

ASX: FYI

QUARTERLY REPORT FOR THE PERIOD ENDING 30 September 2016

The Board of FYI Resources Limited (**ASX: FYI**) is pleased to present the following quarterly report for the period ending 30 September 2016.

HIGHLIGHTS

- ✓ **Drilling program completed**
- ✓ **Down-hole geophysics program completed**
- ✓ **Due diligence activities for the Sino-Lao project continuing**
- ✓ **Active December quarter planned**

REVIEW OF OPERATIONS

Potash Activities

Laos

Due Diligence

FYI concluded an active September quarter.

As part of the ongoing review of the Sino-Lao project to confirm the asset quality, FYI completed the following activities (*please see Company's ASX announcements for results*):

- Targeted drilling program
- Underground review and sampling program
- Down hole geophysics

FYI is also undertaking the following longer term review items:

- Laboratory analysis for the RZK-01 drilling results pending
- Digitising of selected components of the database
- Translations of key data and studies
- Scoping of metallurgical studies and process design

The Company's due diligence review on the Sino-Lao potash project is being conducted to verify the geology, size, grade and mineralisation of the deposit as well as to evaluate the quality control and quality assurance of the technical components and financial studies under taken by majority owner, Yuntianhua Group (YTH) in their assessment of the deposit.



Sino-Lao Potash Project Drilling

Joint Venture

In conjunction with the due diligence, FYI are continuing Joint Venture discussions with YTH to establish a common development strategy and explore various equity, development and production options for the project.

Substantial additional work will be required to bring the project to JORC standards and to incorporate FYI's project development strategy. The JV negotiations focus on optimising the strategy and the structuring of the JV.

Thailand

Potash Tenement Applications (SPL)

The West Mekong Minerals (WMM) SPL remains in application and is before the office of the Director General for final approval. The East Siam Minerals (ESM) SPL remains in application as directed by the Company.

Current Quarter Objectives

Objectives for the December 2016 quarter include:

- Continuing the Sino-Lao due diligence;
- Potential further drilling;
- Further broad spaced geophysics planned;
- Additional review of Sino-Lao potash processing and underground operations;
- Advancement of the Sino-Lao joint venture production agreement;
- Continue assessment of geological resource and model;
- Metallurgical test-work on the underground samples;
- Initial flowsheet testing and design; and
- Continuation of efforts to obtain the grant of the WMM SPL applications.



Calibrating the down-hole geophysics equipment at the Sino-Lao Potash project

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 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 macro-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 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.

The Board, management team and partner groups have a successful track record of project generation and development.

Further Information:

Roland Hill

Managing Director

Tel: +61 414 666 178

+61 8 9361 3100

Interest in Mineral Tenements at 30 September 2016

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