

Fertoz

17 July 2018

Dear Fertoz Shareholder / Option Holder,

Re: Option Exercise – 18 cent option expiring 7th August and 29th September 2018

Good day,

I hope from our continuous disclosure through ASX announcements, you'll see that Fertoz is on a steady growth track. Starting any new product, but particularly an agricultural product, is a slow, detailed step-wise process, but I hope you'll agree, we are starting to see the rewards of years of hard work and careful planning. We set clear goals and are executing on those. While you have seen the announcements, I would like to emphasize a few key drivers:

- Fertag in AUS is growing in customers and volumes. Fertag will be a steady source of positive cash flow to Fertoz (ASX announcement 25.6.18 and 7.3.18).
- For North America, we set a calendar 2018 goal of 10,000 tonnes sold. As you read (ASX announcement 5.4.18), we surpassed that by end March 2018, with a large order. Record spring rains slowed all spring shipments, but we are catching up now. We are moving about 1,000 tonnes per week. We have a strong "Fall Fill" sales program going on now, but also asking for indications for 2019 (ASX announcement 25.6.18). As highlighted in ASX announcement 25.6.18 Fertoz is also working hard on delivering exploration and production targets for the new Alberta leases contiguous to the Fernie BC leases; including appropriate permitting.
- We continue to expand the Distribution Network. We have Providence Grain (ASX announcement 14.12.17) and Limoges in Canada (ASX announcement 19.3.18) and Ag Unlimited (ASX announcement 19.2.18) in the US. We are in negotiations with a number of key distributor groups with an aim to ensure North American coverage of all major agricultural regions. As highlighted in the "BMO Conference Presentation, ASX announcement 17.5.18", Fertoz is targeting 5 additional distributor agreements. I encourage all shareholders and potential shareholders to



Registered Office
Unit 1B, 205 – 207
Johnston St, Fitzroy
Vic, 3065
Ph: 03 9191 0135
office@ferto.com
www.ferto.com

Board of Directors
Executive Chairman
Non-Executive Director
Non-Executive Director
Non-Executive Director
Company Secretary

P. Avery
J. Chisholm
A. Byass
S. Richardson
J. Stedwell

Key Projects

| | |
|-------------------|--------------------|
| Wapiti | Ownership: 100% |
| Fernie | Ownership: 100% |
| Fertoz Ltd | A.C.N. 145 951 622 |

read the BMO conference presentation for detailed market analysis on the organic markets in North America and the opportunity that Fertoz is targeting.

- Based on these trends and progress, I am fully committed to our goals of 30,000-50,000 tonnes in 2019 and 100,000 tonnes in 2020. (ASX announcement 'conference call 6.4.18 and BMO conference presentation 17.5.18). And, as you know, I tend to be cautious about predictions.
- We are coming up on the months where shareholders can exercise their options, and I would sure encourage you to do so. If we get a large group to convert, it is Fertoz's goal to not have another capital raise. Fertoz is focused on delivering cashflow breakeven (ASX announcement 17.5.18) in Q4 2018 and generating positive cashflow from operations in 2019.

As I related, Fertoz has taken some time to grow. Agriculture is a slow adoption curve, but once going, can expand quickly. We try to supply substantive announcements and updates on key drivers. Not to sugar coat it, there will always be challenges, weather, rain, drought, rail or trucking strikes, but overall, year to year, ag is a great market. I love this company and field, so I'll try not to inundate you with too much information!

I will be in Australia in late July, early August, and I am really looking forward to updating folks (if you want a meeting please contact Stuart Richardson Non-Executive Director - +61 414 485 577 to arrange and I look forward to meeting with you).

Enclosed with this letter is your current option holding statement and an option exercise form. If you have any questions about these documents or your options please contact Justyn Stedwell Company Secretary - +61(0)3 9191 0135.

Thanks again for your support,



Pat Avery
Executive Chairman