



29 July 2022

ASX RELEASE / MEDIA RELEASE

JUNE 2022 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS:

- Continuing to advance reforestation project in SE Asia, with expected funding partner by year-end
- Fertoz to develop an organic fertilizer pellet plant in the USA after forming a joint venture with Montana-based Excel industries
- Fertilizer pellet product containing nitrogen, phosphorous and potassium (“NPK”) for the organic and regenerative ag sector
- First pellet sales expected late 2022
- Fertoz secured new tenement in Canada after discovering high-grade rock phosphate in Fernie region of British Columbia
- Ex-Syngenta senior executive Daniel Gleeson appointed Fertoz Group Chief Executive Officer
- Phosphate sales 1H record with forward order book 2H 2022 to exceed CY2021 sales
- Cash balance of \$3.4M as at 30 June 2022.

Sustainable land management and carbon credit development company Fertoz Ltd (ASX: FTZ, “Fertoz” or “the Company”) is pleased to provide an update on activities during the quarter ending 30 June 2022.

Fertoz Limited CEO, Daniel Gleeson, stated:

“Positive growth in cash receipts on the back of record 1H sales was pleasing with receipts of \$2.1M – 1H 2022 compared to \$1.0M in the same period last year. The improving result reflects our strategy to focus on sales into the emerging regenerative agriculture sector and further spend on the carbon division. We continue to invest in this growth opportunity reflected in higher administration costs, appointing two new additional sales members in USA and a Group CEO, with admin costs in 1H 2022 of \$670k versus PCP \$324k. As , sales and marketing costs have also risen year-on-year from \$301k to 1H 2022 \$664k. We are expecting further strong growth in sales in 2H 2022 and corresponding growth in cashflows.

“Following on from this strong start to 2022, this quarter has further set us up for sales growth with the development of our regenerative fertilizer pellet plant in the USA. This joint venture with Excel industries

ASX : FTZ



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Board of Directors

Executive Chairman	P. Avery
Non-Executive Director	S. Richardson
Non-Executive Director	G. West
Company Secretary	N. Taylor
Company Secretary	M. Crowley

Key Projects

Wapiti	Ownership: 100%
Fernie	Ownership: 100%

Fertoz Ltd

A.C.N. 145 951 622

will offer growers access to a complete NPK product. This type of product has been limited to growers in the past and as such we expect to see strong demand as soon as the product hits the market.

“We also secured a new tenement in Canada this quarter after discovering high-grade rock phosphate in the Fernie region. We expect that this tenement will help us meet growing demand.”

“Fertoz Carbon has continued to spend development capital on a reforestation project of large scale in SE Fertoz expects to finalise project design and funding by year end. The carbon team is busy securing acres in Canada under the recently approved “no-till” and nitrous oxide emissions protocol “NERP” with solid carbon revenues expected in 2H 2022. Fertoz is partnering Trimble Inc (NASDAQ:TRMB) on this program.”

Development of organic fertilizer pellet plant in USA

During the quarter, Fertoz announced the formation of a joint venture with Montana-based company Excel Industries to develop a fertilizer pelleting plant in the USA (ASX announcement 30 June 2022).

Fertoz will work with Excel Industries and its affiliate Range Cubes Mill LLC, based in Montana, to create a fertilizer pellet product containing nitrogen, phosphorous and potassium (“NPK”) for the organic and regenerative agriculture market in the US/North America. This market is expected to grow at more than 14% CAGR over the next five years¹.



Construction on the plant and equipment is underway and Fertoz expects to commence the first sales of the product in late 2022. Excel Industries already produces organic chicken litter compost containing nitrogen and saw the value of including Fertoz rock phosphate amongst other elements to create a complete product.

Access to a complete organic NPK product has been very limited to growers in the past. The Company expects high demand from day one in the market, leveraging the existing sales of Excel Industries by adding Fertoz’s rock phosphate to the product blend.

The facility will be able to make custom blends based on growers’ true soil requirements plus other key elements including microbes and humates, creating a truly value-added product to increase soil health and maximize product utilization. Comparatively, synthetic fertilizers are often only 30-40% utilized in the soil due to leaching, volatilizing or being bound to other elements.

Montana is well located for the Company to be able to source key input ingredients cost-effectively, including from Fertoz’s nearby rock phosphate mines as well as being central to organic markets, particularly USA’s west coast and Pacific Northwest regions and Alberta and Saskatchewan in Canada. The plant site is connected to rail, allowing for more cost-efficient movement of goods in and out of the facility, increasing geographical coverage.

¹ <https://www.businesswire.com/news/home/20191216005341/en/Global-Organic-Fertilizers-Market-2019-2023-14-CAGR-Projection-Over-the-Next-Five-Years-Technavio>

The Company's internal forecasting conservatively calculated capital payback within 15 months on what will become a multi-year opportunity. Fertoz's US\$1.28 million investment for a 50% share of the JV will deliver a facility with a production capacity of approximately 80,000 tonnes per annum, addressing more than 160,000 acres at a value of approximately US\$30 million. Fertoz is currently evaluating leasing options as well as USDA grants programs to assist with funding whilst maintaining balance sheet flexibility.

In the US, the Department of Agriculture estimates more than 140 million acres are introducing sustainable farming practices². This gives Fertoz the ability to expand operations on site due to Excel Industries' existing footprint and experience in engineering, agriculture and energy developments previously.

High-grade rock phosphate discovery in Fernie, British Columbia

Fertoz has secured a new tenement in Canada after discovering high-grade rock phosphate in the Fernie region of British Columbia. The deposit is accessed from the surface, over approximately 25km strike length and widths of typical 3-5m. Initial drill holes down to a depth of 3-6m returned field testing grade of +25% P and low impurities (high-grade material).

Fertoz expects the new tenement to add easily accessible phosphate material to its future supply capabilities to help meet growing future demand.



Australia / SE Asian operations

Fertoz Agriculture became a member of Fertiliser Australia and enlisted the peak body's aid in lobbying the Department of Agriculture to address delays in biosecurity clearance of containers on arrival to Australian ports. This has led to some delivery delays in 1H, resulting in a slowing of sales momentum. This initiative has already begun benefiting fertilizer buyers, as the recent shipment of 408 tonnes in early Q3 was processed with no undue delays.

Sales were also impacted in the June quarter due to continued wet weather in Queensland and NSW. Manufacturing costs and logistics costs rose in the quarter. This coupled with the drop in the Australian dollar has prompted another product price increase which will be implemented in the 3rd quarter. Overall, sales are on track to exceed 2021 full year results.

² https://www.nass.usda.gov/Publications/AgCensus/2017/index.php#full_report

Carbon Projects

Fertoz Carbon is focusing on regenerative agricultural opportunities including offering carbon credit programs to farmers in Canada. Farmers are offered three contracts with Fertoz/Trimble to measure, calculate and stack no-till and NERP protocol calculated carbon generation across millions of acres in Canada. Registering and contracting with Fertoz/Trimble will result in a carbon credit income stream to those farmers following the recently registered protocols (No-till and NERP) with carbon credits sold by Trimble to large emitters. Fertoz forecasts meaningful revenue from these programs in CY2022 to both farmers and Fertoz regarding its share of the carbon income stream.



Fertoz Carbon continues to invest (more than \$500,000 to date) in advancing the carbon in soil initiatives and reforestation projects in SE Asia and North America. Registration of these long-term projects involves extensive work up front including technical studies and securing approvals with validation of projects to follow. Large-scale reforestation projects that the group is targeting are capital intensive and discussions with potential partners is progressing regarding securing the carbon credits from the projects and providing critical funding as required. Once registered, these reforestation projects are long term assets with generation of carbon credits expected over the next 20-50 years per each project.



Outlook – 2H 2022

The Ukraine conflict continues to result in elevated fertilizer prices across North America and has highlighted the importance of “in-country” availability of fertilizer. The result is continuing strong demand for Fertoz’s rock phosphate from fertilizer manufacturers, distributors and farmers alike. Importantly and a huge competitive advantage is Fertoz securing the majority of high-grade low impurity rock phosphate in North America and the companies various regulated organic certifications allowing sales across all States and Counties in North America.

Fertoz anticipates strong cash generation 2H 2022 with the sales split 20% 1H and 80% 2H. The commencement of the Excel Industries JV producing a pelleted NPK product primarily for USA markets will see greater sales in 1H 2023 as the company focuses on more southern USA states, with significant demand expected year-round. Fertoz has solid inventories of rock phosphate to supply anticipated 2H orders.

Fertoz will continue to invest in the Carbon division to generate meaningful long-term recurring income once projects are fully developed and funded with anticipated partners.

CORPORATE

Appointment of Chief Executive Officer



The Company appointed ex-Syngenta senior executive Daniel Gleeson as Fertoz Group Chief Executive Officer in April 2022. Mr Gleeson was formerly the Global Marketing Head of agricultural technology and science company Syngenta Group and has held positions at Limagrain including Vice President, Global Portfolio Manager, General Manager and National Sales Manager.

Mr Gleeson has more than 20 years experience in the agribusiness sector across Australia, Asia, USA and Europe. Mr Gleeson has managed teams of up to 700 staff and annual revenues of more than US\$700 million.

Appointment of Joint Company Secretary

In June, the Company appointed Mr Max Crowley from the Automic Group as Joint Company Secretary of the Company. Mr Crowley is an experienced corporate lawyer specializing in listings on ASX (IPOs and reverse listings), employee equity schemes and providing advice on corporate governance and compliance issues. He is a member of Automic Group, which provides market leading, cloud-based share registry technology, compliance and governance solutions, supported by a tailored range of professional services.

His appointment followed the resignation of Ms Rebecca Woodman as Company Secretary of the Company.

Director resignation

Non-Executive Director James Chisholm resigned from the Company's board in April due to his growing workload as a director of another company.

Annual General Meeting (AGM)

At Fertoz's Annual General Meeting of Shareholders on 30 May 2022 all resolutions put to the meeting were decided by poll and approved by the required majority. Resolutions were:

1. Adoption of remuneration report
2. Re-election of Stuart Richardson as Director
3. Election of Gregory West as Director
4. ASX Listing Rule 7.1A Approval of Future Issue of Securities
5. Adoption of Long-Term Incentive Plan (LTIP)
6. Approval of Issue of Director Fee Shares to Gregory West (or his Nominee), Director of the Company
7. Approval of Issue of Director Fee Shares to Stuart Richardson (or his Nominee), Director of the Company
8. Renewal of Proportional Takeover Provisions
9. Amendment to Constitution.

Cash / Appendix 5B Commentary

The Company had \$3.4 million in cash at 30 June 2022 with nil loan balances. The companies balance sheet remains well funded with cash and inventory on hand of 11,600 tonnes (cost \$687,000) ready for on-sale to customer orders 2H 2022 at solid margin to cost.

The June quarter saw further investment into the growth of the business both in fertiliser and carbon divisions. Fertoz continues to invest heavily into carbon with expectation that the medium term (1-3 years) will generate high returns on this investment for many years to come. Those initiatives require a deeper investment into human capital and capability. Fertoz hired a new Group CEO commencing in the June quarter and continues to expand in the USA with hires in fertiliser sales personal. Fertoz also added head count into carbon in both Canada and SE Asia during 1H 2022.

Mining commenced on approved mining leases in Fernie in the June quarter with initial expenditure of \$207,000. Fernie phosphate rock is required to meet orders on the books for 2H 2022 delivery.

Capital payment during the quarter of \$348,000 was the initial deposit on pelleting equipment for the Excel NPK JV. Total payments of US\$1.28million is the budgeted expenditure with leasing options being considered to refinance these sums in 2H 2022.

Issuance of securities

During the quarter to 30 June 2022, the Company issued 400,000 shares to two directors in lieu of director fees.

Fertoz Tenements

A list of tenements is provided in Appendix 1. During the quarter ended 30 June 2022, the Company staked additional tenements around the Fernie region. Please see Appendix 1 for details.

ASX additional information

- **ASX Listing Rule 5.3.1:** Exploration and evaluation expenditure during the June 2022 quarter was A\$207k. Details of exploration activity during the June 2022 quarter are set out in this report and consist of work carried out on the current projects with a view to removing material for sale in H2 2022.
- **ASX Listing Rule 5.3.2:** There were no substantive mining production or development activities during the quarter.
- **ASX Listing Rule 5.3.3:** There have been no tenements acquired or disposed of during the quarter. See above note and Appendix 1 for newly staked tenements
- **ASX Listing Rule 5.3.5:** Appendix 5B, Section 6.1 – description of payments: During the June 2022 quarter, A\$69k to the Executive Chairman.

Approval

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

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APPENDIX 1 – TENEMENTS

Title Number	Claim Name	Ownership	Good To Date	Status	Area (ha)
851942	WK 1	100%	2022/AUG/21	PROTECTED	450.8337
851948	WK 2	100%	2022/AUG/21	PROTECTED	451.0152
851952	WK 3	100%	2022/AUG/21	PROTECTED	375.6551
851958	WK 4	100%	2022/AUG/21	PROTECTED	451.2027
941760	WK 5	100%	2022/AUG/21	PROTECTED	450.8290
941761	WK 6	100%	2022/AUG/21	PROTECTED	469.8690
941762	WK 7	100%	2022/AUG/21	PROTECTED	432.0722
941763	WK 8	100%	2022/AUG/21	PROTECTED	413.4852
941764	WK 9	100%	2022/AUG/21	PROTECTED	432.5329
941769	WK 10	100%	2022/AUG/21	PROTECTED	451.3602
955278	WK 11	100%	2023/AUG/21	PROTECTED	470.3094
956829	WK 12	100%	2022/AUG/21	PROTECTED	37.5615
982744	WK-ONE	100%	2022/AUG/21	GOOD	18.7971
1011319	BARNES LAKE	100%	2024/MAY/19	GOOD	608.9764
1015556	WAPITI NE	100%	2022/AUG/21	PROTECTED	375.5435
1015557	WAPITI TWO	100%	2022/AUG/21	PROTECTED	168.9294
1015558	WAPITI SOUTH	100%	2022/AUG/21	PROTECTED	376.3457
1015626	MUNOK 1	100%	2022/AUG/21	PROTECTED	169.5755
1015627	BELCOURT 1	100%	2022/AUG/21	PROTECTED	113.2731
1018104	WAP S2	100%	2022/AUG/21	PROTECTED	451.8171
1018106	WAP S3	100%	2022/AUG/21	PROTECTED	451.7492
1018107	WAP S4	100%	2022/AUG/21	PROTECTED	451.9332
1018108	WAP S5	100%	2022/AUG/21	PROTECTED	452.0947
1018109	WAP S6	100%	2022/AUG/21	PROTECTED	452.3014
1020873	BARNES 2	100%	2023/APR/18	GOOD	629.8798
1023062	CROWSNEST	100%	2025/AUG/29	GOOD	1,450.8882
1023064	CROWS 2	100%	2024/OCT/15	GOOD	38.6725
1023921	RED DEER 1	100%	2022/AUG/21	GOOD	150.2184
1023922	RED DEER 2	100%	2022/AUG/21	GOOD	206.3382
1023923	RED DEER 3	100%	2022/AUG/21	GOOD	150.1307
1024365	MARTEN	100%	2025/AUG/30	GOOD	754.3219
1024783	MUNOK 2	100%	2022/AUG/21	PROTECTED	603.0465
1024803	BELCOURT 2	100%	2022/AUG/21	PROTECTED	301.7586
1024805	BELCOURT 4	100%	2022/AUG/21	PROTECTED	339.7829
1024806	BELCOURT 3	100%	2022/AUG/21	PROTECTED	188.6959
1025533	MARTEN 2	100%	2023/AUG/28	GOOD	460.8584
1027037	BELCOURT LINK	100%	2022/AUG/21	PROTECTED	282.5887
1027038	WAP 11	100%	2022/AUG/21	GOOD	168.9380
1029417	MUNOK	100%	2022/AUG/21	PROTECTED	207.3811
1029489	SOUTH 2	100%	2022/AUG/21	PROTECTED	376.1569
1029979	MARTEN NORTH	100%	2023/AUG/29	GOOD	334.9933
1030777	SOUTH ROAD 2	100%	2022/AUG/21	PROTECTED	413.6588
1031107	MARTEN E	100%	2023/AUG/29	GOOD	188.4545
1046619	BARNES LK 3	100%	2023/JAN/12	GOOD	524.8883
1046685	GRAVES LAKE 1	100%	2022/OCT/14	GOOD	499.5424
1047502	RAM 1	100%	2026/OCT/29	GOOD	126.7219

1055454	BARNES LK WEST	100%	2023/JUL/09	GOOD	83.9744
1057281	BIGHORN SOUTHWEST	100%	2025/OCT/29	PROTECTED	211.2753
1058774	GRAVES 2	100%	2022/OCT/22	GOOD	208.2871
1059393	SOUTH OF ALBERTA 1	100%	2023/JUL/17	GOOD	309.3128
1059412	BARNES 5	100%	2023/JUL/18	GOOD	104.9646
1059422	COAL MOUNTAIN 1	100%	2023/JUL/19	GOOD	230.7787
1089147	GRAVES 3	100%	2023/JAN/20	GOOD	104.0329
1089275	GRAVES 4	100%	2023/JAN/20	GOOD	416.1111
1094162	BIGHORN 20	100%	2024/SEP/29	GOOD	232.3941
1095294	WAPITI SOUTH ROAD	100%	2023/APR/22	GOOD	131.4155
9318050295	Alberta 1	100%	2032/May/01	GOOD	576.0000
9318030431	Alberta 2	100%	2032/May/22	GOOD	136.0200
9318100162	Alberta 3	100%	2032/Oct/15	GOOD	499.3000

20,619.8448

NEWLY STAKED TENEMENTS

Title Number	Claim Name	Ownership	Good To Date	Status	Area (ha)
1047502	Ram 1	100%	2026/OCT/26	GOOD	126.7200
1057281	Bighorn Southwest	IN TRUST	2025/OCT/25	GOOD	211.2800
1086422	Ram-Bighorn	IN TRUST	2024/DEC/13	GOOD	105.6030
1089118	Bighorn 3	IN TRUST	2024/SEP/20	GOOD	295.7440
1089337	Bighorn 4	IN TRUST	2023/JAN/20	GOOD	232.4200
1089361	Bighorn 5	IN TRUST	2023/JAN/20	GOOD	147.8100
1089561	Bighorn 5	IN TRUST	2023/JAN/23	GOOD	190.1000
1094162	Bighorn 20	IN TRUST	2024/MAR/29	GOOD	232.3941
1046685	Graves Lake 1	100%	2022/OCT/14	GOOD	499.5400
1058774	Graves 2	100%	2022/OCT/22	GOOD	208.2900
1089147	Graves 3	100%	2023/JAN/20	GOOD	104.0329
1089275	Graves 4	100%	2023/JAN/20	GOOD	416.1100
1093403	Mtn Lyne 1	IN TRUST	2023/FEB/21	GOOD	41.5700
1085341	Mount Jackson	IN TRUST	2022/NOV/25	GOOD	438.8429
1095776	Mount Jackson 2	IN TRUST	2023/MAY/25	GOOD	208.8644
1095777	Mount Jackson 3	IN TRUST	2023/MAY/25	GOOD	208.7710
1095780	Mount Jackson 4	IN TRUST	2023/MAY/25	GOOD	208.6570

3,876.7493

**GRAND
TOTAL**

24,496.5941