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ASX/Media Release

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Steeple Hill Iron Project

Developing a significant Iron Deposit

- Initial iron oxide gravel pitting program completed at Steeple Hill Iron Project.
- Initial results show high weight recoveries of iron oxide gravel from the alluvials in Iron Creek and continue to confirm potential of the project to host a significant deposit of iron oxide gravel.
- **Pitting program demonstrated continuity of alluvial deposits with high proportions of iron oxide gravel for widths up to 800 metres and over a strike length of 7kilometres and up to 2.8 metres thick.**
- **This strike length gives rise to an initial potential of over 10 million tons of iron oxide gravel concentrate; which is of DSO product grade.**
- Program involved a total of 145 pits and 272 samples were taken
- **Initial metallurgical test work has produced iron oxide gravel concentrate with an average grade of 59% Fe.** Further cleanup of samples should give a grade of 60% Fe.
- Results will help identify targets for the next phase of drilling and infill pitting commencing in March 2010 as part of the Company's plans to delineate the deposit including deeper deposits and estimate a JORC Resource at the project.
- **The gravels are under shallow cover and can be easily mined and processed at low cost to produce iron oxide gravel concentrate of DSO grade.** Therefore this is the preferred initial mining operation rather than hard rock mining of goethite/hematite and magnetite.
- Project located close to major rail infrastructure with Trans Australian Railway just 23km south of project area; giving rail access to the Port of Esperance.
- The Steeple Hill Iron Project was formerly known as the Mahendra's Find Iron Project



Australian multi-commodity exploration and development company Fairstar Resources Limited (ASX: FAS) (Fairstar) is pleased to provide the latest update on exploration activities at its Steeple Hill Iron Project (formerly the Mahendra's Find Iron Project) which has continued to confirm the potential of the project to host a significant iron deposit.

About the Steeple Hill Iron Project

The Steeple Hill Iron Project was discovered by Fairstar in July 2008. The project is located in Western Australia's eastern goldfields. Since then, the Company has undertaken comprehensive exploration programs at the project. This has included rock chip sampling and geological mapping, and a 21 hole RC drilling program which was completed in December last year and intersected significant zones of magnetite and goethite mineralisation. In addition, an aero-magnetic survey has indicated a much larger target area for future drilling at the project.

The project is 100% owned by Fairstar and is located 110 km east of Kalgoorlie in close proximity to major rail infrastructure, with the Trans Australian Railway passing 23 km south of the project area.

The Company has previously stated that it is of the view that the project area has the potential to produce Direct Shipping Ore (DSO), with iron grades of greater than 60% Fe.

The company's exploration team has directed its focus to the alluvial mining alternative to accelerate the estimation of a JORC Resource. The alluvial iron oxide product due to its low extraction cost, increased speed of mining and ease of treatment is preferable to the more capital and labour intensive option of hard rock mining. **This will allow a smaller mining company such as Fairstar Resources Limited to quickly and economically become a producer of export grade hematite.** The mining of hard rock hematite and goethite will be the second considered phase for Fairstar Resources Limited.

Fairstar has completed the initial part of the comprehensive program of pitting of creek alluvials derived from nearby BIF at the Steeple Hill Iron Project. This involved seven east-west lines of pits at spacings of 1 kilometre with pits positioned 200 metres apart along lines, providing a total of 145 pits. The pitting program was undertaken to a depth of 3.5 metres across the shallow valley. The pits were logged into individual sedimentary layers and preliminary subdivision into ore types. **The logging demonstrated continuity of gravels with high proportions of iron oxide gravel across the valley (for widths up to 800 metres) and over the full seven kilometre strike length pitted along the valley. The thickness of the gravels varied from 0.5 - 2.8 metres under shallow cover.**



Digging pit in shallow iron oxide rich alluvium



Alluvials are loose grains of minerals or rocks that have been eroded from rocks and over time have been deposited in valleys. These particles are of varied sizes and can be removed from the soil by a very simple shaking screen, and then separated by density methods to produce a dense concentrate allowing the company to obtain a direct shippable product, which has high iron content, is of reasonable size and at a very low cost. Other lithologies including clay and detrital iron oxides, calcrete and detritals iron oxides, and part-hematite replaced clay and detritals were also intersected and sampled.

A total of 272 samples were taken from the initial pitting program, from layers containing significant iron oxide gravel in two 20kg bag per layer. The duplicate samples have been retained in a sample farm. Samples are being processed by Nagrom metallurgists and the initial results have shown high weight recoveries of iron oxide gravel from the alluvial gravel layers.

Initial analyses of iron oxide concentrates are as high as 59%. Additional weight recoveries and analyses will be released to the market immediately they become available.





59% Iron Oxide Concentrate from Gravel at Steeple Hill Iron Project

To enable the company to commence evaluation of the quantity of alluvials, an infill and stepout pitting and aircore drilling program has been designed. This infill pitting and aircore drilling to delineate the full extent of the alluvials will commence shortly, with aircore drilling of deeper alluvials. The stepout pitting and aircore drilling will be conducted over a strike of several more kilometres in the southern region of the project, where the surface indications are very promising.

The Company's ongoing exploration programs at the Steeple Hill Project continue to confirm the project's potential to host a significant iron oxide deposit. Fairstar plans to commence its next phase of pitting and drilling in March as part of its goal to confirm a maiden JORC resource at the project. **The Company plans to fast track the development of a mine with production expected early in 2011. Environmental surveys, water studies and other necessary studies for mining approval have commenced.**

ENDS

The information reported herein is based on information compiled by Mr Sheldon Coates who is a member of the Australasian Institution of Mining and Metallurgy. He 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. Coates consents to the inclusion of this report of the matters based on his observations in the form and context in which it appears. Mr Coates has a B.Sc. Geology, MBA in Technology Management, and MSc in Mineral Economics. He has 13 years iron ore experience.

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, Base metals, Uranium, and Oil and Gas.

The Company currently has five core projects; Lindsays Dam (Steeple Hill) Iron Discovery, Kurnalpi-Randalls gold project, Spinifex Well gold project and other base metals and gold projects in the Eastern Goldfields of Western Australia, the Mt Padbury uranium project near Meekatharra in the Murchison region of WA, and an Oil and Gas project in the Murray Basin in north west Victoria.