Fertoz Ltd

ASX: FTZ

Mining, manufacturing and selling organic phosphate

BMO Farm to Market Conference, May 2018

Exceeding sales targets

- Fertoz (ASX: FTZ) is a premium organic phosphate fertiliser manufacturing company with significant expansion plans in the attractive North American market
- Organic farmers are currently underserved due to the variable product quality of Fertoz's key competitors and the lack of an integrated supply chain
- Fertoz has identified organic farming hubs across key states and provinces of North America, with suitable distribution centres close to these organic farming hubs, and is developing these to accelerate recurring sales at scale to organic farmers
- Fertoz is targeting organic phosphate sales of **100,000 tpa within 3 years**
- Fertoz exceeded its 10,000t CY18 sales target ***in the first four months of 2018***

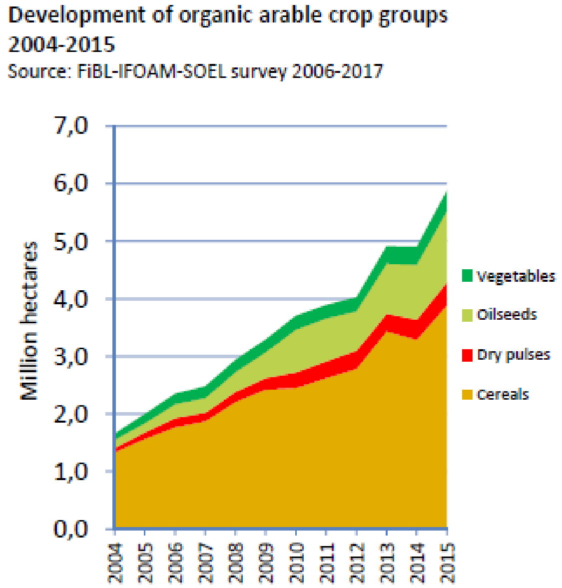
Fertoz (ASX: FTZ)

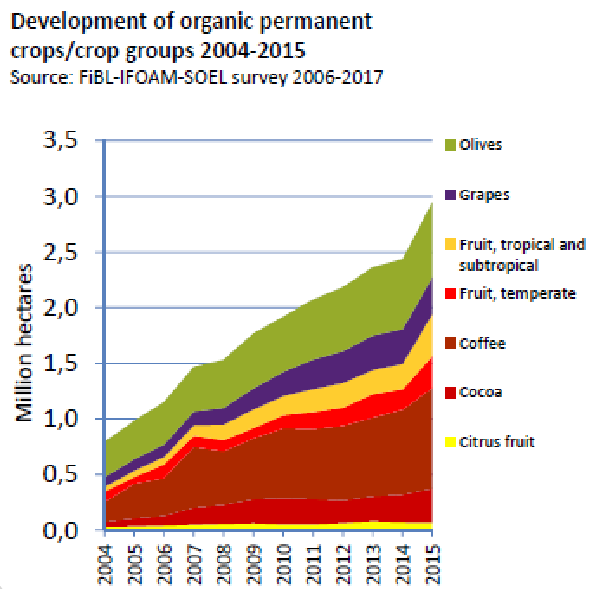
- ASX code: FTZ
- Pat Avery – Executive Chairman
- Adrian Byass, James Chisholm – Non-Executive Directors
- 51% held by Top 20 shareholders
- 12% held by Board and Management
- Key Management:
  - Jo Shearer – COO – 30 years' experience
  - Derek Squair – AgriTrend – agricultural product sales 25 years
  - Sean Gatin – agricultural product sales 25 years
  - Lawrence Klusa – agricultural product sales 20 years
  - Dean Tvinnereim - 30 years of experience

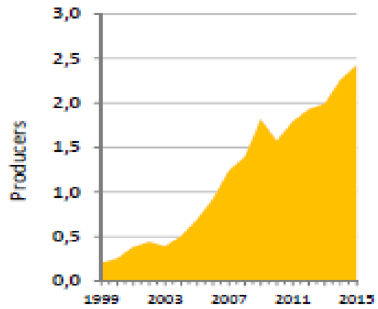
- A$0.20 share price, 14 May 2018
- 100% 12mo share price return
- 105m shares on issue
- 17m options on issue
- A$21m market capitalisation

The organic market

- **Global demand for organic foods is booming: growth over 13% pa**
- Total market size has **surged to US$89.7bn (2016) from US$15bn (1999)**
- Organic food and beverage market forecast to grow to US$320bn by 2025 (Grandview Research)
- USA is by far the largest organic foods market with c.US$50bn market size
- Global organic fertiliser market set to grow from US$6bn pa 2016 to US$11bn pa by 2022
- **Organic farming has also grown significantly over the same period in response to consumer demands**
- Total global organic farmland of 58Mha (2016), up from 11Mha (1999)







Development of the number of organic producers 1999-2015

Source: FiBL survey 2017 www.organic-world.net

World
2.4 Mio
producers

+1'000%
since 1999

The organic market

- **North American organic farming is still in the early stages of its growth but price premiums are high**
- Canadian organic price premiums range from 143% for organic green peas to 350% for organic wheat
- Prices achieved for organic phosphate for bulk delivery C$285/t – US$600/t
- Margin targets typically 20 – 80%
- Organic are new acres, representing a real opportunity for manufacturers, distributors and growers. Conventional ag is basically flat, just moving dollars among competitors.

Key Efforts

- Fertoz is one of the few companies certified in the USA and Canada to produce organic rock phosphate fertiliser - OMRI, Procert, National Organic, USDA, California, Washington, Eco-Cert
- Strong well-placed reserves: Wapiti, Fernie, Silver Bow etc
- Extensive farming trials have shown and documented significant (>100%) uplifts in plant available phosphate — a compelling proposition for organic growers looking to boost productivity
- Sells on Agronomics – ag sales are based on reputation, trust of the crop advisor/agronomist, recommendations by neighbours, and actual yield results
- Started selling early – mined our deposits and started selling bulk samples to facilitate agronomic trials
- Key is education: talks, presentations, testimonials, mailouts to investors, distributors, growers etc
- We've done our market research and have set firm prices and margin targets

Key Efforts

- Next, we secured respected distribution partners:

- Providence Grain - Prairie Provinces
- Ag Unlimited - Tremont/Lyman Group
- Limoges Seed - Prairie Provinces
- 5 more in the works to provide complete coverage

- We contract all mining, processing, storage and logistics, allowing us to focus on sales and marketing, and additional trials in new geographic regions and with new crops

- Planning to take over some of the activities in the distribution chain once sales exceed 25,000tpa

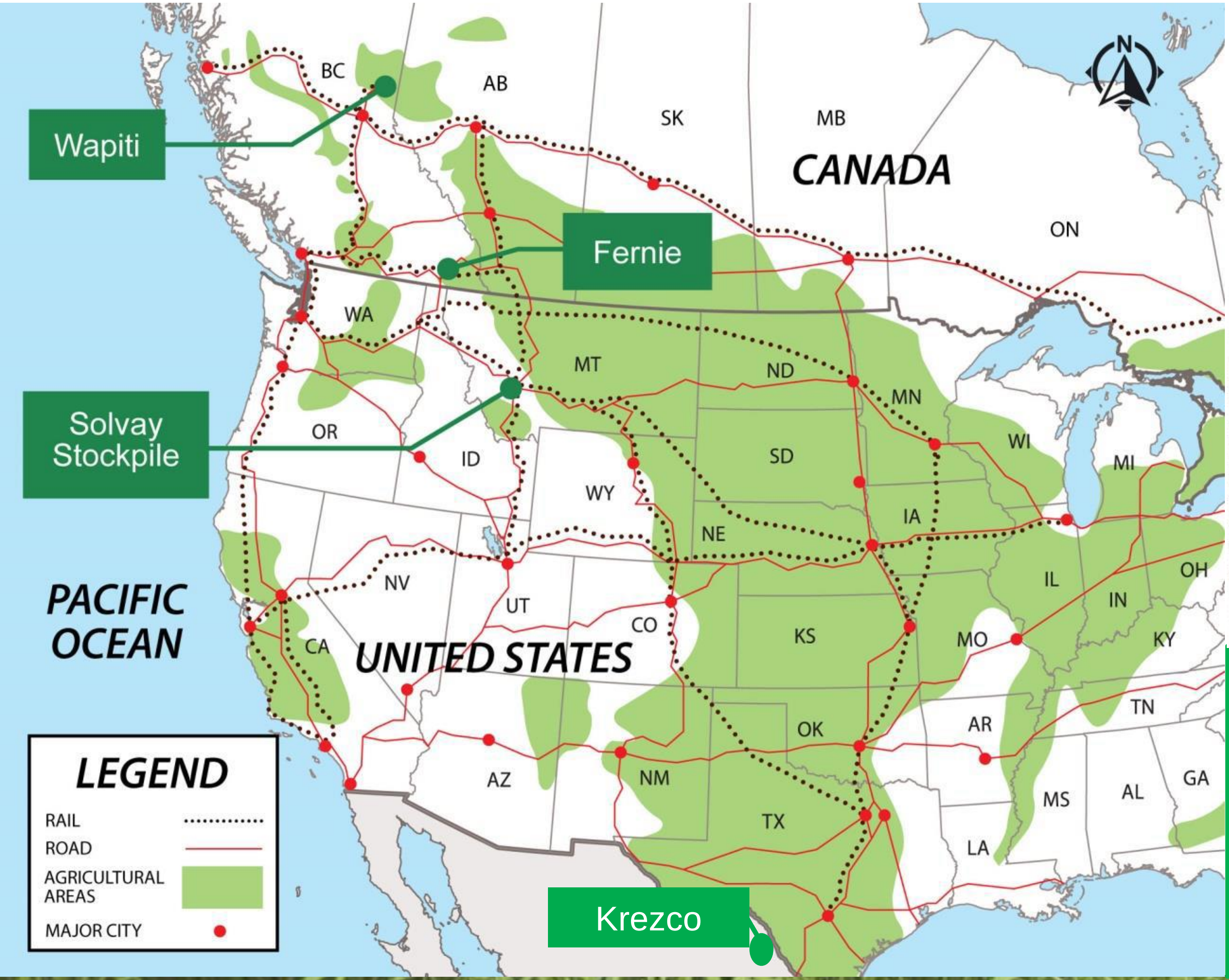
- Utilise expanded distribution chain – we sell to distributors, wholesales, retailers and farmers direct, FOB or delivered

- KISS Principle – only a few products done well: grit, granular, granular with sulphur blend, custom blends, fertigation fine powder

- Mix of owned deposits (Wapiti, Fernie) and exclusive rights (Krezco, Silver Bow)

- **Forecast 100,000tpa sales in 2020** in North America

Strategically located sources of organic rock phosphate



Multiple sources of phosphate rock – sufficient to meet expected demand over next 15 to 20 years

North America: 4m organic acres

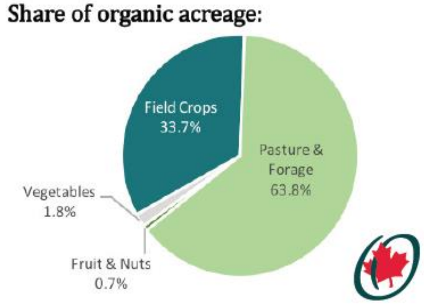
Focus regions for Fertoz:

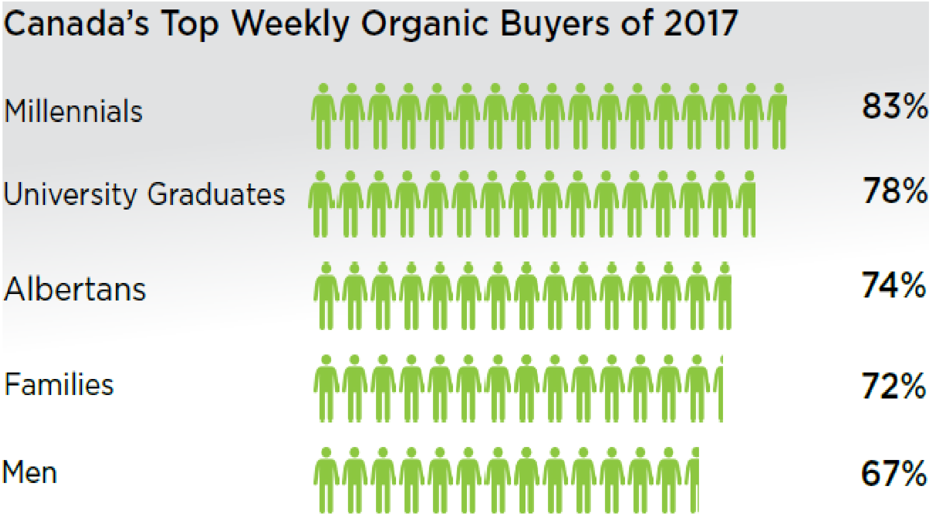
- **California** (688,883 organic acres) produces all organic dates and almonds sold in the USA, 99% of all organic walnuts, lemons, figs and artichokes and 98% of all organic avocadoes, with 2,713 certified organic farms in the state
- **Montana** (417,412 organic acres) with an organic grains farm hub in Blaine county, most organic grain farms in the central and eastern counties of Montana and most organic vegetable farms in the west (with organic hubs in four counties), and most farms deficient in nitrogen and phosphate
- **Wisconsin** (255,971 organic acres) with organic farms hubs in Vernon and Monroe counties and 1,276 certified organic farms in the state
- **Oregon** (204,000 organic acres) with 525 certified organic farms, and organic milk production the largest contributor to overall organic sales, and organic farming hubs in six counties
- **North Dakota** (186,193 organic acres) with two major organic farming hubs
- **Texas** (160,776 organic acres) with organic farming hubs near Brownsville, Laredo and the north-east coast.

Canada: 2.2m organic acres

- **Saskatchewan** (873,400 acres) with multiple organic farming hubs
- **Alberta and Manitoba** (526,000 acres) with multiple organic farming hubs

66% of Canadians purchase organic goods every week





Organic farming in our market areas

- **USA: largest organic plantings**
  - Alfalfa/Hay: 800,000 acres
  - Wheat: 482,000 acres
  - Corn: 292,000 acres
  - Soybeans: 150,000 acres
  - Oats: 109,000 acres
  - **17,500 organic farms operating in USA**

- **Canada: largest organic plantings**
  - Wheat: 230,000 acres
  - Pasture: 230,000 acres
  - Oats: 150,000 acres
  - Pulses: 88,000 acres
  - **4,000 organic farms operating in Canada**

Fertoz has identified strategically located fertiliser distribution centres that can be used to supply local organic farmers – negotiations underway

Highlights

- Organic phosphate market in North America is huge and growing
- Fertoz has organic certification, market access, mine supply and exclusive distribution rights backed by a proven sales and management team
- Sales are increasing and business model is progressing as a ‘mine gate’ seller, along with sales from wholesalers, distribution centres proximate to organic farming hubs, and direct to growers.
- We set volume, price and margin targets, and are exceeding them.
- **EXECUTION - ramping up sales in CY18 will cash flow the company’s operations. Takes c.9,000t to break-even. Future profits to be reinvested in growth, possible distributions**

Disclaimer

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.

This presentation contains certain statements which constitute “forward-looking statements”. Forward –looking statements are based on the estimates and opinions of Fertoz's management on the date the statements are made and Fertoz does not undertake any obligation to update forward-looking statements should conditions or management’s estimates or opinions change, whether as a result of new information, future events or other factors, except as required by law.

All statements other than statements of historical fact herein are forward-looking statements and include, but are not limited to: (i) estimates and projections of future phosphate prices; (ii) estimates and projections of future phosphate production and demand; (iii) estimates and projections of reserves and resources; (iv) estimates and opinions regarding geological and mineralization interpretation; and (v) estimates of exploration investment and scope of exploration programs. When used in this presentation, the words “plans”, “expects”, “anticipates”, “budgets”, “forecasts”, “strategy”, “goals”, “objectives”, “could”, “should”, “may”, “potential” and other similar expressions relating to matters that are not historical facts are forward-looking statements.

All forward-looking statements herein are based on Fertoz's or its advisors’ current beliefs, as well as various assumptions and information currently available to them. These assumptions include but are not limited to: (i) continued growth in world phosphate; (ii) continued increase in personal incomes; (iii) continued increase in grain-intensive meat diets; (iv) continued decline in the agricultural land base; (v) the successful negotiation of native title access agreements for Fertoz's exploration licences. There can be no assurance that such statements will prove accurate, and actual results and future events could differ materially from those anticipated in such statements, in particular, the estimates do not include input cost increases or phosphate price variations that could occur in the future.

The forward-looking statements herein are subject to risks, uncertainties and other factors. The risk factors may be generally stated as the risk that the assumptions and estimates expressed herein do not occur, and include, but are not limited to: (i) phosphate and other commodity price volatility; (ii) political and operational risks; (iii) government regulation of mining activities; (iv) environmental risks; and (v) title disputes and claims. We caution potential investors not to place undue reliance on the forward-looking statements herein, as a number of important assumptions could cause the actual outcomes to differ materially from the beliefs, plans, expectations and estimates expressed herein.

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