

# **FYI RESOURCES LIMITED**

ACN 061 289 218

## **NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT**

**For the Annual General Meeting to be held on  
29 November 2017 at  
8:00am (Western Standard Time) at**

**HLB Mann Judd Boardroom  
Level 4, 130 Stirling Street  
Perth, Western Australia**

***This is an important document. Please read it carefully.***

***If you are unable to attend the Meeting, please complete the form of proxy enclosed  
and return it in accordance with the instructions set out on that form.***

## **TIME AND PLACE OF GENERAL MEETING AND HOW TO VOTE**

### **Venue**

The General Meeting of FYI Resources Limited will be held at:

HLB Mann Judd Boardroom	Commencing
Level 4, 130 Stirling Street	at 8:00am (Western Standard Time)
Perth WA 6000	on Wednesday, 29 November 2017.

### **How to Vote**

You may vote by attending the Meeting in person, by proxy or authorised representative.

#### **Voting in Person**

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 3:00pm (Western Standard Time).

#### **Voting by Proxy**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- Hand to the Company's office at 53 Canning Highway, Victoria Park, Western Australia, 6100;
- Facsimile to fax number +61 (8) 9361 3154;
- Post to 53 Canning Highway, Victoria Park, Western Australia, 6100; or
- Email to [pmacleod@gapcs.com.au](mailto:pmacleod@gapcs.com.au),

so that it is received not later than 8:00am (WST) on 27 November 2017.

**FYI RESOURCES LIMITED**  
**ACN 061 289 218**

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is hereby given that the Annual General Meeting of the Shareholders of FYI Resources Limited will be held at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia on Wednesday, 29 November 2017 at 8:00am (WST) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

**AGENDA**

**BUSINESS**

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**Annual Financial Report**

To receive and consider the Annual Financial Report of the Company together with the Directors' Report, Directors' Declaration and the Independent Audit Report for the year ended 30 June 2017.

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**Resolution 1 – Adoption of Remuneration Report**

To consider and, if thought fit, to pass, with or without amendment, the following in accordance with section 250R(2) of the Corporations Act:

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Financial Report for the year ended 30 June 2017."*

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

**Voting Exclusion:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons (the "voter"):

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, the voter may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair of the meeting and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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## Resolution 2 - Re-election of Director – David Sargeant

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of rule 7.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, David Sargeant, a Director of the Company, retires by rotation and being eligible for re-election, is re-elected as a Director of the Company."*

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## Resolution 3 – Approval to Issue Shares – Purchase of Kokardine Kaolin Pty Ltd

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company issue up to 21,428,571 Shares on the terms and conditions set out in the Explanatory Statement."*

### Voting Exclusion:

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 a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, 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 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.

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## Resolution 4 – Approval of Additional Placement Capacity

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

### Voting Exclusion:

The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will 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 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.

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## Resolution 5 – Approval of Employee Incentive Scheme

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.2 Exception 9(b) and for all other purposes Shareholders approve the issue of securities under the "Employee Incentive Plan" for a period of 3 years commencing on the date of this Meeting on the terms and conditions set out in the Explanatory Statement."*

### Voting exclusion:

The Company will disregard any votes cast on this Resolution by the Directors of the Company and any of their associates. However, the Company will not disregard a vote cast on this Resolution if:

- (a) 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

- (b) it is cast by the chair of 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.

**Restriction on proxy voting by Key Management Personnel or Closely Related Parties:**

A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel for the Company; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the Meeting; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

**By order of the Board**



Phillip MacLeod  
Company Secretary  
Dated: 24 October 2017

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**VOTING AND PROXIES**

1. A Shareholder of the Company entitled to attend and vote 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.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the 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. The Chairman of the Meeting will vote undirected proxies in favour of all Resolutions. In relation to Resolutions 1 and 5 the proxy form expressly authorises the Chairman to exercise the proxy even though the resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Any undirected proxies held by a Director, any member of the Key Management Personnel or any of their Closely Related Parties (who are not the Chairman of the Meeting) will not be voted on Resolutions 1 and 5.
4. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 27 November 2017 at 5:00pm (Western Standard Time).
5. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

**FYI RESOURCES LIMITED**  
**ACN 061 289 218**

**EXPLANATORY STATEMENT**

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

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**1. FINANCIAL STATEMENTS AND REPORTS**

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company does not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so. The Company's Annual Report is available on the Company's website [www.fyiresources.com.au](http://www.fyiresources.com.au).

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Financial Report for the financial period ended 30 June 2017;
- (b) ask questions and make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

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**2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2017.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting. Shareholders should note that the vote on this Resolution is advisory only and does not bind the Company or the Directors.

**Voting Consequences**

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "Spill Resolution") that another general meeting be held within 90 days at which all of the Directors (other than the Managing Director) must go up for re-election.

**Previous Voting Results**

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

**Proxy Restrictions**

Pursuant to the Corporations Act, if you appoint a member of the Key Management Personnel (other than the Chair) or any Closely Related Party as your proxy to vote on this Resolution 1, ***you must direct the proxy how they are to vote***. Where you do not direct such a person on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to Resolution 1.

If you appoint the Chair as your proxy, and you do not direct the Chair on how to vote on this Resolution 1, then by signing and returning the proxy form you are giving express authorisation for the Chair to vote all undirected proxies **FOR Resolution 1** even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DAVID SARGEANT

Mr Sargeant was appointed a director of the Company on 30 November 2009 and was last re-elected as a director on 26 November 2014.

Pursuant to rule 7.3 of the Company's Constitution and ASX Listing Rule 14.4, Mr Sargeant, being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

#### Experience and qualifications

Mr Sargeant holds a Bachelor of Science degree in economic geology from the University of Sydney and has more than 40 years' experience as a geologist, consultant and company director. As such, he has been involved in numerous mineral exploration, ore deposit evaluation and mining development projects and is a member of AusIMM and the Geological Society of Australia.

During his career, Mr Sargeant has held a range of senior positions, including that of senior geologist with Newmont Pty Ltd and senior supervisory geologist with Esso Australia Ltd at the time of the Harbour Lights Gold Mine discovery and development. Mr Sargeant was the first chief geologist at Telfer Gold Mine during exploration, development and production at that project. In addition, he was exploration manager for the Adelaide Petroleum NL group of companies, manager of resources development for Sabminco NL and a technical director of Western Reefs Limited during the period in which that company became a successful producer at the Dalgaranga Gold Project.

Mr Sargeant successfully managed an exploration and geological consulting business for 18 years, which included the formation and management of platinum and copper-gold companies in Botswana until they were taken over during the 2005 to 2007 period by United Kingdom listed public companies

#### Other Material Directorships

Mr Sargeant is Managing Director of mineral exploration company, Empire Resources Limited.

#### Independence

Mr Sargeant is a Non-Executive Director of the Company. The Board considers that Mr Sargeant is not an independent director.

#### Board Recommendation

The Directors (apart from Mr Sargeant) recommend that Shareholders vote in favour of the election of Mr Sargeant.

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### 4. RESOLUTION 3 – APPROVAL TO ISSUE SHARES – PURCHASE OF KOKARDINE PTY LTD

#### 4.1 General

On 8 May 2017, the Company announced that it had entered a share purchase agreement (**Agreement**) to purchase Kokardine Pty Ltd which owns the Cadoux kaolin project (E70/4673) in Western Australia. Kaolin from the Cadoux project is proposed to be used as feedstock in the production of high purity alumina. The Agreement was subject to due diligence in respect to the size and quality of the kaolin deposit and the tenement being in good standing. Under the Agreement, the consideration for the purchase of Kokardine Pty Ltd is the issue of three tranches of Shares:

- tranche 1 is the issue of 21,428,571 Shares;
- tranche 2 is the issue of 12,500,000 Shares; and
- tranche 3 is the issue of 10,000,000 Shares.

The tranche 2 and 3 issues are contingent on project and Share price milestones. The issue of all consideration Shares is subject to Shareholder approval. On 26 September 2017, the Company announced that, following a positive due diligence review, it was proceeding with the purchase of Kokardine Pty Ltd. Resolution 3 seeks Shareholder approval for the issue of 21,428,571 Shares to the vendors of Kokardine Pty Ltd being the tranche 1 consideration pursuant to the Agreement.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period without the approval of Shareholders.

The effect of this Resolution will be to allow the Company to issue the Shares during the period of 3 months after this Meeting (or a longer period, if allowed by ASX), without using the Company's 15% placement capacity or additional 10% annual placement capacity.

#### 4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to this Resolution:

- (i) the maximum number of Shares to be issued is 21,428,571;
- (ii) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (iii) it is intended that issue will occur on the same date;
- (iv) the Shares will be issued for nil cash consideration as they are being issued as consideration for the purchase of Kokardine Pty Ltd;
- (v) the Shares will be issued to the vendors of Kokardine Pty Ltd (or their nominees). The vendors are not related parties of the Company;
- (vi) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (vii) no funds will be raised from the issue of the Shares as the Shares will be issued as consideration for the purchase of Kokardine Pty Ltd.

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## 5. INFORMATION RELATING TO RESOLUTION 4 – APPROVAL FOR ADDITIONAL PLACEMENT CAPACITY

### 5.1 General

ASX Listing Rule 7.1 permits entities to issue 15% of its issued capital without shareholder approval in a 12 month period, subject to a number of exceptions.

ASX Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special resolution, to issue Equity Securities up to an additional 10% of its issued capital by placements over a 12 month period after the annual general meeting (**Additional Placement Capacity**).

The Company seeks Shareholder approval under this Resolution to be able to issue Equity Securities under the Additional Placement Capacity. The exact number of Equity Securities to be issued is not fixed and will be determined in accordance the formula prescribed in ASX Listing Rule 7.1A.2 (set out below).

### 5.2 Requirements of ASX Listing Rule 7.1A

#### (a) Eligible entities

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$4.4 million based on the number of Shares on issue at the date of this Notice and the closing price of Shares (\$0.048) on the ASX on 23 October 2017.

#### (b) Shareholder approval

Shareholders must approve the Additional Placement Capacity by special resolution at the annual general meeting. A resolution under ASX Listing Rule 7.1A cannot be put at any other shareholder meeting.

#### (c) Equity Securities

Equity Securities issued under the Additional Placement Capacity must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Company has only one class of Equity Securities quoted on ASX being fully paid ordinary Shares. The Company also has unquoted options on issue.

#### (d) Formula for calculating number of Equity Securities that may be issued under the Additional Placement Capacity



If this Resolution is passed, the Company may issue or agree to issue, during the 12-month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A	<p>The number of shares on issue 12 months before the date of issue or agreement:</p> <ul style="list-style-type: none"> <li>• plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;</li> <li>• plus the number of partly paid shares that became fully paid in the 12 months;</li> <li>• plus the number of fully paid shares issued in the 12 months with the approval of shareholders under ASX Listing Rules 7.1 or 7.4;</li> <li>• less the number of fully paid shares cancelled in the 12 months.</li> </ul>
D	10%
E	The number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

(e) **Interaction between ASX Listing Rules 7.1 and 7.1A**

The Additional Placement Capacity under ASX Listing Rule 7.1A is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

The Company has 92,410,643 Shares on issue as at the date of this Notice. If this Resolution is passed, the Company will be permitted to issue (as at the date of this Notice):

- 13,861,596 Equity Securities under ASX Listing Rule 7.1; and
- 9,241,064 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will be permitted to issue under ASX Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out above).

The effect of this Resolution will be to allow the Company to issue securities under ASX Listing Rule 7.1A without using the Company's placement capacity under ASX Listing Rule 7.1.

**5.3 Information for Shareholders as required by ASX Listing Rule 7.3A**

(a) **Minimum price**

The issue price of the new Equity Securities will be no lower than 75% of the volume weighted average price (VWAP) for securities in the relevant quoted class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 trading days of the date above, the date on which the Equity Securities are issued.

(b) **Risk of economic and voting dilution**

If this Resolution is passed and the Company issues securities under the Additional Placement Facility, existing Shareholders' voting power in the Company will be diluted.

There is the risk that:

- the market price for the Company's existing Equity Securities may be significantly lower on the date of issue of the new Equity Securities than on the date of the Meeting; and
- the new Equity Securities may be issued at a price that is at a discount to the market price of the Company's existing Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the new Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro rata entitlement issue) or future placements under ASX Listing Rule 7.1 that are approved by Shareholders in the future;
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in ASX Listing Rule 7.1A.2		Dilution		
		2.4 cents	4.8 cents	9.6 cents
		50% decrease in Issue Price	Issue Price	100% increase in Issue Price
<b>Current Variable A</b> 92,410,643 Shares	<b>10% Voting Dilution</b>	9,241,064 Shares	9,241,064 Shares	9,241,064 Shares
	<b>Funds raised</b>	\$221,786	\$443,571	\$887,142
<b>50% increase in current Variable A</b> 138,615,964 Shares	<b>10% Voting Dilution</b>	13,861,596 Shares	13,861,596 Shares	13,861,596 Shares
	<b>Funds raised</b>	\$332,678	\$665,357	\$1,330,713
<b>100% increase in current Variable A</b> 184,821,286 Shares	<b>10% Voting Dilution</b>	18,482,129 Shares	18,482,129 Shares	18,482,129 Shares
	<b>Funds raised</b>	\$443,571	\$887,142	\$1,774,284

This table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the Additional Placement Capacity.
- No options are exercised into Shares before the date of issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
- The issue of Equity Securities under the Additional Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The issue price is 4.8 cents, being the closing price of the Shares on ASX on 23 October 2017.

The Company's ability to issue securities under ASX Listing Rule 7.1A is in addition to its ability to issue securities under ASX Listing Rule 7.1.

(c) **Placement Period**

Shareholder approval of the Additional Placement Capacity under ASX Listing Rule 7.1A is valid from 29 November 2017 (the date of this Meeting) and expires on the earlier of:

- 29 November 2018, which is 12 months after this Meeting; or
- the date that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (significant change to nature or scale of activities) or ASX Listing Rule 11.2 (disposal of the main undertaking, (the "**Placement Period**").

The Company will only issue new securities during the Placement Period. The approval will cease to be valid in the event that shareholders approve a transaction under ASX Listing Rules 11.1.2 or 11.2.

(d) **Purposes for which the new Equity Securities may be issued**

The Company may seek to issue new Equity Securities for the following purposes:

- cash consideration to raise funds for the acquisition of new assets or investments (including the expenses associated such acquisition), continued expenditure on the Company's then current exploration assets and for general working capital; or
- non-cash consideration for acquisition of new mineral exploration and/or mining assets and investments or for the payment of goods or services provided to the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

(e) **Allocation policy**

The Company's allocation policy for the issue of new Equity Securities under the Additional Placement Capacity will depend on the market conditions existing at the time of the proposed issue. The recipients will be determined at the relevant time having regard to factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of new securities on the control of the Company;
- the financial situation and solvency of the Company;
- advice from corporate, financial and broking advisers (as relevant).

As at the date of this Notice the recipients are not known but may include existing substantial Shareholders and/or new Shareholders. No recipient under the Additional Placement Capacity will be a related party or associate of a related party. Existing Shareholders may or may not be entitled to subscribe for any Equity Securities issued under the Additional Placement Capacity and it is possible that their shareholding will be diluted.

If the Additional Placement Capacity is used to acquire new assets or investments then it is likely that the recipients will be the vendors of the new assets.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A on the issue of any new securities.

(f) **Details of Equity Securities issued in the 12 months preceding the date of Meeting**

On 28 November 2016, the Company received Shareholder approval for the Additional Placement Capacity. Pursuant to Listing Rule 7.3A.6 the following information is provided to Shareholders:

- The total number of Equity Securities issued in the 12 months before this Meeting (that is, since 29 November 2016) is 3,800,000 Shares and 2,250,000 Options. The total number of Equity Securities on issue as at 29 November 2016 was 88,610,643 Shares. The total number of Equity Securities issued in the 12 months since 29 November 2016 is 6.8% of the total number of Equity Securities on issue at 29 November 2016.
- The details of Equity Securities issued during the 12 months preceding the date of the Meeting are:

Date of issue:	23 December 2016
Number of Equity Securities:	1,800,000
Summary of terms:	Fully paid ordinary shares
Names of recipients of securities:	Capstone Capital Pty Ltd
Price:	The Shares were issued at 5 cents per Share in lieu of fees owing of \$90,000.
Discount to market price:	The Shares were issued at a 1.1 cent premium to the market price of 3.9 cents.
Total cash consideration received:	Nil. The Shares were issued in lieu of fees owing of \$90,000.
Current value of non-cash consideration:	The value of the Shares as at 23 October 2017 is \$86,400 based on a market price of 4.8 cents per Share.

Date of issue:	23 December 2016
Number of Equity Securities:	2,000,000
Summary of terms:	Fully paid ordinary shares
Name of recipients of securities:	Central Potash Cooperation Co., Ltd.
Price:	The Shares were issued at 3.9 cents per Share in consideration for work undertaken on behalf of the Company in Laos
Discount to market price:	The Shares were issued at no discount to the market price of 3.9 cents.
Total cash consideration received:	Nil. The Shares were issued in consideration for services provided to the Company in Laos.
Current value of non-cash consideration:	The value of the Shares as at 23 October 2017 is \$96,000 based on a market price of 4.8 cents per Share.

Date of issue:	23 December 2016
Number of Equity Securities:	2,250,000
Summary of terms:	Unquoted Options exercisable at 8.8 cents each expiring 29 November 2018.
Names of recipients of securities:	The director incentive Options were issued with the approval of shareholders granted at a meeting held 28 November 2016 to: R Hill 750,000 Options Murilla Exploration Pty Ltd 500,000 Options DW Sargeant Pty Ltd 500,000 Options E Babington 500,000 Options
Price:	Nil
Discount to market price:	Not applicable
Current value of non-cash consideration:	The Company has valued the Options as at 24 October 2014 at 1.03 cents per Option using the Black-Scholes method. Therefore, the current value of the 2,250,000 Options is \$23,076.

(g) **Voting exclusion**

At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in a proposed issue of Equity Securities under the proposed Additional Placement Capacity. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

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## **6. RESOLUTION 5 – APPROVAL OF EMPLOYEE INCENTIVE SCHEME**

### **6.1 Background**

The Board adopted the Employee Incentive Plan in October 2017 to enable the Company to issue options or performance rights to eligible participants being employees (full and part-time), directors, relevant contractors, casual employees and prospective parties in these capacities. No securities have been issued under this Employee Incentive Plan.

The Employee Incentive Plan is intended to provide an opportunity to eligible participants to participate in the Company's future growth and assist with reward and retention of eligible participants.

A copy of the Employee Incentive Plan will be made available for inspection at the Meeting. A summary of the Employee Incentive Plan is set out in Schedule 1.

The Employee Incentive Plan replaces the incentive plan that was the subject of Shareholder approval at a general meeting held September 2014.

The current Employee Incentive Plan is in accordance with ASIC class order CO 14/1000 which expanded the class of financial products that could be offered (i.e. performance or incentive rights can be issued as well as shares and options) and expanded the categories of persons who can participate (i.e. certain contractors and casual employees).

### **6.2 Regulatory Requirements**

Shareholder approval is not required under the Corporations Act or the ASX Listing Rules for the operation of the Employee Incentive Plan. However, Shareholder approval is being sought to allow the Company to rely on an exception to the calculation of the placement limits imposed by ASX Listing Rule 7.1 on the number of securities that may be issued without shareholder approval. ASX Listing Rule 7.2 exception 9(b) provides that ASX Listing Rules 7.1 and 7.1A do not apply to an issue of securities under an employee incentive scheme that has been approved by shareholders and the issue of securities is within 3 years from the date of shareholder approval of the issue of securities under the employee incentive scheme.

If an offer is made to a Director to participate in the Employee Incentive Plan then separate Shareholder approval will need to be obtained.

### **6.3 Recommendation**

The Board recommends that Shareholders approve the issue of securities under the Employee Incentive Plan. It will allow the Company to issue securities for the benefit of participants of the Employee Incentive Plan whilst preserving the Company's placement limits of issuing securities and provide flexibility in the manner in which the Employee Incentive Plan is managed.

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## **7. ENQUIRIES**

Shareholders may contact Phil MacLeod on (+ 61 8) 9389 7050 if they have any queries in respect of the matters set out in these documents.

## GLOSSARY

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In the Notice and this Explanatory Statement the following expressions have the following meanings:

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" means the ASX Limited (ABN 98 008 624 691).

"**ASX Listing Rules**" or "**Listing Rules**" means the Listing Rules of the ASX.

"**Board**" means the Board of Directors of the Company.

"**Business Day**" means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

"**Chairman**" means the chairman of the Company.

"**Closely Related Party**" of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

"**Company**" or "**FYI Resources**" means FYI Resources Ltd (ACN 061 289 218).

"**Constitution**" means the constitution of the Company.

"**Corporations Act**" means the Corporations Act 2001 (Cth).

"**Directors**" mean the directors of the Company from time to time.

"**Employee Incentive Plan**" means the Employee Incentive Plan with the terms summarised in Schedule 1.

"**Equity Securities**" has the same meaning as in the Listing Rules.

"**Explanatory Statement**" means this Explanatory Statement.

"**General Meeting and Meeting**" means the meeting convened by this Notice.

"**Key Management Personnel**" has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

"**Notice**" means the notice of meeting that accompanies this Explanatory Statement.

"**Option**" means an option to acquire a Share.

"**Optionholder**" means a holder of an Option or Director Option as the context requires.

"**Placement Period**" means the period during which Shareholder approval under Listing Rule 7.1A is valid.

"**Proxy Form**" means the proxy form accompanying the Notice.

"**Resolution**" means a resolution referred to in the Notice.

"**Share**" means a fully paid ordinary share in the capital of the Company.

"**Shareholder**" means a registered holder of shares in the Company.

"**WST**" or "**Western Standard Time**" means Western Standard Time, Perth, Western Australia.

"**\$**" means Australian dollars unless otherwise stated.

## SCHEDULE 1

### SUMMARY OF TERMS OF EMPLOYEE INCENTIVE PLAN (RESOLUTION 4)

<b>Purpose</b>	The purpose of the Employee Incentive Plan is to provide an incentive for eligible participants to participate in the future growth of the Company and to offer any of options or performance rights to assist with reward, retention, motivation and recruitment of eligible participants.
<b>Eligible Participants</b>	Eligible participants are a full or part-time employee, or a director of the Company or a subsidiary, relevant contractors and casual employees and prospective parties in these capacities (" <b>Eligible Participants</b> ").
<b>Offers</b>	Subject to any necessary Shareholder approval, the Board may offer options or performance rights to Eligible Participants for nil consideration.
<b>Expiry Date</b>	The expiry date of any options or performance rights will be determined by the Board.
<b>Vesting Conditions and Lapse</b>	An option or performance right may only be exercised after it has vested and before its expiry date. The Board may determine the conditions upon the vesting of the options or performance rights at its discretion. By way of example, the Board may impose Share price and/or continuous service vesting hurdles. An option or performance right lapses upon various events including a vesting condition not being satisfied, a participant ceasing to be an Eligible Participant (except for certain matters such as death or permanent disablement) and upon misconduct by a participant.
<b>Shares issued on vesting</b>	Each option or performance right entitles the holder to one fully paid ordinary share on exercise or vesting.
<b>Transferability and quotation</b>	An option or performance right may not be transferred without the prior written approval of the Board or by force of law. Quotation of the options or performance rights on the ASX will not be sought. However, the Company will apply for official quotation of Shares issued on the exercise of the options or vesting of the performance rights.
<b>No voting or dividend rights</b>	The options or performance rights are personal and do not confer any entitlement to attend or vote at meetings, any entitlement to dividends or any entitlement to participate in any return of capital unless the options or performance rights are vested and the underlying Shares have been issued.
<b>No participation rights</b>	The options or performance rights do not entitle the holder to participate in the issue of securities unless the options or performance rights are exercised or vested and Shares have been issued before the record date for determining entitlements.
<b>Limitation on number of securities</b>	Securities to be issued under the Employee Incentive Plan when aggregated with the number of Shares issued during the previous 5 years under any employee incentive scheme of the Company must not exceed 5% of the total number of Shares on issue at the time of the relevant offer. Various excluded offers may be disregarded so as to not count for the 5% limit.
<b>Administration of the Employee Incentive Plan</b>	The Employee Incentive Plan will be administered under the directions of the Board and the Board may determine procedures for the administration of the Employee Incentive Plan as it considers appropriate.
<b>Operation</b>	The operation of the Employee Incentive Plan is subject to the Listing Rules and the Corporations Act.
<b>Application of Subdivision 83A-C of the <i>Income Tax Assessment Act 1997 (Cth)</i></b>	Subdivision 83A-C (deferred inclusion of gain in assessable income) of the <i>Income Tax Assessment Act 1997 (Cth)</i> applies to the Employee Incentive Plan and holders of securities issued under the Employee Incentive Plan may agree to a restriction period for the disposal or transfer of the securities including any underlying securities.

# FYI RESOURCES LIMITED

ACN 061 289 218

## PROXY FORM

I/We

of


being a shareholder of FYI Resources Limited and entitled to attend and vote hereby appoint:

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the Chair of  
the Meeting

OR

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(Mark box  
with an X)

(Insert the name of the person (or body corporate) you are appointing if this person is  
**someone other than** the Chair of the Meeting. Do not insert your own name.)

or failing attendance at the Meeting of the person named, or if no person is named, the Chair of the Meeting as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the directions on this proxy form or, if no directions have been given and to the extent permitted by law, as the proxy sees fit at the Meeting of FYI Resources Limited to be held at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia on 29 November 2017 at 8:00am (WST) and at any adjournment thereof.

### Important for Resolutions 1 and 5

If you appoint a member of the Company's Key Management Personnel (other than the Chairman of the Meeting) or a Closely Related Party of a member of the Company's Key Management Personnel as your proxy, and you do not direct your proxy how to vote in respect of Resolutions 1 and 5 your proxy will NOT cast your vote on these Resolutions and your votes will not be counted.

If you appoint the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default) and you do not direct your proxy how to vote in respect of Resolutions 1 and 5 your vote will be cast FOR this Resolution, and you hereby expressly authorise the Chairman of the Meeting to exercise your proxy even though Resolutions 1 and 5 are connected directly or indirectly with the remuneration of the members of the Company's Key Management Personnel.

### IMPORTANT NOTES

**The Chair of the Meeting intends to vote undirected proxies in favour of each item of business.** If the Chair of the Meeting is your proxy (or becomes your proxy by default) and you do not mark a voting box for any of the items of business then by signing and returning this Proxy Form you will be expressly authorising the Chair to exercise your proxy in respect of the relevant items. If you appoint the Chair of the Meeting as your proxy you can direct him/her to vote for or against or to abstain from voting on the items by marking the appropriate box below.

### Voting on Business of the General Meeting

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of David Sargeant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to Issue Shares – Purchase of Kokardine Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Employee Incentive Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_%

Please return this Proxy Form to the Company Secretary, FYI Resources Limited, 53 Canning Highway, Victoria Park, WA, 6100 or by fax to (08) 9361 3154 or by email to pmacleod@gapcs.com.au by 8:00am (WST) on 27 November 2017.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

### Signature of Member(s):

Individual or Member 1

Member 2

Member 3

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Sole Director/Company Secretary

Director

Director/Company Secretary



**FYI RESOURCES LIMITED**  
**ACN 061 289 218**

**Instructions for Completing Appointment of Proxy Form**

1. In accordance with section 249L of the Corporations Act, a shareholder of the Company who is entitled to attend and cast two or more votes at a general meeting of shareholders is entitled to appoint two proxies. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - 2 directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with sections 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of sections 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. In accordance with section 250BA of the Corporations Act the Company specifies the following for the purposes of receipt of proxy appointments:

Registered Office: 53 Canning Highway, Victoria Park, Western Australia, 6100

Fax Number: +61 (8) 9361 3154

Email Address: [pmacleod@gapcs.com.au](mailto:pmacleod@gapcs.com.au)

Postal Address: 53 Canning Highway, Victoria Park, Western Australia, 6100

by no later than 48 hours prior to the time of commencement of the Meeting.