

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

Capital Structure

30th January 2014

Ordinary Shares on issue: 1,616 M

Share price: \$0.010

Estimated market

capitalisation: \$ 16.1 M

Board Directors

Kevin J Robertson MAICD
Managing Director

Con Markopoulos
Director Non Executive

Tim Symons
Director Non Executive

Madhu Bhalla
Company Secretary

Highlights for the Quarter:

- Continued negotiations to finalise the remaining 20% (\$AU64 million) of funding for SHIP
- Extension of term granted for a further five years on Kurnalpi tenement, E28/1749 which includes Halfway Hill and Area 9.
- Extension of term, on SHIP tenement E28/1766, granted for a further 5 years.
- Discussions with process plant engineers and laboratory regarding the pilot plant test of up to 100t of SHIP ore
- Continued progress on immediate SHIP requirements once funding is achieved.
- Further validation of the Company's extensive data base, particularly on the Kurnalpi Project, Halfway Hill and Area 9 data.



Photograph:

*Aerial view of Iron Creek
at SHIP*

Details of Activities during the Quarter

Steeple Hill Iron Project (SHIP)

During the Quarter, the Company continued to pursue various funding alternatives for the remaining 20% (\$AU64 million) required to facilitate transition into production.

The discussions and negotiations are progressing albeit not as quickly as the Company would like. The global economic climate and the legal requirements across a number of borders and jurisdictions is challenging but FairStar continues to make progress.

In the interim the Company has had other alternatives placed before it, and in the interests of prudence and good corporate intent, these alternatives are being evaluated alongside the current arrangements.

Discussions have been held with the process plant engineers and laboratory to process 100t of SHIP ore through a pilot test plant. With this test work, final plant design and engineering will be able to commence.

Planning for the retrieval of the hematite rich alluvials and transport to the pilot plant has been completed. The Company previously delayed this work pending funding, but will commence test work shortly regardless to expedite project planning and execution once funding is fulfilled.

Extension of term application for tenement E28/1766 was submitted during the previous quarter to the Department of Mines & Petroleum. A five year extension for the tenement has been granted, with the tenement now due to expire in 2018. This tenement holds great potential to further enhance the overall resource at SHIP both with detrital material and hard rock hematite/goethite and magnetite material.

A further detailed analysis of the tenement and review of the site will be undertaken to determine further locations for an extension of another drilling program on tenement E28/1766.

The Company confirms that steady progress has been maintained on the immediate requirements for SHIP once funded to enable a smooth and rapid transition into the production phase of the project.

Kurnalpi Gold Project

An extension of term application had previously been submitted to the Department of Mines & Petroleum (DMP) for tenement E28/1749.

This tenement covers the majority of the area which is the Kurnalpi Gold Project and includes the prospects of Halfway Hill, Area 9, Area 7 and Hacketts Well, all of which have good potential to host sizeable gold resources. The DMP has granted the five year extension over the tenement, which is now due to expire in November 2018.

Work has continued on the extensive Kurnalpi data base with further validation on historic information. This validation enables future exploration work to be conducted and planned with greater accuracy. All data is being validated using Micromine software.

Other Tenements

All other tenements are in good standing, as per the requirements of the DMP.

FairStar Tenement Schedule

Name of Project	Ownership	Name of Prospect	Tenement Number
Steeple Hill Iron Project	FairStar	Lindsay's Dam	E28/1672, E28/1766, M28/373, L28/38-40 (P), L28/43(P) E28/1997
Kurnalpi-Randalls	FairStar	Kurnalpi North (Halfway Hill) & South (Area 9)	E28/1749, P28/1134 & P28/1135
		Jurangie Hill	E28/1687
		Kurnalpi East – Colour Dam	E28/1561
	FairStar 90%/Westex 10%	Kurnalpi East – Colour Dam	E28/1748, P28/1131, P28/1133
	Alan Rudd	Duchess of York	M25/349
		Hampton Hill	E25/393
Music Well	FairStar	Music Well	E37/894
Mt Padbury	FairStar	Old Trilbar	E51/1147
		Mt Padbury	E51/1150

Tenement Portfolio consists of the following:

21 Tenements: 11 Exploration, 4 Prospecting, 2 Mining, 4 Miscellaneous Licences - Pending

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, gold and uranium.

Competent Persons Statement

The information contained in this report was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

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.