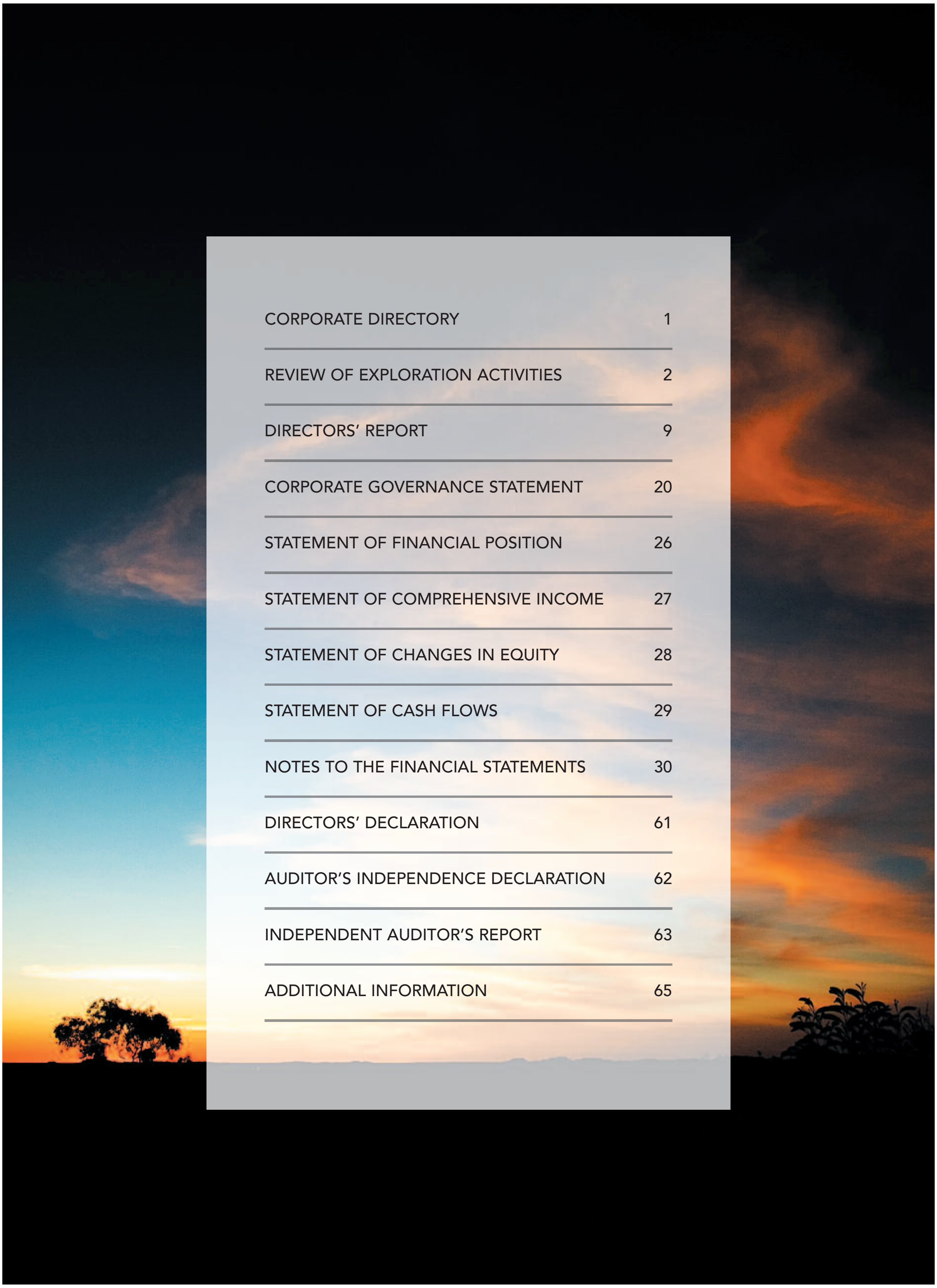
GREAT WESTERN
Exploration Limited
ABN 53 123 631 470

ANNUAL REPORT 2012



CORPORATE DIRECTORY

DIRECTORS

Jordan Ashton Luckett *(Chairman / Managing Director)*

Frank Cannavo *(Non-executive Director)*

Craig Donald Mathieson *(Non-executive Director)*

COMPANY SECRETARY

Kelvin Frederick Edwards

REGISTERED AND PRINCIPAL OFFICE

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SOLICITORS

Kings Park Corporate Lawyers

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West Perth

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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
	- Listed options	GTEOA

REVIEW OF EXPLORATION ACTIVITIES

INTRODUCTION

Great Western Exploration Limited (GTE or the Company) manages its 50% interest in the Spasskaya Project covering 12,500km^2 of central Kazakhstan (Figure 1) and its 100% interest in four key exploration projects covering ~4,500km^2 of Western Australia (Figure 2). The Company also hold a minority 49% joint venture interest in the Mt Gibb Project where Western Areas NL (ASX:WSA) is actively exploring to earn up to 70%.

In March 2012, the Company secured a Joint Venture agreement to earn 50% of the Spasskaya Copper Project. GTE commenced fieldwork in Kazakhstan in June 2012 and trench sampling has provided highly encouraging high-grade (>2%) copper results at several prospects. The company intends to focus initially on diamond drilling at several key, Soviet-era prospects.

During 2011-12, GTE made significant regional exploration progress in Western Australia with soil sampling and mapping projects at Doolgunna, Millrose and Bullseye. RC drilling, proposed to explore the Bullseye high-grade gold target, remains subject to formalising a heritage agreement with the Tjiwarl claim group, completing a heritage survey and receiving a work permit from DMP in the second half of 2012.

Maiden diamond drilling by WSA at the Mt Gibb JV Project from November 2011 intersected narrow veins of high-grade nickel sulphides up to 1.1m @ 2.6% Ni. The discovery supports the Company's strategy of expanding its interests in the Forrestania Belt via eight new exploration licenses along strike of known nickel deposits. New licenses were granted in April 2012 and regional geophysical work will commence in the second half of 2012.

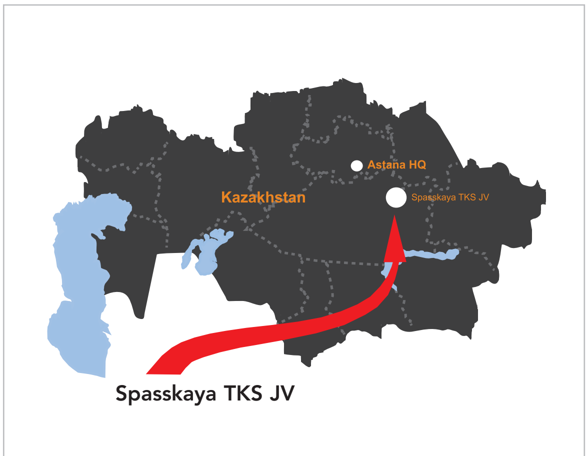


FIGURE 1: Location of GTE's Projects in Central Kazakhstan

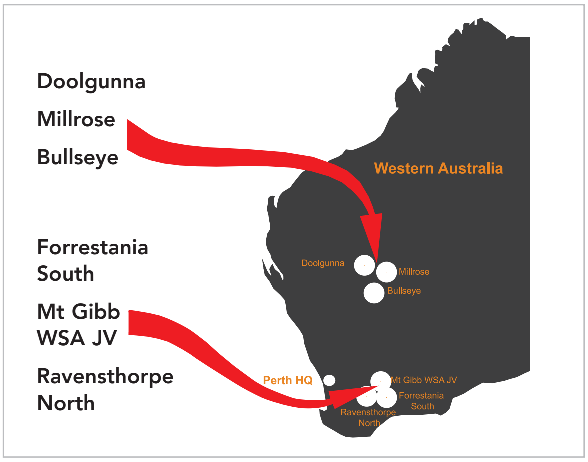


FIGURE 2: Location of GTE's Projects in Western Australia

SPASSKAYA COPPER PROJECT

The Spasskaya Project covers 12,500km^2 (Figure 3) and lies 150km southeast of Astana near Karaganda, a major regional centre with excellent supporting infrastructure including grid power and rail. Khazakmys, a global-top-ten copper producer, operates two major copper mines in the region (Nurkazgan and Abyz) with total resources of 1.35Bt @ 0.5% Cu, 0.16g/t Au, 1.7 g/t Ag for >6.5Mt contained copper (source - 2010 Company Annual Report).

In March 2012, GTE entered into a 50:50 operating joint venture for exploration and development of the Spasskaya Copper Project ("SPJV") with Tauken Samruk ("TKS"). TKS is a wholly-owned government enterprise that controls investment for all existing State-owned or new resource projects in KZ and is currently the only company eligible to apply for sub-surface soil rights for developing minerals.

The company's JV partner is currently in the process of securing the Sub-Soil Rights contract with the Ministry of Industry and Technology ("MINT" is the governing agency for all resource projects within KZ). This process requires submitting work programmes and budgets, Occupational Health & Safety ("OH&S") and Environmental procedures (collectively referred to as the

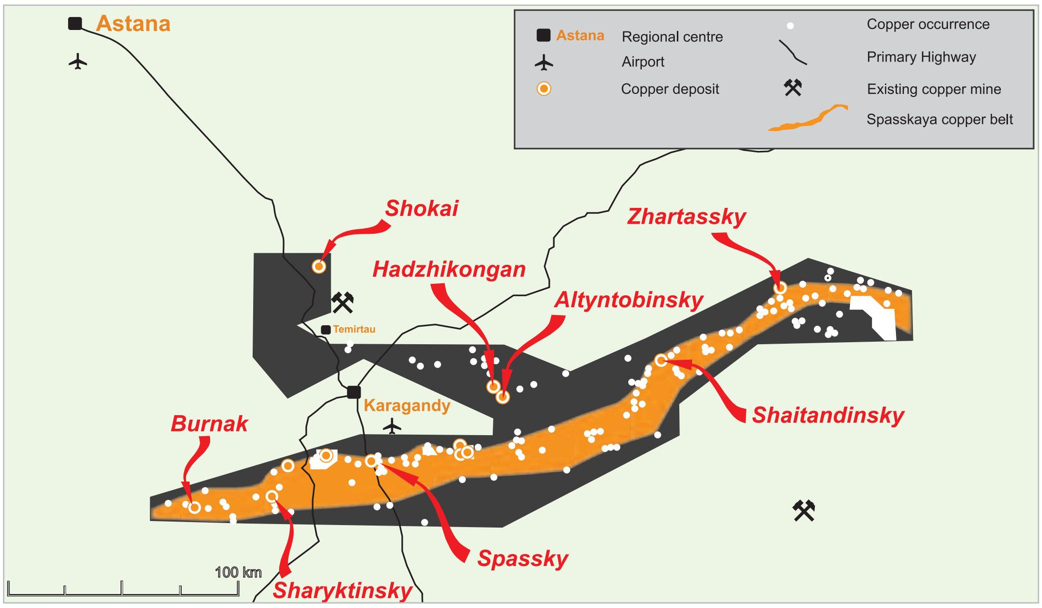


FIGURE 3: Spasskaya Copper Belt and JV Project Area

Work Proposal) for approval by several committees that represent the Department of Health and Safety, Department of Ecology and MINT. The approval process does require a period of local community and Local Government consultation similar to the approval process in Australia.

Once final approval is given then the JV will be able to carry out evaluation work up to trial mining on each of the projects listed in the JV with mining approval subject to further submissions. The Spasskaya Project area comprises over 120 individual "Projects" or prospects where historical exploration identified significant copper and base metal mineralisation that has been recommended for further work and placed on MINT's Project Registry as possible future ore bodies. These "Projects" are similar to Western Australia's MINDEX register where historical resources or significant mineralisation are recorded into the State's geological database.

The majority of prospects at Spasskaya comprise copper mineralisation exposed at surface with limited trenching or vertical diamond drilling conducted in 1960's-80's to determine the size and scope of the mineralisation.

During the permitting phase, GTE has compiled all available historical and regional geology data for Spasskaya and inspected four, high-grade prospects in the field to site drill targets. The amount of historical work, the nature of the mineralisation and location of deposits indicate strong potential for copper resources that could be put into production early with low capital costs.

The company has engaged Major Drilling in Kazakhstan to provide a diamond drill rig for initial test work commencing in the second half of 2012.

HADZHIKONGAN AND ALTYNTOBE PROSPECTS

The Hadzhikongan and Altyntobe prospects are located 65km east from the regional city of Karaganda and 5km apart from each other. Both prospects feature replacement-style copper mineralisation with supergene secondary copper visible at surface. The mineralisation at both prospects appears to be fault-controlled within carbonate-rich sedimentary and/or volcanic rocks. Given this style of deposit comprises both disseminated and massive sulphide mineralisation along planar structures, the company believes the application of modern geophysical methods may identify further high grade deposits along strike or nearby within interconnected faults.

At Hadzhikongan approximately 34 vertical diamond holes were completed in the 1970s. The drilling technology at the time only allowed for vertical drilling which is not considered ideal for evaluating the high-grade resource potential associated with steep faults. The zone of surface mineralisation can be traced for 300m and the fault can be traced over a distance of approximately 1.0 km.

FIGURE 4: Dioptase (Secondary Copper) Mineralisation at Altyntobe

Altyntobe features abundant malachite (copper oxide) mineralisation at surface trending along an east-west fault zone for approximately 2.5 km and 62 diamond holes on fourteen sections at 100m to 200m spacing to depths approaching 500m. Historic drilling indicates a higher-grade shoot along the main fault structure with >1% copper values that has been subject to small-scale mining since the Bronze Age (Figure 4).

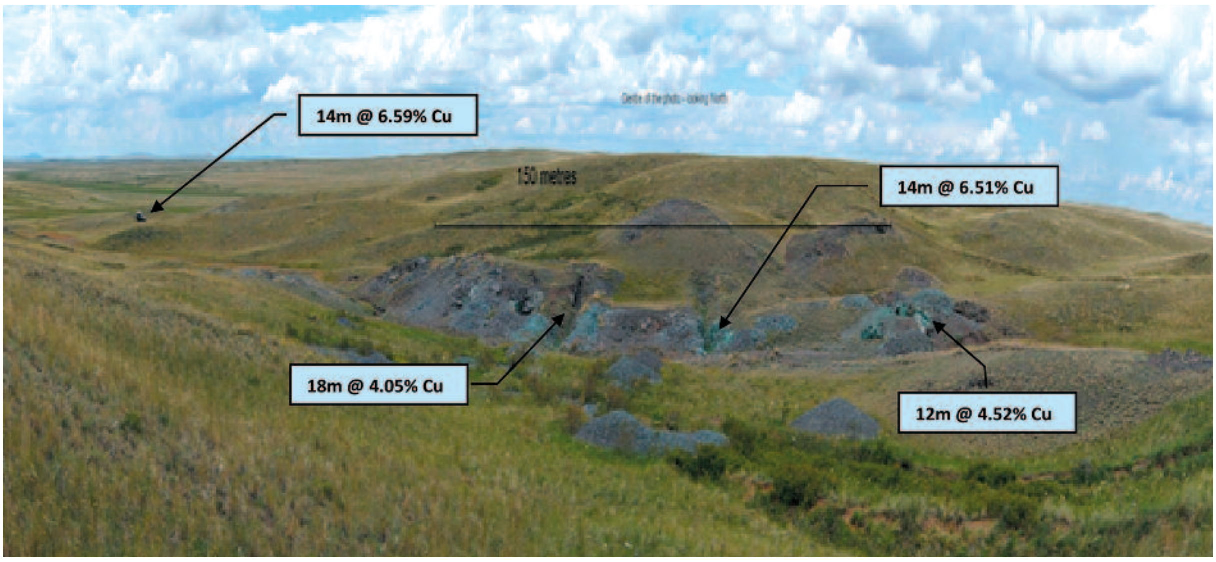
SHAITANDY PROSPECT

The Shaitandinsky or "Shaitandy" prospect is located 125km east of Karaganda (60km further east of the Hadzhikongan-Altyntobe prospects). Shaitandy features abundant malachite mineralisation at surface exposed in over 50 separate trenches.

In July 2012, GTE sampled five trenches at Shaitandy and submitted samples to Kazakhstan's National Centre for Standards, GeoAnalytica, in Almaty for conventional copper analysis using acid digest coupled with AAS finish. Four out of five trenches produced significant widths of oxide copper mineralisation including: ***14m @ 6.59% Cu, 14m @ 6.51% Cu, 12m @ 4.52% Cu and 18m @ 4.05% Cu*** (Figure 5).

The Company intends to continue trench and surface sampling at Shaitandy in order to fully delineate the strike extent of copper mineralisation along the subvertical, east-west structures which coincide with valley depressions.

FIGURE 5: July 2012 Trench Sampling at Shaitandy



BURNAK PROSPECT

The Burnak prospect is located 80km southwest of Karaganda and also features oxide copper mineralisation at surface hosted by volcanic rocks. At least six short vertical holes were completed at Burnak in the 1970's and one of these six holes intersected significant mineralisation.


FIGURE 6: Malachite (Oxide Copper) Mineralisation at Burnak

DOOLGUNNA COPPER PROJECT

Following the initial discovery of the DeGrussa copper-gold deposit in mid-2009, GTE initiated an intensive search for analogous geological settings prospective for base metals and gold. GTE applied for ten new licenses covering a total area of ~1,750km^2 at Doolgunna, located approximately 140km NE of Meekatharra and 25km SE of DeGrussa (Figure 7).

Prior to GTE's involvement, the only historical drilling recorded was 22 shallow RAB holes and a single diamond hole. The company has since collected a total of 2,318 soil samples, including duplicates, across 70% of the Doolgunna Project area. By mid-2011, the company had completed 36 RC drill holes for a total of 4,214m targeting strong, regional copper-in-soils and EM anomalism along the eastern half of GTE's landholding. The best result recorded is an encouraging 16m @ 1,351 ppm zinc recorded from 32m in DGRC006 within a flat-lying, sulphide-rich, shale unit in contact with an intrusive dolerite sill.

The company's current focus involves completion of geological mapping and soil sampling along the western side of the Doolgunna property where NE-trending structural controls linked to the Thaduna-Green Dragon copper mines appear evident from GTE's geophysical work.

Also of interest is growing evidence for major north-northwest trends indicated by regional gravity and soil geochemical data that align with the Archaean Wiluna-Norseman gold-nickel belt extending underneath the younger Proterozoic Yerrida basin sequence. The company believes that anomalism may relate to the re-activation of a major, underlying Archaean fault zone.

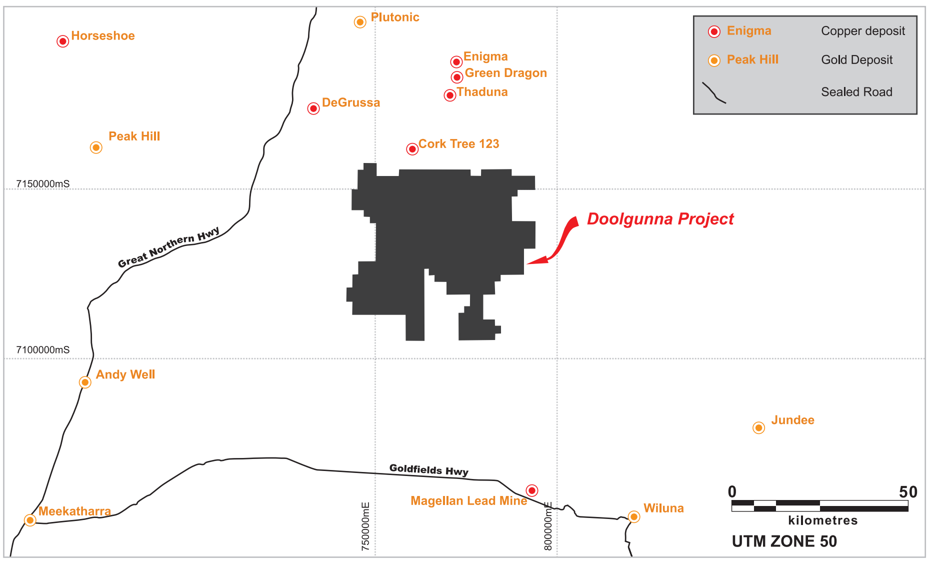


FIGURE 7: GTE's Doolgunna Project

FIGURE 8: Banded Iron Formation discovered at GTE's Millrose Project

MILLROSE GOLD PROJECT

In March 2012, GTE consolidated its land position at Millrose with a third application (E53/1666). GTE now has complete coverage (350km^2) of magnetic anomalism surrounding a late intrusion which GTE believes may represent one of the few remaining, unexplored greenstone belts in Australia. The Millrose project represents a significant exploration opportunity to identify new Archaean lode gold deposits in the northern Kalgoorlie Superterrane of the Eastern Goldfields Province.

In late 2011, the company completed a detailed airborne magnetic survey at Millrose together with reconnaissance mapping and sampling. Mapping has confirmed the existence of greenstone lithologies at Millrose including banded iron (Figure 8) and initial sampling indicates low-level gold-arsenic-bismuth anomalism associated with these magnetic units. Infill soil sampling is planned for the second half of 2012 in order to focus inaugural drill testing in 2013.

BULLSEYE GOLD PROJECT

In 2011-2012, the Company applied for three exploration licenses (E53/1621, 1646, 1708) totalling 315km^2 over an area of structural complexity situated between the Yeelirrie Uranium deposit and the Mt Keith - Honeymoon Well nickel belt and along strike of the Agnew gold camp. The presence of NS shearing in the western half of the tenement (~30km strike) and a prominent circular magnetic low to the east corresponding to a monzonite body is of immediate exploration interest to the company. Previous RAB drilling by Julia Mines NL in 1994 at the Gidgee Well prospect within the Bullseye Project 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 with insufficient follow-up (Figure 9).

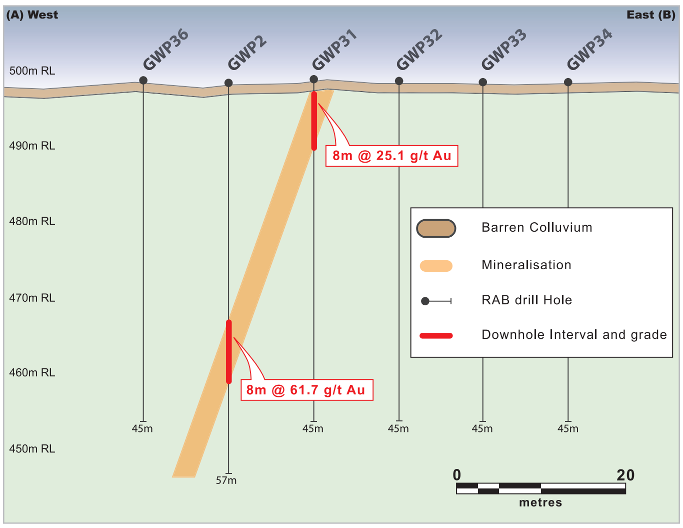


FIGURE 9: Bullseye Cross Section Showing Historic RAB Drilling

FORRESTANIA NICKEL PROJECT

The Forrestania Nickel Project comprises of a total of 300km² surrounding Western Areas NL (ASX : WSA) Nickel Operations and eight Exploration Licenses totalling ~1,450km² extending along strike further to the south (Figure 10).

In October 2009, the company entered the Mt Gibb Joint Venture Agreement with Western Areas NL to explore the company's tenements surrounding WSA's Flying Fox nickel mine. 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.

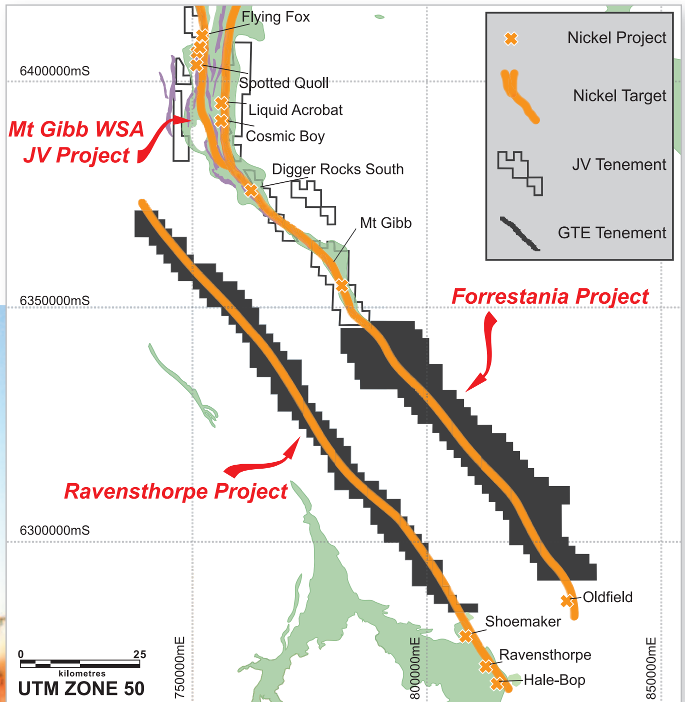
By January 2012, WSA had completed the first stage of its earn-in (51%) and can earn up to 70% interest in the Project by spending a total of $2.5 million. During 2011-2012, WSA completed a total of 15 holes for 4,112m of diamond drilling at Mt Gibb.

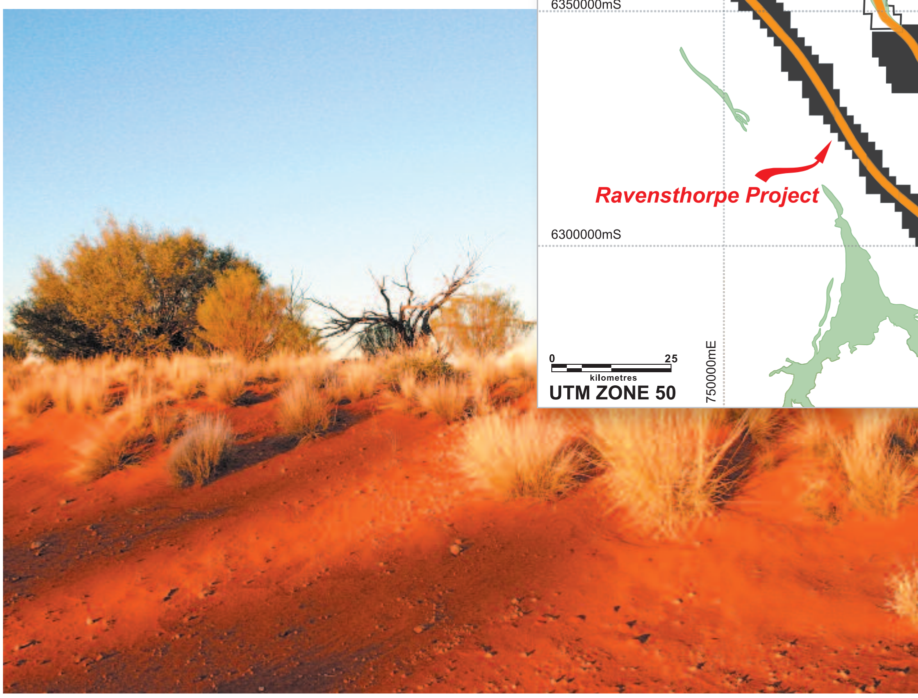
Encouragingly, two of the holes intersected narrow, massive sulphide veins containing high-grade nickel approximately 20km SE of Diggers Rocks (50km SE of Flying Fox). MGD002 intersected 1.1m at 2.6% Ni from 133.9m depth and HCD001 intersected 0.2m at 1.8% Ni from 250.9m depth with nickel mineralisation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

There has been little concerted modern exploration for nickel sulphides or gold mineralisation in the Forrestania region despite the recent recognition of a suite of flat-lying faults/pegmatite dykes that offset and obscure steeply-dipping host rocks at the Flying Fox - Spotted Quoll - Cosmic Boy - Diggers Rocks high-grade nickel deposits.

The Company intends to conduct a major, detailed airborne magnetic survey over the new Forrestania and Ravensthorpe project areas (Figure 10) in the second half of 2012 with a view to mapping and sampling in early 2013.

FIGURE 10: Location of Mt Gibb JV with WSA (red) and new EL applications at Forrestania (white)





TENEMENT SCHEDULE

DISTRICT	PROJECT NAME	TENEMENT NO	STATUS	OWNERSHIP
Mt Gibb JV	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%
Forrestania	Ravensthorpe North	E70/4108	Live	100%
	Ravensthorpe North	E74/509	Live	100%
	Ravensthorpe North	E74/510	Live	100%
	Forrestania South	E74/511	Live	100%
	Forrestania South	E74/512	Live	100%
	Forrestania South	E74/513	Live	100%
	Forrestania South	E74/514	Live	100%
	Forrestania South	E74/515	Live	100%
Doolgunna	Doolgunna	E 51/1320	Live	100%
	Doolgunna	E 51/1321	Live	100%
	Doolgunna	E 51/1322	Live	100%
	Doolgunna	E 51/1323	Live	100%
	Doolgunna	E 51/1324	Live	100%
	Doolgunna	E 51/1330	Live	100%
	Doolgunna	E 51/1331	Live	100%
	Doolgunna	E 51/1332	Live	100%
	Doolgunna	E 51/1333	Live	100%
	Doolgunna	E 51/1355	Live	90%
Bullseye	Bullseye	E53/1621	Live	100%
	Bullseye	E53/1646	Pending	100%
	Bullseye	E53/1708	Pending	100%
Millrose	Millrose	E53/1619	Live	100%
	Millrose	E53/1620	Live	100%
	Millrose	E53/1666	Pending	100%

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Jordan Luckett who is a member of the Australian Institute of Mining and Metallurgy. Mr Luckett has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Luckett consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS

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

- J A Luckett
- F Cannavo
- C D Mathieson
- J Arulampalam (Resigned 31 January 2012)
- K C Somes (Resigned 15 June 2012)

INFORMATION ON DIRECTORS:

MR JORDAN ASHTON LUCKETT	*Chairman / Managing Director*
Experience and expertise	During his career, Mr Luckett has been a member of a number of successful exploration teams that have made discoveries in Western Australia, Queensland, Canada and Africa. For the previous seven years he has held senior management positions in both mining and exploration companies. Mr Luckett has a Bachelor of Science degree and is a member of the Australasian Institute of Mining and Metallurgy. Mr Luckett has 18 years' of experience in both exploration and mining geology, having worked throughout Australia, North America and Africa. He has a broad experience that includes grass roots exploration, project generation, resource definition, underground mining and geological management.
Other current directorships	None.
Former directorships in last three years	None.

MR 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)

INFORMATION ON DIRECTORS (continued):

MR CRAIG DOUGLAS MATHIESON	*– Appointed 9th December 2011*
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
Former directorships in last three years	None.

MR KEVIN CLARENCE SOMES FCA	*– Resigned 15 June 2012 Non-executive*
Experience and expertise	Mr Somes is a fellow of the Institute of Chartered Accountants and has been a partner of Somes & Cooke Chartered Accountants for 25 years. The firm specialises in tax and accounting services and auditing. Mr Somes has extensive experience in the management of exploration companies, with Somes & Cooke being the auditors of a number of ASX listed mining companies.
Other current directorships	None.
Former directorships in last three years	None.

MR JITTO ARULAMPALAM	*– Resigned 31 January 2012 Non-executive Chairman*
Experience and expertise	Mr Jitto Arulampalam has extensive corporate restructuring skills gained in several turnaround situations. Having spent more than 8 years with Westpac Banking Corporation in several key operational and strategic roles. He was hired by Newsnet Ltd as its CEO in 2005 to assist in the successful restructuring of the Company and to position it for an IPO. He successfully repositioned Newsnet as a leading innovator in the messaging/telco space, to be recognised by the Australian Financial Review MIS magazine as one of the "Top 25 global rising stars" in 2006. Mr Arulampalam is a charter member of The Indus Entrepreneur (TIE), the largest entrepreneurial network in the world and is a member of the Australian Institute of Company Directors. Mr Arulampalam has solid commercial experience and has extensive experience as a board member of a number of successful companies.
Other current directorships	None
Former directorships in last three years	ATOS Wellness Limited (2009 – 2011) Fortis Mining Limited (2010 – 2012) Motopia Limited (2009 – 2011)

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 2012 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 2.

FINANCIAL POSITION

At the end of the financial year the Group had cash reserves of $2,946,426 (2011: $3,238,312). The Group incurred expenditure on exploration and evaluation of $2,039,066 (2011: $1,724,380) before write offs.

RESULTS OF OPERATIONS

The operating loss for the year, after providing for income tax, was $3,145,356 (2011: $1,773,914).

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.

b) Investment in Kazakhstan

The Spasskaya Project is located in Kazakhstan and the Company 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.

RISKS AND RISK MANAGEMENT (continued)

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 ma compromise its environmental performance and which may have adverse financial implications.

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 December 2011, a placement of 10,028,333 ordinary shares at $0.30 each to raise additional working capital of $3,008,500.
- In November 2011, the Group entered into a 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:

- Shareholders approval in August 2012 for the issue of up to 26,503,277 options exercisable at $0.30 at an issue price of $0.01 to raise additional working capital of approximately $250,000 after issue costs.
- Shareholders approval in August 2012 for approval of a placement of up to 25,000,000 ordinary fully paid shares at an issue price of 80% of the average market price of the shares calculated over 5 days before the date of the placement.

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
Listed	10 September 2012	26,503,277	30 cents	28 February 2013
Unlisted	9 August 2011	4,000,000	60 cents	30 May 2016
Unlisted	2 September 2011	350,000	40 cents	30 June 2015

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' 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 28 FEBRUARY 2013	OPTIONS EXPIRING 30 MAY 2016
J A Luckett	3,675,000	1,394,822	-
F Cannavo	3,900,000	-	1,000,000
C D Mathieson	3,700,123	2,100,000	-

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 2012 and the numbers of meetings attended by each Director.

	NUMBER HELD WHILST IN OFFICE	NUMBER ATTENDED
J A Luckett	15	15
F Cannavo	15	15
C D Mathieson	8	8
K C Somes	14	14
J Arulampalam	8	7

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 62.

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 Arulampalam	Chairman (Non-executive) (Resigned 31 January 2012)
J A Luckett	Executive Director
K C Somes	Director (Non-executive) (Resigned 15 June 2012)
F Cannavo	Director (Non-executive)
C D Mathieson	Director (Non-executive) (Appointed 9 December 2011)

ii) Executives

K F Edwards	Company Secretary

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

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

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

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

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

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

NON-EXECUTIVE DIRECTORS REMUNERATION

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

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

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

REMUNERATION REPORT (AUDITED) (continued)

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 19.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

	SHORT TERM				POST EMPLOYMENT		LONG TERM		SHARE BASED PAYMENT		
	SALARY & FEES $	CASH BONUS $	NON-MONETARY BENEFITS $	OTHER $	SUPER-ANNUATION $	RETIREMENT BENEFITS $	INCENTIVE PLANS $	LONG SERVICE LEAVE $	OPTIONS $	TOTAL $	% PERFORMANCE RELATED
30 JUNE 2012											
Non-executive directors											
F Cannavo	30,000	-	-	-	2,925	-	-	-	342,900	375,825	-
CD Mathieson	16,775	-	-	-	1,510	-	-	-	-	18,285	-
KC Somes	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	-
30 JUNE 2011											
Non-executive directors											
K C Somes	30,000	-	-	-	2,700	-	-	-	-	32,700	-
T B Bannerman	18,750	-	-	-	50,000	-	-	-	-	68,750	-
J Arulampalam	4,583	-	-	-	-	-	-	-	-	4,583	-
F Cannavo	2,500	-	-	-	-	-	-	-	-	2,500	-
	55,833	-	-	-	52,700	-	-	-	-	108,533	
Executive directors											
J A Luckett	210,200	-	-	-	17,384	-	-	-	-	227,584	-
	210,200	-	-	-	17,384	-	-	-	-	227,584	
Other key management personnel											
K F Edwards	70,415	-	-	-	-	-	-	-	-	70,415	-
Total	336,448	-	-	-	70,084	-	-	-	-	406,532	-

COMPENSATION OPTIONS: GRANTED AND VESTED DURING THE YEAR

30 June 2012

		NO. OF OPTIONS
DIRECTORS		
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	
		4,000,000

30 June 2011

No options were granted and vested during the year ended 30 June 2011.

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

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.

30 June 2011

No options were granted as part of remuneration during the year ended 30 June 2011.

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 2012			
Directors	-	-	-
Executives	-	-	-
30 June 2011			
Directors	-	-	-
Executives	-	-	-

SERVICE AGREEMENTS

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

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

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

Dated this 28th day of September 2012

J A Luckett

Managing Director

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

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 K C Somes (Resigned 15 June 2012).
- Mr J Arulampalam (Resigned 31 January 2012)
- Mr C D Mathieson (Appointed 9 December 2011)

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 Arulampalam	Non-executive Chairman	Appointed 30 May 2011	Resigned 31 January 2012
Mr K C Somes	Non-executive Director	Appointed 25 January 2007	Resigned 15 June 2012
Mr J A Luckett	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.

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.

At present due to the Company's present scale of operations and number of staff 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	36

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.

TRADING POLICY (continued)

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.

COMPLIANCE WITH DISCLOSURE REQUIREMENTS

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

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

SHAREHOLDERS

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

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

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

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

COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

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

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 make up of the Board which provides an appropriate combination of corporate and operational expertise to be in the best interests of shareholders This position is to be reviewed annually.
2.2	The chair should be an independent director.	Not satisfied. The Company had an independent chair during the year for the period 1 July 11 to 15 June 2012. On the resignation of the chair in June 12 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.

COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS (continued)

RECOMMENDATION		GREAT WESTERN EXPLORATION LIMITED CURRENT PRACTICE
3.1	Companies should disclose a code of conduct and disclose the code or a summary of the code as to: • The practices necessary to maintain confidence in the company's integrity • The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied. The Code of conduct is available at www.greatwesternexploration.com.au in the Corporate Governance Statement.
3.2	Companies should establish a policy concerning 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.

COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS (continued)

RECOMMENDATION		GREAT WESTERN EXPLORATION LIMITED CURRENT PRACTICE
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of their policy.	Satisfied. Shareholders communication policy is available at www.greatwesternexploration.com.au in the Corporate Governance statement.
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. Risk management program is available at www.greatwesternexploration.com.au in the Corporate Governance statement.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Satisfied. The management and implementation of risk management and internal control systems to manage the Company's material business risks is routinely considered by the Board.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Satisfied. The Board has received a section 295A declaration pursuant to the 2012 financial year.
8.1	The board should establish a remuneration committee.	Not Satisfied. The Board has not established a remuneration committee. The Board considers that given the current size 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 2012

	NOTE	CONSOLIDATED 2012 $	COMPANY 2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	2,946,426	3,238,312
Trade and other receivables	9	19,564	102,161
Other financial assets	10	7,600	35,000
Other assets	11	33,828	19,744
TOTAL CURRENT ASSETS		3,007,418	3,395,217
NON CURRENT ASSETS			
Property, plant and equipment	12	123,519	42,363
Mineral exploration expenditure	13,14	5,636,335	3,894,011
Other financial assets	10	70,874	58,723
TOTAL NON CURRENT ASSETS		5,830,728	3,995,097
TOTAL ASSETS		8,838,146	7,390,314
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	254,008	137,404
Provisions	16	12,794	-
TOTAL CURRENT LIABILITIES		266,802	137,404
TOTAL LIABILITIES		266,802	137,404
NET ASSETS		8,571,344	7,252,910
EQUITY			
Issued capital	17	13,964,484	10,989,441
Reserves	18	2,239,594	744,269
Accumulated losses		(7,632,734)	(4,480,800)
TOTAL EQUITY		8,571,344	7,252,910

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	CONSOLIDATED 2012 $	COMPANY 2011 $
Interest received		115,758	139,503
Net (loss) / gain on revaluation of financial assets		(27,400)	3,000
Employee benefit expense	5	(2,050,300)	(267,189)
Administration expenses	5	(619,623)	(484,538)
Directors' fees		(149,275)	(78,750)
Depreciation		(17,441)	(10,921)
Compliance and regulatory expenses		(100,333)	(93,480)
Mineral exploration written off	13	(296,742)	(981,539)
Loss before income tax		(3,145,356)	(1,773,914)
Income tax expense	6	-	-
Loss for the year		(3,145,356)	(1,773,914)
Other comprehensive income (net of tax)		(6,578)	-
Total comprehensive income for the year		(3,151,934)	(1,773,914)
Basic loss per share (cents per share)	7	3.36	2.18

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 2012

	ISSUED CAPITAL $	SHARE OPTION 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	-	-	(3,151,934)	(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	(7,632,734)	8,571,344
30 JUNE 2011				
Balance At 1 July 2010	7,764,319	744,269	(2,706,886)	5,801,702
Loss for the year	-	-	(1,773,914)	(1,773,914)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(1,773,914)	(1,773,914)
Shares issued during the year net of transaction costs	3,225,122	-	-	3,225,122
Balance at 30 June 2011	10,989,441	744,269	(4,480,800)	7,252,910

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 2012

	NOTE	CONSOLIDATED 2012 $	COMPANY 2011 $
Cash flows from operating activities			
Cash payments to suppliers and employees		(1,257,969)	(937,046)
Payments for exploration and evaluation expenditure		(915,566)	(1,727,652)
Interest received		155,431	178,966
Net cash used in operating activities	19	(2,018,104)	(2,485,732)
Cash flows from investing activities			
Payments for acquisition of mineral tenements		(1,003,077)	(83,994)
Payments for property, plant and equipment		(98,597)	(7,635)
Payments for security deposits		(12,151)	(58,723)
Net cash used in investing activities		(1,113,825)	(150,352)
Cash flows from financing activities			
Proceeds from issue of shares and options		3,025,066	3,389,414
Share issue costs		(185,023)	(174,292)
Net cash provided by financing activities		2,840,043	3,215,122
Net increase in cash held		(291,886)	579,038
Cash at the beginning of the financial year		3,238,312	2,659,274
Cash at the end of the financial year	8	2,946,426	3,238,312

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

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 28th September 2012 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 accurate 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 $3,145,356.

The Group has a working capital surplus of $2,740,616 at 30 June 2012.

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. Although the Kazakhstan expenditure is not due the Directors are conscious of the fact that they will need to raise additional capital.

In addition to the traditional methods of capital raising through private equity placements and rights issues to shareholders, the Directors also believe, that given its current share price and the work programmes scheduled between now and the end of Quarter 1, 2012, the Group is well placed to see the exercise of a significant proportion of the 26.5 million options currently on issue which are exercisable at $0.30 and expire 28 February 2013, the subject of the Prospectus dated 13 August 2012.

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 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Going Concern (continued)

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 comprehensive income.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Principles of Consolidation (continued)

Goodwill (continued)

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.

c) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  ~ simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

  ~ simplifying the requirements for embedded derivatives;

  ~ removing the tainting rules associated with held-to-maturity assets;

  ~ removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

  ~ allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

  ~ requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on:

    (a) the objective of the entity's business model for managing the financial assets; and

    (b) the characteristics of the contractual cash flows; and

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) New Accounting Standards for Application in Future Periods (continued)

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

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

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments are not expected to significantly impact the Group.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) New Accounting Standards for Application in Future Periods (continued)

- AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

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

  AASB 13 requires:

  ~ inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and

  ~ enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

  These Standards are not expected to significantly impact the Group.

- AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

  The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

  This Standard affects presentation only and is therefore not expected to significantly impact the Group.

- AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

  AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

  (i) for an offer that may be withdrawn – when the employee accepts;

  (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

  (iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

  The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 it recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Share Based Payment Transactions (continued)

(i) Equity settled transaction (continued):

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Income Tax and other Taxes (continued)

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in the transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Income Tax and other Taxes (continued)

Other Taxes (continued)

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.

r) Comparatives

Great Western Exploration Limited became a consolidated entity on 2 December 2011 and this is the Group's first financial report since consolidation. As a result, the 30 June 2011 comparatives with respect to the financial statements represent Great Western Exploration Limited as a single entity. Further details of the consolidated entities are described in Note 24.

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 my impact expenses and equity.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(a) Significant accounting estimates and judgements (continued)

(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.

(vi) Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the 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	CONSOLIDATED 2012 $	COMPANY 2011 $
Financial Assets			
Cash and cash equivalents	8	2,946,426	3,238,312
Receivables	9	19,564	102,161
Other financial assets- Cash on deposit	10	70,874	58,723
Financial assets at fair value through profit or loss			
- Held for trading	10	7,600	35,000
		3,044,646	3,434,196
Financial Liabilities			
Trade and payables	15	254,008	137,404
		254,008	137,404

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.

(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 $3,044,464 (2011: $3,434,196) being the total of its cash and cash equivalents and financial assets.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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.

		FLOATING INTEREST RATE		NON-INTEREST BEARING		TOTAL CARRYING AMOUNT	
	NOTE	CONSOLIDATED 2012 $	COMPANY 2011 $	CONSOLIDATED 2012 $	COMPANY 2011 $	CONSOLIDATED 2012 $	COMPANY 2011 $
Financial Assets							
Cash and cash equivalents	8	2,946,426	3,238,312	19,564	102,161	2,965,990	3,340,473
Weighted average interest rate		4.5	6.1				

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 $11,575 (2011: $13,950).

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.

(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

	CONSOLIDATED 2012 $	COMPANY 2011 $
Payable		
- Less than 6 months	254,008	137,404
- 6 to 12 months	-	-
- 1 to 5 years	-	-
	254,008	137,404

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 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.

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.

4. OPERATING SEGMENTS (continued)

SEGMENT INFORMATION (continued)

(i) Segment performance

	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	-	-	-	-	-	-
Reconciliation of segment result to net profit/(loss) before tax:						
(i) Amount not included in segment result but reviewed by the Board:						
• Interest received						115,758
• Net loss on revaluation of financial asset						(27,400)
• Employee benefit expense						(2,050,300)
• Directors fees						(149,275)
• Compliance						(100,333)
• Depreciation						(17,441)
• Other expenses						(619,623)
• Mineral exploration written off						(296,742)
Net profit/(loss) before tax from continuing operations						(3,145,356)

	DOOLGUNNA BASE METALS $	KAZAKHSTAN COPPER $	FORRESTANIA NICKEL & GOLD $	BULLSEYE MILLROSE GOLD $	OTHER $	TOTAL $
30 JUNE 2011						
External sales	-	-	-	-	-	-
Total segment revenue	-	-	-	-	-	-
Segment net profit/(loss) before tax	-	-	-	-	(897,518)	(897,518)
Reconciliation of segment result to net profit/(loss) before tax:						
(i) Amounts not included in segment result but reviewed by the Board:						
• Interest received						139,503
• Net gain on revaluation of financial asset						3,000
• Employee benefits expense						(267,189)
• Directors fees						(78,750)
• Compliance costs						(93,480)
• Depreciation						(10,921)
• Other expenses						(484,538)
• Mineral exploration written off						(84,021)
Net profit/(loss) before tax from continuing operations						(1,773,914)

4. OPERATING SEGMENTS (continued)

SEGMENT INFORMATION (continued)

(ii) Segment assets

	DOOLGUNNA BASE METALS $	KAZAKHSTAN COPPER $	FORRESTANIA NICKEL & GOLD $	BULLSEYE MILLROSE GOLD $	OTHER $	TOTAL $
30 JUNE 2012						
Segment assets	1,943,214	1,047,165	2,419,980	225,977	-	5,636,335
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

	DOOLGUNNA BASE METALS $	PINE CREEK GOLD & URANIUM $	FORRESTANIA NICKEL & GOLD $	BULLSEYE MILLROSE GOLD $	OTHER $	TOTAL $
30 JUNE 2011						
Segment assets	1,489,602	-	2,378,371	26,038	-	3,894,011
Segment asset increases for the year:						
• Capital expenditure	1,118,963	369,300	33,787	4,231	20,082	1,546,363
• Acquisitions	10,000	-	62,188	21,807	-	93,995
	1,128,963	369,300	95,975	26,038	20,082	1,640,358
Reconciliation of segment assets to total assets:						
Unallocated assets:						
• Cash and cash equivalents						3,238,312
• Receivables						102,161
• Other assets						19,744
• Property plant and equipment						42,363
• Other financial assets						93,723
Total assets from continuing operations						7,390,314

4. OPERATING SEGMENTS (continued)

SEGMENT INFORMATION (continued)

(iii) Segment liabilities

	DOOLGUNNA BASE METALS $	KAZAKHSTAN COPPER $	FORRESTANIA NICKEL & GOLD $	BULLSEYE MILLROSE GOLD $	OTHER $	TOTAL $
30 JUNE 2012						
Segment liabilities	-	-	-	-	-	-
Reconciliation of segment liabilities to total liabilities:						
Unallocated liabilities:						
• Other liabilities						254,008
Total liabilities from continuing operations						254,008
30 JUNE 2011						
Segment liabilities	9,091	-	-	4,231	-	13,322
Reconciliation of segment liabilities to total liabilities:						
Unallocated liabilities:						
• Other liabilities						124,082
Total liabilities from continuing operations						137,404

REVENUE BY GEOGRAPHICAL REGION

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

(iv) Assets by geographical region

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

	CONSOLIDATED BALANCE AS AT 30.6.2012 $	COMPANY BALANCE AS AT 30.6.2011 $
Australia	4,589,170	3,894,011
Kazakhstan	1,047,165	-
	5,636,335	3,894,011

(v) Major customers

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

	CONSOLIDATED 2012 $	COMPANY 2011 $
5. EXPENSES		
Employee benefits		
Salaries	479,363	195,188
Superannuation	62,818	72,001
Share-based payments	1,495,325	-
Provision for employee leave	12,794	-
	2,050,300	267,189
Administration		
Accounting	103,635	72,465
Printing and postages	17,040	11,857
Legal	65,283	11,003
Consultants	36,800	187,920
Insurance	27,735	14,943
Other	369,130	186,350
	619,623	484,538

6. INCOME TAX

	2012 $	2011 $
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	(3,145,356)	(1,773,914)
Income tax benefit at the statutory income tax rate of 30% (2011: 30%)	(943,607)	(532,174)
Expenditure not allowable for income tax purposes	303,437	301,421
Benefit of tax losses not brought to account as an asset	640,170	230,753
Income Tax expense reported in the Statement of Comprehensive Income	-	-

b) As at 30 June 2012, the Group has estimated tax losses of approximately $10,266,208 (2011: $8,163,965), 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 $5,636,335 (2011: $3,894,011) 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.

	CONSOLIDATED 2012 $	COMPANY 2011 $
7. EARNINGS PER SHARE		
Loss used in the calculation of basic EPS	(3,151,934)	(1,773,914)
Weighted average number of ordinary shares used in calculation of basic earnings per share	93,568,702	81,194,686
8. CASH AND CASH EQUIVALENTS		
Cash at bank	143,150	58,249
Cash on deposit	2,803,276	3,180,063
	2,946,426	3,238,312

The effective interest rate on short term bank deposits on average was 4.5% (2011 6%), with an average maturity of 6 months.

	CONSOLIDATED 2012 $	COMPANY 2011 $
9. TRADE AND OTHER RECEIVABLES		
Current		
GST receivable	16,611	61,461
Other	2,953	40,700
	19,564	102,161

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.

	CONSOLIDATED 2012 $	COMPANY 2011 $
10. OTHER FINANCIAL ASSETS		
Current		
Financial assets at fair value through profit or loss		
Held for trading Australian listed shares	7,600	35,000

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

	CONSOLIDATED 2012 $	COMPANY 2011 $
Non-current		
Cash on deposit	70,874	58,723

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

	CONSOLIDATED 2012 $	COMPANY 2011 $
11. OTHER ASSETS		
Current		
Prepayments	33,828	19,744
12. PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment – at cost	161,114	70,132
Less: accumulated depreciation	(37,595)	(27,769)
	123,519	42,363
Reconciliation of the carrying amount of property, plant and equipment		
Carrying amount at beginning of year	42,363	48,273
Additions	98,597	5,011
Disposals	-	-
Depreciation for the year	(17,441)	(10,921)
Carrying amount at end of financial year	123,519	42,363
13. MINERAL EXPLORATION EXPENDITURE		
Balance at beginning of the year	3,894,011	3,151,170
Deferred exploration expenditure	2,039,066	1,724,380
Disposals	-	-
Impairment	-	-
Mineral expenditure written off	(296,742)	(981,539)
Balance at end of financial year	5,636,335	3,894,011

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 recoupment 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, 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. With the Group to act as Operating Managers of the JV and the project, responsible for all budgets, exploration planning and execution.

Upon grant, the Sub Soil Licences will be transferred into a company incorporated in Kazakhstan, of which the Group will hold a 50% interest.

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.

	CONSOLIDATED 2012 $	COMPANY 2011 $

15. TRADE AND OTHER PAYABLES

	CONSOLIDATED 2012 $	COMPANY 2011 $
Current		
Trade payables	111,020	60,421
Sundry payables and accruals	142,988	76,983
Amounts payable to:		
- Key management personnel related entities	-	-
	254,008	137,404

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

	CONSOLIDATED 2012 $	COMPANY 2011 $
Current		
Long-term Employee benefits	12,794	-

17. ISSUED CAPITAL

	CONSOLIDATED 2012 $	COMPANY 2011 $
Ordinary Shares	13,964,484	10,989,441

		NUMBER 2012	NUMBER 2011	CONSOLIDATED 2012 $	COMPANY 2011 $
MOVEMENTS					
Ordinary Shares					
Balance 1 July		87,791,533	76,262,532	10,989,441	7,764,319
Issue for acquisition of mineral tenement		500,000	100,000	135,000	10,000
Placement	- December 2011	10,028,333	-	3,008,500	-
	- October 2010	-	1,964,286	-	550,000
	- February 2011	-	9,446,831	-	2,834,049
Options exercised during year		55,221	17,884	16,566	5,365
		98,375,087	87,791,533	14,149,507	11,163,733
Issue costs		-	-	(185,023)	(174,292)
At 30 June		98,375,087	87,791,533	13,964,484	10,989,441

The Company has issued share capital amounting to 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.

17. ISSUED CAPITAL (continued)

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 2012 and 30 June 2011 are as follows:

	CONSOLIDATED 2012 $	COMPANY 2011 $
Cash and cash equivalents	2,946,426	3,238,312
Trade and other receivables	19,564	102,161
Trade and other payables	(254,008)	(137,404)
Working capital position	2,711,982	3,203,069

18. RESERVES

	NUMBER			
	CONSOLIDATED 2012	COMPANY 2011	CONSOLIDATED 2012 $	COMPANY 2011 $
MOVEMENTS				
Options				
Listed				
- Expiring 30 June 2012 Exercisable at $0.30				
At 1 July	26,558,498	26,576,382	7,919	7,919
Issues during the year		-		-
Exercised during the year	(55,221)	(17,884)	-	-
Expired during the year	(26,503,277)	-	-	-
At 30 June	-	26,558,498	7,919	7,919
Unlisted				
- Expiring 30 June 2012 Exercisable at $0.30				
At 1 July	6,000,000	6,000,000	692,350	692,350
Issues during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(6,000,000)	-	-	-
At 30 June	-	6,000,000	692,350	692,350

18. RESERVES (continued)

	NUMBER			
	CONSOLIDATED 2012	COMPANY 2011	CONSOLIDATED 2012 $	COMPANY 2011 $
MOVEMENTS				
Options				
Unlisted				
- Expiring 30 June 2012				
Exercisable at $0.40				
At 1 July	2,000,000	2,000,000	44,000	44,000
Issues during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(2,000,000)	-	-	-
At 30 June	-	2,000,000	44,000	44,000
Unlisted				
- Expiring 30 May 2016				
Exercisable at $0.60				
At 1 July	-	-	-	-
Issues during the year	4.000.000	-	1,371,600	-
Exercised during the year	-	-	-	-
At 30 June	4,000,000	-	1,371,600	-
Unlisted				
- Expiring 30 June 2015				
Exercisable at $0.40				
At 1 July	-	-	-	-
Issues during the year	350,000	-	-	-
Exercised during the year	-	-	-	-
At 30 June	350,000	-	123,725	-
Total	4,350,000	34,558,498	2,239,594	744,269

The share based payments reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 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.

19. CASH FLOW STATEMENT RECONCILIATION

a) Reconciliation of net loss after tax to net cash flows from operations

	CONSOLIDATED 2012 $	COMPANY 2011 $
Loss for the year	(3,145,356)	(1,773,914)
Depreciation	17,441	10,921
Share based payments	1,495,325	-
Mineral exploration expenditure written off	296,742	981,539
Provisions	12,794	-
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	53,996	9,841
(Increase)/Decrease in other assets	36,232	(18,577)
Increase/(Decrease) in trade and other payables	130,288	32,110
(Increase)/Decrease in exploration expenditure	(915,566)	(1,727,652)
	(2,018,104)	(2,485,732)

b) Non-cash Financing and Investing Activities

i) Acquisition of Exploration prospect

During the year the Group paid $135,000 for the acquisition of a 90% interest in a tenement at Doolgunna, which was satisfied by the issue of 500,000 ordinary fully paid shares at an issue price of $0.27 each.

20. RELATED PARTY DISCLOSURE

a) KEY MANAGEMENT PERSONNEL

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

b) TRANSACTIONS WITH DIRECTORS AND DIRECTORS RELATED ENTITIES

During the year the Group paid $9,895 (2011: $2,050) to Somes & Cooke, an accounting practice of which Mr K C Somes, a former Director, is a partner, for accounting and taxation services.

During the year, the Group paid $Nil (2011: $45,833) to Fleubaix Pty Ltd, an entity of which Mr T B Bannerman is a Director and Shareholder, for office rental.

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

	CONSOLIDATED 2012 $	COMPANY 2011 $

21. KEY MANAGEMENT PERSONNEL

(a) COMPENSATION FOR KEY MANAGEMENT PERSONNEL

	CONSOLIDATED 2012 $	COMPANY 2011 $
Short term employee benefits	437,315	336,448
Post employment benefits	33,090	70,084
Other long term benefits	-	-
Termination benefits	-	-
Share based payments	1,371,600	-
	1,842,005	406,532

b) OPTION HOLDING OF KEY MANAGEMENT PERSONNEL

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 Luckett	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 as a director 9 December 2011.*

30 JUNE 2011	BALANCE 1 JULY 2010	GRANTED AS REMUNERATION	OPTIONS EXERCISED/ CANCELLED	NET CHANGE OTHER	BALANCE 30 JUNE 2011	EXERCISABLE	NOT EXERCISABLE
Directors							
J Arulampalam**	-	-	-	-	-	-	-
F Cannavo**	-	-	-	-	-	-	-
T B Bannerman*	4,000,000	-	-	(1,000,000)	3,000,000	3,000,000	-
K C Somes	1,385,478	-	-	-	1,385,478	1,385,478	-
J A Luckett	1,750,000	-	-	-	1,750,000	1,750,000	-
Executives							
K F Edwards	1,140,848	-	-	-	1,140,848	1,140,848	-
	8,276,326	-	-	(1,000,000)	7,276,326	7,276,326	-

* *T B Bannerman resigned as a director on 30 May 2011.*

** *J Arulampalam and F Cannavo were appointed Directors on 30 May 2011.*

21. KEY MANAGEMENT PERSONNEL (continued)

c) SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

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 Luckett	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 on 31 January 2012.*

** *KC Somes resigned as a director on 15 June 2012.*

*** *C D Mathieson was appointed as a director on 9 December 2011.*

30 JUNE 2011	BALANCE 1 JULY 2010	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE OTHER	BALANCE 30 JUNE 2011
Directors					
J Arulampalam*	-	-	-	-	-
F Cannavo*	-	-	-	3,650,977	3,650,977
T B Bannerman**	4,000,000	-	-	-	4,000,000
K C Somes	770,955	-	-	-	770,955
J A Luckett	3,475,000	-	-	-	3,475,000
Executives					
K F Edwards	54,464	-	-	-	54,464
	8,300,419	-	-	3,650,977	11,951,396

* *J Arulampalam and F Cannavo were appointed Directors on 30 May 2011.*

** *T B Bannerman resigned as a Director on 30 May 2011*

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:

	CONSOLIDATED 2012 $	COMPANY 2011 $
Expense arising from equity settled share-based payment transactions	1,495,325	-
Expense arising from cash settled share-based payment transactions	-	-
Total expense arising from share-based payment transactions	1,495,325	-

22. SHARE BASED PAYMENTS (continued)

a) RECOGNISED SHARE BASED PAYMENT EXPENSES (continued)

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2012 and 2011.

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.

c) SUMMARY OF OPTIONS GRANTED UNDER EMPLOYEE SHARE OPTION PLAN

	2012		2011	
	NO.	EXERCISE PRICE	NO.	EXERCISE PRICE
Outstanding at beginning of financial year	6,000,000	30 cents	6,000,000	30 cents
Granted during the year				
- expiring 30 May 2016	4,000,000	60 cents	-	-
- expiring 30 June 2015	350,000	40 cents	-	-
Forfeited during the year	(6,000,000)	-	-	-
Exercised during the year	-	-	-	-
Outstanding at end of financial year	4,350,000	-	6,000,000	-

Options granted under Employee Share Option Plan

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

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

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

The total number of options exercisable at year end was 4,350,000.

No options were exercised during the year.

22. SHARE BASED PAYMENTS (continued)

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.

	9 AUGUST 2011	2 SEPTEMBER 2011
Dividend yield (%)	0	0
Expected volatility (%)*	135	135
Risk free interest rate (%)	4.04	3.83
Expected life of options (yrs)	4.8	3.8
Option exercise price ($)	0.60	0.40
Weighted average share price at measurement date ($)	0.405	0.425

* *Volatility has been derived from the standard deviation of Great western Exploration Limited's share price over a 12 month period prior to the grant of the options.*

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.

	2012 $	2011 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	2,936,731	3,395,217
Non-current assets	5,881,399	3,995,097
TOTAL ASSETS	8,818,130	7,390,314
LIABILITIES		
Current liabilities	240,207	137,404
Non-current liabilities	-	-
TOTAL LIABILITIES	240,207	137,404
EQUITY		
Issued capital	13,964,484	10,989,441
Reserves	2,239,594	744,269
Accumulated losses	(7,626,155)	(4,480,800)
TOTAL EQUITY	8,571,923	7,252,910
STATEMENT OF COMPREHENSIVE INCOME		
Total loss	(3,145,355)	(1,773,914)
Total comprehensive income	(3,145,355)	(1,773,914)

23. PARENT INFORMATION (continued)

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 2012, there were no contingent liabilities in relation to the subsidiaries.

Contractual commitments

At 30 June 2012, Great Western Exploration Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2011: Nil).

24. CONTROLLED ENTITIES

Interests are held in the following:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	SHARES	OWNERSHIP INTEREST		CARRYING AMOUNT OF INVESTMENT	
				2012 %	2011 %	2012 $	2011 $
GTE Holdings Pte Ltd	Investment	Singapore	Ordinary	100	-	1	-
GTE KZ LLP	Mineral Exploration	Kazakhstan	Ordinary	100	-	1	-

On 2 December 2011 the 100% interest in GTE Holdings Pte Ltd was acquired for a consideration of $1.

On 27 February 2012 the 100% interest in GTE KZ LLP was acquired for a consideration of $1.

	CONSOLIDATED 2012 $	COMPANY 2011 $
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 Minerals & Petroleum.		
Within one year	1,672,720	931,720
b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments		
• not later than 12 months	68,291	91,274
• between 12 months and 5 years	-	68,291
• greater than 5 years	-	-

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

25. COMMITMENTS AND CONTINGENCIES (continued)

	CONSOLIDATED 2012 $	COMPANY 2011 $
c) Joint Venture		
Expenditure commitments arising from interest in joint venture		
• not later than 12 months	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.

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:

- Shareholders approval in August 2012 for the issue of up to 26,503,277 options exercisable at $0.30 at an issue price of $0.01 to raise additional working capital of approximately $250,000 after issue costs.
- Shareholders approval in August 2012 for the placement of up to 25,000,000 ordinary fully paid shares at an issue price of 80% of the average market price of the shares calculated over 5 days before the date of the placement.

27. AUDITORS REMUNERATION

	CONSOLIDATED 2012 $	COMPANY 2011 $
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	29,350	24,165
• other services in relation to the Group – other services	-	-
	29,350	24,165

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 26 to 60, 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 2012 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.

J A Luckett

Managing Director

Dated this 28th day of September 2012

Bentleys
THINKING AHEAD

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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 for the financial year ended 30 June 2012, 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

RANKO MATIC CA
Director

DATED at PERTH this 28th day September of 2012

Bentleys
THINKING AHEAD

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Independent Auditor's Report

To the Members of Great Western Exploration Limited

We have audited the accompanying financial report of Great Western Exploration Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of 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*, which 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.

Independent Auditor's Report

To the Members of Great Western Exploration Limited *(Continued)*

Bentleys
THINKING AHEAD

Independence

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

Auditor's Opinion

In our opinion:

a. The financial report of Great Western Exploration Limited 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 2012 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

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a net loss of $3,145,356 during the year ended 30 June 2012. 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 2012. 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 2012, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

RANKO MATIC CA
Director

DATED at PERTH this 28TH day of September 2012

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 26 SEPTEMBER 2012

	FULLY PAID ORDINARY SHARES	OPTIONS EXPIRING 28 FEBRUARY 2013
Number of Holders	1,499	123
Distribution is:		
1 – 1000	225	-
1001 – 5,000	209	6
5001 – 10,000	213	16
10,001 – 100,000	700	49
100,001 – and over	152	52
	1,499	123
Holding less than a marketable parcel	294	25

1. SHAREHOLDER INFORMATION (continued)

1.3 TOP TWENTY HOLDERS

(a) Ordinary Shares

The names of the twenty largest ordinary fully paid shareholders as at 26 September 2012 are as follows:

	NAME	%	NO. OF SHARES
1	Frank Cannavo Investments Pty Ltd	3.96	3,900,000
2	Holdrey Pty Ltd	3.76	3,700,123
3	Mr J A Luckett	3.73	3,675,000
4	BAM NR 1 Pty Ltd	3.67	3,607,378
5	Soria Nominees Pty Ltd	3.05	3,000,294
6	Minsk Pty Ltd	2.82	2,774,278
7	A & A Cannavo Nominees Pty Ltd	2.82	2,773,121
8	F & E Cannavo Pty Ltd	2.58	2,535,660
9	Fleubaix Pty Ltd	1.73	1,700.000
10	Pellicano Pty Ltd	1.69	1,666,667
11	Rogue Investments Pty Ltd	1.47	1,450,000
12	Mr E J Godfrey	1.32	1,300,000
13	Venture More Pty Ltd	1.27	1,250,000
14	Forty Traders Limited	1.27	1,247,337
15	Lymeridge Pty Ltd	1.09	1,073,513
16	Sayers Investments (ACT) Pty Ltd	1.08	1,066,667
17	Mr K Punch	1.04	1,020,022
18	Bond Street Custodians Limited	0.91	900,000
19	KCS Superannuation Fund Pty Ltd	0.76	750,000
20	Sunden Pty Ltd	0.73	713,766
		40.15	40,103,826

1. SHAREHOLDER INFORMATION (continued)

(b) Options expiring 28 February 2013

The names of the twenty largest optionholders as at 26 September 2012 are as follows:

	NAME	%	NO. OF OPTIONS
1	Mr B G & Mrs A Moffatt	9.69	2,567,499
2	Holdrey Pty Ltd	7.92	2,100,000
3	Faulkner Capital Group Pty Ltd	7.55	2,000,000
4	Mr J A Luckett	5.26	1,394,822
5	KCS Superannuation Fund Pty Ltd	5.19	1,375,000
6	Fleubaix Pty Ltd	3.77	1,000,000
7	Mrs L E Hanna	2.98	788,770
8	Tretheway Pty Ltd	2.74	726,473
9	Mr R Falcone	2.68	710,000
10	Mrs V H Southwell	2.08	550,000
11	Mr K Punch	1.94	500,000
12	Mr N G Nahlous	1.89	500,000
13	Soria Nominees Pty Ltd	1.89	500,000
14	CCK Pty Ltd	1.86	492,316
15	Mr R & Mrs S Bertolini	1.82	482,045
16	Mr E J Godfrey	1.51	400,000
17	JRB Plumbing Services Pty Ltd	1.51	400,000
18	Mr A Zeaiter	1.39	367,184
19	Mr J Y & Mrs M Kim	1.36	361,473
20	Halifax Pty Ltd	1.35	358,592
		66.36	17,588,244

1.4 UNQUOTED SECURITIES

	EMPLOYEE SHARE OPTION PLAN	OPTIONS OTHER
On issue	4,350,000	-
No of holders	3	-

2. SCHEDULE OF MINERAL TENEMENTS

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

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