

10 February 2015

A.B.N. 38 115 157 689

The Manager  
Australian Securities Exchange  
Level 40  
Central Park  
152 – 158 St George's Terrace  
PERTH WA 6000

ATTENTION: Mr Ben Tippett

Dear Sir

Re **APPENDIX 5B**

Thank you for your letter dated 6 February 2015.

In response to the matters raised by you and adopting your numbering the company responds as follows:

1. The company refers to its announcement dated 27 October 2014 when it announced that it had entered into a Convertible Note Agreement with I-World International Group Limited. That agreement is still on foot and the company anticipates being in a position to draw down on that facility during the coming quarter to meet expenditure commitments.
2. Once the company commences drawing down on the I-World International Group Limited facility the company does not anticipate that it will have a negative operating cashflow.
3. The entry into the I-World International group Limited facility as announced on 27 October 2014.
4. The company can confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1.
5. Once the I-World International Group Limited facility is drawn the company will comply with listing rule 12.2. Once those funds are received the balance sheet of the company will be significantly improved.

Should you require any further information regarding the recently lodged Appendix 5B or generally, do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink that reads "Madhukar Bhalla". The signature is written in a cursive style with a large, prominent initial 'M'.

**Madhukar Bhalla**  
Company Secretary



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6 February 2015

Madhu Bhalla  
Company Secretary, Fairstar Resources Ltd  
Units 3 & 4, 136 Main Street  
OSBORNE PARK WA 6017

Dear Madhu

**Fairstar Resources Ltd (“Company”)**

I refer to the Company’s Quarterly Report in the form of Appendix 5B for the period ended 31 December 2014, released to ASX Limited (“ASX”) on 30 January 2015, (the “Appendix 5B”).

ASX notes that the Company has reported the following.

1. Receipts from product sales of nil.
2. Net negative operating cash flows for the quarter of \$321,000.
3. Cash at end of quarter of 52,000.
4. Estimated cash outflows for the next quarter of \$380,000 on exploration, development and administration.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter (and at the rate anticipated for the next quarter) indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company’s position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company’s compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to **Ben.Tippett@asx.com.au**. It should not be sent to the ASX Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.00 pm WST on Wednesday 11 February 2015**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

*[sent electronically without signature]*

Ben Tippett  
**Adviser, Listings Compliance (Perth)**