



31 JANUARY 2018

ASX RELEASE / MEDIA RELEASE

QUARTERLY ACTIVITIES REPORT DECEMBER 2017

HIGHLIGHTS

- Strong sales growth with quarter on quarter increase of over 100%
- Over 1,200t of North American sales in Q1 CY18 and quoted 3,000t of sales in Q2 CY18
- On track for North American sales of 10,000 in CY18
- Increased market penetration from 2 provinces in Canada to 4 in Canada, and now 5 states in the USA over last 6 months
- 2 additional products added during the quarter, enabling Fertoz to offer 6 fertiliser products
- Exclusive marketing agreement to sell organic rock phosphate in USA and Canada executed with Krezco. This additional material complements Fertoz's wholly owned production and ensures the Company can meet growing sales orders
- MoU signed with Providence Grain Group to grow distribution and provide warehousing; Providence will also test and trial new rock phosphate blends and sizes
- Discussions continuing with numerous parties in relation to increasing marketing, sales and distribution agreements
- Fertoz established as one of the highest total and available phosphorus products in the North American market

Phosphate exploration and development company, Fertoz ("Fertoz" or the "Company", ASX:FTZ) is pleased to provide an update of activities during the quarter ending 31 December 2017.

Fertoz Executive Chairman Patrick Avery stated:

"Fertiliser activities are in a different phase in North America. In winter, we have a solid pipeline of sales, processing and shipping existing orders. But it is also a key time to meet with and educate growers and dealers. During this period, we distribute agronomic information packs and this helps to build our Spring (Q2 CY18) sales book.

"Our agreement with Krezco is important in that it provides us with a product that has high available phosphorus and low impurities close to one of the US top 10 organic farming regions in Texas, allowing us to build demand and awareness across a larger area of North America. We have already quoted business on these tons. The ore from Krezco will allow us to supply key organic areas across the southern states of America.

"The MoU signed with Providence Grain is expected to provide Fertoz with increased market penetration in Canada. PGG is one of Canada's most prominent grain and agricultural solution providers, and we are

ASX: FTZ



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Board of Directors

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

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

Key Projects

Wapiti
Ferne

Fertoz Ltd

Ownership: 100%
Ownership: 100%

A.C.N. 145 951 622

working with the Company to progress our MOU into a definitive distribution agreement centred on Canada's Prairie Provinces, which is a target market for us.

“We are also negotiating with at least ten top ag dealer groups about distribution, marketing and sales agreements.

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

“We continue to make progress on permits for the Fernie area bulk sampling permits and Wapiti Small Quarry permits.

“And in Australia, the performance of our FertAg business continues to impress with a strong sales pipeline. This success has prompted the Company to pursue an expansion of sales of the FertAg products into North America.”

SUMMARY

North America

The Company continues to expand operations in North America, with sales during January exceeding total sales during the October – December period of 2017. Based on customer feedback and the historical conversion rate of quotes to sales, the Company forecasts quarterly sales as shown in Figure 1, building toward forecast CY18 sales of 10,000 tons. The Company expects its low overhead structure to allow Fertoz to be self-funding based on this sales forecast.

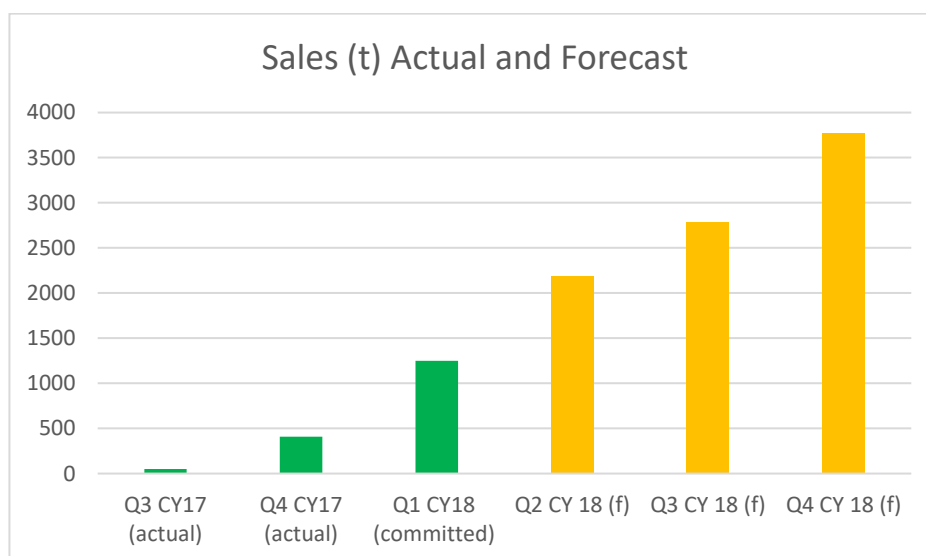


Figure 1: Actual and Forecast quarterly sales – North America

During the quarter, the Company used third party manufacturing and processing partners to process the Company's rock phosphate and produce fertiliser blends required by customers.



Figure 2: Processing of FertoZ rock phosphate in North America

Customer feedback and trials have led to the development of different product sizes and blends. The higher processing fine phosphate blends, ground to a similar consistency as talcum powder is attracting a lot of attention with customers looking for organic fertigation products. The ground fertiliser is mixed with water and sprayed directly onto plants. Four product types are now produced by FertoZ in North America:

- A 325 mesh, very fine ground rock that is mixed in water and used as a liquid fertiliser and for fertigation. This product is also used by other third-party fertiliser manufacturers to blend with their fertiliser products.
- A 50 – 100 mesh crushed rock phosphate, which is spread by a spin-spreader or lime spreader. This product is also used by third-party fertiliser manufacturers to blend with their fertilisers.
- A granulated rock phosphate / sulphur blend which is typically placed in air-seeders and dropped into the furrow with seeds when crops are planted. The Company produces a few different versions of this product.
- A 200-220 SGN, 2.0mm granulated rock phosphate at the size for air machines and spreaders.



Figure 3: Bagged 0-7-0 FertoZ rock phosphate ready for customer delivery

As noted in the 31 October 2017 ASX announcement “*FertoZ sales pipeline building with 2000t+ quoted*”, field trials have shown a 10 – 50% increase in yield using FertoZ fertilisers. Farmers using the product have

been contacting their local fertiliser suppliers and this has resulted in requests for exclusive distribution rights by fertiliser suppliers and distributors.

The Company is in discussions with a number of local distribution companies now looking to promote Fertoz organic fertilisers in their regions. Although it will typically take a number of months to negotiate such distribution agreements, the Company has been encouraged by the approach of large distribution businesses that have heard about Fertoz.



Figure 4: Winter operations in North America

During the quarter, the Company signed a distribution agreement with Krezco which provides Fertoz with another source of organic rock phosphate close to southern markets in the USA (refer to ASX release of 22 November 2017, “*Fertoz signs North American marketing agreement*”). The Krezco rock phosphate resource is strategically located close to the US border and will enable Fertoz to supply organic farmers in the southern USA states at a more competitive price compared to transporting rock phosphate from the Company’s other sources at Wapiti, Fernie and Silver Bow.



Figure 5: Fertoz organic rock phosphate ready for processing

According to the most recent report on organic agriculture from the Organic Trade Association, 225 counties across the USA are organic hotspots (refer Organic Trade Association publication “Big Results from Small Seeds” available at www.ota.com). The Company has identified a number of these that are proximate to the Company’s sources of organic fertiliser. Two such areas are close to the Mexico/US border near the Krezco phosphate source.



Figure 6: Location of the Krezco site and proximity to local organic hubs

During the quarter, the Company signed an MoU with Providence Grain Group (PGG), to use the Company’s organic rock phosphate in PGG’s proprietary fertiliser blends. Providence Grain Group Inc is based in Fort Saskatchewan, Alberta, Canada, with additional offices and facilities in Winnipeg, Gaudin, Crossfield, Marengo, Viking and Stoughton in Canada.



Figure 7: Providence Grain Group distribution facility

During the quarter, the Company progressed internal organic provenance processes to enable consumers to verify that the organic produce they purchase has been grown using organic fertiliser. The Company has documented a blockchain approach that details the organic process chain through to the farmer. Further work on this important aspect of organic agriculture will be undertaken in CY2018, as provenance is becoming critical to the ability of famers to attract customers.

Finally, during the quarter, the Company continued to assess the potential to introduce the FertAg product suite to North American farmers. Logistics and pricing issues are currently being reviewed with the aim of offering the fused magnesium calcium phosphate for trials.

Australia

Sales continued to rise across Australia during the October – December 2017 period. As shown in the map below, the Company’s reach has continued to expand.

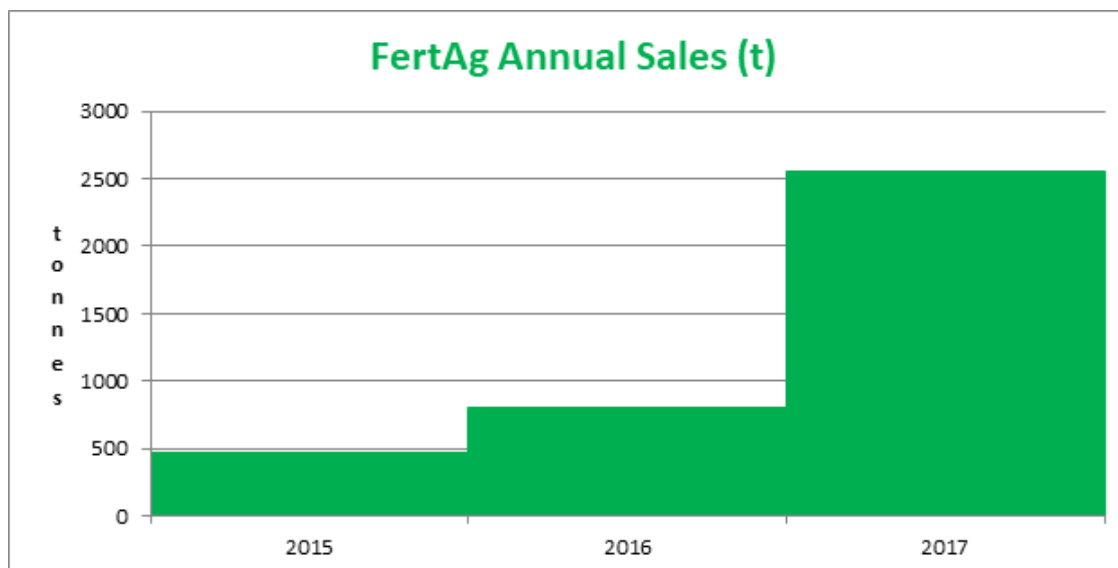


Figure 8: FertAg annual sales

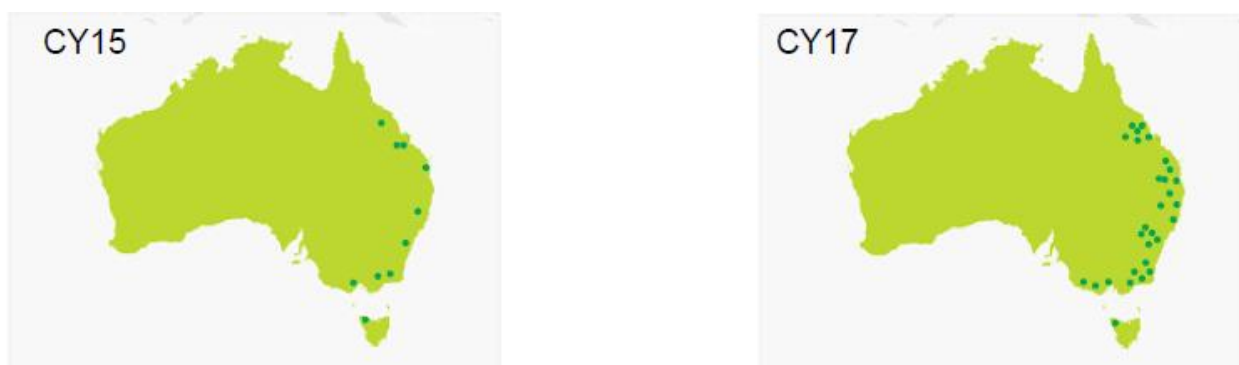


Figure 9: FertAg customers CY2015 vs CY2017

Les Szonyi and his team continued to represent FertAg products at regional farm exhibitions and trade shows. Sales are steadily increasing with 4,000t expected to be sold during CY2018.



Figure 10: Les Szonyi at the FertAg stand, ProAg 17

As highlighted in Figure 9, an increasing number of farmers are turning to FertAg to solve their fertiliser problems. The Company has built a portfolio of satisfied repeat customers that are recommending FertAg products. Fertoz is looking to expand into other areas of Australia as well as undertake trials in North America, both of which is expected to lead to a noticeable increase in sales over the coming years.



Figure 11: The application of FertAg fused magnesium calcium phosphate significantly reduced weeds

Combined sales and forecasts for both the North American and Australian operations are shown in the figure below.

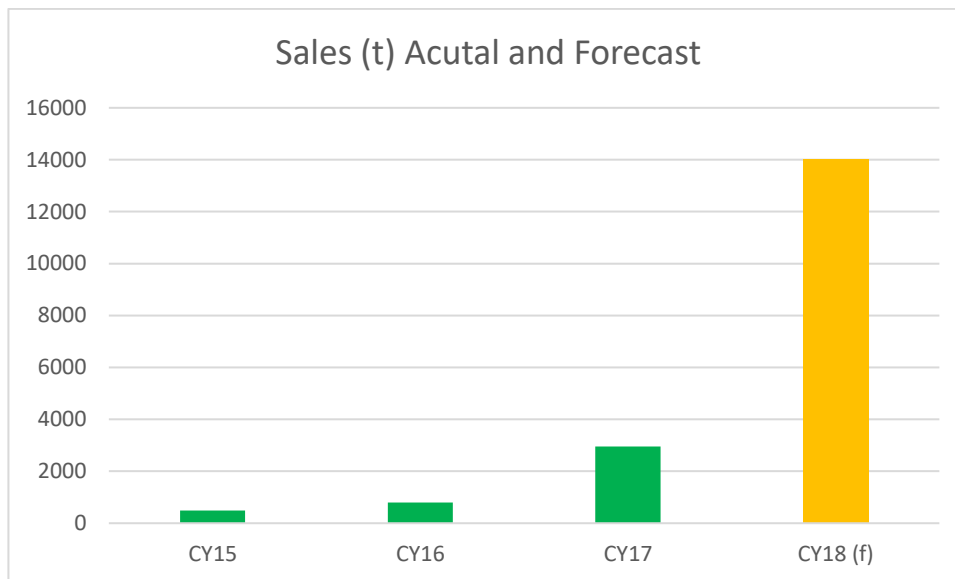


Figure 12: Actual and Forecast sales of Fertoz fertiliser products

Planned Activities for March Quarter 2018

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

SAFETY

There were no lost time injuries or environmental incidents recorded during the quarter ending 31 December 2017.

CORPORATE

Change of Company Secretary/Registered Office

During the quarter, Justyn Stedwell was appointed Company Secretary. Mr. Stedwell is a professional company secretary with a decade of experience with ASX listed companies in various industries, including mining and exploration, IT & telecommunications, biotechnology and agriculture. Mr Stedwell's appointment followed the resignation of Julien McNally from the role.

The registered office for Fertoz changed to Unit 1B, 205 – 207 Johnston St Fitzroy Victoria 3065, Australia.

Results of Annual General Meeting

At the Company's Annual General Meeting of Shareholders held on 30 November, all three resolutions as set out in the Notice of Meeting passed on a show of hands.

Cash

The Company has A\$791,000 in cash as at 31 December 2017 and no significant loan balances owing.

Fertoz Tenements

A list of tenements is provided in Appendix 1.

For further information, please contact:

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Competent Person's Statement

The technical information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Jo Shearer, a Competent Person, who is a member of the Association of Professional Engineers and Geoscientists of British Columbia, a 'Recognised Professional Organisation' (RPO) included in a list that is posted on the ASX website from time to time. Mr Shearer is the Chief Operating Officer Canada for Fertoz Limited. Mr Shearer has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Shearer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

This release includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. Forward looking statements in this release include, but are not limited to, the capital and operating cost estimates and economic analyses from the Scoping Study.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, exploration and project development risks, political and social risks, environmental risks, changes to government legislation, extreme weather conditions, retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and that could impact the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be impacted in any material manner by these or other factors not foreseen or foreseeable by the Company or management or that are beyond the Company's control. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

Forward looking statements in this release are given as at the date of issue only. Subject to any continuing obligations under applicable law or any relevant Australian Securities Exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Appendix 1 List of Tenements

Project Name	Tenement Number	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
Canada					
Wapiti Project					
Wapiti East					
WK-1	851942	100%	450.83	21/04/2022	Fertoz International
WK-2	851948	100%	451.02	21/04/2022	Fertoz International
WK-3	851952	100%	375.66	21/04/2022	Fertoz International
WK-4	851958	100%	451.2	21/04/2022	Fertoz International
WK-5	941760	100%	450.83	21/04/2022	Fertoz International
WK-6	941761	100%	469.87	21/04/2022	Fertoz International
WK-7	941762	100%	432.07	21/04/2022	Fertoz International
WK-8	941763	100%	413.49	21/04/2022	Fertoz International
WK-9	941764	100%	451.33	21/04/2022	Fertoz International
WK-10	941769	100%	432.53	21/04/2022	Fertoz International
WK-11	955278	100%	470.31	21/04/2022	Fertoz International
WK-12	956829	100%	37.56	21/04/2022	Fertoz International
WK-One	982744	100%	18.8	21/04/2022	Fertoz International
Wapiti NE	1015556	100%	375.54	21/04/2022	Fertoz International
Wapiti Two	1015557	100%	168.93	21/04/2022	Fertoz International
Wapiti South	1015558	100%	376.35	21/04/2022	Fertoz International
WAP S2	1018104	100%	451.82	21/04/2022	Fertoz International
WAP S3	1018106	100%	451.75	21/04/2022	Fertoz International
WAP S4	1018107	100%	451.93	21/04/2022	Fertoz International
WAP S5	1018108	100%	452.09	21/04/2022	Fertoz International
WAP S6	1018109	100%	452.3	21/04/2022	Fertoz International
Red Deer 1	1023921	100%	150.2	21/04/2022	Fertoz International
Red Deer 2	1023922	100%	206.3	21/04/2022	Fertoz International
Red Deer 3	1023923	100%	150.1	21/04/2022	Fertoz International
Munok	1029417	100%	207.38	21/04/2022	Fertoz International
Munok 1	1015626	100%	169.58	21/04/2022	Fertoz International
Wapiti Project (continued)					
Belcourt 1	1015627	100%	113.27	21/04/2022	Fertoz International

Project Name	Tenement Number	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
Munok 2	1024783	100%	603.05	21/04/2022	Fertoz International
Belcourt 2	1024803	100%	301.76	21/04/2022	Fertoz International
Belcourt 3	1024806	100%	188.7	21/04/2022	Fertoz International
Belcourt 4	1024805	100%	339.78	21/04/2022	Fertoz International
Belcourt Link	1027037	100%	282.59	21/04/2022	Fertoz International
WAP 11	1027038	100%	168.94	21/04/2022	Fertoz International
South 1	1029488	100%	112.64	21/04/2022	Fertoz International
South 2	1029489	100%	376.16	21/04/2022	Fertoz International
South Road 2	1030777	100%	413.66	21/04/2022	Fertoz International
Wapiti Project total			11,870.32		
Fernie Project					
Barnes Lake					
BL 1	1011319	100%	608.98	19/05/2019	Fertoz International
BL 2	1020873	100%	629.00	18/04/2019	Fertoz International
BL 3	1046619	100%	524.89	12/01/2019	Fertoz International
Barnes Lake Subtotal			1,762.87		
Crows Nest					
Crows Nest	1023062	100%	1450.89	15/10/2021	Fertoz International
Crows 2	1023064	100%	38.67	15/10/2021	Fertoz International
Crows Nest Subtotal			1,489.56		
Marten					
Marten 1	1024365	100%	754.32	29/06/2021	Fertoz International
Marten 2	1025533	100%	460.86	28/06/2021	Fertoz International
Marten Nth	1029979	100%	334.99	1/08/2021	Fertoz International
Marten E	1031107	100%	188.45	23/09/2021	Fertoz International
Marten Subtotal			1,738.62		
Mt Lyne					
Line 3	1042176	100%	186.99	19/2/2019	Fertoz International

Project Name	Tenement Number	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
Line 4	1042177	100%	332.78	19/2/2019	Fertoz International
Line 5	1042208	100%	290.72	20/2/2019	Fertoz International
Line 6	1042209	100%	499.54	20/2/2018	Fertoz International
Line 7	1042222	100%	497.99	21/2/2018	Fertoz International
Graves Lake1	1046685	100%	499.54	14/9/2018	Fertoz International
Mt Lyne Subtotal			2,307.56		
Bighorn					
Bighorn 7	1050686	100%	211.28	11/03/2020	Fertoz International
Ram 1	1047502	100%	126.72	29/10/2021	Fertoz International
Ram 2	1050068	100%	253.48	16/3/2021	Fertoz International
Ram 3	1060069	100%	168.93	16/3/2021	Fertoz International
Ram 4	1050660	100%	105.64	10/03/2021	Fertoz International
Ram 5	1050661	100%	295.58	10/03/2021	Fertoz International
Ram 6	1050662	100%	253.48	10/03/2020	Fertoz International
Bighorn Subtotal			1,415.11		
Fernie Project Total			8,713.72		
Canada Total			20,584.04		