



ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE

2016

Fertoz  
Fertoz Ltd (ACN 145 951 622)

Supplying organic fertilizer  
to the world's largest organic markets



# 2016 ACHIEVEMENTS

## Organic certification



of Fertoz's phosphate rock as an input supply in the production and/or processing of organic agriculture products.

Fertoz's product is now in **compliance** with the requirements of the Canadian Organic Standards (COS) and the USDA National Organic Program.



Agronomy, sales and marketing capabilities secured through a

**partnership** with an experienced team.



Signed first **sales agreement** to supply 2,000 tonnes of rock phosphate.



Memorandum of Understanding signed for the **sale of 2,000 tonnes** of phosphate rock per year subject to completion of farm trials.



Crushing and pulverizing tests successfully completed, which

**produced 1,700 tonnes**

of rock phosphate ready for field trials and sale.



Four groups committed to **field trials** in Saskatchewan and Alberta on wheat and hay crops for long term use, which will support the company's sales growth.



Significant progress on Wapiti permitting and **First Nations relationships.**



**Road Access** permit secured from Ministry of Mines to access the Company's permitted 17,500 tonne bulk sample area and to be used for the planned 75,000 tpa operation once the small mine permit is approved.



Fernie Phosphate **project expanded** by adding a highly prospective tenement at Mt Lyne, in the Elko region of BC with similar potential to the Company's existing properties.



# 2017 GOALS



Focus on **cash flow** generation through asset building and sales.



Obtain the small mine permit at the Wapiti Project for total production of **75,000 tonnes** of rock phosphate product per annum.



Obtain **approval** at the Fernie Project to continue exploration and development and extraction of material utilising the Company's 10,000 tonne bulk sample permit.

Execute **exploration** program at Wapiti and Fernie Projects, at which the Company has identified several drilling-ready targets over current resource extensions.



Finalise **large scale trials** on several crops and on various soil types

**Test** a wide range of blends of rock phosphate with products synergistic to rock phosphate such as sulphur and humates which have been demonstrated to improve the available phosphate and uptake in plants.



Focus on **sales** and the building of a meaningful agricultural supply business in the years ahead based on user trust, which fosters repeat and steadily increasing seasonal orders



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## CHAIRMAN'S MESSAGE

Dear Fellow Shareholder,

It is with great pleasure that I present the 2016 Annual Report of Fertoz Limited (ASX: FTZ) to Shareholders.

During the financial year, the Company continued to deliver on its strategy of becoming a leading supplier of rock phosphate and other input products to the growing organic market in North America at a time when the organic food industry has been growing at a steady pace of over 10% per annum.

To complement the Company's strategy and focus the Company's efforts in North America, there were a number of board changes during the year. Les Szonyi stepped down as Managing Director to make way for a North American based Managing Director, Stephen Keith. Les continues to support the business running the Company's Australian based FertAg business. I was appointed as a Non-executive Director based in North America during the year and subsequent to the year end was appointed as Chairman, while James Chisholm stepped down as Chairman and remains on the board as a Non-Executive Director.

We are very pleased with the accomplishments over the last twelve months which has set the stage for a transformative year ahead for the Company to deliver on its objective of producing cash flow in the near term. This has been achieved without any lost time due to injuries or environmental incidents recorded during the year ending June 2016.

During the 2016 financial year, the Company completed the processing of two batches of direct application rock phosphate utilising bulk sample material previously extracted from the Wapiti and Fernie Projects. The company processed approximately 1,700 tonnes of rock phosphate with some of this material produced to 90% powdered product. This processed material is now available for sale and for additional field trials in British Columbia, Saskatchewan and Alberta.

At Wapiti, the Company continued to build on its 17,500 tonne bulk sample permit and obtained additional approvals for road construction, First Nations consents and discharge permits to progress development of the project. The company has progressed the project in the 2017 financial year and has largely completed construction of the road which was commenced after securing the required funding late in August 2017.

The Company recently started extraction of phosphate material from Wapiti which has been unfortunately delayed due to road construction being hampered by bad weather. While the weather permits, we are planning to move the material to lower elevations in Western Alberta where we will use this as a base for crushing, sizing and screening of material.

In addition, the Company has been progressing its small mine application at the Wapiti Project which will provide the Company with a long term supply of 75,000 tonnes of rock phosphate product per annum.

A plan of operations for the Fernie Project was submitted during the year and is awaiting approval to continue exploration and development and extraction of material utilising the Company's 10,000 tonne bulk sample permit. At Fernie we are very encouraged by the logistics advantages of the three possible mine locations, all of which offer superb logistics access to the Prairie Provinces.

With the development of the production side of our business well underway, the Company has focused its efforts on the sale and marketing of our product which started with the certification, during the year, of Fertoz's phosphate rock as an input supply in the production and/or processing of organic agriculture products. This certification is in compliance with the requirements of the Canadian Organic Standards (COS) and the USDA National Organic Program.

## CHAIRMAN'S MESSAGE

— continued —

The Company signed its first sales contract in February 2016 for 2,000 tonnes of rock phosphate to a fertiliser manufacturer and distributor. This sale was expected to be supplied in the third quarter of calendar year 2016, but has been delayed while the Company awaits its plan of operations approval at the Fernie Project.

The Company's sales and marketing efforts are being coordinated by a highly experienced sales and marketing team which FertoZ engaged in February 2016. The marketing team completed a review of our marketing approach and product positioning, and recommended a science-based approach to marketing to sophisticated growers and agronomists who understand how best to utilise our rock phosphate to maximise results. This is intended to maximise the potential positive results to develop confidence in the FertoZ brand.

Based on this recommendation the Company obtained agreement from four well respected growers and agronomists who also run their own farms to undertake large scale trials on several crops in two Provinces and on various soil types.

Hence, this Northern Hemisphere fall, weather permitting, we are hoping to test a wide range of blends of rock phosphate with products synergistic to our product such as sulphur and humates which have been demonstrated to improve the available phosphate and uptake in plants. However, other mineral and biological soil amendments may also improve combined performance.

Our focus has thus moved to securing recommendations through a science-based approach with major users and agronomists which will help us to highlight the benefits of blending our phosphate rock with other products to improve rock phosphate performance and thus brand confidence.

FertoZ remains focused on sales in the 2016/17 financial year and building a meaningful agricultural supply business in the years ahead, but it is critical to build a market place based on user trust and which fosters repeat and steadily increasing seasonal orders so that we can exceed sales expectations in the future.

Our product compares favourably to other direct application rock phosphates available in North America in terms of total and available phosphate. Furthermore, farmers still lack sufficient easily accessible information to assist them with farming decisions which is relevant to their needs and/or specific area. Thus, we believe FertoZ can build on our product position by becoming a leading source of information to organic and conventional growers, by providing real time weather information, agronomic blogs, soil types, crop and supplement combinations to assist growers with maximising value from the land.

In this sense, you will see us doing far more in investor, industry, distributor and grower information in the coming months, in order to raise the awareness of FertoZ among the organic farming communities in North America. This will include an updated website with organic fertiliser and crop news feeds, education pieces on direct application rock phosphate and phosphate blends, an updated media section and more.

The Company has been focused on progressing its existing portfolio of assets, but we continue to look at other rock phosphate deposits that meet our selection criteria, principally high quality phosphate, shallow resources surrounded by available infrastructure and, importantly, close to known organic markets that have a relatively quick pathway to permitting. Several western US states where there are known phosphate occurrences could meet these criteria and supply the local Pacific Northwest and California markets.

Recent evaluations have led us to consider that the Dry Ridge Idaho project does not meet our selection criteria in that the ore is not ideal for organic farming and permitting has proven to be more difficult than expected. Hence, the Company is likely to exit this project and is working with the leaseholder on other partnership approaches.

During and after the 2016 financial year, the Company significantly improved its cash position with a successful A\$1.85 million (before costs) rights issue completed in November 2015 and a private placement of A\$4.35 million (before costs) completed in September 2016. This places the Company in an ideal cash position to leverage its existing project portfolio and take advantage of the growth in the organic market.

I would like to sincerely thank our investors for their support and confidence. FertoZ has grown from an idea, to an exploration and development company to now becoming a real mining and sales business. It has not gone all perfectly to plan, but we have worked hard to define our strategy and are now executing this effectively.

We are on the verge of great things and with your continued support, we know we can increase sales, our profile and long-term profitability.

A handwritten signature in black ink, reading "Patrick Avery". The signature is stylized with a cursive, flowing script.

**Patrick Avery**  
Non-Executive Chairman

## STRATEGY

The Company's key objective is to become a growth-oriented, cash flow generating agribusiness returning dividends to shareholders. In the near term, the Company plans to accomplish this through:

1. Focusing on our own assets: building sales, production and cash flow from our two projects in British Columbia, Canada;
2. Proving up potentially larger assets within our portfolio: through exploration at Wapiti and Fernie Projects, where we have identified several drilling-ready targets over current resource extensions;
3. Improving the returns and growth potential of our existing FertAg business in Australia; and,
4. Considering external growth opportunities: adding low capital-intensity fertiliser assets that can be realistically funded and developed.

Our number one priority is to develop our Wapiti and Fernie projects and this is where our effort will be concentrated.

In the short term, Fertoz intends to focus on two critical items: proving out our model through field trials, growing our sales; and, building out the required infrastructure for our flagship project, Wapiti, to allow us to maintain a steady supply of rock phosphate to a fast-growing, under-serviced organic market.

The Company has begun its transformation to a cash flow generating business with the progression of road construction at Wapiti where it will extract material by taking advantage of its 17,500 tonne bulk sample permit. The Company's small mine application for 75,000 tonnes per annum, once approved, in conjunction with mine development currently underway will provide the Company with its first long term supply of fertiliser products.

Fertoz expects to be the only producing phosphate mine in Canada and, with our certification as an organic input fertiliser in the US and Canada, we can continue to expand our strategic advantage with other expansion opportunities within our existing portfolio or through well-timed and opportunistic acquisitions which complement the Company's geographical positions or product offerings.

The Company is well placed to take advantage of the growing organic market which, in turn, should lead to significant returns for our shareholders and partners.



Figure 1 — Bridge installed at Wapiti project in September 2016



## PROJECTS

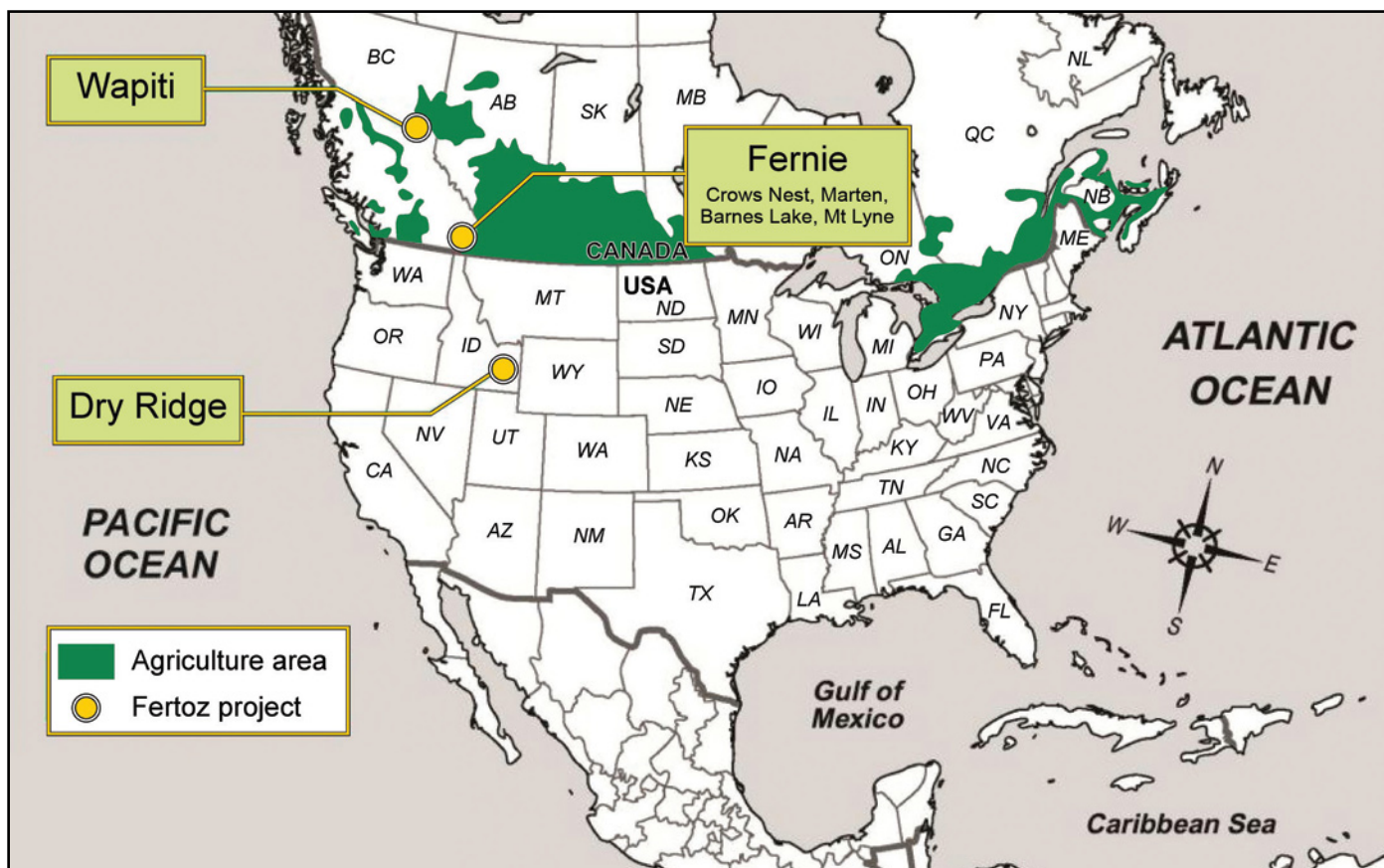


Figure 2 — FertoZ's North American project locations and proximity to Canadian agricultural areas

### WAPITI PROJECT (100% owned) British Columbia, Canada

The Wapiti project totals an area of 11,870 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 within 80 km.

The Company is focused on the Wapiti East tenements, where previous work indicates a consistent and continuous at-surface phosphate-bearing horizon which has a potential strike length of up to 39 km.

Laboratory results of the phosphate indicate up to 10% availability (considered very good by industry standards), which makes the product at Wapiti particularly attractive to the North American organic sector, which is the largest organic market in the world.

In May 2015, the Company completed a scoping study on the Wapiti Project. Based on its findings,

FertoZ intends to start producing phosphate rock product for sale this year, utilising its 27,500 tonne bulk sample permits.

### Wapiti Small Mine Application

The Company has obtained an access permit from Canada's Ministry of Mines which provides better access to the Company's permitted 17,500 tonne bulk sample area at Wapiti which will be used once the Company obtains the 75,000 tpa small mine permit.

Progress has been achieved on Wapiti's 75,000 tpa small mine permit with the following aspects of the work undertaken during the year resulting in a number of achievements in the last few months:

- 1) license to cut timber received from Ministry of Forests;
- 2) permit to operate above 1,400 metres;
- 3) protocol Agreement signed with West Moberly First Nation;
- 4) mine design engineering commenced and
- 5) a surface discharge permit issued.

## PROJECTS

— continued —

### Road Construction

Road construction was initiated subsequent to the financial year end.

The company has hired local and Treaty 8 First Nations contractors to work on the access trail, clearing of timber, construction of the trail, bridge installation and bulk sample access with the objective of starting the bulk sample extraction to produce organic rock phosphate for sale into the North American market.

This road access and site infrastructure will provide longer term access to the Company's proposed mine once the Company obtains approval for its 75,000 tpa small mine permit.

Local First Nations have been engaged to assist the Company with road construction in this first phase of development and the Company looks forward to further discussions with First Nations to progress the project.

### Wapiti JORC Indicated and Inferred Resource and Exploration Target

The combined Inferred and Indicated resource of 1.54Mt @ 21.6% P<sub>2</sub>O<sub>5</sub> (at a 7% cut-off) has been calculated to a depth of 30m along a strike length of 12.5km. The resource classification is shown below in Table 1.

This resource is contained within a global Exploration Target (Table 2) of between 2.9 Mt and 3.3 Mt at 20.8% to 22.2% P<sub>2</sub>O<sub>5</sub> which is estimated to a depth of 30m along a mapped strike length of 27km. The Mineral Resource over a 12.5km strike length is a subset of the global Exploration Target. The remaining strike length (14.5km) not supporting the Mineral Resource estimation is calculated to support an Exploration Target of 1.4-1.8Mt at 20.8-22.2% P<sub>2</sub>O<sub>5</sub>. The phosphate bearing layer is uniform in thickness with a density of 2.845t/m<sup>3</sup>.

The Exploration Target does not include areas covered by exploration permits acquired in April 2014 (subsequent to the date of this estimation) that increased the potential phosphorite horizon by 44% from 27km to 39km. These exploration permits have been excluded from the Exploration Target due to insufficient supporting data at this time. As such, there is a large potential upside in relation to size and longevity of the proposed 20-year project life at Wapiti.

The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration (namely drilling) outside the area used to support the Mineral Resource to define a Mineral Resource, and it is uncertain if further exploration will result in the definition of additional Mineral Resource.

**TABLE 1 - WAPITI EAST RESOURCE**

Depth below surface (m)	Category	Tonnes (million)	P <sub>2</sub> O <sub>5</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	CaO (%)	MgO (%)	SiO <sub>2</sub> (%)	Fe <sub>2</sub> O <sub>3</sub> (%)
30	Inferred	0.73	21.3	1.9	43.6	1.3	13.7	1.2
30	Indicated	0.81	22.3	1.96	43.1	1.3	14.0	1.3
30	Total	1.54	21.6	1.9	43.4	1.3	13.8	1.3

Note: Estimated using a 7% P<sub>2</sub>O<sub>5</sub> cut-off, Density of 2.85g/cm<sup>3</sup>, polygonal method.

**TABLE 2 - WAPITI EXPLORATION TARGET**

Depth below surface (m)	Category	Tonnes (million)	Width (mm)	P <sub>2</sub> O <sub>5</sub> (%)
30	exploration target	2,925,290 – 3,293,710	0.85 to 0.97	20.8 to 22.2





## PROJECTS

— continued —

### **FERNIE PROJECT (100% owned)** **British Columbia, Canada**

The Fernie project (which includes the Marten, Barnes Lake, Crows Nest and Mt. Lyne tenements) is located near Sparwood in British Columbia Canada.

The tenements are within 40km 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.

In July 2014, FertoZ received approval to extract a phosphate bulk sample of up to 10,000 tonnes from Fernie (Marten tenements). FertoZ extracted approximately 1,000 tonnes in its first phase of activity and has subsequently issued a further plan of works to allow it to extract additional material under its bulk sample permit.

On April 2016, FertoZ added 2,453 ha of land prospective for direct application phosphate to the Fernie Project. Historical exploration reports covering Mt Lyne suggest the property is highly prospective with potential for magnitude and phosphate grades that are similar to the Company's existing Crows Nest/Marten/Barnes Lake properties. When added to the Company's existing Fernie project, the potential strike length of the phosphate-bearing horizon within the Company's tenements now exceeds 25km.

The south-eastern region of British Columbia is shaping up to be an important area for the Company, with numerous third party organic fertiliser manufacturers and users in the region, including large farming operations in South Western Alberta, Oregon, Washington State, Montana and Idaho. The infrastructure in the region is well developed and facilitates fast and efficient delivery of product.

### **DRY RIDGE PROJECT** **(option to acquire 100% ownership)** **Idaho, USA**

We continue to look at other rock phosphate deposits that meet our selection criteria, principally high quality phosphate, shallow resources, available infrastructure, and importantly, close to known organic markets and with relatively quick pathway to permitting.

Several western US states where there are known phosphate occurrences could meet these criteria and supply the local Pacific Northwest and California markets.

Recent evaluations in relation to the Dry Ridge Idaho project have led us to consider that it does not meet our selection criteria in that the ore is not ideal for organic farming and permitting has proven to be more difficult than expected. Hence, the Company is likely to exit this project and is working with the leaseholder on other partnership approaches.

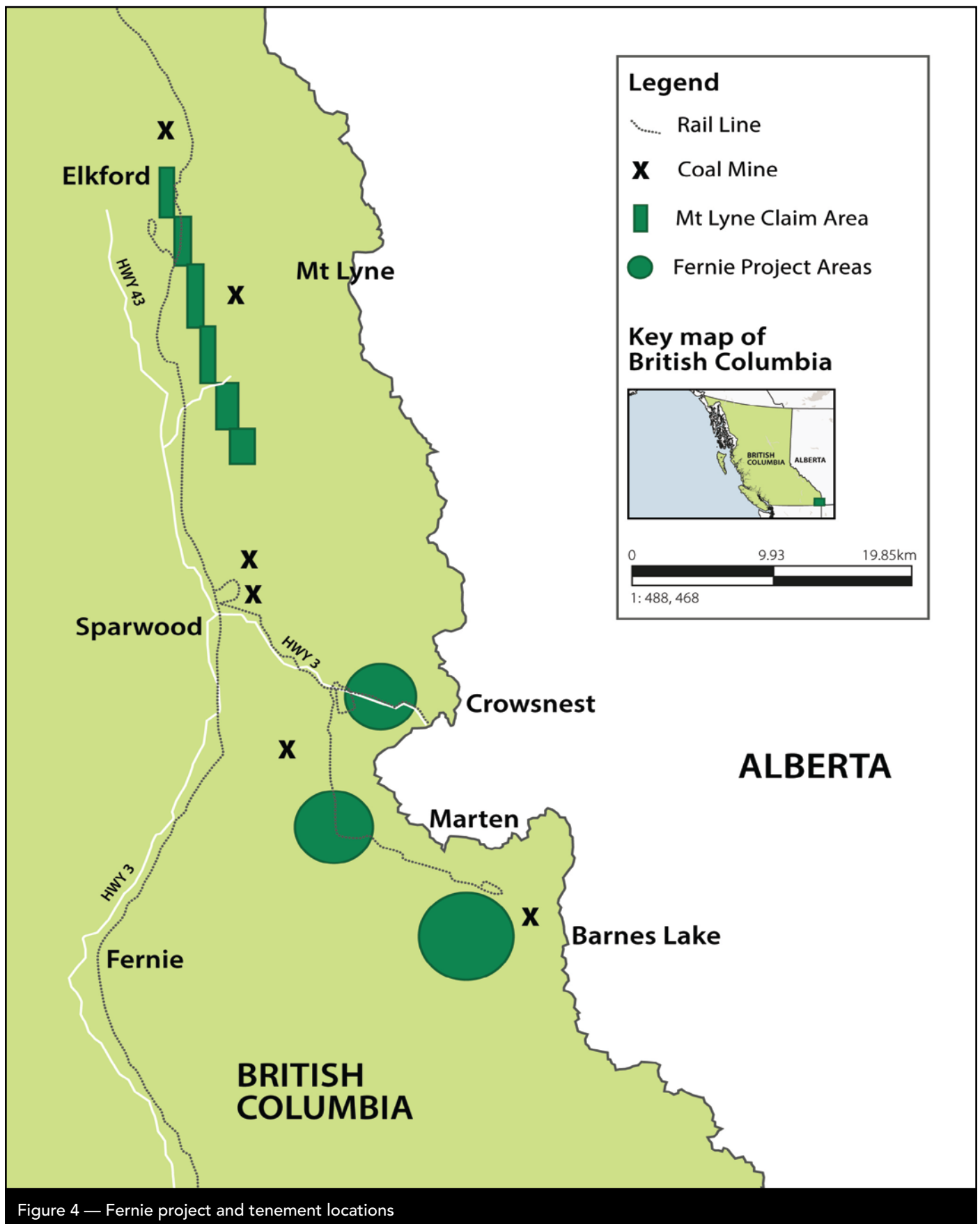
#### **Competent Persons Statement**

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 this information in the form and context in which it appears in this report.

For further information on the Mineral Resource and Exploration Target, see FertoZ ASX releases on 28 May 2015 and 8 August 2014.





## PRODUCTION

### BULK SAMPLE MINING

Fertoz has previously extracted 2,700 tonnes (approximately 1,200 tonnes from Wapiti and 1,500 tonnes from Fernie) using its current 27,500 tonne bulk sample permits. Hence, the Company continues to have approximately 25,000 tonnes which it can extract and make available for processing, trials and sale to customers through its bulk sample permits and while it awaits approval of its 75,000 tonne per annum small mine permit.

Further, development work and bulk sample extraction is currently underway at Wapiti. The planned mine area at Wapiti contains a resource which is outcropping, homogenous, and has been drilled. The Company plans to mine Wapiti on a seasonal basis between May and October to maximise productivity and ease of access during the warmer periods. Trial mining at Wapiti, as shown in Figure 5 below, proved the ease of mining and allowed the Company to more accurately predict future mining operations.

In addition to extraction of material from Wapiti the Company has the flexibility of supplying material from its Fernie Project. At Fernie, the seasonal extraction window is typically longer, which enables the Company to access material at the shoulder of the winter months more easily and cost effectively.

### BULK SAMPLE PROCESSING

In April and May 2016, the Company completed the processing of two batches of direct application rock phosphate with bulk sample material previously extracted from the Wapiti and Fernie Projects.

The company processed approximately 1,700 tonnes of rock phosphate through a hired crusher and pulveriser. These process runs have resulted in a 90% powdered product, which is now available for sale and for additional field trials in British Columbia, Saskatchewan and Alberta.

With the processing and crushing performed in April-May 2016, the Company has found that there is equipment readily available for hire which can adequately meet its needs. With larger production runs, significant improvements could be made to throughput rates resulting in lower costs of production. Hence, Fertoz is evaluating the option of hiring crushing equipment for limited periods of time in order to crush phosphate rock in batches to match production runs with expected sales.

The intention for the current bulk sample being extracted is to transport the material to lower elevations in Western Alberta where processing of the material is conducted. The phosphate rock will be crushed to reduce its size from 40mm (crushed rock) to approximately 0.15mm (ground material) where it can be blended with supplements such as Sulphur or humates to assist with phosphate release.



Figure 5 — Trial mining at Wapiti during 2014



## SALES AND MARKETING

### SALES AND MARKETING TEAM

Fertoz has engaged an independent team of highly experienced sales and marketing professionals to execute sale and distribution of the company's unique organic phosphate products in North America.

The team is led by Mr Lawrence Klusa and Mr Sean Gatin. Mr Klusa has an extensive multidimensional background in agriculture business, crop production and marketing. Mr Gatin is a co-founder of Agri-Trend Marketing, an arm of AGRI-TREND®, which over 17 years since its foundation was able to attract and operate the largest network of independent agricultural consultants in North America, providing support to over 60 million acres in agricultural area. Mr Klusa still works with Agri-Trend Marketing as a senior market coach.

This team of marketing professionals bring to Fertoz a wealth of knowledge, industry network and years of experience in agricultural product marketing, sales and distribution. Initially the team will be focused on validating Fertoz's products through field and laboratory testing and trials, certification and valuation of the product and introduction to the western farm market and distributors.

The marketing team has already identified the need to ensure a science-backed approach to build brand confidence and to foster repeat and steadily increasing seasonal orders so that we can exceed sales expectations in the future. They will continue to work with Fertoz's management and directors on setting up the most appropriate commercial strategies as the company ramps up production in the following years.

During the year, the Company executed a sales agreement to sell 2,000 tonnes of rock phosphate to a fertiliser manufacturer and distributor. The sale of this product has been delayed while the company obtains an operational works permit on the Company's Fernie project.

In addition, the Company has signed a non-binding Memorandum of Understanding for the sale of 2,000 tonnes of phosphate rock per year subject to completion of farm trials.

### ORGANIC CERTIFICATION

In late April 2016, Fertoz's phosphate rock was certified for use in the production and/or processing of organic agriculture products in compliance with the requirements of the Canadian Organic Standards (COS) and the USDA National Organic Program.

The certification allows Fertoz's rock phosphate to be labelled and marketed as an organic input fertiliser for use on organic farms, which will assist the Company with its marketing strategies.

In order to retain organic certification for their properties, farmers cannot use chemically treated or enhanced fertilisers, such as Single Super Phosphate, DAP or MAP. Farmers with organic certification enjoy substantial premiums for their products.

### FIELD TRIALS

There are currently four agricultural groups that have agreed to testing the benefits and applicability of our certified organic input rock phosphate fertilizer, with field trials expected to commence in Saskatchewan and Alberta on wheat and hay crops. Results of these field trials are anticipated to come during the forth quarter of 2016, weather permitting.

Upon completion of the field trials, Fertoz believes that it will be well positioned to be an important source of organic fertiliser to the Canadian organic food market, which is represented by more than 3,500 producers over an area of almost 2.5 million acres (84% located in Western Canada), according to the Canada Organic Trade Association (2014 data).

### ORGANIC MARKETS

The markets for the Company's products remain strong. According to the Organic Trade Association (OTA), the US organic food market has grown by double-digits every year since the 1990s, with sales increasing from US\$3.6 billion in 1997 to over US\$43 billion in 2015. The growth rate in 2015 was 11% over 2014, about four times the rate of the overall food market, which is growing at 3%.

## SALES AND MARKETING

— continued —

The OTA notes however that production growth is not keeping up with demand. Organic food sales currently make up 4% of total food sales, while acreage devoted to organic agriculture is less than 1% of total US cropland, despite having increased substantially since early 1990s.

In addition, the Canada Organic Trade Association reports that Canada has seen a steady rise in organic agricultural land since 2000, increasing from 340,200 hectares to 903,948 hectares in 2014, or equivalent to a 7.2% compound annual growth rate (CAGR). This is represented by a total of 3,780 organic producers. Western Canada (British Columbia, Saskatchewan, Alberta and Manitoba) is the lead organic region in the country, with approximately 84% of total planted area and 49% of organic producers.

The continued significant growth in both organic food demand and in the amount of land being used for organic agriculture is a truly exceptional opportunity for Fertoz. The organic market has been growing steadily over a sustained period of time, however, organic food sales still represent a small percentage of the overall agricultural market in the US and Canada. Not only will Fertoz have the only producing phosphate mine in Canada, but also we are certified as an organic fertiliser input, giving us an advantage in this growing and highly profitable market.



Figure 6 — Product available for sale and trials at Stettler Alberta Canada



## AUSTRALIA

### FERTAG JOINT VENTURE IN AUSTRALIA

The Fertoz Agriculture business is growing steadily in Australia and product has now been supplied into Brisbane, Townsville, Melbourne and Sydney. Revenue in 2016 has more than tripled when compared with 2015. Costs have been minimised and the business continues to be self-funding. Stock in Australia is kept to a minimum and product is imported regularly from Asia in response to customer orders.

FertAg 0-8-0 (also known as FMP) is a magnesium calcium silicate phosphate which is high in calcium (23%), magnesium (12%), silicon (11%) and phosphorus (8%). The asian manufacturer is a quality accredited (ISO 9002) organisation and FertAg is manufactured by fusing a magnesium silicate, rock phosphate and sandstone at 1,400 °C in a furnace. No chemical reaction occurs and no organic animal, plant or microorganisms are used in its manufacture.

The FertAg product is more than just a replacement of the P available from cheaper sources such as single super phosphate (SSP) or rock phosphate. Farmers who are interested in the product are encouraged to do a soil test before applying the product.

The soil test reinforces the need for FertAg 0-8-0 in acidic soils because FertAg 0-8-0 is:

1. Insoluble in water and does not leach into waterways
2. Ideal for soils with high iron or aluminum because silicate protects phosphorus making it 95% available and preventing P lock up in the soil; unlike soluble fertilisers which have less than 20% P available
3. Ideal for soils with pH < 6.5 because the lower the pH the quicker the P is available
4. Ideal for soils with low Cation Exchange Capacity (CEC) because silicate improves CEC
5. High in calcium (23%) and magnesium (12%) and avoids the need to lime the soil, leading to savings of up to \$60/t per annum
6. Suitable for horticulture because silica and calcium improves sweetness, strength and yields of crops and fruit
7. A soil re-mineralizer with trace elements of many different minerals
8. An environmentally friendly fertiliser, very low in heavy metals that has been certified for use in organic agriculture in Japan



Figure 7 — FertAg 0-8-0 (left) and FertAg 0-7-0-2 Granular (right)



## AUSTRALIA

— continued —

Results of trials are starting to be telegraphed to the market. For example, a Dorrigo dairy farmer reported good results when trialing FertAg 0-8-0. He planted forage sorghum on 4.4 hectares, using FertAg 0-8-0 as the source of phosphorus. Nitrogen and potassium were supplied using a 50-50 mix of urea and potash.

Results were favourable as it was possible to get 100 by 500kg bales from the first cut and a further 103

bales from the second cut. The farmer has followed up with an order for sufficient FertAg 0-8-0 to fertiliser his whole farm of 100 hectares.

Repeat orders from distributors and farmers ensure steady business growth.



Figure 8 — Sorghum crop using FertAg 0-8-0 in Dorrigo



## BOARD OF DIRECTORS

### **Mr Patrick Avery** *(appointed as non-executive 18 February 2016)*

<b>Title</b>	Non-Executive Chairman
<b>Qualifications</b>	MBA
<b>Experience and expertise</b>	Patrick Avery has over 30 years of experience working in the industries of fertilizer, mining, specialty chemicals, petroleum, and construction/project management. In the fertilizer industry, he worked for 11 years with JR Simplot, one of the largest privately held food and agribusiness companies in the USA, where he held senior positions across all key business units such as mining, manufacturing, supply chain, wholesale sales and energy management, managing over 1500 employees, three mines (two phosphate and one silica), and five major manufacturing facilities, and several warehouse/distribution locations, making dozens of products from chemical fertilizers, to specialty chemicals for lawns, gardens, golf courses, industrial products, resins, and water treatment. Mr Avery was also president of Intrepid Potash, where he led all aspects of mining, manufacturing, logistics and sales.
<b>Other current directorships</b>	None
<b>Former directorships</b> <i>(last 3 years)</i>	None

### **Mr Stephen Keith** *(appointed as non-executive 29 July 2014)*

<b>Title</b>	Managing Director <i>(appointed 31 July 2015)</i>
<b>Qualifications</b>	P.Eng, B.Sc. Applied Science, MBA
<b>Experience and expertise</b>	Mr Keith was appointed managing director on 31 July 2016 to focus on commercialising North American assets. Previously he was a non-executive director. Mr Keith is based in Toronto, was President and Chief Executive of Officer (CEO) of Search Minerals Inc. (TSX-V:SMY), a company focused on the exploration and development of strategic metals. Prior to his work with Search Minerals, Mr Keith was founder and President of Rio Verde Minerals Development Corp ("Rio Verde") (TSX: RVD), a phosphate company he took from concept to listing on the TSX. Mr Keith led Rio Verde Minerals until its acquisition by B&A Fertilizers Limited on March 13, 2013. In addition Mr Keith sits on the Board of Directors of Aura Minerals (TSX:ORA).
<b>Other current directorships</b>	Aura Minerals (TSX:ORA), Latin American Minerals (TSX-V:LAT)
<b>Former directorships</b> <i>(last 3 years)</i>	NonSearch Minerals Inc. <i>(resigned 28 July 2014)</i>

## BOARD OF DIRECTORS

— continued —

### Mr James Chisholm

<b>Title</b>	Non-Executive Chairman
<b>Qualifications</b>	B.Eng, MBA
<b>Experience and expertise</b>	Mr Chisholm is a qualified engineer, having worked in the engineering, mining, oil and gas sectors for the past 28 years. Mr Chisholm has worked on numerous resource construction and maintenance projects around Australia, primarily covering coal, iron ore, and agricultural mining and processing. Mr Chisholm co-founded The Chairmen1 Pty Ltd which sold its assets to Guildford Coal Ltd (ASX: GUF), becoming its largest shareholder. Mr Chisholm is experienced in start-up exploration and development companies.
<b>Other current directorships</b>	Atrum Coal NL (ASX: ATU)
<b>Former directorships</b> <i>(last 3 years)</i>	None

### Mr Adrian Byass

<b>Title</b>	Independent Non-executive Director
<b>Qualifications</b>	BSc (Hon), B.Econ, Member of Institute of Geoscientists, Fellow of Society of Economic Geology
<b>Experience and expertise</b>	Mr Byass has over 18 years' experience in the mining and minerals industry. This experience has principally been gained through mining, resource estimation, mine development and exploration roles for several gold, base metals and specialty metal mining and exploration companies worldwide. Mr Byass is a Competent Person for reporting to the ASX for certain minerals. Mr Byass has also gained experience in corporate finance and financial modelling during his employment with publicly listed mining companies. He is currently managing director of Plymouth Minerals Limited
<b>Other current directorships</b>	Ironbark Zinc Limited (ASX: IBG), Corazon Mining Limited (ASX: CZN) and Plymouth Minerals Limited (ASX: PLH)
<b>Former directorships</b> <i>(last 3 years)</i>	Wolf Minerals Ltd <i>(resigned 27 June 2013)</i>



## BOARD OF DIRECTORS

— continued —

**Mr Alexandre Penha** *(resigned 18 February 2016)*

<b>Title</b>	Alternative Non-executive Director to Stephen Keith and Adrian Byass
<b>Qualifications</b>	BA, B.Sc. Economics, post-degree in Corporate Finance
<b>Experience and expertise</b>	Mr Penha is based in Toronto and has worked closely with Stephen Keith for a number of years at both Search Minerals (Director and EVP) and Rio Verde Minerals (VP of Corporate Development). Mr Penha has over eight years of experience in mining capital markets, including corporate development, research and investment banking. Mr Penha is a board member of the Brazil-Canada Chamber of Commerce and Chairman of its mining Committee.
<b>Other current directorships</b>	None
<b>Former directorships (last 3 years)</b>	Search Minerals Inc. <i>(resigned 28 July 2014)</i>

**Dr Leslie Szonyi** *(resigned 27 November 2015)*

<b>Title</b>	Executive Director
<b>Qualifications</b>	B. Eng, Ph.D. Chemical Engineering, Member of AICD
<b>Experience and expertise</b>	Dr Les Szonyi has over 30 years' experience in the chemicals processing industry, including 18 years at Orica (formerly ICI Australia). He spent the five and a half years prior to joining Ferto based in Central Queensland, leading Queensland Nitrates (QNP), an integrated manufacturer of ammonia, nitric acid and ammonium nitrate. Les has a track record of increasing shareholder value through enhanced commercial performance, contract negotiation, technical excellence, project management and superior operations and safety performance. Dr Szonyi was managing director until 31 July 2016 and continued as a director and a consultant reporting to Mr Keith the current managing director until 27 November 2015 when he resigned. He still continues to provide consulting services.
<b>Other current directorships</b>	None
<b>Former directorships (last 3 years)</b>	None

The board carries out the responsibilities of the Nomination and Remuneration and Audit and Risk Committees.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

## LIST OF TENEMENTS

### CANADA

Project Name	Tenement No.	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
<b>Wapiti Project</b>					
WK-1	851942	100%	450.83	21/04/2021	Fertoz International
WK-2	851948	100%	451.02	21/04/2021	Fertoz International
WK-3	851952	100%	375.66	21/04/2021	Fertoz International
WK-4	851958	100%	451.2	21/04/2021	Fertoz International
WK-5	941760	100%	450.83	21/04/2021	Fertoz International
WK-6	941761	100%	469.87	21/04/2021	Fertoz International
WK-7	941762	100%	432.07	21/04/2021	Fertoz International
WK-8	941763	100%	413.49	21/04/2021	Fertoz International
WK-9	941764	100%	451.33	21/04/2021	Fertoz International
WK-10	941769	100%	432.53	21/04/2021	Fertoz International
WK-11	955278	100%	470.31	21/04/2021	Fertoz International
WK-12	956829	100%	37.56	21/04/2021	Fertoz International
WK-One	982744	100%	18.8	21/04/2021	Fertoz International
Wapiti NE	1015556	100%	375.54	21/04/2021	Fertoz International
Wapiti Two	1015557	100%	168.93	21/04/2021	Fertoz International
Wapiti South	1015558	100%	376.35	21/04/2021	Fertoz International
WAP S2	1018104	100%	451.82	21/04/2021	Fertoz International
WAP S3	1018106	100%	451.75	21/04/2021	Fertoz International
WAP S4	1018107	100%	451.93	21/04/2021	Fertoz International
WAP S5	1018108	100%	452.09	21/04/2021	Fertoz International
WAP S6	1018109	100%	452.3	21/04/2021	Fertoz International
Red Deer 1	1023921	100%	150.2	21/04/2021	Fertoz International
Red Deer 2	1023922	100%	206.3	21/04/2021	Fertoz International
Red Deer 3	1023923	100%	150.1	21/04/2021	Fertoz International
Munok	1029417	100%	207.38	21/04/2021	Fertoz International
Munok 1	1015626	100%	169.58	21/04/2021	Fertoz International
Belcourt 1	1015627	100%	113.27	21/04/2021	Fertoz International
Munok 2	1024783	100%	603.05	21/04/2021	Fertoz International
Belcourt 2	1024803	100%	301.76	21/04/2021	Fertoz International
Belcourt 3	1024806	100%	188.7	21/04/2021	Fertoz International
Belcourt 4	1024805	100%	339.78	21/04/2021	Fertoz International
Belcourt Link	1027037	100%	282.59	21/04/2021	Fertoz International
WAP 11	1027038	100%	168.94	21/04/2021	Fertoz International
South 1	1029488	100%	112.64	21/04/2021	Fertoz International
South 2	1029489	100%	376.16	21/04/2021	Fertoz International
<b>Wapiti Project Total</b>			<b>11,870.32</b>		



## LIST OF TENEMENTS

— continued —

## CANADA (continued)

Project Name	Tenement No.	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
<b>Fernie Project</b>					
<b>Barnes Lake</b>					
BL 1	1011319	100%	608.98	19/11/2017	Fertoz International
BL 2	1020873	100%	629.00	18/11/2017	Fertoz International
Barnes Lake Subtotal			1,237.98		
<b>Crows Nest</b>					
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		
<b>Marten</b>					
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	103167	100%	188.48	23/09/2021	Fertoz International
Marten Subtotal			1,738.65		
<b>Mt Lyne</b>					
Line 1	1042161	100%	124.69	18/2/2017	Fertoz International
Line 2	1042162	100%	145.52	18/2/2017	Fertoz International
Line 3	1042176	100%	186.99	19/2/2017	Fertoz International
Line 4	1042177	100%	332.78	19/2/2017	Fertoz International
Line 5	1042208	100%	290.72	20/2/2017	Fertoz International
Line 6	1042209	100%	499.54	20/2/2017	Fertoz International
Line 7	1042222	100%	497.99	21/2/2017	Fertoz International
Line 8	1042224	100%	374.42	21/2/2017	Fertoz International
Mt Lyne Subtotal			2,452.65		
<b>Fernie Project Total</b>			<b>6,918.84</b>		

## CANADA TOTAL

23,627.65

## UNITED STATES

Project Name	Tenement No.	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
<b>Dry Ridge Project</b>					
Dry Ridge	I-07238	0%1	210	31/05/2016	Solvay USA Inc.

## UNITED STATES TOTAL

210

## CORPORATE DIRECTORY

**Directors** Mr Patrick Avery – *Non-executive Chairman*  
Mr Stephen Keith – *Managing Director*  
Mr James Chisholm – *Non-executive Director*  
Mr Adrian Byass – *Non-executive Director*

**Company Secretary** Mr Julien McNally

**Registered office and principal place of business** 40 Balgowlah St  
Wakerley, QLD 4154 Australia

**Share register** Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnston St  
Abbotsford VIC 3067

**Auditor** BDO Audit Pty Ltd  
Level 10,  
12 Creek Street  
Brisbane QLD 4000 Australia

**Canadian Lawyers** Ontario Lawyers  
Peterson Law Professional Corporation  
390 Bay Street, Suite 806  
Toronto, Ontario, Canada, M5H

**Australian Lawyers** Delphi Partners  
Level 23, 307 Queen St  
Brisbane, QLD, 4000

**Bankers** Commonwealth Bank of Australia Ltd

**Stock exchange listing** Ferto Limited shares are listed on the Australian Securities Exchange (ASX code: FTZ)

**Website** [www.ferto.com](http://www.ferto.com)

The background of the entire image is a vibrant green with a complex geometric pattern of overlapping squares and triangles, creating a mosaic effect. In the lower center, there is a black square containing the company logo and name in white. A thin white horizontal line passes behind the black square, extending across the width of the image.

**Fertoz**  
Fertoz Ltd (ACN 145 951 622)