

FYI RESOURCES LIMITED

ACN 061 289 218

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

For the General Meeting to be held on
1 October 2020 at
9:00am (Western Standard Time) at

The Celtic Club
48 Ord Street
West 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:

The Celtic Club	Commencing
48 Ord Street	at 9:00am (Western Standard Time)
West Perth	on Thursday
WA 6005	1 October 2020.

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 proxy form enclosed with this Notice as soon as possible and either deliver the proxy form by post, in person, by facsimile or by email in accordance with instructions on the proxy form. You may also submit your proxy vote online in accordance with instructions on the proxy form.

Your proxy form must be received not later than 48 hours before the commencement of the Meeting.

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.
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 29 September 2020 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

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of the Shareholders of FYI Resources Limited will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Thursday, 1 October 2020 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

Resolution 1 – Ratification of Issue of Shares to Service Providers under Listing Rule 7.1

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

"That, the issue of 8,323,335 Shares to the Service Providers under Listing Rule 7.1 is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of the Service Providers, a person who participated in the issue or an associate of those persons. However, the Company will not disregard a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 2 – Ratification of the First Tranche of August 2020 Placement of Shares under Listing Rule 7.1

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

"That, the issue of 466,666 Shares as part of a first tranche of the August 2020 placement under Listing Rule 7.1 is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or an associate of those persons. However, the Company will not disregard a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 3 – Ratification of the First Tranche of August 2020 Placement of Shares under Listing Rule 7.1A

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

"That, the issue of 21,200,000 Shares as part of a first tranche of the August 2020 Placement under Listing Rule 7.1A is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or an associate of those persons. However, the Company will not disregard a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4 – Approval to Issue Shares for the Second Tranche of August 2020 Placement

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

"That, the issue of up to 23,333,334 Shares as the second tranche of the August 2020 Placement is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast in favour of the 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 entity) or an associate of those persons. However, the Company will not disregard a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 5 – Ratification of Prior Issue of Options to GEM Global Nominee

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

"That, the issue of 23,000,000 Options to the nominee of GEM Global Yield LLC SCS under Listing Rule 7.1 is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of GEM Global Yield LLC SCS or its nominees or an associate of those persons. However, the Company will not disregard a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 6 – Approval of Issue of Options to GEM Global

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

"That, the issue of up to 23,700,000 Options to GEM Global Yield LLC SCS and/or its nominees is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of GEM Global Yield LLC SCS and/or its nominees, 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 entity) or an associate of those persons. However, the Company will not disregard a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

By order of the Board

Phillip MacLeod
Company Secretary
Dated: 28 August 2020

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. RESOLUTION 1 – RATIFICATION OF ISSUE OF SHARES TO SERVICE PROVIDERS UNDER LISTING RULE 7.1

1.1 General

On 12 June 2020, the Company announced to ASX the issue of 8,323,335 Shares at a deemed issue price of 5 cents per Share to the Service Providers to the Company in satisfaction of fees owing totalling \$416,167 for the provision of technical, product development and marketing, and investor relation services provided to the Company.

The table below identifies the Service Provider, the services provided, fees owing and the Shares issued in satisfaction of fees.

Service Provider	Services provided	Fees Owing	Shares issued in satisfaction of fees at a deemed issue price of 5 cents per Share
Independent Metallurgical Operations Pty Ltd	Metallurgical services and test work for the HPA pilot plant and DFS	\$200,000	4,000,000
NWR Communications	Investor relations services and advice	\$52,000	1,040,000
BlueMount Capital	Fee for services associated with securing equity funding facility with GEM Global	\$116,667	2,333,340
GC Partners Limited	HPA product marketing advice and services	\$15,313	306,263
Concordia Resources	Reimbursement of accounting and administration costs for Thai subsidiaries	\$32,187	643,732
		\$416,167	8,323,335

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of Shares does not fit within any of these exceptions and, as it has not yet been approved by the Company's Shareholders, it effectively uses part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue date.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under the relevant rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, this Resolution seeks Shareholder approval to the issue of the Shares under and for the purposes of Listing Rule 7.4.

If this Resolution is passed, the issue of Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

If this Resolution is not passed, the issue of Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

1.2 Information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) the Shares were issued to the Service Providers to the Company identified in the table above or their nominees. None of the subscribers is a related party of the Company;
- (b) the number of securities issued was 8,323,335 Shares;
- (c) the Shares were fully paid ordinary shares issued on the same terms and conditions as the Company's existing Shares on issue;
- (d) the Shares were issued on 15 June 2020;
- (e) the Shares were issued for no cash consideration at a deemed issue price of 5 cents per Share in satisfaction of fees owing totalling \$416,167;
- (f) the purpose of the issue was the Shares were consideration for the satisfaction of fees owing to a number of service providers to the Company for the services summarised in the table in Section 1.1 above. No funds were raised by the issue of the Shares;
- (g) the Shares were issued under a compromise agreement with each of the Service Providers where they agreed to be issued Shares at a deemed issue price of 5 cents per Share for accrued services. There are no other material terms; and
- (h) a voting exclusion statement is included in the Notice.

2. RESOLUTIONS 2 AND 3 – RATIFICATION OF AUGUST 2020 PLACEMENT OF SHARES – LISTING RULES 7.1 AND 7.1A – FIRST TRANCHE

2.1 General

As announced on 13 August 2020, the Company is undertaking a capital raising of up to \$2.7 million through the issue of up to 45 million Shares at a price of 6 cents per Share (**August 2020 Placement**) to advance FYI's strategy to produce high purity alumina (HPA) (i.e. 99.99% purity Al_2O_3) from the Company's innovative and fully integrated HPA project in Western Australia, including additional HPA product marketing, ongoing test work and refinement of the production process, further trial production, as well as working capital and costs of the issue.

The August 2020 Placement is being undertaken in two tranches. The first tranche comprised of the issue of 21,666,666 Shares at the issue price of 6 cents per Share to raise \$1,300,000 (First Tranche). The Company undertook the First Tranche by relying on its placement capacity under Listing Rules 7.1 and 7.1A. Resolutions 2 and 3 seek Shareholder approval to ratify the issue under the First Tranche.

466,666 Shares were issued pursuant to the Company's capacity under Listing Rule 7.1 (being the subject of Resolution 2) and 21,200,000 Shares were issued pursuant to the Company's 7.1A capacity (being the subject of Resolution 3) which was approved by Shareholders at the annual general meeting held 29 November 2019.

The second tranche comprises the remaining 23,333,334 Shares to be issued under the August 2020 Placement (Second Tranche). The issue of the Second Tranche is subject to Shareholder approval under Resolution 4.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An "*eligible entity*" means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes and obtained approval at its 2019 annual general meeting to the additional 10% capacity under Listing Rule 7.1A.

The Company is therefore able to issue equity securities up to a combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval within the limits provided.

The Company undertook the First Tranche of the August 2020 Placement by relying on its placement capacity under Listing Rules 7.1 and 7.1A as this issue did not fall within any of the exceptions to Listing Rule 7.1.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 or Listing Rule 7.1A (as the case may be) and so does not reduce the company's capacity to issue further equity securities without shareholder approval under the relevant rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rules 7.1 or 7.1A.

To this end, Resolutions 2 and 3 seek ratification pursuant to Listing Rule 7.4 for the issue of the Shares the subject of the First Tranche.

If Resolution 2 is passed, the 466,666 Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the issue date.

If Resolution 2 is not passed, the 466,666 Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the issue date.

If Resolution 3 is passed, the 21,200,000 Shares will be excluded in calculating the Company's additional 10% capacity in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval under Listing Rule 7.1A until 28 November 2020.

If Resolution 3 is not passed, the 21,200,000 Shares will be included in calculating the Company's additional 10% capacity in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval under Listing Rule 7.1A until 28 November 2020.

2.2

Information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolutions 2 and 3:

- (a) the Shares were issued to sophisticated investors exempt from or outside the disclosure requirements under Chapter 6D of the Corporations Act. None of the subscribers is a related party of the Company;
- (b) 21,666,666 Shares were issued, as part of the First Tranche, on the following basis:
 - (i) 466,666 Shares were issued pursuant to Listing Rule 7.1 (ratification of which is sought under Resolution 2); and
 - (ii) 21,200,000 Shares were issued pursuant to Listing Rule 7.1A (ratification of which is sought under Resolution 3);
- (c) the Shares were fully paid ordinary shares issued on the same terms and conditions as the Company's existing Shares on issue;
- (d) the Shares were issued on 20 August 2020;
- (e) the Shares were issued at a price of 6 cents per Share;
- (f) the purpose of the issue was to raise funds to be used as set out in Section 2.1 above;

- (g) the Shares were issued pursuant to the engagement of Foster Stockbroking as lead manager to a placement by which it was required to use its endeavours to raise moneys for the Company from sophisticated investors; and
- (h) a voting exclusion statement is included in the Notice.

3. RESOLUTION 4 – APPROVAL TO ISSUE SHARES FOR THE SECOND TRANCHE OF AUGUST 2020 PLACEMENT

3.1 General

The Company is proposing to issue up to 23,333,334 Shares at an issue price of 6 cents per Share to raise up to \$1.4 million as the Second Tranche of the August 2020 Placement. The issue of these Shares is subject of this Resolution.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the securities the subject of this Resolution does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Company's Shareholders under Listing Rule 7.1.

This Resolution seeks the required Shareholder approval to the issue of the 23,333,334 Shares under and for the purposes of Listing Rule 7.1.

If this Resolution is passed, the Company will be able to proceed with the issue. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If this Resolution is not passed, the Company will not be able to proceed with the issue and the Company will not be able to raise the sum of \$1,400,000 the subject of this Resolution.

3.2 Information required by Listing Rule 7.1

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

- (a) the Second Tranche Shares will be issued to sophisticated investors exempt from or outside the disclosure requirements under Chapter 6D of the Corporations Act. None of the subscribers will be a related party of the Company;
- (b) the number of Second Tranche Shares is up to 23,333,334. The Second Tranche Shares will be fully paid ordinary shares issued on the same terms and conditions as the Company's existing Shares on issue;
- (c) the Second Tranche 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 Listing Rules);
- (d) the issue price of the Second Tranche Shares will be 6 cents per Share;
- (e) the purpose of the issue of the Second Tranche Shares was to raise funds to be used as set out in Section 2.1 above;
- (f) the securities are not being issued under a relevant agreement; and
- (g) a voting exclusion statement is included in the Notice.

4. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO GEM GLOBAL NOMINEE

4.1 General

As announced on 11 March 2020, the Company entered into a capital commitment agreement with GEM Global Yield Fund LLC SCS (GEM Global) and GEM Yield Bahamas Ltd in respect to the provision of a capital commitment/equity funding facility of up to A\$80 million (GEM Agreement). The material terms of the GEM Agreement are set out in Schedule 2. Under the terms of the GEM Agreement, the Company agreed to issue to GEM Global (and/or its nominees) an aggregate of 46,700,000 Options in two tranches, each with an exercise price of 15 cents and an expiry date of 5 March 2024. The Options represent a fee to be paid in consideration of entering into the GEM Agreement.

The Company will issue 23,000,000 Options to GEM Global's nominee HSBC Custody Nominees (Australia) Limited on or about 31 August 2020 (Issue Date) pursuant to the Company's capacity under Listing Rule 7.1 (which is the subject of Resolution 5) and will issue a further 23,700,000 Options to GEM Global (and/or its nominees) with Shareholder approval (which is the subject of Resolution 6).

Information about Listing Rules 7.1 and 7.4 is set out above in Section 1.1.

The securities issued the subject of this Resolution 5 were issued within the Company's 15% capacity.

This Resolution seeks Shareholder approval to the issue of the 23,000,000 Options under and for the purposes of Listing Rule 7.4.

If this Resolution is passed, the Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

If this Resolution is not passed, the Options will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

4.2 Information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to this Resolution:

- (a) the securities will be issued to GEM Global or its nominees, which are not related parties of the Company;
- (b) the number of securities to be issued is 23,000,000 Options;
- (c) the Options will have an exercise price of 15 cents and an expiry date of 5 March 2024. The full terms of the Options are set out in Schedule 1 to the Notice;
- (d) the Options are likely to be issued on 31 August 2020 and in any event no later than 3 months from the date of the Meeting;
- (e) the Options were issued for nil cash consideration, as consideration for GEM Global entering into the GEM Agreement;
- (f) the purpose of the issue of the Options is they represent a fee in consideration of entering into the GEM Agreement. No funds will be raised by the issue of the Options;
- (g) the Options are being issued under the GEM Agreement. A summary of the material terms of the GEM Agreement is set out in Schedule 2; and
- (h) a voting exclusion statement is included in the Notice.

5. RESOLUTION 6 – APPROVAL OF ISSUE OF OPTIONS TO GEM GLOBAL

5.1 General

As summarised in Section 4.1, this Resolution seeks Shareholder approval so that the Company may issue the balance of the Options required to be issued under the GEM Agreement to GEM Global or its nominees. The balance of Options to be issued is 23,700,000 Options.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the securities the subject of this Resolution does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Company's Shareholders under Listing Rule 7.1.

This Resolution seeks the required Shareholder approval to the issue of the 23,700,000 Options and for the purposes of Listing Rule 7.1

If this Resolution is passed, the Company will be able to proceed with the issue. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If this Resolution is not passed, the Company will not be able to proceed with the issue. In this circumstance, if the 23,700,000 Options are not issued within 45 days of the Meeting, under the GEM Agreement GEM Global may elect for the Company to pay it liquidated damages equal to the higher of \$426,600 and a Black Scholes value of the Options.

5.2 Information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 6:

- (a) the Options will be issued to GEM Global (and/or its nominees). Gem Global is not a related party of the Company;
- (b) the Company will issue 23,700,000 Options;
- (c) the Options have an exercise price of 15 cents and an expiry date of 5 March 2024. The full terms of the Options are set out in Schedule 1 to the Notice;
- (d) the Options are intended to be issued within 45 days of Shareholder approval in accordance with the GEM Agreement and, in any event, 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 Listing Rules);
- (e) the Options will be issued for nil cash consideration, as consideration for GEM Global entering into the GEM Agreement;
- (f) the purpose of the issue of the Options is they represent a fee in consideration of entering into the GEM Agreement. No funds will be raised by the issue of the Options;
- (g) the Options are being issued under the GEM Agreement. A summary of the material terms of the GEM Agreement is set out in Schedule 2; and
- (h) a voting exclusion statement is included in the Notice.

5. ENQUIRIES

Shareholders may contact Phil MacLeod on (+ 61 8) 6313 3920 if they have any queries in respect of the matters set out in these documents.

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.

"**August 2020 Placement**" means the placement of up to 45,000,000 Shares in total the subject of Resolutions 2, 3 and 4.

"**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**" or "**Chair**" means the chairman of the Company.

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

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

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

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

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

"**GEM Agreement**" means the capital commitment agreement between the Company, GEM Global Yield Fund LLC SCS and GEM Yield Bahamas Ltd, the material terms of which are set out in Schedule 2.

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

"**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.

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

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

"**Service Providers**" means Independent Metallurgical Operations Pty Ltd, NWR Communications, BlueMount Capital, GC Partners Limited and Concordia Resources.

"**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.

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

Schedule 1 – Terms and Conditions of Options (Resolutions 5 and 6)

Entitlement

- 1 Subject to and conditional upon any adjustment in accordance with these conditions, each Option entitles the holder to subscribe for one fully paid ordinary share (**Share**) upon payment of the Exercise Price.

Exercise Price

- 2 The Exercise Price of each Option is \$0.15 (**Exercise Price**).

Exercise Period

- 3 An Option is exercisable at any time on or before 5.00pm (Brisbane time) on Friday, 5 March 2024 (the **Expiry Date**). Options not exercised by the Expiry Date lapse.

Manner of exercise of Options

- 4 Each Option may be exercised by notice in writing addressed to the Company's registered office. The minimum number of Options that may be exercised at any one time is 350,000 or if the remaining balance of Options is less than 350,000 Options, then that remaining balance may be exercised. Payment of the Exercise Price for each Option must accompany each notice of exercise of option. All cheques must be payable to the Company and be crossed 'not negotiable'.

Ranking of Shares

- 5 Shares issued on the exercise of Options will rank equally with all existing shares on and from the date of issue in respect of all rights issues, bonus share issues and dividends which have a record date for determining entitlements on or after the date of issue of those shares.

Timing of issue of Shares

- 6 After an Option is validly exercised, the Company must as soon as possible:
- (a) issue and allot the share as soon as possible; and
 - (b) do all such acts matters and things to obtain the grant of quotation for the shares on ASX no later than 5 Business Days from the date of exercise of the Option.

Options transferrable

- 7 Options may be transferred in the same manner as shares and may be exercised by any other person or body corporate.

Participation in new issues

- 8 An Option holder may participate in new issues of securities to holders of shares only if and to the extent that:
- (a) an Option has been exercised; and
 - (b) a share has been issued in respect of the exercise before the record date for determining entitlements to the new issue.

- 9 The Company must give notice to the Option holder of any new issue not less than 10 Business Days before the record date for determining entitlements to the issue.

Adjustment for bonus issues of Shares

- 10 If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (b) no change will be made to the Exercise Price.

Adjustment for rights issue

- 11 If the Company makes an issue of shares pro rata to existing shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - E[P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.

E = the number of underlying shares into which one Option is exercisable.

P = the average market price per share (weighted by reference to volume) of the underlying shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the purchase price of a share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying shares (except those to be issued under the pro rata issue).

N = the number of shares with rights or entitlements that must be held to receive a right to one new share.

Reconstructions

- 12 If there is any reconstruction of the issued share capital of the Company, the number of shares to which the Option holder is entitled, and/or the Exercise Price, must be reconstructed in a manner which complies with the Listing Rules (which will not result in any benefits being conferred on the Option holder which are not conferred on shareholders and subject to the provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital), but in all other respects, the terms for the exercise of an Option will remain unchanged.

Interpretation

- 13 These terms and conditions of issue must be interpreted in the same way as the Capital Commitment Agreement under which the Option was issued.

**Schedule 2 – Summary of material terms of GEM Agreement
(Resolutions 5 and 6)**

By the GEM Agreement of 6 March 2020, GEM Global Yield LLC SCS (GEM Global) provides a capital commitment facility to the Company under which the Company may during a 3 year Commitment Period (ending 5 March 2023) require GEM Global to subscribe for a number of Shares not exceeding A\$80,000,000. The material terms of the facility are set out below.

(Capital Calls)	<p>The Company may at any time during the 3 year Commitment Period, make a capital call for any of the available commitment by a capital call notice provided that such a notice must not be given 15 trading days after an existing capital call notice or if a capital call would be unlawful (including 20% takeover threshold limitations) or in breach of the Listing Rules (including placement capacity limitations).</p> <p>There are various conditions that must be satisfied in respect of each capital call including relating to the Company's good standing and relating to ability to use the facility.</p>						
(Capital Call Limits)	<p>The Company cannot require GEM Global to subscribe for Shares more than the number under the formula:</p> <p align="center">Capital Call Limit = 1000% x 15 day average trading volume of Shares prior to the capital call date.</p>						
(Pricing of Subscription)	<p>Where GEM is required to subscribe for Shares, it must do so at a purchase or subscription price equal to the higher of:</p> <p>(a) 90% of the average VWAP during the 15 trading days after GEM Global receives a capital call notice; and</p> <p>(b) a minimum fixed price nominated by the Company in a capital call notice.</p>						
(Adjustments)	<p>Adjustments may be made to the purchase or subscription price including where a suspension of trading occurs or an event occurs which has or is likely to have a material adverse effect.</p>						
(Participation Rights for 12 months)	<p>Where the Company undertakes any equity capital raising within 12 months after the agreement (until 5 March 2021), GEM Global may elect to participate in up to 15% of the equity raising.</p>						
(Representations and Warranties)	<p>The Agreement contains certain standard representations and warranties by the Company to GEM Global.</p>						
(Placement Agreement)	<p>The Company must pay GEM Yield Bahamas Ltd a placement agreement fee of A\$1,600,000 as follows:</p> <table border="0" data-bbox="391 1624 1460 1980"> <thead> <tr> <th align="left"><u>Payment Date</u></th> <th align="left"><u>Amount payable</u></th> </tr> </thead> <tbody> <tr> <td>(a) Closing date of capital call</td> <td>15% of the gross proceeds that the Company receives or is entitled to receive from any capital call notice.</td> </tr> <tr> <td>(b) The earliest of 12 months after the date of the agreement, the date a material change in ownership occurs and an insolvency style event.</td> <td>All of the unpaid amount of the placement agreement fee.</td> </tr> </tbody> </table>	<u>Payment Date</u>	<u>Amount payable</u>	(a) Closing date of capital call	15% of the gross proceeds that the Company receives or is entitled to receive from any capital call notice.	(b) The earliest of 12 months after the date of the agreement, the date a material change in ownership occurs and an insolvency style event.	All of the unpaid amount of the placement agreement fee.
<u>Payment Date</u>	<u>Amount payable</u>						
(a) Closing date of capital call	15% of the gross proceeds that the Company receives or is entitled to receive from any capital call notice.						
(b) The earliest of 12 months after the date of the agreement, the date a material change in ownership occurs and an insolvency style event.	All of the unpaid amount of the placement agreement fee.						

	The Company may elect to satisfy all or part of its payment of the placement agreement fee by issuing Shares at 95% of the average VWAP during the 15 trading days preceding the date for payment.
(Consideration Options)	<p>In consideration of GEM entering into the agreement, the Company must issue to GEM or its nominee:</p> <p>(a) 23,000,000 Options on the date of the agreement; and</p> <p>(b) 23,700,000 Options within 45 days after the first Shareholder meeting of the Company after the date of the agreement.</p> <p>The Options will have an exercise price of 15 cents and an expiry date of 5 March 2024.</p> <p>If the Company does not comply with its obligation to issue the 23,700,000 Options, GEM Global may elect to require the Company to pay by way of liquidated damages a sum equal to the higher of:</p> <p>(a) A\$426,600; and</p> <p>(b) a Black Scholes value of these Options as determined by GEM.</p>
(Termination)	GEM may terminate the agreement if an event of default (being certain standard style events of default) occurs and, in such a circumstance, any unpaid placement agreement fee is payable.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Vote by Proxy: FYI

Your proxy voting instruction must be received by **9.00am (WST) on Tuesday, 29 September 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting 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.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

