



29 August 2017

ASX RELEASE / MEDIA RELEASE

Fertoz North American Autumn Update

HIGHLIGHTS

- Wapiti and Fernie project areas remain in good condition after a dry summer, and ideally placed to support Fertoz's goals of building a quality organic agriculture sales book
- Multiple sales calls and visits underway
- Progress on small mine application and increased bulk sample permits – meeting with Executive Director, Ministry of Mines, to progress permits

Organic phosphate development company Fertoz Ltd (“Fertoz” or the “Company”, ASX: FTZ) is pleased to provide an update on operational and regulatory progress at the start of the North American autumn period.

Fertoz Executive Chairman, Pat Avery, commented:

“We continue to quote products, undertake trials, attend field days and educate farmers in the benefits of our rock phosphate and blended phosphate fertilisers, and this is having an impact on forecast sales. We are following a similar trajectory to our Australian operations, with significant lead-up time required to educate buyers and then sales start to increase.”

“We have progressed our permitting activities, and recently met with the Executive Director for the Ministry of Mines in Vancouver to provide more background on our mining development plants.”

“We have secured additional product to ensure we have material available to supply to farmers. Collectively, our operations and stockpiles are in regions that host a significant proportion of North America's organic agriculture.”

“We expect our education efforts with growers to yield sales results as our mining activities ramp up.”

Fertoz has recently updated its mining, logistics and permitting plans with the intention of providing its high-availability rock phosphate to organic farmers in North America as early as possible. Company executives and consultants have been working closely with the First Nations active in Wapiti (West Moberly First Nations, Sauteau First Nation and the McLeod Lake Indian Band) and recently attended the McLeod Lake Festival — a significant gathering for local stakeholders. During these meetings, the Company's plans for a 65,000 tpa small quarry operation were progressed. The Company expects Wapiti to supply product as sales grow in central BC and Alberta, Canada.

Separate meetings were held in the Fernie area to progress the relevant permits there, which will feed direct application phosphate into the north-western USA and USA/Canada border regions.

ASX : FTZ



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Key Projects

Wapiti	Ownership: 100%
Fernie	Ownership: 100%
Fertoz Ltd	A.C.N. 145 951 622

The Company's Executive Chairman, Pat Avery, and Chief Operating Officer, Jo Shearer, also recently met with the Executive Director for the BC Ministry of Mines to progress permit applications.

Fertoz Chief Operating Officer, Jo Shearer, said:

"We like the Fernie area for many reasons. The ore is shallow and a very consistent grade, and is close to major highways and rail. Being in southeastern BC, the milder weather provides far easier access and an attractive mining window."

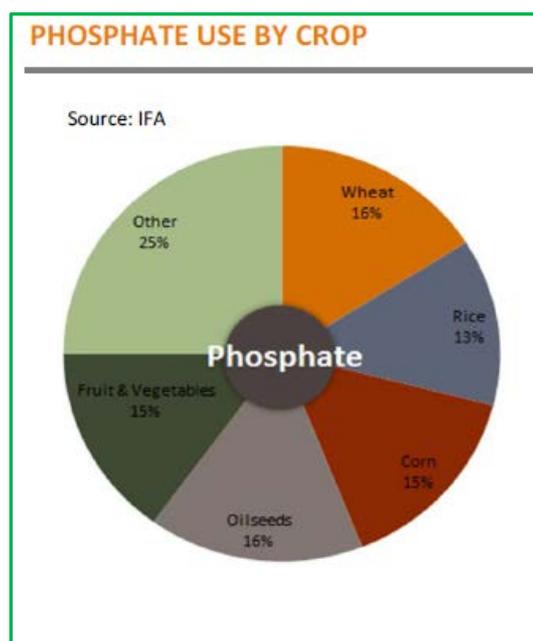
As noted in earlier announcements, the organic sector in North America is growing, and numerous articles are now starting to show the benefits of organic farming practices.

A technical paper published in July this year entitled *"Long-Term Rock Phosphate Fertilization Impacts the Microbial Communities of Maize Rhizosphere"*, by Silva et al, discusses the benefits of direct application rock phosphate over chemically manufactured phosphates (single super, DAP, MAP) in relation to overall soil health. The article concentrates on corn, one of the main cereal crops produced in North America, and the world.

According to the US Department of Agriculture (2017), approximately 900mt of maize is produced each year. Phosphorus is an essential nutrient for this crop, particularly in the flowering stage and when the grains are being developed.

Soluble phosphorus (SSP, DAP, MAP) has been shown to have negative impacts on aquatic environments, whereas direct application rock phosphate has been shown to have lower costs, be agronomically more useful and environmentally more feasible than soluble forms of phosphorus.

The International Fertiliser Association has broken down the use of phosphate in crops as shown below:



Fertoz has been focussed on meeting the needs of the large users of organic fertiliser in North America.

The fertiliser market in North America is currently undergoing structural change due to low gas prices, which are the main input to nitrogen-based fertilisers. Historically, the US has been a major importer of nitrogen-based fertilisers, which has made them relatively expensive as a farm input, but with the shale-gas revolution in the USA, the country is rapidly reducing the importation of nitrogen-based fertilisers in preference for cheaper domestic supply.

According to Fertecon, an agribusiness intelligence group, the US imported over 16 million tonnes of nitrogen fertilisers in 2015, but significant new domestic capacity resulting from cheap shale gas sources will see imports almost halve by 2020.

Fertoz expects this to result in more discretionary spend for other fertiliser inputs such as blended rock phosphate, which should help to support the Company's organic agriculture sales book.

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