



**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 Hyatt Hotel, 99 Adelaide Terrace, Perth WA 6000  
on Wednesday, the 9<sup>th</sup> day of May 2012 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.

## Corporate Directory

<b>Directors</b>	Kevin J. Robertson Con Markopoulos Harold J. Paiker	Managing Director Director – Non-Executive Director – Non-Executive
<b>Secretary</b>	Alan Thomas	
<b>Head Office</b>	Suites 3-4 136 Main Street OSBORNE PARK WESTERN AUSTRALIA 6017 Phone: (08) 9242 5111 Fax: (08) 9242 5677 Website: <a href="http://www.fairstarresources.com">www.fairstarresources.com</a>	
<b>Registered Office</b>	Suites 3-4 136 Main Street OSBORNE PARK WESTERN AUSTRALIA 6017	
<b>Auditors</b>	Stantons International Audit and Consulting Pty Ltd 1 Havelock Street WEST PERTH WESTERN AUSTRALIA 6005	
<b>Lawyers</b>	Lawton Gillon Level 11 16 St Georges Terrace PERTH WESTERN AUSTRALIA 6000	
<b>Share Registry</b>	Advanced Share Registry Services 150 Stirling Highway NEDLANDS WESTERN AUSTRALIA 6009	
<b>ASX Code</b>	FAS FASO	

## Notice of General Meeting

NOTICE IS GIVEN THAT a General Meeting of the Company will be held at the Hyatt Hotel, 99 Adelaide Terrace, Perth WA 6000 on Wednesday, the 9<sup>th</sup> day of May 2012 commencing at 2.00 pm (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 – APPROVAL TO ISSUE SHARES

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

*“That for the purpose of Listing Rule 7.1 of the Listing Rules of the ASX and for all other purposes the Company be authorised to issue up to 300,000,000 fully paid ordinary Shares at an issue price of not less than 80 per cent of the average market price of the fully paid ordinary Shares of the Company where the average market price is calculated over the last 5 days on which sales in the Company’s Shares were recorded before the day on which the issue is made and otherwise on the terms and conditions as set out in the Explanatory Statement.”*

#### Voting Exclusion

In accordance with Listing Rule 7.3.8, any votes cast on Resolution 1 by or on behalf of a person who may participate in the issue 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, and 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.

##### 2. RESOLUTION 2 – RATIFICATION OF ISSUE OF SECURITIES

To consider and, if thought fit, pass with or without amendment 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 or agreement to issue 80,393,156 Shares 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 2 by or on behalf of a person who participated in the placement and 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.

### **3. RESOLUTION 3 – APPROVAL TO ISSUE SHARES TO HOLDER OF CONVERTIBLE NOTE**

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

*“That for the purposes of Listing Rule 7.1 of the Listing Rules of the ASX and for all other purposes, the Company be authorised to issue up to 14,285,715 fully paid ordinary shares at an issue price of 7 cents per share to Kelvin Park Pty Ltd in the event that Kelvin Park Pty Ltd elects to convert its debt of \$1,000,000.00 to shares in the Company.”*

#### **Voting Exclusion**

In accordance with Listing Rule 7.3.8, any votes cast on Resolution 3 by or on behalf of a person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of Shares, if Resolution 3 is passed, and 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, 7 May 2012 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:** 13 April 2012

**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 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 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 General Meeting. This Explanatory Statement should be read in conjunction with the Notice of General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

### **RESOLUTION 1 - APPROVAL TO ISSUE SHARES**

#### **Background for Resolution 1**

##### **Proposed subsequent shareholder approval**

As at the date of this notice FAS is in negotiations with a number of potential investors with a view to securing a cornerstone shareholder. This will assist the Company with funds needed to progress mine development activities at its Steeple Hill Iron Project.

Listing Rule 7.1 imposes a 15 per cent cap on the number of new securities that a company can issue over any 12 month period without shareholder approval. Listing Rule 7.1 allows a company to seek the approval of shareholders to an issue of securities which would exceed the 15 per cent annual cap prescribed by it.

To give the Company flexibility and the capacity to issue Shares to a potential new shareholder within 3 months of the date of this meeting, the Company seeks approval of shareholders to enable up to 300,000,000 fully paid ordinary Shares to be issued at not less than 80 per cent of the market price of the Company's Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue is made.

The Company has not identified any allottees of the proposed Shares and does not have any arrangements in place to issue the Shares.

##### **Effect of proposal**

If Resolution 1 is approved, the Company will have the capacity to issue up to 300,000,000 fully paid ordinary Shares to various allottees as per the purpose stated above. The funds raised will be used for general working capital purposes to assist in the development of the Company's Steeple Hill Iron Project.

For the purposes of Listing Rule 7.3 the Company provides the following information:

- (a) the maximum number of securities to be issued is 300,000,000 fully paid Shares;
- (b) the Shares will be issued within 3 months of the date of this meeting or such later date as approved by ASX. It is intended that the Shares will be allotted progressively;
- (c) the issue price of the Shares is to be not less than 80 per cent of the market price of the Company's Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue is made;
- (d) the Shares will be issued to various allottees who are yet to be determined, however it is intended that the allottees will be sophisticated or other exempt investors to whom the Shares can be offered without disclosure and in any event will not be directors, their associates or related parties;
- (e) these Shares will be issued on the same terms and conditions as the Company's existing ordinary Shares;
- (f) the amount raised from the issue of the Shares is not able to be determined at this time, however the amount raised will be used for general working capital of the Company, including the advancement of the Company's Steeple Hill Iron Project.

### **Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

## **RESOLUTION 2 - RATIFICATION OF ISSUE 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 under the Placement refreshes the Company's 15% annual capacity to raise additional capital without the need to obtain shareholder approval. This provides additional funding flexibility for the Company.

### **Effect of the proposal**

If Resolution 2 is approved, the Company will not have to count the securities issued under the Placement 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 2 is passed, the Company's annual capacity to issue capital within the 15% limit under Listing Rule 7.1 (in respect of the Placement, being 80,393,156 Shares) 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 2 is not approved, it will have no effect upon the 80,393,156 Shares issued or agreed to be issued. Those Shares have already been either issued and quoted on the ASX or the Company has agreed to issue the Shares. However the Shares would 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. The Shares which have been issued were issued to the following:

<b>Allottee</b>	<b>No of Shares</b>	<b>Issue price</b>	<b>Date issued</b>
Gurney Capital Nominees Pty Ltd	6,032,218	0.0332	25.10.11
Gurney Capital Nominees Pty Ltd	6,748,060	.0.0296	15.11.11
Donald Brady	1,499,569	0.0333	15.11.11
PCB Holdings	4,322,707	0.0326	15.11.11
Kim Buswell	1,908,390	0.0320	15.11.11

<b>Allottee</b>	<b>No of Shares</b>	<b>Issue price</b>	<b>Date issued</b>
Gurney Capital Nominees Pty Ltd	7,576,870	0.0330	25.11.11
Goldlaw	2,424,599	0.0330	25.11.11
Joel Terrace Pty Ltd	2,960,118	0.0383	1.12.11
Kelvin Park Pty Ltd	5,920,236	0.0383	1.12.11
Brian Manning	347,827	0.0383	5.12.11
Gurney Capital Nominees Pty Ltd	10,271,892	0.0292	21.12.11
Gurney Capital Nominees Pty Ltd	3,762,530	0.0266	3.1.12
Gurney Capital Nominees Pty Ltd	3,815,847	0.0262	23.1.12
Gurney Capital Nominees Pty Ltd	6,836,523	0.0366	28.2.12
Gurney Capital Nominees Pty Ltd	7,597,692	0.0329	9.3.12
Gurney Capital Nominees Pty Ltd	8,368,078	0.0299	23.3.12
<b>TOTAL No OF SHARES</b>	<b>80,393,156</b>		

### **Use of funds raised**

The funds raised from the Placement were used for general working capital purposes.

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 2.

## **RESOLUTION 3 - APPROVAL TO ISSUE SHARES TO HOLDER OF CONVERTIBLE NOTE**

### **Background for Resolution 3**

The Company entered into a Convertible Note with Kelvin Park Pty Ltd on 13 February 2012 whereby Kelvin Park advanced the sum of \$1,000,000 to the Company. Kelvin Park has the right to convert the debt, or any part thereof, to shares in the Company at an exercise price of 7 cents, which means the maximum number of shares the Company may be obliged to issue to Kelvin Park is 14,285,714.

The other terms of the Convertible Note Agreement are as follows:

- (a) Interest is payable on the sum of \$1,000,000 at the rate of 12.5 per cent per annum to be paid quarterly in arrears. At the election of Kelvin Park Pty Ltd the interest may be satisfied through the issue of shares in Fairstar Resources at an issue price of 3 cents. The maximum number of shares which may be issued in satisfaction of the interest component is 4,166,667, which shares will if necessary be issued from the Company's placement capacity.
- (b) The term of the convertible note expires 31 January 2013.

The Company seeks approval to issue the shares in anticipation of Kelvin Park electing to convert the debt to equity so the issue of the shares does not count towards the Company's 15 per cent placement capacity.



For the purposes of Listing Rule 7.3 the Company provides the following information:

- (a) the maximum number of securities to be issued is 14,285,714;
- (b) the Shares will be issued within 3 months of the date of this meeting or such later date as approved by ASX. It is intended that the Shares will be allotted progressively;
- (c) the shares will be issued when Kelvin Park issues a notice to the Company requiring the allotment of the shares;
- (d) the issue price of the shares will be 7 cents per share;
- (e) the shares will be allotted to Kelvin Park Pty Ltd;
- (f) the shares will be issued on the same terms and conditions of the Company's existing ordinary shares;
- (g) no funds will be raised from the issue of the shares as the Company has already received the sum of \$1,000,000 from Kelvin Park Pty Ltd.

**Recommendation**

The Directors unanimously recommend the shareholders vote in favour of Resolution 3.

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;

“**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.