

ASX: FYI

QUARTERLY REPORT FOR THE PERIOD ENDING 31 December 2016

The Board of FYI Resources Limited (ASX:FYI) is pleased to present the following quarterly report for the period ending 31 December, 2016.

REVIEW OF OPERATIONS

Potash Activities

Laos

Due Diligence

FYI progressed its due diligence studies of the Sino-Lao potash project. These studies concentrated on the determination of the quality and suitability of the project's assets in respect to FYI's project development strategy.

The review, undertaken by FYI and independent technical experts, is assessing the extensive technical, legal and permitting documentation of the project. The process also includes the translation of a substantial number of documents from Chinese to English.

Following the completion of the field activities in the September quarter and the collection of FYI generated data from its field activities (i.e. drilling and geophysics), the December quarter focused on the desktop review of the collated information and integration into modelling of the deposit.

In addition to the review of the asset, FYI are continuing with a number of process and flowsheet design studies to provide insights to possible technical and economic improvements to the project.

FYI is also undertaking the following longer term review items:

- 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 YTH in their assessment of the deposit.



*Sino-Lao Potash Project
Drilling Program*

Joint Venture Negotiation

In parallel with the due diligence, FYI are continuing meetings with YTH in China to establish and refine a common development strategy and explore various equity, expansion and production options for the Sino-Lao project.

Further meetings are scheduled for the current quarter to progress the structure and terms of a joint venture agreement.

The final joint venture agreement will be subject to the Chinese State owned Assets Supervision and Administration Commission (SASAC) approval. SASAC are charged with the responsibility of preserving and enhancing of value of state owned assets.

The project is well established with over US\$180m capital having being spent on the development to date by the current owner.

Substantial additional work will be required however, to bring the project to JORC reporting standards and to incorporate FYI's project development strategy.



*Sino-Lao Potash Project
Processing Facility*



*Sino-Lao Potash Project
Processing Facility*

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 March 2017 quarter include:

- Continuing the in-depth Sino-Lao due diligence;
- Finalise the terms of an agreement with YTH to form the basis of a joint venture document;
- Additional meetings with relevant Laos government ministries in relation to the project support and development;
- Meetings with logistics and transport companies in Laos (for the finished product);
- Continued flowsheet testing and design;
- Further lobbying for the granting of the WMM and ESM SPL applications in Thailand.

FYI Potash Capabilities

FYI has aligned its development objectives with a number of key industry service groups which result in complimenting FYI's capacity for developing a major potash production project.

The partnerships with these specialist 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 delivery.

Further Information:

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Interest in Mineral Tenements at 31 December 2016

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