

FYI RESOURCES LIMITED

ACN 061 289 218

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

For the Annual General Meeting to be held on
27 November 2018 at
9:00am (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.*

For personal use only

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

Level 4, 130 Stirling Street

Perth WA 6000

Commencing

at 9:00am (Western Standard Time)

on Tuesday, 27 November 2018.

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 9:00am (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,

so that it is received not later than 9:00am (WST) on 25 November 2018.

FYI RESOURCES LIMITED
ACN 061 289 218

NOTICE OF ANNUAL GENERAL MEETING

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 Tuesday, 27 November 2018 at 9:00am (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

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 2018.

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 2018."

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.

Resolution 2 - Re-election of Director – Adrian Jessup

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, Adrian Jessup, a Director of the Company, retires by rotation and being eligible for re-election, is re-elected as a Director of the Company."

Resolution 3 – Ratification of Options as Capital Raising Fee

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 7.4 and for all other purposes, Shareholders ratify the issue of 2,000,000 Options on the terms set out in the Explanatory Statement."

Voting Exclusion:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue or an associate 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.

Resolution 4 – Approval to Issue Shares – Tranche 3 for the 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 10,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate 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.

Resolution 5 – Approval of issue of Incentive Options to Roland Hill

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue to Roland Hill (or his nominee) up to 750,000 Director Incentive Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by Roland Hill (or his nominee) or any of their associates. 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.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of 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:

- (a) the proxy is the chair of the meeting provided the chair is not the related party the subject of the Resolution or is an associate of the related party; and
- (b) 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.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

Resolution 6 – Approval of issue of Incentive Options to Edmund Babington

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue to Edmund Babington (or his nominee) up to 500,000 Director Incentive Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by Roland Hill (or his nominee) or any of their associates. 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.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of 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:

- (a) the proxy is the chair of the meeting provided the chair is not the related party the subject of the Resolution or is an associate of the related party; and
- (b) 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.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

Resolution 7 – Approval of issue of Incentive Options to David Sargeant

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue to David Sargeant (or his nominee) up to 500,000 Director Incentive Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by Roland Hill (or his nominee) or any of their associates. 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.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of 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:

- (a) the proxy is the chair of the meeting provided the chair is not the related party the subject of the Resolution or is an associate of the related party; and
- (b) 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.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

Resolution 8 – Approval of issue of Incentive Options to Adrian Jessup

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue to Adrian Jessup (or his nominee) up to 500,000 Director Incentive Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by Roland Hill (or his nominee) or any of their associates. 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.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of 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:

- (a) the proxy is the chair of the meeting provided the chair is not the related party the subject of the Resolution or is an associate of the related party; and

- (b) 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.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

Resolution 9 – 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 set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder) or an associate 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.

By order of the Board



Phillip MacLeod
Company Secretary
Dated: 9 October 2018

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.

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 2018 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

In accordance with amendments to the Corporations Act the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. Shareholders may view the Company annual financial report on its website at www.fyiresources.com.au.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Financial Report for the financial period ended 30 June 2018;
- (b) ask questions and make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit, preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

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 a financial year.

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.

2.2 Voting consequences

Under the Corporations Act, if at least 25% of the votes cast on Resolution 1 are voted against 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.

2.3 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.

2.4 Proxy voting 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.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ADRIAN JESSUP

Mr Jessup was appointed a director of the Company on 30 November 2009 and re-elected as a director on 27 November 2015.

Pursuant to rule 7.3 of the Company's Constitution and ASX Listing Rule 14.4, Mr Jessup, 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.

Mr Jessup is a non-executive director of the Company. He holds a Bachelor of Science degree (with honours) in economic geology from the University of Sydney and has more than 40 years continuous experience as a geologist, company director and consultant involved in mineral exploration, ore deposit evaluation and mining. He is a member of AusIMM, the Geological Society of Australia and the Australian Institute of Geoscientists. The Board considers that Mr Jessup is an independent Director.

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

4. RESOLUTION 3 – RATIFICATION OF OPTIONS AS CAPITAL RAISING FEE

4.1 Background

On 14 February 2018, the Company announced that it had agreed to issue up to 37 million shares at a price of 8 cents each to raise \$3 million (**Placement**). The Placement was made in two tranches with the raising completed 5 April 2018 following the approval of Shareholders for the issue of Shares in the second tranche. The funds raised were to be used to continue the development of the Company's HPA strategy, costs of the issue and working capital. The Company agreed to issue 2,000,000 Options exercisable at 9.6 cents each expiring two years from the date of issue to Foster Stockbroking (or their nominee) for its services as lead manager to the Placement. The issue of the Options was made under the Company's placement capacity pursuant to Listing Rule 7.1.

4.2 ASX Listing Rules

Resolution 3 seeks the ratification pursuant to Listing Rule 7.4 for the issue of 2,000,000 Options within the Company's placement capacity under Listing Rule 7.1.

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.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1.

4.3 Information required by Listing Rules

Listing Rule 7.5 provides that for Shareholders to approve an issue subsequently, the notice of meeting must include particular information. This information is as follows:

- (a) 2,000,000 Options were issued;
- (b) the Options were issued for a nil issue price;

- (c) the Options have an exercise price of 9.6 cents and an expiry date of 4 April 2020 and are issued on the terms and conditions set out in Schedule 1;
- (d) the Options were issued to Fosters Stockbroking Nominees Pty Ltd who are not a related party of the Company;
- (e) no funds raised were raised from the issue of Options – they were issued as a capital raising fee payable to Fosters Stockbroking for its services as lead manager to the Placement; and
- (f) a voting exclusion statement is included in the Notice.

5. RESOLUTION 4 – APPROVAL TO ISSUE SHARES – TRANCHE 3 FOR THE PURCHASE OF KOKARDINE KAOLIN PTY LTD

5.1 General

On 8 May 2017, the Company announced that it had entered a share purchase agreement (**Agreement**) to purchase Kokardine Kaolin 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 Kaolin Pty Ltd is the issue of three tranches of Shares:

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

The tranche 2 and 3 issues were contingent on project and Share price milestones being:

- (a) tranche 2 was contingent upon:
 - (i) the Company establishing a JORC total Mineral Resource of 12.0Mt inclusive of at least 2.5Mt in the Indicated Resource category of kaolin with an average aluminium grade in excess of 11% and cut-off industry standard specifications for kaolinite of maximum values of 0.7% Fe₂O₃, 0.5% TiO₂ and 2% K₂O impurities by September 2017; and
 - (ii) the Company Share price achieving 6 cents for a period of 30 consecutive days.
- (b) tranche 3 is contingent upon:
 - (i) a positive prefeasibility study (**PFS**) for the Project being completed by 30 June 2018 (extended from 31 March 2018); and
 - (ii) the Company Share price achieving 10 cents for a period of 30 consecutive days.

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 Kaolin Pty Ltd. At the annual general meeting of the Company held 29 November 2017, Shareholders approved the issue of the 21,428,571 tranche 1 Shares. These Shares were issued on 7 December 2017.

The Company announced on 26 July 2017 that it had upgraded the mineral resource at the Cadoux project with this upgrade meeting the tranche 2 project milestone. From 1 December 2017 to the date of the meeting to approve the issue of the tranche 2 Shares (held 19 February 2018), the Company's Share price remained above 6 cents, meeting the tranche 2 price milestone. With the approval of Shareholders in the meeting held 19 February 2018 the 12,500,000 tranche 2 Shares were issued on 20 February 2018.

On 25 September 2018, the Company announced the results of a positive PFS and the decision to proceed to a bankable feasibility study. The completion of the PFS was outside of the first tranche 3 milestone. However, the due to the delay in the completion being outside of the control of the vendors of Kokardine Kaolin Pty Ltd, the Directors agreed to waive this milestone condition and issue the tranche 3 Shares subject to the approval of Shareholders. The second tranche 3 milestone has been met with the Company's share price remaining at or above 10 cents from 8 March to 1 May 2018 as well as from 18 May to 22 June 2018.

This Resolution seeks Shareholder approval for the issue of 10,000,000 Shares to the vendors of Kokardine Kaolin Pty Ltd.

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.

The effect of Resolution 4 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% annual placement capacity or additional 10% annual placement capacity.

5.2 Information required by Listing Rules

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- a) the maximum number of Shares to be issued is 10,000,000;
- b) 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);
- c) it is intended that issue will occur on the same date;
- d) the Shares will be issued for nil cash consideration as they are being issued as consideration for the purchase of Kokardine Kaolin Pty Ltd;
- e) the Shares will be issued to the vendors of Kokardine Kaolin Pty Ltd (or their nominees). The vendors are not related parties of the Company;
- f) 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;
- g) no funds will be raised from the issue of the Shares as the Shares will be issued as consideration for the purchase of Kokardine Kaolin Pty Ltd; and
- h) a voting exclusion statement is included in the Notice.

6. RESOLUTIONS 5 TO 8 – APPROVAL TO ISSUE DIRECTOR INCENTIVE OPTIONS

6.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue up to a total of 2,250,000 Options (**Director Incentive Options**) to Messrs Roland Hill, Edmund Babington, David Sargeant and Adrian Jessup (or their respective nominees) (**Related Parties**) on the terms and conditions set out below.

6.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Director Options constitutes giving a financial benefit and Messrs Hill, Babington, Sargeant and Jessup are related parties of the Company by virtue of being Directors.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options to the Related Parties.

6.3 Shareholder Approval (Chapter 2E of the Corporations Act –Related Party Transactions)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, the following information is provided in relation to the proposed grant of Director Options:

- (a) **The related parties to whom the proposed Resolutions would permit the financial benefit to be given**

The related parties are Roland Hill (Resolution 5), Edmund Babington (Resolution 6), David Sargeant (Resolution 7) and Adrian Jessup (Resolution 8) or their nominees and they are related parties by virtue of being Directors.

(b) **The nature of the financial benefit**

The maximum number of Director Options (being the nature of the financial benefit provided) to be granted to the Related Parties is:

- (i) 750,000 Director Incentive Options to Roland Hill (or his nominee);
- (ii) 500,000 Director Incentive Options to Edmund Babington (or his nominee);
- (iii) 500,000 Director Incentive Options to David Sargeant (or his nominee); and
- (iv) 500,000 Director Incentive Options to Adrian Jessup (or his nominee).

The terms and conditions of the Director Options are set out in Schedule 1.

(c) **Directors Recommendation and Basis of Financial Benefit**

The Board currently consists of Roland Hill, Edmund Babington, David Sargeant and Adrian Jessup.

By Resolutions 5, 6, 7 and 8 the Company is proposing to grant Director Incentive Options to each of the Directors. In each case, the number of Director Incentive Options to be granted and the terms of the Director Incentive Options was negotiated by the Directors independent of the particular Related Party to be granted the Director Incentive Options.

The purpose of the grant of the Director Incentive Options to the Related Parties is to provide each Director with added incentive to achieve the goals set by the Board to add Shareholder value. The Director Incentive Options are issued as part of each Director's remuneration package.

The independent Directors in each case consider that the quantity of Director Incentive Options together with the terms of the Director Incentive Options in each case constitute an appropriate number to adequately incentivise the Directors in light of that Director's skill and experience and their current remuneration as detailed below.

The Directors consider that:

- (i) the grant of Director Incentive Options to the Related Parties will align the interests of the Related Parties with those of Shareholders;
- (ii) the grant of the Director Incentive Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
- (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Director Incentive Options upon the terms proposed.

Roland Hill declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Director Incentive Options in the Company should Resolution 5 be passed.

Edmund Babington declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Incentive Options in the Company should Resolution 6 be passed.

David Sargeant declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Incentive Options in the Company should Resolution 7 be passed.

Adrian Jessup declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Incentive Options in the Company should Resolution 8 be passed.

(d) **Dilution**

The passing of Resolutions 5, 6, 7 and 8 will have the effect of granting up to 2,250,000 Director Incentive Options.

If any of the Director Incentive Options are exercised into Shares, the effect would be to dilute the shareholding of existing Shareholders. If all the Director Incentive Options are exercised, a total of 2,250,000 Shares would be issued. This will increase the number of Shares on issue from 186,479,454 to 188,729,454 (assuming that no other Shares are issued) with the effect that the shareholding of the existing Shareholders would be diluted by an aggregate of 1.19%, comprising

0.41% by Roland Hill, 0.26% by Edmund Babington, 0.26% by David Sargeant and 0.26% by Adrian Jessup.

The market price for Shares during the term of the Director Incentive Options would normally determine whether or not the Director Incentive Options are exercised. If, at any time any of the Director Incentive Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Incentive Options, there may be a perceived cost to the Company.

The actual dilution will depend on the extent of further equity raised by the Company and whether any of the Director Incentive Options are exercised.

(e) **Total Remuneration Package of Related Parties**

The following table shows the total current annual remuneration paid or payable to both executive and non-executive directors (inclusive of superannuation where applicable).

Director	
Roland Hill	\$180,000
Edmund Babington	\$52,560
David Sargeant	\$30,000
Adrian Jessup	\$30,000

(f) **Existing Relevant Interests**

At the date of this Notice, Messrs Hill, Babington, Sargeant and Jessup and their associates have the following relevant interest in securities of the Company (which excludes any securities to be issued pursuant to this Meeting).

Name	Shares	Options
Roland Hill	11,455,025	750,000 ²
Edmund Babington	1,258,378	500,000 ²
David Sargeant ¹	8,375,000	0
Adrian Jessup ¹	7,875,000	500,000 ²

Note

1. Includes 7,000,000 Shares held by Empire Resources Limited.
2. The Options have an exercise price of 8.8 cents and an expiry date of 29 November 2018.

(g) **Trading History**

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on the ASX in the 12 months before the date of this Notice.

	Date	Closing Price
Highest Price	20 March 2018	20 cents
Lowest Price	10 to 16 October 2017	4 cents
Latest Price	9 October 2018	9.3 cents

(h) **Valuation of Director Options**

The Director Options will not be quoted on ASX.

The Company has valued the Director Incentive Options to be granted to the Related Parties or their nominees using the Black & Scholes option model.

The following assumptions have been made regarding the inputs required for the option pricing module:

Input		Note
Number of options to related parties:	2,250,000	
Underlying security spot price:	9.3 cents	1
Exercise price:	13.95 cents	2
Dividend rate:	Nil	3
Volatility rate:	121%	4
Risk free interest rate:	2.01%	5
Expiry Date:	9 October 2020	6

- Note 1 The underlying security spot price used for the purposes of this valuation is based on the closing price of Shares on the valuation date of 9 October 2018 which was 9.3 cents.
- Note 2 The exercise price is 150% of the volume weighted average closing price for the 5 days traded prior to the date of the Meeting. This example uses 13.95 cents which is 150% of the closing price on the valuation date of 9 October 2018.
- Note 3 As at the date of the valuation, the Company had not forecast any future dividend payments. For the purposes of the valuation it is therefore assumed that the Company's share price is "ex-dividend", If dividend payments were forecast, the value of the Director Options would be reduced.
- Note 4 A volatility rate of 121% has been adopted. This rate has been calculated by reference to the closing price volatility for the Shares of the Company for the previous 24 months.
- Note 5 The risk free rate is 2.01% based on the current Reserve Bank Treasury Bond rates.
- Note 6 The Expiry Date is two years from the date of grant. This example uses the date of this Notice as the grant date.

Based on the above assumptions the Options proposed to be issued to Directors have been valued as follows:

Number and Value of Director Incentive Options	
	Director Incentive Options
Roland Hill	750,000 Director Incentive Options – 4.97 cents per Director Option (total value - \$37,275)
Edmund Babington	500,000 Director Incentive Options – 4.97 cents per Director Option (total value - \$24,850)
David Sargeant	500,000 Director Incentive Options – 4.97 cents per Director Option (total value - \$24,850)
Adrian Jessup	500,000 Director Incentive Options – 4.97 cents per Director Option (total value - \$24,850)

(i) **Other Information**

The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass Resolutions 5, 6, 7 and 8.

6.4 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Roland Hill, Edmund Babington, David Sargeant and Adrian Jessup are Directors and as such are related parties of the Company.

It is the view of the Company that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Incentive Options to the Related Parties.

If approval to grant the Director Incentive Options to the Related Parties is obtained under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1. Accordingly, the issue of the Incentive Director Options to the Related Parties will not be included in the Company's 15% annual placement capacity calculation.

ASX Listing Rule 10.13 provides that the notice of meeting to approve the issue of securities under ASX Listing Rule 10.11 must include certain information.

For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolutions 5, 6, 7 and 8:

- (a) The Director Incentive Options will be granted to Roland Hill (Resolution 5), Edmund Babington (Resolution 6), David Sargeant (Resolution 7) and Adrian Jessup (Resolution 8) or their nominees;
- (b) The maximum number of securities the Company will grant is:
 - 750,000 Director Incentive Options to Roland Hill (or his nominees);
 - 500,000 Director Incentive Options to Edmund Babington (or his nominees);
 - 500,000 Director Incentive Options to David Sargeant (or his nominees); and
 - 500,000 Director Incentive Options to Adrian Jessup (or his nominees);
- (c) The Director Incentive Options will be granted no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (d) Roland Hill, Edmund Babington, David Sargeant and Adrian Jessup as Directors are related parties;
- (e) The Director Incentive Options are granted for nil consideration;
- (f) The exercise price of the Director Incentive Options is 150% of the 5 traded day volume weighted average closing price of Shares prior to the date of the Meeting. The Director Incentive Options expire on 26 November 2020 and have no vesting criteria. The full terms of the Director Options are set out in Schedule 2; and
- (g) No funds will be raised from the grant of the Director Options.

7. RESOLUTION 9 – APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

7.1 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 Resolution 9 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).

7.2 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 \$18.5 million based on the number of Shares on issue at the date of this Notice and the closing price of Shares (\$0.093) on the ASX on 9 October 2018.

(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 Resolution 9 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	The number of shares on issue 12 months before the date of issue or agreement: <ul style="list-style-type: none"> • plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2; • plus the number of partly paid shares that became fully paid in the 12 months; • 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; • less the number of fully paid shares cancelled in the 12 months.
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 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 Resolution 9 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.

7.3 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.

For personal use only

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

If Resolution 9 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 or the new Equity Securities may be issued as part of the consideration for the acquisition of a new asset, 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		
		4.65 cents 50% decrease in Issue Price	9.3 cents Issue Price	18.6 cents 100% increase in Issue Price
Current Variable A 186,479,454 Shares	10% Voting Dilution	18,647,945 Shares	18,647,945 Shares	18,647,945 Shares
	Funds raised	\$867,129	\$1,734,259	\$3,468,518
50% increase in current Variable A 279,719,181 Shares	10% Voting Dilution	27,971,918 Shares	27,971,918 Shares	27,971,918 Shares
	Funds raised	\$1,300,694	\$2,601,388	\$5,202,777
100% increase in current Variable A 372,958,908 Shares	10% Voting Dilution	37,295,891 Shares	37,295,891 Shares	37,295,891 Shares
	Funds raised	\$1,734,259	\$3,468,518	\$6,937,036

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 9.3 cents, being the closing price of the Shares on ASX on 9 October 2018.

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 27 November 2018 (the date of this Meeting) and expires on the earlier of:

- 27 November 2019, 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 and allot 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**

The Company has previously 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 27 November 2017) is 82,735,481 (being 80,735,481 Shares and 2,000,000 Options). The total number of Equity Securities on issue as at 27 November 2017 was 116,660,641 (being 105,743,973 Shares and 10,916,668 Options). The total number of Equity Securities issued in the 12 months since 27 November 2017 is 70.9% of the total number of Equity Securities on issue at 27 November 2017.
- The details of Equity Securities issued during the 12 months preceding the date of the Meeting are:

Date of issue:	7 December 2017
Number of Equity Securities:	21,428,571
Class of Equity Security and summary of terms:	Fully paid ordinary shares
Name of recipients or basis on which recipients were determined:	Vendors of Kokardine Kaolin Pty Ltd who are not related parties of the Company
Price:	The Shares were issued at a deemed price of 8.1 cents each being the market price on the date of issue.
Discount to market price:	The Shares were issued for no discount as the deemed price is the market price on the date of issue.
Non-cash consideration	The Shares were issued as tranche 1 consideration for the acquisition of Kokardine Kaolin Pty Ltd.
Value of the non-cash consideration:	\$1,735,714 at the date of issue based on a Share price of 8.1 cents. \$1,992,857 at 9 October 2018 based on a Share price of 9.3 cents.

Date of issue:	20 February 2018
Number of Equity Securities:	12,500,000
Class of Equity Security and summary of terms:	Fully paid ordinary shares
Name of recipients or basis on which recipients were determined:	Vendors of Kokardine Kaolin Pty Ltd who are not related parties of the Company
Price:	The Shares were issued at a deemed price of 8.1 cents.
Discount to market price:	The Shares were issued at a discount of 3.9 cents to the market price of 12 cents on the date of issue.
Non-cash consideration	The Shares were issued as tranche 2 consideration for the acquisition of Kokardine Kaolin Pty Ltd.
Value of the non-cash consideration:	\$1,500,000 at the date of issue based on a Share price of 8.1 cents. \$1,162,500 at 9 October 2018 based on a Share price of 9.3 cents.

Date of issue:	20 February 2018
Number of Equity Securities:	420,000
Class of Equity Security and summary of terms:	Fully paid ordinary shares
Name of recipients or basis on which recipients were determined:	Roland Hill as the nominee of Capstone Capital Pty Ltd. They are related parties of the Company.
Price:	The Shares were issued at a deemed price of 12 cents per Share
Discount to market price:	The Shares were issued for no discount to the market price of 12 cents.
Non-cash consideration	The Shares were issued with shareholder approval in lieu of fees owing of \$50,400.
Value of the non-cash consideration:	\$50,400 at the date of issue based on a Share price of 12 cents. \$39,060 at 9 October 2018 based on a Share price of 9.3 cents.

Date of issue:	12 December 2017
Number of Equity Securities:	6,428,571
Class of Equity Security and summary of terms:	Fully paid ordinary shares
Name of recipients or basis on which recipients were determined:	Regal Funds Management who is not a related part of the Company.
Price:	7 cents per Share.
Discount to market price:	The shares were issued at a discount of 1.4 cents to the closing market price of 8.4 cents.
Total cash consideration received:	\$450,000
Amount of cash consideration spent:	\$450,000
Cash spent on:	The funds from tranche 1 of the \$500,000 placement to Regal Funds Management were used for continued high purity alumina (HPA) metallurgical studies and advancing the Company's HPA development strategy.

Date of issue:	19 February 2018
Number of Equity Securities:	714,286
Class of Equity Security and summary of terms:	Fully paid ordinary shares
Name of recipients or basis on which recipients were determined:	Regal Funds Management who is not a related part of the Company.
Price:	7 cents per Share.
Discount to market price:	The shares were issued at a discount of 5 cents to the closing market price of 12 cents.
Total cash consideration received:	\$50,000
Amount of cash consideration spent:	\$50,000
Cash spent on:	The funds from tranche 2 of the \$500,000 placement to Regal Funds Management were used for continued HPA metallurgical studies and advancing the Company's HPA development strategy.

Date of issue:	22 February 2018
Number of Equity Securities:	11,475,519
Class of Equity Security and summary of terms:	Fully paid ordinary shares
Name of recipients or basis on which recipients were determined:	Sophisticated and professional investor clients of Foster Stockbroking. None of the recipients are related parties of the Company.
Price:	8 cents per Share.
Discount to market price:	The shares were issued at a discount of 4.5 cents to the closing market price of 12.5 cents.
Total cash consideration received:	\$918,041
Amount of cash consideration spent:	\$500,000
Cash spent on:	The continued development of the Company's HPA strategy including a prefeasibility study and associated works and studies up to a bankable feasibility study; progressing the Company's potash strategy; costs of the placement and working capital.
Intended use for remaining amount of cash:	The remaining funds from tranche 1 of the \$3 million placement to sophisticated and professional investors are intended to be used for the continued development of the Company's HPA strategy including a prefeasibility study and associated works and studies up to a bankable feasibility study; progressing the Company's potash strategy; and working capital.

Date of issue:	5 April 2018
Number of Equity Securities:	26,024,481
Class of Equity Security and summary of terms:	Fully paid ordinary shares
Name of recipients or basis on which recipients were determined:	Sophisticated and professional investor clients of Foster Stockbroking. None of the recipients are related parties of the Company.
Price:	8 cents per Share.
Discount to market price:	The shares were issued at a discount of 6 cents to the closing market price of 14 cents.
Total cash consideration received:	\$2,081,958
Amount of cash consideration spent:	Nil
Intended use for remaining amount of cash:	The funds from tranche 2 of the \$3 million placement to sophisticated and professional investors are intended to be used for the continued development of the Company's HPA strategy including a prefeasibility study and associated works and studies up to a bankable feasibility study; progressing the Company's potash strategy; and working capital.

Date of issue:	5 April 2018
Number of Equity Securities:	2,000,000
Class of Equity Security and summary of terms:	Unlisted Options exercisable at 9.6 cents each expiring 4 April 2020. The Options vest immediately from the date of issue.
Name of recipients or basis on which recipients were determined:	Foster Stockbroking who are not a related party of the Company.
Price:	The Options were issued for nil cash consideration. Issued as part of the fee to the Lead Manager of a placement.
Discount to market price:	Not applicable
Total cash consideration received:	Nil
Value of non-cash consideration:	Using the Black-Scholes method the Company has valued the Options on the date of issue at 7.61 cents each for a total value of \$152,192 and as at 9 October 2018 at 0.39 cents each for a total value of \$79,253.

Date of issue:	21/3/18	5/4/18	12/4/18	20/4/18	4/5/18	10/5/18	12/7/18	3/10/18
Number of Equity Securities:	302,941	250,000	111,111	45,000	65,000	390,001	50,000	30,000
Discount to market price:	9 cents	4 cents	3 cents	4.5 cents	3 cents	3 cents	(0.2) cents	(0.1) cents
Total cash consideration received:	\$30,294	\$25,000	\$11,111	\$4,500	\$6,500	\$39,000	\$5,000	\$3,000
Amount of cash consideration spent:	Nil							
Class of Equity Security and summary of terms:	Fully paid ordinary shares							
Price:	10 cents per Share.							
Name of recipients or basis on which recipients were determined:	Shares issued on exercise of unlisted options issued to sophisticated investor participants in a placement completed 17 November 2017.							
Intended use for remaining amount of cash:	The funds are intended to be used for continued HPA metallurgical, economical and marketing studies; progressing the Company's potash strategy; costs of issue and working capital.							

Date of issue:	19 July 2018
Number of Equity Securities:	500,000
Class of Equity Security and summary of terms:	Fully paid ordinary shares
Name of recipients or basis on which recipients were determined:	Shares issued to D W Sargeant Pty Ltd who is a related party of the Company on exercise of unlisted director incentive options.
Price:	8.8 cents per Share.
Discount to market price:	The shares were issued at a premium of 0.2 cents to the closing market price of 8.6 cents.
Total cash consideration received:	\$44,000
Amount of cash consideration spent:	Nil
Intended use for remaining amount of cash:	Working capital.

(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.

8. 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.

9. 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 chair of the Meeting will vote undirected proxies on, and in favour of, the proposed Resolution.
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 25 November 2018 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.

GLOSSARY

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.

"**Director Incentive Option**" means an Incentive Option granted pursuant to Resolutions 5, 6, 7 and 8 with the terms and conditions set out in Schedule 2.

"**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.

"**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 – Terms and Conditions of Options (Resolution 3)

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.096 (**Exercise Price**)

(c) Expiry Date

Each Option will expire at 5.00pm (WST) on 4 April 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (iv) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) No Quotation of the Options

The Company will not apply for quotation of the Options on ASX.

(j) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(k) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(n) Transferability

The Options are only transferable with the consent of the Board of the Company.

Schedule 2 – Terms and Conditions of Director Incentive Options (Resolutions 5, 6, 7 and 8)

(a) Entitlement

Each Director Incentive Option entitles the holder to subscribe for one Share upon exercise of the Director Incentive Option.

(b) Exercise Price

Subject to paragraph (k), the amount payable upon exercise of each Director Incentive Option will be 150% of the volume weighted average closing price for the 5 days traded prior to date of the Meeting (**Exercise Price**).

(c) Expiry Date

Each Director Incentive Option will expire at 5.00pm (WST) on 26 November 2020 (**Expiry Date**). A Director Incentive Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Director Incentive Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Director Incentive Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Director Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Director Incentive Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (iv) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Director Options.

(h) Shares issued on exercise

Shares issued on exercise of the Director Incentive Options rank equally with the then issued shares of the Company.

(i) No Quotation of the Options

The Company will not apply for quotation of the Director Incentive Options on ASX.

(j) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Director Incentive Options.

(k) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) Participation in new issues

There are no participation rights or entitlements inherent in the Director Incentive Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Incentive Options without exercising the Options.

(m) Change in exercise price

A Director Incentive Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Director Incentive Option can be exercised.

(n) Transferability

The Director Incentive Options are only transferable with the consent of the Board of the Company.

FYI RESOURCES LIMITED

ACN 061 289 218

PROXY FORM

I/We being a Shareholder of FYI Resources Limited entitled to attend and vote at the Annual General Meeting, hereby appoint

The Chairman of the Meeting
(mark with an "X")

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate you are appointing as your proxy.

Name of Proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at The HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia on 27 November 2018 at 9:00am (WST) and at any adjournment thereof.

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 Director - Adrian Jessup	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Options as Capital Raising Fee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to Issue Shares – Tranche 3 for the Purchase of Kokardine Kaolin Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Issue of Incentive Options to Roland Hill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Issue of Incentive Options to Edmund Babington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of Issue of Incentive Options to David Sargeant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of Issue of Incentive Options to Adrian Jessup	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval of Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Important note for Resolutions 1, 5, 6, 7, and 8: 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, 5, 6, 7, 8 and 9 your proxy will NOT cast your vote on the resolution 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 any Resolution your vote will be cast in favour of those Resolutions, and you hereby expressly authorise the Chairman of the Meeting to exercise your proxy even though those Resolutions are connected directly or indirectly with the remuneration of the members of the Company's key management personnel. **At the time of issue of the Notice of meeting the Chair intends to vote any such undirected proxies in favour of all Resolutions.**

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 9:00am (WST) on 25 November 2018.

Signed this _____ day of _____ 2018.

Signature of Member(s):

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

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

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.

For personal use only