

ASX Code: FAS

Contact Details

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ABN 38 115 157 689

Capital Structure

29th April 2016

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

David Allan Rossiter
Director Non Executive

Company Secretary

Madhukar Bhalla

Steeple Hill Iron Project (SHIP)

During the Quarter, the Company has continued to pursue the required financing to enable the project to move forward into production.

The recent positivity in the iron ore price as well as global conditions have had an encouraging effect on the financing prospects, and the Company seeks to assure the shareholders that they are confident of an outcome shortly, as the negotiations are proceeding with good faith by all parties.

Other Tenements

All other tenements held by or managed by the Company are in good standing as per the requirements of the DMP.

Research & Development Application

The Company is awaiting the update from the ATO as to the release of these funds.

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
	FairStar 90%/ Westex 10% Alan Rudd	Kurnalpi East – Colour Dam Duchess of York	P28/1131, P28/1133 M25/349

Tenement Portfolio consists of the following:

14 Tenements: 4 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.

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 and gold.

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, 01/05/2013

Name of entity

Fairstar Resources Limited

ABN

38 115 157 689

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(0)	(887)
1.3 Dividends received	(0)	(1812)
1.4 Insurance refund received	0	6 8
1.5 Interest and other costs of finance paid		(144)
1.6 Income taxes paid	(0)	(96)
1.7 Other – Net GST (paid)/ refunded		(25)
1.71 R&D 30.6.14 (* Net of Tax Agent Fees)		735
1.72 R&D FY 2013 (ATO Paid Receivers)	0	1066
Net Operating Cash Flows	(0)	(1,149)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities		
1.12 Other (provide details if material) – Dividend from Opes Prime	-	147
Net investing cash flows	-	147
1.13 Total operating and investing cash flows (carried forward)	(0)	(1002)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(0)	(1002)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	195
1.15	Proceeds from Convertible Note	-	150
1.16	Proceeds from borrowings		
	- Secured	-	-
	- Unsecured		480
1.17	Repayment of borrowings	-	(69)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Other – share issue costs		
	Other – Settlement sums received	-	-
	Net financing cash flows	-	(246)
	Net increase (decrease) in cash held	0	(246)
1.20	Cash at beginning of quarter/year to date	(0)	246
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	=0=	=0=

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	7,995	7,995
3.2 Credit standby arrangements	15,000	590

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

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

(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.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	
4.4 Administration	10
Total	10

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	0	0
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	0	0

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	E28/1748 100%, Tenement Surrendered	90%	0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	1,903,757,210	1,903,757,210		

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	*Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	Total Number	Number Quoted	<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: 29 April 2016
(Company Secretary)

Print name: Madhukar Bhalla

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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