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## Australia's FYI expands Asian potash footprint beyond Thailand into Laos under new MOU

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Perth-based FYI Resources' (the "Company" or "FYI") is pleased to announce an expansion of the Company's potash development strategy in Asia to include new projects in Laos.

The target area is in the Vientiane Basin region on Laos' southern border with Thailand, and close to where FYI has existing potash applications that are now proceeding through Thai Ministerial approvals for Special Prospecting Licences (SPL) in that country's north.

The expansion, announced this morning ahead of FYI's 2014 annual general meeting in Perth today, is encapsulated in a new Memorandum of Understanding (MOU) over Prospecting Licences covering high grade potash targets in Laos.

The MOU is in respect of a Joint Venture between FYI Resources (75%), GM Consulting (15%) – a wholly owned subsidiary of the Greater Mekong Development Group, and, the Lao Government (10%). It summarises the JV operating and investment guidelines and objectives of the parties on a targeted Lao potash project.



Named the Vientiane Basin Potash JV, the project area was specifically targeted by FYI following an extensive review and geological site visit.

The basis of the project site selection was:

- The proven existence of an underlying major potash basin
- The proximity of two producing potash projects in Laos
- The recent publication by Orient Mining Ltd of successful drilling results in the neighbouring tenement.
- The close proximity to historic exploratory drilling in Thailand that recorded high-grade Sylvite intercepts.

**FYI Resources Managing Director, Mr Roland Hill stated:**

“The Vientiane Basin Potash JV area covers 108km<sup>2</sup> of tenements east of the capital, Vientiane and adjacent to the Mekong River. Nearby production and previous drilling campaigns has demonstrated the existence of shallow potash bearing horizons over the area.”

In conjunction with its current Thai potash projects, FYI believes that the additional Lao applications will enhance the Company’s overall objectives of building a material presence in Asia as a key potash participant.



*Schematic outline of the Vientiane Basin Potash JV tenement with inset of Vientiane position in Laos*

FYI is well structured to manage the expanded potash strategy having an established Regional office complemented with technical and administrative teams of local and expatriate professionals, all of whom have had extensive potash exploration, development and marketing experience.

“FYI’s immediate objectives of establishing a key presence in the Asian potash sector are being quickly realised. We are continuing to build a presence and a quality pipeline of complementary projects that fit our overall objectives. We believe there to be tremendous opportunity in pursuing our Asian potash strategy and progress is going to plan,” Mr Hill said.

Initial investigative studies suggests the Thai and Lao potash projects have a number of natural advantages over potash deposits in other parts of the world due to the combination of shallow mineralisation occurrence, significant intercepts, high grades and proximity to dominant markets.

FYI believes the potash production potential offered through exploration and development of the near adjoining Thai and Laos deposits presents a robust business case, particularly when aligned with studies of current global food production trends and declining arable land projections.



## About Laos

Laos is rich in mineral resources with the sector's development important to the country's economics. The country is relatively poor when measured against most of its neighbours. This situation is improving, however, with the contribution of its mining sector over the past decade assisting with domestic production growing from a base of virtually zero to now accounting for 50% of total exports.

In the World Bank's view, with sensible management, "Laos' natural resource wealth can contribute to rapid, sustainable growth and poverty reduction" in coming years.

Importantly, Laos is also strategically positioned within Asia having a common border with China. China is seeking to secure raw materials from neighbouring countries to feed massive infrastructure investment and its manufacturing industry. China has agreed to finance a \$7 billion railway link in Laos that will ship raw materials to the Chinese border which will provide massive direct and indirect market opportunities.

"Both Thailand and Laos are geographically ideally positioned to large South East Asian, Chinese and Indian markets which would contribute positively to the economics of any new regional potash supplier in the vicinity," Mr Hill said.

He added that Asia as a whole is currently a net importer of potash and other fertiliser products and would benefit enormously from domestic potash production and supply.

Six initial SPL applications by FYI to commence potash exploration and development of its tenement interests in Thailand's West Mekong Minerals Project area have cleared Thai's Department of Mineral Resources and are now progressing through the Ministerial approval phase.

In addition, FYI has applied for a further six SPL's in Thailand's East Siam Minerals Project area.

## **About Potash**

Potash (potassium chloride, KCl) is the common term used for a group of potassium minerals used principally as agricultural fertilisers.

Potash is one of three essential ingredients in modern fertilisers. It increases yields by strengthening plant roots, improves water retention and supports resistance to disease and drought. It also enhances the taste, colour and texture of food.

Asia, including China and India, accounts for nearly 50% of global fertiliser demand but production is minimal, leaving the region almost entirely dependent on costly imports.

The United Nations (**UN**) estimates that the world population will reach 9 billion by 2050, with more than 60% living in Asia alone. The Food and Agriculture Organisation of the UN further estimates that crop production will have to increase by 70% in the same period to support the burgeoning population.

The Company's strategic move into the commodity followed its market analysis reinforcing the view that the increasing human populations will lead to higher sustained demand for potash minerals.

## **Further Information:**

### **Roland Hill**

Managing Director

Tel: +61 414666178