

**ASX Code: FAS**

## Contact Details

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ABN 38 115 157 689

## Capital Structure

**31 January 2017**

**Ordinary Shares on issue:** 1,903 M

**Share price:** \$ 0.004

**Estimated market**

**capitalisation:** \$ 7.61 M

## Directors

**Kevin J Robertson** MAICD  
Managing Director  
Company Secretary

**John-Pierre Reifler**  
Chairman Non Executive

**David Allan Rossiter**  
Director Non Executive

The Company, during the December Quarter has been pursuing several avenues to secure sufficient funds to retire outstanding debt along with providing adequate working capital for twelve months operations. With this funding, the Company would be in a position to obtain a "going concern status" from the auditors and allow the Company to trade again on the ASX.

The Company would like to thank all shareholders for their patience during this period. The Directors continue to work tirelessly to obtain the best possible outcome for all shareholders.

### Steeple Hill Iron Project (SHIP)

The Company continues to pursue the required funding to enable the Project to be taken into production as soon as possible, given the difficult market conditions.

The Company continues to defend the Applications for Forfeiture over tenements M28/373 and E28/1997 and is confident of a successful outcome. During December, the Company became aware that further Applications for Forfeiture were lodged by the same Applicant over E28/1672 and E28/1766. The Company confirms that Applications for Exemption from Expenditure were lodged on the two tenements and with exemption being granted on E28/1672 and is still to be determined on E28/1766.

The Company has outstanding rent owing on E28/1672 and E28/1766. It is anticipated to have these payments made in the very near future to the Department of Mines & Petroleum.

### Other Tenements

During the Quarterly period, tenements P28/1134 and P28/1135 expired. Rent on M25/349 is outstanding but the Company is confident of being able to satisfy the Department of Mines & Petroleum shortly.

### Research & Development Application

The Company understands that a final review of the Research & Development Application is being conducted by AusIndustry. Upon completion of that review, AusIndustry will provide their recommendations to the ATO. The Company is confident of a positive outcome shortly.

### FairStar Tenement Schedule

Name of Project	Ownership	Name of Prospect	Tenement Number
<b>Steeple Hill Iron Project</b>	FairStar	Lindsay's Dam	E28/1672, E28/1766, M28/373, L28/38-40, L28/43, E28/1997
<b>Kurnalpi-Randalls</b>	FairStar	Kurnalpi North (Halfway Hill) & South (Area 9)	E28/1749
	FairStar 90%/ Westex 10% Alan Rudd	Kurnalpi East – Colour Dam Duchess of York	P28/1131 M25/349

**Tenement Portfolio consists of the following:**

11 Tenements: 4 Exploration, 1 Prospecting, 2 Mining, 4 Miscellaneous Licences

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

FairStar Resources Limited

### ABN

38 115 157 689

### Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (Three months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	0	0
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production	0	0
(d) staff costs	0	0
(e) administration and corporate costs	0	0
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>0</b>	<b>0</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	0	0
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (Three months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>0</b>	<b>0</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>0</b>	<b>0</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period		
4.2	Net cash from / (used in) operating activities (item 1.9 above)		
4.3	Net cash from / (used in) investing activities (item 2.6 above)		
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>0</b>	<b>0</b>

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	0	0
5.2 Call deposits	0	0
5.3 Bank overdrafts	0	0
5.4 Other (provide details)	0	0
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>0</b>	<b>0</b>

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	0
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	0
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

## Mining exploration entity and oil and gas exploration entity quarterly report

8.	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1	Loan facilities	7,995	7,995
8.2	Credit standby arrangements	15,000	0
8.3	Other (please specify)		
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

(a) *As at the date of this report, the following short term secured financing facilities are payable:*

<i>Description</i>	<i>Amount Due</i>
<i>Other unsecured loan (former convertible noteholders)</i>	<i>1,100,000</i>
<i>Loan previously secured by shares in listed company</i>	<i>1,190,000</i>
<i>Loan secured by PPSA Security interest</i>	<i>2,380,000</i>
<i>Loan secured over mining lease</i>	<i><u>3,325,000</u></i>
	<i><u>7,995,000</u></i>

(b) *Fairstar has a non exclusive standby subscription agreement with Gurney Capital Nominees Pty Ltd. The total facility, of which drawdowns can be made subject to certain terms and conditions, is \$15 million. Shares are issued at a price representing 80% of the 5 day VWAP for the period immediately prior to the issue of a drawdown notice to Gurney.*

(c) *In October 2014 Fairstar entered into a Convertible Note agreement in order to raise \$10 million. Full details are contained in ASX announcement dated 27 October 2014. \$150,000 was received as under 1.15.*

### 3.3 Limited and Temporary Receivership:

- *PPB Advisory have been appointed as Limited and Temporary Receivers by a secured creditor. The assets under their control include the bank account and the receipts of all money from the R&D refunds.*
- *The funds in the company's bank account have been transferred to the account being held by PPB Advisory.*
- *The refund for the Financial Year ended 30.06.2013 of \$1,066,619.49 has also been paid by the ATO directly into the account of the company being held by PPB Advisory.*

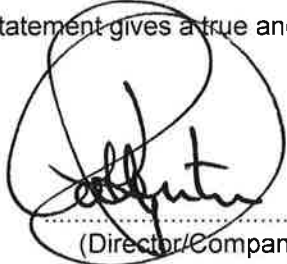
## Mining exploration entity and oil and gas exploration entity quarterly report

9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	0
9.2	Development	0
9.3	Production	0
9.4	Staff costs	0
9.5	Administration and corporate costs	10
9.6	Other (provide details if material)	0
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>10</b>

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	P28/1134 & P28/1135	Tenement Expired	100%	Nil
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  .....  
(Director/Company secretary)

Date: 31/Jan/2017

Print name: Kevin J Robertson

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.