

FYI RESOURCES LIMITED

ACN 061 289 218

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

**For the Annual General Meeting to be held on
28 November 2016 at
3:00pm (Western Standard Time) at**

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

This is an important document. Please read it carefully.

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

TIME AND PLACE OF GENERAL MEETING AND HOW TO VOTE

Venue

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

HLB Mann Judd Boardroom	Commencing
Level 4, 130 Stirling Street	at 3:00pm (Western Standard Time)
Perth WA 6000	on Monday, 28 November 2016.

How to Vote

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

Voting in Person

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

Voting by Proxy

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

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

so that it is received not later than 3:00pm (WST) on 26 November 2016.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and

- if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-Chair proxy to Chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

FYI RESOURCES LIMITED
ACN 061 289 218

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of FYI Resources Limited will be held at HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia on Monday, 28 November 2016 at 3:00pm (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

GENERAL BUSINESS

Annual Financial Report

To receive and consider the Annual Financial Report of the Company together with the Directors' Report, Directors' Declaration and the Independent Audit Report for the year ended 30 June 2016.

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 2016."

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

Voting Exclusion:

A vote in respect of Resolution 1 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 Resolution 1 as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; 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 the resolution; and
 - (ii) expressly authorises the Chair 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 entity.

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 – Ratification of Placement of Shares

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 7,142,857 Shares in the capital of the Company at 4.2 cents each on the terms set out in the Explanatory Statement."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4 – Approval to Issue Shares

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

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company issue up to 2,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 5 – Approval to Grant Incentive Options to Roland Hill

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

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

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Roland Hill (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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

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

However, the above prohibition does not apply if:

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

Resolution 6 – Approval to Grant Incentive Options to Edmund Babington

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

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

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Edmund Babington (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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

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

However, the above prohibition does not apply if:

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

Resolution 7 – Approval to Grant Incentive Options to David Sargeant

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

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

Voting Exclusion: The Company will disregard any votes cast on this Resolution by David Sargeant (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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

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

However, the above prohibition does not apply if:

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

Resolution 8 – Approval to Grant Incentive Options to Adrian Jessup

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

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

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Adrian Jessup (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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

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

However, the above prohibition does not apply if:

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

Resolution 9 – Issue of Shares to Capstone Capital Pty Ltd in Lieu of Fees

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of up to 1,800,000 Shares in the capital of the Company at 5 cents each to Capstone Capital Pty Ltd, an associate of Director Roland Hill, on the terms set out in the Explanatory Statement."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Capstone Capital Pty Ltd and Roland Hill and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

SPECIAL BUSINESS

Resolution 10 – Approval of Additional Placement Capacity

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

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

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board



Phillip MacLeod
Company Secretary
Dated: 21 October 2016

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 2016 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

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

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the Directors of the company.

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.

The Chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of Directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors of the company who were in office when the Directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the Managing Director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the company is approved will be the Directors of the company.

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

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directions given	No directions given
Key Management Personnel ¹	Vote as directed	Unable to vote ³
Chair ²	Vote as directed	Able to vote at discretion of Proxy ⁴
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

¹ Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

² Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

³ Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

⁴ The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – EDMUND BABINGTON

Mr Babington was appointed a director of the Company on 1 July 2014 and re-elected as a director on 24 September 2014.

Pursuant to rule 7.3 of the Company's Constitution and ASX 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 is a director of WA commercial law firm, Lyons Babington, and is a member of the resources and energy law association, AMPLA Ltd and is a WA committee member of the Australian Institute of Business Brokers. He is a specialist in franchising, mining and resources, and corporations law in particular relating to capital raisings, stock exchange requirements, corporate governance and compliance. Mr Babington is not a director of any other ASX listed companies. 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 – RATIFICATION OF PLACEMENT OF SHARES

4.1 Background

On 10 June 2016, the Company announced that it had agreed to issue 7,142,857 Shares at 4.2 cents each to raise \$300,000 (before costs) (**Placement**). The funds were raised to advance the Company's Laos potash strategy including additional drilling on the Sino-Lao project and to further the due diligence review of the project. The Placement was made to sophisticated investors under the Company's placement capacity pursuant to Listing Rule 7.1.

4.2 ASX Listing Rules

Resolution 3 seeks the ratification of the issue of 7,142,857 Shares at a price of 4.2 cents per Share to raise \$300,000 issued within the Company's placement capacity under Listing Rule 7.1.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rules 7.1 (and provided that the

previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

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

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

- (a) the number of securities issued and allotted was 7,142,857 Shares;
- (b) the Shares were issued at a price of 4.2 cents per Share;
- (c) the Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares;
- (d) the Shares were allotted to clients of Peloton Capital and to other sophisticated investors under Section 708 of the Corporations Act. The allottees are not related parties of the Company; and
- (e) the funds raised from the issue will be used to fund the Company's Laos potash strategy including additional drilling on the Sino-Lao project and to further the due diligence review of the project.

5. RESOLUTION 4 – APPROVAL TO ISSUE SHARES

5.1 General

The Company has been working since November 2014 to review and secure a suitable potash project in Laos in line with its Southeast Asian potash strategy. During that time representatives of the Central Potash Cooperation Company (**CPCC**) in Laos have provided valuable assistance to the Company by: identifying suitable projects; introducing the Company to key industry and government officials; and providing management and administrative services, support and facilities in Laos. CPCC has incurred considerable management time as well as cash disbursements of approximately \$120,000 in doing so. The Company has agreed, subject to Shareholder approval, to issue 2,000,000 Shares to CPCC (or its nominees) in consideration for the work undertaken by CPCC for the Company. The Shares if issued, are to be subject to voluntary escrow for 12 months from the date of issue. The Company is also discussing with CPCC, long term incentives based on the Company achieving defined milestones in its Laos potash strategy. These incentives, when agreed, will be subject to shareholder approval.

Resolution 4 seeks Shareholder approval for the issue of 2,000,000 Shares to CPCC (or their nominees).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 4 will be to allow the Company to issue the Shares during the period of 3 months after this Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity or additional 10% annual placement capacity.

5.2 Technical information required by ASX Listing Rule 7.1

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

- (i) the maximum number of Shares to be issued is 2,000,000;
- (ii) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue will occur on the same date;
- (iii) the Shares will be issued to CPCC (or their nominees). CPCC are not related parties of the Company;
- (iv) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (v) no funds will be raised from the issue of the Shares as the Shares will be issued consideration for assistance provided to the Company and costs incurred by CPCC in providing that assistance.

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

6.1 General

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

6.2 Chapter 2E of the Corporations Act

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Board acknowledges that the grant of the Director Incentive Options to Edmund Babington, David Sargeant and Adrian Jessup as non-executive Directors is contrary to guidelines for non-

executive remuneration in Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of the Director Incentive Options to be reasonable in the circumstances given the Company's size and stage of development and the importance of maintaining the Company's cash reserves.

Roland Hill declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Director Incentive Options in the Company should Resolution 5 be passed. However, in respect of Resolutions 6, 7 and 8 Mr Hill recommends that Shareholders vote in favour of those Resolutions for the following reasons:

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

Edmund Babington declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Incentive Options in the Company should Resolution 6 be passed. However, in respect of Resolutions 5, 7 and 8 Mr Babington recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraphs (i) to (iii) above.

David Sargeant declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Incentive Options in the Company should Resolution 7 be passed. However, in respect of Resolutions 5, 6 and 8 Mr Sargeant recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraphs (i) to (iii) above.

Adrian Jessup declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Incentive Options in the Company should Resolution 8 be passed. However, in respect of Resolutions 5, 6 and 7 Mr Jessup recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraphs (i) to (iii) above.

In forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Director Incentive Options to be granted as well as the exercise price and expiry date of those Director Incentive Options.

(d) **Dilution**

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

If any of the Director Incentive Options are exercised into Shares, the effect would be to dilute the shareholding of existing Shareholders. If all the Director Incentive Options are exercised, a total of 2,250,000 Shares would be issued. This will increase the number of Shares on issue from 88,610,643 to 90,860,643 (assuming that no other Shares are issued) with the effect that the shareholding of the existing Shareholders would be diluted by an aggregate of 2.48%, comprising 0.83% by Roland Hill, 0.55% by Edmund Babington, 0.55% by David Sargeant and 0.55% by Adrian Jessup.

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

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

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

The following table shows the total annual remuneration paid or payable to both executive and non-executive directors.

Director	FY14	FY15	FY16
Roland Hill ¹	\$103,000	\$180,000	\$180,000
Edmund Babington ²	-	\$30,000	\$30,000
David Sargeant	\$24,500	\$24,500	\$24,500
Adrian Jessup	\$24,500	\$24,500	\$24,500

Note

1. Mr Hill was appointed as CEO from 1 January 2011. Mr Hill was appointed a director on 1 July 2014.
2. Mr Babington was appointed a director on 1 July 2014.

(f) **Existing Relevant Interests**

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

Name	Shares
Roland Hill	8,087,746
Edmund Babington	1,258,378
David Sargeant ¹	12,875,000
Adrian Jessup ¹	12,875,000

Note

1. Includes 12,000,000 Shares held by Empire Resources Limited.

(g) **Trading History**

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

	Date	Closing Price
Highest Price	11 May 2016	\$0.11
Lowest Price	12 February 2016	\$0.02
Latest Price	21 October 2016	\$0.047

(h) **Valuation of Director Options**

The Director Options will not be quoted on ASX.

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

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

Input		Note
Number of options to related parties:	2,250,000	
Underlying security spot price:	4.7 cents	1
Exercise price:	7.1 cents	2
Dividend rate:	Nil	3

Input		Note
Volatility rate:	115.7%	4
Risk free interest rate:	1.66%	5
Expiry Date:	20 October 2018	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 21 October 2016 which was 4.7 cents.
- Note 2 The exercise price is 150% of the volume weighted average closing price for the 5 days traded prior to the date of the Meeting. This example uses 7.1 cents.
- Note 3 As at the date of the valuation, the Company had not forecast any future dividend payments. For the purposes of the valuation it is therefore assumed that the Company's share price is "ex-dividend", If dividend payments were forecast, the value of the Director Options would be reduced.
- Note 4 A volatility rate of 115.7% has been adopted. This rate has been calculated by reference to the closing price volatility for the Shares of the Company for the previous 12 months.
- Note 5 The risk free rate is 1.66% based on the current Reserve Bank Treasury Bond rates.
- Note 6 The Expiry Date is two years from the date of grant. This example uses the date of this Notice as the grant date.

As the Director Incentive Options are not listed, a 20% marketability discount has been applied to the values.

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

Number and Value of Director Incentive Options	
	Director Incentive Options
Roland Hill	750,000 Director Incentive Options – 1.9 cents per Director Option (total value - \$14,278)
Edmund Babington	500,000 Director Incentive Options – 1.9 cents per Director Option (total value - \$9,519)
David Sargeant	500,000 Director Incentive Options – 1.9 cents per Director Option (total value - \$9,519)
Adrian Jessup	500,000 Director Incentive Options – 1.9 cents per Director Option (total value - \$9,519)

(i) **Other Information**

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

6.4 ASX Listing Rule 10.11

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

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

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

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

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

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

- The Director Incentive Options will be granted to Roland Hill (Resolution 5), Edmund Babington (Resolution 6), David Sargeant (Resolution 7) and Adrian Jessup (Resolution 8) or their nominees;
- The maximum number of securities the Company will grant is:
 - 750,000 Director Incentive Options to Roland Hill (or his nominees);
 - 500,000 Director Incentive Options to Edmund Babington (or his nominees);
 - 500,000 Director Incentive Options to David Sargeant (or his nominees); and
 - 500,000 Director Incentive Options to Adrian Jessup (or his nominees);
- The Director Incentive Options will be granted no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- Roland Hill, Edmund Babington, David Sargeant and Adrian Jessup as Directors are related parties;
- The Director Incentive Options are granted for nil consideration;
- The exercise price of the Director Incentive Options is 150% of the 5 traded day volume weighted average closing price of Shares prior to the date of the Meeting. The final exercise price will be determined and disclosed to the market prior to the Meeting. The Director Incentive Options expire on 29 November 2018 and have no vesting criteria. The full terms of the Director Options are set out in Schedule 1; and
- No funds will be raised from the grant of the Director Options.

7. RESOLUTION 9 – ISSUE OF SHARES TO CAPSTONE CAPITAL PTY LTD, AN ASSOCIATE OF DIRECTOR, ROLAND HILL

7.1 Background

The Company entered into an agreement with Capstone Capital Pty Ltd (**Capstone**) in February 2011, for the provision of the services by Roland Hill as CEO of the Company. Under the terms of that agreement Capstone was to be paid a fee of \$15,000 per month. With the agreement of Mr Hill and Capstone, the Company has been accruing fees for the services of Mr Hill in order to preserve the Company's cash. Capstone has agreed not to request the payment of the outstanding fees of \$297,000 accrued to 30 June 2016 until such time as the Company's cash reserves are considered sufficient. The Company has reached an agreement with Capstone that:

- subject to Shareholder approval, the Company will issue up to 1,800,000 Shares at 5 cents each in lieu of fees of \$90,000; and
- the balance will continue to be accrued to be paid in cash.

By issuing Shares in lieu of paying cash, the Company is able to preserve its cash reserves. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares upon the terms proposed. The independent Directors resolved to issue the Shares at a deemed issue price of 5 cents each which was a premium to the Company's Share market price of 4.7 cents at the time the resolution was made. The independent Directors (Messrs Sargeant, Jessup and Babington) support Resolution 9.

7.2 ASX Listing Rule 10.11

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

As an entity associated with Director Roland Hill, Capstone is a related party of the Company. Accordingly, approval is sought pursuant to Listing Rule 10.11 from Shareholders for the issue of the Shares to Capstone.

Listing Rule 10.11 provides that for Shareholders to approve an issue to a related party, the notice of meeting must include particular information set out in Listing Rule 10.13. This information is as follows:

- (a) the Shares are to be issued are proposed to be issued to Capstone or its nominee;
- (b) the maximum number of securities to be issued is 1,800,000 Shares;
- (c) the Company proposes to issue the Shares to Capstone no later than 1 month after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (d) Capstone is an associate of Director Roland Hill;
- (e) the Shares were issued at a deemed price of 5 cents per Share;
- (f) the Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares; and
- (g) no funds will be raised the issue of these Shares as they are being issued in part consideration for fees accrued and owing by the Company to Capstone.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Shares to Capstone as approval is being sought under Listing Rule 10.11. Accordingly, the issue of the Shares to Capstone will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

8. INFORMATION RELATING TO RESOLUTION 10 – APPROVAL FOR ADDITIONAL PLACEMENT CAPACITY

8.1 General

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

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

The Company seeks Shareholder approval under Resolution 10 to be able to issue Equity Securities under the Additional Placement Capacity. The exact number of Equity Securities to be issued is not fixed and will be determined in accordance the formula prescribed in ASX Listing Rule 7.1A.2 (set out below).

8.2 Requirements of ASX Listing Rule 7.1A

(a) Eligible entities

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$4.1 million based on the number of Shares on issue at the date of this Notice and the closing price of Shares (\$0.047) on the ASX on 21 October 2016.

(b) Shareholder approval

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

(c) Equity Securities

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

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

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

If Resolution 10 is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

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

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

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

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

The Company has 88,610,643 Shares on issue as at the date of this Notice. If Resolution 10 is passed, the Company will be permitted to issue (as at the date of this Notice):

- 13,291,596 Equity Securities under ASX Listing Rule 7.1; and
- 8,861,064 Equity Securities under ASX Listing Rule 7.1A.

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

The effect of Resolution 10 will be to allow the Company to issue securities under ASX Listing Rule 7.1A without using the Company's placement capacity under ASX Listing Rule 7.1.

8.3 Information for Shareholders as required by ASX Listing Rule 7.3A

(a) **Minimum price**

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

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

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

If Resolution 10 is passed and the Company issues securities under the Additional Placement Facility, existing Shareholders' voting power in the Company will be diluted.

There is the risk that:

- the market price for the Company's existing Equity Securities may be significantly lower on the date of issue of the new Equity Securities than on the date of the Meeting; and

- the new Equity Securities may be issued at a price that is at a discount to the market price of the Company's existing Equity Securities on the issue date or the new Equity Securities may be issued as part of the consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the new Equity Securities.

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

The table also shows:

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

Variable 'A' in ASX Listing Rule 7.1A.2		Dilution		
		2.35 cents 50% decrease in Issue Price	4.7 cents Issue Price	9.4 cents 100% increase in Issue Price
Current Variable A 88,610,643 Shares	10% Voting Dilution	8,861,064 Shares	8,861,064 Shares	8,861,064 Shares
	Funds raised	\$208,235	\$416,470	\$832,940
50% increase in current Variable A 132,915,964 Shares	10% Voting Dilution	13,291,596 Shares	13,291,596 Shares	13,291,596 Shares
	Funds raised	\$312,353	\$624,705	\$1,249,410
100% increase in current Variable A 177,221,286 Shares	10% Voting Dilution	17,722,129 Shares	17,722,129 Shares	17,722,129 Shares
	Funds raised	\$416,470	\$832,940	\$1,665,880

This table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the Additional Placement Capacity.
- No options are exercised into Shares before the date of issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
- The issue of Equity Securities under the Additional Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The issue price is 4.7 cents, being the closing price of the Shares on ASX on 21 October 2016.

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

(c) **Placement Period**

Shareholder approval of the Additional Placement Capacity under ASX Listing Rule 7.1A is valid from 28 November 2016 (the date of this Meeting) and expires on the earlier of:

- 28 November 2017, which is 12 months after this Meeting; or
- the date that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (significant change to nature or scale of activities) or ASX Listing Rule 11.2 (disposal of the main undertaking, (the "**Placement Period**").

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

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

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

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

(e) **Allocation policy**

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

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

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

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

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

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

On 27 November 2015, the Company received Shareholder approval for the Additional Placement Capacity at its 2015 annual general meeting. Pursuant to Listing Rule 7.3A.6 the following information is provided to Shareholders:

- The total number of Equity Securities issued in the 12 months before this Meeting (that is, since 28 November 2015) is 12,192,857 Shares. The total number of Equity Securities on issue as at 28 November 2015 was 78,667,786 (being 76,417,786 Shares and 2,250,000 Options). The total number of Equity Securities issued in the 12 months since 28 November 2015 is 15.5% of the total number of Equity Securities on issue at 28 November 2015.
- The details of Equity Securities issued during the 12 months preceding the date of the Meeting are:

Date of issue:	22 December 2015
Number of Equity Securities:	5,050,000
Summary of terms:	Fully paid ordinary shares
Basis on which recipients were determined:	The Shares were issued with shareholder approval to directors or their nominees in lieu of fees owing to them.
Price:	3.5 cents per Share
Discount to market price:	The Shares were issued at a 1.25 cent premium to the market price of 2.25 cents.
Total cash consideration received:	Nil.
Amount of cash consideration spent:	Not applicable.
Use of cash consideration:	Not applicable. Shares issued in lieu of fees owing of \$176,750.

Date of issue:	21 June 2016
Number of Equity Securities:	7,142,857
Summary of terms:	Fully paid ordinary shares
Basis on which recipients were determined:	The Shares were issued to sophisticated investor clients of Peloton Capital under Section 708 of the Corporations Act. The recipients were not related parties of the Company.
Price:	4.2 cents per Share
Discount to market price:	The Shares were issued no discount to the market price of 4.2 cents.
Total cash consideration received:	\$300,000
Amount of cash consideration spent:	Nil
Use of cash consideration:	Funds will be used for advancing the Company's Laos Potash strategy including drilling and further due diligence costs on the Sino-Lao project.

(g) **Voting exclusion**

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

9. ENQUIRIES

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

10. VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. The chair of the Meeting will vote undirected proxies on, and in favour of, the proposed Resolution.
4. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 26 November 2016 at 5:00pm (Western Standard Time).
5. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Schedule 1 – Terms and Conditions of Director Incentive Options (Resolutions 5, 6, 7 and 8)

(a) Entitlement

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

(b) Exercise Price

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

(c) Expiry Date

Each Director Incentive Option will expire at 5.00pm (WST) on 29 November 2018 (**Expiry Date**). A Director Incentive Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

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

(e) Notice of Exercise

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

(f) Exercise Date

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

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

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

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

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

(h) Shares issued on exercise

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

(i) No Quotation of the Options

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

(j) Quotation of Shares issued on exercise

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

(k) Reconstruction of capital

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

(l) Participation in new issues

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

(m) Change in exercise price

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

(n) Transferability

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

FYI RESOURCES LIMITED

ACN 061 289 218

PROXY FORM

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

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

OR

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

Name of Proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at The HLB Mann Judd Boardroom, Level 4, 130 Stirling Street, Perth, Western Australia on 28 November 2016 at 3:00pm (WST) and at any adjournment thereof.

Voting on Business of the General Meeting

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of E Babington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to Issue Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Issue of Incentive Options to R Hill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Issue of Incentive Options to E Babington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of Issue of Incentive Options to D Sargeant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of Issue of Incentive Options to A Jessup	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Shares in Lieu of Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval of Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Important note for Resolutions 1, 5, 6, 7, and 8: If you appoint a member of the Company's key management personnel (other than the Chairman of the Meeting) or a closely related party of a member of the Company's key management personnel as your proxy, and you do not direct your proxy how to vote in respect of Resolutions 1, 5, 6, 7, 8 and 9 your proxy will NOT cast your vote on the resolution and your votes will not be counted.

If you appoint the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default) and you do not direct your proxy how to vote in respect of any Resolution your vote will be cast in favour of those Resolutions, and you hereby expressly authorise the Chairman of the Meeting to exercise your proxy even though those Resolutions are connected directly or indirectly with the remuneration of the members of the Company's key management personnel. **At the time of issue of the Notice of meeting the Chair intends to vote any such undirected proxies in favour of all Resolutions.**

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

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

Please return this Proxy Form to the Company Secretary, FYI Resources Limited, 53 Canning Highway, Victoria Park, WA, 6100 or by fax to (08) 9361 3154 or by email to pmacleod@gapcs.com.au by 3:00pm (WST) on 26 November 2016.

Signed this _____ day of _____ 2016.

Signature of Member(s):

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

FYI RESOURCES LIMITED
ACN 061 289 218

Instructions for Completing Appointment of Proxy Form

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

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

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

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

Fax Number: +61 (8) 9361 3154

Email Address: pmacleod@gapcs.com.au

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

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