



29 April 2021

FYI Activity Report for the quarter ended 31 March 2021

Key points:

- Updated DFS released with outstanding results
- HPA project NPV_{8%} increased to US\$1.014b
- FYI progresses HPA MoU with Alcoa Australia
- FYI's commences ESG certification
- Commenced process for quotation on the OTC market in US
- GEM Global takes initial strategic interest in FYI
- Alcoa and FYI joint pilot plant trial samples achieve average of 99.9986% Al₂O₃

FYI Resources Ltd (ASX: FYI) ("FYI" or "the Company") is pleased to release its Quarterly Activities Report for the period ending 31 March 2021.

FYI HPA project NPV increases to US\$1.014b

FYI announced an updated definitive feasibility study (Updated DFS) of the Company's high purity alumina (HPA) project (announcement 8 April 2021). The Updated DFS resulted in an increase in net present value (NPV) to US\$1.014b (A\$1.3b). The Updated DFS was prepared by the Company in conjunction with its project managers and selected industry specialists. The resulting NPV increase reflects changes to a number of underlying assumptions based on technical improvements, project de-risking and other key commercial developments accomplished by FYI since the initial DFS announcement on 11 March 2020, attributing to the 87% increase to the project NPV.

Improvements to the Project NPV include detailed flowsheet advances, process design, production optimisation and supported by extensive testwork (including multiple pilot plant trials) to optimise the integrated HPA process flowsheet and design.

Major Highlights of Updated DFS and NPV

The key highlights to FYI's Updated DFS are summarised below:

- Updated DFS inputs are supported by additional pilot plant trials and data validation
- Updated DFS conducted by leading hydrometallurgical experts
- Sensitivity analysis demonstrates robust project economics
- The Updated DFS and financial analysis was completed to an accuracy of -10% to +15%
- Updated key project NPV metrics include:
 - post-tax NPV_{8%} of US\$1.014 billion
 - project post-tax IRR 55%
 - annual production:
 - 8,500 tpa 4N HPA (99.99% Al₂O₃)
 - 1,500 tpa 5N HPA (99.999% Al₂O₃)
 - average forecast selling price US\$26,400/t (basket 4N and 5N pricing)
 - annual project revenue US\$261m
 - annual project EBITDA US\$186m
 - project capex US\$202m
 - project opex US\$6,661/t
 - project payback 3.2 years
 - AUD:USD exchange rate of 0.75 (from 0.70)



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FYI Resources Managing Director Roland Hill said: “The update to the Company’s initial DFS was an obvious progression in the development of our HPA project strategy. The quality and robustness of our HPA Project was demonstrated in our initial DFS released in March 2020. Since then, the Company has continued the evolution of the Project through further process design improvements, detailed test-work via numerous pilot plant trials and other supporting activities to assist in de-risking the Project. There has also been a number of external factors such as the AUD:USD exchange rate movement that has had an impact on the economics of the project. It was evident that a more up-to-date financial case be presented to the market.

The Updated DFS outcome represents a persuasive economic case and demonstrates the merit of the Project in being developed as potentially one of the HPA sector’s highest quality, lowest capital and operating cost projects”.

FYI believe the increased NPV outcome is a more accurate reflection of the HPA Project’s achievable financial potential and signifies the greater confidence in the Project given the progress accomplished by the Company in the last 12 months.

Key changes to Updated DFS and NPV

Discount rate	Revised from 10% to 8% reflecting increased project confidence from further project development and testwork
HPA annual production	Revised from 8,000tpa to 10,000tpa based on expected HPA market growth
HPA product mix	HPA sales assumptions includes 8,500tpa of 4N and 1,500tpa 5N. FYI has demonstrated that 5N production is possible and will likely become a material contribution to future sales
HPA pricing	Product pricing has increased from US\$24,000/t (100% 4N) to an assessed basket price of US\$26,400/t (85% 4N / 15% 5N) still reflecting a conservative selling price
Exchange rate	The AUD:USD exchange rate has moved from 0.70 to 0.75
Capex	The exchange rate has impacted the project capex from US\$189 to US\$202 due to the AUD component of the cost base (expressed in US\$)
Opex	The exchange rate has impacted the project opex from US\$6,217/t to US\$6,661/t due to the AUD component of the cost base (expressed in US\$)

Improvements to FYI’s HPA Strategy

- Increased attraction of major industry participants and potential off-take parties to FYI’s HPA strategy (including Alcoa of Australia)
- Advancing of product marketing and potential off-take party assessment
- Progressing Project financing alternatives providing visible financing options
- WA Government recognition of HPA Project status through granting of Lead Agency support
- FYI establishing Environmental, Social and Corporate Governance (ESG) and carbon footprint targets designed to transition towards increased Project sustainability.

Summary of Updated DFS

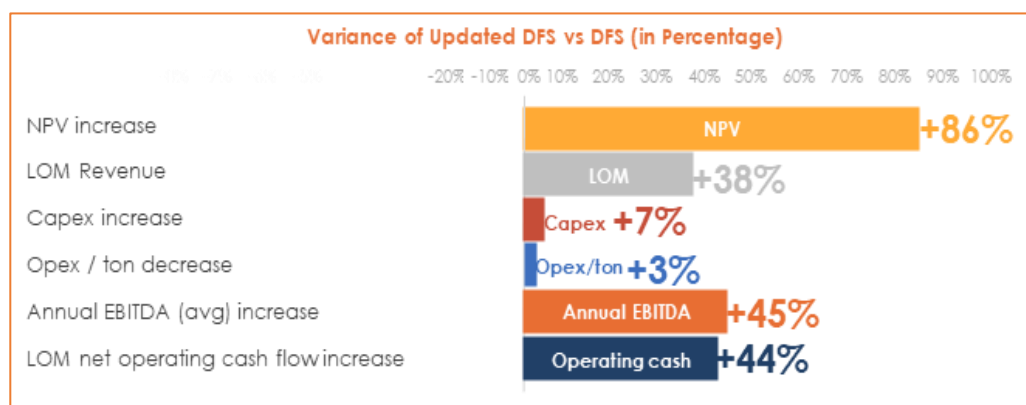
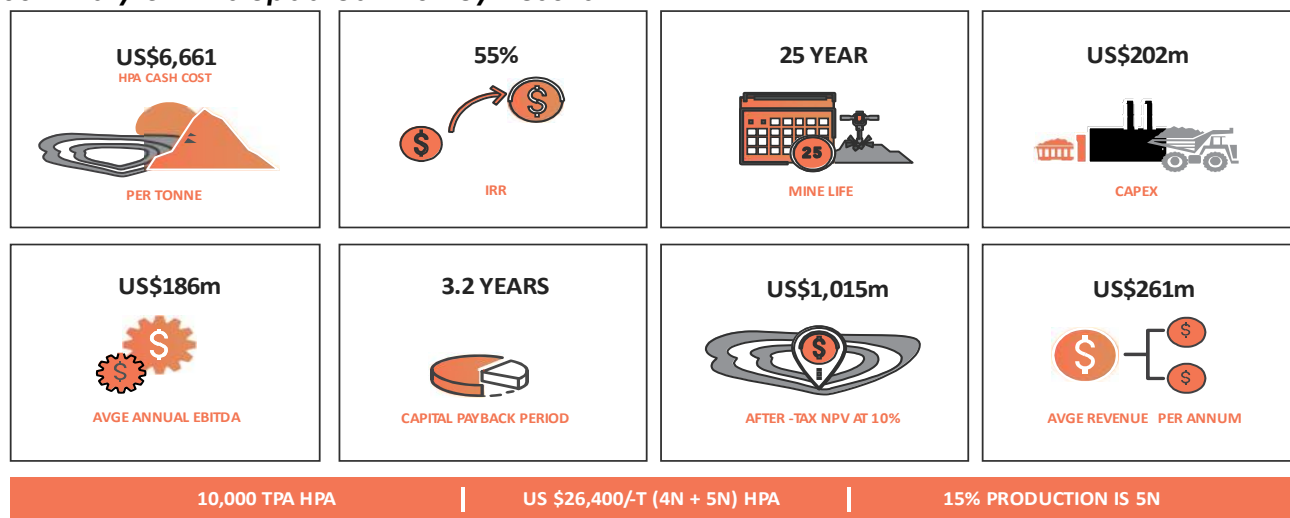
The Updated DFS augments the Initial DFS of March 2020 which considers FYI's innovative, low temperature, low pressure leach and precipitation process flowsheet for the production of high quality HPA. The Updated DFS combines detailed technical and financial inputs that result in the study having a -10% + 15% degree of accuracy and confidence - suitable for this level of study.

FYI's process design basis is the adoption and advanced refinement of a conventional leach and precipitation flowsheet which was adapted and optimised to commercialise the production of high quality, high purity alumina. The process refinements are specific to FYI's unique feedstock and its amenability through the innovated flowsheet resulting in excellent production characteristics including achieving lowest cost quartile for both opex and capex.

A revised financial model and resulting NPV was completed based on all the initial DFS, pilot plant trials and other supporting studies used in calculating and estimating the project capital and operating costs as well as all other operating parameters. The results are tabled below.

FYI is continuing to progress the development of its HPA Project strategy and advancing to the final engineering stage for the HPA Project. The Company's updated DFS demonstrates the progress achieved with FYI's HPA Project and confirms the Project's potential ability to generate outstanding financial returns over the initial modelled life of 25 years.

Summary of FYI's Updated DFS Key Results



Updated DFS Variance to Initial DFS



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The Initial DFS established an outstanding set of financial results for the Company's HPA project. The Initial DFS demonstrated the quality of the innovative flowsheet and the robustness of the Company's HPA project and outlined the clear pathway forward to developing an integrated HPA refining business in the favourable operating jurisdiction of Western Australia. FYI has taken the foundation work and improved the overall project metrics by a further 12 months of continuous project improvements.

Key DFS assumptions and outcomes include:

DFS version	Initial	Updated
Discount rate	@10%	8%
NPV (post tax)	US\$543m	US\$1.014b
IRR (post tax)	46%	55%
Payback period (years) (post tax) (inc ramp up)	3.6	3.2
Assumed exchange rate A\$/US\$	0.70	0.75
Modelled DCF Life of Project (years)	25	25
Total Sales (initial 25 years) no escalation	US\$4.7b	US\$6.1b
Total Project net operating cash flow (25 years)	US\$2.b	US\$3.3b
Annual EBITDA (average)	US\$133m	\$186m
Cash flow after finance and tax	US\$88m	US\$131m
Shares on issue (as at publication of the DFS)	212.77m	321.09m
Capex (US\$) (8,000 tpa)	US\$189m	US\$202m
Capex/t (US\$/t)	US\$23,575	US\$20,200
Opex (US\$/t) - Life of Mine C1 costs, FOB Kwinana	US\$6,217	US\$6,661
Tonnes Processed (initial 25 years) (kt)	189	247
Production Target (tpa) (initial 25 years)	8,000	10,000
Proven + Probable Ore Reserves (@ 24.8% Al ₂ O ₃ kt)	3,205m	3,205m
Ore Reserve life (years)	25	25
JORC Resources (million tonnes)	11.3	11.3

Updated DFS highlights (comparison to initial 11th March 2020 DFS)

HPA Market Update

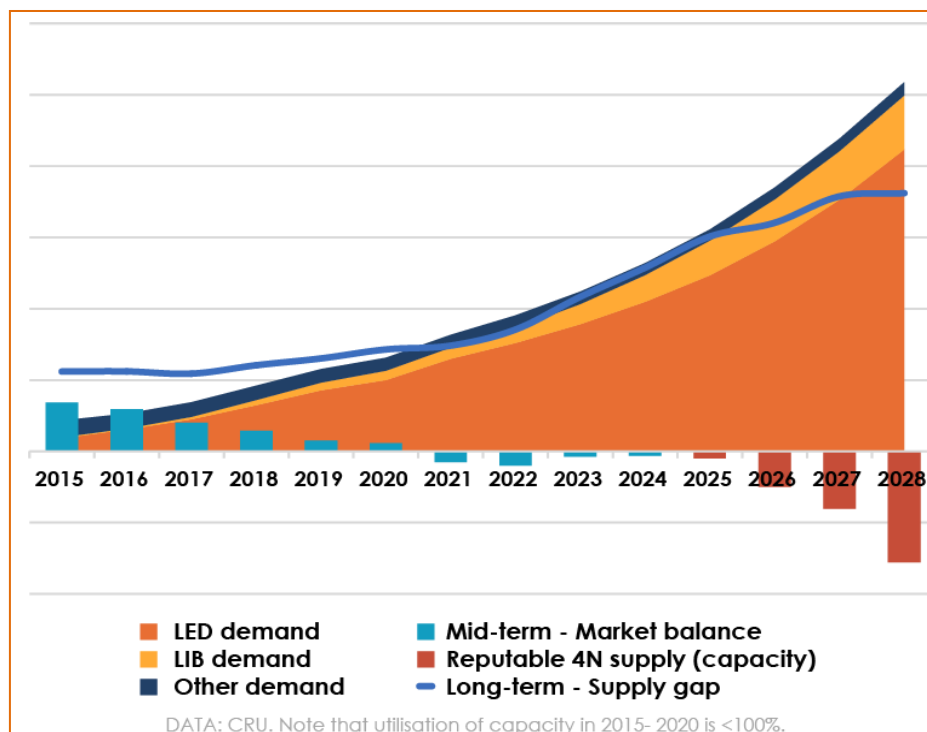
FYI maintains an active watch on pricing and demand models for the HPA market. This price determination is used to establish forecast HPA sales and price metrics for the Company's product marketing purposes. FYI's ongoing HPA Market review includes the engagement of several independent commodity market research firms and sourcing data directly from market participants within the HPA industry.

The most recent market survey and round of interviews conducted with producers, consumers, projects and other market participants in Japan, South Korea, North America, Europe and China conclude there is evidence that the HPA market is entering a phase of mild tightness. This is further supported by comments from consumers, particularly in the sapphire market for LEDs, who state that supplies of reputable 4N HPA is becoming limited – according to one data source used by FYI, CRU Commodity Research.

Of significance, whilst it is evident that different trends are emerging in the HPA sector from the previous DFS report in March 2020, for the purposes of the Updated DFS report the focus will be on the 'performance- driven or 4N-5N market.

In terms of sales volumes, assuming unconstrained by supply of 4N+ HPA, demand is forecast to grow from ~30 kt in 2021 to over 104 kt in 2028, a CAGR of 18.7%. Pricing has been noted by CRU to be in the range of:

- US\$15/kg for mis-represented, off-specification product largely centring on the Chinese domestic market
- US\$56/kg for premium, high quality and reliable supply and specialist applications
- US\$100/kg (up to) for spot and small parcels



HPA market demand and deficit forecast 2015 to 2028 – CRU HPA Report 2021



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Critically, FYI appreciates that realising price premiums for high quality 4N material relies upon building strong relationships with customers, being able to adjust specifications to meet customers exacting requirements and consistently supplying material to the agreed specification. Achieving and maintaining a reputation for delivery of reliable and consistent specification will become a very powerful marketing tool.

The modelled HPA demand is forecast to grow rapidly at approximately 18.7% CAGR between 2021 to 2028. As a result of the demand, CRU models the HPA market to tip into deficit in 2021, as reputable 4N and 5N as current supply capacity fails to meet the market demand as production has not kept pace with demand growth. FYI sees tremendous potential opportunities as a result in commencing HPA production ahead of the forecast deficit.

FYI Sustainability and ESG

The mining sector faces many material environmental, social and governance (ESG) issues. Certain mining operations can have significant and long-lasting environmental and social impacts on the community – both positive and negative.

FYI is cognisant of its responsibilities and made significant efforts during the development of the Company's HPA Project strategy to address ESG issues and the project's sustainability. FYI is currently in the process of being ESG certified and is establishing recognised frameworks to enable the Company to transition and improve its ESG standards along with introducing programmes and initiatives to reduce its legacy impact and potential environmental project risks.

Typical ESG issues that FYI is targeting include:

- Excessive energy use and greenhouse gas emissions
- Disproportionate effluent and waste production
- Land degradation and negative impact on biodiversity
- Adverse and excessive water use
- Community Relations
- Community Health and Safety concerns

Along with designing its HPA Project and process flowsheet to minimise its environmental impact and greenhouse gas contribution, FYI also recognises its social and governance requirements. FYI has combined these practices to identify and improve legacy issues to achieve best practices to be a leader in the sector. To quantify FYI's footprint, the Company is currently being assessed and rated by an independent industry rating service.

Alcoa of Australia HPA MOU progress

FYI has been progressing development of its innovative process flowsheet for production of high quality, ultra-pure HPA. Through the success of the project development to date, Alcoa of Australia Limited approached FYI to enter into a commercial arrangement on the future advancement of the HPA project and subsequently signed a memorandum of understanding (MOU) (ASX announcement 8th September 2020).

The joint MoU with Alcoa establishes a pathway to advance to a joint venture on FYI's HPA project. Since signing, FYI and Alcoa have collaborated on the project development whilst in parallel, Alcoa progressed with its technical and corporate due diligence. Both parties continue to work towards entering a formal Agreement.



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Successful Joint Pilot Plant Trial Delivers Outstanding Results

During the quarter, FYI undertook its third pilot plant trial at the Company's purpose-built pilot plant facility and the first trial in collaboration with Alcoa's technical and operational oversight. The weeklong operation was similar in nature to FYI's previous pilot plant trials in terms of successful facility operations and outcomes.

The pilot plant samples were sent to EAG Laboratories in New York, USA for elevated Glow Discharge Mass Spectrometry (GDMS) for independent analysis. The final test results represent an outstanding outcome and is further validation of FYI's innovative HPA flowsheet design with 99.999% Al₂O₃ purity being achieved.

The test results continue to demonstrate the outstanding qualities of the Company's flowsheet in delivering consistent and reliably high quality HPA product – a key requirement from a customer perspective.

A summary of the key pilot plant results is shown in the table below:

		Sample 1	Sample 1 Duplicate	Sample 2	Sample 3	Sample 3 Duplicate	Sample 4
HPA (Al ₂ O ₃) Grade	%	99.999%	99.998%	99.998%	99.998%	99.999%	99.992%
Total Impurities	ppm	12.3	15.1	23.3	16.8	14.0	76.1

Results from the joint Alcoa/FYI HPA pilot plant trial.

FYI is encouraged by the results and considers the outcome to be of significant relevance in the continued development of the Company's 5N product.

Corporate

Proposed US OTC Trading

The OTC is a share trading platform which offers an electronic quotation and trading service in the US as a secondary platform to FYI's primary listing on the ASX.

FYI is initiating the OTC quotation (**Code: FYIRF**) of the Company's securities due to significant interest from North American investors in FYI due to the outstanding DFS results as well as investors who are actively looking for alternative investment opportunities into the electric vehicle (EV) industries.

The investor interest includes equity funds, ESG funds and family offices. The interest the Company has received from North American investors is a result of:

- FYI's progress on the innovative and fully integrated high purity alumina (HPA) strategy
- the Company attracting high calibre corporate and counter party interest
- The demonstrated value outlined in the Company's DFS
- Leverage that HPA offers in the burgeoning EV and power storage markets



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FYI will maintain its primary listing on the ASX, with the OTC as a secondary or compliance listing, which trades the same class of ordinary share to the FYI's ASX traded stock. The FYI OTC quoted shares or securities will be traded "over-the-counter" via a dealer network as opposed to trading on a centralised exchange. FYI's shares will not be a synthetic or derivative stock.

FYI has registered and been approved for quotation on the OTC under the code **FYIRF**. The date for the commencement of trading is to be confirmed.

International fund initiates strategic interest in FYI

In February, FYI received an initial investment by GEM Global Yield LLC SCS (GEM). GEM intends to provide long term funding and support to FYI for the development of the Company's HPA project. GEM sees increasing shareholder value as FYI progresses the development its HPA project strategy.

The placement of \$3.13 million is via the issue of 9.3 million shares at 33.67 cents per share under the Company's \$80 million capital commitment facility with GEM. This is the first draw down on the GEM financing facility (announced 11 March 2020) which was put in place to provide FYI with capital support for the development of the Company's HPA project.

Planned June Quarter Activities:

These added opportunities may have the ability to positively impact on the Company's future valuation. These events include:

- Progress Joint Venture discussions with Alcoa under the MoU
- Develop scope for extended pilot plant trial production
- Completion of HPA project detailed engineering, front end engineering
- Continued product market qualification and assessment
- Investigation of additional internal revenue streams
- Investigation and development into broader battery HPA utilisation and market

Treasury

The Company ended the March Quarter with a cash balance of \$9.2 million.

ASX Additional Information

ASX listing rule 5.3.1 and 5.3.2 - Exploration and evaluation cash payments (net of GST) during the quarter were approximately \$210,000. Details of exploration and evaluation and development activities during the March 2021 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 \$165,300 was paid to Directors for current and accrued director fees.



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Authorised for release by Managing Director, Roland Hill.

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About FYI Resources Limited

FYI's is positioning itself to be a significant producer of 4N (99.99%) and 5N (99.999%) high quality, high purity alumina (HPA) through low carbon and environmental footprint production and adhering to high ESG standards.

FYI's innovative and fully integrated HPA refining process is demonstrated via the release of the Company's DFS and signing of a Memorandum of Understanding with Alcoa of Australia Ltd with the intention to formalize a joint venture on the development of FYI's HPA project.

HPA is increasingly becoming the primary sought-after input material for certain high-tech products principally for its unique properties, characteristics and chemical properties that address that applications high specification requirements.

HPA has principally two major market streams. One is a "traditional" market such as LED's and other sapphire glass products, substrates, electronics and specialty abrasives. The second market, and longer-term driver for HPA, with forecasts of >17% CAGR, is its application in lithium-ion batteries for the burgeoning electric vehicle and static energy storage markets where the primary function is in the use as a separator material between the anode and cathode in batteries to increase power, functionality and safety of the battery cells.

* CRU HPA Industry Report 2021

Interest in Mineral Tenements at 31 March 2021

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)



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Cautionary Statements

Substance of Updated DFS

The Updated DFS referred to in this announcement is a study of the potential viability of the production of high purity alumina from feedstock from the Cadoux Kaolin Project. It has been undertaken to understand the technical and economic viability of the Project.

The Updated DFS assumes as a 25-year Project life based only on Proved and Probable Ore Reserves (100%). The Updated DFS is based on the material assumptions set out in this announcement and its appended DFS summary. 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 the feasibility studies will be achieved.

To achieve the range of outcomes indicated in Updated DFS, funding in the order of A\$202 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.

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.



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Competent Persons Statements

Ore Reserves

The information in this announcement 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 the DFS announcement released 11 March 2020 and 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 announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements 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 announcements.

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, Ore Reserve announcement released 29 October 2018 and the DFS announcement released 11 March 2020 and is 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 announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements 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 announcements.

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 the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements.