FairStar
RESOURCES LTD.

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Dear Fairstar Resources and Golden West Resources Shareholders

In light of the recent activity and publicity surrounding Fairstar Resources takeover bid for Golden West Resources I write to provide the accompanying Company Update on the activities of Fairstar Resources and our goals and objectives for the Golden West takeover offer.

I am mindful that Fairstar's takeover bid for Golden West has created a heavy amount of recent media coverage for both companies, and that not all of it has been of a positive nature.

With this in mind, I believe it appropriate to confirm our continuing commitment to the takeover offer and also clarify some of the recent events in the takeover process, as well as provide an update on Fairstar's corporate objectives and work at its own highly prospective exploration projects.

While pursuing the Golden West takeover Fairstar has also maintained a strong focus on developing its own projects.

This is evidenced by a drilling program that is currently underway at our Kurnalpi-Randalls Gold Project in Western Australia's eastern goldfields that will see us drill up to 10,000m of RC percussion drilling at four prospects at the project, which began with the priority Jones Find target in February.

The drilling at Kurnalpi-Randalls is part of the Company's pathway to confirming a JORC resource estimate at the project.

Consistent with Fairstar's objective to become a diversified, multi-commodity mining and exploration company, the Company is also preparing to commence drilling at our oil and gas project in the Murray Basin in Victoria.

In addition we will continue to advance our exploration activities at the Company's Mount Padbury Uranium Project and Spinifex Well Gold Project, both in WA.

With respect to Fairstar's takeover bid for Golden West, the Company launched its off-market bid for Golden West on September 4 last year with the consideration being five Fairstar shares for every one Golden West share.

Since that time;

- The offer has been extended and is now scheduled to close April 11
- The offer has been increased to seven Fairstar shares for every one Golden West share, and has been made unconditional
- The offer has continued to attract a strong level of acceptances; currently around 34% of Golden West shares
- A disputed block of shares held by Dubai-based investment group, Falak Holding LLC, has been adjudicated by the Takeovers Panel to remain as acceptances of the Fairstar offer, and
- An underwriting agreement with corporate advisers, Findlay & Co, has been put in place to meet transaction costs that may arise from the takeover.

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A key component of Fairstar's takeover plans is Golden West's Wiluna West iron ore project.

Fairstar is of the belief that Wiluna West represents a world class iron ore deposit whose development has not been maximised. Fairstar plans to fast track the development time frame of Wiluna West to maximise the long term benefits for shareholders of both companies. These plans include;

- Ramping up of drilling to maximise and quantify the size of the deposit's resource base
- Negotiations with third parties to provide funding for infrastructure and other project development needs, and
- Negotiations with third parties to secure off-take agreements

Fairstar is advanced in its negotiations in respect of these plans, and hopes to be in a position to make an announcement to the market to provide further detail on these matters in the near future.

I would like to reiterate our continued unwavering commitment to achieving the successful conclusion of the takeover offer for Golden West.

Throughout the takeover period Fairstar's management has remained solid in its conviction of the long term benefits that the takeover will deliver for shareholders of both companies. We will continue to work diligently to bring about the successful finalisation of the takeover, while building shareholder value though the development of Fairstar's suite of exploration projects.

Yours faithfully

Kevin J Robertson
Managing Director
Fairstar Resources