fyi Resources Limited

HPA PFS Investor Presentation

Developing strategic High Purity Alumina (HPA)
Cadoux Kaolin Project in Western Australia

OCTOBER 2018 | WWW.FYIRESOURCES.COM.AU | ASX:FYI

FYI Presentation Outline

- FYI – HPA strategy outline
- HPA Market / applications
- Project outline
- Outstanding PFS results
- HPA industry engagement
- Development timeline
- Summary

"World demand for high purity alumina has gained an incredible traction, owing to growing technological advancements and increasing demand from applications"

Allied Market Research (2017) – HPA Report.

FYI Resources Overview

FYI is aiming to become a dominant participant in the global HPA market

- High purity alumina (**HPA**) is aluminum oxide with a purity = / > 99.99% Al_2O_3
- HPA is experiencing immense growth and strong forecast demand
- FYI has a stated strategy of becoming a major producer of HPA
- Deriving HPA from a non-traditional source – Aluminous clay (kaolin)
- Capital and operating costs are a fraction of traditional supply
- Completed PFS on the Cadoux Kaolin Project, progressing with BFS
- Developing integrated production and value chain to market

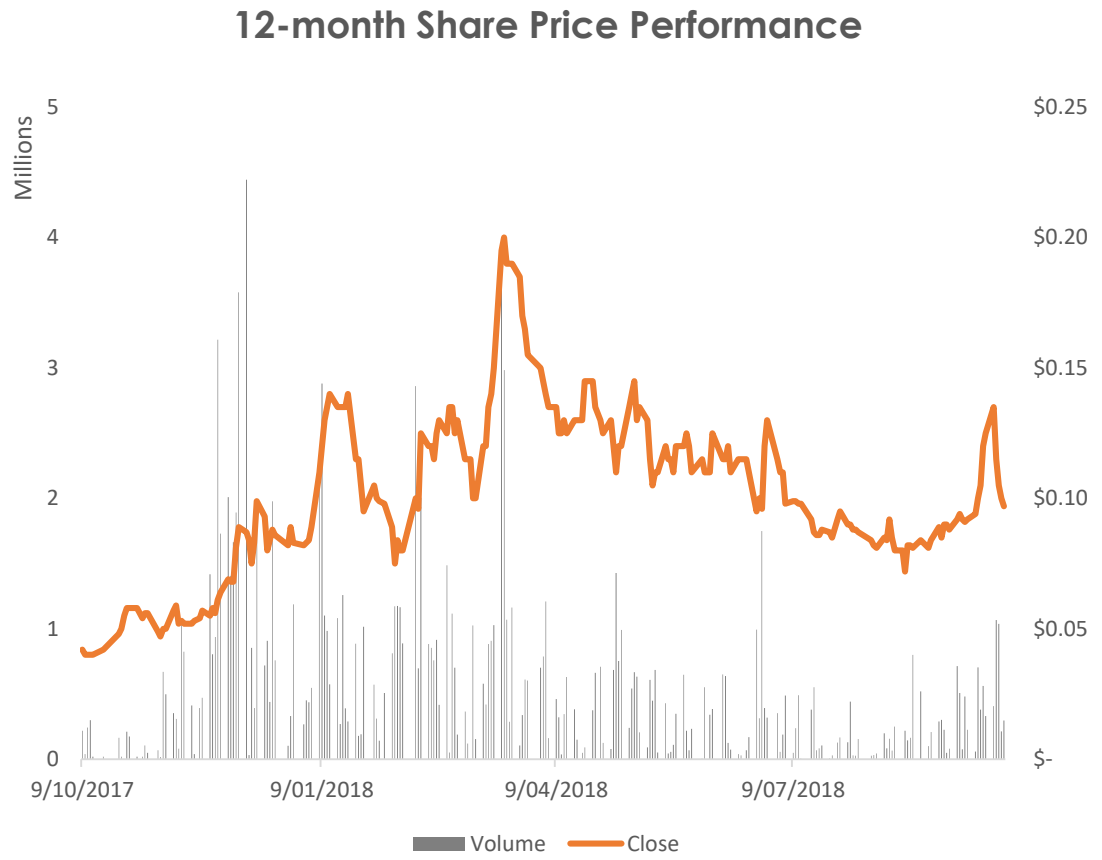
Mining / beneficiation (Cadoux) ➡ processing / refining (Kwinana)

- FYI HPA development and production strategy means:
  - Quality, well understood and defined resource, long mine life
  - Simplified, innovative and efficient flowsheet design
  - Capex – lowest quartile per installed capacity
  - Opex - positioned in lowest industry quartile
  - Accelerated project payback anticipated

Corporate Overview

Capital Structure	Amount
Total issued shares	186.5m
Options (unlisted)	11.2m
Share price	$0.10
Market cap (fully diluted)	$18.65m
Cash as at 30th June 2018	$2.9m

Substantial Holders	%
FYI Board & Management	16.0
Regal Funds Management	12.9
Paragon Funds Management	8.1
Top 10	**~52**



HPA Applications

HPA is a versatile material allowing a multitude of uses in new age applications

- HPA forecasts are premised on increasing consumer demand for higher specification and /or energy efficient applications
- HPA in either ceramic or sapphire glass form has excellent properties for a broad number of applications

Properties

- Purity
- Low-friction
- High wear resistance
- Hardness
- Thermal / electrical insulation
- Non-corrosive
- Inert

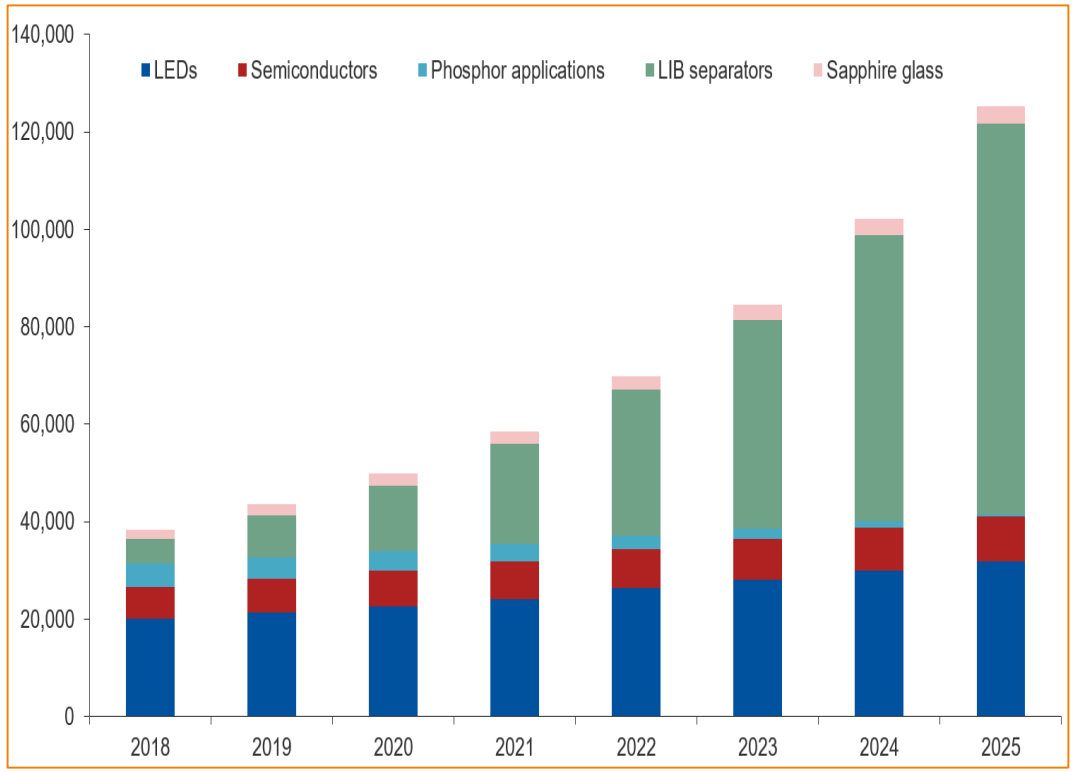
~

Applications

- LED
- EV
- Battery
- Sapphire glass
- Semiconductors / wafers
- Scratch resistant glass
- Artificial gemstones
- Aeronautics
- Space component
- High tensile fabrication
- Fine abrasives
- Electrical circuitry

HPA Market Overview

FYI's HPA strategy is based upon positive market fundamentals



- Historically a small market – no justification for innovation
- Consistent, low-growth demand previously; new applications have created demand and new market opportunities requiring higher specification materials and guaranteed supply
- The current global 4N (99.99% Al_2O_3) HPA market demand is ~38-40k tpa; this is expected to increase to ~50k tpa by 2020 and >120k tpa by 2025*
- The market for HPA is witnessing dramatic growth / consumer driven
- HPA market forecast to be US$4.49Bn by 2022**
- Including a forecast volume growth of 17.5% CAGR*
- HPA is experiencing increasing demand due to its significance in today's high-performance electronic devices and need for higher specification material as inputs

References: -*CRU HPA Market Research 2018

**Allied Market Research, World High Purity (HPA) – Opportunities and forecasts 2015-2022

HPA Growth and Application

FYI's HPA strategy is underpinned by LED

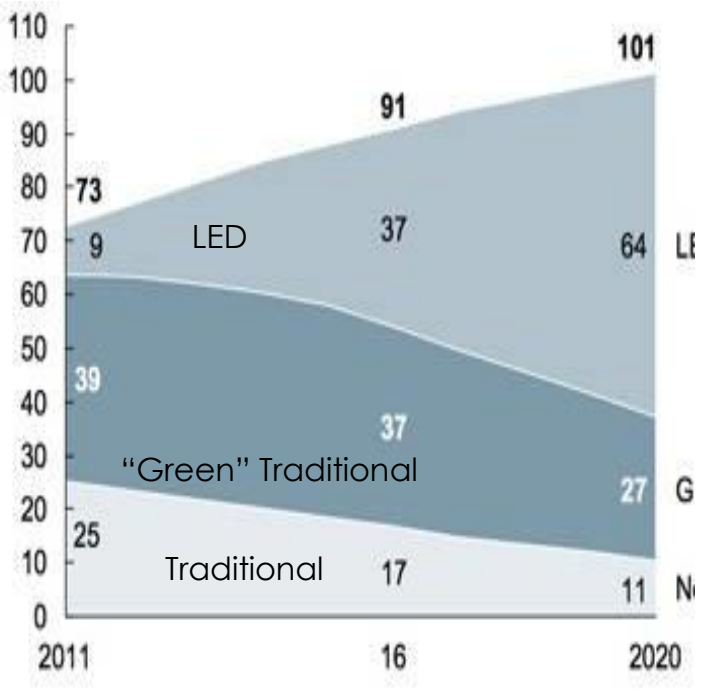
Major industry drivers include:

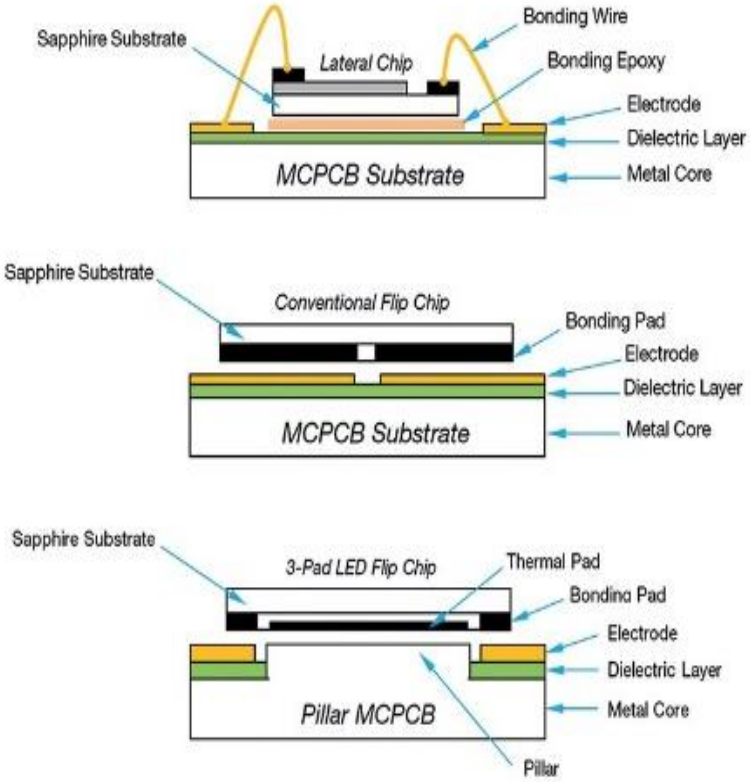
- ✓ Increasing environmental awareness and strict government power and emission policies
- ✓ Phasing out of old and inefficient technologies (eg incandescent, neon, halogen)
- ✓ Providing assurance to manufactures of a reliable and consistent supply of HPA

Light Emitting Diode (LED)

LED market is forecast to grow from US$26Bn (2016) to US$54Bn by 2022 and progressively take the major share of the global market of US$110Bn*

Global lighting product trends (EUR billion)





References: * - Zion Market Research LED Report | McKinsey – Global Lighting Market Report

HPA Growth & Application

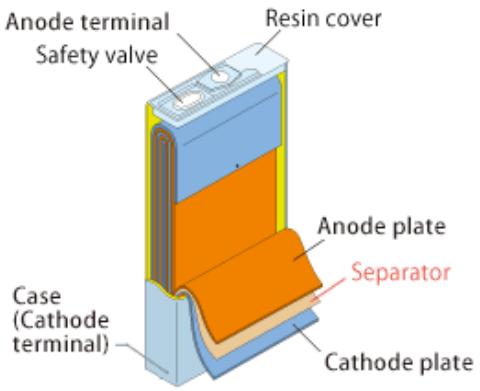
The EV/battery revolution provides long-term growth

Major industry drivers include:

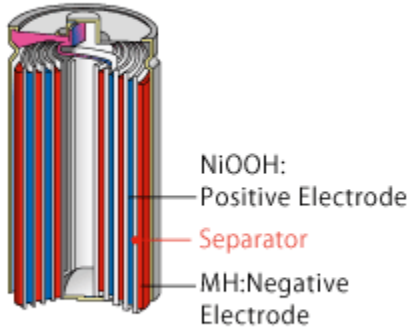
- ✓ HPA is a major input into ceramic coated separators (CCS) in batteries
- ✓ Separators are used to prevent exothermic reactions
- ✓ Battery performance (energy density) is increasing dramatically
- ✓ CCS invented in response to increasing performance demands
- ✓ Providing greater protection, battery integrity at much higher temperatures
- ✓ Battery demand has very strong growth forecasts

Electric Vehicles (EV)

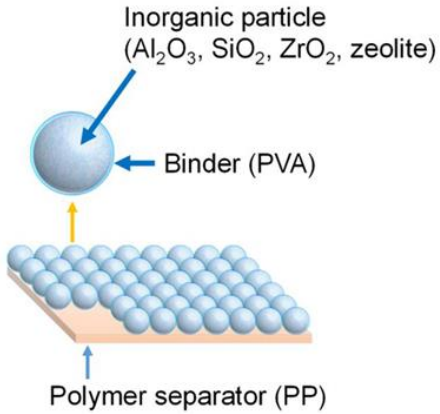
EV battery market forecast to grow from US$450Mn (2016) to US$35Bn (2025)***



Cross-Sectional View of lithium-ion battery



Cross-Sectional View of Ni-MH Battery



References: *** - Goldman Sachs: Electric Vehicle Boom report, September 2017

Cadoux Kaolin Project – Resource ideal for HPA

- The project area boasts excellent infrastructure
- Cadoux deposit – shallow, flat lying, low strip, free digging, homogenous excellent quality & easily accessible
- Extensive drilling / well understood resource
- geology is ideally suited for HPA processing
- Excellent characteristics – quality, grade and low deleterious elements – very amenable to HPA processing
- Completed detailed Mine Study
- 100% owned project area private land, no native title, no EPA. Permitting straightforward.
- Maiden Reserve expected in Q4 to support the PFS mine life of 25 years

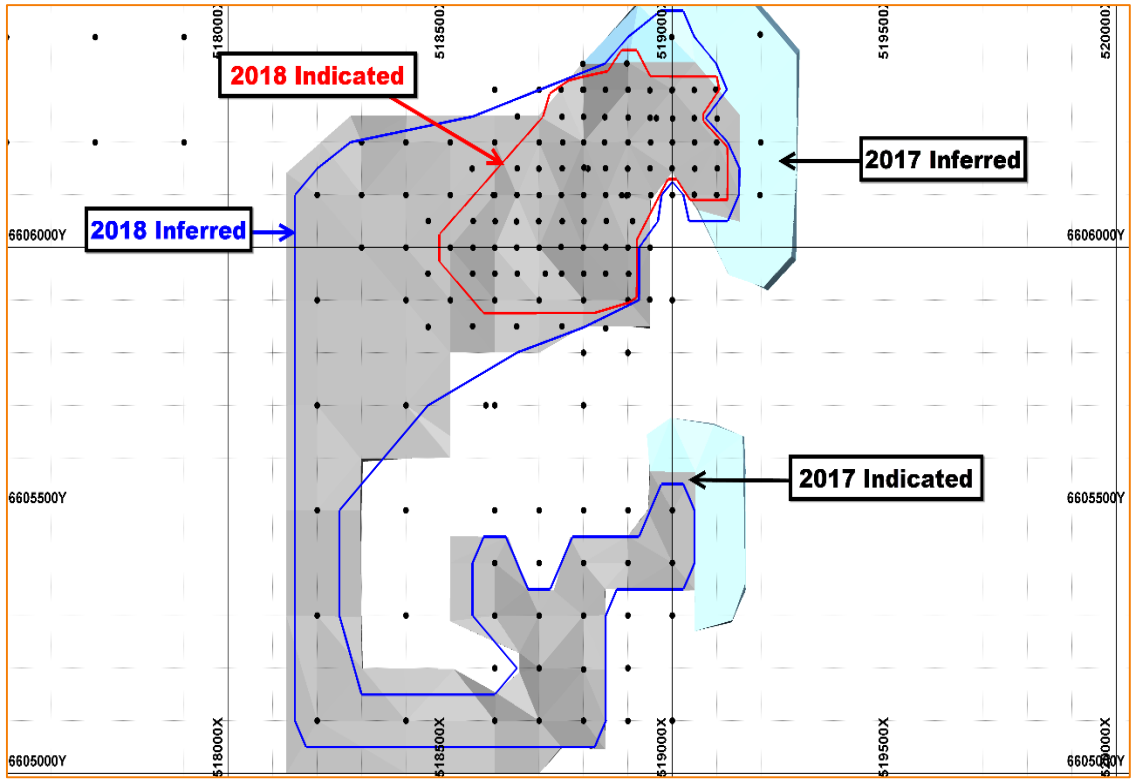
JORC (2012)	Tonnage (Mt)	Average Al_2O_3%	Average Fe_2O_3%
Indicated Resource	3.2	24.4	1.0
Inferred Resource	6.4	22.3	0.7
Total Resource	**9.6**	**23.0**	**0.8**

* *See ASX Company PFS announcement – 25th September 2018*

The Cadoux project is ideal quality feedstock for HPA

Quality Resource

CADOUX RESOURCE – QUALITY BASE

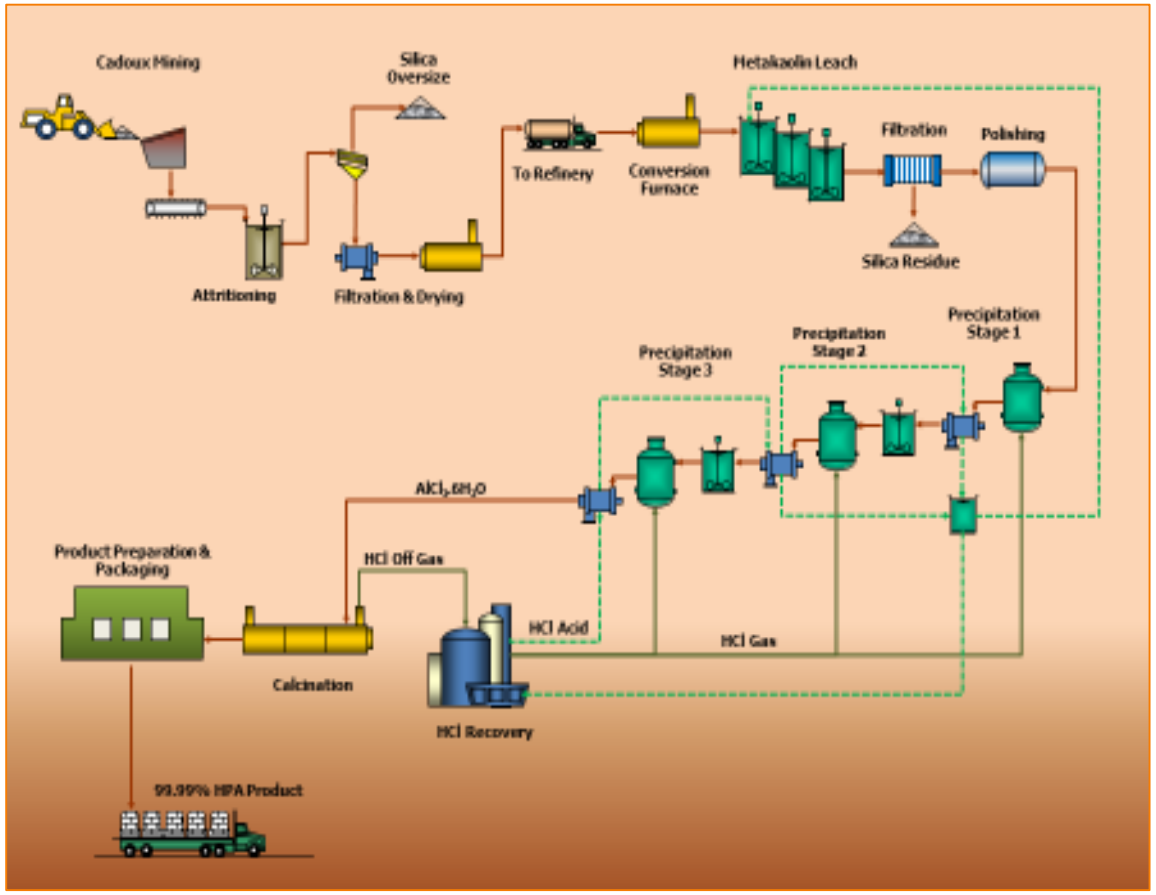


Cadoux resource outline

- Revised MRE specific to optimised HPA feedstock production
- First class study managers (qualifications & experience)
- Extensive representative and variability testwork
- Very well understood resource applied to flowsheet
  - Geology
  - Metallurgy
- Resulting in excellent metallurgical response
  - Grade – **99.997%** *(independently verified)*
  - Recovery – **97.2%**
- Over 50 years mine life (PFS modelled on 25 years)
- Project modelled on mining:
  - 94% Indicated material (for processing)
  - 6% Inferred material (as waste)

Process Design

SIMPLE FLOWSHEET DESIGN LEADS TO LOWEST INDUSTRY CAPEX AND OPEX



FYI's HPA flowsheet design proposed for Kwinana

- Flowsheet tested, refined under PFS review – bespoke to Cadoux
- Developed for Cadoux's high quality and amenable characteristics
- Open chemistry applied to test work
- Designed for efficiency, heavy duty and long life
- Successfully demonstrated (grade, recovery, efficiency)
- Utilising 'off the shelf" components
- Atmospheric pressure
- Moderate temperature
- Recycling of major inputs and outputs (ie HCl, heat (steam) etc)
- Small footprint / efficient processing circuit
- Low environmental impact (non-toxic waste)
- Processing plant planned for Kwinana's "Battery Alley"
- **Lowest industry capex and low opex planned**

Outstanding PFS

FYI HPA Base Case

Item	unit	Amount
HPA production	tpa	8,000 (with capacity to expand)
Production grade	Al_2O_3	> 99.99%
Capital cost	US$m	178.8
Capital cost / t	US$/t	22,344
Forecast average cost of production (C1)	US$/t	6,467
Assumed HPA selling price / t	US$/t	24,000
Operating margin	US$/t	17,533
Operating margin	%	~270
Exchange rate	A$:US$	0.75
Average annual EBITDA	US$m	128
First phase of operations - total revenue (> 50 years)	US$m	11,376
First phase of operation - annual revenue	US$m	190
Project NPV	@10%	506
Project IRR	%	46
Project payback	yrs	3.6

Please refer to FYI's Cadoux PFS release (25th October 2018) for further details and information on key assumptions and modifying factors

- PFS outcomes are based on:
  - Detailed technical input
  - Conservative assumptions
- PFS review - "All-in" cost basis, includes:
  - Cadoux, Kwinana, civils, transport, maintenance etc
- Resulting outcomes:
  - Lowest sector quartile
    - opex US$6467/t
    - capex of US$178m
  - Lowest capital intensity of US$22,344/t
  - All-in NPV_{10} of US$506m
  - IRR of 46%
  - Margin US$17,533/t
  - Project payback of 3.6 years
- Modelled using:
  - Conservative discount rate applied (10%)
  - Conservative selling price (US$24,000)

FYI PFS Sensitivity Analysis

When using higher basket price of US$26,000/tonne, the economics further emphasise the world class nature of the Cadoux Kaolin Project

Item	unit	Amount
HPA production	tpa	8,000 (with capacity to expand)
Production grade	Al_2O_3	> 99.99%
Capital cost	US$m	178.8
Capital cost / t	US$/t	22,344
Forecast average cost of production (C1)	US$/t	6,467
Assumed HPA selling price / t	US$/t	26,000
Operating margin	US$/t	19,533
Operating margin	%	~300
Exchange rate	A$:US$	0.75
Average annual EBITDA	US$m	143
First phase of operations - total revenue (modelled 25 years)	US$m	11,376
First phase of operation - annual revenue	US$m	208
Project NPV ($US)	@10%	846mn
Project IRR	%	63
Project payback	yrs	3.1

- Using a range of assumptions (basket price & discount rates) the project economics remain highly compelling:
  - Lowest sector quartile:
    - opex US$6,467/t
    - capex of US$178m
  - Lowest capital intensity of US$22,344/t
  - All-in NPV_{10} of US$846m (pre-tax)
  - IRR of 63%
  - Margin US$19,533/t
  - Project payback of 3.1 years

8%	1.1bn	12%	675mn
%	68	%	59
yrs	2.9	yrs	3.3

Please refer to FYI's Cadoux PFS release (25th September 2018) for further details and information on key assumptions and modifying factors

FYI Market Engagement

FYI is heavily engaged in product marketing and off-take

- FYI is focused on market engagement
- Structured approach to achieving off-take and financing
- Multiple rounds of meetings conducted (China/Korea/Japan)
- Follow up meetings planed for October
- HPA trial product to be shipped on request to key market participants (HPA manufacturers, traders)

Funding options

- FYI is examining a number of funding options to finance its future activities and development costs. These include:
  - Off-take
  - Joint venture
  - Cornerstone investor
  - Project debt
  - Equity

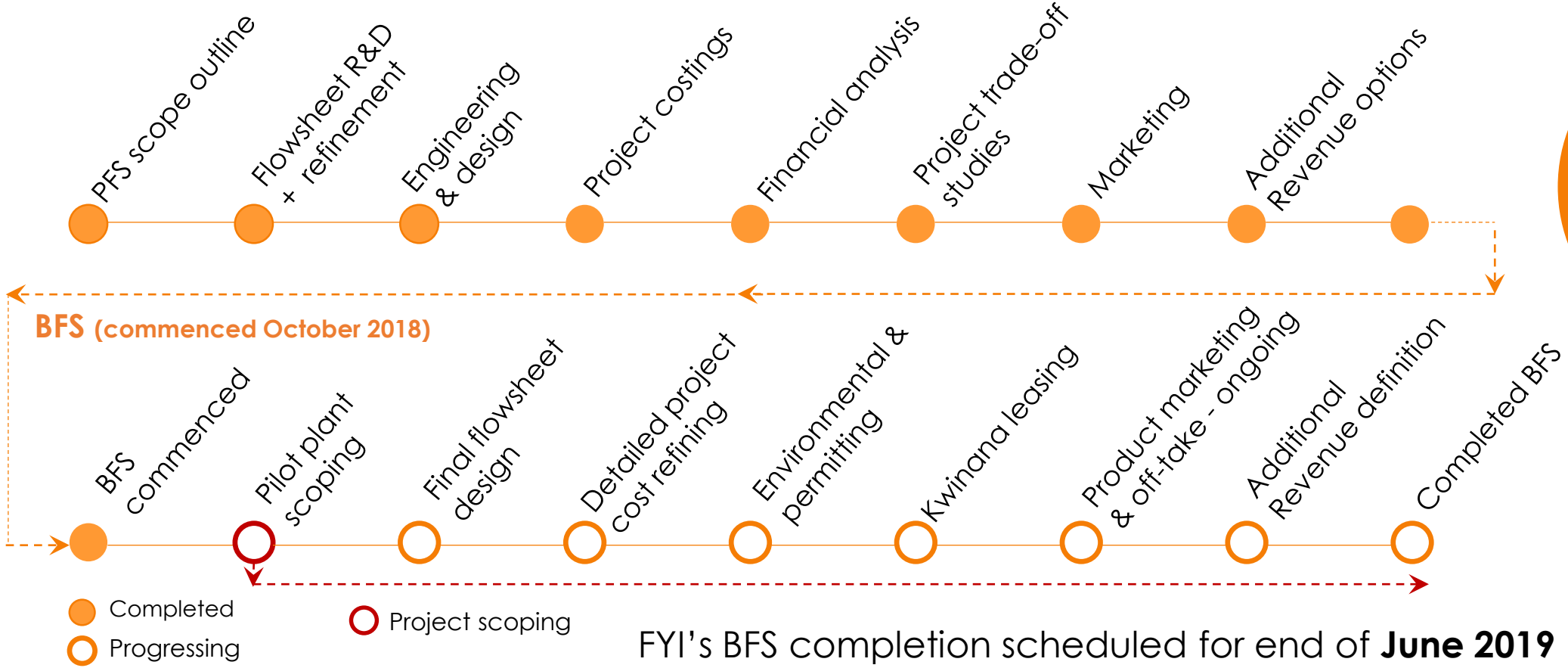
Total HPA Demand Forecast for 2025		
Forecaster	Demand (tpa)	Multiple (of FYI production)
Persistence	62,000	7.8x
Allied	86,000	10.7x
CRU	125,000	15x
Average	**91,000**	**11.3x**

FYI's 99.997% final product HPA

Cadoux Development Timeline

FYI's next steps for HPA development

FYI HAS A WELL DEFINED DEVELOPMENT SCHEDULE LEADING TO PROJECT DELIVERY



The BFS is fully funded

FYI's BFS completion scheduled for end of **June 2019**

FYI Summary

ASX-listed company, fully funded to BFS

High purity alumina (HPA) Cadoux Kaolin Project in Western Australia

Positive long-term market fundamentals

Ground floor entry to an emerging growth sector

Compelling technical & geographical advantages

Experienced Board and Management

FYI board has demonstrable record of successful project development

Excellent exploration, development, operations, marketing and corporate capabilities

FYI IS DEVELOPING A LONG LIFE QUALITY ASSET AT CADOUX

Investor Notice

CAUTIONARY STATEMENT

Substance of PFS

The PFS referred to in this announcement is a study of the potential viability of the Cadoux Project. It has been undertaken to understand the technical and economic viability of the Project.

The PFS is more than a preliminary technical and economic study given the work undertaken for the PFS but is not advanced enough to support the estimation of Ore Reserves and further evaluation work and appropriate studies are required before the Company will be in a position to estimate Ore Reserves or to provide any assurance of an economic development case.

Within the designed final pit inventory, the Mineral Resource tonnages include Indicated Resources of 94% and Inferred Resources of 6%. Only Indicated Resource material was considered as potential ore material with Inferred mineralisation treated as waste.

In respect of the Inferred Resources, there is a lower level of geological confidence associated with the Inferred Resources and there is no certainty that further exploration work will result in the determination of Indicated Resources. The Company confirms the use of Inferred Resources is not a determining factor to the Project's viability as set out in this PFS.

The PFS is based on the material assumptions outlined elsewhere in this announcement and summarised in the Summary of Material Assumptions and Modifying Factors description and tables (appendix 2 and 3) attached to this PFS document. These include assumptions about the availability of funding. While the Company considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by this PFS will be achieved.

To achieve the range of outcomes indicated in the PFS funding in the order of US$197 million will likely be required. Investors should note that there is no certainty that the Company will be able to raise the amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of the Company's existing shares.

It is also possible that the Company could pursue other "*value realisation*" strategies such as a sale, partial sale or joint venture of the Project. If it does, this could materially reduce the Company's proportionate ownership of the Project.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the PFS.

General and forward-looking statements

The contents of this announcement reflect various technical and economic conditions, assumptions and contingencies which are based on interpretations of current market conditions at the time of writing. Given the nature of the resources industry, these conditions can change significantly and without notice over relatively short periods of time. Consequently, actual results may vary from those detailed in this announcement.

Some statements in this announcement regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Such forward-looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. When used in this announcement, words such as, but are not limited to, "*could*", "*planned*", "*estimated*", "*expect*", "*intend*", "*may*", "*potential*", "*should*", "*projected*", "*scheduled*", "*anticipates*", "*believes*", "*predict*", "*foresee*", "*proposed*", "*aim*", "*target*", "*opportunity*", "*nominal*", "*conceptual*" and similar expressions are forward-looking statements. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

The contents of this release are also subject to significant risks and uncertainties that include but are not limited those inherent in mine development and production, geological, mining, metallurgical and processing technical problems, the inability to obtain and maintain mine licences, permits and other regulatory approvals required in connection with mining and processing operations, competition for among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of projects and acquisitions, changes in commodity prices and exchange rates, currency and interest rate fluctuations and other adverse economic conditions, the potential inability to market and sell products, various events which could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions, the demand for and availability of transportation services, environmental, native title, heritage, taxation and other legal problems, the potential inability to secure adequate financing and management's potential inability to anticipate and manage the foregoing factors and risks.

All persons should consider seeking appropriate professional legal, financial and taxation advice in reviewing this announcement and all other information with respect to the Company and evaluating the business, financial performance and operations of the Company. Neither the provision of this announcement nor any information contained in this announcement or subsequently communicated to any person in connection with this announcement is, or should be taken as, constituting the giving of investment or financial advice to any person. This announcement does not take into account the individual investment objective, financial or tax situation or particular needs of any person.

Photographs in this presentation do not necessarily depict assets of the Company.

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COMPETENT PERSON'S STATEMENT – CADOUX KAOLIN RESOURCE

The information in this presentation that relates to Mineral Resources is based on information compiled by Mr Grant Louw, under the direction and supervision of Dr Andrew Scogings, who are both full-time employees of CSA Global. Dr Scogings is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. He is a Registered Professional Geologist in Industrial Minerals. Dr Scogings has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). Dr Scogings consents to the disclosure of information in this report in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement dated 25 September 2018 and that all material assumptions and technical parameters underpinning the findings in the relevant market announcement continue to apply and have not materially changed.

COMPETENT PERSON'S STATEMENT – METALLURGY

The information in this release that relates to metallurgy and metallurgical test work is based on information reviewed and compiled by Mr Daryl Evans, a Competent Person who is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM). Announcements in respect to metallurgical results are available to view on the Company's website at www.fyiresources.com.au.

Mr Evans is an employee of Independent Metallurgical Operations Pty Ltd, and is a contractor to FYI. Mr Evans has sufficient experience that is relevant to this style of processing and type of deposit under consideration, and to the activity that he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code). Mr Evans consents to the inclusion of the report in the form and context in which it appears. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements dated 5 September and 23 October 2017 and that all material assumptions and technical parameters underpinning the findings in the relevant market announcement continue to apply and have not materially changed.

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