

ASX: FYI

QUARTERLY REPORT FOR THE PERIOD ENDING 31 December 2015

HIGHLIGHTS

- ✓ Advanced Joint Venture production negotiations are being finalised
- ✓ Lao project concession application and feasibility submitted
- ✓ Additional Thailand and Laos opportunities are advancing
- ✓ Receipt of \$1,000,000 cash from non-core asset sale

REVIEW OF OPERATIONS

Overview

FYI Resources (ASX: **FYI**) is a Southeast Asian focused potash explorer with the corporate objective of establishing and developing a significant potash presence in the region.

FYI has established two separate in-country teams in Thailand and Lao for each distinct potash exploration and development strategy. Both country management teams are well connected at Government and Mines Department level as well as having excellent technical and administration capabilities to undertake and supervise the required tenement submissions and subsequent project development work.

Potash Activities

Laos

Joint Venture on potential production

FYI has been in discussions with an owner of a significant potash asset in Laos in respect to project development and potential production opportunities.

During the quarter, FYI undertook a corporate head office visit of the owner and subsequent hosted site visit to review the targeted project area and infrastructure. FYI assembled a group of potash technical experts (including geology, metallurgy /processing and marketing) to provide FYI with additional specialist advice on the assets.



Based on the series of visits, FYI is continuing due diligence and advancing discussions regarding a collaborative Joint Venture for developing and expanding the project.

FYI hopes to formalise an agreement shortly in respect to this project and partner.

Potash Concession Submission

As previously reported, FYI has made a submission to the Laos Government regarding a significant concession area in the Khammouane Province, Southeast of Vientiane.

The submission was accepted by the Lao government resulting in a request for a higher level, more substantive, feasibility document to be presented. The in-country management team have prepared and finalised the submission in line with the National Guide and re-submitted to the Department of Mines for consideration.

The target concession covers 196sqkm and is well positioned within a highly regarded potash district. Previous concession owners have confirmed the presence of potash via extensive drilling activities demonstrating the existence of a shallow evaporite basin with potash bearing horizons.

The target concession is in close proximity to two current trial potash production facilities that separately report shallow, high grade, high tonnage deposits for each project.



Thailand

Potash Tenement Applications (SPL)

The West Mekong Minerals (WMM) SPL application is pending sign off by the Director General and the Minerals Committee of Thailand.

The application progress for this SPL has been frustratingly slow – however the in-country team are encouraged that no other SPL's have been granted in the period whilst the newly appointed Director General is establishing herself in the role.

The Thai management team continue to actively manage and lobby the SPL application process.

Broader Potash Opportunities

FYI has completed a pro-active quarter in progressing project opportunities in both Thailand and Laos.

The Thai and Lao in-country management groups continue to identify potash opportunities which FYI will investigate.

Current Quarter Objectives

Objectives for the March 2016 quarter include:

- Advance potential Lao production agreement;
- Supplementary feasibility submission provided to the Laos Ministry for the Khammouane project with follow up meetings planned;
- Advance two identified potash opportunities in the region; and
- Continue to lobby the WMM SPL applications

Receipt of \$1,000,000 Cash from Asset Sale

As previously announced, FYI sold a non-core asset of an undeveloped 7.11 hectare rural zoned property in Baldivis, Western Australia. The sale was settled and the proceeds received during the quarter, realising \$1,000,000 cash for the Company (before costs).

The proceeds of the sale should provide sufficient near term funding for FYI's working capital requirements in continuing the development of its Southeast Asian potash strategies.

Potash Capabilities

FYI has aligned with a number of key industry groups that will augment FYI's capacity to operate within Southeast Asia.

FYI continues to build partnerships with these key selected groups to compliment the Company's business model from the exploration stage through to resource definition, mine scheduling and design, economic studies, mining, process engineering and off-take (marketing).

These relationships are critical for the successful advancing and development of the Company's longer term potash strategy for Southeast Asia – particularly as a number of opportunities are drawing near to being finalised.



About Potash

Potash is the common term used for a group of various mined and manufactured salts containing potassium minerals in water-soluble form that are used principally as agricultural fertilizers.

Potassium is an important plant and crop nutrient along with nitrogen and phosphorus. Potash has been used since ancient history as a soil fertiliser which accounts for about 90% of its current use.

Potash is important for agriculture because it improves water retention, yield, nutrient value, taste, colour, texture and disease resistance of food crops. It has wide application to fruit and vegetables, rice, wheat and other grains, sugar, corn, soybeans, palm oil and cotton, all of which benefit from the nutrient's quality enhancing properties.

About FYI

FYI is an ASX listed natural resources focused public company. The Company's principal objective is the assembling of a quality portfolio of potash projects in Southeast Asia with the view to long term development and production.

FYI is targeting shallow, thick, high grade deposits typically associated with the geology of the basin regions in Thailand and Laos.

The FYI Board and the in-country management groups believe the targeted Thai and Laos project areas have the potential to host world class potash deposits.

Further Information:

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Interest in Mineral Tenements at 31 December 2015

Tenement	Location	Interest	Change in Interest During Quarter
WMM SPLs (6)	Thailand	100% (under application)	-
ESM SPLs (6)	Thailand	100% (under application)	-

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

FYI Resources Limited

ABN

85 061 289 218

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation of new projects	(55)	(78)
(b) development	-	-
(c) production	-	-
(d) administration	(117)	(158)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (Net R&D rebate + GST refund)	5	5
Net Operating Cash Flows	(165)	(229)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	1,000	1,000
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	1,000	1,000
1.13 Total operating and investing cash flows (carried forward)	835	771

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	835	771
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	200
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (costs of share issue)	-	(13)
	Net financing cash flows	-	187
	Net increase (decrease) in cash held	835	958
1.20	Cash at beginning of quarter/year to date	149	26
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	984	984

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	57
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Part payment of outstanding fees due to directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

At the AGM held 27 November 2015, shareholders approved the issue of shares to directors in lieu of part of their outstanding fees. 5,050,000 shares were issued 22 December 2015 at price of 3.5 cents per share as payment of directors' fees totalling \$176,750.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements (overdraft facility)	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation of new projects	160
4.2 Development	-
4.3 Production	-
4.4 Administration	90
Total	250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	984	149
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	984	149

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)(cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	81,467,786	81,467,786		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	5,050,000	5,050,000	3.5 cents	3.5 cents
7.5 +Convertible debt securities				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	2,250,000	-	<i>Exercise price</i> 8 cents	<i>Expiry date</i> 22 September 2016
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: *Phillip MacLeod*
Company Secretary

Date: 29 January 2016

Print name: Phillip MacLeod

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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