Fertoz

Fertoz Ltd (ACN 145 951 622)

ANNUAL REPORT

FOR THE YEAR ENDED
31 DECEMBER 2021

CORPORATE DIRECTORY

DIRECTORS
Mr. Patrick Avery – Executive Chairman
Mr. James Chisholm – Non-Executive Director
Mr. Stuart Richardson – Non- Executive Director
Mr. Justyn Stedwell – Non-Executive Director (Resigned on 14 February 2022)
Mr. Greg West – Non-Executive Director (Appointed on 14 February 2022)

COMPANY SECRETARY
Mr. Justyn Stedwell (Resigned on 14 February 2022)
Ms. Nova Taylor and Ms Rebecca Woodman (Appointed on 14 February 2022)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
Level 5, 126 Phillip Street,
Sydney NSW 2000

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
Sierra Legal Pty Ltd.
Level 5, 9 Sherwood Road
Toowong QLD 4066

BANKERS
Commonwealth Bank of Australia Ltd

STOCK EXCHANGE
Fertoz Limited shares are listed on the Australian
Securities Exchange (ASX code: FTZ)

WEBSITE
www.fertoz.com

CONTENTS

CHAIRMAN'S MESSAGE

Dear Fellow Shareholder,

I am pleased to present the 2021 Annual Report for Fertoz Limited (ASX: FTZ) and provide an overview of our achievements for the financial year. We made significant progress during 2021 in fertiliser sales, strategy development, marketing reach, joint ventures and establishing the new division Fertoz Carbon. The Group remains focused on developing a sustainable land management company with ESG leadership focused on developing two clearly defined business units: organic farm inputs and nature-based carbon credit generation from projects developed and managed by Fertoz Carbon.

Fertoz achieved record fertiliser sales in 2021 and established the Fertoz Carbon division in May 2021.

Fertiliser sales recorded in North America were at record levels including extracting 8,000 tonnes from our Fernie, BC (British Colombia, Canada) deposit, and the Montana and Mexico stockpiles adding valuable high-quality ore to the sales mix. Solid sales volumes achieved in the Australia/Asian operation contributed to the result.

The fertiliser division continues to expand, with the addition of two new sales personnel in the USA expanding the geographic reach of our sales team. We formed an exciting new partnership with Western Alfalfa Milling Company (WAMCO) to develop and produce North America's first full spectrum organic approved NPKS fertiliser for use in regenerative and sustainable agricultural applications. This is a North American first and paves the way to boost sales with the branding labelled "Nutrient Vigour "and "Nutrient Vigour Plus" providing the 4 major nutrients in agricultural inputs, namely nitrogen, phosphate, potassium, and sulphur, all certified organic. Further efforts we announced throughout 2021 added partnerships and new distributorships, all setting the fertiliser group up for a strong 2022 year ahead.

Fertoz Carbon started strongly with two drone seeded forestry trials completed in British Columbia, Canada and West Virginia, USA and the first "carbon-in-soil" protocols successfully registered in Canada. Mr Derek Squair, an experienced carbon expert and agronomist was appointed head of Fertoz Carbon.

Fertoz Carbon announced the first partnerships in July 2021 to accelerate the development of this new growth opportunity. MOU's were signed (which subsequently have developed into operating agreements) with Trimble Inc (NASDAQ: TRMB) to provide software and consulting assistance to establish carbon protocols focused on carbon in annual row crops and soils. These protocols will utilise Trimble's blockchain for secure reporting of all farm acres signed to a range of planned protocols designed to provide additional income to farmers and to improve soil health wherever the practices are adopted, ultimately globally.

The first protocol was announced in December 2021, a "no-till conservation protocol" allowing Canadian farmers to generate carbon credits through environmentally friendly no-till practices. Rollout across Canada commenced in late 2021 with acres being signed up in Q1 2022 and expanding. All nature-based carbon credits managed by Fertoz and generated under this protocol are tracked, measured, verified, and registered to the Canadian central registry and enter the voluntary market with Microsoft (NASDAQ: MSFT) the contracted buyer of these nature-based carbon credits managed by Fertoz Carbon.

Fertoz Carbon partnered with both Brightspot and DataPLP to provide consulting services in carbon sequestration programs. Brightspot, a leading Canadian consultancy, will work closely with Fertoz Carbon to develop projects through to verification stage, applying innovative solutions that in turn assist in mitigating climate change. DataPLP, a data services company, will provide valuable proprietary software used to evaluate satellite data across the agricultural and environmental space, generating valuable analytics for better project level decision making.

As Fertoz enters 2022, we are witnessing a volatile start to the year in the agricultural sector in all the markets in which the Company operates. According to commodity consulting group CRU, prices for raw materials that constitute the conventional, synthetic fertilizer marketplace - ammonia, nitrogen, phosphates, potash, and sulphates - are all up approximately 30% since the start of 2022. Further to this, since the beginning of 2020, nitrogen fertiliser prices have increased up to fourfold, while phosphate and potash prices are up over threefold. The group's research is discussed in more detail at this link: https://www.cnbc.com/2022/03/22/fertilizer-prices-are-at-record-highs-heres-what-that-means.html

In the wake of Russia's invasion of Ukraine, the world is experiencing price spikes dominated by energy, providing a supply shock to the synthetic fertiliser manufacturers resulting in surging fertiliser prices. Wheat and grain prices have both soared, feeding through the supply chain to a material increase in the price of food to the consumer. Transport both in trucking and rail has been disrupted across North America, part impacted by COVID and part rising energy / diesel costs, resulting in escalating transport costs and ongoing inefficiencies in the transport supply chain.

Fertoz is capitalising on the fact that North America is heavily reliant on the importing of phosphate rock from countries including Morocco, South America, Russia and Saudi Arabia. Fertoz supplies the North American farm sector from deposits and stockpiles located close to the farming customer and is beginning to display this competitive advantage, as sales in Q1 2022 are materially higher year-on-year. Management remains confident that these trends should see 2022 exceed the 2021 year with a record volume of fertiliser sales.

The carbon division has already signed acres under the no-till protocol and as such Fertoz Carbon is developing a recurring income stream for the Group. The carbon team is working hard to bring additional protocols to market in 2022 and also commence commercial carbon forestry projects in 2022.

Protocols in development include:

- Nitrous Oxide Reductions Program (NERP) with encouraged use of Fertoz organic, sustainable, low carbon nitrogen fertilizers.
- Protocols that encourage the use of cover crops to mitigate the use of synthetic nitrogen fertilizer, reduce nitrous oxide emissions, and sequester and lock carbon into the soil.
- Using rock phosphate to increase crop production, yield, and sequester carbon.
- Replacing ammonium phosphate fertilizer with rock phosphate to encourage scope 3 carbon emissions reductions upstream at the manufacturing level.
- Livestock methane emission reductions protocol through altered cattle feed and supplementation
- Full cycle canola strategy that is developed through various connections among shareholders including canola producers, grain elevators/processors, food and feed suppliers, biodiesel manufacturers and cattle producers.

Every aspect of Fertoz's business is directed towards improving environmental outcomes and the sustainability of all markets in which we operate.

I would like to thank shareholders for their support over 2021 and welcome new shareholders who participated in the $5.0 million capital raising conducted in July 2021, providing valuable expansion capital to the Group. As Fertoz expands its products and offerings and grows the employee headcount to drive the Company's growth plans, management and the Board of Directors remain focused on delivering earnings growth and positive cash generation in FY2022 and beyond.

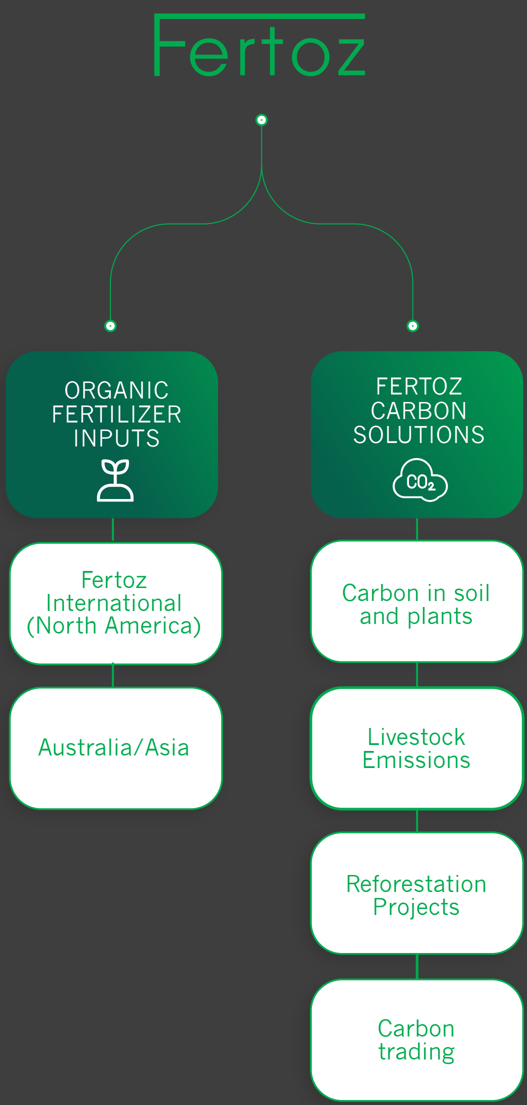
Pat Avery
Executive Chairman
Fertoz Limited

OPERATIONS REVIEW

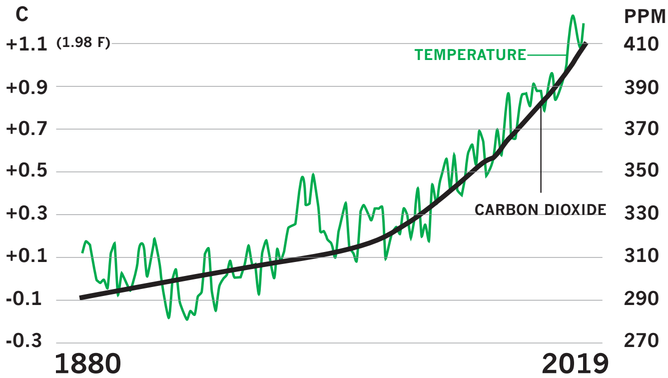
COMPANY OVERVIEW

Fertoz Limited (ASX: FTZ) is a sustainable land management company. Fertoz provides investors with exposure to growth in the organic food sector and a direct exposure to the carbon markets as an emerging project developer and manager of carbon projects globally. Management has focused on developing a significant organic farm inputs business and establishing a growing nature-based carbon credit portfolio from developed and managed carbon projects.

FERTOZ LIMITED ORGANISATIONAL CHART



GLOBAL TEMPERATURE & CARBON DIOXIDE



Global temperature anomalies averaged and adjusted to early industrial baseline (1881-1910) Global annual average carbon dioxide

Source: https://assets.climatecentral.org/images/uploads/gallery/2020Drawdown_TempCO2_en_title_lg.jpg

A key factor driving Fertoz's entry into global carbon markets and project development has been the setting of the "net zero" targets by 2050 by governments and companies worldwide. This is no longer the domain of scientists or environmental groups. In a bid to limit global warming governments, companies and investors are making commitments to reach these "net zero" targets staged by 2030 and zero by 2050.

Fertoz is positioning its carbon division to develop and manage both farm based and reforestation carbon projects, generating valuable nature-based carbon credits. The Fertoz board believe that high quality credits will remain an important tool in decarbonisation efforts, compounding the favourable supply and demand dynamics of this emerging industry.

ESG FOCUS

Fertoz's focus will develop well beyond just developing carbon credits. Fertoz carbon projects will improve livelihoods through better land management practices and traceable food supply chains, ultimately reducing or eliminating the use of chemicals in the farming sector. Reforestation will empower local villages and communities with employment opportunities and provide for funding streams (from carbon credit sales) and community infrastructure benefits. The reforestation projects will also have a strong focus on restoring biodiversity and animal life, improving soil erosion and improving water quality.

Fertoz's board and management continue to focus on the needs of key stakeholders, farmers, partner groups, the environment, local communities and our employees and shareholders.

PLANET	Formation of Fertoz Carbon to directly combat climate change
PROSPERITY	Partnership approach ensures wealth distribution and personal opportunity
GOVERNANCE	Risk management, advisory board to be established
PEOPLE	Diversity, inclusion, pay equality, health, safety and training

COMPETITIVE ADVANTAGES

1. Fertoz has secured the majority of high grade, low impurity rock phosphate deposits in North America and has had those deposits certified organic at all the key Federal and State Authorities.

2. The phosphate deposits/stockpiles contain significant tonnage to meet decades of anticipated supply and demand

3. Our facilities and contracted processing facilities throughout western North America are located close to a huge grower base

4. Fertoz's 8+ years running multiple crop and soil trials gives us an important understanding and advantage to develop protocols for registration with carbon regulators focusing on plant and soil sequestration advantages utilising best practice regenerative and sustainable farming methods

5. Fertoz is rapidly advancing carbon program protocols, contracts with our partner Trimble, contracts with fertilizer dealers and growers that purchase our rock phosphate products.

Fertoz is partnering with farmers and landowners to fundamentally change agriculture and land management for the better.

Fertoz products improve soil health, increase plant growth and thus sequester more carbon in the soil and in the plant, whether that soil and those plants are on farms, in forests or grazing land for cattle

We have an inputs business and years of lab tests, soil tests, trials and actual production on farms – we can prove the benefits of using our products and we now offer additional services in carbon management, carbon credit generation and trading

Our products increase plant growth and thus CO_2 sequestration; our products can be blended with synthetic/conventional fertilizers to reduce overall CO_2 emissions (1t of nitrous oxide from conventional nitrogen fertilizers is equivalent to 296t of CO_2)

Importantly, our products facilitate discussions in carbon emissions reduction – from sequestering more CO_2 from plant growth, to reforesting unused areas on farms, to improving the efficiency of cattle production thus reducing methane emissions from herds (1t of methane is equivalent to 25t of CO_2)

PROCESSING ORE IN BUTTE, MONTANA USA

FERTILISER DIVISION

North America

Fertoz Limited (ASX: FTZ) is a sustainable land management company. Fertoz provides investors with exposure to growth in the organic food sector and a direct exposure to the carbon markets as an emerging project developer and manager of carbon projects globally. Management has focused on developing a significant organic farm inputs business and establishing a growing nature-based carbon credit portfolio from developed and managed carbon projects.

Fertoz North America ended 2021 achieving record annual sales in line with the budgeted 10,000 tonnes, delivering year-on-year (YoY) growth in excess of 240% in tonnes sold in 2021. Sales revenue was a record $2.09 million. Included in the $2.09 million is $943,000 of sales income that has been offset against capitalised exploration and evaluation expenditure, as the sale of this product is part of the bulk sampling and evaluation phase for the tenements from which it was taken. This accounting treatment is in accordance with Australian accounting standards.

Inventory mined and held over to the 2022 season was a record 16,000 tonnes, ensuring adequate fertilizer for Q1/Q2 2022. The granulator currently being installed at the Centennial site in Butte, Montana will commence granulation of rock phosphate for sale from May 2022 onwards. This facility will materially improve margins on granulated sales moving forward.

The Fernie mine located in British Columbia (BC), Canada received a renewed bulk mining permit for 8,000 tonnes in 2021 and extracted 7,000 tonnes under this permit for the year utilising contract mining services. The Fernie ore was trucked and processed at McNally's, Bow Island, BC Canada ready for on sale to customers. Fertoz anticipates potentially doubling ore mined in 2022, driven by strong customer demand for phosphate.

A pleasing aspect of the 2021 year was the breadth of customers ordering phosphate (rock and granulated), achieving approximately 40 separate customers and importantly increasing sales in the Southern States of the USA. New sales personnel were appointed in 2021 expanding the marketing and sales reach of Fertoz North America.

Fertoz continues to develop various product blends to suit different customer demands, soil conditions and regional applications.

Fertoz now markets 15 blends in North America from various sized rock phosphate, granulated rock phosphate, finemesh powder for fertigation applications and the recently launched organic NPKS range of blends. Launching in 2022 will be a range of Humi (K) phosphate blends aimed at improving soil health, increasing soil microbiology and activity including increasing carbon in the soil.

Fertoz has increased 2022 pricing across the range of blends by approximately 20%, recognising increased processing and transport costs and challenges in supply chain logistics. Fertoz is investigating more cost-effective solutions including rail to ease cost pressures on farmers. This will result in savings delivered to buyers and make Fertoz more widely available to large dealer networks and partner distributors for organic fertilisers.

Fertoz will continue to expand its market share of organic acres in North America and increasingly push into regenerative and sustainable fertiliser solutions targeting conventional farming operations and offering a superior environmental solution to farmers substituting the use of chemically developed synthetic fertilisers.

Australia and Asia Operations

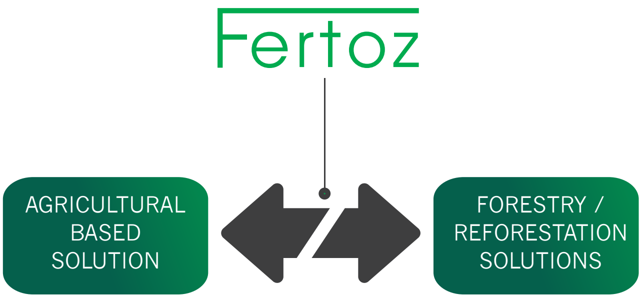
Fertoz's operation in Australia and the Asia-Pacific is known as Fertoz Agricultural Pty Ltd (FertAg).

The business finished 2021 with an EBIT of $45,000 for Australia / Asia. This was down slightly against the budget of $56,000 but was still a great result considering the ongoing COVID difficulties in shipping product from Vietnam. It was not possible to ship any product in the December 2021 quarter due to lack of availability of shipping. All stock on hand was sold by the end of November 2021. Sales revenue for the year was 75% of budget. The low revenue was offset by tight cost control and reduced use of support personnel.

The Philippines sales growth was severely restricted by COVID, which caused sales to fall away significantly in the second half of the year.

CARBON DIVISION

The carbon division was established initially in May 2021 and has expanded rapidly, targeting two areas for multiple carbon project developments in the years ahead.



Fertoz Carbon's projects will produce nature-based credits with Fertoz Carbon developing and managing projects. The carbon credit generation will primarily be focused on the Voluntary Carbon Market, with projects producing credits that are either:

1. Credits that reduce or avoid greenhouse gas (GHG) emissions (no-till and NERP farming/methane from livestock)

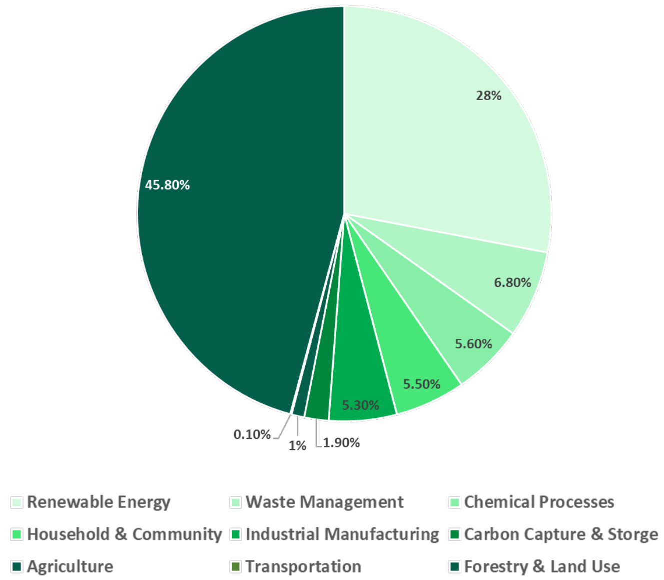
2. Removal credits that actively capture GHG emissions (reforestation/ afforestation)

Research already highlights the success of removal credits (with forestry and renewables driving these removals of CO_2), however, together with that approach, Fertoz Carbon sees a significant opportunity in reducing or avoiding GHG emissions (agricultural focused) by developing and having approved practical and measurable protocols that farmers and those in the agricultural industry can adapt and manage for the reduction and/or removal of GHG emissions from farm based activities.

Fertoz will develop the following protocol suite and expand efforts in soil and plant CO_2 sequestration and well as livestock methane emissions:

- Conservation Cropping, No-Till
- Nitrous Oxide Emissions Reductions (NERP)
- Rock Phosphate to Enhance Yield and Carbon Sequestration
- Rock Phosphate in Conventional Ag to Reduce Upstream Carbon Emissions from Ammonium Phosphate Fertilizer Manufacturing
- Cover Crops to Increase Carbon Sequestration
- Methane Emission Reductions in Livestock using Canola Meal in Feed

The chart below, from AgFunder News, shows the share of carbon credits issued by area of scope of project, noting that just 1.0% are currently issued from agricultural projects.



Source: https://agfundernews.com/carbon-credits-just-one-percent-from-agriculture

In December 2021, Fertoz Carbon together with its partner Trimble Inc (NASDAQ: TRMB), successfully registered a "no-till conservation cropping" protocol with the Canadian Registry. A shift from conventional farming to conservation cropping increases carbon sequestered in the soil. Fertoz Carbon expects first acres contracted and first carbon income in 1H 2022 under this protocol.

Trimble Inc has contracted Microsoft Corporation to purchase all carbon credits under the "no-till" protocol program. Fertoz Carbon, together with Trimble Inc, is finalising for approval in Canada a Nitrous Oxide Emission Reduction protocol. This will focus on a new protocol that better manages nitrogen practices and applications on Canadian farms. The focus of the protocol is developing farm rules that result in more efficient use of nitrogen, less run off and leaching and therefore improved environmental impacts. The Company's research indicates that utilising Fertoz-developed "NPKS Nutrient Vigour Plus" fertiliser offers the potential to enhance carbon credit availability under the protocol, and could materially improve the environmental impacts versus synthetic fertilisers.

Fertoz Carbon is actively researching and developing further carbon protocols in house. Studies are underway using rock phosphate to lower Scope 3 emissions from fertiliser production. The manufacturing of rock phosphate omits materially less CO2 than those emissions generated from the production of chemical fertilisers.

In October 2021, Fertoz Carbon engaged Strongfield Environmental to drone seed and fertilise (rock phosphate) two trial sites: BC Canada and West Virginia, USA. The trial was utilised to access the data on the effectiveness of drone seeding reforestation projects, determining initial seedling yields and potentially substantially lowering the cost of establishing reforestation projects in North America.

Fertoz Carbon continues to access suitable land, partners, local villages and communities and project economics on carbon forestry projects targeting North America, South America, and Asia. Fertoz Carbon expects to announce the first commercial forestry projects in calendar 2022.

SAFETY

There were no lost time injuries or environmental incidents recorded during the 12 months ending 31 December 2021.

OUTLOOK

North America

As we have demonstrated, Fertoz has worked to build a sustainability-based product supply company. The Company's 2021 achievements indicate the growth, focus, execution and cash positive direction. While we are the top rock phos products provider in North America, we have added the Fertoz Carbon programs that look to deliver growth, acres, tonnes and carbon trading revenues. 2022 is well underway, but our focus is:

1. Capitalize on the disrupted global supply of phosphate and supply chains. We can offer quality products and blends at a far better price per pound of nutrient and freight.

2. Mining - Extract from our Wapiti mine. Supply eastern central BC and western, central Alberta. Extract from Fernie BC, and our leases in western Alberta, to supply southern AB and Saskatchewan, as well as the Pacific Northwest. Expand and extend our supply contract in Deerlodge, Montana. Our Monterrey, Mexico mine is expanding and we are requesting larger volumes.

3. Processing - Focusing on reducing costs and working in close coordination with our facilities in western AB, southern AB, Montana, Idaho, Utah and Mexico.

4. Transportation - as noted extensively above, supply chain disruptions, globally and in North America, will persist for several years. We will continue to expand our use of rail and ensure that we have a chain of contract processing facilities in our major sales regions.

5. Sales - In 2021, we picked up a number of new customers. Even in the first few months of 2022, we have added 5-10 new, large customers. All have noted that they are trying Fertoz products due to the high costs of conventional synthetic fertilizer, or non-competitive freight rates.

We think this growth trend will continue.

As we look at 1-2-3-year projections and sales, we plan to:

- increase and develop our rock supplies
- improve processing locations and costs
- greatly expand our carbon programs, acres, tonnes, and revenues
- add staff to provide excellent coverage and customer service
- improve our accounting, supply chain and tracking systems to double and triple our current volumes

Australia/Asia

2022 has started strongly for Fertoz's Australian based operations, with the product scheduled for 4th quarter of 2021 having arrived and been presold.

Shipping and manufacturing costs have continued to rise and have been challenging for both Fertoz and farmers alike. Supply chain challenges have also impacted product clearance, with Australia generally being hampered by biosecurity inspection delays. Product price rises have been implemented in January and May 2022 to recover the increased costs. Sales are expected to exceed 2022 budget figures but have been affected by extensive flooding in NSW and Queensland.

Several opportunities in Australia and Asia are being investigated to generate carbon income through the sale of carbon dioxide equivalent tonnes. It is expected these will be generated from improvements in agriculture and planting trees.

Cover cropping, no-till practices and reforestation can all increase the amount of carbon credits available to farmers. Production of Fertoz products is low carbon intensity, allowing farmers to secure more carbon credits for their crops. Fertoz products enhance growth leading to more sequestration of carbon.

CORPORATE

Board appointment

On 14th February 2022, the Company appointed Mr Greg West as a Non-Executive Director. Mr Justyn Stedwell tendered his resignation on the same day. Mr James Chisholm tendered his resignation as a Non-Executive Director on the 6th of April 2022.

Cash

The Company had $5.197 million in cash as of 31 December 2021 and nil loan balances owing. During the year 31 December 2021, the company raised $6,519,800 (before costs) in newly issued capital to provide working capital to fund anticipated growth.

APPENDIX 1 - TENEMENTS

TITLE NUMBER	CLAIM NAME	OWNERSHIP	GOOD TO DATE	STATUS	AREA (HA)
851942	WK 1	100%	2022/AUG/21	PROTECTED	450.83
851948	WK 2	100%	2022/AUG/21	PROTECTED	451.02
851952	WK 3	100%	2022/AUG/21	PROTECTED	375.66
851958	WK 4	100%	2022/AUG/21	PROTECTED	451.20
941760	WK 5	100%	2022/AUG/21	PROTECTED	450.83
941761	WK 6	100%	2022/AUG/21	PROTECTED	469.87
941762	WK 7	100%	2022/AUG/21	PROTECTED	432.07
941763	WK 8	100%	2022/AUG/21	PROTECTED	413.49
941764	WK 9	100%	2022/AUG/21	PROTECTED	432.53
941769	WK 10	100%	2022/AUG/21	PROTECTED	451.36
955278	WK 11	100%	2023/AUG/21	PROTECTED	470.31
956829	WK 12	100%	2022/AUG/21	PROTECTED	37.56
982744	WK-ONE	100%	2022/AUG/21	GOOD	18.80
1011319	BARNES LAKE	100%	2024/MAY/19	GOOD	608.98
1015556	WAPITI NE	100%	2022/AUG/21	PROTECTED	375.54
1015557	WAPITI TWO	100%	2022/AUG/21	PROTECTED	168.93
1015558	WAPITI SOUTH	100%	2022/AUG/21	PROTECTED	376.35
1015626	MUNOK 1	100%	2022/AUG/21	PROTECTED	169.58
1015627	BELCOURT 1	100%	2022/AUG/21	PROTECTED	113.27
1018104	WAP S2	100%	2022/AUG/21	PROTECTED	451.82
1018106	WAP S3	100%	2022/AUG/21	PROTECTED	451.75
1018107	WAP S4	100%	2022/AUG/21	PROTECTED	451.93
1018108	WAP S5	100%	2022/AUG/21	PROTECTED	452.09
1018109	WAP S6	100%	2022/AUG/21	PROTECTED	452.30
1020873	BARNES 2	100%	2023/APR/18	GOOD	629.88
1023062	CROWSNEST	100%	2025/AUG/29	GOOD	1,450.89
1023064	CROWS 2	100%	2024/OCT/15	GOOD	38.67
1023921	RED DEER 1	100%	2022/AUG/21	GOOD	150.22
1023922	RED DEER 2	100%	2022/AUG/21	GOOD	206.34
1023923	RED DEER 3	100%	2022/AUG/21	GOOD	150.13
1024365	MARTEN	100%	2025/AUG/30	GOOD	754.32
1024783	MUNOK 2	100%	2022/AUG/21	PROTECTED	603.05
1024803	BELCOURT 2	100%	2022/AUG/21	PROTECTED	301.76
1024805	BELCOURT 4	100%	2022/AUG/21	PROTECTED	339.78

TITLE NUMBER	CLAIM NAME	OWNERSHIP	GOOD TO DATE	STATUS	AREA (HA)
1024806	BELCOURT 3	100%	2022/AUG/21	PROTECTED	188.70
1025533	MARTEN 2	100%	2023/AUG/28	GOOD	460.86
1027037	BELCOURT LINK	100%	2022/AUG/21	PROTECTED	282.59
1027038	WAP 11	100%	2022/AUG/21	GOOD	168.94
1029417	MUNOK	100%	2022/AUG/21	PROTECTED	207.38
1029489	SOUTH 2	100%	2022/AUG/21	PROTECTED	376.16
1029979	MARTEN NORTH	100%	2023/AUG/29	GOOD	334.99
1030777	SOUTH ROAD 2	100%	2022/AUG/21	PROTECTED	413.66
1031107	MARTEN E	100%	2023/AUG/29	GOOD	188.45
1046619	BARNES LK 3	100%	2023/JAN/12	GOOD	524.89
1046685	GRAVES LAKE 1	100%	2022/OCT/14	GOOD	499.54
1047502	RAM 1	100%	2022/OCT/29	GOOD	21.12
1055454	BARNES LK WEST	100%	2023/JUL/09	GOOD	83.97
1057281	BIGHORN SOUTHWEST	100%	2021/OCT/29	PROTECTED	211.28
1058774	GRAVES 2	100%	2022/OCT/22	GOOD	208.29
1059393	SOUTH OF ALBERTA 1	100%	2023/JUL/17	GOOD	309.31
1059412	BARNES 5	100%	2023/JUL/18	GOOD	104.96
1059422	COAL MOUNTAIN 1	100%	2023/JUL/19	GOOD	230.78
1089147	GRAVES 3	100%	2023/JAN/20	GOOD	104.03
1089275	GRAVES 4	100%	2023/JAN/20	GOOD	416.11
1094162	BIGHORN 20	100%	2023/MAR/29	GOOD	232.39
					19,171.51
CROWSNEST PAST - ALBERTA					
9318030431	TWP	100%			
9318100162	TWP	100%			

PROTECTED - Means that the tenements are protected from expiry by the Ministry of Mines until June 2023

DIRECTORS REPORT

The directors present their report, together with the audited financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Fertoz Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2021.

Directors

The following persons were directors of Fertoz Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Mr. Patrick Avery
Mr. James Chisholm
Mr. Stuart Richardson
Mr. Justyn Stedwell *(Resigned on 14 February 2022)*
Mr. Greg West (*Appointed on 14 February 2022)*

Principal Activities

The Company's key objective is to become a leading supplier of rock phosphate organic fertilizers in North America and a profitable marketer of organic fertilizer products in Australia and make sufficient profits to pay dividends to shareholders. The Company is also developing a carbon project business focussing on sustainable land management practices.

Dividends

There were no dividends paid, recommended or declared during the current period or previous year.

Review of operations

Strategy

Fertoz is a premium organic certified phosphate sales and development company which is advancing the Wapiti and Fernie area (BC and Alberta) phosphate deposits in Canada, blending and selling organically certified natural rock phosphate from contract operations in the USA and distributing fused magnesium calcium phosphate in Australia, New Zealand and the Philippines. The Company holds and has access to rock phosphate in British Columbia, Alberta, Montana and Mexico, and the directors consider these provide a significant competitive advantage in today's market, with quickly rising fertilizer prices due to geopolitical issues surrounding Russia and Ukraine, increasing demand for organic foods, and a growing number of farmers looking to convert to organic farming or supplement their existing operations with some organic fertilizers.

Fertoz expanded its operations into carbon credit projects based on sustainable land management practices. This business opportunity is under development with interest in this service exceeding management's expectations. Carbon credit pricing has increased well beyond management's expectations over 2021 with numerous projects now being reviewed, and a number of large greenhouse gas emitters looking for projects to sequester their carbon dioxide emissions.

The Company focuses on servicing the organic farming market as well as conventional farmers in North America, Australia and New Zealand looking for alternatives to standard, high leaching fertilisers through offering blended organic fertilizers and the potential to generate carbon credits through independently verified processes to generate carbon credits and thus increase farm income.

The Company's key objective is to become a growth-oriented, cash-flow generating agribusiness returning dividends to shareholders by supplying organic fertilisers and carbon-based sustainable land management services to customers in North America, Australia, New Zealand and selected countries within South East Asia and Pacific who are looking for alternatives to standard, high leaching fertilisers.

Board Changes

Subsequent to the year ended 31 December 2021, Mr. Justyn Stedwell resigned as director and Mr Greg West was appointed as director.

Safety

There were no lost time, injuries or environmental incidents recorded during the year ended 31 December 2021.

Review of operations (continued)

Financials

The loss for the consolidated entity after providing for income tax amounted to $3,752,831 (2020: $1,535,715).

Sales for the year ended 31 December 2021 were 10% higher than the previous year, up from $2,035,125 to $2,243,501. This does not include receipt from sale of materials removed from the Company's Fernie project in Alberta amounting to $943,450, which are offset against the exploration and evaluation asset. It is a requirement of the accounting standards that revenue generated from activities associated with the evaluation of the company's tenements is offset against capitalised exploration and evaluation costs.

The Group also spent $831,555 (2020: $134,800) on exploration expenditure during the year.

Available cash balance at year-end amounted to $5,196,848 (2020: $1,156,678).

Significant changes in the state of affairs

During the year ended 31 December 2021, the Group:

(a) raised $6,519,800 through the issuance of 63,729,332 shares;
(b) issued 1,700,000 ordinary shares to key members of the staff under the Employee Share Plan;
(c) issued 3,850,000 ordinary shares to a director in lieu of directors fees; and
(d) released 3,000,000 ordinary shares to the Executive Chairman on achievement of performance hurdles.
(e) Issued 2,350,000 performance rights to the Executive Chairman and certain members of the staff, which are subject to achievement of operations targets.

Other than disclosed in this report, in the opinion of the directors there were no significant changes in the state of affairs of the Company during the financial period under review.

Matters subsequent to the end of the financial year

On 14 February 2022, the Company appointed Mr. Greg West as non-Executive Director. Mr Justyn Stedwell resigned from the Board at the same date.

Likely developments and expected results of operations

The consolidated entity intends to continue its fertilizer development and production activities, to acquire further suitable fertilizer projects as opportunities arise, to expand further services in relation to carbon trading, and to implement the Company's ESG policies to become at least carbon neutral.

Environmental regulation

The consolidated entity is subject to environmental regulations under laws of British Columbia and Alberta, Canada where it either holds or has a right to explore on such tenements. During the financial period the consolidated entity's activities recorded no non-compliance issues.

Corporate Governance

The Company's corporate governance statement and Appendix 4G can be found on the Company's website at: https://www.fertoz.com/company/corporate-governance/

INFORMATION ON DIRECTORS

Mr. Patrick Avery, MBA
Executive Chairman,

Mr. 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), 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.

Mr Avery has not been a director of any other listed company in the last three years.

Interests in shares:	6,408,164
Interests in options:	None
Contractual rights to shares:	None

Mr. James Chisholm, B.Eng, MBA
Non-executive Director

Mr Chisholm is a qualified engineer, having worked in the engineering, mining, oil and gas sectors for the past 35 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: TER); Ebony Iron Pty Ltd, which sold its assets to Strategic Minerals (AIM: SML); and hydrogen development company, Ebony Energy Ltd, which was recently acquired by Hexagon Energy Materials Ltd (ASX: HXG). Mr. Chisholm is experienced in start-up exploration and development companies.

He was also a director of Atrum Coal Ltd until mid-2019 (ASX: ATU). Other than Atrum Coal Ltd., Mr. Chisholm has not been a director of a listed company for the last three years.

Interests in shares:	13,202,726
Interests in options:	None
Contractual rights to shares:	None

Mr. Stuart Richardson BBA, CPA
Non-executive Director

Mr Richardson has extensive experience over 35 years in capital markets both on Australia and overseas in the field of investment banking and stockbroking. He is a founding director of Blackwood Capital Limited an Australian based investment bank operating in capital markets, advisory and funds, management in equities and private equity.

Interests in shares:	13,620,000
Interests in options:	None
Contractual rights to shares:	None

INFORMATION ON DIRECTORS (CONTINUED)

Mr. Justyn Stedwell

Non-executive Director/Company Secretary

Mr. Stedwell is a professional company secretary with over 11 years' experience as a Secretary of ASX listed companies in various industries, including mining and exploration, IT & telecommunications, biotechnology and agriculture. Mr. Stedwell's qualifications include a Bachelor of Commerce (Economics and Management) from Monash University, a Graduate Diploma of Accounting at Deakin University and a Graduate Diploma in Applied Corporate Governance at the Governance Institute of Australia. He is currently Company Secretary at several ASX-listed companies, including Atrum Coal Ltd (ASX:ATU), Lifespot Health Ltd (ASX: LSH); Cirralto Ltd (ASX:CRO), Imugene Ltd (ASX:IMU), Rectifier Technologies Ltd (ASX:RFT), Golden Mile Resources Ltd (ASX:G88), UltraCharge Ltd (ASX:UTR), WONHE Multimedia Commerce Ltd (ASX:WMC) and Broo Ltd (ASX:BEE).

Interests in shares:	750,000
Interests in options:	None
Contractual rights to shares:	None

Mr. Stedwell resigned as director and corporate secretary of the Company on 14 February 2022.

Mr. Greg West

Non-executive Director (appointed 14 February 2022)

Mr. Greg West is a Chartered Accountant and an experienced ASX Non-Executive director with a background in the education sector, investment banking and financial services. Mr. West was appointed as a Non-Executive Director of ASX listed IDP Education in 2006, now a top 100 ASX company. Greg is on the Council of the University of Wollongong and a Director of UOWGE Limited, a business arm of the University of Wollongong with universities in Dubai, Hong Kong and Malaysia. Greg is also a Director and Chair of Education Australia Limited, an investment company owned by the Australian universities.

Previously, Mr. West was Chief Executive Officer of a dual listed ASX biotech company. He has worked at Price Waterhouse and has held senior finance executive roles in investment banking with Bankers Trust, Deutsche Bank, NZI and other financial institutions. Greg is a Director of the St James Foundation Limited.

Interests in shares:	Nil
Interests in options:	None
Contractual rights to shares:	Under the terms of Mr. West's appointment, his compensation for the first 12 months of his services as Director, will be paid by the issue of and allotment of 250,000 shares in the Company, subject to Shareholders' approval.

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2021, and the number of meetings attended by each director were:

	Year ended 31 December 2021 Board of Directors	
	Number eligible to attend*	Number attended
Mr. Patrick Avery	**4**	**4**
Mr. James Chisholm	**4**	**3**
Mr. Stuart Richardson	**4**	**4**
Mr. Justyn Stewell[1]	**4**	**1**

**Represents the number of meetings held during the time the director held office*

[1] *Resigned on 14 February 2022*

The Board of the Company undertakes the responsibilities of both the Nomination and Remuneration Committee and the Audit and Risk Committee.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders and conforms to the market best practice for the delivery of reward. The Board of Directors ("the Board") ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board undertakes the responsibilities of the Nomination and Remuneration Committee and is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel. The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The framework seeks to align performance to shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

and aligns the program participants' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

Non-executive directors receive share options to ensure alignment with the Boards responsibility of creating shareholder wealth. The remuneration for the non-executive directors has been set at $36,000 per annum.

ASX listing rules require the aggregate non-executive director's remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 29 May 2012, where the shareholders approved an aggregate remuneration of $250,000 per annum.

REMUNERATION REPORT (audited) (continued)

Executive remuneration
The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave payable to eligible employees

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The consolidated entity does not have short-term incentives ('STI') at this time

The company may issue options to provide an incentive for key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of key management personnel with those of the company's shareholders.

Consolidated entity performance and link to remuneration
The consolidated entity's remuneration framework is designed to attract, retain and motivate those people who can drive Fertoz' culture and deliver its business strategy and supports alignment to long term overall company performance and creation of shareholder value. Remuneration packages are structured that rewards meeting individual, business unit and the entity's targets and objectives, including maximising returns for shareholders.

The link between remuneration, company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company. Share prices are subject to the influence of international phosphate prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration.

The earnings of the consolidated entity for the year ended 30 June 2018, six months ended 31 December 2018 and years ended 31 December 2019, 2020 and 2021 are summarised below:

	2021[3] $	2020[3] $	2019[3] $	2018[2] $	2018[1] $
Sales revenue	2,243,501[4]	2,035,125	1,326,264	1,458,596	1,486,285
EBITDA	(3,733,438)	(1,525,380)	(1,793,485)	(1,246,690)	(1,432,712)
EBIT	(3,752,831)	(1,535,715)	(1,808,232)	(1,246,690)	(1,432,712)
(Loss) after income tax	(3,752,831)	(1,535,715)	(1,808,232)	(1,246,690)	(1,432,712)

[1] *Year ended 30 June*
[2] *Six months ended 31 December*
[3] *Year ended 31 December*
[4] This does not include receipt from sale of materials removed from the Company's Fernie project in Alberta amounting to $943,450.

REMUNERATION REPORT (audited) (continued)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021[3] $	2020[3] $	2019[3] $	2018[2] $	2018[1] $
Share price at financial year end ($)	0.25	0.05	0.08	0.20	0.175
Total dividends declared *(cents per share)*	-	-	-	-	-
Basic earnings per share *(cents per share)*	(1.03)	(1.01)	(1.41)	(1.05)	(1.5)

[1]Year ended 30 June
[2]Six months ended 31 December
[3] Year ended 31 December

Use of remuneration consultants
The consolidated entity did not engage remuneration consultants during the year ended 31 December 2021.

Voting and comments made at the company's 2021 Annual General Meeting ('AGM')
At the 2021 AGM, the remuneration report for the year ended 31 December 2020 was adopted. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration
Amounts of remuneration
Details of the remuneration of Key Management Personnel ("KMP") of the consolidated entity for the year ended 31 December 2021 are set out in the following tables.
The key management personnel of the consolidated entity consisted of the following directors of Fertoz Limited:

- Mr. Patrick Avery – Executive Chairman
- Mr. James Chisholm – Non-Executive Director
- Mr. Stuart Richardson – Non-Executive Director
- Mr. Justyn Stedwell – Non-Executive Director

For the year ended 31 December 2021

	Short Term Benefits	Post Employment	Share Based Payments				Proportion of remuneration performance related
Director	Salary and fees $	Superannuation $	Options $	Shares $	Total $	Fixed (%)	LTI (%)
Patrick Avery [2,3] (Executive Chairman)	216,855	-	64,105[4]	920,000	**1,200,960**	37%	63%
James Chisholm[2]	-	-	-	230,000	**230,000**	100%	-
Stuart Richardson[2]	-	-	-	230,000	**230,000**	100%	-
Justyn Stedwell[1, 2]	4,545	-	-	195,500	**200,045**	100%	-
Total	**221,400**	**-**	**64,105**	**1,575,500**	**1,861,005**	**58%**	**42%**

[1] See resignation date as per above
[2] Remuneration in shares includes 1,000,000 shares issued at $0.23
[3]Remuneration in shares includes 3,000,000 performance shares issued when the market price was $0.23
[4]Amount is with respect to previously issued performance shares, which have expired unissued.

REMUNERATION REPORT (audited) (continued)

For the year ended 31 December 2020

	Short Term Benefits	Post Employment	Share Based Payments				Proportion of remuneration performance related
Director	**Salary and fees $**	**Superannuation $**	**Options $**	**Shares $**	**Total $**	**Fixed (%)**	**LTI (%)**
Patrick Avery (Executive Chairman)	241,161	-	142,936	-	**384,097**	63%	37%
Adrian Byass[1]	9,000	-	-	-	**9,000**	100%	-
James Chisholm	12,000	-	-	-	**12,000**	100%	-
Stuart Richardson[3]	12,000	-	-	-	**12,000**	100%	-
Justyn Stedwell[1,2]	-	-	-	-	**-**	-	-
Ronald Wilkinson[1]	27,000	-	-	-	**27,000**	100%	-
Total	**301,161**	**-**	**142,936**	**-**	**435,097**	**100%**	**33%**

[1] See resignation and appointment dates as per above
[2] Since his appointment as Director on 20 November 2020, Mr. Stedwell received $5,500 through an entity controlled by him as his capacity as Corporate Secretary.
[3]During the year, capital raising fees of $20,000 were paid to a company controlled by Mr. Richardson.

Service agreements

Remuneration and other terms of employment for key executive management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Patrick Avery
Title:	Executive Chairman
Agreement commenced:	1 June 2021
Term of agreement:	3 years
Details:	From 1 June 2021 through to 31 December 2021, Mr Avery's fees amount to $15,000 per month and will increase to $16,000 per month thereafter. If Mr Patrick Avery is required to provide services to the Company on more than 17 days during any month (based on an 8-hour day), a related entity of Mr Patrick Avery is entitled to receive additional fees of up to US$750 for each additional day. Although the shareholders approved an increase in the salary to US$240,000, at Mr Avery's request the salary was reduced to US$12,500 per month from 1 January to 31 July 2021.

Mr. Avery is entitled to 3,000,000 fully paid shares subject to the following conditions:

- 1,000,000 Shares vest if the Company's share price exceeds 10c for 10 consecutive days any time up to 1 June 2024;
- 1,000,000 Shares vest if the Company's share price exceeds 15c for 10 consecutive days any time up to 1 June 2024; and
- 1,000,000 Shares vest if the Company's share price exceeds 20c for 10 consecutive days any time up to 1 June 2024

At 31 December 2021, the above 3,000,000 performance shares have vested and 3,000,000 ordinary shares have been issued, after the Shareholders' approval on 23 July 2021. The fair value of the performance shares are determined based on the market price of the company's shares at the issuance date of $0.23.

.

REMUNERATION REPORT (audited) (continued)

Service agreements (continued)

Additional Shares and bonus payments are noted below:

a) US$50,000 cash bonus paid once the Company reaches a minimum of $1m EBIT as shown in audited annual accounts before 1 June 2024;

b) US$100,000 bonus paid once the Company reaches a minimum of $3m EBIT as shown in audited annual accounts before 1 June 2024;

c) US$200,000 cash bonus paid once the Company reaches a minimum of $5m EBIT as shown in audited annual accounts before 1 June 2024;

d) 250,000 Shares on the achievement of 10,000ha of reforested or rehabilitated land managed in a carbon project by Fertoz Carbon before 1 June 2024;

e) 250,000 Shares on the achievement of the sale of $500,000 of Carbon Credits in a project managed by Fertoz Carbon before 1 June 2024;

f) 250,000 Shares on the achievement of 60,000t of fertilizer sales in any one year before 1 June 2024

At 31 December 2021, no cash bonus was paid or any of the above shares issued and no provision has been made for the cash bonus. The potential shares that may be issued have been recognised as part of the share based payment expense.

During the year ended 31 December 2021, 4,000,000 performance shares previously issued expired unvested.

Key management personnel have no additional entitlement to termination payments in the event of removal for misconduct.

Share based compensation

Options

No option over ordinary shares was granted to and vested by directors and other key management personnel as part of compensation during the year ended 31 December 2021.

Shareholding

The number of shares in the company held during the year ended 31 December 2021 by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Patrick Avery	2,107,143	4,000,000	301,021	-	6,408,164
James Chisholm	10,235,564	1,000,000	1,967,162	-	13,202,726
Stuart Richardson	9,559,460	1,000,000	3,060,540	-	13,620,000
Justyn Stedwell	350,000	850,000	50,000	-	1,250,000
	22,252,167	**6,850,000**	**5,378,723**	**-**	**34,480,890**

REMUNERATION REPORT (audited) (continued)

Additional disclosures relating to key management personnel

Performance rights

The number of performance rights held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Performance rights	Balance at the start of the year	Additions	Converted to ordinary shares	Expired*	Balance at the end of the year
Patrick Avery	4,000,000	3,750,000	(3,000,000)	(4,000,000)	750,000
James Chisholm	-	-	-	-	-
Stuart Richardson	-	-	-	-	-
Justyn Stedwell	-	-	-	-	-
	4,000,000	**3,750,000**	**(3,000,000)**	**(4,000,000)**	**750,000**

** Performance rights were forfeited as performance hurdles were not met*

Option holding

No options over ordinary shares in the company were held during the financial year by any director and other members of key management personnel of the consolidated entity, including their personally related parties.

Other transactions with key management personnel and their related parties

There were no other transactions with key management personnel or their related parties.

********This concludes the remuneration report, which has been audited.********

Shares under option

Fertoz issued 750,000 performance rights to a director and 1,600,000 performance rights to consultants during the year. If the performance conditions are satisfied, ordinary shares will be issue to the participants for nil consideration.

There were no options granted to officers who are among the five highest remunerated officers of the company and the group, but are not key management persons. During the year ended 31 December 2021, the group issued 5,000,000 options, exercisable at a price of $0.20 before 23 August 2024 with respect to capital raising.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued

Fertoz Ltd. issued 63,729,332 ordinary shares pursuant to two entitlement issuances at $0.05 and $0.15, 1,700,000 ordinary shares to employees under the Employee Share Plan and 6,850,000 shares as directors fees during the year ended 31 December 2021 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the year ended 31 December 2021, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Amounts paid or payable to BDO Services Pty Ltd, a related company of the auditor, for non-audit services provided during the year ended 31 December 2021 by the auditor related to preparation of the tax return and taxation advice of $8,100 (2020: $9,457).

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 20 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of BDO Audit Pty Ltd

There are no officers of the company who are former partners of BDO Audit Pty Ltd.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor
BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

____
Patrick Avery

31 March 2022

AUDITOR'S INDEPENDENCE DECLARATION

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY ANTHONY WHYTE TO THE DIRECTORS OF FERTOZ LIMITED

As lead auditor of Fertoz Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Fertoz Limited and the entities it controlled during the period.

Anthony Whyte
Director

BDO Audit Pty Ltd

Brisbane

31 March 2022

Contents

General information

The financial statements cover Fertoz Limited as a consolidated entity consisting of Fertoz Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Fertoz Limited's functional and presentation currency.

Fertoz Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office and principal place of business

Suite 103, Level 1, 2 Queen Street
Melbourne, VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 March 2022. The directors have the power to amend and reissue the financial statements.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	Year ended 31 December 2021 $	Year ended 31 December 2020 $
Revenue from contracts with customers	4	**2,243,501**	2,035,125
Cost of goods sold		**(1,703,820)**	(1,534,843)
		539,681	500,282
Other Income		**12,898**	70,021
Expenses			
Audit & accounting		**161,253**	169,046
Consultant fees & employee compensation		**314,097**	182,067
Depreciation & amortisation		**19,393**	10,335
Directors fees (non-executive)		**4,545**	60,000
Executive chairman compensation		**216,855**	241,161
Insurance		**25,174**	74,312
Investor relations		**25,600**	44,100
Legal		**9,137**	-
Listing fees and share registry		**133,380**	73,859
Marketing & selling		**919,860**	623,327
Office rent	2	**11,466**	13,421
Provision for impairment of inventory	8b	**-**	344,052
Share based payment	5	**2,394,505**	205,666
Other expenses		**58,720**	63,602
Total expenses		**4,293,985**	2,104,948
Finance			
Interest income	4	**(373)**	(589)
Finance costs		**4,502**	6,003
Lease interest	**14**	**926**	-
Foreign exchange loss/(gain)		**6,370**	(4,344)
		11,425	1,070
Loss before income tax expense		**(3,752,831)**	(1,535,715)
Income tax expense	6	**-**	-
Loss after income tax expense for the year		**(3,752,831)**	(1,535,715)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain/(loss)		**418,541**	(540,682)
Other comprehensive income for the year, net of tax		**418,541**	(540,682)
Total comprehensive income for the year		**(3,334,290)**	(2,076,397)
Loss per share for loss attributable to the owners of Fertoz Limited			
Basic loss per share (cents)	27	**(1.94)**	**(1.01)**
Diluted loss per share (cents)	27	**(1.94)**	**(1.01)**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of financial position
As at 31 December 2021

	Note	2021	2020
		$	$
Assets			
Current assets			
Cash and cash equivalents	7	**5,196,846**	1,156,678
Trade and other receivables	8a	**753,138**	255,183
Inventories	8b	**395,523**	221,032
Other current assets	9	**91,360**	89,407
Total current assets		**6,436,867**	1,722,300
Non-current assets			
Exploration and evaluation assets	10	**5,958,789**	5,536,663
Property, plant and equipment	11	**492,522**	67,121
Right-of-use assets	14	**141,639**	-
Environmental Bonds	12	**325,410**	304,604
Total non-current assets		**6,918,360**	5,908,388
Total assets		**13,355,227**	7,630,688
Current liabilities			
Trade and other payables	13	**745,528**	394,465
Lease liability	14	**51,915**	-
Total current liabilities		**797,443**	394,465
Non-current liabilities			
Lease liability	14	**64,361**	-
Total non-current liabilities		**64,361**	-
Total liabilities		**861,804**	394,465
Net assets		**12,493,423**	7,236,223
Equity			
Issued capital	15	**29,099,284**	21,532,474
Share based payment reserve		**3,161,110**	2,136,430
Translation reserve		**277,541**	(141,000)
Accumulated losses		**(20,044,512)**	(16,291,681)
Total equity		**12,493,423**	7,236,223

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity
For the year ended 31 December 2021

	Issued capital $	Accumulated losses $	Share Based Payment Reserve $	Translation Reserve $	Total equity $
Balance at 1 January 2021	**21,532,474**	**(16,291,681)**	**2,136,430**	**(141,000)**	**7,236,223**
Loss after income tax expense for the period	**-**	**(3,752,831)**	**-**	**-**	**(3,752,831)**
Other comprehensive income for the period	**-**	**-**	**-**	**418,541**	**418,541**
Total comprehensive profit/(loss) for the period	**-**	**(3,752,831)**	**-**	**418,541**	**(3,334,290)**
Transaction with owners in their capacity as owners:					
Shares issued *(Note 15)*	**8,715,800**	**-**	**-**	**-**	**8,715,800**
Shares issuance costs *(Note 15)*	**(1,148,990)**	**-**	**-**	**-**	**(1,148,990)**
Share-based payments *(Note 28)*	**-**	**-**	**1,024,680**	**-**	**1,024,680**
At 31 December 2021	**29,099,284**	**(20,044,512)**	**3,161,110**	**277,541**	**12,493,423**
Balance at 1 January 2020	19,606,629	(14,755,966)	1,993,494	399,682	7,243,839
Loss after income tax expense for the period	-	(1,535,715)	-	-	(1,535,715)
Other comprehensive income for the period	-	-	-	(540,682)	(540,682)
Total comprehensive profit/(loss) for the period	-	(1,535,715)	-	(540,682)	(2,076,397)
Transaction with owners in their capacity as owners:					
Shares issued	2,062,730	-	-	-	2,062,730
Shares issuance costs	(136,885)	-	-	-	(136,885)
Share-based payments	-	-	142,936	-	142,936
At 31 December 2020	21,532,474	(16,291,681)	2,136,430	(141,000)	7,236,223

Consolidated statement of cashflows
For the year ended 31 December 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers [1]	4	**2,342,669**	2,001,145
Payments to suppliers and employees		**(4,004,012)**	(2,967,417)
Interest received		**-**	372
Net cash inflow / (outflow) from operating activities	26	**(1,661,343)**	(965,900)
Cash flows from investing activities			
Payments for property, plant and equipment		**(456,497)**	-
Payments for exploration and evaluation assets		**(988,418)**	(134,800)
Receipts from sales of material from Fernie	4	**943,450**	
Net cash inflow / (outflow) from investing activities		**(501,465)**	(134,800)
Cash flows from financing activities			
Proceeds from issue of shares	15	**6,519,800**	2,000,000
Payments for equity raising costs	15	**(322,815)**	(136,886)
Lease principal repayments	14	**(10,383)**	-
Net cash inflow / (outflow) from financing activities		**6,186,602**	1,863,114
Net increase/(decrease) in cash and cash equivalents		**4,023,794**	762,414
Cash and cash equivalents at the beginning of the financial period		**1,156,678**	452,138
Effects of exchange rate changes on cash and cash equivalents		**16,374**	(47,874)
Cash and cash equivalents at the end of the financial period	7	**5,196,846**	1,156,678

[1] Receipt from sale of materials removed from the Company's Fernie project in Alberta amounting to $943,450 is shown under investing activities.

Note 1. Significant accounting policies

Corporate Information
The financial report of Fertoz Limited for the year ended 31 December 2021 was approved by the board on 31 March 2022. Fertoz Limited (the Company) is a public company limited by shares incorporated and domiciled in Australia. The Company's registered office is located at Suite 103, Level 1, 2 Queen Street, Melbourne, VIC 3000.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The separate financial statements of the parent entity, Fertoz Ltd., have not been presented within this financial report as permitted by the Corporations Act 2001.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Fertoz Limited ('company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the year then ended. Fertoz Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or the 'group'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Significant accounting policies *(continued)*

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ("CODM"). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Fertoz Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is reclassified through profit or loss when the foreign operation or net investment is disposed of.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 1. Significant accounting policies *(continued)*

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value on a weighted average basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	3-8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
Right-of-use assets
A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.
Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.
The group has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities
A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.
Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 1. Significant accounting policies *(continued)*

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.
Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for long service leaves not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bond rate with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.
Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.
Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Note 1. Significant accounting policies *(continued)*

Employee benefits (continued)

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Monte Carlo, Trinomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, market based vesting conditions, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Monte Carlo or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market. Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The carrying values of financial assets and financial liabilities approximate their fair values due to their short-term nature.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Note 1. Significant accounting policies *(continued)*

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Fertoz Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Revenue Recognition

Sale of phosphate

Sale of phosphate is recognised when the phosphate is delivered to the customer and there is no unfulfilled obligation that could affect the customers' acceptance of the phosphate. Delivery occurs when the phosphate has been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the phosphate in accordance with the sales contract the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied. Payment is typically due after 30 -45 days of invoice date. There is no significant financing component in the pricing.

Incremental Costs of obtaining Customer Contracts

Incremental costs incurred in obtaining customer contracts are capitalised and amortised over the term, where the term is greater than 12 months.

Unsatisfied performance obligations

The Group continues to recognise its contract liabilities under AASB 15 in respect of any unsatisfied performance obligations, which are disclosed as Unearned revenue in the Consolidated Statement of Financial Position.

Financing components

The Group does not recognise adjustments to transition prices or Contract balances where the period between the transfer of promised goods or services to the customer and payment by customer does not exceed one year.

Loss making contracts

A provision for loss making contracts is recorded for the difference between the expected costs of fulfilling a contract and the expected remaining economic benefits to be received where the forecast remaining costs exceed the forecast remaining benefits.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Trade and other receivables

Trade and other receivables are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Note 1. Significant accounting policies *(continued)*

Change in Accounting Policies and Accounting Standards

There were no new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period and that had a material impact on the financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue recognition

The group has recognised revenue net of trade discounts and adjustment for moisture content during the year. The customer is entitled to receive a discount if the moisture contents in the product are above certain levels as specified in the contract. Management have determined that the discount applied as a result of moisture content has been adjusted for when recognising the revenue and a significant reversal in the amount of revenue recognised will not occur, therefore it is appropriate to recognise revenue on the invoiced amount net of discounts upon delivery of the product.

Revenue from the sale of product removed from the group's exploration sites has been offset against capitalised exploration and evaluation expenditure as the sale of this product is part of the bulk sampling and evaluation phase for these tenements.

Trade Receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The group has concluded that the expected loss rates for trade receivables are a reasonable approximation based on payment profiles of sales over a period of 36 months before 31 December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using market price of the shares or either the Monte Carlo or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. These models require a number of assumptions to be made including the expected future volatility of the share price, the estimated vesting date and the risk-free interest rate. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group achieved a net loss after tax of $3,752,831 and net operating cash outflows of $1,661,343 for the year ended 31 December 2021. As at 31 December 2021 the Group had cash of $5,196,876.

The ability of the Group to continue as a going concern is principally dependent upon the following conditions:

- the ability of the Group to meet its cashflow forecasts;
- the ability of the Group to raise capital, as and when necessary; and
- the ability of the Group to sell non-core assets.

Note 2. Critical accounting judgements, estimates and assumptions (*continued*)

Going Concern (continued)

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- The group has a cash balance of $5,196,846
- proven ability of the Group to raise the necessary funding or settle debts via the issuance of shares; and
- the group is operating an expanding rock phosphate and organic fertilizer business and plans to continue to expand this business in the coming year.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Short term lease

The Group has a short-term office lease arrangement that is a month-to-month lease. The lease arrangement is such that, either party to the contract can give notice to terminate the arrangement or the contract does not oblige either party to make a payment on termination. As a result, the Group has assessed the lease arrangement to be non- enforceable, therefore continues to recognise any lease payments as an expense through the profit or loss.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments based on geographical location being Australian and Canadian operations, reflected by the subsidiaries in the Group. These operating segments are based on the internal reports that are reviewed and used by the board of Directors (who are identified as the Chief Operating Decision Makers ("CODM")) in assessing performance and in determining the allocation of resources.

The CODM reviews earnings before and after tax. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Where applicable, corporate costs, finance costs, interest revenue, tax and foreign currency gains and losses are not allocated to segments as they are not considered part of the core operations of the segments and are managed on a consolidated entity basis thus disclosed under unallocated category

Consolidated – 31 December 2021	Australia	North America	Fertoz Carbon[1]	Unallocated	Total
	$	$	$	$	$
Revenue					
Sales of phosphate fertilizer	1,093,006	1,150,595[2]	-	-	2,243,501
Total revenue and other income	1,093,006	1,150,495	-	-	2,243,501
Profit/(Loss) before income tax expense	36,228	(956,218)	(148,890)	(1,919,551)	(2,988,431)
Income tax revenue	-	-	-	-	-
Profit/(Loss) after income tax expense	36,228	(520,213)	(148,890)	(1,343,756)	(2,988,431)
Assets					
Segment assets	542,635	8,430,888	-	4,381,704	13,355,227
Segment liabilities	(56,071)	(743,429)	-	(62,305)	(861,805)
Segment net assets	486,564	7,687,459	-	4,319,399	12,493,422

[1] The group's objective is to develop the sector of carbon credits

[2] This does not include receipt from sale of materials removed from the Company's Fernie project in Alberta amounting to $943,450

Note 3. Operating segments *(Continued)*

Consolidated – 31 December 2020	Australia $	North America $	Unallocated $	Total $
Revenue				
Sales of phosphate fertilizer	856,594	1,178,531	-	2,035,125
Other income	70,021	-	-	70,021
Total revenue and other income	926,615	1,178,531	-	2,105,146
Profit/(Loss) before income tax expense	79,733	(1,064,705)	(550,743)	(1,535,715)
Income tax revenue	-	-	-	-
Profit/(Loss) after income tax expense	79,733	(1,064,705)	(550,743)	(1,535,715)
Assets				
Segment assets	551,881	6,462,104	616,703	7,630,688
Segment liabilities	(84,190)	(212,572)	(97,704)	(394,466)
Segment net assets	471,691	6,249,532	518,999	7,236,222

Segment non-current asset

	Consolidated 2021 $	Consolidated 2020 $
Non-current assets, excluding financial instruments and deferred tax assets, located in:		
Australia	**-**	-
Canada	**6,592,950**	5,908,388
	6,592,950	5,908,388

Note 4. Revenue

	Consolidated 2021 $	Consolidated 2020 $
Sales Revenue		
Sale of phosphate fertilizer products – at point in time	**2,243,501**	2,035,125
	2,243,501	2,035,125

During the year, the group sold material it removed as bulk sample from its Fernie Project for a total amount of $943,450. The proceeds were recognised against the carrying cost of the Fernie Project as the project is still in the exploration and evaluation phase and accounted for under AASB 6.

	2021	2020
Other income		
Interest	**373**	589
Covid 19 cashflow and Jobkeeper funding	**-**	58,250
Other income	**12,898**	11,771
	12,898	70,021

Note 5. Loss before income tax

	Consolidated 2021 $	2019 $
Loss before income tax includes the following specific expenses		
Share based payments	**2,394,505**	205,666
Impairment of inventory	**-**	344,052

Note 6. Income tax

Note 6. Income tax

	Consolidated 2021 $	2020 $
Income tax expenses		
Current tax expense	**(313,493)**	(237,398)
Deferred tax expense	**313,493**	237,398
Aggregate income tax expenses	**-**	-
Numerical reconciliation of income tax and tax at statutory rate		
Profit/ (loss) before income tax expenses from continuing operations	**(3,752,831)**	(1,535,715)
Tax at statutory tax rate of 26% (2020: 27.5%)	**(975,736)**	(422,322)
Tax effect on amounts which are not deductible/(taxable) in calculating income		
Tax adjustment for tax rate variance in foreign jurisdictions	**111,296**	133,088
Entertainment expenses	**72**	1
Share-based payments	**622,571**	56,558
Under/Over Provision	(71,872)	776
NANE Income	-	(5,500)
Cost Base Items	176	-
Deferred tax assets derecognised/(recognised)	313,493	237,398
Income tax expense	-	-
Deferred tax assets and liabilities		
Recognised deferred tax assets		
Carried forward losses	**1,039,089**	830,499
Deferred tax asset at 15% (2020:15%)	**1,039,089**	830,499
Recognised deferred tax liabilities		
Assessable temporary differences	**-**	-
Exploration and evaluation assets	**(1,009,093)**	(830,499)
AASB6 Right of Use Asset	**(21,246)**	-
Unrealised FX	**(8,750)**	-
Deferred tax liability at 15% (2020:15%)	**(1,039,089)**	(830,499)
Net deferred tax assets/(liabilities)	**-**	-
Unrecognised deferred tax assets		
Unused tax losses	18,826,080	18,070,971
Unused capital losses	10,000	10,000
Capital raising costs in equity	384,535	229,479
Accruals and provisions	39,671	40,070
Other deductible temporary differences	5,425	20,981
AASB16 Lease Liability	116,276	
	19,216,752	18,371,502
Deferred tax assets not taken up at 26% (2020: 27.5%)	**4,996,533**	5,052,163

Note 7. Current assets – Cash and cash equivalents

	Consolidated	
	2021	2020
	$	$
Cash at bank	**5,196,846**	1,156,678
	5,196,846	1,156,678

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	**5,196,846**	1,156,678
Balance as per statement of cashflows	**5,196,846**	1,156,678

Note 8a. Current assets – Trade and other receivables

	Consolidated	
	2021	2020
	$	$
Trade receivables	**497,254**	**255,914**
Less: expected credit loss provision	**(11,110)**	**(11,214)**
Other receivables	**266,994**	**10,483**
	753,138	**255,183**

Upon initial recognition of the amount receivable, the Group has applied the simplified approach permitted by AASB 9 which requires expected lifetime losses to be recognized from initial recognition of the receivable. At 31 December 2021, a provision on certain receivables amounting to $11,110 was maintained.

Note 8b. Current assets – Inventory

	Consolidated	
	2021	2020
	$	$
Inventory consists of the following		
Crushed raw ore	**330,909**	194,038
Finished products	**64,614**	26,994
	395,523	221,032

During the year ended 31 December 2020, the company impaired inventory in North America by an amount of $344,052 following deterioration of the fertilizers due weather conditions.

Note 9. Current assets – Other current assets

	Consolidated	
	2021	2020
	$	$
GST receivable	**91,360**	9,295
Other prepayments	**-**	80,112
	91,360	89,407

Note 10. Non-current assets – Exploration and evaluation assets

	Consolidated 2021 $	2020 $
Exploration and evaluation assets, at cost	**5,958,789**	5,536,663

Reconciliations of the carrying amounts at the beginning and the end of the current and previous financial year are set out below

	2021 $	2020 $
Movements in property, plant and equipment		
Carrying amount at beginning of the period	**5,536,663**	5,833,645
Additions	**988,418**	134,800
Proceeds from sale of material removed from Fernie	**(943,450)**	-
Foreign exchange movement	**377,158**	(431,782)
Carrying amount at the end of period	**5,958,789**	5,536,663

Recoverability of the carrying amount of exploration ad evaluation assets is dependent on the successful development and commercial exploitation of projects or alternatively through the sale of the area of interest.

Note 11. Non-current assets – Property, plant and equipment

	Plant & Equipment	Asset under Construction[1]	Total
Cost or valuation	$	$	$
At 1 January 2020	164,290	-	164,290
Exchange difference	(11,588)	-	(11,588)
Balance at 31 December 2020	152,702	-	152,702
Additions	-	429,699	429,699
Exchange difference	10,110	-	10,110
Balance at 31 December 2021	162,812	429,699	592,511
Accumulated depreciation			
At 1 January 2020	81,450	-	81,450
Charge for the year	10,335	-	10,335
Exchange difference	(6,204)	-	(6,204)
Balance at 31 December 2020	85,581	-	85,581
Charge for the year	8,678	-	8,678
Exchange difference	5,730	-	5,730
Balance at 31 December 2021	99,989	-	99,989
Net book value			
At 31 December 2021	**62,823**	**429,699**	**492,522**
At 31 December 2020	67,121	-	67,121

Note 1
Asset under construction consists of a granulator which is currently under installation.

Note 12. Non-curent assets – Environmental bonds

	Consolidated	
	2021	2020
	$	$
Movements in Environmental bonds		
Carrying amount at beginning of the year	304,604	328,451
Foreign exchange movement	20,806	(23,847)
Carrying amount at the end of the year	**325,410**	304,604

Note 13. Current liabilities -Trade and other payables

	Consolidated	
	2021	2020
	$	$
Trade creditors	**664,211**	312,848
Accruals	**75,340**	67,657
Other payables	**5,977**	13,961
	745,528	394,466

Refer to note 18 for further information on financial instruments.

Note 14. Right-of-use assets and lease liabilities

The group has leased assets – motor vehicle and office during the year ended 31 December 2021. Information about the leases is presented below.

Right-of-use assets

	Motor Vehicle	Office Building	Total
	$	$	$
At 1 January 2021	-	-	-
Additions	83,403	69,203	152,606
Amortisation	(2,264)	(8,451)	(10,715)
Exchange difference	(53)	(199)	(252)
	81,086	60,553	141,639

Lease liabilities

	Motor Vehicle	Office Building	Total
	$	$	$
At 1 January 2021	-	-	-
New leases	56,606	69,203	125,809
Interest expenses	277	649	926
Lease payments	(1,682)	(8,700)	(10,382)
Foreign exchange movement	(13)	(63)	(76)
At 31 December 2021	55,188	61,089	116,277
Lease liability within one year	17,840	34,075	51,915
Lease liability between 1-5 years	37,348	27,014	64,362

An amount of $926 has been recognised in the income statement for the year ended 31 December 2021. Amount recognised in the statement of cashflows is $10,382.

Note 14. Leases (continued)

The group leases office space which typically runs for two years. The group has the option to renew the lease under the same conditions at the end of the lease. Lease liability recognised for the year ended 31 December 2021 amounted to $61,089.

The group leases motor vehicle with a lease term of 3 years. At the expiry of the lease, the group has the option to buy the vehicle for US $5,911.

Note 15. Equity – Issued share capital

	2021 Number of shares	2020 Number of shares	2021 $	2020 $
Ordinary shares – fully paid	**227,600,960**	155,321,628	**29,099,284**	21,532,474

Movements in share capital

Details	Date	No of Shares	Issued Price ($)	Amount ($)
Balance	31 December 2019	129,399,128		19,606,629
Private placement	21 February 2020	25,000,000	0.08	2,000,000
Shares[1]	12 August 2020	922,500	0.068	62,730
Share issuance costs		-	-	(136,885)
Balance	31 December 2020	155,321,628		21,532,474
Rights issue[2]	9 April 2021	30,395,999	0.05	1,519,800
Placement[3]	14 July/7 September 2021	33,333,333	0.15	5,000,000
Performance shares released[4]	5 August 2021	3,000,000	0.23	690,000
Shares in lieu of directors' fees[5]	5 August 2021	3,500,000	0.23	805,000
Shares in lieu of director's fees[5]	5 November 2021	350,000	0.23	80,500
Shares issued under ESOP[6]	5 November 2021	1,700,000	0.365	620,500
Share issuance costs[7]		-	-	(1,148,990)
Balance at 31 December 2021		**227,600,960**		**29,099,284**

[1] Shares were issued to members of the staff (non-directors) for achieving certain milestones at the discretion of the Board, the fair value of the shares
measured based on the share price at grant date.
[2] On 6 April 2021, the Company completed a Rights Issue of 30,395,999 shares at $0.05 each, of which 1,604,938 were allotted to directors on 2 August 2021, subsequent to the Annual General Meeting.
[3] On 14July 2021, the Company completed a placement of 33,333,333 shares at $0.15 each, of which 13,333,333 shares were issued in a second tranche on 7 September 2021 pursuant to ASX listing rule 7.1
[4]On 5 August 2021, the Company issued 3,000,000 ordinary shares following the vesting of 3,000,000 performance rights to the Executive Chairman, as hurdles pertaining to these had been met. The performance rights were valued at the fair value of the shares at the date of the general meeting where they were approved, given that the performance hurdles had already been met.
[5]On 5 August 2021 and 5 November 2021, the Company issued 3,850,000 shares to Directors in settlement of unpaid directors' fees. The shares were valued at the fair value of the shares at the date of the general meeting where they were approved.
[6]On 5 November 2021, the Company issued 1,700,000 shares to staff under the Employee Share Plan. The shares have been recorded at their market value at the date the shares were granted of $0.365
[7] Share issuance costs were incurred with respect of the placement and rights issue, which included the issuance of 5,000,000 options exercisable at a price of $0.20 each for a duration of 36 months. Using Black Scholes valuation model, the value of the options was calculated at $826,175 (see note 28)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 15. Equity – Issued share capital (continued)

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Board's policy is to maintain a strong base so to maintain investor, creditor and market confidence and to sustain future development of the business. As an emerging explorer and developer, the Group does not establish a return on capital. Capital management requires the maintenance of strong cash balance to support ongoing exploration and development.

Note 16. Equity – Reserves

Foreign currency translation reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share based payment reserve
The reserve is used to recognise share-based payments made to suppliers and employees.

Note 17. Equity – dividends

Dividends
No dividends were paid during the year.

Note 18. Financial Instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out by the Chief Financial Officer under policies approved by the Board of Directors ("the Board"). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. The Chief Financial Officer identifies, evaluates and hedges financial risks within the consolidated entity's operating units and reports to the Board on a monthly basis.

MARKET RISK

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.
Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2021	2020	**2021**	2020
	$	$	**$**	$
US Dollars	**265,412**	175,031	**(164,685)**	(116,363)
Canadian Dollars	**1,011,213**	352,404	**(437,863)**	(68,923)
	1,276,625	527,435	**(602,548)**	(185,286)

The consolidated entity had net financial assets denominated in foreign currencies of $674,077 as at 31 December 2021 (2020: $342,149). Based on this exposure, had the Australian dollar weakened by 5% or strengthened by 5% against these foreign currencies with all other variables held constant, the consolidated entity's net financial assets would have been $33,704 (2020: $17,107) lower and $33,704 (2020: $17,107) higher respectively.

Note 18. Financial Instruments *(continued)*

Price risk

The policy of the consolidated entity is to sell phosphate-based fertilizer at the spot price and it has not entered into any hedging contracts. The consolidated entity's revenues were exposed to fluctuation in the price of this commodity. If the average selling price for the financial year had increased/decreased by 10% the change in the profit before income tax for the consolidated group would have been an increase /decrease of $316,525 (2020: $203,512). If there was a 10% increase or decrease in market price of inventory, the net realizable value of inventory on hand would increase/(decrease) by $44,407 (2020: $22,103). As the phosphate-based fertilizer on hand are held at cost there would be no impact on profit or loss.

Interest rate risk

The consolidated entity has no interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The Company has bank deposits with the Commonwealth Bank of Australia and Toronto Dominion Bank which both have a Standard and Poors short term credit rating of A-1+.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2021	**2020**
	$	**$**
Debtor financing facility (unused)	**1,000,000**	1,000,000
	1,000,000	1,000,000

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cashflow
Consolidated – 2021	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables and other payables	-%	745,529	-	-	-	745,529
Lease liability	5%	51,915	64,362	-	-	116,277
Total non-derivatives	**0.3%**	**797,444**	**63,362**	**-**	**-**	**861,806**

Note 18. Financial Instruments *(continued)*

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cashflow
Consolidated – 2020	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables and other payables	-%	394,466	-	-	-	394,466
Total non-derivatives		394,466	-	-	-	394,466

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 19. Key Management Personnel Compensation

Compensation

The aggregate compensation made to directors and other members while they were key management personnel of the consolidated entity is set out below:

	Consolidated	
	2021	2020
	$	$
Short-term benefits	**221,400**	292,161
Share-based payment	**1,639,605**	142,936
	1,861,005	435,097

Note 20. Auditors remuneration

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2021	2020
	$	$
Audit services – BDO Audit Pty Ltd.	**51,262**	50,017
Tax services – BDO Services Pty Ltd	**8,100**	9,457
	59,362	59,474

Note 21. Contingency

There were no contingent assets or liabilities at balance date.

Note 22. Commitments

Exploration

So as to maintain current rights to tenure of exploration tenements, the group will be required to outlay amounts in respect of tenement rent to the relevant governing authorities (C$10 – C$40 per hectare) or to incur exploration expenditures in lieu (C$5 -C$20 per hectare). These work requirement outlays which arise in relation to granted tenements are as follows:

	Consolidated	
	2021	**2020**
	$	**$**
Due within one year	**273,626**	415
Due after one year and within five years	**1,476,145**	386,594
Due after five years	**-**	-

Note 23. Related Party transactions

Parent entity
Fertoz Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Key management personnel
Disclosures relating to key management personnel are set out in note 19 and the remuneration report in the directors' report.

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity, Fertoz Limited.

Statement of profit or loss and other comprehensive income

	Parent	
	2021	2020
	$	$
Loss after income tax	**(5,124,923)**	(1,383,663)
Total comprehensive loss	**(5,124,923)**	(1,383,663)

Statement of financial position

	Parent	
	2021	2020
	$	$
Total current assets	**4,381,704**	598,740
Total assets	**9,168,788**	5,385,824
Total current liabilities	**62,305**	83,743
Total liabilities	**62,305**	83,743
Equity		
Issued share capital	**29,099,284**	21,532,474
Share based payment reserve	**3,161,110**	1,798,595
Accumulated loss	**(23,153,911)**	(18,028,988)
Total equity	**9,106,483**	5,302,081

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2021 and 2020.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2021 and 2020.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2021 and 2020.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Fertoz International Organic Inc.	Canada	100%	100%
Fertoz Agriculture Pty Ltd.	Australia	100%	100%
Fertoz Organics In.	United States	100%	-

Note 26. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2021 $	Consolidated 2020 $
Loss after income tax expense for the year	**(3,752,831)**	(1,535,715)
Adjustments for:		
Share-based payments	**2,394,505**	549,719
Depreciation	**19,393**	10,335
Lease interest	**926**	-
Change in operating assets and liabilities		
Decrease/(Increase) in trade and other receivables	**(499,908)**	(79,492)
Decrease/(Increase) in inventories	**(174,491)**	35,652
(Decrease)/increase in trade and other payables	**351,063**	53,601
Net cash used in operating activities	**(1,661,343)**	(965,900)

Non-cash transactions
During the year ended 31 December 2021, the company issued 5,000,000 options to settle capital raising costs of $826,175, and entered into lease agreements adding $152,606 to right-of-use assets.

The only changes to liabilities arising from financing activities are as disclosed in note 14 Leases.

Note 27. Loss per share

	Consolidated 2021 $	Consolidated 2020 $
Earnings per share for profit/(loss) from continuing operations		
Loss after income tax expense for the period	**(3,752,831)**	(1,535,715)
	Number	Number
Weighted average number of shares used in calculating basic earnings per share	**193,603,749**	151,262,340
Weighted average number of shares used in calculating diluted earnings per share	**193,603,749**	151,262,340
	Cents	Cents
Basic loss per share	**1.94**	1.01
Diluted loss per share	**1.94**	1.01

At 31 December 2021, there were 5,000,000 (2020: nil) options outstanding which could potentially dilute basic earnings per share in the future. Because there is a loss from continuing operations, these would have an anti-dilutive effect and therefore diluted earnings per share is the same as the basic earnings per share.

Note 28. Share-based payments

Expenses arising from share-based payment transactions

(a) Performance Rights

Total expenses arising from share-based payment transactions recognised during the period as part of contract of services in terms of performance rights issued to directors amounting to $754,105 (2020: $142,936) and to consultants, under the performance scheme, amounting $134,400 (2020: $62,730).

At 31 December 2021, movement in performance rights are as per below:

31 December 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised / vested	Expired/ forfeited/ other	Balance at the end of the year
01/06/2018	01/06/2021	$0.00	4,000,000	-	-	(4,000,000)	-
05/08/2021	01/06/2024	$0.00		3,000,000	(3,000,000)		-
01/06/2021	01/06/2024	$0.00	-	750,000	-	-	750,000
17/09/2021	01/10/2022	$0.00	-	1,600,000	-	-	1,600,000
			4,000,000	**5,350,000**	**(3,000,000)**	**(4,000,000)**	**2,350,000**
Weighted average exercise price			$0.00	$0.00	$0.00	$0.00	$0.00

Performance Rights	Number	Expiry Date	Milestone for release from escrow	Issue Price
Chairman Rights	1,000,000	01/06/2024	The Company's share price closing at 10c or above for 10 consecutive trading days	Nil
	1,000,000	01/06/2024	The Company's share price closing at 15c or above for 10 consecutive trading days	Nil
	1,000,000	01/06/2024	The Company's share price closing at 20c or above for 10 consecutive trading days	Nil
	3,000,000			

During the year ended 31 December 2021, the above performance hurdles were met and the performance rights were exercised and ordinary shares issued. The performance rights were valued at the fair value of the shares at the date of the general meeting where they were approved, given that the performance hurdles had already been met at that date.

Performance Rights	Number	Expiry Date	Milestone for release from escrow	Issue Price
Chairman Rights	250,000	01/06/2024	Achievement of 10,000ha of reforested or rehabilitated land managed in a carbon project by Fertoz Carbon before 1 June 2024	Nil
	250,000	01/06/2024	Sale of $500,000 of Carbon Credits in a project managed by Fertoz Carbon before 1 June 2024	Nil
	250,000	01/06/2024	Achievement of 60,000t of fertilizer sales in any one year before 1 June 2024	Nil
	750,000			

It has been assumed that the performance hurdles for the above performance rights will be met by 1 June 2024. The performance rights have been measured at the share price at the date they were granted and are expensed over the period from grant date to the assumed vesting date of 1 June 2024.

Consultants Rights	1,600,000	31/12/2022	Achievement of operations targets	Nil
	1,650,000			

It has been assumed that the performance hurdles for the above performance rights will be met by 31 December 2022. The performance rights have been measured at the share price at the date they were granted and are expensed over the period from grant date to the assumed vesting date of 31 December 2022.

Note 28. Share-based payments (continued)

(a) Performance Rights

31 December 2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised / vested	Expired/ forfeited/ other	Balance at the end of the year
01/06/2018	01/06/2021	$0.00	4,000,000	-	-	-	4,000,000
			4,000,000	**-**	**-**	**-**	**4,000,000**
Weighted average exercise price			$0.00	$0.00	$0.00	$0.00	$0.00

Performance Rights	Number	Expiry Date	Milestone for release from escrow	Issue Price
Chairman Rights	1,000,000	01/06/2021	The Company's share price closing at 28c or above for 10 consecutive trading days	Nil
	1,000,000	01/06/2021	The Company's share price closing at 38c or above for 10 consecutive trading days	Nil
	1,000,000	01/06/2021	The Company's share price closing at 50c or above for 10 consecutive trading days	Nil
	1,000,000	01/06/2021	The Company's share price closing at 60c or above for 10 consecutive trading days	Nil
	4,000,000			

During the year ended 31 December 2021, the above performance rights, expired unvested.

(b) Shares

Total expenses arising from share-based payment transactions recognised during the period resulting from ordinary shares being issued to directors amounting to $885,500 (2020: Nil) and to consultants $620,500 (2020: $Nil) The expense is recognised at the fair value of the shares measured based on the share price at grant date.

(c) Options

On 23 August 2021, the Company granted 5,000,000 broker options with respect to the capital raising. The broker options are exercisable at a price of $0.20 on or before 23 August 2024. The options were recognised at a fair value, based on Black Scholes Valuation Model, of $0.165 per option for a total value of $826,175. The valuation is based on an expected volatility of 91.4%, risk free interest rate of 1.5%, expected life of 3 years and stock price of $0.26.

At 31 December 2021, the options with an average remaining life of 2.6 years, were vested and unexercised.

Note 29. Events since the end of the financial year

On 14 February 2022, the Company appointed Mr. Greg West as non-Executive Director. Mr Justyn Stedwell resigned from the Board at the same date

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards and Interpretations as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial period ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Patrick Avery
Chairman

31 March 2022

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Fertoz Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Fertoz Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of exploration and evaluation assets

Key audit matter	*How the matter was addressed in our audit*
Refer to note 10 of the financial report. The Group carries exploration and evaluation assets in relation to the application of the Group's accounting policy for exploration and evaluation assets. The recoverability of exploration and evaluation assets is a key audit matter due to the significance of the total balance as a proportion of total assets and the level of procedures undertaken to evaluate management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources ('AASB 6') in light of any indicators of impairment that may be present.	Our procedures included, but are not limited to the following: • Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as licence agreements and also considering whether the Group maintains the tenements in good standing. • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest. • Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure that the Group had not decided to discontinue activities in any applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.

Other information

The directors are responsible for the other information. The other information comprises the information contained in directors' report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 10 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Fertoz Limited, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

A J Whyte
Director

Brisbane, 31 March 2022

SHAREHOLDER INFORMATION

Shareholders' information set out below was applicable as at 25 March 2022

Unlisted Options and Performance Rights

The Company has the following unlisted securities on issue:

- 5,000,000 Options exercisable at $0.20 each expiring 23/08/2024 held by 10 option holders;

The following holders hold 20% or more of the securities in the above class:
- Bostock Investments Pty Ltd – 2,400,000 options
- JP equity Holdings Pty Ltd – 1,500,000 options

Distribution
The number of ordinary shareholders, by size of holding is:

Spread of Holdings	Holders	% of units
1-1,000	40	0.00%
1,001-5,000	190	0.25%
5,001-10,000	154	0.55%
10,001-100,000	521	9.99%
100,001 - and over	248	89.22%
Total on register	**1,153**	**100.00%**
Total Overseas holders	43	

The number of shareholdings held in less than marketable parcels is 72 with a total of 55,33 Shares.

Substantial Shareholders
The Company has been notified of the following substantial shareholdings:

	Number
Stephens Group and related entities	21,673,112
Boston First Capital Pty Ltd and related entities	13,620,000
Lenark Pty Ltd <Lenark Investments A/C> and related entities	13,202,729
Malcolm John Weber	9,622,489

20 LARGEST HOLDERS OF ORDINARY SHARES AS AT 25 MARCH 2022:

	Fully paid	
Ordinary Shareholder	**Number**	**Percentage**
BOSTON FIRST CAPITAL PTY LTD	11,455,458	5.01%
LENARK PTY LTD <LENARK INVESTMENT A/C>	10,869,142	4.75%
STEPHENS GROUP SUPER FUND PTY LTD <STEPHENS GROUP S/F A/C>	10,000,000	4.37%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,206,051	3.59%
ASHABIA PTY LTD <ASHABIA SUPER FUND A/C>	7,554,183	3.30%
MR PATRICK AVERY	6,408,164	2.80%
MR WILLIAM BOOTH	6,297,828	2.75%

	Fully paid	
Ordinary Shareholder	Number	Percentage
HAJEK FT CUSTODIANS PTY LTD <THE HAJEK FAMILY A/C>	6,020,000	2.63%
FERTOZ LIMITED <FERTOZ LIMITED ESPP A/C>	4,527,786	1.98%
TWO TOPS PTY LTD	4,003,810	1.75%
PINNACLE SUPERANNUATION PTY LIMITED <PJF S/F A/C>	4,000,002	1.75%
WISEVEST PTY LTD	3,933,489	1.72%
MR MICHAEL BERNARD STEPHENS & MRS TAHLIA JAE STEPHENS <MB & TJ STEPHENS FAMILY A/C>	3,500,000	1.53%
THE STEPHENS GROUP PTY LTD	3,070,000	1.34%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,855,926	1.25%
WILLSTREET PTY LTD	2,500,000	1.09%
THE STEPHENS GROUP PTY LTD	2,450,000	1.07%
LEFT BRAIN STRATEGIES PTY LIMITED <LEFT BRAIN STRATEGIES A/C>	2,333,584	1.02%
GUNDY PARK PTY LTD <BRUCE FOYE P/L SUPERFUND A/C>	2,250,000	0.98%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,206,051	3.59%
	104,271,349	45.60%

PARTLY PAID SHARES

The Company does not have any partly paid shares on issue.

Voting Rights

The Constitution of the company makes the following provision for voting at general meetings:

On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote. On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder.

On-market buy-back

The Company is not currently conducting an on-market buy-back.

Fertoz

FERTOZ LTD
(ACN 145 951 622)

Level 5, 126 Phillip Street,
Sydney NSW 2000

Telephone: +61 2 8072 1400
Website: www.fertoz.com