

# Fertoz

**Investor Call**  
**September 2016**

**Focused on North America's Booming Organic Agriculture Market**

# 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.

# Platform for Growth

## Fertoz is uniquely positioned to take advantage of rapid growth in the North American organic farming and food industries

### Direct Application Rock Phosphate Mining

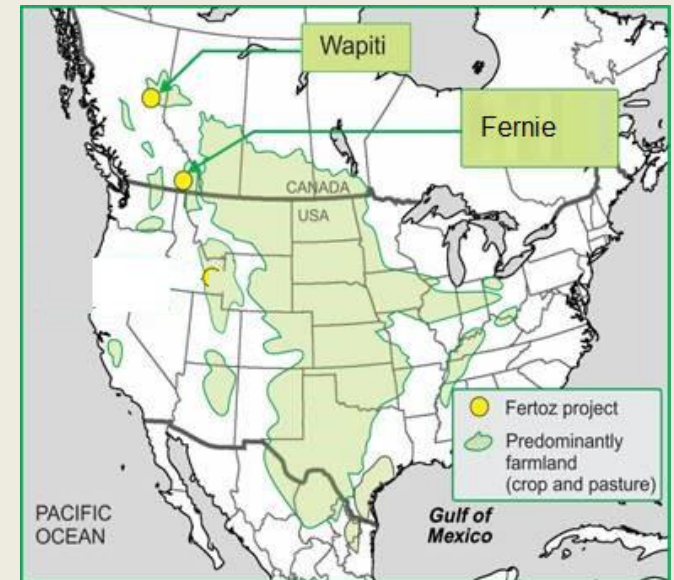
- **2016 Sales: agronomic based 10,000 tonne sales target**
  - First 2,000 tonne sales order in February 2016
  - Marketing remainder to sell in October 2016
  - Fertoz sees an addressable market potentially worth more than 100,000 tonnes in annual sales at highly attractive rates
- **Permits to produce more than 25,000 tonnes**
- **Wapiti:**
  - All permits received, road construction complete
  - Plan to begin mining in the next two weeks
- **Additional farm trials, sales and permitting underway**

### Exploration

- **Wapiti extensions and Fernie (4x targets) resource delineation**

### Corporate Development

- **Ongoing review of low capital intensity assets, located close to markets and infrastructure, capable of producing high grade direct application phosphate rock (DAPR) suitable for organic food crops**



# Management & Directors- Team

## Highly Experienced Board and Management based in Australia and Canada

### **Patrick Avery, *Non-Executive Chairman***

- ***Mining & Agriculture***
- 30 years experience working in the industries of fertilizer, mining, specialty chemicals, petroleum, and construction/project management. Former SVP & GM Mining, Manufacturing, Wholesale Sales, and SVP Retail of JR Simplot, COO at Intrepid Potash

### **Stephen Keith, *Managing Director***

- ***Engineering and Corporate Finance***
- 20 years experience in mining, fertilizer, finance and Canada investment banking. Former CEO Rio Verde Minerals – a direct application phosphate project in Brazil - sold in 2013.

### **James Chisholm, *Non-Executive Director***

- ***Engineering and Corporate Finance***
- 30 years experience in the resources sector. Non-Executive Director of Atrium Coal NL (ASX: ATU)

### **Adrian Byass, *Non-Executive Director***

- ***Geology***
- 20 years international experience in the mining and minerals industry. M.D. Plymouth (ASX: PLH) Minerals – tungsten & potash

### **Jo Shearer: *Chief Operating Officer (Canada)***

- Geology
- 35 years experience in geology and exploration, based in Vancouver, Canada

# Fertoz Marketing & Sales Partnership

**Distributors and growers buy from those they trust.**

**The Fertoz marketing partnership team has an extensive network of agronomists, distribution channels and access to markets across the USA and Canada.**

- **Derek Squair**

- General Manager with ConAgra Nokomis Inland Terminal (fourth largest Inland Terminal in Canada)
- Director of Operations at a Cargill JV with Inland Grain Terminal; Vice President of ITAC (Inland Terminal Association of Canada), partnered with agriculture industry leaders to develop policy for the Canadian Grain Commission and Wheat Board
- Co-Founder of Agri-Trend Marketing, operating the largest network of independent agricultural consultants in North America, providing support to over 60 million acres in agriculture land. Started with 30 clients and grew to 17 grain marketing and business coaches across Canada and the United States. AGRI-TREND® was acquired by Trimble Navigation in December 2015.

- **Sean Gatin**

- 20 years of experience in agricultural business development. Sean has dedicated his career to working with farmers and food processors in many capacities including merchandising, management, and operations
- Currently the president of North American Food Ingredients Inc. Past roles include senior positions with Cargill, United Grain Growers, Con-Agra and Anheuser-Busch
- Mr. Gatin is a co-founder of Agri-Trend Marketing, where he presently works as a senior market coach

- **Lawrence Klusa PhD**

- Extensive multidimensional background in agriculture business, crop production and marketing. 20 years of experience in the grain industry in Western Canada, including 10 years as a commodity futures trader, 6 years as a quality control manager and currently a senior market coach with AGRI-TREND®

# Strategy Summary

## Fertoz is focused on delivering cash flow and growth by supplying phosphate to organic and conventional farmers in North America

### 1. Focus on our near-term cash flow assets:

- Build out sales, production and cash flow from British Columbia
  - Permitted to sell 27,500 tonnes
  - Received Small Mine approval for 75,000 tonnes year
  - 2016: targeting agronomic, controlled sales of up to 10,000 tonnes
    - Finalizing a 2,000 tonne sale secured in Feb 2016
    - Established distribution networks and ready access to North American organic markets secured via partnership with experience agricultural experts
  - 2017: Ramp up production and sales to 35,000 to 50,000 tonnes
  - 2018 and beyond: targeting > 75,000 per annum

### 2. Organic growth within our portfolio:

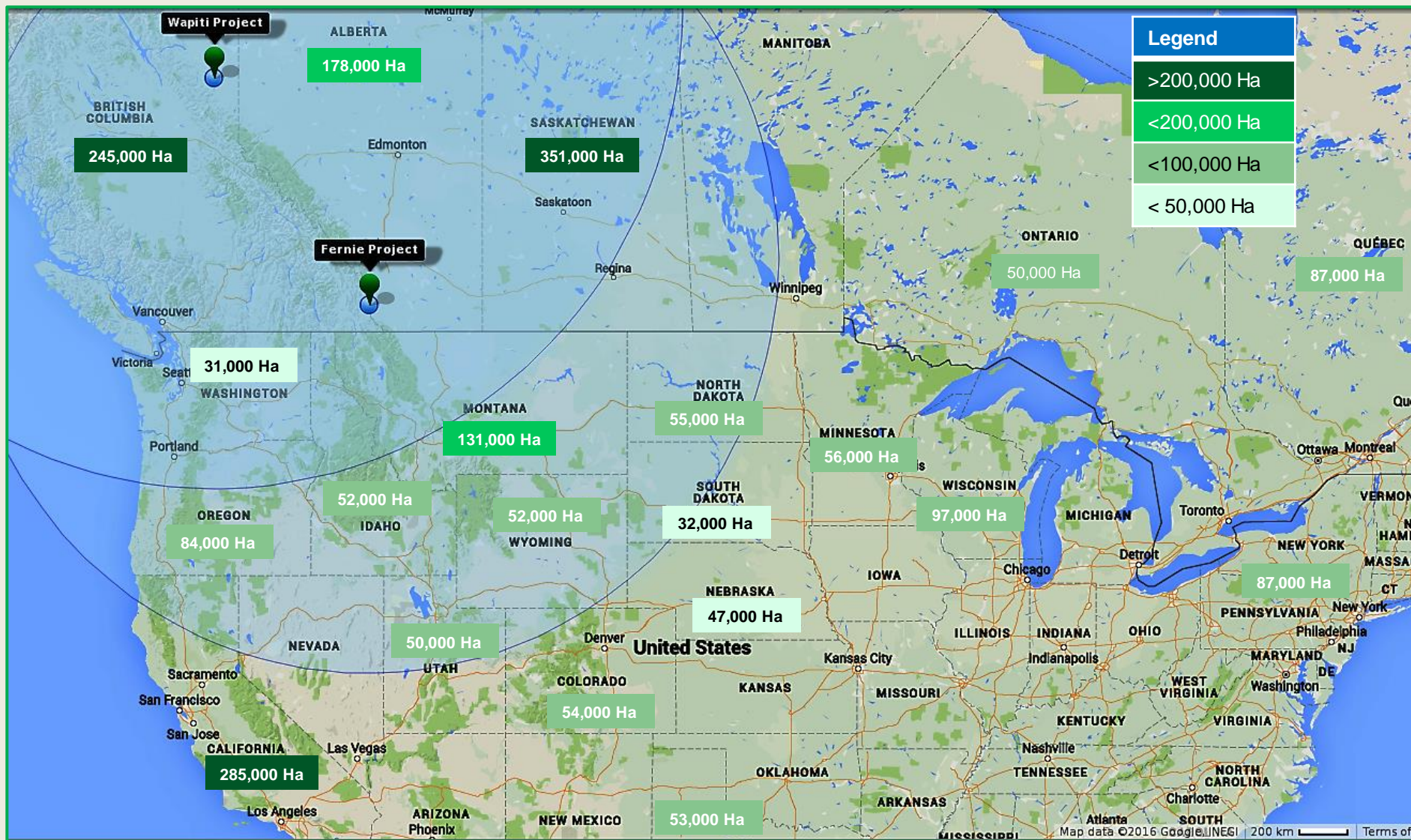
- 4x drill ready targets in existing BC portfolio (2x Fernie, 2x Wapiti Extensions)

### 3. Sales and Marketing- Developing long term marketing plan in sync with sustainable, conservation seasonal cycles. Pushing sales without agronomic coaching, will result in inconsistent and some poor responses.

### 4. External growth opportunities:

- Add low capital-intensity fertilizer assets and joint venture larger exploration opportunities

# NA Organic Farmland within 1,200 km radius of Wapiti and Fernie



# Market – Global Growth of Organic Food Demand

## Fertoz positioned and certified to supply booming organic consumption

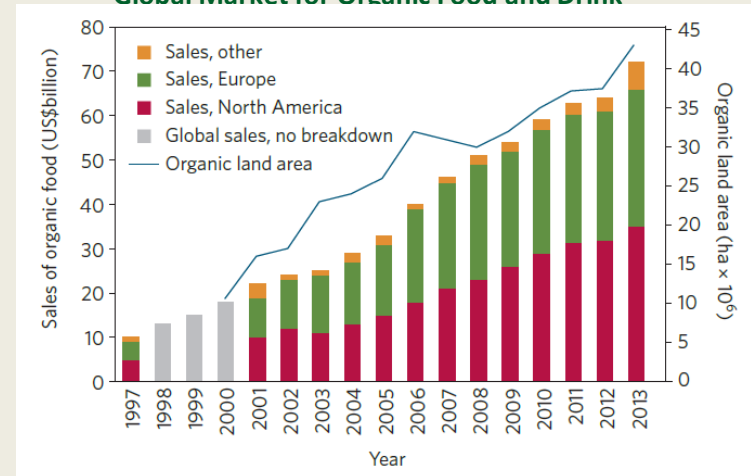
### Global demand for organic foods is booming

- Total market size has surged to US\$72bn (2013) from US\$15.2bn (1999)
- 2013 figure is projected to double by 2018
- North American market size of \$33bn (2013)

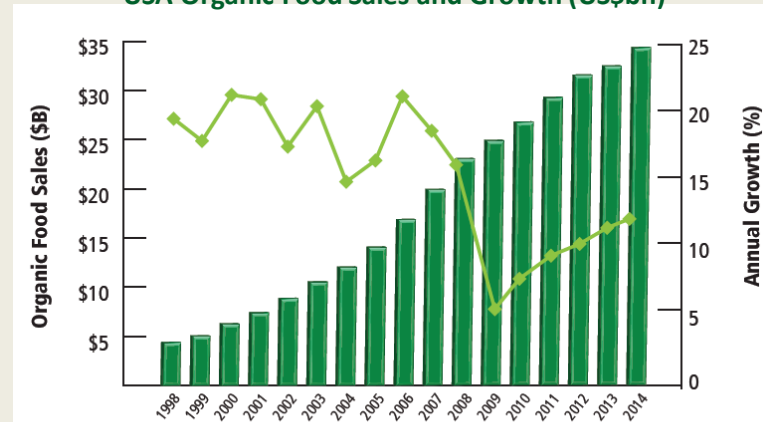
### Organic farming has also grown significantly over the same period in response to consumer demands

- Total global organic farmland of 41Mha (2013), up from 11Mha (1999)

Global Market for Organic Food and Drink



USA Organic Food Sales and Growth (US\$bn)



Note: 2013 and 2014 are unofficial data-based estimates



# Market - Organic vs. Conventional Agriculture Prices

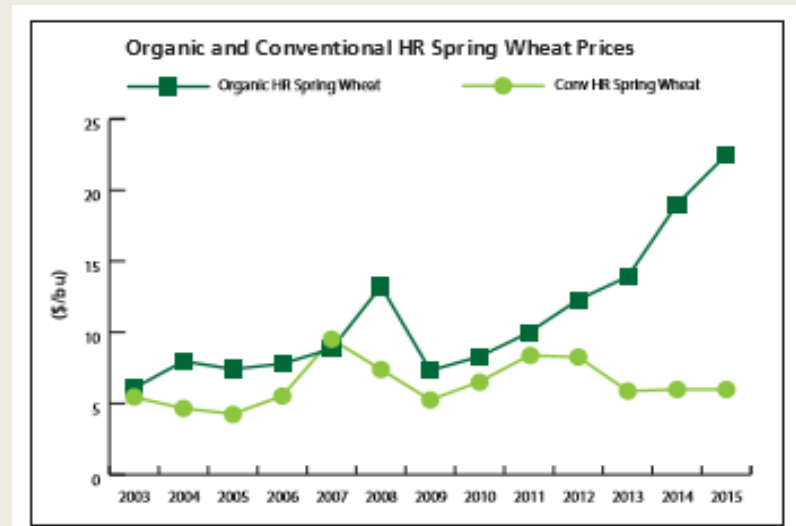
Organic prices 1.5 to 4.0 times those of conventional (Fall 2015)

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

- Canadian organic price premiums paid in 2015 ranged from 167% for organic rye to 389% for organic wheat
- Prices achieved for organic phosphate for bulk delivery C\$285/t+

2015 Western Canadian Grain Price Estimates (Cdn \$/bu)

Crop	Conventional	Organic	Organic Advantage
HR Spring Wheat	5.65	22.00	389%
Feed Wheat	4.50	13.00	289%
Durum	8.75	26.00	297%
Feed Barley	3.50	8.00	229%
Malt Barley	3.50	10.00	286%
Milling Oats	2.90	6.00	207%
Feed Oats	2.00	4.00	200%
Brown Flax	13.00	30.00	230%
Golden Flax	13.75	38.00	276%
Food Soybean	9.00	28.00	311%
Green Peas	8.50	15.00	176%
Feed Peas	4.40	12.00	273%
Feed Corn	4.00	11.00	275%
Hemp	.075/lb	1.50/lb	200%
Lentils	13.20	34.00	258%
Rye	6.00	10.00	167%
Yellow Mustard	14.10	35.00	248%



Source: Hamm, W. and Martin, H. (January 2015): "The Economic Advantages of Entering the Organic Grain Market"

# Sales & Marketing Approach

- **Bulk Sample:** 1,720 tonnes of crushed phosphate rock ready to be delivered for field trials
- **MOU:** Advanced discussions on additional sales following the same model of the MOU signed on May'16
  - Trials are performed prior to final purchase agreements
- **Trials:** 4 groups testing the benefits and applicability of our certified organic input rock phosphate fertilizer
  - Field trials commenced in Saskatchewan and Alberta on wheat and hay crops
  - Results of these field trials are anticipated to come Q3'16, in time for the autumn sales season in Q4'16. **Current results and Response**
- **Target market/distribution:**
  - Agreement with Four Agronomic coaches that also farm. Four large scale trails/sales, two in both AB and SK.
    - Farmers: >3,500 organic food producers over an area of almost 2.5 million acres (84% located in Western Canada). Distributors: >200 distributors and suppliers of organic fertilisers and soil amendments in the USA and Canada, according to National Sustainable Agriculture Assistance Program



**2<sup>nd</sup> Crushing & Pulverizing test  
730 Ton Wapiti Phosphate**



**Finished Product with majority at <3"**

# Sales & Marketing Approach-

- Fertoz is developing a long-term marketing plan in sync with sustainable, seasonal cycles. Potential markets for Fertoz's organic rock phosphate:
  - Canadian and US organic farm market, organic fruit/vegetable market
  - Blends and sales with synergistic products - sulfur, humates, gypsum
- **Product development**
  - Objective to provide Fertoz with a product that is easy to handle (or custom applied) and is demonstrated to work
  - Tests underway with AB-based sulfur supplier
- **Potential market for product placement (Fertoz estimate)**

Region	1-2 Years Sales Potential	Order Size
Saskatchewan	10,000	1,000-3,000
Alberta	10,000	2,000-5,000
British Columbia	10,000	2,000-5,000
Pacific Northwest	30,000	2,000-5,000
California	50,000	2,000-5,000
<b>Total</b>	<b>110,000</b>	

# Fertoz Highlights- Asset, Execution

- **The Right Commodity**

- Focused on phosphate fertilizer - strong supply and demand fundamentals over the near and long-term near key demand centres
- Booming organic farming markets and shortfall of domestic production provides Fertoz a strong competitive advantage with significant price strength

- **Near Term Cash Flow on Projects with Low Capital Intensity**

- Fernie and Wapiti trials and sales underway
- Building a sustainable, long-term sales strategy based on agronomic guidance

- **Growth**

- Exploration extensions at both Wapiti and Fernie Projects
- Review, negotiations and due diligence underway on other growth projects
- Looking at projects in western US – close to California, the largest organic market in the world

# Fertoz

The image features the Fertoz logo in a bold, green, sans-serif font at the top left. Below the logo, the background is a soft-focus photograph of golden wheat stalks. The text is arranged in two columns, with contact information for the head office and two regional managers.

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