

ASX: FYI

QUARTERLY REPORT FOR THE PERIOD ENDING 31 March 2016

HIGHLIGHTS

- ✓ Joint venture negotiations underway for the Sino-Lao potash project
- ✓ Due diligence activities for the Sino-Lao project in progress
- ✓ Active quarter proposed including drilling program
- ✓ Additional opportunities for developing potash production in Thailand and Laos being evaluated

REVIEW OF OPERATIONS

Potash Activities

Laos

Production Joint Venture

Following successful discussions regarding potential joint venture arrangements with the Yuntianhua Group for the Sino-Lao project in Laos, FYI remains committed to progressing its potash production strategy.

The Company commenced a due diligence review on the Sino-Lao potash project to verify asset quality and value and to explore various development and production options.

The detailed due diligence review includes, but is not limited to, reviews of:

- Data review and verification
- Geology
- Geophysics
- Mining studies and design
- Metallurgical studies and flowsheet optimisation
- Legal and financial
- Market studies



Sino-Lao Potash Project – view of auxiliary access shaft.

To support the due diligence review, a drilling program and detailed review of the project potash processing facility is currently being implemented. The review studies and drilling are designed to verify the geology, mineralisation and grade of the deposit.

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 June 2016 quarter include:

- Commencement of a drilling program at the Sino-Lao project and supporting down-hole geophysics program;
- Review of Sino-Lao potash processing and underground operations;
- Continuation of the Sino-Lao due diligence review;
- Advancement of the Sino-Lao joint venture production agreement;
- Confirming of geological resource and model
- Underground sampling and Run of Mine grade verification review;
- Metallurgical test-work on of underground samples;
- Initial flowsheet testing and design;
- Initial mining engineering scoping studies;
- Submission of a feasibility study to the Laos Ministry for the Khammouane project; and
- Continuation of efforts to obtain the grant of the WMM SPL applications



Sino-Lao Potash Project – view of 200 level access drive.

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 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

Further Information:

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Interest in Mineral Tenements at 31 March 2016

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 March 2016

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation of new projects	(94)	(172)
(b) development	-	-
(c) production	-	-
(d) administration	(94)	(252)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (Net R&D rebate + GST refund)	-	5
Net Operating Cash Flows	(184)	(413)
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
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	1,000
1.13 Total operating and investing cash flows (carried forward)	(184)	587

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(184)	587
	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	(184)	774
1.20	Cash at beginning of quarter/year to date	984	26
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	800	800

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	88
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment of outstanding and current 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

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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

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+ 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	210
4.2 Development	-
4.3 Production	-
4.4 Administration	90
Total	290

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	800	984
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	800	984

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				
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 April 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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