FERTOZ LTD AND ITS SUBSIDIARY
ACN 145 951 622

FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 MARCH 2013

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 9 MONTHS ENDED 31 MARCH 2013

	Note	March 2013 $	June 2012 $
Sales		-	4,000
Cost of sales		-	9,666
Gross profit		-	(5,666)
Other Income		1,994	627
Expenses			
Salaries and wages		922,420	498,693
Professional services		155,345	261,798
Interest expense		-	11,741
Depreciation		1,158	1,546
Travel		4,043	81,893
Finance costs		575	8,272
Impairment of exploration and evaluation assets		850,563	-
Other		7,373	37,571
Loss before income tax		(1,939,483)	(906,553)
Income tax expense		-	-
Loss after income tax		(1,939,483)	(906,553)
Other comprehensive income		-	-
Total comprehensive income		(1,939,483)	(906,553)

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

FERTOZ LTD AND ITS SUBSIDIARY
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Note	March 2013 $	June 2012 $
Assets			
Current Assets			
Cash and cash equivalents	4	439,032	108,553
Trade and other receivables	5	60,360	24,324
Total Current Assets		499,392	132,877
Non-Current Assets			
Exploration and evaluation assets	6	1,862,420	2,293,272
Property, plant and equipment	7	1,423	2,581
Total Non-Current Assets		1,863,843	2,295,853
Total Assets		2,363,235	2,428,730
Current Liabilities			
Trade and other payables	8	107,456	63,955
Total Current Liabilities		107,456	63,955
Total Liabilities		107,456	63,955
Net Assets		2,255,779	2,364,775
Equity			
Issued capital	9	4,449,742	3,265,416
Share-based payment reserve	11	817,000	170,839
Accumulated loss	10	(3,010,963)	(1,071,480)
		2,255,779	2,364,775

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 9 MONTHS ENDED 31 MARCH 2013

	Issued capital	Accumulated loss	Share-based payment reserve	Total equity
	$	$	$	$
Opening balance	945,000	(164,927)	-	780,073
Loss for the period	-	(906,553)	-	(906,553)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	(906,553)	-	(906,553)
Transaction with owners in their capacity as				
Shares issued	2,320,416	-	-	2,320,416
Share-based payments	-	-	170,839	170,839
At 30 June 2012	3,265,416	(1,071,480)	170,839	2,364,775
Opening balance	3,265,416	(1,071,480)	170,839	2,364,775
Loss for the period	-	(1,939,483)	-	(1,939,483)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	(1,939,483)	-	(1,939,483)
Transaction with owners in their capacity as owners:				
Shares issued	1,216,631	-	-	1,216,631
Share-based payments	-	-	646,161	646,161
Equity raising costs	(32,305)	-	-	(32,305)
At 31 March 2013	4,449,742	(3,010,963)	817,000	2,255,779

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

FERTOZ LTD AND ITS SUBSIDIARY
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 9 MONTHS ENDED 31 MARCH 2013

	Note	March 2013 $	June 2012 $
Cash Flows From Operating Activities			
Payments to suppliers and employees		(406,131)	(1,008,436)
Other Income Received		50	4,000
Interest received		1,944	627
Interest paid		-	(11,113)
Net cash inflow/(outflow) from operating activities	17	(404,137)	(1,014,922)
Cash Flows From Investing Activities			
Payment for exploration and evaluation expenditure		(419,711)	(952,779)
Net cash inflow/(outflow) from investing activities		(419,711)	(952,779)
Cash Flows From Financing Activities			
Proceeds from/(repayment of) borrowings		-	(1,000,000)
Proceeds from issue of shares		1,186,632	2,320,416
Payments for equity raising costs		(32,305)	-
Net cash inflow/(outflow) from financing activities		1,154,327	1,320,416
Net increase/(decrease) in cash held		330,479	(647,285)
Cash at the beginning of the financial period		108,553	755,838
Cash at the end of the financial period	4	439,032	108,553

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

Note 1 - Statement of Significant Accounting Policies

Fertoz Ltd (the "Company") is a public company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office is 40 Balgowlah Street, Wakerley, QLD4154. On 5 July 2012 the Company changed its status from a private company to a public company.

The Group financial statements as at and for the 9 months ended 31 March 2013 comprise the company and its subsidiary (together referred to as the "Group").

The comparatives used are as at and for the year ended 30 June 2012

The Group has prepared the financial statements on the basis that it is a "for-profit" entity.

Basis of Preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncement of the Australian Accounting Standards Board.

The consolidated financial statements of the Group also comply with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

(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 Group'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 Group recorded a operating loss of $1,939,483 and the net cash outflows from operating activities of $404,137 for the 9 months ended 31 March 2013.

The Group has a working capital surplus at 31 March 2013 of $391,936 and expenditure commitments for the next 12 months of $1,488,433 as detailed in note 19. The Company is also working toward listing on the Australian Securities Exchange with in the next 3 months.

Note 1 - Statement of Significant Accounting Policies (continued)

The directors acknowledge that to continue the exploration and development of the Group'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 Group 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.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Fertoz Ltd and its subsidiary as at 31 March 2013. Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) Use of estimates and judgements

The preparation of the financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. 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 Group 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 Group 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.

At the balance date the carrying value of capitalised exploration expenditure amounted to $1,972,890 (2012: $2,293,272).

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

Note 1 - Statement of Significant Accounting Policies (continued)

(f) Revenue

Revenue is recognised at the fair value of the consideration received or receivable, and recognised when the service is provided, or ownership of the product has passed to the customer.

(g) Income Tax

The income tax expense/(credit) for the year is the tax payable/(recoverable) on the current year'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.

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

(h) Impairment

At the end of each reporting period the Group 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.

(i) 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.

Note 1 - Statement of Significant Accounting Policies (continued)

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

The Group considers 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.

(j) 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.

(k) Exploration and Evaluation

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

A provision is raised against exploration and evaluation expenditure where the directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

(l) 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

(m) Trade and Other Payables

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

Note 1 - Statement of Significant Accounting Policies (continued)

(n) 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 group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(o) 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.

(p) 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.

(q) Share based payments

The fair value of shares and options granted to Directors, employees and consultants is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the relevant vesting period. For options, fair value is determined using an appropriate option pricing model.

For options issued to Directors and employees, the fair value is measured at grant date and recognised over the period during which the Directors or employees become unconditionally entitled to the options. The cumulative expense recognised between grant date and vesting date is adjusted to reflect the Directors best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the Directors or employees having to remain with the company until vesting date. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

(r) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current financial period

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 MARCH 2013

	March 2013 $	June 2012 $
Note 2 - Remuneration of Auditor		
Remuneration of auditor for:		
Audit services	11,890	14,843
Tax services	-	13,000
	11,890	27,843

	March 2013 $	June 2012 $
Note 3 - Income tax		
Unrecognised deferred tax asset/(liability)	902,054	556,026

The deferred tax asset is mainly attributable to unused tax losses and have not been recognised in the financial statements on the basis that it is not probable that future taxable amounts will be available to utilise these losses in the forseeable future.

	March 2013 $	June 2012 $
Note 4 - Cash and Cash Equivalents		
Cash at bank and on hand	439,032	108,553

	March 2013 $	June 2012 $
Note 5 - Trade and Other Receivables		
Other Receivables	29,938	-
VAT Receivable	30,422	24,324
	60,360	24,324

	March 2013 $	June 2012 $
Note 6 - Exploration and Evaluation Assets		
At cost	1,862,420	2,293,272

Movements in exploration and evaluation during the year were as follows:

	March 2013 $	June 2012 $
Carrying amount at beginning of period	2,293,272	1,340,493
Additions	419,711	952,779
Less: Impairment of Exploration and Evaluation Assets	(850,563)	-
Carrying amount at end of period	1,862,420	2,293,272

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 MARCH 2013

Note 7 - Property, Plant and Equipment

	March 2013 $	June 2012 $
At cost	4,632	4,632
Less: Accumulated depreciation	(3,209)	(2,051)
	1,423	2,581

Movements in property, plant and equipment:

	March 2013 $	June 2012 $
Carrying amount at beginning of financial year	2,581	4,127
Additions	-	-
Depreciation expense	(1,158)	(1,546)
Carrying amount at end of financial year	1,423	2,581

Note 8 - Trade and Other Payables

	March 2013 $	June 2012 $
Trade creditors and accruals	105,456	61,955
Sundry creditors	2,000	2,000
	107,456	63,955

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

Note 9 - Issued Capital

	March 2013 $	June 2012 $
Ordinary shares	4,449,742	3,265,416

Movement in ordinary share capital:

Details	**Number of shares**	**Issue price ($)**	**$**
Balance at 1 July 2012	34,424,332		3,265,416
Shares issued	4,974,764	0.0925	460,166
Rights Issue	25,215,421	0.03	756,465
Capital raising costs			(32,305)
Balance at 31 March 2013	64,614,517		4,449,742

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 - Accumulated Losses

	March 2013 $	June 2012 $
Accumulated loss at the beginning of the year	(1,071,480)	(164,927)
Loss attributable to the owners of Fertoz Ltd	(1,939,483)	(906,553)
Accumulated loss at the end of the year	(3,010,963)	(1,071,480)

	March 2013	June 2012

Note 11 - Share-based payment reserve	$	$
Opening balance	170,839	-
Charge for the year	646,161	170,839
Closing balance	817,000	170,839

Further information on the charge for the year is given in Note 18.

Note 12 - Financial Instruments

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

The Group 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 Group does not enter into any trade financial instruments, including derivatives financial instruments, for speculative purposes.

Categories of financial instruments	March 2013 $	June 2012 $
Financial Assets		
Cash and cash equivalents	439,032	108,553
Trade and other receivables	60,360	24,324
Total financial assets	499,392	132,877
Financial Liabilities		
Trade and other payables	107,456	63,955
Total financial liabilites	107,456	63,955

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

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

Note 12 - Financial Instruments (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.
The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet

The following are the contractual maturities of financial liabilities:

Maturity analysis 2013	Carrying Value	Cash Flow	< 6 Months	6-12 Months	1-3 Years	> 3 Years
	$	$	$	$	$	$
Trade and Other Payables	107,456	107,456	107,456	-	-	-

Maturity analysis 2012	Carrying Value	Cash Flow	< 6 Months	6-12 Months	1-3 Years	> 3 Years
	$	$	$	$	$	$
Trade and Other Payables	63,955	63,955	63,955	-	-	-
	63,955	63,955	63,955	-	-	-

(c) Net Fair Values

The carrying value of financial assets and financial liabilities recorded in the financial statements approximate their respective

Note 13 - Capital Risk Management

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 Group does not establish a return on capital. Capital management requires the maintenance of strong cash balance to support on going exploration.

Note 14 - 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
Peter Bennetto
Leslie Szonyi
Adrian Byass (appointed 4 September 2012)

(b) Other key management personnel

Craig Sanford - company secretary (resigned 28 September 2012)

Total salaries and wages paid to other key management personell during the year was $865,997 (2012: $498,693). Included in this are options issued to directors and key management totaling $619,161 (2012: $170,389). Refer to note 18 for futher detail regarding share based payments.

(c) Shareholdings

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

Directors	Opening balance	Allotment	Held at 31 March 2013
James Chisholm	10,505,341	6,441,395	16,946,736
Peter Bennetto	1,596,074	1,065,812	2,661,886
Les Szonyi	1,160,662	1,267,268	2,427,930
	13,262,077	8,774,475	22,036,552

Note 15 - Related Parties

(a) Key management personnel

Disclosures relating to key management personnel are set out on Note 14.

(b) Transactions with related parties

The following transactions occurred with related parties:	March 2013 $	June 2012 $
Purchases		
Purchases of services from related parties	122,786	138,885

All purchases from related parties were on normal commercial terms.

Note 16 - Group Entities

	Country of incorporation	Ownership
Subsidiaries		
Fertoz International Inc (incorporated 28 February 2012)	Canada	100%

Note 17 - Reconciliation of Cash Flows from Operating Activities with Operating Results	March 2013 $	June 2012 $
Loss for the period	(1,939,483)	(906,553)
Non cash flows in operating result:		
Depreciation	1,158	1,546
Share-based payment expense	646,161	170,839
Impairment of Exploration and Evaluation Assets	850,563	-
Movements in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(6,037)	33,015
Increase/(decrease) in trade and other payables	43,501	(313,769)
Net cash inflow/(outflow) from operating activities	(404,137)	(1,014,922)

Note 18 - Share-Based Payments

	March 2013 $	June 2012 $
Share-based payment expense recognised during the 9 months ended 31 March 2013:		
Options issued to directors	619,161	170,839
Options issued to other management	27,000	-
	646,161	170,839

Options issued to directors

Fertoz Ltd granted the directors a fixed number of options which vest upon the Company's listing. When vesting occurs, each option can be exercised to purchase 1 ordinary share in Fertoz Ltd at an exercise price set at grant date.

Options granted carry no dividend or voting rights.

Note 18 - Share-Based Payments (continued)

Details of options outstanding that were granted to the directors during the 2012 financial year and the 9 months ended 31 March 2013 are as follows:

2013

Grant date	Exercise date	Exercise price ($)	Balance at beginning of year	Granted during the period	Forfeited during the period	Exercisable at end of year	Balance at end of year
29/05/2012	30/09/2016	0.25	6,000,000	-	-	-	6,000,000
29/05/2012	30/09/2016	0.35	4,000,000	-	-	-	4,000,000
29/05/2012	30/09/2016	0.45	4,000,000	-	-	-	4,000,000
29/05/2012	30/09/2016	0.55	2,000,000	-	-	-	2,000,000
03/09/2012	28/02/2017	0.25	-	1,000,000	-	-	1,000,000
03/09/2012	28/02/2017	0.35	-	1,000,000	-	-	1,000,000
03/09/2012	28/02/2017	0.45	-	1,000,000	-	-	1,000,000
Total			16,000,000	3,000,000	-	-	19,000,000

No options were excercised during the current period. The weighted average remaining contractual life of share options to directors outstanding at 31 March 2013 was 3.5 years.

The weighted average fair value of options granted to directors during the 9 months ended 31 March 2013 was 4.1 cents (2012: 4.1 cents). The fair value at grant date was determined by the Company using a Black-Scholes option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life, the risk free rate, and the fact that the options are not tradeable. The inputs used for the Black-Scholes option pricing model for options granted during the year 9 months ended 31 March 2013 were as follows:

- Share price at grant date: $0.0925
- Grant date: 3 September 2012
- Exercise price: $0.25 - $0.45
- Expected volatility: 93%
- Risk free rate: 2.42%

Options issued to management

Fertoz Ltd granted management a fixed number of options which vest upon the Company's listing. When vesting occurs, each option can be exercised to purchase 1 ordinary share in Fertoz Ltd at an exercise price set at grant date.

Options granted carry no dividend or voting rights.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 31 MARCH 2013

Note 18 - Share-Based Payments (continued)

Details of options outstanding that were granted to management during the 9 months ended 31 March 2013 are as follows:

2013

Grant date	Exercise date	Exercise price ($)	Balance at beginning of year	Granted during the period	Forfeited during the period	Exercisable at end of year	Balance at end of year
06/07/2012	30/09/2014	0.25	-	1,000,000	-	-	1,000,000
Total			-	1,000,000	-	-	1,000,000

No options were excercised during the current period. The weighted average remaining contractual life of share options to management outstanding at 31 March 2013 was 1.5 years.

The weighted average fair value of options granted to management during the 9 months ended was 2.7 cents. The fair value at grant date was determined by the Company using a Black-Scholes option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life, the risk free rate, and the fact that the options are not tradeable. The inputs used for the Black-Scholes option pricing model for options granted during the 9 months ended 31 March 2013 were as follows:

- Share price at grant date: $0.0925
- Grant date: 6 July 2012
- Exercise price: $0.25
- Expected volatility: 93%
- Risk free rate: 2.28%

Note 19 - Commitments

So as to maintain current rights to tenure of exploration tenements, the group 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 are as follows:

	March 2013 $	June 2012 $
- due within one year	1,488,433	2,144,698
- due after one year and within five years	1,628,152	2,679,198
- due after five years	-	-
	3,116,585	4,823,896

In addition to the above commitments on Australian tenements there is a $5 per hectare commitment on Canadian tenements for Barnes Lake and Crows Nest over the next 6 months post 31 March 2013. The value of the commitment is $10,000.

FERTOZ LTD AND ITS SUBSIDIARY
ACN 145 951 622

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 31 MARCH 2013

Note 20 - Parent Entity Information

The following information relates to the parent entity, Fertoz Ltd. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

	March 2013 $	June 2012 $
Financial position		
Current assets	499,392	149,565
Non-current assets	1,900,743	2,290,853
Total assets	2,400,135	2,440,418
Current liabilities	132,669	63,955
Non-current liabilities	-	-
Total liabilities	132,669	63,955
Net assets	2,267,466	2,376,463
Shareholders' equity		
Issued capital	4,449,742	3,265,416
Share-based payment reserve	817,000	170,839
Accumulated loss	(2,999,276)	(1,059,792)
Total equity	2,267,466	2,376,463

	March 2013 $	June 2012 $
Profit/(loss) for the year	(1,939,483)	(894,865)
Total comprehensive income/(loss) for the year	(1,939,483)	(894,865)

Contingencies

The parent entity does not have any contingent liabilities at 31 March 2013.

Contractual commitments

The parent entity does not have any contractual commitments for property, plant and equipment at 31 March 2013.

Guarantees

The parent entity does not have any guarantees at 31 March 2013.

Note 21 - Events subsequent to reporting date

Subsequent to year end the group sold the Winnecke and Barkly tenements for $250,000. The carrying value of these tenements at 31 March 2013 was $250,000.

Effective 1 May 2013 Fertoz Ltd converted all the shares in the issued capital of the company into a smaller number on the basis that every 3.25 shares was was consolidated into 1 share.

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

FERTOZ LTD AND ITS SUBSIDIARY
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DIRECTORS' DECLARATION
FOR THE 9 MONTHS ENDED 31 MARCH 2013

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:

(a) comply with Australian Accounting Standards and

(b) give a true and fair view of the consolidated entity's financial position as at 31 March 2013 and of its performance for the 9 months 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 and is signed for and on behalf of the directors by:

L. Szonyi
....
Director LES SZONYI

Date: 28 May 2013

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INDEPENDENT AUDITOR'S REPORT

To the members of Fertoz Ltd

We have audited the accompanying financial report of Fertoz Ltd, which comprises the consolidated statement of financial position as at 31 March 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the entity and the entities it controlled at 31 March 2013 or from time to time during the nine months then ended.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation 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 and fair presentation of the financial report 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 the consolidated entity as at 31 March 2013, and its financial performance and cash flows for the nine months then ended 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 Matter

Without modifying our opinion, we draw attention to the disclosure in Note 1 in the financial report which indicates that the Group incurred a net loss $1,939,483 and had net cash outflows from operating activities of $404,137 for the nine months ended 31 March 2013. It also indicates that the Group had a working capital surplus at 31 March 2013 of $391,936 and expenditure commitments for the next 12 months of $1,488,433. The company is working towards a listing on the Australian Securities Exchange within the next three months.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the discharge of liabilities and realisation of assets in the ordinary course of business. The Group's ability to continue to adopt the going concern assumption depends upon a number of matters, including subsequent successful raising in the future of necessary funding, the successful exploration and subsequent exploitation of the Group's tenements and/or the successful sale of the Group's assets in the form of the tenements. In the absence of these matters being successful, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, with the result that the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial statements.

BDO Audit Pty Ltd

BDO

A J Whyte

Director

Brisbane: 28 May 2013