FERTOZ LIMITED
ACN 145 951 622

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

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INDEX

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CORPORATE DIRECTORY
30 JUNE 2013

Directors	Mr James Chisholm - Non-Executive Chairman Dr Leslie (Les) Szonyi – Managing Director Mr Peter Bennetto – Non-Executive Director Mr Adrian Byass – Non-Executive Director
Company secretary	Mr Julien McInally
Registered office and principal place of business	40 Balgowlah St Wakerley, Qld 4154
Share register	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston St Abbotsford VIC 3067
Auditor	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000
Canada Lawyers	Ontario Lawyers Peterson Law Professional Corporation 390 Bay Street, Suite 806 Toronto, Ontario, Canada, M5H British Columbia Lawyers Anfield Sujir Kennedy & Durno LLP (ASKD Law) 1600 - 609 Granville Street Vancouver, British Columbia, Canada, V7Y 1C3
Australian Lawyers	Porter Davies Lawyers Level 5, River Quarter 46 Edward Street Brisbane, QLD, 4000
Stock exchange listing	Fertoz Limited shares are listed on the Australian Securities Exchange (ASX code: FTZ)
Website	www.fertoz.com

FERTOZ LIMITED
ACN 145 951 622

CORPORATE GOVERNANCE STATEMENT
30 JUNE 2013

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have complied with the ASX Best Practice Recommendations in the reporting period. These recommendations are guidelines designed to produce an efficiency, quality or integrity outcome. The recommendations are not prescriptive so that if a company considers that a recommendation is inappropriate having regard to its own circumstances, the company has the flexibility not to follow it. Where a company has not followed all the recommendations, the annual report must identify which recommendations have not been followed and give reasons for not following them.

A table has been included at the end of this statement which sets out the ASX Best Practice Recommendations and states whether the Company has complied with each recommendation in the reporting period. Where the Company considered it was not appropriate to comply with a particular recommendation the reasons are set out in the notes referenced in the table. A full copy of the Company's Corporate Governance Charter is available on the Company's website at www.fertoz.com

Role of the Board
Generally, the powers and obligations of the Board are governed by the *Corporations Act 2001* and the general law. Without limiting those matters, the Board expressly considers itself responsible for the following:

1. the appointment of the chairperson, company secretary and the composition of the Board;
2. the appointment of the chief executive officer/managing director, senior management team and key staff (if any), the determination of the terms of such appointment (including remuneration and termination) and the review of their performance;
3. formulation, review and approval of the Group's direction, strategies, business objectives and targets;
4. reviewing, approving and monitoring significant business transactions, including capital expenditure, acquisitions, divestments and organisational restructures;
5. monitoring the Group's financial performance by reviewing and approving budgets, assessing the Group's performance against budgets and monitoring the adequacy and integrity of financial and other reporting procedures;
6. approving annual, half yearly and quarterly accounts;
7. recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them;
8. approving the issue of any shares, options or other securities in the Company (subject to compliance with any applicable ASX Listing Rules);
9. ensuring that adequate internal control systems, procedures and standards, including risk management systems, codes of conduct and legal compliance and ethical standards, are in place and complied with; and
10. ensuring corporate accountability to shareholders primarily through adopting an effective shareholder communications strategy.

Role of Management
The Board has delegated responsibilities and authorities to the Managing Director / Chief Executive Officer to enable them to conduct the Company's day to day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits or do not form part of the approved budget, require Board approval. An evaluation of the performance of senior management will be undertaken on a yearly basis. This is considered to be an appropriate process as the Company is in the exploration and evaluation stage therefore it is not possible to evaluate performance against revenue or profit targets.

Board Processes
The Board of Fertoz Limited meets on a regular basis. The agenda for these meetings is prepared by the Managing Director and Company Secretary and is approved by the Chairman. Relevant information is circulated to Board members in advance of the meetings.

Composition of the Board
At the date of this report the Board comprises of the Managing Director/Chief Executive Officer and three non-executive Directors, one of whom is the Chairman.

Director	**Appointed or Re-elected**	**Non-Executive**	**Independent**	**Retiring at 2013 AGM**	**Seeking re-election at 2013 AGM**
Mr J Chisholm	24-Aug-10	Yes	No	Yes	Yes
Mr L Szonyi	29-May-12	No	No	No	N/A
Mr P Bennetto	01-Dec-10	Yes	Yes	Yes	Yes
Mr A Byass	20-Nov-12	Yes	Yes	No	N/A

The Directors are subject to re-election by shareholders. All Directors, apart from the Managing Director, are subject to re-election by rotation within every three years. The Company's Constitution provides that one-third of the Directors retire by rotation each Annual General Meeting of Shareholders (AGM). Those Directors who are retiring may submit themselves for re-election by shareholders, including any Director appointed to fill a casual vacancy or recruited since the date of the last AGM.

The current Directors have a broad range of qualifications, experience and expertise in managing mineral exploration companies as set out in the Directors section of the Directors' Report.

Independence of Non-Executive Directors
The Board considers an independent director to be a non-executive director who meets the criteria for independence included in the ASX Best Practice Recommendations. The Board considers that Mr P Bennetto and Mr A Byass meet these criteria.

Director Access to Independent Professional Advice
The Company acknowledges that Directors require high quality information and advice on which to base their decisions and considerations. With the prior approval of the Board, all Directors have the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as directors. If the Chairman is unable or unwilling to give approval, Board approval will be sufficient.

Company Materiality Threshold
The Board acknowledges that assessment on materiality and subsequent appropriate thresholds are subjective and open to change.

The Board has considered quantitative, qualitative and cumulative factors when determining the materiality of a specific relationship of directors.

Ethical Standards
As part of the Board's commitment to the highest standard of conduct, the Company adopts a code of conduct to guide the Board, executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:
• responsibilities to shareholders;
• compliance with laws and regulations;
• conflicts of interest;
• ethical responsibilities;
• Occupational health and safety; and
• responsibility to the environment and the community.

Board Committees
As at the date of this report, the Company does not have an Audit & Risk Management Committee, Remuneration Committee, or Nomination Committee of the Board of Directors. The full Board of Directors undertake the role of the Committees. Given the composition of the Board and the size of the Company, it is felt that separate Committees are not yet warranted, however it is expected that as the Company's operations expand the needs in this regard will be monitored. However, the Company does have an Audit and Risk Committee Charter, Remuneration Committee Charter and Nomination Committee Charter which the Board has adopted.

Continuous Disclosure and Shareholder Communication
The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market. In accordance with continuous disclosure requirements under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. All information disclosed to the ASX is posted on the Company's website www.fertoz.com.

Shareholders are forwarded documents, according to their communication preferences as notified to the Share Registrar, including Notices to each Annual General Meeting or General Meeting held during each year, the Annual Report of the Company, Notice of Meetings and Explanatory Memorandum and Proxy Forms, and are invited to attend each shareholder meeting. The Company's External Auditor is also invited and is present at Annual General Meetings to answer any queries shareholders may have with regard to the audit and preparation and content of the Audit Report.

The Company actively encourages shareholders to provide their email contact details so that they can receive all ASX releases as they are released to the market.

Managing Business Risk

The Board, in line with the Audit & Risk Management Committee Charter, constantly monitors the operational and financial aspects of the Company's activities and has delegated to the Managing Director the responsibility for designing and implementing a risk management system for the ongoing review of business risks that could affect the Company.
Arrangements put in place by the Board to monitor risk management include:
(i) monthly reporting by senior management to the Board in respect of operations and the financial position and performance of the Group;
(ii) preparation of quarterly rolling forecasts by senior management for the Board;
(iii) circulation to the Board of minutes of each Committee meeting and reports (at least once a year) of each Committee's chairperson; and
(iv) the development of a risk register which provides a framework for systematically understanding, identifying and analysing the types of business risks to the Group (as a whole or to specific business activities) and forming an action plan in respect of those risks.

The Managing Director and senior management team are accountable for strategic risk management within areas under their control, including assigning risk management duties to operational managers. Collectively, the senior management team is responsible for:
(i) formal identification of strategic risks that impact the Group's business;
(ii) development of strategic risk management plans;
(iii) allocation of priorities of risk management tasks;
(iv) review of risk management tasks against plans; and
(v) reporting quarterly to the Board on the progress of risk management tasks.

The Board will continue to review on a yearly basis the appropriateness of the risk management framework to ensure the Company adequately monitors its risks given the size and nature of the activities the Company is undertaking. In accordance with section 259A of the *Corporations Act 2001* , the Managing Director and Chief Financial Officer have provided a declaration to the Board that:
• In their view information provided in the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
• The Company's risk management and internal compliance and control system is operating effectively in all material respects.

It is noted that the assurance from the Managing Director and Chief Financial Officer can only be reasonable and not absolute due to the level of judgement required, the limitations of sampling and the difficulty in designing systems to detect all weaknesses in internal control procedures.

Board Performance Evaluations

An evaluation of the Board's performance is undertaken annually by the Board. This is an internal process and does not involve external review of the Board or its performance.

Trading Policy

In addition to the prohibition on insider trading under the *Corporations Act 2001* (Cth), all directors and employees must observe and comply with the Company's Securities Trading Policy.

ASX Best Practice Recommendations

The table below summarises the Company's compliance with the ASX Best Practice Recommendations at the date of this report. Where the Company has complied with a recommendation during the reporting period, this is indicated with a "Yes" in the appropriate column and the policy is contained in the Company's Corporate Governance Charter available on the Company's website at www.fertoz.com. Where the Company considered it was not appropriate to comply with a particular recommendation, this is indicated with a "No" and the Company's reasons.

FERTOZ LIMITED
ACN 145 951 622

CORPORATE GOVERNANCE STATEMENT
30 JUNE 2013

	Description	Complied	Note
1.1	Formalise and disclose the functions reserved to the Board and those delegated to senior executives. These functions are set out under Role of the Board and Role of Management in this Statement.	Yes	
1.2	Disclose the process for evaluating the performance of senior executives.	Yes	
1.3	Provide the information indicated in the Guide to reporting on Principle 1.	Yes	1
2.1	A majority of the Board should be independent directors.	No	2
2.2	The Chairperson should be an independent director.	No	2
2.3	The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.	Yes	
2.4	The Board should establish a Nomination Committee.	No	3
2.5	Disclose the process for evaluating the performance of its Board, committees and individual directors.	Yes	
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	Yes	
3.1	Establish a code of conduct and disclose the code or a summary of the code.	Yes	
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy.	Yes	
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	No	4
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	No	4
3.5	Provide the information indicated in the Guide to reporting on Principle 3.	Yes	
4.1	The Board should establish an Audit Committee.	No	5
4.2	Structure the Audit Committee so that it consists of: • only Non-Executive Directors • a majority of Independent Directors • an independent Chairperson, who is not chairperson of the Board • at least three members.	No	5
4.3	The Audit Committee should have a formal charter.	Yes	
4.4	Provide the information indicated in the Guide to reporting on Principle 4.	Yes	
5.1	Establish and disclose written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements to ensure accountability at a senior executive level for that compliance.	Yes	
5.2	Provide the information indicated in the guide to reporting on Principal 5.	Yes	
6.1	Design and disclose a communication strategy to promote effective communication with the shareholders and encourage effective participation at general meetings - refer to Continuous Disclosure and Shareholder Communication as set out above.	Yes	
6.2	Provide the information indicated in the Guide to reporting on Principal 6.	Yes	
7.1	Establish and disclose policies for oversight and management of material business risks.	Yes	
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	No	6

	Description	Complied	Note
7.3	Disclose whether the Board has received assurance from Chief executive Officer and Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	
7.4	Provide the information indicated in the Guide to reporting on Principle 7.	Yes	
8.1	Establish a Remuneration Committee.	No	7
8.2	The Remuneration Committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members	No	7
8.3	Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.	No	7
8.4	Provide the information indicated in the Guide to reporting on principle 8.	Yes	

Notes

1. The Company has compiled relevant corporate governance documentation, such as charters, codes of conduct, and policies, which have been placed on the Company's website at www.fertoz.com under the heading "Corporate Governance". Due to the Company listing on the 2nd September 2013 no formal performance evaluation of senior executives has taken place to date. Future annual reports will disclose whether such a performance has taken place in the relevant reporting period and whether it was in accordance with the process disclosed.
2. As at the date of this report, the Company does not have a majority of independent directors or an Independent director as Chairman. The Board considers the Company is not currently of a size, or its affairs of such complexity, to justify the establishment of these two requirements
3. As at the date of this report, the Company does not have an a Nomination Committee of the Board of Directors The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board.
4. The disclosure has not yet been made as the first year as a listed company has not been completed. Future annual reports will disclose the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.
5. The Board considers the Company is not currently of a size, or its financial affairs of such complexity, to justify the establishment of an audit committee. The Board as a whole is responsible for the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of operation of the internal control systems. Whilst the Board is not structured in the manner set out in the Principles and Recommendations, the Board is of the view that the experience and professionalism of the persons on the Board is sufficient to ensure that all significant matters are appropriately addressed and actioned. Further the Board does not consider that the Company is of sufficient size to justify the appointment of additional Directors for the sole purpose of satisfying the Recommendations as it would be cost prohibitive. As the operations of the Company develop the Board will reassess the formation of the Audit Committee.
6. The Company's Corporate Governance Plan includes a risk management policy. The Board will require the chief executive officer to provide a report at the relevant time.
7. The Board considers the Company is not currently of a size, or its financial affairs of such complexity, to justify the establishment of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for the Directors and executives of the Company and considers it more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a Remuneration Committee.

Remuneration to the executive directors and senior management is by way of salary and performance options and to the non-executive directors by way of director fees and performance options, with the level of salary, fees or options as the context requires, having been set by the Board to an amount it considers to be commensurate for a company of its size and level of activity.

The Company will assess the relationship between performance and remuneration, once the Company commences operations. Further there are no schemes for retirement benefits in existence.

FERTOZ LIMITED
ACN 145 951 622

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2013

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Fertoz Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2013.

Directors
The following persons were directors of Fertoz Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr James Chisholm
Mr Leslie Szonyi
Mr Peter Bennetto
Mr Adrian Byass (appointed on 4 September 2012)

Principal activities
During the financial year the principal activity of the consolidated entity consisted of phosphate exploration, on its 100% owned assets in Canada and Australia. There were no significant changes in the principal activities of the consolidated entity.

The Company's aim is to become a fertilizer producer initially supplying Canadian / USA markets. The Company's strategy is:

a) to undertake the evaluation of its exploration tenements at Wapiti, Barnes Lake and Crows Nest in Canada in order to identify any potential Direct Shipping Ore (DSO) projects which are capable of generating early cash flow with relatively low capital cost;

b) to pursue the joint venture or sale of its early stage exploration projects so that the Company can focus on its Canadian projects;

c) to evaluate and identify low capital cost production strategies that would differentiate it from other phosphate companies.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $1,867,270 (2012: $906,553).

The consolidated entity made significant progress during the financial year in progressing its phosphate exploration projects and reshaping its exploration portfolio in preparation for an initial public offer on the Australian Securities Exchange.

Fertoz completed a field programing on its flagship Wapiti East Project during the financial year consisting of reconnaissance rock sampling followed up by a small diamond drilling program. The surface sampling program and subsequent core drilling in October 2012 was able to produce encouraging results. Grab samples assayed up to 35.5% P_2O_5 and a section in Hole WF-12-03 returned a weighted average of 20.03 % P_2O_5 over a width of 1.45 metres at a depth of 12.66 metres.

Consistent with the Company's strategy of focusing on its North American assets Fertoz relinquished a number of tenements in the Northern Territory and sold to FSL Corporation Pty Ltd the Winnecke and some of the Barkley tenements for $250,000 (GST exclusive), which was settled on 24 May 2013.

Significant changes in the state of affairs
Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

Issued capital increased by $1,663,979 (from $3,265,416 to $4,929,395) as the result of various share issues. Details of the changes in issued capital are disclosed in note 10 to the financial statements.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

The Company raised $4,000,000 (before costs) and listed on the Australian Securities Exchange on the 2nd September 2013 resulting in the issue of 20,000,000 ordinary shares taking the total issued capital of the Company to 45,009,595 Ordinary Shares.

Apart from the matter discussed above, no other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The Company is focused on the exploration of Wapiti, Crows Nest and Barnes Lake deposits in British Columbia Canada. The Company commenced exploration in September 2013 and intends to announce the results of that exploration as it progresses. The company will also seek to joint venture or sell its Australian assets to allow the company to focus its available funds on exploration and development activities in Canada.

Environmental regulation

The consolidated entity is subject to environmental regulations under laws of Queensland, Australia, Northern Territory, Australia and British Columbia, Canada where it holds mineral exploration tenements. During the financial year the consolidated entity's activities recorded no non-compliance issues.

Information on directors

Name:	Mr James Chisholm
Title:	Non-Executive Chairman
Qualifications:	B.Eng, MBA
Experience and expertise:	Mr Chisholm is a qualified engineer, having worked in the engineering, mining, oil and gas sectors for the past 28 years. James has worked on numerous resource construction and maintenance projects around Australia, primarily covering coal, iron ore, and agricultural mining and processing. James co-founded The Chairmen1 Pty Ltd which sold its assets to Guildford Coal Ltd (ASX: GUF), becoming its largest shareholder. James is experienced in start-up exploration and development companies.
Other current directorships:	Non-executive director of Ebony Coal Limited and non-executive Chairman of Atrum Coal NL (ASX: ATU).
Former directorships (in the last 3 years):	None.
Special responsibilities:	The board carries out the responsibilities of the Nomination and Remuneration and Audit and Risk Committees.
Interests in shares:	5,214,380 ordinary shares
Interests in options:	1,230,769

Information on directors (continued)

Name:	Dr Leslie Szonyi
Title:	Managing Director (appointed 29 May 2012) and Chief Executive Officer (appointed 21 January 2011).
Qualifications:	B. Eng, Ph.D. Chemical Engineering, Member of AICD
Experience and expertise:	Dr Les Szonyi has over 30 years' experience in the chemicals processing industry, including 18 years at Orica (formerly ICI Australia). He spent the five and a half years prior to joining Fertoz based in Central Queensland, leading Queensland Nitrates (QNP), an integrated manufacturer of ammonia, nitric acid and ammonium nitrate. Les has a track record of increasing shareholder value through enhanced commercial performance, contract negotiation, technical excellence, project management and superior operations and safety performance.
Other current directorships:	None.
Former directorships (in the last 3 years):	None.
Special responsibilities:	The board carries out the responsibilities of the Nomination and Remuneration and Audit and Risk Committees.
Interests in shares:	678,679 ordinary shares
Interests in options:	2,461,540

Name:	Mr Peter Bennetto
Title:	Non-executive Director
Qualifications:	Member of FSIA. Member of AICD
Experience and expertise:	Mr Bennetto has over 30 years' experience in banking and investment. He has had deep involvement in capital, currency and commodity markets with Societe Generale and Banque Indosuez. He has held company director positions in exploration, mining and manufacturing companies listed on the ASX since 1990 and is currently the non-executive chairman of Ironbark Zinc Ltd (ASX: IBG).
Other current directorships:	Ironbark Zinc Ltd (ASX: IBG)
Former directorships (in the last 3 years):	Waratah Resources Limited (ASX:WGO) resigned 23 January 2013.
Special responsibilities:	The board carries out the responsibilities of the Nomination and Remuneration and Audit and Risk Committees.
Interests in shares:	819,042 ordinary shares
Interests in options:	1,230,769

Information on directors (continued)

Name:	Mr Adrian Byass (appointed 4 September 2012)
Title:	Independent Director
Qualifications:	BSc (Hon), B.Econ, Member of Institute of Geoscientists, Member of Economic Geology.
Experience and expertise:	Mr Byass has over 18 years' experience in the mining and minerals industry. This experience has principally been gained through mining, resource estimation, mine development and exploration roles for several gold, base metals and speciality metal mining and exploration companies worldwide. Mr Byass is a Competent Person for reporting to the ASX for certain minerals. My Byass has also gained experience in corporate finance and financial modelling during his employment with publicly listed mining companies. He is currently managing director of Ironbark Zinc Limited.
Other current directorships:	Ironbark Zinc Limited (ASX: IBG), Corazon Mining Limited (ASX: CZN) and Plymouth Minerals Limited (ASX: PLH).
Former directorships (in the last 3 years):	Wolf Minerals Ltd (resigned 27th June 2013).
Special responsibilities:	The board carries out the responsibilities of the Nomination and Remuneration and Audit and Risk Committees.
Interests in shares:	130,000 ordinary shares (as at 2 September 2013)
Interests in options:	923,076

Company secretary

Mr McInally was appointed as Chief Financial Officer and Company Secretary on 4 October 2012. Mr Julien McInally (B.Bus ,CPA, MBA) is a CFO/Company Secretary with over 15 years of resource industry experience with public listed companies on the TSXV, AIM and ASX stock exchanges. He has expertise in capital raisings, mergers and acquisitions, project evaluation of complex mining projects, strategy, commercial agreements, statutory and management reporting and compliance and governance obligations of publicly listed companies.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each board committee held during the year ended 30 June 2013, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee*		Audit and Risk Committee*	
	Attended	Held	Attended	Held	Attended	Held
Mr James Chisholm	13	14	-	-	-	-
Dr Leslie Szonyi	14	14	-	-	-	-
Mr Peter Bennetto	13	14	-	-	-	-
Mr Adrian Byass	10	10	-	-	-	-

Held: represents the number of meetings held during the time the director held office.

* The Board of the Company undertake the responsibilities of both committees however given the Company was not listed on Australian Securities Exchange during the financial year ending 30 June 2013, no meetings where held or required to be held in relation to the committees of the Company.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

A Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board undertakes the responsibilities of the Nomination and Remuneration Committee and is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

Alignment to shareholders' interests:
- a focus on sustained growth in share price and key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors receive share options to ensure alignment with the Boards responsibility of creating shareholder wealth. The remuneration for the non-executive directors including the Chairman has been set at $36,000 per year.

ASX listing rules require the aggregate non-executive director’s remuneration be determined periodically by a general meeting. The most recent determination was at the General Meeting held on 29 May 2012, where the shareholders approved an aggregate remuneration of $250,000.

Remuneration report (audited) (continued)

Executive remuneration

The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The Company does not have short-term incentives ('STI') at this time.

Consolidated entity performance and link to remuneration

Because the consolidated entity is in exploration and not production, there is no direct relationship between the consolidated entity's financial performance and the level of remuneration paid to key management personnel.

The link between remuneration, company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company. Share prices are subject to the influence of international phosphate prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration.

Consolidated entity performance and link to remuneration (continued)

The company may issue options to provide an incentive for key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of key management personnel with those of the company's shareholders.

Use of remuneration consultants

The company did not engage remuneration consultants during the financial year ended 30 June 2013.

Voting and comments made at the company's 2012 Annual General Meeting ('AGM')

The consolidated entity was not listed on the Australian Securities Exchange at the time of the 2012 AGM, hence the remuneration report was not required to be presented to shareholders at that time. This remuneration report will be presented to shareholders at the 2013 AGM.

Remuneration report (audited) (continued)

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the key management personnel of consolidated entity are set out in the following tables. There were no other key management personnel of the consolidated entity other than the directors.

2013	Short-term benefits			Post-employment benefits	Share-based payments		
Name	**Cash salary and fees**	**Annual leave accrued**	**Non-monetary**	**Super-annuation**	**Options**	**Shares**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors:							
James Chisholm (Chairman)	-	-	-	-	109,084	-	109,084
Peter Bennetto	-	-	-	-	109,084	-	109,084
Adrian Byass*	-	-	-	-	106,077	-	106,077
Executive Directors:							
Leslie Szonyi	302,752	29,423	-	27,248	201,677	-	561,100
Total	302,752	29,423	-	27,248	525,922	-	885,345

* *Represents remuneration from 4 September 2012 to 30 June 2013*

2012	Short-term benefits			Post-employment benefits	Share-based payments		
Name	**Cash salary and fees**	**Bonus**	**Non-monetary**	**Super-annuation**	**Options**	**Shares**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors:							
James Chisholm (Chairman)	-	-	-	-	44,387	-	44,387
Peter Bennetto	-	-	-	-	44,387	-	44,387
Executive Directors:							
Leslie Szonyi	302,752	-	-	27,248	82,065	-	412,065
Total	302,752	-	-	27,248	170,839	-	500,839

Remuneration report (audited) (continued)

B Details of remuneration (continued)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Non-Executive Directors:						
James Chisholm	-%	-%	-%	-%	100%	-%
(Chairman)	-%	-%	-%	-%	100%	-%
Peter Bennetto	-%	-%	-%	-%	100%	-%
Adrian Byass						
Executive Directors:						
Leslie Szonyi	64%	80%	-%	-%	36%	20%

There was no proportion of the cash bonuses paid/payable or forfeited in either 2013 or 2012:

C Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Leslie Szonyi
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	4 April 2011
Term of agreement:	On-going
Details:	a) Base salary including superannuation guarantee levy is $330,000. The base salary is reviewed annually in accordance with increases the Consumer Price Index. b) If, with the approval of the Board, Dr Szonyi performs extra services or makes any special exertion for the benefit of the Company, then the Directors may (in accordance with the Constitution) approve the payment of special and additional remuneration in relation to such services; c) Dr Szonyi may terminate the Executive Agreement at any time by giving Fertoz not less than 6 months written notice; d) Fertoz Ltd may terminate the Executive Agreement: i. at any time by giving Dr Szonyi 12 months written notice, or payment in lieu of that notice; and ii. without prior notice in certain prescribed circumstances, including where Dr Szonyi commits a serious or persistent breach of the Executive Agreement.

The Company has entered into formalised service contracts with key management personnel excluding the Managing Director that are capable of termination with one months' notice. The Company retains the right to termination without prior notice for dishonesty or serious misconduct or neglect of duties. The service contracts outline the components of compensation but do not prescribe how compensation levels are modified year to year. The board reviews compensation levels each year to take into account cost of living changes, the Company and any change in scope of the role performed by the key management personnel.

Remuneration report (audited) (continued)

D Share-based compensation

Issue of shares

No shares were issued to directors and other key management personnel as part of compensation during the year ended 30 June 2013.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
3 September 2012	2 September 2014	1 September 2017	$0.25	$0.048
3 September 2012	2 September 2014	1 September 2017	$0.35	$0.042
3 September 2012	2 September 2014	1 September 2017	$0.45	$0.038

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2013 are set out below:

	Number of options granted		Number of options vested during	
Name	2013	2012	2013	2012
James Chisholm	-	1,230,769	-	-
Peter Bennetto	-	1,230,769	-	-
Adrian Byass	923,076	-	-	-
Leslie Szonyi	-	2,461,540	-	-

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2013 are set out below:

	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year
	$	$	$	$
Name				
James Chisholm	-	-	-	-
Peter Bennetto	-	-	-	-
Adrian Byass	128,000	-	-	-
Leslie Szonyi	-	-	-	-

Remuneration report (audited) (continued)

E Additional information

The earnings of the consolidated entity for the five years to 30 June 2013 are summarised below:

	2013 $	2012 $	2011 $	2010 $	2009 $
Sales revenue	-	-	-	-	-
EBITDA	(1,860,553)	(896,735)	(158,877)	-	-
EBIT	(1,862,095)	(886,540)	(159,382)	-	-
Profit after income tax	(1,867,270)	(884,994)	(164,927)	-	-

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Fertoz Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
29 May 2012	1 September 2017	$0.25	1,846,155
29 May 2012	1 September 2017	$0.35	1,230,769
29 May 2012	1 September 2017	$0.45	1,230,769
29 May 2012	1 September 2017	$0.55	615,385
6 July 2012	1 September 2017	$0.25	307,692
3 September 2012	1 September 2017	$0.25	307,692
3 September 2012	1 September 2017	$0.35	307,692
3 September 2012	1 September 2017	$0.45	307,692
24 April 2013	1 September 2017	$0.25	4,000,000
1 May 2013	1 September 2017	$0.25	461,538
Total			**10,615,384**

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Fertoz Limited issued during the year ended 30 June 2013 and up to the date of this report on the exercise of options granted.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001* . The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 3 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 3 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

● all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
● none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of BDO Audit Pty Ltd
There are no officers of the company who are former audit partners of BDO Audit Pty Ltd.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor
BDO Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

On behalf of the directors

James Chisholm
Chairman
30 September 2013
Brisbane

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Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY ANTHONY WHYTE TO THE DIRECTORS OF FERTOZ LIMITED

As lead auditor of Fertoz Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Fertoz Limited and the entities it controlled during the period.

A J Whyte
Director

BDO Audit Pty Ltd

Brisbane, 30 September 2013

FERTOZ LIMITED
ACN 145 951 622

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Revenue from continuing operations		-	4,000
Other income		14,650	627
		14,650	4,627
Expenses			
Cost of sales		-	9,666
Salaries and wages		926,543	532,821
Professional services		79,247	227,670
Interest expense		-	11,741
Depreciation		1,542	1,546
Travel		4,637	81,893
Finance costs		575	8,272
Impairment of exploration and evaluation assets		560,048	-
Loss on disposal of exploration and evaluation assets		290,515	-
Other		18,813	37,571
Profit/(loss) before income tax expense from continuing operations		(1,867,270)	(906,553)
Income tax expense	4	-	-
Profit/(loss) after income tax expense for the year		(1,867,270)	(906,553)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(1,867,270)	(906,553)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

FERTOZ LIMITED
ACN 145 951 622

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 $	2012 $
Assets			
Current assets			
Cash and cash equivalents	5	788,308	108,553
Trade and other receivables	6	445,405	24,324
Total current assets		1,233,713	132,877
Non-current assets			
Exploration and evaluation assets	7	1,728,918	2,293,272
Property, plant and equipment	8	1,039	2,581
Total non-current assets		1,729,957	2,295,853
Total assets		2,963,670	2,428,730
Current liabilities			
Trade and other payables	9	105,787	63,955
Total current liabilities		105,787	63,955
Total liabilities		105,787	63,955
Net assets		2,857,883	2,364,775
Equity			
Issued capital	10	4,929,395	3,265,416
Share-based payment reserve		867,238	170,839
Retained profits	11	(2,938,750)	(1,071,480)
		2,857,883	2,364,775

The above statement of financial position should be read in conjunction with the accompanying notes

FERTOZ LIMITED
ACN 145 951 622

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Issued capital $	Accumulated loss $	Share-based payment reserve $	Total equity $
Balance at 1 July 2011	945,000	(164,927)	-	780,073
Profit/(loss) after income tax expense for the year	-	(906,553)	-	(906,553)
Other comprehensive income for the year	-	-	-	-
Total comprehensive profit/(loss) for the year	-	(906,553)	-	(906,553)
Transaction with owners in their capacity as owners:				
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
Balance at 1 July 2012	3,265,416	(1,071,480)	170,839	2,364,775
Profit/(loss) after income tax expense for the year	-	(1,867,270)	-	(1,867,270)
Other comprehensive income for the year	-	-	-	-
Total comprehensive profit/(loss) for the year	-	(1,867,270)	-	(1,867,270)
Transaction with owners in their capacity as owners:				
Shares issued	1,663,979	-	-	1,663,979
Share-based payments	-	-	696,399	696,399
At 30 June 2013	4,929,395	(2,938,750)	867,238	2,857,883

The above statement of changes in equity should be read in conjunction with the accompanying notes

FERTOZ LIMITED
ACN 145 951 622

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Cash flows from operating activities			
Payments to suppliers and employees		(499,199)	(1,063,651)
Goods and services taxes recovered		62,715	55,215
Other income received		10,050	4,000
Interest received		4,600	627
Interest paid		(575)	(11,113)
Net cash from operating activities	17	(422,409)	(1,014,922)
Cash flows from investing activities			
Payment for exploration and evaluation		(536,209)	(952,779)
Receipts from sale of mining tenements		250,000	-
Net cash from investing activities		(286,209)	(952,779)
Cash flows from financing activities			
Proceeds from/(repayment of) borrowings		-	(1,000,000)
Proceeds from issue of shares		1,716,629	2,320,416
Payments for equity raising costs		(328,256)	-
Net cash from financing activities		1,388,373	1,320,416
Net increase/(decrease) in cash and cash equivalents		679,755	(647,285)
Cash and cash equivalents at the beginning of the financial period		108,553	755,838
Cash and cash equivalents at the end of the financial period	5	788,308	108,553

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1 - Statement of Significant Accounting Policies
The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated:

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been adopted early.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

General information
The financial report covers Fertoz Limited as a consolidated entity consisting of Fertoz Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Fertoz Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Fertoz Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 30 September 2013. The directors have the power to amend and reissue the financial report.

Basis of Preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed as a separate policy.

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

As disclosed in the financial statements, the Group recorded a operating loss of $1,867,270 and the net cash outflows from operating activities of $422,409 for the year ended 30 June 2013.

The Group has a working capital surplus at 30 June 2013 of $1,127,926 and expenditure commitments for the next 12 months of $200,000 as detailed in note 19.

Subsequent to the year end, the company raised $4,000,000 before costs as a result of issuing 20,000,000 ordinary shares and a listing on the Australian Securities Exchange (ASX).

Note 1 - Statement of Significant Accounting Policies (continued)

Basis of consolidation
In accordance with the *Corporations Act 2001,* these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 20.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Fertoz Limited ('company' or 'parent entity') as at 30 June 2013 and the results of all subsidiaries for the year then ended. Fertoz Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

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
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

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.

Interest revenue is recognised on a time proportion basis using the effective interest method.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 1 - Statement of Significant Accounting Policies (continued)

Income Tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Impairment
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset’s fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Financial assets
Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Note 1 - Statement of Significant Accounting Policies (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original 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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

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

Note 1 - Statement of Significant Accounting Policies (continued)

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)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Share based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Note 1 - Statement of Significant Accounting Policies (continued)

Share based payments (continued)
If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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

Foreign currency translation
The financial report is presented in Australian dollars, which is Fertoz Limited's functional and presentational currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 2 - Operating segments

Identification of reportable operating segments

The consolidated entity was organised into one operating segment, primarily being phosphate exploration in Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

More recently, the consolidated entity has shifted the focus of its exploration activities to areas of interest in Canada.

The consolidated entity's geographical information is as follows:

	Australia	**Canada**
	$	**$**
Non-current assets (2012)	2,281,790	14,063
Non-current assets (2013)	1,444,706	285,251

Note 3 - Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the company, its network firms and unrelated firms:

	2013	**2012**
	$	**$**
Audit of the financial statements for the year end 30 June	10,000	9,000
Other services	32,112	18,843
	42,112	27,843

Note 4 - Income tax	**$**	**$**
Unrecognised deferred tax asset/(liability)	654,987	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.

	2013	**2012**
Note 5 - Cash and cash equivalents	**$**	**$**
Cash at bank	788,308	108,553

	2013	**2012**
Note 6 - Trade and other receivables	**$**	**$**
Other receivables	8,873	-
Prepaid capital raising costs	411,033	-
GST receivable	25,499	24,324
	445,405	24,324

Note 7 - Exploration and evaluation assets	**$**	**$**
At cost	1,728,918	2,293,272

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

	2013	**2012**
	$	**$**
Carrying amount at beginning of period	2,293,272	1,340,493
Additions	536,209	952,779
Disposals	(540,515)	-
Less: impairment of exploration and evaluation assets	(560,048)	-
Carrying amount at end of period	1,728,918	2,293,272

Note 8 - Property, plant and equipment

	2013 $	2012 $
At cost	4,632	4,632
Less: Accumulated depreciation	(3,593)	(2,051)
	1,039	2,581

Movements in property, plant and equipment:

	2013 $	2012 $
Carrying amount at beginning of financial year	2,581	4,127
Additions	-	-
Depreciation expense	(1,542)	(1,546)
Carrying amount at end of financial year	1,039	2,581

Note 9 - Trade and other payables

	2013 $	2012 $
Trade creditors and accruals	105,787	61,955
Sundry creditors	-	2,000
	105,787	63,955

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

Note 10 - Issued capital

	2013 $	2012 $
Ordinary shares - fully paid	4,929,395	3,265,416

Movement in ordinary share capital:

Details	Date	Number of shares	Issue price ($)	$
Balance	1 July 2012	34,424,332		3,265,416
Issue of shares	27 July 2012 - 24 January 2013	4,974,764	0.0925	460,166
Rights Issue	31 January 2013 - 21 April 2013	25,215,421	0.03	756,463
Share consolidation: 3.25:1	4 April 2013	(44,733,127)		
Issue of shares	11 June 2013	5,128,205	0.0975	500,000
Capital raising costs				(52,650)
Balance at 30 June 2013		25,009,595		4,929,395

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Note 11 - Retained earnings	**2013**	**2012**
	$	**$**
Retained profit/(loss) at the beginning of the year	(1,071,480)	(164,927)
Profit/(loss) after income tax expense for the year	(1,867,270)	(906,553)
Retained profit/(loss) at the end of the year	(2,938,750)	(1,071,480)

Note 12 - Financial instruments

Financial risk management objectives
The consolidated entity'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.

Categories of financial instruments	**2013**	**2012**
	$	**$**
Financial Assets		
Cash and cash equivalents	788,308	108,553
Trade and other receivables	445,405	24,324
Total financial assets	1,233,713	132,877
Financial Liabilities		
Trade and other payables	105,787	63,955
Total financial liabilites	105,787	63,955

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

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)
Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities:

Maturity analysis 2013	Carrying $	Contractual $	< 6 Months $	6-12 Months $	1-3 Years $	> 3 Years $
Trade and Other Payables	105,787	105,787	105,787	-	-	-

Maturity analysis 2012	Carrying $	Contractual $	< 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	-	-	-

Fair value of financial instruments

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

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

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2013 $	2012 $
Short-term employee benefits	332,175	302,752
Post-employment benefits	27,248	27,248
Share-based payments	525,922	170,839
	885,345	500,839

Shareholding
The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Directors	Opening balance	Allotment	Rights issue	Shares consolidated	Subsequent allotment	Held at 30 June 2013
James Chisholm	10,505,341	982,866	5,458,529	(11,732,356)	-	5,214,380
Peter Bennetto	1,596,074	27,027	1,038,785	(1,842,844)	-	819,042
Adrian Byass	-	-	-	-	-	-
Leslie Szonyi	938,439	-	1,267,268	(1,527,028)	-	678,679
Total	**13,039,854**	**1,009,893**	**7,764,582**	**(15,102,228)**	-	**6,712,101**

Note 14 - Key management personnel (continued)

Option holding
The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Directors	Balance at the start of the year	Granted	Exercised	Expired/forfeited/ consolidated	Balance at the end of the year
James Chisholm	4,000,000	-	-	(2,769,231)	1,230,769
Peter Bennetto	4,000,000	-	-	(2,769,231)	1,230,769
Adrian Byass	-	3,000,000	-	(2,076,924)	923,076
Leslie Szonyi	8,000,000	-	-	(5,538,460)	2,461,540
Total	16,000,000	3,000,000	-	(13,153,846)	5,846,154

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:	2013 $	2012 $
Purchases		
Purchases of services from related parties	-	138,885

All purchases from related parties were on normal commercial terms.

Note 16 - Group entities

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

Note 17 - Reconciliation of cash flows from operating activities with operating results

	2013 $	2012 $
Loss for the period	(1,867,270)	(906,553)
Non cash flows in operating result:		
Depreciation	1,542	1,546
Share-based payment expense	560,972	170,839
Impairment of exploration and evaluation assets	560,048	-
Loss on disposal of exploration and evaluation assets	290,515	-
Movements in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(10,048)	33,015
Increase/(decrease) in trade and other payables	41,832	(313,769)
Net cash inflow/(outflow) from operating activities	(422,409)	(1,014,922)

Note 18 - Share-based payments

	2013 $	2012 $
Share-based payment expense recognised during the year ended 30 June 2013:		
Options issued to directors	525,922	170,839
Options issued to other management	23,024	-
Options issued to other parties	12,026	-
	560,972	170,839

Note 18 - Share-based payments (continued)

Details of options outstanding that were granted during the 2012 financial year and the year ended 30 June 2013 are as follows:

2013

Grant date	Expiry date	Exercise price ($)	Balance at beginning of year	Granted during the year	Expired/forefeited/ consolidated during the year	Exercised	Balance at end of year
29/05/2012	01/09/2017	0.25	6,000,000	-	(4,153,846)	-	1,846,154
29/05/2012	01/09/2017	0.35	4,000,000	-	(2,769,231)	-	1,230,769
29/05/2012	01/09/2017	0.45	4,000,000	-	(2,769,231)	-	1,230,769
29/05/2012	01/09/2017	0.55	2,000,000	-	(1,384,615)	-	615,385
06/07/2012	01/09/2017	0.25	-	1,000,000	(692,308)	-	307,692
03/09/2012	01/09/2017	0.25	-	1,000,000	(692,308)	-	307,692
03/09/2012	01/09/2017	0.35	-	1,000,000	(692,308)	-	307,692
03/09/2012	01/09/2017	0.45	-	1,000,000	(692,308)	-	307,692
24/04/2013	01/09/2017	0.25	-	4,000,000	-	-	4,000,000
01/05/2013	01/09/2017	0.25	-	307,692	-	-	307,692
01/05/2013	01/09/2017	0.25	-	153,846	-	-	153,846
Total			16,000,000	8,461,538	(13,846,154)	-	10,615,384

2012

Grant date	Exercise date	Exercise price ($)	Balance at beginning of year	Granted during the year	Expired or forefeited during the year	Exercised	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
Total			-	16,000,000	-	-	16,000,000

The weighted average remaining contractual life of share options outstanding at 30 June 2013 was 4.2 years (2012: 5.2 years).

The weighted average fair value of options granted during year ended 30 June 2013 prior to the share consolidation on 4 April 2013 was 4.0 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 ended 30 June 2013 prior to the share consolidation on 4 April 2013 were as follows:

- Grant date	06/07/2012 - 03/09/2012
- Expiry date	01/09/2017
- Market price at grant date	$0.0925
- Exercise price	$0.25 - $0.45
- Expected volatility	93%
- Dividend yield	0%
- Risk-free interest rate	2.28% - 2.42%
- Fair value at grant date	$0.048 - $0.027

Options granted after the share consolidation on 4 April 2013 were granted to service providers. The fair value of these options was determined with reference to the fair value of the services provided.

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:

	2013 $	2012 $
- due within one year	150,000	2,144,698
- due after one year and within five years	985,000	2,679,198
- due after five years	-	-
	1,135,000	4,823,896

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.

	2013 $	2012 $
Financial position		
Current assets	1,526,111	149,565
Non-current assets	1,449,246	2,290,853
Total assets	2,975,357	2,440,418
Current liabilities	105,787	63,955
Non-current liabilities	-	-
Total liabilities	105,787	63,955
Net assets	2,869,570	2,376,463
Shareholders' equity		
Issued capital	4,929,395	3,265,416
Share-based payment reserve	867,238	170,839
Accumulated loss	(2,927,063)	(1,059,792)
Total equity	2,869,570	2,376,463

	2013 $	2012 $
Profit/(loss) for the year	(1,867,270)	(894,865)
Total comprehensive income/(loss) for the year	(1,867,270)	(894,865)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2013 and 30 June 2012.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2013 and 30 June 2012.

Capital commitments
The parent entity had no capital commitments as at 30 June 2013 and 30 June 2012.

Note 21 - Earnings per share

	2013	2012
Earnings per share from continuing operations	$	$
Profit/(loss) after income tax	(1,867,270)	(906,553)
Weighted average number of ordinary shares used in calculated basic earnings per share	32,186,149	185,628,682
Basic and diluted earnings per share	-0.058	-0.005

At 30 June 2013, 10,615,284 (2012: 16,000,000 pre consolidation) options were outstanding which could potentially dilute basic earnings per share in the future. Because there is a loss from continuing operations, these would have an anti-dilutive effect and therefore diluted earnings per share is the same as the basic earnings per share.

Note 22 - Events subsequent to reporting date

On 2 September 2013, Fertoz Limited listed on the Australian Securities Exchange (ASX), resulting in the issue of 20,000,000 ordinary shares for $4,000,000 before costs.

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 LIMITED
ACN 145 951 622

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2013

The directors of the Company declare that:

1 The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes:

(a) comply with Australian Accounting Standards and the *Corporation Regulations 2001* ; and

(b) give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date.

2 The consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards;

3 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.

4 The remuneration disclosures set out in the Directors' Report (as part of the audited Remuneration Report) for the year ended 30 June 2013 comply with section 300A of the *Corporation Act 2001* .

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001* .

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:

James

....
Director: James Chisholm

Date: 30 September 2013

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INDEPENDENT AUDITOR'S REPORT

To the members of Fertoz Ltd

Report on the Financial Report

We have audited the accompanying financial report of Fertoz Ltd, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 Stat*ements, 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 company'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 company'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 *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Fertoz Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Fertoz Ltd is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Fertoz Ltd for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

A J Whyte
Director

Brisbane, 30 September 2013