

ASX Code: FAS

Contact Details

Unit 3, 136 Main Street,
Osborne Park WA 6017
PO Box 1520

Osborne Park WA 6916

T: 08 9242 5111

F: 08 9242 5677

E: admin@fairstarresources.com

W: www.fairstarresources.com

ABN 38 115 157 689

Board Directors

Kevin J Robertson MAICD
Managing Director

Wayne N Wan
Director Non Executive

Con Markopoulos
Director Non Executive

Madhu Bhalla
Company Secretary

FairStar Resources Secures offtake through Contract of Sale Agreement for 10 million tons of SHIP Ore

- **Maiden Steeple Hill Iron Project (SHIP) offtake agreement;**
- **10 million tonnes to be delivered at the rate of one million tonnes per annum over ten years;**
- **Buyer - LuYang Group International Limited.**

FairStar Resources Limited (ASX:FAS) is pleased to announce that it has entered into an offtake agreement with LuYang Group International Limited. The agreement provides for FAS to deliver 10 million tonnes of ore over 10 years at a rate of 1 million tonnes per annum. The contract was executed in Qingdao, China, on the 6th of August 2013, with LuYang Group International Limited which is part of the LuYang Group.



FairStar Managing Director, Kevin Robertson and LuYang Group Chairman, Baopo Li, signing the Offtake Agreement

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FairStar managing director Kevin Robertson, on signing, said that the contract will expedite completion of project funding, and return value to FAS shareholders.

"This is a significant milestone in FairStar's evolution from explorer to producer of iron ore and we are very pleased to have signed this offtake agreement with the LuYang Group," Mr Robertson said.

"This commitment by LuYang Group establishes demand for FairStar's SHIP product and endorses FairStar status as an emerging producer in the international marketplace."



(Photograph above, FairStar Management Team and LuYang Group)

As announced to the market in June, FairStar secured 80% (\$AU260 million) irrevocable commitment from Alliance Super Holdings Pty Ltd to fund SHIP contingent on FairStar securing 20% funding and executing a joint venture agreement. The execution of this offtake agreement will be instrumental in enabling FAS to secure its 20% funding commitment.

Background, FairStar - A New Horizon:

FairStar was listed in October 2006 and is a unique Perth-based uranium and gold producer; upon discovering Iron Ore at Lindsay's Dam commenced its flagship project (SHIP) that is strategically located near existing transport infra-structure with a clear and unencumbered path to production for relatively low capital expenditure.

FairStar will fast track development and production of its high-value Steeple Hill Iron Project with significant resource estimates of Direct Shipping to deliver immediate and substantial cash flows.

Significantly, FairStar believes it will be cash flow positive from its first year of production at SHIP. This will be used to increase shareholder value and fund further high-value projects.

FairStar has an extensive portfolio of projects straddling 840 Km² and remains committed to an aggressive expansion campaign to bolster its resource inventory and quickly transition the company from a junior explorer to a highly competitive producer of iron ore, gold and uranium.

FairStar will remain highly active in further exploration and target generation.

The Directors and Management of FairStar Resources Limited remain committed to returning value to shareholders, both in the near term and for generations to come.

Background - LuYang Group International Limited:

LuYang is a privately owned diversified industrial group based in the modern Chinese port city of Qingdao.

The Group's international interests includes the import and export of iron ore, coal, coke and other industrial materials. The Group's domestic businesses include the import and export of goods in the domestic market and transportation as well as the iron ore, steel, machinery and equipment, building materials, chemical products and sales of agricultural products.

The iron ore trade is one of the main businesses of the LuYang Group. The Group operates in iron ore fines, lump ore and pellets, importing from a number of countries including Indonesia, Mexico, Malaysia, Australia, Brazil and Canada. The Group has an equity interest in producing mines in Indonesia.

The LuYang Group has interests in international shipping. The Group has its own ships including "LuYang Star", "LuYang Eagle", and "LuYang Rising", with a total deadweight of approximately 220,000 tons.

LuYang Chartering Limited conducts a global cargo business throughout the Far East, Southeast Asia, India, the Persian Gulf and the Red Sea and provides logistics services between China and other countries.

The LuYang Group is also involved in the real estate industry. Qingdao Rising Real Estate Group under LuYang Group which invested and developed the real estate projects located in the Qingdao Economic Development Zone, "Hengshan Shu Yuan", which consists of more than sixty thousand square meters of building area, and a forward-looking strategic vision to lead urban development for the community. A townhouse project is being developed in Melbourne Australia by LuYang Group.

Mr. Li Baopo has been the Chairman of LuYang Group since the company was established in 2000. Under Mr. Li's leadership, the Group has always adhered to the philosophy of "wealth is not necessarily a lifelong friend, but the friend must be a lifetime of wealth". Lifelong relationship is being built day by day based on the principle of trustworthy, integrity and responsible business practices.