

Fertoz

27 September 2018

ASX RELEASE / MEDIA RELEASE

Directors Exercise Options; First sales into New Zealand

HIGHLIGHTS

- Directors have exercised over \$80,000 of \$0.18 options that expire on Saturday 29 September
- Managing Director volunteers 12-month escrow on Performance Shares
- FertAg achieves EBIT of \$110K for FY18, exceeding expectations particularly in Australian drought conditions
- First sales of FertAg 0-8-0 into New Zealand

Organic phosphate development company Fertoz Limited (“Fertoz” or the “Company”, ASX: FTZ) is pleased to advise that all non-executive directors have exercised their \$0.18 options, totalling \$82,607. The options expire on 29 September, and to date, a number of shareholders have also exercised their \$0.18 options. This provides the Company with additional funds to facilitate deliveries of product prior to winter in North America.

Fertoz Executive Chairman Patrick Avery stated:

“A number of \$0.18 options were issued during previous capital raises and I am pleased to advise that the first tranche of options were exercised in early August and now a number of second tranche options have also been exercised. The support by our shareholders is very encouraging. It is clear that a number of investors can see the growth potential of Fertoz, not only in North America, but in Australia and now New Zealand.

“I have offered, and the Board has accepted, a voluntary escrow on the performance shares that shareholders voted to issue to me in the recent Extraordinary General Meeting. I think this is warranted in view of the great support of our shareholders, and it highlights the faith I have in meeting our targeted 30,000 to 50,000 t of sales in CY19.

“We have just finalised audited financial statements for the year ended 30 June 2018 and I’d like to take this opportunity to thank Les Szonyi and his FertAg team for their exceptional performance in drought conditions. FertAg returned an EBIT of \$110K for the year, and with the expansion into Western Australia and New Zealand under way, and now our first sales into New Zealand, we believe next year will be even better. Hopefully, the drought will break as well, and that will add to new and repeat orders for Les and his team.”

ASX: FTZ



Registered Office
Unit 1B, 205 – 207
Johnston St, Fitzroy
Vic, 3065
Ph: 03 9191 0135
office@ferto.com
www.ferto.com

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
Fernie
Dry Ridge

Fertoz Ltd

Ownership: 100%
Ownership: 100%
Option

A.C.N. 145 951 622

Operational Update

North American deliveries are continuing at between 800 and 1,000 tons per week, with many of the deliveries over the past few weeks going to one major customer. Distributors have also been placing smaller orders for trials, and the Company continues to research and penetrate the cannabis market, particularly in Canada.

Several new trials with third party organic fertiliser groups are under preparation or discussion, extending the number of organic growing areas with farms that use Fertoz fertilisers. The Company has elected to process all available ore and incur the cost of processing now to continue Fall deliveries and enable faster deliveries next year. Early snow in many parts of Canada will impact the future delivery schedule, as farmers have had to delay harvesting and wait for snow to clear. However, the Company is confident of making up the lost time in the coming weeks.

The Company's sales of granular product are increasing as more farmers experience the ease of air-seeder delivery of granular fertilisers. The other advantage of the granular product is that it enables the Company to mix various fertiliser elements into the one pellet that can be dropped into the hole with the seed. As custom blends can be manufactured, the operating margins improve over the lower margin powder phosphate product.

A granular product is also being investigated for the Australia/New Zealand operations, for the same reasons. Based on research in North America, Australia and New Zealand, the Company believes the development of a granular product can significantly increase the number of farmers that use Fertoz fertilisers, as many farmers prefer to fertilise at the same time as seeding.



Figure 1: Steady processing in Butte and deliveries to a wide range of customers

As announced in the Operational Update released on 20 August 2018, the Company has expanded into New Zealand, and yesterday the Company received the first order from a customer in New Zealand. Les Szonyi is currently arranging shipment of a container load of FertAg 0-8-0 for delivery. Further updates will be provided as North American, Australian and New Zealand orders are received.

For further information, please contact:

Pat Avery

Executive Chairman

Fertoz Limited

m: +1 720 413 4520

Tim Dohrmann

Investor and Media Enquiries

NWR Communications

m: +61 468 420 846