

FYI RESOURCES LIMITED

ABN 85 061 289 218

Interim Financial Report

31 December 2016

**FYI RESOURCES LIMITED
31 DECEMBER 2016**

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CORPORATE DIRECTORY

DIRECTORS

Mr Edmund Babington – Non-Executive Chairman
David Sargeant – Non-Executive Director
Adrian Jessup – Non-Executive Director

Mr Roland Hill – Managing Director

COMPANY SECRETARY

Phillip MacLeod

REGISTERED and PRINCIPAL OFFICE

53 Canning Highway
Victoria Park 6100
Western Australia

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Website	www.fyiresources.com.au
ABN	85 061 289 218

SHARE REGISTRY

Security Transfer Australia Pty Ltd
770 Canning Highway
Applecross 6153
Western Australia

AUDITOR

HLB Mann Judd
Level 4
130 Stirling Street
Perth 6000
Western Australia

SECURITIES EXCHANGE LISTING

The Company is listed on ASX Limited.
Home Exchange Perth
ASX Code: Shares FYI

**FYI RESOURCES LIMITED
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

Directors' Report

Your directors submit their report on FYI Resources Limited ("the Company") and its controlled entities ("the Group") for the half-year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report 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
Adrian Jessup

Review of Operations and Exploration Activities

The Group's loss for the half-year ended 31 December 2016 was \$572,901 (2015: \$289,887).

During the period the principal activities of the Company consisted of mineral exploration and the evaluation of potash projects in southeast Asia.

Dividends

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

Events subsequent to reporting date

No matter or circumstance has arisen, since the end of the financial half-year, which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in the subsequent financial half-year.

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 financial report. This written Auditor's Independence Declaration is set out on page 15 and forms part of this Directors' Report for the half-year ended 31 December 2016.

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, 15th March 2017

FYI RESOURCES LIMITED

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Consolidated	
	6 months ended 31/12/2016 \$	6 months ended 31/12/2015 \$
Continuing Operations		
Other income	4,351	2,043
Exploration expense	(326,505)	(70,755)
ASX fees	(18,068)	(16,439)
Share based payments	(34,816)	-
Accounting and audit fees	(33,325)	(31,800)
Other administration expenses	(12,157)	(35,245)
Directors Fees	(130,688)	(131,376)
Share registry expenses	(3,265)	(3,210)
Rent	(3,244)	(4,018)
Impairment of loan	(15,590)	-
Loss before income tax expense	(573,307)	(290,800)
Income tax benefit / (expense)	-	-
Loss after tax	(573,307)	(290,800)
Other comprehensive income, net of tax		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences from translation of foreign operations	406	913
Other comprehensive income	406	913
Total comprehensive loss	(572,901)	(289,887)
Loss for the period is attributable to:		
Owners of FYI Resources Ltd	(540,406)	(275,433)
Non-controlling interests	(32,901)	(15,367)
	(573,307)	(290,800)
Total comprehensive loss for the period is attributable to:		
Owners of FYI Resources Ltd	(540,000)	(274,520)
Non-controlling interests	(32,901)	(15,367)
	(572,901)	(289,887)
Basic and diluted loss per share (cents per share)	(0.61)	(0.37)

The accompanying notes form part of these financial statements.

FYI RESOURCES LIMITED
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	Consolidated	
		31/12/2016 \$	30/06/2016 \$
CURRENT ASSETS			
Cash and cash equivalents		504,556	873,357
Trade and other receivables		49,100	111,611
Total Current Assets		553,656	984,968
TOTAL ASSETS		553,656	984,968
CURRENT LIABILITIES			
Trade and other payables		479,231	540,458
Total Current Liabilities		479,231	540,458
TOTAL LIABILITIES		479,231	540,458
NET ASSETS		74,425	444,510
EQUITY			
Issued capital	7	29,309,935	29,141,935
Reserves		1,377,490	1,342,268
Accumulated losses		(30,454,206)	(29,913,800)
Equity attributable to owners of the parent		233,219	570,403
Non-controlling interests		(158,794)	(125,893)
TOTAL EQUITY		74,425	444,510

The accompanying notes form part of these financial statements.

FYI RESOURCES LIMITED

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Consolidated							Total
	Issued Capital	Accumulated Losses	Share- based Payments Reserve	Option Premium Reserve	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Non- controlling interests	
	\$	\$	\$	\$	\$	\$	\$	
Balance at 1 July 2015	28,501,043	(29,636,506)	497,485	834,677	421,229	7,443	(75,019)	550,352
Loss for the period	-	(275,433)	-	-	-	-	(15,367)	(290,800)
Other comprehensive income	-	-	-	-	-	913	-	913
Total comprehensive loss for the period	-	(275,433)	-	-	-	913	(15,367)	(289,887)
Equity transactions:								
Shares issued net of transactions costs	362,627	-	-	-	-	-	-	362,627
Transfer of revaluation surplus on disposal of the investment property	-	421,229	-	-	(421,229)	-	-	-
Balance at 31 December 2015	28,863,670	(29,490,710)	497,485	834,677	-	8,356	(90,386)	623,092
Balance at 1 July 2016	29,141,935	(29,913,800)	497,485	834,677	-	10,106	(125,893)	444,510
Loss for the period	-	(540,406)	-	-	-	-	(32,901)	(573,307)
Other comprehensive income	-	-	-	-	-	406	-	406
Total comprehensive loss for the period	-	(540,406)	-	-	-	406	(32,901)	(572,901)
Equity transactions:								
Shares issued net of transactions costs	168,000	-	-	-	-	-	-	168,000
Share-based payments	-	-	34,816	-	-	-	-	34,816
Balance at 31 December 2016	29,309,935	(30,454,206)	532,301	834,677	-	10,512	(158,794)	74,425

The accompanying notes form part of these financial statements.

FYI RESOURCES LIMITED

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Consolidated	
	6 months ended 31/12/2016 \$	6 months ended 31/12/2015 \$
Cash flows from operating activities		
Payments to suppliers and employees	(116,815)	(75,009)
Payments for exploration and evaluation	(256,131)	(155,044)
Interest received	4,145	2,043
Net cash outflow from operating activities	(368,801)	(228,010)
Cash flows from investing activities		
Proceeds from sale of assets	-	1,000,000
Net cash inflow from investing activities	-	1,000,000
Cash flows from financing activities		
Proceeds from issue of shares	-	200,000
Share issue costs	-	(14,123)
Net cash inflow from financing activities	-	185,877
Net (decrease)/increase in cash held	(368,801)	957,867
Cash at the beginning of the financial year	873,357	25,709
Cash at the end of the period	504,556	983,576

The accompanying notes form part of these financial statements.

FYI RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1. Statement of Significant Accounting Policies

Statement of compliance

These interim consolidated 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 (AASB). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual 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 that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by FYI Resources Ltd during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis except for investment property which has been measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars.

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

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Significant accounting judgements and key estimates

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 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 2016.

FYI RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1. Statement of Significant Accounting Policies (continued)

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change necessary to Group accounting policies.

The Directors have reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change necessary to Group accounting policies.

Going Concern

As disclosed in the Statement of Comprehensive Income, the Group recorded operating losses of \$573,307 (2015: \$290,800) and as disclosed in the Statement of Cash Flows, the Group recorded cash outflows from operating activities of \$368,801 (2015:\$228,010), cash inflows from investing activities of \$Nil (2015: \$1,000,000) and cash inflows from financing activities of \$Nil (2015:\$185,877). After consideration of these financial conditions, the Directors have assessed the following matters in relation to the adoption of the going concern basis of accounting by the Group:

- The Group has the ability to complete capital raisings on a timely basis, pursuant to the Corporations Act 2001, and have budgeted capital raisings to occur in the twelve month period from the date of the half-year report.
- The Group has a working capital surplus of \$74,425 (30/6/16 \$444,510) at balance date and retains the ability to scale down its operations to conserve cash in the event that the capital raisings are delayed or reduced. Included in current trade and other payables is \$347,950 (30/6/16 \$336,450) owing to key management personnel for consulting fees. They have agreed to receive payment once the company has secured suitable funding, and
- The Group has the ability, if required, to undertake mergers, acquisitions or restructuring activities or to wholly or in part, dispose of interests in property, mineral exploration and development assets; and

Due to the above matters, the Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate that this basis of accounting be adopted in the preparation of the half-year report. The directors also anticipate that a further equity raising will be required and will be completed in 2017. Should this equity raising not be completed, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to realise its assets and extinguish its liabilities in the normal course of business.

FYI RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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 FYI Resources Ltd.

The Group operates only in one business and one geographical segment being mineral exploration and evaluation of properties in Asia. The Company considers its business operations in mineral exploration to be its primary reporting function.

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

There has not been any matter or circumstance not otherwise dealt with in the half-year report that has significantly affected or may significantly affect the Group.

6. Financial Instruments

The fair value of financial assets and liabilities at balance date, approximates their carrying amount.

7. 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	
	31/12/2016	30/06/2016
	\$	\$
92,410,643 (30 June 2016: 88,610,643) fully paid ordinary shares	29,309,935	29,141,935

FYI RESOURCES LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

7. Issued capital (continued)

	Consolidated	
	31/12/2016 No.	30/06/2016 No.
(i) Ordinary shares - number		
At start of period	88,610,643	69,751,118
6,666,668 shares issued at 3 cents per share on 12 August 2015	-	6,666,668
3,571,429 shares issued at 3.5 cents per share on 22 December 2015 ²	-	3,571,429
428,571 shares issued at 3.5 cents per share on 22 December 2015 ²	-	428,571
525,000 shares issued at 3.5 cents per share on 22 December 2015 ²	-	525,000
525,000 shares issued at 3.5 cents per share on 22 December 2015 ²	-	525,000
7,142,857 shares issued at 4.2 cents per share on 21 June 2016	-	7,142,857
1,800,000 shares issued at 5 cents per share on 23 December 2016 ¹	1,800,000	-
2,000,000 shares issued at 3.9 cents per share on 23 December 2016	2,000,000	-
Balance at end of period	92,410,643	88,610,643

¹ Issued to settle amounts owed to the Managing Director as approved by shareholders on 28 November 2016.

² Issued to settle amounts owed to Directors as approved by shareholders on 7 November 2015.

FYI RESOURCES LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

7. Issued capital (continued)

	Consolidated	
	31/12/2016	30/06/2016
(ii) Ordinary shares – value	\$	\$
At start of period	29,141,935	28,501,043
6,666,667 shares issued at 3 cents per share on 12 August 2015	-	200,000
3,571,429 shares issued at 3.5 cents per share on 22 December 2015	-	125,000
428,571 shares issued at 3.5 cents per share on 22 December 2015	-	15,000
525,000 shares issued at 3.5 cents per share on 22 December 2015	-	18,375
525,000 shares issued at 3.5 cents per share on 22 December 2015	-	18,375
7,142,857 shares issued at 4.2 cents per share on 21 June 2016	-	300,000
1,800,000 shares issued at 5 cents per share on 23 December 2016	90,000	-
2,000,000 shares issued at 3.9 cents per share on 23 December 2016	78,000	-
Costs of shares issued	-	(35,858)
Balance at end of period	29,309,935	29,141,935

(b) Options

As at 31 December 2016 the Company had the following options on issue over ordinary shares:

	Consolidated	
	31/12/2016	30/06/2016
Options - number	No.	No.
At start of period	2,250,000	2,250,000
Expiry of options 22 September 2016	(2,250,000)	-
Issue of options 28 November 2016	2,250,000	-
Balance at end of period	2,250,000	2,250,000

The following share-based payment arrangements were entered into during the half-year.

	Number	Grant date	Expiry date	Exercise Price	Fair value at grant date	Vesting date
Director Options	2,250,000	28-Nov-16	29-Nov-18	\$0.0880	\$0.0155	28-Nov-16

FYI RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

7. Issued capital (continued)

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

Dividend yield	Expected Volatility	Risk-free interest rate	Option life (years)	Exercise price	Grant date share price
0%	107%	1.83%	1.95	\$0.088	\$0.047

8. Related Party Disclosure

The consolidated financial statements include the financial statements of FYI Resources Ltd and the subsidiaries listed in the following table.

Controlled entities	Country of incorporation	Percentage Owned	
		31/12/2016 %	30/06/2016 %
Parent Entity:			
FYI Resources Ltd	Australia		
Subsidiaries of FYI Resources Ltd:			
FYI Thailand Pty Ltd <i>which owns</i>	Australia	100	100
West Mekong Minerals Ltd	Thailand	49	49
East Siam Minerals Ltd	Thailand	49	49

The Company finances the operations of FYI Thailand Pty Ltd and thus this company has unsecured borrowings from the Company that are interest free and at call. The ability of this controlled entity to repay debts due to the company (and other parties) will be dependent on the commercialisation of the prospecting licences owned by the subsidiary.

FYI Thailand Pty Ltd possesses 82.8% of the voting rights for both West Mekong Minerals Ltd and East Siam Minerals Ltd.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note.

Arrangements with Directors continue to be in place. For details on these arrangements, refer to the 30 June 2016 annual financial report.

FYI RESOURCES LIMITED

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 2016 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
Director

Perth, 15 March 2017

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 2016, 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 2017

D I Buckley
Partner

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of FYI Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of FYI Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2016, 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 notes, 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.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year 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 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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*.

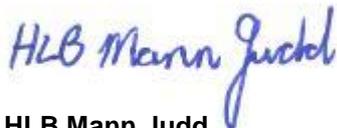
Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2016 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*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 to the half-year financial report which outlines conditions that indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink that reads 'D I Buckley'.

D I Buckley
Partner

Perth, Western Australia
15 March 2017