

ASX: FYI

## QUARTERLY REPORT FOR THE PERIOD ENDING 30 June 2016

### HIGHLIGHTS

- ✓ Drilling program commenced
- ✓ Underground mine review and sampling program
- ✓ Competent persons site visit
- ✓ Due diligence activities for the Sino-Lao project continuing
- ✓ Successful capital raising

### REVIEW OF OPERATIONS

#### Potash Activities

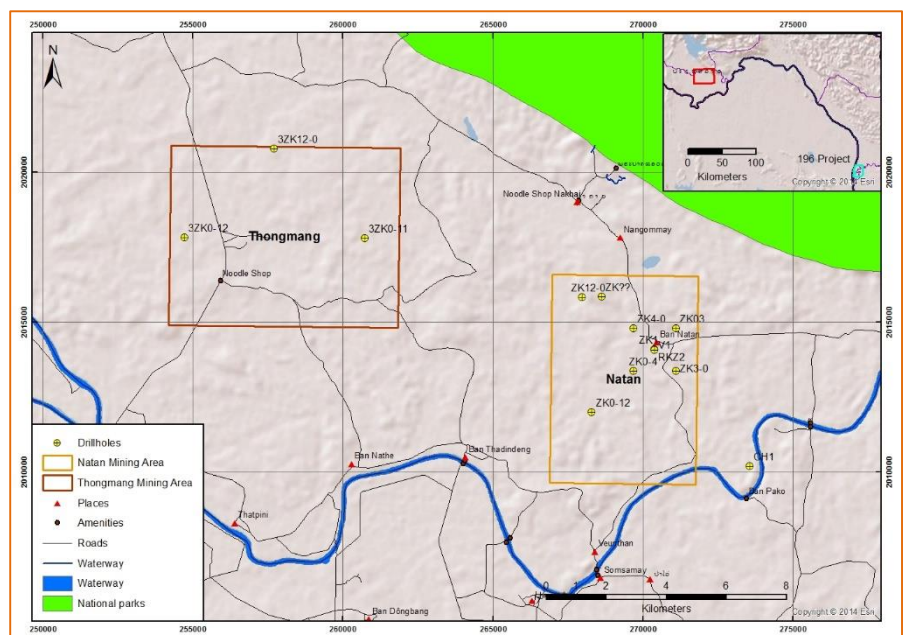
#### Laos

#### Sino-Lao Project

##### Due Diligence

Significant progress was made on the Sino-Lao potash project due diligence review following the signing of a joint venture related MoU between Sino-Lao and FYI to examine potash development and production opportunities of their existing trial production facility.

The review activities are following the outline detailed in FYI's January 2016 quarterly report which include technical, legal and financial evaluations of the Sino-Lao project as well as broader high level mining and metallurgical reviews.



*Map of project area in Laos (the insert map provides regional positioning)*

## Drilling Program

During the quarter, FYI commenced a drilling program in support of the due diligence review to gain an increased understanding of the geology and mineralogy of the deposit as well as the potential geological targets.

The diamond drill hole, designated RZK01A (with collar coordinates of Lat 18.204 / Long 102.829), is located on the Sino-Lao's Natan project area, and is designed to test the same evaporitic stratigraphy as that encountered at the Sino-Lao potash processing facility situated approximately 8 kms away.

The drill hole was designed to a target depth of ~430m or to the bottom of the interpreted mineralised zone.

The drilling will provide valuable information for FYI's understanding of the deposit and it's continuity; assist in identifying ore characteristics and producing production flowsheets (both historically for the trial production and for future production); and provide some insight into the potential exploration target.

Upon completion of the hole, the core will be processed and freighted back to Perth for laboratory sampling.

At the end of the quarter the hole had reached a depth of approximately 320m having intersected the top of the evaporite sequence at 186m depth.



*Image of drill site RZK01A*



*Images of RZK01A core*

## Mine Site Visit

### **Processing Facility**

The Sino-Lao potash mine and processing facility (located approximately 40km north of the Laos capital, Vientiane) is at trial production status (120,000tpa capacity).

FYI undertook a detailed site visit of the surface infrastructure and processing plant for a critical assessment of the structural integrity of the plant as well as reviewing the original flowsheet specifications, ore characterisation and process controls etc in light of expanding mineral processing capabilities under the joint venture production strategy.

The findings of the review are being evaluated and will be utilised in broader due diligence and project design studies.



*Image of Main and Auxiliary shafts at Sino-Lao Potash processing facility*

### **Underground Mine Review**

FYI's technical review team undertook an extensive inspection of the Sino-Lao underground facilities that included the headframe, main access shaft, the -430 services level and the -200 production level.

The review was intended to assess the capabilities and challenges of the mine in terms of the complexity of vertical and horizontal redevelopment as it transitions into an advanced production operation as proposed by the development strategy.



*Images of Sino-Lao underground inspection*

### **Underground Sampling**

As part of the due diligence review of the Sino-Lao project, FYI undertook an extensive underground sampling program of the trial production mine with samples taken from the -200 level access and production drives. The purpose of this was to:

- collect sample material for analysis and to compare with historic data;
- collect samples of the underground production and development drives to correlate them with the drilling program; and
- source mineral feedstock for design characterisation and initial independent flowsheet test work and process design.



*Image of Sino-Lao underground sampling*

The samples await final laboratory analysis.

### **Competent Person (CP) Visit**

FYI has engaged CSA Global's Principal Geologist, Mark Pudovskis, to assist the Company in its review of the Sino-Lao and other potash projects. Mr Pudovskis has significant experience in potash exploration and mining including deposits with similar characteristics to those being reviewed by FYI. He recently completed a field visit to the Sino Lao Potash Project to:

- Evaluate the historic borehole data and exploration methodologies;
- Review FYI's twin to a historic borehole;
- Review current logging and sampling practices employed by FYI and determine if these are aligned to the JORC practices as recommended by CSA Global;
- Review the historic and new exploration data and determine its suitability for reporting of an Exploration Target;
- Compile sufficient supporting information for the reporting of any Exploration Target in a public release; and
- Outline recommendations and a work program to gather sufficient information for the reporting of Mineral Resources.

Mr Pudovskis will continue to be involved in the project to assist the Company to review the results and to assist FYI with technical reporting.

## Capital Raising

During the quarter, FYI successfully concluded a capital raising of \$300,000 before costs through the issue of 7,142, 857 shares at \$0.042 each. The funds raised will be used to assist financing the Sino-Lao due diligence review and for additional project expenditure.

## Thailand

### Potash Tenement Applications (SPL)

The West Mekong Minerals (WMM) SPLs remains in application and are before the office of the Director General for approval.

## Current Quarter Objectives

Objectives for the August 2016 quarter include:

- Completion of the Sino-Lao drilling;
- Supporting down-hole geophysics program;
- Continuation of the Sino-Lao due diligence review;
- Advancement of the Sino-Lao joint venture production agreement;
- Establishment of geological exploration target
- Metallurgical test-work on of underground samples;
- Initial flowsheet testing and design;
- Initial mining engineering scoping studies; and
- Continuation of efforts to obtain the grant of the WMM SPL applications

## Potash Capabilities

FYI has aligned its development objectives with a number of key industry groups that augment FYI's capacity in developing a major potash production project.

The partnerships with these selected groups will complement the Company's development 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 also critical for the development of the Company's longer term potash strategy for Southeast Asia.

Further Information:

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**Interest in Mineral Tenements at 30 June 2016**

| <b>Tenement</b> | <b>Location</b> | <b>Interest</b>          | <b>Change in Interest During Quarter</b> |
|-----------------|-----------------|--------------------------|--|
| WMM SPLs (6)    | Thailand        | 100% (under application) | -  |
| ESM SPLs (6)    | Thailand        | 100% (under application) | -  |

**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 company. The Company's principal objective is to assemble a portfolio of quality 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 assembled in-country management groups believe the targeted Thai and Laos project areas have the potential to host world class potash deposits.*