

30<sup>th</sup> April 2018

## QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2018

### HIGHLIGHTS

- ✓ **Pre-Feasibility Study (PFS) underway**
- ✓ **Outstanding metallurgical test results from Cadoux Kaolin HPA project, validated HPA flowsheet being used in the PFS**
- ✓ **Additional experts appointed to PFS review**
- ✓ **\$3 million raised to accelerate HPA development supported by highly regarded institutions Regal Funds Management and Paragon Funds Management.**
- ✓ **Drilling program underway to provide further information for advanced HPA process design testwork**

High Purity Alumina (HPA) developer, FYI Resources Limited (ASX: FYI) (the **Company** or **FYI**) continued the advancement of its HPA strategy on the Company's 100% owned Cadoux kaolin project during the March 2018 quarter.

### **High Purity Alumina Pre-Feasibility Study**

#### **Appointment of study experts**

FYI announced the appointment of GR Engineering (processing, engineering design) in early January 2018 to work in conjunction with Independent Metallurgical Operations Pty Ltd (IMO) to progress the development of the PFS towards HPA production. The Company has subsequently appointed two additional firms to expedite project development.

FYI appointed mining consultancy CSA Global Pty Ltd (see announcement 28 March 2018) to provide an independent peer review of the Cadoux kaolin project's Mineral Resource and to provide technical assistance ahead of the expected resource upgrade.

The works CSA Global is undertaking on behalf of FYI includes:

- An independent review of geological quality control and quality assurance of the geological / technical work carried out on the deposit to date.
- Providing recommendations to upgrade the current JORC Mineral Resource from indicated and inferred to Reserves category to underpin the commencement of mining and refining operations.
- To recommend a drilling program for ancillary technical studies with the additional benefit of increasing the resource size.
- To provide assurance and geological integrity providence ahead of any potential future project financing requirements.

CSA Global's mandate will provide valuable inputs integral to the engineering and metallurgical study already underway as part of the PFS.

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FYI also appointed Botanica Pty Ltd (see ASX announcement 3 April 2018) to commence the permitting process and environmental impact assessment studies for the project. This component of the strategy development typically commences pending a favourable outcome of the PFS, however FYI is encouraged by the early study results and has initiated the permitting process earlier than normal.

### **Metallurgy**

Through its variability testwork trials, FYI achieved excellent leach extractions of up to 97.2% Al<sub>2</sub>O<sub>3</sub> (see ASX release 21 February 2018). This result, combined with the achievement of 99.99% Al<sub>2</sub>O<sub>3</sub>, announced in October 2017, demonstrates Cadoux kaolin as an ideal HPA feedstock and validates the Company's HPA flowsheet being designed and tested under the PFS.

The impressive leach recovery results were achieved based on HPA processing at atmospheric pressure and low temperatures highlighting the favourable potential project economics – both in terms of capital costs and operating costs.

### **Engineering/Process design**

GRE Engineering are responsible for taking the metallurgical results and developing improvements on current HPA process design flowsheets to modify and improve the circuit to suit the Cadoux kaolin feedstock. Following their appointment, GRE continued to refine the flowsheet design based on metallurgical improvements from IMO.

The design work has now advanced from basic design, costings and mass balance calculations to more definitive reviews on trade-off studies to tighten control on capex and opex costs on various production scenarios and input variations.

### **Drilling**

In April 2018, FYI announced it had commenced a drilling program to provide additional project information to its HPA process design testwork.

The program is for 1,200m of reverse circulation drilling and also includes both extension and in-fill drilling on the existing resource. Additional supporting technical programs will also be conducted concurrently to the drilling. The drilling is expected to be completed by the end of April.

### **Capital Raising**

During the quarter, FYI announced it had received commitments to raise up to \$3 million via the issue of 37.5 million new fully paid ordinary shares at \$0.08 per share.

The placement was supported by new and existing institutional investors, cornerstoned by Regal Funds Management, which took its holding of the company to 13%. Highly regarded natural resources investor Paragon Funds Management also became a substantial investor.

FYI is using funds from the placement to complete the stated development program of the initial PFS and other project review activities such as permitting, metallurgical test work and HPA product marketing as the Company moves towards a Bankable Feasibility Study.

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The placement was completed in two tranches, with shareholder approval of the issue of 26.1 million second tranche shares obtained at a general meeting in March. Foster Stockbroking Pty Ltd was Lead Manager to the placement.

**Current quarter PFS work program**

The primary process design study parameters will include:

**Metallurgy**

- Continued variability studies
- Advanced mass and energy balances

**Engineering**

- Continue trade off studies
- Flowsheet refinement
- Equipment lists and material costings

**Resource**

- Additional resource definition drilling
- Supporting technical work to assist reserve calculation

**Permitting**

- Site visit for impact assessment
- Sampling program for top soil and mine characterisation test
- Base line study

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**About FYI Resources Limited**

FYI is positioning itself to be a significant producer of high purity alumina (4N or HPA) in a rapidly developing LED, electric vehicle, smartphone and television screen as well as other associated high-tech product markets.

The foundation of the HPA strategy is the superior quality aluminous clay (kaolin) deposit at Cadoux and the exceptional positive metallurgical response that the feedstock has to the Company's moderate temperature, atmospheric pressure and straightforward HCl flowsheet. The strategy's superior quality attributes combine resulting in world class HPA project potential.

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### Competent person statement - Metallurgy

The information in this announcement that relates to metallurgy and metallurgical test work is based on information reviewed and compiled by Mr Daryl Evans, a Competent Person who is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Evans is an employee of Independent Metallurgical Operations Pty Ltd, and is a contractor to FYI. Mr Evans has sufficient experience that is relevant to this style of processing and type of deposit under consideration, and to the activity that he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code). All exploration results reported have previously been released to ASX and are available to be viewed on the Company website [www.fyiresources.com.au](http://www.fyiresources.com.au). The Company confirms it is not aware of any new information that materially affects the information included in the original announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements. Mr Evans consents to the inclusion of the information in the form and context in which it appears.

### Interest in Mineral Tenements at 31 March 2018

Tenement	Location	Interest at the beginning of the quarter	Interest at the end of the quarter
E70/4673	Western Australia	100%	100%
WMM SPLs (6)	Thailand	100% (under application)	100% (under application)
ESM SPLs (6)	Thailand	100% (under application)	100% (under application)