

# Fertoz

30 JULY 2020

ASX RELEASE / MEDIA RELEASE

## QUARTERLY ACTIVITIES REPORT JUNE 2020

### HIGHLIGHTS

- Although COVID-19 and border crossing delays into the US negatively impacted forecast sales during the June quarter, Fertoz is experiencing solid and increasing demand for Fall 2020 deliveries
- Fertoz commenced regular shipments from the Company's high-grade Mexico stockpile during the quarter, albeit slowed by border crossing delays that abated when the new US/Mexico Free Trade Agreement came into effect on 1 July 2020
- A large increase in organic food buying over the June quarter, particularly in the USA, is expected to drive larger than forecast growth in organic planting in 2021
- In response to continuing website hits and requests, Fertoz is currently establishing new consumer packaging to allow home gardeners to purchase consumer sized bags of Fertoz products in the USA

Organic phosphate development company, Fertoz Ltd ("Fertoz" or the "Company", ASX: FTZ) is pleased to provide an update of activities during the quarter ending 30 June 2020.

Fertoz Executive Chairman, Patrick Avery, stated:

*"As most of us are seeing, globally, this has been an odd year. COVID-19 has impacted everyone, and one key challenge we face is that of lower costs for conventional fertilisers making organic inputs less competitive. During the quarter we faced several supply chain slowdowns for lack of workers, drivers and other essential inputs. We had dozens of education sessions planned but all were cancelled. This combination of factors has slowed our penetration of the higher-value fruit and vegetable markets.*

*"In the face of this, we had to source new third party processors to process our ore, additional transportation firms to move product to customers and move to online meetings and agronomy sessions with our customers. We have ensured the lines of communication with our customers have stayed open through the pandemic, and after having regularly updated the organic articles and blogs on our website, we were pleased to see a strong response in the number of hits each month, not only from established organic farmers but also home-gardeners looking to grow their own organic produce in this COVID world.*

*"Although Spring sales were slow, our Fall 2020 bookings are increasing, in part due to increased website hits and in part due to the increasing number of distributors in our key target regions. Finally, we are pleased to announce the start of shipments from our Mexico stockpile into the south east of the USA, amid*

ASX: FTZ



#### Registered Office

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[www.fertoz.com](http://www.fertoz.com)

#### Board of Directors

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

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

#### Key Projects

Wapiti  
Fernie

Ownership: 100%  
Ownership: 100%

Fertoz Ltd

A.C.N. 145 951 622

*increased market awareness of our very high phosphate ore from this site. We look forward to achieving an increase in deliveries over the coming quarter, as well as our first website sales.”*

## SUMMARY

### North America

- Good bookings for Fall 2020
- Began regular shipments from the Company’s Mexico stockpile. Fertoz’s local partner mines and crushes the ore, and Fertoz takes ownership of sales at the US border. The Company has stimulated strong early customer interest from two large suppliers. The new US-Canada-Mexico trade agreement that began on July 1 has increased the paperwork burden, but the Company is adjusting to the new rules and expects this operation to report steady sales in the rest of 2020.
- Working with two new, major fertiliser distributors on final drafts of Distribution Agreements. One of these includes the “full cycle concept” i.e., offering grain contracts to growers and recommending or supplying our products. The other is one of the largest input providers in eastern Canada and northwest US.
- Planning and executing a small initial consumer/retail products effort. Fertoz plans to offer 1lb, 2lb and are also looking at 10lb bags in a consumer format. The market has seen online sales increase dramatically across the organic retail sector during the COVID pandemic, and following continued requests, we are “dipping our toe in the water” in online retail sales over the remainder of 2020. While there are several detailed steps, our investigations show that this a very high margin sector. The Company will keep the market updated on progress.
- Working with a major, diversified ag products and services company (one that supplies high tech farm information, inputs and advisory agronomic services), to carry and recommend our products.
- We will install required water monitoring wells in the Marten area, as required by our BC Bulk Sampling permit. Will likely extract ore from this Bulk Sample in the summer of 2021.
- In July, the BC Ministry of Environment and Climate Change conducted an inspection under the *Environmental Management Act* of the Fernie area and Marten lease. The Company was pleased to achieve an outcome of a Notice of Compliance.

### Australia & New Zealand

- Sales in Australia have picked up in the second quarter of CY20 as a result of good rain on the east coast of Australia. Demand is good for the third quarter, with shipments on the way of 336 tonnes of FertAg in August and 336 tonnes in September.

- Tax and JobKeeper incentives received due to the COVID pandemic are expected to total \$56,000 from May to October.
- The COVID impact on the Philippines has been significant and sales have slowed, with the effect expected to last for the rest of the year.

## Planned Activities for September 2020

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

- Building momentum with distribution agreements and third-party suppliers which offer potential to add significant volumes
- Development of an organic N-P product planned for fall 2020
- Offering 1lb, 2lb and possibly 10lb bags to retail customers, ordered via the Fertoz website. This will trigger an update of our website in the coming weeks
- Updating the Scoping Study to shift granulation in-house, offering the potential to significantly reduce production costs of the Company's most popular lines

## COVID-19 RESPONSE

As a prudent operator, we have implemented COVID procedures. While we have undertaken very little travel and in person meetings since the start of the pandemic, we have discussed and implemented COVID awareness and proactive protocols, resulting in numerous online meetings and a significant increase in the number of phone calls. As well, staff salaries have been reduced to ensure we have sufficient funds to get through these difficult times.

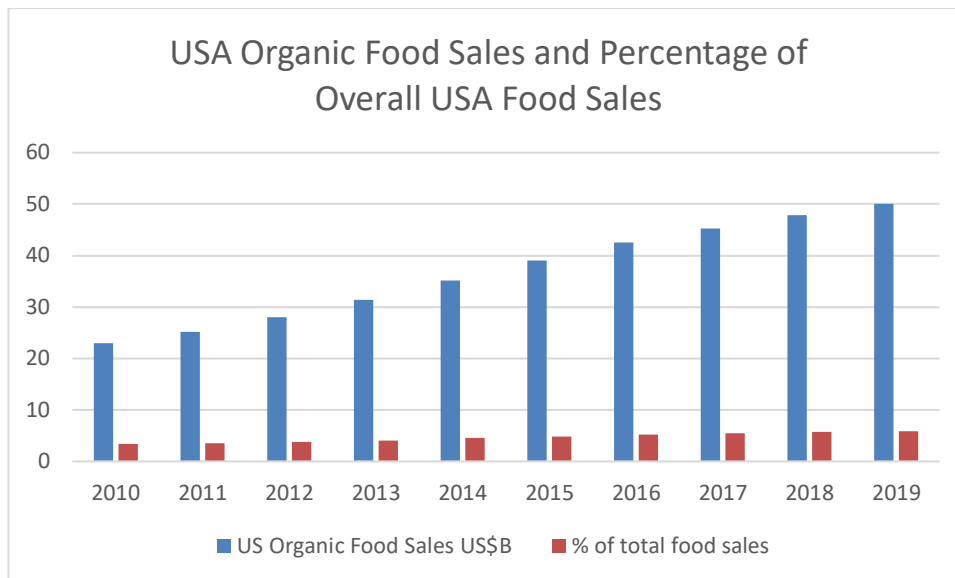
COVID outbreaks continue to impact the business, with certain areas having to close down for 14-day periods if there is evidence of community infection. This can result in last-minute cancellations of trucking operations and/or selected border closures or delays, which can impact sales and deliveries.

## Organic Market Update

The COVID-19 pandemic has driven a 25% increase in organic food and drink sales in the 17 weeks to June 27, 2020, according to a recent report by Nielsen Research. This was incremental to the US\$50bn in organic food sales in 2019 (US\$50bn in food and US\$5bn in organic non-food sales e.g. organic cotton etc, totalling US\$55bn in total organic sales in 2019).

According to Bloomberg Intelligence, the market research arm of Bloomberg, this trend should continue as Americans use the lockdown period to improve eating and exercise habits. Even though the S&P500 is at about the same value now as prior to the pandemic, organic food companies' stock prices have generally increased, with Kroger Co (NYSE: KR) up 22% and General Mills up 24% in CY20 to date. The chicken producer, Bell and Evans, has experienced a 25% increase in organic chicken sales so far this year, while California-based organic snack producer, Perfect Snacks, has seen sales almost double since the start of 2020.

Key organic buying regions in the US are located proximate to Fertoz resources, with 90%+ of households buying organic produce on a weekly basis in Oregon, Washington, California, Wyoming, Colorado and Arizona.



*Source: Organic Trade Association, 2020 Organic Industry Survey*

## SAFETY

There were no lost time injuries or environmental incidents recorded during the quarter ending 30 June 2020.

## CORPORATE

### Board Changes

On 23 June 2020, Fertoz advised Adrian Byass resigned as a Non-Executive Director of Fertoz Limited due to an increasing workload combined with Fertoz's focus transitioning from resource asset development to global sales and marketing.

Fertoz thanked Mr Byass for dedication and contribution to the Company in his role as a Director and wished him well in his future endeavours.

### Annual General Meeting

Fertoz held its Annual General Meeting (AGM) of shareholders on 9 June 2020. Due to COVID-19 non-essential gathering limits and social distancing requirements in place, shareholders were encouraged to vote on resolutions via proxy form rather than attending the meeting and voting in person. A virtual conference facility was also set up to allow shareholders to join the meeting.

All resolutions put to the meeting were passed on a poll, pursuant to the Notice of Meeting. Resolutions were:

- Adoption of Remuneration Report
- Election of Mr. Ron Wilkinson as a Director
- Re-election of Mr. Stuart Richardson as a Director
- Approval of Employee Share Plan
- Ratification of Issue of 15,550,000 Shares
- Additional Capacity to Issue Equity Securities.

## **Change of Registered Office**

During the quarter, the address of Fertoz's registered office changed to:

Suite 103, Level 1, 2 Queen Street, Melbourne VIC 3000.

Contact details for the Company are as follows:

Phone: +61 (0) 3 8395 5446

Fax: +61 (0) 3 8678 1747

## **Cash**

The Company had A\$1.5 million in cash as at 30 June 2020 and no significant loan balances owing.

## **Payment to related parties**

During the quarter ended 30 June 2020, the Company paid \$68K to directors as director fees and CEO fees.

## **Fertoz Tenements**

A list of tenements is provided in Appendix 1.

**For further information, please contact:**

### **Pat Avery**

Executive Chairman

### **Fertoz Limited**

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### **Tim Dohrmann**

Investor and Media Enquiries

### **NWR Communications**

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## APPENDIX 1 – TENEMENT LIST

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	10/15/2021	Fertoz International
Crows 2	1023064	100%	38.67	10/15/2021	Fertoz International
<b>Pump Station Subtotal</b>			<b>1,489.56</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>		
<b>Mt Lyne</b>					
Mt Lyne	1058747	100%	41.57	8/20/20	Fertoz International
<b>Mt Lyne Subtotal</b>			<b>41.57</b>		
<b>Graves Lake</b>					
Graves Lake 1	1046685	100%	499.54	10/14/22	Fertoz International
Graves 2	1058774	100%	208.29	10/22/22	Fertoz International
Graves 5	1063603	100%	208.42	10/04/21	Fertoz International
Graves 5	1063646	100%	83.38	10/06/21	Fertoz International
Graves 6	1063647	100%	228.87	10/06/21	Fertoz International
Graves 7	1063598	100%	166.44	10/04/21	Fertoz International
Graves 8	1063648	100%	41.60	10/06/21	Fertoz International
Graves 9	1063655	100%	41.61	10/07/21	Fertoz International
Graves 10	1063656	100%	41.66	10/07/21	Fertoz International
<b>Graves Subtotal</b>			<b>1,519.81</b>		

Project Name	Tenement Number	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
<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>8,908.75</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>20,779.07</b>		