



ACN 115 157 689

of Suites 3-4, 136 Main Street, Osborne Park WA 6017

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

**General Meeting of FairStar Resources Limited to be held at
the Crowne Plaza Hotel, 54 Terrace Road, Perth WA 6000
on Wednesday, the 31st day of August 2011 commencing at 9.00 am (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.

Corporate Directory

Directors	Kevin J. Robertson Gary Lyons Con Markopoulos Harold J. Paiker	Managing Director Director – Non-Executive Director – Non-Executive Director – Non-Executive
Secretary	Alan Thomas	
Head Office	Suites 3-4, 136 Main Street OSBORNE PARK, WESTERN AUSTRALIA 6017 Phone: (08) 9242 5111 Fax: (08) 9242 5677 Website: www.fairstarresources.com	
Registered Office	Suites 3-4, 136 Main Street OSBORNE PARK, WESTERN AUSTRALIA 6017	
Auditors	Stantons International Audit and Consulting Pty Ltd 1 Havelock Street WEST PERTH WESTERN AUSTRALIA 6005	
Lawyers	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 FASOA	

Notice of General Meeting

NOTICE IS GIVEN THAT a General Meeting of the Company will be held at the Crowne Plaza Hotel, 54 Terrace Road, Perth WA 6000 on Wednesday, the 31st day of August 2011 commencing at 9.00 am (WST). Information on the proposals to which the resolutions set out below relates is contained in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.

BUSINESS OF THE MEETING

ORDINARY BUSINESS

RESOLUTION

1. RESOLUTION 1 – SUBSEQUENT APPROVAL OF SECURITIES

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

“That for the purposes of Listing Rule 7.4 of the Listing Rules of the ASX and for all other purposes, the issue of 78,264,479 Shares by way of placement on the dates and on the terms set in the Explanatory Statement be subsequently approved.”

Voting Exclusion

In accordance with Listing Rule 7.5.6, any votes cast on Resolution 1 by or on behalf of a person who participated in the placement and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of Shares, if Resolution 1 is passed, or any of the respective associates of such persons, will be disregarded.

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 the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

“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, 29 August 2011 shall, for the purposes of determining voting entitlements at the Extraordinary General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

PROXIES

Please note that:

- a member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- 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: 28 JULY 2011

BY ORDER OF THE BOARD

Alan Thomas
Company Secretary
FairStar Resources Limited

EXPLANATORY STATEMENT

This Explanatory Statement is an important document. You should read the document. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of Meeting, you should contact your stockbroker or other professional adviser.

General Information.

This Explanatory Statement has been prepared for the information of Shareholders of FairStar Resources in connection with the business to be conducted at the Extraordinary General Meeting to be held at the Hyatt Hotel, 99 Adelaide Terrace, Perth, Western Australia on the date set out in the notice of meeting.

The purpose of this Explanatory Statement is to provide Shareholders with information which 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 Extraordinary General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of Extraordinary General Meeting. This Explanatory Statement should be read in conjunction with the Notice of Extraordinary General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

RESOLUTION 1 – SUBSEQUENT APPROVAL OF SECURITIES

Proposed subsequent shareholder approval

Listing Rule 7.1 imposes a 15% cap on the number of new securities that a company can issue over any 12 month period without shareholder approval. ASX Listing Rule 7.4 allows a company to seek the subsequent approval of shareholders for an issue of securities. Shareholder approval of securities issued refreshes the Company's 15% capacity to raise additional capital. This provides additional funding flexibility for the Company.

Effect of the proposal

If Resolution 1 is approved, the Company will not have to count the securities the subject of the resolution towards the 15% limit of securities that may be issued by the Company in any 12 month period under Listing Rule 7.1. Accordingly, if Resolution 1 is passed, the Company's annual capacity to issue capital within the 15% limit under Listing Rule 7.1 will be refreshed. The Directors of the Company consider it prudent to maintain such funding flexibility as part of the Company's capital management strategy.

If Resolution 1 is not approved, it will have no effect upon the 78,264,479 Shares issued under the Placement. Those Shares have already been issued and quoted on the ASX. However the securities issued will be counted towards the 15% of additional securities that may be issued by the Company in any twelve month period under Listing Rule 7.1.

Details of securities issued which are subject to this resolution are as follows:-

Date	Allottee	No of Shares	Issue price
16.8.10	Gurney Capital Nominees Pty Ltd	1,578,947	0.0950
18.8.10	Gurney Capital Nominees Pty Ltd	1,595,745	0.0940
14.10.10	Interest to various Convertible Note Holders	4,706,739	0.0500
16.12.10	Gurney Capital Nominees Pty Ltd	6,297,863	0.0397
16.12.10	Goldlaw Pty Ltd	1,763,402	0.0397
12.1.11	Gurney Capital Nominees Pty Ltd	6,516,237	0.0384
8.2.11	Gurney Capital Nominees Pty Ltd	4,749,667	0.0526
8.2.11	Peter Cody	2,316,884	0.0432
8.2.11	Donald Brady	2,316,884	0.0432
7.3.11	Gurney Capital Nominees Pty Ltd	6,828,387	0.0439
1.4.11	Gurney Capital Nominees Pty Ltd	5,682,267	0.0528
4.4.11	Gurney Capital Nominees Pty Ltd	1,487,301	0.0672
20.4.11	Gurney Capital Nominees Pty Ltd	5,922,435	0.0507
21.4.11	Interest to various Convertible Note Holders	4,992,328	0.0500
13.5.11	Goldlaw Pty Ltd	2,000,136	0.0474
13.5.11	Gurney Capital Nominees Pty Ltd	10,538,124	0.0474
16.5.11	Interest to Convertible Note Holder	746,301	0.0500
18.5.11	Interest to Convertible Note Holder	87,068	0.0500
8.6.11	Peter and Susanne Gianni	4,200,000	0.0500
9.6.11	Gurney Capital Nominees Pty Ltd	3,940,764	0.0558
	TOTAL No of SHARES	78,264,479	

Use of funds raised

The funds raised from the Placement were used for general working capital purposes, except where stated in the above table.

The Shares were issued on the same terms and conditions as the Company's existing ordinary Shares.

Recommendation

In order to ensure that the Company has adequate funding flexibility, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

In this Notice of Meeting and Explanatory Statement, the following terms have the following unless the context otherwise requires:

DEFINITIONS

“**ASIC**” means the Australian Securities & Investments Commission;

“**ASX**” means ASX Limited (ACN 008 624 691);

“**Board**” means the Directors of the Company from time to time;

“**Business Day**” has the meaning ascribed to that term by the Listing Rules;

“**Company**” means Fairstar Resources Limited (ACN 115 157 689);

“**Directors**” means each of the persons who acts as directors of the Company;

“**Listing Rules**” means the official listing rules of ASX;

“**Meeting**” and “**Shareholders' Meeting**” means the meeting of Shareholders convened by the Notice;

“**Notice**” means the notice of meeting to which this Explanatory Statement is attached;

“**Placement**” means the Shares issued by the Company to various allottees the subject of Resolution 1;

“**Shares**” means ordinary fully paid Shares in the capital of the Company and “**Shareholders**” has a corresponding meaning;

“**WST**” means western standard Australian time.

NOTES

A shareholder who is entitled to attend and vote at a meeting of shareholders is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the company.

Where a voting exclusion applies, the company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions of the proxy form or it is cast by a person chairing the meeting as proxy for person who is entitled to vote in accordance with the direction of the proxy form to vote as the proxy decides. The directors of the company have set a snapshot date to determine the identity of those entitled to attend and vote at the meeting. The snapshot date is stated above.

A proxy form is attached. If required, it should be completed, signed and returned in accordance with the proxy instructions on that form. To be effective, the proxy form (and any power of attorney) must be lodged at the registered office of the company not less than 48 hours before the time of holding the meeting. The proxy may be lodged by facsimile transmission to Advanced Share Registry Services facsimile number:- (08) 9389 7871.