

Chairman's Update 16 February 2012

Under the terms of the Barra JV, NuPower can earn an initial 10% through exploration expenditure totaling \$100,000 during the first year. At 10% ownership, NuPower may then elect to earn an additional 40% by meeting exploration covenants of \$430,000 over the next 24 months. NuPower will manage the JV throughout this initial three year earn period to a 50% JV interest. Progressing beyond this point both FERTOZ and NuPower may elect to co-contribute towards the ongoing exploration and development or dilute at a rate of 10% per \$100,000 spent by the other party. If either party reaches 90% ownership then it can automatically move to 100% ownership through dilution, leaving the minority party with a right to be paid 0.5% of gross revenue from any operation that may be developed on EL26915.

Yours faithfully,

James Chisholm

Chairman