

ASX/Media release
15 October 2007

TAKEOVER OFFER FOR GOLDEN WEST RESOURCES

BIDDER'S STATEMENT RELEASED

Highlights of Offer

- **Significant premium to Golden West share price (5 Fairstar shares for every 1 Golden West share)**
- **Golden West shareholders to acquire majority stake in larger, diversified company**
- **Creates a combined entity with wider investor appeal**
- **Establishes a diversified resources company with iron ore, gold, uranium and oil interests**
- **Acquisition creates synergies at all levels of business**

Diversified Australian exploration company Fairstar Resources Limited (ASX: FAS) ("Fairstar" or "the Company") is pleased to advise that today it has lodged its Bidder's Statement in relation to its off-market takeover offer, announced on September 4, to acquire all the shares of Golden West Resources Limited (ASX: GWR) ("Golden West").

Under the terms of the Offer, Fairstar is offering five fully paid Fairstar shares for every share held in Golden West. The Offer is subject to a number of conditions, including a condition that Fairstar receive acceptances in respect of more than 50% of the Golden West shares on issue.

Golden West shareholders representing **19.8%** of Golden West have already agreed to accept Fairstar's offer pursuant to pre-bid acceptance agreements entered into with Fairstar.

The Offer will be despatched to Golden West shareholders on the earliest possible date permitted under the Corporations Act. At this stage, it is anticipated that the Offer will open on 30 October and close on 30 November.

The Board of Fairstar believe that the new post-takeover company has the potential to develop quickly into a world-class, multi-commodity mining house, with exposure to the key commodities of iron ore, gold, uranium and oil through its combined projects.

Fairstar believes the terms of the Offer and potential outcomes for shareholders of both companies represents a compelling proposition. The post-takeover company will immediately benefit from efficiencies and economies of scale, which will compound exponentially over time. It will also be stronger and more robust financially, placing it in a

better position to pursue future acquisition, and other corporate, opportunities for the benefit of shareholders.

Based on the closing price of Fairstar shares on the ASX on 12 October 2007 (the trading day prior to the lodgement of the Bidder's Statement with ASIC), Fairstar's offer of five Fairstar Shares for each Golden West Share represents a premium of:

- approximately 5% over the closing trading price of Golden West shares on 3 September 2007 (being the day prior to the announcement of the Offer); and
- approximately 20% over the volume-weighted average price of Golden West shares in the 20 trading days prior to that date.

Fairstar managing director Kevin Robertson said the Company's share price had grown by more than 70% between Fairstar's ASX listing on 30 October 2006 and the tabling of its Offer for Golden West, while over approximately the same period Golden West's share price has grown by only 13%.

"Our offer will allow Golden West shareholders to acquire a majority stake in a larger company, while still retaining exposure to Golden West's prime asset, the Wiluna West iron ore project," Mr Robertson said.

"The new post-takeover company will create a diversified mining house with a market capitalisation of more than \$300 million, which will have greater liquidity and enhanced capital raising capacity with the ability to attract support from institutional and international investors.

"The acquisition of Golden West will create a company with critical mass and significant interests in iron ore, gold, uranium and oil, allowing the combined entity to develop diversified revenue streams and reduce exploration risk.

"Fairstar's motivation in proposing this takeover bid is driven by a desire to accelerate the development of these assets for the maximum benefit of shareholders, and this is particularly so in realising the full value of the iron ore assets."

Full details of the Offer including the Offer Terms are outline in the Bidder's Statement.

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