

FYI RESOURCES LIMITED

ABN 85 061 289 218

ANNUAL REPORT 2014

Corporate Information

Directors	:	Adrian Jessup David Sargeant Edmund Babington
Managing Director	:	Roland Hill
Company Secretary	:	Phillip MacLeod
Registered Office	:	Registered Office and Principal Place of Business 53 Canning Highway Victoria Park WA 6100 Telephone: (08) 9361 3100 Facsimile: (08) 9361 3184 Website: www.fyiresources.com.au
Auditor	:	HLB Mann Judd Level 4 130 Stirling Street Perth WA 6000
Share Registry	:	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
Australian Securities Exchange	:	Home Branch: Perth Code: FYI
ABN	:	85 061 289 218

Review of Operations

CORPORATE

FYI committed to identifying suitable projects to augment the Company's current asset base and to provide an alternative growth strategy for increasing shareholder value due to the prolonged downturn in the uranium price and with unfavourable investment prospects of the sector.

Management have reviewed a substantial number of prospective projects focusing on the quality of the asset and the investment potential for the Company. These investigations included assessment of projects with various commodity focuses and in differing geographic regions.

PROJECTS

POTASH

Following extensive due diligence in line with a number of key criteria, FYI identified the opportunity to participate in a potential "world class" potash project in north-eastern Thailand. Geological evidence and historical drilling records indicate excellent potential for an economically viable deposit of high-grade potash.

About Potash

Potash is the common term used for a group of potassium minerals used principally as agricultural fertilisers. The Company's interest in the commodity followed market analysis showing higher sustained demand for potash minerals to help boost agricultural production arising from increasing human population.

Potash is important in agriculture as it improves yield, taste, colour, texture and disease resistance of food crops. The product has wide application to fruit and vegetables, rice, wheat and other grains, sugar, corn, soybeans, palm oil and cotton, all of which benefit from the quality enhancing properties of potash.

Potash is used as a major agricultural component in 150 countries. The largest importers of potash are China, India and Brazil. Asian nations produce only 3.1 million tons per annum while consuming 23.1 million tons of potash per annum. The state of potash producing infrastructure is in decline as about 85% of the world facilities are more than 25 years old. The current potash market is estimated at 50 million tons annually and is projected to grow at a rate of 3-4% per annum.

FYI's Thailand potash strategy

The fundamental factors that attracted FYI to the country and project areas included an excellent geological setting for the target mineral, favourable industry outlook, a qualified and experienced in-country management team, mature mining law and supporting legislation and low sovereign risk.

FYI's Thailand potash strategy has commenced with two projects, the West Mekong Potash Project and the East Siam Potash Project. At both projects the primary focus is on defining high-grade, large tonnage potash deposits at shallow depths with the potential to be profitably developed.

The Company has applied for Special Prospecting Licences (SPL's) over both project areas and the West Mekong applications are currently awaiting Ministerial approval. On grant of the SPLs FYI will immediately undertake a maiden drilling program at West Mekong to verify the prospective nature of the project.

The Thai potash sector offers a number of advantages over potash production in other parts of the world due to the shallow depths, significant widths and potential high grades of mineralisation. Thailand is currently a net importer of potash and other fertiliser products and would benefit from any new domestic production and supply. Thailand is also positioned in close proximity to the large southeast Asian, Chinese and Indian markets. This would provide a substantial price benefit to the company over producers in Europe and North America.

FYI believes that based on various studies of current global food production trends and declining arable land projections, the Thai potash project is an outstanding long term prospect and will provide for long term growth in the Company.

YARLARWEELOR: Uranium Project – WA (100% interest)

The Yarlalweelor uranium project is located 125km north of Meekatharra in Western Australia and comprises one exploration licence, covering an area of 291km².

Primary uranium mineralization in the form of uraninite was discovered at Yarlalweelor in the early 1980's at five locations within the project area. Four of these occurrences are from locations within the Archaean Despair Granite where limited drilling showed the uraninite mineralization to be hosted in multiple parallel shear zones and the surrounding granites.

Review of Operations

Since the acquisition of the Yarlarweelor project in late 2010, FYI Resources has applied a systematic and staged approach to exploration. To date diamond core drilling at the Kangaroo Ridge and Doris prospects has intersected wide zones of uranium mineralization associated with biotite rich shear zones in granite, confirming the presence of significant uranium mineralization at Yarlarweelor. Results from the drilling at Kangaroo Ridge included:

Hole	Intersection
KRD10-01	7.8m @ 588ppm U₃O₈ including 1m @ 1,873ppm U₃O₈
KRD10-02	35m @ 503ppm U₃O₈ including 5m @ 1,069ppm U₃O₈
KRD10-03	14m @ 221ppm U₃O₈ including 1m @ 844ppm U₃O₈

True widths are up to 9 metres with the uranium mineralization currently outlined for 200 metres along strike and to 200 metres depth. It remains open both along strike and at depth.

A single diamond core hole drilled at the Doris prospect intersected seven zones of biotite schist ranging in true widths from 1.3m to 4.0m. Better assays from these biotite schist zones and adjacent granites are:

Hole	Intersection
DD10-01	2.94m @ 184ppm U₃O₈
DD10-01	5.37m @ 185ppm U₃O₈
DD10-01	7.23m @ 153 ppm U₃O₈

Preliminary metallurgical testwork on a composite core sample from hole KRD10-01 at Kangaroo Ridge, gave an 89% extraction of uranium to liquor in 12 hours and 91% extraction in 24 hours under mild sulphuric acid leaching conditions. This testwork confirms the potential for a significant proportion of the Yarlarweelor uranium mineralization to be amenable to recovery by simple acid leaching.

Results from an airborne radiometric survey and geological mapping indicate shear zones with a combined strike length in excess of 25km exist within FYI's tenements and are considered prospective for uranium mineralization. A subsequent program of field checking and sampling of aerial radiometric anomalies has confirmed significant uranium anomalies exist elsewhere within the exploration licence.

Three diamond core holes (336m) were completed during the past year testing three separate uranium anomalies lying to the north of the Kangaroo Ridge prospect. Although biotite schist zones were intersected in the drilling, uranium grades were of low tenor.

The information in this report that relates to Exploration Results has been compiled by Mr David Ross B.Sc(Hons), M.Sc. who is an employee of Empire Resources Limited. He is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. He has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity to which he is 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". David Ross consents to the inclusion in this public release of the matters based on his information in the form and context in which it appears.

Directors' Report

Your Directors submit their report for the year ended 30 June 2014.

DIRECTORS

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

Dr David Sparling (Non-Executive Chairman) (Resigned 1/7/14)

Dr Sparling holds degrees in both Veterinary Science and Law. Dr Sparling is also a qualified Company Secretary with a graduate diploma in corporate governance. Dr Sparling joined the Company in July 2005 as Business Development Manager and later as General Manager and most recently as Chief Operating Officer prior to becoming a director of the Company. Prior to commencing employment with the Company, Dr Sparling was Commercial Counsel for Agenix Limited, an ASX listed biotechnology Company based in Queensland. In addition to his position at FYI, Dr Sparling holds an executive role at IDT Australia Limited (ASX: IDT) as Vice President Legal and Corporate Development. Dr Sparling has not acted as a director of any other listed company within the past three years.

Mr Edmund Babington (Non-Executive Chairman) (Appointed 1/7/14)

Mr Babington is a Director of WA commercial law firm, Cullen Babington Macleod, and is a member of the Franchise Council of Australia, the resources and energy law association, AMPLA Ltd and is a WA Board member of the Australian Institute of Business Brokers. He is a specialist in franchising, mining and resources, and corporations law in particular relating to capital raisings, stock exchange requirements, corporate governance and compliance.

Mr Babington has been an alternate director of the following listed Company during the past three years.

Company	Position	Appointed	Ceased
Central Petroleum Ltd	Alternate Director	20/02/2012	26/03/2012

Mr David Sargeant (Non-Executive)

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

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

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

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

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

Mr Adrian Jessup (Non-Executive)

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

For the last 15 years, Mr Jessup has operated a geological consulting Company. During that time, he was a founding director of publicly listed companies Empire Resources Limited and Sylvania Resources Limited. He remains an executive director of Empire Resources Ltd. He was also a director of two mineral exploration companies based in southern Africa that were subsequently acquired by United Kingdom listed public companies. Prior to commencing consulting, Mr Jessup was managing director of Giralia Resources NL for eight years, from the Company's inception in 1987. Previously, he had worked for AMAX

Directors' Report

Exploration Inc., as a senior geologist and as regional manager in charge of that Company's mineral exploration in Western Australia.

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

Company	Position	Appointed
Empire Resources Ltd	Executive Director	15/08/2003

Mr Roland Hill (Managing Director)(Appointed 1/7/14)

Mr Hill was appointed to the position of chief executive officer on 4 February 2011 and to the position of Managing Director on 1 July 2014. Mr Hill has extensive resource industry and investment, finance and funds management experience. He has been directly associated with the mining and exploration sector for over 17 years. Mr Hill has not acted as a director of any other listed company within the past three years.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report the interests of the directors in the shares and options of the Company were:-

Director	Ordinary Shares		Options	
	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest
Dr David Sparling ¹	1,048	-	-	-
David Sargeant	350,000	12,000,000	-	-
Adrian Jessup	350,000	12,000,000	-	-
Edmund Babington	829,807	-	-	-
Roland Hill	600,000	1,930,672	-	-

¹ Shareholding at the date of resignation

COMPANY SECRETARY

Mr Phillip MacLeod was appointed to the position of Company Secretary on 19 May 2008. Mr MacLeod has over 22 years commercial experience and has held the position of Company Secretary with listed public companies since 1995.

CORPORATE INFORMATION

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

PRINCIPAL ACTIVITY

During the period the principal activities of the Company consisted of mineral exploration of existing projects in Australia and the evaluation of new projects in Australia and overseas.

RESULTS OF OPERATIONS

The loss after income tax for the financial year was \$743,243 (2013: \$959,850).

DIVIDENDS

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

REVIEW OF OPERATIONS

Detailed comments on operations are included separately in this annual report under the Chairman's Report and Review of Operations.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

Directors' Report

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

In July 2014, the Company agreed with Capstone Capital Pty Ltd (Capstone) in relation to the services of Mr Roland Hill for the period 1 May 2013 to 30 June 2014 that:

- Capstone will forgo \$77,000 of the fees owing,
- subject to Shareholder approval, (which was granted at a meeting held 24 September 2014), the Company will issue up to 1,540,000 shares at 5 cents each in lieu of \$77,000; and
- the balance of \$77,000 will be paid in cash.

Other than this, no matter or circumstance has arisen, since the end of the financial year, which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

DIRECTORS' MEETINGS

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

Director	Directors' Meetings	
	A	B
David Sparling	9	9
David Sargeant	9	9
Adrian Jessup	9	9

A - Meetings eligible to attend

B - Meetings attended

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification:

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

Insurance Premiums:

During the financial year the Company has paid insurance premiums of \$13,962 (2013: \$13,460) in respect of directors and officers liability and legal expenses insurance contracts, for current and former directors and officers, including executive officers of the Company. The insurance premiums relate to:

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

REMUNERATION REPORT (Audited)

This Remuneration Report consists of the following sections:

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

A. Principles of Remuneration

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

For the purposes of this report, the term "executive" encompasses the Chief Executive Officer, Executive Directors, Chief Operating Officer and the Company Secretary of the company.

Directors' Report

REMUNERATION REPORT (Cont.)

Details of Key Management Personnel for the year ended 30 June 2014

Directors

Name	Position
Dr D Sparling	Director (Non-Executive)
D Sargeant	Director (Non-Executive)
A Jessup	Director (Non-Executive)

Executives

Name	Position
R Hill	Chief Executive Officer
P MacLeod	Company Secretary

Remuneration Philosophy

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

The broad remuneration philosophy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide any executive directors and executives with a remuneration package consisting of components that reflect the person's responsibilities, duties, personal and corporate performance. At this time no part of an executive's remuneration package is directly dependent on Company performance. This may be reviewed as the activities of the Company increase with the existing product or the acquisition of a new business.

To this end FYI Resources follows the following principles;

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

Remuneration Committee

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

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

Non-Executive Director Remuneration

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

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

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

The remuneration of non-executive directors for the period ending 30 June 2014 and 30 June 2013 is detailed in Section B. Details of Remuneration.

Senior Manager and Executive Director Remuneration

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

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

Directors' Report

REMUNERATION REPORT (Cont.)

Remuneration packaging contains the following key elements;

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

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

Fixed Remuneration

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

Variable Remuneration

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

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

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

Employment contracts

In February 2011, the Company entered into a management services agreement with Capstone Capital Pty Ltd (a Company associated with Mr Roland Hill) ("Capstone") for the term of 36 months, for the provision of services by Mr Hill, acting in the capacity of FYI's Chief Executive Officer, overseeing the day to day administration and management of the business. The monthly fee payable to Capstone is \$15,000 plus GST in arrears. The termination payment is 50% of the number of months remaining under the term of the Agreement multiplied by the monthly fee payable.

B. Details of remuneration

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

Directors' remuneration:

2014	Consulting Fees	Short Term Salary	Directors Fees	Post Employment Super	Share Based Payment Options	Total	% performance based
Specified Directors	\$	\$	\$	\$	\$	\$	
D Sparling (Non-Executive)	-	-	24,500	2,266	-	26,766	0%
D Sargeant (Non-Executive)	-	-	24,500	-	-	24,500	0%
A Jessup (Non-Executive)	-	-	24,500	-	-	24,500	0%
	-	-	73,500	2,266	-	75,766	0%

Directors' Report

REMUNERATION REPORT (Cont.)

2013	Consulting Fees	Short Term Salary	Directors Fees	Post Employment Super	Share Based Payment Options	Total	% performance based
Specified Directors	\$	\$	\$	\$	\$	\$	
D Sparling (Non-Executive)	-	-	24,500	2,205	-	26,705	0%
D Sargeant (Non-Executive)	-	-	24,500	-	-	24,500	0%
A Jessup (Non-Executive)	-	-	24,500	-	-	24,500	0%
	-	-	73,500	2,205	-	75,705	0%

Remuneration of other key management personnel:

2014	Short Term Consulting Fees	Short Term Salary	Post Employment Super	Share Based Payment Options	Total	Total Remuneration % performance based	Total Remuneration % consisting of options
Name	\$	\$	\$	\$	\$		
R Hill (CEO) ¹	180,000	-	-	-	180,000	-	0%
P MacLeod (Company Secretary)	30,000	-	-	-	30,000	-	0%
	210,000	-	-	-	210,000	-	0%

R Hill (CEO)¹ -Mr Hill has agreed to forego \$77,000 in fees for this period with a further \$77,000 to be paid by the issue of 1,540,000 shares (refer to significant events after balance date)

2013	Short Term Consulting Fees	Short Term Salary	Post Employment Super	Share Based Payment Options	Total	Total Remuneration % performance based	Total Remuneration % consisting of options
Name	\$	\$	\$	\$	\$		
R Hill (CEO)	180,000	-	-	-	180,000	-	0%
P MacLeod (Company Secretary)	30,000	-	-	-	30,000	-	0%
	210,000	-	-	-	210,000	-	0%

C. Equity Holdings

Directors and other Key Management Personnel

Options granted, exercised or lapsed during the year by directors and executives:

Name	No. of options held at 30 June 2013	Number of options lapsed	Value of options granted at the grant date	Value of options exercised at the exercise date	No. of options held at 30 June 2014	Value of options lapsed at the date of lapse
Dr D Sparling	500,000	(500,000)	-	-	-	(\$30,000)
D Sargeant	500,000	(500,000)	-	-	-	(\$30,000)
A Jessup	500,000	(500,000)	-	-	-	(\$30,000)
R Hill	2,000,000	(2,000,000)	-	-	-	(\$120,000)
P MacLeod	500,000	(500,000)	-	-	-	(\$30,000)

No options granted as part of remuneration were exercised during the year ended 30 June 2014 or in the period to date.

There is no performance criteria linked to KMP options. The option holders must remain employed with the Company until vesting date to be entitled to the options.

Directors' Report

REMUNERATION REPORT (Cont.)

The option holders do not have any right, by virtue of the option to participate in any share issue of the Company or any related body corporate.

Option Holdings of Directors and key Management Personnel

2014	Balance at beginning of period 1 Jul 2013	Granted as Remuneration	Options Exercised	Net Change Other #	Balance at end of period 30 Jun 2014	Vested at 30 June 2014		
						Total	Exercisable	Not Exercisable
Non-Executive Directors								
A Jessup	500,000	-	-	(500,000)	-	-	-	-
D Sparling	500,000	-	-	(500,000)	-	-	-	-
D Sargeant	500,000	-	-	(500,000)	-	-	-	-
Executives								
R Hill	2,000,000	-	-	(2,000,000)	-	-	-	-
P MacLeod	500,000	-	-	(500,000)	-	-	-	-
Total	4,000,000	-	-	(4,000,000)	-	-	-	-

2013	Balance at beginning of period 1 Jul 2012	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30 Jun 2013	Vested at 30 June 2013		
						Total	Exercisable	Not Exercisable
Non-Executive Directors								
A Jessup	500,000	-	-	-	500,000	500,000	500,000	-
D Sparling	500,000	-	-	-	500,000	500,000	500,000	-
D Sargeant	500,000	-	-	-	500,000	500,000	500,000	-
Executives								
R Hill	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
P MacLeod	500,000	-	-	-	500,000	500,000	500,000	-
Total	4,000,000	-	-	-	4,000,000	4,000,000	4,000,000	-

options expired on 1 January 2014

Directors' Report

REMUNERATION REPORT (Cont.)

Share Holdings of Directors and Key Management Personnel

2014	Balance at beginning of period 1 July 2013	Issued as Remuneration	Issued on Exercise of Options	Net Change Other	Balance at end of period 30 Jun 2014
Non-Executive Directors					
A Jessup	350,000	-	-	-	350,000
D Sparling	1,048	-	-	-	1,048
D Sargeant	350,000	-	-	-	350,000
Executives					
R Hill	2,444,527	-	-	86,145	2,530,672
P MacLeod	83,534	-	-	-	83,534
Total	3,229,109	-	-	86,145	3,315,254

2013	Balance at beginning of period 1 July 2012	Issued as Remuneration	Issued on Exercise of Options	Net Change Other	Balance at end of period 30 Jun 2013
Non-Executive Directors					
A Jessup	350,000	-	-	-	350,000
D Sparling	1,048	-	-	-	1,048
D Sargeant	350,000	-	-	-	350,000
Executives					
R Hill	1,933,306	-	-	511,221	2,444,527
P MacLeod	96,201	-	-	(12,667)	83,534
Total	2,730,555	-	-	498,554	3,229,109

AUDITORS INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 11 and forms part of this directors' report for the year ended 30 June 2014.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of FYI Resources Ltd support the principles of corporate governance. The Company's corporate governance statement is contained in the additional corporate governance section of the Annual Report.

Signed at Perth this 26th day of September 2014



Roland Hill
Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

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



Perth, Western Australia
26 September 2014

N G Neill
Partner

Directors' Declaration

1. In the opinion of the directors of FYI Resources Limited ("the Company"):
 - a) the financial statements and notes and the remuneration disclosures that are contained in sections A to C of the remuneration report in the Directors' report, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Company as at 30 June 2014 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a);
 - c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations pursuant to Section 295A of the *Corporation Act 2001* for the financial year ended 30 June 2014.

Dated this 26th day of September 2014.

Signed in accordance with a resolution of the directors:



Roland Hill
Managing Director

Statement of Comprehensive Income

For The Year Ended 30 June 2014

		Consolidated	
	Note	2014 \$	2013 \$
Continuing Operations			
Other income	2(a)	42,685	18,015
Exploration expense		(352,906)	(190,140)
Depreciation expense		(494)	(493)
ASX fees		(12,576)	(17,922)
Accounting and audit fees		(70,250)	(92,350)
Other administration expenses	2(b)	(59,096)	(70,844)
Salaries and wages		(255,766)	(255,705)
Share registry expenses		(8,268)	(11,529)
Rent		(20,514)	(17,132)
Legal expenses		(1,740)	(1,750)
Loss on investment property		-	(320,000)
Foreign exchange loss		(4,318)	-
Loss before income tax expense		(743,243)	(959,850)
Income tax benefit / (expense)	3	-	-
Loss after tax		(743,243)	(959,850)
Total comprehensive loss		(743,243)	(959,850)
Attributable to members of FYI Resources Ltd		(721,476)	(959,850)
Attributable to non-controlling interests		(21,767)	-
		(743,243)	(959,850)
Basic and diluted loss per share (cents per share)		(1.30)	(1.94)
	21		

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

Statement of Financial Position

As At 30 June 2014

	Note	Consolidated	
		2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	19(a)	133,995	220,022
Trade and other receivables	4	65,997	14,910
Total Current Assets		199,992	234,932
NON-CURRENT ASSETS			
Plant and equipment	5	557	682
Investment property	6	750,000	750,000
Exploration and evaluation expenditure	7	1,509,804	1,509,804
Total Non-Current Assets		2,260,361	2,260,486
TOTAL ASSETS		2,460,353	2,495,418
CURRENT LIABILITIES			
Trade and other payables	8	393,764	170,430
Total Current Liabilities		393,764	170,430
TOTAL LIABILITIES		393,764	170,430
NET ASSETS		2,066,589	2,324,988
EQUITY			
Issued capital	10	28,226,459	27,741,615
Reserves	11	1,737,333	1,737,333
Accumulated losses		(27,875,436)	(27,153,960)
Equity attributable to owners of the parent		2,088,356	2,324,988
Non-controlling interests		(21,767)	-
TOTAL EQUITY		2,066,589	2,324,988

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

Statement of Changes in Equity

For the year Ended 30 June 2014

	Company					
	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Option Premium Reserve	Asset Revaluation Reserve	Non-controlling interests
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2012	27,452,608	(26,194,110)	481,427	834,677	421,229	-
Loss for the year	-	(959,850)	-	-	-	-
Total comprehensive loss for the year	-	(959,850)	-	-	-	-
Equity transactions:						
Shares issued net of transactions costs	289,007	-	-	-	-	-
Balance at 30 June 2013	27,741,615	(27,153,960)	481,427	834,677	421,229	-
	Consolidated					
	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Option Premium Reserve	Asset Revaluation Reserve	Non-controlling interests
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	27,741,615	(27,153,960)	481,427	834,677	421,229	-
Loss for the year	-	(721,476)	-	-	-	(21,767)
Total comprehensive loss for the year	-	(721,476)	-	-	-	(21,767)
Equity transactions:						
Shares issued net of transactions costs	484,844	-	-	-	-	-
Balance at 30 June 2014	28,226,459	(27,875,436)	481,427	834,677	421,229	(21,767)

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

Statement of Cash Flows

For The Year Ended 30 June 2014

		Consolidated	
	Note	2014 \$	2013 \$
Cash Flows from Operating Activities			
Receipts from customers		40,900	-
Payments to suppliers and employees		(148,838)	(392,300)
Payments for exploration and evaluation		(481,593)	(177,263)
Interest received		1,785	18,015
Other - R&D tax offset		-	126,042
Net cash used in operating activities	19(b)	(587,746)	(425,506)
Cash Flows from Investing Activities			
Payments for plant and equipment		(369)	-
Net cash used in investing activities		(369)	-
Cash Flows from Financing Activities			
Proceeds from issue of shares		515,000	316,691
Share issue costs		(12,912)	(20,993)
Net cash provided by financing activities		502,088	295,698
Net decrease in cash held		(86,027)	(129,808)
Cash at the beginning of the financial year		220,022	349,830
Cash at the end of the financial year	19(a)	133,995	220,022

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

Notes to the Financial Statements

For the Year ended 30 June 2014

CORPORATE INFORMATION

The financial report of FYI Resources Limited ("the Company") for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 25 September 2014. FYI Resources Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Company during the financial year are mineral exploration and evaluation of properties in Australia.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

This financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards (including Australian Interpretations). The financial report of FYI Resources Limited complies with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for land and improvements and available for sale financial assets, which have been measured at fair value. The financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

b) Adoption of New and Revised Accounting Standards

In the year ended 30 June 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 the current annual reporting period.

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 is necessary to Company accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 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 Company accounting policies.

c) Statement of compliance

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

d) Going Concern

As disclosed in the Statement of Comprehensive Income, the Company recorded operating losses of \$743,243 (2013: \$959,850) and as disclosed in the Statement of Cash Flows, the Company recorded cash outflows from operating activities of \$587,746 (2013: \$425,506) and cash inflows from financing activities of \$502,088 (2013: \$295,698). 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 Company:

- The Company has the ability to complete capital raisings on a timely basis, pursuant to the Corporations Act 2001, as is budgeted to occur in the twelve month period from the date of this financial report;
- The Company has a working capital deficiency of \$156,654 (2013 working capital surplus: \$64,502) at balance date and expenditure commitments for the next 12 months of \$238,052 (2013: \$247,718), as disclosed in Note 14 (i), and retains the ability to scale down its operations to conserve cash, in the event that the proposed capital raisings are delayed or partial. Included in current trade and other payables there is \$26,950 owing to Directors for fees and \$247,500 owing to key management personnel for consulting fees. They have all agreed to receive payment once the company secured suitable funding. Mr Hill has agreed, subject to shareholder approval, to forgo \$77,000 in consulting fees with a further \$77,000 in fees to be settled by the issue of 1,540,000 shares in the Company;
- The Company has the ability, if required, to undertake mergers, acquisitions or restructuring activity or to wholly or in part, dispose of interests in mineral exploration and development assets;
- The Company has the ability, if required, to dispose of its interests in non-core assets or draw down on unused facilities; and
- The Company 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 company 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

Notes to the Financial Statements

For the Year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

be completed, there is a material uncertainty that may cast significant doubt as to whether the Company will be able to realise its assets and extinguish its liabilities in the normal course of business.

e) Significant Accounting Judgements, Estimates and Assumptions

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

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

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black and Scholes model, using the assumptions detailed in Note 16.

Exploration and evaluation costs carried forward

The Company has capitalised exploration and evaluation acquisition costs on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the area of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

Valuation of Land and Improvements

The Company's land and improvements are measured at fair value. The fair value of land and improvements is determined by reference to market based evidence which is the amount for which the assets could be exchanged between a knowledgeable and willing buyer and a knowledgeable and willing seller in an arm's length transaction. The valuation is prepared by an independent licensed land valuer on a biennial basis.

f) Income Tax

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the Year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

f) Income Tax (Continued)

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

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

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

g) Goods and Services Tax (GST)

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

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

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

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

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

h) Revenue

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

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

i) Plant and Equipment

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

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

	Estimated useful life
Plant and equipment	4 – 5 years

Impairment

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

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

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

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

j) Investment Property

Investment Property is measured at fair value based on periodic valuations by external independent valuers.

Notes to the Financial Statements

For the Year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Revaluations

Following initial recognition at cost, land and improvements are carried at a revalued amount which is the fair value at the date of the revaluation less any accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

A gain or loss arising from a change in the fair value of investment property shall be recognised in profit or loss for the period in which it arises.

k) Exploration and Evaluation Expenditure

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

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

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

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

l) Trade and other receivables

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

m) Share-based Payments

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

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

The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

n) Cash and Cash Equivalents

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

o) Loss per Share

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

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

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

Notes to the Financial Statements

For the Year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

p) Trade and Other Payables

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

q) Impairment of Assets

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

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

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

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

r) Provisions

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

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

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

s) Segment Reporting

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

t) Issued Capital

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

u) Financial Assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial

Notes to the Financial Statements

For the Year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) *Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

(iii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) *Available-for-sale investments*

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

v) Impairment of financial assets

The Company assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) *Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Notes to the Financial Statements

For the Year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(ii) *Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) *Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

w) **Derecognition of financial assets and liabilities**

(i) *Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- o the rights to receive cash flows from the asset have expired;
- o the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- o the Company has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset, or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. REVENUE & EXPENSES

Consolidated	
2014	2013
\$	\$

(a) **Revenue**

Interest received	1,785	18,015
Recovery of debt previously provided for	40,500	-
Other income	400	-
	42,685	18,015

Notes to the Financial Statements

For the Year ended 30 June 2014

2. REVENUE & EXPENSES CONTINUED

(b) Other Administration Expenses

Corporate Administration costs

Insurance	14,394	13,909
Other administration expenses	44,702	56,935
	59,096	70,844

3. INCOME TAXES

	Consolidated	
	2014	2013
	\$	\$
Accounting loss before tax	(743,243)	(959,850)
Income tax benefit at 30% (2012: 30%)	222,973	287,955
Tax effect of:		
Non-deductible expenses	(222)	(1,650)
Deductible temporary differences (net)	22,923	(58,092)
Deferred tax asset not recognised	(245,674)	(228,213)
Income tax benefit / (expense) attributable to loss from ordinary activities before tax	-	-

Unrecognised deferred tax balances

	Consolidated	
	2014	2013
	\$	\$
Tax losses carried forward	7,364,258	6,707,265
Potential Income tax benefit at 30% (2013: 30%)	2,209,277	2,012,180

These deferred tax assets will only be obtained if:

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

4. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2014	2013
	\$	\$
Current		
Prepaid expenses	45,443	-
Trade receivables	8,116	48,616
Allowance for impairment	(8,116)	(48,616)
Other receivables	20,554	14,910
	65,997	14,910

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

Notes to the Financial Statements

For the Year ended 30 June 2014

5. PLANT AND EQUIPMENT

Consolidated	
Plant & Equipment \$	Total \$

Year ended 30 June 2013

At 1 July 2012, net of accumulated depreciation	1,175	1,175
Depreciation charge for the year	(493)	(493)
At 30 June 2013, net of accumulated depreciation	682	682

Year ended 30 June 2014

At 1 July 2013, net of accumulated depreciation	682	682
Additions	369	369
Depreciation charge for the year	(494)	(494)
At 30 June 2014, net of accumulated depreciation	557	557

At 30 June 2013

Cost / Fair value	2,135	2,135
Accumulated depreciation	(1,453)	(1,453)
Net carrying amount	682	682

At 30 June 2014

Cost / Fair value	2,504	2,504
Accumulated depreciation	(1,947)	(1,947)
Net carrying amount	557	557

6. INVESTMENT PROPERTY

Consolidated	
2014 \$	2013 \$

Land

At start of period	750,000	1,070,000
Revaluation	-	(320,000)
Balance at 30 June 2014	750,000	750,000

During July 2013 the Company engaged Grundmann and Assoc., an accredited independent valuer, to determine the fair value of its investment property at 30 June 2013. The fair value assessed was \$750,000. Fair value is determined directly by reference to market-based evidence, which are the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

If land was measured using the cost model the carrying amount would be as follows:

Consolidated	
2014 \$	2013 \$

Land

Net carrying amount on cost basis	262,893	262,893
	262,893	262,893

Non-current assets pledged as security

Refer to note 19(c) for information on non-current assets pledged as security by the Company.

Notes to the Financial Statements

For the Year ended 30 June 2014

7. EXPLORATION AND EVALUATION EXPENDITURE

Consolidated	
2014	2013
\$	\$

Current

Acquisition costs carried forward in respect of

Exploration and Evaluation Phase – At Cost

Balance at beginning and end of year	1,509,804	1,509,804
	1,509,804	1,509,804

In March 2010, the Company issued 12,829,807 shares to Empire Resources Ltd as consideration for the acquisition of the Yarlswheel uranium tenement. The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

8. TRADE AND OTHER PAYABLES

Consolidated	
2014	2013
\$	\$

Current

Trade and other payables	354,384	151,358
Accruals	39,380	19,072
	393,764	170,430

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

9. DEFERRED TAX LIABILITIES

Consolidated	
2014	2013
\$	\$

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Deductions	13,917	23,762
Doubtful debts	2,435	14,585
Tax losses	2,209,277	2,012,180
Provision for expenses	11,037	5,265
Deferred tax assets offset against deferred tax liabilities	-	-
Deferred tax liability offset against deferred tax asset	-	-
Deferred tax assets not recognised ¹	(1,637,593)	(1,458,522)
	599,073	597,270
Exploration costs	(452,941)	(452,941)
Investment property	(146,132)	(144,329)
	(599,073)	(597,270)
Net deferred tax asset/(liabilities)	-	-

Notes to the Financial Statements

For the Year ended 30 June 2014

10. ISSUED CAPITAL

	Consolidated	
	2014	2013
	\$	\$
63,311,118 (2013: 53,011,118) fully paid ordinary shares	28,226,459	27,741,615

	Consolidated	
	2014	2013
	No.	No.
(i) Ordinary shares - number		
At start of period	53,011,118	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	5,300,000	-
5,000,000 shares issued at 5 cents per share on 28 May 2014	5,000,000	-
Balance at 30 June 2014	63,311,118	53,011,118

	Consolidated	
	2014	2013
	\$	\$
(ii) Ordinary shares – value		
At start of period	27,741,615	27,452,608
Exercise of options 30 June 2012	-	-
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	-
5,000,000 shares issued at 5 cents per share on 28 May 2014	250,000	-
Costs of shares issued	(30,156)	(20,993)
Balance at 30 June 2014	28,226,459	27,741,615

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

	Consolidated	
	2014	2013
	No.	No.
Options - number		
At start of period	4,000,000	4,000,000
Expired 1 January 2014	(4,000,000)	-
Balance at 30 June 2014	-	4,000,000

Option details at 30 June 2013 -
4,000,000 exercisable at \$0.152 on 1 January 2014

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

Share Options

For details of the share based payment option scheme under which options to subscribe for the Company shares are granted to directors and executives, refer to note 16.

Notes to the Financial Statements

For the Year ended 30 June 2014

11. RESERVES

	Consolidated	
	2014 \$	2013 \$
Share based premium reserve	481,427	481,427
Option premium reserve	834,677	834,677
Asset revaluation reserve	421,229	421,229
Reserves	<u>1,737,333</u>	<u>1,737,333</u>

Nature and purpose of reserves

Share based payment reserve

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

Option premium reserve

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

Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of assets and decreases to the extent that such decreases relate to an increase on the same assets previously recognised in equity.

12. DIVIDENDS

No dividends were paid or provided for during the year (2013: nil).

13. SEGMENT INFORMATION

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

The Company operates in 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 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.

Notes to the Financial Statements

For the Year ended 30 June 2014

13. SEGMENT INFORMATION CONTINUED

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the years ended 30 June 2014 and 30 June 2013.

Continuing Operations		Unallocated Items	Total
Mineral Exploration and Evaluation	Mineral Exploration and Evaluation		
Australia \$	Asia \$	\$	\$

Year ended 30 June 2014

Revenue

Write back of provision			40,900	40,900
Segment net operating loss after tax	(188,648)	(164,258)	(390,337)	(743,243)
Interest revenue	-	-	1,785	1,785
Depreciation	-	-	(494)	(494)
Income tax benefit/(expense)	-	-	-	-
Segment assets	1,555,063	45,259	905,290	2,505,612
Segment liabilities	17,446	-	376,318	393,764
Cashflow information				
Net cash used in operating activities	(481,593)	(177,263)	(106,153)	(765,009)
Net cash provided by investing activities	-	-	(369)	(369)
Net cash provided by financing activities	-	-	502,088	502,088

Continuing Operations		Unallocated Items	Total
Mineral Exploration and Evaluation	Mineral Exploration and Evaluation		
Australia \$	Asia \$	\$	\$

Year ended 30 June 2013

Revenue

Other	-	-	-	-
Segment net operating loss after tax	(190,140)	-	(787,232)	(977,372)
Interest revenue	-	-	18,015	18,015
Depreciation	-	-	(493)	(493)
Income tax benefit/(expense)	-	-	-	-
Segment assets	1,509,804	-	985,614	2,495,418
Segment liabilities	76,574	-	93,856	170,430
Cashflow information				
Net cash used in operating activities	(177,263)	-	(248,243)	(425,506)
Net cash provided by investing activities	-	-	-	-
Net cash provided by financing activities	-	-	295,698	295,698

Notes to the Financial Statements

For the Year ended 30 June 2014

14. EXPENDITURE COMMITMENTS

Consolidated	
2014	2013
\$	\$

(i) Capital Expenditure Commitments

Exploration Tenements

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

- not later than 12 months	238,052	247,718
- between 12 months and 5 years	952,208	990,872

1,190,260	1,238,590
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Consolidated	
2014	2013
\$	\$

(ii) Remuneration Commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:

- not later than 12 months	-	108,900
- between 12 months and 5 years	-	-

-	108,900
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Consolidated	
2014	2013
\$	\$

(iii) Other Commitments

Commitments for the payment of project implementation fees for a contract in existence at the reporting date but not recognised as liabilities, payable:

- not later than 12 months	27,240	-
- between 12 months and 5 years	-	-

27,240	-
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Notes to the Financial Statements

For the Year ended 30 June 2014

15. REMUNERATION OF AUDITOR

Consolidated	
2014	2013
\$	\$

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

Audit or review of the financial reports of the Company

23,450	24,575
23,450	24,575

16. SHARE BASED PAYMENTS

Executive and Director Share Based Payment Plan

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

The expense recognised in the statement of comprehensive income in relation to share-based payments is \$NIL (2013: \$NIL).

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
Key Executive Options	1,000,000	20-Jun-11	01-Jan-14	\$0.15	\$0.03
Key Executive Options	3,000,000	20-Jun-11	01-Jan-14	\$0.15	\$0.04

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

	2014 Number	2014 Weighted average exercise price	2013 Number	2013 Weighted average exercise price
Outstanding at the beginning of the year	4,000,000	\$0.15	4,000,000	\$0.15
Exercised during the year	-	-	-	-
Expired during the year	(4,000,000)	\$0.15	-	-
Outstanding at the end of the year	-		4,000,000	\$0.15

Exercisable at the end of the year - 4,000,000

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

17. DIRECTOR AND EXECUTIVE DISCLOSURES

Details of Key Management Personnel for the year ended 30 June 2014

Directors

Name	Position
Dr D Sparling	Director (Non-Executive)
D Sargeant	Director (Non-Executive)
A Jessup	Director (Non-Executive)

Notes to the Financial Statements

For the Year ended 30 June 2014

17. DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

Executives

Name	Position
P MacLeod	Company Secretary
R Hill	Chief Executive Officer

Compensation of Key Management Personnel by category

	Consolidated	
	2014 \$	2013 \$
Short-term	283,500	283,500
Post-employment	2,266	2,205
Share-based payment	-	-
	285,766	285,705

The amounts outstanding to Key Management Personnel at the reporting date are included in Note 18.

18. RELATED PARTY TRANSACTIONS

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

Controlled entities	Country of incorporation	Percentage Owned	
		2014 %	2013 %
Parent Entity:			
FYI Resources Ltd	Australia		
Subsidiaries of FYI Resources Ltd:			
FYI Thailand Pty Ltd	Australia	100	-
<i>which owns</i>			
West Mekong Minerals Ltd	Thailand	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.

	Company	
	2014 \$	2013 \$
Amounts owed by / (to) Related Parties		
Subsidiaries		
FYI Thailand Pty Ltd	215,507	-
West Mekong Minerals Ltd	-	-
	215,507	-

Directors and specified executives

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

Empire Resources Ltd has a 19% interest in FYI Resources Ltd (2013: 24%). The Company reimburses Empire Resources Ltd the office costs and exploration costs incurred by them on behalf of FYI Resources Ltd. These transactions are made at made normal market prices and on normal commercial terms.

Notes to the Financial Statements

For the Year ended 30 June 2014

18. RELATED PARTY TRANSACTIONS CONTINUED

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

Related party		Purchase of tenement from Related Parties \$	Reimbursement of Expenditure to Related Parties \$	Amounts owed by Related Parties \$	Amounts Owed to Related parties \$
Empire Resources Ltd	2014	-	68,323	-	12,366
	2013	-	94,070	-	55,080

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

Consolidated	
2014	2013
\$	\$

Amounts payable to Key Management Personnel:

Kirkdale Holdings Pty Ltd	13,475	2,246
Murilla Exploration Pty Ltd	13,475	2,246
D Sparling	12,250	-
Capstone Capital Pty Ltd ¹	231,000	33,000
Mandine Pty Ltd	16,500	2,750
	286,700	40,242

Consolidated	
2014	2013
\$	\$

Amounts paid to Directors for Directors Fees:

Kirkdale Holdings Pty Ltd	24,500	24,500
Murilla Exploration Pty Ltd	24,500	24,500
D Sparling	24,500	24,500
Amounts paid to CEO for Management Fees:		
Capstone Capital Pty Ltd ¹	180,000	180,000
	253,500	253,500

Capstone Capital Pty Ltd¹ -Mr Hill has agreed, subject to shareholder approval, to forego fees of \$77,000 and to settle a further \$77,000 by the issue of 1,540,000 shares in the Company.

Notes to the Financial Statements

For the Year ended 30 June 2014

19. NOTES TO THE STATEMENT OF CASH FLOWS

Consolidated	
2014	2013
\$	\$

(a) Reconciliation to Statement of Cash Flows

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

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

Cash and cash equivalents	133,995	220,022
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(b) Reconciliation of loss after income tax to net cash flows from operating activities:

Consolidated	
2014	2013
\$	\$

Loss after income tax	(743,243)	(959,850)
Loss on investment property	-	320,000
Income tax benefit	-	126,042
Depreciation	494	493

Movements in Assets and Liabilities

Trade and other receivables	(47,491)	44,501
Trade and other payables	202,494	43,308
Net cash outflow from operating activities	(587,746)	(425,506)

Consolidated	
2014	2013
\$	\$

(c) Financing Facilities

At balance date, the following financing facilities had been negotiated and were available:

Total Facilities		
Bank overdraft	400,000	400,000
Used at reporting date	Nil	Nil
Unused at reporting date	400,000	400,000

Details of Financing Facilities

The overdraft is secured on the freehold investment property owned by the Company and is reviewed annually. The overdraft is secured by a registered mortgage over the Baldivis land in favour of National Australia Bank.

Notes to the Financial Statements

For the Year ended 30 June 2014

20. FINANCIAL RISK MANAGEMENT

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

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

Credit risk

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

Investments

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

Trade and other receivables

During the last three financial years the Company has sold some equipment and has a small exposure to trade receivables at 30 June 2014.

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

Exposure to credit risk

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

	Company	
	2014	2013
	\$	\$
Cash & cash equivalents	133,995	220,022
Trade and other receivables	65,997	14,910

Impairment losses

There are none of the Company's other receivables past due (2013: \$Nil).

An impairment loss of \$Nil (2013: \$Nil) has been recognised in respect of trade receivables.

Liquidity risk

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

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

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

Market risk

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

Currency risk

The Company is not exposed to any currency risk. All investments and purchases are denominated in Australia dollars.

Notes to the Financial Statements

For the Year ended 30 June 2014

20. FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk

The Company is exposed to interest rate risk due to variable interest being earned on its assets held in cash and cash equivalents.

The Company has currently has no borrowings.

Profile

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

	Company	
	2014	2013
	\$	\$
Fixed rate instruments		
Financial assets	-	-
Variable rate instruments		
Financial assets	133,995	220,022

Interest Rate Risk

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

Company 30 June 2014	Weighted Average Effective Interest Rate	Floating Interest Rate \$	Non-interest bearing \$	Total \$
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Financial Assets:

Cash & cash equivalents	1.7%	133,995	-	133,995
Trade and other receivables	-	-	65,997	65,997
Total Financial Assets		133,995	65,997	199,992

Financial Liabilities:

Trade and other payables	-	-	393,764	393,764
Total financial liabilities		-	393,764	393,764

Net Financial Assets (liabilities)

133,995	(327,767)	(193,772)
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Company 30 June 2013	Weighted Average Effective Interest Rate	Floating Interest Rate \$	Non-interest bearing \$	Total \$
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Financial Assets:

Cash & cash equivalents	2.4%	220,022	-	220,022
Trade and other receivables	-	-	14,910	14,910
Total Financial Assets		220,022	14,910	234,932

Financial Liabilities:

Trade and other payables	-	-	170,430	170,430
Total financial liabilities		-	170,430	170,430

Net Financial Assets (liabilities)

220,022	(155,520)	64,502
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Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model.

Notes to the Financial Statements

For the Year ended 30 June 2014

20. FINANCIAL RISK MANAGEMENT CONTINUED

Therefore a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would have increased or decreased the Company's equity by \$1,069 (2013: \$3,047)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant. The analysis is performed on the same basis for 2013.

	Profit or Loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2014				
Variable rate instruments	1,069	(1,069)	1,069	(1,069)
30 June 2013				
Variable rate instruments	3,047	(3,047)	3,047	3,047

Fair values versus carrying amounts

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

Other market price risk

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

Capital management

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

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

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

21. LOSS PER SHARE

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

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

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

	Company	
	2014 Cents	2013 Cents
Basic loss per share	(1.30)	(1.94)
Loss used in the calculation of basic EPS	(743,243)	(959,850)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	57,064,269	49,481,742

Notes to the Financial Statements

For the Year ended 30 June 2014

22. SUBSEQUENT EVENTS

In July 2014, the Company agreed with Capstone Capital Pty Ltd (Capstone) in relation to the services of Mr Roland Hill for the period 1 May 2013 to 30 June 2014 that:

- Capstone will forgo \$77,000 of the fees owing,
- subject to Shareholder approval, which was granted at a meeting held 24 September 2014, the Company will issue up to 1,540,000 shares at 5 cents each in lieu of \$77,000; and
- the balance of \$77,000 will be paid in cash.

Other than this, no matter or circumstance has arisen, since the end of the financial year, which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

23 CONTINGENCIES

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

24 BUSINESS COMBINATIONS

On 2 December 2013, FYI Thailand Pty Ltd ("FYI Thailand") acquired 9,800 Class "A" preference shares in West Mekong Minerals Limited (WMM). The remaining 10,200 shares, in WMM are Class "B" shares. As a result, FYI Thailand has 49% of the shares in WMM and therefore the remaining 51% are reflected in the non-controlling interests of the Group.

25 PARENT ENTITY DISCLOSURES

Financial position

	Company	
	2014 \$	2013 \$
CURRENT ASSETS		
Cash and cash equivalents	127,665	220,022
Trade and other receivables	18,506	14,910
Total Current Assets	146,171	234,932
NON-CURRENT ASSETS		
Other financial assets	215,507	-
Investments	2	-
Property, plant and equipment	188	682
Investment property	750,000	750,000
Exploration and evaluation expenditure	1,509,804	1,509,804
Total Non-Current Assets	2,475,501	2,260,486
TOTAL ASSETS	2,621,672	2,495,418
CURRENT LIABILITIES		
Trade and other payables	386,514	170,430
Total Current Liabilities	386,514	170,430
TOTAL LIABILITIES	386,514	170,430
NET ASSETS	2,235,158	2,324,988
EQUITY		
Issued capital	28,226,459	27,741,615
Reserves	1,737,333	1,737,333
Accumulated losses	(27,728,634)	(27,153,960)
TOTAL EQUITY	2,235,158	2,324,988
Loss before income tax expense	(574,674)	(959,850)
Income tax benefit / (expense)	-	-
Loss after tax	(574,674)	(959,850)

INDEPENDENT AUDITOR'S REPORT

To the members of FYI Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of FYI Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of FYI Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 (b) in the financial report which indicates that the directors anticipate that a further equity raising will be required and will be completed in the year to meet the ongoing working capital requirements of the consolidated entity. Should this equity raising not be completed, there is a material uncertainty that may cast significant doubt as to whether the consolidated entity will be able to realise its assets and extinguish its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of FYI Resources Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants



N G Neill
Partner

Perth, Western Australia
26 September 2014

Corporate Governance

The primary responsibility of the Board is to represent and advance shareholders' interests and to protect the interests of all stakeholders. To fulfil this role, the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Company has established a set of corporate governance policies and procedures that are based on the ASX **Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles & Recommendations")**. A copy of the Board Charter and corporate governance policies are available on the Company's website at www.fyiresources.com.au.

Corporate Governance Compliance

A description of the Company's main corporate governance practices are set out below. All these practices, unless otherwise stated, have been in place for financial year ended 30 June 2014. The Company has considered the ASX Corporate Governance Principles and the corresponding Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX Principles and Recommendations	"If not, why not"
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 2.1		✓
Recommendation 2.2	✓	
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5	✓	
Recommendation 2.6	✓	
Recommendation 3.1	✓	
Recommendation 3.2		✓
Recommendation 3.3		✓
Recommendation 3.4	✓	
Recommendation 4.1		✓
Recommendation 4.2		✓
Recommendation 4.3		✓
Recommendation 4.4	✓	
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 7.1	✓	
Recommendation 7.2		✓
Recommendation 7.3	✓	
Recommendation 8.1		✓
Recommendation 8.2		✓
Recommendation 8.3	✓	

Principle 1 – Lay solid foundations for management and oversight

"Companies should establish and disclose the respective roles and responsibilities of board and management."

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executives and approving their remuneration;
- Appointing and removing the Company Secretary and Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Company and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;

Corporate Governance

- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Company's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Company's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the CEO and his performance is monitored and evaluated by the Board.

Some Board functions may be handled through Board Committees. These committees are appointed when the size and scale of operations requires. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Board is responsible for evaluating the senior executives. The performance of senior executives is reviewed with reference to the terms of their employment contracts.

There was no formal performance evaluation of the senior executives during the financial year.

Principle 2 – Structure the board to add value

"Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties."

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

During the year ended 30 June 2014, the Board was comprised of three directors. Dr Sparling was considered to be an independent director. At 1 July 2014, Dr Sparling resigned and Mr Babington and Mr Hill were appointed as Directors. Mr Babington is an independent, non-executive Chairman. Of the remaining three directors, Adrian Jessup and David Sargeant are not considered to be independent as they are also directors of the Company's major shareholder and Mr Hill, as CEO and Managing Director, is not an independent director. It is the Board's intention to comply with this policy at a time when the size and the activities of the Company warrant such a structure.

Recommendation 2.2:

The Chair should be an independent director.

Disclosure:

The Company's non-executive Chairman is an independent director.

Recommendation 2.3:

The roles of the Chair and CEO should not be exercised by the same individual.

Disclosure:

The role of the Chairman and the CEO are not exercised by the same person. The division of responsibilities between the Chairman and the CEO is set out in the Board Charter.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:

A nomination committee has not been established. The role of the Nomination Committee has been assumed by the full Board.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Corporate Governance

Disclosure:

The Chairman is responsible for evaluation of the CEO, the Board and the committees. The review is currently informal but is based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his or her performance. Induction procedures are in place for all directors and senior executives report to the Board as to their area of responsibility at each Board meeting, if required.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

Disclosure:

Skills, Experience, Expertise and term of office of each Director and re-election procedure

A profile of each director containing their skills, experience and expertise is set out in the Directors' Report.

In accordance with the Constitution, one third of the directors retire by rotation each year and may offer themselves for re-election.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to the Board duties and physical ability to undertake the Board duties and responsibilities.

Identification of Independent Directors

Dr Sparling was an independent director in terms of the ASX Corporate Governance Council's discussion of independent status until his resignation on 1 July 2014. Mr Babington, appointed on 1 July 2014, is an independent director. The Board believes that all directors are able, and do make, quality and independent judgement in the best interests of the Company on all relevant issues before the Board.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

Principle 3 – Promote ethical and responsible decision-making

"Companies should actively promote ethical and responsible decision-making."

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code.

Disclosure:

The Company has a Code of Conduct that applies to all directors, senior executives, employees and contractors. The Code is disclosed on the Company's website.

Recommendation 3.2:

Companies should establish a policy concerning diversity and disclose the policy or a summary of the policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

Disclosure:

The Board has not adopted a Diversity Policy at this time. However, the Board recognises the benefits of having an appropriate blend of diversity on the Board and in all areas of the Group's business.

Recommendation 3.3:

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

Disclosure:

The Board has not yet established formal measurable objectives for achieving gender diversity as they are not considered to be warranted given the size and stage of development of the organization.

Recommendation 3.4:

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

Corporate Governance

Disclosure:

	Number
Women employees in the Group:	0 of 1
Women in senior executive positions:	0 of 1
Women on the Board:	0 of 4

Principle 4 – Safeguard integrity in financial reporting

“Companies should have a structure to independently verify and safeguard the integrity of their financial reporting”

Recommendation 4.1

The Board should establish an Audit Committee.

Disclosure:

An audit committee has not been established. The role of the Audit Committee has been assumed by the full Board.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent Chair, who is not Chair of the Board; and
- has at least three members.

Disclosure:

There is no audit committee and based on the current Board membership an audit committee would not comply with this recommendation.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. When the establishment of an audit committee it is considered to be justified an appropriate Charter will be adopted.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4*.

Disclosure:

There is no Audit Committee and the whole Board acts in this capacity.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed as required by the Board.

Principle 5 – Make timely and balanced disclosure

“Companies should promote timely and balanced disclosure of all material matters concerning the company.”

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

In order to ensure that the Company meets its obligations with regard to the continuous disclosure requirements, the Company has adopted a Continuous Disclosure Policy. The Continuous Disclosure Policy sets out the Company's obligations and its policies and procedures to ensure timely and accurate disclosure of price sensitive information to the market.

Principle 6 – Respect the rights of shareholders

“Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.”

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Corporate Governance

Disclosure:

The Company has a Shareholder Communications Policy and a website for making information available to shareholders. Shareholders are encouraged to attend and participate in general meetings.

Principle 7 – Recognise and manage risk

“Companies should establish a sound system of risk oversight and management and internal control.”

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy. As detailed in 7.2 a risk management committee has not been formed and this role is undertaken by the Board, however, the overall basis for risk management is to provide recommendations about:

1. Assessing the internal processes for determining and managing key risk areas, particularly:
 - non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
 - litigation and claims; and
 - relevant business risks other than those that are dealt with by other specific Board Committees.
2. Ensuring that the Company has an effective risk management system and that major risks to the Company are reported at least annually to the Board.
3. Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.
4. Evaluating the process the Company has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
5. Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
6. Meeting periodically with key management, internal and external auditors and compliance staff to understand and discuss the Company's control environment.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

A Risk Management Committee has not been formed and no internal audit function exists. All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by Management as at the date of this report.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Board has received the declaration from the Chief Executive Officer and the person assuming the role of Chief Financial Officer.

Corporate Governance

Principle 8 – Remunerate fairly and responsibly

“Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.”

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

A Remuneration Committee has not been established and the role of the Remuneration Committee has been assumed by the full Board. The Board considers that the Company is not of a size to justify the formation of a remuneration committee.

Recommendation 8.2:

The Remuneration Committee should be structure so that it:

- consists of a majority of independent directors;
- is chaired by an independent director; and
- has at least three members.

Disclosure:

There is no remuneration committee and based on the current Board membership a remuneration committee would not comply with this recommendation. When the establishment of a remuneration committee is considered to be justified an appropriate Charter will be adopted.

Recommendation 8.3:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation).

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed periodically to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares options granted at the discretion of the Board and subject to obtaining the relevant approvals.

Additional Securities Exchange Information

The additional information dated 19 September 2014 is required by the ASX Limited Listing Rules and not disclosed elsewhere in this report.

Distribution of Security Holders

	Quoted Ordinary shares	
	Number of holders	Number of Shares
1 - 1,000	1,153	468,873
1,001 - 5,000	577	1,310,296
5,001 - 10,000	161	1,304,941
10,001 - 100,000	183	5,873,509
100,001 and over	61	54,353,499
TOTAL	2,135	63,311,118

There were 1,826 holders of less than marketable parcel of ordinary shares.

Twenty Largest Shareholders

Shareholder	Number of Shares	Percentage
Empire Resources Limited	12,000,000	18.95
G & J Super Fund Pty Ltd	3,630,716	5.73
Peloton Capital Pty Ltd	3,311,111	5.23
KSLCORP Pty Ltd	3,300,000	5.21
LJL Investments Pty Ltd	2,441,092	3.86
Geba Pty Ltd	2,021,938	3.19
Capstone Capital Pty Ltd	1,930,672	3.05
Yandal Investments Pty Ltd	1,837,143	2.90
Sayers Investments (ACT) Pty Ltd	1,750,000	2.76
Number 7 Investments Pty Ltd	1,100,000	1.74
GKB Global Pty Ltd	1,012,794	1.60
Carnethy Evergreen Pty Ltd	1,000,000	1.58
Pillage Investments Pty Ltd	1,000,000	1.58
Sutherland, A	1,000,000	1.58
Hazardous Investments Pty Ltd	925,794	1.46
Tsokos, AC	861,713	1.36
Sutherland, F & Babington, E	829,807	1.31
Kabu Pty Ltd	822,026	1.30
Wakeford Holdings Pty Ltd	810,418	1.28
AS & JR Libbis Pty Limited	778,056	1.23
	42,363,280	66.90

Substantial Shareholders

Substantial holder notices have been received from the following holders.

Shareholder	Number of Shares	Percentage
Empire Resources Limited	12,000,000	18.95
Kirke, G	4,300,000	6.79

Voting Rights

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

- (a) Ordinary Shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) Options: No voting rights.

Stock Exchange Listing

FYI Resources Limited's ordinary shares are quoted on ASX Limited. The home exchange is Perth.

On- Market Buy-back

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

Additional Securities Exchange Information

Interest in Mineral Tenements

Tenement	Location	No of Shares
E52/2095	Meekatharra	100/100