

ASX Code: FAS

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ABN 38 115 157 689

Capital Structure

30th July 2014

Ordinary Shares on issue: 1,889 M

Share price: \$ 0.04

Estimated market

capitalisation: \$ 7.56 M

Board Directors

Kevin J Robertson MAICD
Managing Director

John-Pierre Reifler
Chairman Non Executive

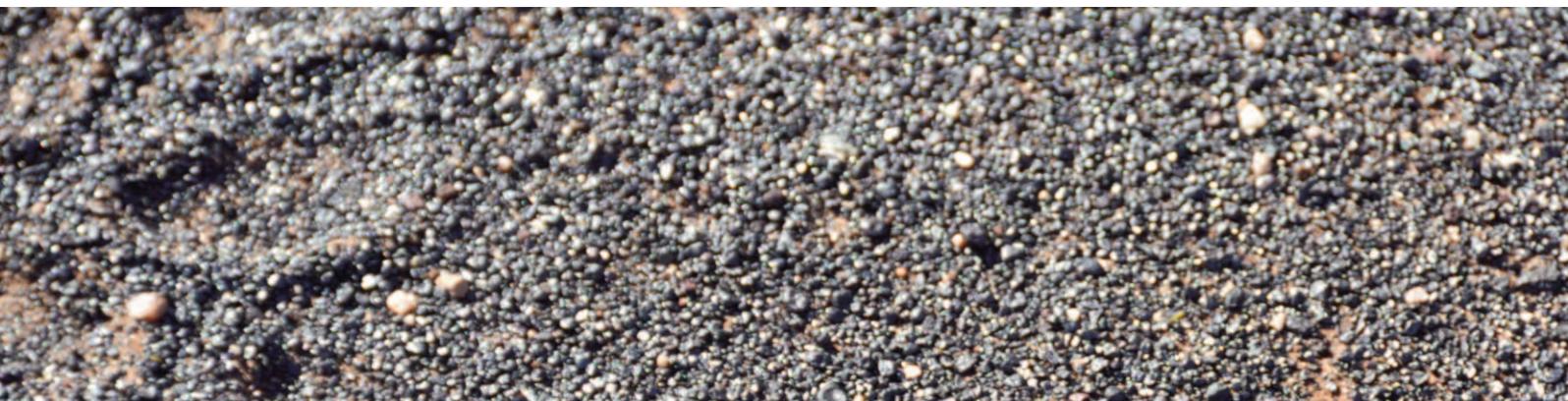
Con Markopoulos
Director Non Executive

David Allan Rossiter
Director Non Executive

Madhukar Bhalla
Company Secretary

Highlights for the June 2014 Quarter:

- **Continued progress with the funding for the Steeple Hill Iron Project (SHIP)**
- **FairStar executed non-exclusive mandate with Creafin & Associates to enable the required Project funding to be sourced**
- **Continued discussions with CSR Ziyang in regards to the previously agreed vendor finance for rolling stock and associated infrastructure**
- **Areas identified from where 100t of SHIP ore for pilot test will be sourced**
- **Continued negotiations with pastoralist at SHIP in regards to applications for the various Miscellaneous Licences for roads and camp facilities**
- **Complete and submit all necessary tenement disturbance data for the Department's Mine Rehabilitation Fund (MRF)**



Details of Activities during the Quarter

Steeple Hill Iron Project (SHIP)

During the Quarter, consultations have continued with CSR Ziyang in regards to the previously announced Vendor Financing Agreement (3rd March, 2014). This Agreement is for the manufacture and supply of required rolling stock and associated infrastructure of up to the value of US\$176 million.

Discussions are progressing well with CSR, who are still fully committed to assisting FairStar achieve the required goals and putting the Steeple Hill Iron Project into production.

Creafin & Associates, with whom the company has a non-exclusive mandate, as per announcement of 12th June 2014, have reassured the Directors that their negotiations are progressing. They have reported that they have more than one interested party with whom they are in consultation to provide the required funds for FairStar's Steeple Hill Iron Project. They are hopeful of a positive outcome in the near future. ***The Company wishes to advise that as of the end of the 30th June 2014 quarter, and as of the date of this report, no funding has been confirmed by Creafin & Associates and investors are cautioned from using this information solely as a basis for trading in the Company.***

A visit to the SHIP site was also undertaken during the Quarter to identify the areas to recover the 100t of ore for the pilot test work. The material will be easily recovered with minimal earthworks required to enable access to the material and transport from site.

Whilst on site, very positive meetings were held with the pastoralist from Avoca Downs Station with regard to progress on the Miscellaneous Licences and Section 79 Lease Application for the necessary roads, pipe lines, camp facilities and rail spur line at SHIP.

Mines Rehabilitation Fund

Under the requirements of the Department of Mines & Petroleum's new Mines Rehabilitation Fund (MRF), the Company has submitted all disturbance data for all tenements currently held or managed by the Company.

With this data submitted, the Company will have existing Performance Bonds retired which were in place at SHIP and SHIP North. Currently, no Levy is required to be paid into the MRF as all previous disturbances have been rehabilitated satisfactorily.

Kurnalpi Gold Project

During the Quarter, historic data for the Kurnalpi Gold Project, which includes Kurnalpi North, South and East, has continued to be entered into the Company's extensive database. Data which has been entered is then validated to ensure all information is accurate and reliable for future exploration planning.

The historic data which is being entered and validated is mainly in the form of hand written, historic drill logs and consists of depth, assay values, geology/lithology codes, direction of hole and collar locations, etc.

It is envisaged that the remaining data which is required to be entered and validated, will be satisfactorily completed in the coming Quarter. To date, Kurnalpi East (Colour Dam) has been completed.

Duchess of York Gold Project

The Company's geologist has predominately worked during the quarter on reviewing and interpreting the historic data for the Duchess of York Project. The review and interpretation of the data has enabled a new exploration program to be created. The exploration program is aimed at extending the known mineralisation in several areas by conducting further drilling. The required Program of Works is being compiled. This will be reviewed and in due course submitted for approval to the DMP. The Company intends to commence this program once the required approvals have been granted and the funds to carry out the comprehensive program are available.

Other Tenements

All other tenements which are held by or managed by the Company 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
	FairStar 90%/Westex 10%	Kurnalpi East – Colour Dam	E28/1561
	Alan Rudd	Kurnalpi East – Colour Dam	E28/1748, P28/1131, P28/1133
		Duchess of York	M25/349
		Hampton Hill	E25/393
Mt Padbury	FairStar	Old Trilbar	E51/1147

Tenement Portfolio consists of the following:

19 Tenements: 9 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 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.