

Fertoz

29 JANUARY 2021

ASX RELEASE / MEDIA RELEASE

QUARTERLY ACTIVITIES REPORT DECEMBER 2020

HIGHLIGHTS

- Strong growth in Fertoz's North American operations since early November, driven by concerted marketing and grower education, easing of logistics conditions and rates and processing partner equipment upgrades
- We have picked up new customers in nearly all regions, from Maine to Oregon
- Key new sales channel opened – selling Fertoz products via the website Fertoz.com
- Signed distribution agreement with Parrish and Heimbecker (P&H), one of Canada's largest grain and fertilizer businesses
- Signed distribution agreement with Sylvite to improve the Company's distribution in eastern Canada and northern USA, where Sylvite has been an agricultural input provider for more than 40 years
- Five-year distribution agreements with Sylvite and P&H expected to generate sales of 5,500 tons in year 1 (combined), ramping up to 27,000 tons (combined) by year 5, while also providing better logistics and product blending capability, as Fertoz expands its customer base
- Agreements will see Fertoz products distributed to more than 90 additional retail outlets
- Fertoz is working closely with both new distribution partners to develop value-added organic sustainable products, as well as marketing, agronomic studies, and grower outreach
- Encouraging end of year indications from North American customers seeking to lock in Spring tonnes now, setting up a positive early outlook for 2021
- Additional work on in-house granulation scoping study completed
- New product development close to completion, allowing Fertoz to offer organic NPK blends
- Australian operations deliver a solid 2020 year, with upbeat expectations into 2021
- Company Secretary Justyn Stedwell appointed a Non-Executive Director of the Company

Organic phosphate development company, Fertoz Ltd ("Fertoz" or the "Company", ASX: FTZ) is pleased to provide an update of activities during the quarter ending 31 December 2020.

Fertoz Executive Chairman Patrick Avery stated:

"2020 has certainly been a challenging year for businesses throughout the agricultural supply chain, however, in the midst of these challenges, in Q4 CY20 we managed to expand our network, increase our sales and open new distribution channels. Even more heartening is that our winter orders, whilst always lower than our Spring and Summer sales, have been stronger this year than any other. This bodes well for a good start to 2021. Truck freight is still running quite high, but we have nearly all sales FOB our locations now."

ASX: FTZ



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Board of Directors

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

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

Key Projects

Wapiti
Fernie

Ownership: 100%
Ownership: 100%

Fertoz Ltd

A.C.N. 145 951 622

“During and subsequent to the quarter, we also advanced our development of an organic NPK product line with a major Canadian organic nitrogen producer. We expect these products to be sought-after in 2021. We also progressed our plans towards developing an in-house granulation facility. Granulated fertilizer blends are the most common form of fertilizer used by farmers using mechanical equipment to place the fertilizer and seed at the same time, providing targeted fertilizers to enhance growth. At present, all of our granulation is outsourced. Bringing this in-house will substantially reduce costs and allow us to increase profitability.”

“At the same time, our Australian and Pacific operations have weathered drought conditions and still made good sales in spite of the hurdles. Indeed, during the latter half of the quarter and into January, we have experienced very strong sales in these areas and if the current progress continues, we expect to post record sales for the Australia/Pacific operations.”

SUMMARY

North America

- North American operations have seen strong growth over the last few months, outperforming a traditionally slow winter period
- Fertoz expanded its organic footprint in North America, with distribution agreements signed with Parrish and Heimbecker (P&H), one of Canada’s largest grain and fertilizer businesses, and Sylvite, an agricultural input provider
- P&H is the largest family-owned milling company in Canada, established more than 100 years ago, with 30 retail locations across western Canada. They have a dedicated warehouse in south central Alberta for 100% organic products. More sites are being considered
- Sylvite is a full-service agricultural supplier in wholesale, agriculture and transport, with 13 retail locations of its own and partnerships with 47 others through the Sylvite alliance
- The new agreements will provide better access to Fertoz products and facilitate the development of new, sustainable and organic product offerings
- Fertoz will supply P&H and Sylvite with products blended from elemental sulphur, potash, nitrogen and the Company’s main product and base ingredient: rock phosphate mined from properties owned and leased by Fertoz in Canada, USA and Mexico
- The P&H distribution agreement targets sales goals of 5,000 tons in year 1, 10,000 tons in year 2, up to 25,000 tons per annum in the 5th year of the five-year agreement
- Sylvite distribution agreement targets sales goals of 500 tons in each of years 1 and 2, 1,000 tons in each of years 3 and 4, and 2,000 tons per annum in the 5th year of the five-year agreement
- Both companies expressed intent to renew contracts based on initial success
- In mid 2020, the Company began sales and shipments into the US, from its Monterrey Mexico marketing agreement. Those continue to move steadily
- Fertoz has retained all mining permits in good standing
- Fertoz acquired new customers from all most regions and particularly from Oregon and the Pacific Northwest, but also as far east as Maine. All are seeking high quality rock phos, along with Fertoz’s strong customer education and support
- Further work undertaken on installing our own granulator. The Company currently contracts granulation, which preserves capital, but preliminary indications show a good payback, better control over quality and the ability to custom blend quickly, to meet customer orders

- As well, further work has been undertaken with a major Canadian organic nitrogen producer to develop an organic NPKS blend. Tests on the product subsequent to the quarter highlight the efficacy of the blend and the Company expects that the base blend and variations will be sought-after in 2021 by organic farmers, as it provides all three key organic ingredients in one pellet
- Additional planning was and is being undertaken on the Company's Wapiti and Fernie project areas, to update JORC resources in preparation for more mining activities.



New NPKS organic pellets

Australia & New Zealand

- FertAg is on track to significantly exceed the budgeted profit of \$30,000 for the year, despite bushfires, drought and COVID.
- FertAg is currently sold out of stock in Australia and NZ, in part due to COVID-19 logistics and shipping implications. Over 1,000 tonnes of FertAg product is due to arrive in February and March in Australia to cover strong autumn demand.
- The Company has implemented a significant price rise to help cover higher shipping costs but with the drought breaking in many areas, farmers seem comfortable in paying the higher prices in order to ensure delivery of FertAg blends.

Philippines

- After a slow start to sales in the Philippines due to COVID-19, sales are starting to increase, and the Company expects strong sales in 2021. The Philippines sales team has been increased to 3 to facilitate growing the business with distributor EJ Agriculture.

Planned Activities for March 2021

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

- Growing sales by supplying farmers and third-party fertiliser processors in North America with sufficient low impurity, high availability phosphate rock.
- In Australia, a field day is planned on an Atherton Tablelands avocado farm in January 2021 to further promote sales.
- Finalisation of studies related to in-house granulation.
- Finalisation of new organic NPKS fertilizer blends.

COVID-19 RESPONSE

The COVID pandemic is still impacting all of our operations, but our distributors, logistics partners, customers and our own personnel are learning to live with the disruption and get on with business. Although we expect the impacts of COVID will not abate any time soon, the Board is quietly confident in delivering a strong performance across all areas this year.

SAFETY

There were no lost time injuries or environmental incidents recorded during the quarter ending 31 December 2020.

CORPORATE

Board Changes

In November, the Company announced the appointment of Company Secretary Justyn Stedwell as a Non-Executive Director of the Company.

Justyn was appointed Company Secretary in 2017 and has close to 15 years of experience as a Company Secretary of ASX listed companies. He has also acted as a Non-Executive Director of several listed companies over the previous five years.

His appointment followed the resignation of Ron Wilkinson in October 2020.

Cash

The Company had A\$1.15 million in cash as at 31 December 2020 and no significant loan balances owing.

ASX Additional Information

ASX listing rule 5.3.2 - There were no substantive mining production or development activities during the quarter.

ASX listing rule 5.3.5 - Appendix 5B, Section 6.1 – description of payments: During the December quarter 2020, the Company paid directors fees totaling A\$ Nil to non- executive directors and A\$51,000 to the Executive Director.

Fertoz Tenements

A list of tenements is provided in Appendix 1.

Authorised by the Board of Directors of Fertoz Ltd

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APPENDIX 1 - TENEMENT

Project Name	Tenement Number	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
Canada					
Wapiti Project - British Columbia, Canada					
Wapiti East					
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
Wapiti Project total			11,870.32		

Project Name	Tenement Number	Ownership	Approx. Area (ha)	Expiry Date	Registered Holder
Fernie Project					
Barnes (formerly Barnes Lake)					
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
Barnes Subtotal			2,492.77		
Pump Station (formerly known as Crows Nest)					
Crows Nest	1023062	100%	1450.89	10/15/2021	Fertoz International
Crows 2	1023064	100%	38.67	10/15/2021	Fertoz International
Pump Station Subtotal			1,489.56		
Marten					
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
Marten Subtotal			1,738.65		
Graves Lake					
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
Graves Subtotal			1,519.81		
Big Horn					
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
BIG HORN Subtotal			1,626.39		
Fernie Project Total			8,908.75		
Crowsnest, Alberta, Canada					
TWP	9318030431	100%			Fertoz International
TWP	9318100162	100%			Fertoz International
Alberta Subtotal					
Canada Total			20,737.50		