Fertoz on course to feed the masses

Marketing an agriculture product is “really hard”, however, Fertoz Ltd is making great strides in its efforts as an emerging organic phosphate producer.

“It is not like cell phones or running shoes, guys are going to try the product on 100 acres first, then 1,000 acres next time and you have to sell on credibility. Your basic agronomist is out selling on his credibility and growers are truly betting the farm on recommendations they get on fertilisers, feeds and chemicals, so it is a pretty serious topic where credibility matters,” Fertoz executive chairman Pat Avery told Paydirt.

As one of the few companies certified in the US and Canada to produce organic rock phosphate fertiliser, the uptake and success of Fertoz’s product suggests customers are starting to recognise its quality in the market.

Avery said the company was starting to see traction, with Fertoz aiming for sales of 100,000 tpa organic rock phosphate within three years.

The company is hitting its markers and is on track to reach forecasts of 10,000t sales in North America and 4,000t in Australia, through Australian business FertAg, this year.

Fertoz’s strategy is to sell direct to farmers, distributors and wholesalers and currently has the Fernie and Wapiti deposits, Canada, and distribution rights to Silver Bow in the US and Krezco, Mexico.

By 2020, forecast sales of 100,000t in North America and 10,000t in Australia are expected.

“Last spring we said we wanted to sell 1,000t or so and we will probably do that with much of it going into trials over 50, 100, 400 acres. We received the results back with a wheat grower in a drought area who reported a 30% increase [in yield]. We actually had a couple of wheat growers like that and almost everybody that tried it had 10-30% increases,” Avery said.

“We are starting to see our strategy pay off. We moved 2,000-3,000t this spring and we are online for 1,000t [March].”

Extensive farming trials have demonstrated significant uplifts in plant-available phosphate, which is “a compelling proposition for organic growers looking to boost productivity”.

Furthermore, Fertoz has great connectivity to different markets as a form of protection against severe weather events experienced in North America and potential disputes (labour strikes, etc) that may derail its strategy.

“We are in five provinces – Ontario, Quebec, Saskatchewan, Alberta, BC and we are in about 15 states in the US. We wanted a geographical spread and we are really getting that. We announced a distributorship agreement with a very long standing group in California, probably the largest distributor in Northern California, so we have diversity to supply California-type crops and California-type weather,” Avery said.

Additionally, Fertoz signed a marketing agreement with Solvay USA Inc to move about 10,000t rock phosphate from Silver Bow, Montana, and is moderating sales of organic rock phosphate for Krezco Fosfatos in Mexico to the North American markets.

Avery said Fertoz was making sure it had enough supply to fulfil its 100,000t target.

“We do have Wapiti and Fernie in BC where we are expanding our permits and moving up to full small quarries size that should be done by the summer,” he said.

“At Fernie we are getting our first bulk sampling permit [by the end of March]. A year ago we realised that committing in BC was somewhat challenging therefore last spring we started to get those marketing agreements in place. We have two (Wapiti and Fernie) locations we can directly pull out of, 10,000t to access and then we are moderating Mexico. We are working on a more centrally located source as we speak. We think we are going to grow to 50,000t and then two years from now 100,000t, so we need the resources to support that.”

Avery has over 30 years’ experience in industries such as fertiliser and mining and is therefore aware of the type of investor Fertoz may appeal to.

“Fertilisers are not particularly exciting and not going to take off like a rocket like when someone finds a new lithium source or cobalt source and the stock triples,” he said.

“I think, in general, Australian guys are better at understanding the space and know they are not going to double or triple their money in six months. I think we attract more long-term investors who understand the 4-5 year deal.”

The Australian market’s understanding of the fertiliser sector is perhaps best demonstrated by FertAg’s organic phosphate fertiliser driving the company’s revenue up 222% and delivering a maiden profit in FY2017.

– Mark Andrews