Fertoz Ltd (ASX: FTZ)
Emerging Organic Phosphate Producer
Fertoz expansion

- Fertoz is a premium organic phosphate fertiliser development company with significant expansion plans in the attractive North American market.
- Organic farmers are currently underserved due to the variable product quality of FTZ’s key competitors and the lack of an integrated supply chain.
- Fertoz has identified organic farming hubs across key states and provinces of North America, with suitable distribution centres close to these organic farming hubs, and plans to develop these to accelerate recurring sales at scale to organic farmers.
- Sales traction increasing; FTZ is already selling organic rock phosphate in North America and Australia.
- Fertoz is targeting organic phosphate sales of 100,000 tpa within 3 years.
Highly Experienced Board and Management based in Australia and North America

Key management personnel with proven sales ability and fertiliser project delivery experience

- Jo Shearer – COO – 30 years’ experience
- Derek Squair – AgriTrend – agricultural product sales 25 years
- Sean Gatin – agricultural product sales 25 years
- Lawrence Klusa – agricultural product sales 20 years
- TBC – experienced sales person to start early 2018

Capital Structure

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>ASX code</td>
<td>FTZ</td>
</tr>
<tr>
<td>Share price (as at 28 Nov 17)</td>
<td>$0.10</td>
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<tr>
<td>Shares on issue</td>
<td>94.6m</td>
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<td>Options on issue</td>
<td>16.5m</td>
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<tr>
<td>Market capitalisation (29Nov17)</td>
<td>$9.5m</td>
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</tbody>
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Board of Directors

- Patrick Avery Executive Chairman
- James Chisholm Non-Exec Director
- Adrian Byass Non-Exec Director
- Justyn Stedwell Company Secretary (from 1 December 2017)

Major Shareholders

| Top 20 | 51% |
| Board & Management | 11.5% |
Ongoing change in consumer tastes is driving organic product consumption

Global demand for organic foods is booming

- USA is by far the largest organic foods market with c.US$50bn market size
- Global organic fertiliser market set to grow from US$6bn pa 2016 to US$11bn pa by 2022

Organic farming has also grown significantly over the same period in response to consumer demands

- Total global organic farmland of 51Mha (2016), up from 11Mha (1999)

North American organic farming is still in the early stages of its growth but price premiums are high

- Canadian organic price premiums paid in 2014 ranged from 143% for organic green peas to 350% for organic wheat
- Prices achieved for organic phosphate for bulk delivery C$285/t – US$600/t
- North American organic fertiliser market currently US$550m pa and growing
- Key organic fertiliser suppliers include Calphos, Soda Springs, Tennessee Brown and FTZ
Fertoz:
- Is one of the few companies certified in the USA and Canada to produce organic rock phosphate fertiliser
- Has conducted and documented extensive farming trials showing significant (>100%) uplifts in plant available phosphate — a compelling proposition for organic growers looking to boost productivity
- Is selling direct to farmers, distributors, and wholesalers
- Has achieved sales of close to 1,000t in North America and almost 3,000t in Australia over the last 12 months
- Forecasts 10,000t of sales in North America and 4,000t of sales in Australia in 2018
- Forecasts 100,000t of sales in North America and 10,000t of sales in Australia in 2020
- Has a mix of owned deposits (Fernie, Wapiti) and distribution rights (Silver Bow, Krezco)
Strategically located sources of organic rock phosphate

LEGEND
- RAIL
- ROAD
- AGRICULTURAL AREAS
- MAJOR CITY

Wapiti
Solvay Stockpile
Fernie
Krezco
Organic farming in North America

**USA: 4 million organic acres, with focus regions for Fertoz:**
- California (688,883 acres) produces all organic dates and almonds sold in the USA, 99% of all organic walnuts, lemons, figs and artichokes and 98% of all organic avocados, with 2,713 certified organic farms in the state
- Montana (417,412 acres) with an organic grains farm hub in Blaine county, most organic grain farms in the central and eastern counties of Montana and most organic vegetable farms in the west (with organic hubs in four counties), and most farms deficient in nitrogen and phosphate
- Wisconsin (255,971 acres) with organic farms hubs in Vernon and Monroe counties and 1,276 certified organic farms in the state
- New York (253,989 acres) and able to be serviced by the Fertoz Krezco ore from Mexico
- Oregon (204,000 acres) with 525 certified organic farms, and organic milk production the largest contributor to overall organic sales, and organic farming hubs in six counties
- North Dakota (186,193 acres) with two major organic farming hubs
- Texas (160,776 acres) with organic farming hubs near Brownsville, Laredo and the north-east coast.

**Canada: 2.2 million organic acres, with focus regions for Fertoz:**
- Saskatchewan (873,400 acres) with multiple organic farming hubs
- Alberta and Manitoba (526,000 acres) with multiple organic farming hubs

Source: EcoWatch
Organic farming in North America

• **USA: largest organic plantings (1)**
  - Alfalfa/Hay: 800,000 acres
  - Wheat: 482,000 acres
  - Corn: 292,000 acres
  - Soybeans: 150,000 acres
  - Oats: 109,000 acres
• 17,500 organic farms operational in USA
• US$50 bn organic food sales in 2016 (+8.4% over 2015)

• **Canada: largest organic plantings (2)**
  - Wheat: 230,000 acres
  - Pasture: 230,000 acres
  - Oats: 150,000 acres
  - Pulses: 88,000 acres
• 4,000 organic farms operating in Canada
• C$4 bn organic food sales in 2016

(2) http://organicalberta.org/article/new-report-highlights-organic-acres-on-prairies/
Vertical integration opportunity

Fertoz has identified strategically located fertiliser distribution centres that it can use to supply local organic farmers.
Vertical integration opportunity: example

Example: Vernon County Wisconsin. Approximately 850 organic farms within 200km radius of Vernon organic hub, and almost 300 farms within 70km

Addressable annual organic fertiliser market from this hub:

- 12,000t organic phosphate
- 7,000t organic nitrogen
- 15,000t organic potassium (assuming 200kg/ha application rate)
Fertoz’s FertAg subsidiary grew revenue by 222% in FY17 and is now cash flow positive having delivered a maiden profit.

Fertoz expects North American sales to follow the same trajectory as the sale of FertAg’s organic phosphate fertiliser products in Australia.
Highlights

- Organic phosphate market in North America is huge and growing

- Fertoz has organic certification, market access, mine supply and exclusive distribution rights backed by a proven sales and management team

- Sales are increasing and business model is progressing as a ‘mine gate’ seller, along with sales from distribution centres proximate to organic farming hubs

- Achieving sales in key organic regions of the Pacific Northwest, Prairie Provinces, California, and making progress in other key USA organic regions – planning 100,000t pa of sales in 2020.
• North American spring and summer sales of approx. 150 tonnes to leading dealers and growers. Great yield and response results of 10-50% over control plots. Success led to press articles and multiple testimonials from key growers.

• Fall estimating 1000 tonnes of sales to a broadening range of clients, large dealers, larger growers, small to mid-size dealers and growers, in all sectors: ag, wholesale, retail, turf and horticulture. These current customers hold the key relationships to well over 500,000 acres of organic farms.

• Fertoz sells:
  – A 50 – 100 mesh rock phosphate, which can be spread by a spin-spreader or lime spreader, and can also be blended with other fertiliser elements;
  – A 325 mesh, very finely crushed rock that is used by third party manufacturers to blend with their fertiliser products; it can also be mixed in water and used as a liquid fertiliser or for fertigation (spraying direct onto the leaves of plants, particularly greenhouse vegetables);
  – A granulated rock/sulphur blend which can be field applied by large scale air spreaders; and
  – A granulated rock only product for air machine spreaders

• Dealers are trialling Fertoz’s 50lb bag granulated product (pictured right) in retail sales
Appendices – Increasing market penetration

• A leading North American, high-quality sulphur products distributor is looking to blend the Company’s organic phosphate with its organic sulphur.

• Fertoz is in the final round of testing with one of the largest global turf, horticulture and ag fertiliser distributors. They tested three organic phos rock products (Fertoz, Tennessee Brown and Calphos). Early in the evaluation, they determined that they would not start an organic line of products with either Tenn. Brown or Calphos.

• A well-respected agricultural inputs dealer group with over ten service and supply locations across the Canadian Prairie Provinces is looking to on-sell Fertoz’s phosphate and blended organic products.

• A well-known national turf and horticulture distributor is seeking a high quality phosphate product to greatly expand its organic business. Fertoz has passed all testing and is in delivered price negotiations.

• A well-known northern California dealer is trialling 20 tons of Fertoz’s 50 pound bag, granulated product in large retail sales.

• Two major organic product distributors, that distribute organic fertilisers across Canada, were unhappy with their existing rock phosphate supply due to high impurities and heavy metals. These distributors are currently testing Fertoz’s products with a view to switching supply.

• Recently a large distributor/agronomist advising on over 1,000,000 acres in Colorado/Wyoming, requested to become an exclusive distributor. Similarly, a distributor in central Alberta wants a territory.

• A number of trials are still being conducted — eight agricultural dealers across North Dakota, Montana, the Pacific Northwest and California are testing the Company’s products or have samples ready for testing; and recently, several dealers requested samples and products, with a view to replacing poorer quality rock phosphate from two of Fertoz’s three competitors.
Disclaimer

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

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

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

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

The forward-looking statements herein are subject to risks, uncertainties and other factors. The risk factors may be generally stated as the risk that the assumptions and estimates expressed herein do not occur, and include, but are not limited to: (i) phosphate and other commodity price volatility; (ii) political and operational risks; (iii) government regulation of mining activities; (iv) environmental risks; and (v) title disputes and claims. We caution potential investors not to place undue reliance on the forward-looking statements herein, as a number of important assumptions could cause the actual outcomes to differ materially from the beliefs, plans, expectations and estimates expressed herein.
Head Office N.America
1745 Shea Center Dr. #456
Highlands Ranch, CO 80129
USA

Web www.fertoz.com.au

Head Office Australia
Unit 1b, 205 – 207 Johnston St
Fitzroy, Vic, 3065
Australia
www.fertag.com

Pat Avery – Executive Chairman
USA
T: 720-413-4520
patrick.avery@fertoz.com

James Chisholm – Non-Executive Director
Australia
T: +61 419 256 690
E: chisholmj@bigpond.com

Adrian Byass – Non-Executive Director
Australia
T: +61 418 158 185
E: abyass@plymouthminerals.com

Justyn Stedwell – Company Secretary
Australia
T: +61 419 797 305
E: justyn@stedwell.com.au