

13 November 2007

The Company Announcements Officer
Australian Securities Exchange
2 The Esplanade
Perth WA 6000

Dear Sir

Underwriting Agreement in place as part of Takeover Bid

In accordance with Listing Rule 3.10.3, Fairstar Resources Limited (**Fairstar**) announces that it has entered into an agreement with Findlay & Co Stockbrokers (Underwriters) Pty Ltd (**Findlays**) whereby Findlays will underwrite a placement of Fairstar shares to institutional and professional investors to fund the transaction and other costs associated with Fairstar's current takeover bid for Golden West Resources Limited (**GWR**).

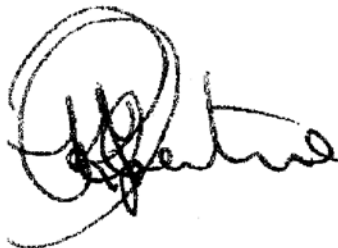
The agreement contemplates that the placement will raise \$10 million (if the GWR bid becomes unconditional and Fairstar acquires less than 90% of GWR) or \$25 million (if the bid becomes unconditional and Fairstar acquires more than 90% of GWR), in either case at a price per Fairstar share equal to the lower of \$0.50 or 80% of the market price of Fairstar shares at the time the placement is made. In both cases the amount to be raised will be net of the underwriting fee referred to below.

Findlays will receive an underwriting fee of 6% of the amount raised and will be entitled to reimbursement of its reasonable expenses. It will also receive an administration fee of \$100,000 if the placement does not proceed.

Findlays' underwriting commitment is subject to standard termination events, including a 5% fall in the S&P ASX 200 Index, the outbreak of war, force majeure, a material adverse change in Fairstar's assets or liabilities, Fairstar's insolvency, or a breach by Fairstar of the representations and warranties given by it under the agreement. Findlays can also terminate its underwriting commitment if the GWR bid has not become unconditional within three months.

At this stage, Fairstar anticipates that the placement will not require shareholder approval.

Yours faithfully



KEVIN J. ROBERTSON
Managing Director
Fairstar Resources Limited

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