



22 October 2019

ASX RELEASE / MEDIA RELEASE

## Fertoz Signs Multiple Distribution Contracts and Provides Market Update

### HIGHLIGHTS

- Fertoz secures Supply Agreement with Archer Daniels Midland Co (NYSE: ADM), one of the world's largest agribusinesses
- ADM will make Fertoz's phosphate-based fertiliser products available to its wholesale and retail customers through physical and online channels, with first sales expected in Spring 2020
- Existing Fertoz distributor, Blairs Ag, has executed a 15,000t order to be delivered as 5,000t/pa targeted over the next three years, with deliveries starting before year-end
- Additional supply and distribution deals agreed with AgVend.com, Trimble Ag and Ponderosa Ag. Fertoz is finalising further distribution, supply and sales agreements which the Company expects to both add to Fertoz's product outlets for rock phosphate, and also speed development of new products and storage sites in key organic areas

Organic phosphate development company, Fertoz Ltd ("Fertoz" or the "Company", ASX: FTZ) is pleased to provide an update on recent sales and marketing achievements in North America.

Fertoz Executive Chairman, Patrick Avery, stated:

*"We are pleased to announce a new Supply Agreement with ADM, one of the world's largest agribusinesses. This is a great endorsement of our Company – we continue to expand our base of distributors and manufacturers that promote or use our fertilizer products. The deal with ADM not only de-risks the Company from a volume growth target perspective, it also represents strong validation of the quality of our organic rock phosphate fertilisers and blends from a global leader in food production, processing, storage and transportation.*

*"With consumer desire for simple, wholesome food driving growth in the organic category, ADM has introduced and expanded a range of organic products, including grains, beans, seeds and flours. As demand for organic packaged foods has grown among label-conscious consumers, so too has demand for organic inputs. We are pleased that after reviewing a range of competing products, ADM has chosen to market Fertoz's organic rock phosphate to its substantial grower and distributor network.*

*"Following our recent efforts to gather contact details of organic farmers, we are now targeting all relevant potential customers within a 100-mile radius of our key distribution centres. This targeted approach is generating promising leads that we expect to convert into sales in 2020. This should*

ASX : FTZ



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#### Board of Directors

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

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

#### Key Projects

Wapiti  
Fernie

Ownership: 100%  
Ownership: 100%

Fertoz Ltd

A.C.N. 145 951 622

*compensate for the lower-than-expected sales in 2019, which, as shareholders know, was impacted by a 1 in 100 year weather event.”*

## **Supply Agreement with Archer Daniels Midland Company**

Fertoz’s new partner, Archer Daniels Midland Company (NYSE: ADM), is one of the world’s largest agribusiness companies. ADM employs approximately 40,000 people, serves customers in 200 countries, has 450 crop procurement locations around the world, more than 330 feed and food ingredient manufacturing facilities, 62 innovation centres, and a large transportation network, all to connect “the harvest to the home”.

ADM is one of the world’s largest processors of soybeans, cocoa, wheat and corn. It processes crops to make food, animal feed, renewable fuels and naturally derived alternatives to industrial chemicals. In November 2018, *The Alliance for Sustainable Agriculture* awarded its 2018 Collaboration of the Year Award to ADM, General Mills and Agrible for their work on the Southern Plains Wheat Fieldprint® Project, which helped farmers in Kansas, Oklahoma and Missouri to measure and improve natural resource management efficiency for winter wheat production.

ADM has built a substantial transport network and has links with thousands of farmers; making it a logical fit for ADM to carry Fertoz’s products at a wholesale and retail level.

## **Fertoz secures additional distribution deals and 15kt order with Blairs Ag**

Fertoz is pleased to advise that its key existing distributor, Blairs Ag, has executed a 15,000 ton contract, targeting 5,000 tons to be purchased each year for the next three years. The Company is excited that this relationship has progressed from a Distribution Agreement signed in the March quarter of 2019 to material orders in a matter of months, with first deliveries to be made prior to year-end.

The Company is also pleased to advise that after a number of construction delays, Humic Growth has finally completed its Dubois, Idaho granulation facility and is starting to accept deliveries of Fertoz rock phosphate for blending with Humic products. Although deliveries have been slower than anticipated due to weather and construction delays, the Company expects the Humic Growth relationship to deliver further sales growth in 2020.

Ponderosa Ag is a Saskatchewan-based agribusiness that focusses on supplying inputs for organic farms in South-West Saskatchewan. Ponderosa Ag, which is located close to the Company’s production facility, has agreed to carry and sell Fertoz products.

Fertoz is ramping up its online presence, and is pleased to announce that Trimble Ag, a large provider of ag business solutions, technology, services, consulting and fertiliser supply, has agreed to promote the Company’s fertilisers through its e-outreach program. From November 2019, Fertoz’s products will be promoted directly and available online among their list of organic certified products.

In addition, the Company has recently been listed on AgVend.com as an organic fertiliser supplier. After evaluating a number of e-commerce solutions, the Company selected AgVend as it has great reach in

the key organic farming areas in the western provinces of Canada, the US midwest and the Pacific North West of the USA.

AgVend is an online marketplace that enables farmers to order inputs and services from trusted ag retail partners. Its digital commerce platform enables Partner Retailers to market their solutions, support their customers, and sell their inputs and services online, all while maintaining complete control and visibility over the customer experience.

The Company has also been engaged in a number of ongoing field and manufacturing trials with chicken manure, alfalfa, volcanic rock dust and other blends that are all showing promising results. These positive results are expected to lead to ongoing supply of the Company's rock phosphate to third party organic fertiliser manufacturers with their own distribution networks.

Fertoz is finalising further distribution, supply and sales agreements which the Company expects to both add to Fertoz's product outlets for rock phosphate, and also speed development of new products and storage sites in key organic areas. The groups with which the Company is in discussions bring different areas of expertise, from biologicals to turf products and horticultural products.

## Sales update

Currently, orders in hand stand at just under 15,000 tons for fall and winter delivery. With early snow in Alberta and Montana, deliveries have slowed a little but the initial snow has melted, leaving a window for further deliveries. Trucking deliveries are planned for all good-weather days in October, November and December.

The unseasonal weather during the early part of the planting season impacted all North American input companies, leading to cancellations or delays of orders by farmers and distributors. Although Fertoz has managed to secure contracts to move much of its product, many conventional fertiliser groups have not been as lucky. US\$8 billion market cap phosphate producer Mosaic Co (NYSE: MOS) has shuttered some of its conventional phosphate and potash production. The world's largest producer of potash, Nutrien (TSX: NTR), and Mosaic both recently announced that they are curtailing conventional production for 3 months due to high inventories.

Although organic farmers are impacted just as much as conventional farmers, the Company's three pillar strategy – targeting farmers, distributors and manufacturers – is having a positive effect on operations. As Fertoz continues executing this strategy over the coming months, the Company expects to announce more supply and distribution agreements. Growth in distributors, direct customers (farmers) and partner agreements expanding Fertoz's sales reach will, weather permitting, stand the Company in a solid position to materially grow sales into 2020 and beyond.

According to MarketWatch's 17 October 2019 report, *Global Organic Fertilizers Market*, the organic fertilizer market grew at 14% in 2018 and is forecast to maintain this growth rate through to 2023. The uptake of Distribution and Supply Agreements and the breadth of this uptake is evidenced by the growing number of partners signed by Fertoz. Although all start with small orders, awaiting positive feedback from their customers, the Company is now seeing the positive impact of these Agreements, particularly with Blairs Ag, and the signing of ADM, one of the largest agricultural groups in the world.

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