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Tuesday, September 04, 2007

The Manager
ASX Limited
Companies Announcements Platform

Dear Sir

Re **GOLDEN WEST RESOURCES LIMITED**

Fairstar Resources Limited ("Fairstar") has determined to make an off market bid for all shares in Golden West Resources Limited ("Golden West").

Shareholders of Golden West will be offered 5 fully paid shares in Fairstar for every share held in Golden West.

The offer to shareholders of Golden West reflects a premium of approximately 53 per cent to the volume-weighted average price for shares in Golden West in the 30 trading days prior to 4 September 2007 and the volume-weighted average price for Fairstar shares in the same period.

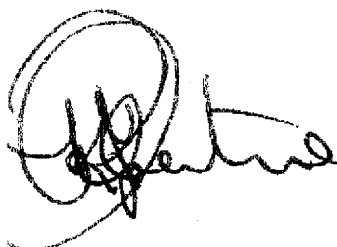
Whilst retaining the all-scrip consideration, Fairstar reserves the right to offer Golden West shareholders an alternative consideration that may include a cash component. A further announcement regarding this alternative consideration will be made as soon as details are available.

No separate offer will be made for Golden West's listed options (ASX Code: GWRO), with the result that holders of those options will need to exercise them in order to participate in Fairstar's offer.

Fairstar is in the process of preparing a formal Bidder's Statement and will lodge that document with the Australian Securities Exchange and Australian Securities and Investments Commission shortly.

The proposed offers will be subject to a number of conditions. Details of the offer conditions are set out in Annexure A to this letter, which contains an extract from the draft Bidder's Statement.

Yours faithfully



KEVIN J. ROBERTSON
Managing Director
Fairstar Resources Limited

Annexure A

Capitalised terms used in this Annexure have the meanings given to them in the Bidder's Statement to be issued by Fairstar Resources Limited in relation to the Offer.

(a) Minimum acceptance condition

At the end of the Offer Period, Fairstar has a relevant interest in more than 50% (by number) of the Golden West Resources Shares on issue at that time.

(b) Approvals by Public Authorities

Before the end of the Offer Period:

- (i) Fairstar receives all Approvals which are required by law or by any Public Authority to permit the Offer to be made to and accepted by Golden West Resources shareholders in all applicable jurisdictions; and
- (ii) Fairstar receives all Approvals which are required by law or by any Public Authority as a result of the Offer or the successful acquisition of the Golden West Resources Shares.

and, in each case, those Approvals are on an unconditional basis and remain in force in all respects and there is no notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew those Approvals

(c) No action by Public Authority adversely affecting the Offer

During the Condition Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no action or investigation is instituted, or threatened by any Public Authority; or
- (iii) no application is made to any Public Authority (other than an application by Fairstar),

in consequence of, or in conjunction with, the Offer, which:

- (iv) restrains or prohibits or threatens to restrain or prohibit, or may otherwise materially adversely impact upon:
 - (A) the making of the Offer; or
 - (B) the rights of Fairstar in respect of Golden West Resources or the Golden West Resources Shares to be acquired under the Offer or otherwise; or
- (v) seeks to require the divestiture by Fairstar of any Golden West Resources Shares or the divestiture of any assets by Golden West Resources or Fairstar.

(d) Change of control

During the Condition Period, every person who has or will have any right (whether subject to conditions or not) under any Material Agreement as a result of Fairstar acquiring Golden West Resources Shares to:

- (i) acquire, or require the disposal of, or require Golden West Resources or a subsidiary of Golden West Resources to offer to dispose of, any material asset of Golden West Resources or a subsidiary of Golden West Resources; or
- (ii) terminate, or vary the terms or performance of, any material agreement or arrangement with Golden West Resources or a subsidiary of Golden West Resources (including without limitation by accelerating any payment required to be made under that agreement or arrangement) ,

provides in writing an enforceable, irrevocable and unconditional waiver or release of that right to Golden West Resources, and Golden West Resources provides a copy of that waiver or release to Fairstar.

(e) Disclosure of the existence of certain rights

On or before the date that Golden West Resources sends its Target's Statement in respect of the Offer to shareholders, either:

- (i) Golden West Resources makes an announcement to the ASX containing details of every right of the kind referred to in paragraph (d), including (to the extent known to Golden West Resources):
 - (A) the parties, purpose and term of any agreement, arrangement or other matter giving rise to that right;
 - (B) the consequences and potential consequences of an exercise of that right; and
 - (C) the provisions which give rise to that right, those consequences or those potential consequences; or
- (ii) Golden West Resources makes an announcement to the ASX that there are no rights of the kind referred to in sub-paragraph (i).

(f) No material transactions

During the Condition Period, neither Golden West Resources nor any subsidiary of Golden West Resources:

- (i) acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$1.0 million;
 - a. disposes, offers to dispose or agrees to dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$1.0 million or makes an announcement in relation to such a disposal;
 - b. enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership or dual listed company structure, involving a commitment of in aggregate greater than \$1.0 million;
 - c. incurs or commits to, or grants to another person a right the exercise of which would involve Golden West Resources incurring or committing to, any capital expenditure or liability in respect of one or more related items of in aggregate greater than \$1.0 million; or
 - d. discloses (without having disclosed to ASX prior to the Announcement Date) the existence of any matter described in sub-paragraphs (i) to (iv) above, or announces an intention or proposal to do anything described in sub-paragraphs (i) to (iv) above.

(g) No material adverse change

During the Condition Period:

- (i) there is no occurrence or matter, including (without limitation):
 - (A) any change in the status or terms of arrangements entered into with Golden West Resources or any of its subsidiaries or the status or terms of any Approvals which are applicable to Golden West Resources or any of its subsidiaries (whether or not wholly or partly attributable to the making of the Offer, or the acquisition of Golden West Resources Shares under the Offer);
 - (B) any liability for duty or tax;
 - (C) any liability resulting from a change of control of Golden West Resources; or
 - (D) any change in the law (whether retrospective or not),

that (individually or together with others) has or could reasonably be expected to have a materially adverse effect on the assets, liabilities, financial or trading position, profitability, production or prospects of Golden West Resources and its subsidiaries taken as a whole; and

- (ii) no occurrence or matter, as described in sub-paragraph (i), which occurred before the Announcement Date but was not apparent from publicly available information before then, becomes public.

(h) No prescribed occurrences

None of the following events happens during the period beginning on the date this Bidder's Statement is given to Golden West Resources and ending at the end of the Offer Period:

- (i) Golden West Resources converts all or any of its shares into a larger or smaller number of shares;
- (ii) Golden West Resources or a subsidiary of Golden West Resources resolves to reduce its share capital in any way;
- (iii) Golden West Resources or a subsidiary of Golden West Resources:
 - (A) enters into a buy-back agreement; or
 - (B) resolves to approve the terms of a buy-back agreement under section 257C(1) or 2570(1) of the Corporations Act;
- (iv) Golden West Resources or a subsidiary of Golden West Resources issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option, other than the issue of Golden West Resources Shares on the exercise of Golden West Resources Options on issue at the Register Date;
- (v) Golden West Resources or a subsidiary of Golden West Resources issues, or agrees to issue, convertible notes;
- (vi) Golden West Resources or a subsidiary of Golden West Resources disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Golden West Resources or a subsidiary of Golden West Resources charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) Golden West Resources or a subsidiary of Golden West Resources resolves to be wound up;
- (ix) the appointment of a liquidator or provisional liquidator of Golden West Resources or of a subsidiary of Golden West Resources;
- (x) a court makes an order for the winding up of Golden West Resources or of a subsidiary of Golden West Resources;
- (xi) an administrator of Golden West Resources, or of a subsidiary of Golden West Resources, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Golden West Resources or a subsidiary of Golden West Resources executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Golden West Resources or of a subsidiary of Golden West Resources.

(i) No prescribed occurrences between announcement and service

None of the events listed in sub-paragraphs (i) to (xiii) of paragraph (h) happens during the period beginning on the Announcement Date and ending at the end of the day before this Bidder's Statement is given to Golden West Resources.

(j) No dividends or distributions

During the Condition Period, neither Golden West Resources nor any subsidiary of Golden West Resources, declares, distributes, or resolves to pay or provide any dividend, bonus or other share of its profits or assets.

(k) Conduct of Golden West Resources' business

During the Condition Period, neither Golden West Resources nor any subsidiary of Golden West Resources:

- (i) gives or agrees to give any Encumbrance over any of its assets otherwise than in the ordinary course of business;
- (ii) borrows or agrees to borrow any money (except for temporary borrowing from its bankers in the ordinary course of business);
- (iii) releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so;
- (iv) conducts its business otherwise than in the ordinary course;
- (v) has threatened or commenced against it any material claims or proceedings in any court or tribunal (including, but not limited to, a petition for winding up or an application for appointment of a receiver or receiver and manager);
- (vi) becomes subject to investigation under the Australian Securities and Investments Commission Act 2001 (Cth) or any corresponding legislation; or
- (vii) discloses (without having disclosed to ASX prior to the Announcement Date) the existence of any matter described in sub-paragraphs (i) to (vi) above, or announces an intention or proposal to do anything described in sub-paragraphs (i) to (vi) above.

(l) S&P/ASX200 index

During the Condition Period, the S&P/ASX 200 Index does not close below 5,900 for 3 or more consecutive trading days.

(m) Gold Price Index

During the Condition Period, the S&P/ASX All Ordinaries Gold Index does not fall below 4750.

(n) No material defect in filings

Fairstar does not become aware, during the Condition Period, that any document filed by or on behalf of Golden West Resources with ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission.