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Dear GWR Shareholder,

As you are aware Fairstar Resources Ltd (Fairstar) has a takeover bid on foot for Golden West Resources Limited (GWR) shares and is offering 7 Fairstar shares for each of your GWR shares. Fairstar is pleased to advise it has so far received acceptances for approximately 34 million GWR shares, representing approximately 33% of GWR.

Fairstar has received requests from GWR shareholders who are concerned about their potential tax liability if they accept the Fairstar offer. The purpose of this letter is to provide some guidance in this regard.

This letter does not constitute taxation advice and GWR shareholders are urged to seek independent taxation advice in relation to their own particular circumstances.

If you hold GWR Shares as a passive investment with the intention of generating dividend income and long term capital growth, you may be considered to hold your GWR Shares "on capital account" for taxation purposes. The following guidance is intended only for Australian-resident GWR shareholders who hold their shares on capital account.

Taxation Considerations

Accepting Fairstar's offer will involve the disposal by GWR Shareholders of their GWR Shares to Fairstar. This change in ownership of your GWR Shares will constitute a CGT event for Australian tax purposes.

Depending on their circumstances, GWR Shareholders may make a capital gain or incur a capital loss on the disposal of their GWR Shares.

A capital gain will arise to the extent the disposal proceeds (being the market value of Fairstar shares received, calculated at the time the offer is accepted) exceed the cost base of the GWR Shares. A capital loss will be incurred to the extent that disposal proceeds are less than the cost base of the GWR Shares.

The capital gains and capital losses of a taxpayer in a tax year are aggregated to determine whether there is a net gain or net capital loss in that year. A capital gain may be discounted (as discussed below). Any net capital gain, after applicable discounts, is included in the assessable income of the taxpayer and may be subject to income tax. Net capital losses may not be deducted against other income for income tax purposes but may be carried forward to offset against future capital gains.

Individuals, trustees of complying superannuation funds and trustees of certain trusts may be entitled to discount the amount of their capital gain from the disposal of GWR Shares if the shares were held for more than 12 months. The amount of this discount is 50% in the case of individuals and trustees and 33⅓% for trustees of complying superannuation funds. GWR Shareholders which are companies (not acting as trustees) are not entitled to any discount in respect of their capital gains.

Summary of Potential Tax Liability

Any tax liability would depend on the price you originally paid for your GWR shares. The table below sets out the potential tax payable by a GWR shareholder (per share) based on Fairstar's closing price on 13 February 2008, and based on different cost scenarios.

	Cost per GWR Share			
	20 cents	80 cents	$1.50	Greater than $1.82
Deemed consideration – 7 Fairstar shares valued at $0.26- closing price on 13 February 2008 (this will vary depending on actual acceptance date)	$1.82	$1.82	$1.82	$1.82
Less cost base	$0.20	$0.80	$1.50	>$1.82
Profit	$1.62	$1.02	$0.32	Nil
Less 50% discount	0.81	$0.51	$0.16	Nil
Taxable capital gain	0.81	$0.51	$0.16	Nil**
Tax payable if shares held by individuals at 46.5% (being highest marginal tax rate)*	37.6c	23.7c	7.4c	Nil
Tax payable by individual at 31.5%*	25.5c	16.0c	5.0c	Nil
Tax Payable by individual at 16.5%*	13.3c	8.4c	2.6c	Nil
Tax payable if shares held by a superannuation fund at 15% (33.3% discount applied)	16.2c	5.1c	1.6c	Nil
Tax payable if shares held by a company at 30% (no discount available)	48.6c	30.6c	9.6c	Nil

**The amount of individual tax payable will depend on the individual's marginal tax rates. Please consult your advisor to determine tax rate applicable to the transaction.*

*** If the cost base exceeds the deemed consideration, a capital loss may arise*

Timing of Tax Payments

If you accept Fairstar's offer for your GWR shares, any capital gain will be deemed to be derived in the tax year ended 30 June 2008. Any tax liability that might arise would therefore not crystallise until the shareholder had received a tax assessment following the lodgement of his 2007/08 tax return. At the earliest, this would be in the second half of 2008, and for many taxpayers it would not be until the first half of 2009.

Conclusion

Whilst the impact of income tax should be a consideration, the above analysis shows that the potential tax liability may be less than the premium derived by accepting the offer. ***The closing price of GWR and Fairstar shares on 13 February 2008 was $1.40 and $0.26 respectively. Based on these prices, Fairstar's offer of 7 for 1 represents a premium of 42 cents per GWR share or 30%.***

In addition, in assessing your potential tax position it is also appropriate to consider the potential longer term benefit to shareholders in the form of growth in Fairstar's share price that may occur post takeover as a result of the implementation of Fairstar's accelerated development plans for the assets of both companies, and the potential for such growth to outweigh any short term tax liability.

If you have any questions about the taxation aspects of holding or disposing of GWR Shares, particularly if you hold your shares on revenue account or you are a non-resident, then you should seek specific professional advice before making a decision whether or not to accept Fairstar's offer.

The offer is due to close on 13th March, 2008.

If you have any questions on how to accept Fairstar's offer, please contact the Fairstar Shareholder Information line on 1800 895 933 (within Australia) or +61 2 856 3373 (outside Australia) or contact your stockbroker or financial adviser.

Yours faithfully,

Kevin J Robertson
Managing Director