



INTERIM FINANCIAL REPORT

For the half year ended 31 December 2021



Corporate Directory

DIRECTORS

Edmund Babington	Non-Executive Chairman
David Sargeant	Non-Executive Director
Sandy Chong	Non-Executive Director
Roland Hill	Managing Director

COMPANY SECRETARY

Phillip MacLeod

REGISTERED AND PRINCIPAL OFFICE

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Cottesloe WA 6011

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

SHARE REGISTRY

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

AUDITOR

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

SECURITIES EXCHANGE LISTINGS

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

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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 2021. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Edmund Babington
 Roland Hill
 David Sargeant
 Sandy Chong (appointed 12 August 2021)
 Adrian Jessup (resigned 14 December 2021)

Review of Operations and Exploration Activities

The Group's loss for the half-year ended 31 December 2021 was \$2,399,800 (2020: \$1,844,956). During the period the principal activities of the Group consisted of advancing its fully integrated and innovative high purity alumina (HPA) project in Western Australia and mineral exploration and evaluation in southeast Asia.

The following activities were completed during the period:

FYI and Alcoa sign Binding JV Term Sheet to develop the Company's HPA Project

In October 2021, FYI and Alcoa of Australia (Alcoa) signed a binding Terms Sheet for the joint development of FYI's innovative HPA project. The Terms Sheet sets out the defined pathway to the structuring and progressive staging of the HPA project from development to commercial production.

The key terms of the binding Term Sheet Agreement include:

- Alcoa to contribute up to US\$242m of US\$257m capital forecast
- Alcoa acting as the joint development manager
- Structured 3 stage development for production of up to 9,000tpa HPA
- HPA project equity: Alcoa 65%; FYI 35%
- FYI IP and jointly developed IP protected by the Agreement

Benefits Alcoa brings to the HPA strategy include:

- Project development discipline and expertise
- World leading alumina production experience and technical excellence
- Global reach and extensive Tier-1 relationships
- Well-resourced organisation to draw from including technical, operational, management and marketing functions

Product Marketing

The HPA product marketing approach has been structured jointly by FYI and Alcoa with the HPA sold as a joint venture. The marketing strategy draws upon FYI's established relationships with potential customers (particularly on the LED, sapphire glass and battery separator markets) as well as accessing Alcoa's global marketing team with global presence. The marketing plan builds upon the prior marketing outreach undertaken by FYI, as well as incorporating new potential customer channels introduced by Alcoa.

Extended Pilot Plant Operations

During the period, FYI, in collaboration with Alcoa, conducted two pilot plant operations as part of an extended pilot plant schedule. FYI and Alcoa have previously conducted a number of pilot plant runs to demonstrate the effectiveness and efficiency of the chemistry of the innovative HPA process design and to validate the outstanding potential HPA project economics.

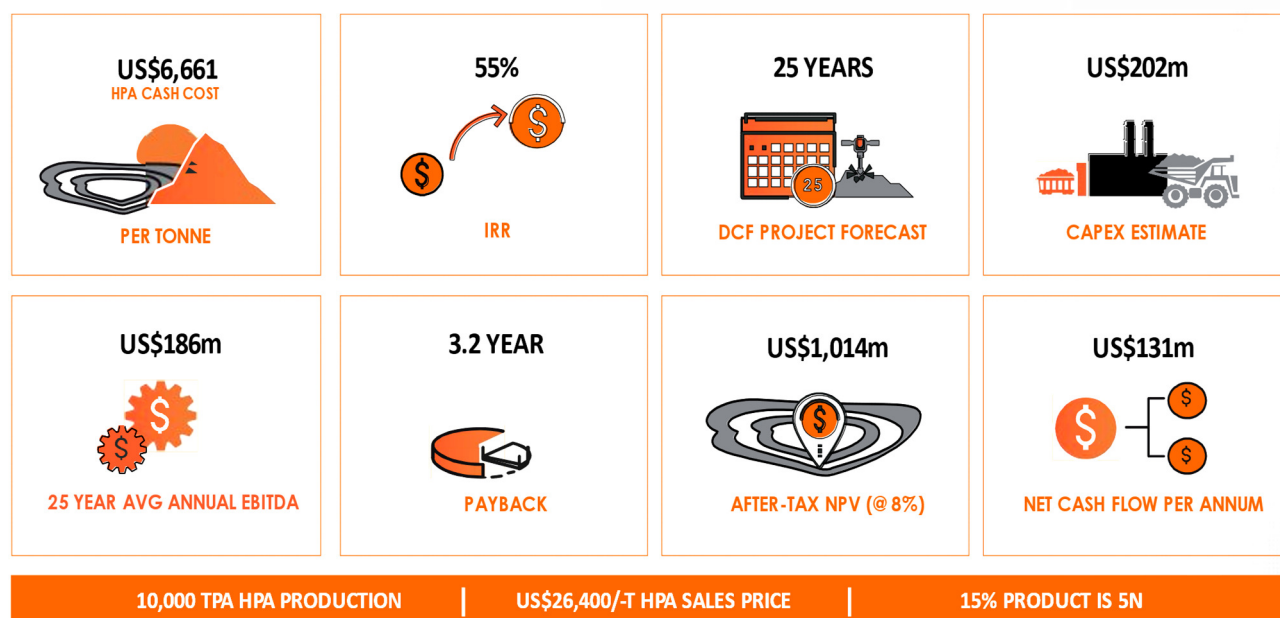
Consistent with the previous HPA pilot plant trial outcomes, the results of the two weeks of operations demonstrated continued high-quality grades being achieved across the suite of samples and ranged in purity ranging from **99.999%** to **99.997%** Al₂O₃ (refer announcements 15th December 2021 and 10th January 2022).

Project Economics

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

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

NPV Summary (post tax)



Please see page 24 and 25 for the HPA project Competent Persons statements and DFS cautionary statements

Executive Appointment – Claudio Di Prinzio, Manager – Operations and Technology

FYI appointed key executive Claudio Di Prinzio to the position of Manager – Operations and Technology during the period. The qualified chemical engineer is a highly skilled project development and operations manager with over 30 years direct industry experience in project development management, commissioning and operations management across a range of project sizes, commodities and jurisdictions.

Innovative HPA Battery Coatings Program

Creating broader growth and downstream HPA opportunities and marketing channels is a key element to FYI's longer-term business plan and of the joint HPA development strategy with Alcoa.

FYI has identified a number of potential market channels that the Company is interested in establishing and developing. Consistent with the value-added battery materials strategy is the signing of a joint development program with ASX listed graphite company, EcoGraf Limited (ASX:EGR), to innovate a HPA enhanced, high density battery anode coatings material for use in the lithium-ion battery industry.

Qualified and Upgraded to the OTCQX

FYI is a registered participant on the US-based Over the Counter (OTC) market place. The OTC is a decentralized market platform in which participants trade stock (or other investment instruments such as commodities and currencies) directly between two parties without a centralized exchange.

During the period, FYI qualified to be upgraded from its current standing of OTCQB to the premium OTCQX market. This will provide for increased trading activity from established U.S. and international investors who cannot trade on the ASX, FYI's home exchange.

Environment Social Governance (ESG)

ESG issues are growing in importance globally. The ability to manage ESG risks and opportunities is increasingly important to FYI's license to operate, the shaping of its business and the future impact on the Company's bottom line.

Through the directives and guidance of our recently appointed ESG Director, Dr Sandy Chong who will provide practical, value-driven sustainability ESG guidance, FYI has the objective of gradually and incrementally improving upon its ESG position.

ESG Rating

FYI acknowledges its responsibilities as an emerging HPA producer and the project's sustainability and ESG obligations. FYI has adopted a globally recognised ESG rating framework under which the Company has established a baseline standard and intends to improve on these ESG standards and reduce its legacy impact and potential environmental and other sustainability project risks.

During the period, Sustainalytics has provided FYI with a revised ESG score of 23.8 (initial ESG rating of 28.0 out of 100) and a ranking of 5th (previously 9th) out of 153 peers. Of note, FYI was top ranked in 3 categories and top 5 ranked in a further 5 categories.

ESG Reporting platform

In conjunction with our ESG rating, FYI has committed to ESG reporting and disclosures as a major step in building its long-term ESG credentials. FYI undertakes to regularly demonstrate our progress in making disclosures via a recognised ESG reporting platform.

FYI's ESG matters will be disclosed against the World Economic Forum (WEF) universal ESG framework and reported on a quarterly basis.

Tax Rebate

In December, the Company received an R&D tax incentive rebate payment of \$1.18m for the 2020/2021 financial year.

Dividends

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

Events subsequent to reporting date

On the 17th of January 2022, the Company issued 500,000 unlisted options to Sandy Chong, who was appointed as a Non-Executive Director of the Company on 12 August 2021. The 500,000 options have been valued at 15.6 cents each (\$78,000). On the same date, the Company issued 2,000,000 performance rights to the Managing Director Roland Hill. The performance rights (class A – 1,000,000 and class B – 1,000,000 rights) are subject to meeting certain conditions and valued at 34 cents and 23.5 cents respectively (total \$575,000). The class A shares have been recognized over the expected vesting period and the class B shares over the life of the vesting period. These options and performance rights were issued with the approval of shareholders at the annual general meeting held 17 December 2021.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim report. This written Auditor's Independence Declaration is set out on page 26 and forms part of this Directors' Report for the half-year ended 31 December 2021.

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



Roland Hill
Managing Director
Perth, 14 March 2022



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



FINANCIAL STATEMENTS



**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Note	Consolidated	
		6 months ended 31/12/2021 \$	6 months ended 31/12/2021 \$
Continuing Operations			
Australian Government assistance		-	5,000
Interest income		5	169
Exploration and evaluation expenditure	6	(912,641)	(566,575)
Amortisation expense	9	(464,136)	(464,137)
ASX fees		(78,745)	(27,912)
Share-based payment expense	7	(94,180)	(234,495)
Accounting and consulting fees		(150,850)	(148,269)
Other administration expenses		(236,918)	(112,548)
Directors' fees		(279,436)	(167,280)
Share registry expenses		(37,903)	(34,895)
Legal expenses		(29,087)	(7,000)
Consulting fees		(115,167)	(50,715)
Interest expense		(742)	(36,299)
Loss before income tax expense		(2,399,800)	(1,844,956)
Income tax benefit		-	-
Net loss for the period		(2,399,800)	(1,844,956)
Other comprehensive income, net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences from translation of foreign operations		(654)	4,372
Other comprehensive loss		(654)	4,372
Total comprehensive loss		(2,400,454)	(1,840,584)
Loss for the period is attributable to:			
Owners of FYI Resources Ltd		(2,393,334)	(1,833,292)
Non-controlling interests		(6,466)	(11,664)
		(2,399,800)	(1,844,956)
Total comprehensive loss for the period is attributable to:			
Owners of FYI Resources Ltd		(2,393,988)	(1,828,920)
Non-controlling interests		(6,466)	(11,664)
		(2,400,454)	(1,840,584)
Basic and diluted loss per share (cents per share)	14	(0.68)	(0.72)

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	Consolidated	
		31/12/2021	30/06/2021
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		12,528,721	9,065,895
Trade and other receivables	8	1,350,007	1,712,306
Other assets	9	920,705	920,705
Total Current Assets		14,799,433	11,698,906
NON-CURRENT ASSETS			
Deferred exploration and evaluation expenditure	10	3,533,332	3,533,332
Other assets	9	172,530	636,666
Total Non-Current Assets		3,705,862	4,169,998
TOTAL ASSETS		18,505,295	15,868,904
CURRENT LIABILITIES			
Trade and other payables	11	269,361	925,814
Total Current Liabilities		269,361	925,814
TOTAL LIABILITIES		269,361	925,814
NET ASSETS		18,235,934	14,943,090
EQUITY			
Issued capital	12	57,679,388	52,080,270
Reserves		3,615,783	3,522,257
Accumulated losses		(42,824,105)	(40,430,771)
Equity attributable to owners of the parent		18,471,066	15,171,756
Non-controlling interests		(235,132)	(228,666)
TOTAL EQUITY		18,235,934	14,943,090

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Consolidated						
	Issued Capital \$	Accumulated Losses \$	Share-based payments reserve \$	Option premium reserve \$	Foreign currency translation reserve \$	Non- controlling interests \$	Total \$
Balance at 1 July 2020	37,899,646	(37,015,866)	1,955,960	834,677	(772)	(203,739)	3,469,906
Loss for the period	-	(1,833,292)	-	-	-	(11,664)	(1,844,956)
Other comprehensive loss	-	-	-	-	4,372	-	4,372
Total comprehensive loss for the period	-	(1,833,292)	-	-	4,372	(11,664)	(1,840,584)
Equity transactions: Shares issued net of transactions costs	8,127,652	-	725,958	-	-	-	8,853,610
Balance at 31 December 2020	46,027,298	(38,849,158)	2,681,918	834,677	3,600	(215,403)	10,482,932
Balance at 1 July 2021	52,080,270	(40,430,771)	2,681,918	834,677	5,662	(228,666)	14,943,090
Loss for the period	-	(2,393,334)	-	-	-	(6,466)	(2,399,800)
Other comprehensive loss	-	-	-	-	(654)	-	(654)
Total comprehensive loss for the period	-	(2,393,334)	-	-	(654)	(6,466)	(2,400,454)
Equity transactions: Shares issued net of transaction costs	5,599,118	-	94,180	-	-	-	5,693,298
Balance at 31 December 2021	57,679,388	(42,824,105)	2,776,098	834,677	5,008	(235,132)	18,235,934

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Consolidated	
	6 months ended 31/12/2021 \$	6 months ended 31/12/2020 \$
Cash flows from operating activities		
Australian Government assistance	-	10,000
Payments to suppliers and employees	(1,317,208)	(657,267)
Payments for exploration and evaluation	(1,661,760)	(1,286,311)
Finance costs	-	(112,960)
Interest received	2,028	169
R&D tax offset	1,181,842	924,564
Net cash outflow from operating activities	(1,795,098)	(1,121,805)
Cash flows from financing activities		
Proceeds from issue of shares	5,304,660	9,183,500
Share issue costs	(46,736)	(552,091)
Repayment of borrowings	-	(750,000)
Net cash inflow from financing activities	5,257,924	7,881,409
Net increase / (decrease) in cash held	3,462,826	6,759,604
Cash at the beginning of the period	9,065,895	107,893
Cash at the end of the period	12,528,721	6,867,497

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1. Basis of Preparation

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

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

This interim financial report does not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended these interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2021 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

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

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

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

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

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2021.

(a) Statement of compliance

The interim financial statements were authorised for issue on 14 March 2022.

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021****1. Basis of Preparation (continued)****(b) Adoption of New and Revised Standards**

New Standards and Interpretations applicable for the half year ended 31 December 2021

In the period ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective from the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

New Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

(c) Going concern

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

2. Segment Reporting

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

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

The following table presents revenue and profit information and certain asset and liability information regarding business segments for the half years ended 31 December 2021 and 31 December 2020.

	Continuing Operations		Unallocated Items	Total
	HPA Exploration and Evaluation	Potash Exploration and Evaluation		
	Australia \$	Asia \$		
Year ended 31 December 2021				
Segment net operating loss after tax	(361,860)	(551,523)	(1,486,417)	(2,399,800)
Interest and other revenue	-	-	5	5
Segment assets	4,673,129	1,570	13,830,596	18,505,295
Segment liabilities	230,179	39,182	-	269,361
Year ended 31 December 2020				
Other income				
Australian Government assistance	-	-	5,000	5,000
Segment net operating loss after tax	(579,998)	(22,876)	(1,242,082)	(1,844,956)
Interest and other revenue	-	-	169	169
Segment assets	5,546,372	48,716	6,992,224	12,587,312
Segment liabilities	1,733,576	61,299	309,505	2,104,380

	Geographical non-current assets	
	31/12/2021 \$	31/12/2020 \$
Geographical information		
Australia	3,705,862	4,169,998
Asia	-	-
	3,705,862	4,169,998

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

3. Dividends

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

4. Contingent Liabilities

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

5. Events Subsequent to Reporting Date

On the 17th of January 2022, the Company issued 500,000 unlisted options to Dr Sandy Chong. Dr. Sandy Chong was appointed as a Non-Executive Director of the Company on 12 August 2021. The 500,000 options have been valued at 15.6 cents each (\$78,000). On the same date, the Company issued 2,000,000 performance rights to the Managing Director Roland Hill. The performance rights (class A – 1,000,000 and class B – 1,000,000 rights) are subject to meeting certain conditions and valued at 34 cents and 23.5 cents respectively (total \$575,000).

6. Expenses

	Consolidated	
	6 months ended 31/12/2021 \$	6 months ended 31/12/2020 \$
Exploration and evaluation expenditure		
Southeast Asia (potash) exploration	551,522	22,876
HPA tenement expenses	8,182	7,569
HPA metallurgy and assay	217,448	387,631
HPA product development	76,712	87,515
HPA engineering	20,517	-
HPA Pilot plant	-	33,867
HPA Rockingham Lease amortisation	30,596	15,123
Other exploration expense	7,664	11,994
	912,641	566,575

7. Share based payment expense

During the half-year ended 31 December 2021, 500,000 options were granted to Sandy Chong, who was elected to the Board of the Company on 12th August 2021. The options were granted on 17 December 2021 with an exercise price of \$0.4440 and an expiry date of 16 December 2023. The fair value of the options is \$78,000 (\$0.1560 per Option).

During the half-year ended 31 December 2021, the Company issued 2,000,000 performance rights to the Managing Director Roland Hill. The performance rights (class A – 1,000,000 and class B – 1,000,000 rights) are subject to meeting certain conditions and valued at 34 cents and 23.5 cents respectively (total \$575,000). The class A shares have been recognized over the expected vesting period and the class B shares over the life of the vesting period.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

8. Trade and Other Receivables

	Consolidated	
	31/12/2021 \$	30/06/2021 \$
Current		
R&D tax receivable	-	1,396,541
Receivable from Alcoa	1,103,043	-
Other receivables	190,320	89,589
Prepaid expenses	56,644	226,176
	1,350,007	1,712,306

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

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

There are no expected credit losses in relation to trade and other receivables at balance date.

9. Other Assets

	Consolidated	
	31/12/2021 \$	30/06/2021 \$
Current		
Facility costs	920,705	920,705
	920,705	920,705
Non-current		
Facility costs	1,841,412	1,841,412
Accumulated amortisation	(1,668,882)	(1,204,746)
	172,530	636,666

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

10. Deferred Exploration and Evaluation Expenditure

	Consolidated	
	31/12/2021 \$	30/06/2021 \$
Exploration and Evaluation phase (at cost):		
Balance at beginning of year	3,533,332	3,533,332
Balance at end of year	3,533,332	3,533,332

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

11. Trade and other payables

	Consolidated	
	31/12/2021 \$	30/06/2021 \$
Trade and other payables	150,544	871,220
Accruals	118,817	54,594
	269,361	925,814

12. Issued capital

(a) Ordinary shares

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

	Consolidated	
	31/12/2021 \$	30/06/2021 \$
365,867,589 (30 June 2021: 331,295,989) fully paid ordinary shares	57,679,388	52,080,270

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

12. Issued capital (continued)

	Consolidated	
	31/12/2021 No.	30/06/2021 No.
(i) Ordinary shares - number		
Balance at beginning of year	331,295,989	221,095,989
21,666,666 shares issued at 6 cents per share on 20 August 2020 ¹	-	21,666,666
600,000 shares issued at 10 cents per share on 16 September 2020 ²	-	600,000
1,200,000 shares issued at 10 cents per share on 23 September 2020 ²	-	1,200,000
23,333,334 shares issued at 10 cents per share on 8 October 2020 ¹	-	23,333,334
500,000 shares issued at 10 cents per share on 12 October 2020 ²	-	500,000
2,250,000 shares issued at 10.6 cents per share on 24 November 2020 ³	-	2,250,000
150,000 shares issued at 10 cents per share on 24 November 2020 ²	-	150,000
30,000,000 shares issued at 20 cents per share on 7 December 2020 ⁴	-	30,000,000
550,000 shares issued at 10 cents per share on 6 January 2021 ²	-	550,000
200,000 shares issued at 10 cents per share on 18 January 2021 ²	-	200,000
9,300,000 shares issued at 33.67 cents per share on 19 February 2021 ⁵	-	9,300,000
100,000 shares issued at 10 cents per share on 19 February 2021 ²	-	100,000
150,000 shares issued at 10 cents per share on 25 February 2021 ²	-	150,000
10,000,000 shares issued at 15 cents per share on 16 March 2021 ⁶	-	10,000,000
200,000 shares issued at 10 cents per share on 18 May 2021 ²	-	200,000
10,000,000 shares issued at 15 cents per share on 9 June 2021 ⁶	-	10,000,000
750,000 shares issued at 10 cents per share on 5 July 2021 ²	750,000	-
200,000 shares issued at 10 cents per share on 7 July 2021 ²	200,000	-
1,921,600 shares issued at 10 cents per share on 23 July 2021 ²	1,921,600	-
875,000 shares issued at 37.14 cents per share on 27 July 2020 ⁸	875,000	-
1,125,000 shares issued at 10 cents per share on 29 July 2021 ²	1,125,000	-
1,000,000 shares issued at 30 cents per share on 11 August 2021 ⁷	1,000,000	-
10,000,000 shares issued at 15 cents per share on 24 August 2021 ⁶	10,000,000	-
1,000,000 shares issued at 30 cents per share on 24 August 2021 ⁷	1,000,000	-
1,000,000 shares issued at 30 cents per share on 1 September 2021 ⁷	1,000,000	-
16,700,000 shares issued at 15 cents per share on 13 October 2021 ⁶	16,700,000	-
Balance at end of year	365,867,589	331,295,989

¹ Issued to sophisticated and professional investors, announcement 13 August 2020

² Conversion of unlisted options exercisable at 10 cents each expiring 31 July 2021 (FYIAC)

³ Conversion of unlisted options exercisable at 10.6 cents each expiring 26 November 2020 (FYIAC)

⁴ Issued to sophisticated and professional investors

⁵ First draw down under the GEM finance facility

⁶ Conversion of unlisted options exercisable at 15 cents each expiring 5 March 2024 (FYIAD)

⁷ Conversion of unlisted options exercisable at 30 cents each expiring 31 December 2022 (FYIAF)

⁸ Issued in consideration for services provided to the Company.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

12. Issued capital (continued)

	Consolidated	
	31/12/2021 \$	30/06/2021 \$
(ii) Ordinary shares – value		
Balance at beginning of year	52,080,270	37,899,646
21,666,666 shares issued at 6 cents per share on 20 August 2020 ¹	-	1,300,000
600,000 shares issued at 10 cents per share on 16 September 2020 ²	-	60,000
1,200,000 shares issued at 10 cents per share on 23 September 2020 ²	-	120,000
23,333,334 shares issued at 10 cents per share on 8 October 2020 ¹	-	1,400,000
500,000 shares issued at 10 cents per share on 12 October 2020 ²	-	50,000
2,250,000 shares issued at 10.6 cents per share on 24 November 2020 ³	-	238,500
150,000 shares issued at 10 cents per share on 24 November 2020 ²	-	15,000
30,000,000 shares issued at 20 cents per share on 7 December 2020 ⁴	-	6,000,000
550,000 shares issued at 10 cents per share on 6 January 2021 ²	-	55,000
200,000 shares issued at 10 cents per share on 18 January 2021 ²	-	20,000
9,300,000 shares issued at 33.67 cents per share on 19 February 2021 ⁵	-	3,131,310
100,000 shares issued at 10 cents per share on 19 February 2021 ²	-	10,000
150,000 shares issued at 10 cents per share on 25 February 2021 ²	-	15,000
10,000,000 shares issued at 15 cents per share on 16 March 2021 ⁶	-	1,500,000
200,000 shares issued at 10 cents per share on 18 May 2021 ²	-	20,000
10,000,000 shares issued at 15 cents per share on 9 June 2021 ⁶	-	1,500,000
750,000 shares issued at 10 cents per share on 5 July 2021 ²	75,000	-
200,000 shares issued at 10 cents per share on 7 July 2021 ²	20,000	-
1,921,600 shares issued at 10 cents per share on 23 July 2021 ²	192,160	-
875,000 shares issued at 37.14 cents per share on 27 July 2020 ⁸	325,000	-
1,125,000 shares issued at 10 cents per share on 29 July 2021 ²	112,500	-
1,000,000 shares issued at 30 cents per share on 11 August 2021 ⁷	300,000	-
10,000,000 shares issued at 15 cents per share on 24 August 2021 ⁶	1,500,000	-
1,000,000 shares issued at 30 cents per share on 24 August 2021 ⁷	300,000	-
1,000,000 shares issued at 30 cents per share on 1 September 2021 ⁷	300,000	-
16,700,000 shares issued at 15 cents per share on 13 October 2021 ⁶	2,505,000	-
Costs of shares issued	(30,542)	(1,254,186)
Balance at end of year	57,679,388	52,080,270

¹ Issued to sophisticated and professional investors, announcement 13 August 2020

² Conversion of unlisted options exercisable at 10 cents each expiring 31 July 2021 (FYIAC)

³ Conversion of unlisted options exercisable at 10.6 cents each expiring 26 November 2020 (FYIAC)

⁴ Issued to sophisticated and professional investors

⁵ First draw down under the GEM finance facility

⁶ Conversion of unlisted options exercisable at 15 cents each expiring 5 March 2024 (FYIAD)

⁷ Conversion of unlisted options exercisable at 30 cents each expiring 31 December 2022 (FYIAF)

⁸ Issued in consideration for services provided to the Company.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

12. Issued capital (continued)

b) Options

As at 31 December 2021 the Company had the following options on issue over ordinary shares:

	Consolidated	
	31/12/2021 No.	30/06/2021 No.
Options - number		
Balance at beginning of year	37,446,600	57,096,600
Exercise of options 16 September 2020	-	(600,000)
Exercise of options 23 October 2020	-	(1,200,000)
Exercise of options 12 October 2020	-	(500,000)
Exercise of options 24 November 2020	-	(2,250,000)
Exercise of options 24 November 2020	-	(150,000)
Issue of options 22 September 2020	-	23,000,000
Issue of options 12 November 2020	-	23,700,000
Issue of options 24 December 2020	-	2,250,000
Issue of options 24 December 2020	-	4,000,000
Exercise of options 6 January 2021	-	(550,000)
Exercise of options 18 January 2021	-	(200,000)
Exercise of options 19 February 2021	-	(100,000)
Exercise of options 25 February 2021	-	(150,000)
Exercise of options 16 March 2021	-	(10,000,000)
Exercise of options 18 May 2021	-	(200,000)
Exercise of options 9 June 2021	-	(10,000,000)
Exercise of options on 5 July 2021	(750,000)	-
Exercise of options on 7 July 2021	(200,000)	-
Exercise of options on 23 July 2021	(1,921,600)	-
Exercise of options on 29 July 2021	(1,125,000)	-
Exercise of options on 11 August 2021	(1,000,000)	-
Exercise of options on 24 August 2021	(10,000,000)	-
Exercise of options on 24 August 2021	(1,000,000)	-
Exercise of options on 1 September 2021	(1,000,000)	-
Exercise of options on 13 October 2021	(16,700,000)	-
Balance of options issued at end of year	3,750,000	84,146,600
Options granted 9 March 2020 - unissued	-	(23,000,000)
Options granted 9 March 2020 - unissued and subject to shareholder approval	-	(23,700,000)
Expiry of options 31 July 2021	(500,000)	-
Options granted 17 December 2021 - unissued	500,000	-
Class A Performance Rights granted 27 December 2021 - unissued	1,000,000	-
Class B Performance Rights granted 27 December 2021 - unissued	1,000,000	-
Balance of options issued and unissued at end of year	5,750,000	37,446,600

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

12. Issued capital (continued)

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

	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	Exercised
GEM Options Tranche 1	23,000,000	09-Mar-20	05-Mar-24	\$0.150	\$0.0249	Exercised
GEM Options Tranche 2	23,700,000	09-Mar-20	05-Mar-24	\$0.150	\$0.0249	Exercised
Director Options	2,250,000	27-Nov-20	26-Nov-22	\$0.336	\$0.1042	24-Dec-20
Lead Manager Options	4,000,000	07-Dec-20	31-Dec-22	\$0.300	\$0.1229	24-Dec-20
Director Options	500,000	17-Dec-21	16-Dec-23	\$0.444	\$0.1559	17-Dec-21
Class A Performance Rights	1,000,000	17-Dec-21	N/A	Nil	\$0.3400	N/A
Class B Performance Rights	1,000,000	17-Dec-21	30-Oct-24	Nil	\$0.2350	N/A

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.

The fair value of the equity-settled Class A Performance Rights granted is calculated at the spot price of the Company as at the Valuation Date, due to the vesting condition not meeting the definition of a market condition under AASB 2.

The fair value of the equity-settled Class B Performance Rights granted is estimated as at the date of grant, using Hoadley Trading & Investment Tools ("Hoadley") Barrier1 and Parisian Barrier valuation models, taking into account the terms and conditions upon which the options were granted.

Class A performance rights vest upon the Company and Alcoa of Australia Limited ("Alcoa") approving, on or before 31 January 2023, the construction of the Demonstration Plant contemplated in the Term Sheet dated 1 October 2021 made between the Company and Alcoa.

Class B performance rights vest upon the Company having a market capitalisation of not less than A\$300,000,000 for a continuous period of 20 trading days on or before 30 October 2024.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

13. 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	
		31/12/2021 %	30/06/2021 %
Parent Entity: FYI Resources Ltd	Australia		
Subsidiaries of FYI Resources Ltd:			
Kokardine Kaolin Pty Ltd	Australia	100	100
Laos Potash Pty Ltd	Australia	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.

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

Arrangements with Directors continue to be in place. For details on these arrangements, refer to the 30 June 2021 annual financial report.

14. Loss per share

	Consolidated	
	31/12/2021 \$	31/12/2020 \$
Basic loss per share	(0.68)	(0.72)
Loss used in the calculation of basic EPS	(2,393,334)	(1,833,292)
Weighted average number of shares outstanding during the period used in calculations of basic loss per share	352,017,725	253,188,156

15. Fair Value

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

DIRECTORS' DECLARATION

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

1. The attached financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Roland Hill
Director

Perth, 14 March 2022

Cautionary Statement

The DFS referred to in this report is a study of the potential viability of the HPA Project. It has been undertaken to understand the technical and economic viability of the Project. The DFS assumes a 25-year Project life based only on Proved and Probable Ore Reserves (100%). The DFS is based on the material assumptions and modifying factors set out in the DFS announcement and the appended summary of the DFS released to ASX on 8 April 2021. These include assumptions about the availability of funding. While the Company considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by this DFS will be achieved. To achieve the range of outcomes indicated in the DFS funding in the order of US\$202 million will likely be required. Investors should note that there is no certainty that the Company will be able to raise the amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of the Company's existing shares. It is also possible that the Company could pursue other "value realisation" strategies such as a sale, partial sale or joint venture of the Project. If it does, this could materially reduce the Company's proportionate ownership of the Project. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the DFS. The contents of this Report reflect various technical and economic conditions, assumptions and contingencies which are based on interpretations of current market conditions at the time of writing. Given the nature of the resources industry, these conditions can change significantly and without notice over relatively short periods of time. Consequently, actual results may vary from those detailed in this Report. Some statements in this Report regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance.

Such forward-looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. When used in this Report, words such as, but are not limited to, "could", "planned", "estimated", "expect", "intend", "may", "potential", "should", "projected", "scheduled", "anticipates", "believes", "predict", "foresee", "proposed", "aim", "target", "opportunity", "nominal", "conceptual" and similar expressions are forward-looking statements. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements. The contents of this release are also subject to significant risks and uncertainties that include but are not limited to those inherent in mine development and production, geological, mining, metallurgical and processing technical problems, the inability to obtain and maintain mine licences, permits and other regulatory approvals required in connection with mining and processing operations, competition for among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of projects and acquisitions, changes in commodity prices and exchange rates, currency and interest rate fluctuations and other adverse economic conditions, the potential inability to market and sell products, various events which could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions, the demand for and availability of transportation services, environmental, native title, heritage, taxation and other legal problems, the potential inability to secure adequate financing and management's potential inability to anticipate and manage the foregoing factors and risks. All persons should consider seeking appropriate professional legal, financial and taxation advice in reviewing this announcement and all other information with respect to the Company and evaluating the business, financial performance and operations of the Company. Neither the provision of this presentation nor any information contained in this release or subsequently communicated to any person in connection with this presentation is, or should be taken as, constituting the giving of investment or financial advice to any person. This presentation does not take into account the individual investment objective, financial or tax situation or particular needs of any person. Photographs in this presentation do not necessarily depict assets of the Company.

Competent Person's Statement

Ore Reserves

The information in this report that relates to Ore Reserves is based on information compiled by Mr. Steve Craig, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Steve Craig is a full-time employee of Orelogy Consulting Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The information is extracted from the Ore Reserve announcement released within the DFS announcement 8 April 2021 and is available to view on the Company's website at www.fyiresources.com.au

Mineral Resources

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

Metallurgy

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

General

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

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of FYI Resources Limited for the half-year ended 31 December 2021, 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 2022



M R Ohm
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of FYI Resources Limited

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of FYI Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its

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

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
14 March 2022



M R Ohm
Partner



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