

21 December 2009

The Manager  
Australian Stock Exchange Limited  
Level 8  
2 Exchange Plaza  
Perth WA 6000

Dear Sir

**Pro-rata non-renounceable rights issue - placement of shortfall options**

We enclose an Appendix 3B in respect of the placement of shortfall options under the prospectus dated 14 October 2009.

Applications for the Shortfall Options were heavily oversubscribed. The Board of Directors resolved that all applications received after the closing date (16<sup>th</sup> November, 2009) would be refunded their application monies in full, and those applications received prior to close of the offer would be issued Options on a pro-rata basis based on applications received as at that date. Letters have been sent today to applicants detailing their option holdings together with refund cheques as appropriate.

Yours faithfully

**Alan Thomas**  
**Company Secretary**  
**Fairstar Resources Limited**

website: [www.fairstarresources.com](http://www.fairstarresources.com)

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Fairstar Resources Limited

ABN

38 115 157 689

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | Listed options   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 41,926,341   |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Options exercisable at 10 cents each on or before 30 August 2011 |

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<p>4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes</p>						
<p>5 Issue price or consideration</p>	<p>0.1 cents per option</p>						
<p>6 Purpose of the issue          (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issue of options represent placement of shortfall pursuant to prospectus dated 14 October 2009.</p>						
<p>7 Dates of entering <sup>+</sup>securities into uncertificated holdings or despatch of certificates</p>	<p>18 December 2009</p>						
<p>8 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;"><sup>+</sup>Class</th> </tr> </thead> <tbody> <tr> <td>476,440,401</td> <td>Ordinary Shares.</td> </tr> <tr> <td>166,805,854</td> <td>Options exercisable at 10 cents each on or before 30 August 2011.</td> </tr> </tbody> </table>	Number	<sup>+</sup> Class	476,440,401	Ordinary Shares.	166,805,854	Options exercisable at 10 cents each on or before 30 August 2011.
Number	<sup>+</sup> Class						
476,440,401	Ordinary Shares.						
166,805,854	Options exercisable at 10 cents each on or before 30 August 2011.						

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	200,000	Options Ex \$0.35 by 01/05/2011
	663,311	Options expiring 31/7/2012 at an exercise price of \$0.04221
	683,125	Options expiring 07/08/2012 at an exercise price of \$0.0391
	1,070,549	Options expiring 14/8/2012 at an exercise price of \$0.0369
	951,348	Options expiring 25/8/2012 at an exercise price of \$0.0351
	1,086,767	Options expiring 1/9/2012 at an exercise price of \$0.0351
	541,331	Options expiring 9/9/2012 at an exercise price of \$0.0369
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The dividend policy of the company remains unchanged	

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	

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18	Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with.</small>  <small>Cross reference: rule 7.7.</small>	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders	
25	If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do <sup>+</sup> security holders sell their entitlements <i>in full</i> through a broker?	

31 How do <sup>+</sup>security holders sell *part* of their entitlements through a broker and accept for the balance?

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32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)?

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33 <sup>+</sup>Despatch date

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### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders

36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional <sup>+</sup>securities

#### Entities that have ticked box 34(b)

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38 Number of securities for which  
 +quotation is sought

39 Class of +securities for which  
 quotation is sought

40 Do the +securities rank equally in all  
 respects from the date of allotment  
 with an existing +class of quoted  
 +securities?

If the additional securities do not  
 rank equally, please state:

- the date from which they do
- the extent to which they  
 participate for the next dividend,  
 (in the case of a trust,  
 distribution) or interest payment
- the extent to which they do not  
 rank equally, other than in  
 relation to the next dividend,  
 distribution or interest payment

41 Reason for request for quotation  
 now

Example: In the case of restricted securities, end of  
 restriction period

(if issued upon conversion of  
 another security, clearly identify that  
 other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX ( <i>including</i> the securities in clause 38)		

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: *Alan Thomas* ..... Date: ..21/12/2009.....  
(Company secretary)

Print name: ALAN E THOMAS

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