



30 October 2020

FYI Activity Report for the quarter ended 30 September 2020

Highlights:

- FYI signs landmark MOU with Alcoa for JV development of HPA project
- Stage Two HPA pilot plant concludes with excellent results
- End-user directed HPA product trials commence through pilot plant
- Detailed off-take HPA product specification trials commenced
- Successful capital raise of A\$2.7m from Institutions and Supporter Groups
- Project financing options continuing
- Market reach program progressing well
- Participation in the Future Battery Industry CRC continues to bring rewards
- HPA battery pre-cursor materials and specialty cathode coatings applications development

FYI Resources Ltd (ASX: FYI) ("FYI" or "the Company") is pleased to release its Quarterly Activities report for the period ending 30 September 2020.

Alcoa Joint Venture MOU

In line with the Company's strategic HPA project development objectives, FYI signed a MOU on the 8th September with leading alumina producer, Alcoa of Australia Limited (**Alcoa**). The intention of the MOU is to explore joint development opportunities of FYI's innovative and fully integrated HPA production and refining process for full scale commercialisation. The co-development of FYI's HPA process flowsheet and refining technologies is consistent with FYI's broader development objective of attracting globally significant and strategic bluechip partners in the production of high quality, high purity alumina (**HPA**) and to leverage growing global market opportunities.

The MOU establishes a pathway to progress to an operational joint venture (**JV**) and is subject to the satisfaction of conditions precedent and successful negotiation of mutually beneficial terms. The conditions precedent cover further HPA pilot plant variability trials being successful and continued commercial benefits for both parties.

FYI and Alcoa will commence joint HPA pilot plant trials in the current quarter. FYI will provide progress updates to the market as activities progress.

Successful Completion of Stage Two Pilot Plant Trials

FYI's purpose-built pilot plant concluded the Company's Stage Two trial successfully achieving the objectives of:

- validating the results of the Stage One pilot plant trials;
- exceeding targeted purity grade 99.99%;
- optimising the materials handling / materials construction test work conducted during the pilot plant operations; and
- further increased our knowledge of the flowsheet design and product behaviour during operations

The Stage Two trials, with a nominal production rate of 1 kg HPA per hour, performed in line with expectations and design parameters including materials handling, excellent recoveries and refining of superior product qualities.



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Through the testwork, FYI continues to demonstrate the effectiveness and efficiency of our low cost, innovative process flowsheet using conventional processing technologies and in so doing continues to de-risk the project and crucially, demonstrate our HPA production capabilities to our leading potential partners and off-take groups.

The pilot plant test work is critical in developing and refining our HPA product advantages and also assisting in our market reach process in attracting potential off-take customer interest.

In response to specific end user requests, after satisfying internal quality control measures and purity levels (>99.99% Al₂O₃), the final product was packaged and sent to potential customers requesting additional HPA for qualification assessment.

In addition, 20kg of Stage Two HPA material was forwarded to a third-party service for specialised finishing work which was overseen by a potential customer.

Detailed HPA Product Trial

During the quarter, FYI commenced a detailed HPA production trial through the Company's purpose-built pilot plant facility.

The trial was designed to conduct detailed studies to optimise desired physical characteristics of FYI's HPA to meet certain product requirements and specifications as requested by various potential customers. The trial production run was completed successfully (see ASX release 27/10/2020) with initial observations being positive for the precursor and broader HPA cathode and cell coating applications currently being explored by the Company.

At time of publication of this quarterly, internal quality assessment and detailed analyses has not been completed. The results are pending and will be reported upon when the analysis results become available.

FYI continues to refine and develop the process flowsheet and our production expertise to closer align our HPA quality and purity to the end user product requirements to strengthening our commercial advantage.

Customer Engagement and Market Reach

FYI is fully committed to become a global producer and supplier of premium HPA into the rapidly growing LED and lithium-ion battery markets. As HPA is a developing market product, FYI believes it has a number of points of difference with its integrated HPA production that provides a distinct commercial advantage and appeal to customer groups.



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FYI has been active in identifying key potential customers in targeted markets. FYI has implemented a structured program to deliver on customer assessment requirements of FYI's high quality HPA through the various channels that the Company has been developing. FYI maintains a focus on the LED and primary lithium-ion battery markets, however potential customer inquiry has come from broader battery pre-cursor applications which demonstrate significant growth as battery technologies advance ie Nickel:Cobalt:Aluminium (NCA) and Nickel:Cobalt:Manganese:Aluminium (NCMA) cathode chemistries.

The supply-chain opportunities continue to emerge as our HPA product development increases as a result of our successful pilot plant trials enhancing the product acceptance with Tier One customer groups

Project Financing

The Company continues to review project financing opportunities that include traditional and non-market correlated options.

Excellent project return on investment outcomes highlighted in the Company's definitive feasibility study (**DFS**) demonstrate the attractiveness of the project to all financiers that the Company has engaged in funding discussions. The Company will progress the financing evaluation discussions to provide the most suitable funding to match the over-all project forecasts. Funding will be at project level to accommodate future possible stakeholders.

Future Battery Industry CRC

FYI is a founding member and partner of the Western Australian government's \$135m Future Batteries Industries Cooperative Research Centre (**FBI CRC**) based out of Curtin University in Perth.

The FBI CRC is a research partnership of 58 industry, academic and government partners to establish and develop new battery related opportunities in Australia to capitalise on the value-add from moving further along the battery value chain.

The predicted increase in demand for electric vehicle batteries is forecast to be very high. It is widely recognised as a once in a generation opportunity for Australia to create new industries and provides substantial leverage for Australia's minerals producers to increase downstream participation and become better integrated in clean energy and battery storage industries.

A recent report, "State of Play: Australia's Battery Industries", commissioned by the FBI CRC indicates that this migration along the value chain will bring significant social, environmental and economic benefits to Australia by placing Australia as a trusted supplier and an exporter of value-added products, rather than as an exporter of raw materials.

FYI has entered into a number of study and research programs within the FBI-CRC that may provide broader market opportunities as well as lead to further improvements of our innovative HPA refining process.



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More information on the Future Batteries Industry Cooperative Research Centre may be viewed on the group's website at fbicrc.com.au

Corporate

Capital Raise Concluded

FYI successfully raised \$2.7 million through a two-tranche placement to sophisticated and professional investors, pursuant to section 708 of the Corporations Act 2001 (Cth) via the issue of 45.0 million fully paid ordinary shares at \$0.06 per share.

The Placement received strong support from local and international investors, several existing major shareholders as well as welcoming a new cornerstone investor, Mr Ken Hall (formerly of Pacific Energy).

Current cash and facilities

FYI's current cash position is \$1.6m.

FYI maintains an \$80m equity funding facility through Luxembourg-based private equity group, GEM Global Yield LLC SCS (**GEM**) to assist financing for the Company's planned development of its HPA project and working capital purposes accessed at FYI's election.

FYI intends to utilise the capital support at key funding stages to manage shareholder dilution and to support other major financing packages.

Planned December Quarter Activities

- Commence HPA pilot plant trials in collaboration with Alcoa
- Progress joint strategy and JV discussions with Alcoa
- Finalise detailed product development trial test work and analysis
- Continued potential customer engagement and follow up on product qualification assessment
- Continue off-take MOU discussions with potential customers
- Respond to potential customer feedback enquiries for HPA product development
- Advance project financing discussions

Additional ASX Information

ASX listing rule 5.3.1 and 5.3.2 - Exploration and evaluation cash payments (net of GST) during the quarter was approximately \$889,000. Details of exploration and evaluation and development activities during the September 2020 quarter are set out in this report. There were no substantive mining production activities during the quarter.

ASX listing rule 5.3.5 - Appendix 5B, Section 6.1 – description of payments: During the quarter approximately \$2,700 was paid to Directors for director and consulting fees.

Authorised for release by Roland Hill, Managing Director.



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About Alcoa

Alcoa is a global industry leader in the production of bauxite, alumina and aluminum, a position enhanced by a portfolio of value-added cast and rolled products and select energy assets. Since developing the aluminum industry more than 130 years ago, Alcoa has built a legacy of breakthrough innovations and best practices that have led to efficiency, safety, sustainability and stronger communities wherever they operate.

Alcoa of Australia Limited (Alcoa) is owned 60 per cent by Alcoa Corporation and 40 per cent by Alumina Limited.

The Australian operations represent one of the world's largest integrated bauxite mining, alumina refining and aluminium smelting systems and add value to Australia's local, state and national economies at every stage.

Alcoa's operations support approximately 4,250 direct jobs, predominantly in regional Australia. Operations include:

- Two bauxite mines in Western Australia (Huntly and Willowdale)
- Three alumina refineries in Western Australia (Kwinana, Pinjarra and Wagerup)
- One aluminium smelter in Victoria (Portland)
- Two dedicated port facilities in Western Australia (Kwinana and Bunbury)

About FYI Resources Limited

FYI is developing a long life fully integrated high quality, high purity alumina production project for both traditional and new technology markets. FYI's corporate objective is to position itself to be a significant producer of HPA within these rapidly developing markets which include applications in LED, electric vehicle, smartphone and television screen as well as other associated high-tech product markets.

The robust economic business case for production of HPA from FYI's Cadoux project, north-east of Perth in Western Australia, entails controlled production from a 100%-owned feedstock source, mined on a schedule to match supply requirements of the proposed refinery at Kwinana, south of Perth. FYI's ability to control the integrated process should ensure product quality, consistency and provenance – an increasingly important product selection criteria for customers who rely on knowing the origins and record of ownership in a product's supply chain.

The foundation of FYI's HPA strategy is the innovative and integrated processing flowsheet utilising moderate temperature and atmospheric pressure technologies. These factors combine resulting in world class HPA project potential.



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Interest in Mineral Tenements at 30 September 2020

Tenement	Location	Interest at the beginning of the quarter	Interest at the end of the quarter
E70/4673	Western	100%	100%
M70/1388	Australia	100%	100%
WMM SPLs (6)	Thailand	100% (under application)	100% (under application)

Cautionary Statements

Substance of DFS

The DFS referred to in this announcement is a study of the potential viability of the Cadoux Kaolin Project. It has been undertaken to understand the technical and economic viability of the Project.

The DFS assumes as a 25-year Project life based only on Proved and Probable Ore Reserves (100%).

The DFS is based on the material assumptions outlined elsewhere in this announcement and the appended summary of the DFS. 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 DFS will be achieved.

To achieve the range of outcomes indicated in the DFS, funding in the order of A\$189 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.

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.



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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.

Competent Persons Statements

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 previous metallurgical results are available to view on the Company's website at www.fyiresources.com.au.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

FYI Resources Limited

ABN

85 061 289 218

Quarter ended ("current quarter")

30 September 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(889)	(889)
(b) development	-	-
(c) production	-	-
(d) staff costs	(3)	(3)
(e) administration and corporate costs	(174)	(174)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	5	5
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,061)	(1,061)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,300	1,300
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	180	180
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(117)	(117)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,363	1,363

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	108	108
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,061)	(1,061)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,363	1,363

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	410	410

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	410	108
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	410	108

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	3
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	750	750
7.4 Total financing facilities	750	750
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	<p>The Company has arranged the forward payment of its estimated 2020 R&D tax rebate through Innovative Technology Funding Pty Ltd. The advance is for up to \$750,000 being 80% of its expected tax rebate resulting from eligible R&D expenditure for the current financial year. The principal and accrued interest (at 15% p.a.) for the facility is repayable out of the actual tax refunded. The facility is for a maximum of 12 months and is secured against the Company's R&D offset rebate.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,061)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,059)
8.4 Cash and cash equivalents at quarter end (item 4.6)	410
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	410*
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.39
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: The Company does not expect to have the same level of net operating cash flows in the coming quarters as the cash flows for the previous quarter included the payment of significant accrued costs that are not expected to be incurred in the next two quarters.</p>	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company has raised a further \$1.4 million subsequent to the end of the September quarter as tranche 2 of a placement that raised a total of \$2.7 million. Details of the placement were announced on 13 August 2020. The Company also has an \$80 million equity finance/capital commitment facility in place.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company has an \$80 million equity finance/capital commitment facility in place for funding development of the HPA project and working capital purposes.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

* The Company also has an equity finance/capital commitment facility of up to A\$80 million in place with GEM Global Yield LLC SCS for funding the development of the HPA project and working capital purposes. Refer to announcement 11 March 2020.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2020

Authorised by: Roland Hill, Managing Director
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.