

FYI RESOURCES LIMITED

ABN 85 061 289 218

Interim Financial Report

for the half-year ended 31 December 2011

**FYI RESOURCES LIMITED
31 DECEMBER 2011**

Table of Contents

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

CORPORATE DIRECTORY

DIRECTORS

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

CHIEF EXECUTIVE OFFICER

Roland Hill

COMPANY SECRETARY

Phillip MacLeod

REGISTERED and PRINCIPAL OFFICE

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Victoria Park 6100
Western Australia

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ABN 85 061 289 218

SHARE REGISTRY

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

AUDITOR

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

SECURITIES EXCHANGE LISTING

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

**FYI RESOURCES LIMITED
DIRECTORS' REPORT
31 DECEMBER 2011**

Directors' Report

Your directors submit the financial report of the Company for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Dr David Sparling
David Sargeant
Adrian Jessup

Review of Operations and Exploration Activities

The Company's loss for the half-year ended 31 December 2011 was \$294,743 (2010: \$364,804).

During the period the principal activities of the Company consisted of mineral exploration and evaluation of properties in Australia. There has been no significant change in these activities during the financial period.

Dividends

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

Events subsequent to reporting date

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

Auditors Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This written Auditor's Independence Declaration is set out on page 14 and forms part of this directors' report for the half-year ended 31 December 2011.

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

Adrian Jessup
Director

Perth, Western Australia
2 March 2012

FYI RESOURCES LIMITED

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Company	
	31/12/2011 \$	31/12/2010 \$
Continuing Operations		
Other income	15,074	27,160
Exploration expense	(63,098)	(167,657)
Depreciation expense	(247)	(219)
ASX fees	(12,157)	(21,947)
Share based payments	(16,322)	-
Accounting and audit fees	(19,630)	(39,985)
Other administration expenses	(47,861)	(44,439)
Salaries and wages	(127,852)	(92,777)
Share registry expenses	(8,794)	(15,536)
Rent	(12,906)	(9,124)
Legal expenses	(950)	(280)
Loss before income tax expense	(294,743)	(364,804)
Income tax benefit / (expense)	-	-
Loss after tax from continuing operations	(294,743)	(364,804)
Loss after tax from discontinued operation	-	-
Net loss for the period	(294,743)	(364,804)
Other comprehensive income / (loss)		
Reclassification to profit and loss on disposal of available-for-sale financial assets	-	9,335
Other comprehensive loss	-	9,335
Total comprehensive loss	(294,743)	(355,469)
Basic loss per share (cents per share)	(0.64)	(0.91)

The accompanying notes form part of these financial statements.

FYI RESOURCES LIMITED
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	Company	
		31/12/2011 \$	30/06/2011 \$
CURRENT ASSETS			
Cash and cash equivalents		600,046	957,740
Trade and other receivables		129,422	150,438
Total Current Assets		729,468	1,108,178
NON-CURRENT ASSETS			
Property, plant & equipment		1,422	1,669
Investment Property		1,070,000	1,070,000
Exploration and evaluation assets		1,509,804	1,509,804
Total Non-Current Assets		2,581,226	2,581,473
TOTAL ASSETS		3,310,694	3,689,651
CURRENT LIABILITIES			
Trade and other payables		61,435	161,971
Current tax liabilities		7,618	7,618
Total Current Liabilities		69,053	169,589
TOTAL LIABILITIES		69,053	169,589
NET ASSETS		3,241,641	3,520,062
EQUITY			
Issued capital	7	27,445,918	27,445,918
Reserves		1,713,870	1,697,548
Accumulated losses		(25,918,147)	(25,623,404)
TOTAL EQUITY		3,241,641	3,520,062

The accompanying notes form part of these financial statements.

FYI RESOURCES LIMITED

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Company					Total
	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Option Premium Reserve	Asset Revaluation Reserve	
	\$	\$	\$	\$	\$	
Balance at 1 July 2010	26,895,879	(24,755,965)	301,774	834,677	922,894	4,199,259
Transfer of unrealised losses on disposal of available for sale assets	-	-	-	-	9,335	9,335
Total income/(expense) for the year recognised directly in equity	-	-	-	-	9,335	9,335
Loss for the year	-	(364,804)	-	-	-	(364,804)
Total comprehensive loss for the year	-	(364,804)	-	-	9,335	(355,469)
Equity transactions:						
Shares issued net of transactions costs	(9,415)	-	-	-	-	(9,415)
Balance at 31 December 2010	26,886,464	(25,120,769)	301,774	834,677	932,229	3,834,375
Balance at 1 July 2011	27,445,918	(25,623,404)	441,642	834,677	421,229	3,520,062
Loss for the year	-	(294,743)	-	-	-	(294,743)
Total comprehensive loss for the year	-	(294,743)	-	-	-	(294,743)
Equity transactions:						
Share based payments						
Employee options	-	-	16,322	-	-	16,322
Balance at 31 December 2011	27,445,918	(25,918,147)	457,964	834,677	421,229	3,241,641

The accompanying notes form part of these financial statements.

FYI RESOURCES LIMITED

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Company	
	31/12/2011	31/12/2010
Note	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(127,426)	(324,450)
Payments for exploration and evaluation	(241,547)	(299,220)
Interest received	15,074	19,579
	<u>(353,899)</u>	<u>(604,091)</u>
Cash Flows from Investing Activities		
Payments for plant and equipment	-	(1,468)
Proceeds from sale of investments	-	52,492
	<u>-</u>	<u>51,024</u>
Cash Flows from Financing Activities		
Proceeds from issue of shares	-	254
Share issue costs	(3,795)	(9,669)
	<u>(3,795)</u>	<u>(9,415)</u>
Net decrease in cash held	(357,694)	(562,482)
Cash at the beginning of the period	957,740	1,296,891
Cash at the end of the period	<u>600,046</u>	<u>734,409</u>

The accompanying notes form part of these financial statements.

FYI RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

1. Statement of Significant Accounting Policies

Statement of compliance

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

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 (which is available upon request from the Company's registered office at 53 Canning Highway, Western Australia 6100 or at www.fyiresources.com.au) and any public announcements made by FYI Resources Ltd during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

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

Basis of preparation

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

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

Significant accounting judgements and key estimates

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

In preparing this interim report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2011.

FYI RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

1. Statement of Significant Accounting Policies (continued)

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2011, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011.

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

The Company has reviewed all new Standards and Interpretation that have been issued but are not yet effective for the half-year ended 31 December 2011. 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 its business and, therefore, no change necessary to Company accounting policies.

Going Concern

As disclosed in the Statement of Comprehensive Income, the Company recorded operating losses of \$294,743 (2010:\$364,804) and as disclosed in the Statement of Cash Flows, the Company recorded cash outflows from operating activities of \$353,899 (2010: \$604,091) and cash inflows from investing activities of \$Nil (2010:\$51,024) and a cash outflow from financing activities of \$3,795 (2010:\$9,415). 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 net current assets of \$660,415 (30/6/11: \$938,589) at balance date and retains the ability to scale down their operations to conserve cash, in the event that the capital raisings are delayed or reduced; and
- The Company has the ability, if required, to undertake mergers, acquisitions or restructuring activity or to wholly or in part, dispose of interests in property, mineral exploration and development assets.

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.

FYI RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

2. Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2011 annual financial report.

3. Segment Reporting

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

Consistent with prior year, the Company operates only in one business and geographical segment being predominantly in the area of mining and exploration in Australia. The Company considers its business operations in mineral exploration to be its primary reporting function.

4. Dividends

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

5. Contingent Liabilities

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

6. Events Subsequent to Reporting Date

Since 31 December 2011, there has not been any matter or circumstance not otherwise dealt with in the half-year report that has significantly affected or may significantly affect the Company.

FYI RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011**

7. Issued capital

(a) Ordinary shares

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

46,077,633 (30 June 2011: 46,077,633) fully paid ordinary shares

Company	
31/12/2011	30/06/2011
\$	\$
27,445,918	27,445,918

(i) Ordinary shares - number

Company	
31/12/2011	30/06/2011
No.	No.
46,077,633	40,075,362
-	500
-	1
-	880
-	15
-	2
-	300
-	540
-	4,900,000
-	33
-	1,100,000
Balance at end of the period	46,077,633

FYI RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011**

7. Issued capital (continued)

	Company	
	31/12/2011	30/06/2011
	\$	\$
(ii) Ordinary shares – value		
At start of period	27,445,918	26,895,879
Exercise of options 17 August 2010	-	75
Exercise of options 18 August 2010	-	-
Exercise of options 23 August 2010	-	132
Exercise of options 1 September 2010	-	2
Exercise of options 29 September 2010	-	-
Exercise of options 5 October 2010	-	45
Exercise of options 11 January 2011	-	81
4,900,000 shares issued to Sophisticated Investors 31 March 2011	-	490,000
Exercise of options 31 May 2011	-	5
1,100,000 shares at 10 cents per share issued to Directors 22 June 2011	-	110,000
Costs of shares issued	-	(50,301)
Balance at end of the period	27,445,918	27,445,918

(b) Options

As at 31 December 2011 (30 June 2011: 23,932,922) the Company had the following options on issue over ordinary shares:

	Company	
	31/12/2011	30/06/2011
	No.	No.
Options - number		
At start of period	23,932,922	218,336
Issue of options 10 August 2010	-	19,935,193
Expired 1 August 2010	-	(218,336)
Exercise of options 17 August 2010 to 31 May 2011	-	(2,271)
Issue of options 22 June 2011	-	4,000,000
Balance at end of the period	23,932,922	23,932,922

Option details at 31 December 2011:

19,932,922 exercisable at \$0.15 on 30 June 2012

4,000,000 exercisable at \$0.152 on 1 January 2014

FYI RESOURCES LIMITED

DIRECTORS' DECLARATION

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

1. The financial statements and notes as set out on pages 5 to 12 are in accordance with the Corporations Act 2001, including:

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

(b) giving a true and fair view of the Company's financial position as at 31 December 2011 and of its performance for the half-year then ended.

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

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

Adrian Jessup
Director

Perth, Western Australia
2 March 2012

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of FYI Resources Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
2 March 2012



N G NEILL
Partner, HLB Mann Judd

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of FYI Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of FYI Resources Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the company for the half-year ended 31 December 2011 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

Conclusion

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

Norman Neill

N G NEILL
Partner

Perth, Western Australia
2 March 2012