Fertoz Limited
Corporate Governance Statement
30 June 2017

This Corporate Governance Statement of Fertoz Limited (the 'company') has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations'). The company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures is provided on our website at https://www.fertoz.com/company/corporate-governance/.

This statement has been approved by the company's Board of Directors ('Board') and is current as at 30 October 2017.

The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 - A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.

The Board is ultimately accountable for the performance of the company and provides leadership and sets the strategic objectives of the company. It appoints all senior executives and assesses their performance on at least an annual basis. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications. Decisions reserved for the Board relate to those that have a fundamental impact on the company, such as material acquisitions and takeovers, dividends and buybacks, material profits upgrades and downgrades, and significant closures.

Management is responsible for implementing Board strategy, day-to-day operational aspects, and ensuring that all risks and performance issues are brought to the Boards attention. They must operate within the risk and authorisation parameters set by the Board.

Recommendation 1.2 - A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The company undertakes comprehensive reference checks prior to appointing a director,or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

Recommendation 1.4 - The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors.

Recommendation 1.5 - A listed entity should (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The company has a diversity policy which requires the Board to set measurable objectives for achieving gender diversity and to assess the objectives and the company's progress towards achieving them on an annual basis. The diversity policy aims to provide a work environment where employees have equal access to career opportunities, training and benefits. It also aims to ensure that employees are treated with fairness and respect, and are not judged by unlawful or irrelevant reference to gender, age, ethnicity, race, cultural background, disability, religion, sexual orientation or caring responsibilities. This commitment enables the company to attract and retain employees with the best skills and abilities.

The Board's does not have any measurable objectives about gender diversity at this time. The Board considers the Company is not currently of a size, or its affairs of such complexity, to justify the setting of measurable objectives about gender diversity. The Company's strategy does include the requirement to recruit from a diverse pool of candidates, use a transparent process and employee consultants to identify and assess the best candidates if appropriate. As at 30 June 2017, the Company did not have any female board members or senior executives. For this purpose, the Board defines a senior executive as a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the company's financial standing. This therefore includes all senior management and senior executive designated positions.

No entity within the consolidated entity is a 'relevant employer' for the purposes of the Workplace Gender Equality Act 2012 and therefore no Gender Equality Indicators have been disclosed.

Recommendation 1.6 - A listed entity should (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company has a Performance Evaluation Policy which states that the Board is to review its performance annually, as well as the performance of individual Committees and individual directors (including the performance of the Chairman as Chairman of the Board). The use of an external facilitator may be utilised periodically to assist in the review process. The Company did not complete a performance review for the current financial year as the Board considers it is not currently of a size, or its affairs of such complexity to warrant a formalised process. The Board will reconsider this matter before the issue of the next annual report.

Recommendation 1.7 - A listed entity should (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company has a Performance Evaluation Policy which states that the performance of the Managing Director and senior executives be completed annually against agreed performance measures determined at the start of the year. In assessing the performance of the individual, the review includes consideration of the senior executive's function, The Company did not complete a performance review for Managing Director or senior executives in the current financial year as the Board considers it is not currently of a size, or its affairs of such complexity to warrant a formalised process. The Board will reconsider this matter before the issue of the next annual report.
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Principle 2: Structure the board to add value

Recommendation 2.1 - The board of a listed entity should:
(a) have a nomination committee which:
- ***(1) has at least three members, a majority of whom are independent directors; and***
- ***(2) is chaired by an independent director,***

and disclose:
- ***(3) the charter of the committee;***
- ***(4) the members of the committee; and***
- ***(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or***

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Company has a Remuneration Committee Charter and a Nominations Committee Charter which is available at the Company's website www.fertoz.com.

However, the Company does not have a Nomination and Remuneration Committee and the Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors and senior executives. Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board. The Board considers it is not currently of a size, or its affairs of such complexity to warrant a separate Nomination and Remuneration Committee.

The Board considers the current mix of skills and experience of members of the Board and its senior executives is sufficient to meet the requirements of the Company. as the Board considers it is not currently of a size, or its affairs of such complexity to warrant a

The Board supports the nomination and re-election of the directors at the company's forthcoming Annual General Meeting.

The number of Board meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' report of the financial statements for the period ending 30 June 2017.

Recommendation 2.2 - A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Board's skills matrix indicates the mix of skills, experience and expertise that are considered necessary at Board level for optimal performance of the Board. The matrix reflects the Board's objective to have an appropriate mix of industry and professional experience including demonstrable skills, capability, experience and ability to question and debate with other Board members, the ability to operate as part of a team, the ability to contribute outstanding performance and have a track record of impeccable ethics and values. External consultants may be brought it with specialist knowledge to address areas where there is an attribute deficiency in the Board.

Expertise	**Experience**
Financial knowledge Strategy Legal, governance and compliance Commercial acumen Risk management Health and safety Sustainability Remuneration and nominations Government relations Executive leadership	Exploration and mining ASX experience Capital raising Corporate and board North America and Australian fertiliser operations

Recommendation 2.3 - A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.

Details of the Board of directors as at 30 June 2017, their appointment dates, length of service and their independence status is as follows:

Director's name	Appointment date	Length of service at reporting date	Independence status
Patrick Avery [1]	18 February 2016	1.4 years	Executive chairman
Adrian Byass	4 September 2012	4.8 years	Independent non-executive director
James Chisholm[2]	24 August 2010	6.9 years	Non-executive director

[1] Mr Avery became Executive Chairman on 1 November 2016 and was not considered to be independent as at the reporting date

[2] Mr Chisholm is not considered to be independent as his related parties hold a significant interest in the Company.

The Board may determine that a director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations. There were no directors considered to be independent that would contravene the Recommendations in 2.3.

Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.

The Company does not meet the requirements of Recommendation 2.4 as the majority of the board is not independent. However, the Board considers that the company is not of a size or complexity to warrant a majority of independent directors and that the composition of skills on the board along with a culture that the encourages Board members and senior executives to challenge the companies decisions ensures that decisions are made in the best interest of shareholders as a whole. In addition, the Board considers that Mr Chisholm's holding although significant is not overly large to prevent him from acting in the interest of shareholders as a whole.

Recommendation 2.5 - The Chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Company does not meet the requirements of Recommendation 2.5 due to Mr Avery being appointed as Executive Chairman on 1 November 2016. However, non-executive directors periodically confer between themselves without the executive directors and senior management and non-executive directors also confer periodically with senior management without the Chairman.

Recommendation 2.6 - A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

New directors undertake an induction program coordinated by the Company Secretary that briefs and informs the director of all relevant aspects of the company's operations and background. A director development program is also available to ensure that directors can enhance their skills and remain abreast of important developments. Board members have the right to seek independent professional advice at the Company's expense in the furtherance of their duties as directors.

Principle 3: Act ethically and responsibly

Recommendation 3.1 - A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.

The company maintains a code of conduct for its directors, senior executives and employees. In summary, the code requires that each person act honestly, in good faith and in the best interests of the company; exercise a duty of care; use the powers of office in the best interests of the company and not for personal gain, declare any conflict of interest; safeguard company's assets and information and undertake any action that may jeopardise the reputation of company.

That code is available on the company's website https://www.fertoz.com/company/corporate-governance/.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1 - The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Company does not meet the requirements of Recommendation 4.1 as board undertakes the responsibilities of the audit committee and the majority of the board are not independent directors nor is the Board chaired by an independent director.

The Company has adopted an Audit and Risk Committee Charter and the Board undertakes the role of the audit committee. The Board considers the Company is not currently of a size, or its financial affairs of such complexity, to justify the establishment of an Audit and Risk Committee. The Board as a whole is responsible for the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of operation of the internal control systems. The external auditors BDO report to the board twice a year on their view of the accounts and internal control procedures of the Company. The Board is responsible for the appointment and removal of the auditors and it ensures that the audit engagement partner is rotated at least every five years.

Whilst the Board is not structured in the manner set out in the Principles and Recommendations, the Board is of the view that the experience and professionalism of the persons on the Board is sufficient to ensure that all significant matters are appropriately addressed and actioned. Further the Board does not consider that the Company is of sufficient size to justify the appointment of additional Directors for the sole purpose of satisfying the Recommendations as it would be cost prohibitive. As the operations of the Company develop the Board will reassess the formation of the Audit Committee.

Details of the qualifications and experience of the members of the Board which undertakes the role of the Audit Committee is detailed in the 'Information of directors' section of the Directors' report.

The Charter of the Committee is available at the company's website at https://www.fertoz.com/company/corporate-governance/.

Recommendation 4.2 - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For the financial year ended 30 June 2017 and the half-year ended 31 December 2016, the company's CEO and CFO provided the Board with the required declarations.

Recommendation 4.3 - A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The audit engagement partner attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 - A listed entity should (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.

The company maintains a written policy that outlines the responsibilities relating to the directors, officers and employees in complying with the company's disclosure obligations. Where any such person is of any doubt as to whether they possess information that could be classified as market sensitive, they are required to notify the Company Secretary immediately in the first instance. The Company Secretary is required to consult with the Executive Chairperson in relation to matters brought to his or her attention for potential announcement. Generally, the Executive Chairperson is ultimately responsible for decisions relating to the making of market announcements. The Board is required to authorise announcements of significance to the company. No member of the company shall disclose market sensitive information to any person unless they have received acknowledgement from the ASX that the information has been released to the market.

Principle 6: Respect the rights of security holders

Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.

The company maintains information in relation to governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the company's website at www.fertoz.com and at https://www.fertoz.com/company/corporate-governance/.

Recommendations 6.2 and 6.3

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2).

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).

In order for the investors to gain a greater understanding of the company's business and activities. The company, where applicable has meetings or briefings between the Chairman and/or Non-executive Directors where it engages with institutional and private investors, analysts and the financial media. At those meetings or briefings, the Company will not disclose any information that a reasonable person might regard as being price sensitive unless such information has previously been released to the market through the ASX or as otherwise already in the public domain. The company encourages shareholders to attend its AGM and to send in questions prior to the AGM so that they may be responded to during the meeting. It also encourages ad hoc enquiry via email which are responded to.

Recommendation 6.4 - A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Computershare Australia http://www.computershare.com/au.

Principle 7: Recognise and manage risk

Recommendations 7.1 & 7.2

The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework (7.1).

The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place (7.2).

The Company does not meet the requirements of Recommendations 7.1 as the Company does not have a separate committee to oversee risk which has an independent chair made up of a majority of independent directors. The board undertakes the responsibility of overseeing risk and as such the Company has adopted a Risk Management Policy which is available on the company's website www.fertoz.com.

The Company undertakes site risk assessments/workshops to ensure the safety of its employees and contractors prior to and during any activity on site.

Whilst the Board is not structured in the manner set out in the Principles and Recommendations, the Board is of the view that the experience and professionalism of the persons on the Board is sufficient to ensure that all significant matters are appropriately addressed and actioned. Further the Board does not consider that the Company is of sufficient size to justify the appointment of additional Directors for the sole purpose of satisfying the Recommendations as it would be cost prohibitive. As the operations of the Company develop the Board will reassess the formation of the Risk Committee.

The Company does not meet the requirements of Recommendations 7.2 as the Company the did not undertake a formal review of the Risk Management Policy and risk register however the board still considers the framework to be relevant and not requiring any modification.

Recommendation 7.3 - A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Company does not have an internal audit function. This function is undertaken by the Board who at the time of the external audit review meeting which is held a minimum of twice each year consider the Company's financial risk management processes and internal controls to ensure that they are adequate and functioning.

Recommendation 7.4 - A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Refer to the company's Financial Report for disclosures relating to the company's material business risks (including any material exposure to economic risk disclosed in its going concern note and environmental or social sustainability risks). Refer to commentary at Recommendations 7.1 and 7.2 for information on the company's risk management framework.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 - The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Company does not meet the requirements of Recommendation 8.1 as board undertakes the responsibilities of the remuneration committee and the majority of the Board are not independent directors nor is the Board chaired by an independent director.

The Company has adopted a Remuneration Committee Charter. The Board considers the Company is not currently of a size, or its financial affairs of such complexity, to justify the establishment of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for the Directors and executives of the company and considers it more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a Remuneration Committee. Many of Board members have other directorships, hence they are aware of market compensation for directors and senior management and if required external consultant advice on appropriate remuneration is sought. Further the Board does not consider that the Company is of sufficient size to justify the appointment of additional Directors for the sole purpose of satisfying the Recommendation as it would be cost prohibitive.

Recommendation 8.2 - A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Non-executive directors are remunerated by way of cash fees, superannuation contributions and non-cash benefits in lieu of fees. The level of remuneration reflects the anticipated time commitments and responsibilities of the position. And performance based incentives are provided to non-executive directors to align the board and the interests of shareholders. Executive directors and other senior executives are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives. Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it

The full details of the equity based scheme which applies to directors and senior executives were adopted by shareholders in a shareholders meeting and disclosed to the meeting and the ASX at the time approval was sought.

The Company has adopted a Securities Trading Policy which prevents directors or participants from entering into a transaction (including, but not limited to, hedging arrangements, margin loans and/or share lending arrangements) relating to Company Securities which operate to limit the economic risk of holding any Company Securities or any vested or unvested entitlements to Company Securities under any equity based remuneration schemes offered by the Company (or any member of the Group), unless they have obtained prior written consent of an Approving Officer.