

Fertoz

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ASX RELEASE / MEDIA RELEASE

Fertoz Signs North American Marketing Agreement

HIGHLIGHTS

- Fertoz signs multi-year Exclusive Marketing Agreement with Krezco Fosfatos in Mexico to sell Krezco organic rock phosphate in North America
- Agreement provides an additional strategically located source of organic rock phosphate to complement its Wapiti and Fernie sites in British Columbia and Silver Bow site in Montana
- The Krezco mine is in Monterrey, Mexico, an area which boasts high quality phosphate, and supplies northern and central Mexico
- Under the Agreement, Krezco will deliver ore to Fertoz at Laredo and Brownsville rail junctions in Texas, and Tampico Port in Mexico as required
- Fertoz testing of the Krezco ore shows total available phosphorus above 12%
- Fertoz is proceeding with ProCert, USDA and OMRI organic registration of the Krezco ore
- Positive recent sales traction for FertAg in Australia raises potential to expand FertAg's fertiliser products to North America

Organic phosphate development company Fertoz Ltd ("**Fertoz**" or the "**Company**", ASX: FTZ) is pleased to advise it has signed an Exclusive Marketing Agreement ("**Agreement**") with Krezco Fosfatos S.A de C.V ("**Krezco**"), a phosphate mine operator and distributor based in Monterrey, Mexico.

Fertoz Executive Chairman, Pat Avery, commented:

"We have been securing suitable organic rock phosphate sources close to strategic transport centres that can supply key organic growing areas in Texas, California, Colorado, Wisconsin, Oregon, North Dakota, Montana and the Prairie Provinces in Canada.

"This exclusive marketing agreement with Krezco supports that strategy. It provides us with high available phosphorus organic rock phosphate, with low impurities, proximate to one of the top 10 organic farming regions of the USA – the state of Texas.

"In the course of quoting Fertoz's organic rock phosphate and rock phosphate blends to organic and conventional farmers across North America, we have identified organic farming hubs consisting of hundreds of organic farms around logistics and distribution centres. These hubs represent highly prospective potential customers who have requested sources of organic rock phosphate that Fertoz can blend and supply.

"With organic farming hubs around Brownsville, and on the Union Pacific rail link from Laredo, the Krezco ore can be readily and inexpensively distributed to farmers in Texas, and other southern and mid-western states, looking for organic fertilisers.

ASX : FTZ



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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 |

“We have already tested the Krezco rock phosphate and are progressing with organic certification. Under the Agreement, Krezco will deliver ore once Fertoz has confirmed orders from North American farmers, to one of three centres – the rail junctions at Laredo and Brownsville or the port of Tampico. We are now researching the possibility of using existing silos central to organic farming hubs for additional storage, depending of course, on back-to-back orders with US farmers.

This Agreement with Krezco enables Fertoz to secure high quality organic rock phosphate for blending and sale to customers in the southern and mid-western states of the USA, which have seen steady growth in organic agriculture over the past few years.”

Krezco Fosfatos operates an organic rock phosphate mine near Monterrey, Mexico, selling to local farmers. Over the past few months, Krezco and Fertoz have been in discussions with the aim of supplying the Krezco organic rock phosphate into the southern states of the USA, and utilising this rock phosphate in the Company’s proprietary fertiliser blends.

The discussions have culminated in an Agreement that provides Fertoz with the exclusive rights to market the Krezco organic rock phosphate into the USA and Canada. Krezco will not provide its organic rock phosphate to any other companies in North America. The term of the Agreement is two years, extendable by agreement.



Figure 1: Map showing Krezco mine location and transport links to the USA

Under the Agreement, when Fertoz places an order for phosphate supply, Krezco will arrange logistics to deliver the phosphate to one of three distribution centres – the rail junctions of Laredo or Brownsville in Texas, or the port of Tampico in Mexico. Krezco will manage all the paperwork associated with transporting the product to these centres, at which point Fertoz will take over the logistics management.

Although pricing between the parties is confidential, Krezco has agreed attractive payment terms for Fertoz, and Fertoz will only place orders with Krezco once it receives confirmed orders from North American customers.

This Agreement provides Fertoz with another strategically located source of organic rock phosphate to complement its Wapiti and Fernie sites in British Columbia and the Silver Bow site in Montana.

The Wapiti site can supply the central and northern organic farms of the Prairie Provinces; Fernie can supply the southern parts of the Prairie Provinces along with the US states of Oregon, Washington and Idaho. Silver Bow is proximate to farmers in Montana, Wyoming, North and South Dakota and Wisconsin.

The Agreement with Krezco will allow Fertoz to extend its distribution to the growing organic regions of the southern US including Texas.



Figure 2: Map showing locations of Fertoz organic rock phosphate supply

Within these states and provinces, the Company has identified organic farming hubs – clusters of organic farms around central service locations that provide agricultural and economic services including farm inputs, maintenance, education, logistics, commercial services etc. The Company is in discussions with organic farmers in these hubs to supply organic rock phosphate and organic rock phosphate blends. The diagram below indicates the depth of potential customers identified in one such hub, in Wisconsin.



Figure 3: Vernon organic hub, Wisconsin: approximately 850 organic farms are within a 200km radius

FertAg Australian market traction and potential North American expansion

Given the significant growth in 2017 of Fertoz’s FertAg business in Australia, the Company is investigating the potential to offer FertAg’s fused magnesium calcium silica phosphate product as an additional North American revenue generating fertiliser blend.

Fertoz Executive Chairman, Pat Avery, said:

“It is always worth having a couple of blends to offer distributors and buyers when discussing distribution deals and sales. The FertAg product has sold very well in Australia which is encouraging and shows the potential for targeting a larger North American marketplace.”

The Company is achieving positive sales traction through marketing its organic rock phosphate and organic rock phosphate blends in three sizes:

- 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; and a granulated organic rock phosphate. Other blends can be made on request.



Figure 4: Fertoz 50lb bagged organic rock phosphate

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