

**ASX Code: FAS**

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ABN 38 115 157 689

## Capital Structure

**29th January 2013**

**Ordinary Shares on issue:** 1,115 M

**Share price:** \$0.01

**Estimated market  
capitalisation:** \$ 11.15 M

## Board Directors

**Kevin J Robertson** MAICD  
Managing Director

**Wayne N Wan**  
Director Non Executive

**Con Markopoulos**  
Director Non Executive

**Alan Thomas**  
Company Secretary

## Highlights for the Quarter:

- Results from extended radon gas sampling program at Mt Padbury extends potential uranium enriched zone further to the south and east.
- Further mapping and rock chip sampling at Kurnalpi goldfield



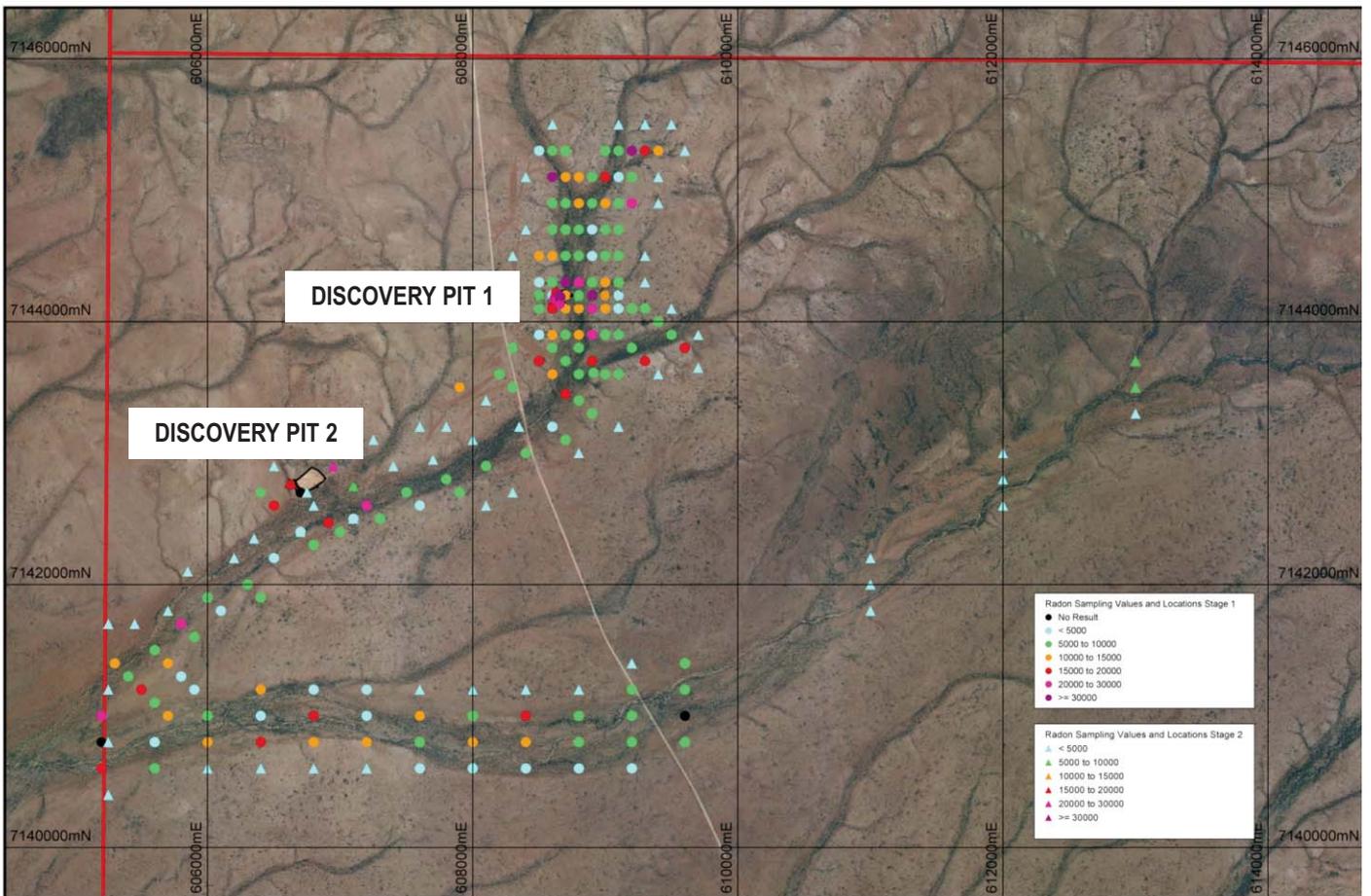
- Rehabilitation completed for exploration disturbances at Steeple Hill Iron project.
- Exploration planning and historic data review undertaken for Hampton Hill project, with exploration about to commence.
- Results awaited for airborne electromagnetic survey near Kitchener.



## Details of Activities during the Quarter

### Mt Padbury Uranium Project

An additional 88 radon gas detectors were retrieved from buried locations above calcretes near streams. The detectors were read and returned results from 20000 down to 500 beq/cu m, with the higher values on the northern side of the valley. This may be due to the proximity to the hills of radioactively 'hot' granite on the north side of the valley. The range of anomalously high radon gas readings has been extended further south and east, and as radon gas is a breakdown product of uranium, this may relate to the presence of uranium minerals at shallow depth in calcrete. This will be tested by drilling in 2013.



### Kurnalpi Goldfield

Mapping and rock chip and soil sampling was undertaken on two minor tenements within the extensive lease holdings of the company at the historic Kurnalpi Goldfield. The 15 rock chip samples returned weakly anomalous results as high as 45ppb, but the two soil samples had only background values. This data and mapping is being added to the comprehensive database developed for the Kurnalpi area. (See photograph on page one)

## Steeple Hill Iron Project (SHIP)

Rehabilitation of exploration drill sites and shallow excavator pits has been completed at the Steeple Hill detrital iron project. This has involved removing all remaining bags and any residual rubbish from drill sites, plugging of drillholes and filling in of trenches dug by excavator. Most of the sites are within the alluvial valley area proposed to be mined for the hematite particles within the alluvial material. This cleanup complies with DMP guidelines.

*Photograph: Rehabilitation completed at SHIP drillsite.*



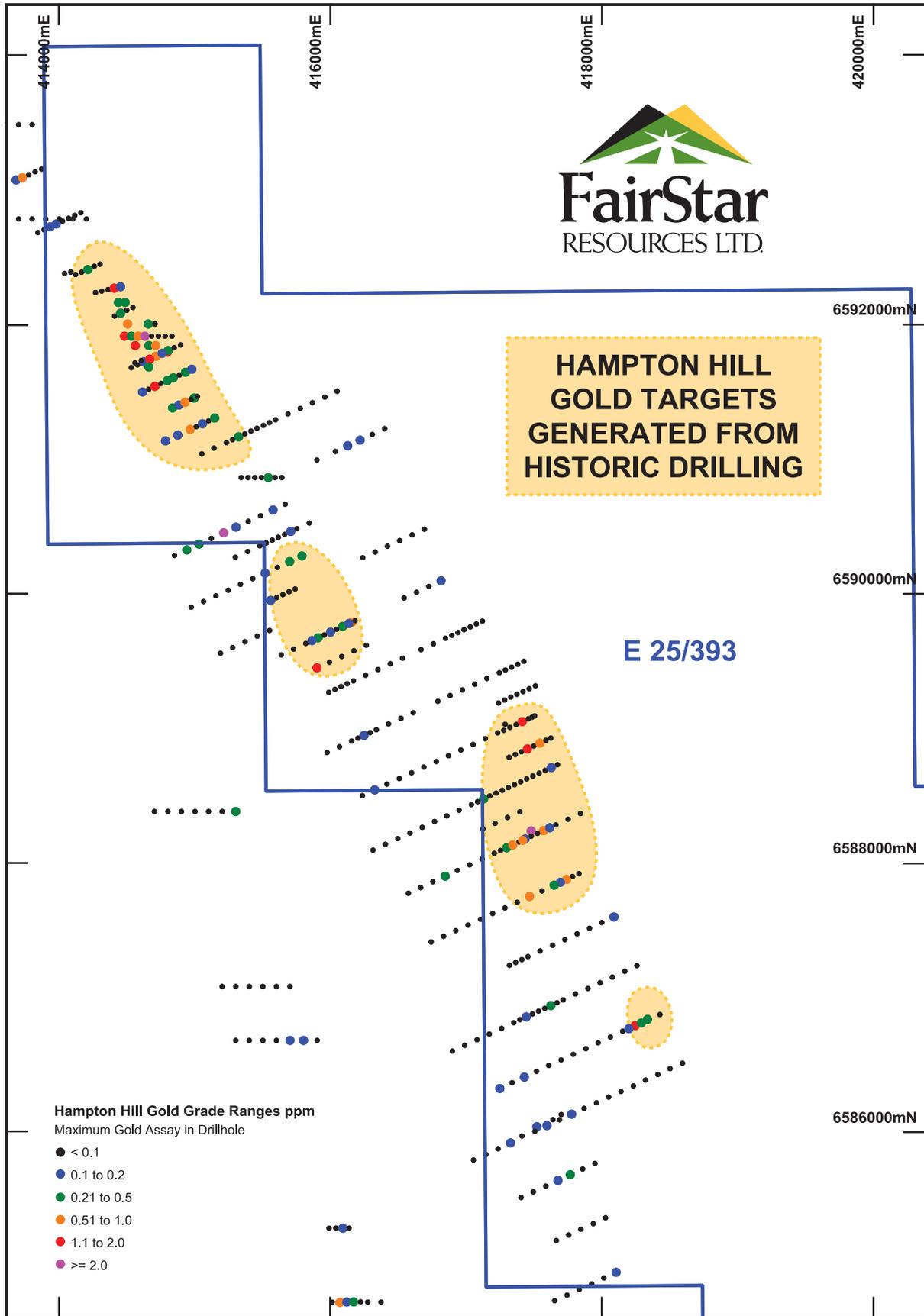
## Kitchener Aquifer

A airborne electromagnetic survey was flown over a large area with a potential aquifer adjacent to a large palaeochannel. It is considered that substantial fresh to brackish water suitable for the SHIP process plant may be present in sandstone and limestone beds, and the electromagnetic survey should pick up areas of low conductivity corresponding to less saline water. This water could then be pumped west to the process plant. The results of the survey are awaited.

## Hampton Hill Gold Project

The historical exploration reports for this tenement have been examined and reveal significant highly anomalous gold intercepts in earlier drilling, which have not been followed up. These intercepts lie adjacent to a major shear which has several gold mines along its length or in splays from the major shear. This area is considered highly prospective, and exploration planning to follow up on earlier gold intercepts has been planned, and field work will commence shortly.

Overpage is a map showing the historical drilling with new target areas highlighted which require further testing.



## Jurangie Hill

An extension of term for further five years has been granted for tenement E28/1687, which has known iron mineralisation, and also highly anomalous silver grades to 4g/t in outcrop. An extension of term for E28/1561 has been granted for a further two years.

All the tenements in all areas are in good standing.

## Project Funding for Steeple Hill Iron Project

Despite on-going volatility in international equity and funding markets, FairStar continues to make sustained progress with FRL Commodity Management Limited to fund its Steeple Hill Iron Project (SHIP).

As advised to the market on 24th January, FairStar and FRL Commodity Management Limited have now agreed the Funding Completion Memorandum procedure.

This process is designed to facilitate necessary due diligence, required sign-off procedures and importantly confirmation of engagement with key supply chain stakeholders for the development and export of SHIP ore.

Central to SHIP funding is the FRL Commodity debt funding model that requires critical facility elements to be available to FairStar. FairStar will further advise the market as the due diligence completion process is completed.

The Board shares Shareholder frustration at continued delays due to external market conditions and continues to consider all proposals in the best interest of FairStar and shareholders, notwithstanding continued progress with FRL.

## 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 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 ore 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 and base metals at Mt Padbury and Killara.

FairStar has an extensive portfolio of projects straddling 1624 Km<sup>2</sup> 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.