

Fertoz

31 October 2017

ASX RELEASE / MEDIA RELEASE

Fertoz Sales Pipeline Building With 2,000+ Tonnes Quoted

HIGHLIGHTS

- Fertoz secures promising sales of multiple phosphate and phosphate/sulphur blended products to organic dealers, growers and distributors in North America
- Sales pipeline building with more than 2,000 tonnes of product quoted across North America
- New client case study validates Fertoz's reported yield increases of between 10% and 50% over control plots

Organic phosphate development company Fertoz Ltd ("**Fertoz**" or the "**Company**", ASX: FTZ) is pleased to provide an update on sales in North America.

Fertoz Executive Chairman, Pat Avery, commented:

"I am very pleased with our recent sales volumes and performance. Offering new products, in any business, is tough and agricultural products must have an agronomic basis, yield data, dedicated support of existing customers, and word-of-mouth marketing. We now have promising yield data from farm trials, and word-of-mouth support is spreading about our North American products.

"We have quotes out in the market for over 2000 tonnes and anticipate that a proportion of these will convert to sales in the North American fall. These sales to leading dealers and growers will build credibility and underpin new sales in these areas.

"Next year, these customers should tell friends and neighbours about the increases in yield and performance that Fertoz's products are bringing, and we expect this viral growth to complement our marketing efforts to drive more sales in North America in 2018. Our publication of ongoing results for our products will certainly help in this regard.

"Additionally, the sales pipeline looks great, targeting all our strategic sales areas in Canada and the USA. We have a broad, growing base of dealers, growers and large and small organic and conventional operators, all applying our products to a range of crops in a number of geographies.

"While we have great products, success in this industry is always about trust and relationships. Our mining and field guys are extremely knowledgeable and efficient. Our sales team in Canada consists of highly experienced, trusted professionals with strong relationships in many sectors. It is more than the products: it still takes great people to build a company, and we expect to build volumes and further success following our recent progress."

ASX : FTZ



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Board of Directors

Executive Chairman	P. Avery
Non-Executive Director	J. Chisholm
Non-Executive Director	A. Byass
Company Secretary	J. McNally

Key Projects

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

The key products being trialled and sold in North America are based on the Company's organically certified phosphate rock, available from sites at Fernie and Wapiti and the stockpile in Montana, in typically one of three products:

- A 50 – 100 mesh rock phosphate, which can be spread by a spin-spreader or lime spreader, and can also be blended with other fertiliser elements;
- A 325 mesh, very finely crushed rock that is used by third party manufacturers to blend with their fertiliser products; it can also be mixed in water and used as a liquid fertiliser or for fertigation (spraying direct onto the leaves of plants, particularly greenhouse vegetables); and
- A granulated rock/sulphur blend which can be field applied by large scale air spreaders.

Preliminary feedback from growers using the Company's rock phosphate and rock phosphate blended with sulphur is encouraging. Farmers from British Columbia and Saskatchewan, along with managers of several greenhouse trials, have reported yield increases anywhere from **10% to 50%** over control plots.

Customer case study

As an example of these yield increases, during the summer of 2017, Dale Hicks, a Saskatchewan organic crop farmer and owner of Hickseeds, ran field trials in southern Saskatchewan on Fertoz Certified Organic Rock Phosphate blended with Certified Organic Sulphur and used with Certified Organic Mychorizal Inoculant seed treatment on organic wheat.

The Fertoz Rock Phosphate and elemental sulphur were blended, granulated into a pearl and then applied with an airseeder. Wheat inoculated with the Certified Organic Mychorizal was applied with the Fertoz Rock Phosphate/sulphur blend. The field trials took place in the Mossbank area of Saskatchewan on a certified organic brown soil that was pH neutral. The Fertoz Rock Phosphate/sulphur blend was applied at a rate of 90 lb/acre.

While growing conditions in the summer of 2017 were less than ideal, the rock phosphate/sulphur/mychorizal inoculant outperformed the check strips by 6 bus/acre (representing a **17% increase**).

Mr Hicks observed:

"The combination of phosphate/sulphur fertiliser with inoculant gave consistently higher yields in both good plow down fallow or on lentil stubble. The yield differences were wider in field areas where rain and nitrogen were not the limiting factors. The supply of immobile nutrients in long term organic fields is very low, but the trial showed that the use of biological inoculants and the organic phosphate/sulphur blend that are now entering the market will counter this.

"The economics are clear: with higher value organic food, it pays to build soil to increase yields. Inoculants, Fertoz Rock Phosphate, good plow downs, and sensible crop rotations will increase yields, provide better weed competition and provide for healthier soils, making organic production truly sustainable."

Enquiries for Fertoz's products and sales are all coming from the key target groups identified in the Company's marketing plans: innovative dealers, growers and applicators in both organic and conventional markets, and in particular large agricultural groups, turf and horticulture specialists and manufacturers of specialty products, located in Alberta, Saskatchewan, Manitoba, British Columbia, California, and the Pacific Northwest.

Recent enquiries include:

- A high-quality sulphur products distributor looking to blend the Company's organic phosphate with its organic sulphur.
- A well-respected agricultural inputs dealer group with over ten service and supply locations across the Canadian Prairie Provinces.
- A well-known national turf and horticulture distributor seeking a high quality phosphate product to greatly expand their organic business. Fertoz has passed all testing and is in delivered price negotiations.
- A well-known northern California dealer is trialling Fertoz's 50 pound bag (see images below), granulated product in large retail sales.
- Two major organic products distributors, that distribute organic fertilisers across Canada. In both cases, the distributors were unhappy with their existing rock phosphate supply due to high impurities and heavy metals.
- Recently, a large distributor/agronomist advising on over 1,000,000 acres in Colorado/Wyoming has enquired requesting to be an exclusive distributor. Similarly, a distributor in central Alberta wants a territory.



Fertoz is continuing to conduct a number of trials of its rock phosphate blends. At present, eight agricultural dealers across North Dakota, Montana, the Pacific Northwest and California are testing the Company's products or have samples ready for testing.

Fertoz looks forward to building on its growing market position as it secures initial and recurring sales of its premium organic product to a range of agricultural customers.

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