

8 December, 2006

ASX Code: FAS

Company Announcements Officer
Australian Stock Exchange Limited
2 The Esplanade
Perth WA 6000

Dear Sir

Drilling Commences – Kurnalpi Gold Prospects

Please find attached copy of announcement for the commencement of drilling at the Kurnalpi group of gold prospects.

Yours faithfully



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ASX Release

KURNALPI GROUP OF GOLD PROSPECTS

Initial JORC Resource Air Core Drilling Commences – Halfway Hill Gold Prospect – Kurnalpi North Project

Fairstar is pleased to announce that Grovebrook Drilling Pty Limited has commenced the drilling of 34 angled reverse circulation drill holes, comprising a total of some 2,500m. This program is designed to test a substantial NNW striking (340° magnetic) gold mineralized shear structure hosted within a deeply weathered sequence of komatiitic basalts and dolerites of the Archaean Mulgabbie Formation, developed in very close proximity to the NNW striking Halfway House Shear Zone (HHSZ). The gold mineralization was discovered in an earlier Rotary Air Blast reconnaissance drilling program undertaken by previous explorers. Significant intersections made along the NNW structure are given in the Table below:

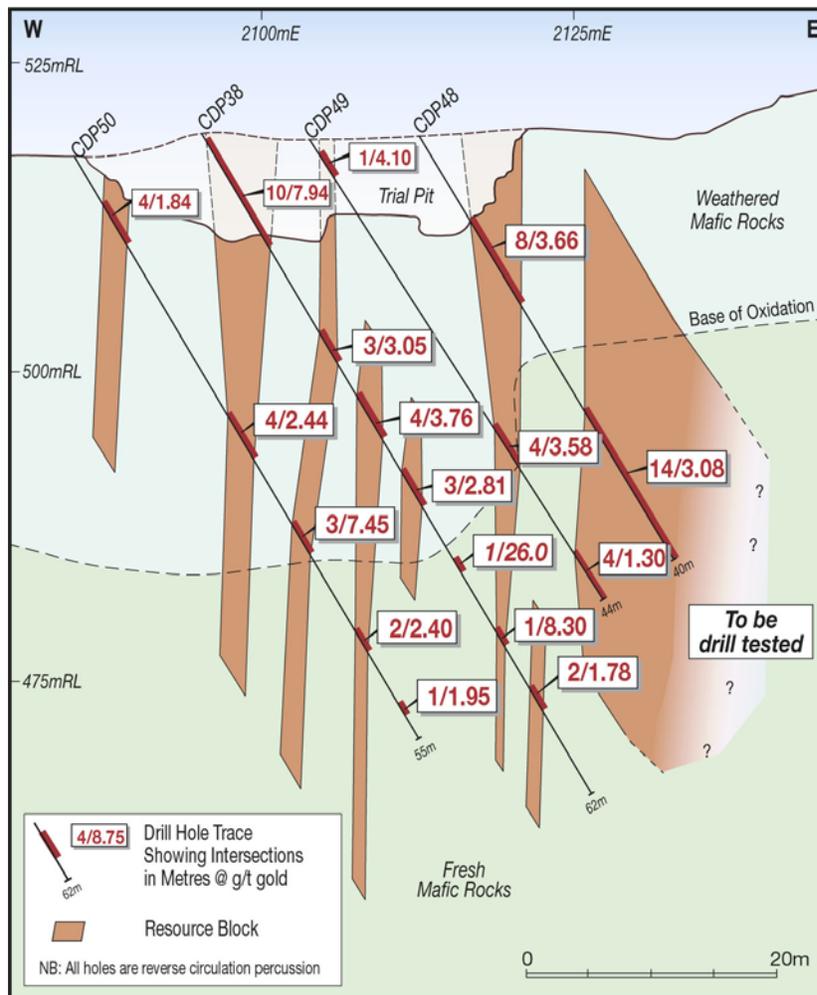
Hole Number	Down hole From (metres)	Down hole To (metres)	Intersection Width (metres)	Gold Grade grams per tonne (g/t)
KBP482	40	77 eoh	37	1.50
KBP411	40	56	16	1.30
KBP479	40	67 eoh	27	4.90
KBP414	56	76 eoh	20	3.90
KBP481	54	80 eoh	26	3.20

In the current program, a series of 34 angled RC holes drilled on a 40m (north) x 20m (east) pattern grid (6 x 5 holes) with holes orientated towards 090° magnetic and inclined at -60° will be drilled to test the 340° striking and 45° to 60° west dipping structure. The target of drilling is a supergene enriched mushroom like gold halo developed above the fresh rock contact in strongly oxidized basalts, below a near surface 30m thick zone of intense leaching and gold depletion. It is strongly suspected that the gold mineralization will be best developed above the lower saprolite-saprock interface along the structure. Furthermore, the RC drilling technique coupled with assaying with the LEACHWELL 200 technique should provide substantially more reliable gold.

Holes will be sampled on 4m composites to a down hole depth of 40m and thereafter sampled at 1m down hole intervals with analysis of samples by the LEACHWELL 200. Assuming the return of positive results from this campaign, the drilling density should suffice for the calculation of a JORC compliant “Drill Indicated” gold resource by an internationally recognized firm of Resource Consultants. To the north, the structure will remain open along strike and the intention will be to extend any resource in this direction through further drilling.

Further Exploratory RC Drilling Commences at the Colour Dam Gold Prospect – Kurnalpi East Project

On completion of the Halfway Hill program above, the Grovebrook RC/Aircore percussion rig will drill a ten hole RC percussion program comprising a total of 1,000m. Of these holes, three will be drilled on an azimuth of 270° and inclined at 60° from the eastern pit wall of the Anti – Dam trial mining pit with the objective of testing the open ended gold mineralization intersected in previous drilling as shown on Plate 1 below.



**KURNALPI PROJECT
 COLOUR DAM
 Cross section 6275mN**

Accordingly, the two deeper holes will be drilled to a down hole depth of 150m below the pit to test this mineralization and a further hole will be drilled 20m north of this section to test the same mineralization at the -50m to -60m below surface level.

Recent geological work undertaken by Fairstar has clearly demonstrated the existence of two styles of mineralization at the Anti Dam trial mining pit. These are as follows:

- A relatively narrow, shear controlled, sheeted quartz – sulfide – gold vein style developed as a complex shear vein array along the major Anti Dam Shear Zone (ADSZ) which passes through the pit; and,
- A second, and arguably much more interesting, structural brittle fracture controlled stockwork quartz – sulfide – gold vein style developed within a thicker and more massive and competent dolerite intrusive, exposed on the eastern pit wall of the Anti - Dam trial pit. This system appears to have formed prior to the sheeted vein system in the ADSZ and to have been developed at the contact between a moderately thick unit of acid volcanics of the Gindalbie Formation to the east and the intercalated komatiitic basalts and intrusive dolerites of the Mulgabbie Formation to the west. This style of mineralization bears closest comparison to that exposed in similar dolerite hosted stockwork veins systems such as the Paddington Mine near Broad Arrow. As such this style offers greater bulk tonnage gold potential than the ADSZ shear vein array style above.

To the NE of the Anti Dam trial pit gold mineralization has been tracked by a small soil geochemical program undertaken by Fairstar. Float of oxidized – gossanous quartz – sulfide – gold veining identical to that exposed in the eastern pit wall of the Anti dam trial pit is developed solely within the dolerite unit as it strikes towards the NNE away from the younger (re – activated?) ADSZ.

To explore this mineralization, Fairstar has planned a further 6 holes in three 80m spaced fences of two holes drilled 40m apart on lines. Hole azimuths will be 090° inclined at 60°. These drill fences will test the dolerite hosted mineralization as it tracks north from the Anti Dam trial pit. It is expected that this drill program will enable Fairstar to expand the overall, albeit non JORC compliant, gold resource, calculated by Windsor Resources Limited in 1992, from its current 121,000 tonnes of 3.1 g/t Au.

All altered and mineralized intervals will be sampled on a meter by meter basis with analysis by fire assay with AAS finish at KALASSAY Labs Limited. Non mineralized and altered sections will be sampled on 4m composites.

Fairstar will be undertaking some geophysical modeling to better define drill targets over the extensive SW gold in soil geochemical anomaly, which overlies the fault displaced mineralization exposed in the Anti Dam trial pit. It is expected that follow up exploration drilling, anticipated to commence in the first quarter of 2007, should discover an extension of the Anti Dam mineralized system, presently partially covered by alluvial sheet wash under this gold in soils anomaly.

The information in this report that relates to Exploration Results is based on information compiled by Mr. Nigel Maund, who is a Member of the Australian Institution of Mining and Metallurgy, UK Institution of Mining Metallurgy and Materials and Society of Economic Geologists. Mr. Maund is an Executive Director of Fairstar Resources Limited and has sufficient experience relevant to the style and mineralization and deposit type under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Nigel Maund consents to the inclusion of this report of the matters based on his information in the form and context in which it appears.