FairStar RESOURCES LTD

Quarterly Report

FOR PERIOD ENDING 31 MARCH 2007

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Capital Structure

24 April 2007
Ordinary Shares on issue: 96.8 M
Options on issue: 48.4 M
Share price: $ 0.75
Options price: $ 0.44
Fully diluted market capitalisation: $ 93.9 M

Board Directors

Harold J Paiker
B.Juris LLB LLM
Chairman Non Executive

Kevin J Robertson
Managing Director Executive

Alan Rudd
B.App.Sc
Director Non Executive

Ken Allen
B.Bus.PNA FNTAA FTIA
Director Non Executive
Company Secretary

Quarterly Highlights

High grade uranium values up to 2819 ppm U_3O_8 returned from Mount Padbury Sampling comparable to Yeelirrie

Exploration Drilling at Mt Padbury to commence in May

- Re - sampling undertaken by Fairstar's Managing Director, Mr. Kevin J Robertson at the Mount Padbury Discovery Pit have given the following exciting results with samples rock chipped from exposed rock at the base of the Discovery Pit:

Sample Number	XRF Assay U ppm	Assay U_3O_8 ppm (Pure Yellowcake)
YC001	**2410**	**2819**
YC002	**472**	**552**
YC003	**603**	**706**
YC004	116	136
YC005	**258**	**302**
YC006	58	68
YC007	**764**	**894**
YC008	**352**	**412**
YC009	**1876**	**2195**
YC010	**283**	**278**
YC011	74	87
YC012	22	26

Note: all samples above 250 ppm U3O8 have been highlighted (1 pound of U3O8 = 446ppm)

- Given the foregoing exciting results, FAIRSTAR has planned its initial drilling program of some 2,500m to commence during the June 2007 quarter with DENARDA Holdings Ltd. drilling contractors. The drilling grid will be centred on the Discovery Pit. Furthermore, DOWNUNDER Surveys Ltd have been contracted to undertake down hole gamma ray spectrometer and resistivity surveys as the holes are drilled.

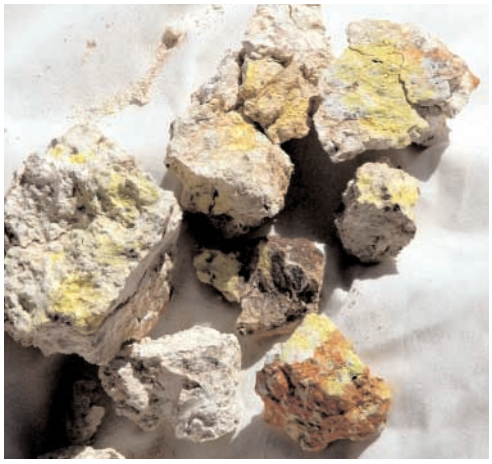

Plate 1: Uranium mineral carnotite (yellow) coating fractures and cracks in calcrete Mount Padbury Discovery Pit

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MOUNT PADBURY – URANIUM

Following the results obtained from earlier sampling by prospectors at the Mount Padbury Discovery Pit, which averaged 281ppm U_3O_8, FAIRSTAR's Managing Director, Mr. Kevin J Robertson, decided to sample the prospect in the company of two field technicians in his first visit to the area. The results of this work have, as the following Table shows, substantially upgraded the **uranium potential** of the prospect, with the discovery of economic assay grades comparable to those quoted for the **Yeelirrie "trunk valley calcrete uranium deposit"** near Wiluna, which is the largest and highest grade deposit of its type known. The mean of results from the discovery pit samples is 719 ppm uranium, or 836 ppm U_3O_8 (pure refined yellowcake) equivalent to 1.87 pounds of U_3O_8 per tonne.

Table 1: Note - All values above a grade of 250ppm U3O8 have been highlighted

Sample Number	Northing UTM	Easting UTM	XRF Assay U ppm	Assay U_3O_8 ppm (Pure Yellowcake)
YC001	7144207	0608654	**2410**	**2819**
YC002	7144205	0608658	**472**	**552**
YC003			**603**	**706**
YC004	7144207	0608647	116	136
YC005			**258**	**302**
YC006	7144183	0608666	58	68
YC007	7144195	0608644	**764**	**894**
YC008	7144189	0608637	**352**	**412**
YC009	7144200	0608645	**1876**	**2195**
YC010			**283**	**278**
YC011	7156919	0608187	74	87
YC012			22	26

Information provided by the geology of the discovery pit suggests that the mineralized zone comprises a calcrete – opaline silica zone which is located immediately beneath 1.5m of "Wiluna Hardpan" cover, which to a large degree masks the radiometric anomaly. The prospective zone appears to vary from 1.5 to 2.5m thick at this location. However, this may thicken up somewhat into a fossil channel system of the upper headwater "valley calcrete" type. The only observed uranium mineral is carnotite, which occurs as fracture filling and disseminations within the calcrete horizon and in the zone immediately beneath it. Carnotite also encrusts opaline silica and gypsum concretions. The uraniferous zone is underlain by bleached, pallid, white clay rich quartz sand typical of many calcrete hosted uranium deposits described in the Yilgarn Province.

Furthermore, sampling of a random pit near the Mount Padbury homestead returned U_3O_8 values of 87 and 26 respectively which, whilst not economic, are nonetheless strongly anomalous and suggestive that the drainage area north of the Homestead, shown on Figure 1, in a proximal tributary of the large Murchison River, requires early follow up exploration work.

During the Quarter, DiMAP Australia Pty Limited completed the airborne high resolution digital photographic survey at 20cms ground resolution covering all of EL 51/1147. This superb imagery provides an important tool for planning all future exploration work on this prospect.

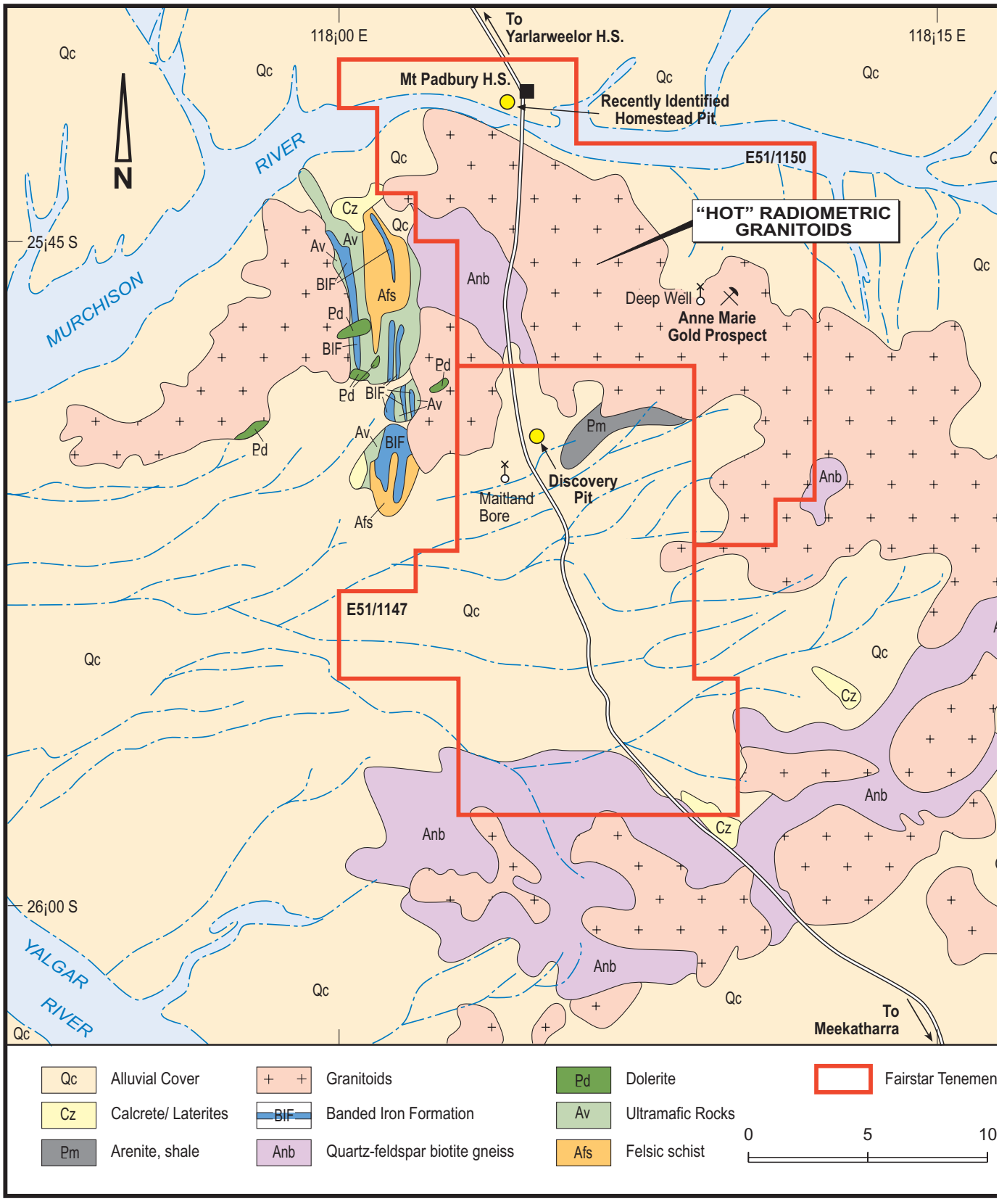

Figure 1 MT PADBURY PROJECT

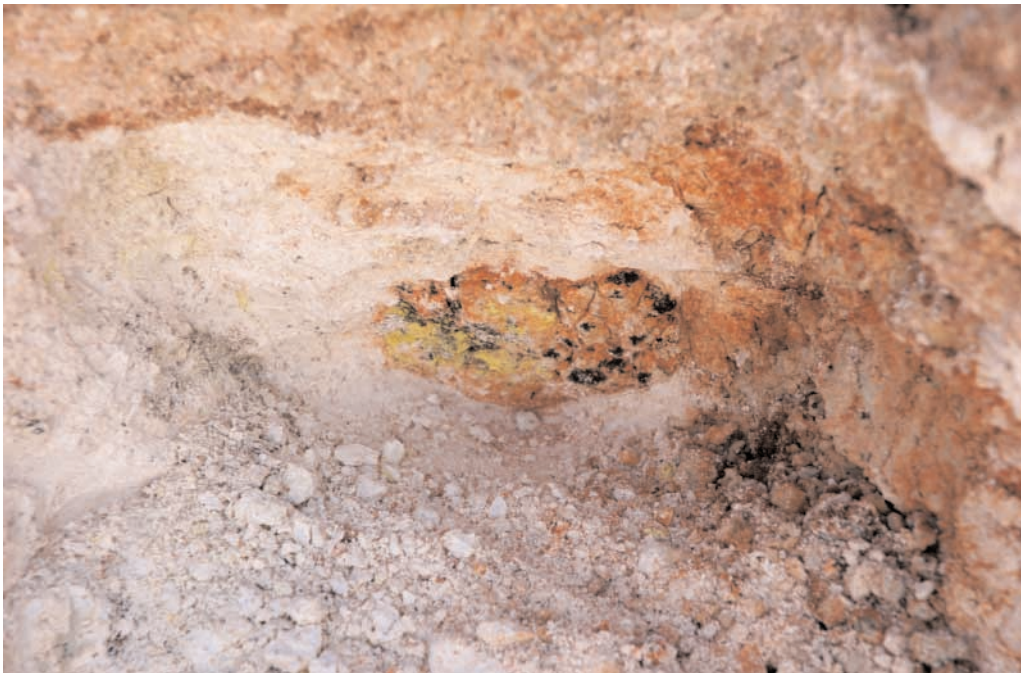

Plate 2: The Mount Padbury discovery pit showing strong carnotite (yellow) mineralization closely associated with black opaline silica concretions within iron oxide stained white calcrete.

Forward Work Programme – Q4 2007

FAIRSTAR will undertake a 2,500m shallow air core drilling programme, comprising 250 vertical holes drilled on an 160m and infill 80m square grid centred on the Discovery Pit, shown on Figure 4. All documentation required to gain the necessary approvals, to undertake this work, were lodged on Monday 16th April with the appropriate Government Authorities. DENARDA Holdings Limited have been contracted to undertake the drilling programme commencing during the June 2007 quarter. Furthermore, DOWNUNDER Surveys Ltd have been contracted to undertake down hole gamma ray spectrometer and resistivity surveys as the holes are drilled. All holes will be immediately logged by a downhole gamma ray spectrometer to provide an immediate and accurate uranium assay for the hole. This survey will be accompanied by downhole resistivity to accurately define geologic units within the surficial sediments.

KURNALPI GENERAL

Following the drilling of the two RC percussion programs at Halfway Hill and Colour Dam, Fairstar decided to carefully review all data including detailed geologic logging of all percussion drill cuttings from these programs by Mr. Nigel Maund. Furthermore, Fairstar has continued to put together a comprehensive data base for the Kurnalpi District with AURAM Consulting Services (formerly Mount Clifford Mining Services), putting all old exploration data into GIS based MICROMINE software.

The major issue at Kurnalpi has always been the disproportionate quantity of alluvial gold recovered compared to the discovered bedrock gold sources of such gold. To date, Kurnalpi has failed to reward explorers with either an underground or open pit mine of any significance. Therefore, any major system discovered at Kurnalpi will be a “blind system” offering little or no surface exposure. Furthermore, within the deeply weathered Kurnalpi area, shallow exploration, employing RAB drilling, without strong geologic supervision is likely to reveal very little indeed, based on assay results alone. RC drilling to depths above – 50 to 60m may also not reveal a coherent gold bearing system due to the effects of near surface gold depletion unless a thorough understanding of the geology is applied.

KURNALPI - EAST

Colour Dam RC Drilling Program

A total of 10 angled RC percussion holes, comprising a total of 863m, were drilled in January 2007 to the east and north east of the old trial mining pit. Three holes were drilled from the eastern pit wall angled at 600 towards the west. The objective of these holes was to test the hitherto untested mineralization, discovered by earlier explorers beneath the eastern pit wall. To some extent, as Figure 2 demonstrates this was successfully achieved albeit with lower gold grades than expected from earlier exploration undertaken by others.

The remaining 7 holes were drilled to the NE of the trial pit and were arranged in three 40m by 40m fences spaced 80m apart with holes angled at 600 towards the east. Holes were sampled were largely sampled on a meter by meter basis as there is virtually no regolith cover and the bedrock is exposed. All samples were analysed utilising the LEACHWELL 200 technique perfected by KALASSAY Laboratories Limited, at their Kalgoorlie Laboratory.

The geology of the percussion chips was logged by Mr. Nigel Maund at the detail of diamond core. As the very disappointing assay results for these 7 holes demonstrated, there is no gold system present in this area. However, the geology provided a major surprise with all holes, including those drilled beneath the trial mining pit, discovering a large and strong hydrothermal alteration system developed close to, or immediately beneath, the contact zone between the felsic volcanic Gindalbie Formation and the mafic volcanic Mulgabbie Formation.

The following table lists the significant gold intersections made during the RC drilling at Colour Dam:

Hole Number	From (m)	To (m)	Downhole Intersection	Assay Grade g/t Au
CDRC001	17	35	18	1.19
	49	52	3	1.06
	55	66	11	1.35
CDRC003	23	29	6	3.96
includes	*27*	*29*	*2*	*10.6*
	50	56	6	1.06

Alteration was characteristically developed over the entire drill hole with intense quartz – sericite – pyrite ± chalcopyrite (copper sulphide) and / or sphalerite (zinc sulphide), or, alternatively, intense quartz – chlorite – (sericite) – leucoxene – pyrite. The morphology and geology of the altered and mineralized systems identified is not diagnostic for a gold system. However, it is characteristic for the subjacent stockwork vein system developed beneath a Volcanogenic Massive Sulphide (VMS) deposit such as Teutonic Bore or Jaguar. Accordingly, Fairstar will be re – assaying strongly mineralized sections in selected holes to determine their base metal signature prior to undertaking further exploration work.

Forward Work Program Q4 2007

All new geologic and assay data is now being processed by AURAM Consulting Services. Once, the data has been entered into the existing data base and processed further geologic work will be undertaken including the acquisition of 1:5,000 scale colour aerial photography and geologic mapping undertaken with a view to picking up lithologies, hydrothermal alteration, mineralization and, in particular gossans as the initial phase in the search for VMS deposits of the Teutonic Bore type.

This work will be followed up, as required by a deep searching (300m) airborne geophysical VTEM survey. An appropriate contractor will be sought to undertake this work. The whole contact zone between the felsic and mafic

volcanics will be flown over a strike length of some 7 to 8 kilometres over a prospective zone 1km to 1.5km in width.

KURNALPI NORTH – HALFWAY HILL

All percussion cuttings from the 27 hole, 2,573m, RC drilling programme have been geologically logged in detail by Mr. Nigel Maund during March 2007. This work revealed several important geologic details hitherto unappreciated from appraisal of the mere assay data. This work is now being meticulously processed by AURAM Consulting Services and entered in the MICROMINE database together with data capture and processing from previous exploration programs undertaken by others. Once this work has been completed, FAIRSTAR will be in a better position to understand the geology of the Halfway Hill gold prospect. Suffice it to say that appraisal of this prospect is still in its early stages.

Forward Work Programme for Q4 2007

This work will include the acquisition of high resolution digital aerial photography from DiMAP Australia Limited and possibility of undertaking deep probing geophysics will be examined with FUGRO Limited. Geologic mapping, soil and rock chip sampling are virtually superfluous in this area due to the depth of regolith and Tertiary alluvial cover, which is up to 28m deep at the northern end of the prospect. The next stage of drilling will most probably involve open hole percussion piloted diamond drilling.

SPINIFEX WELL

During the Quarter, DiMAP Australia completed the flying of all of FAIRSTAR's Exploration Licences, both granted and applied for, with high resolution digital photography with a ground resolution of 20cms. This work has provided a superb base on which to plan further exploration of these licences. The photographs provide pinpoint accuracy with no distortion in real colour and can be readily blown up to a scale of 1:500 for advanced project geologic mapping without loss of definition. This is not possible from satellite based imagery.

A reconnaissance trip was made to Spinifex Well to sample sources of potable water at the site of old wells and to assess access problems and chose a suitable camp site for exploration. This work has been completed and exploration may now commence in Q4 2007 with detailed geologic mapping and re – sampling of the main gold prospects discussed in previous ASX releases. Geologically prospective zones will be trenched, geologically mapped and sampled once necessary approvals have been gained. RAB and /or RC drilling will be done to follow up anomalies generated in the above outlined work programme.

The information in this report that relates to Exploration Results is based on information compiled by Mr. Nigel Maund, who is a Member of the Australian Institution of Mining and Metallurgy, UK Institution of Mining Metallurgy and Materials and Society of Economic Geologists. Mr. Maund is a consultant to Fairstar Resources Limited and has sufficient experience relevant to the style and mineralization and deposit type under consideration, and to the activity which he is undertaking to qualify as a Competent Personas defined in the 2004 Edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Nigel Maund consents to the inclusion of this report of the matters based on his information in the form and context in which it appears.