

BIDDER'S STATEMENT

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with it please consult your financial or other professional adviser.

OFFER

by

FAIRSTAR RESOURCES LIMITED

ACN 115 157 689

to acquire all of your ordinary shares in

GOLDEN WEST RESOURCES LIMITED

ACN 102 622 051

**for a consideration of five Fairstar Resources Limited shares for every
one of your Golden West Resources Limited shares**

Legal Advisers to Fairstar Resources Limited:

Minter Ellison
Level 49 Central Park
152 St Georges Terrace
PERTH WA 6000

Corporate adviser:

Findlay & Co Stockbrokers (Underwriters) Pty Ltd
Level 12, 10 Spring Street
SYDNEY NSW 2000

Lawton Gillon
Level 11
16 St Georges Terrace
PERTH WA 6000

Date: 26 October 2007

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IMPORTANT INFORMATION

Bidder's Statement

Important dates	
Original Bidder's Statement lodged with ASIC	15 October 2007
Replacement Bidder's Statement lodged with ASIC	26 October 2007
Offer opens	[] 2007
Offer closes (unless extended)	[] 2007

This Bidder's Statement is dated 26 October 2007 and replaces the bidder's statement lodged by Fairstar with ASIC on 15 October 2007.

This Bidder's Statement is given by Fairstar to GWR under Part 6.5 of the Corporations Act. This Bidder's Statement includes an Offer dated [] 2007 to acquire your GWR Shares and also sets out certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with Australian Securities and Investments Commission on 26 October 2007. ASIC takes no responsibility for the contents of this Bidder's Statement.

A number of defined terms are used in this Bidder's Statement. These terms are defined in section 21.

Investment decisions

This document does not take into account the investment objectives, financial situation and particular needs of any person. Before deciding whether or not to accept the Offer, you may wish to seek independent financial and taxation advice.

Forward-looking statements

This document contains forward-looking statements. Forward-looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward-looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward-looking statements. While Fairstar believes that the expectations reflected in the forward-looking statements in this document are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors set out in section 15 of this Bidder's Statement, as well as other matters as yet not known to Fairstar or not currently considered material by Fairstar, may cause actual results or events to be materially different from those expressed, implied or projected in any forward-looking statements. Any forward-looking statement contained in this document is qualified by this cautionary statement.

Offers outside Australia

Shareholders should note that the consideration under the Offer is securities of Fairstar, an Australian public company listed on ASX. The Offer is subject to disclosure requirements in Australia which are or may be different from those applicable in other countries. Shareholders whose address in the GWR register of members is not in Australia (**Foreign Shareholders**) will not be entitled to receive Fairstar Shares on acceptance of the Offer (unless Fairstar determines otherwise). Foreign Shareholders who accept the Offer will receive a cash amount calculated in accordance with section 11.6 of this Bidder's Statement. This Bidder's Statement does not constitute an offer to issue or sell, or the soliciting of an offer to buy, any securities referred to in this Bidder's Statement in any jurisdiction in which the making or acceptance of such offer, or the issue of such securities, would be unlawful.

Privacy collection statement

Personal information relating to your shareholding in GWR has been obtained by Fairstar or its agents from GWR in accordance with its rights under the Corporations Act. Fairstar will share this information with its related bodies corporate, advisers and agents where necessary for the purposes of the Offer. Fairstar, its related bodies corporate, advisers and agents will use this information solely for purposes relating to the Offer. If you would like details of your personal information held by Fairstar or its agents, please contact the Fairstar Shareholder Information Line on 1800 680 188 (within Australia) or +61 2 8280 7929 (outside Australia).

MANAGING DIRECTOR'S LETTER

26 October 2007

Dear GWR Shareholder or Optionholder

On behalf of Fairstar, I am pleased to offer you an exciting opportunity to participate in the merger of Fairstar and GWR which will result in the creation of a diversified resources company with interests in gold, uranium, oil and iron ore.

Fairstar is an ASX-listed resources company with a market capitalisation as at 24 October 2007 of approximately \$63 million. Fairstar is dedicated to the growth of its gold, uranium and oil projects. Following the merger, the directors of Fairstar believe that there is potential for a market re-rating of the Combined Entity as a result of increased size and liquidity.

Based on the closing price of Fairstar Shares on the ASX on 24 October 2007, Fairstar's offer of five Fairstar Shares for each GWR Share represents a premium of :

- approximately 49% over the closing trading price of GWR Shares on 3 September 2007 (being the day prior to the announcement of the Offer); and
- approximately 70% over the volume-weighted average price of GWR Shares in the 20 trading days prior to that date.

By accepting the Offer you will retain exposure to GWR's gold and iron ore interests as well as gain exposure to Fairstar's interests in gold, uranium and oil projects.

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

To accept Fairstar's Offer, please follow the instructions set out in the Bidder's Statement and on the back of the Acceptance Form.

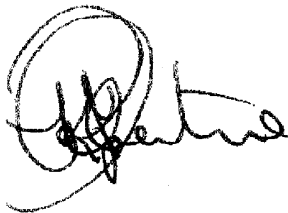
If you have any questions on how to accept the Offer, please contact the Fairstar Shareholder Information Line on 1800 895 933 (within Australia) or +61 2 8256 3373 (outside Australia), or contact your stockbroker or financial adviser.

The Offer is due to close on [] November 2007.

I look forward to receiving your acceptance and, for those of you not already shareholders of Fairstar, to welcoming you as shareholders.

No separate offer is being made for GWR Options, so if you are an optionholder you will need to exercise your options before the end of the offer period in order to take advantage of Fairstar's offer. The Bidder's Statement (including a blank Acceptance Form) is being sent to holders of GWR Options for information purposes only.

Yours sincerely



KEVIN J. ROBERTSON
Managing Director

Enclosed with this letter is a Bidder's Statement which sets out the detailed terms of the Offer from Fairstar to acquire GWR Shares

WHY YOU SHOULD ACCEPT FAIRSTAR'S OFFER

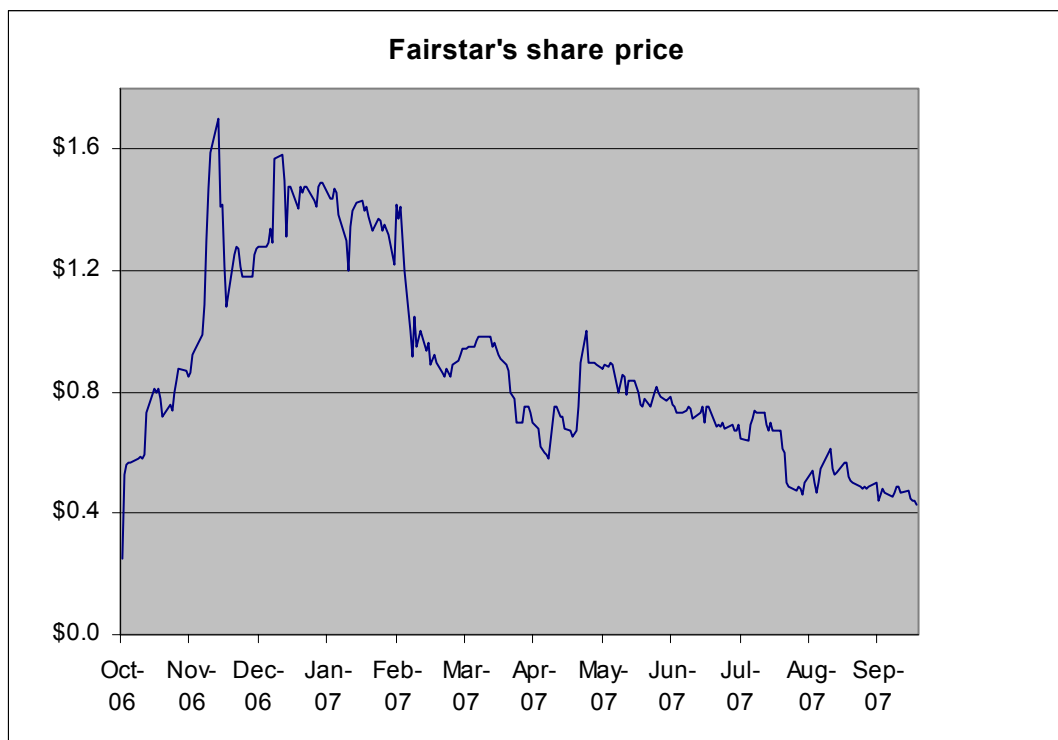
1. SIGNIFICANT PREMIUM TO GWR SHARE PRICE

Fairstar's offer price represents a substantial premium over recent GWR share price levels.

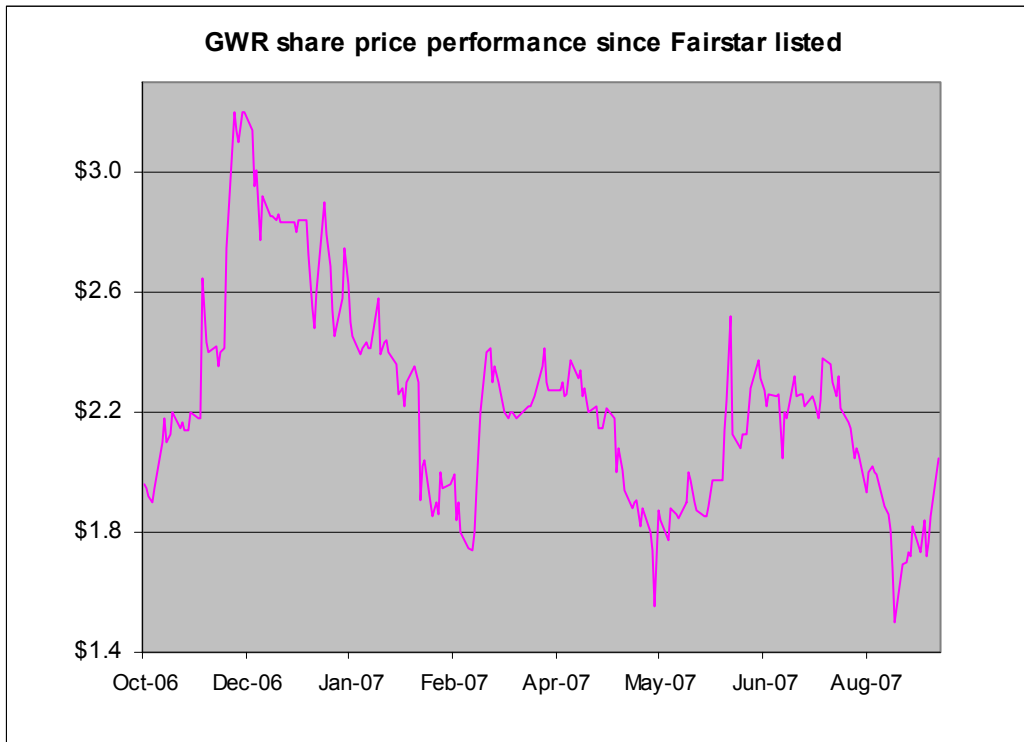
Based on the closing price of Fairstar Shares of \$0.61 per share on 24 October 2007, the Offer values each GWR Share at \$3.05, which represents a premium of:

- approximately 49% over the closing price of GWR Shares on the day prior to the announcement of the Offer (this being \$2.05); and
- approximately 70% over the volume-weighted average price GWR Shares over the 20 trading days prior to that date (this being \$1.79).

As at 15 October 2007 Fairstar's share price had grown by over 70% since listing on ASX on 30 October 2006. Over approximately the same period (to 3 September 2007), GWR's share price has grown by only 13%. The chart below shows that Fairstar has outperformed GWR's share price since 30 October 2006.



Note: the above chart has not been adjusted for the dilutionary effect of the 1-for-2 entitlements issue of options made on 10 April 2007.



2. ALLOWS GWR SHAREHOLDERS TO ACQUIRE A MAJORITY STAKE IN A LARGER COMPANY

If Fairstar acquires 100% of GWR, and assuming none of the GWR Unlisted Options exercisable at \$2.00 and \$3.00 is exercised, former GWR shareholders will hold approximately 79% of the enlarged Fairstar.

THE OFFER, IF ACCEPTED IN FULL, SHOULD RESULT IN A COMBINED ENTITY WITH A MARKET CAPITALISATION OF OVER \$300 MILLION CONTROLLED BY FORMER GWR SHAREHOLDERS.

3. CREATES A COMBINED ENTITY WITH WIDER INVESTOR APPEAL

Combining Fairstar and GWR will create a diversified mining house with greater market liquidity and enhanced capital raising capacity through the ability to attract support from institutional and international investors.

4. ESTABLISHES A DIVERSIFIED RESOURCES COMPANY WITH IRON ORE, GOLD, URANIUM AND OIL ASSETS

The Combined Entity will be a more diversified company with interests in a number of resource assets across a number of minerals in a number of locations. This will allow the Combined Entity to develop different resources and diversify potential revenue streams. Diversification should also reduce exploration risk.

Fairstar intends to ensure that GWR accelerates its current exploration programme, which will allow GWR Shareholders to realise benefits from their company's exploration assets earlier.

The acquisition of GWR by Fairstar will create a company with critical mass and significant interests in iron ore, gold, uranium and oil.

5. ACQUISITION SYNERGIES

Fairstar and GWR have duplicate management in a number of areas, including finance, accounting, secretarial, geologists, support staff, etc. There are six directors on the GWR Board, whilst Fairstar has four directors. By combining the two companies there are significant potential savings through the elimination of duplication, streamlining functions, and reducing overheads.

6. YOU SHOULD INCUR NO BROKERAGE

By accepting this Offer, you should not incur any brokerage fees*. Brokerage fees might otherwise be payable if you choose to sell your GWR Shares on the share market.

* If your GWR Shares are in a CHESS holding or you hold your GWR Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your stockbroker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Offer. If you are a Foreign Shareholder, the proceeds of sale of the Fairstar Shares to which you would become entitled as a consequence of accepting the Offer will be net of sale costs, including brokerage (see section 11.6).

HOW TO ACCEPT THE OFFER

For CHESSE Holdings of GWR Shares

If your GWR Shares are on a CHESSE subregister, either contact your Controlling Participant (usually your stockbroker) and instruct him to accept the Offer on your behalf, or complete the enclosed Acceptance Form by following the instructions provided on the Form and return the signed Form in the enclosed reply-paid envelope or deliver it to the address below.

For Issuer-Sponsored Holdings of GWR Shares

If your GWR Shares are on GWR's issuer-sponsored subregister, complete the enclosed Acceptance Form by following the instructions provided on the Form and return the signed Form in the enclosed reply-paid envelope or deliver it to the address below.

Signed Acceptance Forms must be sent to:

Advanced Share Registry Services, PO Box 1156, Nedlands, WA 6909.

or delivered to:

Advanced Share Registry Services, 110 Stirling Highway, Nedlands, WA 6009.

The Offer will close at 7.00 pm (Perth time) on [] November 2007 unless extended by Fairstar in accordance with the Corporations Act. Acceptance Forms must be received before the end of the Offer Period.

For questions regarding the Offer or how to accept it, please refer to the remainder of this Bidder's Statement. If you still require assistance, please contact Fairstar on:

For Australian callers: 1800 680 188

For International callers: +61 2 8280 7929

Please note that to satisfy legal requirements, all calls to these numbers will be recorded.

SUMMARY OF THE OFFER

Fairstar is offering five Fairstar Shares for each of your GWR Shares.

The Offer is for **all** of your GWR Shares and is subject to the conditions set out in section 10 of this Bidder's Statement. These conditions include:

- * a 50%+ minimum acceptance condition;
- * conditions relating to regulatory approvals;
- * conditions relating to third party change of control rights;
- * conditions relating to certain material transactions;
- * prescribed occurrences, material adverse changes and the conduct of the GWR's business; and
- * conditions relating to the S&P/ASX 200 index and the Gold Price Index.

You can only accept the Offer for **all** of your GWR Shares. Your acceptance of the Offer will be treated as being for all your GWR Shares plus any additional GWR Shares registered in your name at the date your acceptance is processed.

The Offer is due to close at 7.00pm (Perth time) on [] November 2007.

If you accept the Offer and the Offer becomes unconditional, you will be issued Fairstar Shares in accordance with section 11 of this Bidder's Statement. You will be able to sell these Fairstar Shares on ASX.

Foreign Shareholders will not be entitled to receive Fairstar Shares on accepting the Offer. Foreign Shareholders who accept the Offer will receive the net cash sale proceeds of Fairstar Shares which they would otherwise have received (see section 11.6).

Taxation consequences

Accepting the Offer is likely to have taxation consequences. These consequences will vary according to each GWR Shareholder's particular circumstances and the type of entity which holds the relevant GWR Shares – i.e. whether it is an individual, trust, partnership, company or superannuation fund.

You should consult your accountant or financial or other professional adviser on the tax implications of accepting the Offer.

You should particularly note that if you accept the Offer and realise a capital gain on your GWR Shares, you will not be entitled to capital gains tax rollover relief unless Fairstar acquires at least 80% of GWR (the Offer being subject to a minimum acceptance condition of 50% only). As a result, you may incur an immediate tax liability on disposing of your GWR Shares to Fairstar.

GWR Shareholders who are resident or domiciled outside Australia, or who are citizens of countries other than Australia, are reminded of the possible implications of accepting the Offer under the taxation laws of their place of residence, domicile or citizenship, and are advised to also seek independent advice in this respect.

If you do not accept the Offer and Fairstar does not become entitled to acquire your GWR Shares compulsorily, you will remain a GWR Shareholder.

No separate offer is being made for GWR Options. Accordingly, holders of GWR Options who wish to take advantage of the Offer will need to exercise those options and then accept the Offer for the GWR Shares issued to them in respect of that exercise.

The full terms of the Offer are contained in Part D of this Bidder's Statement

PART A - PROFILES OF FAIRSTAR AND GWR

1. PROFILE OF FAIRSTAR

1.1 OVERVIEW

Fairstar is an ASX-listed resource company (ASX code: FAS) whose focus is to explore for gold, uranium and oil in Australia.

As at 12 October 2007 (being the trading day prior to the lodgement of this Bidder's Statement with ASIC), Fairstar's market capitalisation was approximately \$ 45 million.

As at the date of this Bidder's Statement, Fairstar had on issue 103,775,105 Fairstar Shares and 49,629,457 Fairstar Options exercisable at 25 cents and expiring on 30 August 2009.

As Fairstar is offering Fairstar Shares as consideration for the acquisition of GWR Shares under the Takeover Bid, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of Fairstar Shares under sections 710 to 713 of the Corporations Act.

Fairstar is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, Fairstar is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of Fairstar's securities. The Fairstar Shares that will be issued pursuant to the Takeover Bid have been quoted by ASX continuously during the three months prior to the date of this Bidder's Statement.

For this reason, Fairstar is only required to disclose information in this Bidder's Statement that would usually be required in a "transaction-specific prospectus".

In general terms "transaction-specific prospectuses" are only required to contain information in relation to the effect of the issue of securities on the issuer and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuer unless such information has not previously been disclosed to ASX.

Information that is already in the public domain has not been reported in this Bidder's Statement other than that which is considered necessary to make this Bidder's Statement complete.

Having taken such precautions and made such enquiries as are reasonable, Fairstar believes that it has complied with the periodic and continuous disclosure requirements of ASX which required Fairstar to notify ASX of information about specified events or matters as they arose for the purpose of ASX making that information available to the stock market conducted by ASX.

Copies of documents lodged with ASIC in relation to Fairstar may be obtained from, or inspected at, an office of ASIC.

The Company will provide a copy of each of the following documents, free of charge, to any person who asks for it during the Offer Period.

- (a) the financial report of the Company for the year ended 30 June 2007 (being the last annual financial report lodged by the Company with ASIC before the issue of this Bidder's Statement); and
- (b) all documents used to notify ASX of information relating to Fairstar under the provisions of the Listing Rules since lodgement of the financial report referred to in paragraph (a) above, being the documents listed in Appendix 1.

To obtain a copy of any of those documents, please contact Elaine Robertson at Fairstar on (08) 9242 5111 (+61 8 9242 5111 for international callers).

Alternatively, the documents may be downloaded from the ASX website at www.asx.com.au (at ASX code: FAS)

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules that investors or their professional advisers would reasonably require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of Fairstar; or
- (b) the rights and liabilities attaching to the Fairstar Shares to be issued pursuant to the Takeover Bid.

This Bidder's Statement contains details specific to the issue of those Fairstar Shares. If GWR Shareholders require further information in relation to Fairstar, Fairstar's directors recommend that they take advantage of the ability to inspect or obtain copies of the documents referred to above.

1.2 BOARD OF DIRECTORS

Harold Paiker	Chairman of Directors
Kevin Robertson	Managing Director
Alan Rudd	Non- Executive Director
Ken Allen	Non- Executive Director and Company Secretary

1.3 CORPORATE GOVERNANCE

The Fairstar Board aims to achieve the highest standards of corporate governance and has established corporate governance policies and procedures consistent with the ASX Corporate Governance Council's publication "Principles of Good Corporate Governance and Best Practice Recommendations".

1.4 DIVIDEND POLICY

The main financial goal of Fairstar is to generate significant capital appreciation for its shareholders. A dividend policy is yet to be determined by the Directors.

2. PROFILE OF GWR

2.1 SOURCES OF INFORMATION

The following description of GWR and financial information concerning GWR contained in this section 2 has been prepared using publicly available information. This information has not been independently verified by Fairstar. Subject to the Corporations Act, Fairstar makes no representation or warranty, express or implied, as to the accuracy, currency or completeness of such information.

The information about GWR should not be considered comprehensive. Further information in relation to GWR's business may be included in the Target's Statement which GWR must provide to GWR Shareholders in response to this Bidder's Statement.

2.2 CORPORATE OVERVIEW

GWR is an ASX-listed gold and iron ore exploration company.

GWR's principal asset is its iron ore exploration project at Wiluna in Western Australia.

As at 30 June 2007, GWR's reported cash position was \$7.3 million.

As at the date of this Bidder's Statement, GWR had on issue 72,752,210 GWR Shares, 15,901,788 GWR Listed Options, and 26,524,990 GWR Unlisted Options.

2.3 BOARD OF DIRECTORS

John Daniels	Chairman
Gary Hutchinson	Managing Director
Michael Wilson	Executive Director
Peter Thompson	Executive Director
Alan Rudd	Non-Executive Director
Constantino Markopoulus	Non-Executive Director

2.4 OPERATIONS OVERVIEW

GWR's principal activity is mineral exploration.

2.5 GWR ASX ANNOUNCEMENTS

As a company listed on ASX GWR is subject to the periodic and continuous disclosure requirements of the Corporations Act and the Listing Rules. For information concerning the financial position and affairs of GWR, you should refer to the full range of information that has been disclosed by GWR pursuant to these requirements. Copies of announcements made by GWR to ASX are available from ASX. A list of GWR announcements lodged with ASX since 30 June 2007 is set out in Appendix 2.

PART B – PROFILE OF THE COMBINED ENTITY

3. OVERVIEW OF THE COMBINED ENTITY

3.1 RATIONALE FOR THE OFFER

Fairstar's rationale for the acquisition of GWR is to create a company with significant gold, uranium, oil and iron ore resources and prospects, a significantly larger market capitalisation, and greater liquidity in its shares. Combining the two companies is also expected to achieve cost savings and economies of scale by combining the exploration activities of both companies.

Fairstar believes the benefits to GWR and Fairstar shareholders will be substantial and the merger will position the Combined Entity well for its next phase of growth.

3.2 FORECASTS FOR THE COMBINED ENTITY

Fairstar is an exploration company that does not currently generate a revenue stream.

Accordingly, any financial forecasts for the Combined Entity would be speculative and subject to significant business and technical uncertainties and contingencies which are beyond the control of Fairstar. In these circumstances, the Fairstar directors do not believe that providing forecasts of potential future revenue or expenditure would assist GWR Shareholders in making a decision whether to accept Fairstar's offer.

As far as Fairstar is aware, the directors of GWR have not published any forecasts which could be incorporated into financial forecasts for the Combined Entity.

3.3 EFFECT OF ACQUISITION ON FAIRSTAR

(a) General effect of acquisition

The general effect of the acquisition on Fairstar will be to extend Fairstar's exploration strategy by taking a controlling interest in an investment that will provide an exposure to GWR's iron ore projects and an increased exposure to gold and uranium projects.

(b) Effect of acquisition on Fairstar's capital structure

The consideration for the acquisition of the GWR Shares pursuant to the Takeover Bid will be the issue of Fairstar Shares.

The following table sets out the capital structure of the Combined Entity assuming Fairstar acquires 100% of GWR (and that all GWR Options, other than those exercisable at \$2.00 and \$3.00, are exercised) or, alternatively, 50.1% of GWR (and that all GWR Listed Options, but no GWR Unlisted Options, are exercised):

Capital structure	Acquisition of 100% of GWR	Acquisition of 50.1% of GWR
Number of existing Fairstar Shares	103,775,105	103,775,105
Number of new Fairstar Shares to be issued to GWR Shareholders *	462,019,990	222,078,265
Number of Fairstar Shares to be issued upon capitalisation of transaction costs (see section 4(d)(vi))	17,816,000	10,072,000
Total number of Fairstar Shares on issue following completion of the Takeover Bid	583,611,095	335,925,370

*This figure is approximate only. The actual number of Fairstar Shares issued will depend on the number of GWR Shareholders who will be entitled to an additional whole Fairstar Share due to the rounding-up of fractional entitlements referred to in section 6.5.

3.4 PROFILE OF THE COMBINED ENTITY

(a) Management

The Combined Entity will benefit from the skills and experience of the Fairstar Board.

Upon completion of the Takeover Bid, Fairstar intends to invite Mr G Hutchinson, Mr M Wilson, Mr P Thompson and Mr C Markopoulus (all currently directors of GWR) to join the Fairstar Board.

(b) Impact on the financial position of Fairstar

The unaudited pro forma consolidated balance sheets of the Combined Entity set out in section 4 have been prepared based on a number of assumptions detailed in that section. The net asset position of the Combined Entity, in particular the cash position,

will vary materially depending on how the Unlisted GWR Options with an exercise price of \$2.00 or \$3.00 are treated.

For the purposes of the pro forma balance sheet based on a 100% acquisition of GWR, it is assumed that Fairstar will be required to acquire these options. This would involve an estimated cash outlay of \$21.4 million, and the requirement for a capital raising of approximately \$10 million to fund that acquisition. This 'worst case' scenario is provided for illustrative purposes only. Fairstar will attempt either to procure the exercise of these options or, alternatively, to replace them with Fairstar Options or Fairstar Shares, which would significantly improve the cash position of the Combined Entity after the acquisition of 100% of GWR. No offer is being made to holders of GWR Options under this Bidder's Statement.

If Fairstar acquires 50.1% of GWR only (the Offer being subject to a minimum acceptance condition of 50%), the Combined Entity will have estimated cash reserves of \$15.6 million based on the pro forma balance sheet and assumptions detailed in section 4.

4. PRO FORMA CONSOLIDATED BALANCE SHEET

(a) Introduction

This section provides an overview of the effect of the transaction on Fairstar including unaudited pro forma consolidated balance sheets of the Combined Entity (which assumes that Fairstar acquires all GWR Shares) after completion of the transaction.

(b) Basis of presentation of pro forma financial information

The unaudited pro forma balance sheets have been prepared by consolidating Fairstar's balance sheet as at 30 June 2007 with the balance sheet of GWR at 30 June 2007, as reported in its 2007 Annual Report. Acquisition accounting entries have then been made, consistent with the terms of the Offer and the assumptions set out in Note 4(d) below, in order to arrive at an unaudited pro forma consolidated balance sheet of the Consolidated Entity as at 30 June 2007, under the different scenarios described in Note 4(c).

The financial information is provided for illustrative purposes only and has been prepared on an abbreviated basis. It does not contain all the disclosures usually provided in an Annual Report in accordance with the Corporations Act.

The Combined Entity pro forma balance sheets as at 30 June 2007 assume that the acquisition of GWR by Fairstar had been completed at that date. Accordingly, except where stated, changes in the fair value since the balance dates of Fairstar and GWR have not been recognised. The actual date of acquisition will be at a later date.

(c) Consolidated Entity pro forma balance sheet

The following table sets out the pro forma consolidated balance sheets of the Combined Entity as at 30 June 2007 to show the effect of the following discrete events.

Scenario One – Acquisition by Fairstar of 100% ownership of GWR, assuming that GWR Options (except those with exercise prices of \$2.00 and \$3.00) are exercised in full prior to the end of the Offer Period and the GWR Unlisted Options with exercise prices of \$2.00 and \$3.00 are acquired by Fairstar for cash based on the Black Scholes valuations referred to in Note (d)(iv) below. This scenario assumes an equity raising of \$10,000,000 to assist with the funding of the acquisition of these options if required.

The cash position of the Combined Equity will vary materially should some of GWR's Unlisted Options be exercised prior to the expiration of the offer period or alternatively if they are not required to be compulsorily acquired. The effect of this is detailed in Note 4(d) (iv) below.

Scenario Two – Acquisition by Fairstar of 50.1% ownership interest in GWR with external minority interests, assuming that all GWR Listed Options are exercised in full and all GWR Unlisted Options remain unexercised, and assuming Fairstar has control of GWR.

FAIRSTAR RESOURCES
PRO FORMA CONSOLIDATED BALANCE SHEETS

	ACQUISITION OF 100%				ACQUISITION OF 50.1%			
	Fairstar 30/6/07 Reported \$'000	GWR 30/6/07 Reported \$'000	Pro forma adjustments and scrip offer \$'000	Pro forma Consolidated 100% AUD \$'000	Fairstar 30/6/07 Reported \$'000	GWR 30/6/07 Reported \$'000	Pro forma adjustments and scrip offer \$'000	Pro forma Consolidated 100% AUD \$'000
	CURRENT ASSETS							
Cash and cash equivalents	4,665	7,298	(6,544)	5,419	4,665	7,298	3,733	15,696
Trade and other receivables	161	480		641	161	480		641
Other current assets	36	14		50	36	14		50
TOTAL CURRENT ASSETS	4,862	7,792	(6,544)	6,110	4,862	7,792	3,733	16,387
NON-CURRENT ASSETS								
Receivables	23			23	23			23
Exploration Expenditure	735	11,274	74,334	86,343	735	11,274	70,462	82,471
Property, plant and equipment	674	881		1,555	674	881		1,555
Other		36		36		36		36
TOTAL NON-CURRENT ASSETS	1,432	12,191	74,334	87,957	1,432	12,191	70,462	84,085
TOTAL ASSETS	6,294	19,983	67,790	94,067	6,294	19,983	74,195	100,472
CURRENT LIABILITIES								
Trade and other payables	221	693		914	221	693		914
Interest bearing liabilities	11			11	11			11
Short-term provisions	11	227		238	11	227		238
TOTAL CURRENT LIABILITIES	243	920	0	1,163	243	920	0	1,163
NON-CURRENT LIABILITIES								
Interest bearing liabilities	37			37	37			37
Long-term provisions		70	19,000	19,070		70	19,000	19,070
TOTAL NON CURRENT LIABILITIES	37	70	19,000	19,107	37	70	19,000	19,107
TOTAL LIABILITIES	280	990	19,000	20,270	280	990	19,000	20,270
NET ASSETS	6,014	18,993	48,790	73,797	6,014	18,993	55,195	80,202
EQUITY								
Issued capital	10,471	24,142	65,799	100,412	10,471	24,142	36,729	71,342
Reserves	393	18752	-21859	(2,714)	393	18752	-9750	9,395
Retained earnings	(4,850)	(23,901)	4,850	(23,901)	(4,850)	(23,901)	16,777	(11,974)
Minority Interest				0			11,439	11,439
TOTAL EQUITY	6,014	18,993	48,790	73,797	6,014	18,993	55,195	80,202

(d) Pro forma adjustments and accounting methodology**(i) Accounting methodology**

Under the Takeover Bid, Fairstar will acquire control of GWR but shareholder control of Fairstar will pass to the shareholders of GWR. The transaction is one that is referred to in AASB 3 'Business Combinations' as a reverse acquisition, where the acquirer for accounting purposes is deemed to be GWR (i.e. the entity whose equity interests have been acquired) and Fairstar is deemed to be the acquiree (i.e. the issuing entity).

As shareholder control of Fairstar will pass to the shareholders of GWR, the cost of the combination has been determined by reference to the fair value of equity instruments that GWR would have had to issue to Fairstar shareholders to obtain the same percentage ownership interest of the Combined Entity.

(ii) Accounting policies

The accounting policies applied by GWR have been consistently applied in the preparation of the pro forma balance sheets, and no review has been made on the appropriateness of these policies or accounting treatments.

Based on the GWR information which is publicly available, it appears that the accounting policies of GWR are broadly consistent with those of Fairstar, with the exception of the treatment of exploration and evaluation expenditure.

Fairstar adopts a policy of expensing exploration and evaluation costs, whilst capitalising acquisition costs. GWR on the other hand capitalises all exploration and evaluation expenditure, including acquisition costs. Fairstar intends to review the Combined Entity's accounting policies upon the assumption of management control. No change in accounting policy has been assumed in preparing the pro forma consolidated balance sheet of the Combined Entity. The difference in accounting policy between Fairstar and GWR noted above does not materially affect the pro forma consolidated balance sheets as presented.

(iii) Increase in shareholders' equity

Based on the above-mentioned accounting methodology, on consolidation of the Consolidated Entity's pro forma accounts, GWR (the deemed parent) is deemed to have issued \$52,240,000 of share capital. The consideration is based on the weighted average of GWR's share price in the three months ended 4 September 2007 and the number of shares GWR would have to issue to obtain the same percentage ownership interest in the Combined Entity.

Shareholders' equity will increase through the issue of Fairstar Shares under the Takeover Bid. Based on a partly diluted share capital of GWR of 92,403,988 GWR Shares (including the effect of the conversion of all GWR Options, except those with exercise prices of \$2.00 and \$3.00), 462,019,990 new Fairstar Shares will be issued to acquire 100% and 222,078,265 to acquire 50.1%. As noted in (i) above, as the transaction is a reverse acquisition in accordance with AASB 3 'Business Combinations', the issued capital of the Combined Entity does not reflect this consideration, as it is based on what it would have cost GWR to obtain the same interest in the Combined Entity post the combination.

The closing balance of issued capital is reconciled as follows:

	100% Acquisition \$ '000	50.1% Acquisition \$ '000
Issued capital of GWR (deemed parent) at 30 June 2007	24,142	24,142
Deemed value of shares in GWR issued to acquire Fairstar	52,240	52,240
Acquisition costs satisfied by the issue of shares	8,908	5,036
Exercise of options - GWR	5,122	3,933
Issue of shares to partly finance acquisition of options	10,000	-

Less minority interest	-	(14,009)
	<u>100,412</u>	<u>71,342</u>

The estimated capital structure of Fairstar will be as follows:

	100% Acquisition Number	50.1% Acquisition Number
Number of GWR shares at 30 June 2007	68,983,624	68,983,624
Exercise of options	23,420,374	19,670,374
	<u>92,403,998</u>	<u>88,653,988</u>
Number of Fairstar shares to be issued to GWR shareholders on a 5:1 basis based on 100% or 50.1% acceptance	462,019,990	222,078,265
Issue of shares to partly finance acquisition of options	20,000,000	-
Number of existing Fairstar shares	103,775,105	103,775,105
Issue of shares to satisfy transaction costs	17,816,000	10,072,000
Total number of Fairstar shares on issue following completion of takeover bid.	<u>603,611,095</u>	<u>335,925,370</u>

(iv) **GWR Options**

Exercise of GWR Options

For the purposes of the 100% or the 50.1% acquisitions portrayed above, it is assumed the following GWR Options will be exercised prior to the end of the offer period.

<u>Type</u>	<u>No of Options</u>	<u>Expiry date</u>	<u>Exercise Price</u>	<u>Total Raised \$'000</u>	
				<u>100% Acquisition</u>	<u>50.1% Acquisition</u>
Listed	15,901,788	31/12/2007	\$0.20	3,180	3,180
Unlisted	1,250,000	30/06/2008	\$0.25	313	-
Unlisted	1,250,000	30/06/2008	\$0.30	375	-
Unlisted	1,250,000	30/06/2008	\$0.40	500	-
Unlisted	14,274,990	31/12/2010	\$2.00	-	-
Unlisted	8,500,000	31/12/2011	\$3.00	-	-
				<u>4,368</u>	<u>3,180</u>

Acquisition of GWR Unlisted Options

For the purposes of the 100% or the 50.1% acquisitions portrayed above, it is assumed the following GWR Options will be acquired by Fairstar for cash based on a Black Scholes valuation (dealing with the compulsory acquisition or buy-out provisions of Chapter 6A of the Corporations Act).

<u>Type</u>	<u>No of Options</u>	<u>Expiry date</u>	<u>Exercise Price</u>	<u>Estimated Valuation per option</u>	<u>Cost of Acquisition \$'000</u>	
					<u>100% Acquisiti on</u>	<u>50.1% Acquisition</u>
Unlisted	14,274,990	31/12/2010	\$2.00	\$0.95	13,561	-
Unlisted	8,500,000	31/12/2011	\$3.00	\$0.93	7,905	-
					<u>21,466</u>	<u>-</u>

In the event that some or all of the GWR Options with an exercise price of \$2.00 or \$3.00 are exercised prior to the expiration of the offer period, the net cash position of the Combined Entity will improve. Alternatively, the Company may be able to negotiate the replacement of these GWR Unlisted Options with replacement Fairstar Options, which will reduce the financing requirement.

If all GWR Unlisted Options with an exercise price of \$2.00 or \$3.00 are required to be acquired as envisaged above, funding of approximately \$10,000,000 will be sourced through equity raising. Fairstar is confident of raising this equity, particularly given that it will own, or be entitled to acquire, 100% of GWR at that time.

Fairstar is unaware of the intentions of the holders of the GWR Options with exercise prices of \$2.00 and \$3.00. If, for example, 25% of the \$2.00 options are exercised prior to the end of the Offer Period, cash will be increased by \$7,100,000. Furthermore, Fairstar would not be required to acquire those options, thereby saving a further \$3,400,000. However, as Fairstar is unable to predict the outcome, the pro forma balance sheet has been presented on the basis that none of the \$2.00 or \$3.00 options will be exercised.

(v) Adjustments relating to the fair value of Fairstar's assets and liabilities acquired.

The pro forma consolidated balance sheet is based on an assessment that the fair value of the assets and liabilities of Fairstar (other than exploration and mining tenements) is equal to their book value. Assuming the fair value of those assets and liabilities equal their book value, and there being no goodwill attributable to the reverse acquisition given the nature of the assets and business, the fair value of mining tenements arising from the reverse acquisition of Fairstar is considered to be the difference between:

- (1) the acquisition consideration and acquisition costs; and
- (2) the assessed fair value of the other identifiable net assets of Fairstar at the acquisition date.

The fair value is then grossed up by the tax adjustment as outlined in Note 4 (viii).

Therefore, the adjustment required to record the uplift in the carrying value, and deemed fair value, of mining tenements is \$74,334,000 (being \$52,240,000 deemed issued capital plus \$9,108,000 transaction costs, plus \$19,000,000 deferred tax liabilities, less \$6,014,000 other identifiable net assets) based on a 100% acquisition. The adjustment required is \$70,462,000 based on a 50.1% acquisition.

(vi) Transaction costs

Fees for professional services and other transaction costs are expected to be incurred by Fairstar in relation to the Takeover Bid and these costs have been capitalised as a component of the cost of acquiring GWR as part of Fairstar's investment in GWR. This investment is reversed upon consolidation of the Combined Entity's accounts, as GWR is the deemed parent on consolidation. These costs are assumed to be satisfied by the payment of \$200,000 in cash and the balance by the issue of Fairstar Shares at an issue price of \$0.50 per share (although all the costs may be paid in cash, at Fairstar's sole election).

The estimated costs are as follows:

	Acquisition of 100% of GWR by Fairstar	Acquisition of 50.1% of GWR by Fairstar
Corporate advisory fees	4,620,000	2,816,000
Legal and accounting fees	200,000	200,000
Other professional advisers' fees	<u>4,288,000</u>	<u>2,220,000</u>
	<u>\$9,108,000</u>	<u>\$5,236,000</u>

On present information, Fairstar does not believe that the acquisition of GWR Shares pursuant to the Takeover Bid will attract stamp duty. Were any such duty to become payable (which would anyway only occur if Fairstar acquired at least 90% of GWR), the amount of the duty (which cannot be accurately estimated at this stage but would be unlikely in any circumstances to exceed \$14 million) would be funded through an equity raising.

(vii) Reconciliation of cash

The pro forma adjustments to cash under each scenario is reconciled as follows -

	100% Acquisition \$'000	50.1% Acquisition \$'000
	<u> </u>	<u> </u>

Exercise of GWR Options	5122	3,933
Acquisition of GWR Options (Note 4(d)(iv))	(21,466)	-
Transaction costs paid in cash (Note 4(d)(vi))	(200)	(200)
Issue of shares to finance acquisition of options (Note 4(d)(iv))	10,000	-
Net increase (decrease) in cash	(6,544)	3,733

The net cash position of the combined entity will vary materially depending on the number of GWR Unlisted Options exercised – refer Note 4(iv).

(viii) Tax

As part of the acquisition accounting, Fairstar is required to take into account deferred tax positions as a result of the reverse acquisition. As the fair value adjustment for mining and exploration rights gives rise to a differing treatment for accounting and tax purposes, a deferred tax liability of approximately \$19,000,000 is required to be recorded. As a result of the increased deferred tax liability, the fair value of mining rights has been further adjusted by this amount. This amount will reduce the tax charge as the underlying mining and exploration rights are consumed.

The level of any tax losses available to Fairstar will depend on the Combined Entity being able to satisfy the tax loss recoupment provisions of the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997. Accordingly, Fairstar will assess the extent to which tax losses can be utilised subsequent to the acquisition of management control.

The pro forma consolidated balance sheet does not include any adjustments that may arise if the Combined Entity is eligible for and elects to enter tax consolidation. As noted in section 5, should Fairstar acquire 100% of GWR, Fairstar intends to review the relevant legislation to determine eligibility and to assess the benefits and costs associated with electing to form a consolidated tax group.

(ix) Impact of AIFRS

Both Fairstar and GWR have prepared their balance sheets (on which the pro forma consolidated balance sheet is based) based on Australian equivalents to International Financial Reporting Standards (AIFRS).

(x) Accounting treatment in the event of lack of control

The Offers include a 50% minimum acceptance condition (see section 10.1(a)). While Fairstar has no present intention of waiving that condition, it reserves its right to declare the Offers free of the condition (or any other Defeating Condition).

If Fairstar does not obtain control of GWR as a result of the Takeover Bid but does obtain "significant influence", it will account for its investment in GWR using the equity method. The carrying value of Fairstar's investment in GWR would be initially measured at cost, determined on the basis of the fair value of the Fairstar Shares issued as consideration. For reporting periods after the acquisition, the carrying value of the investment in GWR will be increased or decreased for Fairstar's share of post-acquisition profits and losses, which will be recognised in Fairstar's Income Statement. Fairstar's share of movements in equity, such as reserves and distributions from GWR, would also impact on the carrying value of its investment in GWR.

In that event, consolidated financial statements would not be prepared and the balance sheet of Fairstar after the acquisition would be the balance sheet as presented above for Fairstar, adjusted for the acquisition cost of the GWR Shares and the transaction costs. This is estimated at \$116 million, with a corresponding increase in shareholders' equity.

PART C - INTENTIONS

5. FAIRSTAR'S INTENTIONS

5.1 INTRODUCTION

This section 5 sets out Fairstar's intentions in relation to:

- (a) the continuation of the business of GWR;
- (b) any major changes to the business of GWR and any redeployment of the fixed assets of GWR;
- (c) the future employment of GWR's present employees; and
- (d) the future of the GWR Board.

These intentions are based on the information concerning GWR, its business and the general business environment which is known to Fairstar at the time of preparation of this Bidder's Statement. This is limited to publicly available information.

Final decisions regarding these matters will only be made by Fairstar in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section 5 are statements of current intention only, which may change as new information becomes available to Fairstar or as circumstances change.

5.2 INTENTIONS UPON ACQUISITION OF 90% OR MORE OF THE GWR SHARES

This section 5.2 sets out Fairstar's current intentions if Fairstar acquires 90% or more of the GWR Shares and is entitled to proceed to compulsory acquisition of the remaining GWR Shares under the Corporations Act.

(a) Corporate matters

Fairstar will:

- (i) proceed with compulsory acquisition of the outstanding GWR Shares (including any GWR Shares issued as a result of the exercise of GWR Options after the end of the Offer Period and in the six weeks after Fairstar gives the compulsory acquisition notices), in accordance with the provisions of Chapter 6A of the Corporations Act;
- (ii) if it becomes entitled to do so under the Corporations Act, seek to acquire compulsorily the GWR Options which have not been exercised and have not lapsed, assuming other negotiated arrangements have not been entered into in relation to those options;
- (iii) arrange for GWR to be de-listed from ASX; and
- (iv) replace the members of the GWR Board with nominees of Fairstar.

(b) Exploration

Fairstar will continue exploring GWR's tenements.

(c) Tax consolidation

Fairstar has no specific intentions in relation to the formation of a tax consolidated group incorporating Fairstar and GWR. Fairstar intends to conduct a detailed review of the relevant legislation to determine eligibility and to weigh up the potential benefits and disadvantages associated with making an election to form a consolidated tax group. Potential factors to be considered in this review include the availability of tax losses for the tax consolidated group, the ability to reset tax costs of GWR's fixed assets, and administration consequences.

The ability of Fairstar to capture any benefits and quantify costs will depend, amongst other things, on the detailed information to be provided by GWR and discussions with GWR management. Any attempt to quantify these benefits and costs at this time would be speculative.

5.3 INTENTIONS UPON ACQUISITION OF MORE THAN 50% BUT LESS THAN 90% OF GWR

This section 5.3 sets out Fairstar's current intentions if Fairstar acquires more than 50% but less than 90% of the GWR Shares. The implementation of any steps referred to in this section 5.3 would only be undertaken where those steps are in accordance with all applicable legal and regulatory requirements, the Listing Rules, and the fiduciary and statutory duties of the GWR directors. In particular, the GWR directors would only be able to implement such steps if they considered them to be in the best interests of GWR Shareholders as a whole.

(a) Corporate matters

Fairstar will:

- (i) seek representation on the GWR Board commensurate with the level of its shareholding in GWR; and

- (ii) if GWR is left with less than the spread of shareholders required under the Listing Rules, consider seeking to have GWR de-listed from ASX. This would affect the liquidity of GWR Shares. However, holders of GWR Shares should note that the liquidity of those shares may be reduced even if listing on ASX is maintained.

(b) Other matters

If Fairstar acquires more than 50% but less than 90% of the GWR Shares, Fairstar's intentions in relation to the business, assets and employees of GWR are the same as those set out in section 5.2(b) and section 5.5.

5.4 INTENTIONS UPON ACQUISITION OF LESS THAN 50% OF THE GWR SHARES

The Offer includes a 50% minimum acceptance condition (see section 10.1). While Fairstar has no present intention of waiving that condition, it reserves its right to declare the Offer free of that condition (or any other Defeating Condition).

In those circumstances, Fairstar's actions will depend on the percentage of GWR Shares acquired under the Offer. Fairstar has therefore not formed a view on its intentions upon acquisition of less than 50% of the GWR Shares. However, Fairstar may seek to implement the intentions set out in this section 5 to the extent that it is lawfully able to do so.

5.5 OTHER INTENTIONS

Subject to the above, including the outcome of the review of GWR operations to be undertaken by Fairstar, it is the present intention of Fairstar, on the basis of the information concerning GWR known to Fairstar at the date of this Bidder's Statement and the existing circumstances affecting the business of GWR, that:

- (a) the business of GWR will be continued in substantially the same manner as it is presently being conducted;
- (b) no major changes will be made to the business of GWR;
- (c) there will be no redeployment of the fixed assets of GWR; and
- (d) Fairstar will continue the employment of GWR's present employees.

PART D – THE OFFER TERMS

6. THE OFFER

6.1 OFFER FOR YOUR GWR SHARES

Fairstar offers to acquire all of your GWR Shares on the terms set out in this Offer.

This Offer extends to all GWR Shares that are issued during the period from the Register Date to the end of the Offer Period due to the exercise of GWR Options on issue at the Register Date.

You may only accept this Offer for all of your GWR Shares.

6.2 OFFER INCLUDES RIGHTS

If Fairstar acquires your GWR Shares under this Offer, Fairstar is also entitled to any Rights attached to those shares.

6.3 CONSIDERATION

Fairstar offers five Fairstar Shares for every one of your GWR Shares.

6.4 FOREIGN SHAREHOLDERS

If you are a Foreign Shareholder, then despite any other provision of this Offer you will receive for your GWR Shares a cash amount calculated in accordance with section 11.6.

6.5 ROUNDING OF FRACTIONAL ENTITLEMENTS

If you become entitled to a fraction of a Fairstar Share under this Offer, the number of Fairstar Shares you are entitled to will be rounded up to the nearest whole number.

6.6 RANKING OF FAIRSTAR SHARES

The Fairstar Shares issued under the Offer will be issued fully paid and will rank equally with existing Fairstar Shares for dividends and other rights.

6.7 OFFICIAL QUOTATION OF FAIRSTAR SHARES

Fairstar will apply for official quotation by ASX of the Fairstar Shares issued to you under this Offer within seven days after the date on which the Bidder's Statement is given to GWR. Quotation will not be automatic but will depend on Fairstar complying with ASX's requirements and ASX exercising its discretion. Fairstar has already been admitted to the official list of ASX and shares in Fairstar of the same class as those to be issued under this Offer are already quoted. However, Fairstar cannot guarantee, and does not represent or imply, that the Fairstar Shares to be issued to you in respect of your acceptance of this Offer will be quoted.

7. OFFER PERIOD

Unless withdrawn, this Offer is open during the period that begins on the date of this Offer and ends at 7.00 pm (Perth time):

(a) on [] 2007; or

(b) on any date to which the Offer Period is extended under section 13 or as required by the Corporations Act.

8. HOW TO ACCEPT THIS OFFER

8.1 ACCEPT FOR ALL OF YOUR GWR'S SHARES

You may only accept this Offer for all of your GWR Shares. If you accept the Offer, you will be taken to have accepted the Offer for all of your GWR Shares (including any additional GWR Shares registered in your name at the date your acceptance is processed, despite any difference between that number and the number of GWR Shares specified when you accept this Offer).

8.2 CHESS HOLDINGS

If your Acceptance Shares are in a CHESS Holding, you must comply with the ASTC Settlement Rules. To accept this Offer in accordance with those rules, you must:

- (a) instruct your Controlling Participant to initiate acceptance of this Offer under rule 14.14 of the ASTC Settlement Rules; or
- (b) if you are a Broker, yourself initiate acceptance under that rule; or
- (c) if you are not a Broker:
 - (i) complete and sign the Acceptance Form in accordance with the instructions on it; and
 - (ii) return the Acceptance Form together with all other documents required by the instructions on it to the address specified on the form in the reply-paid envelope provided. This will authorise Fairstar to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf. For return of the Acceptance Form to be an effective acceptance of the Offer, you must ensure it is received by Fairstar in time for Fairstar to give instructions to your Controlling Participant, and your Controlling Participant to carry out those instructions, before the end of the Offer Period.

8.3 ISSUER-SPONSORED HOLDINGS AND OTHER HOLDINGS

If your Acceptance Shares are held on GWR's issuer-sponsored subregister, or if at the time of your acceptance you are entitled to be registered as the holder of, or are otherwise able to give good title to, your Acceptance Shares, to accept this Offer you must:

- (a) complete and sign the Acceptance Form in accordance with the instructions on it; and
- (b) return the Acceptance Form together with all other documents required by the instructions on it to the address specified on the form in the reply-paid envelope provided so that they are received before the end of the Offer Period.

8.4 FOREIGN LAWS

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer.

9. YOUR AGREEMENT RESULTING FROM ACCEPTANCE

9.1 EFFECT OF ACCEPTANCE

By signing and returning the Acceptance Form in accordance with section 8, you:

- (a) authorise Fairstar and each of its officers and agents to correct any errors in, or omissions from, the Acceptance Form necessary to:

- (i) make it an effective acceptance of this Offer for your Acceptance Shares which are not in a CHES Holding; and
- (ii) enable the transfer of your Acceptance Shares to Fairstar; and
- (b) if any of your Acceptance Shares are in a CHES Holding, authorise Fairstar to:
 - (i) instruct your Controlling Participant to accept this Offer on your behalf for those Acceptance Shares under rule 14.14 of the ASTC Settlement Rules; and
 - (ii) give to your Controlling Participant on your behalf any other instructions in relation to those Acceptance Shares which are contemplated by the sponsorship agreement between you and your Controlling Participant and are necessary to facilitate your acceptance of this Offer.

9.2 YOUR AGREEMENT

By signing and returning the Acceptance Form or otherwise accepting this Offer in accordance with section 8, you:

- (a) accept this Offer in respect of your Acceptance Shares;
- (b) represent and warrant to Fairstar that all your Acceptance Shares will at the time of your acceptance of this Offer and of their transfer to Fairstar be fully paid up;
- (c) represent and warrant that you are not a Foreign Shareholder, unless otherwise indicated on the Acceptance Form, and acknowledge and agree that if you are a Foreign Shareholder, or Fairstar believes you are a Foreign Shareholder, section 11.6 applies to you;
- (d) transfer, or consent to the transfer in accordance with the ASTC Settlement Rules of, your Acceptance Shares to Fairstar subject to the conditions on which they were held immediately before your acceptance of this Offer (and Fairstar agrees to take those Acceptance Shares subject to those conditions);
- (e) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though Fairstar has not yet provided the consideration due to you), irrevocably appoint Fairstar and each director of, and any nominee of, Fairstar as your attorney to:
 - (i) attend and vote in respect of your Acceptance Shares at all general meetings of GWR;
 - (ii) execute all forms, notices, documents (including a document appointing a director of Fairstar as a proxy for any of your Acceptance Shares and generally to exercise all powers and rights which you have as the registered holder of your Acceptance Shares; and
 - (iii) direct GWR to pay to Fairstar or to account to Fairstar for all Rights attaching to your Acceptance Shares, subject however to any such Rights received by Fairstar being accounted for by Fairstar to you in the event that this Offer is withdrawn or avoided;
- (f) agree that in exercising the powers conferred by the power of attorney in paragraph (e), Fairstar and each of its directors and its nominee is entitled to act in the interests of Fairstar only;
- (g) agree not to attend or vote in person at any general meeting of GWR or to exercise, or to purport to exercise (in person, by proxy or otherwise), any of the powers conferred on the directors of Fairstar by paragraph (e);

- (h) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though Fairstar has not yet provided the consideration due to you), authorise Fairstar to transmit a message to ASTC in accordance with rule 14.17.1 of the ASTC Settlement Rules on your behalf so as to enter those of your Acceptance Shares which are in a CHESS Holding into Fairstar's Takeover Transferee Holding;
- (i) unless section 11.6 applies to you:
 - (i) agree to accept the Fairstar Shares to which you become entitled by accepting this Offer subject to the constitution of Fairstar and authorise Fairstar to place your name on its register of members as the holder of those Fairstar Shares; and
 - (ii) instruct Fairstar to issue the Fairstar Shares to which you became entitled by accepting this Offer:
 - (A) if your Acceptance Shares are in a CHESS Holding, with the same holder identification number as affects your Acceptance Shares; and
 - (B) if your Acceptance Shares are held on GWR's issuer-sponsored sub-register, on Fairstar's issuer-sponsored sub-register; and
- (j) agree to indemnify Fairstar and its agents (and each of them) in respect of any claim or action against it or any loss, damage, or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Security holder Reference Number or in consequence of the transfer of your Acceptance Shares being registered by GWR without production of your Holder Identification Number or Security holder Reference Number.

9.3 POWERS OF ATTORNEY

If the Acceptance Form is signed under power of attorney, the attorney declares that he has no notice of revocation of the power and is empowered to delegate powers under the power of attorney under section 9.1 and paragraphs (e) and (h) of section 9.2.

9.4 VALIDATION OF OTHERWISE INEFFECTIVE ACCEPTANCES

Except for GWR Shares in a CHESS Holding, Fairstar may treat the receipt by it of a signed Acceptance Form as a valid acceptance of this Offer even though it does not receive the other documents required by the instructions on the Acceptance Form or one or more of the other requirements for acceptance have not been complied with. If Fairstar does treat such an Acceptance Form as valid, then, subject to section 11, Fairstar will not be obliged to provide the consideration for your Acceptance Shares until Fairstar receives all those documents and all of the requirements for acceptance referred to in section 8.3 and in the Acceptance Form have been met.

10. DEFEATING CONDITIONS

10.1 CONDITIONS

This Offer and the contract resulting from acceptance of this Offer are subject to fulfilment of the following Defeating Conditions:

(a) **Minimum acceptance condition**

At the end of the Offer Period, Fairstar has a relevant interest in more than 50% (by number) of the number of GWR 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 Offers to be made to and accepted by GWR 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 Offers or the successful acquisition of the GWR 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 Offers; or
 - (B) the rights of Fairstar in respect of GWR or the GWR Shares to be acquired under the Offer or otherwise; or
- (v) seeks to require the divestiture by Fairstar of any GWR Shares, or the divestiture of any assets by GWR 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 GWR Shares to:

- (i) acquire, or require the disposal of, or require GWR or a subsidiary of GWR to offer to dispose of, any material asset of GWR or a subsidiary of GWR; or
- (ii) terminate, or vary the terms or performance of, any material agreement or arrangement with GWR or a subsidiary of GWR (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 GWR, and GWR provides a copy of that release or waiver to Fairstar.

(e) Disclosure of the existence of certain rights

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

- (i) GWR 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 GWR):

- (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) GWR 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, none of GWR and any subsidiary of GWR:

- (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;
- (ii) 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;
- (iii) 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;
- (iv) incurs or commits to, or grants to another person a right the exercise of which would involve GWR 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
- (v) 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 GWR or any of its subsidiaries or the status or terms of any Approvals which are applicable to GWR or any of its subsidiaries (whether or not wholly or partly attributable to the making of the Offer, or the acquisition of GWR Shares under the Offer);
 - (B) any liability for duty or tax;
 - (C) any liability resulting from a change of control of GWR; 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 GWR 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 GWR and ending at the end of the Offer Period:

- (i) GWR converts all or any of its shares into a larger or smaller number of shares;
- (ii) GWR or a subsidiary of GWR resolves to reduce its share capital in any way;
- (iii) GWR or a subsidiary of GWR:
 - (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) GWR or a subsidiary of GWR 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 GWR Shares on the exercise of GWR Options on issue at the Register Date;
- (v) GWR or a subsidiary of GWR issues, or agrees to issue, convertible notes;
- (vi) GWR or a subsidiary of GWR disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) GWR or a subsidiary of GWR charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) GWR or a subsidiary of GWR resolves to be wound up;
- (ix) the appointment of a liquidator or provisional liquidator of GWR or of a subsidiary of GWR;
- (x) a court makes an order for the winding up of GWR or of a subsidiary of GWR;
- (xi) an administrator of GWR, or of a subsidiary of GWR, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) GWR or a subsidiary of GWR 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 GWR or of a subsidiary of GWR.

(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 GWR.

(j) No dividends or distributions

During the Condition Period, none of GWR and any subsidiary of GWR, declares, distributes, or resolves to pay or provide any dividend, bonus or other share of its profits or assets.

(k) Conduct of GWR's business

During the Condition Period, none of GWR and any subsidiary of GWR:

- (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/ASX 200 index

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

(m) Gold Price Index

During the Condition Period, the Gold Price Index does not fall below 4,750.

(n) No material failings in filings

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

10.2 SEPARATE DEFEATING CONDITIONS FOR BENEFIT OF FAIRSTAR

Each of the Defeating Conditions set out in each paragraph, sub-paragraph and sub-sub-paragraph of section 10.1:

- (a) is and is to be construed as a separate condition; and
- (b) subject to the Corporations Act, operates only for the benefit of Fairstar and any breach or non-fulfilment of the condition may be relied upon only by Fairstar which may waive (generally or in respect of a particular event) the breach or non-fulfilment of that condition in its absolute discretion.

10.3 NATURE OF DEFEATING CONDITIONS

None of the Defeating Conditions prevents a contract to sell your Acceptance Shares resulting from your acceptance of this Offer but:

- (a) breach of any of the Defeating Conditions entitles Fairstar to rescind that contract by notice to you; and
- (b) non-fulfilment of any of the Defeating Conditions at the end of the Offer Period will have the consequences set out in section 10.6.

10.4 NOTICE DECLARING OFFER FREE OF DEFEATING CONDITIONS

Subject to the Corporations Act, Fairstar may declare this Offer and any contract resulting from acceptance of this Offer free from any of the Defeating Conditions by giving written notice to GWR:

- (a) in the case of the Defeating Conditions in section 10.1(h), not later than 3 business days after the end of the Offer Period; and
- (b) in the case of all other Defeating Conditions, not less than 7 days before the last day of the Offer Period.

10.5 NOTICE PUBLICATION DATE

The date for giving the notice on the status of the Defeating Conditions under section 630(3) of the Corporations Act is [] 2007 (subject to extension in accordance with the Corporations Act if the Offer Period is extended under the Corporations Act).

10.6 CONTRACT VOID IF DEFEATING CONDITIONS NOT FULFILLED

Your acceptance or the contract resulting from your acceptance of this Offer is void if:

- (a) at the end of the Offer Period any of the Defeating Conditions in section 10.1 is not fulfilled; and
- (b) Fairstar has not declared this Offer and any contract resulting from the acceptance of it free of that Defeating Condition in accordance with section 10.4.

11. PROVISION OF CONSIDERATION**11.1 WHEN YOU WILL RECEIVE THE CONSIDERATION**

Subject to this section 11 and the Corporations Act, if you accept this Offer Fairstar will provide the consideration for your Acceptance Shares to you on or before the earlier of:

- (a) the day one month after you accept this Offer or, if this Offer is subject to a Defeating Condition when accepted, one month after the contract resulting from your acceptance becomes unconditional; and
- (b) the day 21 days after the end of the Offer Period.

11.2 ACCEPTANCE FORM REQUIRES ADDITIONAL DOCUMENTS

Where additional documents (such as a power of attorney) are required to be given to Fairstar with your acceptance to enable Fairstar to become the holder of your Acceptance Shares:

- (a) if the documents are given with your acceptance, Fairstar will provide the consideration in accordance with section 11.1;

- (b) if the documents are given after your acceptance and before the end of the Offer Period while the Offer is subject to a Defeating Condition, Fairstar will provide the consideration by the end of whichever of the following periods ends first:
 - (i) one month after the contract resulting from your acceptance becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period;
- (c) if the documents are given after your acceptance and before the end of the Offer Period while the Offer is no longer subject to a Defeating Condition, Fairstar will provide the consideration by the end of whichever of the following periods ends first:
 - (i) one month after Fairstar is given the documents; and
 - (ii) 21 days after the end of the Offer Period; or
- (d) if the documents are given after the end of the Offer Period, Fairstar will provide the consideration within 21 days after the documents are given. However, if at the time Fairstar is given the documents the contract resulting from acceptance of the Offer is still subject to a Defeating Condition in section 10(h), Fairstar will provide the consideration within 21 days after the contract becomes unconditional.

11.3 DELIVERY OF CONSIDERATION

Subject to the Corporations Act, Fairstar will send a holding statement for the Fairstar Shares due to you by pre-paid ordinary mail, or in the case of an address outside Australia by airmail, to the address shown in the Acceptance Form or the address for you last notified to Fairstar by GWR.

11.4 RETURN OR DESTRUCTION OF DOCUMENTS

If this Offer does not become unconditional, or any contract resulting from an acceptance of this Offer is rescinded by Fairstar on the grounds of a breach of a condition of that contract, Fairstar will, at its election, either return to you by post at the address shown on the Acceptance Form any Acceptance Form and any other documents sent with it, or destroy those documents.

11.5 RIGHTS

If Fairstar becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to Fairstar all documents necessary to vest title to those Rights in Fairstar. If you do not give those documents to Fairstar, or if you have received or are entitled to receive (or any previous holder of your Acceptance Shares has received or is entitled to receive) the benefit of those Rights, Fairstar may deduct the amount (or value, as reasonably assessed by Fairstar) of such Rights from the consideration due to you (based on the volume-weighted average price of Fairstar Shares in the ordinary course of trading on ASX during the two trading days immediately prior to the date that Fairstar provides such consideration). If Fairstar does not, or cannot, make such a deduction from the consideration due to you, you must pay that amount to Fairstar.

11.6 FOREIGN SHAREHOLDERS

If you are a Foreign Shareholder and you accept this Offer you will not be entitled to receive Fairstar Shares as consideration for your Acceptance Shares. Instead, Fairstar will:

- (a) arrange for the issue to a nominee approved by ASIC of the number of Fairstar Shares to which you and all other Foreign Shareholders would have been entitled but for this section and the equivalent section in each of the other Offers;
- (b) cause those Fairstar Shares to be offered for sale on ASX as soon as practicable after the end of the Offer Period and otherwise in such manner, at such price and on such terms, as are determined by the nominee; and

- (c) cause the amount ascertained in accordance with the following formula to be paid to you:

$$\text{net proceeds of sale} \times \frac{\text{your Fairstar Shares}}{\text{total Fairstar Shares}}$$

"net proceeds of sale" is the amount remaining after deducting the expenses of sale and of appointing the nominee from the total proceeds of sale of the Fairstar Shares issued to the nominee under this section and the equivalent section in each of the other Offers;

"your Fairstar Shares" is the number of Fairstar Shares which would, but for this section, have been issued to you; and

"total Fairstar Shares" is the total number of Fairstar Shares issued to the nominee under this section and the equivalent section in each of the other Offers.

You will be paid by cheque in Australian currency. The cheque will be sent at your risk by pre-paid airmail to the address shown in the Acceptance Form.

11.7 NON-AUSTRALIAN RESIDENTS

If at the time of your acceptance of this Offer, or the provision to you of consideration pursuant to that acceptance, any authority or clearance of the Reserve Bank of Australia or of the Australian Taxation Office is required for you to receive that consideration, or you are a resident in, or a resident of a place to which, or you are a person to whom:

- (a) the Banking (Foreign Exchange) Regulations 1959 (Cth);
- (b) the Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002 (Cth);
- (c) the Charter of the United Nations (Sanctions - Afghanistan) Regulations 2001 (Cth);
- (d) the Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003 (Cth); or
- (e) any other law of Australia that would make it unlawful for Fairstar to provide consideration for your GWR Shares,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or otherwise) to receive the consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained by Fairstar. See section 19.2 of this Bidder's Statement for information as to whether this restriction applies to you.

11.8 COSTS

Fairstar will pay all costs and expenses associated with implementing the Takeover Bid.

12. OFFEREES

12.1 REGISTERED HOLDERS

Fairstar is making an offer in the form of this Offer to:

- (a) each holder of GWR Shares registered in the register of members of GWR at the Register Date; and
- (b) any person who becomes registered, or entitled to be registered, as the holder of GWR Shares from the Register Date to the end of the Offer Period due to the exercise of GWR Options on issue on the Register Date.

12.2 TRANSFEREES

This Offer extends to any person who is able during the Offer Period to give good title to all or a portion of your GWR Shares. That person may accept as if an Offer on terms identical to this Offer had been made to them for those GWR Shares.

12.3 TRUSTEES AND NOMINEES

If during the Offer Period and before you accept this Offer your GWR Shares consist of two or more separate parcels within the meaning of section 653B of the Corporations Act (for example, because you are a trustee or nominee for several distinct beneficial owners), section 653B of the Corporations Act will apply so that:

- (a) Fairstar is taken to have made a separate Offer to you for each separate parcel of GWR Shares; and
- (b) acceptance by you of the Offer for any distinct parcel of GWR Shares is ineffective unless:
 - (i) you give Fairstar notice in accordance with section 12.4 stating that your GWR Shares consist of separate parcels; and
 - (ii) your acceptance specifies the number of GWR Shares in each separate parcel to which the acceptance relates.

12.4 NOTICES BY TRUSTEES AND NOMINEES

The notice required under section 12.3(b)(i):

- (a) if it relates to GWR Shares not in a CHESS Holding, must be in writing; or
- (b) if it relates to GWR Shares in a CHESS Holding, must be in an electronic form approved under the ASTC Settlement Rules for the purposes of Part 6.8 of the Corporations Act.

13. VARIATION AND WITHDRAWAL OF OFFER**13.1 VARIATION**

Fairstar may vary this Offer in accordance with the Corporations Act.

13.2 WITHDRAWAL

In accordance with section 652B of the Corporations Act, Fairstar may withdraw this Offer with the written consent of ASIC and subject to the conditions (if any) which apply to that consent.

14. GOVERNING LAW

This Offer and any contract resulting from acceptance of it is governed by the law in force in Western Australia.

PART E – RISK FACTORS

15. RISK FACTORS

15.1 OVERVIEW

GWR Shareholders who accept the Offer will be investing in, and become shareholders of, Fairstar. The financial performance and operations of Fairstar's businesses, the price of Fairstar Shares and therefore the returns received by holders of Fairstar Shares will be influenced by a range of factors. Some of these factors can be mitigated by the use of safeguards and appropriate commercial action. However, many of these factors are beyond the control of Fairstar and the Fairstar Board.

This section describes certain risk factors associated with an investment in Fairstar. GWR Shareholders should consider carefully these risk factors and the other information contained in this Bidder's Statement before deciding whether to accept the Offers.

15.2 INVESTMENT RISK

GWR Shareholders should be aware that there are risks associated with any investment in shares quoted on a stock exchange. Share price movements could affect the value of the Fairstar Shares received by them under the Takeover Bid. The value of Fairstar Shares can be expected to fluctuate depending on various factors, including general worldwide economic conditions, changes in government policies, investor perceptions, and movements in interest rates and stock markets, as well as the performance of Fairstar, including exploration results. There is no guarantee of profitability, dividends, return of capital, or the price at which the Fairstar Shares will trade on ASX after completion of the Offer. The past performance of Fairstar is not necessarily an indication of future performance as the market price of shares can go up or down.

15.3 GENERAL ECONOMIC CONDITIONS

Factors such as, but not limited to, the following could impact on Fairstar's revenues, operating costs, profit margins and share price:

- movements in the Australian dollar and world commodity prices;
- economic conditions in Australia and overseas; and
- movements in domestic and international interest rates and share markets.

Whilst Fairstar will attempt to mitigate these factors by implementing appropriate safeguards and commercial actions, these factors are largely beyond the control of Fairstar.

15.4 MARKET CONDITIONS

The profitability of Fairstar will depend, in part, on market factors. World market prices for metals and minerals are subject to many variables and may fluctuate significantly.

15.5 OPERATING RISKS

Fairstar's future operating performance, financial position and profitability will be subject to the types of risks inherent to direct investment in mining and exploration activities, including:

- metallurgical issues that may affect mineral recoveries and plant performance;
- unexpected adverse geological or geotechnical issues which can cause stoppages or affect the ability to meet contractual commitments for delivery of products;
- exploration results;

- increases in the cost of supplies, raw materials and capital and operating equipment can adversely impact operating and capital costs; and
- environmental and safety issues.

15.6 LEGISLATION

Changes to legislation or government policy in Australia or overseas could be detrimental to participants or investors in the resources industry and may have a negative impact on Fairstar.

15.7 INTEGRATION RISK

Possible synergies and efficiencies are described in section 5 of this Bidder's Statement. Fairstar expects that value can be added for shareholders of the Combined Entity by the efficient and timely integration of the two companies' businesses. However, if Fairstar is unable to acquire 90% of the GWR Shares, or to acquire a controlling shareholding in GWR, and elects to waive the minimum acceptance condition, it may not achieve all the benefits described in section 5 of this Bidder's Statement.

Conduct and timing of the integration will depend on the results of the review of GWR referred to in section 5 of this Bidder's Statement. However, the risk exists that any integration may take longer than expected or that any anticipated efficiencies may be less than estimated.

15.8 FUNDING RISK

As noted in section 4, depending on the level of exercise of the GWR Options the Combined Entity may have limited financial resources following the merger of Fairstar and GWR. Development of the Combined Entity's projects will be dependent on its ability to obtain further equity or debt funding. Notwithstanding Fairstar's belief that combining the two companies will enhance the Combined Entity's capital raising capacity, there can be no assurance that funding will be available on reasonable terms or at all or, in the case of equity funding, on terms that will not significantly dilute existing shareholders' interests in the Combined Entity.

PART F – ADDITIONAL INFORMATION

16. INFORMATION ON FAIRSTAR SECURITIES

16.1 FAIRSTAR'S CAPITAL STRUCTURE

As at the date of this Bidder's Statement, there are 103,775,105 Fairstar Shares and 49,629,457 Fairstar Options on issue.

16.2 SUBSTANTIAL SHAREHOLDERS

As at the date of this Bidder's Statement, no one had notified Fairstar of a current substantial holding in Fairstar.

16.3 DIRECTORS' INTEREST IN FAIRSTAR

As at the date of this Bidder's Statement, the directors of Fairstar have the following relevant interests in Fairstar Shares and Fairstar Options:

Director	Number of Fairstar Shares	Number of Fairstar Options
Harold Paiker	500,000	850,000
Ken Allen	500,000	850,000
Kevin Robertson	2,333,000	2,740,000

Alan Rudd	3,125,000	2,162,500
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16.4 RIGHTS AND LIABILITIES ATTACHING TO FAIRSTAR SHARES

A summary of the principal rights and liabilities attaching to Fairstar Shares which will be issued as consideration under the Offer is set out in Appendix 3 to this Bidder's Statement. It does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities attaching to Fairstar Shares.

16.5 RECENT TRADING IN FAIRSTAR SHARES

As at the close of trading on 12 October 2007 (being the trading day immediately prior to the date of the Original Bidder's Statement), the price of Fairstar Shares on ASX was \$ 0.43.

The highest recorded sale price of Fairstar Shares on ASX in the 12 months before the date of this Bidder's Statement was \$1.97 on 11 December 2006. The lowest recorded sale price of Fairstar Shares on ASX in the 12 months before the date of this Bidder's Statement was \$0.40 on 12 October 2007.

17. INFORMATION ON GWR SECURITIES

17.1 GWR'S CAPITAL STRUCTURE

According to documents lodged by GWR with ASX, as at the date of this Bidder's Statement there are 72,752,210 GWR Shares, 15,901,788 GWR Listed Options, and 26,524,990 GWR Unlisted Options on issue.

17.2 FAIRSTAR'S RELEVANT INTEREST IN GWR SECURITIES

The number of GWR securities in which Fairstar has or had a relevant interest (as at the dates specified) is shown below:

	At date of this Bidder's Statement	At date first Offer is sent
GWR Shares	14,413,356	[To be updated at despatch date]
GWR Listed Options	465,000	

17.3 FAIRSTAR'S VOTING POWER IN GWR

Fairstar's voting power in GWR (as at the dates specified) is shown below:

At date of this Bidder's Statement	At date first Offer is sent
19.8 %	[To be updated at despatch date]

17.4 ACQUISITIONS BY FAIRSTAR OF GWR SHARES DURING PREVIOUS 4 MONTHS

During the period beginning four months before the date on which this Bidder's Statement is lodged with ASIC and ending the day before that date, neither Fairstar nor any associate of Fairstar has provided, or agreed to provide, consideration for a GWR Share, save as follows:

- (a) Between 2 August 2007 and 28 September 2007 Fairstar acquired a total of 364,506 GWR Shares in on-market purchases at prices ranging from \$1.64 to \$1.95 per share
- (b) On 15 October 2007 Fairstar entered into pre-bid acceptance agreements with the following parties in respect of the following numbers of GWR Shares:

Name	No. of GWR Shares
Raymore John Millard	3,318,000
John Wallace Douth	2,643,286
Malcolm James Douth	2,830,786
James Norman Ford	1,549,286
Peter Brady	893,270
Noel D McEvoy	669,444
Jeff Peterken	1,188,889
Rhiannon Douth	750,000
Susan Wood	205,889

Under each of those agreements, the relevant GWR shareholder has agreed to accept the Offers in respect of the GWR Shares to which the agreement relates within two business days after receiving the Offers, and Fairstar has agreed not to waive the minimum acceptance condition referred to in section 10.1(a) without the shareholder's consent. The shareholder's obligations under the agreement terminate if the Takeover Bid has not become free of conditions within two months after the date of the Offers.

17.5 RECENT TRADING IN GWR SHARES

As at the close of trading on 3 September 2007 (being the trading day immediately prior to the Announcement Date), the price of GWR Shares was \$2.05.

As at the close of trading on 12 October 2007 (being the trading day immediately prior to the date of the Original Bidder's Statement), the price of GWR Shares on ASX was \$2.26.

The highest recorded sale price of GWR Shares on ASX in the 12 months before the date of this Bidder's Statement was \$3.35 on 4 December 2006. The lowest recorded sale price of GWR Shares on ASX in the 12 months before the date of this Bidder's Statement was \$1.50 on 16 August 2007.

18. FEES, BENEFITS AND INTERESTS

For the purposes of this section an Interested Person is:

- (a) a director or proposed director of Fairstar;
- (b) a person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with preparing or distributing this Bidder's Statement;
- (c) a promoter of Fairstar; or
- (d) an underwriter to, or a financial services licensee involved in, the issue of Fairstar Shares pursuant to the Takeover Bid.

Except as disclosed in this Bidder's Statement no Interested Person holds or held at any time during the two years before the date of this Bidder's Statement any interest in:

- (a) the formation or promotion of Fairstar;
- (b) property acquired or proposed to be acquired by Fairstar in connection with:

- (i) the formation or promotion of Fairstar; or
- (ii) the offer of Fairstar Shares pursuant to the Takeover Bid; or
- (c) the offer of Fairstar Shares pursuant to the Takeover Bid.

Except as disclosed in this Bidder's Statement, no one has paid or agreed to pay fees or give or agreed to give any benefit to:

- (a) a director or proposed director of Fairstar to induce that person to become, or to qualify as, a director of Fairstar; or
- (b) any Interested Person for services provided by that person in connection with:
 - (i) the formation or promotion of Fairstar; or
 - (ii) the offer of Fairstar Shares pursuant to the Takeover Bid.

Findlay & Co Stockbrokers (Underwriters) Pty Ltd (**Findlays**) has acted as corporate adviser to Fairstar in relation to the Takeover Bid. Its fee for this work up to the date of this Bidder's Statement is \$25,000.

Findlays may receive further success-based fee upon successful completion of the Takeover Bid equal to 2.0% of the market value of the GWR Shares acquired by Fairstar under the Takeover Bid. This fee is payable in cash or Fairstar Shares, at Fairstar's sole election.

Minter Ellison has acted as legal adviser to Fairstar in relation to the Takeover Bid. As at the date of this Bidder's Statement, Fairstar has paid or agreed to pay Minter Ellison approximately \$45,000, for these services. Further amounts may be payable to Minter Ellison in accordance with its normal hourly rates.

Lawton Gillon has acted as legal adviser to Fairstar in relation to the Takeover Bid. As at the date of this Bidder's Statement, Fairstar has paid or agreed to pay Lawton Gillon approximately \$25,000, for these services. Further amounts may be payable to Lawton Gillon in accordance with its normal hourly rates.

19. OTHER MATERIAL INFORMATION

19.1 APPROVALS FOR PAYMENT OF CONSIDERATION

Fairstar is not aware of any GWR Shareholder who requires any approval referred to in section 11.7 in order to be entitled to receive any consideration under the Offer.

19.2 NO OTHER MATERIAL INFORMATION

Except as set out in this Bidder's Statement, and apart from information which it would be unreasonable to require Fairstar to disclose because the information has previously been disclosed to GWR Shareholders, there is no information material to the making of a decision by a GWR Shareholder whether to accept the Takeover Bid, being information that is known to Fairstar.

20. OTHER MATTERS

20.1 CONSENTS

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or on the Company Announcement Platform of ASX. Under the

terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement.

Minter Ellison has given, and before the lodgement of this Bidder's Statement with ASIC has not withdrawn, its consent to be named as legal adviser to Fairstar in this Bidder's Statement in the form and context in which it is so named. Minter Ellison does not otherwise authorise or cause the issue of this Bidder's Statement and takes no responsibility for its contents.

Lawton Gillon has given, and before the lodgement of this Bidder's Statement with ASIC has not withdrawn, its consent to be named as legal adviser to Fairstar in this Bidder's Statement in the form and context in which it is so named. Lawton Gillon does not otherwise authorise or cause the issue of this Bidder's Statement and takes no responsibility for its contents.

Findlays has given, and before the lodgement of this Bidder's Statement with ASIC has not withdrawn, its consent to be named as corporate adviser to Fairstar in this Bidder's Statement in the form and context in which it is so named. Findlays does not otherwise authorise or cause the issue of this Bidder's Statement and takes no responsibility for its contents.

20.2 EXPIRY DATE

No Fairstar Shares will be issued on the basis of this Bidder's Statement after the date that is 13 months after the date of this Bidder's Statement.

PART G - DEFINITIONS AND INTERPRETATION

21. DEFINITIONS

The following definitions apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a definition is not intended to apply:

Acceptance Form means the form with that title that accompanies this Bidder's Statement.

Acceptance Shares means those GWR Shares for which you accept (or are taken to accept) the Offer.

Announcement Date means 4 September 2007, being the date on which Fairstar announced the Takeover Bid to the ASX.

Approval means a licence, authority, consent, approval, order, exemption, waiver, ruling or decision.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Limited.

ASTC Settlement Rules means the operating rules of ASTC, as amended from time to time.

ASX means ASX Limited.

Bidder's Statement means this document, being the statement made by Fairstar under Part 6.5 Division 2 of the Corporations Act relating to the Takeover Bid.

Broker means a person who is a stockbroker and a participant in CHESS.

CHESS means the Clearing House Electronic Subregister System operated by ASTC, which provides for the electronic transfer, settlement and registration of securities.

CHESS Holding means a holding of shares on the CHESS Subregister of GWR.

CHESS Subregister has the meaning set out in the ASTC Settlement Rules.

Combined Entity means the Fairstar Group following the acquisition by Fairstar of GWR, and includes GWR.

Condition Period means the period beginning on the Announcement Date and ending at the end of the Offer Period.

Controlling Participant has the meaning set out in the ASTC Settlement Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Defeating Condition means each condition set out in section 10.

Directors means the directors of Fairstar.

Encumbrance means:

- (a) a mortgage, charge, pledge, lien, hypothecation or title retention arrangement;
- (b) a notice under section 255 of the *Income Tax Assessment Act 1936* (Cth), subdivision 260-A in schedule 1 to the *Taxation Administration Act 1953* (Cth) or any similar legislation;

- (c) any other interest in or right over property (including a right to set off or withhold payment of a deposit or other money);
- (d) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; and
- (e) an agreement to create anything referred to above or to allow any of them to exist.

Fairstar means Fairstar Resources Limited ACN 115 157 689.

Fairstar Board means the board of directors of Fairstar.

Fairstar Group means Fairstar and its subsidiaries.

Fairstar Options means options to subscribe for Fairstar Shares.

Fairstar Shares means fully paid ordinary shares in Fairstar.

Foreign law means a law of a jurisdiction other than an Australian jurisdiction.

Foreign Shareholder means a person whose address as shown in the register of members of GWR is in a jurisdiction other than Australia and its external territories, unless Fairstar determines otherwise, being satisfied that under the law of that jurisdiction it is lawful to make the Offer to that person and to issue Fairstar Shares to him, and that it is lawful for that person to accept the Offer.

Gold Price Index means the London PM Fix gold price (expressed in US dollar terms and converted into Australian dollars with reference to the AUD/USD representative exchange rate as published in the Australian Financial Review on the relevant date).

GWR means Golden West Resources Limited ACN 102 622 051.

GWR Board means the board of directors of GWR.

GWR Group means GWR and its subsidiaries.

GWR Listed Options means options to subscribe for GWR Shares exercisable at 20 cents and expiring on 31 December 2007.

GWR Options means GWR Listed Options and GWR Unlisted Options.

GWR Shareholder means a person registered as a holder of a GWR Share.

GWR Shares means fully paid ordinary shares in GWR.

GWR Unlisted Options means the options to subscribe for GWR Shares described in Appendix 4.

GST has the same meaning as in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Listing Rules means the listing rules of ASX, as amended from time to time.

Material Agreement means an agreement or arrangement which is material in the context of the business of the GWR Group, and includes but is not limited to:

- (a) any agreement or arrangement the termination of which is likely to:
 - (i) adversely affect the revenues or costs of the GWR Group by more than \$1.0 million per annum;
 - (ii) impair the assets of the GWR Group by an amount exceeding \$1.0 million ; or

- (iii) cause a liability of the GWR Group of more than \$1.0 million to become due; and

- (b) any hedging agreement or arrangement with a value exceeding \$1.0 million.

Offer means the offer as set out in Part D of this Bidder's Statement (or, if the context so requires, Part D of this Bidder's Statement itself) and includes a reference to that offer as varied in accordance with the Corporations Act, and **Offers** means that offer and each other offer made under the Takeover Bid.

Offer Period means the period referred to in section 7 of this Bidder's Statement.

Offers means Part D of this Bidder's Statement and the other offers made in the same terms for GWR Shares and includes a reference to those offers as varied in accordance with the Corporations Act.

Operating Rules means the ASX Listing Rules, ASX Market Rules, Australian Clearing House Pty Limited Clearing Rules and the ASTC Settlement Rules.

Original Bidder's Statement means the bidder's statement given by Fairstar to GWR on 15 October 2007, which this Bidder's Statement replaces.

Public Authority means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere (but excluding the Takeovers Panel, ASIC and any court that hears or determines proceedings under section 657G or proceedings commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer). It also includes any self-regulatory organisation established under statute, and any stock exchange.

Register Date means the date to be set by Fairstar under section 633(2) of the Corporations Act.

Rights means all accretions and rights attaching to GWR Shares after the Announcement Date (including, without limitation, all rights to receive dividends and other distributions declared or paid and to receive or subscribe for shares, notes or options issued by GWR).

S&P/ASX 200 index means the index of that name published by Standard & Poor's (or any successor of or replacement for that index).

Takeover Bid means the takeover bid constituted by the Offers.

Takeover Transferee Holding means the CHESS Holding to which GWR Shares are to be transferred after acceptance of the Offer.

your GWR Shares means, subject to section 12, the GWR Shares:

- (a) of which you are registered or entitled to be registered as the holder in the register of members of GWR at the Register Date and any new GWR Shares of which you are registered or entitled to be registered as the holder on the register of members of GWR from the Register Date to the end of the Offer Period as a result of the conversion of, or exercise of rights attached to, GWR Options which are on issue at the Register Date; and
- (b) any GWR Shares to which you are able to give good title at the time you accept this Offer during the Offer Period.

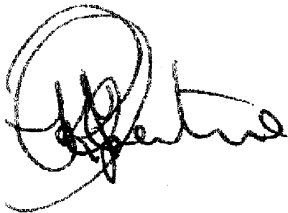
22. INTERPRETATION

- (a) Words and phrases which are defined by the Corporations Act have the same meaning in this Bidder's Statement and the Acceptance Form and, if a special meaning is given for the purposes of Chapter 6 or 6A or a provision of Chapter 6 or BA of the Corporations Act, have that special meaning.
- (b) Headings are for convenience only, and do not affect interpretation.

- (c) The following rules also apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a rule is not intended to apply:
- (i) a singular word includes the plural, and vice versa;
 - (ii) a word which suggests one gender includes the other genders;
 - (iii) if a word is defined, another part of speech has a corresponding meaning;
 - (iv) unless otherwise stated references in this Bidder's Statement to Parts, sections, paragraphs and subparagraphs are to Parts, sections, paragraphs and subparagraphs of this Bidder's Statement;
 - (v) a reference to any legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (vi) a reference to a person includes a body corporate;
 - (vii) a reference to \$ is to the lawful currency of Australia unless otherwise stated; and
 - (viii) appendices to this Bidder's Statement form part of it.

DATED 26 October 2007

SIGNED on behalf of Fairstar Resources Limited by Kevin J Robertson, being a Director who is authorised to sign by a resolution passed unanimously at a meeting of the Directors of Fairstar Resources Limited.



Director

APPENDIX 1**FAIRSTAR ASX ANNOUNCEMENTS
SINCE 30 JUNE 2007**

Date Lodged	Description
24/10/2007	Annual Report to shareholders
24/10/2007	Notice of Annual General Meeting/Proxy Form
22/10/2007	Appendix 3B
19/10/2007	FDY:Corporate Mandate
18/10/2007	Correction of Phone Numbers
18/10/2007	Correction of Phone Numbers
18/10/2007	GWR:Company Response to FAS Bidder's Statement
17/10/2007	Becoming a substantial holder for GWR
15/10/2007	Bidder's Statement
15/10/2007	Announcement to FAS and GWR Shareholders
15/10/2007	Company's Request for Trading Halt
15/10/2007	Trading Halt
12/10/2007	Appendix 3B
03/10/2007	Positive Drill Results from Kurnalpi Gold Project
28/09/2007	Full Year Statutory Accounts
28/09/2007	GWR: Letter to Shareholders – Update
14/09/2007	Appendix 3B
07/09/2007	Clarification of Public Authority
06/09/2007	GWR: Letter to Shareholders – Fairstar Resources Limited Bid
04/09/2007	Response to Takeover Offer – Fairstar Resources Limited
04/09/2007	Intention to Make Takeover Bid for GWR
30/07/2007	Letter to Shareholders
30/07/2007	Quarterly Activities Report
30/07/2007	Quarterly Cashflow Report
19/07/2007	Appendix 3B
16/07/2007	Fairstar Resources' Joint Venture Partner
09/07/2007	Appendix 3B
03/07/2007	Appendix 3B
03/07/2007	Expansion of Energy Projects

APPENDIX 2
GWR ASX ANNOUNCEMENTS
SINCE 30 JUNE 2007

Date Lodged	Description
18/10/2007	FAS: Correction of Phone Numbers
18/10/2007	FAS: Correction of Phone Numbers
18/10/2007	Company Response to FAS Bidder's Statement
17/10/2007	Becoming a substantial holder from FAS
15/10/2007	Bidder's Statement – Off-market bid
15/10/2007	FAS: Announcement to FAS and GWR Shareholders
10/10/2007	Appendix 3B – Conversion of Options
05/10/2007	Ceasing to be a substantial holder
02/10/2007	Change of Directors Interest Notices
02/10/2007	Appendix 3B – Pursuant to Resolution of Members
28/09/2007	2007 Annual Report
28/09/2007	Amended Letter to Shareholders – Update
28/09/2007	Letter to Shareholders – Update
25/09/2007	Final Directors Interest Notice
25/09/2007	Retirement of Director
24/09/2007	Outcome of Shareholders Meeting
21/09/2007	Appointment of Advisors
18/09/2007	General Meeting of Members – Deferment and Change to Venue
13/09/2007	Appendix 3B – Conversion of Options
07/09/2007	FAS: Clarification of Public Authority
06/09/2007	Letter to Shareholders – Fairstar Resources Limited Bid
04/09/2007	Response to Takeover Offer – Fairstar Resources Limited
04/09/2007	FAS: Intention to Make Takeover Bid
03/09/2007	Appendix 3B – Conversion of Options
31/08/2007	Letter to Shareholders
29/08/2007	GWR Company Presentation – Audio Stream
27/08/2007	Presentation
24/08/2007	GWR Launches New Website
21/08/2007	GWR Welcomes A\$750M Commitment to Iron Ore Needs of Mid West
13/08/2007	Esperance Iron Ore Export Option Extended
09/08/2007	Notice of General Meeting of Members, EM and Proxy Form
02/08/2007	Appendix 3B- Conversion of Options
31/07/2007	Quarterly Report for the Period Ended 30 June 2007
23/07/2007	Corporate Brochure
11/07/2007	Notice of Change of Interest in Substantial Holder

Date Lodged	Description
06/07/2007	Appendix 3B

APPENDIX 3

RIGHTS AND LIABILITES ATTACHING TO FAIRSTAR SHARES

1. RANKING OF FAIRSTAR SHARES

The Fairstar Shares to be issued under the Offer will be issued fully paid and will rank equally for dividends and other rights with existing Fairstar Shares.

2. THE CONSTITUTION OF FAIRSTAR

Under section 140(1) of the Corporations Act, the constitution of Fairstar has effect as a contract between Fairstar and each member and between a member of Fairstar and each other member. Accordingly, if you accept Fairstar as consideration you will, as a result, become liable to comply with the constitution of Fairstar. However, since the Fairstar Shares issued as consideration under the Offers will be issued credited as fully paid, no monetary liability attaches to them.

The constitution of Fairstar also sets out the principal rights attaching to Fairstar Shares. This Appendix provides a summary of these rights and the liabilities attaching to Fairstar Shares. It does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders of Fairstar. Such rights and liabilities involve complex questions of law arising from the interaction of the constitution and statutory and common law requirements. Shareholders should seek their own advice when trying to establish their rights and liabilities in specific circumstances.

3. RIGHTS ATTACHING TO FAIRSTAR SHARES

(a) General meeting and notices

Each member is entitled to receive a notice of, and to attend and vote at, general meeting of Fairstar and to receive all notices, accounts and other documents required to be sent to members under Fairstar's constitution, the Corporations Act or the Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of Fairstar every holder of fully paid ordinary shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed two proxies or has appointed a proxy who is also a member, in which case the proxy or proxies has or have no vote on a show of hands) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are two or more joint holders of a share and more than one of them is present at a general meeting, in person or by proxy, attorney or representative, and tender a vote in respect of the share, Fairstar will count only the vote cast by, or on behalf of, the member whose name appears first in Fairstar's register of members.

(c) Offers of further shares

The Board may, on behalf of Fairstar, offer, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the time that the Board decides. However, the Board must act in accordance with the restrictions imposed by Fairstar's constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(d) Transfer of shares

Subject to Fairstar's constitution, the Corporations Act and the Listing Rules, ordinary shares are freely transferable.

The Shares may be transferred by any computerised or electronic system of transferring or dealing with shares established or recognised by the Corporations Act, the Listing Rules or the Operating Rules and as otherwise permitted by the Corporations Act or by a document, the usual form of which is permitted by law.

The Board may refuse to register a transfer of shares only if that refusal would not contravene the Listing Rules or the Operating Rules. If the Board refuses to register a transfer, Fairstar must give the lodging party written notice of the refusal and the reasons for it within 5 business days after the transfer is delivered to Fairstar. The Board must not register a transfer of shares if the Corporations Act, the Listing Rules or the Operating Rules forbid registration.

(e) Partly paid shares

The Board may, subject to compliance with Fairstar's constitution, the Corporations Act and the Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. See paragraph (b) above for voting rights for partly paid shares and paragraph (f) below for dividend rights.

(f) Dividends

Subject to Fairstar's constitution and the Corporations Act, the Board may resolve to pay any dividend it thinks appropriate and fix the time for payment. Subject to the terms of issue of shares, Fairstar may pay a dividend on one class of shares to the exclusion of another class.

Each share of a class on which the Board resolves to pay a dividend carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (excluding any amount paid in advance of calls) bears to the total issue price of the share.

(g) Winding up

Subject to the terms of issue of shares, if Fairstar is wound up, members will be entitled to participate in any surplus assets of Fairstar in proportion to the percentage of the capital paid up on their shares.

(h) Dividend reinvestment and share plans

The Board may adopt and implement dividend reinvestment plans (under which any member may elect that dividends payable by Fairstar be reinvested by way of subscription for fully paid shares in Fairstar) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of full paid shares).

APPENDIX 4
GWR UNLISTED OPTIONS

Number	Exercise Price (\$)	Expiry Date
1,250,000	0.25	30.06.08
1,250,000	0.30	30.06.08
1,250,000	0.40	30.06.08
14,274,990	2.00	31.12.10
8,500,000	3.00	31.12.11