

30th April 2019

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2019

HIGHLIGHTS:

- ~1,200m RC and diamond drilling program at the Cadoux Kaolin Project completed
- Successful production of 99.999% alumina (5N) during Locked Cycle test work – to date no other ASX-listed kaolin HPA company has reported production of ultra-high purity 5N product
- Pilot plant being constructed as a part of the BFS to de-risk the Cadoux Kaolin Project – completion of the pilot plant is expected late in the June quarter
- R&D advance payment of \$300,000 received – funds for development of pilot plant and to advance FYI's HPA strategy of fully integrated, low-risk, low-cost production of high purity 4N + 5N alumina products

June Quarter Plans:

- Second R&D advance payment up to \$800,000 for continuing development of the pilot plant
- Pilot plant test work expected to be completed in June
- Ongoing work on the Company's BFS, expected to be completed in the September quarter
- Drilling program to be completed and laboratory results returned and analysed
- Continuing permitting and environmental plan
- Commence mine production planning
- Continue product marketing of HPA

High Purity Alumina (HPA) developer, FYI Resources Limited (ASX: FYI) (the "Company" or "FYI"), is pleased to release its March 2019 quarterly activity report and Appendix 5B.

FYI's Cadoux Kaolin Project (EL70/4673) is located ~220km northeast of Perth. The Company's integrated HPA strategy is to mine and beneficiate kaolin at the Cadoux project site and transport the beneficiated aluminous clay to Kwinana, ~30km south of Perth, for refining into HPA ahead of export to expanding global markets.

Commenting on the quarter, FYI Resources CEO Roland Hill said: *"The Company has achieved a number of milestones this quarter. Among these, was the successful production of 99.999% alumina, which to date no other ASX-listed kaolin HPA company has been able to produce. We believe the ability to generate such an ultra-high purity product continues to demonstrate the Cadoux Project's potential as a world-class kaolin to HPA asset."*

"We also commenced a 1,200m RC and diamond drilling program to further define the deposit and increase our understanding of the mineral variability of the kaolin at Cadoux and its impact on potential HPA production."

"The pilot plant construction and development is progressing well and is on track for completion in June. The pilot plant will provide us with increased confidence and certainty on the engineered flowsheet design and operational performance of the process circuit before committing to full scale commercial production. Work on the BFS continues, with the report on track to be submitted during the September quarter."

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Drilling commenced to progress Bankable Feasibility Study (BFS)

During the quarter, FYI commenced a detailed drilling program at its Cadoux Kaolin Project in Western Australia to further define the deposit and progress the Company's HPA strategy.

The drilling program was designed to accomplish several technical tasks for Cadoux, including:

- Increase FYI's understanding of the mineral variability of the kaolin at Cadoux and its impact on potential HPA production;
- Complete detailed ground water investigation as part of environmental studies;
- Generate kaolin feedstock for FYI's planned pilot plant;
- Define the first phase of feedstock material for specific grade and mineralogy;
- Deliver appropriate information to upgrade the current JORC category from a Measured Resource to Proven Reserves;
- Utilised as the grade control for the first phase on mine scheduling; and
- Provide further samples for analysis to be included in the project database.

The Company commenced a program of approximately 1,200m utilising two drilling rigs. The aim of the drilling is elevating the standard of input data to increase the technical and metallurgical understanding of the kaolin feedstock to assist in refining the process flowsheet design in developing the low-risk, low-cost production of high purity alumina products.

A reverse circulation (RC) rig and a diamond drill rig operated in sequence to generate samples and technical data that should provide important additional information for the BFS, which is expected to be completed in the September 2019 quarter. Results will also be included in an Environmental Impact Study (EIS) report to be submitted later this year.



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Outstanding grade recovery of 99.999% (5N) purity alumina

The Company achieved production of 99.999% purity Al₂O₃ during continued product development and benchmark variability test work for the BFS. The purity of 99.999% alumina was independently analysed and verified by Ultra Trace Pty Ltd in Perth.

The ongoing HPA product development test work is designed to provide data and information from the process flowsheet results of the laboratory-based test work as a 'replication' of the full-scale process design.

Achieving 99.999% or 5N HPA has the potential for a significant positive impact on the overall project economics. The Company sought to produce 5N HPA to demonstrate the flowsheet effectiveness, and to develop an additional product line that could supply a market with predicted long-term growth at a significant premium to the 4N market.



FYI's 99.999% Al₂O₃ (5N) generated from Cadoux

HPA pilot plant development

During the quarter the Company committed to develop and construct a pilot plant and undertake an associated test-work program to further optimise the Company's HPA process flowsheet engineered for the Cadoux kaolin feedstock.

The pilot plant will provide FYI with increased confidence and certainty on the engineered flowsheet design and operational performance of the process circuit before committing to full scale commercial production. The decision to proceed with the pilot plant is based on the expectation that a pilot plant test program will be important in understanding the metallurgical response of the kaolin throughout the designed flowsheet and the resulting engineering refinements required for efficient and balanced production of HPA in a continuous basis.

The supporting data and confirmation of the flowsheet effectiveness is particularly important to demonstrate ahead of committing to the capital expenditure of a full-scale operation.

The pilot plant operations and associated data modelling should:

- Support the findings and data generated during the prefeasibility study laboratory test work;
- Finalise mass and energy balances;
- Further optimise system design and capacity;
- Confirm equipment and process circuit requirements;
- Determine system limitations and optimise process design for continuous production and repeatability of targeted product;
- Assist to verify future production Capex and Opex;
- Lower overall project risk by verifying process efficiency, yields and target grades;
- Assist in financing by reducing risk prior to investing in the technology;
- Provide valuable operational training;
- Produce HPA for test product applications and verification; and
- Produce additional HPA product for further testwork.

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HPA Product Marketing

FYI continued with its HPA product marketing and promotion activities during the quarter and has arrangements with a number of industry participants in the East Asia region to identify and introduce the Company to potential customers. FYI has received consistently positive responses to the quality and purity of the Cadoux 99.99% (4N) and 99.999% (5N) trial HPA samples provided to market participants and end users.

The marketing of product will continue over the next quarter with greater emphasis being placed on the results of the pilot plant generated HPA product and customer investigation and validation of the technical developments and refinements of the process flowsheet.

CORPORATE

Receipt of R&D Advance Payment

During the quarter, the company received an initial payment of \$300,000 advanced against its expected 2019 R&D tax rebate. A second payment of up to \$800,000 is expected in June.

The advance payments are a non-dilutive source of funds to assist in developing the pilot plant for the project and the progressing and de-risking of the Company's fully integrated low-cost production strategy of high purity 4N (99.99%) and 5N (99.999%) alumina products.

Cash

As at 31 March 2019, FYI held \$1.3 million cash at bank. A further \$800,000 is expected to be received in June from the R&D funding.

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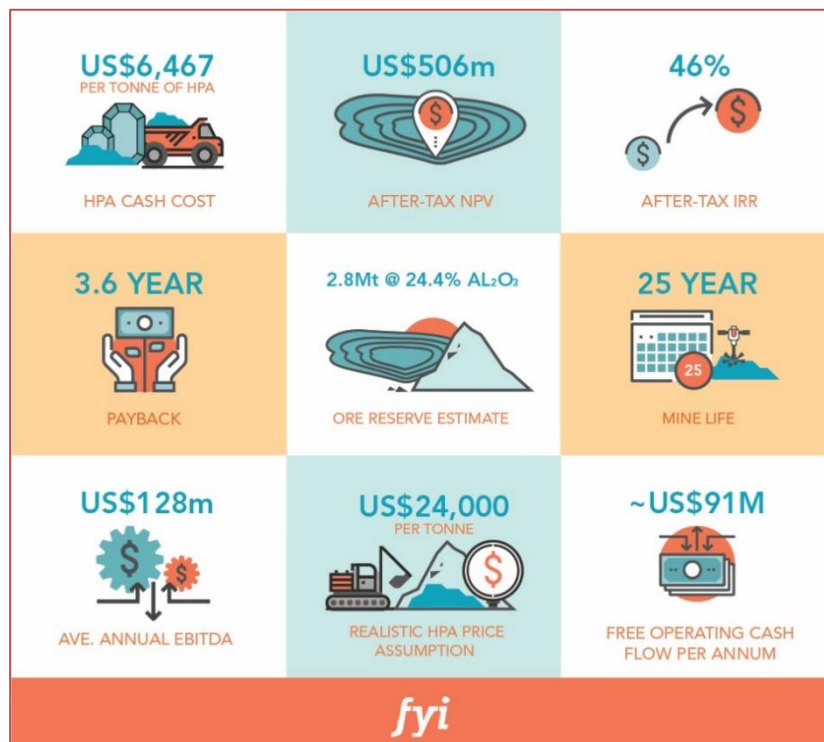
About FYI Resources Limited

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 FYI's 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 to give a potential world class HPA project.

In September 2018, FYI announced results of its Preliminary Feasibility Study ("PFS") for its Cadoux kaolin project in Western Australia. The PFS confirmed the Company's intention to become a predominant vertically-integrated, long life producer of high quality, sought after HPA.

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Pre-Feasibility Study highlights from September 2018

Interest in Mineral Tenements at 31 March 2019

Tenement	Location	Interest at the beginning of the quarter	Interest at the end of the quarter
E70/4673	Western Australia	100%	100%
E70/5145	Western Australia	100% (under application)	100% (under application)
WMM SPLs (6)	Thailand	100% (under application)	100% (under application)

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 Ore Reserve announcement released 29 October 2018 and is available to view on the Company's website at www.fyiresources.com.au

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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.

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.

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.

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.

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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.