

# **FYI RESOURCES LIMITED**

ABN 85 061 289 218

## **Interim Financial Report**

for the half-year ended 31 December 2013

**FYI RESOURCES LIMITED  
31 DECEMBER 2013**

**Table of Contents**

	<b>Page Number</b>
<b>Corporate Directory.....</b>	<b>2</b>
<b>Directors' Report.....</b>	<b>3</b>
<b>Condensed Statement of Comprehensive Income .....</b>	<b>4</b>
<b>Condensed Statement of Financial Position.....</b>	<b>5</b>
<b>Condensed Statement of Changes in Equity.....</b>	<b>6</b>
<b>Condensed Statement of Cash Flows.....</b>	<b>7</b>
<b>Notes to the Condensed Financial Statements.....</b>	<b>8</b>
<b>Directors' Declaration.....</b>	<b>13</b>
<b>Auditor's Independence Declaration.....</b>	<b>14</b>
<b>Independent Auditor's Review Report .....</b>	<b>15</b>

**CORPORATE DIRECTORY**

***DIRECTORS***

Dr David Sparling – Director  
David Sargeant – Director  
Adrian Jessup – Director

***CHIEF EXECUTIVE OFFICER***

Roland Hill

***COMPANY SECRETARY***

Phillip MacLeod

***REGISTERED and PRINCIPAL OFFICE***

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Victoria Park 6100  
Western Australia

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ABN 85 061 289 218

***SHARE REGISTRY***

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

***AUDITOR***

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

***SECURITIES EXCHANGE LISTING***

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

**FYI RESOURCES LIMITED  
DIRECTORS' REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**Directors' Report**

Your directors submit their report on FYI Resources Limited ("the Company") and its controlled entities ("the Group") for the half-year ended 31 December 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

**Directors**

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

Dr David Sparling  
David Sargeant  
Adrian Jessup

**Review of Operations and Exploration Activities**

The Group's loss for the half-year ended 31 December 2013 was \$417,449 (2012: \$350,194).

During the period the principal activities of the Company consisted of mineral exploration of existing projects in Australia and the evaluation of new projects in Australia and overseas. During the period, the Company identified an opportunity to secure a number of mineral properties in Thailand considered to be prospective for high grade, large tonnage potash deposits. The Company invested in FYI Thailand Pty Ltd, a 100% owned subsidiary, which is incorporated in Australia. FYI Thailand Pty Ltd invested in West Mekong Minerals Ltd, a 49% owned subsidiary, which is incorporated in Thailand. The Company entered into an agreement with Asia Pacific Potash Resources Ltd ("APPR") for that company to undertake and manage the application and associated administration processes for the Special Prospecting Licences over the relevant ground. Subsequent to period end, a number of applications were made over approximately 96 square kilometres in Khorat Plateau province in northeast Thailand.

**Dividends**

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

**Events subsequent to reporting date**

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

**Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This written Auditor's Independence Declaration is set out on page 13 and forms part of this Directors' Report for the half-year ended 31 December 2013.

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



**Adrian Jessup**  
**Director**  
Perth, 14<sup>th</sup> March 2014

**FYI RESOURCES LIMITED**

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Consolidated 31/12/2013 \$	Company 31/12/2012 \$
<b>Continuing Operations</b>		
Other income	41,695	13,767
Exploration expense	(249,699)	(122,921)
Depreciation expense	(247)	(247)
ASX fees	(12,319)	(17,601)
Accounting and audit fees	(33,475)	(56,225)
Other administration expenses	(13,548)	(19,896)
Salaries and wages	(127,883)	(127,853)
Share registry expenses	(5,316)	(6,692)
Rent	(10,736)	(11,526)
Legal expenses	(1,740)	(1,000)
Foreign exchange loss	(4,181)	-
<b>Loss before income tax expense</b>	<b>(417,449)</b>	<b>(350,194)</b>
Income tax benefit / (expense)	-	-
<b>Loss after tax from continuing operations</b>	<b>(417,449)</b>	<b>(350,194)</b>
Other comprehensive income / (loss)	-	-
<b>Total comprehensive loss</b>	<b>(417,449)</b>	<b>(350,194)</b>
<b>Basic loss per share (cents per share)</b>	<b>(0.76)</b>	<b>(0.76)</b>

*The accompanying notes form part of these financial statements.*

**FYI RESOURCES LIMITED**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013**

	Note	Consolidated 31/12/2013 \$	Company 30/06/2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		77,490	220,022
Trade and other receivables		67,359	14,910
<b>Total Current Assets</b>		<b>144,849</b>	<b>234,932</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment		435	682
Investment property		750,000	750,000
Exploration and evaluation assets		1,509,804	1,509,804
<b>Total Non-Current Assets</b>		<b>2,260,239</b>	<b>2,260,486</b>
<b>TOTAL ASSETS</b>		<b>2,405,088</b>	<b>2,495,418</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		245,460	170,430
<b>Total Current Liabilities</b>		<b>245,460</b>	<b>170,430</b>
<b>TOTAL LIABILITIES</b>		<b>245,460</b>	<b>170,430</b>
<b>NET ASSETS</b>		<b>2,159,628</b>	<b>2,324,988</b>
<b>EQUITY</b>			
Issued capital	7	27,993,704	27,741,615
Reserves		1,737,333	1,737,333
Accumulated losses		(27,571,409)	(27,153,960)
<b>TOTAL EQUITY</b>		<b>2,159,628</b>	<b>2,324,988</b>

*The accompanying notes form part of these financial statements.*

**FYI RESOURCES LIMITED**

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Company					
	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Option Premium Reserve	Asset Revaluation Reserve	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2012</b>	27,452,608	(26,194,110)	481,427	834,677	421,229	2,995,831
Loss for the year	-	(350,194)	-	-	-	(350,194)
Total comprehensive loss for the year	-	(350,194)	-	-	-	(350,194)
<b>Balance at 31 December 2012</b>	<b>27,452,608</b>	<b>(26,544,304)</b>	<b>481,427</b>	<b>834,677</b>	<b>421,229</b>	<b>2,645,637</b>

  

	Consolidated					
	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Option Premium Reserve	Asset Revaluation Reserve	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	<b>27,741,615</b>	<b>(27,153,960)</b>	<b>481,427</b>	<b>834,677</b>	<b>421,229</b>	<b>2,324,988</b>
Loss for the year	-	(417,449)	-	-	-	(417,449)
Total comprehensive loss for the year	-	(417,449)	-	-	-	(417,449)
Equity transactions:						
Shares issued net of transaction costs	<b>252,089</b>	-	-	-	-	<b>252,089</b>
<b>Balance at 31 December 2013</b>	<b>27,993,704</b>	<b>(27,571,409)</b>	<b>481,427</b>	<b>834,677</b>	<b>421,229</b>	<b>2,159,628</b>

*The accompanying notes form part of these financial statements.*

**FYI RESOURCES LIMITED**

**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Consolidated 31/12/2013 \$	Company 31/12/2012 \$
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	40,500	-
Payments to suppliers and employees	(91,000)	(146,409)
Payments for exploration and evaluation	(345,316)	(120,661)
Interest received	1,195	13,767
Other - R&D tax offset	-	126,042
<b>Net cash outflow from operating activities</b>	<b>(394,621)</b>	<b>(127,261)</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from placement prior to issue of shares	-	250,000
<b>Net cash inflow from investing activities</b>	<b>-</b>	<b>250,000</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of shares	265,000	6,691
Share issue costs	(12,911)	-
<b>Net cash inflow from financing activities</b>	<b>252,089</b>	<b>6,691</b>
<b>Net increase/(decrease) in cash held</b>	<b>(142,532)</b>	<b>129,430</b>
Cash at the beginning of the period	220,022	349,830
Cash at the end of the period	<b>77,490</b>	<b>479,260</b>

*The accompanying notes form part of these financial statements.*



## FYI RESOURCES LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

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#### 1. Statement of Significant Accounting Policies

##### Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 (which is available upon request from the Company's registered office at 53 Canning Highway, Western Australia 6100 or at [www.fyiresources.com.au](http://www.fyiresources.com.au)) and any public announcements made by FYI Resources Ltd during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

##### Basis of preparation

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

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

##### Significant accounting judgements and key estimates

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

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2013.

##### Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2013, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013.

## FYI RESOURCES LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

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#### 1. Statement of Significant Accounting Policies (continued)

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

The Directors have reviewed all new Standards and Interpretation that have been issued but are not yet effective for the half-year ended 31 December 2013. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change necessary to Group accounting policies.

#### Going Concern

As disclosed in the Statement of Comprehensive Income, the Group recorded operating losses of \$417,449 (2012:\$350,194) and as disclosed in the Statement of Cash Flows, the Group recorded cash outflows from operating activities of \$394,621 (2012:\$127,261) and cash inflows from investing activities of \$Nil (2012:\$250,000) and a cash inflow from financing activities of \$252,089 (2012:\$6,691). 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 a working capital deficiency of \$100,611 (30/6/13 working capital surplus: \$64,905) at balance date and retains the ability to scale down its operations to conserve cash, in the event that the capital raisings are delayed or reduced. Included in current trade and other payables there is \$28,113 owing to Directors for fees and \$148,500 owing to key management personnel for consulting fees. They have all agreed to receive payment once the company secured suitable funding.
- The Group has the ability, if required, to undertake mergers, acquisitions or restructuring activity or to wholly or in part, dispose of interests in property, mineral exploration and development assets; and
- The Group has the ability, if required, to dispose of its interests in non-core assets or draw down on unused facilities. The Group has a bank overdraft facility available of \$400,000 which was unused at reporting date.

Due to the above matters, the Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate that this basis of accounting be adopted in the preparation of the financial statements. The directors also anticipate that a further equity raising will be required and will be completed in 2014. Should this equity raising not be completed, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to realise its assets and extinguish its liabilities in the normal course of business.

#### 2. Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2013 annual financial report.

**FYI RESOURCES LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**3. Segment Reporting**

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

The Group operates only in one business and geographical segment being predominantly in the area of mining and exploration in Australia. During November 2013 the Company entered into an agreement with APPR for that company to assist in applying for mineral properties in Thailand and establishing administration and exploration operations in that country. The Company considers its business operations in mineral exploration to be its primary reporting function.

**4. Dividends**

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

**5. Contingent Liabilities**

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

**6. Events Subsequent to Reporting Date**

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

**7. Issued capital**

**(a) Ordinary shares**

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

	Consolidated 31/12/2013 \$	Company 30/06/2013 \$
58,311,118 (30 June 2013: 53,011,118 ) fully paid ordinary shares	<b>27,993,704</b>	27,741,615
	Consolidated 31/12/2013 No.	Company 30/06/2013 No.
<b>(i) Ordinary shares - number</b>		
At start of period	<b>53,011,118</b>	46,122,229
6,888,889 shares issued at 4.5 cents per share on 3 January 2013	-	6,888,889
5,300,000 shares issued at 5 cents per share on 25 October 2013	<b>5,300,000</b>	-
<b>Balance at end of the period</b>	<b>58,311,118</b>	53,011,118

**FYI RESOURCES LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**7. Issued capital (continued)**

	Consolidated 31/12/2013 \$	Company 30/06/2013 \$
<b>(ii) Ordinary shares – value</b>		
At start of period	27,741,615	27,452,608
6,888,889 shares issued at 4.5 cents per share on 3 January 2013	-	310,000
5,300,000 shares issued at 5 cents per share on 25 October 2013	265,000	-
Costs of shares issued	(12,911)	(20,993)
<b>Balance at end of the period</b>	<b>27,993,704</b>	<b>27,741,615</b>

**(b) Options**

As at 31 December 2013 (30 June 2013: 4,000,000) the Company had the following options on issue over ordinary shares:

	Consolidated 31/12/2013 No.	Company 30/06/2013 No.
<b>Options - number</b>		
At start of period	4,000,000	4,000,000
<b>Balance at end of the period</b>	<b>4,000,000</b>	<b>4,000,000</b>

Option details at 30 June 2013 and 31 December 2013  
4,000,000 exercisable at \$0.152 on or before 1 January 2014  
Subsequent to half-year end, these options  
lapsed unexercised.

**8. Related Party Disclosure**

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

Controlled entities	Country of incorporation	Percentage Owned	
		31/12/2013 %	30/06/2013 %
Parent Entity:			
FYI Resources Ltd	Australia		
Subsidiary of FYI Resources Ltd:			
FYI Thailand Pty Ltd	Australia	100	-
Subsidiary of FYI Thailand Ltd:			
West Mekong Minerals Ltd	Thailand	49	-

**FYI RESOURCES LIMITED**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**8. Related Party Disclosure (continued)**

The Company finances the operations of FYI Thailand Pty Ltd and thus it will have unsecured borrowings from the Company that are interest free and at call. The ability for this controlled entity to repay debts will be dependent on the commercialisation of the mineral properties owned by the subsidiary.

FYI Thailand Pty Ltd has control over West Mekong Minerals Ltd as it holds 100% of the preferred shares (Class A) giving them 82.7% of the voting rights.

	Consolidated		Company	
	31/12/2013	30/06/2013	31/12/2013	30/06/2013
Amounts owed by / (to) Related Parties	\$	\$	\$	\$
Subsidiaries				
FYI Thailand Pty Ltd	-	-	<b>124,549</b>	-
West Mekong Minerals Ltd	-	-	-	-
<b>Total</b>	-	-	<b>124,549</b>	-

## FYI RESOURCES LIMITED

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### DIRECTORS' DECLARATION

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

1. The financial statements and notes as set out on pages 4 to 12 are in accordance with the Corporations Act 2001, including:

(a) complying with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year then ended.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



**Adrian Jessup**  
**Director**

Perth, 14 March 2013

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of FYI Resources Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia  
14 March 2014

**N G Neill**  
Partner

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of FYI Resources Limited

### **Report on the Condensed Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of FYI Resources Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2013, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

#### *Directors' responsibility for the half-year financial report*

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

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### *Independence*

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



*Conclusion*

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Emphasis of Matter*

Without qualifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that the directors anticipate that a further equity raising will be required and will be completed in 2014. Should the equity raising not be completed, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to realise its assets and extinguish its liabilities in the normal course of business.



**HLB Mann Judd**  
**Chartered Accountants**



**N G Neill**  
**Partner**

**Perth, Western Australia**  
**14 March 2014**