# Fertoz Ltd (ACN 145 951 622)

# QUARTERLY REPORT

TO DECEMBER 2013

# ASX RELEASE

30 January 2014

FERTOZ LTD

ASX:FTZ

### **ISSUED CAPITAL** (31/12/13)

45,009,595 Ordinary Shares which includes 15,666,467 Escrowed Shares 10,615,384 Options\* \*See Appendix 5B for more detail (Lodged 30/01/14)

### SHAREHOLDERS (31/12/13)

424 shareholders Top 20 shareholders hold 51.9%

### LARGEST SHAREHOLDERS

Lenark Pty Ltd (and related parties) – 11.8% JP Morgan Nominees Australia Ltd – 7.7% UBS Nominees Pty Ltd – 4.7%

### DIRECTORS

James Chisholm – Non Exec Chairman Leslie Szonyi – Managing Director Adrian Byass – Non Exec Director

### SENIOR MANAGEMENT

Julien McInally – CFO and Company Secretary Jo Shearer - Chief Operating Officer Canada

#### **CASH BALANCE**

As at 31/12/13, Fertoz's cash balance was approximately \$3.0 million

# HIGHLIGHTS

#### CANADA PROJECTS WAPITI WEST

- Consistent and continuous phosphate-bearing horizon drilled and mapped along East and West Limbs for a total of 17 kilometres of strike length
- Potential strike length based on past results of phosphate-bearing horizon is now estimated at over 27km
- Bulk sample (2 tonne) taken averaging 24.3% P₂O₅ with low impurities
- Permit application submitted to collect up to 7,500 tonne bulk sample for farm trials and customer sales

### **BARNES LAKE AND CROWS NEST**

- Tenement grants have significantly increased the phosphate exploration area at Barnes Lake to 1,238 hectares (100% Fertoz)
- Small drill programme and bulk sample planned for second half of CY2014 for Barnes Lake and Crows Nest.

#### USA PROJECT DRY RIDGE PROJECT, IDAHO, USA

- Option to acquire 100% of the Dry Ridge Phosphate Project
- Project ideally located in an established phosphate mining area of Idaho, USA and along strike from currently operating and proposed phosphate mines
- Fertoz has right to explore until August 30, 2016 prior to purchase
- Project is located in North America which is complementary to the Company's existing projects in British Columbia

### CORPORATE

• An entity associated with Chairman James Chisholm purchased an additional 89,000 Fertoz shares on-market

### CORPORATE

#### STRATEGY

Since listing on the ASX in the 2013 September Quarter, Fertoz has continued exploring for highgrade phosphate resources in North America. The Company is focused on some of the largest agricultural economies in the world with both Canada and the USA now being net importers of phosphate. The Company intends to take advantage of these net importing phosphate markets by targeting small, high-grade resources that can be commercialised quickly and economically. Unlike a number of other phosphate companies seeking multi-million tonne deposits, Fertoz is targeting small deposits that can be selectively mined for high grade, low impurity phosphate which is particularly suited to the organic farming market or for toll-processing at third party beneficiation plants.

Fertoz has four projects in British Columbia, Canada – Wapiti (East and West), Barnes Lake and Crows Nest – all close to infrastructure. To complement the Company's existing phosphate projects in Canada, during the December quarter Fertoz acquired an option from Sulfate Resources LLC ("Sulfate") to explore and acquire up to 100% of the Dry Ridge Phosphate Project in Idaho, USA from Solvay USA Inc. ("Solvay").

### DIRECTOR BUYING

Non-Executive Chairman Mr James Chisholm through a related entity, purchased an additional 89,000 Fertoz shares via on-market trades during December 2013 The shares were valued at between \$0.455 and \$0.4348 per share with total consideration paid for the shares being \$39,942.

### **BOARD CHANGES**

Non-Executive Director Peter Bennetto resigned from the Fertoz Board on 26 November 2013. Mr Bennetto had been a Non-Executive Director of Fertoz since December 2010. The Company acknowledged the contribution of Mr Bennetto and wished him well in his future endeavours (refer Fertoz press release 26 November 2013). The Company is in discussions with potential Canadian-based directors with significant fertiliser experience to replace Mr Bennetto.

### SAFETY

There were no lost time injuries recorded during the December quarter. The Company has implemented comprehensive safety procedures for all site works, and in particular, the upcoming extraction of a bulk sample for farm trials and customer sales.

### CASH

The Company has cash at bank as at 31 December 2013 of \$3,011,327.





# PROJECTS

#### WAPITI EAST, BRITISH COLUMBIA, CANADA

Fertoz announced, during the quarter, exploration results from its Wapiti East project in British Columbia, Canada. The Company completed 2,098 metres of diamond drilling (62 drill holes) at Wapiti East between August and October. Fertoz also collected a two-tonne bulk sample which demonstrated low impurity levels and high phosphate (P205) grade.

Drilling at Wapiti East confirmed a mineralised zone that was relatively uniform and regular in orientation. Drill spacing varied and was reduced in places to 20m intervals and the results demonstrated good continuity that was open at depth with the mineralised phosphorite zone typically between approximately 1.2m and 2.25m true width, outcropping at width at a moderate (~50 degrees) and consistent dip. The average grade varied between 13% and 27% P20s within the phosphate horizon. Full results are contained in the Appendix 1.

A two-tonne bulk sample from a small trial pit mining operation was collected and assays completed by AGAT Laboratories in Ontario. Sampling averaged 24.3% P<sub>2</sub>O<sub>5</sub> with low levels of heavy metal impurities, which is a pre-requisite for use in the organic fertiliser market, whilst also providing sufficient levels of macro and micro nutrients.

Further work on Wapiti East is underway in 2014, including:

- Metallurgical testwork: Metsolve Laboratories (BC) and SGS Laboratories (Ontario) are in the process of determining solubility and reactivity of phosphorus in the bulk sample collected in October. These tests will assist in determining the commerciality of the phosphate from Wapiti East. The results are expected in the first quarter of CY2014.
- 2. Bulk Sample Permitting: The application for a permit to extract a bulk sample of up to 7,500 tonnes has been submitted to the British Columbia Mines Department. The application process required the Company to complete a number of tasks including:
  - a. a metal leaching and acid rock drainage assessment,
  - b. an environmental plan, and
  - c. an avalanche hazard assessment/safety plan.

In addition, various First Nations meetings were required to be undertaken, in order to advise the local First Nations groups of progress to date and the planned extraction of the bulk sample.

3. Farm Trials: The Company has begun discussions with local farmers interested in trialling the Wapiti East Phosphate on their farms.

#### BARNES LAKE, BRITISH COLUMBIA, CANADA

During the quarter the Company doubled the size of the Barnes Lake Project to 1,238 hectares by surrounding the existing tenement (number 1011319) with a new tenement (number 1020873).

The additional tenement area was submitted to the British Columbia Mines Department as a result of a site visit during the quarter to plan the trenching and drilling program for 2014. During the site visit, the Company located historical drill holes from previous work carried out in 1968 and 1978 that were outside the existing tenement boundary. Subsequent research showed that these holes displayed phosphate occurrences within 10m of the surface. As such, the existing claim holdings were extended to include these drill holes areas.

Previous intermittent exploration of the Barnes Lake area has highlighted the presence of widespread, shallow phosphate-bearing sediments associated with the base of the Jurassic-aged Fernie Formation.

Adding to its geological prospectivity, the project is well supported by:

- its close proximity to the East Kootenay Coalfields, with the established mining communities of Fernie and Sparwood located less than 30km away, providing a ready source of labour and business/ government facilities;
- local mining expertise as a result of the numerous coal mines in the surrounding district;
- transportation (road and rail) links to ports on Canada's west coast, as well as regional centres in Alberta and the north-western United States;
- a railhead at Corbin which is within 6km of the claims; and
- an agreement, which has already been signed with TEMBEC, a local logging company, for site access.

The Barnes Lake phosphorites were investigated in 1990 with geological mapping, sampling, hand trenching and backhoe trenching carried out. Eight backhoe trenches and two hand trenches were dug along strike on the west side of Michel Creek. Results confirmed the continuity of the phosphorites and grade along strike (BC Report 20872, Pell 1990).

A small drill program and collection of a bulk sample has been planned for the second half of CY2014. A similar program has been planned for the Company's nearby tenements at Crows Nest.

# PROJECTS

(CONTINUED)

### DRY RIDGE PROJECT IDAHO USA



### PROJECTS

(CONTINUED)

### DRY RIDGE, IDAHO, USA

On 10 December 2013, Fertoz announced it had acquired an option from Sulfate Resources LLC ("Sulfate") to explore and acquire up to 100% of the Dry Ridge Phosphate Project in Idaho, USA from Solvay USA Inc. ("Solvay").

The Dry Ridge Phosphate Project is located in the established phosphate mining region of south-eastern Idaho, USA (Figure 2).

The Dry Ridge acquisition complements the Company's projects, and is close to existing and proposed phosphate mines in the Idaho area. The exploration licence covers 210 hectares and extends along the known north-south trending outcrop of phosphate bearing horizons demonstrated on the adjacent tenements. Previous trenching, mapping and analysis identified relatively narrow and high-grade phosphate zones grading up to 33% P<sub>2</sub>O<sub>5</sub>, at a width of 3m within larger, lower-grade zones. This phosphate is hosted in sedimentary horizons that extend north into the tenure owned by Agrium, which is developing the new Husky #1 phosphate mine (Federal Register Notice, August 2, 2012) and south to Husky #3 where Agrium is planning extensive exploration.

Under the Option Agreement, Fertoz has the right to explore the property until 30 August 2016 and can exercise its option to acquire the Project by paying Solvay up to a total of US\$600,000 to earn an 80% interest in the project (refer to ASX announcement dated 10 December for Commercial Terms). The purchase price was agreed with Solvay on the basis that there is 12 million tons at a minimum grade of 24% P<sub>2</sub>0<sub>5</sub> in the Project. Upon Fertoz exercising its right to acquire the Project, Fertoz will own 80% of the Project and Sulfate will own 20%. Fertoz can acquire the remaining 20% of the Project by paying US\$200,000 to Sulfate by 9 December 2016.

The Company is currently preparing the necessary documentation to apply for an exploration permit from the Idaho Bureau of Land Management. Due to the longer application timeframes experienced in Idaho USA, the Company does not expect to begin any drilling until late in 2015.

#### **AUSTRALIAN PROJECTS**

During the quarter Fertoz completed the sale of six phosphate exploration tenements in the Northern Territory, known as the Katherine and Barkly tenements, to Mandarin Mining Pty Ltd for the consideration of \$50,000. The Company had been searching for a joint venture partner for these projects but the sale of the tenements allowed management to focus on the development of North American, nearterm projects, rather than expend funds on drilling lower grade targets in Australia.

The company currently has two Australian projects and has a joint venture in place on the Barrow Creek Project with Central Australian Phosphate Ltd. In addition, Fertoz is continuing to search for joint venture partners or alternatively sell its Sherrin North Project.

#### LIST OF TENEMENTS

A full list of the Company's tenements as at 31 December 2013 is attached in Appendix 2.



#### **ABOUT FERTOZ**

Fertoz is exploring for high grade phosphate resources in Canada and USA, which have one of the largest agricultural economies in the world and which both import phosphate to meet domestic demand. Fertoz has four projects in Canada and one in the USA – Wapiti (East and West), Barnes Lake and Crows Nest in Canada and Dry Ridge in USA – all proximate to infrastructure. Fertoz is targeting small, high grade resources in the Americas that can be commercialised quickly and inexpensively.

#### Forward-looking statements

This document may contain forward-looking statements. Sentences and phrases are forward looking statements when they include any tense from present to future or similar inflection words, such as (but not limited to) "believe," "estimate," "anticipate," "plan," "predict," "may," "hope," "can," "will," "should," "expect," "intend," "is designed to," "with the intent," "potential," the negative of these words or such other variations thereon or comparable terminology, may indicate forward looking statement.

Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Fertoz. These risks, uncertainties and assumptions include (but are not limited to) commodity prices, currency fluctuations, economic and financial market conditions in various countries and regions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay or advancement, approvals and cost estimates.

Actual values, results or events may be materially different to those expressed or implied in this document. Given these uncertainties, readers are cautioned not to place reliance on forward looking statements. Any forward looking statement in this document is valid only at the date of issue of this document.

Subject to any continuing obligations under applicable law and the ASX Listing Rules, or any other Listing Rules or Financial Regulators' rules, Fertoz, its agents, directors, officers, employees, advisors and consultants do not undertake any obligation to update or revise any information or any of the forward looking statements in this document if events, conditions or circumstances change or that unexpected occurrences happen to affect such a statement.

#### **Competent Person**

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.



#### FOR FURTHER INFORMATION CONTACT

#### Les Szonyi

Managing Director Fertoz Limited M +61 418 158 185 Nathan Ryan (Media) Investor Relations NWR Communications M +61 420 582 887

### **BULK SAMPLE**

The two-tonne bulk sample was collected and assay results submitted to AGAT Laboratories in Ontario. The results, summarised in Tables 1 and 2 below, show the product has trace heavy metal impurities (arsenic (As), cadmium (Cd), cobalt (Co),mercury (Hg), lead (Pb), selenium (Se), zirconium (Zr) and uranium (U)), which is a pre-requisite for use in the organic fertiliser market, whilst also providing sufficient levels of macro and micro nutrients. Calcium (CaO), potassium (K2O), magnesium (MgO) and phosphorus (P<sub>2</sub>O<sub>5</sub>) are macronutrients; iron (Fe), copper (Cu), manganese (Mn), molybdenum (Mo), zinc (Zn) and nickel (Ni) are micronutrients; both are required for plant growth. Very low levels of various oxides including aluminium (Al2O3), barium (BaO), chromium (Cr2O3), magnesium (MgO), titanium (TiO2), strontium (SrO) and vanadium (V2O5) and low levels of silica (SiO2) are preferable for organic fertilisers.

Al203	Ba0	Ca0	Cr203	Fe203	K₂0	Mg0	Mn0	Na₂0	P₂0₅	Si0₂	TiO₂	Sr0	V202
%	%	%	%	%	%	%	%	%	%	%	%	%	%
0.7	0.02	49.9	<0.01	0.47	0.24	0.5	0.01	0.43	24.3	5.56	0.05	0.07	0.06

### TABLE 1 : ASSAY RESULTS FOR TWO TONNE BULK SAMPLE

#### TABLE 2 : HEAVY METAL ASSAY RESULTS FOR TWO TONNE BULK SAMPLE

As	Cd	Co	Cr	Cu	Hg	Mo	Ni	Pb	Se	Zn	Zr	U
ppm												
51	15	1	46	10	7	8	12	15	<10	307	27	97

#### DRILLING

The 2013 Wapiti East drilling campaign focussed on three areas along two main phosphate ridges as shown in Figure 3. The initial focus was the west limb (Area 1) of the Red Deer Syncline where there are several parallel phosphate zones. The phosphorite zone in the West Limb of the Red Deer Syncline structure is extremely uniform over the strike length tested. It appears that the structural stresses on the West Limb horizons have largely been localized in a persistent mylonite zone and the phosphate mineralization is relatively undeformed. The West Limb Zone has a strike length of 340m drilled but when combined with mapping along the open well-defined synclinal fold of mineralisation which connects Area 1 and Area 4 in Figure 3, the total strike length is approximately 9km.

The phosphorite zone on the East Limb of the structure is also very uniform. The East Limb horizon was also duplicated in some drill sections resulting in localised thickening of mineralised horizons. Area 2, on the northern part of the East Limb of the Red Deer Syncline, was drilled to gain further information about the main phosphate seams running through the property. Area 3 was the focus for a small bulk sample of approximately 2 tonnes. The area drilled on the East Limb was 2.7km (Area 2 to Area 3). The entire mapped known length of the East Limb is approximately 8km (Ref. Cardinal DG, National Instrument 43-101 Technical Report on the Wapiti Phosphorite project, 10 February 2013).

The strike length for both the West and East limbs is open to the north and south. The potential strike length of the Wapiti East deposit, based on past results, is in excess of 27 kilometers (Ref. Cardinal DG,National Instrument 43-101 Technical Report on the Wapiti Phosphorite project, 10 February 2013).

Phosphate was identified by a portable Olympus XRF in all 60 effective drill holes (2 holes stopped short) and 352 drill core and channel samples were selected for laboratory analysis. Holes varied from 13m to 75m in depth, mainly -45° and -60° inclination while hole spacing varied from 20m to 200m. Two holes were completed on each site set-up (section) to give added confidence on the accuracy of the three dimensional orientation and thickness of the phosphorite horizon. The phosphorite horizon outcropped on the surface and extended to a straight vertical depth of 35m with the phosphorite zone still open at depth.

The drilling on the West Limb (North) was designed to be close spaced in order to quantify the along-strike continuity of the phosphorite horizon. The mineralized zone turned out to be extremely regular and predictable

both along strike (drill set-up spacing varied from 20m to 40m) and also down dip.

The mineralization is generally below a black shale-siltstone sequence and mylonitic shear zone with high grade layers and lower grade areas of phosphate.



(CONTINUED)

### TABLE 3: WAPITI EAST DRILL RESULTS

Hole	Northing	Easting	Angle Deg.	Azimuth Deg.	Depth m	From m	To m	Length m	P₂0₅ %	Includes m	P₂0₅ %
1	6040111	648193	-60	227	32.0	12.80	14.09	1.29	15.3	0.90	22.0
2	6040111	648193	-45	227	18.3	12.16	13.75	1.59	15.6	0.70	24.9
3	6040131	648184	-45	227	30.8	12.29	13.85	1.56	15.9	0.65	25.3
4	6040131	648184	-60	227	18.6	12.90	14.52	1.62	15.7	0.82	24.8
5	6040143	648169	-45	227	15.5	12.04	13.40	1.36	16.0	0.37	24.5
6	6040143	648169	-60	227	18.9	12.87	13.83	0.96	15.7	0.33	27.0
7	6040154	648154	-45	227	15.5	7.93	8.92	0.99	16.4	0.45	25.6
8	6040154	648154	-60	227	12.8	8.45	9.85	1.40	17.2	0.60	24.9
9	6040174	648143	-45	227	18.6	7.66	9.10	1.44	15.7	0.57	24.8
10	6040174	648143	-60	227	30.5	7.95	9.46	1.51	15.8	0.60	25.3
11	6040194	648134	-45	227	18.9	9.99	11.18	1.19	15.9	0.60	25.1
12	6040194	648134	-60	227	30.8	10.06	11.46	1.40	14.8	0.59	24.4
13	6040210	648124	-45	227	18.9	9.04	10.54	1.50	15.2	0.27	26.6
14	6040210	648124	-60	227	31.1	9.18	10.63	1.45	13.4	0.59	21.7
15	6040231	648118	-45	227	18.6	7.99	9.47	1.48	14.8	0.59	25.5
16	6040231	648118	-60	227	31.1	8.08	9.57	1.49	16.6	0.41	24.2
17	6040231	648105	-45	227	18.9	12.51	14.18	1.67	15.4	0.73	25.2
18	6040231	648105	-60	227	31.1	12.56	14.09	1.53	15.5	0.58	26.4
19	6040102	648210	-45	227	30.2	11.57	13.01	1.44	14.1	0.64	24.0
20	6040102	648210	-60	227	17.7	12.60	14.04	1.44	15.2	0.67	25.3
21	6040092	648224	-45	227	30.5	12.64	14.42	1.78	14.3	0.28	27.0
22	6040092	648224	-60	227	18.9	13.60	14.86	1.26	14.8	0.58	24.1
23	6040080	648236	-45	227	18.9	11.15	12.50	1.35	15.2	0.49	26.5
24	6040080	648236	-60	227	31.1	11.78	13.13	1.35	16.1	0.49	25.1
25	6040054	648242	-45	227	18.6	6.83	8.24	1.41	15.7	0.47	23.4
26	6040054	648242	-60	227	30.8	7.00	8.28	1.28	15.9	0.63	23.8
27	6040043	648258	-45	227	18.9	10.85	12.89	2.04	15.1	1.51	23.9
28	6040043	648258	-60	227	31.1	11.52	14.84	3.32	14.4	0.54	25.9
29	6040023	648268	-45	227	11.0	9.49	10.56	1.07	15.6	0.45	26.3
30	6040023	648268	-60	227	30.8	10.02	12.00	1.98	13.6	0.69	23.7
31	6040011	648280	-45	227	18.6	13.25	14.41	1.16	16.6	0.66	25.2
32	6040011	648280	-60	227	31.1	14.01	15.24	1.23	14.1	0.89	21.1

Hole	Northing	Easting	Angle Deg.	Azimuth Deg.	Depth m	From m	To m	Length m	P₂0₅ %	Includes m	P₂0₅ %
33	6039995	648293	-45	227	18.6	14.77	16.32	1.55	13.5	0.42	25.3
34	6039995	648293	-60	227	31.1	16.00	17.4	1.40	15.8	0.96	22.2
35	6039978	648304	-45	227	18.6	14.88	16.17	1.29	16.5	0.73	24.3
36	6039978	648304	-60	227	31.1	15.47	16.80	1.33	15.1	0.67	24.2
37	6040307	648093	-45	227	18.6	16.26	17.87	1.61	13.1	0.54	24.0
38	6040307	648093	-60	227	31.1	17.05	18.47	1.42	14.9	0.61	24.0
39	6040343	648078	-45	227	18.9	13.06	14.54	1.48	14.2	0.63	24.8
40	6040343	648078	-60	227	31.1	11.28	14.96	3.68	15.1	0.63	23.2
41	6037813	652667	-45	60	46.0	10.80	11.47	0.67	23.1	0.67	23.1
42	6037813	652667	-60	60	54.0	10.49	12.40	1.91	18.9	1.02	23.3
43	6037813	652632	-60	60	52.4	16.56	17.34	0.78	22.9	0.78	22.9
44	6037813	652632	-45	60	46.0	15.18 21.28	16.35 22.36	1.17 1.08	18.6 18.7	0.80 0.71	20.6 24.3
45	6037771	652693	-60	60	53.3	19.60	20.53	0.93	16.9	0.58	23.4
46	6037771	652693	-45	60	46.3	18.52	19.41	0.89	18.6	0.72	21.7
47	6037723	652714	-45	60	46.3	24.14	24.99	0.85	16.8	0.76	21.1
48	6037723	652714	-60	60	47.9	23.87	25.73	1.86	20.0	1.86	20.0
49	6037681	652749	-60	60	46.3	21.81	25.23	3.42	15.0	0.84	22.7
50	6037861	652749	-45	60	33.8	24.17	25.00	0.83	20.5	0.65	25.3
51	6037638	652780	-45	60	31.1	29.42	30.41	0.99	14.2	0.78	22.0
52	6037638	652780	-60	60	43.3	29.40	31.33	1.93	15.2	1.53	22.4
53	6037492	652898	-60	60	43.3	25.80	26.70	0.90	15.1	0.53	24.6
54	6037492	652898	-45	60	34.1	25.70	26.37	0.67	20.4	0.46	24.7
57	6039050	651410	-45	60	55.2	49.13	50.81	1.68	19.4	0.55	25.4
58	6039050	651474	-60	60	74.7	61.80	63.29	1.49	19.7	1.11	22.7
59	6038968	651474	-45	60	67.4	60.60	62.39	1.79	19.1	1.21	22.4
60	6038890	651533	-60	60	71.6	51.88	53.73	1.85	19.8	1.39	25.1
62	6038890	651604	-60	60	73.8	51.05	52.38	1.33	18.0	1.15	22.8

The following JORC Code Table 1 and Sections are provided in accordance with the Joint Ore Resources Committee Code (2012) for the reporting of exploration results.

#### JORC CODE TABLE 1 - SECTION 1 SAMPLING TECHNIQUES AND DATA - WAPITI EAST

Criteria	JORC Code explanation	Commentary
Sampling techniques	Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.	A total of 62 diamond drill holes have been drilled for 2098m. Holes are generally angled towards 227° between 45° and 60°. Drill core samples were selected to lithological boundaries and mineralization and recorded mineralogy, lithology, grain size, texture.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	The drill hole collar locations are picked up by handheld GPS. Drill samples were logged for lithological, weathering, wetness and contamination. Sampling was carried out under QAQC procedures as per industry best practice.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	Samples were crushed, dried and pulverized (total prep) to produce a representative 10g sub sample for analysis by ICP-OES finish for trace elements, Lithium Borate Fusion and XRF for whole rock. The following elements are included Ag, Al, As, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, La, Mg, Mn, Mo, Na, Ni, p, Pb, Sb, Sc, Sr, Te, Ti, Tl, V, W, Zn and whole rock Al <sub>2</sub> O <sub>3</sub> , BaO, CaO, Cr <sub>2</sub> O <sub>3</sub> , Fe <sub>2</sub> O <sub>3</sub> , K <sub>2</sub> O MgO, MnO, Na <sub>2</sub> O, P <sub>2</sub> O <sub>5</sub> , SiO <sub>2</sub> , TiO <sub>2</sub> , SrO. Diamond core is BTW size, sampled on geological intervals (0.2m to 1.2m); cut in half core to give sample weights under 3kg. Samples were crushed, dried and pulverized (total prep) to produce a sub sample for analysis by four acid digest with an ICP/MS and XRF. The two tonne bulk sample was collected in 25kg bags. A composite sample was obtained by taking several representative cuts from each bag and assaying the aggregate.

Criteria	JORC Code explanation	Commentary
Drilling techniques	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	Drilling to date has been diamond drilling (62 holes). Diamond drilling comprises BTW sized core (43 mm width).
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	For diamond drilling core recoveries are logged and recorded on hard copy drill logs. Overall recoveries are >95%. There are no core loss issues or significant sample recovery problems. Diamond core depths are checked against the depth given on the core blocks and rod counts are routinely carried out by the drillers and recorded onto core blocks for reference. Diamond core drilling has high recoveries and is considered to preclude any issue of sample bias.
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged.	Drill samples for each hole were photographed. Logging of diamond core recorded lithology, mineralogy, mineralization, structural (DDH only), weathering, colour and other features of the samples. Core was photographed in wet form. All drillholes were logged in full.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample	If core, whether cut or sawn and whether quarter, half or all core taken.	All core was cut in half at the site using a core saw.
preparation	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled.	At this stage of the project field QC procedures involve the review of laboratory supplied certified reference material and in house controls, blanks, splits and replicates are analysed with each batch of samples. These quality control results are reported along with the sample values in the final analysis report. Selected samples are also re-analysed to confirm anomalous results. The sample preparation of diamond core follows industry best practice involving oven drying, coarse crushing of the half core sample down to ~10mm followed by pulverization of the entire sample (total prep) using Essa LMS grinding mills to a grind size of 85% passing 755 micron. Duplicates have been taken. Samples are selected to weigh less than 3kg to ensure total preparation at the pulverization stage. The sample sizes are considered to be appropriate to correctly represent the sought after mineralization style.
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	For diamond drill samples the analytical techniques used a four acid digest and multi element suite with ICP/OES or ICP/ MS finish. The acids used are hydrofluoric, nitric, per-chloric and hydrochloric acids, suitable for silica based minerals. XRF methods were routinely employed and checked against assays. Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of the in house procedures.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying Location of data	The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. Accuracy and quality of surveys used to	No twin holes have been drilled at Wapiti. Primary data was collected using a set of standard Excel templates on paper and re-entered into laptop computers. The information was sent to Fertoz' in house database manager for validation. No adjustments or calibrations were made to any assay data used in this report. Drill hole collar locations were recorded
points	locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control.	using handheld Garmin GPS. Elevation values were in AHD RL and values recorded within the within the database. Expected accuracy is + or – tm for easting, northing and 10m for elevation coordinates. Diamond drill holes were not down hole surveyed since the holes were short. The grid system is UTM (zone 10). Topographic surface uses handheld GPS elevation area which is adequate at the current stage of the project
Data spacing and distribution	Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied.	The nominal drill hole spacing is 20m to 200m (northing). Diamond drilling is designed and spaced to intersect perpendicular to the mapped mineralisation. The domains have not yet demonstrated sufficient continuity in both geological and grade continuity to support the definition of Mineral Resource and Reserves and the classifications applied under the 2012 JORC Code.

(CONTINUED)

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Diamond Is drilled towards grid east at angles varying from 45° to 60° in order to intersect the mineralized horizon. No orientation based sampling bias has been identified in the data at this point.
Sample security	The measures taken to ensure sample security.	Chain of custody is managed by Fertoz. Samples are stored on site and either delivered by Fertoz personnel to Port Coquitlam and then to the assay laboratory or delivered to AGAT personnel in Tumbler Ridge. Whilst in storage, they are kept on a locked yard. Tracking sheets have been set up to track the progress of batches of samples.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No review of the data management system has been carried out.

### JORC CODE TABLE 1 - SECTION 2 REPORTING OF EXPLORATION RESULTS - WAPITI EAST

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code Explanation	Commentary
<i>Mineral</i> <i>tenement and</i> <i>land tenure</i> <i>status</i>	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The drilling is located wholly within Permit MX-9-056 Mine No. 1641109. The tenements are 100% owned by Fertoz. The tenement is in good standing and no known impediments exist.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Esso Minerals conducted work in 1978 to 1980 culminating in drilling of 12 holes.

Criteria	JORC Code Explanation	Commentary
Geology	Deposit type, geological setting and style of mineralisation.	The deposit type is strataform upwelling phosphate zones.
Drill hole Information	<ul> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</li> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul>	Drill hole information provided in Table 3 of Appendix.
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated.	All reported assays have been length weighted. No metal equivalents were used for reporting exploration results.

Criteria	JORC Code Explanation	Commentary
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	The dip of the mineralized horizon varies between 45° and 60°, early stage of exploration.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Refer to Figure 3 and Table 3 in Appendix 1.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	Done
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	Not material

# APPENDIX 1 - WAPITI EAST DRILL RESULTS

Criteria	JORC Code Explanation	Commentary
Further work	The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Geochemical testing to determine free phosphate content, particle size and the minimum phosphate grade which is suitable for direct application as an organic fertilizer. The cut-off grade to achieve this is yet to be determined. Economic cut- off grade will determine the volume of mineralisation at Wapiti that is potentially available for resource classification. Permitting to collect up to 7,500 tonne bulk sample. The bulk sample is planned to be used for product trials with potential customers followed by initial sales. A larger bulk sample is planned for the second half of 2014.

# APPENDIX 2 - LIST OF TENEMENTS

Project Name	Tenement Number	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder	
CANADA						
Wapiti East						
WK-1	851942	100%	450.83	21/04/2020	Fertoz International	
WK-2	851948	100%	451.02	21/04/2020	Fertoz International	
WK-3	851952	100%	450.77	21/04/2020	Fertoz International	
WK-4	851958	100%	451.20	21/04/2020	Fertoz International	
WK-5	941760	100%	450.83	21/04/2020	Fertoz International	
WK-6	941761	100%	469.87	21/04/2020	Fertoz International	
WK-7	941762	100%	450.86	21/04/2020	Fertoz International	
WK-8	941763	100%	451.08	21/04/2020	Fertoz International	
WK-9	941764	100%	451.33	21/04/2020	Fertoz International	
WK-10	941769	100%	451.36	21/04/2020	Fertoz International	
WK-11	955278	100%	470.31	21/04/2020	Fertoz International	
WK-12	956829	100%	225.35	21/04/2020	Fertoz International	
WK-ONE	982744	100%	18.80	21/04/2020	Fertoz International	
Wapiti NE	1015556	100%	375.54	21/04/2020	Fertoz International	
Wapiti Two	1015557	100%	168.93	21/04/2020	Fertoz International	
Wapiti S	1015558	100%	376.35	21/04/2020	Fertoz International	
WAP S2	1018104	100%	451.82	21/04/2020	Fertoz International	
WAP S3	1018106	100%	451.75	21/04/2020	Fertoz International	
WAP S4	1018107	100%	451.93	21/04/2020	Fertoz International	
WAP S5	1018108	100%	452.09	21/04/2020	Fertoz International	
WAP S6	1018109	100%	452.30	21/04/2020	Fertoz International	
Wapiti West						
Tunnel 1	942096	100%	446.13	27/03/2016	Fertoz International	
Tunnel 2	942097	100%	445.97	27/03/2016	Fertoz International	
Sukunka 1	851714	100%	18.51	15/09/2016	Fertoz International	
Sukunka 2	980302	100%	444.23	15/09/2016	Fertoz International	
PAL 1	1025451	100%	18.49	24/01/2015	Fertoz International	
PAL 2	1018084	100%	443.88	27/03/2016	Fertoz International	
PAL 3	1018085	100%	388.49	27/03/2016	Fertoz International	
PAL 4	1018086	100%	444.10	27/03/2016	Fertoz International	
SUK 3	1018087	100%	444.32	27/03/2016	Fertoz International	
SUK 4	1018095	100%	444.53	27/03/2016	Fertoz International	
SUK 5	1018096	100%	444.71	27/03/2016	Fertoz International	
SUK 6	1018097	100%	444.89	27/03/2016	Fertoz International	

# APPENDIX 2 - LIST OF TENEMENTS

(CONTINUED)

Project Name	Tenement Number	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder	
CANADA (continued)						
Wapiti East (contin	ued)					
SUK 7	1018098	100%	445.08	27/03/2016	Fertoz International	
SUK 8	1018099	100%	445.25	27/03/2016	Fertoz International	
SUK 9	1018101	100%	445.39	27/03/2016	Fertoz International	
SUK 10	1018102	100%	445.57	27/03/2016	Fertoz International	
SUK 11	1018103	100%	445.80	27/03/2016	Fertoz International	
Tunnel 3	1018100	100%	442.64	27/03/2014	Fertoz International	
T11	1018128	100%	316.18	28/03/2016	Fertoz International	
Barnes Lake						
BL1	1011319	100%	608.98	19/07/2016	Fertoz International	
BL2	1020873	100%	629.00	06/07/2014	Fertoz International	
Crows Nest	1023062	100%	1,450.89	15/10/2014	Fertoz International	
SubTotal			18,527.35			

UNITED STATES					
Dry Ridge	1-07238	0%1	210	31/05/2016	Fertoz USA
SubTotal			210		

<sup>1</sup> Fertoz has an option to acquire 100% of the tenement prior to 9 December 2016.

AUSTRALIA					
Sherrin North	EPM19448	100%	22,100	5/05/2018	Fertoz Limited
Barrow Creek	EL26915	100%²	74,387	7/4/2015	Fertoz Limited
SubTotal			96,487		

<sup>2</sup> NuPower Resources Limited (now known as Central Australian Phosphate Ltd) earning initial 10% interest under Barra Joint Venture



### FOR FURTHER INFORMATION CONTACT

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