

# Fertoz

29 APRIL 2019

ASX RELEASE / MEDIA RELEASE

## QUARTERLY ACTIVITIES REPORT MARCH 2019

### HIGHLIGHTS

- **Fertoz signs Distribution Agreement with Federated Co-Operatives Ltd (FCL), Canada's largest co-operative servicing food, agriculture, energy and homebuilding members**
- **Blairs Ag signs Distribution Agreement. Sales and dealer network set to expand with partnership agreements with four additional new large dealer networks under negotiation**
- **Planning for mining to commence at Fertoz's Alberta tenements in June**
- **Progress on Bulk Sample Permits for Marten, Barnes Lake, and a Small Mine permit at Wapiti**
- **13,500 tonnes of product in dry storage, preparing Fertoz for Spring sales; crushing, screening and drying operations established in Montana, USA**
- **Cashflows for Q1 CY19 reflect large pre-season build-up of inventories to meet shipments in calendar Q2/Q3 2019. Sales and cashflows expected to improve in Q2 and Q3 2019.**

Phosphate exploration and development company, Fertoz Ltd ("Fertoz" or the "Company", ASX: FTZ) is pleased to provide an update of activities during the quarter ending 31 March 2019.

Fertoz Executive Chairman Patrick Avery stated:

*"Fertoz is ready for a strong start to 2019, with an exciting year to look forward to after a tough winter. Record cold and snow slowed spring, so now the crush is on for production, trucks, rail and delivery. We were thrilled to ink a critical partnership in March with Federated Co-Operatives Ltd, Canada's largest co-operative, which we hope will provide a good base of sales for our 30,000 – 50,000 tonne volume target for 2019. We also recently signed a Distribution Agreement with Blairs Family of Companies in Saskatchewan. They are a long-established agri-business company.*

*"We have prepared for what we anticipate as a busy spring sales period with more than 13,000 tonnes of product in storage ready to be shipped. We have also established crushing, screening and drying operations in Montana to help meet any unexpected additional demand. We are pushing this demand with a proactive marketing campaign, targeting new as well as existing customers, and continuing to educate growers and undertake field trials to provide evidence of the benefits of our products.*

*"We expect to start mining at our Alberta tenements in mid-2019, and we are also moving ahead with bulk sample permits for Marten, Barnes Lake, and a Small Mine permit at Wapiti, with positive progress to date. We received a final Bulk Sampling Permit for the Marten Lease, and are just finalising the Reclamation Bond. Thus, we'll be mining both the Alberta and BC Marten leases this year."*

ASX : FTZ



**Registered Office**

Unit 1B, 205-207  
Johnston St, Fitzroy  
VIC 3065  
Ph: +61 3 9191 0135  
[office@ferto.com](mailto:office@ferto.com)  
[www.ferto.com](http://www.ferto.com)

**Board of Directors**

Executive Chairman  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Company Secretary

P. Avery  
S. Richardson  
J. Chisholm  
A. Byass  
J. Stedwell

**Key Projects**

Wapiti  
Fernie

Ownership: 100%  
Ownership: 100%

**Fertoz Ltd**

A.C.N. 145 951 622

## SUMMARY

### North America

- Distribution Agreement signed with Canada’s largest co-operative, Federated Co-Operatives Ltd (FCL), which provides procurement, marketing and distribution services to more than 170 retail members and owners across Western Canada in agriculture, energy, food and homebuilding and has an annual revenue of C\$10.7 billion and encompasses 98 retail Agro Centres specialising in fertiliser sales (refer [www.fcl.crs](http://www.fcl.crs));
- Signed a Distribution Agreement with Blairs. The Blairs Family started in Saskatchewan in 1948, and provides cattle, crop inputs, animal nutrition and trucking services. Hence, they really have the pulse of the central Sask ag community. They have bought from Fertoz before, but are now redoubling their commitment to organic inputs (refer [www.blairs.ag](http://www.blairs.ag));
- More than 13,000 tonnes of product prepared for shipment ahead of Spring sales period;
- Crushing, screening and drying operations set up in Montana to facilitate lower cost production and logistics;
- Since the weather has cleared, weekly deliveries have resumed but unseasonal snow is expected in the last few days of April and first few days of May;
- Timing of cashing of Solvay cheques and build-up of inventory in preparation for expected sales in H1 CY19 has resulted in a variance between forecast and actual cashflows;
- Planning mining of Fertoz’s Alberta leases to start on 1 June 2019. The Company has received the final Marten Bulk Sampling Permit, and is finalising the Reclamation bond. Fertoz is advancing exploration permits for Barnes Lake and a Small Mine permit at Wapiti. Recent meetings with Canadian mining authorities and First Nations have yielded material progress towards these permits;
- Winter environmental sampling and assessments undertaken to support Fertoz’s applications for these permits;
- Developing sales goals with distribution partners Seven Springs Farms (refer [www.7springsfarm.com/search.php?search\\_query=fertoz&section=product](http://www.7springsfarm.com/search.php?search_query=fertoz&section=product)), FCL and Blairs. Continued focus on grower product education through attendance at farm shows and meetings with key customers;
- Strong marketing push in 2019 with emailing of dealer and grower education packages, phone calls and meetings;
- Numerous field trials commenced to help farmers adopt Fertoz products; and
- Multiple site meetings held to progress groundworks and permitting at Fernie and Wapiti, including site inspections with contractors and environmental monitoring at Fernie, Barnes, Alberta and Wapiti sites in preparation for drilling.

| Source | Current Status  | Claim Size (Ha) | Next Steps  | Target Date for Permit |
|--------|---|-----------------|---|------------------------|
| BC     |   | 1,700           | File Bond amount, receive Bulk Sampling Permit  | 20-May-19              |
| Marten | Marten South<br>Marten North<br>Marten South of Michel Creek<br>Marten North (inferred) |                 | Final Permit Bulk Sampling permit in hand<br>Negotiate final bond amount<br>Agreement with private landowner - Canwel Logging |                        |

|                           |   |   |              |  |                                     |
|---------------------------|---|---|--------------|--|-------------------------------------|
| Barnes                    | Dip Slope Area<br>Barnes East<br>Middle Anticline | Permit in hand to drill and trench  | 2,492.77     | Application in for bulk sample permit<br>have drill permit           | bulk sample Fall 2019               |
| Crowsnest/<br>Pumpstation | East Limb<br>West Limb                            | Exploration and baseline sampling   | 1,489.56     | applied for bulk sample permit                                       | bulk sample early 2020              |
| Bighorn                   |   | Permit to drill and trench in hand  | 1,415.11     | Consider bulk sample application                                     |                                     |
| Lyne/Graves               |   | Exploration, old drilling   | 1,519.81     | sample old adits & trenches  |                                     |
| Wapiti                    |   | Small Quarry application filed Dec. 2018<br>Working environmental baselines, sampling<br>Finalizing mining plan and approach<br>Discharge Permit Received | 11,098.68    | Summer 2019, finalize testing, baselines<br>Final Mine Plan          | Summer 2020                         |
| <b>Alberta</b>            |   |   |              |  |                                     |
| Coleman                   | Yellow Gate to Cabins<br>Cabins to BC Border      | Bulk sampling permit in hand  | 1,500        | moving south systematically more prospecting                         | Begin prep and mining, June 3, 2019 |
| Montana                   | Solvay  | 50-70 mesh, final product- 10,000 tons<br>In concrete storage silos   |              | Sell all by end of 2019  |                                     |
| Deerlodge                 |   | Ore stockpile   | 120,000 tons | Move to Butte for crushing screening<br>Sell over the next few years |                                     |
| Monterrey Mexico Mine     |   | Small mine, small crushing and screening plant, can take 50,000 tonnes per year   |              |  |                                     |

## Australia & New Zealand

- The effects of the cyclones in North Queensland and the drought in the eastern states have resulted in FertAg sales being 60% of the sales for the March quarter in the previous year;
- The reduced sales in the Eastern states of Australia have been partly offset by progress in the new markets of New Zealand and Western Australia, where autumn plantings are underway;
- FertAg 0-8-0 is also starting to make inroads into the home garden market under the product name “Black Grit” through its retail distributor Vasili Gardens. (Refer [vasilisgarden.com/](http://vasilisgarden.com/) and [www.vasilisgarden.com/index.php?route=product/category&path=43\\_47](http://www.vasilisgarden.com/index.php?route=product/category&path=43_47)).

## Planned Activities for June Quarter 2019

For the coming quarter, Fertoz is focused on delivering value through:

- Ramping up sales;

- Securing more distribution partnerships / sales contracts;
- Commencing mining of the Alberta lease and BC Marten leases;
- Planning additional drilling of Barnes, Bighorn project areas; and
- Marketing/education – continued education, mailings to thousands of North American dealers and growers and tracking conversion rates.

## **SAFETY**

There were no lost time injuries or environmental incidents recorded during the quarter ending 31 March 2019.

## **CORPORATE**

### **Conference Call**

Fertoz hosted an investor conference call on 4 April 2019, with CEO Pat Avery and Senior VP of Sales and Marketing Sean Gatin discussing the Company's recent progress and performance and taking questions from investors. A recording of the call can be accessed at [www.asx.com.au/asxpdf/20190405/pdf/4442hfmh1jv3w2.pdf](http://www.asx.com.au/asxpdf/20190405/pdf/4442hfmh1jv3w2.pdf)

### **Cash**

The Company has A\$2.1 million in cash and A\$485,000 of receivables as at 31 March 2019 and no loan balances owing. Fertoz is focused on establishing a working capital facility in North America in 2019 that will greatly assist with the ag cycle and building inventory for on sale. As sales ramp and customer spread increases, such a facility will assist Fertoz's growth plans.

### **Fertoz Tenements**

A list of tenements is provided in Appendix 1.

### **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

## APPENDIX 1 – TENEMENTS

| Project Name                                     | Tenement Number | Ownership | Approx. Area (ha) | Expiry Date | Registered Holder    |
|--|-----------------|-----------|-------------------|-------------|----------------------|
| <b>Canada</b>                                    |                 |           |                   |             |                      |
| <b>Wapiti Project - British Columbia, Canada</b> |                 |           |                   |             |                      |
| <b>Wapiti East</b>                               |                 |           |                   |             |                      |
| WK-1   | 851942          | 100%      | 450.83            | 4/21/22     | Fertoz International |
| WK-2   | 851948          | 100%      | 451.02            | 4/21/22     | Fertoz International |
| WK-3   | 851952          | 100%      | 375.66            | 4/21/22     | Fertoz International |
| WK-4   | 851958          | 100%      | 451.2             | 4/21/22     | Fertoz International |
| WK-5   | 941760          | 100%      | 450.83            | 4/21/22     | Fertoz International |
| WK-6   | 941761          | 100%      | 469.87            | 4/21/22     | Fertoz International |
| WK-7   | 941762          | 100%      | 432.07            | 4/21/22     | Fertoz International |
| WK-8   | 941763          | 100%      | 413.49            | 4/21/22     | Fertoz International |
| WK-9   | 941764          | 100%      | 451.33            | 4/21/22     | Fertoz International |
| WK-10  | 941769          | 100%      | 432.53            | 4/21/22     | Fertoz International |
| WK-11  | 955278          | 100%      | 470.31            | 4/21/22     | Fertoz International |
| WK-12  | 956829          | 100%      | 37.56             | 4/21/22     | Fertoz International |
| WK-One   | 982744          | 100%      | 18.8              | 4/21/22     | Fertoz International |
| Wapiti NE  | 1015556         | 100%      | 375.54            | 4/21/22     | Fertoz International |
| Wapiti Two                                       | 1015557         | 100%      | 168.93            | 4/21/22     | Fertoz International |
| Wapiti South                                     | 1015558         | 100%      | 376.35            | 4/21/22     | Fertoz International |
| WAP S2   | 1018104         | 100%      | 451.82            | 4/21/22     | Fertoz International |
| WAP S3   | 1018106         | 100%      | 451.75            | 4/21/22     | Fertoz International |
| WAP S4   | 1018107         | 100%      | 451.93            | 4/21/22     | Fertoz International |
| WAP S5   | 1018108         | 100%      | 452.09            | 4/21/22     | Fertoz International |
| WAP S6   | 1018109         | 100%      | 452.3             | 4/21/22     | Fertoz International |
| Red Deer 1                                       | 1023921         | 100%      | 150.2             | 4/21/22     | Fertoz International |
| Red Deer 2                                       | 1023922         | 100%      | 206.3             | 4/21/22     | Fertoz International |
| Red Deer 3                                       | 1023923         | 100%      | 150.1             | 4/21/22     | Fertoz International |
| Munok  | 1029417         | 100%      | 207.38            | 4/21/22     | Fertoz International |
| Munok 1  | 1015626         | 100%      | 169.58            | 4/21/22     | Fertoz International |
| Belcourt 1                                       | 1015627         | 100%      | 113.27            | 4/21/22     | Fertoz International |
| Munok 2  | 1024783         | 100%      | 603.05            | 4/21/22     | Fertoz International |
| Belcourt 2                                       | 1024803         | 100%      | 301.76            | 4/21/22     | Fertoz International |
| Belcourt 3                                       | 1024806         | 100%      | 188.7             | 4/21/22     | Fertoz International |
| Belcourt 4                                       | 1024805         | 100%      | 339.78            | 4/21/22     | Fertoz International |
| Belcourt Link                                    | 1027037         | 100%      | 282.59            | 4/21/22     | Fertoz International |
| WAP 11   | 1027038         | 100%      | 168.94            | 4/21/22     | Fertoz International |
| South 1  | 1029488         | 100%      | 112.64            | 4/21/22     | Fertoz International |
| South 2  | 1029489         | 100%      | 376.16            | 4/21/22     | Fertoz International |
| South Road 2                                     | 1030777         | 100%      | 413.66            | 4/21/22     | Fertoz International |
| <b>Wapiti Project total</b>                      |                 |           | <b>11,870.32</b>  |             |                      |

| Project Name                                       | Tenement Number | Ownership | Approx. Area (ha) | Expiry Date | Registered Holder    |
|--|-----------------|-----------|-------------------|-------------|----------------------|
| <b>Fernie Project</b>                              |                 |           |                   |             |                      |
| <b>Barnes (formerly Barnes Lake)</b>               |                 |           |                   |             |                      |
| Barnes Lake  | 1011319         | 100%      | 608.98            | 5/19/22     | Fertoz International |
| BL 2   | 1020873         | 100%      | 629.88            | 4/18/22     | Fertoz International |
| BL 3   | 1046619         | 100%      | 524.89            | 1/12/22     | Fertoz International |
| Barnes Lk West                                     | 1055454         | 100%      | 83.97             | 10/09/22    | Fertoz International |
| South of Alberta 1                                 | 1059393         | 100%      | 309.31            | 3/17/22     | Fertoz International |
| Barnes 5   | 1059412         | 100%      | 104.96            | 3/18/22     | Fertoz International |
| Coal Mountain 1                                    | 1059422         | 100%      | 230.78            | 3/19/22     | Fertoz International |
| <b>Barnes Subtotal</b>                             |                 |           | <b>2,492.77</b>   |             |                      |
| <b>Pump Station (formerly known as Crows Nest)</b> |                 |           |                   |             |                      |
| Crows Nest   | 1023062         | 100%      | 1450.89           | 15/10/2021  | Fertoz International |
| Crows 2  | 1023064         | 100%      | 38.67             | 15/10/2021  | Fertoz International |
| <b>Pump Station Subtotal</b>                       |                 |           | <b>1,489.56</b>   |             |                      |
| <b>Tunnel</b>                                      |                 |           |                   |             |                      |
| Tunnel 3   | 1059590         | 100%      | 148.74            | 9/26/19     | Fertoz International |
| <b>Tunnel Subtotal</b>                             |                 |           | <b>148.74</b>     |             |                      |
| <b>Pallson</b>                                     |                 |           |                   |             |                      |
| Pallson  | 1054976         | 100%      | 18.51             | 9/17/19     | Fertoz International |
| Pallson 2  | 1063895         | 100%      | 92.53             | 10/18/19    | Fertoz International |
| <b>Pallson Subtotal</b>                            |                 |           | <b>111.04</b>     |             |                      |
| <b>Windy Camps</b>                                 |                 |           |                   |             |                      |
| Windy Camps 1                                      | 1063894         | 100%      | 280.38            | 10/18/19    | Fertoz International |
| <b>Windy Camps Subtotal</b>                        |                 |           | <b>280.38</b>     |             |                      |
| <b>Hook</b>  |                 |           |                   |             |                      |
| Hook 1   | 1063893         | 100%      | 260.69            | 10/18/19    | Fertoz International |
| <b>Hook Subtotal</b>                               |                 |           | <b>260.69</b>     |             |                      |
| <b>Marten</b>                                      |                 |           |                   |             |                      |
| Marten 1   | 1024365         | 100%      | 754.32            | 6/29/21     | Fertoz International |
| Marten 2   | 1025533         | 100%      | 460.86            | 6/28/21     | Fertoz International |
| Marten Nth   | 1029979         | 100%      | 334.99            | 8/01/21     | Fertoz International |
| Marten E   | 1031107         | 100%      | 188.48            | 9/23/21     | Fertoz International |
| <b>Marten Subtotal</b>                             |                 |           | <b>1,738.65</b>   |             |                      |

| Project Name                      | Tenement Number | Ownership | Approx. Area (ha) | Expiry Date | Registered Holder    |
|-----------------------------------|-----------------|-----------|-------------------|-------------|----------------------|
| <b>Mt Lyne</b>                    |                 |           |                   |             |                      |
| Line 4                            | 1042177         | 100%      | 332.78            | 8/19/19     | Fertoz International |
| Line 5                            | 1042208         | 100%      | 290.72            | 8/20/19     | Fertoz International |
| Line 3                            | 1042176         | 100%      | 186.99            | 8/19/19     | Fertoz International |
| Mt Lyne                           | 1058747         | 100%      | 41.57             | 8/20/19     | Fertoz International |
| <b>Mt Lyne Subtotal</b>           |                 |           | <b>982.00</b>     |             |                      |
| <b>Graves Lake</b>                |                 |           |                   |             |                      |
| Graves Lake 1                     | 1046685         | 100%      | 499.54            | 9/14/21     | Fertoz International |
| Graves 2                          | 1058774         | 100%      | 208.29            | 2/22/22     | Fertoz International |
| Graves 5                          | 1063603         | 100%      | 208.42            | 10/04/19    | Fertoz International |
| Graves 5                          | 1063646         | 100%      | 83.38             | 10/06/19    | Fertoz International |
| Graves 6                          | 1063647         | 100%      | 228.87            | 10/06/19    | Fertoz International |
| Graves 7                          | 1063598         | 100%      | 166.44            | 10/04/19    | Fertoz International |
| Graves 8                          | 1063648         | 100%      | 41.60             | 10/06/19    | Fertoz International |
| Graves 9                          | 1063655         | 100%      | 41.61             | 10/07/19    | Fertoz International |
| Graves 10                         | 1063656         | 100%      | 41.66             | 10/07/19    | Fertoz International |
| <b>Graves Subtotal</b>            |                 |           | <b>1,519.81</b>   |             |                      |
| <b>Big Horn</b>                   |                 |           |                   |             |                      |
| RAM 1                             | 1047502         | 100%      | 126.72            | 29/10/2021  | Fertoz International |
| RAM 2                             | 1050068         | 100%      | 253.48            | 16/03/2021  | Fertoz International |
| RAM 3                             | 1050069         | 100%      | 168.93            | 16/03/2021  | Fertoz International |
| RAM 4                             | 1050660         | 100%      | 105.64            | 3/10/21     | Fertoz International |
| RAM 5                             | 1050661         | 100%      | 295.58            | 3/10/21     | Fertoz International |
| RAM 6                             | 1050662         | 100%      | 253.5             | 3/10/21     | Fertoz International |
| BIGHORN 7                         | 1050686         | 100%      | 211.28            | 3/10/21     | Fertoz International |
| Bighorn Southwest                 | 1057281         | 100%      | 211.28            | 10/29/21    | Fertoz International |
| <b>BIG HORN Subtotal</b>          |                 |           | <b>1,626.39</b>   |             |                      |
| <b>Fernie Project Total</b>       |                 |           | <b>10,650.02</b>  |             |                      |
| <b>Crowsnest, Alberta, Canada</b> |                 |           |                   |             |                      |
| TWP                               | 9318030431      | 100%      |                   |             | Fertoz International |
| TWP                               | 9318100162      | 100%      |                   |             | Fertoz International |
| <b>Alberta Subtotal</b>           |                 |           |                   |             |                      |
| <b>Canada Total</b>               |                 |           | <b>22,520.34</b>  |             |                      |