

Fertoz

10 October 2018

ASX RELEASE / MEDIA RELEASE

100,000t Montana Ore Resource Marketing Agreement

HIGHLIGHTS

- Fertoz signs marketing agreement covering over 100,000t of additional phosphate ore resources, providing sufficient supply to meet the Company's sales targets of 30,000 - 50,000t of fertiliser products in CY19 and 100,000t in CY20
- Stockpile is proximate to the Company's existing operations in Montana and displays similarly high quality and versatility as Fertoz's existing ore
- The Company is making progress on its Bulk Sample Permit in Alberta, Canada
- Fertoz is working hard to meet deliveries of CY18 sales and has recently been delivering 800 to 1,000 tonnes per week
- Fertoz receives approximately \$1.7 million in additional working capital as final tranche of \$0.18 options are fully subscribed

Organic phosphate development company Fertoz Limited ("Fertoz" or "the Company", ASX: FTZ) is pleased to advise that the Company has identified and secured access to a 100,000t stockpile of high-quality, high availability rock phosphate located close to the Company's operations in Montana.

Fertoz has formalised this access reaching a marketing agreement which will see the Company use the ore in its fertiliser blends.

Fertoz Executive Chairman, Patrick Avery, stated:

"Although we have made good progress recently in relation to permitting our Alberta leases for a bulk sample, we wanted to ensure we had sufficient ore available to make our CY19 fertiliser sales targets. After assessing various small deposits and stockpiles across North America, we settled on this particular stockpile due to its proximity to our existing operations, its similarly high quality, and its ability to be processed into the various blends and sizes that our customers demand. We plan to move over 5,000t of this ore to Butte, Montana over the coming weeks to process it, ready for deliveries in CY19.

"We are very pleased with these advancements in our ore supply. Everyone has worked hard to get these resources in place and plan for the longer term. We have built great relationships in Montana, and the same people will be handling our processing, loading, trucking and logistics.

"Separately, after discussions with the regulator in Alberta, we have updated our plans for a Bulk Sample Permit. We are encouraged by the progress being made in Alberta and have recently applied for another parcel of land to complement our existing leases in the Fernie project.

ASX: FTZ



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Board of Directors

Executive Chairman
Non-Executive Director
Non-Executive Director
Non-Executive Director
Company Secretary

P. Avery
S. Richardson
A. Byass
J. Chisholm
Stedwell

Key Projects

Wapiti
Ferne

Ownership: 100%
Ownership: 100%

Fertoz Ltd

A.C.N. 145 951 622

“Fertoz’s Chief Operating Officer, Jo Shearer, has worked hard to develop the Company’s Fernie area leases, the Pump Station extension and the Alberta leases, as well as Wapiti. With the Alberta Bulk Sample permit pending, the Marten lease hopefully not too far behind, and the Barnes Lake Bulk Sample application being filed, we’ll be ready for a strong 2019.

“Having secured the new 100,000t ore Marketing Agreement, and making progress at the Alberta and Fernie area leases, we have sufficient resources to meet our stated sales targets of 30,000 - 50,000 tonnes in CY2019 and 100,000 tonnes in CY2020. This is a critical step and accomplishment.”

The 100,000t x 1/4inch stockpile is approximately 40 miles from the Company’s existing Butte stockpile which is rapidly depleting due to strong customer orders. The ore has been tested and meets the same standards that the Company’s deposits in Canada achieve, and the standards of the ore covered by marketing arrangements in Butte and Mexico.



Figure 1: Recent photo of processing ore at Butte, Montana

Jo Shearer, Fertoz COO, recently hosted the Alberta Forest Ranger Department on a tour of the Company’s Crowsnest Alberta area leases. The meetings progressed the Bulk Sample Permit application, and based on feedback during the meetings, the Company is confident that progress is being made on the application. Once issued, the Company plans to mine a 5,000t bulk sample. This is a well-known mining area and has great road, rail, and processing services infrastructure.



Figure 2: Outcropping phosphate on Alberta project, near Alberta/BC border

The company is working hard to meet deliveries of CY18 sales and has been delivering 800 - 1000 tonnes per week. Recent snow and rain in the Prairies have delayed harvest, and hence, fall fertiliser applications. If the weather holds, the Company will make all or most of the fall deliveries and will store additional fertiliser blends for Spring 2019 sales. For the 100,000t ore resource agreement announced today, the Company's stockpile plan is:

- After sales from Butte, approximately 7,000t of ore will remain from the original Butte stockpile. The Company will place this in a concrete storage building ready for Spring deliveries.
- The Company will move over 5,000t from the new ore body to Butte. This will be processed and stored.
- On issue of the Alberta Bulk Sample Permit, the Company will mine 5,000t and process and store that as well.

This plan will ensure the Company has over 17,000t ready for Spring sales. The Company will then start moving powdered and grit rock phosphate in February - March, and granular and blended product in April - May 2019, to meet farmer fertilisation timetables.

The Company also notes that it has received approximately \$1.7 million in additional working capital with the final tranche of \$0.18 options being fully subscribed.

Patrick Avery stated:

“It is very pleasing to receive support from shareholders in exercising the options. This additional working capital will be valuable as we execute on our growth plan including sales, inventory build for the 2019 fall season, and continue to expand Fertoz’s customer base in North America, Australia and New Zealand.”

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