

27th August 2018

CADOUX ENVIRONMENTAL STUDY

FYI Resources Limited (the “**Company**” or “**FYI**”) is pleased to provide a market update on the positive findings of the environmental and base line studies conducted on the Cadoux kaolin project (EL70/4673) by Botanica Consulting Pty Ltd.

The environmental study is the precursor to the project permitting phases for Cadoux project (see ASX release 3rd April 2018) with the findings suggesting a straightforward permitting process.

The Cadoux kaolin project area is situated approximately 220 kms northeast of Perth, Western Australia. The topography of the area is characterised by gently undulating landscapes of low relief; extensively cleared for agriculture and grazed by stock for many decades.

FYI’s recent mining trade-off study (see ASX release 22nd August) identified that the Cadoux kaolin project is likely to have a low annual total mining rate (possible 240,000t total) supported by a small operational footprint, minimising the disturbance area.

The project area is close to existing required infrastructure such as power, water and phone lines and is 1 kilometre from a major sealed regional road and rail line. The benefit of this infrastructure in terms of permitting and capital expenditure is considered to be significant.

Beneficiated intermediate product could be transported to a number of potential sites in Kwinana for the refining into high purity alumina (HPA). These site options are currently being reviewed by FYI.

The Cadoux project environmental and base line studies conducted by Botanica resulted in excellent review outcomes well within industry guidelines. Some of the key site-specific findings from Botanica’s environmental review are outlined below:

Hydrology

- No surface water or significant rain drainage structures were noted on the project area that cause concern or need to be investigated further;
- No groundwater was encountered during drilling indicating that the water table is below the proposed pit level suggesting no artesian contamination is likely; and
- There are no Water Reserves located within the project area.

Non-Acid Forming

The surface soil and kaolin resource was assessed for the potential to generate Acid Mine Drainage (AMD). The results characterise the soils on the site as non-acid forming material which should eliminate the risk of any future acid generation and a low environmental impact.

Inert Product

These environment study samples were taken from drill samples located within the proposed mine area and represent varied depths to incorporate the different lithology. A Net Acid Producing Potential (NAPP) test was utilized to assess the potential for ore and waste to generate AMD. All samples recorded an NAPP level between -100 to 0 which indicates they are non-acid forming.

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Flora

Botanica did not identify any Department of Biodiversity, Conservation and Attractions (DBCA) Priority flora on the project area.

Much of the vegetation of the region has been cleared for agricultural development over a century ago - as is the case for the Cadoux project site. No flora or vegetation surveys are required for the project area as it is already cleared and no clearing of native vegetation would take place during development.

Fauna

No formal fauna surveys were required at the project following an inspection of the site Botanica consider that the native fauna population is limited and generally confined to the isolated, small pockets of native vegetation in the region. None of these pockets of native vegetation will be affected by the proposed mining operations. No Priority Fauna taxa, pursuant to the State *Wildlife Conservation Act 1950* were identified within the project area.

Native Title and Aboriginal Heritage

The project area is not subject to any Native Title claims and according to the Department of Planning, Lands and Heritage and the Aboriginal Heritage Enquiry System database there are no Registered Aboriginal sites or other Heritage Places within the project area.

European Heritage

A search of the Australian Heritage Database and Australian Heritage Places Inventory indicates there are no European Heritage Sites located within the project area.



Image of typical Cadoux project area – open undulating farm land

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Infrastructure and Reserves

Development of the project is not expected to impact within the 100m and 400m buffer zone of any items listed under Section 20 (5) a-e of the *Mining Act 1978* – protection of Crown Land and infrastructure assets.

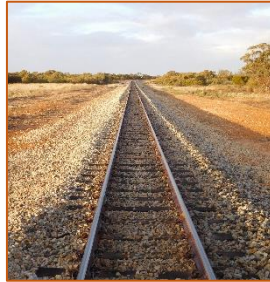
Infrastructure within 1km of Cadoux project site



Water pipeline



Major sealed road



Rail to Perth



Telephone



Power

Mine Closure Plan

Mine closure planning is generally a progressive task and FYI would design a mine closure plan as part of the mining lease application process and continue to adapt it as necessary throughout the life of any mining operations undertaken on the Cadoux project.

FYI Managing Director, Mr Roland Hill commented on the study findings: “The various environmental procedures and required approvals are a critical pathway to the development of any project. Encountering obstacles and time delays can severely hamper or even in some cases stop the development of projects. We are extremely fortunate with the Cadoux kaolin project – not only with the high-quality kaolin and its excellent HPA refining characteristics, but also with the associated project attributes that result in a very positive environmental assessment and low impact report card. This will assist us immensely with our development certainty and time line.”

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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 exceptional 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.

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