



28 October 2019

Dear Shareholders

FURTHER UPDATE

Shareholders were updated last month and further progress has been made in respect of a number of matters as follows:

- **Resolution of fine with government.** The Ministry of Finance has informally indicated that a closure during November should be expected. We are informed that the delay has been due to the formation of the new corporate entity to be owned by the government and the establishment of its governance framework – Bifox has no input on this matter.
- **Resumption of mining.** Servicio Nacional de Geología y Minería (“Sernageomin”) is the relevant Government authority who will authorise the recommencement of mining at the Caldera Project. The management team in Chile has been active in maintaining contact with Sernageomin and limited delay is expected for the recommencement of mining once the documents with government are completed.
- **Auditor Replacement.** The Company’s auditor for the most recent audited accounts was Nexia. Nexia indicated that they wished to resign from the position of auditor in May 2019. This required Nexia to make application to ASIC to be replaced as auditor. ASIC approved the resignation of Nexia on 18 October 2019. The new auditor of the Company is RSM Australia. RSM commenced on 18 October 2019 and are proceeding to audit the accounts of the Company for 2018 and 2019. It is expected that the Company will hold a combined Annual General meeting for the relevant periods upon completion of the audit.
- **Capital raising.** The Company has received further commitments for capital and will use these funds to consolidate the financial position of the Company. Bifox now has sufficient funding for the foreseeable future based upon these commitments.



- **Field Testing** – The live field testing of the Company’s phosphate rock on designated crops previously reported continues with early results being in line with expectations. The final results will not be known until the crops reach maturity early in 2020.
- **Pilot Testing** – The Company has received the formal proposal for the Pilot Testing of our phosphate rock for the production of single superphosphate (SSP) and partially acidulated phosphoric rock (PAPR). This includes:
 - A phosphoric acid pilot plant for PAPR to achieve 50% P₂O₅.
 - Batch tests to produce powdered PAPR
 - Batch test Bifox phosphate rock with sulphuric acid to produce partially acidulated SSP powder
 - Batch test to fully acidulate Bifox phosphate rock with sulphuric acid to produce SSP powder
 - Conduct and confirm granulation tests to the above
 - Provide the scale parameters for the plant
- **Armed Robbery** – following the armed robbery previously reported the Company has engaged professional security which are on site 24/7. The preliminary view reached was that the processing plant needs to be fully surrounded by a security fence and various other on-site initiatives including motion cameras and lighting. These are being implemented progressively. The fencing and other works are ~US\$100,000. The Company has ordered the replacement equipment from China.
- **IPO** – The Company continues to work with our preferred broker as we commence phosphate production reporting associated sales revenue results leading to the targeted Q1 2020 IPO.
- **Civil Disturbance** – Chile has been experiencing some civil disturbance in the capital Santiago. The Company has no view on the matter as it is not involved in the domestic politics of Chile in any form. As a practical matter the unrest in Santiago is some 800 kilometers south of the Caldera operations and no disruption is likely or expected.

Yours Sincerely

Chris West
Director