

QUARTERLY REPORT FOR THE PERIOD ENDING 31st DECEMBER 2012

ACTIVITY SUMMARY

- Program planned for early 2013 field work at the Yarlalweelor uranium project.
- Small scale placement arranged.
- Management continues to review specific corporate projects.

REVIEW OF OPERATIONS DECEMBER QUARTER 2012

YARLARWEELOR: Uranium project – WA (100% interest)

The Yarlalweelor uranium project is located 125 km north of Meekatharra in Western Australia and consists of one granted exploration licence covering an area of 280km².

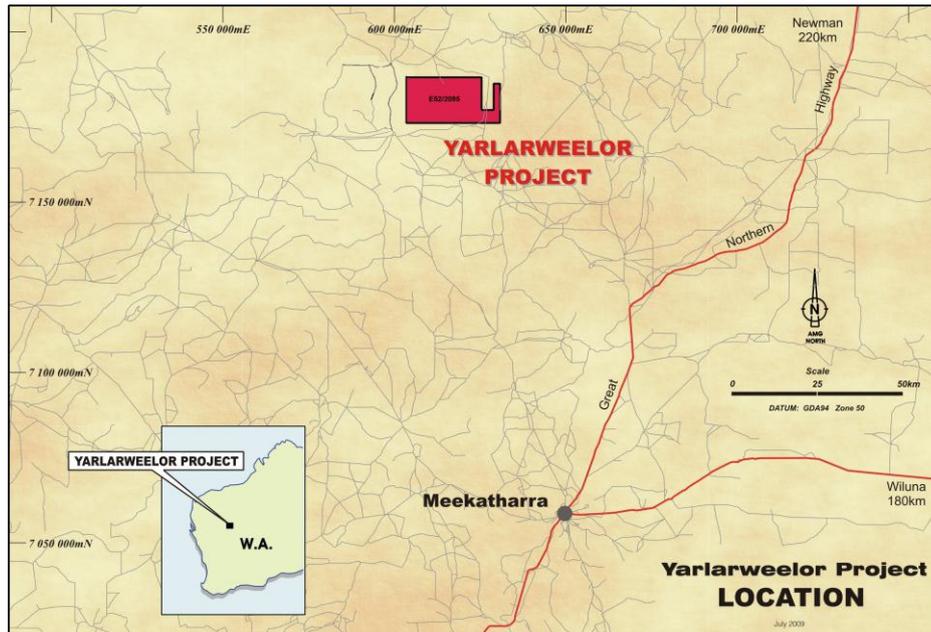
The Company is targeting significant uranium mineralization (in the form of uraninite) present within the Archaean Despair Granite where it is associated with biotite schists in shear zones.

Previous FYI mineralised drill intersections on the project at Kangaroo Ridge include:

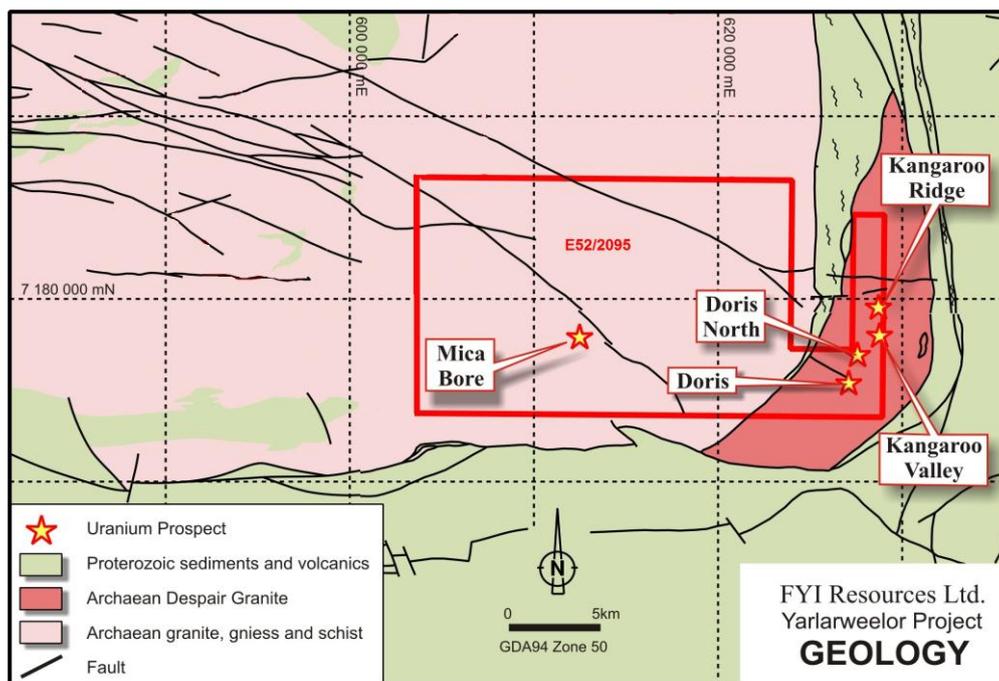
- 35m @ 503ppm U₃O₈ from 125.1m, including 5m @ 1,069ppm U₃O₈; and
- 7.8m @ 588ppm U₃O₈ from 47.8m, including 1m @ 1,873ppm U₃O₈

ACTIVITY REVIEW

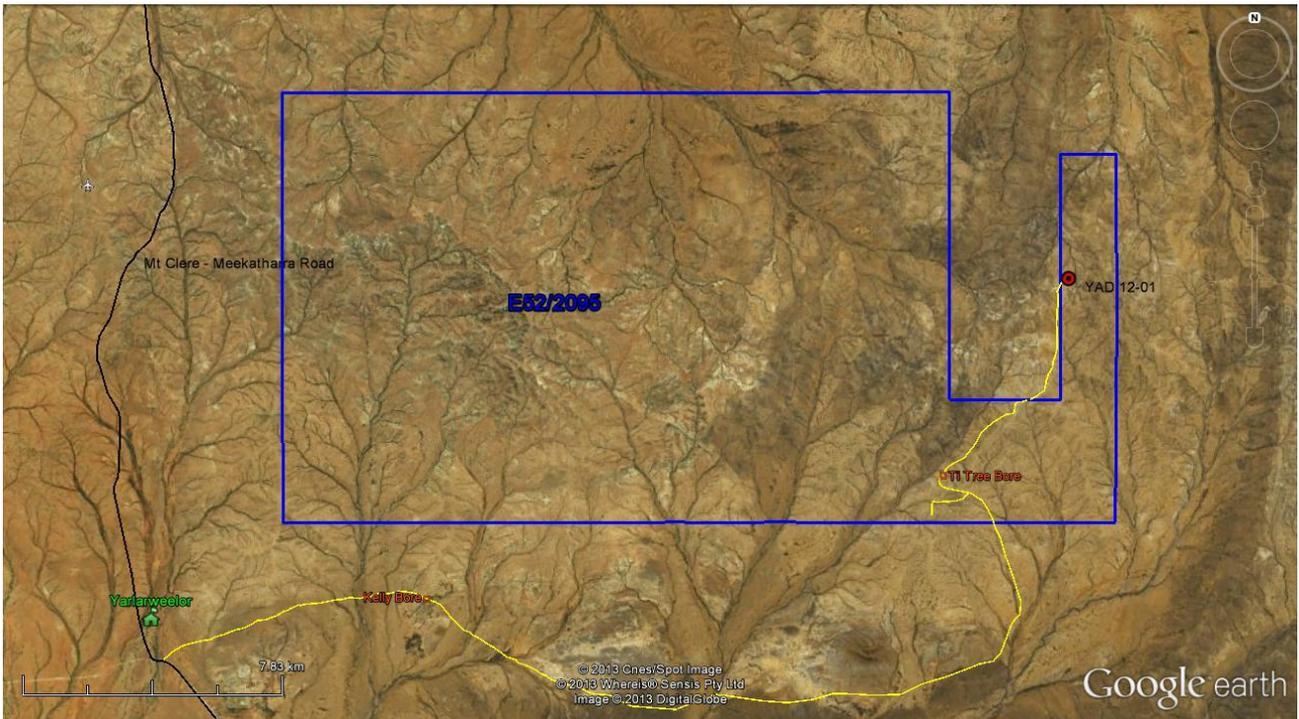
No field work activities were undertaken during the December quarter at Yarlarweelor. A field work program is being planned for diamond drilling in early 2013 to test a number of deeper target zones associated with biotite schist shearing as well as areas of interest where anomalous surface radioactivity is high.



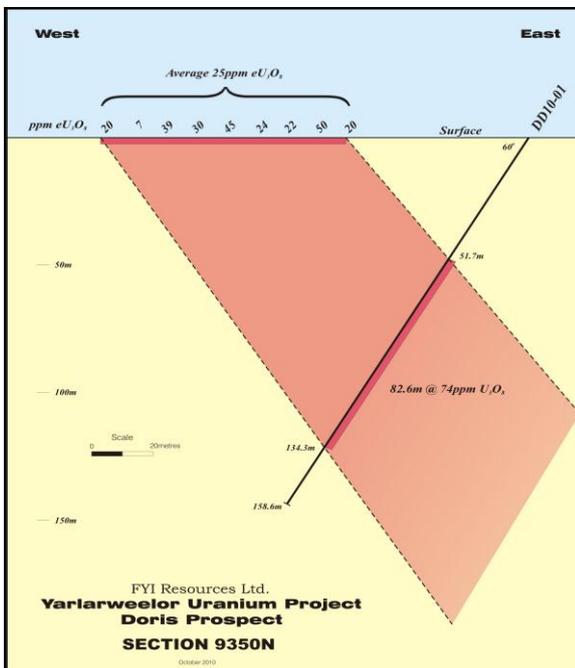
Yarlarweelor Location Map



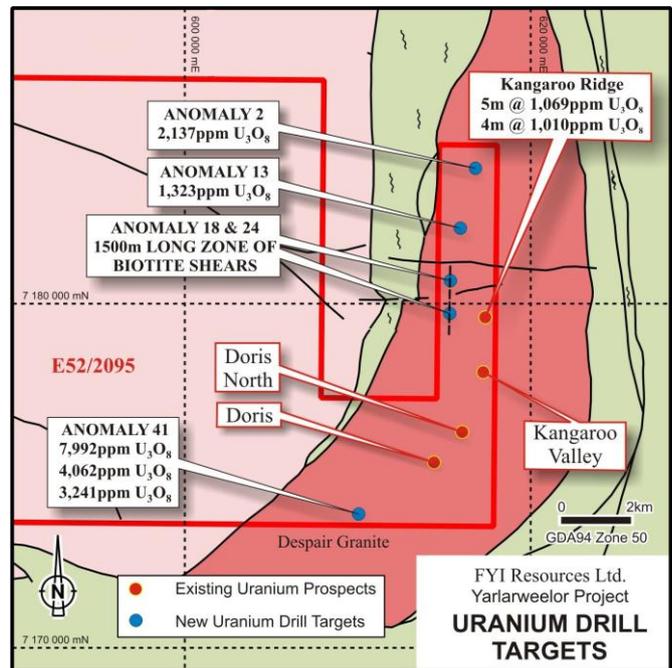
Yarlarweelor Geology



Location of Drill hole YAD12-01



Yarlarweelor Mineralised Section



Yarlarweelor U308 Drill Targets

PLACEMENT

A placement of 6.9 million shares at \$0.045 per share to raise \$310,000 was arranged to allow for adequate corporate funding to continue in-depth review of certain assets that represent ideal growth opportunities for the Company. The raising was finalised in early January 2013.

NEW PROJECT REVIEW

The Company has identified several acquisition opportunities that have the potential to add significant value.

Due diligence is progressing on each of these selected projects with a view to identifying a principle project which in turn will drive shareholder value for FYI.

- End -

Further Information:

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eU and eU₃O₈ are values obtained using a calibrated Exploranium GR-135 spectrometer.

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 Ltd. 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". David Ross consents to the inclusion in the public release of the matters based on his information in the form and context in which it appears.