

Fertoz

28 October 2021

ASX RELEASE / MEDIA RELEASE

QUARTERLY ACTIVITIES REPORT SEPTEMBER 2021

HIGHLIGHTS

- Solid sales growth continues with existing customers and new customers placing Fall orders
- Launch of three new fertilizer products complements the Company's existing offerings
- Verification of the Company's first series of carbon credits
- Partnerships with Trimble Inc (NASDAQ: TRMB) and Brightspot Climate Inc facilitate offset carbon trading
- Increasing market awareness of Fertoz's products leads to new sales team appointments
- Record fertiliser prices and supply chain disruptions presenting opportunities for Fertoz
- \$5 million share placement to develop Fertoz Carbon completed; balance sheet strengthened
- Cash balance at 30 September 2021 of \$5.7 million

Sustainable land management company Fertoz Ltd ("Fertoz" or the "Company", ASX: FTZ) is pleased to provide an update of activities during the quarter ending 30 September 2021.

Fertoz Executive Chairman Patrick Avery stated:

"We have seen rapid progress this quarter, highlighted by the successful drone seeding at our showcase site in Fernie, BC (as announced to the ASX on 22 October 2021). This has led to increased inbound interest from mining companies and landowners in the region looking at partnering on carbon sequestration projects.

"Fertoz continues to advance protocol developments with Trimble and Brightspot, leveraging Fertoz's extensive trial data to support the development of carbon offsets for sustainable agricultural practices in the near future.

"It was also pleasing to see the ramping up of phosphate orders from existing and new clients during the quarter. The rising market awareness of sustainable ag practices, and the long-term cumulative harm of the use of chemicals and synthetic fertilizers, is expected to continue to drive demand for Fertoz solutions. Mining and extraction operations commenced at Fernie following this strong quarter of orders. Fertoz built a solid inventory of finished product in storage in the September quarter as the company ramps up shipments in the December quarter, as well as focusing on a solid order book for Q1 2022.

"The introduction of three new fertilizer products using our certified organic rock phosphate as a key input reflects our commitment to improving sustainability, soil regeneration of carbon, environmental health and combatting climate change.

"There has been a significant increase in awareness of our products and services, especially concerning carbon credits and reforestation. This has led to us seeking to grow our team with the addition of new sales and account management personnel across the USA. We look forward to further advancing the Fertoz Carbon Division in the coming quarter.

ASX : FTZ



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Board of Directors

Executive Chairman
Non-Executive Director
Non-Executive Director
NED/Company Secretary

P. Avery
S. Richardson
J. Chisholm
J. Stedwell

Key Projects

Wapiti
Fernie

Ownership: 100%
Ownership: 100%

Fertoz Ltd

A.C.N. 145 951 622

“Continuing uncertainty on supply chains saw synthetic fertilizer prices hit record levels in September. The major producers of DAP/MAP import phosphate from North Africa, Russia, Saudi Arabia and South America. The Company’s deposits are advantageously located close to our major farming districts, and we anticipate increasing demand into CY22 year with the benefit of a pricing advantage.”

Launch of three new products featuring Fertoz’s certified organic rock phosphate

During the quarter, Fertoz announced the development of three new fertilizer products containing the Company’s certified organic rock phosphate as the key fertilizer input (ASX announcement 27 July 2021). These new products complement Fertoz’s existing offerings as the Company responds to increasing demand for high-quality, environmentally-friendly phosphate fertilizers and blends. Fertoz’s products provide farmers and their crops with high nutrient value, have no run-off or soil salt effects, are carbon neutral and are highly cost-effective based on yield.

- Phosul LLC has manufactured and is launching a new phosphate fertilizer called Phosul 0-16-0-4 Grows with Nature™. Approved for use in organic production with high P availability, long-lasting source of phosphate, sulphur, calcium and silica; this product has been shown to increase yields.
- In partnership with Western Alfalfa Milling, Fertoz is launching Nutrient Vigour Plus 2-4-4-2, an all-in-one fertilizer designed with sustainable, organic ingredients that provide high analysis, important N-P-K-S nutrients that are essential for crop production.
- Humic Growth Solutions plans to offer a new line of patented Humi[K] Phos products from its new facility, containing humates, rock phosphate and other beneficial ingredients.

Fertoz’s commitment to improving sustainability, soil regeneration of carbon, environmental health and combatting climate change has driven the Company to partner with fertilizer manufacturers that operate in a way that contributes to lowering greenhouse gas emissions. Phosul, WAMCO, and Humic are previously-announced Fertoz partners that develop and market low or carbon-neutral phosphate products.

Fertoz will continue to invest in research and development and look into partnering with credible leaders in product manufacturing and agriculture to add more organic nutrients to the Company’s rock phosphate and expand the Company’s unique organic product lines. Thanks to solid business relationships and collaborative efforts with the three partners mentioned above, Fertoz has successfully developed new product blends suitable for farmers across North America.

Products will be available for purchase through Fertoz’s existing sales network, through the Company’s website and its partners’ distribution channels. Marketing efforts include sharing technical information through Fertoz and partner websites, exposure to social media, current mailing lists and contacts, and product training with existing Fertoz distributors.

Reforestation and carbon credits project

Fertoz has continued to take steps towards becoming an internationally accredited carbon-neutral or carbon-negative operation. As announced to the ASX on 8 September 2021, Fertoz’s partners, Trimble and Brightspot, are verifying and accrediting both the Fernie, BC demonstration site as well as advancing a potential new protocol for verifying the carbon credits associated with the sale of Fertoz products.

Fertoz’s California-based partner, Trimble Inc (NASDAQ: TRMB), is a US\$20B market-cap company that provides software, hardware and services technology. Trimble’s Agriculture Division is engaged in carbon credit trading, and Fertoz and Trimble have been working together for a number of months to develop a comprehensive system that will allow the carbon credits generated in the Company’s agriculture and reforestation projects to be traded.

The Company has also engaged Brightspot Climate Inc, a climate change and energy consulting firm, to provide consulting services to Fertoz. The Company expects these services to quantify the carbon sequestered in crops and forests according to a methodology that conforms to the ISO 14064-2 standard.

The Company conducted an efficient, high tech reclamation project at the Fernie project, including the spreading of permit-required tree species and seed mix, including Fernie rock powder for improved reclamation results. A local drone reseeding company has partnered with Fertoz to undertake the drone seeding and Fertoz will track growth regularly by satellite and drone. Several local forestry groups and mines have expressed interest in the Company's reforestation and carbon credit services, and attended and observed the drone reseeding of the Fernie project as an example of a commercial project, potentially generating additional projects for Fertoz Carbon operations.

Discussions are underway on a significant reseeding and carbon credit project that would enable carbon credit generation covering initially around 1,000 ha rising to over 20,000 ha from a number of potential carbon projects in the pipeline.

The Company is finalising plans for larger scale reforestation and reclamation in several Eastern States, and is also talking to companies in BC, Alberta, and Montana. The Company's experience in organic fertilizers and sustainable and regenerative agricultural practices is acting as a key point of difference, prompting forestry groups to contact Fertoz to discuss carbon credit generation as an alternative income stream to timber sales. Land, forestry, and agricultural companies are quickly moving towards adopting sustainable land management practices, and the Company's experience over many years in this area is attracting rising attention and inbound interest in projects.

The Company is also reviewing potential partners for a similar project at an abandoned mine site located on the East Coast USA (*ASX announcement 22 October 2021*). This project is initially up to 3,600 ha (approx. 9,000 acres). The marketing of Fertoz's services has generated a number of leads, and the Company is progressing discussions in relation to reforestation / carbon credit projects in Australia, Asia and Europe and other projects in the USA and Canada.

Fertoz's Carbon division is advancing a carbon sequestration protocol in collaboration with top scientists for carbon capture, conservation cropping and Scope 3 Manufacturing (mining and processing) calculations. These protocols will be used in Voluntary carbon trading markets and with partners, and will build the basis for our Regulatory Market approvals.

North America Fertilizer Update

Mining and extraction operations commenced at Fernie during the quarter. Fertoz is the largest supplier of organic rock phosphate in North America, with mining permits in place to access large phosphate resources at Fernie (British Columbia). Fertoz supplies rock phosphate from other locations in Canada, the United States and Mexico providing easy access to Fertoz rock phosphate throughout North America and importantly close to the intended customer.

The Fernie Mining Project makes up over 9,033 hectares, with road access and rail transportation to all major networks in Canada and the USA. Fertoz rock phosphate is from extensive sedimentary deposits, i.e., high quality "soft" rock phosphate deposits, and which are much preferred for beneficial crop production.

Mining and extraction operations are planned to satisfy increasing demand due to a previous strong quarter of orders from customers and an order of a minimum of 3,000 tonnes of organic rock phosphate to be supplied to EarthRenew (*ASX announcement 30 June 2021*). Total contracts/orders to be delivered now exceed 10,000 tonnes of organic rock phosphate and require filling and delivery into Q3 and Q4 2021, with cashflows to follow post-delivery.

The Company is calculating the Scope 3 emissions from these operations. Given the relatively short timeframe to extract the material and move it to Fort Macleod, Alberta for processing, these emissions

are not expected to significantly contribute to the Company's overall greenhouse gas emissions, as Fertoz continues to market low carbon and carbon neutral fertilizer blends. Fertoz will look to offset any emissions in operations with carbon credits from either Fertoz carbon projects and/or establishing new protocols that will involve Fertoz fertilizer products.

Other products continue to sell, including the organic N-P-K product designed in conjunction with WAMCO. Additional fertilizer products are being evaluated at present, but given the interest generated by Fertoz Carbon, the carbon credit projects are taking precedence. Most, if not all, of these projects, will use the Company's range of organic fertilizers to accelerate plant growth and carbon dioxide and nitrous oxide sequestration.

Additional personnel for Fertoz Organics Inc

With increasing market awareness of the Company's products and services, especially concerning carbon credits and reforestation, the Company is seeking additional sales and account management personnel across the USA. To this end, the Company has recently established a US-based subsidiary, Fertoz Organics, Inc, which will have a 401k and a family medical plan in place to attract highly experienced candidates. Fertoz recruited in the September quarter two senior sales people in Iowa and Arizona. The Company is working to hire additional sales people and 1-2 carbon scientists.

Australia / Asia

The Company's Australian operations have experienced a solid year in sales tracking to budget. Supply chain issues continue to increase the cost of imported goods: as an indication of the challenge, the cost of freight ex Vietnam has increased by an average US\$1,000 per container in the last six months. FertAg has announced price increases effective 1st November 2021 to offset rising costs.

Although Philippines sales are below budget due to COVID Government fertilizer farm subsidies and travel restrictions, retail sales for the home Australian market have been strong in the September quarter and look to continue to grow in 2022.

The focus in the December quarter is on potential carbon projects. The Company is evaluating a number of projects at present.

Outlook and opportunities

Significant media and industry concerns have recently been aired regarding the high price of commercial synthetic fertilizers and their availability. To help to address this industry challenge, Fertoz has tested blending its rock phosphate with commercial monoammonium phosphate, and has seen positive results from blending Fertoz rock in at 20-30% and even as high as 50% with conventional fertilizer.

Fertoz is starting to focus closely on this market opportunity. Blending Fertoz product with conventional synthetic fertilisers will reduce the cost of the mix and offer steady yield results while reducing environmental impacts including water runoff, volatilization and significantly reducing the carbon footprint. Fertoz has sufficient supply of rock for organic and commercial fertilizer dealers and growers.

With growing sales and carbon program interests, Fertoz is expanding on all fronts:

- **Fernie:** working on the Bulk Sampling Permit for the Barnes lease and working to finalise a Fernie area Small Mining Permit;
- **Wapiti:** inbound interest from northern Alberta and Saskatchewan customers, asking about supply. We are studying how to finalise a Small Mine Permit at Wapiti.

- **Montana:** Moving 6,000-7,000 tonnes from the Deerlodge rock stockpile to Butte for winter and spring 2022 processing and sales. The Company is currently installing a ball mill which will provide consistent feed size for the new granulator. Once the ball mill is done, Fertoz can finish the granulation installation in November 2021, ready for ramping up into CY22.
- **Mexico:** volumes from the Monterrey Mexico mine moved steadily throughout the year with sales into the USA. Fertoz has recently renewed its exclusive Marketing Agreement with the owners for another two years, plus a second two-year renewal extension.

Fertoz has steady sales indications for CY22 and holds a positive outlook for growth.

CORPORATE

\$5 million Placement to develop Fertoz Carbon

As announced on 8 September 2021, Fertoz has completed a \$5 million Share Placement to develop Fertoz Carbon. Fertoz received firm bids for a \$5 million Share Placement to sophisticated and professional investors via the issue of 33,333,333 shares at \$0.15 per Share, to be completed in two tranches ("Share Offer") Tranche 1 (*ASX announcement 15 July 2021*) and Tranche 2 (*ASX announcement 8 September 2021*).

Fertoz plans to use funds from the Placement to accelerate the development of its Fertoz Carbon division, which will focus on carbon sequestration, consulting activities, trading and implementation of carbon strategies using Fertoz organic fertilizers, a key input into improving soil health and, therefore, carbon accretion.

The strengthened balance sheet will also empower the Company to recruit additional carbon specialists, expand its North American organic phosphate sales team, and add to its working capital.

The Placement price of \$0.15 per Share represented a 0.6% discount to the 15-day volume-weighted average price (VWAP) of \$0.151 per Share.

The Placement consists of:

- a) up to 20,000,000 fully paid ordinary shares in the capital of the Company ("Shares") at an offer price of \$0.15 per Share to raise up to approximately \$3,000,000 (before costs) ("Tranche 1"), together with;
- b) Up to 13,333,333 Shares at an offer price of \$0.15 per Share to raise up to approximately \$2,000,000 (before costs) ("Tranche 2").

The Tranche 1 Shares issued under the Share Offer were issued pursuant to the Company's existing placement capacity (15%) under ASX Listing Rule 7.1. The issue of Tranche 2 Shares received shareholder approval at an EGM held on 3 September 2021. JP Equity Partners was Lead Manager to the Placement.

Meeting results

Shareholders passed all resolutions put to them at the Company's Annual General Meeting on 23 July 2021 and at Fertoz's General Meeting of shareholders held on 3 September 2021. A summary of voting results is in the ASX announcements dated 23 July 2021 and 3 September 2021.

Cash / Appendix 5B commentary

The Company had A\$5.7 million in cash as at 30 September 2021 and no loan balances owing.

Appendix 5B, Section 6.1 – description of payments

During the September 2021 quarter, the Company paid director's fees totaling A\$4K for non-executive director services, A\$55K to the Executive Chairman and \$9K to a company connected to a director for Corporate Secretarial services.

Although cash outflows for the September quarter totaled \$385k, the working capital position remained very solid. Receivables as at 30 September were \$617k and inventory on hand was 12,100 tonnes of finished product. Costs associated with this inventory build were mainly incurred in the September quarter.

Shipping to orders has accelerated into October which will improve Fertoz's cash conversion rate in the next two quarters. Cash at bank remains strong and December quarter cash receipts are expected to be improved.

Fertoz Tenements

A list of tenements is provided in Appendix 1.

Approval

This release has been approved by the Board of Fertoz Ltd

For further information, please contact:

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APPENDIX 1 – TENEMENT

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	4/21/22	Fertoz International
WK-2	851948	100%	451.02	4/21/22	Fertoz International
WK-3	851952	100%	375.66	4/21/22	Fertoz International
WK-4	851958	100%	451.2	4/21/22	Fertoz International
WK-5	941760	100%	450.83	4/21/22	Fertoz International
WK-6	941761	100%	469.87	4/21/22	Fertoz International
WK-7	941762	100%	432.07	4/21/22	Fertoz International
WK-8	941763	100%	413.49	4/21/22	Fertoz International
WK-9	941764	100%	451.33	4/21/22	Fertoz International
WK-10	941769	100%	432.53	4/21/22	Fertoz International
WK-11	955278	100%	470.31	4/21/22	Fertoz International
WK-12	956829	100%	37.56	4/21/22	Fertoz International
WK-One	982744	100%	18.8	4/21/22	Fertoz International
Wapiti NE	1015556	100%	375.54	4/21/22	Fertoz International
Wapiti Two	1015557	100%	168.93	4/21/22	Fertoz International
Wapiti South	1015558	100%	376.35	4/21/22	Fertoz International
WAP S2	1018104	100%	451.82	4/21/22	Fertoz International
WAP S3	1018106	100%	451.75	4/21/22	Fertoz International
WAP S4	1018107	100%	451.93	4/21/22	Fertoz International
WAP S5	1018108	100%	452.09	4/21/22	Fertoz International
WAP S6	1018109	100%	452.3	4/21/22	Fertoz International
Red Deer 1	1023921	100%	150.2	4/21/22	Fertoz International
Red Deer 2	1023922	100%	206.3	4/21/22	Fertoz International
Red Deer 3	1023923	100%	150.1	4/21/22	Fertoz International
Munok	1029417	100%	207.38	4/21/22	Fertoz International
Munok 1	1015626	100%	169.58	4/21/22	Fertoz International
Belcourt 1	1015627	100%	113.27	4/21/22	Fertoz International
Munok 2	1024783	100%	603.05	4/21/22	Fertoz International
Belcourt 2	1024803	100%	301.76	4/21/22	Fertoz International
Belcourt 3	1024806	100%	188.7	4/21/22	Fertoz International
Belcourt 4	1024805	100%	339.78	4/21/22	Fertoz International
Belcourt Link	1027037	100%	282.59	4/21/22	Fertoz International
WAP 11	1027038	100%	168.94	4/21/22	Fertoz International
South 1	1029488	100%	112.64	4/21/22	Fertoz International
South 2	1029489	100%	376.16	4/21/22	Fertoz International
South Road 2	1030777	100%	413.66	4/21/22	Fertoz International

Wapiti Project total			11,870.32		
Project Name	Tenement Number	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
Fernie Project					
Barnes (formerly Barnes Lake)					
Barnes Lake	1011319	100%	608.98	5/19/22	Fertoz International
BL 2	1020873	100%	629.88	4/18/22	Fertoz International
BL 3	1046619	100%	524.89	1/12/22	Fertoz International
Barnes Lk West	1055454	100%	83.97	10/09/22	Fertoz International
South of Alberta 1	1059393	100%	309.31	3/17/22	Fertoz International
Barnes 5	1059412	100%	104.96	3/18/22	Fertoz International
Coal Mountain 1	1059422	100%	230.78	3/19/22	Fertoz International
Barnes Subtotal			2,492.77		
Pump Station (formerly known as Crows Nest)					
Crows Nest	1023062	100%	1450.89	10/15/2021	Fertoz International
Crows 2	1023064	100%	38.67	10/15/2021	Fertoz International
Pump Station Subtotal			1,489.56		
Marten					
Marten 1	1024365	100%	754.32	6/29/21	Fertoz International
Marten 2	1025533	100%	460.86	6/28/21	Fertoz International
Marten Nth	1029979	100%	334.99	8/01/21	Fertoz International
Marten E	1031107	100%	188.48	9/23/21	Fertoz International
Marten Subtotal			1,738.65		
Graves Lake					
Graves Lake 1	1046685	100%	499.54	10/14/22	Fertoz International
Graves 2	1058774	100%	208.29	10/22/22	Fertoz International
Graves 5	1063603	100%	208.42	10/04/21	Fertoz International
Graves 5	1063646	100%	83.38	10/06/21	Fertoz International
Graves 6	1063647	100%	228.87	10/06/21	Fertoz International
Graves 7	1063598	100%	166.44	10/04/21	Fertoz International
Graves 8	1063648	100%	41.60	10/06/21	Fertoz International
Graves 9	1063655	100%	41.61	10/07/21	Fertoz International
Graves 10	1063656	100%	41.66	10/07/21	Fertoz International
Graves Subtotal			1,519.81		
Big Horn					
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	3/10/21	Fertoz International
RAM 5	1050661	100%	295.58	3/10/21	Fertoz International
RAM 6	1050662	100%	253.5	3/10/21	Fertoz International

BIGHORN 7	1050686	100%	211.28	3/10/21	Fertoz International
Bighorn Southwest	1057281	100%	211.28	10/29/21	Fertoz International
BIG HORN Subtotal			1,626.39		
Fernie Project Total			8,908.75		
Crowsnest, Alberta, Canada					
TWP	9318030431	100%			Fertoz International
TWP	9318100162	100%			Fertoz International
Alberta Subtotal					
Canada Total			20,737.50		

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Fertoz Limited

ABN

86 145 951 622

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (Nine months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	540	1,548
1.2 Payments for		
(a) exploration & evaluation	(102)	(152)
(b) development	-	-
(c) production - (see footnote)	(381)	(1,546)
(d) staff costs	(38)	(105)
(e) administration and corporate costs	(386)	(1,011)
- Marketing costs	(192)	(493)
- Other Administration costs (see note)	(194)	(518)
1.3 Dividends received	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other - GST paid (received)	(18)	19
1.9 Net cash from / (used in) operating activities	(385)	(1,247)

1.2 (a) includes work carried out on Marten and Fernie properties. During Q3, work on the Fernie Property consisted mainly of removal of phosphate material as part of a bulk sample permit. To 30 September 2021, a total of 5,850 US Tonnes (UST) have been removed and processed. Of the tonnage removed, the Company sold 1,840 UST. A significant part of cashflows with respect to the foregoing will be reflected in the final quarter of 2021. Receivables at 30 September 2021 amounted to \$617K and inventory at hand was 12,124 UST at 30 September 2021 from all the locations.

1.2(e) "other Admin costs" includes listing fees (\$58K) and share registry fees (\$21K) incurred during this quarter with respect to the placement. (see note 3.1)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (Nine months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(188)	(399)
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(188)	(399)

2.2 (c) During the quarter the Company purchased and paid for granulation equipment which it intends to operate in the US. The amount spent in this quarter represents clearance of the machines and installation.

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	5,087	6,531
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(346)	(359)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	4,741	6,172

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (Nine months) \$A'000
3.1 The Company completed a placement of 33.3 M shares at \$0.15 each for total proceeds of \$5M. In addition, the Company received \$87K from the entitlement issue it completed in April 2021, which was subject to the approval of the AGM			
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period (See note 1)	1,510	1,156
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(385)	(1,247)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(188)	(399)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,741	6,172
4.5	Effect of movement in exchange rates on cash held	3	(4)
4.6	Cash and cash equivalents at end of period	5,681	5,678

Note 1: Excluding cash collateral of \$176K.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,181	1,156
5.2	Call deposits	4,500	-
5.3	Bank overdrafts		
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,681	1,156

6. Payments to related parties of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	68
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Non-Executive Director fees – A\$4K

Payment to a director for corporate secretary services – A\$9K

Executive Director's remuneration - A\$55K

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	1,000	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	1,000	-

7.5 **Unused financing facilities available at quarter end** 1,000

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The loan facility is a debtors' factoring facility secured against invoices raised by the Company for the sale of inventory. The interest rate is 12.95%pa.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(385)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(385)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	5,678
8.5 Unused finance facilities available at quarter end (Item 7.5)	1,000
8.6 Total available funding (Item 8.4 + Item 8.5)	6,678
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	17.35

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2021

Authorised by: Justyn Stedwell

 (Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.