

## Chairman's Update 15 March 2012

Previous exploration was carried out by Esso Resources Canada Limited from 1978 to 1980 and Pacific Ridge Exploration Ltd in 2008. The Wapiti property contains a 12 kilometre length of exposed phosphate bearing strata with higher than average grade mineralization. Pacific Ridge sampled and trenched a 4.9 kilometre long portion of the 12 kilometre zone with trench values reaching to 29.1% P<sub>2</sub>O<sub>5</sub> over 3 metres. The phosphate horizon occurs as dip sloping beds suggesting opportunity for open pit extraction. The property is close to, road, rail and power.

The terms of the Agreement involve:

- a) A cash payment of CAN\$5,000
- b) Incurring exploration expenditure of CAN\$200,000 by March 9, 2014
- c) Upon completion of a feasibility study and a determination by Fertoz to proceed with a commercial operation on the Wapiti property, a lump sum payment of CAN\$50,000
- d) A royalty payment of CAN\$2.50 per tonne of ore shipped from the property after beneficiation. The royalty payments shall not exceed 5% of the earnings before interest and tax attributable to the project.

Fertoz shall act as operator during the period up to when it acquires the property. It has retained the services of Homegold Resources to manage the exploration programme.

Yours faithfully,

James Chisholm

Chairman