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ASX/Media Release

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Fairstar extends iron discovery portfolio at its Kurnalpi-Randalls Project

Key Points

- **New iron discovery at Jurangie Hill** tenement at Kurnalpi-Randalls Project in WA's Eastern Goldfields
- Discovery is **only 14 km north of Mahendra's Find** iron discovery, discovered mid- 2008, and is located only 37km from the Trans Australian railway
- Company believes this discovery has potential similar to Mahendra's Find
- Host Banded Iron Formation (BIF) is highly folded, weathered, and confined to a major syncline (Steeple Hill Syncline) and due to paucity of rock outcrops to date only a handful of rock chip samples have been collected
- Further rock chip sampling, geological mapping, analysis of airborne magnetic-radiometric data, and on ground gravity survey for concealed hematite/hematite-goethite resources to be undertaken followed by drill program and resource estimation

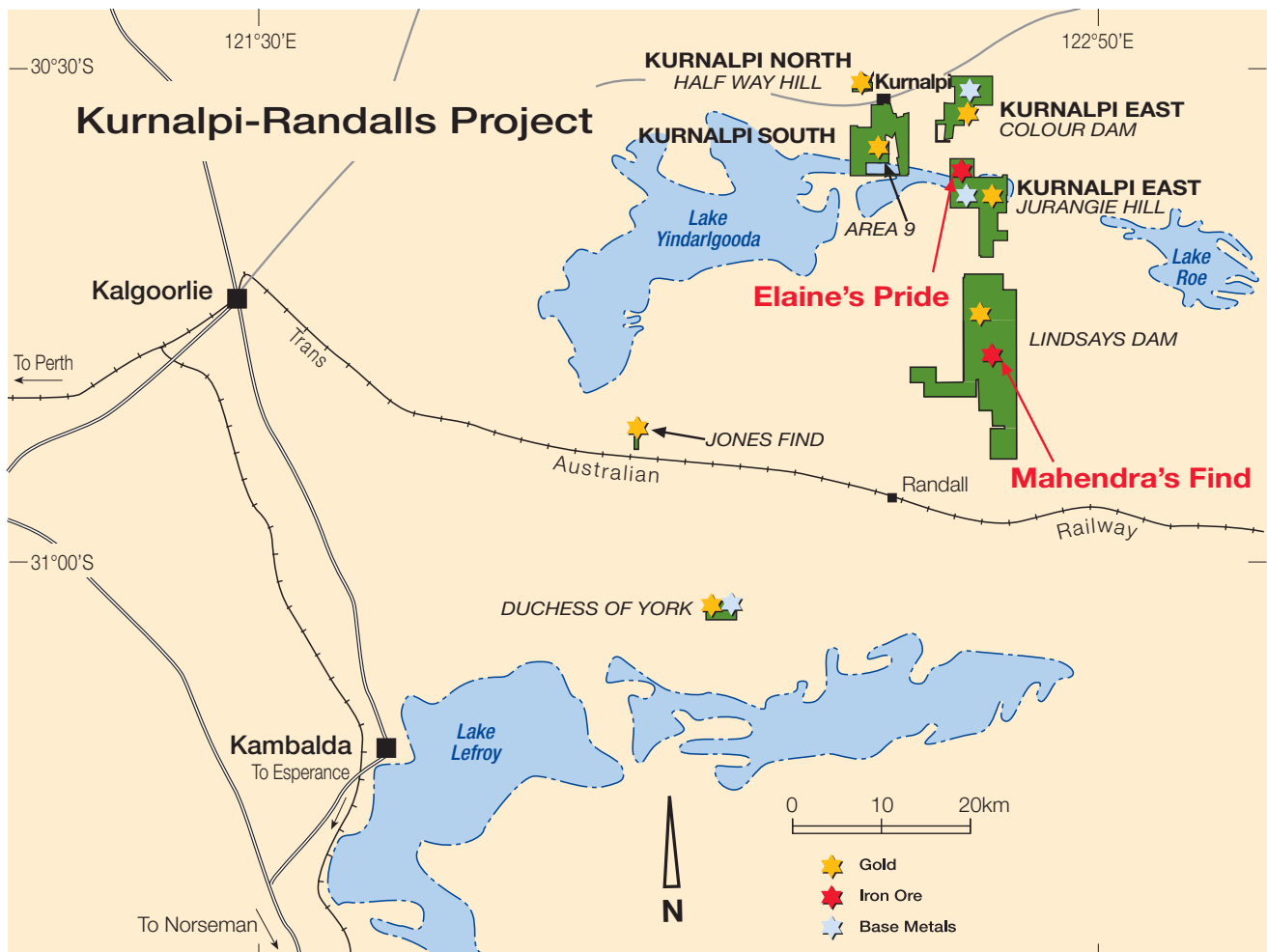


Figure 1: Discovery location

Diversified Australian exploration and development company Fairstar Resources Limited (ASX: FAS) (Fairstar or the Company) is pleased to announce it has made a new iron discovery at the Company's Kurnalpi-Randalls Project in Western Australia's Eastern Goldfields.

The new iron finding was made at the **Jurangie Hill** tenement (E28/1687), about 90 km southeast of Kalgoorlie. It is located 14 km north of the Mahendra's Find "iron discovery" which was the first iron discovery of its kind in the area known for its base metal and gold prospectivity (see ASX announcement 29 July 2008). Importantly, the Jurangie Hill tenement is close to major rail infrastructure, with the Trans Australian Railway passing around 40 km south of the tenement (Figure 1); this will minimise infrastructure costs and allow the Company to fast track into production, subject to resource estimates.

The **new Iron Discovery** and Mahendra's Find are confined to the same major geological structure (Steeple Hill Syncline) and have similar geological setting, outcrop pattern, (i.e. the areas are highly weathered and have paucity of rock outcrops) and magnetic signature (Figure 2 and 3); **with detailed work Mahendra's Find is turning out to be a better than initially thought of prospect**. The Company with its expert iron-exploration team anticipates the new iron finding to be "at par" with Mahendra's Find in its iron resource potential. This view is further strengthened with the interpretation of recently flown aeromagnetic data by the Company geophysical consultants suggesting that there is **high probability for the tenement to host concealed high-grade iron resources**.

Based on above observations, rock chip sampling from the discovery along with analysis of the airborne magnetic data, the Company is of the view that there is high probability that **the new iron discovery** with detailed exploration work might have iron resource potential similar to Mahendra's Find, where with detailed mapping areas of high-grade hematite capable to produce Direct Shipping Ore (DSO) with iron grades of greater than 60% Fe have been delineated (Plate 4). Further, the discovery area is considered potential for a beneficiable Banded Iron Formation (BIF) resource of greater than 30% Fe grades (Table 1) as well.

Fairstar will continue with further rock chip sampling and with its confirmatory work program through geological mapping, analysis of recently flown high resolution airborne magnetic-radiometric data (Figure 3), and gravity survey for concealed iron mineralisation which will then be followed by a planned drilling program and resource estimation. The new discovery will be known as **Elaine's Pride**.



Plate 1: Highly folded outcrop



Plate 2: Highly folded weathered BIF outcrop



Plate 3: Folded weathered BIF outcrop

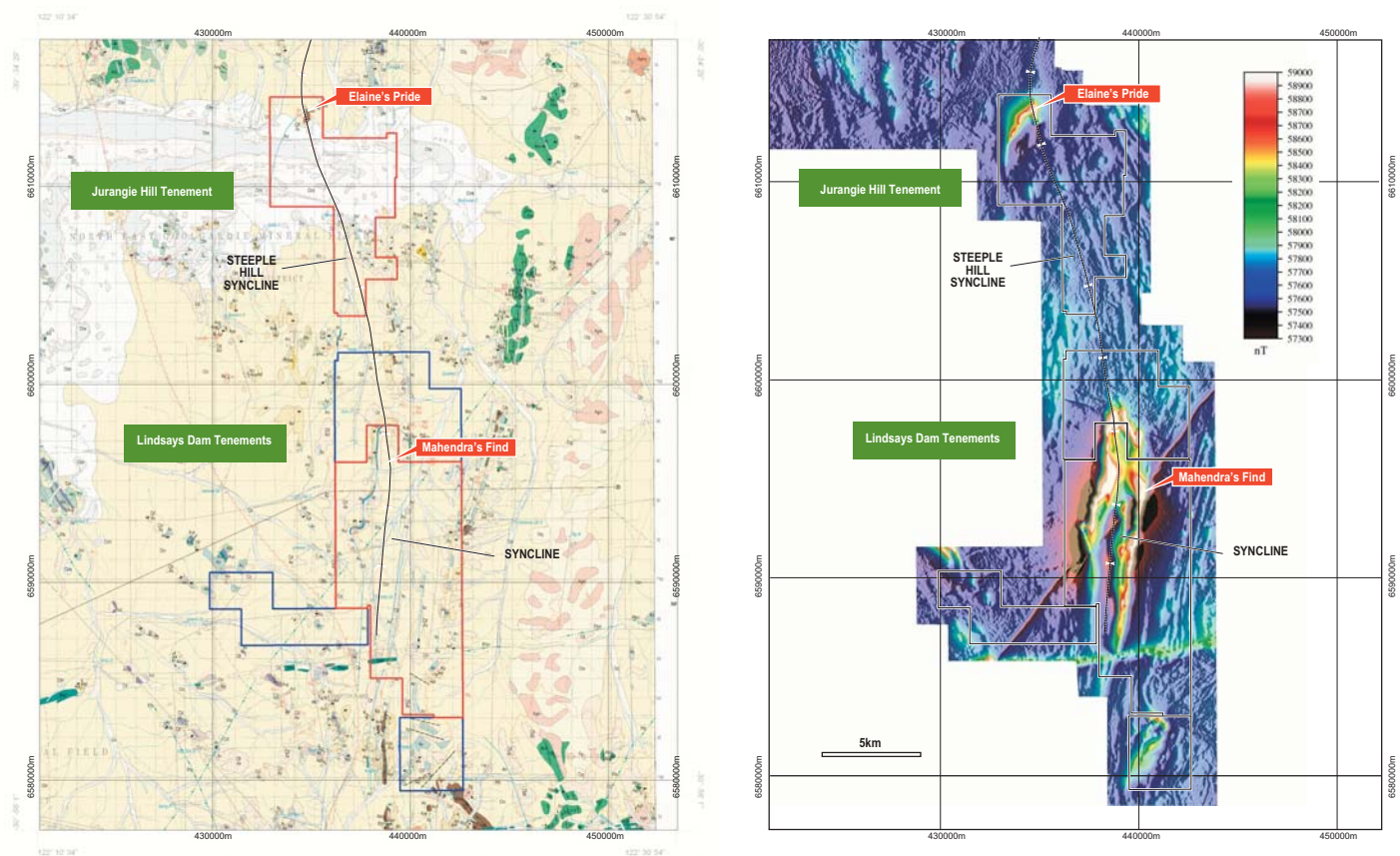


Figure 2: Geology map with total magnetic intensity image of Iron Discoveries & environs

In addition, the tenement area and environs are considered to have strong potential for base metals.

The host BIF at the discovery is in an arch shape and is highly folded (Figure 2, Plates 1 and 2). The BIF outcrops are few and highly weathered (Plate 3). Most of the area is covered with alluvium and colluviums (Figure 2). Due to BIF outcrop paucity, only a handful of rock chip samples have been collected and analysed for Fe, and other related elements (Table 1).

Table 1: Rock chip sampling results – Elaine's Pride (E28/1687)

Sample Location		Grade %								
Easting	Northing	Fe	SiO ₂	Al ₂ O ₃	Mn	P	CaO	MgO	S	LOI
434731	6613276	25.89	49	6.24	0.11	0.06	0.14	0.67	0.036	3.3
434728	6613243	28.11	45.09	6.52	0.03	0.127	0.19	0.53	0.045	4.58
434721	6613201	20.66	53.29	8.36	0.03	0.056	0.12	0.35	0.044	4.53
434716	6613194	28.65	48.49	4.47	0.08	0.04	0.13	0.51	0.027	3.51
434711	6613158	28.24	43.99	6.56	0.07	0.083	0.1	0.4	0.069	5.46
434715	6613038	26.94	46.51	6.46	0.03	0.044	0.17	0.26	0.123	4.33
434713	6613011	33.19	36.85	6.39	<0.00	0.096	0.13	0.1	0.071	6.75
434725	6613017	33.38	37.64	5.59	0.03	0.159	0.32	0.25	0.27	6.62
434796	6612987	34.38	36.64	5.56	0.01	0.262	0.11	0.2	0.076	6.47
434730	6612945	38.21	34.05	3.39	0.01	0.078	0.14	0.24	0.072	6.05
434862	6612896	34.63	38.95	5.08	0.02	0.038	0.17	0.18	0.115	4.12
434741	6613393	25.03	46.59	8.74	0.14	0.051	0.07	1.82	0.026	3.26

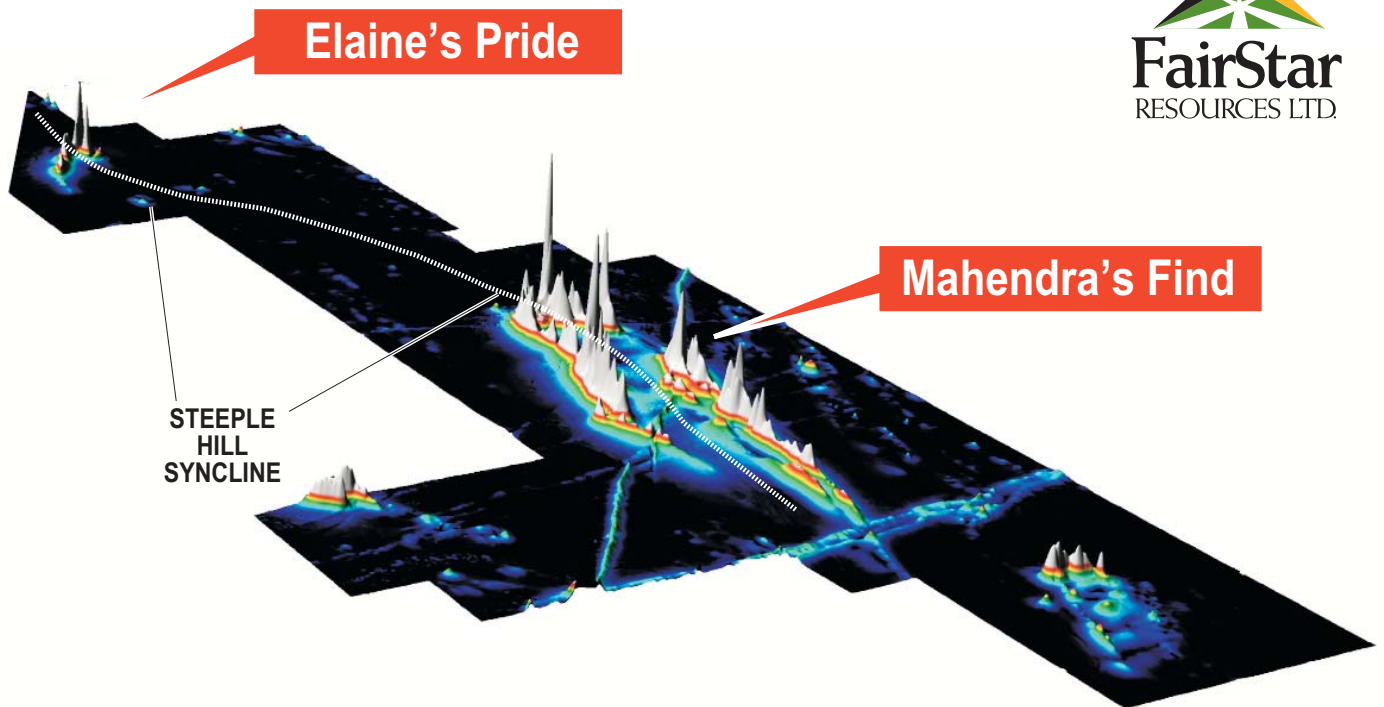


Figure 3: 3D Analytical Signal Amplitude image of Iron Discoveries & environs

Commenting on the new iron discovery Fairstar managing director Kevin Robertson said the company was excited to have made further extension to its Mahendra's Find iron discovery.

“This iron discovery at the Jurangie Hill area is a significant achievement for the Company’s exploration efforts and comes at a time when iron resources are highly sought after,” Mr Robertson said.

Update on Mahendra's Find Iron discovery

Geological mapping at the Mahendra's Find Iron discovery commenced in April and has confirmed the presence of areas of materials sampled (hematite, hematite-goethite, canga, iron scree, several BIF types) and has also delineated additional areas of high-grade hematite (Plate 4). The mapping program is anticipated to be concluded by the end of October.

The Heritage approval has been granted and the Program of Works has been approved by the Department of Mines. In the interim the aero-magnetic survey has indicated a much larger area, which in turn has increased the target area and scope of the drilling program. The Company will now move to commence the drilling with immediate effect.



Plate 4: High-grade hematite outcrops

The information reported herein is based on information compiled by Mr Mahendra Pal who is a Member of the Australian Institute of Company Directors, a Fellow of the Australasian Institution of Mining and Metallurgy, Australia and a Member of the Society of Geoscientists and Allied Technologists, India. Mr Pal is an employee (Executive Director - Exploration & Technical) of FairStar Resources and has sufficient experience relevant to the style of mineralisation and deposit type under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Pal consents to the inclusion of this report of the matters based on his observations in the form and context in which it appears.

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About Fairstar Resources

Fairstar Resources is a Perth-based multi-commodity exploration company which listed on the ASX in October 2006. The Company has direct and indirect project interests in Gold, Iron, Base metals, Uranium, and Oil and Gas.

The Company currently has five core projects; Lindsays Dam (Mahendra's Find) Iron Discovery, Kurnalpi-Randalls gold project, Spinifex Well gold project and other base metals and gold projects in the Eastern Goldfields of Western Australia, the Mt Padbury uranium project near Meekatharra in the Murchison region of WA, and an Oil and Gas project in the Murray Basin in north west Victoria.