

Interim Financial Report 31 December 2014

The Directors of FYI Resources Limited (ASX: FYI) provide the Interim Financial Report for the half-year ended 31 December 2014.

As previously announced, FYI Resources has made significant progress with its Thailand potash strategy and has more recently broadened its potash footprint in Asia to target opportunities in the Vientiane Basin region of Laos.

The Company's 6 SPL applications for the West Mekong Minerals potash project in Thailand have progressed to the last stage of the permitting process and currently await approval of the Minerals Committee of the Department of Mineral Resources for final sign off after which the SPLs will be granted.

The Company's Thai in-country management group are ideally connected and positioned to identify further regional potash opportunities. As result of a number of introductions to projects and reviews on selected assets, FYI is examining further potash opportunities in Southeast Asia within the context of the Company's original strategy criteria.

As a consequence of the Company's focus on its potash strategy and ongoing review of other suitable mineral opportunities in Southeast Asia as well as the Boards continuing capital preservation measures, the Yarlalweelor project has been relinquished. This decision was made following a thorough review of the prospectivity and potential of the project and significant efforts to seek an alternative commercial outcome.

Further Information:

Roland Hill
Managing Director
Tel: 0414666178

FYI RESOURCES LIMITED

ABN 85 061 289 218

Interim Financial Report

for the half-year ended 31 December 2014

FYI RESOURCES LIMITED
31 December 2014

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CORPORATE DIRECTORY

DIRECTORS

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

Mr Roland Hill – Managing Director

COMPANY SECRETARY

Phillip MacLeod

REGISTERED and PRINCIPAL OFFICE

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Victoria Park 6100
Western Australia

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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 2014**

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 2014. 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:

David Sargeant
Adrian Jessup
Edmund Babington
Roland Hill

Review of Operations and Exploration Activities

The Group's loss for the half-year ended 31 December 2014 was \$1,856,034 (2013: \$417,449).

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. The Company will not renew the Yarlarweelor tenement and has written down the carrying value to \$Nil. During the period, FYI Thailand Pty Ltd invested in East Siam Minerals Ltd, a 49% owned subsidiary, which is incorporated in 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 2014.

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



Roland Hill
Director
Perth, 6th March 2015

FYI RESOURCES LIMITED

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Consolidated	
	31/12/2014 \$	31/12/2013 \$
Continuing Operations		
Other income	3,186	41,695
Exploration expense	(195,309)	(249,699)
Depreciation expense	(108)	(247)
ASX fees	(14,438)	(12,319)
Share based payments	(16,058)	-
Accounting and audit fees	(32,475)	(33,475)
Other administration expenses	(13,812)	(13,548)
Salaries and wages	(60,521)	(127,883)
Share registry expenses	(4,440)	(5,316)
Rent	(11,146)	(10,736)
Legal expenses	(1,109)	(1,740)
Loss on investment property	-	(4,181)
Impairment of exploration and evaluation expenditure	(1,509,804)	-
Loss before income tax expense	(1,856,034)	(417,449)
Income tax benefit / (expense)	-	-
Loss after tax	(1,856,034)	(417,449)
Loss after tax from discontinued operation	-	-
Net loss for the year	(1,856,034)	(417,449)
Other comprehensive income, net of tax	-	-
Total comprehensive loss	(1,856,034)	(417,449)
Attributable to members of FYI Resources Ltd	(1,825,131)	(417,449)
Attributable to non-controlling interests	(30,903)	-
	(1,856,034)	(417,449)
Basic and diluted loss per share (cents per share)	(2.79)	(0.76)

The accompanying notes form part of these financial statements.

FYI RESOURCES LIMITED

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	Consolidated	
		31/12/2014 \$	30/06/2014 \$
CURRENT ASSETS			
Cash and cash equivalents		156,326	133,995
Trade and other receivables		80,642	65,997
Total Current Assets		236,968	199,992
NON-CURRENT ASSETS			
Plant and equipment		476	557
Investment property		750,000	750,000
Exploration and evaluation expenditure		-	1,509,804
Total Non-Current Assets		750,476	2,260,361
TOTAL ASSETS		987,444	2,460,353
CURRENT LIABILITIES			
Trade and other payables		453,399	393,764
Total Current Liabilities		453,399	393,764
TOTAL LIABILITIES		453,399	393,764
NET ASSETS		534,045	2,066,589
EQUITY			
Issued capital	7	28,531,130	28,226,459
Reserves		1,756,152	1,737,333
Accumulated losses		(29,700,567)	(27,875,436)
Equity attributable to owners of the parent		586,715	2,088,356
Non-controlling interests		(52,670)	(21,767)
TOTAL EQUITY		534,045	2,066,589

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 2014**

	Consolidated							
	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Option Premium Reserve	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Non- controlling interests	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	27,741,615	(27,153,960)	481,427	834,677	421,229	-	-	2,324,988
Loss for the year	-	(417,449)	-	-	-	-	-	(417,449)
Total comprehensive loss for the year	-	(417,449)	-	-	-	-	-	(417,449)
Equity transactions:								
Shares issued net of transactions costs	252,089	-	-	-	-	-	-	252,089
Balance at 31 December 2014	27,993,704	(27,571,409)	481,427	834,677	421,229	-	-	2,159,628
Balance at 1 July 2014	28,226,459	(27,875,436)	481,427	834,677	421,229	-	(21,767)	2,066,589
Loss for the year	-	(1,825,131)	-	-	-	-	(30,903)	(1,856,034)
Total comprehensive loss for the year	-	(1,825,131)	-	-	-	-	(30,903)	(1,856,034)
Equity transactions:								
Shares issued net of transactions costs	304,671	-	-	-	-	-	-	304,671
Share based payments	-	-	16,058	-	-	-	-	16,058
Net exchange differences on translation of the financial reports of foreign subsidiaries	-	-	-	-	-	2,761	-	2,761
Balance at 31 December 2014	28,531,130	(29,700,567)	497,485	834,677	421,229	2,761	(52,670)	534,045

The accompanying notes form part of these financial statements.

FYI RESOURCES LIMITED

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Consolidated	
	31/12/2014 \$	31/12/2013 \$
Cash Flows from Operating Activities		
Receipts from customers	1,800	40,500
Payments to suppliers and employees	(75,421)	(91,000)
Payments for exploration and evaluation	(115,861)	(345,316)
Interest received	1,386	1,195
Net cash used in operating activities	(188,096)	(394,621)
Cash Flows from Financing Activities		
Proceeds from issue of shares	245,000	265,000
Share issue costs	(34,573)	(12,911)
Net cash provided by financing activities	210,427	252,089
Net Increase / (decrease) in cash held	22,331	(142,532)
Cash at the beginning of the period	133,995	220,022
Cash at the end of the period	156,326	77,490

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 2014

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 2014 (which is available upon request from the Company's registered office at 53 Canning Highway, Western Australia 6100 or at 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.

Basis of preparation

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

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

Accounting policies and methods of computation

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

Significant accounting judgements and key estimates

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

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2014.

FYI RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

1. Statement of Significant Accounting Policies (continued)

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2014, 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 2014.

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 2014. 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 \$1,856,034 (2013: \$417,449) and as disclosed in the Statement of Cash Flows, the Group recorded cash outflows from operating activities of \$188,096 (2013:\$394,621) and cash inflows financing activities of \$210,427 (2013:\$252,089). After consideration of these financial conditions, the Directors have assessed the following matters in relation to the adoption of the going concern basis of accounting by the Group:

- The Group has the ability to complete capital raisings on a timely basis, pursuant to the Corporations Act 2001, as have budgeted capital raisings to occur in the twelve month period from the date of the half-year report.
- The Group has a working capital deficiency of \$216,431 (30/6/14: \$193,772) 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 \$82,284 owing to Directors for fees and \$209,076 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, and
- 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 2015. Should this equity raising not be completed, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to realise its assets and extinguish its liabilities in the normal course of business.

FYI RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

2. Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2014 annual financial report.

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 two geographical segments being mineral exploration and evaluation of properties in Australia and Asia. The Company considers its business operations in mineral exploration to be its primary reporting function.

During the period, the Company's 100% owned subsidiary, FYI Thailand Pty Ltd invested in East Siam Minerals Ltd, a 49% owned subsidiary, which is incorporated in Thailand. 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.

69,751,118 (30 June 2014: 63,311,118) fully paid ordinary shares

Consolidated	
31/12/2014	30/06/2014
\$	\$
28,531,130	28,226,459

FYI RESOURCES LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

7. Issued capital (continued)

	Consolidated	
	31/12/2014 No.	30/06/2014 No.
(i) Ordinary shares - number		
At start of period	63,311,118	53,011,118
5,300,000 shares issued at 5 cents per share on 25 October 2013	-	5,300,000
5,000,000 shares issued at 5 cents per share on 28 May 2014	-	5,000,000
4,900,000 shares issued at 5 cents per share on 29 September 2014	4,900,000	-
1,540,000 shares issued at 5 cents per share on 29 September 2014	1,540,000	-
Balance at end of period	69,751,118	63,311,118

	Consolidated	
	31/12/2014 \$	30/06/2014 \$
(ii) Ordinary shares – value		
At start of period	28,226,459	27,741,615
5,300,000 shares issued at 5 cents per share on 25 October 2013	-	265,000
5,000,000 shares issued at 5 cents per share on 28 May 2014	-	250,000
4,900,000 shares issued at 5 cents per share on 29 September 2014	245,000	-
1,540,000 shares issued at 5 cents per share on 29 September 2014	77,000	-
Costs of shares issued	(17,329)	(30,156)
Balance at end of period	28,531,130	28,226,459

(b) Options

As at 31 December 2014 (30 June 2014: 4,000,000) the Company had the following options on issue over ordinary shares:

	Consolidated	
	31/12/2014 No.	30/06/2014 No.
Options - number		
At start of period	-	4,000,000
Expired 1 January 2014	-	(4,000,000)
Issue of options 3 October 2014	2,250,000	-
Balance at end of period	2,250,000	-

Option details at 31 December 2014 -
2,250,000 exercisable at \$0.08 on 22 September 2016

FYI RESOURCES LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

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	
		31/12/2014 %	30/06/2014 %
Parent Entity: FYI Resources Ltd	Australia		
Subsidiaries of FYI Resources Ltd: FYI Thailand Pty Ltd <i>which owns</i> West Mekong Minerals Ltd East Siam Minerals Ltd	Australia Thailand Thailand	100 49 49	100 49 -

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.

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

Amounts owed by / (to) Related Parties	Company	
	31/12/2014 \$	30/06/2014 \$
Subsidiaries		
FYI Thailand Pty Ltd	372,887	215,507
West Mekong Minerals Ltd	-	-
East Siam Minerals Ltd	-	-
	372,887	215,507

FYI RESOURCES LIMITED

DIRECTORS' DECLARATION

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 2014 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.



Roland Hill
Director

Perth, 6th March 2015

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of FYI Resources Limited for the half-year ended 31 December 2014, 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
6 March 2015

N G Neill
Partner, HLB Mann Judd

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 2014, 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 information, 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 2014 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 2014 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 opinion, we draw attention to Note 1 in the half-year financial report which indicates that the directors anticipate that further equity raising will be required and will be completed in 2015. 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
6 March 2015**