



16 November 2018

## FYI formally commences BFS for Cadoux Kaolin Project

High Purity Alumina (HPA) developer, FYI Resources Limited (ASX: FYI) (the “**Company**” or “**FYI**”) is pleased to announce that it has formally commenced a bankable feasibility study (“BFS”) for its wholly-owned Cadoux Kaolin Project (E70/4673) (“Cadoux” or the “Project”), located in Western Australia.

The commencement of the BFS follows the excellent economic outcomes achieved in the Cadoux prefeasibility study (PFS) released to the ASX on 25th September 2018. The PFS outlines a HPA production scenario of 8,000tpa via a conventional HCl leach and precipitation refining process to produce an ultra-high grade (>99.99%), high-value alumina product for export into a rapidly growing market.

Economic outcomes from the PFS were outstanding, including an after-tax NPV<sub>10</sub> value of US\$506 million, an internal rate of return (IRR) of 46% (after tax), annual EBITDA of US\$128m and a project payback of ~3.6 years.

FYI has retained leading Australian engineering consulting and contracting company, GR Engineering Services Limited to undertake key components of the BFS related to plant design; capital cost and operating cost estimation; and process and non-process infrastructure evaluation.

GR Engineering has completed dozens of design and construction projects and conducted over 160 project feasibility studies across multiple commodities for many clients globally. Their skills and experience in the area of HCl precipitation and leaching is particularly attractive to FYI in completing a successful, high quality BFS.

**FYI Managing Director, Mr Roland Hill commented:** “The Cadoux Kaolin Project PFS demonstrated outstanding project metrics and absolutely warrants the highest standard of engineering. We believe as a result of the team that we have assembled we are well placed to commence construction in line with our project development schedule next year. GR Engineering delivered a fantastic result with our PFS and based on the success of that outcome we are more than pleased to have the continuity with them through the completion of the BFS.

“Importantly, the Company remains fully funded to complete the BFS with its existing cash reserves. The Company will continue to advance discussions with key industry players for potential offtake and financing towards the completion of the BFS.”

With the funding in place, and with a number of key permitting milestones already achieved at Cadoux, the BFS is scheduled to be completed by mid-2019 and construction planned to commence in the December quarter 2019. In the meantime, FYI is progressing in parallel with a number of key value-adding development milestones, including:

- Project risk mitigation studies
- Continuation of permitting approvals
- Site selection process at Kwinana for refinery location
- Ongoing discussions with project financing parties and strategic funding parties
- Advancing customers and offtake parties discussions

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**Schematic timeline for key milestones under FYI's BFS review**

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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 (EV), smartphone and television screen as well as other associated high-tech product markets.

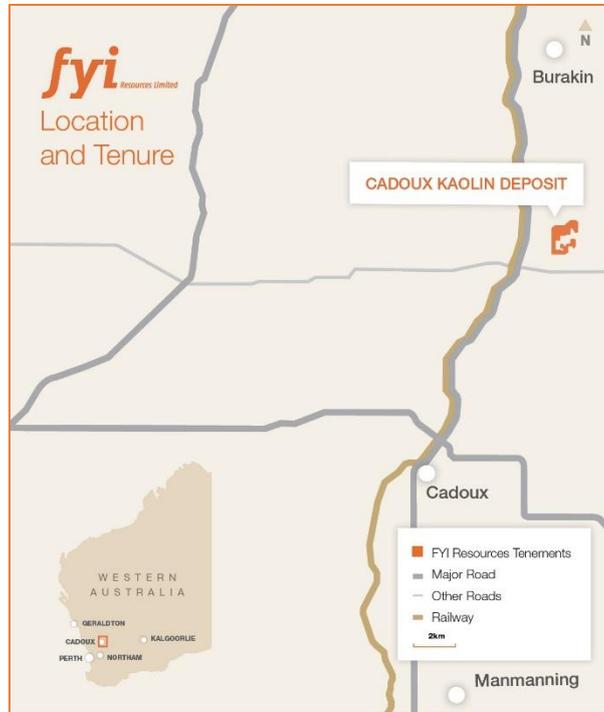
The foundation of FYI's HPA strategy is the superior quality aluminous clay (kaolin) deposit at Cadoux and exceptional positive response that the feedstock has to the Company's moderate temperature, atmospheric pressure HCl flowsheet. The strategy's superior quality attributes combine resulting in world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

FYI recently completed an outstanding pre-feasibility study ("PFS") result (see ASX announcement 25th September 2018) for the development of the Cadoux kaolin Project and HPA refining facility. Demonstrating mine life reserves of over 50 years producing 8,000tpa of high-value, high-grade (>99.99%) Al<sub>2</sub>O<sub>3</sub>, the project economic parameters provide for an NPV of US\$506m (10% discount rate), an IRR of 46% and EBITDA of US\$128m pa based on development capital expenditure of US\$180 million and a project payback of ~3.6 years.

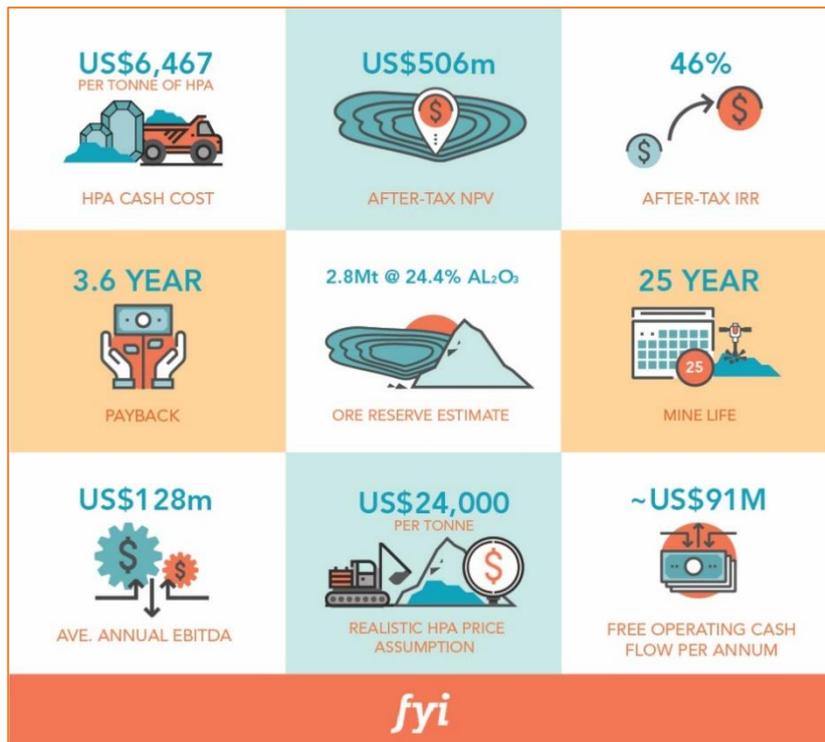
Cadoux kaolin project Reserves are 2.9Mt @ 24.4% Al<sub>2</sub>O<sub>3</sub>.

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FYI's Cadoux Kaolin Project location (EL70/4673)



Pre-Feasibility Study highlights from September 2018



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## Competent Persons Statements

### **Ore Reserves**

The information in this report that relates to Ore Reserves is based on information compiled by Mr. Steve Craig, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Steve Craig is a full-time employee of Orelogy Consulting Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The information is extracted from the announcements dated 23 and 29 October 2018 and are available to view on the Company's website at [www.fyiresources.com.au](http://www.fyiresources.com.au). 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 and that all material assumptions and technical parameters underpinning the findings in the relevant market announcements continue to apply and have not materially changed and that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed. 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 announcement.

### **Mineral Resources**

The information in this report 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". The information is extracted from the PFS announcement dated 25 September 2018 and is available to view on the Company's website at [www.fyiresources.com.au](http://www.fyiresources.com.au). 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 and that all material assumptions and technical parameters underpinning the findings in the relevant market announcements continue to apply and have not materially changed and that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed. 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 announcement.

### **Metallurgy**

The information in this report 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". Announcements in respect to metallurgical results are available to view on the Company's website at [www.fyiresources.com.au](http://www.fyiresources.com.au). 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 and that all material assumptions and technical parameters underpinning the findings in the relevant market announcements continue to apply and have not materially changed.



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## 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 based on the material assumptions outlined in the PFS announcement released to ASX on 25 September 2018 and summarised in the Summary of Material Assumptions and Modifying Factors description and tables (appendix 2 and 3) attached to the 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 to 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.