FYI Resources announces MoU for potential potash production in Laos

Board of Directors of Perth-based FYI Resources’ (the “Company” or “FYI”) are pleased to announce the signing of a Memorandum of Understanding (MoU) with the Yuntianhua Group ("Yuntianhua"), headquartered in Yunnan China, for a potash project collaboration and potential resource development and production opportunities in Laos.

Yuntianhua, via a subsidiary company – Sino-Lao Mining Development and Investment Co Ltd majority owns the "Sino-Lao" potash project located approximately 40 km north of Vientiane, Lao’s capital city. The Sino-Lao project includes an established trial potash production facility and infrastructure as well as a significant potash deposit.

Yuntianhua Memorandum of Understanding

Yuntianhua and FYI Resources have entered into a MoU to form a Joint Venture (JV) to investigate a number of management, ownership and production options for the development of the Sino-Lao project as well as the establishing of a strategic value chain of various potash products from the project’s output.

The MoU will provide FYI the ability to:

- conduct detailed due diligence on the Sino-Lao project;
- provide a framework to convert the current deposit estimate from that used by Yuntianhua to JORC standard; and
- outline the operational guidelines that will take the Sino-Lao potash project from trial production to full commercial production.

Sino-Lao Potash Project

The Sino-Lao project assets and benefits include:

- Two adjacent project areas Nadang (30 sq kms) and Thongmang (48 sq km);
- An established Muriate of Potassium (MoP) processing facility (current capacity 60,000tpa KCl @95% - but with capacity to expand);
- Significant underground mine development and supporting infrastructure;
- A significant mineralised potash deposit (non-JORC);
- Exploration upside and potential deposit expansion;
- Extensive project studies completed (geology, metallurgy, mining etc);
- Full geological, metallurgical, etc. data base; and
- Associated mining and support equipment and mobile fleet.
**Sino-Lao Potash Deposit**

Yuntianhua contracted the Yunnan Geological and Mineral Group (YGMG) to undertake an exploration program on the Sino-Lao tenement package commencing in 2004. The YGMG undertook a program of 27 vertical diamond drill holes which was completed over the greater Sino-Lao project area (see plan below).

This work was followed up with higher density drilling to determine the mineralised outline of the separate Nadang (a further 9 holes) and Thongmang (a further 7 holes) deposits. The Nadang and Thongmang projects are approximately 5 kms apart.

The drilling is reported to have defined broad potash mineralisation across the Sino-Lao project which the Company believe represents an excellent exploration target.

![Sino-Lao Tenement Package, near Vientiane, Laos](image)

The Sino-Lao potash mineral assessment was derived by the YGMG utilising the Chinese National Geological Industry Standard – typical for Chinese potash mineral calculations with the standard controls governing drilling, assessing core recovery, geological and mineralogical logging and mineral analysis protocols being observed. FYI believes that a JORC resource should be able to be defined with little additional drilling.
Sino-Lao Potash Project (continued)

Sino-Lao processing facility layout (cartoon of actual facility)

Sino-Lao project underground infrastructure

Mine production ore conveyor  Mine access Drive  Mine development and production

Sino-Lao project aboveground infrastructure

Main shaft Hoist room  Main Shaft hoist skip  Auxiliary shaft hoist cage
Immediate work program

FYI will initiate a project review, a source data and document review, database review and a JORC conversion plan for the current mineral assessment as soon as practical.

It is anticipated that the work program will also include at least 2 twin holes to verify the previous drilling and subsequent geological and analysis protocols. A number of possible in-fill and step-out holes will also be considered to test and confirm the extent of the mineralisation.

This work will be carried out by a combination of in-house technical capabilities, specialist drilling companies and expert potash technical personnel based in Australia and Canada.

FYI is sufficiently funded for the intended scope of works.

The Yuntianhua Group

The Yuntianhua Group is a large chemical and fertilizer manufacturer and supplier based in Yunnan province, China. Yuntianhua also has numerous and diverse non-core business units and engages in international and domestic trading services, fibreglass products, technology businesses and the supply and marketing of commodities, fertilizers salts and farming products.

The Yuntianhua Group also has a number of strategic relationships with large international companies and international Joint Venture operations.

FYI Managing Director, Mr Roland Hill, commented “The Sino-Lao project represents an extraordinary opportunity and the first step for FYI’s corporate objectives of establishing a material potash presence in Southeast Asia. We look forward to collaborating with the Yuntianhua Group as we undertake detailed work to bring the project up to JORC standard and move towards expanded production in line with Yuntianhua’s current completed scoping study”.

Further Information:

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About FYI Resources Limited

FYI’s is positioning itself to be a significant Southeast Asian potash participant. The potential for potash deposits in Thailand and Laos was recognised by FYI following an extensive global review of suitable commodities and opportunities that have the potential to deliver long term shareholder returns.

FYI has established a material presence in both Thailand and Lao comprising local offices with technical and administrative teams to examine and explore potash opportunities in this region of Asia.

FYI believes the Southeast Asian potash potential is an outstanding business case for the development of potash projects and offers considerable benefits for the Company.