

ASX Code: FAS

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ABN 38 115 157 689

Capital Structure

29th April 2014

Ordinary Shares on issue: 1,732 M

Share price: \$ 0.07

Estimated market

capitalisation: \$ 12 M

Board Directors

Kevin J Robertson MAICD
Managing Director

John-Pierre Reifler
Chairman Non Executive

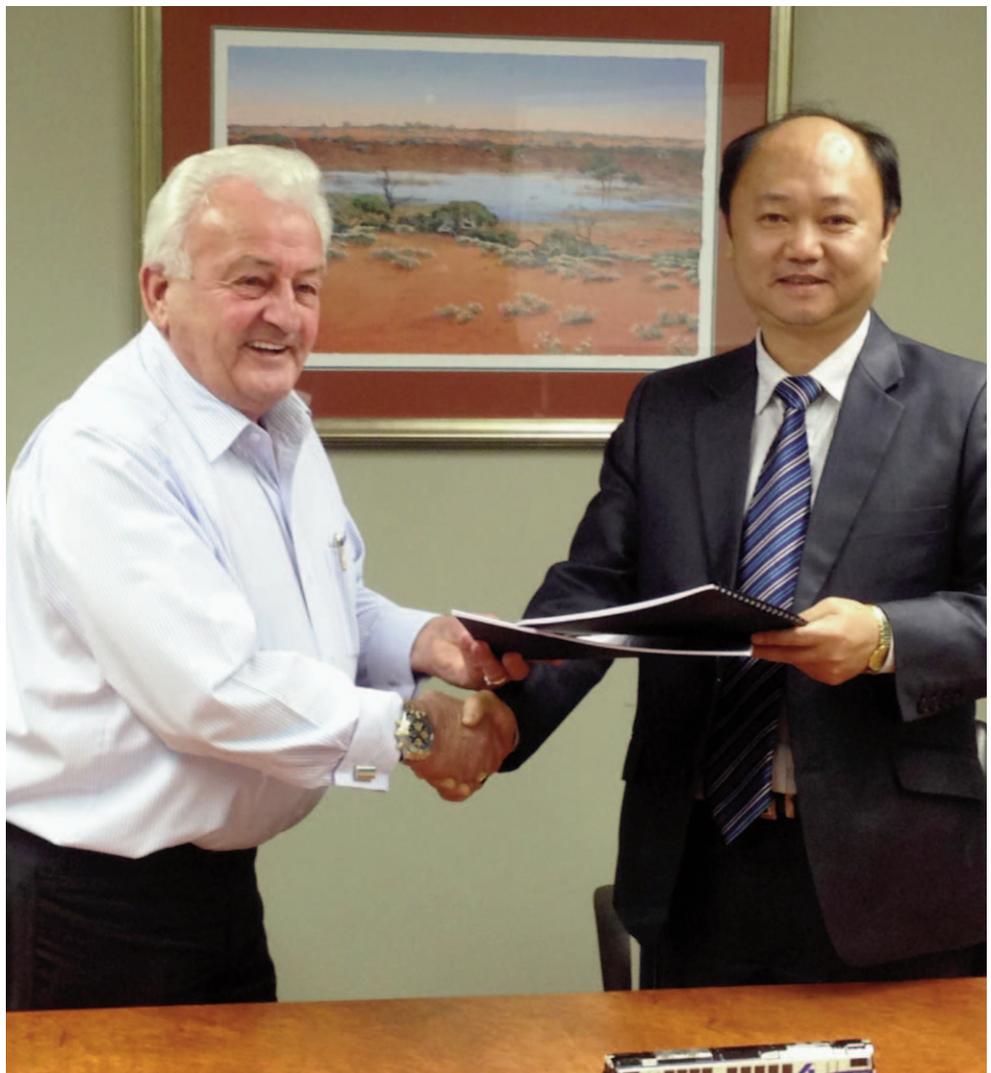
Con Markopoulos
Director Non Executive

David Allan Rossiter
Director Non Executive

Madhukar Bhalla
Company Secretary

Highlights for the March 2014 Quarter:

- **US\$176 million Vendor Financing Deal with CSR Ziyang Co Ltd.**
- **Creafin & Associates progress discussions with range of parties for balance of funding.**
- **Alliance Super Holding JV deal terminated.**
- **Continued progress on preparation of pilot test work on SHIP ore.**



Photograph:

*FairStar Managing Director,
Kevin J Robertson and CSR
Ziyang's Mr Tiger Lee signing
contract of sale and vendor
financing agreement*

Details of Activities during the Quarter

Steeple Hill Iron Project (SHIP)

Pilot Test Work:

The Company has continued progress with preparations for pilot test work on 100t of SHIP ore. A Scope of Services has been finalised by Proteus Engineers for the test work, which includes the block flow diagram for all the necessary process steps. The Scope of Services has been provided to Nagrom Mineral Processors who can satisfactorily undertake all steps in the process apart from water recovery work (belt filter and filter press work); which part will be further outsourced.

FairStar is considering quotes received from Nagrom and Proteus to conduct and manage the test work, and a transport company to deliver the material for the test work.

Once the test work is completed, final design and engineering of the process plant can commence. The outcomes from the testing will also establish the final grade of the product, water requirements, along with recovery percentages.

Tenements E37/894 & E51/1150:

Following a strategic review, the Company decided to surrender tenements E37/894 (Music Well) and E51/1150 (Mt Padbury - northern tenement) to concentrate on other assets it feels are likely to return greater value to shareholders.

To date, the Mt Padbury northern tenement has shown no potential to host uranium mineralisation, unlike the southern tenement E51/1147 where, as previously announced, carnotite has been discovered in Discovery Pits 1 and 2.

FairStar believes it is in the best long term interests of the Company and shareholders to focus all its exploration efforts on its remaining projects and prospects.

Other Tenements

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

Corporate

As announced to the market during the Quarter, FAS secured vendor financing with CSR Ziyang Co. Ltd of up to US\$176 million for SHIP's rolling stock and associated rail infrastructure requirements.

The contract of sale and vendor financing agreement executed with CSR Ziyang provides funding in three tranches. The first tranche will be for three locomotives and 132 wagons with a potential carrying capacity for FairStar of up to 1.8 MT per annum. The linked infrastructure and the first train set have been budgeted for a value circa US \$106 million.

Additional locomotives and wagons will be purchased through CSR Ziyang once SHIP is in production to facilitate increased transport tonnage requirements of up to 5 Mt per annum.

Under the agreement, FAS is to provide a 15% deposit to commence manufacture; as announced to the market (4th March 2014), FairStar confirmed discussions are underway with a range of interested financiers.

FairStar engaged the services of Creafin & Associates (Creafin), on a non-exclusive basis, to assist FAS in raising project funding for infrastructure development of its SHIP tenement. Creafin is a Singapore-based boutique financial and consulting practice with significant experience in corporate funding at many levels from start up to the issue of bank instruments.

In addition, FairStar formally terminated the proposed joint venture with Alliance Super Holdings Pty Ltd following a detailed and extensive review by the Company. This review concluded the Alliance transaction was not in the best long term interests of FairStar and its shareholders

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), L28/46(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
Mt Padbury	FairStar	Old Trilbar	E51/1147

Tenement Portfolio consists of the following:

20 Tenements: 9 Exploration, 4 Prospecting, 2 Mining, 5 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 and Duchess of York - Hickmans Find, along with uranium at Mt Padbury.

FairStar has an extensive portfolio of projects straddling 562 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.

