

Fertoz

27 March 2018

ASX RELEASE / MEDIA RELEASE

Fertoz Operational Update — Gaining Traction and Momentum

HIGHLIGHTS

- Fertoz has been selected as the preferred organic rock phosphate supplier to a major North American wholesaler and retailer
- All of the customers that placed orders placed in Fall 2017 have since reordered in larger volumes, providing a further indication of client satisfaction with the quality of the Fertoz product suite
- Building on distribution partnership strategy with ongoing high-level negotiations with up to eight major distributors
- Obtained registration with the Organic Materials Review Institute, providing Fertoz with further independent validation and helping organic customers to choose its products with confidence
- The Company reaffirms its 2018 sales target of 10,000 tonnes, and is updating indications weekly

Organic phosphate development company Fertoz Ltd (“**Fertoz**” or the “**Company**”, ASX: FTZ) is pleased to provide shareholders with an operational update, detailing the strong progress Fertoz continues to make across all operational and strategic fronts.

Fertoz Executive Chairman, Pat Avery, said:

“For North America, particularly Canada and northern-tier US, Spring is just arriving — but Fertoz is already seeing many promising signs of growth within the Company. As the Spring workload gets underway in North America, Fertoz continues to grow both in terms of sales and distribution, and we are pleased to take this opportunity to update our shareholders and supporters on what we are achieving.”

“The Company is striving ahead, executing on key goals, growth, sales, ore resources, and outreach, and I hope this is as encouraging to our shareholders as it is to myself and the entire Fertoz team.”

Mining

As final government and First Nations vetting is currently in process, the Company anticipates receiving the Fernie area Marten bulk sampling permit within the next few weeks. Receipt of this permit will allow for the commencement of a 9,000 tonne bulk sample to be mined and processed.

ASX : FTZ



Registered Office

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

Board of Directors

Executive Chairman
Non-Executive Director
Non-Executive Director
Company Secretary

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

Key Projects

Wapiti
Fernie

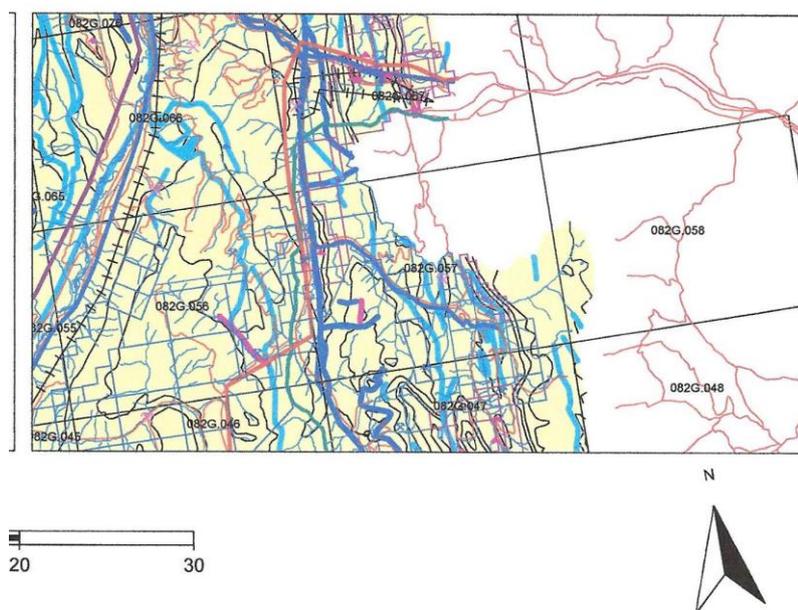
Ownership: 100%
Ownership: 100%

Fertoz Ltd

A.C.N. 145 951 622

Detailed geological work carried out by Fertoz has identified that the phosphate trend contained within the Crows Nest and Barnes Lake leases in British Columbia extends further into Alberta than previously expected. This significantly increases the phosphate tonnage potential along a 20km new trend of the Company's Fernie Project.

The Alberta shallow ore rock quality is consistent with the standards of the Fernie area phosphate, and likewise, road access is good. Fertoz has filed claims for the Alberta extension and is currently in the process of advancing permitting, which the Company hopes to receive shortly, as the Alberta permitting process is faster than the BC process and the area is closer to markets.



Map of Phosphate Trend in Alberta (blue lines)

Logistics

With increasing sales of Fertoz ore, the Company is currently utilising every facility in its portfolio. The Company will process ore at Beaverlodge, Alberta for northern AB sales, while ore and finished products will be moved from Butte, Montana, in addition to shipping several finished products from southeastern Alberta. Due to a cold period in early March that resulted in the ore freezing, Fertoz was unable to ship for a period of 12 days; however, the Company anticipates making up those orders by May.

Sales

Fertoz remains on target to deliver 10,000 tonnes of sales in 2018.

The Company is updating indications weekly and is pleased to report the positive step of the addition of a large North American retailer. This well-recognised group has selected the Fertoz rock phosphate for its organic line of products following extensive chemical, physical, and environmental testing.

It has been agreed by both parties that for strategic and competitive reasons, the Buyer will remain confidential at this time, so the Company can move product to a number of the Buyer's large

distributors and build a market and supply chain. The Company further advises that the Buyer is also investigating manufacturing a liquid product line from Fertoz ore.



Supersacks of Fertoz products ready for shipment

Orders taken through the first part of the year are demonstrating significant positive trends.

To date, Fertoz has sold or has secured orders and indications from customers in five Canadian provinces and more than 10 states in the US. This includes sales to all types of customers, including wholesale, retail and direct to growers.

Fertoz is extremely pleased to report that all customers who placed orders in Fall 2017 have since reordered in larger volumes: material proof of Fertoz's clients' satisfaction with the quality of the Company's products.

Compared to the Fall of 2017, when customers typically ordered small quantities to trial the product, the Company is now starting to ship multiple truck and rail loads to customers. Larger customers trialling Fertoz's products are tending to order full container loads of supersacks (pictured above) rather than just one or two sacks.

Several research and consulting agronomists are starting to recommend Fertoz products to their organic farmers. Some of these agronomists oversee hundreds of thousands of acres of organic production.

Distribution

Fertoz continues to execute its distribution strategy, having announced distribution agreements with market leaders Providence Grain, Ag Unlimited, and Limoges.

In addition, the Company is in high-level negotiations with up to eight additional high potential distributors in key geographic areas. It is the Company's intention to partner with well recognised regional groups which offer solid credibility in terms of their sales people, agronomists and products.

Fertoz believes that through partnerships such as these, the Company can significantly expand the volumes and selling quality of its innovative products.

Outreach and Advertising

To date, the Company has secured the following organic registrations: Procert, USDA, National Organic Program, California and Washington.

On the suggestion of several groups close to the Company, Fertoz has subsequently applied for and received an Organic Materials Review Institute (“OMRI”) registration and as such, Fertoz products are now OMRI certified. This will help to verify Fertoz’s credibility and assist organic customers to choose the Company’s products with confidence.

In addition, the Company is currently in the process of joining the California Certified Organic Farmers Organization.

The Fertoz product suite is now being sold in the Earthwise Organics catalogue which has a broad reach across North America, and the Company can ship direct to the buyers.

Publicity for Fertoz is increasing, with several trade publications featuring our news announcements and the Company continues to update and improve its website, resulting in increasing numbers of views and actions each month.

In addition, both the organic distribution and grower mailing lists continue to increase, further extending the Company’s outreach.

Finally, the Company is pleased to advise that it has been selected to present at the 13th Annual BMO Capital Markets ‘Farm to Market’ Food and Fertiliser Conference, held in New York on May 16-17 2018.

For further information, please contact:

Pat Avery

Executive Chairman

Fertoz Limited

m: +1 720 413 4520

Tim Dohrmann

Investor and Media Enquiries

NWR Communications

m: +61 468 420 846

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