Fertoz Ltd (ABN 86 145 951 622)

and its controlled entities

Interim Report

for the financial period ended 31 December 2016

Contents

General Information

The financial report covers Fertoz Limited as a consolidated entity consisting of Fertoz Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Fertoz Limited's functional and presentation currency.

Corporate Directory

Directors	Mr Patrick Avery (Executive Chairman) Mr James Chisholm (Non-Executive Director) Mr Adrian Byass (Non-executive Director)
Company Secretary	Mr Julien McInally
Registered Office and Principal Place of Business	40 Balgowlah St Wakerley, Qld 4154 T: 07 3396 0024 F: 07 3396 0024
Share Registry	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston St Abbotsford VIC 3067
Auditors	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000
Canadian Lawyers	Ontario Lawyers Peterson Law Professional Corporation 390 Bay Street, Suite 806 Toronto, Ontario, Canada, M5H British Columbia Lawyers Anfield Sujir Kennedy & Durno LLP (ASKD Law) 1600 - 609 Granville Street Vancouver, British Columbia, Canada, V7Y 1C3
Australian Lawyers	Delphi Partners Level 23, 307 Queen Street Brisbane, QLD, 4000
Bankers	Commonwealth Bank of Australia Ltd
Stock Exchange Listing	Fertoz Limited shares are listed on the Australian Securities Exchange (ASX code: FTZ)
Website	**www.fertoz.com**

Directors' report
31 December 2016

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "**Consolidated Entity**") consisting of Fertoz Limited (referred to hereafter as the "**Company**" or "**Parent entity**") and the entities it controlled for the half-year ended 31 December 2016.

1. Directors

The following persons were directors of Fertoz Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Mr Patrick Avery
Mr James Chisholm
Mr Adrian Byass
Mr Stephen Keith (resigned 1 November 2016)

2. Principal Activities

During the half-year the principal activities of the consolidated entity was the development of cash flow generating fertilizer businesses in North America and Australia which are focused on producing and supplying phosphate related products to the agricultural sector.

The Company's main efforts are on the development and commercialisation of its high-grade phosphate resources in North America (see figure 1), which can supply high-grade rock phosphate to organic farms and conventional farms that are seeking low-leaching phosphate products.

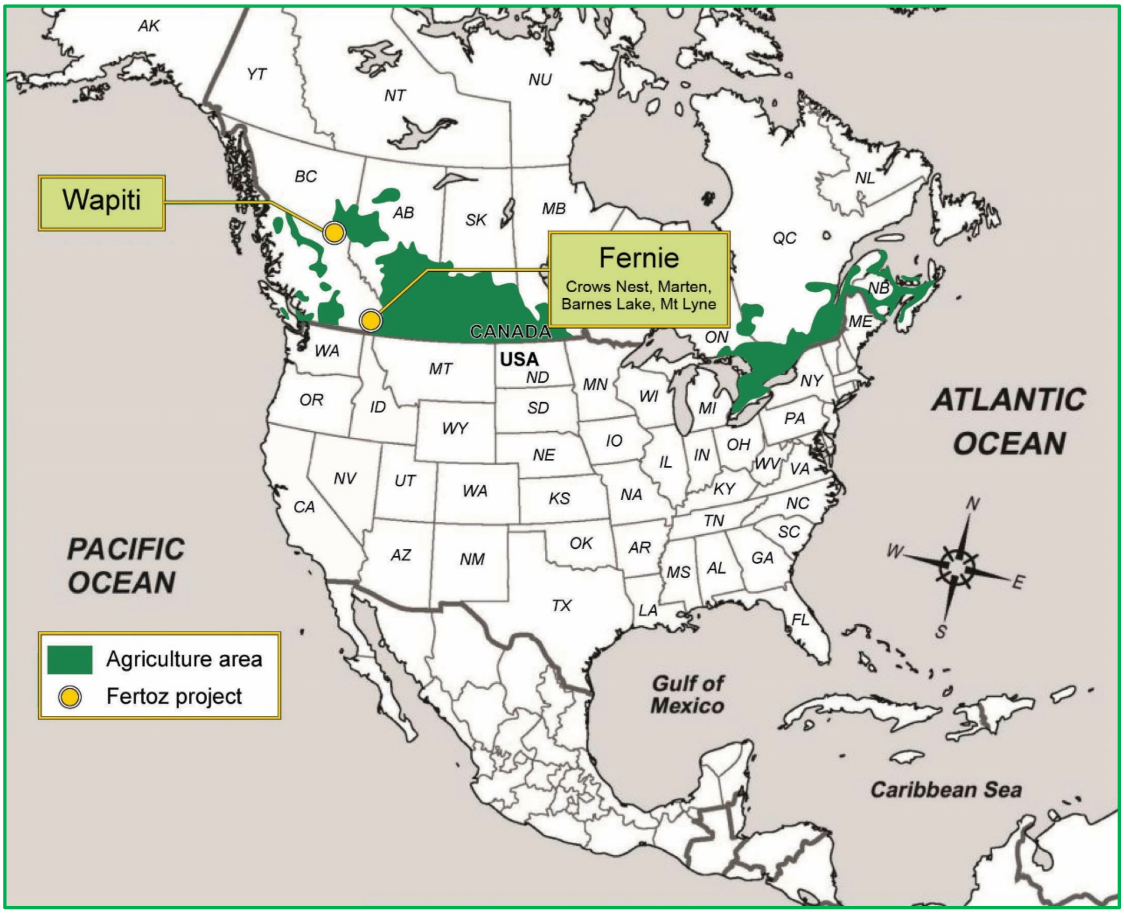

Figure 1: Fertoz's North American project locations and proximity to Canadian agriculture areas

Directors' report
31 December 2016

3. Results of Operations

The Directors of the Company advise the consolidated loss of the Consolidated Entity after providing for income tax (attributable to Fertoz Limited and excluding non-controlling interest) for the half year to 31 December 2016 was $762,572 (31 December 2015: $625,494).

The company had cash on hand as at 31 December 2016 of $2,594,975 (30 June 2016: $299,132).

4. Review of Operations

The Company has made some significant progress in the half year towards its vision of becoming a producer and supplier of fertiliser products as follows:

Canada

- The Company completed road construction at the Wapiti Project to access the Company's permitted 17,500-tonne bulk sample area. The road will provide longer term access to the Company's proposed mine once its 75,000tpa small mine permit receives approval.
- Progressed our partnership with Treaty 8 First Nations by engaging them to work on access trail, clearing of timber, construction of the trail, bridge installation and bulk sample access at Wapiti.
- Fertoz built an inventory stockpile of approximately 1,100 tonnes of material available for sale prior to and in early spring.
- The Company spent approximately A$859,000 on developing the infrastructure and mining at Wapiti. The mining process is relatively simple, with at-surface material initially blasted to loosen both material and overburden, followed by simple mining via an excavator to extract material.
- Fertoz transported material from Wapiti to a processing area at Beaverlodge in Alberta, which is proximate to the Prairie Provinces, a significant farming area in Alberta, Saskatchewan and Manitoba, Canada. At the processing location, rail and road infrastructure is excellent and will allow flexibility in cost-effectively delivering product to customers throughout the USA and Canada.
- Fertoz received a firm order for 100 tonnes of rock phosphate product to a long-established Canadian grain and fertiliser distributor that intends to make Fertoz's rock phosphate product a key component in its organic fertilisers.
- Fertoz also received indications from organic growers in Alberta to purchase rock phosphate. Some growers intend to apply the product directly, while others with more basic soil types will blend it with sulphur to improve the availability of phosphate to the plants.
- A long-established US-based soil amendment company, which plans to extend its large eastern US network into the western US, also indicated an intention to purchase product for blending with its products. The Company expects to announce firm orders in the near term.
- Fertoz commenced testing of its phosphate rock product with several sulphur manufacturers, including a respected, long-established company and a new, rapidly growing manufacturer. The Company is arranging trials with various additional fertiliser products to make farmer-specific fertiliser blends. Humates, boron, rock dust, FMP and various manure composts are being planned for greenhouse trials over the winter period, particularly in the vegetable growers market. As well, trials are being planned using micronised rock phosphate blended with various fertigation products.
- The Company expanded the Fernie Project subsequent to the half year, adding 540 ha of prospective at-surface rock phosphate ground at Bighorn.

Directors' report
31 December 2016

Australia

- Demand for FertAg products in Australia continued to grow as more farmers try the product, with shipments arriving approximately every 8 weeks from Vietnam to Australian ports.
- Independent agronomists began recommending the product to farmers, and Gibsons Ground Spread in eastern Victoria became a distributor.
- Sales commenced in the Canberra region, and sales of a second product, FertAg granular 0-7-0-2, commenced in northern NSW and Victoria.
- Sales for the half year increased by 46% to 455 tonnes (31 December 2015: 311 tonnes) for the half year when compared to the same period in 2015.
- Following the half year results FertAg received commitments from customers to buy 400 tonnes of FertAg 0-8-0 due to arrive early March 2017, and Fertoz ordered another 600 tonnes in February for delivery in April.
- The FertAg business has continued to be self-funding during the half year.

USA

During the half year the Company decided to withdraw from the Dry Ridge Idaho project which had previously been fully written off in the 30 June 2016 audited financial statements. The Company is working with the leaseholder on other partnership approaches.

The company continues to seek out opportunities in the USA with a focus on assets that will provide flexibility in supplying the large organic markets in North America.

5. Corporate

Safety

There were no lost time injuries or environmental incidents recorded during the half year ended 31 December 2016.

Board Changes

Patrick Avery was appointed Non-Executive Chairman in September 2016 and then Executive Chairman in November following the resignation of Managing Director Stephen Keith.

Former Chairman James Chisholm remains a Non-Executive Director.

Funding

During the half year, Fertoz completed a private placement in two tranches raised a total of $4,350,000 before costs with the issue of 31,071,447 fully paid ordinary shares with one free attaching option for every two shares issued resulting in the issue of 15,535,736 options each with a right to one ordinary share at an exercise price of $0.18 expiring on 7 August 2018 for 5,100,000 options (first tranche) and 29 September 2018 for 10,435,736 options (second tranche).

Fertoz is using the funds to accelerate mining and marketing of its Wapiti phosphate as it works to secure distributors and third party fertiliser groups as well as meet farmers' demand for direct application rock phosphate.

The total number of ordinary shares on issue after the private placement and at the end of the half year was 94,554,824. The number of listed options and unlisted options were 15,461,136 and 32,383,357 respectively at the end of the half year.

Directors' report
31 December 2016

Post Balance Date Events

There are no other matters or circumstances which have arisen since 31 December 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

6. Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

7. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001 on 15 March 2017.

On behalf of the directors

___________________________,

Patrick Avery
Chairman

15 March 2017

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GPO Box 457 Brisbane QLD 4001
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DECLARATION OF INDEPENDENCE BY C R JENKINS TO THE DIRECTORS OF FERTOZ LIMITED

As lead auditor of Fertoz Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Fertoz Limited and the entities it controlled during the period.

C R Jenkins
Director

BDO Audit Pty Ltd

Brisbane, 15 March 2017

Consolidated Statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2016

	Note	Consolidated 31/12/2016 $	31/12/2015 $
Revenue from continuing operations		214,166	141,510
Other income		3,829	213
Expenses			
Cost of sales		125,271	102,494
Consultant fees		179,675	92,561
Depreciation		6,061	205
Directors fees		290,104	265,084
Finance costs		4,868	44,930
Freight and storage costs		38,774	40,804
Listing fees and share registry expenses		60,945	55,882
Marketing expenses		105,663	-
Investor relations		23,020	15,000
Professional services		62,490	22,078
Selling expenses		33,750	50,838
Share based expenses		(72,496)	68,025
Travel		43,345	27,866
Other expenses		84,105	23,665
Loss before income tax benefit from continuing operations		(767,580)	(667,709)
Income tax benefit		-	-
Loss after income tax benefit for the half-year		(767,580)	(667,709)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		11,025	(187,745)
Other comprehensive income for the half-year, net of tax		11,025	(187,745)
Total comprehensive loss for the half-year		(756,555)	(855,454)
Loss for the half-year is attributable:			
Non-controlling interest		(5,008)	(42,215)
Owners of Fertoz Limited		(762,572)	(625,494)
		(767,580)	(667,709)
		Cents	**Cents**
Basic earnings per share		(1.1)	(1.3)
Diluted earnings per share		(1.1)	(1.3)

The above financial statement should be read in conjunction with the accompanying notes.

Consolidated statement of financial position
As at 31 December 2016

	Note	Consolidated 31/12/2016 $	Consolidated 30/06/2016 $
Assets			
Current assets			
Cash and cash equivalents	4	2,594,975	299,132
Trade and other receivables	5	94,799	69,766
Inventories		58,218	57,319
Other current assets		8,990	-
Total current assets		2,756,982	426,217
Non-current assets			
Trade and other receivables	5	77,425	77,678
Exploration and evaluation expenditure	6	3,961,369	2,933,404
Property, plant and equipment		12,233	31,727
Total non-current assets		4,051,027	3,042,809
Total assets		6,808,009	3,469,026
Liabilities			
Current liabilities			
Trade and other payables	7	603,019	565,354
Working capital facility		-	2,403
Total current liabilities		603,019	567,757
Total liabilities		603,019	567,757
Net assets		6,204,990	2,901,269
Equity			
Issued capital	8	14,823,652	10,680,323
Reserves		1,233,293	1,294,764
Retained profits / (losses)		(9,851,955)	(8,827,649)
Equity attributable to the owners of Fertoz Limited		6,204,990	3,147,438
Non-controlling interest		-	(246,169)
Total Equity		6,204,990	2,901,269

The above financial statement should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
For the half-year ended 31 December 2016

	Issued capital	Retained profits / (losses)	Share based payment reserve	Translation reserve	Attributable to the owners of Fertoz Limited	Non-controlling interest	Total Equity
	$	$	$	$	$	$	$
Consolidated							
Balance at 1 July 2016	10,680,323	(8,827,649)	1,284,267	10,497	3,147,438	(246,169)	2,901,269
Profit/(loss) after income tax expense for the half-year	-	(762,572)	-	-	(762,572)	(5,008)	(767,580)
Other comprehensive income for half-year, net of tax	-	-	-	11,025	11,025	-	11,025
Total comprehensive income for the half-year	-	(762,572)	-	11,025	(751,547)	(5,008)	(756,555)
Transactions with owners in their capacity as owners:							
Shares issued	4,410,000	-	-	-	4,410,000	-	4,410,000
Share issued costs	(266,671)	-	-	-	(266,671)	-	(266,671)
Non-controlling interest acquired by parent (Note 3)	-	(261,734)	-	-	(261,734)	251,177	(10,557)
Share-based payments	-	-	(72,496)	-	(72,496)	-	(72,496)
Balance at 31 December 2016	14,823,652	(9,851,955)	1,211,771	21,522	6,204,990	-	6,204,990

	Issued capital	Retained profits / (losses)	Share based payment reserve	Translation reserve	Attributable to the owners of Fertoz Limited	Non-controlling interest	Total Equity
	$	$	$	$	$	$	$
Consolidated							
Balance at 1 July 2015	8,524,886	(6,573,726)	1,101,074	62,501	3,114,735	(138,922)	2,975,813
Profit/(loss) after income tax expense for the half-year	-	(625,494)	-	-	(625,494)	(42,215)	(667,709)
Other comprehensive income for half-year, net of tax	-	-	-	(187,745)	(187,745)	-	(187,745)
Total comprehensive income for the half-year	-	(625,494)	-	(187,745)	(813,239)	(42,215)	(855,454)
Transactions with owners in their capacity as owners:							
Shares issued	1,848,090	-	-	-	1,848,090	-	1,848,090
Share issue costs	(260,100)	-	-	-	(260,100)	-	(260,100)
Share based payments	-	-	128,497	-	128,497	-	128,497
Balance at 31 December 2015	10,112,876	(7,199,220)	1,229,571	(125,244)	4,017,983	(181,137)	3,836,846

The above financial statement should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
For the half-year ended 31 December 2016

	Consolidated 31/12/2016 $	31/12/2015 $
Cash flows from operating activities		
Receipts from customers	231,506	128,038
Payments to suppliers and employees	(962,620)	(432,180)
Interest and other finance costs	(40,552)	(16,775)
Other income received	-	-
Interest received	3,829	213
Net cash outflow from operating activities	(767,837)	(320,704)
Cash flows from investing activities		
Payment for purchase of tenements	-	(34,000)
Payments for exploration and evaluation assets	(1,004,246)	(84,391)
Net cash outflow from investing activities	(1,004,246)	(118,391)
Cash flows from financing activities		
Proceeds from the issue of shares	4,350,000	1,848,090
Transactions with Non-controlling interest in subsidiary	(8,000)	-
Share issue transaction costs	(266,671)	(124,627)
Repayment of loans	(45,895)	(177,798)
Proceeds from loans	38,492	166,000
Net cash inflow from financing activities	4,067,926	1,711,665
Net increase/(decrease) in cash and cash equivalents	2,295,843	1,272,570
Cash and cash equivalents at the beginning of period	299,132	82,831
Cash and cash equivalents at the end of the period	2,594,975	1,355,401

The above financial statement should be read in conjunction with the accompanying notes.

Notes to the financial statements
31 December 2016

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting, as appropriate for for-profit orientated entities. Compliance with AASB134 ensures compliance with International Financial Reporting Standard IAS 34: 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Fertoz Limited and its controlled entities during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies and methods of computation are consistent with those applied in the most recent annual financial statements, unless otherwise stated.

(a) Reporting basis and conventions

The half-year interim financial report has been prepared on an accruals basis and is based on historical costs.

(b) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(c) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group achieved a net loss of $767,580 (31 December 2015: loss $667,709) and net operating cash outflows of $767,837 (31 December 2015 outflow: $320,704) for the period ended 31 December 2016. As at 31 December 2016 the Group has cash of $2,594,975 (30 June 2016: $299,132).

The ability of the Group to continue as a going concern is principally dependent upon the following conditions:

- the ability of the Group to meet its cash flow forecasts;
- the ability of the Group to raise capital, as and when necessary; and
- the ability of the Group to sell non-core assets.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- proven ability of the Group to raise the necessary funding or settle debts via the issuance of shares;
- dedicated plans established to run the rock phosphate operations; and
- the existing cash balance of $2,594,975 as at 31 December 2016.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Notes to the financial statements
31 December 2016

Note 1. Significant accounting policies (continued)

(d) Interest bearing liabilities
Interest bearing liabilities are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the liability is classified as non-current.

Note 2. Segment reporting

The consolidated entity is organised into three operating segments based on geographical location being Australian, Canadian and USA operations. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

Where applicable, corporate costs, finance costs, interest revenue, tax, creditors, debtors and foreign currency gains and losses are not allocated to segments as they are not considered part of the core operations of the segments and are managed on a group basis.

Operating segment information

Consolidated - 31/12/2016	Australian operations	Canadian operations	USA operations	Unallocated	Total
	$	$	$	$	$
Revenue					
Revenue	214,166	-	-	-	214,166
Other income	-	-	-	3,829	3,829
Total revenue	214,166	-	-	3,829	217,995
Loss before income tax benefit	(22,700)	(204,463)	-	(540,417)	(767,580)
Income tax benefit	-	-	-	-	-
Loss after income tax benefit	(22,700)	(204,463)	-	(540,417)	(767,580)
Segment assets	116,320	4,144,686	-	2,547,003	6,808,009
Segment liabilities	(128,539)	(318,427)	-	(156,053)	(603,019)
Segment net assets	(12,219)	3,826,259	-	2,390,950	6,204,990
Segment additions to non-current assets	-	1,004,246	-	-	1,004,246

Notes to the financial statements
31 December 2016

Note 2. Segment reporting (continued)

Consolidated - 31/12/2015	Australian operations $	Canadian operations $	USA operations $	Unallocated $	Total $
Revenue					
Revenue	141,510	-	-	-	141,510
Other income	-	-	-	213	213
Total revenue	141,510	-	-	213	141,723
Loss before income tax benefit	(84,317)	-	-	(583,392)	(667,709)
Income tax benefit	-	-	-	-	-
Loss after income tax benefit	(84,317)	-	-	(583,392)	(667,709)
Consolidated – 30/06/2016					
Segment assets	102,055	3,108,935	-	258,036	3,469,026
Segment liabilities	(91,574)	(136,085)	-	(340,098)	(567,757)
Segment net assets	10,481	2,972,850	-	563,458	2,901,269
Segment additions to non-current assets	-	268,892	35,192	-	304,084

Note 3. Transactions with Non-Controlling interests

On 8th November 2016, Fertoz Limited acquired the remaining 50% of the issued shares of the FertAg joint venture for $8,000. The carrying amount of the non-controlling interests in Fertoz Limited on the date of acquisition was a deficit of $251,177. The group recognised an increase in non-controlling interests of $251,177 and a decrease in equity attributable to owners of the parent of $261,734 representing the excess of consideration paid over the carrying value of the non-controlling interest.

Note 4. Cash and cash equivalents

	Consolidated 31/12/2016 $	Consolidated 30/06/2016 $
Cash at bank	79,490	298,132
Cash on deposit	2,515,485	1,000
	2,594,975	299,132

Notes to the financial statements
31 December 2016

Note 5. Trade and other receivables

	Consolidated	
	31/12/2016	30/06/2016
	$	$
Current		
Trade receivables	11,303	28,643
Other receivables	-	11,873
Deposits paid	9,671	-
Working capital facility	5,000	-
GST receivable	68,825	29,250
	94,799	69,766

	Consolidated	
	31/12/2016	30/06/2016
	$	$
Non-current		
Environmental bond	77,425	77,678
	77,425	77,678

Note 6. Exploration and evaluation expenditure

	Consolidated	
	31/12/2016	30/06/2016
	$	$
At cost	3,961,369	2,933,404
Carrying amount as at 30 June	2,933,404	3,155,201
Additions	1,017,471	370,405
Disposals	-	-
Write off of exploration and evaluation assets	-	(514,246)
Foreign exchange movement	10,494	(77,956)
Carrying amount as at 31 December	3,961,369	2,933,404

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of projects, or alternatively through the sale of the areas of interest.

Note 7. Trade and other payables

	Consolidated	
	31/12/2016	30/06/2016
	$	$
Trade creditors and accruals	603,019	565,354
	603,019	545,354

Notes to the financial statements
31 December 2016

Note 8. Issued capital

	Consolidated		Consolidated	
	31/12/2016 Shares	30/06/2016 Shares	31/12/2016 $	30/06/2016 $
Ordinary shares – fully paid	94,554,824	62,704,806	14,823,652	10,680,323

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in Proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

	31/12/2016		31/12/2015	
	Shares	$	Shares	$
Opening balance at 1 July	62,704,806	10,680,323	47,034,145	8,524,886
Shares from rights issue - 2 December 2015	-	-	6,719,164	1,007,875
Share placement - 14 December 2015	-	-	5,600,000	840,000
Private placement - 8 August 2016	10,200,001	1,428,000	-	-
Private placement – 30 September 2016	20,871,446	2,922,000	-	-
Shares issue costs	-	(266,671)	-	(260,100)
Shares issued in lieu of director fees – 28 December 2016	428,571	60,000	1,429	215
Shares issued under Employee Share Plan – 28 December 2016	350,000	-	-	-
Closing balance at 31 December	94,554,824	14,823,652	59,354,738	10,112,876

The group undertook a $4.35 million private placement in two tranches of 10,200,001 ordinary shares issued on 8 August 2016, with 5,100,000 free attaching options with a right for one share per option at an exercise price of $0.18 per option; and 20,871,446 ordinary shares on 30 September 2016, with 10,435,720 free attaching options with a right for one share per option at an exercise price of $0.18 per option.

350,000 shares were issued under the employee share plan scheme approved at 29 November 2016 annual general meeting. In addition, 750,000 existing Employee Share Plan ("ESP") shares were re-assigned, and had the following performance hurdles as per below:

- 250,000 shares released from escrow upon a 20 cent share price over a consecutive 21 day period
- 250,000 shares released from escrow upon a 30 cent share price over a consecutive 21 day period
- 250,000 shares released from escrow upon a 40 cent share price over a consecutive 21 day period

Notes to the financial statements
31 December 2016

Note 9. Contingent assets and liabilities

There are no contingent assets or liabilities in existence at the half year ended 31 December 2016.

Note 10. Events after the reporting period

There are no other matters or circumstances which have arisen since 31 December 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001.
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors and is signed for and on behalf of the directors by:

Patrick Avery
Chairman

15 March 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Fertoz Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Fertoz Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Fertoz Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Fertoz Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fertoz Limited is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1(c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO Audit Pty Ltd

BDO

C R Jenkins
Director

Brisbane, 15 March 2017