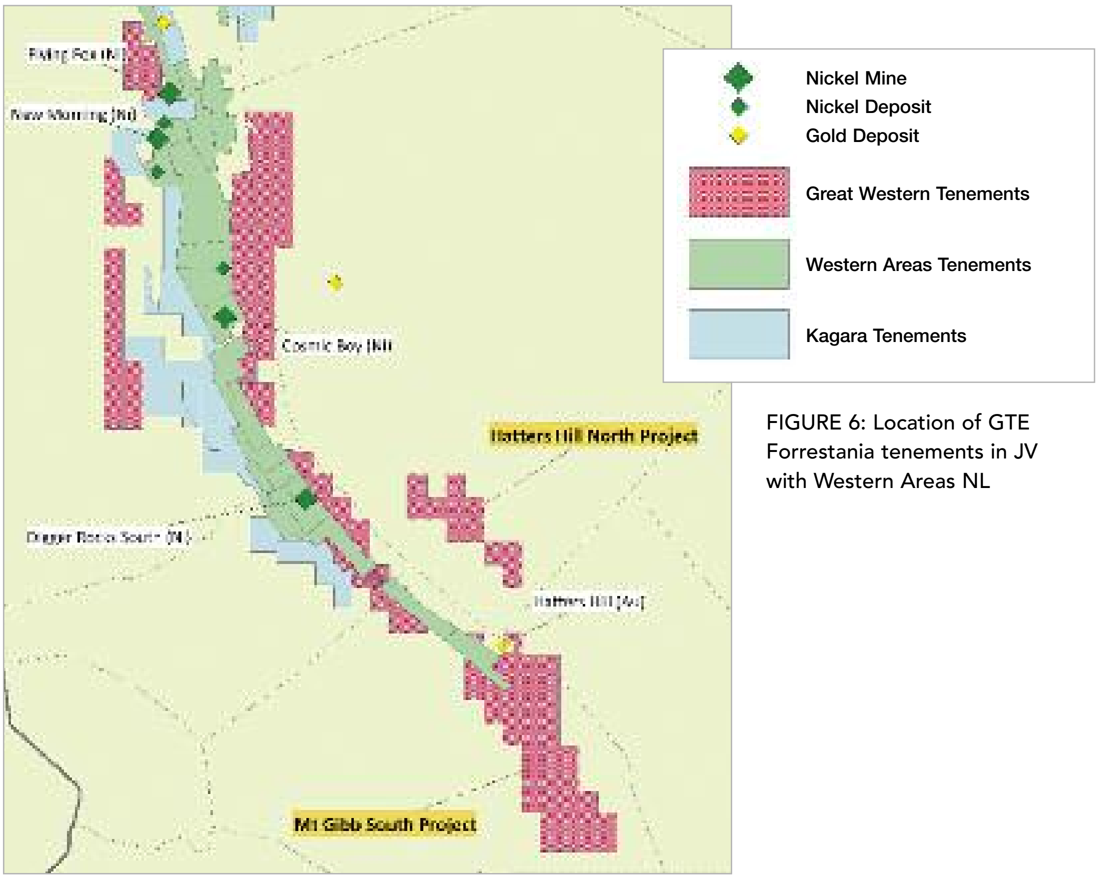


FIGURE 6: Location of GTE Forrestania tenements in JV with Western Areas NL

During the June quarter (FY10) WSA completed 329m of diamond drilling extending two existing RC drill holes targeting off hole EM conductors identified from down hole Electromagnetic surveys completed in the March quarter.

While no significant mineralisation was intersected WSA reported the following:

- **Hole MGS002** was drilled from 230m to 321.5m targeting a down hole EM (DHEM) anomaly interpreted to be a conductor located below the hole at a distance of approximately 10m.

  The hole intersected a mixed package of ultramafic rocks (including narrow intervals of orthocumulates) and granitic intrusives. No source to the DHEM conductor could be identified in the initial part of the hole, with granitic rocks intersected from 230 to 258.6. Also no sulphidic rocks were intersected in the remaining portion of the hole.

  Further DHEM will be required to resolve the position and source of the conductor located previously. It is likely the source has been stoped out by the granite.

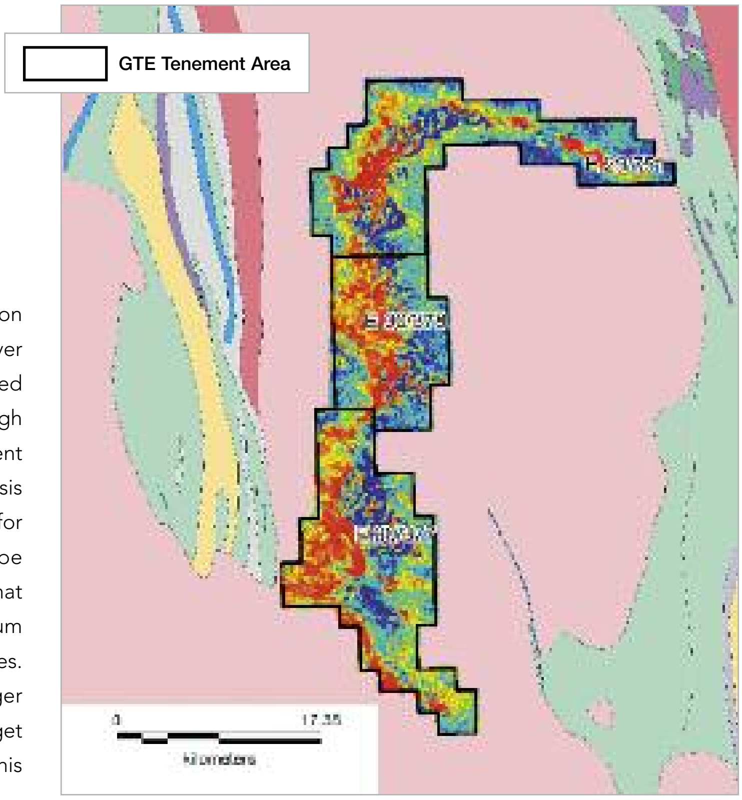
- **Hole MGS005** was drilled from 240m to 478.8m targeting a DHEM anomaly located below the hole at a distance of approximately 12m.

  The hole intersected a mixed package of ultramafic rocks (including narrow intervals of orthocumulates), sediments and granitic intrusives. The DHEM conductor is most likely sourced from an interval of stringer to massive pyrrhotite within sediment from 255.17 to 260.2m.

  Encouragingly some of the orthocumulate zones contained weak to trace disseminated sulphides, although the relative narrow widths of the orthocumulate units indicate the potential for significant channel facies sulphides here is not high. Assays of these units are awaited.

WSA have indicated that more holes will be drilled during the December 2010 quarter.

FIGURE 7: Airborne radiometric uranium channel grid showing the significant uranium anomalies with the target drainage channel.



ULARRING PROJECT

The Ularring project comprises three exploration licenses (E30/377, E30/378 & E29/751) that cover 540km^2 of drainage channel. The company pegged the area after detecting granites with very high background radiation levels within the catchment area of the target channel. The Drainage analysis carried out by the company showed the potential for significant amounts of uranium metal to be remobilised into the channel and have surmised that this metal could be deposited as secondary uranium (calcrete style) mineralisation in economic quantities. Historical reports of carnotite in shallow auger drilling completed in two areas within the target channel (maximum grade 120 ppm) supports this idea.

The exploration model put forward is:

a) The radioactive granite seen at Hospital rock and adjoining areas is a good source of uranium and;

b) This uranium may be remobilised by erosion into the adjoining catchment area and then concentrated into secondary zones of carnotite, particularly where there may be calcrete development as a result of water table fluctuation over time.

An airborne radiometric survey was carried out in the March 2010 quarter. The survey was targeting secondary uranium mineralisation within the salt lake that occupies the majority of the project area. The survey was completed along 200m spaced lines using a 66 litre gamma ray spectrometer covering the 540km^2 of area.

The survey clearly shows there is a series of strong uranium anomalies and broad areas of anomalism occurring within the target drainage channel (channel) along its entire 74km length (see Fig 8). The company believes this is strong evidence of secondary uranium mineralisation within this channel.

The historical data is being compiled and field inspection of the main anomalies is yet to be carried out. The company intends to start work on the project later in 2010 once the third license is granted.

KIMBERLEY PROJECT

The Kimberley project was relinquished during the June 2010 quarter.

COMPETENT PERSON STATEMENT
The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Jordan Luckett who is a member of the Australian Institute of Mining and Metallurgy. Mr Luckett 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 Luckett consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS

The names and details of the Company's directors in office during the financial year and up to the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

- T B Bannerman
- K L Somes
- J A Luckett

INFORMATION ON DIRECTORS:

Mr Thomas Bedford Bannerman *LLB. (Hons)*

Chairman

EXPERIENCE AND EXPERTISE

Mr Bannerman has practised law in a wide number of fields including Mining Law. He has extensive experience in management of public companies including mineral exploration companies since 1985.

OTHER CURRENT DIRECTORSHIPS

None.

FORMER DIRECTORSHIPS IN LAST THREE YEARS

None.

Mr Jordan Ashton Luckett

Managing Director

EXPERIENCE AND EXPERTISE

During his career, Mr Luckett has been a member of a number of successful exploration teams that have made discoveries in Western Australia, Queensland, Canada and Africa. For the previous seven years he has held senior management positions in both mining and exploration companies.

Mr Luckett has a Bachelor of Science degree and is a member of the Australasian Institute of Mining and Metallurgy.

Mr Luckett has 18 years' of experience in both exploration and mining geology, having worked throughout Australia, North America and Africa. He has a broad experience that includes grass roots exploration, project generation, resource definition, underground mining and geological management.

OTHER CURRENT DIRECTORSHIPS

None.

FORMER DIRECTORSHIPS IN LAST THREE YEARS

None.

Mr Kevin Clarence Somes *FCA*

Non-executive

EXPERIENCE AND EXPERTISE

Mr Somes is a fellow of the Institute of Chartered Accountants and has been a partner of Somes & Cooke Chartered Accountants for 25 years. The firm specialises in tax and accounting services and auditing.

Mr Somes has extensive experience in the management of exploration companies, with Somes & Cooke being the auditors of a number of ASX listed mining companies.

OTHER CURRENT DIRECTORSHIPS

None.

FORMER DIRECTORSHIPS IN LAST THREE YEARS

Kimberley Diamond Company NL (2004 – 2007).

COMPANY SECRETARY

The Company Secretary is Mr K F Edwards, CA.

Mr Edwards is a Chartered Accountant, with over 20 years experience in the management and administration of ASX listed public companies.

PRINCIPAL ACTIVITIES

The principal activity during the year to 30 June 2010 was mineral exploration for uranium, copper, gold and nickel.

OPERATING AND FINANCIAL REVIEW

REVIEW

The principal activity of the Company is mineral exploration. The objective of the Company, in the event of the discovery of a mineral resource, would be the successful exploration and development of the resource.

The Company's projects are:

Doolgunna – Base Metals

The Doolgunna project is centred 142 km NE of Meekatharra within the Glengarry Group of rocks which form part of the proterozoic Nabberu Basin. The Company is targeting massive sulphide mineralisation (copper – gold) similar to what has been discovered at Degrussa, located 30 km to the NW and Voisey Bay style massive sulphide mineralisation (nickel – copper – PGE) which Xstrata are exploring for along the eastern boundary of the project.

The Company has identified a large area within the Killara volcanic rocks that the Company believes is a similar geological setting as Degrussa that has anomalous multi-element soil anomalies with base metal mineralisation associations that are co-incident with very strong EM anomalies.

These anomalies occur with rocks that are similar to those that host Degrussa and the mafic-pelite VMS model in general and are also co-incident with faults. The soil geochemistry also appears to be mapping out hydrothermal alteration along these lines.

Pine Creek – Gold & Uranium

The Pine Creek project is located 220 km SSE of Darwin and 90 km north of Katherine, centred on the township of Pine Creek. The project is comprised of 8 granted Exploration Licenses (EL) and 2 Exploration Licence Applications (ELAS) covering approximately 900 km^2 within the highly prospective Pine Creek Oregon.

According to the Northern Territory Geological Survey (NTGS) the region hosts over a thousand mineral occurrences and is one of the most prospective provinces of the Northern Territory. The district contains approximately 20% of the world's low-cost uranium resources and has significant potential for gold. Considerable resources of lead-zinc-silver, copper, platinum, palladium, tin-tantalum-tungsten and various other commodities also exist.

Forrestania – Nickel & Gold

The Forrestania Project comprises a total of 303 km^2 of area in the Forrestania region. The Company believes that the Forrestania greenstone belt extends a further 12 km south than previously thought, obscured by the remnants of a thin granite sill overlying the sequence. The Company has intersected komatiite and sulphidic BIF units at least 6 km further south and along strike of the last known ultramafic in outcrop or drill hole.

The project is the subject of a Joint Venture Agreement with Western Areas NL.

Under the agreed terms, WSA can earn up to 70% interest in the Project in two stages by spending $2.5 million.

Western Areas NL owns and operates the Flying Fox nickel mine and other significant infrastructure in the region which includes nickel concentrator, grid power and plant and equipment. In addition to its operations, Western Areas also has an impressive discovery record since they commenced nickel exploration in the region, which includes the recent Spotted Quoll deposit.

Ularring – Uranium

The Ularring uranium project is located approximately 90 km east of Menzies and comprises of three exploration licences cover a total area 540 km^2 of palaeodrainage that form part of the Lake Ballard system.

Within the project area the government 1:250,000 geological series map indicates there are large areas of sheet deposits with crumbly irregular kanker concretions and white and yellow sand.

The exploration model put forward is:

- The radioactive granite seen at Hospital rock and adjoining areas is a good source of uranium, and;
- This uranium may be remobilised by erosion into the adjoining catchment area and then concentrated into secondary zones of carnotite, particularly where there may be calcrete development as a result of water table fluctuation over time.

FINANCIAL POSITION

At the end of the financial year the Company had cash reserves of $2,659,274 (2009: $1,047,654). The Company incurred expenditure on exploration and evaluation of $848,483 (2009: $426,932).

RESULTS OF OPERATIONS

The operating loss for the year, after providing for income tax, was $687,777 (2009; $684,382).

RISKS AND RISK MANAGEMENT

The Company attempts to mitigate risks that may affect its future performance through a systematic process of identifying, assessing, reporting and managing risks of corporate significance. Key operational risks and their management are recurring items for discussion at Board meetings.

DIVIDENDS

No dividends have been recommended by the Directors.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant change in the state of affairs of the Company during the financial year other than:

- In October 2009, the Company entered into a Joint Venture Agreement with Western Areas NL (WSA), whereby WSA can earn a 70% interest in the Company's Forrestania project by spending $2.5 million in two stages within 5 years.
- In October 2009, the Company completed a non-renounceable entitlement issue to shareholders on the basis of 1 share for every 2 shares held at an issue price of $0.10. The issue raised $2.3 million before issue costs.
- In October 2009, the Company made a placement of 5,900,000 ordinary shares at $0.12 each to raise additional working capital of $708,000.
- In October 2009, the Company entered into an Option Agreement to acquire an 80% interest in the Pine Creek gold and uranium project. The option fee of $100,000 was satisfied by the issue of 1,000,000 ordinary shares at $0.10. The option is for a period of 15 months and the exercise price is $1 million. On exercise, the Company may acquire a further 10% by spending $1 million on exploration.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial years not already disclosed in this report.

ENVIRONMENTAL REGULATIONS

Great Western Exploration Limited conducts its exploration activities in an environmentally sensitive manner, and believes it has adequate systems in place for the management of environmental requirements. The Company is not aware of any breach of statutory conditions or obligations.

The Directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Company for the current, nor subsequent, financial year. The Directors will reassess this position as and when the need arises.

SHARE OPTIONS

The details of unissued ordinary shares under option at the date of this report are as follows:

	GRANT DATE	NUMBER UNDER OPTION	EXERCISE PRICE	EXPIRY DATE
Quoted	15 August 2007	26,576,382	30 cents	30 June 2012
Unlisted	29 November 2007	5,000,000	30 cents	30 June 2012
Unlisted	27 December 2007	500,000	30 cents	30 June 2012
Unlisted	30 June 2008	500,000	30 cents	30 June 2012
Unlisted	30 June 2008	2,000,000	40 cents	30 June 2012

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

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

The particulars of Directors' interest in shares and options are as at the date of this report.

	ORDINARY SHARES	OPTIONS EXPIRING 30 JUNE 2012
T B Bannerman	4,000,000	4,000,000
J A Luckett	3,475,000	1,750,000
K C Somes	770,955	1,385,478

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the financial year ended 30 June 2010 and the numbers of meetings attended by each Director.

	NUMBER HELD WHILST IN OFFICE	NUMBER ATTENDED
T B Bannerman	13	12
J A Luckett	13	13
K C Somes	13	13

DIRECTORS AND OFFICERS INSURANCE

The Company has made an agreement to indemnify all the Directors and Officers against all indemnifiable losses or liabilities incurred by each Director and Officer in their capacities as Directors and Officers of the Company to the extent permitted by the Corporations Act 2001.

The Company has taken out an insurance policy at a premium of $7,700 in relation to Directors and Officers indemnity.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

Bentleys did not receive fees for non-audit services during the financial year. 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.

Details of the amounts paid or payable to the auditor for audit and other services paid during the year are set out in Note 24.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration, as required under section 307C of the Corporations Act 2001, is set out on page 59.

REMUNERATION REPORT (AUDITED)

REMUNERATION POLICY

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company, and includes the five executives in the Company receiving the highest remuneration.

For the purposes of this report, the term "executive" encompasses the Chief Executive, senior executives, general managers and secretaries of the Company.

i) Directors

- T B Bannerman Chairman (Non-executive)
- J A Luckett Executive Director
- K C Somes Director (Non-executive)

ii) Executives

- K F Edwards Company Secretary

There were no other changes of key management personnel after reporting date and before the financial report was authorised for issue.

The Company has not established a Remuneration Committee, the role of the Committee is assumed by the Board, as a whole, which is responsible for determining and reviewing the remuneration arrangements of the directors and executives.

The Board assesses the appropriateness of the nature and amount of emoluments of such Directors and executives on an annual basis by reference to market and industry conditions.

In order for the Company to prosper, thereby creating shareholder value, the Company must be able to attract and retain the highest calibre executives.

Executive and non-executive directors, other key management personnel and other senior employees have been granted options over ordinary shares under the Company's Employee Share Option Plan. The recipients of options are responsible for growing the Company and increasing shareholder value. If they achieve this goal the value of the options granted to them will also increase. Therefore the options provide an incentive to the recipients to remain with the Company and to continue to work to enhance the Company's value.

Due to the nature of the Company's operations the current remuneration policy is not linked to the performance of the Company.

NON-EXECUTIVE DIRECTORS REMUNERATION

The Board seeks to set remuneration levels that provide the Company with the ability to attract and retain the highest calibre professionals.

Fees and payments to non-executive Directors reflect the demands that are made on and the responsibilities of the Directors from time to time.

Directors' fees are determined by the Board within the aggregate Directors fee limit approved by shareholders. The maximum currently approved by the Constitution stands at $150,000.

Remuneration in the form of share options issued under the Company's Employee Share Option Plan is designed to reward Directors and executives in a manner aligned to the creation of shareholder wealth. Subject to shareholders approval non-executive directors may participate in the Company's Employee Share Option Plan. While Corporate Governance Principle 8.2 recommends that non-executive directors not participate in such plans the Board considers the grant of options to be reasonable given the necessity to attract and retain the highest calibre professionals to the Company.

Non-executive Directors receive superannuation benefits in accordance with the Superannuation Guarantee Legislation. Non-executive directors are permitted to salary sacrifice all or part of their fees.

Due to the nature of the Company's operation i.e. mineral exploration and development, the remuneration of directors and executives, at present, does not include performance-based incentives.

EXECUTIVE REMUNERATION (INCLUDING EXECUTIVE DIRECTORS)

The Board aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities to align the interests of executives with those of shareholders and to ensure that remuneration is market competitive.

Remuneration consists of:

- Fixed Remuneration

  Being base salary, non-monetary benefits and superannuation. Fixed remuneration is reviewed annually.

- Variable remuneration – Long term incentives

  being share options issued under the Company's Employee Share Option Plan. The options do not have any vesting conditions other than service conditions.

  Remuneration issued in the form of share options issued under the Company's Employee Share Option Plan is designed to reward directors and executives in a manner aligned to the creation of shareholder wealth.

Due to the nature of the Company's operation i.e. mineral exploration and development, the remuneration of directors and executives, at present, does not include performance-based incentives.

The Company has entered into contracts of employment with the Managing Director, and standard contracts with other executives, the details of which are set out on page 20.

REMUNERATION OF KEY MANAGEMENT PERSONNEL FOR THE YEAR ENDED 30 JUNE 2010

	SHORT TERM				POST EMPLOYMENT		LONG TERM		SHARE BASED PAYMENT		
	SALARY & FEES $	CASH BONUS $	NON-MONETARY BENEFITS $	OTHER $	SUPER-ANNUATION $	RETIREMENT BENEFITS $	INCENTIVE PLANS $	LONG SERVICE LEAVE $	OPTIONS $	TOTAL $	% PERFORMANCE RELATED
30 June 2010											
Non-executive directors											
K C Somes	30,000	-	-	-	2,700	-	-	-	-	32,700	-
T B Bannerman	18,750	-	-	-	675	-	-	-	-	19,425	-
	48,750	-	-	-	3,375	-	-	-	-	52,125	
Executive directors											
T B Bannerman[1/2]	85,675	-	-	-	50,675	-	-	-	-	136,350	-
J A Luckett	182,320	-	-	-	16,408	-	-	-	-	198,728	-
	267,995	-	-	-	67,083	-	-	-	-	335,078	
Other key management personnel											
K F Edwards	53,810	-	-	-	-	-	-	-	-	53,810	-
Total	370,555	-	-	-	70,458	-	-	-	-	441,013	

1 *T B Bannerman resigned as Managing Director on 13 October 2009, and J A Luckett was appointed Managing Director on that date. On 1 April 2010 T B Bannerman was appointed Non-executive Chairman.*

2 *Includes directors' fees and part salary sacrificed*

REMUNERATION OF KEY MANAGEMENT PERSONNEL FOR THE YEAR ENDED 30 JUNE 2010

	SHORT TERM				POST EMPLOYMENT		LONG TERM		SHARE BASED PAYMENT		
	SALARY & FEES $	CASH BONUS $	NON-MONETARY BENEFITS $	OTHER $	SUPER-ANNUATION $	RETIREMENT BENEFITS $	INCENTIVE PLANS $	LONG SERVICE LEAVE $	OPTIONS $	TOTAL $	% PERFORMANCE RELATED
30 June 2009											
Non-executive directors											
D R Kennedy[1]	-	-	-	-	9,083	-	-	-	-	9,083	-
K C Somes	30,000	-	-	-	2,700	-	-	-	-	32,700	-
	30,000	-	-	-	11,783	-	-	-	-	41,783	
Executive directors											
T B Bannerman[2]	80,000	-	-	-	102,700	-	-	-	-	182,700	-
J A Luckett	168,720	-	-	-	15,306	-	-	-	-	184,026	-
	248,720	-	-	-	117,006	-	-	-	-	366,726	
Other key management personnel											
K F Edwards	38,781	-	-	-	-	-	-	-	-	38,781	-
Total	317,501	-	-	-	127,789	-	-	-	-	447,290	-

1 *Includes director's fees salary sacrificed*

2 *Includes directors' fees and part salary sacrificed*

COMPENSATION OPTIONS: GRANTED AND VESTED DURING THE YEAR

30 June 2010

No options were granted and vested during the year ended 30 June 2010.

30 June 2009

No options were granted and vested during the year ended 30 June 2009.

OPTIONS GRANTED AS PART OF REMUNERATION

30 June 2010

No options were granted as part of remuneration during the year ended 30 June 2010.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

30 June 2009

No options were granted as part of remuneration during the year ended 30 June 2009.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS

	SHARE ISSUE NO.	PAID PER SHARE	UNPAID PER SHARE
30 June 2010			
Directors	-	-	-
Executives	-	-	-
30 June 2009			
Directors	-	-	-
Executives	-	-	-

SERVICE AGREEMENTS

Remuneration and other terms of employment for the Managing Director, Mr J A Luckett, are formalised in a service agreement, details of which are set out below.

- Base annual salary of $150,000, plus superannuation, reviewed annually.
- The Company may terminate, other than for gross misconduct, with 1 months notice or payment in lieu of an amount of $13,625 on the grounds of inadequate performance or prolonged illness, or 3 months notice or payment of an amount of $40,875 for redundancy or the Company being taken over.
- Any unissued options on resignation or termination will be forfeited.
- Termination payments are not payable on resignation or under circumstances of unsatisfactory performance.

This Report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Directors.

Dated this 29th day of September 2010

T B Bannerman

Chairman

The Board of Directors of Great Western Exploration Limited is responsible for Corporate Governance of the company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Due to the size and nature of the Company's activities, the size of the Board has been three directors during the year. The Board as a whole is involved in matters where larger Boards would ordinarily operate through sub-committees. Some of the best practices recommended are not cost effective for adoption in a small company environment.

The Board is committed to the standards of Corporate Governance as set out in the ASX Corporate Governance Council's Principles and Recommendations.

STRUCTURE OF THE BOARD

The skills, experience and expertise relevant to the position of Director held by each director in office at the date of the Annual Report is set out in the Directors' Report.

Directors of Great Western Exploration Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.

The following director is considered to be independent:

- Mr K C Somes.

There are procedures in place to enable Directors to seek independent professional advice, at the expense of the Company, on issues arising in the course of their duties as Directors.

Set out below is the term in office held by each Director at the date of this report:

• Mr T B Bannerman	Chairman	Appointed 25 January 2007
• Mr K C Somes	Non-executive Director	Appointed 25 January 2007
• Mr J A Luckett	Managing Director	Appointed 22 January 2008

NOMINATION COMMITTEE

The function of establishing the criteria for Board membership, nomination of Directors and review of Board membership, is performed by the Board as a whole, until such time as the Company is of a sufficient size to warrant the establishment of a separate Nomination Committee.

The composition of the Board is determined ensuring that there is an appropriate combination of corporate and operational expertise and qualifications.

PERFORMANCE

An evaluation of Directors is conducted by the Board on an annual basis.

REMUNERATION

The Board as a whole is responsible for determining and reviewing the arrangements for Directors and Executive management. The Board assesses the appropriateness of the nature and amount of emoluments of such Officers on an annual basis by reference to market and industry conditions and taking into account the Company's operational and financial performance.

Details of remuneration received by Directors and executives are included in the Remuneration Report contained within the Directors' Report.

CODE OF CONDUCT

The Company has established its Code of Conduct to ensure that directors and senior executives are provided with clear principles setting out the expectations of their conduct.

It is expected that directors and senior executives will actively promote the highest standards of ethics, honesty and integrity in carrying out their roles and responsibilities for the Company.

In dealings with the Company's suppliers, competitors, customers and other organisations with which they have contact, they will exercise fairness and integrity, and will observe the form and substance of the regulatory environment in which the Company operates.

Directors and senior executives must, at all times, act in the interests of the Company and will ensure compliance with the laws and regulations in relation to the jurisdictions in which the Company operates.

Directors and senior executives have a role in ensuring compliance with this code of conduct, and therefore should be vigilant and report any breach of this code of conduct.

For further information on the Company's Code of Conduct refer to our website.

TRADING POLICY

Under the Company's Share Trading Policy a Director, executive or their related parties may not trade in Securities while in possession of information which may be price-sensitive and which has not been released to the ASX or which is not otherwise in the public domain. Price-sensitive information is any information which a reasonable person would think may affect the price of Securities, either negatively or positively.

Directors and executives must not engage in short-term trading of securities and must not trade in Securities in the two weeks prior to release of Annual and Quarterly periodic reports.

Directors and executives must advise the Chairman or Managing Director in advance of selling Securities.

As required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by Directors in the Securities of the Company.

AUDIT COMMITTEE

The Board has not established an Audit Committee.

The role of the Audit Committee in the establishment of effective internal control framework to safeguard the Company's assets, maintain proper accounting records and ensure the reliability of financial information was performed by the Board as a whole during the financial year.

The Board as a whole deals directly with and receives reports from the Company's external auditors in relation to the Annual financial reports and other statutory requirements.

RISK MANAGEMENT

The Board as a whole carries out the role of Risk Management. The Board evaluates and monitors areas of operational and financial risk.

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The effectiveness of controls is monitored and reviewed regularly.

The Chief Executive Officer and Chief Financial Officer, or equivalent, have provided a written statement to the Board that in their view the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board and that the company's risk management and internal compliance and control system is operating effectively in all material respects.

COMPLIANCE WITH DISCLOSURE REQUIREMENTS

The Company is committed to meeting its disclosure obligations and to the promotion of investor confidence in its securities. It has in place written policies and procedures to ensure compliance with ASX Listing Rule 3.1.

The Company will immediately notify the market by announcement to the ASX of any information concerning the business of Great Western Exploration Limited that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

SHAREHOLDERS

The Board endeavours to ensure that shareholders are fully informed of all activities affecting the Company. Information is conveyed to shareholders via the Annual Report, Quarterly Reports and other announcements.

This information is available on the Company's website, www.greatwesternexploration.com.au, and in hard copy upon request.

The Board encourages attendance and participation of shareholders at the Annual General and other General Meetings of the Company.

The Company's external auditor is requested to attend the Annual General Meeting and be available to take questions about the conduct of the audit and the content of the Auditors' Report.

COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

	RECOMMEND ATION	GREAT WESTERN EXPLORATION LIMITED CURRENT PRACTICE
1.1	*Companies should establish the functions reserved for the board and those delegated to senior executives and disclose those functions.*	Satisfied. Board Charter is available at www.greatwesternexploration.com.au in the Corporate Governance Statement.
1.2	*Companies should disclose the process for evaluating the performance of senior executives.*	Satisfied. Performance Evaluation Policy is available at www.greatwesternexploration.com.au in the Corporate Governance Statement.
2.1	*A majority of the board should be independent directors.*	Not satisfied. At present, due to the size and nature of the Company's operations, the Directors believe the current structure and make up of the Board which provides an appropriate combination of corporate and operational expertise to be in the best interests of shareholders. This position is to be reviewed annually.
2.2	*The chair should be an independent director.*	Not satisfied. Refer to comment 2.1.
2.3	*The roles of chair and Chief Executive Officer should not be exercised by the same individual.*	Satisfied.

	RECOMMENDATION	GREAT WESTERN EXPLORATION LIMITED CURRENT PRACTICE
2.4	*The board should establish a nomination committee.*	**Not satisfied.** The Board has not established a Nomination Committee. The Board considers that given the current size of the Board (3), this function is efficiently achieved with full Board participation, until such time as the Company is of sufficient size to warrant the establishment of the Committee.
2.5	*Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.*	**Satisfied.** Performance Evaluation Policy is available at www.greatwesternexploration.com.au in the Corporate Governance Statement.
3.1	*Companies should disclose 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.*	**Satisfied.** The Code of conduct is available at www.greatwesternexploration.com.au in the Corporate Governance Statement.
3.2	*Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.*	**Satisfied**. The Securities Trading Policy is available at www.greatwesternexploration.com.au in the Corporate Governance statement.
4.1	*The board should establish an audit committee.*	**Not satisfied.** The Board has not established an Audit Committee. The Board as a whole carries out the role of the Audit Committee due to the current size and nature of the Company's operations and size of the Board.
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*	**Not satisfied.** Refer to comment 4.1.
4.3	*The audit committee should have a formal charter.*	**Not satisfied.** Refer to comment 4.1.
5.1	*Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.*	**Satisfied.** Continuous disclosure policy is available at www.greatwesternexploration.com.au in the Corporate Governance statement.

	RECOMMENDATION	GREAT WESTERN EXPLORATION LIMITED CURRENT PRACTICE
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 their policy.*	Satisfied. Shareholders communication policy is available at www.greatwesternexploration.com.au in the Corporate Governance statement.
7.1	*Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.*	Satisfied. Risk management program is available at www.greatwesternexploration.com.au in the Corporate Governance statement.
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.*	Satisfied. The management and implementation of risk management and internal control systems to manage the Company's material business risks is routinely considered by the Board.
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.*	Satisfied. The Board has received a section 295A declaration pursuant to the 2010 financial year.
8.1	*The board should establish a remuneration committee.*	Not Satisfied. The Board has not established a remuneration committee. The Board considers that given the current size of the Board (3), this function is efficiently achieved with full Board participation, until such time as the Company is of sufficient size to warrant the establishment of the committee.
8.2	*Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.*	The structure of Directors' remuneration is disclosed in the remuneration report of the annual report.

For further information on the corporate governance policies adopted by Great Western Exploration Limited refer to our website:

- www.greatwesternexploration.com.au

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	NOTE	2010 $	2009 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	2,659,274	1,047,654
Trade and other receivables	10	122,495	10,402
Other financial assets	11	32,000	-
Other assets	12	4,167	-
TOTAL CURRENT ASSETS		2,817,936	1,058,056
NON CURRENT ASSETS			
Property, plant and equipment	13	48,273	30,935
Mineral exploration expenditure	14	3,151,170	2,408,038
TOTAL NON CURRENT ASSETS		3,199,443	2,438,973
TOTAL ASSETS		6,017,379	3,497,029
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	215,677	75,774
TOTAL CURRENT LIABILITIES		215,677	75,774
TOTAL LIABILITIES		215,677	75,774
NET ASSETS		5,801,702	3,421,255
EQUITY			
Issued capital	16	7,764,319	4,696,095
Reserves	17	744,269	744,269
Accumulated losses		(2,706,886)	(2,019,109)
TOTAL EQUITY		5,801,702	3,421,255

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	2010 $	2009 $
Revenue			
Interest received		121,060	73,672
Impairment of mineral exploration	14	(36,260)	(24,395)
Employee benefit expense	6	(301,792)	(357,914)
Administration expenses	6	(249,807)	(152,567)
Directors' fees		(93,750)	(75,000)
Depreciation		(7,811)	(7,437)
Compliance and regulatory expenses		(82,326)	(52,611)
Mineral exploration written off	14	(37,091)	(88,130)
Loss before income tax		(687,777)	(684,382)
Income tax expense	7	-	-
Loss for the year		(687,777)	(684,382)
Other comprehensive income (net of tax)		-	-
Total comprehensive income for the year		(687,777)	(684,382)
Basic loss per share (cents per share)		1.06	1.47

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	ISSUED CAPITAL $	SHARE OPTION RESERVE $	ACCUMULATED LOSSES $	TOTAL EQUITY $
30 June 2010				
Balance At 1 July 2009	4,696,095	744,269	(2,019,109)	3,421,255
Loss for the year	-	-	(687,777)	(687,777)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(687,777)	(687,777)
Shares issued during the year net of transaction costs	3,068,224	-	-	3,068,224
Balance at 30 June 2010	7,764,319	744,269	(2,706,886)	5,801,702
30 June 2009				
Balance At 1 July 2008	4,696,093	744,269	(1,334,727)	4,105,635
Loss for the year			(684,382)	(684,382)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(684,382)	(684,382)
Shares issued during the year	2	-	-	2
Balance at 30 June 2009	4,696,095	744,269	(2,019,109)	3,421,255

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	2010 $	2009 $
Cash flows from operating activities			
Cash payments to suppliers and employees		(740,127)	(614,363)
Payments for exploration and evaluation expenditure		(605,679)	(269,288)
Interest received		43,260	73,672
Net cash used in operating activities	18	(1,302,546)	(809,979)
Cash flows from investing activities			
Payments for acquisition of mineral tenements		(31,533)	(173,004)
Payments for property, plant and equipment		(22,525)	(286)
Net cash used in investing activities		(54,058)	(173,290)
Cash flows from financing activities			
Proceeds from issue of shares and options		3,010,183	2
Share issue costs		(41,959)	(81,376)
Net cash provided by / (used in) financing activities		2,968,224	(81,374)
Net increase/(decrease) in cash held		1,611,620	(1,064,643)
Cash at the beginning of the financial year		1,047,654	2,112,297
Cash at the end of the financial year	9	2,659,274	1,047,654

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

1. CORPORATE INFORMATION

The financial report of Great Western Exploration Limited ("the Company") for the year ended 30 June 2010 was authorised for issue in accordance with a Resolution of the Directors on 29 September 2010.

Great Western Exploration 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 Company are mineral exploration as described in the Directors' Report.

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 an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars.

b) STATEMENT OF COMPLIANCE

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

c) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

During the current year the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoptions of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Great Western Exploration Limited.

AASB 8: OPERATING SEGMENTS

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Company's financial statements.

Measurement impact

Identification and measurement of segments — AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year. Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total Company operations, as this is how they are reviewed by the chief operating decision maker.

Impairment testing of the segment's goodwill

AASB 136: Impairment of Assets, para 80 requires that goodwill acquired in a business combination shall be allocated to each of the acquirer's CGUs, or group of CGUs that are expected to benefit from the synergies of the combination. Each cash generating unit (CGU) which the goodwill is allocated to must represent the lowest level within the entity at which goodwill is monitored, however it cannot be larger than an operating segment. Therefore, due to the changes in the identification of segments, there is a risk that goodwill previously allocated to a CGU which was part of a larger segment could now be allocated across multiple segments if a segment had to be split as a result of changes to AASB 8.

Management have considered the requirements of AASB 136 and determined the implementation of AASB 8 has not impacted the CGUs of each operating segment.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101: PRESENTATION OF FINANCIAL STATEMENTS

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Company's financial statements.

Disclosure impact

Terminology changes — the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — the revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Company's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the

income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

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

AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

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

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
  - the objective of the entity's business model for managing the financial assets; and
  - the characteristics of the contractual cash flows.

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

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

AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

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

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

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

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

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

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

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

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

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

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

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

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

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

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

e) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

f) TRADE AND OTHER RECEIVABLES

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets.

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.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company 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 year 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 investments held for trading are recognised in the profit or loss and the related assets are classified as current assets in the Statement of Financial Position.

(ii) 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 maturities greater than 12 months after balance date, which are classified as non-current.

(iii) Available-for-Sale Investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments 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. Investments with no active market, and whose fair values cannot be reliably measured, shall be measured at cost.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

h) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

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

Plant and Equipment	– over 6 to 15 years
Motor Vehicles	– over 4 years
Computer Equipment	– over 3 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

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

Any gain or loss arising on de-recognition 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 asset is derecognised.

i) EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs are capitalised as exploration and evaluation assets on a project by project basis pending determination of the technical feasibility and commercial viability of the project. The capitalised costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. When a licence is relinquished or a project abandoned, the related costs are recognised in the Income Statement immediately.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount an impairment loss is recognised in the Statement of Comprehensive Income.

j) IMPAIRMENT OF ASSETS

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds it recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Company at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or Company of assets (cash –generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

k) TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at amortised cost due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company 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.

l) PROVISIONS AND EMPLOYEE LEAVE BENEFITS

Provisions are recognised when the Company 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 Company expects some or all of the 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) PROVISIONS AND EMPLOYEE LEAVE BENEFITS (continued)

Employee Leave Benefits

(i) *Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick 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. Expenses 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*

The liability for long service leave is recognised and measured as the present level 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.

m) SHARE BASED PAYMENT TRANSACTIONS

(i) Equity settled transaction:

The Company provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The Company has in place the Great Western Exploration Limited Employee Share Option Plan to provide benefits to directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any vesting conditions other than conditions linked to price of the shares of the Company (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 and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting the cumulative charge to the income statement is the produce of

(i) 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 year is the cumulative amount as calculated above less the amounts already charged in previous years. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

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 a 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 diluted earnings per share.

n) ISSUED CAPITAL

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.

o) REVENUE RECOGNITION

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Interest Income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant year 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.

p) INCOME TAX AND OTHER TAXES

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current year'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 the 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 difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) INCOME TAX AND OTHER TAXES (continued)

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.

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 relate to the same taxable entity and the same taxation authority.

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, which 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 is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

q) EARNINGS PER SHARE

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

Diluted earnings per share is calculated as net profit 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
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Equally, the Company continually employs judgement in the application of its accounting policies.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions. Those which may materially affect the carrying amounts of assets and liabilities reported in future years are discussed below.

(a) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(i) Impairment of non-financial assets

The Company assesses impairment on all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. These include technology and economic environments. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves value-in-use calculations, which incorporate a number of key estimates and assumptions.

(ii) Share-based payment transactions

The Company measures the cost of equity settled transactions with directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. Equity settled transactions comprise only options. Their fair value is determined using the Binomial Options Pricing model. The accounting estimates and assumptions relating to equity settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting year but my impact expenses and equity.

(iii) Estimation of useful lives of assets

The estimation of useful lives of assets has been based on historical experience. Adjustments to useful lives are made when considered necessary. Depreciation and amortisation charges as well as estimated useful lives are included in Note 2(g).

(iv) Exploration and evaluation costs

Acquisition, exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage which 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(v) Environmental issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the Directors understanding thereof. At the current stage of the Company's development and its current environmental impact, the Directors believe such treatment is reasonable and appropriate.

(vi) Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation, The current income tax position represents that Directors best estimate, pending an assessment by the Australian Taxation Office.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	NOTE	2010 $	2009 $
Financial Assets			
Cash and cash equivalents	9	2,659,274	1,047,654
Receivables	10	122,495	10,402
Financial assets at fair value through profit or loss			
- Held for trading	11	32,000	-
Other assets		4,167	-
		2,817,936	1,058,056
Financial Liabilities			
Trade and payables	15	215,677	75,774

FINANCIAL RISK MANAGEMENT POLICIES

The Company attempts to mitigate risks that may affect its future performance through a systematic process of identifying, assessing, reporting and managing risks of corporate significance.

The management and the Board discuss the principal risks of our businesses, particularly during the strategic planning and budgeting processes. The board sets policies for the implementation of systems to manage and monitor identifiable risks. The Board Risk Committee is responsible for the oversight of risk management.

The Company's principal financial instruments comprise cash and short term deposits. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main purpose of these financial assets and liabilities is to raise finance for the Company's operations. It is, and has been throughout the entire year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are cash flow interest rate risk. Other minor risks are either summarised below or disclosed in Note 10 in the case of credit risk and Note 16 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

(a) Credit Risk

The Company minimises credit risk by undertaking a review of its potential customers' financial position and the viability of the underlying project prior to entering into material contracts.

Financial instruments other than receivables that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. The Company places its cash deposits with high credit-quality financial institutions, being in Australia only the major Australian (big four) banks. Cash holdings in other countries are generally not significant. The Company's cash deposits all mature within twelve months and attract a rate of interest at normal short-term money market rates.

The maximum amount of credit risk the Company considers it would be exposed to would be $2,781,769 (2009: $1,058,056) being the total of its cash and cash equivalents and financial assets.

(b) Cash Flow Interest Rate Risk

The Company's exposure to the risks of changes in market interest rates relates primarily to the Company's short term deposits with a floating interest rate. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

The following table sets out the Company's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

	NOTES	FLOATING INTEREST RATE $ 2010	FLOATING INTEREST RATE $ 2009	NON-INTEREST BEARING $ 2010	NON-INTEREST BEARING $ 2009	TOTAL CARRYING AMOUNT $ 2010	TOTAL CARRYING AMOUNT $ 2009
Financial Assets							
Cash and cash equivalents	9	2,659,274	1,047,654	122,495	10,402	2,781,769	1,058,056
Weighted average interest rate		6.3	4.9				

The effect on profit and equity, after tax, if interest rates at that date had been10% higher or 10% lower with all other variables held constant as a sensitivity analysis. Would be a +/- change to profit and equity of $12,106 (2009: $11,050). A sensitivity of 10% has been selected as this is considered by management to be reasonable in the current environment.

The Company constantly analyses its interest rate exposure to ensure the appropriate mix of fixed and variable rates. The Company has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Company continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

This analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

FINANCIAL RISK MANAGEMENT POLICIES (continued)

(c) Price Risk

The Company is not exposed to equity securities price risk. There is no active market for available for sale investments.

(d) Liquidity Risk

The Company's objective is to match the terms of its funding sources to the terms of the assets or operations being financed. The Company uses a combination of trade payables and operating leases to provide its necessary debt funding.

The Company aims to hold sufficient reserves of cash or cash equivalents to help manage the fluctuations in working capital requirements and provide the flexibility for investment into long-term assets without the need to raise debt.

Contracted maturities of payables at balance date

	2010 $	2009 $
Payable		
- Less than 6 months	215,677	75,774
- 6 to 12 months	-	-
- 1 to 5 years	-	-
	215,677	75,774

(e) Commodity Price Risk

Due to the early stage of the Company's operations its exposure is considered minimal. Risk arises as its operations are involved in exploration and development of mineral commodities, changes in the price of commodities for which the company is exploring and developing may result in changes to the Company's market price. The Company entity does not hedge any of its exposures.

(f) Foreign currency exchange rate

A risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency other than the Company's functional currency.

At present, the Company is not considered to be exposed to foreign currency risk.

(g) Net fair values

The Company has no financial assets or liabilities where the carrying value amount exceeds fair value at balance date.

The Company's financial assets at fair value through profit or loss are listed investments (Note 11) and are categorised as Level 1.

5. OPERATING SEGMENTS

SEGMENT INFORMATION

Identification of reportable segments

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

The Company's principal activities are mineral exploration and are managed primarily on a project by project basis. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

TYPES OF PRODUCTS AND SERVICES BY SEGMENT

The Company's exploration projects consist of:

- Nickel and Gold
- Base metals
- Uranium

BASIS OF ACCOUNTING FOR PURPOSES OF REPORTING BY OPERATING SEGMENTS

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Segment assets

Segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

Items of revenue, expense, assets and liabilities are not allocated to operating segments if they are not considered part of the core operations of any segment

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

5. OPERATING SEGMENTS (continued)

BASIS OF ACCOUNTING FOR PURPOSES OF REPORTING BY OPERATING SEGMENTS (continued)

(i) Segment performance

	DOOLGUNNA BASE METALS $	PINE CREEK GOLD & URANIUM $	FORRESTANIA NICKEL & GOLD $	KIMBERLEYS GOLD & URANIUM $	ULARRING URANIUM $	TOTAL $
30 June 2010						
External sales	-	-	-	-	-	-
Total segment revenue	-	-	-	-	-	-
Segment net profit before tax	-	-	-	(36,260)	-	(36,260)
Reconciliation of segment result to net profit/(loss) before tax.						
Amounts not included in segment result but reviewed by the Board:						
Interest received						121,060
Employee benefits expense						(301,792)
Directors fees						(93,750)
Compliance costs						(82,326)
Depreciation						(7,811)
Other expenses						(249,807)
Mineral exploration written off						(37,091)
Net profit/(loss) before tax from continuing operations						(687,777)

(i) Segment performance

	DOOLGUNNA BASE METALS $	PINE CREEK GOLD & URANIUM $	FORRESTANIA NICKEL & GOLD $	KIMBERLEYS GOLD & URANIUM $	ULARRING URANIUM $	TOTAL $
30 June 2009						
External sales	-	-	-	-	-	-
Total segment revenue	-	-	-	-	-	-
Segment net profit before tax	-	-	-	-	-	-
Reconciliation of segment result to net profit/(loss) before tax.						
Amount not included in segment result but reviewed by the Board:						
Interest received						73,672
Employee benefit expense						(357,914)
Directors fees						(75,000)
Compliance						(52,611)
Depreciation						(7,437)
Other expenses						(152,567)
Impairment of mineral exploration						(24,395)
Mineral exploration written off						(88,130)
Net profit/(loss) before tax from continuing operations						(684,382)

5. OPERATING SEGMENTS (continued)

BASIS OF ACCOUNTING FOR PURPOSES OF REPORTING BY OPERATING SEGMENTS (continued)

(ii) Segment assets

	DOOLGUNNA BASE METALS $	PINE CREEK GOLD & URANIUM $	FORRESTANIA NICKEL & GOLD $	KIMBERLEYS GOLD & URANIUM $	ULARRING URANIUM $	TOTAL $
30 June 2010						
Segment assets	360,639	430,496	2,282,396	-	77,639	3,151,170
Segment asset increases for the year:						
Capital expenditure	275,219	325,764	20,041	-	55,349	676,373
Acquisitions	18,140	104,732	-	-	8,661	131,533
	293,359	430,496	20,041	-	64,010	848,483
Reconciliation of segment assets to total assets						
Unallocated assets:						
Cash and cash equivalents						2,659,274
Receivables						122,495
Other assets						4,167
Property plant and equipment						48,273
Other financial assets						32,000
Total assets from continuing operations						6,017,379
30 June 2009						
Segment assets	67,280	-	2,294,355	32,774	13,629	2,408,038
Segment asset increases for the year:						
• Capital expenditure	-	-	215,797	-	-	215,797
• Acquisitions	67,280	-	21,966	20,130	13,629	123,005
	67,280	-	237,763	20,130	13,629	338,802
Reconciliation of segment assets to total assets						
Unallocated assets:						
• Cash and cash equivalents						1,047,654
• Receivables						10,402
• Property plant and equipment						30,935
Total assets from continuing operations						3,497,029

(iii) Segment liabilities

	DOOLGUNNA BASE METALS $	PINE CREEK GOLD & URANIUM $	FORRESTANIA NICKEL & GOLD $	KIMBERLEYS GOLD & URANIUM $	ULARRING URANIUM $	TOTAL $
30 June 2010						
Segment liabilities	31,360	81,073	-	-	-	112,433
Reconciliation of segment liabilities to total liabilities						
Unallocated liabilities:						
• Other liabilities						215,677
Total liabilities from continuing operations						215,677
30 June 2009						
Segment liabilities	-	-	1,161	-	-	1,161
Reconciliation of segment liabilities to total liabilities						
Unallocated liabilities:						
• Other liabilities						74,613
Total liabilities from continuing operations						75,774

(iv) Revenue by geographical region

The Company's revenue is received from sources within Australia.

(v) Assets by geographical region

The location of segment assets is disclosed below by geographical location of the assets:

	BALANCE AS AT 30.6.2010 $	BALANCE AS AT 30.6.2009 $
Australia	3,151,170	2,408,038

(vi) Major customers

Due to the nature of its current operations, the Company does not provide products and services.

6. EXPENSES

	2010 $	2009 $
Employee benefits		
Salaries	230,645	226,220
Superannuation	71,147	131,694
	301,792	357,914
Administration		
Accounting	55,119	43,455
Printing and postages	15,988	12,607
Legal	14,187	6,189
Consultants	40,000	24,881
Insurance	14,934	13,851
Other	109,579	51,584
	249,807	152,567

7. INCOME TAX

a) The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2010 $	2009 $
Accounting loss before income tax	(687,777)	(684,382)
Income tax benefit at the statutory income tax rate of 30% (2009: 30%)	(206,333)	(205,315)
Expenditure not allowable for income tax purposes	27,404	11,027
Benefit of tax losses not brought to account as an asset	178,929	194,288
Income Tax expense reported in the income statement	-	-

b) As at 30 June 2009, the Company has estimated tax losses of approximately $5,419,193 (2009: $3,873,216), which may be available to be offset against taxable income in future years. The availability of these losses is subject to satisfying Australian taxation legislative requirements. The deferred tax asset attributable to tax losses has not been brought to account in these financial statements as the Directors believe it is not presently appropriate to regard realisation of the future income tax benefits as probable.

c) Deferred Tax Liability

With regard to Mineral Exploration Expenditure of $3,151,170 (2009: $2,408,038) the tax liability in respect of the book value has not been brought to account as it is offset by the tax losses set out in 7(b) above.

8. EARNINGS PER SHARE

	2010 $	2009 $
Loss used in the calculation of basic EPS	(687,777)	(684,382)
Weighted average number of ordinary shares used in calculation of basic earnings per share	64,828,386	46,353,215

9. CASH AND CASH EQUIVALENTS

Cash at bank	8,419	25,053
Cash on deposit	2,650,855	1,022,601
	2,659,274	1,047,654

Cash at bank earns interest at floating rates.

10. TRADE AND OTHER RECEIVABLES

Current		
GST receivable	42,332	8,039
Other	80,163	2,363
	122,495	10,402

Sundry debtors are non-interest bearing and receivable within 30 days.

ALLOWANCE FOR IMPAIRMENT LOSS

Trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

FAIR VALUE AND CREDIT RISK

Due to the short term nature of the receivables, their carrying value is assumed to approximate their fair value.

Given the nature of the receivables the Company's exposure to risk is not considered material.

11. OTHER FINANCIAL ASSETS

Current		
Financial assets at fair value through profit or loss		
Held for trading Australian listed shares	32,000	-

Changes in fair value are included in the statement of comprehensive income.

12. OTHER ASSETS

Current		
Prepayments	4,167	-

13. PROPERTY, PLANT AND EQUIPMENT

	2010 $	2009 $
Plant and Equipment – at cost	65,121	38,513
Less: accumulated depreciation	(16,848)	(7,578)
	48,273	30,935
Reconciliation of the carrying amount of property, plant and equipment		
Carrying amount at beginning of year	30,935	38,086
Additions	25,149	286
Disposals	-	-
Depreciation for the year	(7,811)	(7,437)
Carrying amount at end of financial year	48,273	30,935

14. MINERAL EXPLORATION EXPENDITURE

Balance at beginning of the year	2,408,038	2,093,631
Deferred exploration expenditure	848,483	426,932
Disposals	(32,000)	-
Impairment	(36,260)	(24,395)
Mineral expenditure written off	(37,091)	(88,130)
Balance at end of financial year	3,151,170	2,408,038

IMPAIRMENT

The Mt Gordon prospect was sold in August 2009 for a consideration of $32,000.

The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- The recoupment of costs through successful development and exploitation of the areas of interest or, alternatively, by their sale.

15. TRADE AND OTHER PAYABLES

Current		
Trade payables	172,543	18,844
Sundry payables and accruals	41,695	56,930
Amounts payable to:		
- Key management personnel related entities	1,439	-
	215,677	75,774

Due to the short-term nature of these payables, their carrying value is assumed to approximate fair value.

Trade payables are non-interest bearing and are generally settled within 30 days.

16. ISSUED CAPITAL

	2010 $	2009 $
Ordinary Shares	7,764,319	4,696,095

	NUMBER 2010	NUMBER 2009	2010 $	2009 $
Movements				
Ordinary Shares				
Balance 1 July 2009	46,353,219	46,353,211	4,696,095	4,696,093
Issue for acquisition of mineral tenements – October 2008	1,000,000	-	100,000	-
Rights Issue – November 2009	23,003,057	-	2,300,307	-
Placement – October 2009	5,900,000	-	708,000	-
Options exercised during year	6,256	8	1,876	2
	76,262,532	46,353,219	7,806,278	4,696,095
Issue costs	-	-	(41,959)	-
At 30 June 2010	76,262,532	46,353,219	7,764,319	4,696,095

The Company has issued share capital amounting to 76,262,532 ordinary shares with no par value.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Risk Management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2010 and 30 June 2009 are as follows:

	2010 $	2009 $
Cash and cash equivalents	2,659,274	1,047,654
Trade and other receivables	122,495	10,402
Trade and other payables	(215,677)	(75,774)
Working capital position	2,566,092	982,282

17. RESERVES

	NUMBER 2010	NUMBER 2009	2010 $	2009 $
Movements				
Options				
Listed				
- Expiring 30 June 2012				
Exercisable at $0.30				
At 1 July 2009	26,582,638	26,582,646	7,919	7,919
Exercised during the year	(6,256)	(8)	-	-
	26,576,382	26,582,638	7,919	7,919
Issue costs	-	-	-	-
At 30 June 2010	26,576,382	26,582,638	7,919	7,919
Unlisted				
- Expiring 30 June 2012				
Exercisable at $0.30				
At 1 July 2009	6,000,000	6,000,000	-	-
Issues during the year	-	-		-
Exercised during the year	-	-	-	-
At 30 June 2010	6,000,000	6,000,000	-	-
Movements				
Unlisted				
- Expiring 30 June 2012				
Exercisable at $0.40				
At 1 July 2009	2,000,000	2,000,000	44,000	44,000
Issues during the year	-	-	-	-
Exercised during the year	-	-	-	-
At 30 June 2010	2,000,000	2,000,000	44,000	44,000
Total	34,582,632	34,582,638	744,269	744,269

The share based payments reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 19 for further details of these plans. The Company operates an Employee Share Option Plan under which Options to subscribe for the Company's shares have been granted to directors, senior executives and employees.

18. CASH FLOW STATEMENT RECONCILIATION

	2010 $	2009 $
a) RECONCILIATION OF NET LOSS AFTER TAX TO NET CASH FLOWS FROM OPERATIONS		
Loss for the year	(687,777)	(684,382)
Depreciation	7,811	7,437
Impairment of mineral exploration	36,260	24,395
Mineral exploration expenditure written off	37,091	88,130
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables		
(Increase)/Decrease in other assets	(98,664)	-
Increase/(Decrease) in trade and other payables	(4,167)	-
(Increase)/Decrease in exploration expenditure	12,579	23,729
	(605,679)	(269,288)
	(1,302,546)	(809,979)

b) NON-CASH FINANCING AND INVESTING ACTIVITIES

i) Sale of Exploration prospect

During the year the Company sold the Mt Gordon Prospect for a consideration of $32,000 satisfied by the issue of shares in a listed corporation.

ii) Acquisition of Exploration prospect

During the year the Company paid $100,000 for an option over the Pine Creek Prospect, which was satisfied by the issue of 1,000,000 ordinary fully paid shares at an issue price of $0.10 each.

19. RELATED PARTY DISCLOSURE

a) KEY MANAGEMENT PERSONNEL

Details relating to key management personnel are set out in Note 20.

b) TRANSACTIONS WITH DIRECTORS AND DIRECTORS RELATED ENTITIES

During the year the Company paid $1,309 (2009: $3,673) to Somes & Cooke, an accounting practice of which Mr K C Somes is a partner, for accounting and taxation services.

During the year, the Company paid $12,500 to Fleubaix Pty Ltd, an entity of which Mr T B Bannerman is a Director and Shareholder, for office rental.

The above transactions were entered into on normal commercial terms and conditions.

20. KEY MANAGEMENT PERSONNEL

(a) COMPENSATION FOR KEY MANAGEMENT PERSONNEL

	2010 $	2009 $
Short term employee benefits	370,555	317,501
Post employment benefits	70,458	129,789
Other long term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
	441,013	447,290

b) OPTION HOLDING OF KEY MANAGEMENT PERSONNEL

	BALANCE 1 JULY 2009	GRANTED AS REMUNERATION	OPTIONS EXERCISED/ CANCELLED	NET CHANGE OTHER	BALANCE 30 JUNE 2010	TOTAL	EXERCISABLE	NOT EXERCISABLE
30 JUNE 2010								
Directors								
T B Bannerman	2,750,287	-	-	1,249,713	4,000,000	4.000,000	4,000,000	-
K C Somes	1,385,478,	-	-	-	1,385,478	1,385,478	1,385,478	-
J A Luckett	1,750,000	-	-	-	1,750,000	1,750,000	1,750,000	-
Executives								
K F Edwards	1,140,848	-	-	-	1,140,848	1,140,848	1,140,848	-
	7,026,613	-	-	1,249,713	8,276,326	8,276,326	8,276,326	-

	BALANCE 1 JULY 2008	GRANTED AS REMUNERATION	OPTIONS EXERCISED/ CANCELLED	NET CHANGE OTHER	BALANCE 30 JUNE 2009	TOTAL	EXERCISABLE	NOT EXERCISABLE
30 JUNE 2009								
Directors								
D R Kennedy	1,188,463	-	-	-	1,188,463	1,188,463	1,188,463	-
T B Bannerman	2,750,287	-	-	-	2,750,287	2,750,287	2,750,287	-
K C Somes	1,385,478	-	-	-	1,385,478	1,385,478	1,385,478	-
J A Luckett	1,750,000	-	-	-	1,750,000	1,750,000	1,750,000	-
Executives								
K F Edwards	1,140,848	-	-	-	1,140,848	1,140,848	1,140,848	-
	8,215,076	-	-	-	8,215,076	8,215,076	8,215,076	-

c) SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Shares in Great Western Exploration Limited

Ordinary Shares

30 JUNE 2010	BALANCE 1 JULY 2009	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE OTHER	BALANCE 30 JUNE 2010
Directors					
T B Bannerman	2,000,382	-	-	1,999,618	4,000,000
K C Somes	513,970	-	-	256,985	770,955
J A Luckett	2,250,000	-	-	1,225,000	3,475,000
Executives					
K F Edwards	154,464	-	-	(100,000)	54,464
	4,918,816	-	-	3,381,603	8,300,419

30 JUNE 2009	BALANCE 1 JULY 2008	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE OTHER	BALANCE 30 JUNE 2009
Directors					
D R Kennedy	251,284	-	-	-	251,284
T B Bannerman	1,000,382	-	-	1,000,000	2,000,382
K C Somes	513,970	-	-	-	513,970
J A Luckett	2,250,000	-	-	-	2,250,000
Executives					
K F Edwards	154,464	-	-	-	154,464
	4,170,100	-	-	1,000,000	5,170,100

21. SHARE BASED PAYMENTS

a) RECOGNISED SHARE BASED PAYMENT EXPENSES

The share based payment expense recognised for employee services received during the year is shown in the table below:

	2010 $	2009 $
Expense arising from equity settled share-based payment transactions	-	-
Expense arising from cash settled share-based payment transactions	-	-
Total expense arising from share-based payment transactions	-	-

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2010 and 2009.

21. SHARE BASED PAYMENTS (continued)

b) TYPES OF SHARE BASED PAYMENT PLANS

Great Western Exploration Limited, Employee Share Option Plan

Share options are granted to senior executives and designed to provide executives an incentive and participate along with shareholders by increasing the value of the Company's shares. The options are issued by the Board having regard, in each case to:

(i) the contribution to the Company which has been made by the Participant;

(ii) the period of employment of the Participant with the Company, including (but not limited to) the years of service by that Participant;

(iii) the potential contribution of the Participant to the Company; and

(iv) any other matters which the Board considers in its absolute discretion, to be relevant.

The options are issued to participants at a price the Board considers appropriate, but in any event, no more than nominal consideration.

The options expire 30 June 2012 and are exercisable at $0.30 cents each.

c) SUMMARY OF OPTIONS GRANTED UNDER EMPLOYEE SHARE OPTION PLAN

	2010		2009	
	NO.	EXERCISE PRICE	NO.	EXERCISE PRICE
Outstanding at beginning of financial year	6,000,000	30 cents	6,000,000	30 cents
Granted during the year				
- expiring 30 June 2012	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at end of financial year	6,000,000	-	6,000,000	-

Options granted under Employee Share Option Plan

6,000,000 options are exercisable at $0.30 cents and expiring at 30 June 2012.

The total number of options exercisable at year end is 6,000,000

No options were exercised during the year.

d) OPTION PRICING MODEL

Equity-settled transactions

The fair value of the equity-settled share options granted under the Employee Share Option Plan is estimated as at the date of the grant using a Binomial Model Pricing Model taking into account the terms and conditions upon which the options were granted.

22. COMMITMENTS AND CONTINGENCIES

	2010 $	2009 $
COMMITMENTS		
a) Exploration Tenement Leases		
In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay lease rentals and to meet the minimum expenditure requirements of the Western Australian Department of Industry and Resources.		
Within one year	231,720	224,220
b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments		
• not later than 12 months	16,775	-
• between 12 months and 5 years	-	-
• greater than 5 years	-	-

The property lease is a non-cancellable lease with a one-year term, with rent payable monthly in advance.

CONTINGENCIES

There were no contingencies at the end of the financial year.

23. EVENTS AFTER BALANCE DATE

There are no events subsequent to the end of the financial year that would have a material effect on these financial statements.

24. AUDITORS REMUNERATION

	2010 $	2009 $
The Auditor of Great Western Exploration Limited is Bentleys		
Amounts received or due and receivable for		
• an audit or review of the financial report of the Company	25,850	22,150
• other services in relation to the Company – other services	-	-
	25,850	22,150

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 26 to 57 are in accordance with the Corporations Act 2001 and:
    a. comply with Accounting Standards;
    b. are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 2b to the financial statements; and
    c. give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company;
2. the Chairman and Company Secretary have each declared that:
    a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the Corporations Act 2001;
    b. the financial statements and notes for the financial year comply with the Accounting Standards; and
    c. the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

T B Bannerman

Chairman

Dated this 29th day of September 2010

Bentleys
Thinking ahead

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

This declaration is made in connection with our audit of the financial report of Great Western Exploration Limited for the year ended 30 June 2010 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 29th day of September 2010

Bentleys
Thinking ahead

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Independent Auditor's Report

To the Members of Great Western Exploration Limited

We have audited the accompanying financial report of Great Western Exploration Limited ("the Company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Company.

Directors Responsibility for the Financial Report

The directors of Great Western Exploration Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

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

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

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

Bentleys
Thinking ahead

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Auditor's Opinion

In our opinion:

a. The financial report of Great Western Exploration Limited is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included within the report of the directors for the year ended 30 June 2010. The directors of Great Western Exploration Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Great Western Exploration Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 20th day of September 2010

1. SHAREHOLDER INFORMATION

1.1 VOTING RIGHTS

In accordance with the Company's constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

1.2 SUBSTANTIAL SHAREHOLDERS AS AT 29 SEPTEMBER 2010

SHAREHOLDER	NO OF SHARES
Frank Cannavo	4,377,186
Fleubaix Pty Ltd (Superannuation Fund)	4,000,000

1.3 DISTRIBUTION OF HOLDERS AS AT 29 SEPTEMBER 2010

	FULLY PAID ORDINARY SHARES	OPTIONS EXPIRING 30 JUNE 2012
Number of Holders	974	702
Distribution is:		
1 – 1000	169	159
1001 – 5,000	125	132
5001 – 10,000	120	83
10,001 – 100,000	453	275
100,001 – and over	107	53
	974	702
Holding less than a marketable parcel	191	316

1.4 TOP TWENTY HOLDERS

(a) Ordinary Shares

The names of the twenty largest ordinary fully paid shareholders as at 29 September 2010 are as follows:

	NAME	%	NO. OF SHARES
1	Frank Cannavo Investments Pty Ltd	5.35	4,077,186
2	Fleubaix Pty Ltd (Super Fund)	5.18	3,949,809
3	Soria Nominees Pty Ltd	4.59	3,500,294
4	Mr J A Luckett	4.56	3,475,000
5	Jindalee Resources Limited	3.63	2,770,418
6	BAM NR 1 Pty Ltd (The Moran Super Fund)	3.51	2,679,205
7	Rogue Investments Pty Ltd	3.28	2,500,000
8	Mr F Cannavo (Francesco Cannavo Super Fund)	2.13	1,625,000
9	A&A Cannavo Nominee Pty Ltd (Anthony Meat Supply Super Fund)	1.97	1,500,000
10	Mr E J Godfrey	1.70	1,300,000
11	Venture More Pty Ltd	1.64	1,250,000
12	Forty Traders Limited	1.64	1,247,337
13	Mr K Punch	1.54	1,176,788
14	Cypress Securities Pty Ltd (Cypress Super Fund)	1.31	1,000,000
15	Lymeridge Pty Ltd (R&R Chislett Super Fund)	1.28	973,513
16	Minsk Pty Ltd	1.26	964,400
17	Mr F Cannavo (Francesco Cannavo Super Fund)	1.12	853,404
18	KCS Superannuation Pty Ltd	0.98	750,000
19	A&A Cannavo Nominees Pty Ltd (Anthony Meats Super Fund)	0.96	732,500
20	Core Business Holdings Pty Ltd	0.82	625,001
		48.45	36,949,855

1.4 TOP TWENTY HOLDERS (continued)

(b) Options expiring 30 June 2012

The names of the twenty largest option holders as at 29 September 2010 are as follows:

	NAME	%	NO. OF OPTIONS
1	Fleubaix Pty Ltd (Super Fund)	7.53	2,000,000
2	Soria Nominees Pty Ltd (Hedley Super Fund)	3.83	1,018,153
3	Cypress Securities Pty Ltd (Cypress Super Fund)	3.01	800,000
4	Mr J A Luckett	2.82	750,000
5	Ms L E Howard	2.63	698,570
6	Mr K F Punch	2.52	670,539
7	Mr G B Mount & Mrs F E Mount	2.26	600,000
8	Titchener Pty Ltd	2.10	559,178
9	Mr M Linney	2.08	552,063
10	Tilehurst Pty Ltd (Linney Super Fund)	1.92	509,488
11	Forty Traders Limited	1.73	460,779
12	Frank Cannavo Investments Pty Ltd	1.51	400,000
13	KCS Superannuation Pty Ltd	1.41	375,000
14	Jackadale Pty Ltd	1.34	355,919
15	Mr R Nicholaidis	1.33	352,617
16	Mr J Y Kim & Mrs M Kim	1.25	331,473
17	Mr N A Harvey & Mrs R M Harvey (The N A Harvey Super Fund)	1.10	293,062
18	Mr A Matthews (A& R Matthews Family A/C)	0.99	262,287
19	Lamonde Industries Pty Ltd (Dorizzi Super Fund)	0.98	259,817
20	Foxyowl Pty Ltd	0.94	250,000
		43.27	11,498,945

1.5 UNQUOTED SECURITIES

	EMPLOYEE SHARE OPTION PLAN	OPTIONS OTHER
On issue	6,000,000	2,000,000
No of holders	5	1

2. SCHEDULE OF MINERAL TENEMENTS

FORRESTANIA	Mt Gibb South	E74/305	100%
Nickel and Gold	Mt Gibb North	E74/313	100%
	Hatters North	E74/320	100%
	Hatters Hill	*P74/251	100%
	Hatters Hill	*P74/322	100%
	Hatters Hill	*E74/368	100%
	Hatters Hill	*E74/428	100%
		*E74/445	100%
		*E74/446	100%
		E77/1537	100%
	North Iron Cap	*E77/1545	100%
	North Iron Cap	*E77/1546	100%
	North Iron Cap	*E77/1547	100%
	North Iron Cap	*E77/1590	100%
		*E77/1677	100%
DOOLGUNNA	Doolgunna	E 51/1320	100%
Base Metals	Doolgunna	E 51/1321	100%
	Doolgunna	*E 51/1322	100%
	Doolgunna	*E 51/1323	100%
	Doolgunna	*E 51/1324	100%
	Doolgunna	E 51/1330	100%
	Doolgunna	*E 51/1331	100%
	Doolgunna	*E 51/1332	100%
	Doolgunna	E 51/1333	100%
	Doolgunna	*E 51/1355	Earning 90%
ULARRING	Walling Rock	E30/377	100%
Uranium	Walling Rock	E30/378	100%
	Walling Rock	*E29/751	100%
PINE CREEK		EL25024	Option to acquire 80%
		EL25025	Option to acquire 80%
		EL25026	Option to acquire 80%
		EL25516	Option to acquire 80%
		EL25517	Option to acquire 80%
		EL26070	Option to acquire 80%
		EL26423	Option to acquire 80%
		EL27050	Option to acquire 80%
		EL27223	Option to acquire 80%
		EL27242	Option to acquire 80%

** Applications pending*