



30 April 2018

ASX RELEASE / MEDIA RELEASE

QUARTERLY ACTIVITIES REPORT MARCH 2018

HIGHLIGHTS

- Fertoz exceeds CY18 sales target of 10,000 tonnes of phosphate within the first 4 months of the year
- Strong sales growth with quarter-on-quarter increase of over 100%
- Increased market penetration from two provinces in Canada as at December 2017 to five in Canada and 10 states in the USA as at March 2018
- Selling to a wide range of crops and geographies
- Signed MoU with Limoges Seed Farms to grow distribution and provide warehousing; Limoges will also test and trial new rock phosphate blends and sizes
- Selected as a supplier to AG Limited, the organic arm of the Lyman/Tremont Group of companies in California, for an initial period of two years
- Discussions continuing with numerous parties in relation to increasing marketing, sales and distribution agreements
- Based on positive sales trends, Fertoz raises \$2m in oversubscribed share placement to meet North American demand for products and pursue new growth opportunities

Phosphate exploration and development company, Fertoz (“Fertoz” or the “Company”, ASX: FTZ) is pleased to provide an update of activities during the quarter ending March 31, 2018.

Fertoz Executive Chairman Patrick Avery stated:

“Fertoz has come out of the gates strongly in 2018. At the start of the year, we set a goal for CY18 of 10,000 tonnes of sales, and I am proud to report that we surpassed that in the first four months of the year. As at the end of the March quarter, we have about 12,000 tonnes of sales on the books for 2018, and we are still in talks for more sales tonnage this fall.

“We also set clear goals in types of products, range of crops and sales in broad geographies, and we are executing on all of these. We are moving tonnes of our top 3-4 products. These products are designed for “ease of use” in fertiliser application - spin spreaders and air machines – and for fertigation. We are continuing to look for ways to enhance our rock phos products and availability.

“Our existing customers are returning with new larger orders for the coming seasons, and our on-going agronomic trials are expected to help grow demand even further in the year ahead.

ASX: FTZ



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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

Fertoz Ltd

Ownership: 100%
Ownership: 100%

A.C.N. 145 951 622

“The MoU signed with Limoges Seed, like our previously announced Distributor agreements with Providence Grain and Ag Unlimited, is expected to provide Fertoz with increased market penetration in Canada. Limoges Seed looks holistically at soil, crop and sustainability.

“Awareness of our product has continued to grow in recent months, and our case studies from our trials which demonstrate yield increases of between 10% and up to 50% provide important data to back up marketing and word-of-mouth awareness with solid proof of our product's performance.

“We continue to make progress on permits for the Fernie area bulk sampling permits and Wapiti Small Quarry permits. As recently related, we have found that the phosphate near Fernie extends into Alberta. This is high quality ore, and we have filed claims in Alberta. Permitting in Alberta is far more streamlined than in BC.

“In Australia, we have a strong sales pipeline with quotes in the market for more than 2,000 tonnes of material. The performance of our FertAg business in Australia continues its steady growth.

“The \$2 million placement completed in April will capitalise us to meet our growing demand as well as pursue several opportunities in terms of logistics and vertical integration.”

SUMMARY

North America

The Company continues to expand operations in North America, with sales during the first four months of the calendar year exceeding total sales during 2017. Based on customer feedback and the historical conversion rate of quotes to sales, the Company initially forecast total CY18 sales of 10,000 tonnes; the Company achieved and exceeded this goal in April 2018. Typically, four types of product are produced by Fertoz in North America:

- A 50 – 100 mesh crushed rock phosphate, which is spread by a spin-spreader or lime spreader. This product is also used by third-party fertiliser manufacturers to blend with their fertilisers.
- A granulated rock phosphate / sulphur blend which is typically placed in air-seeders and dropped into the furrow with seeds when crops are planted.
- A 2.0mm granulated rock phosphate at the size for air machines and spreaders.
- A 325 mesh, very fine ground rock that is mixed in water and used as a liquid fertiliser and for fertigation. This product is also used by other third-party fertiliser manufacturers to blend with their fertiliser products.

The Company has developed good working relations with various logistics companies over the last twelve months and this is aiding the Company's ability to deliver various products to both distributors and to major agricultural groups. Positive word-of-mouth marketing has increased noticeably, as have the number of website hits from various organic farming regions across North America. Fertoz products are also now starting to appear in organic farming input catalogues and websites, making it easier for farmers to place orders.



Figure 1: Bagged 0-7-0 Fertoz rock phosphate ready for customer delivery

As noted in the 31 October 2017 ASX release *“Fertoz sales pipeline building with 2000t+ quoted”*, field trials have shown a 10 – 50% increase in yield using Fertoz fertilisers. Farmers using the product have been contacting their local fertiliser suppliers and this has resulted in requests for exclusive distribution rights by distributors and increased sales.

The Company has now signed a number of major distributors in North America, as outlined in previous ASX releases (27 March 2018: *“Fertoz Operational Update – Gaining Traction and Momentum”*; 19 March 2018: *“Marketing and Distribution MoU signed with Limoges Seed Farms”*; 19 February 2018: *“Fertoz Distributor and Marketing Agreement with Ag Unlimited”*; 14 December 2017: *“Fertoz signs sales MoU with Providence Grain”*).



Figure 2: Fertoz organic rock phosphate ready for processing

During the quarter, the Company continued to improve logistics and the related blockchain documentation to enable easy delivery and verification of organic fertiliser products. Blockchain is becoming critical in the organic sector as consumers are seeking evidence of organic provenance.

The Company also made progress in relation to the Fernie permits, and the Fernie project was increased in size with the addition of tenements across the BC/Alberta border. Permitting for the Alberta tenements is currently underway. The Company now holds 100% owned projects in British Columbia and Alberta, and exclusive distribution rights to high grade deposits in Montana and Mexico.



Figure 3: Part of the Fernie project area in winter – note the road access and power available

The Company also obtained registration with the Organic Materials Review Institute (OMRI) during the quarter, providing Fertoz with further independent validation and helping organic customers to choose its products with confidence.

Australia

Sales continued across Australia during the March quarter, with all product now sold out in two of the Company's three distribution centres. Several distribution agreements commenced in early 2017 have driven significant upside for FertAg's products, most notably in NSW where the Company achieved sales revenue growth of nearly 500% in CY17.

As highlighted in earlier ASX releases, an increasing number of farmers are turning to FertAg to solve their fertiliser problems. The Company has built a portfolio of satisfied repeat customers that are recommending FertAg products. FertAg achieved sales for the March quarter of \$425,000, representing year-on-year growth of 30%. The Company's sales in NSW and Victoria were strong, while sales in Queensland were relatively depressed due to the continued hot and dry weather. The growth in sales was due to a large increase in demand for granular product and the new demand by organic dairy farmers for FertAg 0-8-0, organically certified as at July 2017.

Planned Activities for June Quarter 2018

For the coming quarter, Fertoz is focused on delivering value to shareholders by increasing sales in both Australia and North America, adding new distribution agreements and trialling additional products in North America.

SAFETY

There were no lost time injuries or environmental incidents recorded during the quarter ending 31 March 2018.

CORPORATE

Cash

The Company had A\$0.47 million in cash as at 31 March 2018 and no significant loan balances owing.

Oversubscribed share placement

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.

Fertoz received overwhelming demand from investors with interests strategically aligned with the Company, as well as strong support from existing shareholders.

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.

Blackwood Capital Ltd was Lead Manager to the placement.

Fertoz completed the placement on 17 April 2018, having issued the placement shares under its ASX Listing Rule 7.1 and 7.1A capacity. 2,309,224 shares were issued under ASX Listing Rule 7.1 and 9,455,482 shares under ASX Listing Rule 7.1A.

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	19/07/2017	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
Mt Lyne					
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		
Crows Nest, Alberta, Canada					
TWP	9318030431	100%			Fertoz International
BIGHORN Subtotal					
Canada Total			19,586.6		