

ASX/Media Release

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Fairstar prepares to spud first Well at Murray Basin Oil and Gas Project

Key Points

- Site preparation completed at Fairstar's Oil and Gas Project in Murray Basin, Victoria
- Project area covers Petroleum Exploration Permit 165. Well called Sea Lake 1
- Will drill up to a depth of 1,000m and is expected to take 10 to 14 days
- Fairstar joint ventured in oil and gas project with Knight Industries Pty Ltd
- Fairstar has 60% carried interest. Has spent \$100,000 up-front, \$1m since gaining approval to drill by Department of Primary Industries and an additional \$1.5m to be paid for second well subject to drill results of first well.
- Spudding first oil and gas Well highlights Fairstar's commitment to building a multi-commodity portfolio

Diversified Australian exploration and development company Fairstar Resources Limited (ASX: FAS) (Fairstar, the Company) is pleased to announce that site preparation has been completed. Drilling is to commence immediately, weather permitting and the final rig up of the drill rig at its Oil and Gas project in the on-shore Murray Basin in Victoria.

The project area covers Petroleum Exploration Permit (PEP) 165 near the town of Sea Lake in north west Victoria, and the first Well to be spudded is called Sea Lake 1 (see Project Location map attached).

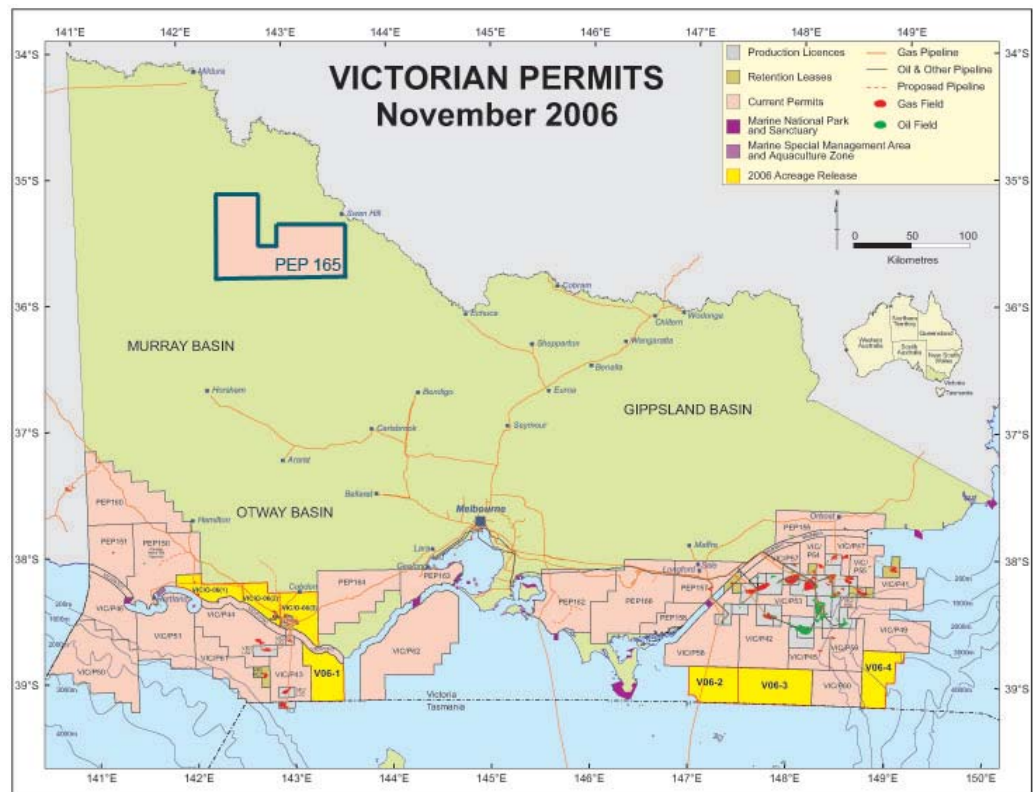


Figure 1: PEP165 Project Location Map in on-shore Murray Basin, Victoria

The drilling program will drill up to a depth of 1,000m, is expected to take 10 to 14 days and will test for areas of interest within the well with the expectation being to discover oil beneath a gas cap. Approval from the Department of Primary Industries of Victoria for the drilling program has been granted and all equipment has been mobilised to the site.

Fairstar is joint ventured in the oil and gas project with Knight Industries Pty Ltd (Knight). Under the JV agreement Fairstar has a 60% carried interest in the property which required it to spend \$100,000 up-front and a further \$1m since gaining approval to drill by the Department of Primary Industries of Victoria, which will be followed by an additional \$1.5m subject to drill results.

Leading oil and gas drilling company Hunt Energy and Mineral Co Australia Pty Ltd (Hunt) has been appointed as the contractors to carry out the drilling program and the rig to be used will be a Cantilever/Jack knife type mast and structure (see Figure 2 attached).

Hunt has professional experience in oil and gas in Australia, having previously drilled wells in the Eromanga Basin in Queensland, the Cooper Basin and Stansbury Basin in South Australia and the Gippsland Basin in Victoria and New South Wales. Hunt has carried out drilling projects for leading Australian oil and gas companies, including; Beach Petroleum, Bow Energy and Austin Energy.



Figure 2: Hunt Energy and Mineral Co Australia's Drill Rig to be used at PEP165



Figure 3: Drill site near completion at PEP 165

Fairstar managing director Kevin Robertson said: ***“Fairstar and Knight, our joint venture partner, are very excited about the potential of the permit area and now that we are about to spud the first Well, we look forward to what we hope will be some very positive drilling results.”***

“We have been working hard to secure approval for the drill program. With drilling to commence over the next few days at our oil and gas project it will be a significant step forward in the company’s stated objective to become a multi-commodity mining house.”

Drill results will be released to the market on a daily basis as they become available.

ENDS

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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 base metals projects in the Eastern Goldfields of Western Australia, 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 East Victoria.