Fertoz

Putting Carbon Back Into The Soil

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New Partnerships to Accelerate Development of Fertoz Carbon

HIGHLIGHTS

- **Memorandum of Understanding executed between Fertoz and Trimble Inc. to facilitate carbon offset trading**
- **Memorandum of Understanding executed between Fertoz and DataPLP to quantify carbon sequestration through satellite and drone imagery and field testing**
- **Engagement of Brightspot Climate Inc. as a consultant to assist with the development of an emission reduction methodology and registration with a recognised Offsets Registry**
- **Collaboration with two drone companies will enable Fertoz to ensure rapid reforestation on forest rehabilitation projects**
- **Draft contract prepared for first sale of carbon credits to offset emissions in a blast furnace**
- **Increased demand for low-carbon grains and inputs associated with regenerative agriculture**

The Carbon Division of organic phosphate development company, Fertoz Ltd ("Fertoz" or the "Company", ASX: FTZ) is pleased to provide an update on recent partnerships that will enhance the Company's abilities and profile in the Carbon Market.

Derek Squair, manager of Fertoz Carbon commented:

"We are pleased to announce a number of initiatives that we expect to drive sales in our Carbon Division. We have partnered with California-based Trimble Inc (NASDAQ: TRMB), a US$20B market-cap company that provides software, hardware and services technology. Trimble's Agriculture Division is engaged in carbon credit trading, and Fertoz and Trimble have been working together for a number of months to develop a comprehensive system that will allow the carbon credits generated in the Company's agriculture and reforestation projects to be traded.

"Complementing this arrangement, the Company has engaged Brightspot Climate Inc, a climate change and energy consulting firm, to provide consulting services to Fertoz. We expect these services to enable us to quantify the carbon sequestered in crops and forests according to a methodology that conforms to the ISO 14064-2 standard.

"We have also engaged with DataPLP, a specialist mathematical algorithm development company, to develop suitable algorithms for drone flightpaths. These algorithms will empower the efficient use of drones across reforestation and cropping land, and analysis of satellite imagery, in relation to carbon sequestration. Further to this, we are now collaborating with two drone companies to provide seeding, fertilizing and imagery services, all of which are essential to generating carbon credits.

"To ensure our Carbon Division continues to gather momentum, we have prepared a draft contract for the sale of a small trial of carbon credits to offset CO2 emissions in a blast furnace. The carbon market has a complex regulatory environment, so we expect the partnerships noted above to really assist us.

"So, a lot going on. Alongside all this, we are fielding enquiries for reseeding or fertilizing forests in return for carbon credits, or for a fixed fee plus a share of carbon credits. We are currently marketing our services to mining companies, forest owners, agricultural businesses and states and provinces."

Carbon Offset Market Trading – MoU with Trimble

Founded in 1978, with offices in over 40 countries, Trimble provides software, hardware and services that are transforming the agricultural industries. Their technologies enable customers to improve productivity, quality, safety and sustainability. Trimble Agriculture is a leader in sustainability and environmental compliance, promoting good agricultural practices that earn farmers carbon credits that can be sold back to industry to offset emissions.

Fertoz's relationship with Trimble will expand Trimble's best practices protocol for farmers to include sustainable fertility management practices through the use of Fertoz's Rock Phosphate products. Together, Fertoz and Trimble will help farmers provide evidence for their carbon credits earned and receive maximum benefits for the carbon credits.

Bill Dorgan, Trimble Canada Director of Environmental and Sustainability Services, said:

"Trimble is very pleased to have entered into this collaborative vision with Fertoz. We share expertise and significant experience in the Agricultural sector globally and expect to make a positive difference to greenhouse gas emissions.

"Trimble has been deeply involved with the climate change regulated markets in Canada and elsewhere since 2008, including working with producers to generate data, serialization and registration of compliant quality offsets, and finally transacting these offsets to create a new revenue stream for farmers."

Carbon Sequestration Verification

Brightspot Climate Inc. is an independent climate change and energy consultancy that works collaboratively with industry experts, community stakeholders and project developers to apply innovative and efficient solutions to mitigating climate change.

As Fertoz advances projects into voluntary and regulated carbon offset markets, Brightspot Climate Inc. will provide input and consultation services for the Company's greenhouse gas emission reductions and offset data.

Satellite Imagery and Testing

To faciliate data collection of carbon sequestration in the field, Fertoz has partnered with DataPLP to analyse satellite imagery for changes in organic matter and total organic carbon in the soil. Data PLP is a partner of Terra Modeling Services, a well-known North American provider of mining and natural

resource services. Fertoz will correlate this data with soil test analysis as needed to ensure accuracy of the data.

Reforestation

Forests are major carbon sinks with high carbon sequestration potential, representing large volume opportunities for generating offsets. Several jurisdictions have already formed mandatory carbon markets, while other voluntary markets have been developed to help reduce greenhouse gas emissions.

Fertoz is working closely with mining and forestry companies to assist with reforestation projects and facilitate access to carbon trading markets. To manage large scale reforestation projects with an innovative approach, the Company has identified drone seeding technology as offering the potential to increase re-seeding rates and substantially reduce costs associated with planting. Fertoz is currently developing protocols with drone seeding technology companies to improve the efficiency of drone seeding and fertilizing.

With numerous CO2 emitters looking for carbon credits, Fertoz will participate in both the regulated and voluntary carbon trading markets. Importantly, the Company is seeking deals proximate to its Montana and Fernie operations, allowing easy access to our high-quality, high-availability rock phosphate which promotes further development of the soil humus and therefore adds to the overall carbon sequestered.

Low Carbon Grains and Regenerative Ag – Rising Enquiries

A low carbon grain is produced using sustainable and environmentally friendly agricultural products and farming methods that are better for the environment. These products are currently in high demand as climate conscious consumers expect ag practices to also reduce upstream greenhouse gas emissions, along with traditional CO2 emitting sectors such as conventional fertilizer and cement manufacturing. Given the Company's rock phosphate mining operations are not carbon intensive, there has been increased interest from regenerative agriculture farmers for the Company's products. We now enjoy a steady flow of enquiries each week. Leveraging the partnerships noted above, the Company can now offer regenerative agriculture operations and farms the opportunity to generate carbon credits.

Rock phosphate can be a carbon neutral fertilizer that has been shown in numerous field trials conducted by the Company over the last five years to promote growth and thus sequester more carbon dioxide. Over the coming quarter, and in relation to the interest in carbon farming and regenerative agriculture, the Company will:

- Advance calculations on CO2 emissions from the transport of rock phosphate blends to customers
- Develop direct source carbon sequestration protocols (e.g. on farm soil carbon sequestration) for inclusion in voluntary and regulatory markets
- Develop indirect source carbon emission reductions (processing and manufacturing) protocols for voluntary market trading
- Seek approval for placement on the Canadian Standards Association Clean Projects Registry

- Evaluate eligibility for registration with California, Alberta, Canada, British Columbia, and other North American carbon trading registries
- Develop reforestation and forestry management protocols that enhance carbon offsets and provide greenhouse gas reductions

Importantly, Fertoz has already spent five years developing, testing and conducting farm trials of organic fertilizers which are now proven to increase and accelerate crop growth which in turn sequesters more CO2. The Company's new range of organic N-P-K fertilizers, developed in conjunction with Western Milling (WAMCO), have the potential to significantly increase carbon sequestration.

With phosphate stockpiles and tenements across the USA, Canada and Mexico, and a range of proprietary organic fertilizer blends that increase carbon sequestration, the Company is in a strong position to benefit from the significant upswing in carbon credit generation and trading.

This announcement was made on 12 July 2021 and was authorised by the Board of Fertoz Limited.

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