

# Fertoz

22 November 2018

ASX RELEASE / MEDIA RELEASE

## Fertoz Signs Sales Agreement with Humic Growth Solutions

### HIGHLIGHTS

- **Fertoz signs Sales and Supply Agreement with organic certified Humic Growth Solutions LLC (“HGS”), the world’s largest manufacturer and supplier of organic humic products**
  - **Forecast sales of 35,000 to 40,000 tons of new value-added blended fertiliser products in the first two years, combining rock phosphate and humates in powder and granular**
  - **HGS and Fertoz are committed to expanding product offerings that will include products for both conventional and organic agricultural producers around the world**
- Ten-year initial duration with regular cost and volume reviews, joint marketing, branding and sales incentives and signed MOU to develop a formal Joint Venture**

Organic phosphate development company Fertoz Limited (“Fertoz” or the “Company”, ASX: FTZ) is pleased to advise that it has secured a ten-year Sales and Supply Agreement with Humic Growth Solutions LLC, an international fertiliser company based in Jacksonville, Florida, USA.

Humic Growth Solutions (HGS) is the world’s largest manufacturer and supplier of organic humic products, including 100% soluble humic acid powder and patented humic acid granule. Typically derived from coal, these products aim to improve agricultural yields by returning carbon to the soil and enhancing crops’ water and nutrient holding capacity.

HGS sources humate inputs from Alberta, Canada and processes these in their facilities in Alberta, Montana, Idaho and Florida for export to world markets. HGS has a processing facility approximately 300 km from the 100,000t rock phosphate stockpile that Fertoz recently secured, as announced to the ASX on 10 October 2018. HGS has been operating for over 10 years with a focus on international markets, primarily Europe, Africa and the Middle East. It is now expanding its efforts in North America.

When blended, Fertoz phosphate and HGS products can deliver available nutrients while simultaneously improving soil health. This collective effort will facilitate the production of the first organic rock phosphate powder/humic soluble powder to make a patent pending certified organic granule.

The Sales and Supply Agreement contemplates the production of blended humate/phosphate fertilisers. Fertoz and Humic Growth Solutions forecast sales of these new value-added products of 10,000 – 12,000 tons in CY19 and 25,000 – 28,000 tons in CY20, expecting further increases in CY21.

ASX: FTZ



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#### Board of Directors

Executive Chairman  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Company Secretary

P. Avery  
S. Richardson  
A. Byass  
J. Chisholm  
J. Stedwell

#### Key Projects

Wapiti  
Fernie

Ownership: 100%  
Ownership: 100%

**Fertoz Ltd**

A.C.N. 145 951 622

Having recently secured a 100,000 ton phosphate stockpile in Montana, Fertoz was able to commit to supplying the required amount of rock phosphate to enable the production of humate/phos blended fertilisers to help meet these sales targets.

The Sales and Supply Agreement also incorporates an MOU which contemplates the progression towards a formal Joint Venture, a ten-year initial duration, regular cost and volume reviews, joint marketing and branding, and joint sales incentives for the Fertoz and Humic Growth Solutions sales teams. Given the number of farmers requesting blended humate/phos products, both companies have agreed to accelerate the production of test batches for trials by farmers around the Montana processing facility.

Humic Growth Solutions Founder and CEO, Kevin Merritt, said:

*“HGS has a great suite of humate based products but we are always looking for complementary components that bring agronomic value and can economically improve yields and crop quality to producers around the world. We selected Fertoz phosphate due to its high quality, its proximity to our Montana processing facility, its well-developed logistics solutions and its impressive sales history and developing market penetration.*

*“We will work with the Fertoz team to jointly develop new fertiliser blends and expand sales in North America. We plan to expand our facilities to meet the expected sales of these new blends and Fertoz has committed to providing us with rock phosphate, access to their logistic chain and together we will target sales efforts in key markets. We are committed to jointly developing value added products, facilities, and expanding sales volumes in key agricultural markets, and we are very excited about this opportunity.”*

Fertoz Executive Chairman, Pat Avery, said:

*“We are thrilled to partner with Humic Growth Solutions and blend our rock phosphate with their humates and then offer these to our existing and new customers.*

*“Humate-based fertilisers are well-accepted in North America with both conventional and organic farmers. Blending these with our high-quality, high-availability organic rock phosphate allows Humic Growth Solutions and Fertoz to jointly market premium blended fertiliser products to broad acre crop farmers, high intensity vegetable growers and greenhouse operations looking for fertigation products and drip-feed fertilisers.*

*“This relationship makes a solid strategic fit as well as a geographically advantageous one, as the closest HGS processing facility is only 190 miles from our Montana stockpile and it has road and rail access to all of North America. Blended humates and phosphate are high value fertilisers so freight costs are not a major consideration, meaning we will be able to sell the blended product right across the United States and Canada.*

*“We are getting more requests for humic in our blends of powder and granulated rock phosphate, and Humic Growth has the highest quality soluble humic products on the market. With the synergies in facilities, locations, processing, sales and products, this is a natural fit. Once manufactured, we’ll both market these new value-added products. We reiterate our CY19 group sales targets of between 30,000 and 50,000 tonnes.”*



*A selection of HGS' existing product suite*

The manufacture of humates is complex and time-consuming, with humate powder typically retailing for many thousands of dollars per ton. Humic Growth Solutions has developed proprietary manufacturing technology to produce water-soluble humates mixed with various chemical elements, and has been searching for some time to secure a partner that can supply the required quantity of organic rock phosphate with a high availability.

Prior to entering into negotiations, Fertoz reviewed humate suppliers across the USA and Canada and found Humic Growth Solutions to have the highest quality products that would be suitable for blending with the Company's rock phosphate to create a rock phos/humate blend.



*HGS' Soluble Humic Products*

Separately, the Company is progressing the documentation for its Alberta bulk sample permit and is in final discussions on another distribution agreement with an organic fertiliser distributor represented across multiple growing regions of the United States.

## **About Humic Growth Solutions**

Humic Growth Solutions LLC is an American manufacturing company of Humic Acid and Fulvic Acid products. Its process begins with the highest quality raw material humates and other food grade ingredients in its liquid extractions. The extracted liquid concentrates become "activated" and readily available in all soil types. Every Humic and Fulvic Acid product is transferred through HGS' proprietary Micro-Quad™ filtration process, which ensures the purest Humic and Fulvic acid products by filtering out all of the insoluble material remaining after the extraction is complete. These innovations and subsequent

technologies have enabled HGS to offer the purest-grade Humic and Fulvic biostimulant products available in the market at competitive pricing worldwide.

Humic Growth Solution's business model from the start has been to produce the highest quality Humic and Fulvic acid products on a volume scale for global distribution, with the primary goal being to provide real results and value to its distributors, wholesalers, retailers and end users. Headquartered in north Jacksonville, Florida, this location supports HGS' international shipping demands and diminishes the risk of cargo damage from long over-the-road container transport. This facility is also convenient for visitors being only a short 10 minute drive from Jacksonville International Airport.

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