

Fertoz

30 June 2022

ASX RELEASE / MEDIA RELEASE

Fertoz to develop organic fertilizer pellet plant in USA

HIGHLIGHTS:

- Fertoz forms joint venture with Montana-based Excel Industries to develop USA fertilizer pellet plant
- Nitrogen/phosphorus/potassium (“NPK”) product will target organic and regenerative ag sector
- Fertoz has invested US\$1.28 million to develop the plant, which will be capable of producing 80,000 tonnes of pellets a year
- Construction is underway and Fertoz expects first sales in late 2022
- Plant is well located to key inputs as well as organic markets in USA and Canada
- Excel Industries supplies compost products to growers in Montana and saw the need to value add by incorporating rock phosphate and moving to pelleted form for handling.

Sustainable land management and carbon credit development company Fertoz Ltd (ASX: FTZ, “Fertoz” or “the Company”) is pleased to announce a joint venture with a Montana-based company to develop a fertilizer pelleting plant in the USA.

Fertoz will work with Excel Industries and its affiliate Range Cubes Mill LLC, based in Kinsey, 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 first sales of the product in late 2022. Excel Industries already produces organic NPK fertilizer chicken litter compost and saw the value of including Fertoz rock phosphate amongst other elements.

Fertoz CEO Daniel Gleeson said: “Access to a complete organic NPK product has been very limited to growers in the past and as such we expect high demand from day one in the market, leveraging the existing sales of Excel Industries by adding our own rock phosphate to the product blend.

“Our facility will have the ability to make custom blends of NPK, based on growers’ true soil requirements plus other key elements including microbes and humates, creating a truly value-added product to increase

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

ASX : FTZ



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Board of Directors

Executive Chairman
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Non-Executive Director
Company Secretary
Company Secretary

P. Avery
S. Richardson
G. West
N. Taylor
M. Crowley

Key Projects

Wapiti Ownership: 100%
Fernie Ownership: 100%

Fertoz Ltd

A.C.N. 145 951 622

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. Our product will allow us to effectively deliver the same nutritional benefits as synthetic fertilizer at half the cost, while dramatically improving soil health and improving a grower's biggest asset – their land."

Mr Gleeson said Montana was well located in terms of sourcing 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.

"Fertoz management along with Excel Industries view this opportunity as significant in growing volumes for both entities," Mr Gleeson said.

"Internal forecasting conservatively calculated capital payback within 15 months on what will become a multi-year opportunity. Our 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

Fertoz has secured a new tenement in Canada after discovering high-grade rock phosphate in the Fernie region of British Columbia.

Initial drill holes down to a depth of 3-6m returned field testing grade of +25% P and low impurities (high-grade material). The deposit is accessed from the surface, over approximately 25km strike length and widths of typical 3-5m. Fertoz expects the new tenement to add easily accessible phosphate material to its future supply capabilities to help meet growing future demand.

Approval

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

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² US Department of Agriculture 2017 Census of Agriculture, https://www.nass.usda.gov/Publications/AgCensus/2017/index.php#full_report