



13 November 2007

ASX ANNOUNCEMENT

Corporate Summary

ASX Code: GWR
Issued Capital: 73 Mil
Issued Options: 42 Mil
Market Cap fully diluted
Nov 07 \$A293 Mil

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GOLDEN WEST RESOURCES RECOMMENDS

SHAREHOLDERS REJECT FAIRSTAR OFFER

*Golden West Resources Limited (Golden West) advises shareholders to **REJECT** outright the all scrip takeover offer for the Company from Fairstar Resources Limited.*

After careful consideration, the Golden West Board has rejected the proposal as not being in the best interests of shareholders.

*Golden West has to date received written commitments from shareholders representing 22.6% of the Company's shares supporting the decision to **REJECT** the offer.*

Golden West also urges shareholders to vote in favour of the issue of new securities at the Company's upcoming Annual General Meeting, to be held on 29 November 2007, to assist with the fast track development of the Wiluna West Iron Ore Project.

Golden West is convinced the Fairstar offer is inadequate and provides no prospect of faster progress on the development of the Wiluna West iron ore project.

As previously stated, Golden West believes the Fairstar offer:

- *Undervalues your Company*
- *Will significantly dilute shareholders' interests in the Wiluna West Iron Ore Project*
- *Provides no access to any other substantial assets*
- *Fails to provide any increased technical and management capability within the combined entity*
- *Will not provide Golden West Shareholders with increased liquidity for their shares and*
- *Has no meaningful cost synergies.*

Golden West shareholders would fully appreciate the progress the Company has achieved to date. Through the identification and exploration of the Wiluna West Iron Ore Project, Golden West has appreciated in market value capitalisation from \$10 million to approximately \$170 million.

The current resource drilling campaign has increased Golden West's Inferred Mineral Resource to 86.3 million tonnes at 60.1% Fe. Golden West believes there is still significant potential value to be identified at Wiluna West and expects to increase the company's Inferred Mineral Resource and transition to a significant iron ore producer.

With written commitments from shareholders representing 22.6% of shares in Golden West indicating they will **NOT ACCEPT** the current bid from Fairstar, scrip-for-scrip capital gains tax rollover relief will not be available to Golden West Shareholders who accept this bid as the offer will fail to meet the 80% minimum acceptance threshold required for scrip-for-scrip capital gains tax roll over relief to be available.

The issues of corporate value and personal tax consequences have both encouraged the Board of Golden West to instruct shareholders at this early stage to **REJECT** the offer from Fairstar.

The takeover bid by Fairstar has required Golden West to commit significant resources, both human and monetary, to responding to the bid, a significant potential distraction from the core activity of advancing the Wiluna West Project.

Golden West has progressed the development of the Wiluna West Project as rapidly as possible. Continuing the development schedule will require additional capital to accelerate drilling activities, commence feasibility studies and develop the Company's Project.

This development program is in the interests of all Shareholders and therefore Golden West urges all Shareholders to vote in favour of Resolution 3 to approve the issue of securities at the upcoming Annual General Meeting to be held at the Sheraton Perth Hotel on Thursday 29 November 2007.

Ends

Messrs Michael Wilson and Alan Rudd, Directors of Golden West Resources, have notified the Company of a material personal interest with respect to the takeover bid by Fairstar for Golden West and have not, and do not, participate in decisions by the Board with respect to the Fairstar bid, including this announcement.

For more information, please contact:

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