



FYI RESOURCES LIMITED

ABN 85 061 289 218

ANNUAL REPORT 2019

Corporate Information

Directors	:	Edmund Babington Adrian Jessup David Sargeant
Managing Director	:	Roland Hill
Company Secretary	:	Phillip MacLeod
Registered Office	:	Registered Office and Principal Place of Business 108 Forrest Street Cottesloe WA 6011 Telephone: +61 6313 3920 Website: www.fyiresources.com.au
Auditor	:	HLB Mann Judd Level 4 130 Stirling Street Perth WA 6000
Share Registry	:	Security Transfer Australia Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
Securities Exchanges	:	ASX Limited Home Branch: Perth Code: FYI Frankfurt Stock Exchange Code: SDL Hamburg Stock Exchange Code: A0RDPF
ABN	:	85 061 289 218

Review of Operations

INTRODUCTION

FYI Resources Limited (FYI or the Company) is an ASX listed resources company with a focus on the exploration and development of strategic commodity projects. The Company's near-term corporate objective are to advance its high purity alumina (HPA) project in Western Australia and to be a dominant participant in both the traditional high quality alumina product applications (ie LED's and sapphire glass) and the rapidly emerging electric vehicle (EV) and static power storage growth markets, and to progress its potash strategy in Southeast Asia.

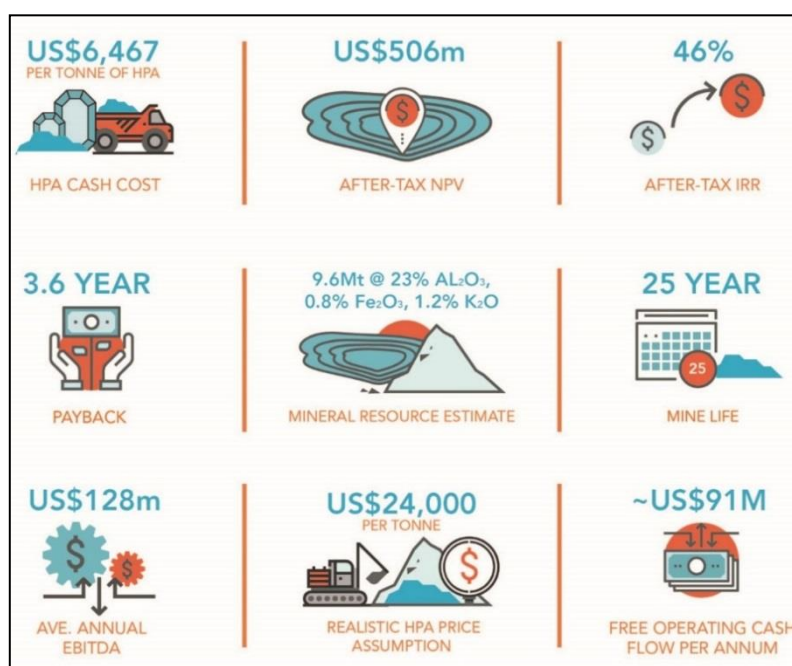
PROJECTS

High Purity Alumina

High purity alumina, defined as alumina having a grade equal or greater than 99.99% Al_2O_3 , is a well sought after mineral due to its unique qualities and characteristics with diverse applications. HPA's, chemical and physical properties make the product ideal for a number of "traditional" and new technology applications. The traditional uses include sapphire glass used for electronic screens such as smartphones, tablets and televisions, and substrates in LED's which provide a base demand. However, its use as the major mineral component in battery separators in electric vehicles (EV) and static power storage units is emerging as the high growth area for the product.

FYI's primary asset is the 100% owned Cadoux kaolin project located approximately 220kms northeast of Perth, Western Australia. The prefeasibility study (PFS) released 25 September 2018 for the Company's HPA development strategy demonstrated a very positive economic case (see summary economic matrix below). Following the completion of the PFS, FYI immediately embarked on a definitive feasibility studies (DFS) for the project.

Summary of FYI's high purity alumina prefeasibility study results (September 2018)



The DFS has been FYI's primary focus since the completion of the PFS, incorporating extensive project parameter refinements to the PFS case and continued rigorous parallel technical research and development phases to refine the HPA flowsheet design for high purity alumina production. This included the design and construction of a continuous production pilot plant.

FYI's innovative design for HPA production utilises standard (off-the-shelf) plant and equipment in the refining process. However, the Company's innovation advantage is in the flowsheet design and sequencing of production. The pilot plant will be used to test the flowsheet and the various components that make up the flowsheet equipment on a small scale in order to identify any potential issues and to address them at this early stage of project development and to mitigate any process risks. This phase of work is considered to have considerable value to the refinement and improvement of the flowsheet design and contribute to de-risking the project and enhancing its economic value.

Review of Operations

Other activities undertaken by FYI during the financial year include supporting functions to the overall development of the HPA strategy. These included:

- Continued HPA product research and development including locked cycle testwork;
- A combined reverse circulation and diamond drilling program at Cadoux in March 2019 to further understand the mineralogy of the Cadoux kaolin deposit and its amenability to FYI's HPA refining flowsheet design;
- Calculating a revised Mineral Resource Estimate and upgrading it to a Probable Ore Reserve Estimation (ORE) of 2.89Mt grading 24.4% Al_2O_3 (refer announcement 29 October 2018);
- A mining plan established with the ORE estimates supporting a mine life of more than 50 years. Financial modelling for the project was completed on the basis of a 25-year life with various operational and financial sensitivities analysed to confirm that the project generates positive economical returns and has a reasonable likelihood of success;
- Potential additional project revenue opportunities have been identified and examined utilising co-products derived from processing the kaolin at Cadoux;
- Permitting of the project area completed (environmental, hydrological, native title) to allow for accelerated project development and the grant of a mining lease at Cadoux covering the ORE area; and
- Advancing of the proposed refinery site at Kwinana Industrial area through the Western Australian Department of Jobs, Tourism, Science and Innovation and LandCorp.

The 2020 financial year will be a very active period for FYI as the DFS is finalised and if the decision to commit to the HPA project is made by the Board of Directors.

Potash

FYI has identified Thailand and Laos as having world class geological settings for potash deposits. FYI believes that those jurisdictions are also favourable for project development. FYI holds one potash concession application in Thailand and is progressing with securing potash concessions in Laos.

RESOURCES AND RESERVES

FYI Resources' Mineral Resource Estimate (MRE) as at 30 June 2019 is set out in Table 1 below. There was no change in the MRE from that reported in the Company's 2018 Annual Report. The Company reported a Probable Ore Reserve Estimate for the first time during this reporting period.

Table 1: Cadoux Mineral Resource estimate¹

Classification	Tonnage Mt	$\text{Al}_2\text{O}_3\%$	Al%	Fe%	$\text{K}_2\text{O}\%$
Indicated	3.2	24.4	12.9	1.0	1.0
Inferred	6.3	22.3	11.8	0.7	1.2
Combined	9.6	23.0	12.2	0.8	1.1

Table 2: Cadoux Probable Ore Reserve Estimate²

Stage	Probable Ore	
	kT	$\text{Al}_2\text{O}_3\%$
1	172	24.8
2	175	25.1
3	175	24.5
4	165	22.7
5	165	23.4
6	192	25.9
7	247	26.1
8	130	25.5
9	92	23.5
10	169	25.6
11	275	23.0
12	347	24.4
13	225	24.8
14	363	23.5
All Stages	2,892	24.5

Review of Operations

Notes:

1. Refer to ASX announcements 25 September 2018 and 29 October 2018.
2. Refer to ASX announcement 29 October 2018. The Ore Reserve Estimate was prefaced on a staged mining approach, using Indicated Mineral Resources only. Differences may occur due to rounding.

Mineral Resource and Ore Reserve Governance and Internal Controls

FYI ensures that the MRE and ORE quoted is subject to governance arrangements and internal controls activated at a site level and at the corporate level. Internal and external reviews of MRE and ORE procedures and results are carried out through an independent technical review team which is comprised of competent and qualified professionals. These reviews have not identified any material issues. FYI reports its MRE and ORE on an annual basis in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition. Competent Persons named by FYI are Members or Fellows of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and qualify as Competent Persons as defined in the JORC Code.

Competent Persons' Statements

Ore Reserves

The information in this report that relates to Ore Reserves is based on information compiled by Mr. Steve Craig, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Steve Craig is a full-time employee of Orelogy Consulting Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The information is extracted from the Ore Reserve announcement released 29 October 2018 and is available to view on the Company's website at www.fyiresources.com.au.

Mineral Resources

The information in this report that relates to Mineral Resources is based on information compiled by Mr Grant Louw, under the direction and supervision of Dr Andrew Scogings, who are both full-time employees of CSA Global. Dr Scogings is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. He is a Registered Professional Geologist in Industrial Minerals. Dr Scogings has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves". The information is extracted from the PFS announcement dated 25 September 2018 and is available to view on the Company's website at www.fyiresources.com.au.

Metallurgy

The information in this report that relates to metallurgy and metallurgical test work is based on information reviewed and compiled by Mr Daryl Evans, a Competent Person who is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Evans is an employee of Independent Metallurgical Operations Pty Ltd, and is a contractor to FYI. Mr Evans has sufficient experience that is relevant to this style of processing and type of deposit under consideration, and to the activity that he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Announcements in respect to metallurgical results are available to view on the Company's website at www.fyiresources.com.au.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the findings in the relevant market announcements continue to apply and have not materially changed and that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcement.

Cautionary Statement

Substance of PFS

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

The PFS is based on the material assumptions outlined in the PFS announcement released to ASX on 25 September 2018 and summarised in the Summary of Material Assumptions and Modifying Factors description and tables (appendix 2 and 3) attached to the PFS document. These include assumptions about the availability of funding. While the Company considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by this PFS will be achieved.

To achieve the range of outcomes indicated in the PFS funding in the order of US\$197 million will likely be required. Investors should note that there is no certainty that the Company will be able to raise the amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of the Company's existing shares.

Review of Operations

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 PFS.

General and forward-looking statements

The contents of this announcement reflect various technical and economic conditions, assumptions and contingencies which are based on interpretations of current market conditions at the time of writing. Given the nature of the resources industry, these conditions can change significantly and without notice over relatively short periods of time. Consequently, actual results may vary from those detailed in this announcement.

Some statements in this announcement regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Such forward-looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. When used in this announcement, words such as, but are not limited to, "*could*", "*planned*", "*estimated*", "*expect*", "*intend*", "*may*", "*potential*", "*should*", "*projected*", "*scheduled*", "*anticipates*", "*believes*", "*predict*", "*foresee*", "*proposed*", "*aim*", "*target*", "*opportunity*", "*nominal*", "*conceptual*" and similar expressions are forward-looking statements. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

The contents of this release are also subject to significant risks and uncertainties that include but are not limited to those inherent in mine development and production, geological, mining, metallurgical and processing technical problems, the inability to obtain and maintain mine licences, permits and other regulatory approvals required in connection with mining and processing operations, competition for among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of projects and acquisitions, changes in commodity prices and exchange rates, currency and interest rate fluctuations and other adverse economic conditions, the potential inability to market and sell products, various events which could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions, the demand for and availability of transportation services, environmental, native title, heritage, taxation and other legal problems, the potential inability to secure adequate financing and management's potential inability to anticipate and manage the foregoing factors and risks.

All persons should consider seeking appropriate professional legal, financial and taxation advice in reviewing this announcement and all other information with respect to the Company and evaluating the business, financial performance and operations of the Company. Neither the provision of this announcement nor any information contained in this announcement or subsequently communicated to any person in connection with this announcement is, or should be taken as, constituting the giving of investment or financial advice to any person. This announcement does not take into account the individual investment objective, financial or tax situation or particular needs of any person.

Directors' Report

Your Directors submit their report for the year ended 30 June 2019.

DIRECTORS

The names and details of the Directors of the Company in office during the financial year and until the date of this report are listed below. Directors were in office for this entire period unless otherwise stated.

Mr Edmund Babington (Non-Executive Chairman)

Mr Babington is a Director of WA commercial law firm, Lyons Babington Lawyers, and is a member of the resources and energy law association, AMPLA Ltd and is a WA committee member of the Australian Institute of Business Brokers. He is experienced in franchising, mining and resources, and corporations law in particular relating to capital raisings, stock exchange requirements, corporate governance and compliance.

Mr Babington has been a director of the following listed Companies during the past three years.

Company	Position	Appointed	Ceased
Hawkley Oil & Gas Ltd	Non- Executive Director	16/03/2017	28/11/2018
Empire Resources Ltd	Alternate Director	10/07/2017	1/08/2018

Mr David Sargeant (Non-Executive)

Mr Sargeant holds a Bachelor of Science degree in economic geology from the University of Sydney and has more than 40 years experience as a geologist, consultant and company director. As such, he has been involved in numerous mineral exploration, ore deposit evaluation and mining development projects and is a member of AusIMM and the Geological Society of Australia.

During his career, Mr Sargeant has held a range of senior positions, including that of senior geologist with Newmont Pty Ltd and senior supervisory geologist with Esso Australia Ltd at the time of the Harbour Lights Gold Mine discovery and development. Mr Sargeant was the first chief geologist at Telfer Gold Mine during exploration, development and production at that project. In addition, he was exploration manager for the Adelaide Petroleum NL group of companies, manager of resources development for Sabminco NL and a technical director of Western Reefs Limited during the period in which that company became a successful producer at the Dalgarranga Gold Project.

Mr Sargeant successfully managed an exploration and geological consulting business for 18 years, which included the formation and management of platinum and copper-gold companies in Botswana until they were taken over during 2005 to 2007 period by United Kingdom listed public companies. He was the principal promoter in forming Empire Resources Limited and was the Managing Director until 4 July 2019.

Mr Sargeant has been a director of the following listed Company during the past three years.

Company	Position	Appointed
Empire Resources Ltd	Managing Director	13/04/2000

Mr Adrian Jessup (Non-Executive)

Mr Jessup holds a Bachelor of Science degree (with honours) in economic geology from the University of Sydney and has more than 40 years continuous experience as a geologist, company director and consultant involved in mineral exploration, ore deposit evaluation and mining. He is a member of AusIMM, the Geological Society of Australia and the Australian Institute of Geoscientists.

For the last 15 years, Mr Jessup has operated a geological consulting company. During that time, he was a founding director of publicly listed companies Empire Resources Limited and Sylvania Resources Limited. He was a non-executive director of Empire Resources Ltd. He was also a director of two mineral exploration companies based in southern Africa that were subsequently acquired by United Kingdom listed public companies. Prior to commencing consulting, Mr Jessup was managing director of Giralda Resources NL for eight years, from the company's inception in 1987. Previously, he had worked for AMAX Exploration Inc., as a senior geologist and as regional manager in charge of that company's mineral exploration in Western Australia.

Mr Jessup has been a director of the following listed Company during the past three years.

Company	Position	Appointed	Ceased
Empire Resources Ltd	Non-Executive Director	15/08/2003	17/07/2018

Directors' Report

Mr Roland Hill (Managing Director)

Mr Hill holds a Bachelor of Science and Bachelor of Commerce from Curtin University. Mr Hill was appointed to the position of chief executive officer on 4 February 2011 and to the position of Managing Director on 1 July 2014. Mr Hill has extensive resource industry and investment, finance and funds management experience. He has been directly associated with the mining and exploration sector for over 18 years. Mr Hill has not acted as a director of any other listed company within the past three years.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

At the date of this report the interests of the directors in the shares and options of the Company are:

Director	Ordinary Shares		Options	
	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest
Edmund Babington	428,571	829,807	500,000	-
David Sargeant	-	5,000,000	-	500,000
Adrian Jessup	150,000	725,000	-	500,000
Roland Hill	8,293,681	6,142,951	750,000	-

At the date of this report unissued ordinary shares or interest of the Company under option are:

Date options granted	Number of shares under option	Exercise price of option	Expiry date of option
5 April 2018	2,000,000	\$0.096	4 April 2020
27 November 2018	2,250,000	\$0.106	26 November 2020
28 June 2019	8,146,600	\$0.100	31 July 2021

As at the date of this report details of ordinary shares issued by the Company as a result of the exercise of options are:

Date options granted	Number of shares issued	Exercise price of option	Amount paid for the shares
19 July 2018	500,000	\$0.088	\$44,000
19 July 2018	50,000	\$0.100	\$5,000
3 October 2018	30,000	\$0.100	\$3,000

COMPANY SECRETARY

Mr Phillip MacLeod, B.Bus, ASA, MAICD, was appointed to the position of Company Secretary on 19 May 2008. Mr MacLeod has over 20 years commercial experience and has held the position of Company Secretary with listed public companies since 1995.

CORPORATE INFORMATION

FYI Resources Limited is a company limited by shares incorporated and domiciled in Australia.

PRINCIPAL ACTIVITY

During the period the principal activities of the Company consisted of mineral exploration in Australia and southeast Asia.

RESULTS OF OPERATIONS

The loss after income tax for the financial year was \$3,200,829 (2018: \$1,107,110).

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend payment of a dividend.

REVIEW OF OPERATIONS

Detailed comments on operations are included separately in this annual report under the Review of Operations.

Directors' Report

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company that occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

In July 2019, the Company received \$248,750, a second tranche payment advanced against its expected 2019 R&D tax rebate.

Other than this, no matter or circumstance has arisen, since the end of the financial 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 subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Directors have excluded from this report any further information on the likely developments in the operations of the Group, and the expected results of those operations in future financial years, as the Directors believe that doing so would be speculative and prejudicial to the interests of the Group.

ENVIRONMENTAL REGULATION

The Group is not aware of any breaches in relation to environmental matters.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the numbers of meetings attended by each director were as follows:

Director	Directors' Meetings	
	A	B
Edmund Babington	7	6
David Sargeant	7	7
Adrian Jessup	7	7
Roland Hill	7	7

A - Meetings eligible to attend

B - Meetings attended

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification:

The Company has agreed to indemnify all the directors and the Company Secretary who have held office in the Company during this financial year, against all liabilities to another person (other than the Company or its related body corporate) that may arise from their position as a director or officer of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance Premiums:

In July 2018, the Company has paid insurance premiums of \$16,032 (2018: \$15,500) in respect of directors and officers liability and legal expenses insurance contracts, for current and former directors and officers, including executive officers of the Company. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving the wilful breach of duty or improper use of information or position to gain a personal advantage.

REMUNERATION REPORT (Audited)

This Remuneration Report consists of the following sections:

- A. Principles of Remuneration
- B. Details of Remuneration
- C. Equity holdings

Directors' Report

REMUNERATION REPORT (Cont.)

A. Principles of Remuneration

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company and includes the executives in the Company receiving the highest remunerations.

For the purposes of this report, the term "executive" encompasses the Directors and Managing Director of the company.

Details of Key Management Personnel for the year ended 30 June 2019

Directors

Name	Position
E Babington	Chairman (Non-Executive)
D Sargeant	Director (Non-Executive)
A Jessup	Director (Non-Executive)
R Hill	Managing Director

Remuneration Philosophy

This section details the remuneration arrangements in place for the executives and directors of FYI Resources Limited.

The broad remuneration philosophy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide any executive directors and executives with a remuneration package consisting of components that reflect the person's responsibilities, duties, personal and corporate performance.

At this time no part of an executive's remuneration package is directly dependent on Company performance.

To this end FYI Resources follows the following principles;

- Provide competitive rewards.
- That a part of the senior executive's remuneration may be "at risk" and is linked to pre-determined achievements.
- That any variable part of executive remuneration has appropriate and demanding performance hurdles attached.

Remuneration Committee

FYI Resources does not have a remuneration committee. The remuneration of non-executive directors is determined by the Board as a whole having regard to industry standards of similar sized entities and the financial resources of the Company.

Each director receives a fee for being a director of the Company, with additional fees considered in recognition of specific duties carried out by each director. Fees paid to Non-Executive Directors are reviewed periodically.

The Company did not engage a remuneration consultant during the year for executive or non-executive remuneration.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with an ability to attract and retain directors of suitable calibre, whilst incurring a cost that is acceptable to the shareholders.

The constitution and the ASX listing rules specify that the aggregate remuneration of Non-Executive directors shall be determined from time to time by general meeting of shareholders.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders. An aggregate amount of \$300,000 was approved by shareholders at the Annual General Meeting held in November 2008.

The remuneration of non-executive directors for the periods ending 30 June 2019 and 30 June 2018 is detailed in Section B.

Directors' Report

REMUNERATION REPORT (Cont.)

Details of Remuneration.

Senior Manager and Executive Director Remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for Company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Remuneration packaging contains the following key elements;

- Fixed remuneration - fixed components of salaries, fee and non-monetary benefits.
- Variable remuneration - share options.
- Post employment benefits - superannuation.

The Chairman, subject to Board approval, generally sets remuneration of any executive directors and the Chief Executive Officer.

Fixed Remuneration

The level of fixed remuneration for executives is set so as to provide a base level of remuneration which is both appropriate to the position and competitive in the market. Fixed remuneration is reviewed annually.

Variable Remuneration

Short term incentives (STI) may be linked to achievement of the Company's operational targets if the relevant executives achieve the target. STI is not linked to the Company's prevailing share price or results as the Company is not at a profitable stage of operations.

The Directors, subject to shareholder approval, and executives are eligible to participate in the Company's share option plan whereby options may be granted at an exercise price above the prevailing share price. This premium in conversion price, coupled with an appropriate vesting period, provides a long term incentive (LTI) whereby directors and executives will benefit only if there is a substantial improvement in the Company's share price. The number of options granted to each director and executive is determined by the Board based on the Company's and the eligible participant's performance. The grant of options is not linked to the Company's financial results, as the Company is not at a profitable stage of operations.

The Company does not have a policy for Directors to hedge their equity positions.

Employment contracts

In January 2019, the Company entered into a consultancy services agreement with Capstone Capital Pty Ltd (a Company associated with Mr Roland Hill) ("Capstone") for the term of 36 months, for the provision of services by Mr Hill, acting in the capacity of FYI's Managing Director, overseeing the day to day administration and management of the business. The monthly fee payable to Capstone is \$16,500 plus GST in arrears. The Company or Consultant can terminate this agreement without cause with 3 months written notice.

Directors' Report

REMUNERATION REPORT (Cont.)

B. Details of remuneration

The remuneration for each director and each of the executive officers of the Company receiving remuneration during the year was as follows:

2019	Consulting Fees	Short Term Salary	Directors Fees	Post Employment Super	Share Based Payment Options	Total	% performance based
Specified Directors	\$	\$	\$	\$	\$	\$	
E Babington (Non-Executive)	-	-	48,000	4,560	18,537	71,097	0%
D Sargeant (Non-Executive)	-	-	30,000	-	18,537	48,537	0%
A Jessup (Non-Executive)	-	-	30,000	-	18,537	48,537	0%
R Hill (Managing Director)	189,000	-	-	-	27,807	216,807	0%
	189,000	-	108,000	4,560	83,418	384,978	0%

2018	Consulting Fees	Short Term Salary	Directors Fees	Post Employment Super	Share Based Payment Options	Total	% performance based
Specified Directors	\$	\$	\$	\$	\$	\$	
E Babington (Non-Executive)	-	-	30,000	2,850	-	32,850	0%
D Sargeant (Non-Executive)	-	-	24,500	-	-	24,500	0%
A Jessup (Non-Executive)	-	-	24,500	-	-	24,500	0%
R Hill (Managing Director)	180,000	-	-	-	-	180,000	0%
	180,000	-	79,000	2,850	-	261,850	0%

C. Equity Holdings

Options granted as compensation

Name	Number of options granted	Grant date	Value per option at grant date	Value of options at grant date	Vesting and first exercise date	Last exercise date
E Babington	500,000	27-Nov-18	\$ 0.0371	\$ 18,537	27-Nov-18	26-Nov-20
D Sargeant	500,000	27-Nov-18	\$ 0.0371	\$ 18,537	27-Nov-18	26-Nov-20
A Jessup	500,000	27-Nov-18	\$ 0.0371	\$ 18,537	27-Nov-18	26-Nov-20
R Hill	750,000	27-Nov-18	\$ 0.0371	\$ 27,807	27-Nov-18	26-Nov-20

There is no performance criteria linked to the granted KMP options. The option holders must remain employed with the Company until vesting date to be entitled to the options. The options granted during the prior year vested immediately. The option holders do not have any right, by virtue of the option to participate in any share issue of the Company or any related body corporate.

For details of share-based payments granted during the year, refer note 15.

Options exercised

Name	Number of options exercised	Grant date	Exercise date	Exercise price	Value at exercise date
D Sargeant	500,000	28-Nov-16	19-Jul-18	\$ 0.088	\$ 44,000

Directors' Report

REMUNERATION REPORT (Cont.)

Options lapsed during the year

Name	Number of options lapsed	Grant date
E Babington	500,000	28-Nov-16
A Jessup	500,000	28-Nov-16
R Hill	750,000	28-Nov-16

Option Holdings of Directors

2019	Balance at beginning of year	Granted as Remuneration	Options Exercised	Options lapsed	Balance at end of year	Vested at 30 June 2019		
						Total	Exercisable	Not Exercisable
Directors								
E Babington	500,000	500,000	-	(500,000)	500,000	500,000	500,000	-
D Sargeant	500,000	500,000	(500,000)	-	500,000	500,000	500,000	-
A Jessup	500,000	500,000	-	(500,000)	500,000	500,000	500,000	-
R Hill	750,000	750,000	-	(750,000)	750,000	750,000	750,000	-
Total	2,250,000	2,250,000	(500,000)	(1,750,000)	2,250,000	2,250,000	2,250,000	-

Share Holdings of Directors

2019	Balance at beginning of year	Issued as Remuneration	Issued on Exercise of Options	Net Change Other	Balance at end of year
Directors					
E Babington	1,258,378	-	-	-	1,258,378
D Sargeant	875,000	-	500,000	3,372,129	4,747,129
A Jessup	875,000	-	-	-	875,000
R Hill	11,455,025	-	-	2,256,607	13,711,632
Total	14,463,403	-	500,000	5,628,736	20,592,139

D. Transactions with Directors

Consolidated	
2019	2018
\$	\$

Other transactions with Directors

The Director, Mr Babington is a director of Lyons Babington Lawyers which has provided legal services to the company on normal commercial terms. This excludes fees included as remuneration noted under section B of the Directors Report.

6,433 3,498

6,433 3,498

Refer to note 17 for amounts owing to directors at balance date.

Directors' Report

AUDITORS INDEPENDENCE AND NON-AUDIT SERVICES

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 audit of the annual report. This Independence Declaration is set out on page 14 and forms part of this directors' report for the year ended 30 June 2019.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of FYI Resources Ltd support the principles of corporate governance. The Company's Corporate Governance Statement can be found on the Company's website at www.fyiresources.com.au.

Signed at Perth this 26th day of September 2019



Roland Hill
Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of FYI Resources Limited for the year ended 30 June 2019, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
26 September 2019



D I Buckley
Partner

hlb.com.au

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Directors' Declaration

1. In the opinion of the directors of FYI Resources Limited ("the Company"):
 - a) the financial statements, notes and the remuneration disclosures (contained in sections A to D of the remuneration report in the Directors' report), are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Group as at 30 June 2019 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(c);
 - c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations pursuant to Section 295A of the *Corporation Act 2001* for the financial year ended 30 June 2019.

Dated this 26th day of September 2019.

Signed in accordance with a resolution of the directors:



Roland Hill
Managing Director

Statement of Comprehensive Income

For The Year Ended 30 June 2019

		Consolidated	
	Note	2019 \$	2018 \$
Continuing Operations			
Gain on loss of control of subsidiary	23	-	37,582
Interest income		17,571	13,006
Exploration and evaluation expenditure	2	(3,254,597)	(775,648)
ASX fees		(38,324)	(24,981)
Share based payments		(83,418)	-
Accounting and audit fees		(179,041)	(115,445)
Other administration expenses	2	(81,709)	(70,625)
Directors fees		(301,560)	(263,038)
Share registry expenses		(8,957)	(12,665)
Rent		(4,712)	(6,725)
Legal expenses		(4,802)	(4,638)
Consulting fees		(99,029)	(86,287)
Impairment of loan		-	(95,045)
Interest expense		(11,177)	-
Loss before income tax expense		(4,049,755)	(1,404,509)
Income tax benefit	3	848,926	297,399
Net loss for the year		(3,200,829)	(1,107,110)
Other comprehensive income, net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences from translation of foreign operations		(3,299)	(3,357)
Other comprehensive loss		(3,299)	(3,357)
Total comprehensive loss		(3,204,128)	(1,110,467)
Loss for the year is attributable to:			
Owners of FYI Resources Ltd		(3,167,726)	(1,061,502)
Non-controlling interests		(33,103)	(45,608)
		(3,200,829)	(1,107,110)
Total comprehensive loss for the year is attributable to:			
Owners of FYI Resources Ltd		(3,171,025)	(1,064,859)
Non-controlling interests		(33,103)	(45,608)
		(3,204,128)	(1,110,467)
Basic and diluted loss per share (cents per share)	20	(1.66)	(0.81)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As At 30 June 2019

		Consolidated	
	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	18	940,088	2,889,087
Trade and other receivables	4	977,907	351,709
Total Current Assets		1,917,995	3,240,796
NON-CURRENT ASSETS			
Deferred exploration and evaluation expenditure	6	3,533,332	3,533,332
Total Non-Current Assets		3,533,332	3,533,332
TOTAL ASSETS		5,451,327	6,774,128
CURRENT LIABILITIES			
Trade and other payables	7	1,134,425	451,292
Borrowings	8	309,677	-
Total Current Liabilities		1,444,102	451,292
TOTAL LIABILITIES		1,444,102	451,292
NET ASSETS		4,007,225	6,322,836
EQUITY			
Issued capital	9	37,495,460	35,880,361
Reserves	10	1,629,150	2,359,031
Accumulated losses		(34,937,824)	(31,770,098)
Equity attributable to owners of the parent		4,186,786	6,469,294
Non-controlling interests		(179,561)	(146,458)
TOTAL EQUITY		4,007,225	6,322,836

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year Ended 30 June 2019

	Consolidated						
	Issued Capital	Accumulated Losses	Share-based Payments Reserve	Option Premium Reserve	Foreign Currency Translation Reserve	Non-controlling interests	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	29,309,935	(30,708,596)	532,301	834,677	7,286	(176,785)	(201,182)
Loss for the year	-	(1,061,502)	-	-	-	(45,608)	(1,107,110)
Other comprehensive loss	-	-	-	-	(3,357)	-	(3,357)
Total comprehensive loss for the year	-	(1,061,502)	-	-	(3,357)	(45,608)	(1,110,467)
Derecognise non-controlling interest	-	-	-	-	-	75,935	75,935
Equity transactions:							
Shares issued net of transactions costs	6,570,426	-	-	-	-	-	6,570,426
Share-based payments	-	-	988,124	-	-	-	988,124
Balance at 30 June 2018	35,880,361	(31,770,098)	1,520,425	834,677	3,929	(146,458)	6,322,836
Balance at 1 July 2018	35,880,361	(31,770,098)	1,520,425	834,677	3,929	(146,458)	6,322,836
Loss for the year	-	(3,167,726)	-	-	-	(33,103)	(3,200,829)
Other comprehensive loss	-	-	-	-	(3,299)	-	(3,299)
Total comprehensive loss for the year	-	(3,167,726)	-	-	(3,299)	(33,103)	(3,204,128)
Equity transactions:							
Shares issued net of transactions costs	1,615,099	-	(810,000)	-	-	-	805,099
Share-based payments	-	-	83,418	-	-	-	83,418
Balance at 30 June 2019	37,495,460	(34,937,824)	793,843	834,677	630	(179,561)	4,007,225

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For The Year Ended 30 June 2019

	Note	Consolidated	
		2019 \$	2018 \$
Cash flows from operating activities			
Payments to suppliers and employees		(817,190)	(684,571)
Payments for exploration and evaluation		(2,581,374)	(725,099)
Interest received		19,660	13,178
Other - R&D tax offset		321,295	97,498
Net cash outflow from operating activities	18(b)	(3,057,609)	(1,298,994)
Cash flows from financing activities			
Proceeds from issue of shares		866,660	4,216,405
Share issue costs		(56,550)	(266,469)
Proceeds from borrowings		298,500	-
Net cash inflow from financing activities		1,108,610	3,949,936
Net (decrease)/increase in cash held		(1,948,999)	2,650,942
Cash at the beginning of the year		2,889,087	238,145
Cash at the end of the year	18(a)	940,088	2,889,087

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the Year ended 30 June 2019

CORPORATE INFORMATION

The financial report of FYI Resources Limited ("the Company") for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 26 September 2019. FYI Resources Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Company during the financial year are mineral exploration and evaluation of potash projects in south east Asia and a kaolin to HPA project in Western Australia.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

This financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards (including Australian Interpretations). The Group's accounting policies have been consistently applied with prior years, unless otherwise stated.

The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial statements are for the Group consisting of FYI Resources Limited and its subsidiaries.

b) Adoption of New and Revised Accounting Standards

In the year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective from the current reporting period beginning on or after 1 July 2018. As a result of this review, the Group has initially applied AASB 9 and AASB 15 from 1 July 2018. There is no material impact to profit or loss or net assets on the adoption of these new accounting standards in the current or comparative periods.

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 material change is necessary to Company accounting policies. This included consideration of AASB 9 and AASB 15.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2019. 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 Company accounting policies. This included consideration of AASB 16. The Company has no leases over 12 months.

c) Statement of compliance

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

d) Significant Accounting Judgements, Estimates and Assumptions

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuer using a Black and Scholes model, using the assumptions detailed in note 15.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence or reserves.

Notes to the Financial Statements

For the Year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

e) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights in an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

f) Foreign Currency Translation

Both the functional and presentation currency of FYI Resources Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

Notes to the Financial Statements

For the Year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the foreign operation, West Mekong Minerals Ltd, is Thai Baht (BHT).

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of FYI Resources Limited at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to the partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

g) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

Notes to the Financial Statements

For the Year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

FYI Resources Ltd and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

FYI Resources Ltd recognised its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated Group.

h) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

i) Revenue

Revenue is recognised to the extent that control has passed and it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Notes to the Financial Statements

For the Year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

j) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	Estimated useful life
Plant and equipment	4 – 5 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

k) Exploration and Evaluation Expenditure

Exploration and evaluation costs, excluding the costs of acquiring licences, are expensed as incurred. Acquisition costs will be assessed on a case by case basis and, if appropriate, they will be capitalised. These acquisition costs are only carried forward only if the rights to tenure of the area of interest are current and either:

- they are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
- the activities in the area of interest at the reporting date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing

Accumulated acquisition costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

The carrying values of acquisition costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

l) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are carried at amortised cost using the effective interest method less impairment losses.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

m) Share-based Payments

Share-based compensation benefits are provided to directors and executives.

The fair value of options granted to directors and executives is recognised as an employee benefit expense with a corresponding increase in equity over the vesting period. The fair value is measured at grant date and recognised over the period during which the directors and/or executives becomes unconditionally entitled to the options.

The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option,

Notes to the Financial Statements

For the Year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

n) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

o) Loss per Share

Basic loss per share is calculated as net result attributable to the Company, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted loss per share is calculated as net result attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

p) Trade and Other Payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

q) Impairment of Assets

At each balance date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in the statement of comprehensive income.

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

r) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Notes to the Financial Statements

For the Year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

s) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of FYI Resources Ltd.

t) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

u) Going concern

As disclosed in the Statement of Comprehensive Income, the Group recorded operating losses of \$3,200,829 (2018: \$1,107,110) and as disclosed in the Statement of Cash Flows, the Group recorded cash outflows from operating activities of \$3,057,609 (2018: \$1,298,994) and cash inflows from investing activities of \$1,108,610 (2018: \$3,949,936). 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 working capital of \$473,893 (2018: \$2,789,504) at balance date, exploration expenditure commitments for the next 12 months of \$236,368 (2018: \$30,000), consultancy commitments for the next 12 months of \$198,000 (2018: \$Nil) and other commitments for the next 12 months of \$45,000 (2018: \$15,000) as disclosed in Note 13,
- the Group has the ability to complete capital raisings on a timely basis, pursuant to the Corporations Act 2001, as is anticipated to occur in the 2020 financial year, and
- the Company and Group have the ability, if required, to undertake mergers, acquisitions or restructuring activity or to wholly or in part, dispose of interests in mineral exploration assets.

The Directors anticipate further equity raisings will be required in the 2020 financial year. Should these capital raisings or other working capital not be realised, there is a material uncertainty that may cast significant doubt as to whether the Group will be able 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.

Notes to the Financial Statements

For the Year ended 30 June 2019

2. EXPENSES

	Consolidated	
	2019	2018
	\$	\$
Exploration and evaluation expenditure		
Laos exploration	67,014	164,177
HPA tenement expenses	18,504	35,514
HPA drilling	84,348	50,868
HPA metallurgy and assay	927,131	278,360
HPA geophysics	-	17,294
HPA field supplies	3,057	28,744
HPA geologist	72,556	68,550
HPA product development	393,483	73,193
HPA engineering	409,234	21,047
HPA Pilot plant	1,093,591	-
Other exploration expense	185,679	37,901
	3,254,597	775,648
Corporate Administration costs		
Postage, printing & stationery	8,743	17,346
Insurance	37,361	11,335
Other administration expenses	35,605	41,944
	81,709	70,625

3. INCOME TAXES

	Consolidated	
	2019	2018
	\$	\$
Accounting loss before tax	(4,049,755)	(1,404,509)
Income tax benefit at 30% (2018: 27.5%)	1,214,927	386,240
Tax effect of:		
Non-deductible expenses	(487,171)	(174,129)
Share based payment	(25,025)	-
Fines	-	(152)
Capital gain/loss on disposal of assets	49,615	-
Deductible temporary differences (net)	72,315	36,302
Non-assessable temporary differences	(773)	708
Capital raising costs	33,961	27,634
Deferred tax asset not recognised	(857,849)	(276,603)
R&D tax incentive	848,926	297,399
Income tax benefit attributable to loss from ordinary activities before tax	848,926	297,399
Unrecognised deferred tax balances		
	Consolidated	
	2019	2018
	\$	\$
Tax losses carried forward	12,378,763	9,887,666
Potential Income tax benefit at 30% (2018: 27.5%)	3,713,629	2,719,108

Notes to the Financial Statements

For the Year ended 30 June 2019

3. INCOME TAXES CONTINUED

These deferred tax assets will only be obtained if:

- (i) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (ii) The conditions for deductibility imposed by tax legislation continue to be complied with; and
- (iii) No changes in tax legislation adversely affect the Company in realising the benefit.

Consolidated	
2019	2018
\$	\$

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Capital raising costs	102,104	108,340
Doubtful debts	2,435	6,876
Accrued Income	-	(708)
Tenements	(110,550)	(36,560)
Tax losses	3,713,629	2,719,108
Provision for expenses	8,478	9,283
Deferred tax assets offset against deferred tax liabilities	-	-
Deferred tax liability offset against deferred tax asset	-	-
Deferred tax assets not recognised ¹	(3,716,096)	(2,806,339)
Net deferred tax asset/(liabilities)	-	-

4. TRADE AND OTHER RECEIVABLES

Consolidated	
2019	2018
\$	\$

Current

Trade receivables	8,116	8,116
Other receivables	199,690	101,227
Allowance for impairment	(8,116)	(8,116)
	199,690	101,227
Prepaid expenses	586	482
R&D tax receivable	777,631	250,000
	977,907	351,709

Trade and sundry receivables are non interest bearing and are generally received on 30-60 day terms.

There is no expected credit loss in relation to the trade and other receivables at balance date.

Notes to the Financial Statements

For the Year ended 30 June 2019

5. PLANT AND EQUIPMENT

	Consolidated	
	Plant & Equipment \$	Total \$
At 30 June 2018		
Cost / Fair value	2,135	2,135
Accumulated depreciation	(2,135)	(2,135)
Net carrying amount	-	-
At 30 June 2019		
Cost / Fair value	2,135	2,135
Accumulated depreciation	(2,135)	(2,135)
Net carrying amount	-	-

6. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2019 \$	2018 \$
Balance at beginning of period	3,533,332	-
Acquisition consideration	-	3,533,332
	3,533,332	3,533,332

On 26 September 2017, FYI Resources Ltd agreed to progress with the purchase of 100% of the shares in Kokardine Kaolin Pty Ltd, including its granted exploration tenements, rights, title and interests of the entity.

The consideration for the purchase is the issue of three tranches of shares:

- Tranche 1 is the issue of 21,428,571 shares, which occurred on 29 November 2017;
- Tranche 2 is the issue of 12,500,000 shares, which occurred on 20 February 2018; and
- Tranche 3 is the issue of 10,000,000 shares, which occurred on 12 February 2019.

The fair value of share consideration is \$0.081 per share valued using the spot price of the Company, when the Company had rights to the asset.

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.

7. TRADE AND OTHER PAYABLES

	Consolidated	
	2019 \$	2018 \$
Trade and other payables	925,392	107,280
Director related payables (refer note 17)	163,900	314,399
Accruals	45,133	29,613
	1,134,425	451,292

Trade payables are non-interest bearing and most suppliers have 30 day terms.

Notes to the Financial Statements

For the Year ended 30 June 2019

8. BORROWINGS

	Consolidated	
	2019 \$	2018 \$
Borrowings	309,677	-
	309,677	-
Changes in liabilities arising from financing activities		
At start of year	-	-
Net cash from financing activities	298,500	-
Finance costs incurred	11,177	-
Balance at end of year	309,677	-

The Company entered into an agreement with Innovative Technology Funding Pty Ltd to borrow an advance of up to \$1,100,000 at the applicable interest rate of 15% per annum. The interest is capitalised on a monthly basis, in arrears. At 30 June 2019, the Company had received an advance of \$298,500. Upon receipt of the refundable tax offset, the company has agreed to repay the loan to the Lender.

9. ISSUED CAPITAL

	Consolidated	
	2019 \$	2018 \$
212,772,654 (30 June 2018: 185,899,454) fully paid ordinary shares	37,495,460	35,880,361

Notes to the Financial Statements

For the Year ended 30 June 2019

9. ISSUED CAPITAL CONTINUED

	Consolidated	
	2019 No.	2018 No.
(i) Ordinary shares - number		
Balance at beginning of year	185,899,454	92,410,643
13,333,330 shares issued at 4.5 cents per share on 17 November 2017	-	13,333,330
21,428,571 shares issued at no consideration on 29 November 2017 ¹	-	21,428,571
6,428,571 shares issued at 7 cents per share on 12 December 2017	-	6,428,571
714,286 shares issued at 7 cents per share on 19 February 2018	-	714,286
12,500,000 shares issued at 8.1 cents per share on 20 February 2018 ¹	-	12,500,000
420,000 shares issued at 12 cents per share on 20 February 2018 ²	-	420,000
11,475,519 shares issued at 8 cents per share on 22 February 2018	-	11,475,519
302,941 shares issued at 10 cents per share on 21 March 2018	-	302,941
26,024,481 shares issued at 8 cents per share on 5 April 2018	-	26,024,481
250,000 shares issued at 10 cents per share on 5 April 2018	-	250,000
111,111 shares issued at 10 cents per share on 12 April 2018	-	111,111
45,000 shares issued at 10 cents per share on 20 April 2018	-	45,000
65,000 shares issued at 10 cents per share on 30 April 2018	-	65,000
390,001 shares issued at 10 cents per share on 10 May 2018	-	390,001
500,000 shares issued at 8.8 cents per share on 19 July 2018	500,000	-
50,000 shares issued at 10 cents per share on 19 July 2019	50,000	-
30,000 shares issued at 10 cents per share on 3 October 2018	30,000	-
10,000,000 shares issued at 8.1 cents per share on 12 February 2019 ¹	10,000,000	-
16,293,200 shares issued at 5 cents per share on 28 June 2019	16,293,200	-
Balance at end of year	212,772,654	185,899,454

¹ Issued as the first, second and third tranche consideration for the purchase of Kokardine Kaolin Pty Ltd as approved by shareholders on 29 November 2017.

² Issued to settle amounts owed to the Managing Director as approved by shareholders on 19 February 2018.

Notes to the Financial Statements

For the Year ended 30 June 2019

9. ISSUED CAPITAL CONTINUED

	Consolidated	
	2019 \$	2018 \$
(ii) Ordinary shares – value		
Balance at beginning of year	35,880,361	29,309,935
13,333,330 shares issued at 4.5 cents per share on 17 November 2017	-	600,000
21,428,571 shares issued at no consideration on 29 November 2017	-	1,735,714
6,428,571 shares issued at 7 cents per share on 12 December 2017	-	450,000
714,286 shares issued at 7 cents per share on 19 February 2018	-	50,000
12,500,000 shares issued at 8.1 cents per share on 20 February 2018	-	1,012,500
420,000 shares issued at 12 cents per share on 20 February 2018	-	50,400
11,475,519 shares issued at 8 cents per share on 22 February 2018	-	918,042
302,941 shares issued at 10 cents per share on 21 March 2018	-	30,294
26,024,481 shares issued at 8 cents per share on 5 April 2018	-	2,081,958
250,000 shares issued at 10 cents per share on 5 April 2018	-	25,000
111,111 shares issued at 10 cents per share on 12 April 2018	-	11,111
45,000 shares issued at 10 cents per share on 20 April 2018	-	4,500
65,000 shares issued at 10 cents per share on 30 April 2018	-	6,500
390,001 shares issued at 10 cents per share on 10 May 2018	-	39,000
500,000 shares issued at 8.8 cents per share on 19 July 2018	44,000	-
50,000 shares issued at 10 cents per share on 19 July 2018	5,000	-
30,000 shares issued at 10 cents per share on 3 October 2018	3,000	-
10,000,000 shares issued at 8.1 cents per share on 12 February 2019	810,000	-
16,293,200 shares issued at 5 cents per share on 28 June 2019	814,660	-
Costs of shares issued	(61,561)	(444,593)
Balance at end of year	37,495,460	35,880,361

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

	Consolidated	
	2019 No.	2018 No.
Options - number		
Balance at beginning of year	11,752,615	2,250,000
Issue of options 17 November 2017	-	6,666,668
Issue of options 17 November 2017	-	2,000,000
Exercise of options 21 March 2018	-	(302,941)
Issue of options 5 April 2018	-	2,000,000
Exercise of options 5 April 2018	-	(250,000)
Exercise of options 12 April 2018	-	(111,111)
Exercise of options 20 April 2018	-	(45,000)
Exercise of options 30 April 2018	-	(65,000)
Exercise of options 10 May 2018	-	(390,001)
Exercise of options 19 July 2018	(500,000)	-
Exercise of options 19 July 2018	(50,000)	-
Exercise of options 3 October 2018	(30,000)	-
Issue of options 17 November 2018	2,250,000	-
Expiry of options 29 November 2018	(1,750,000)	-
Expiry of options 31 January 2019	(7,422,615)	-
Issue of options 28 June 2019	8,146,600	-
Balance at end of year	12,396,600	11,752,615

Notes to the Financial Statements

For the Year ended 30 June 2019

9. ISSUED CAPITAL CONTINUED

Option holders do not have any rights, by virtue of their option holding, to vote at a meeting of the Company.

Share Options

For details of the share based payment option scheme under which options to subscribe for the Company shares are granted to executives and officers, refer to note 15.

10. RESERVES

	Consolidated	
	2019	2018
	\$	\$
Share based premium reserve	793,843	1,520,425
Option premium reserve	834,677	834,677
Foreign Currency Translation Reserve	630	3,929
Reserves	1,629,150	2,359,031

Reserves comprise the following:

Share Based Premium Reserve

At start of year	1,520,425	532,301
Share based payment - options	83,418	178,124
Share based payment - Tranche 3 of the consideration of Kokardine Kaolin Pty Ltd	-	810,000
10,000,000 shares issued at 8.1 cents per share on 12 February 2019 issued as the third tranche	(810,000)	-
Balance at end of year	793,843	1,520,425

	Consolidated	
	2019	2018
	\$	\$

Foreign Currency Translation Reserve

At start of year	3,929	7,286
Currency translation differences	(3,299)	(3,357)
Balance at end of year	630	3,929

Nature and purpose of reserves

Share based payment reserve

The share based payments reserve is used to record the value of share based payments. The reserve includes grant of options or rights over shares to directors and employees, including key management personnel, as part of their remuneration and the acquisition of assets.

Option premium reserve

The option premium reserve is used to record premiums received when options are issued to shareholders at a premium.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of loans to foreign subsidiaries that are expected to be repaid in the long term and the translation of the financial statements of foreign subsidiaries.

Notes to the Financial Statements

For the Year ended 30 June 2019

11. DIVIDENDS

No dividends were paid or provided for during the year (2018: Nil).

12. SEGMENT INFORMATION

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 Company 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 Company considers its business operations in mineral exploration to be its primary reporting function.

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the years ended 30 June 2019 and 30 June 2018.

	Continuing Operations			
	High Purity Alumina Exploration and Evaluation Australia \$	Potash Exploration and Evaluation Asia \$	Unallocated Items \$	Total \$
Year ended 30 June 2019				
Segment net operating loss after tax	(3,198,715)	(67,059)	64,945	(3,200,829)
Interest and other revenue	-	486	17,085	17,571
Income tax benefit/(expense)	848,926	-	-	848,926
Segment assets	3,533,432	5,206	1,912,689	5,451,327
Segment liabilities	848,636	46,849	548,617	1,444,102
Cashflow information				
Net cash used in operating activities	(2,530,740)	(50,634)	(476,235)	(3,057,609)
Net cash provided by investing activities	-	-	-	-
Net cash provided by financing activities	298,500	-	810,110	1,108,610
Year ended 30 June 2018				
Revenue				
Segment net operating loss after tax	(611,471)	(164,177)	(331,462)	(1,107,110)
Interest revenue	-	37,631	12,957	50,588
Income tax benefit/(expense)	-	-	297,399	297,399
Segment assets	3,533,432	1,262	3,239,434	6,774,128
Segment liabilities	72,651	18,921	359,720	451,292
Cashflow information				
Net cash used in operating activities	(557,979)	(167,120)	(573,895)	(1,298,994)
Net cash provided by investing activities	-	-	-	-
Net cash provided by financing activities	-	-	3,949,936	3,949,936

Notes to the Financial Statements

For the Year ended 30 June 2019

13. EXPENDITURE COMMITMENTS

Consolidated	
2019	2018
\$	\$

(i) Expenditure Commitments

Exploration Tenements

In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay rentals and to meet the minimum expenditure requirements. These obligations are not provided for in the financial statements and are payable:

- not later than 12 months	236,368	30,000
- between 12 months and 5 years	704,774	16,767
- greater than 5 years	-	-
	941,142	46,767

These commitments are based on the Group holding the tenements for the next 5 years.

Consolidated	
2019	2018
\$	\$

(ii) Consultancy Commitments

Commitments for the payment of consultancy fees to Roland Hill under a long-term contract in existence at the reporting date but not recognised as liabilities, payable:

- not later than 12 months	198,000	-
- between 12 months and 5 years	297,000	-
	495,000	-

Consolidated	
2019	2018
\$	\$

(ii) Other Commitments

Commitments for the payment of professional fees to GC Partners Asia for seeking an offtake partner under an agreement in existence at the reporting date but not recognised as liabilities, payable:

- not later than 12 months	45,000	15,000
- between 12 months and 5 years	-	-
	45,000	15,000

Notes to the Financial Statements For the Year ended 30 June 2019

14. REMUNERATION OF AUDITOR

Consolidated	
2019	2018
\$	\$

Amounts received or due and receivable by HLB Mann Judd for:

Audit or review of the financial reports of the Company	33,735	30,000
	33,735	30,000

15. SHARE BASED PAYMENTS

Executive and Director Share Based Payment Plan

An Executive and Officer Equity-settled Share Based Payment Plan ("the Plan") has been established where the Company, at the discretion of the Directors, may grant options over the ordinary shares of the Company to executives and officers of the Company. The Company has adopted this plan to enable executives and officers to acquire an ownership interest in the Company. The options issued under the Plan are not quoted on the ASX.

The expense recognised in the statement of comprehensive income in relation to share-based payments is \$83,418 (2018: \$Nil).

The following share-based payment arrangements were in place during the current and prior periods:

30/06/2018	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	\$0.088	\$0.0155	28-Nov-16
Consultant Options	2,000,000	17-Nov-17	31-Jan-19	\$0.100	\$0.0130	17-Nov-17
Consultant Options	2,000,000	05-Apr-18	04-Apr-20	\$0.096	\$0.0761	05-Apr-18
30/06/2019	Number	Grant date	Expiry date	Exercise Price	Fair value at grant date	Vesting date
Director Options	2,250,000	27-Nov-18	26-Nov-20	\$0.106	\$0.0371	27-Nov-18

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.

30/06/2018	Grant Date	Dividend yield	Expected Volatility	Risk-free interest rate	Option life (years)	Exercise price	Grant date share price
Consultant Options	17-Nov-17	0%	116%	1.79%	1.21	\$0.100	\$0.05
Consultant Options	05-Apr-18	0%	119%	2.04%	2.00	\$0.096	\$0.14

30/06/2019	Grant Date	Dividend yield	Expected Volatility	Risk-free interest rate	Option life (years)	Exercise price	Grant date share price
Director Options	27-Nov-18	0%	120%	2.01%	2.00	\$0.106	\$0.07

Notes to the Financial Statements

For the Year ended 30 June 2019

15. SHARE BASED PAYMENTS CONTINUED

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

	2019 Number	2019 Weighted average exercise price	2018 Number	2018 Weighted average exercise price
Outstanding at the beginning of the year	6,250,000	\$0.094	2,250,000	\$0.088
Granted 17 November 2017	-	-	2,000,000	\$0.100
Granted 5 April 2018	-	-	2,000,000	\$0.096
Granted 27 November 2018	2,250,000	\$0.106	-	-
Exercised during the year	(500,000)	\$0.088	-	-
Expired during the year	(3,750,000)	\$0.094	-	-
Outstanding at the end of the year	<u>4,250,000</u>	<u>\$0.101</u>	<u>6,250,000</u>	<u>\$0.094</u>
Exercisable at the end of the year	4,250,000		6,250,000	

The fair value of the equity-settled share options 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.

The weighted average remaining life of the options at balance date is 1.1 years (2018: 0.9 years).

16. DIRECTOR AND EXECUTIVE DISCLOSURES

Details of Key Management Personnel for the year ended 30 June 2019

Directors

Name	Position
E Babington	Chairman (Non-Executive)
D Sargeant	Director (Non-Executive)
A Jessup	Director (Non-Executive)
R Hill	Managing Director

Transactions with Key Management Personnel

	Consolidated	
	2019 \$	2018 \$
Short-term employee benefits	297,000	259,000
Post-employment	4,560	2,850
Share-based payment	83,418	-
	<u>384,978</u>	<u>261,850</u>

The amounts outstanding to Key Management Personnel at the reporting date are included in note 17.

Notes to the Financial Statements

For the Year ended 30 June 2019

17. RELATED PARTY TRANSACTIONS

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	
		2019 %	2018 %
Parent Entity:			
FYI Resources Ltd	Australia		
Subsidiaries of FYI Resources Ltd:			
Kokardine Kaolin Pty Ltd	Australia	100	100
FYI Thailand Pty Ltd	Australia	100	100
<i>which controls</i>			
West Mekong 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 West Mekong Minerals Ltd.

The loss for the year to which the NCI relates amounted to \$64,907 (2018: \$89,427). The net liabilities of the subsidiary to which the NCI relates was \$328,451 (2018: \$227,897). The NCI at balance date was adjusted for the amount owing to the Group from the NCI party for their investment in that entity.

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.

The parent's investment in West Mekong Minerals Ltd is not material, therefore, no disclosure of the subsidiary's assets and liabilities has been made.

Directors and specified executives

Disclosures relating to the remuneration and shareholding of directors and specified executives are set out in the Directors' Report.

The following table provides the amounts outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2019 \$	2018 \$
Amounts payable to Directors:		
Kirkdale Holdings Pty Ltd	2,750	2,246
Murilla Exploration Pty Ltd	2,750	2,246
Capstone Capital Pty Ltd ¹	158,400	280,500
	163,900	284,992

¹ In addition to amounts owing for services to the Company an additional amount of \$Nil (2018: \$29,407) was owing at balance date relating to normal business reimbursements. The total owing to Directors at 30 June 2019 was \$163,900 (2018: \$314,399) Refer note 7.

Notes to the Financial Statements

For the Year ended 30 June 2019

17. RELATED PARTY TRANSACTIONS CONTINUED

Consolidated	
2019	2018
\$	\$

Other transactions with Directors

The Director, Mr Babington is a director of Lyons Babington Lawyers which has provided legal services to the company on normal commercial terms. This excludes fees included as remuneration noted under section B of the Directors Report.

6,433 3,498

6,433 3,498

18. NOTES TO THE STATEMENT OF CASH FLOWS

Consolidated	
2019	2018
\$	\$

(a) Reconciliation to Statement of Cash Flows

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank.

Cash and cash equivalents as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents **940,088** 2,889,087

(b) Reconciliation of loss after income tax to net cash flows from operating activities:

Consolidated	
2019	2018
\$	\$

Loss after income tax **(3,200,829)** (1,107,110)

Share based payments **83,418** -

Gain on loss of control of subsidiary - (37,582)

Impairment of loan - 95,045

Movements in Assets and Liabilities

Trade and other receivables **(551,092)** (45,426)

Trade and other payables **610,894** (203,921)

Net cash outflow from operating activities **(3,057,609)** (1,298,994)

Notes to the Financial Statements

For the Year ended 30 June 2019

19. FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Investments

The Company limits its exposure to credit risk by only investing with counterparties that have an acceptable credit rating. Cash and cash equivalents are held with BankWest which is an Australian bank with an AA- credit rating (Standard & Poor's).

Trade and other receivables

The Company has a small exposure to trade receivables at 30 June 2019.

The Company has established an allowance for impairment that represents their estimate of expected losses in respect of other receivables and investments. The components of this allowance may include a specific loss component that relates to individually significant exposures.

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	Consolidated	
	2019	2018
	\$	\$
Cash & cash equivalents	940,088	2,889,087
Trade and other receivables	977,907	351,709

Impairment losses

An impairment loss of \$Nil (2018: \$Nil) has been recognised in respect of other receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Typically the Company ensures it has sufficient cash on demand to meet expected operational expenses for a period of 90 days.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

As a result of a controlled entity in Thailand and purchases in Thai Baht, the Group's statement of financial position can be affected by movements in the Thai Baht / AUD exchange rates. The Group does not have a policy to enter into forward foreign exchange contracts.

Notes to the Financial Statements

For the Year ended 30 June 2019

19. FINANCIAL RISK MANAGEMENT CONTINUED

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

Consolidated			
Liabilities		Assets	
2019	2018	2019	2018
\$	\$	\$	\$

Thai Baht	(333,354)	(229,406)	4,903	1,509
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At 30 June 2019 and 30 June 2018, had the Australian dollar moved up or down by 10%, with all other variables held constant, post tax result and equity would not have been materially affected.

Interest rate risk

The Company is exposed to interest rate risk due to variable interest being earned on its assets held in cash and cash equivalents. The Company has borrowings Innovative Technology Funding Pty Ltd and the applicable interest rate is 15%. Refer note 8. The Group's exposure to interest rate risk at balance date is not material.

Profile

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

Consolidated	
2019	2018
\$	\$

Variable rate instruments

Financial assets	940,088	2,889,087
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Fixed rate instruments

Financial liabilities	(309,677)	-
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Interest Rate Risk

Where possible the Company enters into fixed interest rate deposits to reduce its exposure to interest rate fluctuations. The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on these financial instruments, are as follows:

2019	Weighted Average Effective Interest Rate	Floating Interest Rate	Non-interest bearing	Total
		\$	\$	\$

Financial Assets:

Cash & cash equivalents	0.9%	940,088	-	940,088
Trade and other receivables	-	-	977,907	977,907
Total Financial Assets		940,088	977,907	1,917,995

Financial Liabilities:

Trade and other payables	-	-	1,134,425	1,134,425
Borrowings	15%	309,677	-	309,677
Total financial liabilities		309,677	1,134,425	1,444,102

Net Financial Assets (liabilities)		630,411	(156,518)	473,893
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Notes to the Financial Statements

For the Year ended 30 June 2019

19. FINANCIAL RISK MANAGEMENT CONTINUED

2018	Weighted Average Effective Interest Rate	Floating Interest Rate \$	Non-interest bearing \$	Total \$
Financial Assets:				
Cash & cash equivalents	1.1%	2,889,087	-	2,889,087
Trade and other receivables	-	-	351,709	351,709
Total Financial Assets		2,889,087	351,709	3,240,796
Financial Liabilities:				
Trade and other payables	-	-	451,292	451,292
Total financial liabilities		-	451,292	451,292
Net Financial Assets (liabilities)		2,889,087	(99,583)	2,789,504

Fair values versus carrying amounts

The fair values of financial assets and liabilities are as per the carrying amounts shown in the statement of financial position.

Other market price risk

Other Equity price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company defines return on capital as net operating income divided by total shareholders equity.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

20. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing the net result for the year attributable to ordinary equity holders of the Company (after deducting interest on the convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net result attributable to ordinary equity holders of the Company (after deducting interest on the convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted loss per share computations:

	Consolidated	
	2019 Cents	2018 Cents
Basic loss per share	(1.66)	(0.81)
Loss used in the calculation of basic EPS	(3,167,726)	(1,061,502)
Weighted average number of shares outstanding during the period used in calculations of basic loss per share	190,325,241	131,510,371

Diluted loss per share is the same as basic loss per share as a loss was generated.

Notes to the Financial Statements

For the Year ended 30 June 2019

21. SUBSEQUENT EVENTS

In July 2019, the Company received \$248,750, a second tranche payment advanced against its expected 2019 R&D tax rebate.

Other than this, no matter or circumstance has arisen, since the end of the financial 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 subsequent financial years.

22. CONTINGENCIES

In the opinion of the directors there were no contingent liabilities at the date of the report.

23. INTEREST IN SUBSIDIARY

On 22 June 2018, the Group lost control over its subsidiary, East Siam Minerals Limited, as on this date the subsidiary entered into liquidation. At the date of liquidation the Group had 49% equity interest in its subsidiary. A gain of \$37,582 has been recognised in the prior reporting period due to loss of control of the subsidiary. The assets and liabilities of the entity were not material to the Group. The loss of control of the subsidiary was not deemed as a discontinued operation.

Notes to the Financial Statements

For the Year ended 30 June 2019

24. PARENT ENTITY DISCLOSURES

Statement of Financial position

	Company	
	2019 \$	2018 \$
CURRENT ASSETS		
Cash and cash equivalents	935,878	2,888,103
Trade and other receivables	978,030	351,431
Total Current Assets	1,913,908	3,239,534
NON-CURRENT ASSETS		
Investments	-	24,884
Exploration and evaluation expenditure	3,491,511	3,533,332
Total Non-Current Assets	3,491,511	3,558,216
TOTAL ASSETS	5,405,419	6,797,750
CURRENT LIABILITIES		
Trade and other payables	1,088,517	427,066
Borrowings	309,677	-
Total Current Liabilities	1,398,194	427,066
TOTAL LIABILITIES	1,398,194	427,066
NET ASSETS	4,007,225	6,370,684
EQUITY		
Issued capital	37,495,460	35,880,361
Reserves	1,628,520	2,355,102
Accumulated losses	(35,116,755)	(31,864,779)
TOTAL EQUITY	4,007,225	6,370,684
Loss before income tax expense	(4,100,902)	(1,282,696)
Income tax benefit / (expense)	848,926	297,399
Loss after tax	(3,251,976)	(985,297)

The recovery of other financial assets and investments are dependent on the successful development and commercial exploitation or sale of the company's explorations and evaluation projects.

INDEPENDENT AUDITOR'S REPORT

To the members of FYI Resources Limited

Report on the Audit of the Financial Report*Opinion*

We have audited the financial report of FYI Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(u) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of exploration and evaluation expenditure Note 6 of the financial report	
<p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group has chosen to capitalise the acquisition costs associated with the Cadoux Kaolin Project during the year. The cost model has subsequently been applied to the capitalised exploration and evaluation asset after recognition.</p> <p>Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the key processes associated with management's review of the carrying value of the Cadoux area of interest; • We considered the Directors' assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure over its Cadoux area of interest; • We examined the exploration budget for the year ending 30 June 2020 and discussed with management the nature of planned ongoing activities; and • We examined the disclosures made in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of FYI Resources Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
26 September 2019



D I Buckley
Partner

Additional Securities Exchange Information

The additional information dated 18 September 2019 is required by the ASX Limited Listing Rules and not disclosed elsewhere in this report.

Distribution of Security Holders

	Quoted Ordinary shares	
	Number of holders	Number of shares
1 - 1,000	1,070	423,801
1,001 - 5,000	463	1,048,660
5,001 - 10,000	163	1,341,418
10,001 - 100,000	295	11,178,704
100,001 and over	187	198,780,071
TOTAL	2,178	212,772,654

There were 1,709 holders of less than a marketable parcel of ordinary shares.

11,000,000 shares are voluntarily escrowed until 11 February 2020.

	Unquoted Options					
	Exercisable at 9.6 cents expiring 4 April 2020		Exercisable at 10.6 cents expiring 26 November 2020		Exercisable at 10 cents expiring 31 July 2021	
	Number of holders	Number of Options	Number of holders	Number of Options	Number of holders	Number of Options
1 - 1,000	-	-	-	-	-	-
1,001 - 5,000	-	-	-	-	-	-
5,001 - 10,000	-	-	-	-	-	-
10,001 - 100,000	-	-	-	-	1	100,000
100,001 and over	1	2,000,000	4	2,250,000	20	8,046,600
TOTAL	1	2,000,000	4	2,250,000	21	8,146,600

Twenty Largest Shareholders

Shareholder	Number of Shares	Percentage
Merrill Lynch Australia Nominees Pty Ltd	32,569,637	15.31
A Spinks	24,600,000	11.56
UBS Nominees Pty Ltd	8,432,759	3.96
J P Morgan Nominees Australia Pty Ltd	8,289,138	3.90
R Hill	6,293,681	2.96
Capstone Capital Pty Ltd	5,417,951	2.55
HSBC Custody Nominees Australia Ltd	4,860,783	2.28
LJJ Van Vliet	4,271,429	2.01
BNP Paribas Nominees Pty Ltd	4,122,033	1.94
Invia Custodians Pty Ltd	4,062,500	1.91
Kirkdale Holdings Pty Ltd	4,000,000	1.88
HJO & KLO Den Dries	3,556,190	1.67
Invia Custodians Pty Ltd	2,466,755	1.16
SO Olsson	2,429,251	1.14
AD Findlay	2,080,000	0.98
AP Spinks	2,079,609	0.98
P Nguyen & CA Shelvey	2,000,000	0.94
R Hill	2,000,000	0.94
Shareholders Mutual Alliance Pty Ltd	2,000,000	0.94
PJ & SL Moylan Pty Ltd	1,633,957	0.77
	127,165,673	59.78

Additional Securities Exchange Information

Unquoted Securities

The names of security holders with more than 20% of an unlisted class of security are listed below:

Options exercisable at 9.6 cents expiring 4 April 2020	Number of options held	Percentage
Foster Stockbroking Nominees Pty Ltd	2,000,000	100.00

Options exercisable at 10.6 cents expiring 26 November 2020	Number of options held	Percentage
D W Sargeant Pty Ltd	500,000	22.22
R Hill	750,000	33.34
E Babington	500,000	22.22
Murilla Exploration Pty Ltd	500,000	22.22

Substantial Shareholders

Substantial holder notices have been received from the following holders.

Shareholder	Number of Shares	Percentage
R Hill	13,711,632	6.45
Regal Funds Management Pty Limited	23,874,676	11.22

Voting Rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary Shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options: No voting rights.

On- Market Buy-back

There is currently no on-market buy-back programme for any of the Company's equity securities.

Interest in Mineral Tenements

Tenement	Location	Interest
E70/4673	Cadoux, Western Australia	100%
E70/5145	Cadoux, Western Australia	100%
M70/1388	Cadoux, Western Australia	100%
WMM SPLs (6)	Thailand	100% (under application)

Corporate Governance

The Company's 2019 Corporate Governance Statement has been released as a separate document and is located on our website at <http://www.fyiresources.com.au/company/corporate-governance>.