ASX ANNOUNCEMENT
26 October 2023

Fertoz
NATURE'S SOLUTIONS

PUTTING CARBON BACK INTO THE SOIL

September 2023 Quarterly Activities Report

Highlights

- **Fertify™ NPKS plant in Montana, USA achieves nameplate capacity of 40,000 tons per annum after two months of operation**
- **Fertify production of 50,000 tons per year is achievable with triple shift operation - partner Excel Industries is recruiting additional operating staff to move to triple shifts as required**
- **Production is increasing in preparation for spring, when 70% of fertilizer applications are made in Fertify's target markets**
- **Demand for Fertoz's fertilizer products continues to grow with the addition of Fertify to its portfolio as more growers focus on positive regenerative farming outcomes**
- **Mined 1,750 tonnes rock phosphate at Fernie, Canada in September quarter (balance of permit available), which is 100% sold. New permit applications lodged and others under preparation awaiting approval for FY2024 season.**
- **Significant cost controls brought into place in 2023 through a reduction in headcount from 13 to 6 full time equivalents, improved efficiency of processing rock phosphate and strategic approach to mine permitting in Canada.**

CORPORATE

- **Leah Pieris appointed Joint Company Secretary.**

Sustainable land management company **Fertoz Limited** (**Fertoz** or the **Company**) (ASX:FTZ) is pleased to provide an update on its activities during the quarter ended 30 September 2023.

Fertify™ plant reaches nameplate capacity

Fertoz's Fertify™ NPKS pelleting plant in Montana, USA reached nameplate capacity (40,000tpa) in early October 2023, after commencing commercial operations in August 2023.

Fertoz developed the plant in a joint operation with Montana-based Excel Industries after identifying an opportunity to combine resources to deliver a regenerative and organic all-in-one NPKS pellet to farmers across North America.

Deliveries of Fertify commenced in August, with product integrity and quality highly regarded by the market due to minimal dust or breakdown of the product in transit, storage or application.

Fertoz is beginning to see awareness grow as the product moves onto farms, following a long and positive season in and around Montana, where the plant is based, and Idaho, particularly for alfalfa crops.

Fertoz expects to increase production towards 50,000tpa using a triple shift in preparation for spring, which is when ~70% of fertilizer applications are made in its target markets.

Investments into inventory preparation have been ongoing in Q3 and will continue into Q4 as Fertoz builds for a very strong 2024 spring season. More than A$700,000 of gross revenue is expected to be realised in Q4 2023 from Fertify inventory for which Fertoz has already paid.

Figure 1: Fertoz is increasing production of Fertify™ after its Montana plant reached nameplate capacity

Additionally, Fertoz is working towards the goal of a blended product with 20% Fertify and 80% synthetic fertilizer for short cycle crops (corn, soybean) where immediate supply of phosphorous is key. This would provide the advantages of the instant release of phosphorous from synthetic and the extended release from Fertify with the added benefits of potassium, sulfur and key soil health benefits. Soil health benefits include high organic matter (>25%), low salts (6.6 v 27 from synthetics), more than 400 species of beneficial microorganisms and a low carbon intensity rating which Fertoz is developing. The low carbon intensity rating may lead to increasing the Fertify component to 30-40% potentially of a synthetic fertilizer blend, targeting those crops that feed into low carbon bio-diesel plants. The synthetic fertilizer market is +5 million tonnes per annum in the USA alone, representing significant opportunities for the future with well over US$400M revenue potential.

Specific to direct sales of rock phosphate, the USDA recently released US$52M of an allocated US$900M grant (to USA domiciled companies only) towards sustainable fertilizer production companies. Of the 17 companies that received this second round of funds, many of them have the possibility to include rock phosphate from Fertoz as their sustainable phosphorous supply. This trend looks set to continue as more of this grant becomes available, which has potential to benefit Fertoz tremendously.

Cost control has continued to remain a focus in 2023 with the reduction of full-time equivalent (FTE) staff from 13 to six, with a clear focus on revenue return. Dylan Treadwell has made significant steps in Fertoz's permitting process, targeting the most cost effective and accessible locations for the future with a clear understanding of regulatory requirements. In addition to this, he's helped to reduce mining and processing costs overall to improve gross margin on every tonne sold in North America.

CORPORATE

Appendix 5B Commentary

Fertoz held A$1.0 million in cash at 30 September 2023. Borrowings were A$300,000 (short-term loan) and equipment lease liability of A$446,000. Fertoz expects a solid 4th quarter of sales revenue and therefore cash receivables.

Fertoz continues to hold large inventory positions in USA and Australia, supporting sales in 4Q 2023 and building inventory of Fertify for 1H 2024.

Appointment of Joint Company Secretary

Leah Pieris was appointed as Joint Company Secretary of Fertoz on October 12.

Ms Pieris is a Chartered Company Secretary. Ms Pieris 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. As a member of Automic Group's Company Secretary team, Ms Pieris assists ASX listed, unlisted public and proprietary companies across a range of industries.

She will share the role with Joint Company Secretary Max Crowley. Her appointment followed Nova Taylor stepping down as Company Secretary.

Short-term loan

On 29 September 2023, Fertoz advised its Non-Executive Chairman Stuart Richardson had agreed to provide the Company with a short term, unsecured loan of $300,000 on commercial arms' length terms.

The loan was drawn down by the Company on that date with funds applied towards working capital purposes of the Company.

The material terms of the loan agreement are as follows:

- Loan amount: $300,000, drawn down immediately.
- Loan term: 12 months (requiring repayment by 29 September 2024).
- Interest rate: 10% per annum paid quarterly in arrears.
- Security: Nil.
- The agreement does not include any right to convert the loan to Fertoz shares.

Ends

Approval

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

For further information, please contact:

Daniel Gleeson
CEO & Managing Director

Fertoz Limited
Ph: +1 630 269 6276

Nathan Ryan
Investor & Media Enquiries

NWR Communications
Ph: +61 (0) 420 582 887

APPENDIX 1 – TENEMENTS AS AT 30 SEPTEMBER 2023

Title Number	Claim Name	Owner	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	450.829
941761	WK 6	100%	2022/AUG/21	PROTECTED	469.869
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	PROTECTED	18.7971
1011319	BARNES LAKE	100%	2025/JUN/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%	2024/JUL/18	GOOD	629.8798
1023062	CROWSNEST	100%	2027/AUG/29	GOOD	1450.8882
1023064	CROWS 2	100%	2024/OCT/15	GOOD	38.6725
1023921	RED DEER 1	100%	2022/AUG/21	PROTECTED	150.2184
1023922	RED DEER 2	100%	2022/AUG/21	PROTECTED	206.3382
1023923	RED DEER 3	100%	2022/AUG/21	PROTECTED	150.1307
1024365	MARTEN	100%	2027/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%	2026/AUG/28	GOOD	460.8584
1027037	BELCOURT LINK	100%	2022/AUG/21	PROTECTED	282.5887
1027038	WAP 11	100%	2022/AUG/21	PROTECTED	168.938
1029417	MUNOK	100%	2022/AUG/21	PROTECTED	207.3811
1029489	SOUTH 2	100%	2022/AUG/21	PROTECTED	376.1569
1029979	MARTEN NORTH	100%	2026/AUG/29	GOOD	334.9933
1030777	SOUTH ROAD 2	100%	2022/AUG/21	PROTECTED	413.6588
1031107	MARTEN E	100%	2026/AUG/29	GOOD	188.4545
1046619	BARNES LK 3	100%	2024/JUL/12	GOOD	524.8883
1047502	RAM 1	100%	2026/OCT/29	GOOD	21.1186
1055454	BARNES LK WEST	100%	2024/JUL/09	GOOD	83.9744
1057281	BIGHORN SOUTHWEST	100%	2025/OCT/29	GOOD	211.2753

1059393	SOUTH OF ALBERTA 1	100%	2024/JUL/17	GOOD	309.3128
1059412	BARNES 5	100%	2024/JUL/18	GOOD	104.9646
1059422	COAL MOUNTAIN 1	100%	2024/JUL/19	GOOD	230.7787
1071690	FERNIE 2	100%	2023/APR/08	GOOD	20.986
1089118	BIGHORN 3	100%	2024/SEP/20	GOOD	295.744
1093465	LYNE 7	100%	2023/AUG/24	GOOD	62.4768
1094162	BIGHORN 20	100%	2024/SEP/29	GOOD	232.3941
1095294	WAPITI SOUTH ROAD	100%	2023/APR/22	PROTECTED	131.4155
1095780	MOUNT JACKSON 4	100%	2025/NOV/25	GOOD	208.657
1096780	MICHEL HEAD 1	100%	2025/JUL/24	GOOD	209.8408
1098873	GRAVES 1	100%	2023/OCT/23	GOOD	145.8088
1098880	GRAVES 2	100%	2023/OCT/23	GOOD	166.5387
1099871	ALEXANDER NORTH 4	100%	2023/DEC/17	GOOD	104.1773
1099872	ALEXANDER NORTH 5	100%	2023/DEC/17	GOOD	250.1576
1099878	ALEXANDER NORTH 6	100%	2023/DEC/18	GOOD	291.4774
1099881	LYNE TWO	100%	2023/DEC/18	GOOD	291.1067
1099882	LYNE THREE	100%	2023/DEC/18	GOOD	166.547
1099887	LYNE MOUNTAIN SOUTH	100%	2023/DEC/19	GOOD	624.1649
1100937	GRAVES 1	100%	2024/JAN/21	GOOD	416.1261
1101178	ALEXANDER NORTH 2	100%	2024/JAN/25	GOOD	250.1061

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity	
Fertoz Limited	
ABN	**Quarter ended ("current quarter")**
86 145 951 622	30 September 2023

Consolidated statement of cash flows		Current quarter $A'000	Year to date (Nine months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	896	3,078
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production - (Input cost)	(443)	(1,758)
	(d) staff costs	(37)	(122)
	(e) administration and corporate costs	(847)	(2,580)
	- Marketing costs	(338)	(797)
	- Other Administration costs	(509)	(1,783)
1.3	Dividends received	-	-
1.4	Interest received	3	10
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	(a) Other	41	67
	(b) Other – refund of deposit	-	-
1.9	**Net cash from / (used in) operating activities**	**(387)**	**(1,305)**

1.2 (c) Raw material costs associated with inventory preparation in Montana, USA and preparation of sites in Canada for bulk sample mining in 2023

1.2(e) "other Admin costs" includes preparatory work on Carbon activities ($404K)

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (Nine months) $A'000**
	(d) exploration & evaluation (if capitalised)	(387)	(997)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(387)**	**(997)**

.2.1(d) Mined inventory at cost - available for resale + access roads and permitting costs - Canada

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	50	150
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	300	300
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Proceeds from lease liability borrowings	20	477
3.9	Payments for lease liabilities	(67)	(169)
3.10	**Net cash from / (used in) financing activities**	**303**	**758**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period (*See note 1)*	1,221	2,861
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(387)	(1,305)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(387)	(997)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (Nine months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	303	758
4.5	Effect of movement in exchange rates on cash held	253	(314)
4.6	**Cash and cash equivalents at end of period**	**1,003**	**1,003**

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5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	471	512
5.2	Call deposits	532	709
5.3	Bank overdrafts		
5.4	Other	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,003**	**1,221**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	126
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Executive directors' remuneration - $126K

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	1,000	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	1,000	-

7.5	**Unused financing facilities available at quarter end**	1,000
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

The loan facility is a debtors' factoring facility secured against invoices raised by the Company for the sale of inventory. The interest rate is 12.95%pa.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(387)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(387)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(774)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,003
8.5	Unused finance facilities available at quarter end (Item 7.5)	1,000
8.6	Total available funding (Item 8.4 + Item 8.5)	2,003
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	2.59

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 26 October 2023

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.