

Date: 27 October 2014

A.B.N. 38 115 157 689

ASX Media Release

Convertible Note Agreement

FAIRSTAR RESOURCES LIMITED (FairStar) is pleased to announce it has entered into a Convertible Note Agreement with I-World International Group Limited (I-World), to invest in 10 convertible notes with a face value of \$1,000,000 each, totalling **AUD 10,000,000.00**.

FairStar is pleased to confirm that the first instalment of AUD 150,000.00 has been received.

- The issue of Notes pursuant to the Convertible Note Agreement is subject to shareholder approval which the company will seek at its upcoming AGM.
- The Notes to be issued pursuant to the Convertible Note Agreement will be for a term expiring 21st October 2017.
- The Notes accrue interest at the rate of 5% per annum.
- The agreed conversion price has been fixed at **one point six cents per share, for the first 5 million and two cents per share for the second 5 million**.
- Any shares issued to I-World under the Convertible Notes will be **voluntarily escrowed for 12 months**.
- The Notes will be secured by a charge registered under the PPSR register which will detail the security interests of I-World over the Company's assets.
- I-World would not be able to convert any Note if that conversion would cause I-World to own more than 14.90% of the then issued capital of FairStar Resources Limited.
- The investment will be made in tranches of up to \$ 800,000.00 per week.

Creafin and Associates Pte Ltd ("Creafin") assisted in negotiating the Convertible Note Agreement. Creafin was given a non-exclusive mandate to source funds and investment in FairStar and FairStar's Steeple Hill Iron Project in early 2014. FairStar confirms that Creafin & Associates will not be receiving any fees in connection with this Convertible Note Agreement. Creafin have presented this opportunity to I-World.

I-World International Group Limited is a Taiwan based private asset Investment Company representing the interests of private investors. I-World has been involved in financing investment in the electronics and electrical industry. I-World wishes to expand and broaden its investments into the resource industry.

FairStar's Managing Director stated that he was happy with the outcome with this funding and thanked I-World for their understanding of FairStar and the Steeple Hill Iron Project. He commented that it was this appreciation that I-World agreed to not only voluntarily escrow the shares for 12 months, but also to accept a conversion price which is more than three times the last traded price of FairStar shares. "The confidence evidenced is enormous and I trust that FairStar shareholders will take comfort from this agreement."

Mr Patrick Teo of Creafin said he remained fully supportive of the Steeple Hill Iron Project and FairStar. FairStar continues to work with Creafin to secure further funding for the Steeple Hill Iron Project. FairStar confirms the details of any new agreements concluded will be disclosed immediately the arrangements are finalised.

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

The company confirms that as of now no other long term funding, other than as detailed hereinabove, has been obtained by the company.

The company anticipates being in a position to lodge its accounts for the year ended 30th June 2014 on or about 29th October; at which time the suspension in trading of the Company's securities will be lifted.

A handwritten signature in black ink, appearing to read 'Kevin J Robertson', is enclosed within a hand-drawn circular scribble.

Kevin J Robertson
Managing Director