

7 May 2015

Ben Tippett  
ASX Compliance Pty Limited  
Level 40, Central Park  
152-158 St Georges Terrace  
PERTH WA 6000

Dear Mr Tippett

**Reply to Appendix 5B Query**

I refer to your letter dated 5 May 2015 regarding the information provided by the Company in the Appendix 5B for the quarter ended 31 March 2015 and advise:

1. The Company expects to be able to fund its operating activities in the next and subsequent quarters. While the Company has negative operating cash flows, it anticipates that it will continue to be funded from sources other than operating revenues including raising additional capital through the issue of shares and the sale if required, of its Baldivis investment property. The Company also has access to a \$400,000 overdraft facility secured against the investment property. The cash outflows for the quarter ending 30 June 2015 are estimated based on an equity raising sufficient to cover these outflows. If required, the Company has the ability to significantly reduce its anticipate outflows for the quarter and/or, as noted above, draw down on its overdraft facility as well as proceeding with the sale of the investment property.
2. Yes, the Company does expect continuing negative operating cash flows which will be funded by the means stated at 1 above.
3. The Company's business objective continues to be the identification of suitable potash opportunities and assets that will add shareholder value through profitable development and operation. In order to meet these objectives, the Company will continue to seek suitable equity funding and the possible sale of its investment property as well as maintaining a very tight control on operating costs.
4. The Company confirms that to the best of its knowledge, it is in compliance with the listing rules, and in particular, listing rule 3.1.
5. The Company considers that its financial condition is adequate to comply with listing rule 12.2 taking into account the composition of the Company's balance sheet, relative size of liabilities to assets and access to funds.

Yours sincerely



Phillip MacLeod  
Company Secretary

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5 May 2015

Phillip MacLeod  
Company Secretary  
FYI Resources Limited  
53 Canning Highway  
Victoria Park WA 6100

Dear Mr MacLeod

**FYI RESOURCES LTD (“Company”)**

I refer to the Company’s Quarterly Report in the form of Appendix 5B for the period ended 31 March 2015, released to ASX Limited (“ASX”) on 30 April 2015 (the “Appendix 5B”).

ASX notes that the Company has reported the following.

1. Receipts from product sales of nil.
2. Net negative operating cash flows for the quarter of \$86,000.
3. Cash at end of quarter of \$70,000.
4. Estimated cash outflows for the next quarter of \$160,000 on exploration and administration.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter (and at the rate anticipated for the next quarter) indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company’s position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company’s compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to **Ben.Tippett@asx.com.au**. It should not be sent to the ASX Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.00 pm WST on Thursday 7 May 2015**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

*[sent electronically without signature]*

Ben Tippett  
**Adviser, Listings Compliance (Perth)**

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