

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

28th January 2015

Ordinary Shares on issue: 1,903 M

Share price: \$ 0.004

Estimated market

capitalisation: \$ 7.61 M

Directors

Kevin J Robertson MAICD
Managing Director

John-Pierre Reifler
Chairman Non Executive

Con Markopoulos
Director Non Executive

David Allan Rossiter
Director Non Executive

Company Secretary

Madhukar Bhalla

Highlights for the December 2014 Quarter:

- **Development has continued to achieve full funding for the Steeple Hill Iron Project**
- **Convertible Note Agreement entered into with I-World totalling AUD 10,000,000**
- **Historic data entry and validation has been completed on the Company's entire Kurnalpi Gold Project**

Steeple Hill Iron Project (SHIP)

During the Quarter, the Company has continued to aggressively pursue, with the assistance of Creafin & Associates, the required financing to enable the project to move forward into production.

On the 27th October 2014, FairStar announced that the Company had signed a Convertible Note Agreement with I-World International Group Limited (I-World), of Taiwan. They have committed to invest up to \$10,000,000.00. In negotiating the Agreement and I-World seeking to convert their investment into equity, the Company reached a difficult situation given the current share price. FairStar persisted in providing I-World with a deeper understanding of the Steeple Hill Iron Project and the future prospects for FairStar. The Company is pleased to report, that I-World has the right to convert the first \$5 million at a rate of 1.6 cents per share and the second \$5 Million at 2.0 cents per share. This should provide the Company's shareholders with an indication of the potential, viability and promise that the Steeple Hill Iron Project returns to us all. The issue of Notes to enable I-World to convert to shares was granted shareholder approval on the 27th November 2014, at the Annual General Meeting.

FairStar will use the funds, from I-World, for working capital purposes, retirement of debt and development of the Steeple Hill Iron Project.

During the Quarter, the Company became aware of an additional two Complaints lodged against two of the SHIP tenements. As previously stated, the Company would like to assure its Shareholders that all necessary procedures have been taken to protect the Company's interests and will inform of the outcome in due course. Further, the Company confirms that all necessary reporting and expenditure requirements have been satisfied as required by the DMP.

Kurnalpi Gold Project

As previously reported, the Company has been actively compiling all historic data for the Kurnalpi Gold Project into the extensive database. The Company is pleased to report that all data has satisfactorily been entered into the database and correctly verified.

Work has now commenced internally to create suitable work programs to conduct future drilling. The areas that are being targeted are Halfway Hill, Area 9, Area 7, Hacketts Well and Kurnalpi East – Colour Dam. Once the work programs are completed, a further study will be undertaken to prioritise the areas that hold the best potential for the discovery of additional mineralisation.

It is the Company's intention that once the required funds are available and DMP approval is gained, this work will be commenced immediately.

Other Tenements

All other tenements 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) Jurangie Hill	E28/1749, P28/1134 & P28/1135 E28/1687
	FairStar 90%/Westex 10% Alan Rudd	Kurnalpi East – Colour Dam Duchess of York Hampton Hill	E28/1748, P28/1131, P28/1133 M25/349 E25/393
Mt Padbury	FairStar	Old Trilbar	E51/1147

Tenement Portfolio consists of the following:

18 Tenements: 8 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.