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ASX/Media Release

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Steeple Hill Iron Project Update

Maiden JORC Resource Imminent.

Key Points

- Resource definition drill program completed at Steeple Hill Iron Project in WA's eastern goldfields.
- Intensive Program of 450 holes drilled 4,204 metres, following a successful trenching program of 145 trenches.
- All Assays from initial drilling completed.
- All data submitted to Consultants for JORC Calculations.
- Infrastructure developments are in progress; rail and sea-bound transport corridors have been established.
- Other required surveys at project are well advanced and are continuing.
- Next phase of drilling will be a 100 hole program to further expand the project particularly in the south where it remains open.
- Company has also commenced discussions with Chinese and other Asian groups on project funding, potential off take arrangements and equity investment in the Company.
- Project is 100% owned by FairStar and is located close to major rail infrastructure with Trans Australian Railway 23km south of project area.



Australian multi-commodity exploration and development company FairStar Resources Limited (ASX: FAS) (FairStar) is pleased to provide the following update on its Steeple Hill Iron Project in Western Australia's eastern goldfields.

FairStar advises that its comprehensive resource definition drill program at Steeple Hill has been completed.

FairStar further advises that all assays have now been completed. FairStar has submitted all data to Australian Mining Consultants (FairStar's independent consultants) for calculation of FairStar's maiden JORC-compliant Resource at the Steeple Hill project in the very near future.

Due to the highly prospective nature of the project and the continuity of mineralisation encountered throughout the ore body, the drill program at Steeple Hill was expanded by the addition of 200 holes.

The resource definition drill program has drilled 450 holes for a total of 4,204 metres. The additional holes were drilled at targets situated in the southern region of the project, which still remains open in the south.

A trenching program of 145 trenches has also been completed.

FairStar is presently focusing on developing an alluvial iron project at Steeple Hill. This will accelerate the development timeframe of the project due to the low extraction cost, increased speed of mining and ease of treatment (in comparison to hard rock mining).

FairStar's goal is to fastrack the development of the Steeple Hill Iron Project so as to become an economic producer of export grade hematite.



FairStar has completed an ethno-graphic survey and noise survey at the project. An environmental survey of the project is currently being conducted and is due for completion in October. The Company also advises that native title negotiations are well advanced and that it expects a positive outcome in the near term.

Infrastructure developments are also in progress, and rail and sea-bound transport corridors have been established. In addition, site infrastructure and other required licenses are currently being addressed.

Next phase of drilling

Post the delineation of the upcoming JORC Resource, FairStar plans to embark on its next phase of drilling, of up to a further 100 holes, to expand the project and to provide a more thorough understanding of the mineral extent of the ore body, particularly in the southern portion of Steeple Hill where it remains open.

FairStar Resources managing director Kevin Robertson said: “We are delighted with the continued rapid progress the Company is making toward its goal of becoming a successful junior iron ore miner. We look forward to providing details of the maiden JORC Resource at the Steeple Hill project in the near future, and then commencing our next stage of drilling to expand the project further.”

Discussion with potential project investor and off take partners

The Company also advises that it has commenced discussions with a number of Chinese groups and other interest parties from Asia in relation to securing project funding for the development of the Steeple Hill project, as well as potential off take arrangements and equity investment in the Company.

FairStar will advise the market on the progression and development of these discussions in due course.

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 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, 110 km east of Kalgoorlie. To date, FairStar has undertaken comprehensive exploration programs at the project to confirm its potential to host a significant iron deposit. These programs have included a maiden 21 hole RC drilling program which was completed in December last year and intersected significant zones of magnetite and goethite mineralisation, as well as the iron oxide detrital pitting program which helped to identify targets for the current completed phase of drilling. The extent of the ore body has not yet been established and the second phase of intensive drilling is commencing soon.

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

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 and Uranium.

The Company currently has five core projects; Lindsays Dam (Steeple Hill) Iron Project, Kurnalpi-Randalls gold project, Spinifex Well gold project and other base metal and gold projects in the Eastern Goldfields of Western Australia, the Mt Padbury uranium project near Meekatharra in the Murchison region of WA.