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FairStar Converts Iron Ore Rights to Full Company Ownership - Substantial Mineralisation Potential

- **Iron ore rights converted to full Company ownership**
- **Highly prospective; continuation of SHIP hematite rich alluvial gravels**
- **Additional 108 Square Kilometres tenement**
- **Immediately north-east of Steeple Hill Iron Project (SHIP)**
- **Potential to augment SHIP resource**
- **Resource drilling to commence upon securing 20% funding**

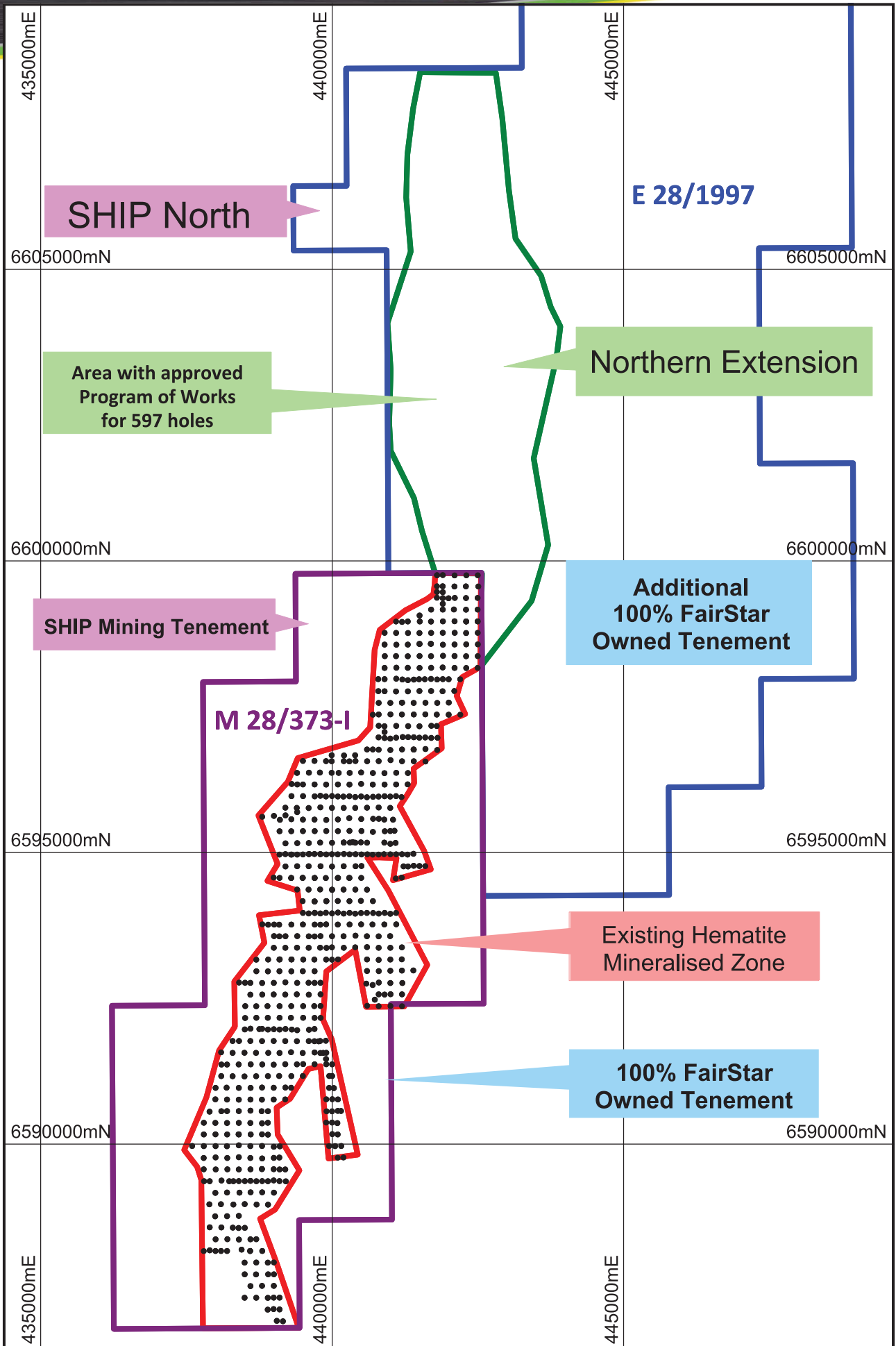
Perth: FairStar Resources (ASX: FAS) is pleased to announce it has converted the iron ore rights to the tenement immediately north-east of its flagship Steeple Hill Iron Project (SHIP) to full Company ownership.

The Department of Mines and Petroleum (DMP) has finalised the transfer of full ownership of tenement E28/1997 to FairStar. The Company had previously entered into an agreement with Renaissance WA Pty Ltd to acquire the iron ore rights to E28/1997.

E28/1997, or "SHIP North", is immediately adjacent and to the north-east of SHIP. Significantly, aerial photography indicates SHIP's hematite rich gravels continue north along the valley for up to eight kilometres into E28/1997, which spans 108 Sq Km.

FairStar Managing Director Kevin J Robertson said the possible extension of SHIP's hematite rich mineralisation into SHIP North suggested it could significantly boost SHIP's present indicated resource.

"This is another exciting development with considerable potential upside for the Company and comes hot on the heels of the announcement on August 9 that FairStar had successfully concluded a maiden off-take for SHIP ore at 1MTPA over ten years," Mr Robertson said.



"As announced to the market, the off-take with LuYang Group International Limited will expedite completion of project funding.

"Once funded, we will launch an aggressive drilling campaign to delineate the full resource potential of SHIP North, while continuing further resource drilling at SHIP."

Earlier drilling by FairStar in the north-east perimeter of SHIP, immediately adjacent SHIP North, revealed good mineralisation up to five metres deep. All indications are this continues in a north-easterly direction.

As detailed in the 2012 Annual Report, a comprehensive review of historical drilling records showed the depth of hematite rich alluvials extending to a **maximum of 15 metres in 39 out of 54 old aircore holes**. These holes were on a 500m by 500m grid, with the mineralisation width about 3kms.

Based on these historic results, the known area of detrital hematite north of SHIP extends for 6km and at greater depth than in the drilled resource at SHIP. It is possible, based on these results, that hematite could continue north to the edge of the SHIP North tenement.

As announced in June, FairStar secured irrevocable commitment for 80% (\$A260 million) of project funding with Alliance Super Holdings Pty Ltd based on a 50/50 profit share and the Company emerging debt free. FairStar is well positioned to secure the remaining 20% to facilitate funding while negotiations are proceeding to finalise the **Joint Venture Agreement** with Alliance.

In August the Company signed its maiden off take, a contract of sale for 1MTPA over ten years (total 10 MT) with LuYang Group International.

The progress to date over recent months, coupled with this latest announcement regarding full ownership of SHIP North, gives the board and management confidence that the future looks extremely positive for the Company and shareholders.

Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Sheldon Coates, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Sheldon Coates is employed by Iron Resources Pty. Ltd, who is a consultant to FairStar Resources Ltd. Mr. Sheldon Coates has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Sheldon Coates consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About FairStar Resources

Background, FairStar - A New Horizon:

FairStar was listed in October 2006 and is a unique Perth-based uranium and gold explorer; and upon discovering Iron mineralisation at Lindsay's Dam commenced with its major Steeple Hill Iron 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 Indicated Resource estimate of hematite rich gravels, which produces a hematite fraction of Direct Shipping Ore 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 such as the gold tenements at Kurnalpi, Duchess of York - Hickmans Find and Music Well, along with uranium at Mt Padbury.

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 and gold.