

Fertoz Limited

ACN 145 951 622

**Interim Financial Report
For the six months ended 30 June 2024**

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Fertoz Limited

Six months ended 30 June 2024

Directors

Mr. Daniel Gleeson – Managing Director
Mr. Stuart Richardson – Non-Executive Chairman
Mr. Greg West – Non-Executive Director (resigned 17 June 2024)
Mr. Malcolm Weber – Non-Executive Director (appointed 17 June 2024)

Company Secretaries

Mr. Max Crowley (resigned 9 April 2024)
Ms. Leah Pieris (resigned 7 May 2024)
Ms. Lucy Rowe & Ms. Kamille Dietrich
(appointed 7 May 2024)

Registered office and Principal Place of business

Level 5, 126 Phillip Street, Sydney NSW 2000

Share Register

Automic Group
www.automicgroup.com.au

Auditor

Moore Australia Audit (WA)
Level 15
Exchange Tower
2 The Esplanade, Perth WA 6000

Stock Exchange Listing

Australian Securities Exchange (FTZ)

Website

www.fertoz.com

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Fertoz Limited

Six months ended 30 June 2024

DIRECTORS' REPORT

The Directors present their report, together with the interim financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group') 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 six months ended 30 June 2024.

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. Daniel Gleeson – Managing Director

Mr. Stuart Richardson – Non-Executive Chairman

Mr. Greg West – Non-Executive Director (resigned 17 June 2024)

Mr. Malcom Weber – Non-Executive Director (appointed 17 June 2024)

Principal activities

The Company's key objective is to become a leading supplier of regenerative phosphate fertilizers in North America and a profitable marketer of organic fertilizer products in Australia.

Financial Review

Financial results

The loss for the consolidated entity after providing for income tax amounted to \$827,895 (2023: loss \$2,353,132).

Financial position

At 30 June 2024, the consolidated entity had cash reserves of \$835,299 (31 December 2023: \$1,695,854). During the six months ended 30 June 2024, Fertoz Limited:

- Cancelled 700,000 performance rights to staff members (non-directors).
- Cancelled 7,585,950 treasury shares.

Dividends

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

Review of operations

Company Overview

As a holder of some of the largest sedimentary, high-grade low impurity rock phosphate in Western Canada, Fertoz mines, manufactures and delivers regenerative and organic fertilizer products across North America. Its high quality (>20% P₂O₅), low heavy metals, organic grade product is utilised by fertilizer manufacturers and soil amendment companies looking to add value to their own products through Fertoz's rock phosphate inclusion.

In conjunction to its sustainable fertilizer business, Fertoz is developing premium carbon credits from nature-based projects (seeking a funding partner) in South-East Asia. Collectively, both operations drive the Group towards its mission of reducing carbon greenhouse gases and improving soil health to benefit future generations.

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Fertoz Limited

Six months ended 30 June 2024

DIRECTORS' REPORT

Regenerative agriculture is continuing to accelerate based on the improved science and grower knowledge of soil health and its management, ongoing regulatory adjustments by the US Environmental Protection Agency and the Canadian Environmental Protection Act (1999) for water management as it relates to fertilizer run off, and strong governmental fiscal support to transition to more sustainable production methods.

As part of this transition to a more regenerative approach by farmers, Fertoz entered into a joint collaboration that saw first sales in 2023 of its pelleted organic NPK product called Fertify™, containing rock phosphate, organic matter and potassium to help further grower product offering and drive demand for its rock phosphate. A pelleted product form is also more amendable to storage, transportation, application than rock phosphate powder. This collaboration has continued to develop into 2024 with iterations to Fertoz's approach to ensure maximum access to its Fertify product and ultimately increased sales to the farm gate.

The Company's key objective is creating long-term value for shareholders whilst helping farmers enhance their profitability and soil health. Fertoz continues to invest in regenerative and sustainable fertilizer products that target protecting the environment.

Operations Overview

North America

Sales of A\$1,238,145 for the first half were A\$513,891 below last year's equivalent period due to lower than anticipated Canadian sales. These sales continued to be materially impacted due to lack of supply of rock phosphate in Canada as Fertoz awaits confirmation of permits. Fertoz was also impacted with two plant shutdowns for expansion upgrades by manufacturing customers, which are expanding their businesses. Despite strong supply volumes from the USA being available, freight continues to have an impact on the profitability for both Fertoz and its customer base.

Customer adoption of Fertoz product remained the key focus of H1 2024, targeting existing fertilizer or soil amendment manufacturers that saw value in Fertoz product and therefore the expansion of their product offering. The combination of rock phosphate with sulfur, humic, gypsum, lime or organic matter maximizes the effectiveness of Fertoz's product as well as supported faster adoption into an existing market and supply chain. This continues to be a focus for Fertoz into the future where sustainable, environmentally friendly products that support greater yields at lower cost are valued. Long-term growth of the sector as more growers understand soil health benefits and the agriculture industry acknowledges the transition that is needed, places Fertoz in a solid position.

Canadian mine permits continue to remain a key focus for the business to support a more cost-effective offering in Canada where additional freight costs from the USA create profitability tension for both Fertoz and its manufacturing partners. Across the three permit applications, Fertoz is in the advanced stages of a bulk sample for a Barnes permit to provide 10,000 tonnes of local Canadian product. Expectations are for approval in the second half of 2024 which will also help in advancing to the next stage of an industrial minerals permit for Barnes. A Pump Station bulk sample (10,000 tonnes) was submitted and has been pre-screened for progression into technical review. Lastly, an application for Marten Industrial Minerals Permit is in progress as Fertoz advances towards an expected 150,000-tonne permit in 2025.

Furthermore, with the Canadian Government having added phosphate to Canada's 2024 Critical Minerals List¹, Fertoz is reassessing its projects as potential sources of phosphorus for fertilizer, needed for food security, but also for use in lithium iron phosphate (LFP) battery production, which is a growing market. Fertoz has begun to prepare core samples produced by previous drilling at Wapiti to determine its suitability for the LFP market as well as a high value liquid phosphate fertilizer.

¹ Government of Canada website, <https://www.canada.ca/en/campaign/critical-minerals-in-canada/critical-minerals-an-opportunity-for-canada.html>

Fertoz Limited

Six months ended 30 June 2024

DIRECTORS' REPORT

Australian Operations

FertAg profit before tax for first six months was \$52,000 which was 96% of budget. The highlights were orders for New Zealand and Western Australia and the appointment of a sales agent, based in Mareeba, for the Atherton Tablelands in Queensland, where there is a growing interest for regenerative agriculture.

Carbon Projects

Fertoz's carbon projects in the Philippines are currently on hold pending local investors to fund and develop forestry and agriculture projects which in turn will produce premium carbon credits. Projects will not advance until a funding partner is secured. The focus is for the local Philippines company of which Fertoz is a minority shareholder (< 40%) to provide the legal structure under which to operate a joint funded project.

Financial Commentary

Group 1H 2024 revenues of \$1,238,145 were \$550,149 lower than comparable 1H 2023, reflecting the challenges around supply in Canada due to the delayed permitting application process along with the shutdown of two manufacturing plants for upgrades. In addition to this, a very wet start to spring also hampered the ability for growers to spread fertilizer.

Despite sales at a Group level being lower year-on-year, a focused review and refinement of all fertilizer operations has resulted in Group gross margins of 51% in 1H 2024 (versus 22% gross margin in 1H 2023 and 12% in 1H 2022). Fertoz management will continue to focus on both sales growth whilst maintaining an acceptable gross margin on all sales in the future.

In addition to the continued focus on the reduction of cost of goods, operating costs also reduced as Fertoz reviewed all spend, including headcount to ensure alignment with the true business needs. As a result of this Fertoz saw a reduction of spend in 1H 2024 by \$1,314,892 or 48% versus 1H 2023. This was driven by reduced spending on carbon and headcount/salaries predominately.

Further improvements on cashflow are expected as Fertoz begins to move larger volumes of the Fertify inventory that was pre-paid in 2023. Fertoz anticipates stronger Fertify sales in Q3 2024.

Safety

There were no lost time, injuries or environmental incidents recorded during the period ended 30 June 2024.

Significant changes in state of affairs

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 period

Fertoz completed a successful capital raising on 21 August 2024. The capital raised was a gross \$1.225 million before costs with Directors subscribing for \$209,000 of this total. A shareholders' meeting is anticipated for late October 2024 to approve the Directors' participation in the placement.

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Fertoz Limited

Six months ended 30 June 2024

DIRECTORS' REPORT

Auditor's independence declaration

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

Moore Australia Audit (WA) 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



Stuart Richardson

13 September 2024

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Auditor's Independence Declaration

Under Section 307c of the Corporations Act 2001

To the directors of Fertoz Limited

As auditor for the review of Fertoz Limited for the half-year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



Suan-Lee Tan
Partner – Audit and Assurance
[Moore Australia Audit \(WA\)](#)

Perth
13th day of September 2024



Moore Australia Audit (WA)
Chartered Accountants

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Fertoz Limited

Six months ended 30 June 2024

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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

Level 5, 126 Phillip St, Sydney NSW 2000

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 13 September 2024. The directors have the power to amend and reissue the financial statements.

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Fertoz Limited

Consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2024

	Note	Six months ended	
		30 June 2024	30 June 2023
		\$	\$
Revenue		1,238,145	1,788,294
Cost of goods sold		(604,132)	(1,385,632)
		<u>634,013</u>	<u>402,662</u>
Other Income		44,536	33,149
Expenses			
Audit & accounting		(77,644)	(110,213)
Consultant fees & employee compensation		(338,888)	(967,045)
Depreciation	7&9	(171,460)	(67,157)
Directors fees (non-executive)		-	(17,020)
Impairment expense		(21,131)	(230,661)
Insurance		(52,665)	(26,443)
Investor relations		(28,000)	(27,117)
Legal		(5,705)	(10,904)
Listing fees and share registry		(56,510)	(10,135)
Marketing & selling		(564,568)	(989,241)
Share based payment	12	(29,290)	(151,196)
Travel		(26,066)	(76,402)
Other expenses		(82,300)	(85,585)
Total expenses		<u>(1,454,227)</u>	<u>(2,769,119)</u>
Finance			
Interest income		5,536	7,679
Finance and lease charges		(57,378)	(25,046)
Realised exchange difference		(375)	(2,457)
		<u>(52,217)</u>	<u>(19,824)</u>
Loss before income tax expense		<u>(827,895)</u>	<u>(2,353,132)</u>
Income tax expense		-	-
Loss after income tax expense for the period		<u>(827,895)</u>	<u>(2,353,132)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(58,814)	490,378
Other comprehensive income for the period, net of tax		(58,814)	490,378
Total comprehensive income for the period		<u><u>(886,709)</u></u>	<u><u>(1,862,754)</u></u>
Loss per share for profit attributable to the owners of Fertoz Limited			
Basic loss per share (cents)	11	(0.33)	(0.92)
Diluted loss per share (cents)	11	(0.33)	(0.92)

The above consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Fertoz Limited
Consolidated statement of financial position
As at 30 June 2024

	Note	30 June 2024	31 December 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		835,299	1,695,854
Trade and other receivables	3	387,413	393,013
Inventories	5	670,451	765,682
Other current assets	4	74,804	52,574
Total current assets		1,967,967	2,907,123
Non-current assets			
Exploration and evaluation assets	6	7,084,091	6,873,957
Property, plant and equipment	7	355,845	404,871
Right-of-use assets	9	1,789,484	1,958,573
Environmental Bonds		299,673	302,954
Total non-current assets		9,529,093	9,540,355
Total assets		11,497,060	12,447,478
Current liabilities			
Trade and other payables	8	594,883	533,798
Lease liability	9	152,400	208,160
Borrowing		307,459	305,096
Total current liabilities		1,054,742	1,047,054
Non-current liabilities			
Lease liability	9	279,876	354,040
Convertible notes		283,083	309,606
Total non-current liabilities		562,959	663,646
Total liabilities		1,617,701	1,710,700
Net assets		9,879,359	10,736,778
Equity			
Issued capital	10	34,415,604	34,415,604
Equity component of convertible note		934,575	934,575
Share based payment reserve		3,622,137	3,592,847
Translation reserve		469,738	528,552
Accumulated losses		(29,562,695)	(28,734,800)
Total equity		9,879,359	10,736,778

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

Fertoz Limited
Consolidated statement of changes in equity
For the six months ended 30 June 2024

	Issued capital	Equity component of convertible note	Accumulated losses	Share Based Payment Reserve	Translation Reserve	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 31 December 2023	34,415,604	934,575	(28,734,800)	3,592,847	528,552	10,736,778
Loss after income tax expense for the period	-	-	(827,895)	-	-	(827,895)
Other comprehensive income for the period	-	-	-	-	(58,814)	(58,814)
Total comprehensive profit/(loss) for the period	-	-	(827,895)	-	(58,814)	(886,709)
<i>Transaction with owners in their capacity as owners:</i>						
Reversal of prior share-based payments	-	-	-	(62,137)	-	(62,137)
Share-based payments (Note 12)	-	-	-	91,427	-	91,427
At 30 June 2024	34,415,604	934,575	(29,562,695)	3,622,137	469,738	9,879,359

	Issued capital		Accumulated losses	Share Based Payment Reserve	Translation Reserve	Total equity
	\$		\$	\$	\$	\$
Balance at 31 December 2022	34,012,379	-	(24,259,702)	3,575,169	243,455	13,571,301
Loss after income tax expense for the period	-		(2,353,132)	-	-	(2,353,132)
Other comprehensive income for the period	-		-	-	490,378	490,378
Total comprehensive profit/(loss) for the period	-		(2,353,132)	-	490,378	(1,862,754)
<i>Transaction with owners in their capacity as owners:</i>						
Shares issued (Note 11)	469,543		-	(200,000)	-	269,543
Shares issuance costs (Note 11)	-		-	-	-	-
Share-based payments (Note 13)	-		-	79,107	-	79,107
At 30 June 2023	34,481,922	-	(26,612,834)	3,454,276	733,833	12,057,197

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Fertoz Limited
Consolidated statement of cash flows
For the six months ended 30 June 2024

	Note	Six months ended 30 June 2024 \$	Six months ended 30 June 2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,277,156	2,222,149
Payments to suppliers and employees (inclusive of GST)		(1,773,059)	(3,595,844)
Interest received		5,476	7,423
Interest paid		(57,318)	-
Net cash inflow / (outflow) from operating activities		(547,745)	(1,366,272)
Cash flows from investing activities			
Property, plant and equipment	7	-	-
Payment for exploration and evaluation assets	6	(284,588)	(308,924)
Net cash inflow / (outflow) from investing activities		(284,588)	(308,924)
Cash flows from financing activities			
Proceeds from issue of shares		-	100,000
Lease payments	9	(100,589)	(100,827)
Net cash inflow / (outflow) from financing activities		(100,589)	(827)
Net increase/(decrease) in cash and cash equivalents		(932,922)	(1,676,023)
Foreign exchange difference		72,367	32,813
Cash and cash equivalents at the beginning of the financial period		1,695,854	2,861,377
Cash and cash equivalents at the end of the financial period		835,299	1,218,167

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

Fertoz Limited

Notes to the consolidated financial statements

For the six months ended 30 June 2024

Note 1. Significant accounting policies

Corporate Information

Fertoz Limited (the Company) is a public company limited by shares incorporated and domiciled in Australia. The Company's registered office is located at Level 5, 126 Phillip Street, Sydney NSW 2000.

The financial report of Fertoz Limited for the six months ended 30 June 2024 comprises the Company and its controlled entities together ("Consolidated Entity" or "the Group").

A copy of the consolidated audited financial report of the Consolidated Entity as at and for the year ended 31 December 2023 is available upon request from the Company's registered office or at www.fertoz.com.

Basis of preparation

The consolidated interim financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, and the Corporations Act 2001.

The consolidated interim financial report does not include full disclosures of the type normally included in the annual financial report. Accordingly, it is recommended that this report be read in conjunction with the audited financial report of the Group for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The consolidated interim financial report was authorised for issue by the Directors on 13 September 2024.

Historical cost convention

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

Critical accounting estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in preparing this consolidated interim financial report, including the key sources of estimation uncertainty, were consistent with those applied in the Company's audited financial report for the year ended 31 December 2023.

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 incurred a net loss of \$827,895 and net operating cash outflows of \$547,745 for the period ended 30 June 2024. As at 30 June 2024 the Group has cash of \$835,299.

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

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:

- proven ability of the Group to raise the necessary funding or settle debts via the issuance of shares; and
- the group is operating on 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.

Change in Accounting Policies and Accounting Standards

The accounting policies adopted in this report are consistent with those applied by the Group in its consolidated audited financial report for the year ended 31 December 2023.

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Fertoz Limited

Notes to the consolidated financial statements

For the six months ended 30 June 2024

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into three operating segments taking into consideration geographical location and the product being sold. 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, creditors, debtors 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. These items are presented as "Unallocated items" in the table below.

Consolidated – 30 June 2024	Fertilizer Australia \$	Fertilizer North America \$	Carbon	Unallocated \$	Total \$
<i>Income</i>					
Sales of phosphate fertilizer – external sales	292,093	946,052	-	-	1,238,145
Other income	44,536	-	-	-	44,536
Total income	336,629	946,052	-	-	1,282,681
Profit/(Loss) before income tax expense	51,583	(629,825)	(12,521)	(237,132)	(827,895)
Income tax expense	-	-	-	-	-
Profit/(Loss) after income tax expense	51,583	(629,825)	(12,521)	(237,132)	(827,895)
<i>Assets</i>					
Segment assets	460,537	10,557,482	-	479,041	11,497,060
Segment liabilities	(60,176)	(868,321)	-	(689,204)	(1,617,701)
Segment net assets	400,361	9,689,161	-	(210,163)	9,879,359

Consolidated – 30 June 2023	Fertilizer Australia \$	Fertilizer North America \$	Carbon	Unallocated \$	Total \$
<i>Income</i>					
Sales of phosphate fertilizer – external sales	328,351	1,459,943	-	-	1,788,294
Other income	33,149	-	-	-	33,149
Total income	361,500	1,459,943	-	-	1,821,443
Profit/(Loss) before income tax expense	16,824	(1,712,003)	(235,273)	(422,680)	(2,353,132)
Income tax expense	-	-	-	-	-
Profit/(Loss) after income tax expense	16,824	(1,712,003)	(235,273)	(422,680)	(2,353,132)
<i>Assets</i>					
Segment assets	579,762	11,877,701	-	787,341	13,244,804
Segment liabilities	(42,244)	(1,014,000)	-	(131,363)	(1,187,607)
Segment net assets	537,518	10,863,701	-	655,978	12,057,197

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Fertoz Limited
Notes to the consolidated financial statements
For the six months ended 30 June 2024

Note 2. Operating segments (continued)

Consolidated – 31 December 2023	Fertilizer Australia	Fertilizer North America	Unallocated	Total
<i>Assets</i>				
Segment assets	502,368	10,599,801	1,345,309	12,447,478
Segment liabilities	(33,120)	(880,196)	(797,384)	(1,710,700)
Segment net assets	469,248	9,719,605	547,925	10,736,778

Consolidated	
30 June 2024	31 December 2023
\$	\$

Non-current assets, excluding financial instruments and deferred tax assets, located in:

Australia	-	-
North America	9,229,420	9,237,401
	9,229,420	9,237,401

Note 3. Current assets – Trade and other receivables

Consolidated		
30 June 2024	31 December 2023	
\$	\$	
Trade receivables	351,510	438,051
Less: expected credit loss provision	(53,951)	(101,301)
Other receivables and prepayments	89,854	56,263
	387,413	393,013

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. An allowance for expected loss was recognised based on a probability of default of 5% at the date of subsequent recognition of the receivable. At 30 June 2024, further to a re- assessment of the amount trade receivable, credit loss of \$nil was recognised.

Note 4. Current assets – Other current assets

Consolidated		
30 June 2024	31 December 2023	
\$	\$	
GST & other receivables	74,804	52,574
	74,804	52,574

Note 5. Current assets – Inventory

Consolidated		
30 June 2024	31 December 2023	
\$	\$	
Inventory consists of the following		
Crushed raw ore	589,723	689,098
Finished products	80,728	76,584
	670,451	765,682

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Fertoz Limited
Notes to the consolidated financial statements
For the six months ended 30 June 2024

Note 6. Non-current assets – Exploration and evaluation assets

Consolidated	
30 June 2024	31 December 2023
\$	\$
7,084,091	6,873,597

Exploration and evaluation assets, at cost

Reconciliations of the written down values at the beginning and the end of the current and previous financial year are set out below

Movements in exploration and evaluation assets

Carrying amount at beginning of the period	6,873,957	6,156,371
Additions	284,588	1,113,264
Proceeds from sale of material removed from Fernie	-	(259,663)
Foreign exchange movement	(74,454)	(136,015)
Carrying amount at the end of period	7,084,091	6,873,957

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

Note 7. Non-current assets – Property, plant and equipment

	Plant & Equipment	Asset under Construction	Total
	\$	\$	\$
<i>Cost or valuation</i>			
Balance at 1 January 2023	157,547	778,840	936,387
Additions	-	-	-
Impairment	-	(441,201)	(441,201)
Exchange difference	3,667	21,245	24,912
Balance at 31 December 2023	161,214	358,884	520,098
Impairment	-	(21,132)	(21,132)
Re-classified as plant and equipment	198,319	(198,319)	-
Exchange difference	981	(1,510)	(529)
Balance at 30 June 2024	360,514	137,923	498,437
<i>Accumulated depreciation</i>			
Balance at 1 January 2023	103,780	-	103,780
Depreciation for the year	9,031	-	9,031
Exchange difference	2,416	-	2,416
Balance at 31 December 2023	115,227	-	115,227
Depreciation for the period	24,414	-	24,414
Exchange difference	2,951	-	2,951
Balance at 30 June 2024	142,592	-	142,592
Net book value			
At 30 June 2024	217,922	137,923	355,845
At 31 December 2023	45,987	358,884	404,871

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Fertoz Limited
Notes to the consolidated financial statements
For the six months ended 30 June 2024

Note 8. Current liabilities -Trade and other payables

	Consolidated	
	30 June 2024 \$	31 December 2023 \$
Trade creditors	552,477	428,645
Accruals	33,456	95,745
Other payables	8,950	9,408
	<u>594,883</u>	<u>533,798</u>

Note 9. Right-of-use assets and current liabilities

The group has leased assets – motor vehicle, office and equipment during the period ended 30 June 2024. Information about the leases is presented below.

Right-of-use assets

	Motor Vehicle	Office Building	Pelletizing Plant	Total
	\$	\$	\$	\$
At 1 January 2024	138,360	67,342	1,752,871	1,958,573
Additions	-	-	-	-
Disposals	(66,764)	-	-	(66,764)
Amortisation	(44,552)	(19,904)	(82,590)	(147,046)
Exchange difference	4,372	1,695	38,654	44,721
Balance at 30 June 2024	31,416	49,133	1,708,935	1,789,484

Lease liabilities

	Motor Vehicle	Office Building	Pelletizing Plant	Total
	\$	\$	\$	\$
At 1 January 2024	111,960	67,791	382,449	562,200
Termination of leases	(64,978)	-	-	(64,978)
Interest expenses	2,279	1,243	18,694	22,216
Lease payments	(19,328)	(20,502)	(61,122)	(100,589)
Foreign exchange movement	3,350	1,698	8,742	13,427
Balance at 30 June 2024	33,283	50,230	348,763	432,276

Lease liability within one year	22,212	39,952	90,236	152,400
Lease liability between 1-5 years	11,071	10,278	258,527	279,876

Interest expense (lease charges) amounting to \$22,216 has been recognised in the profit or loss for the period ended 30 June 2024. Amount of payment of principal portion of lease liability recognised in the statement of cashflows is \$100,589.

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For the six months ended 30 June 2024

Note 10. Equity – Issued share capital

(a) Ordinary shares

	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	Number of shares	Number of shares	\$	\$
Ordinary shares – fully paid	250,248,872	257,834,822	34,415,604	34,415,604

Movements in share capital

Details	Date	No of Shares	Issued Price (\$)	Amount (\$)
Balance	31 December 2023	257,834,822		34,415,604
Cancellation of treasury shares	16 February 2024	(7,585,950)	-	-
Balance at 30 June 2024		250,248,872	-	34,415,604

(b) Treasury shares

	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	Number of shares	Number of shares	\$	\$
Treasury shares	-	(7,585,950)	-	-

Treasury shares are shares in Fertoz Limited that are held by the Fertoz Limited ESPP Trust (the Trust) for the purpose of issuing shares under the Fertoz Limited employee share scheme. Shares issued to employees are recognised on a first-in-first-out basis.

Movements in treasury shares

Details	Date	No of Shares	Issued Price (\$)	Amount (\$)
Balance at 31 December 2023		7,585,950	-	-
Cancellation of performance shares	16 February 2024	(7,585,950)	-	-
Balance at 30 June 2024		-	-	-

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Fertoz Limited
Notes to the consolidated financial statements
For the six months ended 30 June 2024

Note 11. Loss per share

	Consolidated	
	30 June 2024 \$	30 June 2023 \$
<i>Earnings per share for profit/(loss) from continuing operations</i>		
Loss after income tax expense for the period	(827,895)	(2,353,312)
	Number	Number
Weighted average number of shares used in calculating basic earnings per share	251,355,866	257,013,895
Weighted average number of shares used in calculating diluted earnings per share	251,355,866	257,013,895
	Cents	Cents
Basic loss per share	0.33	0.92
Diluted loss per share	0.33	0.92

At 30 June 2024, there were 6,450,000 (2023: 7,500,000) performance shares and options outstanding which could potentially dilute basic earnings per share in the future. Because there is a loss after income tax for the period, these would have an anti-dilutive effect and therefore diluted earnings per share is the same as the basic earnings per share.

Note 12. Share-based payments

Expenses arising from share-based payment transactions

(a) Performance Shares

Total expenses arising from share-based payment transactions recognised during the period as part of contract for services in terms of options and shares issued to directors, employees and consultants were \$29,290 (2023: \$151,196).

For the reporting period, movement in performance rights are as per below:

30 June 2024

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 period
26/04/2022	-	\$0.00	5,750,000	-	-	-	5,750,000
05/09/2022	-	\$0.00	1,400,000	-	-	(700,000)	700,000
			7,150,000			(700,000)	6,450,000
Weighted average exercise price			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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Fertoz Limited

Notes to the consolidated financial statements

For the six months ended 30 June 2024

Note 12. Share-based payments (continued)

During the year ended 31 December 2023, the Group agreed to issue 1,800,000 performance rights to two employees. These are as follows:

Performance Rights	Number	Assumed Vesting Date	Milestone for release from escrow	Issue Price
Employee Rights	1,200,000 ¹	Anniversary dates	400,000 vested at commencement of employment. 400,000 rights will vest at each of the first and second anniversary of continuing employment and in good standing.	Nil
	200,000 ²	7 May 2026	200,000 rights will vest when shares trading on ASX at a VWAP of, or in excess of, \$0.45 for 10 consecutive days	Nil
	200,000 ²	20 May 2026	200,000 rights will vest when shares trading on ASX at a VWAP of, or in excess of, \$0.55 for 10 consecutive days	Nil
	200,000 ²	30 May 2026	200,000 rights will vest when shares trading on ASX at a VWAP of, or in excess of, \$0.65 for 10 consecutive days	Nil
	1,800,000³			

¹ The performance rights were valued at the date of commencement of employment for the two employees, being 5 September 2022 at \$0.18 per right for a total of \$144,000, with a probability of vesting of 100% for four of the tranches, and 0% for two other tranches. On 16th February 2024, 400,000 performance rights were forfeited. Amount recognised during the period to 30 June 2024 was \$11,293.

² The fair value of rights are determined at grant date, by the Company, using a Monte Carlo Simulation Methodology (MCSM) that takes into account the share price at grant date, performance hurdles prices, expected volatility (determined by reference to historical volatility of the share price), performance right life based on a term of 3 years, the risk free rate, and the fact that the performance rights are not tradeable. The inputs used for the MCSM pricing model for options outstanding during the period ended 30 June 2024 were as follows:

Grant date	Assumed Expiry date	Number Issued	Share price at grant date	Exercise price	Performance hurdle price	Expected volatility	Risk-free Interest rate	Time to achieve hurdle price	Fair value at grant date
05/09/2022	23/06/2026	200,000	\$0.18	-	\$0.45	85%	3.25%	3 years	\$0.1922
05/09/2022	23/06/2026	200,000	\$0.18	-	\$0.55	85%	3.25%	3 years	\$0.1889
05/09/2022	23/06/2026	200,000	\$0.18	-	\$0.65	85%	3.25%	3 years	\$0.1845

An amount of \$4,237 was recognised during the period ended 30 June 2024.

³ On 16 February 2024, 700,000 performance rights were forfeited which resulted in a share-based payment write back of \$62,137.

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Fertoz Limited

Notes to the consolidated financial statements

For the six months ended 30 June 2024

Note 12. Share-based payments (continued)

During the year ended 31 December 2022, the Group agreed to issue 7,750,000 performance rights to the Chief Executive Officer. These are as follows:

Performance Rights	Number	Assumed Vesting Date	Milestone for release from escrow	Issue Price
CEO Rights	3,000,000 ¹	Anniversary dates	1,000,000 vested at commencement of employment. 1,000,000 rights will vest at each of the first and second anniversary of continuing employment and in good standing	Nil
	1,000,000 ²	04/04/2028	Vest if the Company's shares trade on ASX at a VWAP of, or in excess of, \$0.40 for 10 consecutive days	Nil
	1,000,000 ²	04/04/2029	Vest if the Company's shares trade on ASX at a VWAP of, or in excess of, \$0.50 for 10 consecutive days	Nil
	2,000,000 ²	04/04/2030	Vest if the Company's shares trade on ASX at a VWAP of, or in excess of, \$0.65 for 10 consecutive days	Nil
	250,000 ²	31/12/2024	Achievement of 10,000ha of reforested or rehabilitated land managed in a carbon project by Fertoz Carbon before 31 December 2024	Nil
	250,000 ²	31/12/2024	Sale of \$500,000 of Carbon Credits in a project managed by Fertoz Carbon before 31 December 2024	Nil
	250,000 ²	31/12/2024	Achievement of 60,000t of fertilizer sales in any one year before 31 December 2024	Nil
	7,750,000			

¹ The performance rights were valued at the date of shareholders' approval at the Annual General Meeting held on 31 May 2022 at \$0.20 per right for a total of \$600,000, with a probability of vesting of 100%. During the year ended 31 December 2022, the above performance hurdle of employment commencement was met and the performance shares were exercised and ordinary shares issued. The performance shares 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. Amount recognised during the period to 30 June 2024 was \$25,753.

² The performance rights were valued at the date of commencement of employment at \$0.20 per right for a total of \$100,000, with a probability of vesting of 100% for the reforested land and fertilizer sales milestones and a probability of vesting of 0% for the carbon credit milestone. Amount recognised during the period to 30 June 2024 was \$32,080.

³ The fair value of rights are determined at grant date, by the Company, using a Monte Carlo Simulation Methodology (MCSM) that takes into account the share price at grant date, performance hurdles prices, expected volatility (determined by reference to historical volatility of the share price), performance right life based on an assumed tenure of 10 years, the risk free rate, and the fact that the performance rights are not tradeable. The inputs used for the MCSM pricing model for options outstanding during the period ended 30 June 2024 were as follows:

Grant date	Assumed Expiry date	Number Issued	Share price at grant date	Exercise price	Performance hurdle price	Expected volatility	Risk-free Interest rate	Time to achieve hurdle price	Fair value at grant date
04/04/2022	04/04/2032	1,000,000	\$0.20	-	\$0.40	86%	3.25%	6 years	\$0.1922
04/04/2022	04/04/2032	1,000,000	\$0.20	-	\$0.50	86%	3.25%	7 years	\$0.1889
04/04/2022	04/04/2032	2,000,000	\$0.20	-	\$0.65	86%	3.25%	8 years	\$0.1845

An amount of \$18,064 was recognised during the period ended 30 June 2024.

(b) 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.

No options were issued during the half year ended 30 June 2024.

At 30 June 2024, the options with an average remaining life of 0.2 years, were vested and unexercised.

Fertoz Limited

Notes to the consolidated financial statements

For the six months ended 30 June 2024

Note 12. Share-based payments (continued)

On 29 August 2022, the Company granted 900,000 broker options with respect to the capital raising. The broker options are exercisable at a price of \$0.27 on or before 29 August 2025. The options were recognised at a fair value, based on Black Scholes Valuation Model, of \$0.10 per option for a total value of \$89,975. The valuation is based on an expected volatility of 108.55%, risk free interest rate of 3.51%, expected life of 3 years and stock price of \$0.27.

At 30 June 2024, the options with an average remaining life of 1.2 years, were vested and unexercised.

During the previous period the Company issued 1,600,000 options to Blackwood Capital Pty Ltd, subject to shareholder approval, with an exercise price of \$0.27, expiring 3 years after issue. These options were issued (following shareholder approval on 30 May 2023) on 29 June 2023. The option valuation is calculated based upon fair value utilising the Black and Scholes valuation model of \$0.1114 per option for a total value of \$178,350. The valuation assumes an issue date of 29 August 2022 and expiry date of three years from shareholder approval issue of 30 May 2026. The valuation is based on an expected volatility of 108.55%, risk free interest rate of 3.51%, expected life of 3 years and stock price of \$0.27.

At 30 June 2024, the options with an average remaining life of 1.9 years, were vested and unexercised.

Note 13. Matters subsequent to the end of the financial period.

Fertoz completed a successful capital raising on 21 August 2024. The capital raised was a gross \$1.225 million before costs with directors contributing a sum of \$209,000 of this total. A shareholders meeting is anticipated for late October 2024 to approve the Directors participation in the placement.

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Fertoz Limited
Directors' Declaration
For the six months ended 30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001; and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 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 303 (5) (a)A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(c) of the *Corporations Act 2001*.

On behalf of the directors



Stuart Richardson
Non-Executive Chairman

13 September 2024

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Independent Auditor's Review Report To the members of Fertoz Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Fertoz Limited (the "company") and its controlled entities (the "group" or "consolidated entity"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Emphasis of Matter - Material Uncertainty Related to Going Concern

Without modifying our conclusion on the half-year financial report, we have considered the adequacy of the disclosure made in Note 1 to the financial report concerning the Company's ability to continue as a going concern. The conditions explained in Note 1 to the financial report indicate the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. The Company's half-year financial report does not include any adjustments that would result if the Company were unable to continue as a going concern.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Suan-Lee Tan
Partner – Audit and Assurance
[Moore Australia Audit \(WA\)](#)

Perth
13th day of September 2024



Moore Australia Audit (WA)
Chartered Accountants