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ASX RELEASE / MEDIA RELEASE

Operational Update: Meeting Strategic Goals in North America, while FertAg Receives Organic Certification from BioGro New Zealand

HIGHLIGHTS

- FertAg 0-8-0 receives organic certification as an allowable input for organic agriculture in New Zealand
- New Zealand opens up a large market for Fertoz with many areas containing soils suffering from mineral and phosphate depletion - FertAg products make a positive impact on soil condition
- North American operations continue to meet strategic goals. Fertoz has processed 17,000t at Butte, Montana and is currently filling Spring and Summer orders, trucking 800-1,000t per week to customers
- Exercise of Options raises \$877,000

Phosphate exploration and development company, Fertoz (“Fertoz” or the “Company”, ASX: FTZ) is pleased to announce it has received the BioGro New Zealand Certificate of Compliance for its leading organic fertilizer FertAg 0-8-0.

Les Szonyi, Managing Director of FertAg Pty Ltd, the Company’s wholly owned Australian subsidiary stated:

“We are pleased to advise that Fertoz’s Australian subsidiary has recently received organic certification from BioGro for FertAg 0-8-0 in New Zealand. This is an important step for us as New Zealand opens up another large market for the Company and we look forward to experiencing similar success there. FertAg Managing Director Les Szonyi is currently in discussions with various distributors in New Zealand with some having already begun placing orders.

“This is great timing for FertAg as we recently received a written endorsement on FertAg 0-8-0 from a farmer who has been using the product for two years. His endorsement is reproduced below and will be uploaded to our website for easy reference.

“Finally, we are pleased to advise that recently expiring options were converted raising an additional \$877,000. Another tranche of options expire at the end of September and early indications are that many

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Company Secretary

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J. Chisholm
Stedwell

Key Projects

Wapiti
Fernie

Ownership: 100%
Ownership: 100%

Fertoz Ltd

A.C.N. 145 951 622

of these will also be converted – a testament to our recent progress in Australia and North America which we expect to continue.”

FertAg Accreditation in New Zealand

The Company is pleased to announce that FertAg 0-8-0 has been certified by BioGro NZ as an allowable input for organic agriculture. BioGro is New Zealand’s largest and best-known certifier for organic produce and products, certifying and accrediting more than 750 producers, farmers and manufacturers across New Zealand and the Pacific.

The BioGro logo guarantees that a product is made without animal testing, genetic modification and the routine use of synthetic pesticides. It is the mark of a genuine organic product, and FertAg 0-8-0 is now certified for organic agriculture in both Australia and New Zealand. New Zealand represents a large potential market for FertAg 0-8-0 as many areas have soils that are suffering from mineral and phosphate depletion.

According to the *2016 Organic Market Report* by Organics Aotearoa New Zealand (OANZ), with two out of every three New Zealanders buying organic produce at some time each year (and in particular Millennials and Gen Y consumers), the NZ organic market is expanding rapidly. The report indicates that revenue from organic wine, honey, dairy products and fruit/vegetables are all growing strongly. There are 69 organic wine producers in New Zealand, a small number compared to North America, but nonetheless this now represents a readily accessible target market for FertAg.



Figure 1: BioGro Certificate of Compliance received for FertAg 0-8-0 in New Zealand

OANZ released another report in June 2018, noting that New Zealand's organic sector had grown 30% over the previous two-year period, taking the market to NZ\$600mpa. In that same period, there was a 42% jump in organic exports. New Zealand has a well-established organic brand and the country now exports 60% of its organic produce. According to OANZ, the organic market is the fastest growing multi-food sector in the World, driven by consumers seeking organic produce. This drive by consumers is leading to an annual 10.5% growth per year in organic foods – around 5x the growth in the non-organic food sector.

Fertag Endorsement

Bevan Latham, a farmer from Walcha, NSW, who has been using FertAg 0-8-0 since August 2016, recently reported:

"After the first application of FertAg in August 2016 at a rate of 15 tonne/150 acres, I noticed there was more even grass coverage and clover. The grass was rich in colour. This was noticed after six months.

"I then applied a second round of 14 tonnes in August 2017 which was at the time we had experienced dry periods up to that point. I noticed, compared to an adjoining neighbour, that my farm was much greener and the grasses were withstanding the dry conditions much longer. This is due to the deep root structure of the plants and the red basalt soil.

"I had the soil tested in June 2018 to guide me as to what the soil may or may not be lacking. I have sought the advice of FertAg in the past and have always been happy with their advice and expert opinion. The results of the soil tests showed optimum nutrient levels in all areas. This enables me to reduce the quantity of applications to maintain optimum levels.

"I apply FertAg myself with a two-tonne broadcast spreader. FertAg is easy to handle and stores for long periods of time. The product does not solidify over time as other products do.

"Due to FertAg's slow release composition, the benefits are sustained in the delivery of 99% of the product. There is little dust with the product and because it dissolves in acidic soils the results are seen even without rainfall.

"My past experiences with fertiliser, superphosphates etc are that the visible results were short lived, with reapplication required to maintain healthy plant life.

"FertAg is slow release supplement which makes soil structure healthy and benefits the plant. I would thoroughly recommend FertAg if you are looking for a change from current pasture improvement products and methods."

Figure 2 illustrates Bevan's paddock applied with FertAg 0-8-0 compared to a neighbouring property, with no application.



Figure 2: FertAg 0-8-0 with good growth in drought conditions compared to neighbouring property

North American Operations

The Company's operations in North America continue to meet strategic goals:

- Exploration in Alberta and British Columbia – the Company is currently staking road routes and collecting ore samples in both the Alberta and BC Fernie leases (Marten and Barnes Lake).
- Bulk Sample permitting is on-going.
- Processed 17,000t so far at Butte (refer Figure 3). More product expected to be processed from a similar and proximate site under investigation by the Company at present.
- Currently trucking 800 – 1000 tonnes per week from Butte, filling Spring and Summer orders (refer Figure 4). Weather-permitting, the Company will be trucking deliveries into November (refer Figure 5).
- Fertoz is focusing its sales efforts on Fall 2018 and Spring 2019 deliveries. Indicative quantities from existing and new customers are expected in the coming weeks.



Figure 3: 17,000 tonnes of product now processed at Butte



Figure 4: Loading product at Butte



Figure 5: Trucks crossing the Montana-Alberta border, headed to customers

Options

The Company is pleased to report that a number of options which were due to expire in August 2018 were exercised, raising \$877,000 for the Company. A further tranche of options is due to expire at the end of September, with early indications that many of these will also be converted.

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