



Circular to Shareholders
including
NOTICE OF GENERAL MEETING
EXPLANATORY STATEMENT
AND PROXY FORM

**General Meeting of Fairstar Resources Limited to be held at the
DUXTON HOTEL (Ballroom B), 1 St Georges Terrace, Perth, Western Australia
on Thursday, the 28th day of August 2008 commencing at 2.00 pm (WST)**

This document should be read in its entirety. If after reading this Circular to Shareholders, you have any questions or doubts as to how you should vote, you should contact your stockbroker, solicitor, accountant or professional adviser.

FAIRSTAR RESOURCES LIMITED
ACN 115 157 689

Corporate Directory

Directors	Harold J. Paiker (Non-Executive Chairman) Kevin J. Robertson (Managing Director) Alan Rudd (Non-Executive Director) Vaz Hovanessian (Non-Executive Director)
Secretary	Alan E. Thomas
Principal Office	Suite 3-4 136 Main Street OSBORNE PARK WESTERN AUSTRALIA 6017
Registered Office	Suite 3-4 136 Main Street OSBORNE PARK WESTERN AUSTRALIA 6017 Telephone: +61 8 9242 5111 Facsimile: +61 8 9242 5677
Auditor	Stantons International 1 Havelock Street PERTH WESTERN AUSTRALIA 6000
Solicitors	Lawton Gillon Level 11 16 St Georges Terrace PERTH WESTERN AUSTRALIA 6000
Share Registry	Advanced Share Registry Services 150 Stirling Highway NEDLANDS WESTERN AUSTRALIA 6009
ASX Code	FAS

Notice of General Meeting

NOTICE IS GIVEN THAT a General Meeting of the Company will be held at the DUXTON HOTEL, 1 St Georges Terrace, Perth, WA on Thursday, the 28th day of August 2008 commencing at 2.00 pm WST.

Information on the proposals to which the resolutions set out below relate is contained in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.

1. RATIFICATION OF PREVIOUS SECURITIES ISSUED

To consider and if thought fit pass the following resolution as an **ordinary resolution**.

“That, for the purposes of ASX Listing Rule 7 and for all other purposes, the ordinary shareholders of the Company approve and ratify the allotment and issue of fully paid ordinary shares and options in the capital of the Company to the persons, on the dates and on the terms set out in the Explanatory Statement.”

Voting Exclusion

For the purposes of Listing Rule 7.4, the Company will disregard any votes cast on this resolution by any person who has participated in the issue and any associate of such a person. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. AUTHORITY TO ISSUE SECURITIES

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for all purposes the ordinary shareholders of the Company authorise the directors of the Company to issue, within 3 months of the passing of this resolution, up to 50 million fully paid ordinary shares in the Company at an issue price of not less than 80 per cent of the average market price for ordinary shares calculated over the last 5 days on which sales in the shares were recorded before the day on which the issue was made.”

Voting Exclusion

For the purposes of Listing Rule 7.1, the Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except the benefit solely in the capacity of a holder of ordinary securities if the resolution is passed and any associate of such a person. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. **APPROVAL OF EMPLOYEE SHARE OPTION PLAN**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purpose of ASX Listing Rule 7 and for all other purposes, the terms of the Employee Share Option Plan, a summary of which appears in the Explanatory Statement attached to and forming part of this Notice of General Meeting, be approved.”

Voting Exclusion

For the purposes of Listing Rule 7.2, the Company will disregard any votes cast on this resolution by any directors of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company). However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. **APPOINTMENT OF DIRECTOR**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That Vaz Hovanessian be appointed as a director of the Company.”

“Snap-Shot” Time

The Corporations Act permits the Company to specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the meeting.

The Company’s directors have determined that all shares of the Company that are quoted on ASX at 5.00 pm WST, Wednesday, 27th August 2008 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the shares at that time.

PROXIES

Please note that:

- (a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion is not specified each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

DATED 21 July 2008

BY ORDER OF THE BOARD

ALAN THOMAS

Company Secretary

Fairstar Resources Limited

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting to be held at the Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia, on Thursday, the 28th day of August, 2008 commencing at 2.00 pm WST.

The purpose of this Explanatory Statement is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolution.

This Explanatory Statement should be read in conjunction with the accompanying Notice of General Meeting.

RESOLUTION 1 - RATIFICATION OF PREVIOUS SECURITIES ISSUE

In the previous 12 months, the Company has issued equity securities to the parties detailed below.

APPROVALS REQUIRED

ASX Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 states that an issue by a company of securities made without approval under Rule 7.1 is treated as having been made with approval for the purpose of Rule 7.1 if the issue did not breach Rule 7.1 and the company's members subsequently approve it.

Under this resolution, the Company seeks from Shareholders approval for, and ratification of, the issues of securities set out below so as to limit the restrictive effect of ASX Listing Rule 7.1 on any further issues of securities in the next 12 months.

Details of the securities are set out in the table below. The shares comprise 6.39% of the Company's share capital.

ASX Listing Rule 7.5 requires the following information to be given to Shareholders:

Date of Issue	Allottee	Issue Price	Number of Fully Paid Ordinary Shares	Number of Options Exercisable at 25 cents
14 Mar 2008	Nigel J Ielasi	0.20	500,000	500,000
14 Mar 2008	Peter McCormack	0.20	250,000	250,000
14 Mar 2008	Jeffrey Lisandro	0.20	500,000	500,000
14 Mar 2008	Paul Kyranides	0.20	250,000	250,000
14 Mar 2008	Rochester Chambers Pty Ltd	0.20	500,000	500,000
14 Mar 2008	Omid Samimi	0.20	100,000	100,000
14 Mar 2008	Fouad Chaptini	0.20	100,000	100,000
14 Mar 2008	Pierre Aoukar	0.20	50,000	50,000
14 Mar 2008	L&J Bugeja Pty Ltd	0.20	50,000	50,000
14 Mar 2008	Mark Zerella	0.20	75,000	75,000
14 Mar 2008	Palazzo Property Group Pty Ltd	0.20	200,000	200,000
14 Mar 2008	Stelios Nicolitsi	0.20	50,000	50,000
14 Mar 2008	Grange Jetty Café Pty Ltd	0.20	50,000	50,000
18 Mar 2008	Murchison Resources Pty Ltd	0.20	250,000	250,000
20 Mar 2008	Gianni Super Pty Ltd	0.20	500,000	500,000
20 Mar 2008	International Finance Trust Company Pty Ltd	0.20	500,000	500,000
20 Mar 2008	Stratheden Pty Ltd	0.20	500,000	500,000
20 Mar 2008	Strenson Pty Ltd	0.20	250,000	250,000
28 Mar 2008	Strema Pty Ltd	0.20	500,000	500,000
21 May 2008	Raymore John Millard	0.15	1,666,666	1,666,666
13 June 2008	Khan Stockbroking Pty Ltd	0.01	Nil	17,010,000
13 June 2008	Khan Stockbroking Pty Ltd	0.15	8,940,000	Nil
13 June 2008	Strema Pty Ltd	0.15	670,000	Nil
13 June 2008	D Hanna	0.15	6,000,000	Nil
13 June 2008	Gianni Super Pty Ltd	0.15	1,400,000	Nil
TOTALS			23,851,666	23,851,666

The issued shares are fully paid ordinary shares in the Company and rank equally with the existing ordinary fully paid shares in the Company.

The funds raised by the issue of shares were used for general working capital.

The terms and conditions of the options issued are set out in Annexure A.

DIRECTORS' RECOMMENDATION

The Board believes that the ratification of these issues is beneficial for the Company.

The Board recommends Shareholders vote in favour of Resolution 1 as it allows the Company to ratify the above issue of shares and retain the flexibility to issue further shares representing up to 15% of the Company's share capital during the next 12 months.

RESOLUTION 2 – AUTHORITY FOR ISSUE OF SHARES

Information on resolution

The Company seeks approval to issue up to 50 million fully paid ordinary shares at not less than 80 per cent of the average market price for ordinary shares calculated over the last 5 days on which sales in the shares were recorded before the day on which the issue was made.

Shareholder approval for this resolution is required pursuant to Listing Rule 7.1 which prohibits a company from issuing shares representing more than 15 per cent of its issued share capital in any 12 month period without shareholder approval. The proposed issue of shares contemplated by this resolution will exceed this limit.

Listing Rule 7.3 requires certain information to accompany the Notice of Meeting in relation to approvals sought under Listing Rule 7.1. This information is set out below:

- (a) the maximum number of shares to be issued is 50 million;
- (b) the shares will be issued as soon as practicable after the date of the general meeting and, in any event, within 3 months;
- (c) as at the date of the Notice of General Meeting which this Explanatory Statement accompanies, the identity of the allottees is unknown. The allottees will be selected by the Company having regard to the level of demand for the shares and options, the identification of investors with a long term commitment to the Company and other factors the Company may consider appropriate;
- (d) the maximum amount to be raised through the issue of the shares is not able to be determined;
- (e) the Company intends to use the funds raised from the issue:
 - (i) to conduct further exploration on the Company's Kurnalpi Gold Project;
 - (ii) to conduct further exploration on the Company's gas prospect, PEP165;
 - (iii) to conduct further exploration on the Company's Spinifex Well Gold Project;
 - (iv) to conduct further exploration on the Company's Mt Padbury Uranium Project;
 - (v) possible tenement acquisitions consistent with shareholder expectations and
 - (vi) the balance of funds raised will be applied to working capital;
- (f) the Company currently has approximately 373 million shares and 72 million options on issue. If the Company places the whole of the shares referred to in Resolution 2, it will have on issue approximately 423 million shares and 72 million options.

RESOLUTION 3 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN

Information on resolution

Shareholder approval of the Company's Employee Share Option Plan is required in order to maximise the Company's ability to issue securities under ASX Listing Rule 7.2 exception 9. Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15 % of the number of fully paid ordinary securities on issue 12 months before the date of issue.

Securities issued pursuant to an employee share plan which has received shareholder approval in the previous 3 years will not be taken into account in the calculation of the 15 % threshold.

A summary of the terms of the Employee Share Option Plan is set out in Annexure B.

RESOLUTION 4 – APPOINTMENT OF DIRECTOR

Information on resolution

Mr. Hovanessian was appointed as a Director of the Company to fill a casual vacancy on 15 March 2008. Mr Hovanessian has been a valuable member of the company's Board since his appointment and brings with him 25 years of business and corporate advisory experience, many of them as an active Board member of several junior and emerging oil & gas and exploration companies.

In his capacity as a Director, Mr Hovanessian has assisted in the Company's Corporate Activities and Investor Relations roles. He has also agreed to join the Audit and Corporate Governance Committees of the Company.

The Board recommends that shareholders vote in favour of Mr Hovanessian's appointment as a Director.

GLOSSARY

In this Explanatory Statement, the following terms have the following unless the context otherwise requires:

“ASX”	means ASX Limited (ABN 98 008 624 691).
“Board”	means board of Directors.
“Company”	means Fairstar Resources Limited (ACN 115 157 689).
“Corporations Act”	means the Corporations Act 2001 (Cth) and all regulations made pursuant to such legislation, as amended from time to time.
“Director”	means a director of the Company.
“Listing Rules”	means Listing Rules of ASX, as amended or replaced from time to time, except to the extent of any waiver by ASX.
“Shareholder”	means a member of the Company, as defined in the constitution of the Company.
“Shares”	means ordinary fully paid shares in the capital of the Company.
“WST”	means Western Standard Time

ANNEXURE A

Terms of Options

Terms and Conditions of Options

The material terms and conditions of the Options are as follows:

1. Each Option entitles the holder to subscribe for one Share;
2. The Options are exercisable at any time on or prior to 30 August 2009 (the "Expiry Date");
3. The amount payable on exercise of each Option is 25 cents;
4. Subject to the Corporations Act and the ASX Listing Rules, the Options are transferable;
5. All Shares issued upon exercise of the Options will rank pari passu in all respect with the Company's then existing fully paid shares;
6. Exercise of the Options is effected by completing the Notice of Exercise of Options and forwarding it to the Company together with the requisite application monies;
7. There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. The Company, however, will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be at least seven Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue;
8. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of issued capital of the Company, the terms of the Options will be varied in a manner consistent with the ASX Listing Rules;
9. In the event that the Company makes a pro rata issue of securities, the exercise price of the options will change in accordance with the formula set out in the ASX Listing Rules, if applicable; and
10. Options not exercised by 5.00 pm WST on 30 August 2009 will automatically expire.

ANNEXURE B

Employee Share Option Plan Summary

Terms of options issued under the Employee Share Option Plan

The options are issued under the terms of the Fairstar Resources Limited Employee Option Plan ("Plan"). The full terms of the options are set out in the Plan a copy of which may be obtained from the Company. The following is a summary of those terms. In the event of any inconsistency between the terms of the Plan and the summary set out below, the terms of the Plan will prevail.

1. Each option entitles the holder, on exercise, to one fully paid ordinary share in the Company ("Share").
2. The exercise price and expiry date for the options will be as determined by the Board (in its discretion) on or before the date of issue.
3. Shares issued on exercise of options will rank equally with other fully paid ordinary shares of the Company.
4. An option may only be exercised after that option has vested, after any conditions associated with the exercise of the option are satisfied and before its expiry date. The Board may determine the vesting period (if any). On the grant of an option the Board may in its absolute discretion impose other conditions associated with a party acquiring a 90% interest in the Shares of the Company.
5. An option will lapse upon the first to occur of its expiry date, the holder acting fraudulently or dishonestly in relation to the Company; the employee ceasing to be employed by the Company; or on certain conditions associated with a party acquiring a 90% interest in the Shares of the Company.
6. If the Company enters into a scheme of arrangement, a takeover bid is made for the Company's Shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those events is likely to occur) then the Board may declare an option to be free of any conditions of exercise. Options which are so declared may be exercised at any time on or before they lapse.
7. Options may not be transferred other than to a nominee of the holder. Quotation of options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of options.
8. There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 6 ASX Business Days after the issue is announced.
9. If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("Bonus Issue"), each optionholder holding any options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those options the number of Shares which would have been issued under the Bonus Issue ("Bonus Shares") to a person registered as holding the same number of Shares as that number of Shares to which the optionholder may subscribe pursuant to the exercise of those options immediately before the record date determining entitlements under the Bonus Issue (in addition to the shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
10. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any options, the number of options to which each optionholder is entitled or the exercise price of his or her options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the ASX Listing Rules.

FAIRSTAR RESOURCES LIMITED
ACN 115 157 689

Proxy Form

1 SHAREHOLDER

Name, address and daytime telephone number of shareholder of Fairstar Resources Limited.

Name

Address

Daytime phone no.

2 APPOINTS

If you appoint the Chairman as your proxy, but do not wish to direct your proxy how to vote on a Resolution, you must place a mark in the box below headed "Proxy's Discretion" in respect of that Resolution. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

If you appoint the Chairman as your proxy, but do not mark any box, the Chairman will be unable to exercise your proxy vote.

If you appoint the Chairman as your proxy and place a mark in any box below headed "Proxy's Discretion", the Chairman intends to exercise your proxy to vote in favour of that Resolution.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

Insert here the name of the person you wish to appoint as proxy; **shareholders cannot appoint themselves.**

Name of proxy – please print

.....

OR, if no person is named, the **Chairman** of the meeting to vote in accordance with the following directions or, if no directions have been given, as the Proxy (other than the Chairman) sees fit at the General Meeting of the Company to be held on 28 August, **2008** commencing at **2:00 pm** (WST) and at any adjournment thereof.

3 SIGNATURE OF SHAREHOLDER(S)

All single or joint holders of shares must sign this form.

Signature	Signature	Signature
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or in the case of a company

The **COMMON SEAL** of the company is affixed in)
accordance with its constitution in the presence)
of/Executed by the company by its duly authorised)
officers in accordance with sub-section 127(1) of the)
Corporations Act 2001.*)

..... Signature of Director

..... Name of Director (Print)

..... Signature of Director/Secretary

..... Name of Director/Secretary (Print)

or signed by under Power of Attorney on behalf of the company.

* *delete as appropriate*

This proxy form must be signed by the shareholder and, in the case of joint shareholders, by each of the joint shareholders. In the case of a corporation, this proxy form must be executed in accordance with section 127 of the Corporations Act 2001. In the case of a Sole Director/Secretary company, please indicate "Sole Director". If this proxy form is signed under Power of

Attorney the original Power of Attorney (or a copy certified as a true copy by statutory declaration) must be forwarded with the proxy form.

4 PROXY'S VOTING INSTRUCTIONS (OPTIONAL)

	⇒	FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
1. Ratification of Previous Securities Issued		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
2. Approval to Securities Issue		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
3. Approval of Employee Share Option Plan		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
4. Appointment of Vaz Hovanesian as Director		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

If you wish to direct your proxy how to vote, place a mark on the appropriate box. If a mark is placed in a box, your total shareholding will be voted in that manner. You may, if you wish, split your voting direction by inserting the number of shares you wish to vote in the appropriate box. The direction will be invalid if a mark is made against more than one box for a particular item, or, if you have split your direction, if the total shareholding shown in "FOR", "AGAINST", "ABSTAIN" and "PROXY'S DISCRETION" boxes is more than your total shareholding on the share register. Each person who attends the meeting is entitled to one vote only on a show of hands. A person who holds proxies for more than one shareholder cannot vote on a show of hands if he or she holds proxies directing him or her to vote both for and against a resolution.

5 APPOINTMENT OF A SECOND PROXY (OPTIONAL)

If you want to appoint two proxies you may state here the percentage of your voting rights applicable to this proxy form. If you do not specify a particular percentage, each proxy is entitled to exercise 50% of your voting rights applicable to this proxy form.

%

A shareholder is entitled to appoint up to two persons (whether shareholders or not) to attend the meeting and vote as proxies. If you wish to appoint two proxies please either photocopy the proxy form or telephone Mr Alan Thomas on +61 8 9242 5111 to obtain a second form. Both forms should be completed with the nominated percentage of your voting rights on each form. Please return the proxy forms together.

Important Information

Deadline for Receipt of proxies To be effective, a completed proxy form together with the power of attorney (if any) under which it is signed, must be received by the Company at its registered office not less than 48 hours before the appointed time of the General Meeting ie. no later than 2.00 pm WST on Tuesday, 26th August 2008.

Destination of Completed Proxy Form Once the Proxy Form is completed and all details checked by you, the form is to be sent or delivered to the Company's registered office at Suite 3-4, 136 Main Street, Osborne Park WA 6017 or sent by facsimile to the registered office on + 61 8 9242 5677.

For Further Information If you need any further information about this form or attendance at the Company's General Meeting, please contact Mr Alan Thomas, Company Secretary on + 61 8 9242 5111