

ASX/Media Release

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Fairstar spuds first Well at Murray Basin Oil and Gas Project

Key Points

- **Drilling commenced at Fairstar's Oil and Gas Project in Murray Basin, Victoria on Sunday 22nd June at 1700 hours**
- **First Well, Sea Lake 1, spudded at Petroleum Exploration Permit 165 project area**
- **Drill program expected to take 10-14 days, will drill to depth of 1,000m**
- **Pending successful discovery of oil in first Well, extrapolation of similar results across wider project area has potential to deliver in order of up to 100 million barrels oil**
- **Fairstar joint ventured in oil and gas project with Knight Industries Pty Ltd**
- **Leading oil and gas drill company Hunt Energy and Mineral Co Australia Pty Ltd appointed to carry out drill program**

Diversified Australian exploration and development company Fairstar Resources Limited (ASX: FAS) (Fairstar, the Company) is pleased to announce that it has commenced drilling at its Oil and Gas project in the on-shore Murray Basin in north west Victoria.

The first Well, called Sea Lake 1, has been spudded at Fairstar's and oil and gas joint venture partner Knight Industries' Pty Ltd Petroleum Exploration Permit (PEP) 165 project area (see Project Location map Figure 3 attached).

The drilling program will drill to a depth of 1,000m and is expected to take 10-14 days with follow-up testing to follow. It will test for areas of interest within the Well and the joint venture partners have a strong expectation for the discovery of oil beneath a gas cap.

Commenting on the potential of the project area, Fairstar managing director Kevin Robertson said he believed the area was very prospective for oil and gas and that pending a successful discovery in the first Well, extrapolation of similar results across the wider project area has the potential to deliver in the order of up to 100 million barrels of oil.



Figure 1: Hunt Energy Drill Rig 3 at PEP165

"We are delighted with the progress Fairstar and joint venture partner Knight Industries has made to get to the point where the first Well had been spudded," Mr Robertson said.

"Fairstar and Knight Industries have worked very hard to move the project forward through the approvals process to the point where we are now drilling, and we are particularly excited about the potential of the Murray Basin oil and gas project and look forward to seeing some very positive drill results."



Figure 2: Hole collar at Sea Lake 1, PEP 165

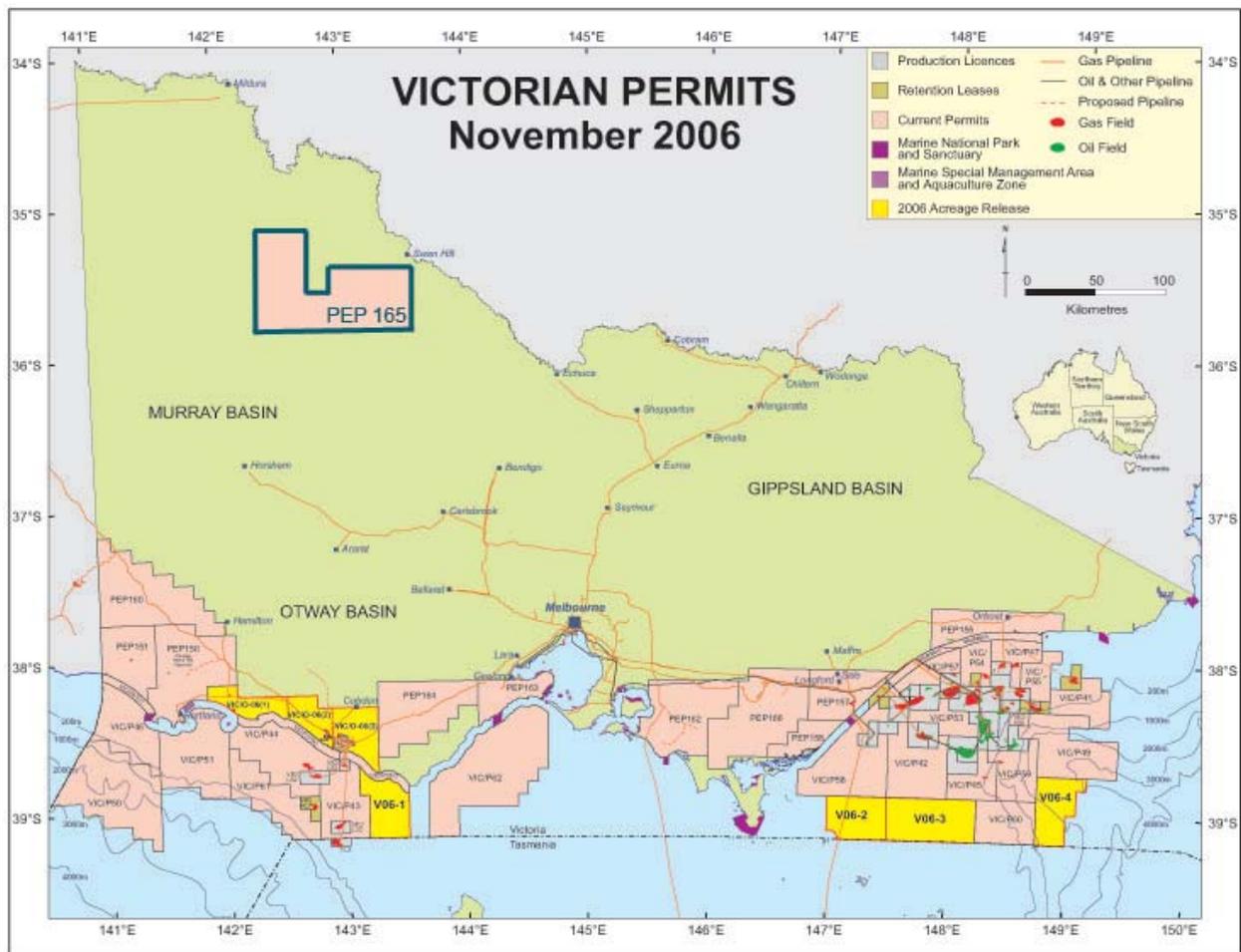


Figure 3: PEP165 Project Location Map in on-shore Murray Basin, Victoria

Oil and gas drilling company Hunt Energy and Mineral Co Australia Pty Ltd (Hunt) is undertaking the drilling program using a Cantilever/Jackknife type mast and structure (see Figure 1 attached). Hunt has strong experience in oil and gas in Australia, and has carried out drilling projects for a number of leading Australian oil and gas companies including; Beach Petroleum, Bow Energy and Austin Energy.

Drill results will be released to the market in the near future as they become available.

Under Fairstar's oil and gas JV agreement with Knight Industries, Fairstar has a 60% carried interest in the property and to date has spent \$100,000 up-front plus a further \$1m once approval to drill, by the Department of Primary Industries of Victoria, was granted. This will be followed by an additional \$1.5m for a second Well, subject to initial drill results.

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The information reported herein is based on information compiled by Mr. Mahendra Pal who is a Fellow of the Australasian Institution of Mining and Metallurgy, Australia and a Member of the Society of Geoscientists and Allied Technologists, India. Mr. Pal is an employee (Exploration Advisor/Technical) of Fairstar Resources and has sufficient experience relevant to the style of mineralisation and deposit type under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Pal consents to the inclusion of this report of the matters based on his observations in the form and context in which it appears.

About Fairstar Resources

Fairstar Resources is a Perth-based multi-commodity exploration company which listed on the ASX in October 2006. The Company has direct and indirect project interests in Gold, Iron Ore, Base metals, Uranium, and Oil and Gas.

It currently has five core projects; Kurnalpi-Randalls gold project, Spinifex Well gold project and other base metals projects in the Eastern Goldfields of Western Australia, the Mt Padbury uranium project near Meekatharra in the Murchison region of WA, and a farm-in agreement with Knight Industries Pty Ltd in respect of an Oil and Gas project in the Murray Basin in north west Victoria.