

## ASX RELEASE

30 June 2014

### FERTOZ LTD (ASX:FTZ)

#### ISSUED CAPITAL (30/06/14)

45,009,595 Ordinary Shares which includes  
10,838,318 Escrowed Shares  
10,615,384 Options\*

\*See Appendix 5B for more detail (lodged 30/07/14)

#### SHAREHOLDERS

398 shareholders  
Top 20 shareholders hold 55.5%

#### LARGEST SHAREHOLDERS

Lenark Pty Ltd (and related parties) – 11.8%  
Terra Capital Pty Ltd 11.4%  
UBS Nominees Pty Ltd – 4.7%

#### DIRECTORS

James Chisholm – Non Exec Chairman  
Leslie Szonyi – Managing Director  
Adrian Byass – Non Exec Director  
Stephen Keith – Non Exec Director\*  
Alex Penha – Alternate Director\*  
\*Appointed 29/07/2014

#### SENIOR MANAGEMENT

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

#### CASH BALANCE

As at 30/06/14, Fertoz's cash balance was approximately \$2.24 million

## HIGHLIGHTS

### WAPITI EAST

- Road works progressing in preparation for bulk sample collection to begin mid- August (delay caused by forest fire in local area)
- Bulk sample permit increased to 17,500 tonnes of phosphate
- Environmental baseline studies underway in preparation for small mine application (up to 75,000 tonnes)
- Wapiti East tenements expanded and phosphate horizon extended by 44% from 27km to 39km
- Agreement signed with two Canadian farmers to trial Wapiti East phosphate on broad-acre organic farms
- Discussions are continuing with marketing agents and distributors; appointment expected in 2014
- Wapiti royalty renegotiated and replaced with two share payments valued at CAD\$100,000

### FERNIE PROJECT

- Bulk sample of 10,000 tonnes approved
- Assays of phosphate stockpile samples between 24% and 27% P<sub>2</sub>O<sub>5</sub>
- Drilling, trenching and bulk sample collection planned in 2014

### DRY RIDGE PROJECT

- Field work completed and permit applications being prepared for proposed drill program.
- Environmental studies commenced

### CORPORATE

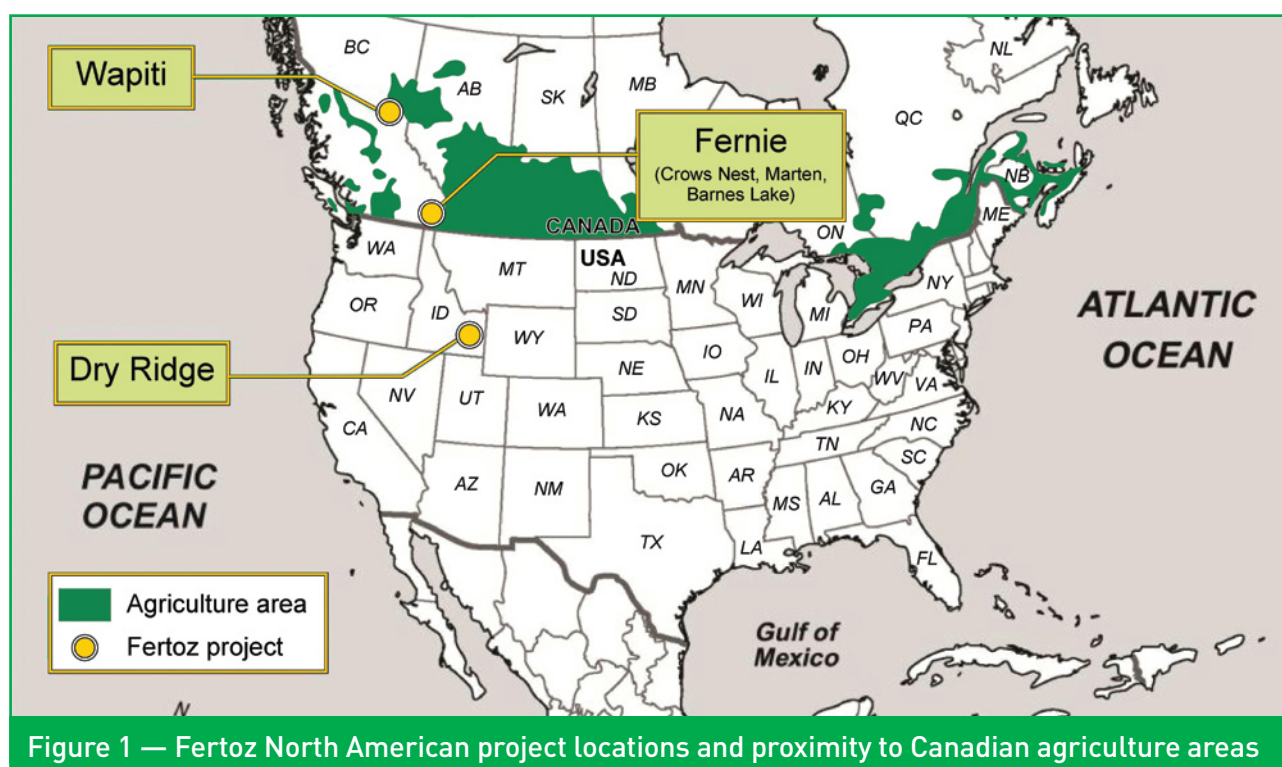
- Terra Capital increases stake in Fertoz to 11.39%



## STRATEGY

Fertoz is an explorer and developer of phosphate resources in Canada and the United States of America, which are both net importers of phosphate rock and have two of the largest agricultural economies in the world. The Company aims to supply direct application phosphate rock with minimal processing to the lucrative organic fertiliser market in North America. The USA is the largest organic food market in the world while Canada is the fourth largest.

Fertoz is targeting small, high-grade resources in North America that can be commercialised quickly and inexpensively, with high-grade product sold to organic farmers or third-party fertilizer plants. The Company is planning first sales to customers in 2014 from its flagship Wapiti project.



## CORPORATE

## SAFETY

There were no lost time injuries or environmental incidents recorded during the June quarter.

## CASH

The Company has cash at bank of \$2.24 million at 30 June 2014.

## RELEASE OF SHARES FROM ESCROW

A total of 2,339,104 FertoZ shares were released from escrow on 10 June 2014. The company has 10,838,318 shares in compulsory and voluntary escrow.

## CHANGE IN HOLDING

Terra Capital Pty Ltd increased its holding in FertoZ from 9.44% to 11.39% during the quarter, acquiring an additional 874,990 shares in the Company.

## AUSTRALIAN PROJECTS

The Company currently has two Australian projects. It has a joint venture in place at the Barrow Creek Project, NT with Central Australian Phosphate Ltd. The Company also holds a tenement in Queensland called the Sherrin North Project, close to other phosphate projects and phosphate-bearing rocks. However, with the focus on the Americas, the Company is searching for a suitable company to either joint venture the tenement or achieve an outright sale.

# WAPITI PROJECT (100% OWNED)

BRITISH COLUMBIA, CANADA (WAPITI EAST AND WAPITI WEST TENEMENTS)

## BULK SAMPLE

Fertoz received approval to extract a bulk sample of up to 17,500 tonnes of product for sale to the North American agricultural market. Prior to this approval the Company had 9,500 tonnes (as announced 30 April 2014) available for extraction. The Company is now planning to increase the total bulk sample to 30,000 tonnes.

Fertoz has set up camp at Wapiti East in preparation for bulk sample collection. Chilko Construction completed the installation of 8 culverts across creeks from the camp (Figure 2). The construction of an access road of approximately 2km to the "North" bulk sample location has commenced and approximately 300m of road has been completed. The road works have been delayed by 8 days due to a bush fire to the north east. Fertoz donated its excavator to the Fire Services to assist with the establishment of fire breaks.

Phosphate bulk sample collection of up to 17,500 tonnes is expected to start as soon as this work is completed in the second week of August. A bucket crusher has been sourced which will break rock down to 100mm (4 inches) in size on site.

Nova Pacific Environmental has commenced the collection of baseline biological data as part of the Environmental report for a small mine application of up to 75,000 tonnes per annum of phosphate rock.

The Company has continued discussions with potential marketing agents and distributors, with the aim of appointing one in 2014. The Company is reviewing a number of phosphate product options (such as bulk, pelletized and bagged phosphate) with the aim of supplying the US and Canadian organic markets in 2014.

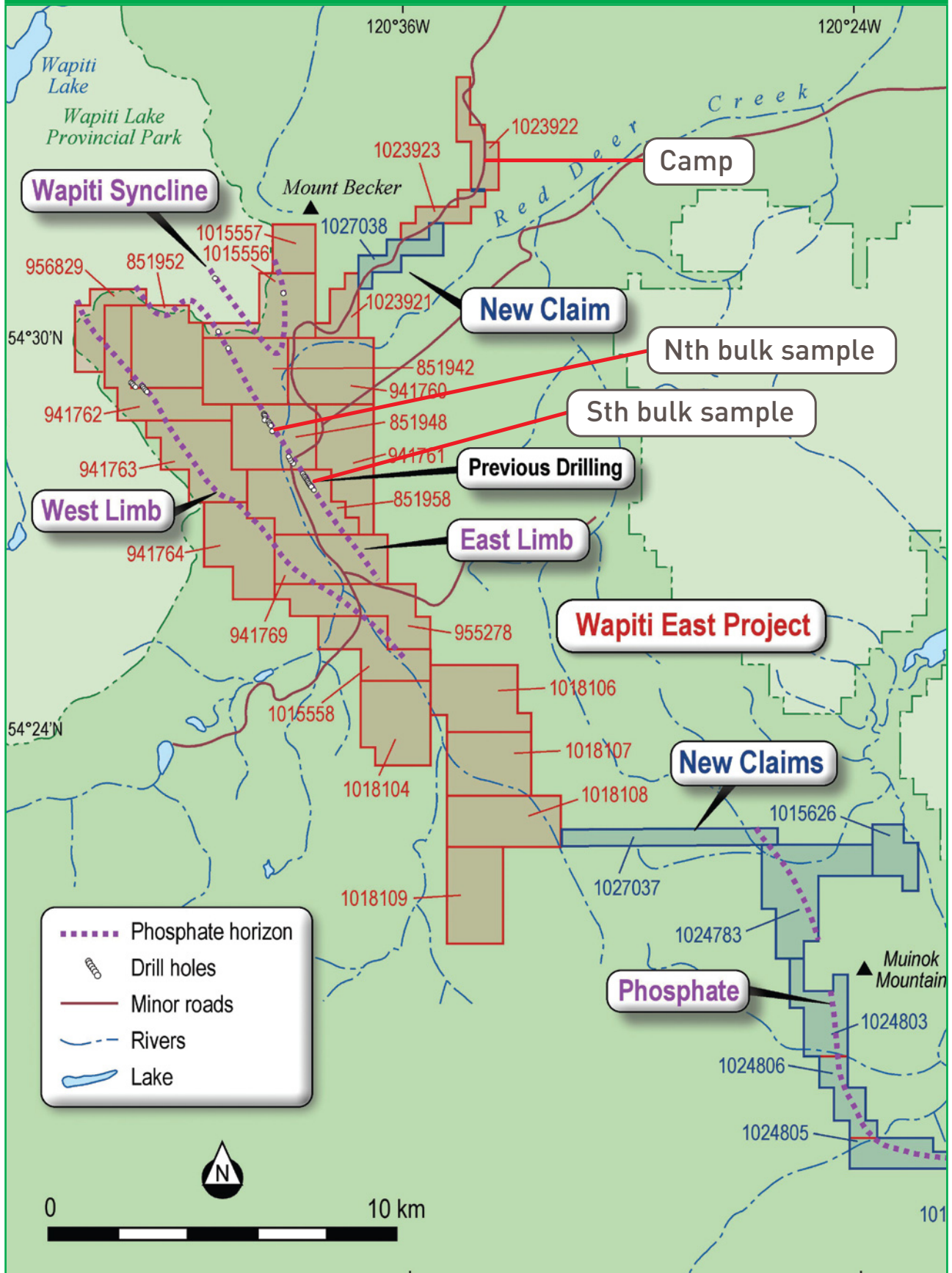


Figure 2 — Road improvements at Wapiti – installation of culverts across creeks

# WAPITI PROJECT

(CONTINUED)

Figure 3 — Wapiti East bulk sample locations and tenement expansion



# WAPITI PROJECT

(CONTINUED)

## NEW TENEMENTS EXTEND WAPITI EAST PHOSPHATE ZONE

Fertoz increased its phosphate tenement holding at Wapiti East, receiving eight new tenements (2,168 hectares) from the British Columbian Ministry of Energy and Mines, to extend the potential phosphate horizon by approximately 44% from 27km to 39km. The additional 12km of potential phosphate zone is an extension of the East and West Limbs of the Red Deer Syncline which has been shifted some 10 km east of the Company's existing tenements due to horizontal faulting caused by regional tectonic activity (Figure 3).

The phosphate potential of the new tenements in the Mount Muinok area was investigated by Pacific Ridge Exploration in 2008. Shallow trenching samples produced results of 15% to 21% P<sub>2</sub>O<sub>5</sub> over 1m to 2m wide intervals (Ref. 30718 Pacific Ridge Exploration Tumbler Ridge Report 2008).

## PHOSPHATE TRIAL

As reported on 3 April 2014, following successful laboratory testing, Fertoz signed an agreement with two organic broad-acre farms in western Canada to trial the agronomic effectiveness of phosphate from its Wapiti Project in British Columbia, Canada.

The farms are organically certified and the operators, who are professional agronomists, have agreed to assist Fertoz in increasing sales of Wapiti phosphate in the growing organic sector in North America.

Fertoz will supply up to 1,000 tonnes of phosphate rock from Wapiti at the mine gate at the end of August. The farmers will be responsible for freight, rock phosphate processing and the costs of the farm trials. All information, testing procedures, processing techniques and application methods will be provided to Fertoz as part of the Agreement.

## HOMEGOLD ROYALTY

Fertoz renegotiated an agreement with Homegold Resources Ltd ("Homegold") regarding the royalty for Wapiti.

Homegold was to receive a royalty of C\$2.50 per tonne of phosphate rock produced from Wapiti, provided the royalty did not exceed 5% of earnings before interest and tax from the operation. The royalty has been replaced with two milestone payments totalling C\$100,000 which will be paid on achievement of the following milestones:

- First Milestone - the sale of 7,500 tonnes of phosphate rock from the Wapiti Project.
- Second Milestone - the sale of 100,000 tonnes of phosphate rock from the Wapiti Project.

C\$50,000 will be payable on achievement of the First Milestone with C\$5,000 to be paid in cash and C\$45,000 to be paid in ordinary shares in Fertoz at the 10-day weighted average share price prior to the First Milestone.

C\$50,000 will be payable on achievement of the Second Milestone to be paid in Fertoz ordinary shares at the 10-day weighted average share price prior to the Second Milestone.

Under the terms of the original agreement, Fertoz would pay Homegold a CAD\$50,000 cash payment payable once the Company decided to proceed with commercial operations at Wapiti. Under the new terms, payment will be paid in Fertoz ordinary shares at the 10-day weighted average share price prior to achieving the First Milestone.

Jo Shearer, Fertoz's senior geologist and Chief Operating Officer in Canada, provides his services through Homegold. In addition to changing the bulk of the royalty payment to Fertoz scrip, from 1st June 2014, Mr Shearer has also agreed to receive \$12,000 of his salary in Fertoz scrip every six months in lieu of cash.

## ABOUT WAPITI PROJECT

The Wapiti Project (which includes the Wapiti East and Wapiti West tenements) totals an area of 18,070 ha and is located near Tumbler Ridge, in British Columbia, Canada. The project is easily accessible by sealed roads and forest service roads and has rail access within 80 km. The Company is focused on the Wapiti East tenements and previous work indicates a consistent and continuous at-surface phosphate-bearing horizon which has a potential strike length of up to 39km. Results of phosphate testing indicates up to 10% availability which makes the product at Wapiti East particularly attractive to the North American organic sector which is the largest organic market in the world.

# FERNIE PROJECT (100% OWNED)

BRITISH COLUMBIA, CANADA (MARTEN, BARNES LAKE AND CROWS NEST TENEMENTS)

In June, Fertoz located historical phosphate mine shafts, associated stockpiles and a road base pit containing phosphate on the Marten tenements of its Fernie Project in British Columbia, Canada.

Assays of phosphate stockpile samples using a portable Olympus X-Ray Fluorescence (XRF) device were between 24% and 27%  $P_2O_5$ . Analysis over a grid traverse in the property was carried out with the XRF to locate the phosphorite zone which was found within

a road base pit located 1,200m from the shafts. The pit averaged 20.7%  $P_2O_5$  on the surface of the phosphorite zone using the portable XRF, while rock float close to the pit exceeded 30%  $P_2O_5$  (see ASX announcement dated 11 June 2014 for notes and table).

In July, Fertoz received a permit to allow the Company to carry out exploration and to extract a surface bulk sample of 10,000 tonnes of phosphate rock from the Marten tenements.

## Coal train passing through Marten tenement



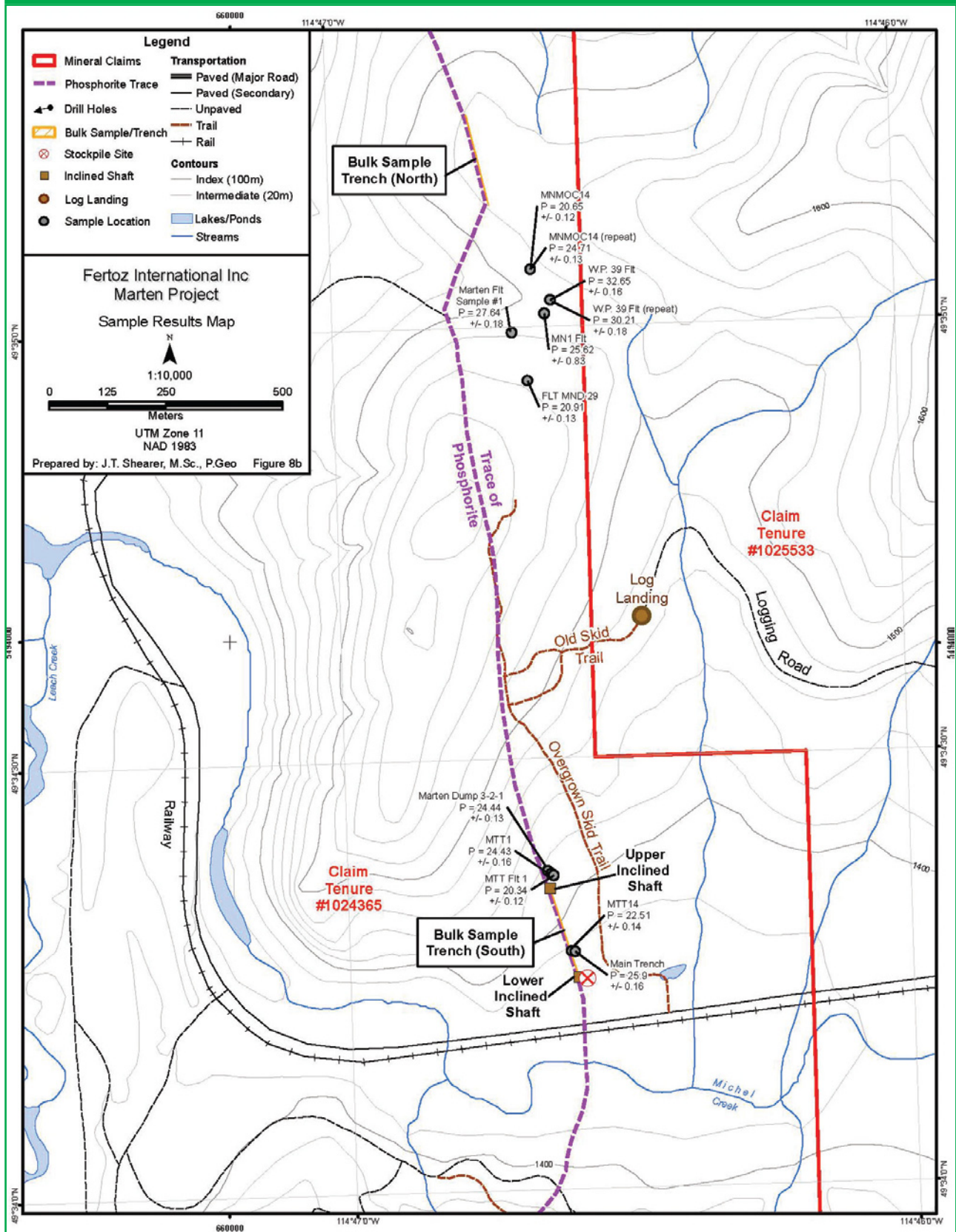
## ABOUT FERNIE PROJECT

The Fernie Project (which includes the Marten, Barnes Lake and Crows tenements) includes a total of 3,904 ha and is located near Sparwood in British Columbia Canada. The tenements are within 25km of each other and are in close proximity to the operating East Kootenay Coalfield which is serviced by the established mining communities in the region. At the door step of the project is the existing road and rail transport links to the west coast ports of Canada as well as the North American arterial rail and road networks. Previous exploration work has highlighted the presence of widespread, shallow phosphate-bearing sediments associated with the base of the Jurassic-aged Fernie Formation.

# FERNIE PROJECT

(CONTINUED)

Figure 4 — Marten map showing sample locations, road and rail access



# DRY RIDGE PROJECT (OPTION TO ACQUIRE 100% OWNERSHIP)

IDAHO, USA

Fertoz is pleased with the work completed on the Dry Ridge project which resulted in the identification of multiple high-priority targets. Results support Fertoz's belief that the project is prospective for phosphate mineralisation as demonstrated by Agrium's proposed new Husky #1 mine along the same strike (Figure 5).

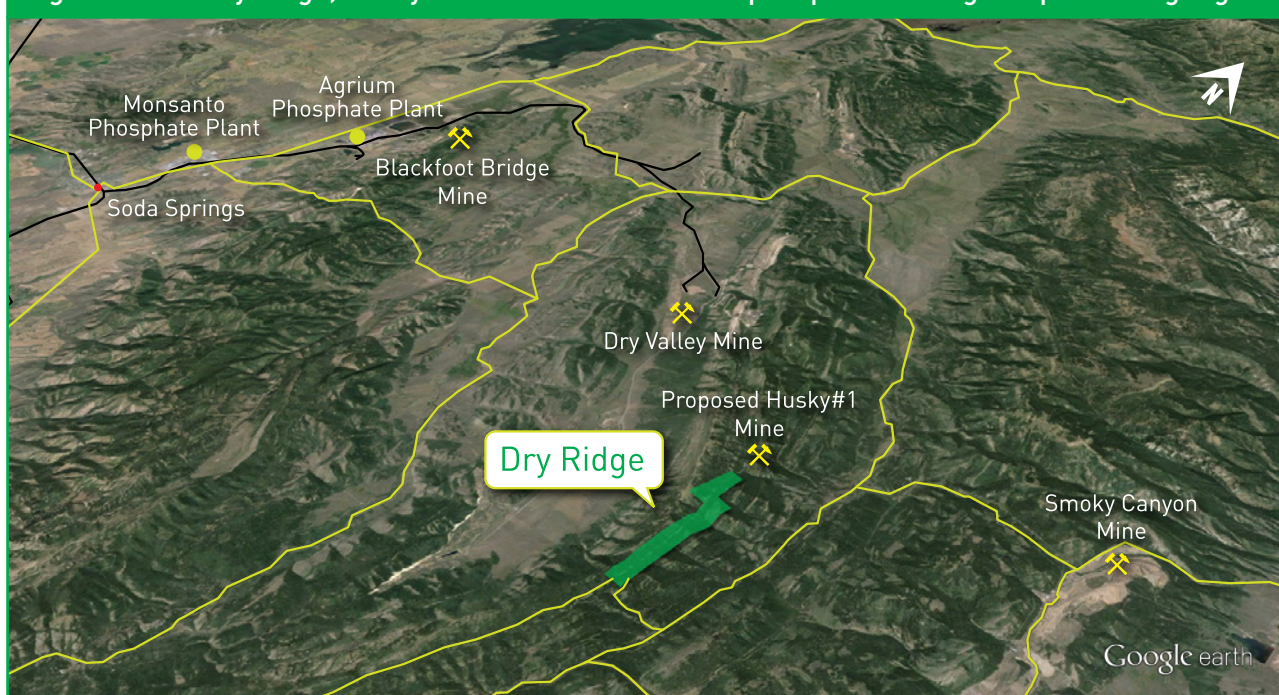
Field work was completed between July 9 and July 15, 2014. GIS map generation using ESRI ArcMap, and geological cross section and 3D interpretation using Geosoft Target, was completed between July 16 and July 25. Geological data was generated to determine locations for 48 drill sites and 24 trenches along the full 4.8 km length of the Fertoz Dry Ridge Lease area. New digital topography was acquired which will be used to design an access road for the exploration work, which is planned for the second half of 2015.

The purpose of the mapping was to confirm and define the contact between the Meade Peak Phosphatic Shale Member and the adjacent Rex Chert Member of the Phosphoria Formation (Permian), and to

acquire structural geology data, particularly bedding attitudes and any faulting. This stratigraphic contact is a very important marker for following phosphate mineralisation in the area. Mines operating nearby and currently undergoing permitting for operation have economic mineralisation hosted along this contact zone. Previous mapping by the US Geological Survey (Montgomery and Cheney, 1967; Derkey and others, 1984) was very good, but the regional scale mapping was upgraded to provide sufficient bedding attitude measurements to confidently site drilling locations throughout the lease area.

Environmental studies (wildlife, vegetation and cultural) are underway. The project is located in a Known Phosphate Leasing Area (KPLA) as defined by government authorities due to its abundance and historic exploitation of phosphate. With three phosphate processing plants in the region there is a clear low cost pathway to development should Fertoz's exploration be successful in this highly prospective area.

Figure 5 — of Dry Ridge, Husky #1 mine within SE Idaho phosphate mining and processing region



## ABOUT DRY RIDGE

The Dry Ridge Phosphate Project is located in the established phosphate mining region of South Eastern Idaho, USA (see Figure 5). This region is within an area designated by the United States Geosciences Survey as a "Known Phosphate Leasing Area", or ("KPLA"). The KPLA contains four operating phosphate mines and a number of smaller advanced exploration and development projects, some of which are directly along strike and hosted by the same sedimentary horizon which bears phosphate at the Dry Ridge Phosphate Project. The Dry Ridge Phosphate Project has the potential to be developed and brought into production with relatively low capital investment. It is close to existing infrastructure, and three phosphate processing plants, two of which are within 35km of the Project.

# DRY RIDGE PROJECT

(CONTINUED)



Figure 6 — An old exploration trench and a view of Dry Ridge to the SW from a service road

# APPENDIX 1 - LIST OF TENEMENTS

Project Name	Tenement Number	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
<b>CANADA</b>					
<b>Wapiti East</b>					
WK-1	851942	100%	450.8	21/04/2020	Fertoz International
WK-2	851948	100%	451	21/04/2020	Fertoz International
WK-3	851952	100%	450.8	21/04/2020	Fertoz International
WK-4	851958	100%	451	21/04/2020	Fertoz International
WK-5	941760	100%	450.8	21/04/2020	Fertoz International
WK-6	941761	100%	469.9	21/04/2020	Fertoz International
WK-7	941762	100%	450.9	21/04/2020	Fertoz International
WK-8	941763	100%	451.1	21/04/2020	Fertoz International
WK-9	941764	100%	451.3	21/04/2020	Fertoz International
WK-10	941769	100%	451.4	21/04/2020	Fertoz International
WK-11	955278	100%	470.3	21/04/2020	Fertoz International
WK-12	956829	100%	225.4	21/04/2020	Fertoz International
WK-One	982744	100%	18.8	21/04/2020	Fertoz International
Wapiti NE	1015556	100%	375.5	21/04/2020	Fertoz International
Wapiti Two	1015557	100%	168.9	21/04/2020	Fertoz International
Wapiti South	1015558	100%	376.4	21/04/2020	Fertoz International
WAP S2	1018104	100%	451.8	21/04/2020	Fertoz International
WAP S3	1018106	100%	451.8	21/04/2020	Fertoz International
WAP S4	1018107	100%	451.9	21/04/2020	Fertoz International
WAP S5	1018108	100%	452.1	21/04/2020	Fertoz International
WAP S6	1018109	100%	452.3	21/04/2020	Fertoz International
Red Deer 1	1023921	100%	150.2	20/11/2014	Fertoz International
Red Deer 2	1023922	100%	206.3	20/11/2014	Fertoz International
Red Deer 3	1023923	100%	150.1	20/11/2014	Fertoz International
Munok 1	1015626	100%	169.6	1/06/2017	Fertoz International
Belcourt 1	1015627	100%	113.3	1/01/2019	Fertoz International
Munok 2	1024783	100%	603.1	2/01/2015	Fertoz International
Belcourt 2	1024803	100%	301.8	3/06/2015	Fertoz International
Belcourt 3	1024806	100%	188.7	3/06/2015	Fertoz International
Belcourt 4	1024805	100%	339.8	3/06/2015	Fertoz International
Belcourt Link	1027037	100%	282.6	30/03/2015	Fertoz International
WAP 11	1027038	100%	168.9	30/03/2015	Fertoz International
<b>SubTotal</b>			<b>11098.6</b>		

# APPENDIX 1 - LIST OF TENEMENTS

(CONTINUED)

Project Name	Tenement Number	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
<b>CANADA (continued)</b>					
<b>Wapiti West</b>					
Tunnel 1	942096	100%	446.1	27/03/2016	Fertoz International
Tunnel 2	942097	100%	446.0	27/03/2016	Fertoz International
Sukunka1	851714	100%	18.5	15/09/2016	Fertoz International
Sukunka2	980302	100%	444.2	15/09/2016	Fertoz International
PAL 1	1025451	100%	18.5	24/01/2015	Fertoz International
PAL 2	1018084	100%	443.9	27/03/2016	Fertoz International
PAL 3	1018085	100%	388.5	27/03/2016	Fertoz International
PAL 4	1018086	100%	444.1	27/03/2016	Fertoz International
SUK 3	1018087	100%	444.3	27/03/2016	Fertoz International
SUK 4	1018095	100%	444.5	27/03/2016	Fertoz International
SUK 5	1018096	100%	444.7	27/03/2016	Fertoz International
SUK 6	1018097	100%	444.9	27/03/2016	Fertoz International
SUK 7	1018098	100%	445.1	27/03/2016	Fertoz International
SUK 8	1018099	100%	445.3	27/03/2016	Fertoz International
SUK 9	1018101	100%	445.4	27/03/2016	Fertoz International
SUK 10	1018102	100%	445.6	27/03/2016	Fertoz International
SUK 11	1018103	100%	445.8	27/03/2016	Fertoz International
T11	1018128	100%	316.2	28/03/2016	Fertoz International
<b>SubTotal</b>			<b>6,971.6</b>		
<b>Fernie</b>					
Barnes Lake1	1011319	100%	609.0	19/07/2017	Fertoz International
Barnes Lake 2	1020873	100%	629.0	18/07/2015	Fertoz International
Crows Nest	1023062	100%	1,450.9	15/10/2014	Fertoz International
Marten 1	1024365	100%	754.3	12/12/2014	Fertoz International
Marten 2	1025533	100%	460.9	28/01/2015	Fertoz International
<b>SubTotal</b>			<b>3,904.1</b>		
<b>Canada Total</b>			<b>21,974.2</b>		

# APPENDIX 1 - LIST OF TENEMENTS

(CONTINUED)

Project Name	Tenement Number	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
<b>UNITED STATES</b>					
<b>Dry Ridge</b>	I-07238	0% <sup>1</sup>	210.0	31/05/2016	Solvay USA Inc.
<b>United States Total</b>			<b>210.0</b>		

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

<b>AUSTRALIA</b>					
<b>Sherrin North</b>	EPM19448	100%	22,100.0	5/05/2018	Fertoz Limited
<b>Barrow Creek</b>	EL26915	100% <sup>2</sup>	74,387.0	7/4/2015	Fertoz Limited
<b>Australia Total</b>			<b>96,487.0</b>		

<sup>2</sup> Joint venture agreement allows Central Australian Phosphate Ltd to earn an interest in the tenement.

## INTERESTS IN MINING TENEMENTS ACQUIRED OR INCREASED

Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
Wapiti East Tenements BC Canada	Secured additional ground	0%	100%
Tenement No's 1023921 1023922 1023923 1015626 1015627 1024783 1024803 1024806 1024805 1027037 1027038			

## 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

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