FERTOZ PTY LIMITED
ACN 145 951 622

FINANCIAL STATEMENTS
FOR THE PERIOD 24 AUGUST 2010 TO 30 JUNE 2011

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 24 AUGUST 2010 TO 30 JUNE 2011

	Note	2011 $
Revenue		-
Expenses		
Salaries and Wages		78,058
Administration		43,458
Professional Services		37,361
Interest Expense		5,545
Depreciation		505
Loss before tax		(164,927)
Income tax expense		-
Loss after tax for the period		(164,927)
Other comprehensive income		-
Total comprehensive income for the period		(164,927)

This financial statement should be read in conjunction with the accompanying notes to the financial statements.

FERTOZ PTY LTD
ACN 145 951 622

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 $
Assets		
Current Assets		
Cash and Cash Equivalents	3	755,838
Trade and Other Receivables	4	57,339
Total Current Assets		813,177
Non-Current Assets		
Exploration and Evaluation Assets	5	1,340,493
Fixed Assets	6	4,127
Total Non-Current Assets		1,344,620
Total Assets		2,157,797
Current Liabilities		
Trade and Other Payables	7	377,724
Borrowings	8	1,000,000
Total Current Liabilities		1,377,724
Total Liabilities		1,377,724
Net Assets		780,073
Equity		
Issued Capital	9	945,000
Accumulated Loss		(164,927)
		780,073

This financial statement should be read in conjunction with the accompanying notes to the financial statements.

FERTOZ PTY LTD
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STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 24 AUGUST 2010 TO 30 JUNE 2011

	Issued Capital $	Accumulated Loss $	Total Equity $
Opening Balance	-	-	-
Loss for the period	-	(164,927)	(164,927)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(164,927)	(164,927)
Transaction with owners in their capacity as owners:			
Shares issued	945,000	-	945,000
At 30 June 2011	945,000	(164,927)	780,073

This financial statement should be read in conjunction with the accompanying notes to the financial statements.

FERTOZ PTY LTD
ACN 145 951 622

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2011

	Note	2011 $
Cash Flows From Operating Activities		
Payments to suppliers and employees		(183,234)
Interest paid		(5,545)
Net cash inflow/(outflow) from operating activities	13	(188,778)
Cash Flows From Investing Activities		
Payment for exploration and evaluation expenditure		(995,752)
Payment for Property, Plant and Equipment		(4,632)
Net cash inflow/(outflow) from investing activities		(1,000,384)
Cash Flows From Financing Activities		
Proceeds from borrowings		1,000,000
Proceeds from issue of shares		945,000
Net cash inflow/(outflow) from financing activities		1,945,000
Net increase in cash held		755,838
Cash at the beginning of the financial period		-
Cash at the end of the financial period	3	755,838

This financial statement should be read in conjunction with the accompanying notes to the financial statements.

Note 1 - Statement of Significant Accounting Policies

Fertoz Pty Ltd (the "Company") is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's is registered office is Level 50, 120 Collins St, Melbourne, VIC 3000. The Company was incorporated on 24 August 2010.

Basis of Preparation

(a) Statement of compliance

The financial statement is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB), other authoritative pronouncement of the AASB.

The financial statements complies with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values, or except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

No new Australian Accounting Standards that have been issued but are not yet effective have been applied in the preparation of this financial report. Such standards are not expected to have a material impact on the Company's financial report on initial application.

(c) Going Concern

The financial statements have been prepared on the going-concern basis, which contemplates continuity of normal business activities and the realization of assets and liabilities in the normal course of business.

As disclosed in the financial statements, the Company recorded a operating loss of $164,927 and the net cash outflows from operating activities of $188.778 for the period 24 August 2010 to 30 June 2011.

The Company has a working capital deficit at 30 June 2011 of $564,547 and expenditure commitments for the next 12 months of $1,389,485 as detailed in Note 14. Included in the working capital deficit is current borrowings of $500,000 that the company expects to settle via the issue of shares and $120,000 payable to FSL Holdings that was settled by the issue of 12,000,000 shares subsequent to 30 June 2011.

The directors acknowledge that to continue the exploration and development of the Company's exploration projects, the budgeted cash flows from operating and investing activities for the future will necessitate further capital raising. In the event that the Company is unable to raise future funding requirements, it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provision for costs which may arise as a result of cessation or curtailment of normal business operations.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 24 AUGUST 2010 TO 30 JUNE 2011**

Note 1 - Statement of Significant Accounting Policies (continued)

(d) Use of estimate and judgements

The preparation of the financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. The estimates and judgements that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and evaluation assets

The Company has capitalised exploration expenditure. This amount includes costs directly associated with exploration. These costs are capitalised as an intangible asset until assessment and/or drilling of the areas of interest is complete and the results have been evaluated. These costs include employee remuneration, materials, rig costs, delay rentals and payments to contractors. The expenditure is carried forward until such a time as the area of interest moves into the development phase, is abandoned, sold or sub-blocks relinquished.

The ultimate recoupment of cost carried forward for the exploration and evaluation assets is dependent upon the sucessful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation through the development of mines will depend on raising necessary funding.

The following is a summary of the material accounting policies adopted by the Company in the preparation of this financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Note 1 - Statement of Significant Accounting Policies (continued)

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income are also recognised directly in other comprehensive income.

Impairment

At the end of each reporting period the Company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(a) Financial assets (including receivables)

A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occured after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flows of that asset that can be measured reliably.

Objective evidence that financial assets are impaired can include default or delingquency by a debtor, restructuring of an amount due to the company on terms that the company would not consider otherwise and indications that a debtor or issuer will enter bankruptcy.

The Company consider evidence of impairment for receivables at a specific level.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continued to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease of the impairment loss is reversed through profit and loss.

Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Note 1 - Statement of Significant Accounting Policies (continued)

Exploration and Evaluation

Exploration and evaluation expenditure incurred is accumulated in respect of each seperately identifiable area of interest. These costs are only carried forward where the right to tenure for the area of interest is current and to the extend that they are expected to be recouped through sucessful development and commercial exploitation, or alternative, sale of the area, or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of the economically recoverable minerals and active and significant operaitons in, or in relation to, the area of interest are continuing. If an area of interest is abandoned or its considered to be of no further commercial interest, the accumulated exploration costs relating to the area are written off against income in the year of abandonment.

The carrying amount of exploration and evaluation assets is assessed for impairment when facts or circumstances suggest the carrying amount of the asset may exceeed their recoverable amount.

Property, Plant and Equipment

Plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

Depreciation on assets is calculated on a straight-line basis over the estimated useful life, as follows:

- Furniture, fittings and equipment 3 - 8 years

Trade Payable

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms.

Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans and borrowings using the effective interest method.

All borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Goods and Services Tax (GST)

All elements in the income statement are stated exclusive of GST. Receivables and payables in the are stated inclusive of GST. GST received and paid during the financial year are stated at gross in the statement of cash flows and are included in receipts from customers and payments to suppliers respectively.

	2011 $
Note 2 - Remuneration of Auditor	
Remuneration of auditor for audit services provided	11,800
Note 3 - Cash and Cash Equivalents	
Cash at bank and on hand	755,838
Note 4 - Trade and Other Receivables	
Prepayment	20,710
GST receivable	36,629
	57,339
Note 5 - Exploration and Evaluation Assets	
At cost	1,340,493
Less: Accumulated depreciation	-
	1,340,493

Movements in Exploration and Evaluation during the period 24 August 2010 to 30 June 2011 were as follows:

	Exploration and evaluation assets $
Carrying amount at beginning of financial period	-
Additions	1,340,493
Carrying amount at end of financial period	1,340,493

Included in the additions of the exploration and evaluation assets is expenditure incurred directly on exploration activities during the period of $160,060.

Note 6 - Property, Plant and Equipment

At cost	4,632
Less: Accumulated depreciation	(505)
	4,127

Movements in property, plant and equipment during the period 24 August 2010 to 30 June 2011 were as follows:

	Property, Plant and Equipment $
Carrying amount at beginning of financial period	-
Additions	4,632
Depreciation Expense	(505)
Carrying amount at end of financial period	4,127

	2011 $

Note 7 - Trade and Other Payables

Trade creditors	255,724
Sundry creditors	2,000
Payable to FSL Holdings	120,000
	377,724

Trade creditors are unsecured and are normally settled within 30 to 60 days.

Note 8 - Borrowings

Unsecured

Current Borrowings	1,000,000
	1,000,000

Note 9 - Issued Capital

	Number	$
Opening balance	-	-
Shares issued	103,500,000	945,000
At 31 March 2011	103,500,000	945,000

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are entitled to any surplus proceeds on liquidation.

Note 10 - Financial Instruments

The Company's directors monitor and manage the financial risks realting ot the operation of the Company. These risks include market risk (including interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on managing these risks and implementing and monitoring of controls around the cash management function.

The Company does not use any form of derivatives as it is not a a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Company does not enter into any trade financial instruments. including derivatives financial instruments, for speculative purposes.

Note 10 - Financial Instruments (continued)

Categories of financial instruments	**2011**
	$
Financial Assets	
Cash and cash equivalents	755,838
Trade and other receivables	36,629
Total Financial Assets	792,467
Financial Liabilities	
Trade and other payables	377,724
Borrowings	1,000,000
Total Financial Liabilites	1,377,724

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework which is summarised below:

(a) Capital Risk

The Board's policy is to maintain a strong base so to maintain investor, creditor and market confidence and to sustain future development of the business. As an emerging explorer, the Company does not establish a return on capital. Capital management requires the maintenance of strong cash balance to support on going exploration.

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Company's cash at bank is deposited with the Commonwealth Bank of Australia. Other than this the Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities:

	Carrying Value	**Contractual Cash Flow**	**< 6 Months**	**6-12 Months**	**1-3 Years**	**> 3 Years**
	$	**$**	**$**	**$**	**$**	**$**
Trade and Other Payables	377,724	257,724	257,724	-	-	-
Borrowings	1,000,000	1,000,000	1,000,000	-	-	-
	1,377,724	1,257,724	1,257,724	-	-	-

Included in trade and other payable is $120,000 that will be settled by the issue of shares.

Note 10 - Financial Instruments (continued)

(d) Net Fair Values

The carrying value of financial assets and financial liabilities recorded in the financial statements approxiamte their respective net fair values.

Note 11 - Key Management Personnel

(a) Directors

The names of directors who have held office at any time during, or since the end of, the financial period are:

James Chisholm	(appointed 24 August 2010)
Gary Gynn	(appointed 24 August 2010)
Peter Bennetto	(appointed 1 December 2010)
Gregory Hogan	(appointed 1 December 2010)
Philip Moore	(appointed 1 December 2010)

No income was received or was due and receivable by the directors of the Company during the period.

(b) Other key management personnel

Craig Sanford was appointed company secretary on 20 October 2010.

Les Szonyi was appointed CEO on 4 April 2011.

Total salaries and wages paid to other key management personell during the period was $78,058.

(c) Shareholdings

The movement during the reporting period in the number of ordinary shares in Fertoz Pty Ltd held, directly, indirectly or beneficially, by each key management person, including their related parties as follows:

Directors	Opening balance	Allotment	Transfer	Held at 30 June 2011
James Chisholm	-	22,000,000	2,250,000	* 24,250,000
Gary Gynn	-	24,500,000	(3,250,000)	21,250,000
Peter Bennetto	-	10,000,000	-	10,000,000
Gregory Hogan	-	20,000,000	-	20,000,000
Philip Moore	-	10,000,000	-	10,000,000
Les Szonyi	-	3,500,000	-	3,500,000
	-	90,000,000	(1,000,000)	89,000,000

* Of the 24,250,000 shares attributable to James Chisholm or his related parties, 1.5 million shares are held on trust for an entity related to Craig Sanford, the company secretary.

Note 12 - Related Parties

(a) Key management personnel

Disclosure relating to key management personnel are set out on Note 11.

(b) Transactions with related parties

The following transactions occurred with related parties:	2011 $
Purchases	
Purchases of services from related parties	190,241

All purchases from related parties were on normal commercial terms.

Note 12 - Related Parties (continued)

(c) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2011 $
Current payables to Industrial Partners Pty Ltd	41,013

Note 13 - Reconciliation of Cash Flows from Operating Activities with Operating Results

Loss for the period	(164,927)
Non cash flows in operating result:	
Depreciation	505
Movements in operating assets and liabilities:	
(Increase)/decrease in trade and other receivables	(57,340)
Increase/(decrease) in trade and other payables	32,983
Net cash outflow from operating activities	(188,778)

Note 14 - Commitments

So as to maintain current rights to tenure of exploration tenements, the company will be required to outlay amounts in respect of tenement rent to the relevant governing authorities and to meet certain annual exploration expenditure commitments. These outlays (exploration expenditure and rent), which arise in relation to granted tenements as follows:

- due within one year	1,389,485
- due after one year and within five years	1,659,275
- due after five years	-
	3,048,760

Note 15 - Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year that will significantly affect, or may significantly affect the company's operations, the results of those operations or the company's state of affairs in future financial years.

FERTOZ PTY LTD
ACN 145 951 622

DIRECTORS' DECLARATION
FOR THE PERIOD 24 AUGUST 2010 TO 30 JUNE 2011

The directors of the Company declare that:

1 The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are:

(a) comply with Australian Accounting Standards; and

(b) give a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the year ended on that date.

2 In the directors' opinion 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 made in accordance with a resolution of the Board of Directors.

....
Director

Date 24 August 2011

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FERTOZ PTY LTD

We have audited the accompanying financial report of Fertoz Pty Ltd, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 24 August 2010 to 30 June 2011, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion:

(a) the financial report presents fairly, in all material respects, the financial position of Fertoz Pty Ltd as at 30 June 2011, and its financial performance and cash flows for the period 24 August 2010 to 30 June 2011 in accordance with Australian Accounting Standards; and

(b) the financial report also complies *with International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matters on Going Concern and Carrying Value of Exploration Expenditure

Without qualifying our opinion, we draw attention to the matters set out in Note 1. The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. This includes the realisation of capitalised exploration and evaluation expenditure of $1,340,493. The ability of the company to maintain continuity of normal business activities, to pay its debts as and when they fall due and to recover the carrying value of its areas of interest, is dependent upon the ability of the company and to successfully raise additional capital and/or the successful exploration and subsequent exploitation of its areas of interest through sale or development. As a result of these factors, there exists material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

No adjustments have been made to the carrying value of assets or recorded amount of liabilities should the company's plans not eventuate.

BDO Audit (QLD) Pty Ltd

BDO

Anthony Whyte

Director

Brisbane

Date: 24 August 2011