

ASX/Media Release

10 May 2010

FairStar Resources Limited (**ASX code FAS**) announces: -

1. Appointment of Director

FairStar Resources Ltd is pleased to announce the Appointment of Mr Gary Lyons as a Non-Executive Director of the Company, effective 7 May 2010. Gary has extensive experience in corporate management, capital raisings, and company promotional activities.

2. Convertible Note Issue

FairStar Resources Limited announces that it is in the process of completing fundraising of up to \$4.0 million by the issue of convertible notes. The Company has so far successfully raised \$2.2 million, with the balance expected to be placed shortly. The closing date is 21 May 2010.

The monies raised in respect of the Notes will assist with the company's working capital requirements and to repay secured interest bearing debt.

The Notes, which are unsecured, will give each note-holder the right to convert into fully paid shares at the rate of 10 cents per share. 50% can be converted by the note-holder no earlier than 1 October 2010, with the balance able to be converted no earlier than 1 April 2011. The notes mature on 1 April 2011. Interest shall accrue 6 monthly at 20% pa on the unpaid principal amount. Accrued interest outstanding may be converted into shares at the rate of 5 cents per share.

ENDS

FairStar Resources Limited

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 | Ordinary fully paid shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 10,600,000 |
| 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) | Ordinary shares |

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New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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 	<p>Yes.</p>						
<p>5 Issue price or consideration</p>	<p>Issued as consideration for variation of royalty terms relating to tenement E28/1672, as announced on 21 April 2010.</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Refer 5 above.</p>						
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>10 May 2010</p>						
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="699 1272 995 1305">Number</th> <th data-bbox="995 1272 1295 1305">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="699 1305 995 1350">551,296,681</td> <td data-bbox="995 1305 1295 1350">Ordinary Shares.</td> </tr> <tr> <td data-bbox="699 1350 995 1527">166,805,654</td> <td data-bbox="995 1350 1295 1527">Options exercisable at 10 cents each on or before 30 August 2011.</td> </tr> </tbody> </table>	Number	+Class	551,296,681	Ordinary Shares.	166,805,654	Options exercisable at 10 cents each on or before 30 August 2011.
Number	+Class						
551,296,681	Ordinary Shares.						
166,805,654	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
	1,000,000	Employee Options Ex \$0.15 by 30/11/11
	6,250,000	Shares subject to voluntary escrow period, expiring 22 September 2010

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The dividend policy of the company remains unchanged
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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? | |

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New issue announcement

17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has *security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
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 *security holders	
25	If the issue is contingent on *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 ⁺ security holders sell their entitlements <i>in full</i> through a broker?	
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	
33	⁺ Despatch date	

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 ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺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 ⁺securities

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Entities that have ticked box 34(b)

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.

Alan Thomas

Sign here: Date: ..10/5/2010.....
(Company secretary)

Print name: ALAN E THOMAS

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