

# Fertoz

23 July 2018

ASX RELEASE / MEDIA RELEASE

## Fertoz continues to ramp up in North America

### HIGHLIGHTS

- **North American operations continue to advance**
- **Cannabis market expanding – fertiliser demand growing ahead of recreational legalisation**
- **Krezco production set to ramp up, allowing Fertoz to grow market in southern USA**
- **Additional field trials underway with strong results continuing**
- **Progress with Fernie permitting**

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

Fertoz is advancing sales in line with previous forecasts and is extremely pleased by the increase in demand for organic phosphate. This demand growth is being driven by recent legislative changes to the cannabis market.

To ensure Fertoz has sufficient supplies to meet demand, the Company has secured additional sources of high-quality organic rock phosphate, leveraging its partnership with phosphate miner and distributor Krezco.

Fertoz's ability to meet increasing demand with high-quality product is a key value driver for the Company. Further demand growth is being stimulated as Fertoz continues to earn strongly positive results from ongoing field trials which support Fertoz's place as an emerging leader in the supply of premium organic phosphate fertiliser.

Fertoz Executive Chairman, Pat Avery, said:

*"Our North American trials on various plants are continuing to show good results, with good root and leaf growth, increased disease resistance and increased yields. Overall, our growers report healthier looking plants. There has been a noticeable increase in interest in our products from cannabis growers, now that the cannabis market in Canada is about to be legalised.*

*"Separate to this good news is that our American processing operations are up and running again at full capacity now that the rain has cleared in Montana. Deliveries are on track to boost our revenue line in the 2018 Fall months.*

ASX : FTZ



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**Board of Directors**

Executive Chairman	P. Avery
Non-Executive Director	S. Richardson
Non-Executive Director	J. Chisholm
Non-Executive Director	A. Byass
Company Secretary	J. Stedwell

**Key Projects**

Wapiti	Ownership: 100%
Fernie	Ownership: 100%
<b>Fertoz Ltd</b>	A.C.N. 145 951 622

*“We have been making progress with our Mexican partner, Krezco, to the extent that we are now looking to ramp up production from that operation and feed organic fertilisers into the southern states of the United States. We are currently seeking to fill a position of Sales Representative for the region and hope to have that position filled in the near future. This will add to our North American sales during the coming Fall and Winter periods.*”

*“Finally, progress continues in relation to our phosphate tenements in Alberta. A field trip last week revealed a logging company that holds timber licenses over our tenements has felled all the trees, improving access to the phosphate deposit. We are undertaking an environmental review as the area over our land is a migratory path of eagles and raptors, but the operations planned by Fertoz are unlikely to have any impact on these migrations.”*

## **Promising results from further field trials**

Trials of Fertoz products on various plants have been progressing well, with farmers advising of increased and healthy plant growth compared to control plots. In particular, Fertoz has been working with cannabis producers to position the Company as a credible source of reliable agronomic information in relation to cannabis growth, and as a premium supplier of organic fertilisers for cannabis plants.

With a new market appearing over a very short space of time, cannabis growers are looking to differentiate their products through different brands of plants (each with varying amount of THC and CBD, the active elements in cannabis flowers used in the medical and recreational cannabis sector), different growing media and conditions (greenhouse vs open planting), different environments (high, clean mountain air and water vs river flats and plains) and conventional fertiliser vs organic.

Cannabis plant growth is strongly related to phosphate levels in the growing media. In greenhouse production - the most popular method of producing large quantities of cannabis flowers - water feeders are flushed regularly, leading to regular and ongoing use of phosphate.

Phosphorus deficiency in cannabis leads to a yellow/brown colour in the leaf, reduced growth, and increased likelihood of plant disease. On the other hand, correct application of phosphate results in stronger, healthy plants, able to withstand many pests and diseases, green, healthy leaf growth, and increased flower yields.

Other field trials with Fertoz products applied to canola and wheat are progressing well.



**Figure 1: Canola field trials at Mackenzie Research Station**

## Improving operations in North America

The Company's North American processing and deliveries are back in full production, as shown in the photos below. Processing is picking up now that the Montana rains have ceased.



**Figure 2: Processing FertoZ ore**

Whilst deliveries continued from Butte, Montana, Executive Chairman Pat Avery met with Krezco representatives to plan a market entry strategy to the south-eastern states of the US. FertoZ plans to add a salesperson for these south-eastern US states and is joining local organic associations and obtaining more sales leads.

The ore being processed at Butte is also bound for the Prairie Provinces of Canada. A report, released in May 2018 by the Canada Organic Trade Association, confirmed the growth in organic agriculture across the Prairie Provinces of Canada. Entitled "Organic Agriculture in the Prairies", the report highlighted growth in the number of organic farms and organic acres under production, and also showed that the average size of organic farms is increasing, which indicates larger fertiliser orders by farmers.



**Figure 3: Stockpile management of FertoZ ore**

## Progress with Fernie phosphate tenements

The Company continues to make progress with the Fernie phosphate project, which now straddles the BC/Alberta border across the Crows Nest pass after Fertoz made claims for an additional 700ha of land. Fertoz is working towards a bulk sample permit for Fernie, and a recent field trip to the BC and Alberta tenements highlighted the potential of the area. Road, rail, personnel and power are all proximate, and the logging company that holds the timber rights over the land has recently made use of a Fertoz-constructed road in the area to fell the trees. This will make exploration and development of the area easier and faster (refer Figure 3 below).



Figure 4: Fernie project with trees cleared

## Proactive Investors Interview with Executive Chairman Pat Avery

Pat Avery recently provided an interview to investor website *Proactive Investors*. A link to this interview is under the Investors Tab on the Company's website: [www.fertoz.com](http://www.fertoz.com)

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