



22 August 2018

## CADOUX HPA PROJECT MINING STUDY UPDATE

FYI Resources Limited (the “**Company**” or “**FYI**”) is pleased to provide an update to the mining studies being managed by Orelogy Consulting Pty Ltd (“**Orelogy**”) as the Company’s mining study manager for the Cadoux project.

The initial results from the trade-off study follows FYI’s ongoing successful test work demonstrating outstanding metallurgical recoveries of >99.99% high purity alumina (HPA) which underpins the Company’s HPA development strategy utilising kaolin feedstock from the 100% owned Cadoux project (EL70/4673) in Western Australia.

A mining trade-off study is usually a component of a more detailed bankable feasibility study, however based on the progress of the current prefeasibility study, the Company decided to bring the mining component forward to integrate with other study components.

As the Cadoux kaolin project is expected to be different from a typical mining operation (very low annual tonnage / high value), the mining trade-off study reviewed a range of alternatives for the expected small material movements and potential product specifications to identify the optimal site-based operations. Orelogy has determined that, based on the most recent test work indications, the optimal operating philosophy is to:

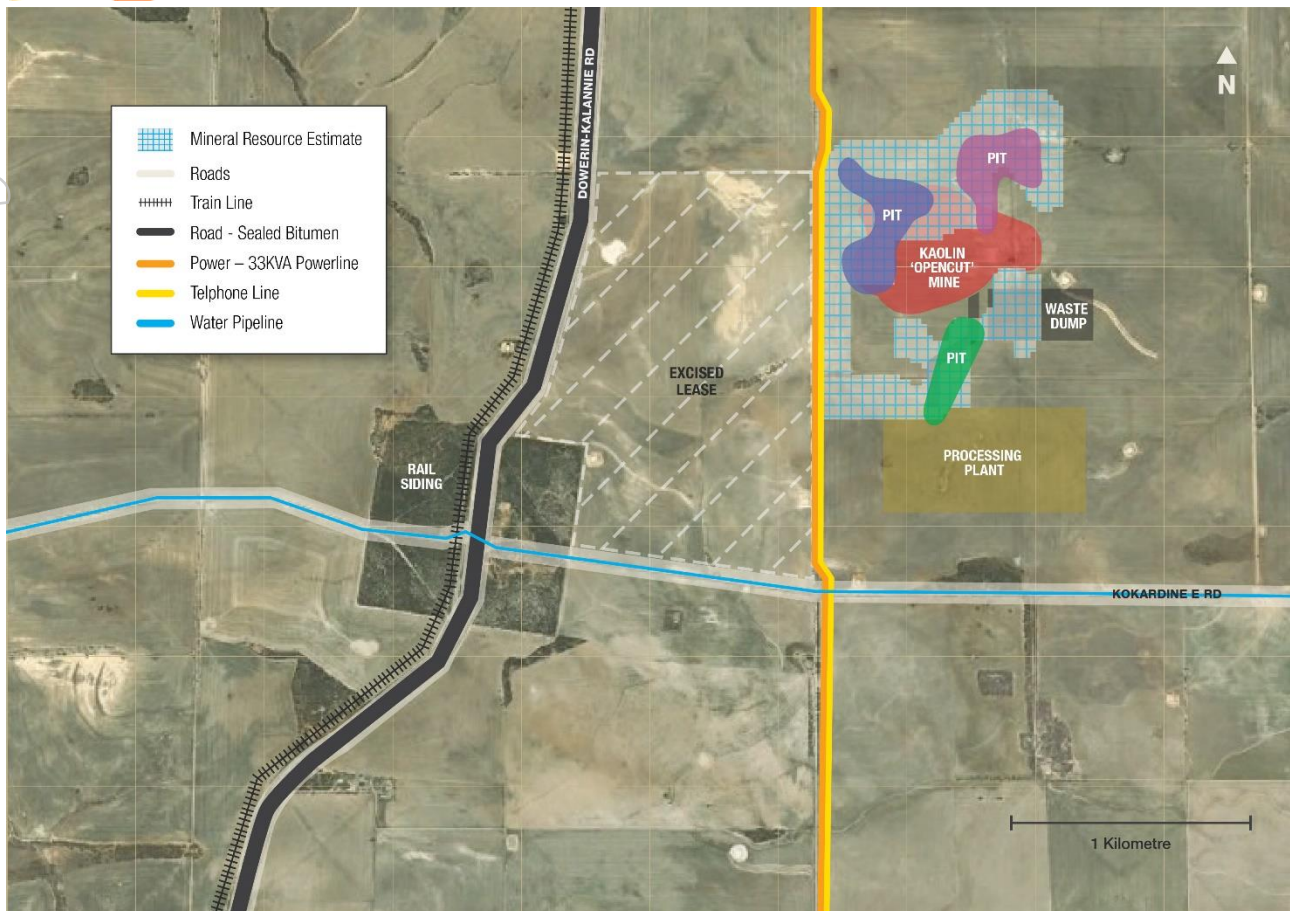
- excavate ore and overburden from and backfill pits on a campaign basis using contract mining to minimise mining operating costs. The size and frequency of the campaigns would optimise product stockpiling, product quality, waste dumping and pit excavations;
- establish a dedicated permanent fleet to manage stockpiles and any product rehandling required. This smaller fleet would operate on a similar roster basis to that of other site-based crews to maximise labour synergies;
- develop cost effective mine scheduling and operations for the unusually low volume mining, incorporating minimal adverse environmental impacts;
- minimising capital expenditure leveraging off the sites natural advantages; and
- investigate additional potential by-product revenue streams.

The review identified an approach which would allow FYI to efficiently manage product specification and optimise site operations and ongoing site rehabilitation requirements whilst potentially developing an additional high value revenue stream.

Cadoux’s operational parameters suggest the emphasis of the mining trade-off study be developed with a distinctive mining and beneficiation model focused on optimising operational flexibility and control of feedstock quality as well as maximising project cashflows. Key advantages that the study has identified include:

- a mining schedule of approximately 240,000 tpa (waste + ore)
- Campaign mining / block beneficiation / continual processing
- Small owner fleet for rehandling and by-product / additional revenues
- multiple operating pits for selective mining and product quality control management
- unique mining schedule and beneficiation roster for extremely low volumes / low cost operations
- infrastructure and mine scheduling to support a long mine life (current resource capable of supporting > 50 years production)
- progressive waste backfilling and rehabilitation practice with no expected requirement for a tailings dam and low non-acid forming mine waste

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### ***Cadoux kaolin project –preliminary mine site infrastructure lay out***

The mining studies will be progressed alongside other components of the prefeasibility study ensuring the overall integration of the economic review is detailed, robust and consistent for Cadoux's individual operations.

**FYI Managing Director, Mr Roland Hill commented on the study findings:** "Our confidence in our HPA strategy continues to increase as the level of detailed work advances. We believe it was beneficial to bring forward aspects of the mining study along with some of the other critical and longer duration review components, such as the environmental and hydrological studies, to the benefit of a BFS in the next phase of economic studies. The mining study has highlighted a number of positive operating options as well as some distinct project advantages and revenue streams that we continue to focus on for our project strategy development."

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### **About FYI Resources Limited**

FYI is positioning itself to be a significant producer of high purity alumina (4N or HPA) in a rapidly developing LED, electric vehicle, 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 the positive metallurgical response that the feedstock has to the Company's moderate temperature, atmospheric pressure and straightforward HCl flowsheet. The strategy's superior quality attributes combine resulting in world class HPA project potential.

### **Competent person statement**

#### ***Metallurgy***

The information in this announcement 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). 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). All metallurgical exploration results reported have previously been released to ASX (23 October 2017 and 21 February 2018) and are available to be viewed on the Company website [www.fyiresources.com.au](http://www.fyiresources.com.au). The Company confirms it is not aware of any new information that materially affects the information included in the original announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements. Mr Evans consents to the inclusion of the information in the form and context in which it appears.