

21st June 2018

Drilling successfully confirms high-grade nature of Cadoux kaolin resource, demonstrating ideal element suite as exemplary feedstock for HPA refining

FYI Resources Limited (the “**Company**” or “**FYI**”) is pleased to announce it has received the results from the reverse circulation (RC) drilling program at the Company’s 100% owned Cadoux kaolin project (EL/4673) in Western Australia.

Analysis of the results have successfully confirmed the high-grade nature of the resource and demonstrates the ideal element suite (low in deleterious minerals) of the Cadoux kaolin as exemplary feedstock for HPA refining.

The RC program was designed to fulfil several key technical objectives and contribute in delivering a robust project study for FYI’s kaolin to HPA development strategy.

The program consisted of an in-fill drilling component to the previous drilling campaign and a step-out component of drilling. The intended outcomes of the drilling included:

- Augment the results data to incorporate into the current metallurgical studies;
- Support the current geological model in terms of grade and variation of the deposit as a feedstock;
- Provide further raw kaolin for continued metallurgical test work and process studies;
- Increased technical understanding and confidence in the deposit;
- To define the limit of kaolin mineralisation in various open resource directions;
- Provide additional data for a revised resource statement; and
- Increase the predictability of the future mining schedule.

The RC program consisted of 75 drill holes totalling 1,613 metres. This generated 640 two (2) metre composite samples. The samples were especially prepared at site and subsequently submitted to Intertek laboratories in Perth for a series of tests including standard kaolin suite analysis to determine the element grades and quality as well as testing the in situ moisture of the kaolin to determine specific gravity (mass) of the deposit.

FYI will continue high level variability test work and trade-off studies to develop and deliver a robust HPA study commensurate to the high quality of the Cadoux deposit.

Furthermore, the broader series of test work will be incorporated into a revised resource model that FYI’s independent geological consultant, CSA Global, are now engaged on the updating. This revised statement will be released to the market once it is completed.

A summary of the key drilling results is shown in the table below.

Item	Result
Number of holes drilled (RC)	75
Number of metres drilled	1613
Number of samples submitted (composites)	640
Average depth of all holes (m)	21.5
Deepest hole (m)	35
Largest mineralised intercept (m)	28
Highest value (Al ₂ O ₃)	67.8%
Average metres of kaolin per drill intercept (m)	13.3

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Commenting on the drilling results, FYI Managing Director, Mr Roland Hill said “Having attended the drilling program at site and seeing first hand the visual indications, the results of the second phase RC drilling are very pleasing. The drilling program demonstrates FYI is progressing with a very robust development strategy and we will continue to deliver the best possible project outcome.”



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About FYI Resources Limited

FYI's is positioning itself to be a significant producer of high purity alumina (4N or HPA) in a rapidly developing LED, electric vehicle (EV), smartphone and television screen as well as other associated high-tech product markets.

The foundation of the HPA strategy is the superior quality aluminous clay (kaolin) deposit at Cadoux and exceptional positive response that the feedstock has to the Company's moderate temperature, atmospheric pressure HCl flowsheet. The strategy's superior quality attributes combine resulting in world class HPA project potential.

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Competent Persons Report

Exploration Licence 70/4673 Cadoux current Inferred Mineral Resource of 16.1Mt @ 11.76% Al (@ -45microns) is in accordance with the JORC 2012 Code (refer table 1 below).

Table 1: Cadoux Mineral Resource estimate

	Tonnage	% -45 microns	Average Al %	Average Fe%	Average Ti %
Indicated	13.0	84.4	11.58	0.47	0.34
Inferred Resource	3.1	84.4	12.50	0.69	0.49
Total Resource base	16.1	84.4	11.76	0.51	0.37

Notes: the %minus 45 micron was measured by wet screening.

Assays were determined by ALS using ICP

Dry bulk density of 1.7t/m³

A minimum thickness of 2m was required and the Kaolin material had to be visually bright white to be included in the estimate. No mining has taken place on property.

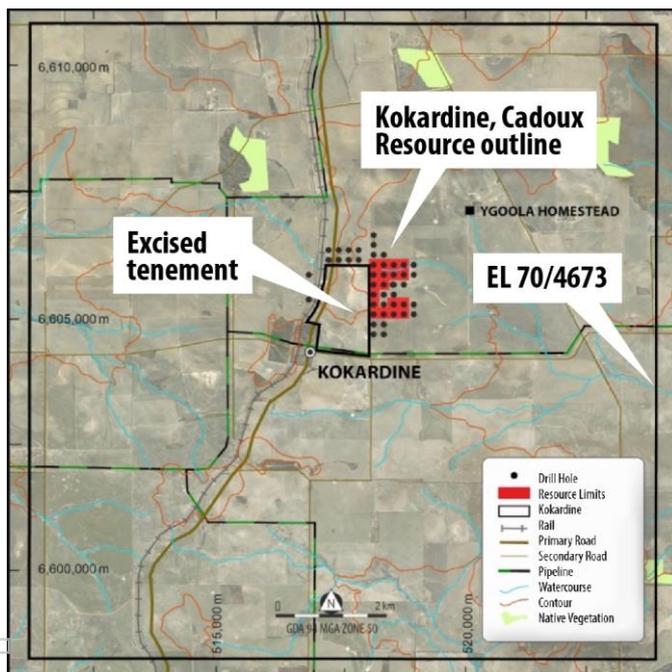


Figure 1: Kokardine Kaolin Resource outline and EL70/4673 boundary

Competent person statement

The information in this report that relates to Mineral Resources is based on information compiled by Mr Andrew Kohler, Principal Resource Geologist and a Member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Kohler has sufficient experience that is relevant to the style of mineralisation 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 Mineral Resources and Ore Reserves. The Mineral Resource estimate complies with recommendations in the Australian Code for Reporting of Mineral Resources and Ore Reserves (2012) by the Joint Ore Reserves Committee (JORC). The previously published Mineral Resource estimate table was reported on 26 July 2017. No further increases or material changes to the 26 July 2017 estimate have occurred.

Section 1 Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	Reverse Circulation (RC) chip samples were collected at 1m intervals from a cone splitter mounted on the side of the RC rig. 75% of the sample volume from each drilled metre was collected in a 900x600mm green plastic bag, and the remaining 25% of volume is used to generate a split sample which is collected in a 200x150mm calico bag and then placed into a green plastic bag and sealed to retain sample moisture. The split samples were collected directly from the cyclone / splitter because the samples for assay are also measured for insitu moisture. The samples were composited into 2m samples (generated from the drill rig cone splitter) and sent to Intertek for sampling analysis + moisture testing.
Drilling techniques	Reverse Circulation was employed on the discussed drilling program using a 450 Schramm drill rig with KL rod handler, auto maker/breaker slips table, rig-mounted cone sampling system and with hammer and blade bit capabilities. Both hammer and blade drilling was employed on various selected holes to gauge variability and quality of sample return as well as to compare with repeat holes from previous drilling.
Drill sample recovery	Sample recoveries from the Reverse Circulation drilling were weighed and measured and sizes recorded demonstrating that sample recovery from all holes was of an acceptable standard. Photos of separate chip (cuttings) trays were also taken to demonstrate the lithology profile of the hole. Selected samples were also tested for moisture content – allowing a greater confidence in sample return quality and for specific gravity testing.
Logging	Chip tray samples were taken along with normal logging procedures and protocols. 2 sets of logging and sample correlation was conducted on site during the drilling and sampling program. The chip tray samples were non-sieved and dry and photographed on a whole hole basis. All holes were field logged by 1m intervals by a qualified geologist for a variety of geological qualities, characteristics and definition.
Sub-sampling techniques and sample preparation	<p>All sampling procedures for the Reverse Circulation drilling have been reviewed by a qualified geologist and is considered to be of a high standard. The Reverse Circulation drilling sampling procedure was 1m samples split using a rig mounted cone splitter and collected in marked plastic bags. A 2m composite sample was generated from 1-2kg collected in small calico bags which were then placed in small green plastic bags. These were marked with corresponding sample numbers. At regular and adhoc intervals, repeat samples were taken and noted as well as interspersed standard samples of quartz (blank) and kaolin (standard) were also included at a 1 in 9 interval as sample checks for QA/QC. All samples were sent to Perth to Intertek for laboratory sampling interspersed with the RC drilling program samples.</p> <p>Larger (5-10kg) samples were collected in large green plastic bags on a 1m sample basis and sent to Independent Metallurgical Operations (IMO) for further metallurgical testwork purposes. All samples were dry. 715 1-2kg samples (including repeats and standards) totalling 1613 metres of drilling were brought back to Perth for testing.</p> <p>Total sample returns were measured by weighing and estimating return volume percentages. All samples were “dry” other than the occasional sample that may have been affected by water introduced by the driller to remove pipe blockages.</p> <p>The 2 m composite samples were generated from the rig mounted cone splitter ensuring equal amounts were collected from each metre, thus giving a homogeneous volume for each metre in the composites. Samples were submitted to Intertek laboratories in Perth, Western Australia for XRF analysis methods on a range of elements and kaolin parameters as well as testing for insitu</p>

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Criteria	Commentary
	moisture (LOM/DR). Mr Kohler has reviewed the QAQC data and has found it to be of high standard.
Quality of assay data and laboratory tests	Analysis for Sizing, SiO ₂ , Al ₂ O ₃ , Fe ₂ O ₃ , TiO ₂ , CaO, MgO, K ₂ O, Na ₂ O, P ₂ O ₅ , Mn ₃ O ₄ , Cr ₂ O ₃ and LOI, was completed using XRF methods in a globally recognised analysis laboratory. All of the inserted repeat samples, duplicates, blanks and standards are within tolerance of the original assay and without bias. Mr Kohler reviewed internal QAQC reports and analysis and confirms that all assay data used is of high industry standard for quality assurance/quality control procedures.
Verification of sampling and assaying	The drilling program designed by CSA Global also included verification drilling and sampling of the previous Air Core drilling program that was completed in May 2017. The verification included 6 repeat RC holes against the previous Air Core holes.
Location of data points	All drill holes used in the resource estimate have been accurately surveyed by a licenced contract surveyor (+/-10cm accuracy). The collar locations were also checked by the site geologist using a Garmin GPS at site. The vertically drilled holes (-90) were drilled to a maximum of -34m and were followed up with down hole surveying by Surtech Geophysical Services.
Data spacing and distribution	75 holes were drilled in approximately 1km square at approximately 50m spacings or 100m spacing between the previous Air Core drilling. This resulted in a generally 50 x50m coverage of the deposit area. The drill spacing was considered suitable to establish both geological and grade continuity for definition of Inferred Mineral Resource. Samples were composited to 2m for analysis.
Orientation of data in relation to geological structure	The orientation of the drilling is approximately perpendicular to the strike and dip of the mineralisation and the risk of sample bias is considered to be low.
Sample security	All samples were under supervision from the rig to the laboratory. All residual sample material is stored securely in sealed bags.
Audits or reviews	Mr Kohler has reviewed QAQC results and found the sampling and the sample handling techniques to be of a high standard for the project QA/QC.

Section 2 Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	The granted Exploration Licence 70/4673 in Western Australia, covering an area of 59km ²
Exploration done by other parties	White Gold Kaolin (WGK) carried out all the previous prospecting and drilling work that is on the tenement EL 70/4673. The previous aircore drilling was comprised of 47 drill holes for 824m. The exploration work was carried out from 2011 to 2014.
Geology	The project area is underlain by weathered granitoid Archaean rock of the Yilgarn Granites is the likely parent material for the kaolin. Here, deep weathering of the feldspathic and ferromagnesian minerals within the metamorphosed granitic has resulted in the formation of kaolinite. There is no outcrop but recognizable granitoid fragmental rocks are sometimes present just below surface. The crust of the overburden comprises gravel and sands over reddish to off white clay. White kaolin underlies the overburden followed by weathered, partial oxidised and then fresh granitoids at depth. The recent drilling at the property has revealed a weathering profile which is very common in Western Australia with the granitoid rocks, deeply weathered forming a leached, kaolinized zone under a lateritic crust. Analysis at the Laboratory shows particle size distributions are typical of "primary style" kaolins produced from weathered granites. The crust of overburden comprises gravel and sands over reddish to off-white clay to an average depth of 5m. White kaolin then averages approximately 16 m before orange to yellow sandy and mottled clays are intersected which are followed by recognizable rounded granitoid material. The thickness of the kaolin profile varies from less than 1m to a maximum of 28m. Fresh granitoids are found at depths

Criteria	Commentary
	of between 10 and 30m. All kaolin resources are within 4 to 11 metres of the surface. 47 Air Core drillholes with a total of 824m drilled in May 2017 with a further Reverse Circulation drilling program conducted in April 2018 consisting of 75 RC drill holes totalling 1613 metres resulting in 715 2m composite samples. All holes were drilled vertically. Intersected kaolin thickness ranged from 1-28m.
Drill hole Information	75 Reverse Circulation drill holes were drilled on an approximate 50m x 50m pattern at -90 dip and 0 degrees azimuth. The Deepest hole was approximately 35m deep with the average being approximately 21.5m deep.
Data aggregation methods	Cadoux's geological model required a minimum thickness intercept of 2m of kaolinite with the requirement of having to be visually bright white to be included in the estimate. Samples within the wireframe were composited to 2m intervals based on visually contiguous down-hole intervals. The sample intervals were selected by the site project Geologist. No high-grade cuts were applied. Industry standard for Kaolinite cutoffs are a maximum value of 0.7% Fe ₂ O ₃ , 0.5% TiO ₂ and 2% K ₂ O. Assay results from drilling were all lower than the cutoff values.
Relationship between mineralisation widths and intercept lengths	All drill holes are vertical (-90). The orientation of the drilling is approximately perpendicular to the strike and dip of the mineralisation.
Diagrams	Refer to figure 1
Balanced reporting	The reporting is considered to be balanced.
Other substantive exploration data	The normal high levels of QA/QC for the retrieving and recording of the field data and sampling techniques were observed by the attending field geologist (CSA). The collar locations were planned by CSA prior to the program and surveyed in by a qualified surveyor. The drill rig was positioned on site by the supervising senior geologist. The drill collars were surveyed and RL's measured of the actual collar post drilling.
Further work	There is little further geological definition work to do on the project – other than to expand the resource with further step-out drilling. At the appropriate time – conversion of the resource to a higher category will be required. There has been sufficient work conducted at a high degree of quality to allow for this calculation to be done without further site activity (ie drilling).

Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database integrity	Mr Kohler performed initial database audits as follows: The drill collars were surveyed; Drill hole collar coordinates were checked against hole labels and drill hole logs and coordinates as well as visually on the field plan and sections. The hole depths were checked by looking at the logs and also the drillers plods and the field drill hole sections. Assay data was checked against logs of the intercepts and the submission sheets and the spread sheet of two and from data made during logging process. A final check was made of the database against the drill logs.
Site visits	A site visit has been undertaken by the competent person. The April 2018 Reverse Circulation drilling program was conducted by 2 senior contract geologists from CSA Global under overall supervision of the competent person.
Geological interpretation	A number of drilling programs and geological interpretation has confirmed a generally continuous kaolinite unit within 70/4673. One discrete high grade zone of visually bright white Kaolinite within the broader resource outline has also been confirmed by drilling and subsequent analysis.

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Criteria	Commentary
Dimensions	The Kokardine, Cadoux deposit extends for approximately 1.2km in a NS and 1km in the EW direction and is open in the north, south and east directions. The kaolinite extends from near-surface to 36m below the surface.
Estimation and modelling techniques	The Cadoux deposit was domained based on kaolinite occurrence of 2m thickness and kaolin had to be visually bright white to be included in the estimate one domain was created and applied as a hard boundary in the estimate. Statistical analysis was carried out on data from the kaolin domain. High grade cuts were not applied as low coefficients of variation (CV) were observed. The block model used a parent block size of 25m NS by 25m EW by 2m vertical. The block size was selected on the basis of approximately an eighth of the nearest drill hole spacing. The dimensions in other directions were selected to provide sufficient resolution to the block model in the across-strike and down-dip direction. Inverse distant squared interpolation method was used.
Moisture	<p>Moisture content was ascertained through two methods for the purposes of comparison and QA/QC. A down-hole geophysical insitu moisture test (Gravimetric Determination) program undertaken by Surtech Geophysics during the RC drilling program. A multi-tool GPX downhole probe followed the drilling rig and tested approximately 8 in every 10 holes drilled to determine a broad deposit moisture calculation as well as to understand the moisture variation across the deposit as well as down the profile of each hole tested.</p> <p>The second moisture assessment was undertaken by Intertek of Perth at their Welshpool laboratories (test code LOD/GR). These readings were taken from soil samples that were especially prepared during sampling on site. The moisture content of the individual metre sample was preserved by sealing the sample in plastic bags straight from the drill rig cone splitter. Approximately 1 out of every 2 holes were tested for LOD/GR. Tonnage estimates are based on the calculated bulk density.</p>
Cut-off parameters	Overall the kaolinite unit displays good continuity. The Cadoux geological model used Kaolinite that was logged visual as being bright white and the elements modelled were below the cut-off industry standard specs for Kaolinite of maximum values of 0.7% Fe ₂ O ₃ , 0.5% TiO ₂ and 2% K ₂ O. Grade-tonnage plots were produced to allow further studies.
Mining factors or assumptions	No assumptions have been made and the model is undiluted at this time.
Metallurgical factors or assumptions	No assumptions have been made regarding metallurgy.
Environmental factors or assumptions	A mining concept study has been completed by Steve O'Grady of Ravensgate International Pty Ltd and Paul O'Callaghan of CSA Global that outlines the mining methodology, mining equipment, site layout, and outlines the storage of waste rock in waste rock dumps adjacent to the resource.
Bulk density	A bulk density of 1.7 was used for the kaolinite unit, which is based on conservative estimations from previous studies of other kaolin deposits. Density sample test work program is needed to verify this assumption.
Classification	Mineral Resources were classified in accordance with the Australasian Code for the Reporting of Identified Mineral Resources and Ore Reserves (JORC 2012) The classification of the Mineral Resource was completed by Andrew Kohler (AusIMM). The reasonable drill hole spacing and demonstrated continuity of mineralisation warranted a classification of Inferred Mineral Resource.
Audits or reviews	Internal audits have been completed by Mr Kohler as a Competent Person and CSA Global and the Mineral Resource estimate was considered to be satisfactory.
Discussion of relative accuracy / confidence	Global and locally the statistics of the drill hole data values compare well to the block model values with the coefficient of variation being low. The histograms and cumulative frequency graphs of drill hole data versus the model compare well. Conditional bias was also examined by Mr Kohler and was found to be satisfactory for all attributes modelled. Comparison of model blocks to drill hole data correlate well.

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Cadoux Reverse Circulation Drill Program Summary (May 2018)

Line N	EAST	NORTH	RL	Dhole Prop	DHole	Depth	Depth Prop	Azi	Dip
5850	518450	6605850	286	5	CXRC001	20	18	0	-90
5950	518450	6605950	286	11	CXRC002	24	18	0	-90
5950	518550	6605950	286	12	CXRC003	21	20	0	-90
5950	518600	6605950	285	13	CXRC004	19	18	0	-90
5950	518650	6605950	285	14	CXRC005	21	18	0	-90
5950	518700	6605950	285	15	CXRC006	23	20	0	-90
5950	518750	6605950	286	16	CXRC007	23	16	0	-90
5950	518800	6605950	286	17	CXRC008	20	14	0	-90
5950	518850	6605950	286	18	CXRC009	14	14	0	-90
5950	518900	6605950	287	19	CXRC010	12	16	0	-90
6000	518950	6606000	287	24	CXRC011	18	16	0	-90
6000	518850	6606000	286	23	CXRC012	18	14	0	-90
6000	518800	6606000		CXAC079	CXRC013	18		0	-90
6000	518750	6606000	285	22	CXRC014	23	16	0	-90
6000	518650	6606000	285	21	CXRC015	28	20	0	-90
6000	518550	6606000	286	20	CXRC016	21	20	0	-90
6050	518450	6606050	286	25	CXRC017	20	20	0	-90
6050	518551	6606050	286	26	CXRC018	18	20	0	-90
6050	518600	6606050	286	27	CXRC019	20	21	0	-90
6050	518649	6606050	285	28	CXRC020	20	18	0	-90
6050	518699	6606050	285	29	CXRC021	20	18	0	-90
6050	518751	6606050	285	30	CXRC022	18	16	0	-90
6050	518800	6606050	286	31	CXRC023	16	16	0	-90
6050	518850	6606050	286	32	CXRC024	17	18	0	-90
6050	518900	6606050	287	33	CXRC025	24	20	0	-90
6100	519198	6606100	285	35	CXRC026	24	16	0	-90
6100	519050	6606100	287	63	CXRC027	17	25	0	-90
6100	518951	6606099	287	34	CXRC028	33	24	0	-90
6100	518897	6606099	287	CXAC072	CXRC029	28	27	0	-90
6100	518897	6606099	287	CXAC072	CXRC030	10	10	0	-90
6100	518597	6606100	287	CXAC043	CXRC031	25	27	0	-90
6150	518549	6606150	286	36	CXRC032	18	16	0	-90
6150	518649	6606150	286	37	CXRC033	23	16	0	-90
6150	518700	6606150	286	38	CXRC034	20	18	0	-90
6150	518752	6606150	286	39	CXRC035	26	20	0	-90
6150	518799	6606150	286	40	CXRC036	10	22	0	-90
6150	518799	6606150	286	40	CXRC037	26	22	0	-90
6150	518849	6606150	286	41	CXRC038	26	25	0	-90
6150	518899	6606150	286	42	CXRC039	28	26	0	-90
6150	518950	6606150	287	64	CXRC040	33	27	0	-90
6150	519000	6606150	287	65	CXRC041	15	25	0	-90

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6150	519050	6606150	286	62	CXRC042	16	21	0	-90
6150	519100	6606150	286	69	CXRC043	21	19	0	-90
6200	519199	6606200	286	46	CXRC044	14	18	0	-90
6200	519050	6606200	286	61	CXRC045	22	20	0	-90
6200	518951	6606200	287	45	CXRC046	36	30	0	-90
6200	518847	6606200	286	44	CXRC047	28	30	0	-90
6200	518752	6606200	286	43	CXRC048	24	24	0	-90
6250	518651	6606250	286	47	CXRC049	18	15	0	-90
6250	518751	6606250	286	48	CXRC050	24	24	0	-90
6250	518800	6606250	286	68	CXRC051	30	27	0	-90
6250	518848	6606250	286	49	CXRC052	24	24	0	-90
6250	518900	6606250	286	67	CXRC053	30	25	0	-90
6250	518950	6606250	287	58	CXRC054	13	20	0	-90
6250	518950	6606250	287	58	CXRC055	26	20	0	-90
6250	519000	6606250	286	66	CXRC056	20	20	0	-90
6250	519050	6606250	286	60	CXRC057	23	20	0	-90
6250	519100	6606250	286	70	CXRC058	12	17	0	-90
6300	518750	6606300	286	50	CXRC059	21	25	0	-90
6300	518797	6606300	287		CXAC077CXRC060	30	30	0	-90
6300	518850	6606300	287	51	CXRC061	26	25	0	-90
6300	518900	6606300	287		CXAC076CXRC062	29		0	-90
6300	518950	6606300	287	52	CXRC063	35	22	0	-90
6300	519000	6606300	287		CXAC075CXRC064	36		0	-90
6300	519050	6606300	286	59	CXRC065	20	20	0	-90
6300	519099	6606300	286	53	CXRC066	18	18	0	-90
6400	519197	6606400	286	57	CXRC067	15	22	0	-90
6400	518999	6606400	287	56	CXRC068	23	22	0	-90
6350	518898	6606350	287	55	CXRC069	28	25	0	-90
6350	518798	6606350	287	54	CXRC070	18	30	0	-90
5900	518950	6605900	287	10	CXRC071	12	18	0	-90
5850	518850	6605850	286	9	CXRC072	12	16	0	-90
5850	518750	6605850	286	8	CXRC073	17	16	0	-90
5850	518650	6605850	286	7	CXRC074	19	16	0	-90
5850	518550	6605850	286	6	CXRC075	15	18	0	-90

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