



20 December 2021

ASX RELEASE / MEDIA RELEASE

Fertoz Expands Footprint in Carbon Space with First Project Contracts Signed

HIGHLIGHTS:

- Fertoz has completed a “No-Till Farming Protocol” with Trimble, allowing Canadian farmers to generate carbon credits through environmentally friendly no-till practices. Rollout across Canada has commenced with 20,000 acre and 6,000 acre projects already signed.
- Fertoz is currently finalising a Nitrous Oxide Emissions Reduction Protocol (NERP) for roll-out across Canada. Preliminary work to date indicates that this could result in double the number of carbon credits compared to the no-till protocol. Once verified, this will allow Canadian farmers to claim additional carbon credits for modified farming practices in relation to fertilizer use.
- Developing enhanced protocol for carbon credit issuance on the basis of Fertoz rock phosphate use.
- Working with global companies to collaborate on forestry, agriculture and carbon trading opportunities in Brazil, Canada, USA and Asia.
- Negotiating additional carbon credit development projects in the USA and Asia, with drone seeding planned for March/April in the USA and March quarter in Australia.
- Expanding Fertoz Carbon team with appointment of specialist soil scientist to assist in carbon credit protocol and carbon project development

Sustainable land management and carbon credit development company, Fertoz Ltd (ASX: FTZ, “Fertoz” or “the Company”) is pleased to advise continued progress in the carbon market.

Over the course of 2021, the Company has successfully transitioned from an organic rock phosphate supplier to a carbon credit development and sustainable land management company. Beyond organic fertilizer inputs, the Company now has an additional focus on developing and managing carbon projects and facilitating carbon trading for agricultural producers, retailers and manufacturers.

The Company is pleased to report a number of significant milestones over the 2021 period, and in particular, over the last quarter. An increasing number of farmers are willing to tailor their operations to minimise greenhouse gas emissions and sequester carbon beyond their existing practices, and the Company is now fielding numerous inbound calls requesting assistance in this regard. This is resulting in increased sales of fertilizer and increased exposure to the fast-growing carbon development sector.

ASX : FTZ



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Board of Directors

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Key Projects

Wapiti Ownership: 100%
Ferne Ownership: 100%

Fertoz Ltd

A.C.N. 145 951 622

Fertoz Executive Chairman, Pat Avery, commented:

“We are excited by the progress we are achieving in the Company and by the quality of existing and potential partners that our activities are attracting. During the year, we have achieved credibility in the carbon sector, completed documentation and protocols for ag-based carbon project development, and are now well down the path of verification, measurements, carbon calculations and correlation of carbon projects, which all take significant time and resources.”

“Generating verifiable carbon offset protocols for the ag sector is key to generating income from carbon credits, and with the No-Till protocol now in place, we are working with our partner Trimble to roll-out this protocol, initially across Canada. We have two projects already signed and expect more to follow as farmers realise the benefits of adopting no-till farming practices in their quest to offer carbon neutral grains, fruits and vegetables to consumers. Once our NERP protocol and enhanced Fertoz rock phosphate protocols are also in place, farmers can expect to generate significantly more carbon credits from their operations, and with carbon credits now trading at around C\$40 each in Canada (up from \$8 this time last year), there is significant upside potential for the ag sector.”

“With more partnerships in place and more personnel now employed in sales, carbon protocol and carbon project development, we are heading into 2022 in a strong position. Organic fertilizer sales are increasing, and with the number of discussions now on-going for drone seeding and fertilizing of sites across North America, Australia and Asia, we expect to become a significant operation in sustainable land management and carbon project development in 2022. Our focus on ensuring we have verified carbon protocols in place is a key differentiator in our drive to deliver value for all stakeholders. Attracting great partners is critical; as such, we look forward to collaborating more closely with Trimble, Strongfield Environmental and many other global companies in 2022.”

Conservation Cropping Carbon Emissions Reductions: No-Till

Fertoz and Trimble have jointly developed a program which assists Canadian agricultural producers to generate carbon credits if they implement a reduced-till or no-till soil program. The protocol not only applies to ag operations that change from their current tilling practices, but includes ag operations that are already engaging in reduced-till or no-till soil management practices. This is an important and valuable element to the protocol and is expected to result in existing organic farmers, who generally adopt such reduced-till or no-till practices, taking advantage of the potential to generate carbon credits in 2022.

Shifting from conventional farming to conservation cropping can increase carbon sequestered in the soil, which aids the environment through reduced carbon dioxide emissions and lower nitrous oxide emissions resulting from less soil disturbance. Fewer passes on a farm field also reduces fossil fuel emissions from farm equipment, further lowering the greenhouse gas footprint for the farm.

The quantification project protocol and producer contracts have been developed to be compliant with ISO 14064 standards, having faced multiple levels of review. The project was verified to provide full transparency and approved through CSA Group Registries to facilitate carbon credit tracking. The highly sophisticated Trimble software will be used to store producer data for inclusion in greenhouse gas reports. A full program description and web sign-up will be available at www.fertoz.com before the new year for interested participants. Fertoz is already working with producers in this space and has signed the first two projects of 20,000 acres and 6,000 acres.

Trimble, with over 7 years of experience in carbon trading, has held approved protocols in Alberta in the regulated market. As a partner of Trimble, Fertoz is now in a position to build on their expertise and participate in growth in this sector. Trimble is already seeking carbon credits to sell to large corporates in

North America looking to offset their carbon emissions, and the Fertoz/Trimble partnership allows Fertoz to pass carbon credits from the no-till protocol through to Trimble for sale to large emitters looking to offset their greenhouse gas emissions. In addition, the Company is in discussions with several potential carbon trading customers, focusing on a business model that brokers a “buy – bank – store – then sell” approach into higher-priced carbon markets for nature-based carbon credits.

An additional protocol related to the reduction of nitrous oxides from ag operations, the Nitrous Oxide Emissions Reduction Protocol (NERP), is now being developed by Fertoz. Preliminary indications are that this will result in double the number of carbon credits compared to the no-till protocol, and the Company’s key customer base, being organic farmers, is the obvious target market for such a protocol.

Combined with this, the Company is working with scientists and verifiers to produce an enhanced protocol related to the issuance of carbon credits when farmers (or conventional fertilizer manufacturers) use Fertoz rock phosphate products. Preliminary numbers that are currently being assessed by independent third-party carbon credit verifiers show that the generation of greenhouse gases in MAP and DAP production is 10x and 15x that of Fertoz rock phosphate.

The Company expects that ESG and sustainability focused shareholder groups will begin to pressure listed conventional fertilizer manufacturers to reduce their greenhouse gas emissions. This is expected to lead to the inclusion of rock phosphate in conventional phosphate fertilizer blends, once a verified reduction in greenhouse gas emissions protocol is approved.

Global Partnerships

Fertoz continues to develop its pipeline of carbon projects and recently signed non-disclosure agreements with companies in North America, Brazil and SE Asia, with carbon-related fertilization and reforestation talks underway. Fertoz holds weekly meetings with its partners to ensure continued advancements in these areas.

Reforestation Projects

As referenced in the Company’s ASX release of 22 October 2021, Fertoz and Strongfield Environmental are working together on a reforestation project at a coal mine in West Virginia. Grasses, trees, and shrubs have now been drone seeded over 5 acres as an initial trial plot. Rock phosphate fertilizer has also been spread using the efficient drone technology in this area. The Company managed to complete the work prior to winter and now is awaiting Spring growth. Additional areas in West Virginia, Virginia and Kentucky are under discussion with drone seeding/fertilizing planned for March/April 2022.

Additional reforestation projects are in the planning stages in Asia and Australia. Asia, in particular, is becoming a key market for carbon developers. The recent high-profile investment by a global pension fund into Greencollar, an Australian carbon credit project developer, highlights the potential in Asian reforestation and the growth in support for Asian forestry based carbon projects. Decades of forest degradation in many Asian countries have left many regions needing to be reforested. With high rainfall and ample sunshine, large trees grow quickly, sequestering significant amounts of carbon dioxide in their trunks, branches and roots. The Company is well-advanced in planning some trial reforestation projects in Asia and will update the market in this regard in the first half of 2022.

Additional Team Members

With numerous carbon credit protocols and projects under development or negotiation, the Company has expanded its team with the recent employment of a specialist soil scientist – Stephen Froese. Mr Froese holds a Masters in Soil Science from the University of Saskatoon, and will be responsible for

developing various carbon programs, seeking regulatory and voluntary approvals on protocols, working with third-party verifiers and assessors in relation to carbon projects, and collecting agriculture data from farmers to enable accurate generation of carbon credits.

Fertoz is also currently running greenhouse trials with an experienced agronomist, Elston Solberg, who will assist Mr Froese with the Company's carbon projects. Other consultants with experience measuring carbon emissions, developing agronomic research trials, and studying the beneficial effects of low carbon fertilizers have also been engaged on a part-time basis to provide support for Mr Solberg and Mr Forese.

As noted in the market update provided to the ASX on 18 November 2021, the Company has also increased the number of sales personnel and this is already having a positive impact on fertilizer sales and carbon credit project leads. Over the Christmas period, the sales team is planning to market the above-noted No-Till protocol to the Company's organic farmer database, and follow up with site visits in 2022.

Approval

This release has been approved by the Board of Fertoz Ltd.

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