



GREAT WESTERN
Exploration Limited

ANNUAL REPORT 2013
ABN 53 123 631 470



CORPORATE DIRECTORY

DIRECTORS

Kevin Clarence Somes (Chairman)

(K Somes was appointed a director 11 October 2013)

Jordan Ashton Lockett (Managing Director)

Craig Donald Mathieson (Non-executive Director)

Frank Cannavo (Non-executive Director)

(F Cannavo resigned as a director on 11 October 2013)

COMPANY SECRETARY

Kelvin Frederick Edwards

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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

WEBSITE:

www.greatwesternexploration.com.au



REVIEW OF EXPLORATION ACTIVITIES	2
DIRECTORS' REPORT	16
CORPORATE GOVERNANCE STATEMENT	31
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	38
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	39
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	40
CONSOLIDATED STATEMENT OF CASH FLOWS	41
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013	42
DIRECTORS' DECLARATION	78
AUDITORS INDEPENDENCE DECLARATION	79
INDEPENDENT AUDITORS REPORT	80
ADDITIONAL INFORMATION	82

REVIEW OF EXPLORATION ACTIVITIES

EXECUTIVE SUMMARY

Great Western Exploration Limited ("GTE" or "the Company") is an exploration company focussing on base and precious metal projects both in Australia and Kazakhstan.

The company has made significant progress over the last 12 months that include:

- Maiden RC drilling commenced at the Spasskaya project in Kazakhstan intersecting significant copper mineralisation.
- Also in Kazakhstan an opportunity to acquire a gold project with potential for early production with low start-up capital costs
- In Australia the company expanded its 100% Doolgunna project, with the new areas containing historical base metal drill intersections that were never followed up and remain unexplained.
- Further strengthened the Doolgunna project by farming into Glencore's adjacent Cunyu Project that is highly prospective for copper, nickel and gold.
- At Forresteria, JV Partner Western Areas NL, continued to report highly encouraging drill results.

In Kazakhstan the company is earning a 50% interest in the Spasskaya Project which is comprised of a 12,500km² area of the historical Spasskaya Copper Mineral Field. Over 350 copper occurrences and 8 prospects with significant copper mineralisation were reported during the Soviet era and no further exploration has been carried out. In June 2013 the company completed maiden RC drilling at Khadzhikongan prospect intersecting significant copper mineralisation which appears to confirm the validity of the Soviet era drilling.

Also in Kazakhstan the Company has entered into an Agreement to assess the economic potential of processing low grade gold ore stockpiles surrounding historic gold mines located near the regional mining centre of Stepnogorsk.

In Australia the Company has continued to build on its Doolgunna project targeting the structural corridor the Company believes hosts the Degrussa copper mine, through both 100% owned exploration license ("EL") applications and farming into Glencore's adjacent Cunyu project which is highly prospective for nickel, copper and gold.

In addition to the acquisitions, the company continued to progress exploration at Doolgunna with ongoing historical data compilation, soil sampling, mapping, and airborne geophysical surveying. Significant mineralisation identified from historical reports for the 100% owned new application areas includes 2m @ 3.2% copper and 2m @ 85 g/t silver that were never followed up even though it was recommended to do so in the reports at that time. Also contained within one of the 100% owned new EL applications is a small gold mine located 20kms west of Wiluna that produced 77 ounces of gold between 1906 and 1912 at an average grade of 17 g/t gold.

This prospect has not been explored with modern techniques at any time in the past 100 years and represents another drilling target upon grant.

At Forresteria, the Company's JV Partner Western Areas NL, completed RC and diamond drilling at the Hatter's Hill gold prospect which intersected strong mineralisation in the area of historic workings. RC drilling and follow-up diamond drilling intersected **9m @ 1.9g/t gold, 10m @ 3.06 g/t gold and 2.6m @ 8.63 g/t gold.**



SPASSKAYA COPPER PROJECT

The Company first entered into a Heads of Agreement to form a 50/50 Joint Venture (“JV”) with TKS, the National Mining Company of Kazakhstan, in November 2011 and signed the original Implementation Agreement April 2012 to develop the Spasskaya Copper Field subject to granting of the Subsoil Contract and shareholder approval of TKS parent Company, Sovereign Fund of Kazakhstan. The Sub Soil contract was granted in February 2013 and the final version of the Implementation Agreement was approved by the Sovereign Fund in April 2013. Maiden drilling subsequently commenced in June 2013.

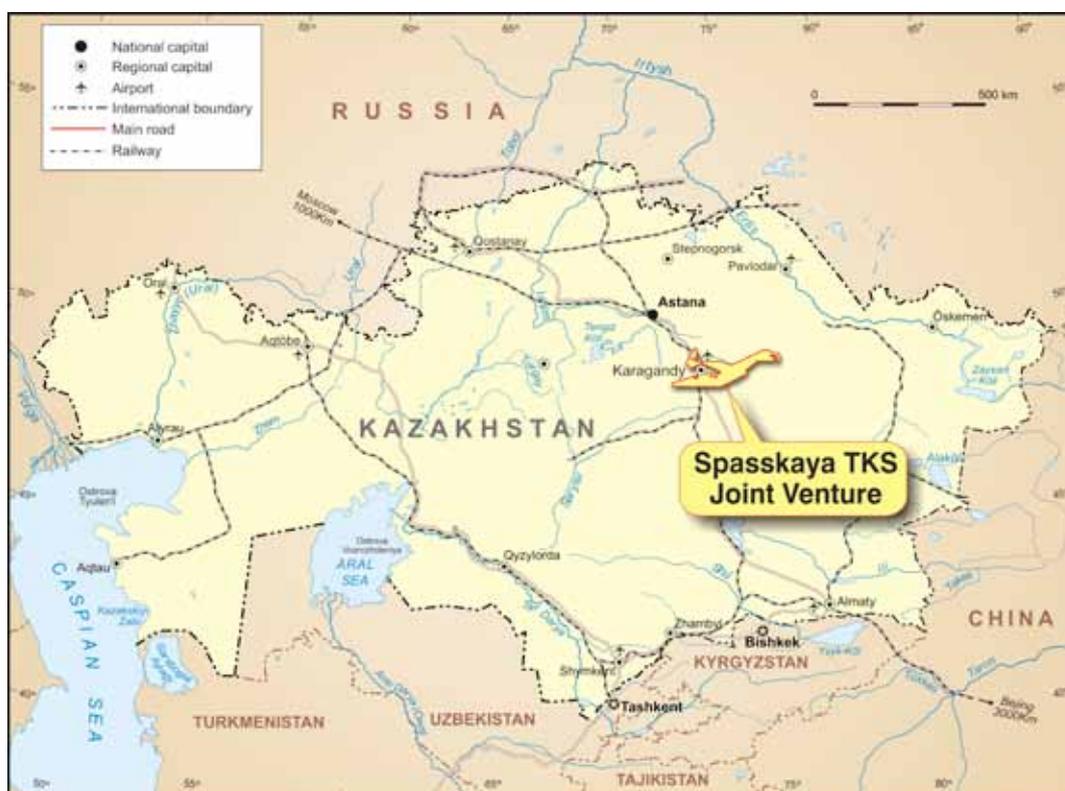


Figure 1: Location of the Spasskaya Project, KZ

The Spasskaya Project is located 150km southeast of the country’s capital Astana and is comprised of a 12,500km² area (approximately 330km x 40km) covering the majority of the historical Spasskaya Copper Mineral Field (figure 1).

The project is centred on the major regional mining city of Karaganda that has excellent supporting infrastructure including grid power and rail, and is one of the main centres in KZ for mining support services.

During the Soviet era exploration identified over 350 copper occurrences with 120 prioritised for further work including drilling, however only 20 of these prospects were followed up before the Soviets withdrew from KZ. The Soviets reported significant copper mineralisation at all 20 of these prospects, seven of which were put into production towards the end of the Soviet era and now form the basis of Khazakmys’ copper operations near Karaganda. Of the remaining thirteen prospects, eight are within the project area along with the remaining 100 untested high priority targets.

REVIEW OF EXPLORATION ACTIVITIES

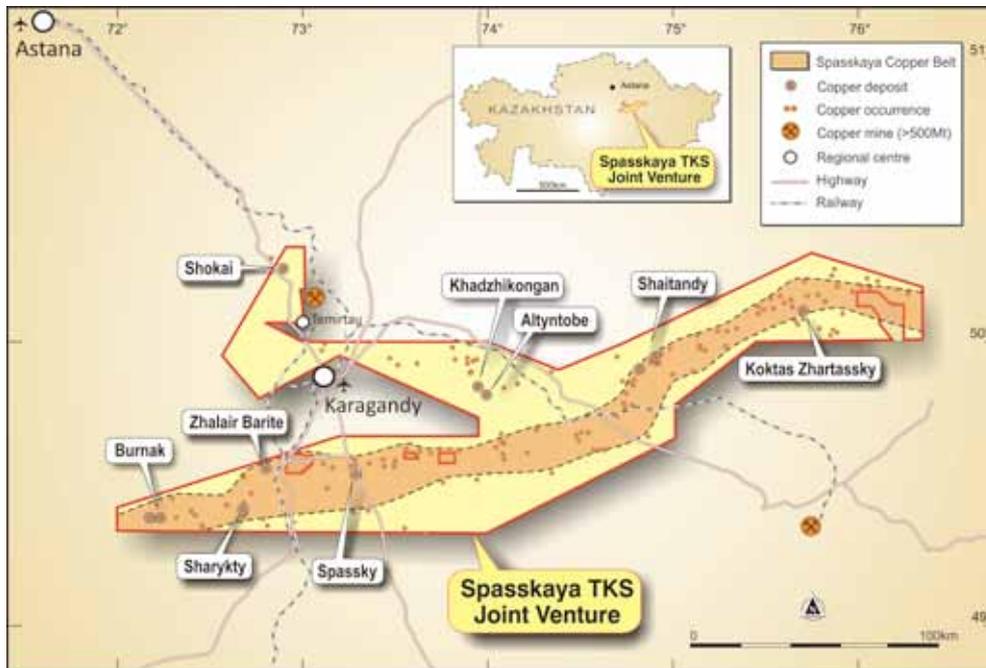


Figure 2: Location of the main prospects at the Spasskaya Project, KZ

The styles of mineralisation reported include epithermal, VMS, stockwork, porphyry, skarn and replacement style mineralisation which is consistent with an intra-continental island. Similar geological settings elsewhere in the world are a major source of base and precious metals.

Whilst the eight known prospects (figure 2) are genuine exploration targets in their own right with the potential for significant copper mineralisation at depth, the Company believes the true opportunity lies in exploring the entire mineral field using modern techniques and theories.

KHADZHIKONGAN PROSPECT

Maiden RC drilling at the Khadzhikongan prospect was completed in June and July 2013 with a total of 14 holes for 2,390m. The drilling was designed to confirm both the accuracy of the historic Soviet drilling and the geological dip and strike of the outcropping mineralisation. Results of the first four holes have been received and are summarised in Table 1 and shown on section in figure 3. Assays have not yet been received for the remaining 10 holes drilled.

The drilling delineated three mineralised zones that extend vertically from surface to at least 200m vertical depth (figure 4). Visible bornite mineralisation, accompanied by strong epidote and biotite alteration, is further confirmed with down-hole IP and gamma surveys. The first 20m of the profile appears heavily oxidised with abundant malachite and azurite. Silver grades are positively correlated to copper and have the potential to further improve the economics of the project. Possible felsic porphyry was intersected at depth and remains untested. Additional diamond drilling is now planned for an initial JORC inferred resource estimation and to classify geological relationships between the mineralised zones and the host rocks.



Table 1: Summary of RC drilling at Khadzhikongan

Hole	From [m]	To [m]	Interval [m]	Cu %	Ag ppm
SPC0001	50	86	36	1.80	7
SPC0001	117	127	10	1.48	10
SPC0002	0	63	63	1.88	17
SPC0002	106	116	10	1.30	14
SPC0003	0	110	110	2.89	29
SPC0003	123	140	17	2.00	16
SPC0003	154	208	54	1.68	15
SPC0004	94	114	20	1.04	12
SPC0004	178	218	40	2.10	23

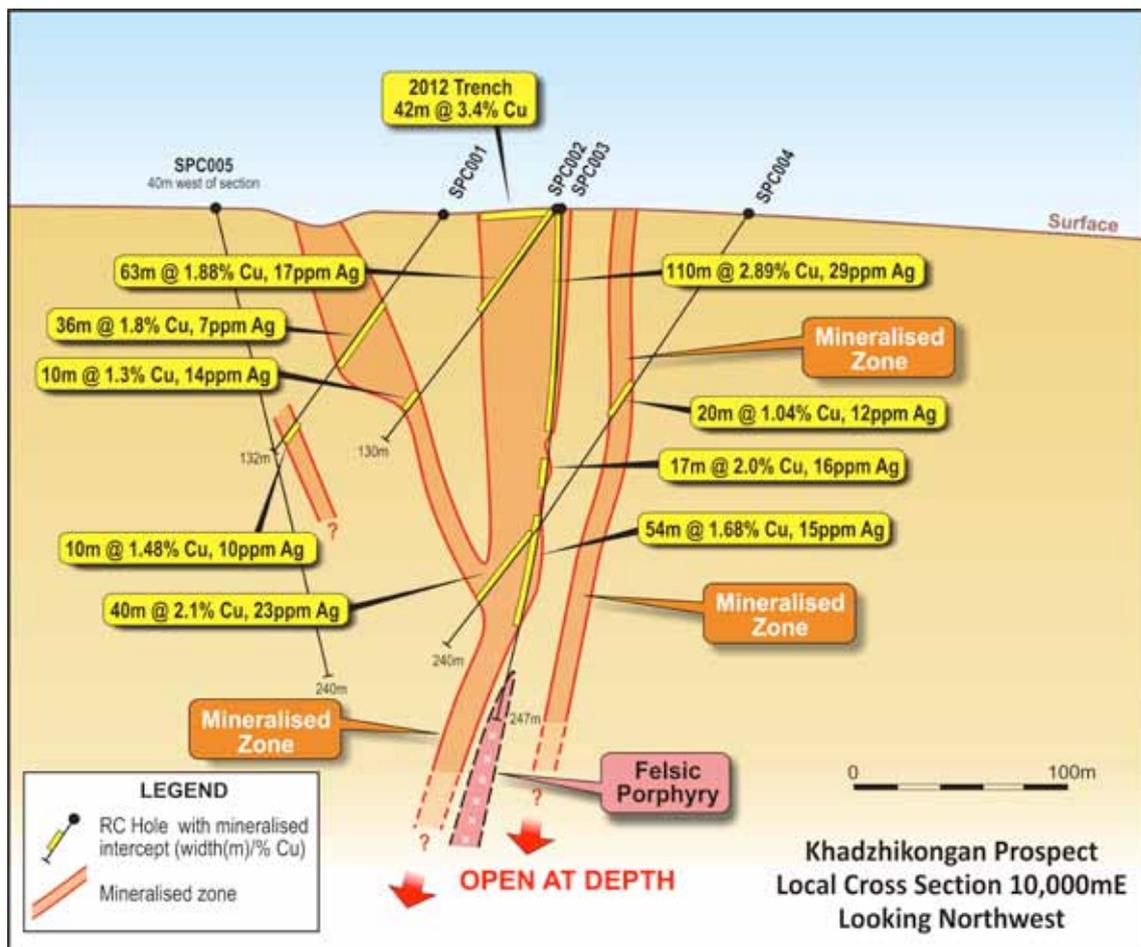


Figure 3 – Cross-Section along Local Grid Section 10,000mE

REVIEW OF EXPLORATION ACTIVITIES

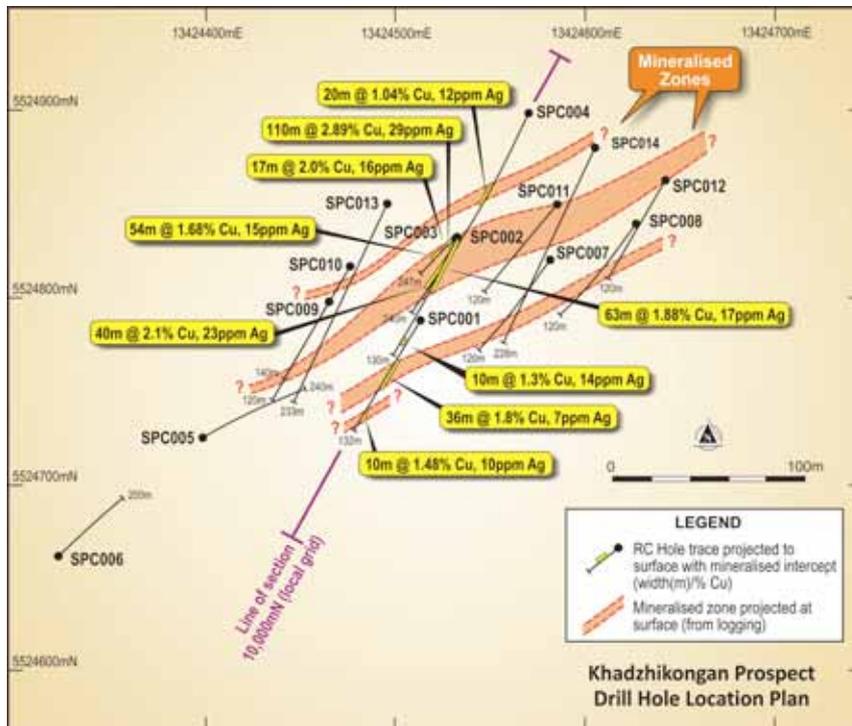


Figure 4: Khadzhikongan Prospect, Kazakhstan

ALTYNOBE PROSPECT

The Alтынobe prospect is located 5km south of Khadzhikongan (figure 2) and features abundant copper oxide mineralisation at surface (figure 5) trending along an east-west contact between dolomite and volcanic rocks. The mineralised contact extends for up to 2.5 km and has been exposed in trenching and small-scale open pit mining with historic diamond drilling indicating zones of high grade copper mineralisation along this east-west contact structure.

Diamond drilling is planned for the second half of 2013 to test this trend and for initial JORC resource estimations.



Shaitandy Prospect

The Shaitandinsky or “Shaitandy” prospect is located 125km east of Karaganda and 70km east of the Khadzhikongan-Alтынobe prospects and features abundant malachite mineralisation at surface exposed in historic trenching. There are four individual zones of copper mineralisation with trenching extending along 5km of combined strike distance (+50 separate trenches at ~100m spacing).

During the 2012 field season the company re-sampled these historic trenches, with four out of five containing significant widths of high grade copper that include: **14m @ 6.59% Copper, 14m @ 6.51% Copper, 12m @ 4.52% Copper and 18m @ 4.05% Copper.**

Figure 5: Diopside (Secondary Copper) Mineralisation at Altyntobe



The company believes the single trench that did not intersect significant copper was located immediately north of the main trend. In addition to the trench sampling the company completed surface mineralisation mapping using the portable XRF in soil mode on a 50m x 10m grid for a total of 386 samples. This work shows that at least two of the four individual zones of mineralisation are probably the same body of mineralisation separated by a NW-trending fault (150m of apparent horizontal displacement).

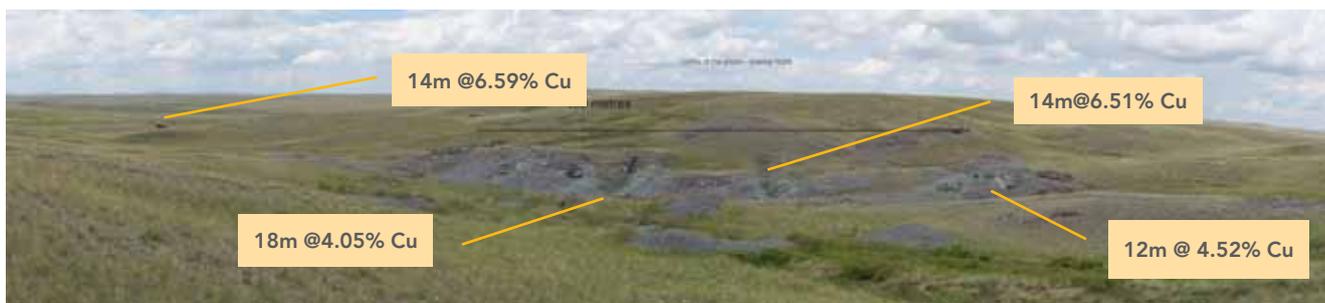


Figure 6: Trench Sampling at Shaitandy

SHARYKTY PROSPECT

The Sharyktinsky ("Sharykty") prospect is located 50km southwest of Karaganda adjacent to the national power grid. The prospect is bordered by drainage channels to the west and south which appear to have restricted historic exploration to an area of 500m x 200m.

During 2012 field season the Company re-sampled six out of nine historic trenches using a handheld Niton XRF machine and results include **24m @ 8.30% Copper1, 16m @ 6.24% Copper1, 8m @ 4.96% Copper1, 8m @ 1.75% Copper1, 20m @ 1.72% Copper1 and 16m @ 2.08% Copper1.**

A total of 480 soil samples were assayed using the handheld Niton XRF machine and this work highlighted that Sharykty extends for over 500m strike length terminating beneath late drainage cover to the west.

SPASSKY PROSPECT

The Spassky prospect is located 30km south of Karaganda, adjacent to the national highway between Astana and Almaty (figure 2). The area was subject to copper mining in the 1800's and features abundant malachite mineralisation exposed at surface in trenching over an area of 2,000m x 500m. During the 2012 field season two of several trenches were resampled using the handheld Niton XRF machine with the results including 16m @ 3.34% Copper1 and 14m @ 3.28% Copper1.

BURNAK PROSPECT

The Burnak prospect features two separate zones of mineralisation located 90km southwest of Karaganda (Figure 2). Abundant malachite mineralisation is exposed at surface in historic trenching (figure 7). During the 2012 field season re-sampling of the historic trenches using handheld Niton XRF machine recorded an mineralised widths of 8m @ 6.3% Copper1 at one prospect and 2m @ 15% Copper1 at the other.



Figure 7: Malachite (Oxide Copper) Mineralisation at Burnak

REVIEW OF EXPLORATION ACTIVITIES

SPASSKAYA JV TERMS

The Spasskaya JV was formally executed after Tauken Samruk (“TKS”), the National Mining Company of Kazakhstan, received shareholder approval from its parent company Samruk Kazyna (“Kazyna”), the Sovereign Fund of Kazakhstan, in April 2013 after TKS received the sub soil contract for the Spasskaya Project in February 2013.

Under the final terms of the agreement GTE can initially earn 50% of the Spasskaya project by meeting the following conditions:

- Sole fund the obligations of the sub soil contract for the exploration period to a maximum of US\$24.0 million over six years;
- Contribute 50% towards feasibility studies to a maximum of US\$12.5 million;
- A one-off payment of up to US\$270,000 directly to TKS to reimburse the costs associated with the acquisition of the subsoil contract; and,
- A Deferred Payment from GTE’s portion of cash flows.

After the Company fulfils its obligations, either party may sell their shares in the JV Company to each other to increase equity in the project at a market price negotiated at that time. Both parties will be responsible for the feasibility and development costs proportional to their shareholding.

DOOLGUNNA GOLD AND BASE METAL PROJECT (GTE 100%)

The Doolgunna project is located approximately 140km north east of Wiluna and 25km south east of the Degruusa copper mine (figure 8). The project is one of the largest land holdings in the Doolgunna region and is prospective for copper, gold and nickel.

During the year the company increased the 100% owned area to 2.520km² focusing on regional northwest – southeast features that appear in regional gravity and aeromagnetic datasets. The most prominent feature is a distinct corridor that can be traced southeast from the DeGrussa copper mine towards Wiluna where it may connect with the main Wiluna-Leinster-Kalgoorlie-Kambalda-Norseman gold and nickel belt (a 650km-long belt hosting +10Mt of nickel and +4,000t gold). It is this corridor that the company is targeting, having so far secured over 100km of strike length.

Data compilation for the new areas resulted in the release of historical exploration reports that were previously held under confidentiality orders at the DMP. These reports by RGC Limited in the 1990s indicate significant copper and silver mineralisation along with lower concentrations of gold in a single diamond and a single RC hole with no further follow-up.

The results from these two historic holes include:

Historical diamond hole:

- 2m @ 0.7 g/t gold and 8 g/t silver from 98m depth**
- 2m @ 3.2% copper, 0.3 g/t gold and 8 g/t silver from 148m depth**

Historical RC hole:

- 2m @ 85 g/t silver from 44m depth**

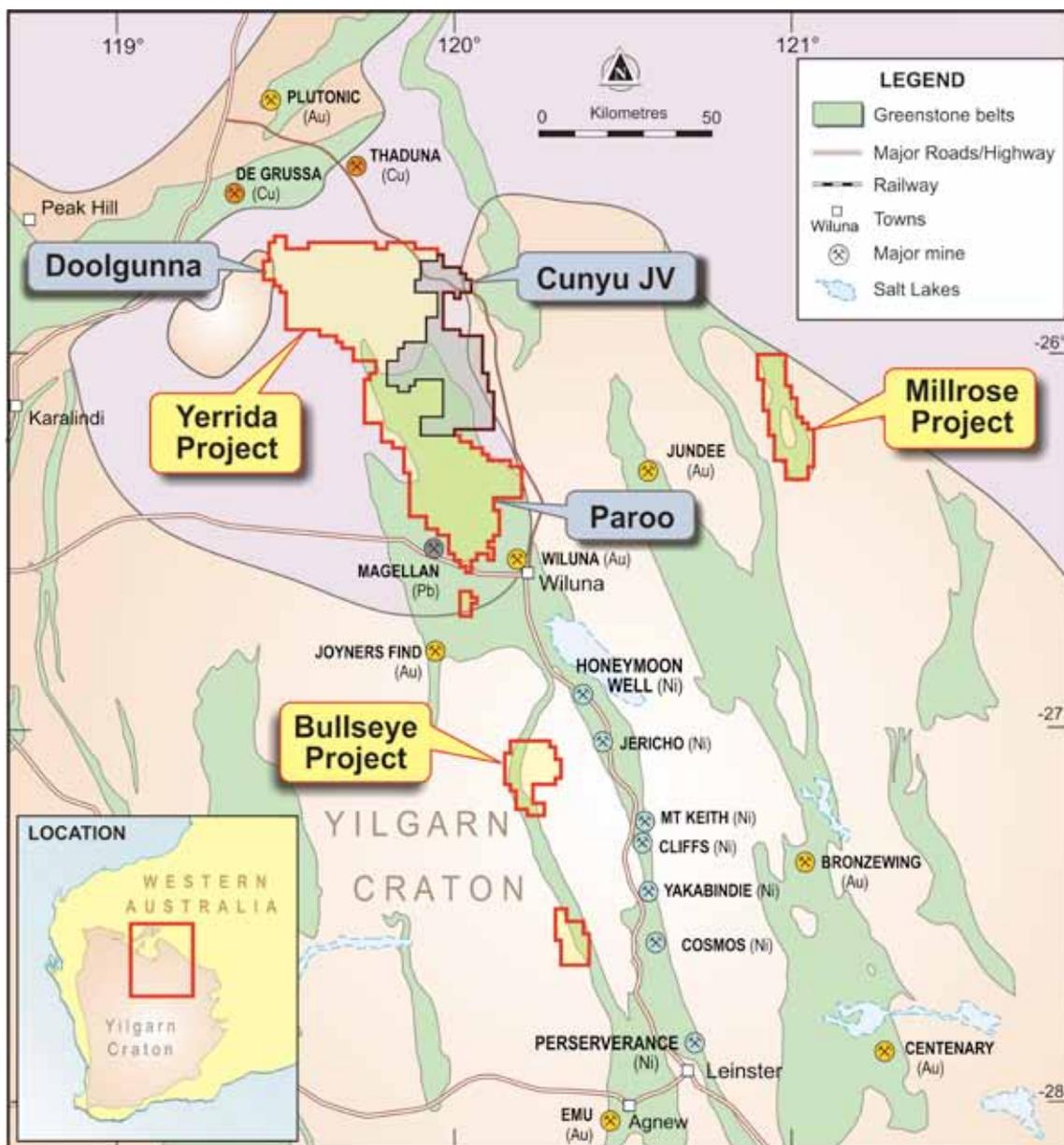


Figure 8: Location of Company's North Yilgarn projects

The work was completed as part of the regional exploration that resulted in the discovery of the Magellan lead mine. RGC sold the project not long after and even though these results were described in the reports as significant, they were never followed up by the subsequent project owners. Furthermore the reports were kept confidential by the DMP and GTE is the first company to gain public access to these reports since they were published and therefore why these results were not followed up by previous explorers in the area.

The Company believes there is growing evidence for major northwest trends indicated by regional gravity and aeromagnetic data that align with the Archaean Wiluna-Norseman gold-nickel belt extending underneath the younger Proterozoic Yerrida basin sequence. The company believes that these trends may relate to the re-activation of a major, underlying Archaean fault zone, and could be an important control for mineralisation in the district. Furthermore important mafic and ultramafic rock sequences that host significant nickel and gold deposits to the south extend under cover and are coincident with these trends.

REVIEW OF EXPLORATION ACTIVITIES

This corridor has a strong spatial correlation with the major deposits in the Doolgunna area and the Company has interpreted it to represent a major structural corridor that facilitated the rifting during the formation of the Bryah and Yerrida Basins and therefore an important controlling feature for the formation of mineral deposits in the region.

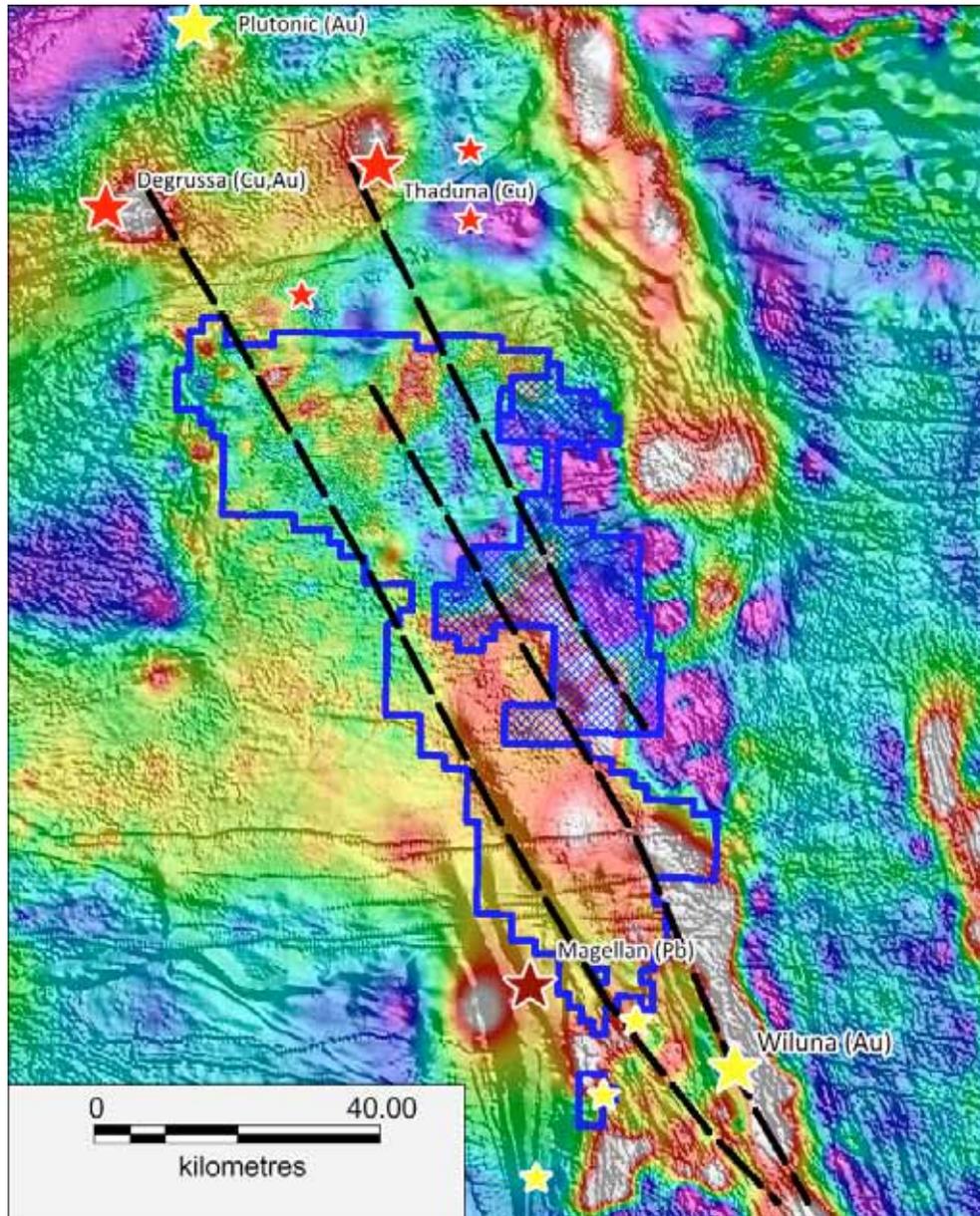


Figure 9: North West – South East structural corridor the Company is targeting at Doolgunna

Also contained within one of the 100% owned new EL applications is a small gold mine located 20kms west of Wiluna that produced 77 ounces of gold between 1906 and 1912 at an average grade of 17 g/t gold. This prospect has not been explored with modern techniques at any time in the past 100 years and represents another drilling target upon grant.

Also during the year the company continued regional geochemical sampling, geological mapping and further airborne EM surveys commenced in July 2013. The company will commence regional gravity surveys later this year.



CUNYU JV (GTE EARNING 70%)

In May 2013, the Company entered into a Memorandum of Understanding (“MOU”) with Glencore that allows GTE to farm into Glencore’s Cunyu Project. The Cunyu project comprises of five (5) exploration licences for a total area of 780km² adjacent to the Company’s Doolgunna project (figure 8).

The main terms of the Agreement are as follows:

1. Minimum expenditure of \$250,000 before withdrawing
2. GTE can earn up to 70% by spending \$2.5 million over five years
3. The JV is subject to a clawback clause as follows:
 - a. Glencore Xstrata has the right to clawback to 80% of the Cunyu Project each time a JORC compliant inferred resource is established by compensating GTE three times total exploration expenditure on the project. GTE will retain a 20% free carried interest to BFS.
 - b. If Glencore Xstrata elects not to clawback on the deposit, it is annexed from the JV. The annexed deposit is no longer subject to any future clawback and can be progressed to BFS by GTE.

A formal Joint Venture Agreement is yet to be drafted, but the HoA will allow GTE to commence work on the project immediately while this is being completed.

As stated above the company has been focusing on consolidating the area covering a regional scale north northwest – south southeast trending corridor that the company identified in the regional magnetic and gravity datasets. This corridor can be traced south southeast from the DeGrussa copper mine towards Wiluna where it may connect with the main Wiluna-Leinster-Kalgoorlie-Kambalda-Norseman gold and nickel belt .

Furthermore the company has also identified that the Archaean age Wiluna-Leinster-Kalgoorlie-Kambalda-Norseman gold and nickel belt extends under cover in the southern area of the project with historical diamond drilling confirming the extension of the important mafic and ultramafics rock sequences that host the significant nickel and gold deposits to the south and therefore is highly prospective for both nickel and gold in its own right.

This acquisition completes the company’s stated objective to build a strategic land position targeting what it believes are the major controls of mineralisation in the Doolgunna region.

The Company will now integrate the Cunyu Project into its Doolgunna activities and is planning to expand the existing regional geophysical surveys completed at Doolgunna over some of the new areas.

MILLROSE GOLD PROJECT (GTE 100%)

The Millrose project is located 100km northeast of Wiluna and represents a significant opportunity to explore for Archaean lode gold deposits in the northern Kalgoorlie Super-terrane of the Eastern Goldfields Province, which includes both the +5Moz Jundee and Wiluna gold camps.

In 2011-2012, the company secured three new exploration licenses (E53/1619-20, 1666) totalling 350km² over an area of regional magnetic anomalism which GTE had identified as one of the few remaining, unexplored Archaean greenstone belts within Australia.

Detailed mapping, geophysical and geochemical surveys carried out by the company has confirmed presence of greenstone lithologies with associated weak gold and arsenic anomalism. This represents a significant geological discovery of a previously unknown greenstone belt in an area where there has been very limited historic exploration.

The Company now controls 100% of the greenstone belt which extends for 35km of strike.

REVIEW OF EXPLORATION ACTIVITIES



Figure 10: Banded Iron Formation discovered at GTE's Millrose Project

During the year 40 rock samples were submitted for geochemical analysis in early January 2013 to further enhance the Company's targeting methodology. The Company is encouraged by the discovery of further outcrop of banded iron formation, amphibolite and minor volcanic sequences (Figure 10). Amongst these are samples that display relict sulphide mineralisation indicative of potentially-gold-bearing fluid replacement.

The company will continue to carry out further geochemical surveys to define initial targets for RAB drilling.

FORRESTANIA NICKEL PROJECT (49%)

The Forrestania Nickel Project comprises of a total of 350km² surrounding Western Areas NL (ASX:WSA) nickel operations (Figure 11) at Flying Fox - Spotted Quoll - Diggers Rocks. In October 2009, the company entered the Mt Gibb Joint Venture Agreement with Western Areas NL to explore GTE's tenements. Western Areas holds an impressive discovery record since they commenced nickel exploration in the Forrestania region including the Spotted Quoll and Diggers South nickel deposits.

By January 2012, WSA had completed the first stage of its earn-in (51%) and can earn up to 70% interest in the Project by spending a total of \$2.5 million. During the course of 2012-2013, WSA indicated that they are expecting to complete their 70% earn-in responsibilities towards the end of 2013.

In 2011-2012, WSA completed a total of 15 holes for 4,112m of diamond drilling at Mt Gibb. Encouragingly, two of the holes intersected narrow, massive sulphide veins containing high-grade nickel approximately 20km SE of Diggers Rocks (50km SE of Flying Fox). MGD002 intersected 1.1m at 2.6% Ni from 133.9m depth and HCD001 intersected 0.2m at 1.8% Ni from 250.9m depth with nickel mineralisation associated with small sulphide veins. WSA are applying their proven strategy of using down-hole EM surveys as a guide to ongoing drill targeting.



In December 2012, WSA completed six reverse circulation (“RC”) drill holes targeting gold mineralisation at Hatter’s Hill within the JV tenements. The first two drill holes (HCRC001 & 2) tested one gold target while the other four holes (HCRC003 to 006) were single holes into four individual targets along 4.5km geophysical and geochemical trend. Western Areas (“WSA”) NL followed up encouraging gold results in May 2013. One of the previous RC holes was extended to 288.7m depth and a twinned diamond hole to 169.5m depth was drilled adjacent to the previously announced intersection in HCRC005. The significant results are summarised in Table 2.

Table 2. Significant Results at Forrestania

Hole Number	Interval (m)	Gold (ppm)	From Depth (m)
HRC001	2.2	5.47	190.5
	2.6	8.63	222.4
<i>including</i>	0.2	95.50	223.9
HCD003	10.5	3.06	48.5
	6.0	1.17	78.0



Figure 11: Location of Forrestania Project

WSA have observed a strong correlation between sulphide and gold mineralisation within the mafic volcanic sequences and are doing some further tests on the core to determine the suitability of ground geophysical Induce Polarisation (“IP”) for mapping out these sulphide zones prior to further drilling.

The company is intending to relinquish the 100% owned Forrestania South tenements in the coming year to focus exploration expenditure onto the newly acquired Doolgunna and Cunyu JV tenements. Bullseye Gold Project

In March 2013 the company completed a total of twelve reverse circulation drill holes for a total of 944m at the Bullseye Project to follow-up historical RAB drilling that intersected 8m @ 61.7g/t Au (GWP 2, 32m-40m) and 8m @ 25.1 g/t Au (GWP 31, 1m-9m) in two adjoining holes.

There were no significant results and the tenements will be relinquished.

REVIEW OF EXPLORATION ACTIVITIES

Tenement Schedule

District	Project Name	Tenement No	Status	Ownership
<u>Mt Gibb JV</u>	Mt Gibb South	E74/305	Live	49%
	Mt Gibb North	E74/313	Live	49%
	Hatters North	E74/320	Live	49%
	Hatters Hill	P74/251	Live	49%
	Hatters Hill	P74/322	Live	49%
	Hatters Hill	E74/368	Live	49%
	Hatters Hill	E74/428	Live	49%
	North Iron Cap	E74/445	Live	49%
	North Iron Cap	E74/446	Live	49%
	North Iron Cap	E77/1537	Live	49%
	North Iron Cap	E77/1545	Live	49%
	North Iron Cap	E77/1546	Live	49%
	North Iron Cap	E77/1547	Live	49%
	North Iron Cap	E77/1590	Live	49%
North Iron Cap	E77/1677	Live	49%	
<u>Millrose</u>	Millrose	E53/1619	Live	100%
	Millrose	E53/1620	Live	100%
	Millrose	E53/1666	Live	100%
<u>Doolgunna</u>	Neds Creek	E 51/ 1320	Live	100%
	Neds Creek	E 51/1321	Live	100%
	Doolgunna	E 51/1322	Live	100%
	Doolgunna	E 51/1323	Live	100%
	Doolgunna	E 51/1324	Live	100%
	Neds Creek	E 51/1330	Live	100%
	Neds Creek	E 51/1333	Live	100%
	Neds Creek	E 51/1355	Live	90%
<u>Paroo</u>	Paroo	E 51/1712	Live	100%
	Paroo	E 51/1728	Live	100%
	Paroo	E51/1540	Pending	100%
	Paroo	E51/1560	Pending	100%
	Paroo	E53/1713	Pending	100%
	Paroo	E53/1722	Pending	100%
	Paroo	E53/1730	Pending	100%
	Paroo	E53/1740	Pending	100%
	Paroo	E53/1774	Pending	100%
	Paroo	E53/1775	Pending	100%
<u>Cunyu JV</u>	Paroo	E53/1776	Pending	100%
	Cunyu	E51/1090	Live	
<u>Spasskaya JV</u>	Cunyu	E51/1234	Live	
	Cunyu	E51/1238	Live	
	Cunyu	E51/1279	Live	
	Cunyu	E53/1341	Live	
<u>Spasskaya JV</u>	Spasskaya			



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 Lockett who is a member of the Australian Institute of Mining and Metallurgy. Mr Lockett is an employee of Great Western Exploration Limited and 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lockett consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Exploration Targets

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this announcement relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context in this announcement. The potential quantity and grade of resource targets are conceptual in nature since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource or Ore Reserve.

XRF analysis¹

The company will from time to time quote results from XRF analysis that are obtained using a handheld Niton XRF XL3t GOLDD analysis unit, which is the latest generation Niton currently available. This portable device provides instant feedback of modal mineralogy including base metal content within a small 8mm x 8mm scanning aperture. Results stated are considered preliminary to subsequent confirmation by geochemical analysis of homogenised samples and are provided as a guide only. Scanners are calibrated at regular intervals to ensure accuracy. These handheld scanners are more accurate with base metal mineralisation where economic grades are quoted in percentages; however these machines are not sensitive enough for reliable precious metal detection, even if the grade is near economic levels. While these machines have been proven to be reasonably accurate in the laboratory when using these units in the field there are many variables which can affect the accuracy of the readings so the company believes that the results should be considered indicative only and that proper laboratory chemical analysis is required to confirm the actual grades.

DIRECTORS' REPORT

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.

J A Lockett
F Cannavo
C D Mathieson

Information on Directors:

Mr Jordan Ashton Lockett **Chairman / Managing Director**

Experience and expertise

During his career, Mr Lockett 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 twelve years he has held senior management positions in both mining and exploration companies.

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

Mr Lockett has 22 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 Frank Cannavo

Non-executive

Experience and expertise

Mr Frank Cannavo is an experienced public company director with significant business and investment experience with many exploration companies in the mining industry.

With a high level contact base in the public company sector, Mr Cannavo boasts a proven track record of success and experience in creating solid, workable business strategies, capital raisings, investment, acquisitions and IPO's.

Other current directorships

None

Former directorships in last three years

Fortis Mining Limited (2010 – 2011)

Motopia Limited (2007 – 2011)

ATOS Wellness Limited (2009 – 2011)

Mr Craig Douglas Mathieson

Experience and expertise

After completing a Bachelor of Business (Banking & Finance), Mr Mathieson spent 10 years in commercial banking, principally in commercial property finance. In 2001, he returned to the family business, DMS Glass, as Managing Director until its sale to CSR Ltd in 2007. Mr Mathieson is currently CEO of the Mathieson Group, a large family group with diverse investments, including property, business and rural interests.

Mr Mathieson has extensive commercial experience and he is currently a Non-executive Director of Funtastic Ltd.

Other current directorships

Funtastic Ltd

IPB Petroleum Ltd (August 2012 -)

Former directorships in last three years

None.

DIRECTORS' REPORT

COMPANY SECRETARY

The Company Secretary is Mr K F Edwards, CA.

Mr Edwards is a Chartered Accountant, with over 25 years experience in the management and administration of ASX listed public companies.

PRINCIPAL ACTIVITIES

The principal activity during the year to 30 June 2013 was mineral exploration for copper, gold and nickel.

OPERATING AND FINANCIAL REVIEW

Review

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

Details of the Group's exploration projects are included in the Review of Exploration Activities on page 1.

Financial position

At the end of the financial year the Group had cash reserves of \$867,631 (2012: \$2,946,426). The Group incurred expenditure on exploration and evaluation of \$1,054,867 (2012: \$2,039,066) before write offs.

Results of Operations

The operating loss for the year, after providing for income tax, was \$3,244,983 (2012: \$3,145,356).

RISKS AND RISK MANAGEMENT

The Group 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.

The following discusses the Group's most significant business risks.

a) Exploration

Whilst considered highly prospective, the Company's tenements are early stage exploration tenements with limited exploration undertaken on them to date.

Exploration is a high risk undertaking. The Company's joint venture projects for copper, nickel and gold prospects in Australia and Kazakhstan are in the preliminary stages of exploration and no assurance is given that exploration of its current projects or any future projects will result in the delineation or discovery of a significant mineral resource. Even if a significant mineral resource is identified, there can be no guarantee that it can be economically exploited.



RISKS AND RISK MANAGEMENT (CONTINUED)

b) Investment in Kazakhstan

The Company has 50/50 Joint Venture with Tauken Samruk ("TKS"), Kazakhstan's National Mining Company, for the exploration and development of the Spasskaya Copper Project. While the Implementation Agreement signed by both companies, acknowledged GTE's expertise in exploration and the management structure of the JV Company gives GTE effective control of the JV Company during the exploration and development period, there still remains some risk of a deadlock between equal shareholders.

In the event of any disputes between shareholders such disputes would be subject to the laws of Kazakhstan argued in the International Court in Amsterdam and the Russian wording of the Agreements has precedence over the English wording. Any dispute therefore could result in delays to the operations of the JV or the ultimate withdrawal by the Company from the JV. Therefore the ongoing management of the 50/50 Joint Venture will be crucial to the success of the ongoing viability of the project.

Being located in Kazakhstan the Spasskaya Project and any other projects the Company participates in is subject to the risks associated with operating in that country. Government and bureaucratic procedures for obtaining permits for access, construction, environmental etc. in Kazakhstan are often slow which can hold up exploration. Further, climatic and weather conditions affect when drilling can be undertaken.

Investing in an emerging market carries inherent risks, including but not limited to economic, social or political instability, uncertainty, or change, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, expropriation and nationalisation, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership.

c) Commodity prices

As an explorer for copper, gold, nickel and potentially other minerals, any successes of the Company are expected to be closely related to the price of those and other commodities. Fluctuating prices in those commodities make market prices for securities in the Company more volatile than for other investments.

Commodities prices are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

d) Environmental

The Company's projects are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

DIRECTORS' REPORT

RISKS AND RISK MANAGEMENT (CONTINUED)

e) Future capital needs.

The Company's ability to raise further capital (equity or debt) within an acceptable time of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms, the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

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 Group during the financial year other than:

- In August 2012, the issue of 26,503,277 options at an issue price of \$0.01 each exercisable at \$0.30 and expiring 28 February 2013 to raise \$228,353 after issue costs.
- In April 2013, confirmation of the Group's interest in the Joint Venture Agreement with TKS Samruk, whereby it could earn a 50% interest in the Spasskaya Copper Project in Kazakhstan.



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 Group in future financial years other than:

- In August 2013, the successful completion of a 1:3 non-renounceable rights issue to shareholders for the issue of 32,791,330 ordinary fully paid shares at an issue price of \$0.12 each to raise \$3,778,302 after issue costs.
- In September 2013, the announced signing of a Memorandum of Understanding to carry out a feasibility study to determine the economic potential to mine and treat low grade gold ore stockpiles located near the regional gold mining centre of Stepnogorsk in Kazakhstan. The Company has 12 months in which to complete the feasibility and make a decision on whether to proceed to a formal JV.

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 Group 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 Group is not aware of any breach of statutory conditions or obligations.

The Directors have considered the 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 Group 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
Unlisted	9 August 2011	4,000,000	60 cents	30 May 2016
Unlisted	2 September 2011	350,000	40 cents	30 June 2015
Unlisted	16 October 2012	1,000,000	40 cents	30 June 2014
Unlisted	12 December 2012	4,000,000	60 cents	30 June 2016

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

DIRECTORS' REPORT

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 May 2016	Options Expiring 30 June 2016
J A Lockett	4,505,000	-	3,000,000
F Cannavo	4,275,000	1,000,000	-
C D Mathieson	4,933,497	-	1,000,000

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 2013 and the numbers of meetings attended by each Director.

	Number Held Whilst in Office	Number Attended
J A Lockett	16	16
F Cannavo	16	15
C D Mathieson	16	16

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 \$18,426 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 27.

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 79.



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

J A Lockett	Executive Director
F Cannavo	Director (Non-executive)
C D Mathieson	Director (Non-executive)

ii) Executives

K F Edwards	Company Secretary
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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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

Remuneration Policy (continued)

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 \$250,000.

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 Principles recommend 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 29. .



REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of Key Management Personnel

	SHORT TERM		POST EMPLOYMENT			LONG TERM			SHARE BASED PAYMENT			% PERFOR- MANCE RELATED \$
	SALARY & FEES \$	CASH BONUS \$	NON- MONETARY BENEFITS \$	OTHER \$	SUPERANN- UATION \$	RETIREMENT BENEFITS \$	INCENTIVE PLANS \$	LONG SERVICE LEAVE \$	OPTIONS \$	TOTAL \$		
30 JUNE 2013												
NON-EXECUTIVE DIRECTORS												
F Cannavo	30,000	-	-	-	2,700	-	-	-	-	32,700	-	-
CD Mathieson	30,000	-	-	-	2,700	-	-	-	70,000	102,700	-	-
	60,000	-	-	-	5,400	-	-	-	70,000	135,400	-	-
EXECUTIVE DIRECTORS												
J A Luckett	214,957	-	-	-	19,574	-	-	-	210,000	444,531	-	-
OTHER KEY MANAGEMENT PERSONNEL												
K F Edwards	137,520	-	-	-	-	-	-	-	48,000	185,520	-	-
Total	412,477	-	-	-	24,974	-	-	-	328,000	765,451	-	-

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of Key Management Personnel

	SHORT TERM			POST EMPLOYMENT			LONG TERM			SHARE BASED PAYMENT			% PERFOR- MANCE RELATED \$
	SALARY & FEES \$	CASH BONUS \$	NON- MONETARY BENEFITS \$	OTHER \$	SUPER- ANNUATION \$	RETIREMENT BENEFITS \$	INCENTIVE PLANS \$	LONG SERVICE LEAVE \$	OPTIONS \$	TOTAL \$			
30 JUNE 2012													
NON-EXECUTIVE DIRECTORS													
F Cannavo	30,000	-	-	-	2,925	-	-	-	342,900	375,825	-	-	
CD Mathieson	16,775	-	-	-	1,510	-	-	-	-	18,285	-	-	
KC Some	40,417	-	-	-	3,637	-	-	-	-	44,054	-	-	
J Arulampalam	32,083	-	-	-	3,300	-	-	-	1,028,700	1,064,083	-	-	
	119,275	-	-	-	11,372	-	-	-	1,371,600	1,502,247	-	-	
EXECUTIVE DIRECTORS													
J A Luckett	224,300	-	-	-	21,718	-	-	-	-	246,018	-	-	
OTHER KEY MANAGEMENT PERSONNEL													
K F Edwards	93,740	-	-	-	-	-	-	-	-	93,740	-	-	
Total	437,315	-	-	-	33,090	-	-	-	1,371,600	1,824,005	-	-	



REMUNERATION REPORT (AUDITED) (CONTINUED)

Compensation Options: Granted and Vested during the year

30 June 2013

Directors

		NO. OF OPTIONS
J A Lockett		3,000,000
Grant Date	12 December 2012	
Fair Value per Option	\$0.07	
Exercise Price per Option	\$0.60	
Expiry Date	30 June 2016	
First Exercise Date	12 December 2012	
Last Exercise Date	30 June 2016	
Vested No.	3,000,000	
Vested %	100	

C D Mathieson		1,000,000
Grant Date	12 December 2012	
Fair Value per Option	\$0.07	
Exercise Price per Option	\$0.60	
Expiry Date	30 June 2016	
First Exercise Date	12 December 2012	
Last Exercise Date	30 June 2016	
Vested No.	1,000,000	
Vested %	100	

Other

K F Edwards		1,000,000
Grant Date	16 October 2012	
Fair Value per Option	\$0.048	
Exercise Price per Option	\$0.40	
Expiry Date	30 June 2014	
First Exercise Date	16 October 2012	
Last Exercise Date	30 June 2014	
Vested No.	1,000,000	
Vested %	100	

5,000,000

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

Compensation Options: Granted and Vested during the year

30 June 2012

		NO. OF OPTIONS
J Arulampalam		3,000,000
Grant Date	9 August 2011	
Fair Value per Option	\$0.3429	
Exercise Price per Option	\$0.60	
Expiry Date	30 May 2016	
First Exercise Date	9 August 2011	
Last Exercise Date	30 May 2016	
Vested No.	3,000,000	
Vested %	100	
F Cannavo		1,000,000
Grant Date	9 August 2011	
Fair Value per Option	\$0.3429	
Exercise Price per Option	\$0.60	
Expiry Date	30 May 2016	
First Exercise Date	9 August 2011	
Last Exercise Date	30 May 2016	
Vested No.	1,000,000	
Vested %	100	
		<u>4,000,000</u>

Options granted as part of remuneration

30 June 2013

	VALUE OF OPTIONS GRANTED DURING THE YEAR	VALUE OF OPTIONS EXERCISED DURING THE YEAR	VALUE OF OPTIONS LAPSED DURING THE YEAR	% REMUNERATION CONSISTING OF OPTIONS FOR THE YEAR
Directors				
J A Lockett	210,000	-	-	47.24
C D Mathieson	70,000	-	-	68.15
Other				
K F Edwards	48,000	-	-	25.87
	<u>328,000</u>	<u>-</u>	<u>-</u>	

For details on the valuation of options, including models and assumptions used, refer to Note 22.

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



REMUNERATION REPORT (AUDITED) (CONTINUED)

Options granted as part of remuneration

30 June 2012

	VALUE OF OPTIONS GRANTED DURING THE YEAR	VALUE OF OPTIONS EXERCISED DURING THE YEAR	VALUE OF OPTIONS LAPSED DURING THE YEAR	% REMUNERATION CONSISTING OF OPTIONS FOR THE YEAR
J Arulampalam	1,028,700	-	-	98.67
F Cannavo	342,900	-	-	91.24
	<u>1,371,600</u>	<u>-</u>	<u>-</u>	

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 2013			
Directors	-	-	-
Executives	-	-	-
30 June 2012			
Directors	-	-	-
Executives	-	-	-

Service Agreements

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

Base annual salary of \$150,000, exclusive of employee leave entitlements and based and paid on a fixed daily rate, 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.

DIRECTORS' REPORT

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

Dated this 27 day of September 2013



J A Lockett
Managing Director

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2013



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 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 directors were considered to be independent during the year:

Mr C D Mathieson

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 J A Lockett	Managing Director	Appointed 22 January 2008
Mr F Cannavo	Non-executive Director	Appointed 30 May 2011
Mr C D Mathieson	Non-executive Director	Appointed 9 December 2011

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. The Managing Director is responsible for the review of key executives.

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

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.

DIVERSITY POLICY

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to workplace diversity and recognises the benefits arising from employee and board diversity including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

The Board is responsible for developing measurable objectives and strategies to meet the objectives and the monitoring of the progress of the objectives.

Due to the present scale of operations and number of staff the Company has not yet set measurable objectives for achieving gender diversity. The Board will review progress against any objectives identified on an annual basis.

Details of women employed within the Company are as follows:

	No.	%
Women on the Board	-	-
Women in senior management roles	1	33
Women employees in the Company	4	40

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2013



TRADING POLICY

Under the Company's Securities Trading Policy Directors and Key Management Personnel must not trade in any securities of the Company at any time when they are in possession of information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company's securities.

Directors and Key Management Personnel are permitted to deal in the securities of the Company throughout the year except during the following periods:

In the two weeks prior to, and 24 hours after the release of the Company's Annual Financial Report:

In the two weeks prior to, and 24 hours after the release of the Interim Financial Report of the Company:

In the two weeks prior to, and 24 hours after the release of the Company's Quarterly Reports (together the Block out Period)

Any Director wishing to deal in the Company's securities must obtain the prior written approval of the Chairman or the Board before doing so.

If the Chairman wishes to deal in the Company's securities the Chairman must obtain the prior approval of the Board before doing so.

Any Key Management Personnel wishing to deal in the Company's securities must obtain the prior written approval of the Managing Director before doing so.

ASX Listing Rules require the Company to notify ASX within 5 business days after any dealing in the securities of the Company

The Securities Trading Policy can be found on the company's website.

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.

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

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.

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2013



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.

Recommendation	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 makeup 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. On the resignation of the chair in June 2012 the role of Chair was assumed by the Managing Director while the Board considered a replacement.
2.3 The roles of chair and Chief Executive Officer should not be exercised by the same individual.	Not Satisfied. Refer 2.2 above the Role of Chair and CEO were exercised by the same person for the reasons outlined.
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, 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.

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

Recommendation	Great Western Exploration Limited Current Practice
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Satisfied. The Diversity Policy is available at www.greatwesternexploration.com.au in the Corporate Governance Statement
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards them.	Not satisfied. At present due to the Company's present scale of operations and number of staff it has not yet set measurable objectives for achieving gender diversity. The Board will review on an annual basis progress against any objectives identified.
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior management and women on the board.	Satisfied
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.
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 2013 financial year.

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2013



Recommendation	Great Western Exploration Limited Current Practice
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 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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	NOTE	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	867,631	2,946,426
Trade and other receivables	9	41,048	19,564
Other financial assets	10	3,400	7,600
Other assets	11	13,572	33,828
TOTAL CURRENT ASSETS		<u>925,651</u>	<u>3,007,418</u>
NON CURRENT ASSETS			
Property, plant and equipment	12	102,973	123,519
Mineral exploration expenditure	13,14	5,091,496	5,636,335
Other financial assets	10	70,874	70,874
TOTAL NON CURRENT ASSETS		<u>5,265,343</u>	<u>5,830,728</u>
TOTAL ASSETS		<u>6,190,994</u>	<u>8,838,146</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	269,669	254,008
Provisions	16	8,500	12,794
TOTAL CURRENT LIABILITIES		<u>278,169</u>	<u>266,802</u>
TOTAL LIABILITIES		<u>278,169</u>	<u>266,802</u>
NET ASSETS		<u>5,912,825</u>	<u>8,571,344</u>
EQUITY			
Issued capital	17	14,190,666	13,964,484
Reserves	18	1,849,029	2,233,016
Accumulated losses		<u>(10,126,870)</u>	<u>(7,626,156)</u>
TOTAL EQUITY		<u>5,912,825</u>	<u>8,571,344</u>

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013



	NOTE	2013 \$	2012 \$
Interest received		64,772	115,758
Net (loss) / gain on revaluation of financial assets		(4,200)	(27,400)
Employee benefit expense	5	(744,747)	(2,050,300)
Administration expenses	5	(732,512)	(619,623)
Directors' fees		(90,000)	(149,275)
Depreciation		(35,540)	(17,441)
Compliance and regulatory expenses		(103,050)	(100,333)
Mineral exploration written off	13	(1,599,706)	(296,742)
Loss before income tax		(3,244,983)	(3,145,356)
Income tax expense	6	-	-
Loss for the year		(3,244,983)	(3,145,356)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating Foreign Controlled entities		32,282	(6,578)
Total comprehensive income for the year		(3,212,701)	(3,151,934)
Basic loss per share (cents per share)	7	3.30	3.36

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	ISSUED CAPITAL	SHARE OPTION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
30 JUNE 2013	\$	\$	\$	\$	\$
Balance At 1 July 2012	13,964,484	2,239,594	(6,578)	(7,626,156)	8,571,344
Loss for the year	-	-	-	(3,244,983)	(3,244,983)
Other comprehensive income	-	-	32,282	-	32,282
Total comprehensive income for the year	-	-	32,282	3,244,983	(3,212,701)
Transfer of expired options	228,353	(972,622)	-	744,269	-
Share based payments	-	328,000	-	-	328,000
Options issued during the year net of transaction costs	-	228,353	-	-	228,353
Transaction costs	(2,171)	-	-	-	(2,171)
Balance at 30 June 2013	14,190,666	1,823,325	25,704	(10,126,870)	5,912,825
	ISSUED CAPITAL	SHARE OPTION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
30 JUNE 2012	\$	\$	\$	\$	\$
Balance At 1 July 2011	10,989,441	744,269	-	(4,480,800)	7,252,910
Loss for the year	-	-	-	(3,145,356)	(3,145,356)
Other comprehensive income	-	-	(6,578)	-	(6,578)
Total comprehensive income for the year	-	-	(6,578)	(3,145,356)	3,151,934
Share based payments	-	1,495,325	-	-	1,495,325
Shares issued during the year net of transaction costs	2,975,043	-	-	-	2,975,043
Balance at 30 June 2012	13,964,484	2,239,594	(6,578)	(7,626,156)	8,571,344

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013



	NOTE	2013 \$	2012 \$
Cash flows from operating activities			
Cash payments to suppliers and employees		(1,358,092)	(1,257,969)
Payments for exploration and evaluation expenditure		(1,418,169)	(915,566)
Interest received		63,666	155,431
Net cash used in operating activities	19	(2,712,595)	(2,018,104)
Cash flows from investing activities			
Payments for acquisition of mineral tenements		(58,818)	(1,003,077)
Kazakhstan project costs refunded		468,361	-
Payments for property, plant and equipment		(1,925)	(98,597)
Payments for security deposits		-	(12,151)
Net cash used in investing activities		407,618	(1,113,825)
Cash flows from financing activities			
Proceeds from issue of shares and options		265,032	3,025,066
Share issue costs		(38,850)	(185,023)
Net cash provided by financing activities		226,182	2,840,043
Net increase in cash held		(2,078,795)	(291,886)
Cash at the beginning of the financial year		2,946,426	3,238,312
Cash at the end of the financial year	8	867,631	2,946,426

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

These consolidated financial statements and notes represent those of Great Western Exploration Limited and Controlled Entities (the "consolidated group" or "group").

The separate financial statements of the parent entity, Great Western Exploration Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 27 September 2013 by the Directors of the Company.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a) Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity, and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the year of \$3,244,983 (2012: \$3,145,356).

The Group has a working capital surplus of \$647,482 at 30 June 2013 (30 June 2012: \$2,740,616).

The Group has ongoing expenditures in respect of administration costs, exploration and evaluation expenditure on its Australian exploration projects, together with planned expenditure in Kazakhstan over the coming financial years. The Directors are conscious of the fact that they will need to raise additional capital.

The Company successfully completed a 1:3 non-renounceable rights issue to shareholders in August 2013, to raise \$3,778,302 after issue costs.

The Directors believe that at the date of signing of the financial statements there are reasonable grounds to believe that, having regard to the matters set out above, the Group will be able to raise sufficient additional funds to meet its obligations as and when they fall due and continue to proceed with the Group's objectives beyond the currently committed expenditure for the 12-month period from the date of signing this financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In arriving at this conclusion, the Directors are comfortable that, as and when required, they will be able to raise equity to provide sufficient working capital.

Should the Directors not achieve the matters as set out above, there is material uncertainty whether the Group will continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The financials do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Group not continue as a going concern and meet its debts as and when they fall due.

b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Great Western Exploration Limited at the end of the reporting period. A controlled entity is any entity over which Great Western Exploration Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 24 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are expensed to the Statement of Profit or Loss and Other Comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

- (i) The consideration transferred;
- (ii) Any non-controlling interest, and
- (iii) The acquisition date fair value of any previously held equity interest over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquire either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) New Accounting Standards for Application in Future Periods

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

STANDARD/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2015	30 June 2016
AASB 11 'Joint Arrangements' and AASB 2011- 7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 January 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	1 January 2013	30 June 2014
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'	1 January 2013	30 June 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) 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 six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

e) 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 Group will not be able to collect the receivable.

f) 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 Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the 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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

(iv) 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 Group 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 Statement of Comprehensive Income.

g) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) 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 Statement of Comprehensive Income 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.

i) Interests in Joint Ventures

The Group's shares of the assets, liabilities, revenue and expenses of jointly controlled operations have been included in the appropriate line items of the consolidated financial statements. Details of the Group's interests are provided in Note 14.

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 its 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 Group at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or Group 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 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 Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

l) Provisions and Employee Leave Benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of 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 Statement of Comprehensive Income 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Group 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 Group 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 Group (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 Statement of Comprehensive Income 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The charge to the Statement of Comprehensive Income 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 Group 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- o 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
- o 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.

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:

- o 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
- o 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 Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash flows are included in the Statement of Cash Flows 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; and
- 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 Group 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 Group assesses impairment on all assets at each reporting date by evaluating conditions specific to the Group 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 Group 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 may 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 1(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.

(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 Group's development and its current environmental impact, the Directors believe such treatment is reasonable and appropriate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

(vi) Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, and are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the Group 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.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group'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	2013 \$	2012 \$
Financial Assets			
Cash and cash equivalents	8	867,631	2,946,426
Receivables	9	41,048	19,564
Other financial assets- Cash on deposit	10	70,874	70,874
Financial assets at fair value through profit or loss			
- Held for trading	10	3,400	7,600
		<u>982,953</u>	<u>3,044,464</u>
Financial Liabilities			
Trade and payables	15	269,669	254,008
		<u>269,669</u>	<u>254,008</u>

Financial Risk Management Policies

The Group 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 Group's principal financial instruments comprise cash and short term deposits. The Group 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 Group's operations. It is, and has been throughout the entire year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk. Other minor risks are either summarised below or disclosed in Note 9 in the case of credit risk and Note 17 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(a) Credit Risk

The Group 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 Group to concentrations of credit risk consist principally of cash deposits. The Group 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 Group'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 Group considers it would be exposed to would be \$982,953 (2012: \$3,044,464) being the total of its cash and cash equivalents and financial assets.

(b) Cash Flow Interest Rate Risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group'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 Group does not engage in any hedging or derivative transactions to manage interest rate risk.

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

	Note	Floating Interest Rate		Non-Interest Bearing		Total Carrying Amount	
		2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
Financial Assets							
Cash and cash equivalents	8	867,631	2,946,426			867,631	2,946,426
Trade and other receivables	9	-	-	41,048	19,564	41,048	19,564
Weighted average interest rate		3.25	4.5				

The effect on profit and equity, after tax, if interest rates at that date had been 10% higher or 10% lower with all other variables held constant as a sensitivity analysis. Would be a +/- change to profit and equity of \$6,477 (2012: \$11,575).

A sensitivity of 10% has been selected as this is considered by management to be reasonable in the current environment.

The Group constantly analyses its interest rate exposure to ensure the appropriate mix of fixed and variable rates.

The Group has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Group 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(c) Price Risk

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

(d) Liquidity Risk

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

The Group 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

	2013	2012
	\$	\$
Payable		
- Less than 6 months	269,669	254,008
- 6 to 12 months	-	-
- 1 to 5 years	-	-
	269,669	254,008

(e) Commodity Price Risk

Due to the early stage of the Group'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 Group is exploring and developing may result in changes to the Group's market price. The Group 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 Group's functional currency.

At present, the Group is not considered to be exposed to any significant foreign currency risk.

(g) Net fair values

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

The Group's financial assets at fair value through profit or loss are listed investments (Note 10) and are categorised as Level 1. meaning fair value is determined from quoted prices in active markets for identical assets.



4. OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group 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 Group'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 Group's exploration projects consist of:

- Nickel and Gold
- Base metals

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 Group.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4. OPERATING SEGMENTS (CONTINUED)

(i) Segment performance

	DOOLGUNNA BASE METALS	KAZAKHSTAN COPPER	FORRESTANIA NICKEL & GOLD	BULLSEYE MILLROSE NICKEL & GOLD	OTHER	TOTAL
	\$	\$	\$	\$	\$	\$
30 June 2013						
External sales	-	-	-	-	-	-
Total segment revenue	-	-	-	-	-	-
Segment net profit/(loss) before tax	-	(642,472)	(133,069)	(230,410)	(593,755)	(1,599,706)

Reconciliation of segment result to net profit/(loss) before tax:

(i) Amount not included in segment result but reviewed by the Board:

• Interest received	64,772
• Net loss on revaluation of financial asset	(4,200)
• Employee benefit expense	(744,747)
• Directors fees	(90,000)
• Compliance	(103,050)
• Depreciation	(35,540)
• Other expenses	(732,512)

Net profit/(loss) before tax from continuing operations

(3,244,983)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



4. OPERATING SEGMENTS (CONTINUED)

Segment performance (continued)

	DOOLGUNNA BASE METALS	KAZAKHSTAN COPPER	FORRESTANIA NICKEL & GOLD	BULLSEYE MILLROSE NICKEL & GOLD	OTHER	TOTAL
	\$	\$	\$	\$	\$	\$
30 June 2012						
External sales	-	-	-	-	-	-
Total segment revenue	-	-	-	-	-	-
Segment net profit/(loss) before tax	-	-	-	-	(296,742)	(296,742)
Reconciliation of segment result to net profit/(loss) before tax:						
(i) Amounts not included in segment result but reviewed by the Board:						
• Interest received						115,758
• Net gain on revaluation of financial asset						(27,400)
• Employee benefits expense						(2,050,300)
• Directors fees						(149,275)
• Compliance costs						(100,333)
• Depreciation						(17,441)
• Other expenses						(619,623)
Net profit/(loss) before tax from continuing operations						(3,145,356)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4. OPERATING SEGMENTS (CONTINUED)

(ii) Segment assets

	DOOLGUNNA BASE METALS	KAZAKHSTAN COPPER	FORRESTANIA NICKEL & GOLD	BULLSEYE MILLROSE NICKEL & GOLD	OTHER	TOTAL
	\$	\$	\$	\$	\$	\$
30 June 2013						
Segment assets	2,298,134	179,261	2,401,834	212,267	-	5,091,496

Segment asset increases for the year:

• Capital expenditure	293,282	179,261	(5,125)	-	-	467,418
• Acquisitions	61,638	-	50,264	94,389	-	206,291
• Refund of costs	-	(468,361)	-	-	-	(468,361)
	354,920	(289,100)	45,139	94,389	-	205,348

Reconciliation of segment assets to total assets:

Unallocated assets:

• Cash and cash equivalents						867,631
• Receivables						41,048
• Other assets						13,572
• Property plant and equipment						102,973
• Other financial assets						74,274

Total assets from continuing operations

6,190,994

	DOOLGUNNA BASE METALS	KAZAKHSTAN COPPER	FORRESTANIA NICKEL & GOLD	BULLSEYE MILLROSE NICKEL & GOLD	OTHER	TOTAL
	\$	\$	\$	\$	\$	\$

30 June 2012

Segment assets	1,943,214	1,047,165	2,419,980	225,976	-	5,636,335
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Segment asset increases for the year:

• Capital expenditure	293,723	324,289	41,609	196,948	44,420	900,989
• Acquisitions	159,888	722,876	-	2,991	-	885,755
	453,611	1,047,165	41,609	199,939	44,420	1,786,744

Reconciliation of segment assets to total assets:

Unallocated assets:

• Cash and cash equivalents						2,946,426
• Receivables						19,564
• Property plant and equipment						123,519
• Other assets						33,828
• Other financial assets						78,474

Total assets from continuing operations

8,838,146

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



4. OPERATING SEGMENTS (CONTINUED)

(ii) Segment liabilities

	DOOLGUNNA BASE METALS	KAZAKHSTAN COPPER	FORRESTANIA NICKEL & GOLD	BULLSEYE MILLROSE NICKEL & GOLD	OTHER	TOTAL
	\$	\$	\$	\$	\$	\$
30 June 2013						
Segment liabilities	-	-	-	-	-	-

Reconciliation of segment liabilities to total liabilities:

Unallocated liabilities:

• Other liabilities	278,169
Total liabilities from continuing operations	<u>278,169</u>

	DOOLGUNNA BASE METALS	KAZAKHSTAN COPPER	FORRESTANIA NICKEL & GOLD	BULLSEYE MILLROSE NICKEL & GOLD	OTHER	TOTAL
	\$	\$	\$	\$	\$	\$
30 June 2012						
Segment liabilities	-	-	-	-	-	-

Reconciliation of segment liabilities to total liabilities:

Unallocated liabilities:

• Other liabilities	266,802
Total liabilities from continuing operations	<u>266,802</u>

Revenue by geographical region

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

(vi) Assets by geographical region

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

	BALANCE AS AT 30.6.2013 \$	BALANCE AS AT 30.6.2012 \$
Australia	4,912,235	4,589,170
Kazakhstan	179,261	1,047,165
	<u>5,091,496</u>	<u>5,636,335</u>

(vii) Major customers

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

5. EXPENSES

	2013 \$	2012 \$
Employee benefits		
Salaries	388,315	479,363
Superannuation	31,706	62,818
Share-based payments	328,000	1,495,325
Provision for employee leave	(3,274)	12,794
	<u>744,747</u>	<u>2,050,300</u>
Administration		
Accounting	168,443	103,635
Printing and postages	15,017	17,040
Legal	42,344	65,283
Consultants	-	36,800
Insurance	26,969	27,735
Other	479,739	369,130
	<u>732,512</u>	<u>619,623</u>

6. INCOME TAX

	2013 \$	2012 \$
a) The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Accounting loss before income tax	(3,244,983)	(3,145,356)
Income tax benefit at the statutory income tax rate of 30% (2012: 30%)	(973,495)	(943,607)
Expenditure not allowable for income tax purposes	741,747	303,437
Benefit of tax losses not brought to account as an asset	231,748	640,170
Income Tax expense reported in the Statement of Profit or Loss and Other Comprehensive Income	<u>-</u>	<u>-</u>
b) As at 30 June 2013, the Group has estimated tax losses of approximately \$11,900,000 (2012: \$10,266,208), which may be available to be offset against deferred tax liabilities and 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 \$5,091,496 (2012: \$5,636,335) 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 6(b) above.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



7. EARNINGS PER SHARE

	2013 \$	2012 \$
Loss used in the calculation of basic EPS	(3,244,983)	(3,145,356)
Weighted average number of ordinary shares used in calculation of basic earnings per share	98,375,087	93,568,702

8. CASH AND CASH EQUIVALENTS

	2013 \$	2012 \$
Cash at bank	85,509	143,150
Cash on deposit	782,122	2,803,276
	867,631	2,946,426

The effective interest rate on short term bank deposits on average was 3.25% (2012 6%), with an average maturity of 6 months.

9. TRADE AND OTHER RECEIVABLES

	2013 \$	2012 \$
Current		
GST receivable	33,201	16,611
Other	7,847	2,953
	41,048	19,564

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 Group's exposure to risk is not considered material.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

10. OTHER FINANCIAL ASSETS

	2013 \$	2012 \$
Current		
Financial assets at fair value through profit or loss		
Held for trading Australian listed shares	3,400	7,600

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

Non-current		
Cash on deposit	70,874	0,874

Cash on deposit as security for bank guarantees in respect of rental premises and mineral exploration tenements.

11. OTHER ASSETS

	2013 \$	2012 \$
Current		
Prepayments	13,572	33,828

12. PROPERTY, PLANT AND EQUIPMENT

	2013 \$	2012 \$
Plant and Equipment – at cost	176,108	161,114
Less: accumulated depreciation	(73,135)	(37,595)
	102,973	123,519

Reconciliation of the carrying amount of property, plant and equipment

Carrying amount at beginning of year	123,519	42,363
Additions	14,994	98,597
Disposals	-	-
Depreciation for the year	(35,540)	(17,441)
Carrying amount at end of financial year	102,973	123,519

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



13. MINERAL EXPLORATION EXPENDITURE

	2013	2012
	\$	\$
Balance at beginning of the year	5,636,335	3,894,011
Deferred exploration expenditure	1,523,228	2,039,066
Exploration expenditure refund	(468,361)	-
Mineral expenditure written off	(1,599,706)	(296,742)
Balance at end of financial year	5,091,496	5,636,335

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

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

14. JOINT VENTURE

The Group has entered into a Joint Venture Agreement with TKS Samruk (TKS), Kazakhstan's National Mining Company, for the exploration and development of the Spasskaya Copper Project in Kazakhstan. The Group has agreed to fund the project through to Bankable Feasibility Study to earn a 50% interest.

Under the final terms of the agreement the Group can initially earn 50% of the Spasskaya project by meeting the following conditions:

- Sole fund the obligations of the sub soil contract for the exploration period to a maximum of US\$24 million over six years;
- Contribute 50% of feasibility studies to a maximum of US\$12.5 million;
- A one off payment of up to US\$270,000 directly to TKS to reimburse the costs associated with the acquisition of the subsoil contract; and
- A Deferred Payment from GTE's portion of cash flow.

The Group will act as Operating Managers of the JV and the project, responsible for all budgets, exploration planning and execution.

The Group may withdraw from the JV, without penalty, prior to committing to the following year's exploration budget; in that event its interest in the JV Company will be transferred to its JV partner for no consideration.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

15. TRADE AND OTHER PAYABLES

	2013 \$	2012 \$
Current		
Trade payables	132,194	111,020
Sundry payables and accruals	137,475	142,988
Amounts payable to:		
- Key management personnel related entities	-	-
	269,669	254,008

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. PROVISIONS

	2013 \$	2012 \$
Current		
Long-term Employee benefits	8,500	12,794

17. ISSUED CAPITAL

	2013 \$	2012 \$
Ordinary Shares	14,190,666	13,964,484

	NUMBER		2013 \$	2012 \$
	2013	2012		
Movements				
Ordinary Shares				
Balance 1 July	98,375,087	87,791,533	13,964,484	10,989,441
Issue for acquisition of mineral tenement	-	500,000	-	135,000
Transfer from Option Premium Reserve	-	-	228,353	-
Placement - December 2011	-	10,028,333	-	3,008,500
- October 2010	-	-	-	-
- February 2011	-	-	-	-
Options exercised during year	-	55,221	-	16,566
	98,375,087	98,375,087	14,192,837	14,149,507
Issue costs	-	-	(2,171)	(185,023)
At 30 June	98,375,087	98,375,087	14,190,666	13,964,484

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



17. ISSUED CAPITAL (CONTINUED)

The Company at 30 June 2013 has issued share capital amounting to 98,375,087 (2012: 98,375,087) 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 Group'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 Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group'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 Group at 30 June 2013 and 30 June 2012 are as follows:

	2013 \$	2012 \$
Cash and cash equivalents	867,631	2,946,426
Trade and other receivables	41,048	19,564
Trade and other payables	(269,669)	(254,008)
Working capital position	<u>639,010</u>	<u>2,711,982</u>

18. RESERVES

	2013 \$	2012 \$
Share Option Reserve	1,823,325	2,239,594
Foreign Currency Translation Reserve	25,704	(6,578)
	<u>1,849,029</u>	<u>2,233,016</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

18. RESERVES (CONTINUED)

(a) Share Option Reserve

MOVEMENTS	2013 NO.	2012 NO.	2013 \$	2012 \$
Options				
Listed				
- Expiring 30 June 2012				
Exercisable at \$0.30				
At 1 July	-	26,558,498	7,919	7,919
Issues during the year	-	-	-	-
Exercised during the year	-	(55,221)	-	-
Expired during the year	-	(26,503,277)	-	-
Transfer to accumulated losses	-	-	(7,919)	-
At 30 June	-	-	-	7,919
Unlisted				
- Expiring 30 June 2012				
Exercisable at \$0.30				
At 1 July	-	6,000,000	692,350	692,350
Issues during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	(6,000,000)	-	-
Transfer to accumulated losses	-	-	(692,350)	-
At 30 June	-	-	-	692,350
Unlisted				
- Expiring 30 June 2012				
Exercisable at \$0.40				
At 1 July	-	2,000,000	44,000	44,000
Issues during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	(2,000,000)	-	-
Transfer to Accumulated losses	-	-	(44,000)	-
At 30 June	-	-	-	44,000
Unlisted				
- Expiring 30 May 2016				
Exercisable at \$0.60				
At 1 July	4,000,000	-	1,371,600	-
Issues during the year	-	4,000,000	-	1,371,600
Exercised during the year	-	-	-	-
At 30 June	4,000,000	4,000,000	1,371,600	1,371,600
Unlisted				
- Expiring 30 June 2015				
Exercisable at \$0.40				
At 1 July	350,000	-	123,725	-
Issues during the year	-	350,000	-	123,725
Exercised during the year	-	-	-	-
At 30 June	350,000	350,000	123,725	123,725
Unlisted				
- Expiring 30 June 2014				
Exercisable at \$0.40				
At 1 July	-	-	-	-
Issued during the year	1,000,000	-	48,000	-
Exercised during the year	-	-	-	-
At 30 June	1,000,000	-	48,000	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



18. RESERVES (CONTINUED)

(a) Share Option Reserve (Continued)

	2013 NO.	2012 NO.	2013 \$	2012 \$
Unlisted				
- Expiring 30 June 2016				
Exercisable at \$0.60				
At 1 July	-	-	-	-
Issues during the year	4,000,000	-	280,000	-
Exercised during the year	-	-	-	-
At 30 June	4,000,000	-	280,000	-
Listed				
- Expiring 28 February 2013				
Exercisable at \$0.30				
At 1 July	-	-	-	-
Issued during the year	26,503,277	-	265,033	-
Transaction costs	-	-	(36,680)	-
Exercised during the year	-	-	-	-
Expired during the year	(26,503,277)	-	-	-
Transfer to issued capital	-	-	(228,353)	-
At 30 June	-	-	-	-
Total	9,350,000	4,350,000	1,823,325	2,239,594

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 22 for further details of these plans.

The Group 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.

(b) Foreign Currency Transaction Reserve

	2013 \$	2012 \$
At 1 July	(6,578)	-
Exchange difference arising on translating the foreign entity	32,282	(6,578)
At 30 June	25,704	(6,578)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

19. CASH FLOW STATEMENT RECONCILIATION

	2013 \$	2012 \$
a) Reconciliation of net loss after tax to net cash flows from operations		
Loss for the year	(3,244,983)	(3,145,356)
Depreciation	35,540	17,441
Share based payments	328,000	1,495,325
Mineral exploration expenditure written off	1,599,706	296,742
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	(20,144)	53,996
(Increase)/Decrease in other assets	17,271	36,232
Increase/(Decrease) in trade and other payables	(39,803)	130,288
(Increase)/Decrease in exploration expenditure	(1,416,170)	(915,566)
Increase /(Decrease) in provisions	27,988	12,794
	(2,712,595)	(2,018,104)

20. RELATED PARTY DISCLOSURE

a) Key management personnel

Details relating to key management personnel are set out in Note 21.

21. KEY MANAGEMENT PERSONNEL

(a) Compensation for Key Management Personnel

	Consolidated 2013 \$	Consolidated 2012 \$
Short term employee benefits	412,477	437,315
Post employment benefits	24,974	33,090
Other long term benefits	-	-
Termination benefits	-	-
Share based payments	328,000	1,371,600
	765,451	1,842,005

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



21. KEY MANAGEMENT PERSONNEL (CONTINUED)

b) Option Holding of Key Management Personnel

30 JUNE 2013	BALANCE 1 JULY 2012	GRANTED AS REMUNERATION	OPTIONS EXERCISED/ CANCELLED	NET CHANGE OTHER	BALANCE 30 JUNE 2013	EXERCISABLE	NOT EXERCISABLE
Directors							
F Cannavo	1,000,000	-	-	-	1,000,000	1,000,000	-
J A Lockett	-	3,000,000	1,394,822	1,394,822	3,000,000	3,000,000	-
C D Mathieson	-	1,000,000	2,100,000	2,100,000	1,000,000	1,000,000	-
Executives							
K F Edwards	-	1,000,000	350,000	350,000	1,000,000	1,000,000	-
	1,000,000	5,000,000	3,844,822	3,844,822	6,000,000	6,000,000	-

30 JUNE 2012	BALANCE 1 JULY 2011	GRANTED AS REMUNERATION	OPTIONS EXERCISED/ CANCELLED	NET CHANGE OTHER	BALANCE 30 JUNE 2012	EXERCISABLE	NOT EXERCISABLE
Directors							
J Arulampalam	-	3,000,000	-	-	3,000,000	3,000,000	-
F Cannavo	-	1,000,000	-	-	1,000,000	1,000,000	-
K C Somes	1,385,478	-	1,385,478	-	-	-	-
J A Lockett	1,750,000	-	1,750,000	-	-	-	-
C D Mathieson	-	-	1,100,000	1,100,000	-	-	-
Executives							
K F Edwards	1,140,848	-	1,140,848	-	-	-	-
	4,276,326	4,000,000	5,376,326	1,100,000	4,000,000	4,000,000	-

J Arulampalam resigned as a director 31 January 2012.

K C Somes resigned as a director 15 June 2012.

C D Mathieson was appointed a director 9 December 2011.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

21. KEY MANAGEMENT PERSONNEL (CONTINUED)

b) Shareholdings of Key Management Personnel

30 JUNE 2013	BALANCE 1 JULY 2012	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE OTHER	BALANCE 30 JUNE 2013
Directors					
F Cannavo	3,900,000	-	-	-	3,900,000
J A Lockett	3,675,000	-	-	-	3,675,000
C D Mathieson	3,700,123	-	-	-	3,700,123
Executives					
K F Edwards	54,464	-	-	-	54,464
	11,329,587	-	-	-	11,329,587
<hr/>					
30 JUNE 2012	BALANCE 1 JULY 2011	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE OTHER	BALANCE 30 JUNE 2012
Directors					
J Arulampalam	-	-	-	-	-
F Cannavo	3,650,977	-	-	249,023	3,900,000
K C Somes	770,955	-	-	-	770,955
J A Lockett	3,475,000	-	-	200,000	3,675,000
C D Mathieson	-	-	-	3,700,123	3,700,123
Executives					
K F Edwards	54,464	-	-	-	54,464
	7,951,396	-	-	4,149,146	12,100,542

J Arulampalam resigned as a director 31 January 2012.

K C Somes resigned as a director 15 June 2012.

C D Mathieson was appointed a director 9 December 2011.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



22. 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:

	2013 \$	2012 \$
Expense arising from equity settled share-based payment transactions	328,000	1,495,325
Expense arising from cash settled share-based payment transactions	-	-
Total expense arising from share-based payment transactions	<u>328,000</u>	<u>1,495,325</u>

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2013 and 2012.

- 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 Group which has been made by the Participant;
- (ii) the period of employment of the Participant with the Group, including (but not limited to) the years of service by that Participant;
- (iii) the potential contribution of the Participant to the Group; 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.

Details of options expiry date and exercise price are set out in Note 22(c) below.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

22. SHARE BASED PAYMENTS (CONTINUED)

c) Summary of Options granted under Employee Share Option Plan

	2013		2012	
	NO.	EXERCISE PRICE	NO.	EXERCISE PRICE
Outstanding at beginning of financial year	4,350,000	-	6,000,000	
Granted during the year				
- expiring 30 June 2014	1,000,000	40 cents		
- expiring 30 June 2016	4,000,000	60 cents		
- expiring 30 June 2015			350,000	40 cents
- expiring 30 May 2016			4,000,000	60 cents
Forfeited during the year	-	-	(6,000,000)	-
Exercised during the year	-	-	-	-
Outstanding at end of financial year	9,350,000	-	4,350,000	-

Options granted under Employee Share Option Plan

1,000,000 options are exercisable at \$0.40 cents and expiring at 30 June 2014.

350,000 options are exercisable at \$0.40 cents and expiring 30 June 2015.

4,000,000 options are exercisable at \$0.60 cents and expiring 30 May 2016.

4,000,000 options are exercisable at \$0.60 cents and expiring 30 June 2016.

The total number of options exercisable at year end was 9,350,000.

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.

	16 OCTOBER 2012	12 DECEMBER 2012
Dividend yield (%)	0	0
Expected volatility (%)	94	94
Risk free interest rate (%)	2.62	2.69
Expected life of options (yrs)	1.7	3.5
Option exercise price (\$)	0.40	0.60
Weighted average share price at measurement date (\$)	0.18	0.175

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



23. PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2013 \$	2012 \$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	909,507	2,936,731
Non-current assets	5,246,519	5,881,399
TOTAL ASSETS	6,156,026	8,818,130
LIABILITIES		
Current liabilities	243,201	240,207
Non-current liabilities	-	-
TOTAL LIABILITIES	243,201	240,207
EQUITY		
Issued capital	14,190,666	13,964,484
Reserves	1,823,325	2,239,594
Accumulated losses	(10,101,166)	(7,626,155)
TOTAL EQUITY	5,912,825	8,577,923
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total loss	(2,475,011)	(3,145,355)
Total comprehensive income	(2,475,011)	(3,145,355)

Guarantees

Great Western Exploration Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent Liabilities

At 30 June 2013, there were no contingent liabilities in relation to the subsidiaries.

Contractual commitments

At 30 June 2013, Great Western Exploration Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2012: Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

24. CONTROLLED ENTITIES

Interests are held in the following:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	SHARES	OWNERSHIP INTEREST		CARRYING AMOUNT OF INVESTMENT	
				2013 %	2012 %	2013 \$	2012 \$
GTE Holdings Pte Ltd	Investment	Singapore	Ordinary	100	100	1	1
GTE KZ LLP	Mineral Exploration	Kazakhstan	Ordinary	100	100	1	1

25. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

a) Exploration Tenement Leases

In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay lease rentals and to meet the minimum expenditure requirements of the Western Australian Department of Mines & Petroleum.

Within one year

	2013 \$	2012 \$
	1,301,500	1,672,720

b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable – minimum lease payments

	2013	2012
• not later than 12 months	78,606	68,291
• 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.

c) Joint Venture

Expenditure commitments arising from interest in joint venture

	2013	2012
• not later than 12 months	2,500,000	2,500,000
• between 12 months and 5 years	-	3,000,000
• greater than 5 years	-	-

Refer to Note 14.

CONTINGENCIES

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



26. 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 other than:

- In August 2013, the successful completion of a 1:3 non-renounceable rights issue to shareholders for the issue of 32,791,330 ordinary fully paid shares at an issue price of \$0.12 each to raise \$3,778,302 after issue costs.
- In September 2013, the announced signing of a Memorandum of Understanding to carry out a feasibility study to determine the economic potential to mine and treat low grade gold ore stockpiles located near the regional gold mining centre of Stepnogorsk in Kazakhstan. The Company has 12 months in which to complete the feasibility and make a decision on whether to proceed to a formal JV.

27. AUDITORS REMUNERATION

	2013 \$	2012 \$
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 Group	33,500	29,350
• other services in relation to the Group – other services	-	-
	<u>33,500</u>	<u>29,350</u>

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Great Western Exploration Limited, the Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 38 to 77, are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Consolidated Group;
2. in the Directors' opinion, subject to the matters mentioned in Note 1(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. the Directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Dated this 27 day of September 2013



J A Lockett
Managing Director

AUDITORS INDEPENDENCE DECLARATION



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To The Board of Directors

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

As lead audit director for the audit of the financial statements of Great Western Exploration Limited and its controlled entities for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- ▶ the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ▶ any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

DATED at PERTH this 27th day of September 2013



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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") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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.



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Independent Auditor's Report

To the Members of Great Western Exploration Limited (Continued)



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 and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- b. The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter – Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a loss of \$3,244,983 during the year ended 30 June 2013. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in directors' report of the year ended 30 June 2013. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Great Western Exploration Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

DATED at PERTH this 27th day of September 2013

ADDITIONAL INFORMATION

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 DISTRIBUTION OF HOLDERS AS AT 25 September 2013

	FULLY PAID ORDINARY SHARES
Number of Holders	<u>1,488</u>
Distribution is:	
1 – 1000	220
1001 – 5,000	195
5001 – 10,000	184
10,001 – 100,000	663
100,001 – and over	<u>226</u>
	<u>1,488</u>
Holding less than a marketable parcel	<u>335</u>



1.3 TOP TWENTY HOLDERS:

(a) Ordinary Shares

The names of the twenty largest ordinary fully paid shareholders as at 25 September 2013 are as follows:

	NAME	%	NO. OF SHARES
1	BAM NR 1 Pty Ltd	3.86	5,064,770
2	Holdrey Pty Ltd	3.76	4,933,497
3	The Lockett Family Trust	3.47	4,505,000
4	Frank Cannavo Investments Pty Ltd	3.26	4,275,000
5	Soria Nominees Pty Ltd	2.67	3,500,294
6	Hallco No 42 Pty Ltd	2.62	3,440,000
7	Minsk Pty Ltd	2.12	2,774,278
8	A & A Cannavo Nominees Pty Ltd	2.11	2,773,121
9	Pellicano Pty Ltd	1.96	2,567,950
10	F & E Cannavo Pty Ltd	1.93	2,535,660
11	Rogue Investments Pty Ltd	1.39	1,820,000
12	Citicorp Nominees Pty Ltd	1.29	1,687,665
13	Sayers Investments (ACT) Pty Ltd	1.18	1,541,334
14	Fleubaix Pty Ltd	1.14	1,500,000
15	Mr E J Godfrey	1.07	1,400,000
16	Forty Traders Limited	1.07	1,397,337
17	Mr K Punch	0.85	1,020,022
18	Mr B G & Mrs A Moffatt	0.78	1,018,330
19	KCS Superannuation Fund Pty Ltd	0.76	1,000,000
20	Sunden Pty Ltd	0.76	1,000,000
		<u>38.05</u>	<u>49,902,637</u>

1.4 UNQUOTED SECURITIES

	EMPLOYEE SHARE OPTION PLAN	OPTIONS OTHER
On issue	<u>9,350,000</u>	-
No of holders	<u>6</u>	-

2. SCHEDULE OF MINERAL TENEMENTS

Details of Mineral Tenements are disclosed in the Review of Exploration Activities.