



Golden West
RESOURCES LIMITED

ABN 54 102 622 051

24 January 2008

ASX ANNOUNCEMENT

Corporate Summary

ASX Code: GWR

Issued Capital: 104.6 Mil

Issued Options: 24.8 Mil

Market Cap fully diluted

Jan-08 \$A282.1 Mil

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CONCERNS OVER FAIRSTAR FUNDING ARRANGEMENTS

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In light of recent market volatility, Golden West Resources Limited (Golden West) advises that it has a number of concerns about the funding arrangements established by Fairstar Resources Limited (Fairstar) to fund its inadequate all scrip takeover offer for the Company.

On 13 November 2007, Fairstar advised the ASX that it had secured an underwriting agreement with Findlay & Co Stockbrokers (Underwriters) Pty Ltd.

As disclosed by Fairstar, the agreement related to a proposed capital raising, to meet the costs that would be triggered if its bid for Golden West was successful. The agreement envisioned the issue of Fairstar equity in two tranches:

- a first tranche to raise \$10 million should the bid for Golden West bid become unconditional; and
- a second tranche to raise a further \$15 million should the bid become unconditional and Fairstar secures acceptances for more than 90% of Golden West.

Fairstar stated that "Findlay's underwriting commitments (are) subject to standard termination events including a 5% fall in S&P 200 Index".

In its disclosures relating to the underwriting agreement, Fairstar did not specify any difference in conditions or termination events attached to the two respective tranches.

Given recent falls in the Australian sharemarket, which have totalled over 20% since 1 November 2007, Golden West formally queried the status of the underwriting agreement in a letter to Fairstar on 16 January 2008.

In its response on 17 January 2008, Fairstar, through its legal advisers Minter Ellison, confirmed that Findlay's termination rights have been triggered in respect of the second tranche but that Fairstar held "enforceable rights" against Findlay's in respect of the first tranche.

Replying to a further query from Golden West on 19 January 2008, Fairstar provided no additional information or explanation of why the termination rights had been triggered for the second tranche only.

It is Golden West's belief, based on Fairstar's disclosures on the underwriting agreement, that the termination rights may have also been triggered in relation to the first tranche.

Golden West believes that Fairstar's refusal to provide any disclosure on this important matter may represent a breach of Fairstar's continuous disclosure obligations.

ENDS

For more information, please contact:

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