

Chairman's Update 6 September 2012

Much has happened since my last update, not the least of which has been declining investment sentiment. However, we are progressing with the business of phosphate and I write to you all now to provide an update on a number of developments at Fertoz:

- We have extended our interest in Canada by acquiring the Barnes Lake project through its 100% owned Canadian subsidiary Fertoz International Inc. The project consists of 609 hectares of land 27 km east of Fernie, a regional centre for mining in south eastern British Columbia. The project has historical surface trench results of between 20% and 30% P₂O₅ ranging from 0.6m to 2m thick. (For more information go to www.fertoz.com).
- After completing a programme of extensive geological analysis over the last 18 months we have been able to reduce our 32,000 km² of exploration tenements down to 6,500 km² of granted tenements and 13,400 km² of applications across British Columbia, the Northern Territory and Queensland. They consist of seven target areas for phosphate – Wapiti and Barnes Lake (BC), Sherrin North (Queensland), Katherine, Barkly, Barrow Creek and Winnecke (Northern Territory).
- We have completed a sampling survey of Wapiti East in August. A number of phosphate horizons were identified along ridge lines. A drill programme of approximately \$100,000 is due to commence later this year.
- Additional funds have been raised in preparation for a public listing event later this year. Given the poor state of the Initial Public Offering market, the Board is now in discussions with potential reverse-takeover targets with sufficient cash to enable the Company to undertake further work in our key projects in Canada and Australia. At the same time, we have been involved in discussions with possible joint venture partners interested in assisting us with exploration.
- Finally, subject to his appointment being ratified at the next Shareholder general meeting, I am pleased to announce Adrian Byass has consented to join the Fertoz Board as a director. Adrian is a geologist with over 18 years' experience in the mining and minerals industry. He is the executive Technical director at Ironbark Zinc Ltd and sits on a number of other mining company boards.

If you have any questions, want more information on any of the above points, or have any suggestions relating to Fertoz, please do not hesitate to make contact with one of the directors. If all goes according to plan, our next update should include detailed information on a listing event for Fertoz.

Yours faithfully,
James Chisholm
Chairman