



26 JULY 2018

ASX RELEASE / MEDIA RELEASE

QUARTERLY ACTIVITIES REPORT JUNE 2018

HIGHLIGHTS

- Shipments to customers of the sales reported early in the quarter commenced in late June. As such, June quarterly cash receipts of \$334k do not yet reflect the cash flow impact of recently reported sales. A material increase in cash receipts from customers is expected in the September and December 2018 quarters
- Fertoz enters the booming cannabis supply market in Canada – fertiliser demand growing ahead of recreational legalisation
- Fertoz expands mining footprint in Alberta, acquiring an additional 700ha of mineral claims
- Sales expands in North America and Australia and new customers added in Saskatchewan
- Production from Mexican partner set to ramp up, allowing Fertoz to grow new market in southern USA
- Australian operations continue to improve with increased sales, repeat customers, new customers and successful trials
- Stuart Richardson appointed as a Non-Executive Director
- Oversubscribed \$2 million capital raising completed to meet growing North American demand and improve logistics.

Phosphate exploration and development company, Fertoz (“Fertoz” or the “Company”, ASX: FTZ) is pleased to provide an update of activities during the quarter ending 30 June 2018.

Fertoz Executive Chairman Patrick Avery stated:

“Following up with our strong March quarter, Fertoz continued its momentum across several key areas. We made strategic appointments to our sales team as well as our Board, we expanded our landholding in Alberta, added new customers in Saskatchewan and pushed ahead with trials and sales strategies despite rain and flooding affecting our operations in North America.

“We identified a significant opportunity to provide organic fertiliser for cannabis growers in Canada as the market continues to grow. Canada will legislate recreational cannabis use on October 17, 2018 which is expected to be a C\$6.5 billion per annum industry, and Fertoz has positioned itself as an experienced supplier of organic rock phosphate to this booming market. Two large suppliers to the cannabis industry are trialling our products, which is promising. Phosphate is a major nutrient needed for cannabis development, so this offers a great opportunity for our operations to grow.

ASX: FTZ



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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
Fernie
Dry Ridge

Ownership: 100%
Ownership: 100%
Option

Fertoz Ltd

A.C.N. 145 951 622

“Our operations in Australia also continue to grow steadily, building its sales figures, return customers and new customers. The market is coming to appreciate what we offer and the substantial crop size increase that can be achieved by using our products.

“Following weather delays, in late June we commenced shipments to customers of the sales we reported in early April. We expect progressive settlement of those sales in the September and December quarters, with an associated material increase in cash generation in the second half of CY18. Fertoz is using the summer months to increase phosphate production so the Company can meet anticipated 2018 Fall demand and sales into Spring 2019 delivery. “



Figure 1: Processing phosphate for customer deliveries in Canada and the USA

SUMMARY

North America

- With the legalisation of recreational cannabis in Canada planned in October 2018, Fertoz has witnessed growth in both conventional and organic markets and the market is expected to grow at 30% pa.
- Fertoz has been working with cannabis producers to position itself as a credible source of reliable agronomic information and a premium supplier of organic fertilisers for cannabis plants.
- Fertoz has undertaken a field testing program at the Mackenzie Research Station, Fort Vermillion AB, to demonstrate the effectiveness of its rock phosphate blends on boosting yields and early growth parameters such as root, stem and leaf development, on several crop types.

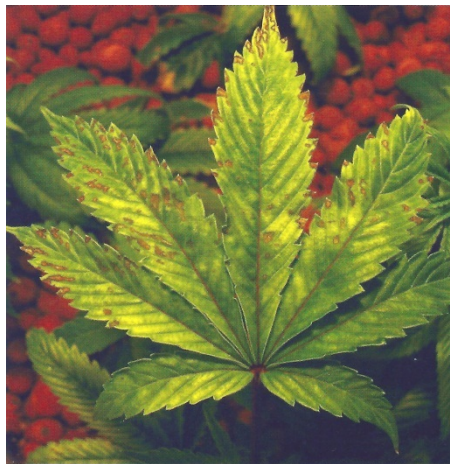


Figure 2: Phosphorus deficiency in cannabis plants

- Fertoz continues to collect field data that farmers require to switch to organic farming. Other trials underway are with humates, sulphur, polymer coatings and soon volcanic rock dust.
- Progress made with Mexican partner Krezco as partnership looks to ramp up production and feed organic fertilisers into the southern US states.
- Fertoz traced the Fernie deposit into Alberta and made claims for an additional 700ha of mineral landholding.
- Logging company has felled trees at Fernie, Marten Lease, improving access to the phosphate deposit.
- Fertoz expanded its North American team of employees, consultants and representatives, with most of the sales representatives having 20 to 30 years of experience in resources or agriculture
- Fertoz presented at the BMO Agriculture Conference in New York – one of the major fertiliser conferences of the year, attended by the major farm input groups such as Nutrien (formerly Agrium and Potash Corp), Mosaic, CF Industries, the Anderson Group and large food groups such as Tysons, Pilgrim’s Pride, Dean Foods and Sprouts.
- Rains and flooding in parts of North America delayed processing and trucking of ore for part of the quarter, however these conditions eased in June, allowing processing and deliveries to pick up. Deliveries are on track to boost revenue in the 2018 fall (autumn) months.



Figure 3: Logging operations on Marten leases

Australia

- Australian operations continue to improve in terms of sales, number of repeat customers, number of new customers and number of successful trials.
- In a demonstration of FertAg 0-8-0, a fennel grower harvested a fennel bulb that was 2.1kg, compared to the average size of 420g each – a yield improvement of nearly 400%.



Figure 4: Canola trials at Mackenzie Research Station

Planned Activities for September Quarter 2018

For the coming quarter, Fertoz is focused on delivering value through:

- More sales contracts - targeting fall 2018 sales and indications and planning for Spring 2019
- Additional distribution partnerships
- Executing on improving Mexico opportunities and sales
- Educating dealers and growers with our summer research trails, new marketing materials, and increased calls to our North American organic growers list.

SAFETY

There were no lost time injuries or environmental incidents recorded during the quarter 30 June 2018.

CORPORATE

Director Appointment

Fertoz appointed Stuart Richardson as a non-executive director during the quarter.

Mr Richardson has extensive experience with more than 35 years in capital markets in Australia and overseas in the field of investment banking and stockbroking. He is a founding director of Blackwood Capital Limited, an Australian-based investment bank operating in capital markets, advisory and funds management in equities and private equity.

He holds a Bachelor of Business from Swinburne University of Technology, Melbourne Australia and is a CPA. Mr Richardson is a non-executive director of Abundant Produce Limited (ABT) and XTD Limited (XTD).



Figure 5: Wheat trials at Mackenzie Research Station

Executive Chairman's contract

Fertoz entered a new consultancy agreement with Executive Chairman Pat Avery after the previous contract expired. Mr Avery was appointed for three years from 1 June 2018.

Mr Avery's remuneration will increase to US\$20,000 per month effective from 1 January 2019 and thereafter will be reviewed annually by the Company. In addition, Mr Avery will receive the following performance package which is subject to approval by shareholders at a General Meeting:

- a) 2,000,000 fully paid ordinary shares upon signing of consultancy agreement.

- b) 1,000,000 fully paid ordinary shares upon the Company's share price closing at 28c or above for 10 consecutive trading days before 1 June 2021.
- c) 1,000,000 fully paid ordinary shares upon the Company's share price closing at 38c or above for 10 consecutive trading days before 1 June 2021.
- d) 1,000,000 fully paid ordinary shares upon the Company's share price closing at 50c or above for 10 consecutive trading days before 1 June 2021.
- e) 1,000,000 fully paid ordinary shares upon the Company's share price closing at 60c or above for 10 consecutive trading days before 1 June 2021.
- f) US\$50,000 cash bonus paid once the Company reaches a minimum of \$1m EBIT as shown in audited annual accounts.
- g) US\$100,000 cash bonus paid once the Company reaches a minimum of \$3m EBIT as shown in audited annual accounts.
- h) US\$200,000 cash bonus paid once the Company reaches a minimum of \$5m EBIT as shown in audited annual accounts.

Mr Avery will be paid the amount equal to three (3) months base salary on termination, except for termination by the Company for cause and other certain conditions.

Oversubscribed share placement completed

In April, Fertoz announced it had received binding commitments to raise \$2.0 million in an oversubscribed placement of 11,764,706 shares to sophisticated and professional investors at \$0.17 per share. This placement was completed on 17 April 2018, with 2,309,224 issued pursuant to Listing Rule 7.1 and 9,455,482 were issued pursuant to Listing Rule 7.1A.

Fertoz will use funds to provide working capital as the Company works to meet the surge in demand for its products in North America, as well as pursue opportunities to enhance its logistics capability, with scope to boost shareholder value through joint ventures and/or vertical integration opportunities.

Cash

The Company has A\$1.86 million in cash as at 30 June 2018 and no significant loan balances owing.

Fertoz Tenements

A list of tenements is provided in Appendix 1.

For further information, please contact:

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TENEMENT LIST

Project Name	Tenement Number	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
Canada					
Wapiti Project - British Columbia, Canada					
Wapiti East					
WK-1	851942	100%	450.83	21/04/2021	Fertoz International
WK-2	851948	100%	451.02	21/04/2021	Fertoz International
WK-3	851952	100%	375.66	21/04/2021	Fertoz International
WK-4	851958	100%	451.2	21/04/2021	Fertoz International
WK-5	941760	100%	450.83	21/04/2021	Fertoz International
WK-6	941761	100%	469.87	21/04/2021	Fertoz International
WK-7	941762	100%	432.07	21/04/2021	Fertoz International
WK-8	941763	100%	413.49	21/04/2021	Fertoz International
WK-9	941764	100%	451.33	21/04/2021	Fertoz International
WK-10	941769	100%	432.53	21/04/2021	Fertoz International
WK-11	955278	100%	470.31	21/04/2021	Fertoz International
WK-12	956829	100%	37.56	21/04/2021	Fertoz International
WK-One	982744	100%	18.8	21/04/2021	Fertoz International
Wapiti NE	1015556	100%	375.54	21/04/2021	Fertoz International
Wapiti Two	1015557	100%	168.93	21/04/2021	Fertoz International
Wapiti South	1015558	100%	376.35	21/04/2021	Fertoz International
WAP S2	1018104	100%	451.82	21/04/2021	Fertoz International
WAP S3	1018106	100%	451.75	21/04/2021	Fertoz International
WAP S4	1018107	100%	451.93	21/04/2021	Fertoz International
WAP S5	1018108	100%	452.09	21/04/2021	Fertoz International
WAP S6	1018109	100%	452.3	21/04/2021	Fertoz International
Red Deer 1	1023921	100%	150.2	21/04/2021	Fertoz International
Red Deer 2	1023922	100%	206.3	21/04/2021	Fertoz International
Red Deer 3	1023923	100%	150.1	21/04/2021	Fertoz International
Munok	1029417	100%	207.38	21/04/2021	Fertoz International
Munok 1	1015626	100%	169.58	21/04/2021	Fertoz International
Belcourt 1	1015627	100%	113.27	21/04/2021	Fertoz International
Munok 2	1024783	100%	603.05	21/04/2021	Fertoz International
Belcourt 2	1024803	100%	301.76	21/04/2021	Fertoz International
Belcourt 3	1024806	100%	188.7	21/04/2021	Fertoz International

Project Name	Tenement Number	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
Belcourt 4	1024805	100%	339.78	21/04/2021	Fertoz International
Belcourt Link	1027037	100%	282.59	21/04/2021	Fertoz International
WAP 11	1027038	100%	168.94	21/04/2021	Fertoz International
South 1	1029488	100%	112.64	21/04/2021	Fertoz International
South 2	1029489	100%	376.16	21/04/2021	Fertoz International
South Road 2	1030777	100%	413.66	21/04/2021	Fertoz International

Wapiti Project total			11,870.32		
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Fernie Project

Barnes Lake

BL 1	1011319	100%	608.98	19/05/2019	Fertoz International
BL 2	1020873	100%	629.00	18/04/2019	Fertoz International
BL 3	1046619	100%	524.89	12/01/2019	Fertoz International

Barnes Lake Subtotal **1,762.87**

Crows Nest

Crows Nest	1023062	100%	1450.89	15/10/2021	Fertoz International
Crows 2	1023064	100%	38.67	15/10/2021	Fertoz International

Crows Nest Subtotal **1,489.56**

Marten

Marten 1	1024365	100%	754.32	29/06/2021	Fertoz International
Marten 2	1025533	100%	460.86	28/06/2021	Fertoz International
Marten Nth	1029979	100%	334.99	1/08/2021	Fertoz International
Marten E	103167	100%	188.48	23/09/2021	Fertoz International

Marten Subtotal **1,738.65**

Mt Lyne

Line 3	1042176	100%	187.0	19/02/2019	Fertoz International
Line 4	1042177	100%	332.8	19/02/2019	Fertoz International
Line 5	1042208	100%	290.7	20/02/2019	Fertoz International
Graves Lake1	1046686	100%	499.5	14/09/2018	Fertoz International

Mt Lyne Subtotal **1,310.0**

Project Name	Tenement Number	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
Bighorn					
RAM 1	1047502	100%	126.72	29/10/2021	Fertoz International
RAM 2	1050068	100%	253.48	16/03/2021	Fertoz International
RAM 3	1050069	100%	168.93	16/03/2021	Fertoz International
RAM 4	1050660	100%	105.64	10/03/2021	Fertoz International
RAM 5	1050661	100%	295.58	10/03/2021	Fertoz International
RAM 6	1050662	100%	253.5	10/03/2020	Fertoz International
BIGHORN 7	1050686	100%	211.28	11/03/2020	Fertoz International
BIGHORN Subtotal			1,415.11		
Fernie Project Total			7,716.2		
CrowsNest, Alberta, Canada					
TWP	9318030431	100%			Fertoz International
BIGHORN Subtotal					
Canada Total			19,586.60		