



Growing a Potash Business

2015 AGM Presentation



FYI Potash Strategy

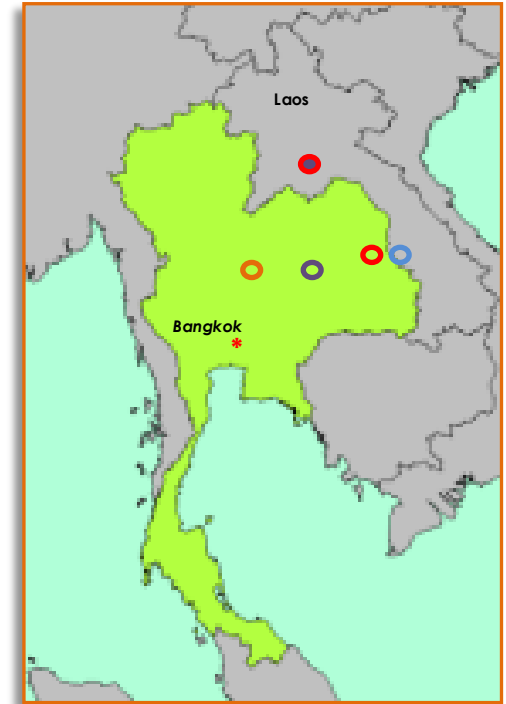
- Pursue a commodity that has strong, long term demand and market fundamentals
- Primary objective is the discovery of shallow, high grade, large tonnage potash deposits in SE Asia that can be profitably developed
- Identify projects with technical, economic, geographical and logistical advantages
- Simple and straightforward metallurgy and process flowsheet
- Short development time & accelerated pathway to production
- Utilise expert in-country potash exploration and development team
- Look to develop a value channel from production to marketing



“FYI has a defined potash exploration and development strategy”

Progress to Date

- Established a technical / administrative office in Bangkok
- SPL application work program and licence pending on WMM project area in Thailand (◉)
- SPL application and work program registered in Thailand (◉)
- Concession application and detailed feasibility and environmental impact study in Lao (◉)
- Negotiations with owner on trial potash production facility transaction in Lao (◉)
- Negotiations with owner to co-develop trial potash production facility in Thailand (◉)
- Developing partnerships with technical, mining and marketing (off-take) groups



Schematic of project areas

“FYI are active in S.E. Asia securing a world class potash portfolio”

Benefits of Potash

- Potash is an essential element for plants that:
 - promotes plant growth
 - increases yield
 - improves taste
 - increased water retention and pest resistance
 - aids synthesis
- Potassium (potash) is fundamental to the growth and functioning of humans and animals (proteins)
- Health benefits from Potassium include lower stress, blood pressure, reduced kidney disorders as well as improved water balance, nervous system and enhanced muscle development

Some Definitions

Potash: General term for Potassium compounds and potassium-bearing minerals

Sylvinite: Mineral mix of 30% potassium chloride (KCl) and 65% sodium chloride (NaCl)

Carnalite: Mineral compound of hydrated potassium magnesium chloride ($\text{KMgCl}_3 \cdot 6\text{H}_2\text{O}$)



Potash Specimen

Potash as an Investment

- Excellent long term fundamentals
- Commodity of primary agricultural importance
- Has wide application – consumed in 150 countries
- Long term market pricing fundamentals are sound
- Increasing deficit between demand and actual production (installed capacity is never attained)
- Global production is ~ 50MT pa / market is in deficit
- Demand is growing at ~ 3-4% pa; supply concentrated
- The United Nations (UN) estimates that the world population will reach 9 billion by 2050, with more than 60% living in Asia alone
- UN further estimates that crop production will have to increase by 70% in the same period to support the burgeoning population
- Higher crop prices allows further re-investment into soil management – increasing potash consumption



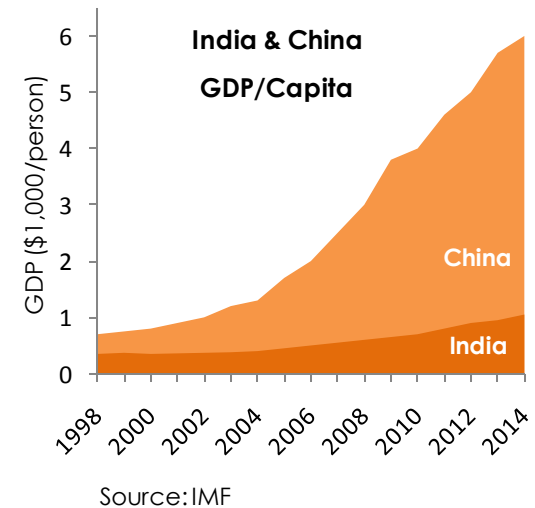
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Potash Application ↓ +



**“ The benefits of
potash are obvious”**

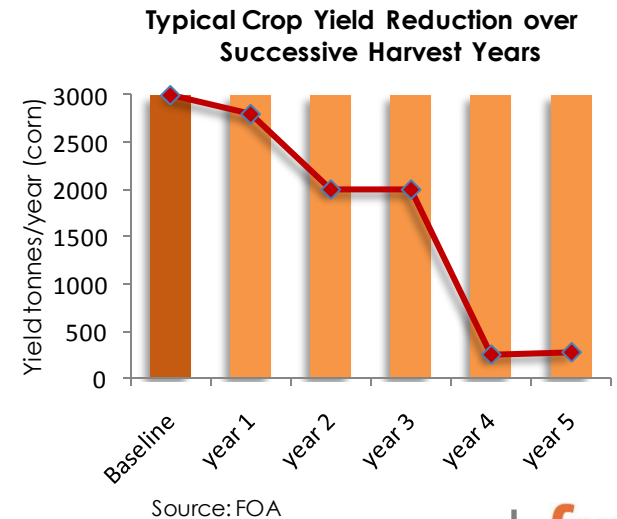
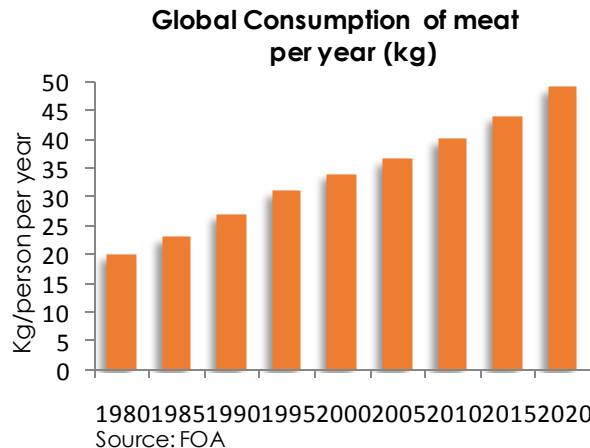
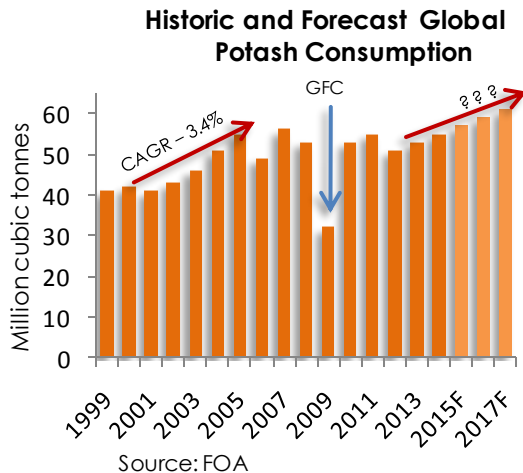
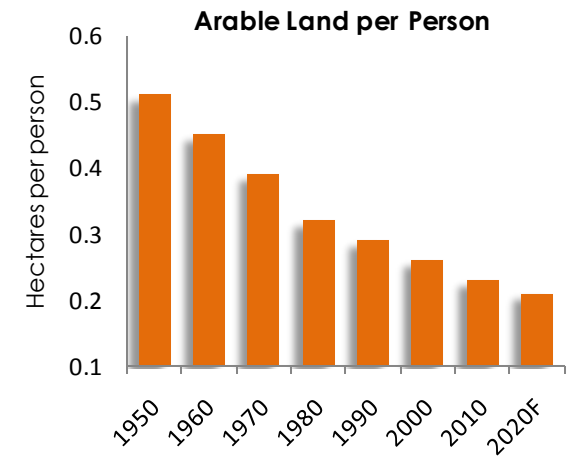
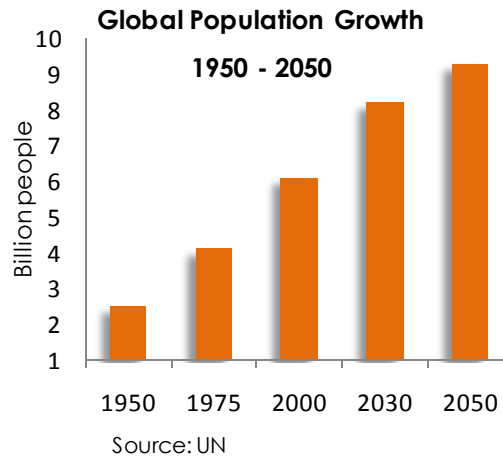
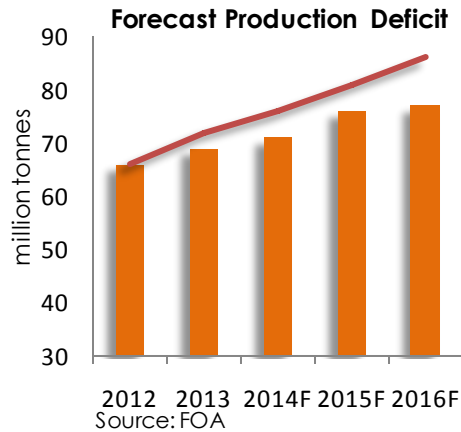
Potash as an Investment (continued)

- Higher demand for food is having to be satisfied by obtaining higher yields from existing acreage, which in turn requires the increased use of fertilisers, such as potash, to maintain the balance of nutrients found in soil
- The increasing global population and the trend of improving disposable income is resulting in higher food consumption – especially of proteins.
- Potash's role in agriculture cannot be replicated by other nutrients and currently there is no commercially viable alternative to potash as a source of potassium fertiliser.
- Potash is linked to energy pricing. Higher oil prices, environmental concerns and the push for bio-fuels will lead to higher consumption of potash in the long term
- Established potash producers mines and infrastructure is aging and in decline with about 85% of the world's facilities being more than 25 years old – adding to production costs and highlighting the cost benefits of newer more efficient production investments



“Potash exhibits excellent long term fundamentals”

Drivers of Potash

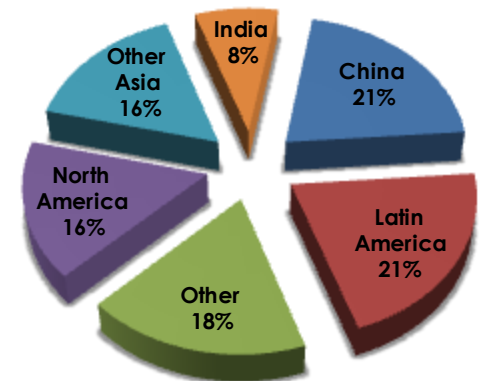


Why Operate in S.E. Asia

- Unparalleled geological setting for potash
- Large tonnage discovery opportunities
- Asia is chronically underinvested in potash
- Asian nations produce only 3.1 million tons while consuming 23.1 million tons
- Strategic geographical advantage over current European and North American production – closer to markets
- Thailand and Lao are encouraging investment
- Competitive labour, cost regime in relation to Australia – translates to margin advantages
- High skill base – especially technical and services



Global Potash Consumption by Region



Source: FOA

“the portfolio of Potash projects has excellent technical and commercial merit”

Potash Project Criteria

- Project areas selected on technical and logistical merit
- ideal positioning within evaporite basin
- All projects located in vicinity of current production and/or successful historic drilling
- Demonstrated shallow mineralised horizon (< 200m)
- Recorded presence of high grade Sylvite and Carnallite in drill core (high grade)
- Large mineralised widths – ideal for conventional mining or ISL
- Close to infrastructure / away from high density or high impact areas
- Demonstrable capex and opex advantages over current production (margin)



“Drilling of the Khorat Basin in north-eastern Thailand has outlined what may develop into one of the world's largest potash deposits”

*American Geological Institute
Economic Geology 1979*

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