

**ASX/Media Release**  
**16 January 2008**

## **FAIRSTAR APPOINTS DRILLING CONTRACTOR FOR ONSHORE MURRAY BASIN OIL AND GAS PROJECT**

### **Key points**

- **Appointment of leading drilling company Sides Drilling Contractors to Fairstar-Knight Industries JV onshore Murray Basin project in Victoria**
- **Project covers PEP 165. Well will be known as Sea Lake 1 Well**
- **Plan to mobilise rig in March and spud Well later the same month**
- **Fairstar has 60% carried interest. Will spend \$100,000 upfront, \$1m once drilling approved by Department of Primary Industries and additional \$1.5m subject to drill results**
- **Progress on oil and gas project highlights Fairstar's commitment to building a diversified commodity portfolio**

Diversified exploration company, Fairstar Resources (Fairstar, the Company) and its oil and gas joint venture partner Knight Industries Pty Ltd (Knight) are pleased to announce the appointment of leading Victorian-based drilling company, Sides Drilling Contractors Pty Ltd (Sides), to carry out the drilling at the joint venture's oil and gas project in the onshore Murray Basin in northern Victoria.

The project covers Petroleum Exploration Permit (PEP) 165, near the town of Sea Lake, and the Well will be known as Sea Lake 1 Well.

Fairstar and its joint venture partner plan to mobilise the rig in March for an expected spud date of later the same month.

Fairstar managing director Kevin Robertson said he was delighted to have secured the services of Sides to undertake the drilling at Sea Lake 1 Well and that attracting such a high calibre drilling contractor was in keeping with the potential upside of PEP 165.

"Fairstar and its joint venture partner are excited to be able confirm Sides as the drilling contractor at Sea Lake. We believe strongly in the potential of the permit area and appointing our drilling contractor is a significant step towards spudding the first well," Mr Robertson said.

Under the joint venture agreement Fairstar has a 60% carried interest in the property which will see it spend \$100,000 upfront and a further \$1 million, once the agreement to drill has been approved by the Department of Primary Industries of Victoria, followed by an additional \$1.5 million subject to drill results.

The joint venture expects Department of Primary Industries approval to commence drilling imminently.

Sides is a leading drilling company with strong experience and expertise in providing drilling programs for the energy (oil and gas, coal bed, geothermal and methane) and minerals exploration industries. It also provides construction/foundation, water well, and marine geotechnical drilling services. It has been operating as a drilling contractor business for 84 years.

Drill costs for Sea Lake 1 Well are expected to be \$1million. Fairstar holds a 60% position in the joint venture. Knight holds the remaining 40% and is the Operator.

The drilling will be undertaken by a Gardner Denver 2500 rig, which has a depth capacity of 1600 m (5200ft).

Mr Robertson also said that in reference to Fairstar's takeover Offer for Golden West Resources (Golden West) (ASX: GWR) that Fairstar's progress on its oil and gas project demonstrated the Company's commitment to a diversified commodity portfolio.

"Fairstar has gold, uranium, and oil and gas projects and coupled with GoldenWest's iron ore assets, it provides shareholders with exposure to the major commodities driving the resources market," Mr Robertson said.

"This is all part of our strategy to build a diversified, mid-tier mining house."

**Fairstar's Offer for GWR closes on 13 February 2008.**

**GWR shareholders are urged to accept Fairstar's increased Offer.**

If GWR shareholders have any questions on how to accept Fairstar's offer, they should contact the Fairstar Shareholder Information Line on 1800 895 933 (within Australia) or +61 2 8256 3373 (outside Australia) or their stockbroker or financial adviser.

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