



INTERIM FINANCIAL REPORT

For the half year ended 31 December 2022



Corporate Directory

DIRECTORS

Edmund Babington
David Sargeant
Sandy Chong
Roland Hill

Non-Executive Chairman
Non-Executive Director
Non-Executive Director
Managing Director

COMPANY SECRETARY

Phillip MacLeod

REGISTERED AND PRINCIPAL OFFICE

Units 8-9, 88 Forrest Street
Cottesloe WA 6011

Phone +61 9313 3920
Website www.fyiresources.com.au
ABN 85 061 289 218

SHARE REGISTRY

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000

AUDITOR

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

SECURITIES EXCHANGE LISTINGS

ASX Limited Home Exchange: **Perth**
ASX Code: **FYI**
OTC-US Markets Stock Exchange Code: **FYIRF**
Frankfurt Stock Exchange Code: **SDL**
Hamburg Stock Exchange Code: **AORDPF**
Berlin Stock Exchange Code: **SDL**

Contents

Directors' Report	2
Condensed Statement of Comprehensive Income	8
Condensed Statement of Financial Position	9
Condensed Statement of Changes in Equity	10
Condensed Statement of Cash Flows	11
Notes to the Condensed Financial Statements	12
Directors' Declaration	21
Auditor's Independence Declaration	24
Independent Auditor's Review Report	25

Directors' Report

Your directors submit their report on FYI Resources Limited ("FYI" or "the Company") and its controlled entities ("the Group") for the half-year ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001, the directors' report is as follows:

Directors

The directors of the Company at any time during or since the end of the half-year are:

Edmund Babington
Roland Hill
David Sargeant
Sandy Chong

Review of Operations and Exploration Activities

The Group's loss for the half-year ended 31 December 2022 was \$3,170,212 (2021: \$2,399,800). During the period the principal activities of the Group consisted of advancing its fully integrated and innovative high purity alumina (HPA) project in Western Australia, mineral exploration and evaluation in southeast Asia and evaluation of other critical mineral development opportunities.

The following activities were completed during the period:

HPA Project Development

FYI and Alcoa, as the joint development partners in the HPA project, continued significant progress with the development of the Stage Two small-scale production / demonstration plant. This included advancing the engineering and operational design and scheduling of the HPA project, along with its supporting commercial, legal and marketing components.

Operations readiness

Development was focused on activities targeting a final investment decision (FID) and commencement of a small-scale production facility. These activities include technology and engineering improvements that the joint development partners have developed and refined during the period.

The HPA workstreams being progressed include:

- **Small-scale production facility / Demonstration plant:** The joint development partners endorsed a site in Kwinana, Western Australia, as best meeting the project criteria. The small-scale production and demonstration plant is designed for the following multiple purposes:
 - a) Generating suitable volumes of high quality HPA for market engagement and customer qualification purposes
 - b) Observing operating parameters and scale-up factors for commercial production
 - c) On-going research and development of HPA materials and product finishing.
- **Ancillary workstreams:** Supporting the development of the small-scale production and demonstration plant, FYI has continued to progress:
 - a) **Engineering and design**
Hatch Engineering have finalised the engineering and design workstreams for the small-scale production and demonstration plant. These are currently being reviewed by the Company.

b) Technology development

The Company continues to refine, test and improve various elements of the process design.

c) Development schedule

The development schedule is being examined by the Company to be truncated to allow for early works and procurement of long lead capital items and development permitting.

d) Statutory approvals

Permitting and statutory approvals for the small-scale production and demonstration plant commenced.

e) HPA product finishing

Client directed product finishing and broader HPA product studies continued to increase and diversify HPA product range options.

f) Waste and water recycling

The HPA process design incorporates sustainable production practices through the flowsheet engineering. The Company will continue to refine these input designs to optimise the process for operational efficiencies.

g) Energy reduction and recycling

Energy is a key input into the HPA production process. Design enhancements of the flowsheet to reduce, recycle and recovery of energy is a continual improvement process that aims to maximise operational efficiencies and reduce carbon emissions.

Product Marketing

FYI is targeting specific market segment opportunities for HPA offtake. Increased customer outreach was established and emerging and niche market segments continues to provide market assurance as well as product development guidance.

These opportunities include sapphire glass, LEDs / micro-LEDs and electric vehicle (battery components) as well as other emerging market opportunities as HPA becomes an increasingly important and desirable product in the critical minerals sector.

The following marketing activities were undertaken in support of the project development:

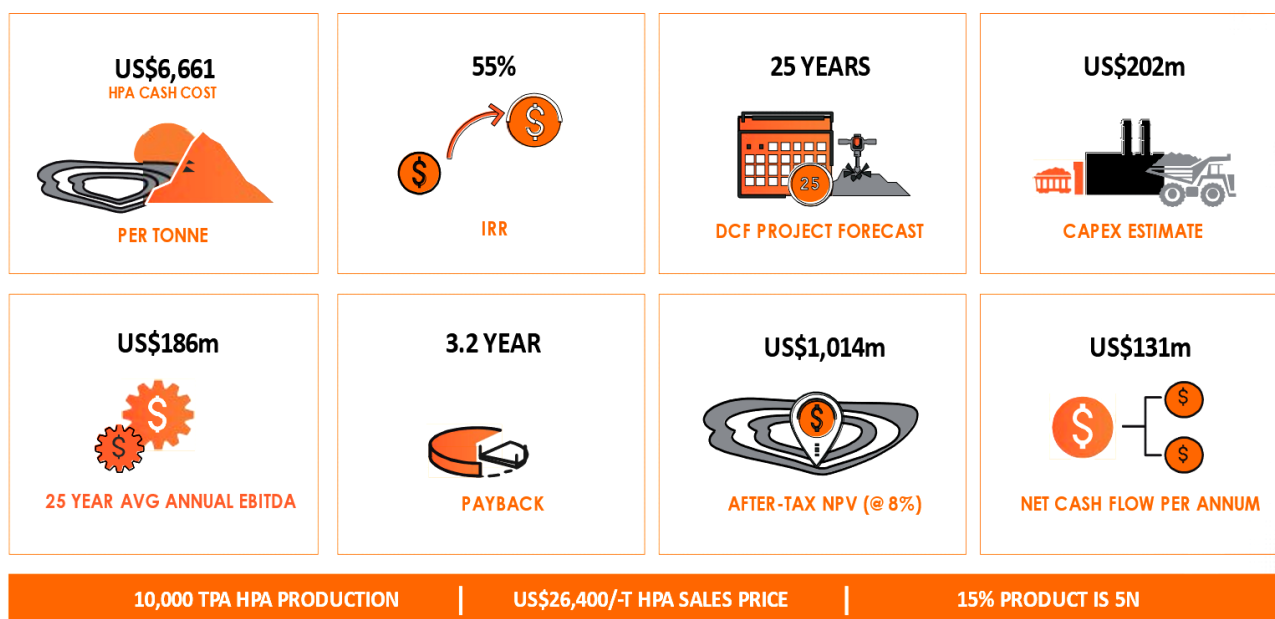
- Comprehensive market analysis
- Qualification samples forwarded to potential customers
- European critical minerals meeting with industry participants

Project Economics

The HPA project development undertaken by the Company includes the publication of a definitive feasibility study (DFS) in April 2021. The DFS outlines the detailed HPA project scope of operations, risk factors and economic outcomes.

A summary of the key DFS economic metrics for the HPA project are presented in the graphic below:

FYI's HPA Project NPV Summary (post tax)



Please see page 22 and 23 of this Report for the HPA project Competent Persons statements and DFS cautionary statements.

Innovative HPA Battery Coatings Program

In collaboration with EcoGraf Limited (ASX: EGR), an ASX listed graphite company, FYI is developing an innovative HPA enhanced, high density anode coating for use in lithium-ion batteries.

The objective of anode development is to increase the performance, reliability, longevity, safety and cost effectiveness of a graphite anode in high power density batteries, primarily used in EVs.

The development work focuses on the unique and innovative application of FYI's high-quality ultrafine HPA and EcoGraf's spherical graphite. The test work is being conducted by a leading independent battery materials research group in the U.S. FYI and EcoGraf have demonstrated HPA-doped carbon coatings as a major active anode material which has the ability to increase battery performance and safety.

Following the success of the previous series of tests, an extended, lithium-ion battery electrochemical performance test program to cover more than 110 continuous cycles was completed. The positive testwork results reinforces our assessment of the suitability for long-term cycling performance characteristics of FYI's HPA in enhanced battery technologies.

Observations from the testwork confirm that FYI's HPA coating is acting as a hydrophobic reductant which promotes the lithium ions chemistry with the carbon anode. This unique absorption characteristic ensures that the graphite particle surface is hydrophilic thus allowing all carbon anode material to participate in the lithium-ion intercalation and electrochemical process.

FYI and EGR have conducted further battery development and will report on the results once they have been collated and assessed. The testwork and battery development has focused on:

- High quality HPA coating and doping on graphite anodes
- HPA specialty coated lithium battery separators

FYI believes there is significant market opportunity in the US and Europe, with demand expected to grow 30% pa with leading industry research group BMI Research reporting sales prices for coated anodes ranging between US\$5,000 to US \$10,000 per tonne, with premium coated anode commanding higher prices (refer to www.benchmarkminerals.com).

Environment Social Governance (ESG)

During the half year, FYI was accepted as a member into the United Nations Global Compact in Australia (UNGC). The UNGC is a network of 16,000 businesses from more than 60 countries who exhibit socially and environmentally responsible and sustainable practices. FYI will implement the UN SDG goals into our ESG framework, as they are a vital set of business values that strongly align with our mission and goals.

ESG Rating

FYI completed its annual ESG review and continues to progress towards its mission to be a contributor to a sustainable world by innovating responsibly, giving back to the community, and reducing its environmental impact.

The Company's ESG rating has improved from 23.8 to **21.4** (the lower the score the better the rating). The annual rating review was performed by Sustainalytics, a Morningstar company and one of the largest independent providers of ESG research and ratings.

The Company's ESG rating is the 5th best among the 172 firms in the Diversified Metals Industry and the 4th best among the 34 firms in the Aluminum sub-industry (the 3rd and 10th percentile respectively).

Tax Rebate

In November, FYI received an R&D tax incentive rebate payment of \$0.89m for the 2021/2022 financial year.

Dividends

No dividends have been paid during the period and no dividends have been recommended by the directors.

Events subsequent to reporting date

On 22 February 2023, FYI announced that it will continue developing the HPA project without Alcoa. Alcoa has decided to discontinue their involvement with the HPA project given the change in their priorities.

FYI retains the HPA project's IP, data and information, assets and customer relationships developed during the project.

FYI has been, and continues to be, committed to progressing the development of the HPA project. The Company remains confident in the HPA project's substantial and unique market opportunity, due to the commercial advantage of its innovative process flowsheet, high quality HPA, positive customer response to the product and the strong growth forecast in market demand.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim report. This written Auditor's Independence Declaration is set out on page 24 and forms part of this Directors' Report for the half-year ended 31 December 2022.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act 2001.



Roland Hill
Managing Director

Perth, 15 March 2023



"Our aim is to develop battery mineral projects sustainably and ethically for future generations"



FINANCIAL STATEMENTS



**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

		Consolidated	
		6 months ended 31/12/2022 \$	6 months ended 31/12/2021 \$
Note			
Continuing Operations			
Interest income		70,417	5
Exploration and evaluation expenditure	6	(1,598,761)	(912,641)
Amortisation expense	9	(464,137)	(464,136)
ASX fees		(53,531)	(78,745)
Share-based payment expense	7	(22,952)	(94,180)
Accounting and consulting fees		(157,512)	(150,850)
Other administration expenses		(366,589)	(236,918)
Directors' fees		(381,502)	(279,436)
Share registry expenses		(35,531)	(37,903)
Legal expenses		(24,781)	(29,087)
Consulting fees		(135,335)	(115,167)
Interest expense		-	(742)
Loss before income tax expense		(3,170,212)	(2,399,800)
Income tax benefit		-	-
Net loss for the period		(3,170,212)	(2,399,800)
Other comprehensive income, net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences from translation of foreign operations		(18,782)	(654)
Other comprehensive loss		(18,782)	(654)
Total comprehensive loss		(3,188,994)	(2,400,454)
Loss for the period is attributable to:			
Owners of FYI Resources Ltd		(3,164,268)	(2,393,334)
Non-controlling interests		(5,944)	(6,466)
		(3,170,212)	(2,399,800)
Total comprehensive loss for the period is attributable to:			
Owners of FYI Resources Ltd		(3,183,050)	(2,393,988)
Non-controlling interests		(5,944)	(6,466)
		(3,188,994)	(2,400,454)
Basic and diluted loss per share (cents per share)	13	(0.86)	(0.68)

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	Consolidated	
		31/12/2022	30/06/2022
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		10,110,176	11,648,356
Trade and other receivables	8	202,339	1,105,487
Other assets	9	172,529	636,665
Total Current Assets		10,485,044	13,390,508
NON-CURRENT ASSETS			
Deferred exploration and evaluation expenditure	10	3,533,332	3,533,332
Total Non-Current Assets		3,533,332	3,533,332
TOTAL ASSETS		14,018,376	16,923,840
CURRENT LIABILITIES			
Trade and other payables	11	288,655	226,252
Total Current Liabilities		288,655	226,252
TOTAL LIABILITIES		288,655	226,252
NET ASSETS		13,729,721	16,697,588
EQUITY			
Issued capital	12	57,877,564	57,679,388
Reserves		3,829,142	3,824,973
Accumulated losses		(47,724,543)	(44,560,275)
Equity attributable to owners of the parent		13,982,163	16,944,086
Non-controlling interests		(252,442)	(246,498)
TOTAL EQUITY		13,729,721	16,697,588

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Consolidated						
	Issued Capital \$	Accumulated Losses \$	Share-based payments reserve \$	Option premium reserve \$	Foreign currency translation reserve \$	Non- controlling interests \$	Total \$
Balance at 1 July 2021	52,080,270	(40,430,771)	2,681,918	834,677	5,662	(228,666)	14,943,090
Loss for the period	-	(2,393,334)	-	-	-	(6,466)	(2,399,800)
Other comprehensive loss	-	-	-	-	(654)	-	(654)
Total comprehensive loss for the period	-	(2,393,334)	-	-	(654)	(6,466)	(2,400,454)
Equity transactions:							
Shares issued net of transaction costs	5,599,118	-	94,180	-	-	-	5,693,298
Balance at 31 December 2021	57,679,388	(42,824,105)	2,776,098	834,677	5,008	(235,132)	18,235,934
Balance at 1 July 2022	57,679,388	(44,560,275)	2,985,287	834,677	5,008	(246,498)	16,697,588
Loss for the period	-	(3,164,268)	-	-	-	(5,944)	(3,170,212)
Other comprehensive loss	-	-	-	-	(18,782)	-	(18,782)
Total comprehensive loss for the period	-	(3,164,268)	-	-	(18,782)	(5,944)	(3,188,994)
Equity transactions:							
Shares issued net of transaction costs	198,176	-	22,952	-	-	-	221,127
Balance at 31 December 2022	57,877,564	(47,724,543)	3,008,239	834,677	(13,774)	(252,442)	13,729,721

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Consolidated	
	6 months ended 31/12/2022 \$	6 months ended 31/12/2021 \$
Cash flows used in operating activities		
Payments to suppliers and employees	(1,140,205)	(1,317,208)
Payments for exploration and evaluation	(1,353,693)	(1,661,760)
Interest received	67,393	2,028
R&D tax offset	888,325	1,181,842
Net cash outflow used in operating activities	(1,538,180)	(1,795,098)
Cash flows from financing activities		
Proceeds from issue of shares	-	5,304,660
Share issue costs	-	(46,736)
Net cash inflow from financing activities	-	5,257,924
Net (decrease)/increase in cash held	(1,538,180)	3,462,826
Cash at the beginning of the period	11,648,356	9,065,895
Cash at the end of the period	10,110,176	12,528,721

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

1. Basis of Preparation

These interim financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period, and the Company as a for-profit entity.

This interim financial report does not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended these interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2022 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year, except for the impact of the new Standards and Interpretations described in the section 'Adoption of new and revised Accounting Standards'. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial report has been prepared on a historical cost basis. Historical cost is based on the fair value of the consideration given in exchange for assets, goods and services.

The Company is a for-profit entity domiciled in Australia and all amounts are presented in Australian dollars.

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2022.

(a) Statement of compliance

The interim financial statements were authorised for issue on 15 March 2023.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022****1. Basis of Preparation (continued)****(b) Adoption of New and Revised Standards**

New Standards and Interpretations applicable for the half year ended 31 December 2022

In the period ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective from the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

New Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2022. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

(c) Going concern

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

2. Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of the Company.

The Group operates in two business and two geographical segments being high purity alumina exploration and evaluation in Australia and potash exploration and evaluation in Asia. The Group considers its business operations in mineral exploration to be its primary reporting function.

The following table presents revenue and profit information and certain asset and liability information regarding business segments for the half years ended 31 December 2022 and 31 December 2021.

	Continuing Operations		Unallocated Items	Total
	HPA Exploration and Evaluation	Potash Exploration and Evaluation		
	Australia \$	Asia \$		

Period ended 31 December 2022

Segment net operating loss after tax	(1,587,105)	(11,656)	(1,571,451)	(3,170,212)
Interest and other revenue	-	-	70,417	70,417
Segment assets	3,755,844	2,487	10,260,045	14,018,376
Segment liabilities	228,819	59,836	-	288,655

Period ended 31 December 2021

Segment net operating loss after tax	(361,860)	(551,523)	(1,486,417)	(2,399,800)
Interest and other revenue	-	-	5	5
Segment assets	4,673,129	1,570	13,830,596	18,505,295
Segment liabilities	230,179	39,182	-	269,361

	Geographical non-current assets	
	6 months ended 31/12/2022 \$	6 months ended 31/12/2021 \$

Geographical information

Australia	3,533,332	3,705,862
Asia	-	-
	<u>3,533,332</u>	<u>3,705,862</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

3. Dividends

No dividends were paid or declared payable during or since the half-year.

4. Contingent Liabilities

There has been no change in contingent liabilities of the Group since the last annual reporting date.

5. Events Subsequent to Reporting Date

On 22 February 2023, the Company announced that it will continue the HPA project development without Alcoa. Alcoa has decided not to pursue further HPA development at this time.

FYI will retain joint access to all HPA project IP, data and information, assets and customer relationships developed during the project. FYI have been, and continue to be, committed to progressing the HPA project development considering the commercial advantage of FYI's innovative process flowsheet, its high quality HPA, the positive customer response to the product coupled with the strong forecast growth in market demand.

6. Expenses

	Consolidated	
	6 months ended 31/12/2022 \$	6 months ended 31/12/2021 \$
Exploration and evaluation expenditure		
Southeast Asia (potash) exploration	11,656	551,522
HPA tenement expenses	1,541	8,182
HPA metallurgy and assay	375,041	217,448
HPA product development	429,083	76,712
HPA engineering	375,374	20,517
HPA Rockingham Lease amortisation	32,337	30,596
Other exploration expense	366,924	7,664
	1,598,761	912,641

7. Share-based payment expense

During the half-year ended 31 December 2022, 3,000,000 options were granted to the directors. The options were granted on 30 November 2022 with an exercise price of \$0.2090 and an expiry date of 29 November 2023. The fair value of the options is \$163,336 (\$0.0544 per Option).

During the half-year ended 31 December 2022, the value of the performance rights class A of \$181,644 have been reversed due to the withdrawal of Alcoa from the project. The Company amortised an amount of \$41,260 with regard to the issue of 1,000,000 class B performance rights on 17 December 2021 to the Managing Director Roland Hill. The class B shares will be recognized over the life of the vesting period.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

8. Trade and Other Receivables

	Consolidated	
	31/12/2022 \$	30/06/2022 \$
Current		
R&D tax receivable	-	888,325
Receivable from Alcoa	-	67,116
Other receivables	130,075	67,566
Prepaid expenses	72,264	82,480
	202,339	1,105,487

The receivable from Alcoa is in relation to prior operation pilot plant expenditure incurred by the Company. The receivable will be offset against future cash calls in relation to future joint development expenditure.

Trade and sundry receivables are non-interest bearing and are generally received on 30-60 days terms. There are no expected credit losses in relation to trade and other receivables at balance date.

9. Other Assets

	Consolidated	
	31/12/2022 \$	30/06/2022 \$
Current		
Facility costs	920,705	920,705
Accumulated amortisation	(748,176)	(284,040)
	172,529	636,665
Non-current		
Facility costs	1,841,412	1,841,412
Accumulated amortisation	(1,841,412)	(1,841,412)
	-	-

In March 2020, the Group entered into a strategic project development equity financing facility of up to A\$80 million with a Luxembourg based private equity group, GEM Global Yield LLC SCS (GEM). The Company has paid \$1,600,000 and issued to GEM or its nominee 46.7 million options in two tranches with an exercise price of 15 cents each expiring 5 March 2024. Other assets represent the facility fee of \$1,600,000 and the value of the share-based payments amortised over three years.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

10. Deferred Exploration and Evaluation Expenditure

	Consolidated	
	31/12/2022 \$	30/06/2022 \$
Exploration and Evaluation phase (at cost):		
Balance at beginning of period	3,533,332	3,533,332
Balance at end of period	3,533,332	3,533,332

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluations phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

11. Trade and other payables

	Consolidated	
	31/12/2022 \$	30/06/2022 \$
Trade and other payables	207,953	121,442
Accruals	80,702	104,810
	288,655	226,252

12. Issued capital**(a) Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares. On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

	Consolidated	
	31/12/2022 \$	30/06/2022 \$
366,317,589 (30 June 2022: 365,867,589) fully paid ordinary shares	57,877,564	57,679,388

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

12. Issued capital (continued)

	Consolidated	
	31/12/2022 No.	30/06/2022 No.
(i) Ordinary shares - number		
Balance at beginning of period	365,867,589	331,295,989
750,000 shares issued at 10 cents per share on 5 July 2021 ¹	-	750,000
200,000 shares issued at 10 cents per share on 7 July 2021 ¹	-	200,000
1,921,600 shares issued at 10 cents per share on 23 July 2021 ¹	-	1,921,600
875,000 shares issued at 37.14 cents per share on 27 July 2020 ²	-	875,000
1,125,000 shares issued at 10 cents per share on 29 July 2021 ¹	-	1,125,000
1,000,000 shares issued at 30 cents per share on 11 August 2021 ³	-	1,000,000
10,000,000 shares issued at 15 cents per share on 24 August 2021 ⁴	-	10,000,000
1,000,000 shares issued at 30 cents per share on 24 August 2021 ³	-	1,000,000
1,000,000 shares issued at 30 cents per share on 1 September 2021 ³	-	1,000,000
16,700,000 shares issued at 15 cents per share on 13 October 2021 ⁴	-	16,700,000
450,000 shares issued at 44.4444 cents per share on 9 December 2022 ²	450,000	-
Balance at end of period	366,317,589	365,867,589

	Consolidated	
	31/12/2022 \$	30/06/2022 \$
(ii) Ordinary shares – value		
Balance at beginning of period	57,679,388	52,080,270
750,000 shares issued at 10 cents per share on 5 July 2021 ¹	-	75,000
200,000 shares issued at 10 cents per share on 7 July 2021 ¹	-	20,000
1,921,600 shares issued at 10 cents per share on 23 July 2021 ¹	-	192,160
875,000 shares issued at 37.14 cents per share on 27 July 2020 ²	-	325,000
1,125,000 shares issued at 10 cents per share on 29 July 2021 ¹	-	112,500
1,000,000 shares issued at 30 cents per share on 11 August 2021 ³	-	300,000
10,000,000 shares issued at 15 cents per share on 24 August 2021 ⁴	-	1,500,000
1,000,000 shares issued at 30 cents per share on 24 August 2021 ³	-	300,000
1,000,000 shares issued at 30 cents per share on 1 September 2021 ³	-	300,000
16,700,000 shares issued at 15 cents per share on 13 October 2021 ⁴	-	2,505,000
450,000 shares issued at 44.4444 cents per share on 9 December 2022 ²	200,000	-
Costs of shares issued	(1,824)	(30,542)
Balance at end of period	57,877,564	57,679,388

¹ Conversion of unlisted options exercisable at 10 cents each expiring 31 July 2021 (FYIAC)

² Issued in consideration for services provided to the Company.

³ Conversion of unlisted options exercisable at 30 cents each expiring 31 December 2022 (FYIAF)

⁴ Conversion of unlisted options exercisable at 15 cents each expiring 5 March 2024 (FYIAD)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

12. Issued capital (continued)

b) Options

As at 31 December 2022 the Company had the following options on issue over ordinary shares:

	Consolidated	
	31/12/2022 No.	30/06/2022 No.
Options - number		
Balance at beginning of period	5,750,000	37,446,600
Exercise of options on 5 July 2021	-	(750,000)
Exercise of options on 7 July 2021	-	(200,000)
Exercise of options on 23 July 2021	-	(1,921,600)
Exercise of options on 29 July 2021	-	(1,125,000)
Options expiry 31 July 2021	-	(500,000)
Exercise of options on 11 August 2021	-	(1,000,000)
Exercise of options on 24 August 2021	-	(10,000,000)
Exercise of options on 24 August 2021	-	(1,000,000)
Exercise of options on 1 September 2021	-	(1,000,000)
Exercise of options on 13 October 2021	-	(16,700,000)
Options issued 17 January 2022	-	500,000
Class A Performance Rights issued 17 January 2022	(1,000,000)	1,000,000
Class B Performance Rights issued 17 January 2022	-	1,000,000
Expiry of options on 27 November 2022	(2,250,000)	-
Expiry of options on 31 December 2022	(1,000,000)	-
Issue of options on 28 December 2022	3,000,000	
Balance of options issued at end of period	4,500,000	5,750,000
Balance of options issued and unissued at end of period	4,500,000	5,750,000

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

12. Issued capital (continued)

The following share-based payment arrangements were established during the current period.

	Number	Grant date	Expiry date	Exercise Price	Fair value at grant date	Vesting date
Director Options	3,000,000	30-Nov-22	29-Nov-24	\$0.209	\$0.0545	28-Dec-22

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black and Scholes model considering the terms and conditions upon which the options were granted.

13. Loss per share

	Consolidated	
	6 months ended 31/12/2022 \$	6 months ended 31/12/2021 \$
Basic loss per share	(0.86)	(0.68)
Loss used in the calculation of basic EPS	(3,164,268)	(2,393,334)
Weighted average number of shares outstanding during the period used in calculations of basic loss per share	365,921,687	352,017,725

14. Fair Value

The Director's consider that the carrying amounts of financial assets and financial liabilities approximates their fair value at balance date.

DIRECTORS' DECLARATION

In the opinion of the Directors of FYI Resources Limited ("Company"):

1. The attached financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed made in accordance with a resolution of the Board of Directors made pursuant to s303(5) of the Corporations Act 2001.



Roland Hill
Managing Director

Perth, 15 March 2023

Cautionary Statement

The DFS referred to in this report is a study of the potential viability of the HPA 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 and modifying factors set out in the DFS announcement and the appended summary of the DFS released to ASX on 8 April 2021. 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 US\$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. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the DFS. The contents of this Report 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 Report. Some statements in this Report 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 Report, 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 presentation nor any information contained in this release or subsequently communicated to any person in connection with this presentation is, or should be taken as, constituting the giving of investment or financial advice to any person. This presentation does not take into account the individual investment objective, financial or tax situation or particular needs of any person. Photographs in this presentation do not necessarily depict assets of the Company.

Competent Person's Statement

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 within the DFS announcement 8 April 2021 and is available to view on the Company's website at www.fyiresources.com.au

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 Alex Borger, a Competent Person who is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Borger is an employee of Independent Metallurgical Operations Pty Ltd, and is a contractor to FYI. Mr Borger 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.

General

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.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of FYI Resources Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
15 March 2023



M R Ohm
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of FYI Resources Limited

Report on the Condensed Interim Financial Report*Conclusion*

We have reviewed the accompanying interim financial report of FYI Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of FYI Resources Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its

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performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
15 March 2023



M R Ohm
Partner



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