

FYI RESOURCES LIMITED

ACN 061 289 218

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

**For the Annual General Meeting to be held on
30 November 2022 at
2:00pm (Western Standard Time) at**

**The Athol Hobbs Room
Royal Freshwater Bay Yacht Club
1 Hobbs Place
Peppermint Grove, Western Australia**

Due to the ongoing COVID-19 pandemic the Company will take steps to ensure attendance in person is in adherence with current COVID-19 protocols. If the situation in relation to COVID-19 changes in a way that affects the Company's ability to facilitate an in-person Meeting as currently proposed, the Company will provide a further update ahead of the Meeting by releasing an announcement on the ASX market announcements platform.

Shareholders are urged to vote by lodging the Proxy Form attached to this Notice

TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE

Venue

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

The Athol Hobbs Room
Royal Freshwater Bay Yacht Club
1 Hobbs Place
Peppermint Grove WA 6011

Commencing:
at 2:00pm (Western Standard Time)
on Wednesday, 30 November 2022.

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 2:00pm (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.
In relation to Resolutions 1, 4, 5, 6 and 7 the proxy form expressly authorises the Chairman to exercise the proxy even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Any undirected proxies held by a Director, any member of the Key Management Personnel or any of their Closely Related Parties (who are not the Chairman of the Meeting) will not be voted on Resolutions 1, 4, 5, 6 and 7.
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 28 November 2022 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 ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of FYI Resources Limited will be held at the Athol Hobbs Room, Royal Freshwater Bay Yacht Club, 1 Hobbs Place, Peppermint Grove, Western Australia on Wednesday, 30 November 2022 at 2:00pm (WST) for the purpose of transacting the following business.

Due to the ongoing COVID-19 pandemic the Company will take steps to ensure attendance in person is in adherence with current COVID-19 protocols. If the situation in relation to COVID-19 changes in a way that affects the Company's ability to facilitate an in-person Meeting as currently proposed, the Company will provide a further update ahead of the Meeting by releasing an announcement on the ASX market announcements platform

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 and its controlled entities together with the Directors' Report, Directors' Declaration and the Independent Audit Report for the year ended 30 June 2022.

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 2022."

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 – Edmund Babington

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, Edmund Babington, 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 – Approval of Additional 10% Capacity

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

"That, the Company have the additional capacity to issue equity securities provided for in Listing Rule 7.1A."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of any 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 that person. However, this does not apply to 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 Options to Mr Roland Hill

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 1,000,000 Options to Mr Roland Hill or his nominee is approved under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 and for all other purposes, on the terms 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 Mr Roland Hill and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to 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.

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

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

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

However, the above prohibition does not apply if:

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

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 5 – Approval to Issue Options to Mr Edmund Babington

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

"That, subject to the passing of Resolution 2, the issue of up to 750,000 Options to Mr Edmund Babington or his nominee is approved under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 and for all other purposes, on the terms 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 Mr Edmund Babington and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to 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.

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

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

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

However, the above prohibition does not apply if:

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

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 to Issue Options to Mr David Sargeant

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 750,000 Options to Mr David Sargeant or his nominee is approved under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 and for all other purposes, on the terms 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 Mr David Sargeant and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to 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.

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

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

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

However, the above prohibition does not apply if:

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

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 to Issue Options to Dr Sandy Chong

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 500,000 Options to Dr Sandy Chong or her nominee is approved under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 and for all other purposes, on the terms 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 Dr Sandy Chong and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to 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.

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

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

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

However, the above prohibition does not apply if:

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

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.

By order of the Board



Phillip MacLeod
Company Secretary
Dated: 18 October 2022

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 2022 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 2022;
- (b) ask questions and make comment on the management of the Company;
- (c) ask questions about, or make comment on, the Remuneration Report;
- (d) ask the auditor questions about:
 - (i) the conduct of the audit;
 - (ii) the preparation and content of the Auditor's Report;
 - (iii) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - (iv) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the content of the Auditor's Report; and
- (b) the conduct of the audit of the Financial Report,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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 – EDMUND BABINGTON

Rule 7.3 of the Constitution requires that at each annual general meeting, one-third of directors for the time being (rounded down to the nearest whole number) shall retire from office and that a Director that so retires is eligible for re-election. Additionally, Listing Rule 14.4 provides that a Director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years following that Director's last election or appointment. The retirement rules do not apply to the managing director.

Pursuant to rule 7.3 of the Company's Constitution and Listing Rule 14.4, Mr Babington, 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 Babington was appointed a director of the Company on 1 July 2014 and was last re-elected as a director on 29 November 2019.

Mr Babington is a director of WA commercial law firm, Lyons Babington Lawyers, is a member of the Resources and Energy Law Association Ltd and is a WA committee member of the Australian Institute of Business Brokers. He is experienced in commercial law, mining and resources, and corporations law in particular relating to capital raisings, stock exchange requirements, corporate governance and compliance.

Mr Babington is Non-Executive Chairman of the Company. The Board considers that Mr Babington is an independent Director.

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

4. RESOLUTION 3 – APPROVAL OF ADDITIONAL 10% CAPACITY

4.1 General

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.

This Resolution seeks shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without shareholder approval.

If this Resolution is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further shareholder approval.

If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit in issuing equity securities without shareholder approval set out in Listing Rule 7.1.

4.2 Information for Shareholders as required by Listing Rule 7.3A

(i) Period for which approval is valid

An approval under Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur of the following:

- (a) The date that is 12 months after the date of the annual general meeting at which the approval is obtained.
- (b) The time and date of the Company's next annual general meeting.
- (c) The time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.

(ii) Minimum price at which equity securities may be issued

Any equity securities issued under Listing Rule 7.1A must be in an existing quoted class of the eligible entity's equity securities and issued for a cash consideration per security which is not less than 75% of the volume weighted average market price for securities in that class, calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the securities are to be issued is agreed by the entity and the recipient of the securities; or
- (b) if the securities are not issued within 10 Trading Days of the date in paragraph (a), the date on which the securities are issued.

(iii) Purposes for which funds raised may be used

Equity securities can only be issued under Listing Rule 7.1A for a cash consideration. Funds raised by the issue of equity securities under Listing Rule 7.1A may be used for the continued development of the Company's current assets, the acquisition of new assets or other investments (including expenses associated with such acquisition), and for general working capital.

(iv) Risk of economic and voting dilution

If this Resolution is approved by Shareholders and the Company issues equity securities under Listing Rule 7.1A, the existing Shareholders' voting power in the Company will be diluted.

There is a risk that:

- (a) the market price for the equity securities in that class may be significantly lower on the issue date than on the date of the Shareholder approval under Listing Rule 7.1A; and
- (b) the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

The table below shows the potential dilution of existing Shareholders on the basis of 3 different assumed issue prices and values for variable "A" in the formula in Listing Rule

7.1A.2. This includes one example that assumes that "A" is double the number of Shares on issue at the time of the approval under Listing Rule 7.1A and that the price of Shares has fallen by 50%.

| Number of Shares on Issue (Variable "A" in Listing Rule 7.1A.2) | Number of Shares issued under additional 10% capacity | Dilution | | |
|---|---|---|---|---|
| | | Funds raised based on issue price of 8.25 cents | Funds raised based on issue price of 16.5 cents | Funds raised based on issue price of 33 cents |
| | | (50% decrease in current issue price) | (Current issue price) | (100% increase in current issue price) |
| 365,867,589 (Current)* | 36,586,758 | \$3,018,408 | \$6,036,815 | \$12,073,630 |
| 548,801,383 (50% increase) | 54,880,138 | \$4,527,611 | \$9,055,223 | \$18,110,446 |
| 731,735,178 (100% increase) | 73,173,518 | \$6,036,815 | \$12,073,630 | \$24,147,261 |

*The number of Shares on issue (variable "A" in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table has been prepared on the following assumptions:

1. The current Shares on issue are the Shares on issue as at 14 October 2022.
2. The issue price set out above is the closing price of the Shares on the ASX on 14 October 2022.
3. The Company issues the maximum number of equity securities available under the additional 10% capacity.
4. No Options are exercised into Shares before the date of the issue of the equity securities.

(v) Allocation Policy

The Company's allocation policy for the issue of equity securities under the additional 10% capacity will depend on the prevailing market conditions at the time of any proposed issue. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

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

The allottees under the additional 10% capacity have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company and may include new

investors who have not previously been Shareholders.

(vi) Equity securities issued under Listing Rule 7.1A.2 in the previous 12 months

The Company has not issued or agreed to issue equity securities under Listing Rule 7.1A.2 in the 12 months preceding this Meeting.

(vii) Voting Exclusion Statement

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

5. RESOLUTIONS 4, 5, 6 AND 7 – APPROVAL TO ISSUE OPTIONS TO RELATED PARTIES

The Board consists of Edmund Babington (Non-Executive Chair), Roland Hill (Managing Director), David Sargeant (Non-Executive Director) and Dr Sandy Chong (Non-Executive Director).

Resolutions 4, 5, 6 and 7 seek Shareholder approval so that the Company may grant Options to each of the Directors Messrs Babington, Hill and Sargeant and to Dr Chong. The approval to grant Options to Mr Babington (Resolution 5) is conditional on his re-election as a Director (Resolution 2).

Shareholder approval is required for the purposes of Chapter 2E of the Corporations Act (section 208) and Listing Rule 10.11 because each of the Directors is a related party of the Company. Each of Chapter 2E and Listing Rule 10.11 are dealt with separately below.

5.1 Chapter 2E of the Corporations Act – Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of financial benefit.

For the purposes of Chapter 2E, each of the Directors is a related party of the Company.

The issue of Options to a related party is a financial benefit requiring shareholder approval in the absence of a specified exception applying.

The following information is provided to Shareholders in relation to Resolutions 4, 5, 6 and 7.

(a) **The Related Party to whom the Proposed Resolutions would permit the Financial Benefit to be given**

The related parties are Roland Hill (Resolution 4), Edmund Babington (Resolution 5), David Sargeant (Resolution 6) and Sandy Chong (Resolution 7) or their nominees.

(b) **The Nature of the Financial Benefit**

The proposed financial benefit to be given is the grant of up to:

- i. 1,000,000 Options to Roland Hill (or his nominee);
- ii. 750,000 Options to Edmund Babington (or his nominee);
- iii. 750,000 Options to David Sargeant (or his nominee) and
- iv. 500,000 Options to Sandy Chong (or her nominee).

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

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

The Board currently consists of Edmund Babington, Roland Hill, David Sargeant and Sandy Chong.

By Resolutions 4, 5, 6 and 7 the Company is proposing to grant Options to each of the Directors. In each case, the number of Options to be granted and the terms of the Options were negotiated by the Directors independent of the particular Director to be granted the Options.

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

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

The independent Directors in each case recommend that Shareholders vote in favour of the Resolutions.

Mr Roland Hill abstains from making a recommendation to Shareholders on Resolution 4 as he has a material personal interest in the outcome as the recipient of the Options.

Mr Edmund Babington abstains from making a recommendation to Shareholders on Resolution 5 as he has a material personal interest in the outcome as the recipient of the Options.

Mr David Sargeant abstains from making a recommendation to Shareholders on Resolution 6 as he has a material personal interest in the outcome as the recipient of the Options.

Dr Sandy Chong abstains from making a recommendation to Shareholders on Resolution 7 as she has a material personal interest in the outcome as the recipient of the Options.

(d) **Dilution**

The passing of Resolutions 4, 5, 6 and 7 would have the effect of granting up to 3,000,000 Options.

If any of the Options are exercised into Shares, the effect would be to dilute the shareholding of existing Shareholders. If all the 3,000,000 Options were exercised into Shares, the effect would be to dilute the shareholding of the existing Shareholders by approximately 0.81% based on the total number of Shares on issue at the date of this Notice being 365,867,589.

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

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

The remuneration received by Roland Hill (or his nominee) is \$360,000 per annum as Managing Director.

The remuneration received by Edmund Babington is \$80,000 per annum as a Non-Executive Chairman's fee plus any statutory superannuation entitlement.

The remuneration received by David Sargeant (or his nominee) is \$50,000 per annum as a Director's fee.

The remuneration received by Sandy Chong is \$50,000 per annum as a Director's fee plus any statutory superannuation entitlement

(f) **Existing Relevant Interests**

At the date of this Notice, Messrs Hill, Babington and Sargeant and Dr Chong and their associates have the following relevant interest in securities of the Company.

| Name | Shares | Options exercisable at 33.6 cents expiring 27 November 2022 | Options exercisable at 44.4 cents expiring 16 December 2023 |
|------------------|------------|---|---|
| Roland Hill | 17,861,632 | 750,000 | - |
| Edmund Babington | 1,758,378 | 500,000 | - |
| David Sargeant | 5,500,000 | 500,000 | - |
| Sandy Chong | - | - | 500,000 |

| Name | Performance Rights Class A | Performance Rights Class B |
|-------------|----------------------------|----------------------------|
| Roland Hill | 1,000,000 | 1,000,000 |

(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 over the last 12 months.

| | Date | Closing Price |
|---------------|-----------------|---------------|
| Highest Price | 18 October 2021 | \$0.465 |
| Lowest Price | 14 June 2022 | \$0.13 |
| Latest Price | 14 October 2022 | \$0.165 |

(h) **Valuation of Options**

The Options will not be quoted on ASX.

The Company has valued the Options to be granted to the Directors or their nominees using the Black-Scholes method.

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

| Input | | Note |
|--------------------------------------|--------------------|------|
| Number of Options to related parties | 3,000,000 | |
| Underlying security spot price | 16.5 cents | 1 |
| Exercise price | assumed 23.1 cents | 2 |
| Dividend rate | Nil | 3 |
| Volatility rate | 94.4% | 4 |
| Risk free rate | 3.34% | 5 |
| Expiry Date | 13 October 2024 | 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 14 October 2022 which was 16.5 cents.

Note 2 The exercise price is 140% of the volume weighted average closing price for the 5 days on which Shares trade prior to date of this Meeting. This example uses 140% of the closing price of Shares on the valuation date of 14 October 2022.

- Note 3 No dividends are expected to be paid during the life of the Options.
- Note 4 A volatility rate of 94.4% has been adopted. This rate has been calculated by reference to the closing price volatility for the Shares of the Company for the previous 2 years.
- Note 5 The risk-free rate is 3.34% based on the 2 year Reserve Bank Treasury Bond rate at 14 October 2022.
- Note 6 The Options expiry date is 2 years from the date of the shareholder meeting. For the purposes of this Notice the expiry date is 2 years from the valuation date being 13 October 2024.

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

| Number and Value of Options | |
|------------------------------------|--|
| | Options |
| Roland Hill | 1,000,000 Options – 7.05 cents per Option (total value - \$70,500) |
| Edmund Babington | 750,000 Options – 7.05 cents per Option (total value - \$52,875) |
| David Sargeant | 750,000 Options – 7.05 cents per Option (total value - \$52,875) |
| Sandy Chong | 500,000 Options – 7.05 cents per Option (total value - \$35,250) |

(i) **Other Information**

The Directors do not consider that there are opportunity costs to the Company or benefits foregone by the Company in granting the Options.

For accounting purposes, the Options will be recognised as an expense.

The Directors are not aware of any other information that is 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 4, 5, 6 and 7.

5.2 Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolutions 4, 5, 6 and 7:

- (a) The Options will be issued to the Directors, Roland Hill (Resolution 4), Edmund Babington (Resolution 5), David Sargeant (Resolution 6) and Sandy Chong (Resolution 7) or their nominees;
- (b) Each of the Directors are related parties (Listing Rule 10.11.1).
- (c) The maximum number of securities the Company will issue is 3,000,000 Options being:
 - 1,000,000 Options to Roland Hill (or his nominee) (Resolution 4);
 - 750,000 Options to Edmund Babington (or his nominee) (Resolution 5);
 - 750,000 Options to David Sargeant (or his nominee) (Resolution 6); and
 - 500,000 Options to Sandy Chong (or her nominee) (Resolution 7).
- (d) The exercise price of the Options is 140% of the volume weighted average price for the 5 days on which Shares trade prior to the date of the Meeting. The Options expire 2 years after the date of this Meeting and have no vesting criteria. The full terms of the Options are set out in Schedule 1;
- (e) The Options will be issued 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 Listing Rules);
- (f) The Options will be issued for no consideration and there is no issue price;

- (g) The purpose of the issue is to issue Options to incentivise and remunerate the Directors in performing their role and the issue of the Options is considered an appropriate incentive in the circumstances of the Company. No funds will be raised from the issue of the Options;
- (h) The current total remuneration package of each of the Directors is set out in Section 5.1(e) above;
- (i) The Options are to be issued as an incentive under the terms of the Director's respective employment or engagement agreement. Other than the remuneration referred to above, the other material terms of the consultancy service agreement with Roland Hill is he is engaged, through Capstone Capital Pty Ltd, for the term of 36 months concluding on 31 December 2024 (or such further period as may be agreed) and either the Company or Capstone Capital may terminate without cause on 3 month's written notice as well as the Company being able to terminate upon limited events akin to misconduct or incapacity. Other than the remuneration referred to above, each of Edmund Babington, David Sargeant and Sandy Chong are engaged as non-executive directors subject to the rights of Shareholders and they must perform their role in accordance with applicable laws. Otherwise, the terms of engagement of each of the Directors is on respective standard commercial terms for an executive director and a non-executive director; and
- (j) a voting exclusion statement is included in the Notice.

6. 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:

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

"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.

"Auditor's Report" means the Auditor's report on the Financial Report.

"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.

"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" or "Existing 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.

"Directors' Report" means the annual Directors' Report prepared under Chapter 2M of the Corporations Act for the Company.

"equity securities" has the same meaning as in the Listing Rules.

"Explanatory Statement" means this Explanatory Statement.

"Financial Report" means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company.

"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.

"Performance Right" means a right to acquire a Share subject to the satisfaction of applicable vesting conditions.

"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.

"**Trading Day**" has the same meaning as in the Listing Rules.

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

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

SCHEDULE 1

TERMS OF OPTIONS TO DIRECTORS (RESOLUTIONS 4, 5, 6 and 7)

1. Each Option entitles the holder to one Share.
2. The Options are exercisable at any time prior to 5.00 pm Western Standard Time two years after the date of the Meeting ("**Expiry Date**"). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The exercise price of the Options is 140% of the volume weighted average price for the 5 days on which Shares trade prior to the date of the Meeting.
4. The Options will not be listed on ASX and may only be transferred with the consent of the Board of the Company.
5. The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("**Notice of Exercise**"). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date ("**Exercise Date**").
6. 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.
7. Shares issued on the exercise of the Options rank equally with the then issued Shares.
8. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Optionholders the opportunity (where Options have vested, if applicable) to exercise their Options prior to the date for determining entitlements to participate in any such issue.
9. If there is a bonus issue ("**Bonus Issue**") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
10. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

Proxy Voting Form

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

Holder Number:

Your proxy voting instruction must be received by **2.00pm (WST) on Monday, 28 November 2022**, 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

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.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair 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 Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair 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.

STEP 2 - VOTES ON ITEMS OF BUSINESS

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

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

Joint holding: Where the holding is in more than one name, all 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>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

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



BY MAIL:

Automic
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IN PERSON:

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Sydney NSW 2000

BY EMAIL:

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BY FACSIMILE:

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