

PUTTING CARBON BACK INTO THE SOIL

Cleansing Notice under section 708A(12C)(e) of the Corporations Act 2001 (Cth)

1. Cleansing Notice

This notice (**Cleansing Notice**) is given by FertoZ Limited (ASX: FTZ) (the **Company**) under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as notionally inserted by ASIC *Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82*).

This Cleansing Notice is important and should be read in its entirety. Neither ASIC nor ASX take responsibility for the contents of this Cleansing Notice.

2. Background

The Company has issued 1,230,000 convertible notes (the **Convertible Notes**) to professional, sophisticated or other exempt investors who are not related parties of the Company (the **Investors**). The Convertible Notes have been issued with a face value of \$1.00 per Convertible Note and an issue price of \$1.00, in respect of which the Company has received \$1,230,000 before costs of the issue.

The issue of the Convertible Notes (**Convertible Notes Issue**) was completed on 20 November 2023.

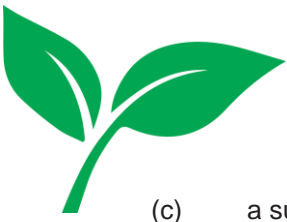
The Convertible Notes have been issued without disclosure under Part 6D.2 of the Corporations Act. This Cleansing Notice is to enable fully paid ordinary shares of the Company (**Shares**) issued on conversion of Convertible Notes to be on sold without disclosure to retail investors.

3. Contents of this Cleansing Notice

This Cleansing Notice sets out the following:

- (a) the effect of the issue of the Convertible Notes on the Company;
- (b) a summary of the rights and liabilities attaching to the Convertible Notes;





- (c) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the Convertible Notes should such occur; and
- (d) any information that:
 - (i) has been excluded from the Company's continuous disclosure notices in accordance with the ASX Listing Rules; and
 - (ii) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (B) the rights and liabilities attaching to the Shares; and
 - (C) other information relating to the Company's status as a disclosing entity.

4. Effect of the Convertible Notes Issue on the Company

The announcement by the Company dated 15 November 2023 sets out information in respect of the Convertible Notes Issue.

The Convertible Notes Issue will have the following effects on the Company:

- a) All Convertible Notes issued have been issued at \$1.00 per note with a face value of \$1.00 per note;
- b) The Company received \$1,230,000 for the issue of the Convertible Notes, before costs of the issue;
- c) Increase the number of Convertible Notes on issue from nil to 1,230,000;
- d) Give rise to the Company having an unsecured liability for the aggregate amount of the face value of the Convertible Notes (\$1,230,000); and
- e) Investors may convert all or part of the Convertible Notes into Shares as provided for in section 7 below. If the Convertible Notes are converted in whole or in part, this will dilute the existing shareholdings in the Company. The potential effect of conversion on the Company's capital structure is shown in section 5 below.

5. Effect of the Convertible Notes Issue on capital structure

The capital structure of the Company as at the date of this Cleansing Notice is set out in the table below:

Type of Security	Number
Shares	257,834,822
Unlisted Options	7,500,000
Performance Rights	7,150,000
Convertible Notes*	1,230,000

* These are the Convertible Notes which are the subject of this Cleansing Notice.

The Convertible Notes may be converted into Shares as set out in section 7 below. If all the Convertible Notes are converted a total of 12,300,000 Shares would be issued to the holders of the Convertible Notes.



Assuming that no additional Shares are issued prior to conversion of the Convertible Notes, the number of Shares on issue would increase to 270,134,822. This does not include any Shares which may be issued upon exercise or conversion of existing options:

Maximum Effect of Issue of Notes

	Shares	% of Shares	Options	Performance Rights	Convertible Notes
Existing Securities	257,834,822	100.00%	7,500,000	7,150,000	-
Issue of Notes	-	0.00%	-	-	1,230,000
	257,834,822	100.00%	7,500,000	7,150,000	

Maximum Effect of Conversion of Notes

	Shares	% of Shares	Options	Performance Rights	Convertible Notes
Existing Securities	257,834,822	95.45%	7,500,000	7,150,000	1,230,000
Issue of Notes	12,300,000	4.55%	-	-	(1,230,000)
	270,134,822	100.00%	7,500,000	7,150,000	-

Notes:

- Assumes that no additional Shares, Options, or Performance Rights are issued prior to conversion of the Convertible Notes.
- Assumes that no Options or Performance Rights have been exercised prior to conversion of the Convertible Notes.
- Assumes no Convertible Notes have been issued other than the Convertible Notes.

6. Pro-forma Statement of Financial Position

The pro-forma Statement of Financial Position shown in the table below has been prepared on the following basis:

- The 30 June 2023 reviewed Consolidated Balance Sheet has been used as a base position to illustrate the impact of the Convertible Notes Issue.
- The pro-forma financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian accounting standards. It has been prepared in accordance with the Company's normal accounting policies.
- The issue of 1,230,000 Convertible Notes raising a total of \$1,230,000, (before costs of the issue), with each note issued at an issue price of \$1.00 and with a face value of \$1.00.
- Cash and cash equivalents, trade and trade receivables, and other assets and liabilities have not been adjusted for expenditure and other activities since 30 June 2023, with the exception of the loan provided by the Company's Non-Executive Chairman, Stuart Richardson on 29 September 2023.



	30 June 2023 (reviewed)	Director Loan	Convertible Note	Pro-forma Statement (unaudited)
	\$	\$	\$	\$
Assets				
Current assets				
Cash and cash equivalents	1,218,167	300,000	1,230,000	2,748,167
Trade and other receivables	942,471	-	-	942,471
Inventories	1,013,657	-	-	1,013,657
Other current assets	282,464	-	-	282,464
Non-current asset held of sale	209,958	-	-	209,958
Total current assets	3,666,717	300,000	1,230,000	5,196,717
Non-current assets				
Exploration and evaluation assets	6,753,500	-	-	6,753,500
Property, plant and equipment	418,589	-	-	418,589
Right-of-use assets	2,066,812	-	-	2,066,812
Environmental Bonds	339,186	-	-	339,186
Total non-current assets	9,578,087	-	-	9,578,087
Total assets	13,244,804	300,000	1,230,000	14,774,804
Current liabilities				
Trade and other payables	612,610	-	-	612,610
Lease liability	153,232	-	-	153,232
Borrowings	-	300,000	-	300,000
Total current liabilities	765,842	300,000	-	1,065,842
Non-current liabilities				
Lease liability	421,765	-	-	421,765
Convertible Notes	-	-	295,425	295,425
Total non-current liabilities	421,765	-	295,425	717,190
Total liabilities	1,187,607	300,000	295,425	1,783,032
Net assets	12,057,197	-	934,575	12,991,772
Equity				
Issued capital	34,481,922	-	934,575	35,416,497
Share based payment reserve	3,454,276	-	-	3,454,276
Translation reserve	733,833	-	-	733,833
Accumulated losses	(26,612,834)	-	-	(26,612,834)
Total equity	12,057,197	-	934,575	12,991,772

Notes:

- \$300,000 loan from a director-related entity
- Based on a convertible note raising of \$1,230,000, apportioned between debt (\$295,425) and equity (\$934,575) components



7. Rights and liabilities attaching to the Convertible Notes

A summary of the material terms of the Convertible Notes was set out as Annexure A of the Company's announcement of the issue of the Convertible Notes released to ASX on 15 November 2023. The following is a summary of key terms of the Convertible Notes.

Number of Notes	1,230,000
Face Value	\$1.00
Aggregate Face Value	\$1,230,000
Issue Proceeds	Funding to be provided as an AUD denominated unsecured convertible note The Principal Amount to be drawn in full on or before Financial Close.
Issue Date	20 November 2023
Maturity Date	20 November 2026 (3 years)
Base Coupon Rate & Payment	10% per annum, paid quarterly in arrears.
Conversion	<p>At the Noteholder's option, all of their Notes can be converted at any time into ordinary shares of the Company at the Conversion Price to ordinary share up to Maturity Date.</p> <p>Mandatory conversion by Fertoz Limited upon maturity (3 year) at the Conversion Price into ordinary shares.</p> <p>Shares issued on the conversion of Convertible Notes will rank in all respects equally with all other ordinary shares on issue.</p>
Conversion Price	\$0.10 per share (adjustable as per ASX Listing Rule requirements)
Conversion Limitations	<p>Following execution of the Convertible Note Agreement/Deed the Convertible Notes may be converted at any time.</p> <p>The Noteholder must comply with Chapter 6 of the Corporations Act at the time of any conversion, including section 606(1)-(2)</p>
Resale restrictions	<p>Notes may not be sold or transferred prior to the Maturity Date without the Company's consent.</p> <p><i>ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82</i> provides relief for offers of convertible or converting notes to institutional investors (or that are otherwise permissible without prospectus disclosure) so that the underlying securities (ordinary shares) can be on-sold to retail investors without a prospectus. The ASIC relief requires the Issuer to instead provide a cleansing notice containing prospectus-like disclosure at the time the convertible notes are issued. A further condition of the relief is that certain ongoing disclosures must be included in the annual report of the Issuer during the term of the convertible notes.</p>
Security over Issuer's assets	Unsecured
Voting Rights	The Convertible Notes do not confer any voting rights.



Quotation	The Convertible Notes will not be quoted on ASX.
Use of Proceeds	For working capital purposes to enable production of Fertify product for on sale to customers in FY2023 and Spring 2024.
Representations and Warranties	The Company has provided the Noteholder with customary representations and warranties.
Governing Law	The laws of New South Wales.

The terms of the Convertible Notes include provisions of the kind commonly found in agreements of this type, including undertakings, covenants, representations, warranties and indemnities by the Company. The above is by its nature a summary and as between the Company and each Investor alter or affect the application or interpretation of the terms of the Convertible Notes.

8. Rights and liabilities attaching to the Shares issued on conversion of the Convertible Notes

Shares issued on conversion of the Convertible Notes will be fully paid ordinary shares ranking equally in all respects with other Shares on issue. Application will be made for quotation on ASX. The following is a summary of key rights attaching to the Shares.

Variation of rights	The rights of Shares may only be varied by a special resolution passed at a general meeting of shareholders.
General meetings and notice	Each shareholder has the right to receive notice of and to attend and vote at general meetings of the Company.
Dividends	Dividends may be paid to shareholders as declared by the Board at its discretion.
Rights on winding up	If the Company is wound up, the Shares attract the right to participate equally in the distribution of the assets of the Company (both capital and surplus), subject to unpaid amounts on the Share.
Transfer	Shareholders may transfer Shares subject to the requirements of the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board may do anything it considers necessary or desirable and which is permitted by the Corporation Act, the ASX Listing Rules or the ASX Settlement Operating Rules to facilitate the participation by the Company in any computerised or electronic system established or recognised by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules for the purposes of facilitating dealings in Shares. The Board may refuse to register any transfer of Shares if permitted or required to do so by the ASX Listing Rules.
ASX Listing Rules	To the extent of any inconsistency, the ASX Listing Rules prevail over the Company's constitution.

9. Compliance with continuous disclosure

The Company is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations. These obligations require the Company to notify ASX of information above specified events and matters as they arise for the purposes of making that information available to the market.



As at the date of this Cleansing Notice, the Company has complied with:

- (a) the provisions of Chapter 2M of the Corporations Act, as they apply to the Company; and
- (b) section 674 and 674A of the Corporations Act, as it applies to the Company.

Copies of any documents in relation to the company which are lodged with ASIC may be obtained from, or inspected at, an ASIC office. The Company will provide a copy of the following to any person on request free of charge:

- (a) the annual financial report most recently lodged with ASX by the Company;
- (b) any half-year report lodged with ASIC after lodgement of that annual financial report and before lodgement of this Cleansing Notice; and
- (c) any continuous disclosure notices given after the lodgement of that annual financial report and before lodgement of this Cleansing Notice.

A list of the continuous disclosure notices given by the Company to ASX after lodgement of the financial report referred to in paragraph (a) above and before the lodgement of this Cleansing Notice with ASX is set out in the table below. All of these documents will be provided, free of charge, to any person on request.

Date	Announcement title
28 April 2023	Corporate Governance Statement & Appendix 4G
1 May 2023	Notice of Annual General Meeting/Proxy Form
5 May 2023	Final Director's Interest Notice - Avery
5 May 2023	Change of Director's Interest Notice - Avery
5 May 2023	Resignation of Pat Avery
12 May 2023	Addendum to Notice of Annual General Meeting/Proxy Form
30 May 2023	Results of Meeting
30 May 2023	AGM Presentation
23 June 2023	Notification regarding unquoted securities - FTZ
29 June 2023	Notification regarding unquoted securities - FTZ
29 June 2023	Section 708A Notice
29 June 2023	Notification regarding unquoted securities - FTZ
29 June 2023	Application for quotation of securities - FTZ
3 July 2023	Details of Share Registry address
4 July 2023	Confirmation of Capital Structure
6 July 2023	Change of Director's Interest Notice - Richardson
6 July 2023	Change of Director's Interest Notice - West
6 July 2023	Change of Director's Interest Notice - Gleeson
13 July 2023	Change of Chief Financial Officer
25 July 2023	Fertoz commences Fertify pellet plant commissioning
28 July 2023	Quarterly Activities/Appendix 5B Cash Flow Report
29 August 2023	Fertoz achieves first Fertify deliveries
13 September 2023	Delay in Lodgement of Half-Year Financial Report
14 September 2023	Suspension from Quotation
19 September 2023	Half Yearly Report and Accounts



20 September 2023	Reinstatement to Quotation
29 September 2023	Funding Update - Director Loan
12 October 2023	Appointment of Joint Company Secretary
12 October 2023	Fertify plant achieves production capacity of 40,000tpa
26 October 2023	Quarterly Activities/Appendix 5B Cash Flow Report
13 November 2023	Trading Halt
15 November 2023	Sustainable Farm Inputs Presentation
15 November 2023	Proposed issue of securities - FTZ
15 November 2023	Fertoz secures \$1.23M via Convertible Note

10. No excluded information

As at the date of this notice, other than as set out in this Cleansing Notice, there is no information that:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the body; and
 - (ii) the rights and liabilities attaching to the Convertible Notes or Shares.

Ends

Approval

This release has been approved by the Board of Fertoz Limited.

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