

FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer: Pan American Fertilizer Corp. (the "Issuer").

Trading Symbol: PAF

Number of Outstanding Listed Securities: 42,056,891

Date: September 30, 2012

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

Pan American Fertilizer Corp. (the "Issuer") is a junior exploration company and currently holds the mining rights to develop and explore the Estela Cecilia property (the "Estela Cecilia Property"), which is an

approximate 1,406 hectare calcium sulfate property in Santiago del Estero, Argentina.

2. Provide a general overview and discussion of the activities of management.

In September 2012, management entered into a loan agreement (the "Loan Agreement") with an arm's length lender ("Lender"), in the principal amount of \$375,000, due in one (1) year from the date of issuance of loan ("Due Date"). The Loan is 12% interest bearing per annum accrued and payable at the Due Date, secured with a first priority general security over all of the assets. The Lender has the first right to ask for repayment from proceeds of any future equity financings completed by the Issuer. If the Issuer does not repay the loan when due, the Issuer is to pay a lump-sum of \$30,000 as penalty in addition to the principal amount and the accrued interest.

As additional compensation, the Issuer is to issue the Lender 50,000 common shares of the Issuer on the earlier of (i) the Due Date and (ii) the closing of any future financing or restructuring of equity.

The purpose of the Loan is to provide the Issuer with further working capital.

In September 2012, management entered into an arrangement agreement (the "Arrangement Agreement") with Pacific Potash Corporation ("Pacific Potash") to acquire 100% of the issued and outstanding common shares of Pacific Potash by way of a statutory plan of arrangement (the "Transaction") which will constitute a "major acquisition" for the Issuer under the policies of the Canadian National Stock Exchange (the "CNSX").

In connection with the Transaction, a wholly owned subsidiary of the Issuer ("Subco"), will amalgamate with Pacific Potash, the amalgamated company will become a wholly-owned subsidiary of the Issuer and the Issuer will issue securities to the former security holders of Pacific Potash. The Issuer's securities will be issued on the basis of one Pacific Potash security for 0.6312 of the Issuer's security (the "Exchange Ratio"), such that the Issuer is expected to issue an aggregate of 25,234,135 common shares and 13,411,227 options or warrants to the security holders of Pacific Potash. Any options or warrants issued by the Issuer will have the same terms as the currently outstanding Pacific Potash options or warrants, subject to adjustment pursuant to the Exchange Ratio.

The parties have agreed to work diligently to close the Transaction no later than December 31, 2012 (the "Closing"). The Transaction is subject to the satisfaction or waiver of the conditions set out in the Arrangement Agreement, including receipt of an order of the Supreme Court of British Columbia, the approval of the CNSX and TSX Venture Exchange ("TSXV")

and the approval by a special majority of the Pacific Potash shareholders. There can be no assurance that the Transaction will be completed as proposed or at all.

The Issuer's common shares are currently listed on the CNSX. It is currently anticipated that the Issuer will make an application for listing on the TSXV upon closing of the Transaction. The listing is conditional upon receipt of all applicable regulatory approvals, including approval of the TSXV. There can be no assurance that such listing will be completed.

In connection with the Transaction, the Issuer intends to complete a private placement of units (each a "Unit") and subscription receipts (each a "Subscription Receipt") at a price of \$0.40 per Unit or Subscription Receipt, as applicable, for total aggregate minimum gross proceeds of \$2,000,000 and maximum aggregate gross proceeds of \$5,000,000 (the "Concurrent Financing"). Each Subscription Receipt will be deemed to be exchanged upon certain release conditions being met, without payment of any additional consideration, for one Unit. Each Unit will be comprised of one common share of the Issuer and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one common share of the Issuer at a price of \$0.60 for a period of two years from the Closing Date. The Warrants are subject to an accelerated expiry whereby if the volume weighted average trading price of the Issuer's common shares exceeds \$0.95 for a period of 20 consecutive trading days, the Issuer may provide notice to the Warrant holders of early expiry and the Warrants will expire on the date which is 30 days after the date of such notice.

The securities to be issued in the Concurrent Financing will be exempt from the prospectus and registration requirements of applicable securities laws in Canada. All such securities will be subject to a hold period of four months and one day from the date of closing of the Concurrent Financing.

In connection with the Concurrent Financing and the Transaction, the Issuer may pay finder's fees in cash, securities or a combination of both, up to the maximum amount permitted by the TSXV or CNSX, as applicable.

The Issuer intends to use the proceeds of the Concurrent Financing to fund the costs of the Transaction and to fund the general working capital expenses of the resulting issuer.

Upon completion of the Transaction, it is anticipated that the board of directors will consist of seven members, four of which will be nominees of the Issuer and three of which will be nominees of Pacific Potash. It is currently expected that the board will be comprised of the following directors:

Randy Wright - Mr. Wright has over 30 years experience in oil & gas, construction, power generation and mining industries, much of this experience being in South America. He has founded, owned and operated several companies throughout the course of his career. Prior to becoming the President and CEO of the Issuer, he owned a company primarily focused on providing oil and gas energy services which experienced growth in gross sales to \$120 million.

Ben Wendland - Mr. Wendland comes from a background of construction and real estate development. Mr. Wendland combines work in the profit sector with leadership in the not-for-profit arena. Since developing a chain of business career training institutions, and leading a software company, Mr. Wendland is now CEO of a marine transportation company in Richmond, B.C., Hodder Tugboat Co. Ltd. Formerly chair of the Better Business Bureau of British Columbia. Mr. Wendland currently works with the ALS Society of Canada, Millennium Relief and Development Canada, as well as an orphanage in Uganda caring for 2600, Watoto Childcare Ministries.

Dean Pekeski - Mr. Pekeski is a Professional Geologist registered in the provinces of Manitoba and Saskatchewan. He is a graduate from the University of Western Ontario with over 17 years experience in mineral exploration. From April 1996 until March 2008, Mr. Pekeski was employed as an exploration geologist and project manager for Rio Tinto Exploration where he explored for base metal and diamond deposits across Canada, Southern Africa, and India. Mr. Pekeski's accomplishments include leading the Rio Tinto exploration team that discovered, and evaluated the diamondiferous Bunder kimberlites in India. His most recent responsibilities included managing Rio Tinto's diamond exploration programs in North America. He currently manages Western Potash Corporation's Potash Exploration Programs.

Steve Khan - Mr. Khan currently serves as President, Director and Chairman of Strathmore Minerals and is a founder and former senior executive officer of Fission Energy as well as Director for several other TSXV listed companies. He is also a former senior executive of a number of Canadian national brokerage houses. Mr. Khan has initiated and managed major joint venture projects with Chinese and Korean and a Global Fortune 500 Japanese private Company. He has over 27 years of leadership in the global venture capital markets. He has earned a BSc. and MBA from UBC, and is a Chartered Financial Analyst.

Jody Dahrouge – Mr. Dahrouge currently serves as the Senior Vice President of Exploration and a Director for Pacific Potash Corporation, acting as the Company's Qualified Person for the purpose of NI 43-101. Jody is a member of the Association of Professional Engineers, Geologists

and Geophysicists of Alberta and British Columbia, and the President of Dahrouge Geological Consulting Ltd. He has over 20 years' experience in asset analysis, M&A evaluation, and international mining exploration.

Carlos Fernandez Mazzi - Carlos H. Fernandez Mazzi is currently the CEO and Director of Dicon Gold, a private gold company focused on acquiring distressed production opportunities in Latin America. Carlos is also on the Board of Levon Resources leading the Project Development Committee for the Cordero project. Previously, Mr. Fernandez Mazzi was CEO of the William J. Clinton Foundation's Clinton Giustra Sustainable Growth Initiative, which has been financially backed by Frank Giustra and Carlos Slim Helu with an initial commitment of \$100 million dollars each. Previously, Carlos, as local CEO, spearheaded the strategy, financing, and development of the San Cristobal silver mine in Bolivia. With over \$1.0 billion of investment in one of the poorest districts in the country, this project gained international recognition for sustainable solutions to human development while building social capital by providing economic opportunities through social entrepreneurship initiatives.

Ignacio J. Randle - Ignacio Randle, working out of Buenos Aires, Argentina, advises domestic and foreign clients in international business transactions, transnational investment, and M&As, with emphasis in energy and natural resources projects. He is recognized globally as one of the world's top mining lawyers. His mining practice covers exploration, development and production; including title review, due diligence, permitting, engineering, construction, operation, option, lease, royalty, purchase and joint-venture agreements, as well as mining-related compliance, litigation, tax, regulatory, private and public financing, employment, corporate, community and environmental health and safety matters. He received his law degree from the Catholic University of Argentina in 1986 and his Master in Laws (LLM) degree from the University of Chicago Law School in 1990. He practiced as a foreign attorney with Baker & Botts in Houston, Texas and in Washington, DC, and with McDermott, Will & Emery in Chicago, Illinois.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

The Issuer did not commence any drilling or exploration program in September 2012.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

No drilling, exploration or production programs were amended or abandoned during the month of September 2012.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

Not applicable for the preceding month.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

Not applicable for the preceding month.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

In September 2012, the Issuer entered into a mining lease agreement (the "Agreement") in respect of the El Tableado property (the "Property") with Luis Peschiutta ("Peschiutta") to acquire exploration rights to the Property. The Property has a surface area of approximately 2,200 hectares and is located in the Province of Santiago del Estero in northern Argentina.

Pursuant to the terms of the Agreement, the Issuer has been granted the right to explore the Property for a quarry of gypsum for an initial term of 20 years and will be responsible to lead all mining exploration and exploitation activities. If, after one year, operations on the Property are not economically feasible, the Issuer has the right to terminate the Agreement by providing two-months notice. Both parties have agreed to re-negotiate a new agreement at the end of the term.

As compensation, effective November, 2012, the Issuer will pay Peschiutta the greater of (i) US\$5,000 per month and (ii) US\$2.00 per ton extracted from the Property per month (the "Lease Price"). The parties have agreed to re-negotiate the Lease Price every twelve months throughout the term.

The Property has not had previous exploration and is not currently permitted for exploration. The Issuer is in the process of applying for an exploration permit for the Property.

8. Describe the acquisition of new customers or loss of customers.

Not applicable for the preceding month.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

Not applicable for the preceding month.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

Not applicable for the preceding month.

11. Report on any labour disputes and resolutions of those disputes if applicable.

None.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

Please refer to item 2, paragraph 1 regarding the Loan Agreement.

14. Provide details of any securities issued and options or warrants granted.

Name of Optionee	No. of Optioned Shares	Details of Issuance			Use of Proceeds(1)
		Exercise Price	Grant Date	Expiry Date	
No share, option or warrant issued in September 2012.					

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

None.

16. Provide details of any changes in directors, officers or committee members.

None.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

a. **All of the properties on which the Issuer owns or leases are currently in the exploration and development stages where high quality agricultural gypsum is mined. Development of any of the properties will only follow upon obtaining satisfactory results of property assessment.**

b. **Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that the Issuer's exploration and development activities will result in any discoveries of commercial bodies or ore or minerals. The long-term profitability of the Issuer's operations will be in part directly related to the cost and success of its exploration and subsequent evaluation programs, which may be affected by a number of factors. These include the particular attributes of the mineral deposit including the quantity and quality of the ore, proximity to or cost to develop infrastructure for extraction, financing costs, mineral prices and the competitive nature of the industry.**

c. **Governmental regulations including those relating to prices, taxes, royalties, land tenure and use, the environment and the importing and**

exporting of minerals are of key importance to the Issuer. The effects of these factors cannot be accurately predicted, but any combination of them may result in the Issuer not receiving an adequate return on invested capital.

- d. Substantial expenditures are also required to establish reserves, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. In the absence of cash flow from operations, the Issuer relies on capital markets and joint venture partners to fund its exploration and evaluation activities. There can be no assurance that adequate funding will be available for these purposes when required.

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: October 3, 2012

Herrick Lau
Name of Senior Officer

"Herrick Lau"
Signature

Chief Financial Officer
Official Capacity

Issuer Details	For Month End	Date of Report
Name of Issuer		YY/MM/D
Pan American fertilizer Corp.	September 2012	12/10/03
Issuer Address		
601 - 570 Granville Street		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
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Contact Name	Contact	Contact Telephone No.
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