

**ASX Code: FAS**

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ABN 38 115 157 689

## Capital Structure

**30th April 2013**

**Ordinary Shares on issue:** 1,167 M

**Share price:** \$0.007

**Estimated market  
capitalisation:** \$ 8.2 M

## Board Directors

**Kevin J Robertson** MAICD  
Managing Director

**Wayne N Wan**  
Director Non Executive

**Con Markopoulos**  
Director Non Executive

**Alan Thomas**  
Company Secretary

## Highlights for the Quarter:

- Assay results received from previous rock chip samples taken from Kurnalpi Project
- Results as high as 23.6 g/t Au received from quartz outcrop sample
- Program of Works application submitted to enable costeaning to be conducted over areas with encouraging rock chip results at Kurnalpi South
- SHIP Funding & Submission of ROIP to Esperance Ports Sea and Land.
- SHIP Update

*Photograph:*

*Kurnalpi Project -  
area of recent rock chip sampling*



## Details of Activities during the Quarter

### Kurnalpi Gold Project

Highly encouraging awaited assay results have been received for samples taken at several locations at Kurnalpi South. The highest result received was 23.6 g/t Au which was taken from an area with limited quartz outcrop, as seen in the photo below. The quartz outcrop is associated with a northwest striking shear zone. This area is in the northwest part of tenement E28/1749. Further along the shear zone by approximately 750m to the northwest, another sample returned values of 1.6 g/t from quartz outcrop in close proximity to historic old workings. Historic reports have shown that rock chip sampling conducted nearby returned results as high as 72g/t Au. Figure 1 shows the locations of the recent samples.



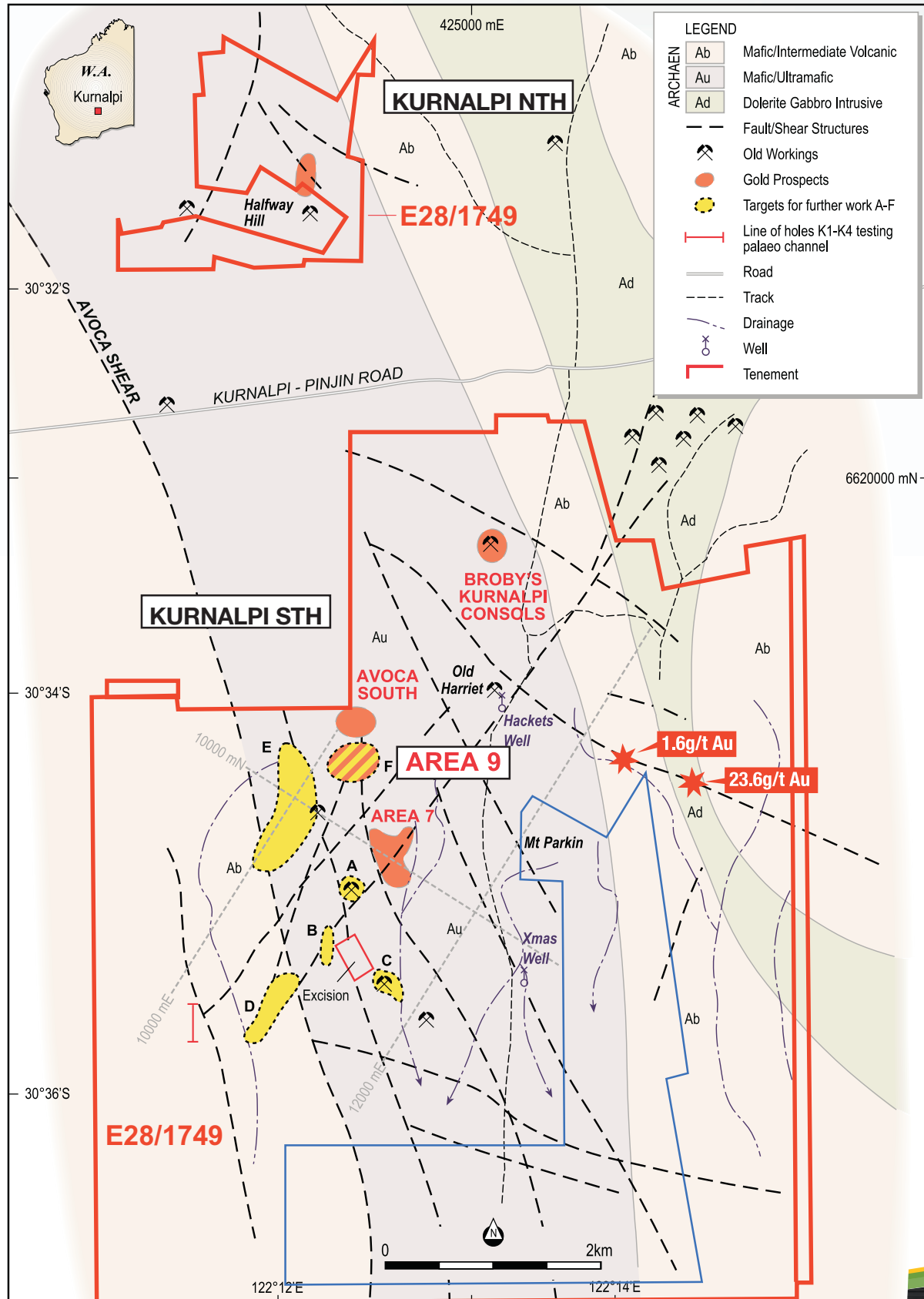
Upon further investigation, this area has not been subjected to any drilling or costean work in the past. A Program of Work application has been submitted to the DMP to allow a costean program to be conducted. The costeaning will be conducted over areas where rock chip sampling has identified anomalous gold grades. The costeans will be dug to allow for detailed mapping and further sampling to be carried out. This mapping and sampling along with the study of all other available information, which includes airborne magnetics will allow for an RC drilling program to be designed to best suit the area. Preliminary study of the Company's aero magnetic imagery shows the area is situated on a North West trending structure.

Four year extensions of term have been granted by the DMP for tenements P28/1134 & P28/1135.



*Photograph: 23.6g/t Au sample area*

### KURNALPI PROJECT Tenement Location and Geology



## Colour Dam North

Results have been received from soil geochemical sampling carried out at Colour Dam North. The samples returned weakly anomalous values of Au, As and Zn. These locations will be followed up with further test work. All data has been entered into the comprehensive database.

## Mt Padbury Project

Upon further investigation of the radon gas sampling results, FairStar has been able to plan the most effective air core drilling program to test for uranium mineralisation.

This drilling will be done initially over areas with high radon gas results and will then be extended accordingly to locate the extent of the mineralisation. A Program of Work has previously been approved by the DMP.

## Other Tenements

All other tenements are in good standing as per the requirements of the DMP.

## Steeple Hill Iron Project

FairStar has continued along the path to secure funding for its maiden project, The Steeple Hill Iron Project. Progress has been made and as of the date of this report we are still not at a point, mature enough, to advise the market on the position of the negotiations. As soon as the directors can determine a positive outcome the market will be notified. Simultaneously, FairStar is consulting with other funders, as previously advised, and it is envisaged that this matter will be resolved shortly.

During the quarter FairStar has participated in the Government's Multi User Iron Ore Facility (MUIOF) Registration of Interest and Prequalification (ROIP) process for the contemplated expansion of the capacity at Esperance Port. The MUIOF will provide the capacity for additional Iron Ore exports from Esperance, over and above, the tonnages currently being exported by Cliffs Asia Pacific Iron Ore. The Port has advised the market that 5 proponents are under consideration for this project and that the three successful proponents will be announced to the market, by the port, towards the end of May 2013. The Port has also announced that the former Governor of Western Australia, Dr Ken Michael AC, will chair the Multi-user Iron Ore Facility (MUIOF) evaluation panel. FairStar looks forward to the rapid development of Esperance Port to provide the required pathway for its product to the market.

The Company is continuing its planning for the mining process and the design for the process plant. Also further investigation has been conducted, with a site visit, to more accurately confirm the drill-hole sites for SHIP North. This plan, approved by DMP, is for 597 holes on a 200 x 200 metre grid. We envisage that there would be in excess of 2,500 samples which would be recovered. The analysis of the data generated from the laboratory tests would then be submitted for confirmation and the computation of a resource in accordance with the JORC Code.

In summary the Company is well poised to commence work on bringing SHIP into production; extend the resource by drilling SHIP North and commence the revenues towards a profitable trading position.

## Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Sheldon Coates, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Sheldon Coates is employed by Iron Resources Pty. Ltd, who is a consultant to FairStar Resources Ltd. Mr. Sheldon Coates has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Sheldon Coates consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## 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 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 ore 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, Duchess of York - Hickmans Find and Music Well, along with uranium and base metals at Mt Padbury and Killara.

FairStar has an extensive portfolio of projects straddling 1624 Km<sup>2</sup> 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.

# Appendix 5B

## Mining 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

Name of entity

Fairstar Resources Limited

ABN

38 115 157 689

Quarter ended ("current quarter")

31 March 2013

### 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	-	24
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(289)   (342)	(1,056)   (1,093)
1.3 Dividends received	-	6
1.4 Interest and other items of a similar nature received	-	(279)
1.5 Interest and other costs of finance paid	-	(185)
1.6 Income taxes paid	(34)	(665)
1.7 Other – Net GST (paid)/refunded	(665)	(2,583)
<b>Net Operating Cash Flows</b>	<b>(665)</b>	<b>(2,583)</b>
<b>Cash flows related to investing activities</b>		
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)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	(665)	(2,583)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(665)	(2,583)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	528	1,584
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
	- secured	-	1,000
	- unsecured	200	330
1.17	Repayment of borrowings	(60)	(310)
1.18	Dividends paid		
1.19	Other	-	-
	Other – share issue costs	(10)	(22)
	Other – Settlement sums received	-	37
	Proceeds from issue of convertible notes	-	-
	<b>Net financing cash flows</b>	<b>658</b>	<b>2,619</b>
	<b>Net increase (decrease) in cash held</b>	<b>(7)</b>	<b>36</b>
1.20	Cash at beginning of quarter/year to date	161	118
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>154</b>	<b>154</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to 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	0
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

Nil Directors fees and salaries paid during the quarter.

**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 (Note (a))	5,150	5,150
3.2 Credit standby arrangements (Note (b))	15,000	9,190

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

Description	Principal Amount Due
Loans (previously secured over Golden West Resources Ltd Shares)	660,000
Loan secured by 1,500,000 shares in Golden West Resources Ltd	990,000
Loan secured by PPSA Security interest	1,300,000
Loan secured over mining lease	<u>2,200,000</u>
	<u>5,150,000</u>

(b) In October 2010 Fairstar entered into 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. A total of \$0.55m was drawn down pursuant to this facility in quarter ended 31 March 2013 (cumulative -\$9.19m). 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.

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	
4.3 Production	
4.4 Administration	300
<b>Total</b>	<b>800</b>

### 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	-	7
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details) – Term deposits	154	154
<b>Total: cash at end of quarter (item 1.22)</b>	<b>154</b>	<b>161</b>

+ See chapter 19 for defined terms.



### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	E28/1696 Surrendered	100%	0%
6.2	Interests in mining 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	<b>Preference securities</b>			
	(description)			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>*Ordinary securities</b>	1,158,812,510	1,158,812,510	
7.4	Changes during quarter			
	(a) Increases through issues	72,306,942	72,306,942	Issued for working capital at an average price of \$0.076 Share issues to satisfy payment of professional fees. Exercise of Options at \$0.10.
		9,172,922	9,172,922	
		27,525	27,525	
	(b) Decreases through returns of capital, buy-backs			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.5	<b>+Convertible debt securities</b> <i>(description)</i>	6 Convertible Notes (face value of \$400,000)	-		Maturity date – 1 April 2013 Conversion price - \$0.10 Interest rate – 20%pa
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	1 Convertible Note (face value of \$1,000,000) <b>Expired without exercise</b>			Maturity date – 31 January 2013 Conversion price - \$0.07 Interest rate – 12.5%pa
7.7	<b>Options</b> <i>(description and conversion factor)</i>	<i>Total Number</i> 278,221,152	<i>Number Quoted</i> 278,221,152	<i>Exercise price</i> \$0.1000	<i>Expiry date</i> 31/08/2014
7.8	Issued during quarter				
7.9	Exercised during quarter	27,525	27,525	\$0.10	31/08/2014
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <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 give a true and fair view of the matters disclosed.

Sign here: *Alan Thomas*  
(Company secretary)

Date: 30 April 2013

Print name: Alan Thomas

## 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 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, 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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