

PUTTING CARBON BACK INTO THE SOIL

December 2023 Quarterly Activities Report

Highlights

- Sales remained solid in December quarter, though impacted by lack of phosphate permits in Canada.
- Fertoz continues to focus on building customer awareness of Fertify™ as transition to regenerative and organic agriculture grows across North America.
- Four permit applications submitted for Fernie and Wapiti regions of Canada for a total 150,000 tonnes of rock phosphate (if all granted).
- Fertoz receives subscriptions for \$1.23 million from the issue of unlisted Convertible Notes.
- Fertoz is using proceeds to ensure adequate Fertify™ inventory for Spring sales commencing March 2024 and for general working capital.

Sustainable land management company **Fertoz Limited (Fertoz or the Company)** (ASX:FTZ) is pleased to provide an update on activities during the quarter ending 31 December 2023.

Fertoz Managing Director and CEO Daniel Gleeson said: *“Sales continued solidly into the last quarter due to warmer than expected weather allowing for continued fertilizer applications in North America. More than 50% of annual sales for Canada occurred in the last quarter along with a strong finish in the USA. This was despite the limited rock phosphate volumes mined in Canada (ASX 26 October 2023 – mined 1,750 tonnes only) and strong reliance on Montana ore to provide our Canadian customers.*

Sales growth achieved in Q4 is starting to reflect the growth our manufacturing partners are having in the North American markets, as they begin to gain traction in both the organic and conventional markets.

We are seeing another wave of manufacturing customers enter the regenerative and sustainable fertilizer market, as a transition begins in agriculture along with the US\$500 million in USA Government grants being released to successful applicants in 2023. This growth in manufacturing partners requires increased finished inventory requirements as these company`s prepare product for the spring sales of 2024, and we are well positioned with crushed and dry stored product in Montana to start the year as well as finalizing permits in Canada for the 2024 season.

Customer awareness of Fertify was an ongoing focus in Q4 following its earlier launch, as we promote the product across the regions with very positive feedback. We initially targeted growers directly, whilst

ASX : FTZ



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BOARD OF DIRECTORS

Stuart Richardson – Non-Executive Chairman
Daniel Gleeson – Managing Director
Greg West – Non-Executive Director

KEY PROJECTS

Wapiti – Ownership 100%
Fernie – Ownership 100%

FERTOZ LTD ACN: 145 951 622

promoting to retailers and fertilizer cooperatives who will constitute the long-term strategy for Fertify distribution. The outlook for Fertify is optimistic as the high nutrient analysis and soil health properties resonate with progressive customers in organic and conventional production.

Mining and operations continue to accelerate with four separate permit applications submitted for the Fernie and Wapiti regions for a total of 150,000 tonnes of rock phosphate. Having established a path forward with the British Columbia Ministry of Mines and Environment, a clear alignment is now in place as to the required information to successfully approve such permits.

We continue to reduce costs for the overall business as we focus our efforts where required and prepare for further growth in 2024 beyond previous years. Additionally, late sales in November and December means a proportion of our cash flow reside in accounts receivables.”

Carbon

Fertoz continues to work with carbon consultants in USA to measure and report the Fertify carbon intensity score. A low carbon score will be a very strategic way for Fertoz to gain traction with farmers focused on biofuel production (corn, soybean, canola) due to newly proposed tax credits associated with lowering the carbon intensity score. If Fertify, as anticipated, has a low carbon score relative to synthetic fertilisers, this will assist in driving future sales growth for Fertify.

Fertoz is still in discussions with local investors to fund a minimum of 60% of its reforestation projects in the Philippines. This is to ensure compliance with Philippine foreign investment laws for development of a natural resource. The 2,000 ha planting scheduled for Q4 2023 has been delayed until the funding issues in the Philippines have been resolved.

CORPORATE

Convertible Note issue

In November, Fertoz announced it had received subscriptions for a total of \$1.23 million from the issue of unlisted Convertible Notes, the details of which were set out in Annexure A of the ASX announcement dated 15 November 2023.

Fertoz is using convertible note proceeds to ensure adequate Fertify™ inventory for Spring sales commencing March 2024 and for general working capital.

Auditor appointment

Fertoz appointed Moore Australia Audit (WA) Pty Ltd (Moore Australia) as the Company's auditor with effect 21 November 2023. The appointment followed the resignation of BDO Audit Pty Ltd (BDO) and ASIC's consent to same.

In accordance with section 327(c) of the Corporations Act 2001, a resolution will be tabled at Fertoz's 2024 Annual General Meeting to ratify the appointment of Moore Australia as the Company's auditor.

Cash / Appendix 5B Commentary

The Company had A\$1.7M in cash plus positive working capital of A\$150k at 31 December 2023. Fertoz has continued to invest in inventory to ensure adequate tonnage to commence 2024 sales.

Fertoz continues to hold more than 14,000 tonnes of inventory in Montana USA with a sales value of more than A\$3.0M. Securing mining permits in Canada for the 2024 season will drive improved orders, gross margins and therefore cashflows in FY2024.

Ends

Approval

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

For further information, please contact:

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Fertoz Limited

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APPENDIX 1 – TENEMENTS AS AT 31 DECEMBER 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

86 145 951 622

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (Twelve months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	900	3,978
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production - (Input cost)	(351)	(2,109)
(d) staff costs	(17)	(139)
(e) administration and corporate costs	(723)	(3,303)
- Marketing costs	(249)	(1,046)
- Other Administration costs	(474)	(2,257)
1.3 Dividends received	-	-
1.4 Interest received	2	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 (a) Other	18	85
(b) Other – refund of deposit	-	-
1.9 Net cash from / (used in) operating activities	(171)	(1,476)

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 (\$408K Year To Date)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (Twelve months) \$A'000
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(136)	(1,133)
	(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	(136)	(1,133)

.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)	-	150
3.2	Proceeds from issue of convertible debt securities	1,230	1,230
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(66)	(66)
3.5	Proceeds from borrowings	-	300
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Proceeds from lease liability borrowings	-	477
3.9	Payments for lease liabilities	(42)	(211)
3.10	Net cash from / (used in) financing activities	1,122	1,880

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)	1,003	2,861
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(171)	(1,476)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (Twelve months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(136)	(1,133)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,122	1,880
4.5	Effect of movement in exchange rates on cash held	(78)	(392)
4.6	Cash and cash equivalents at end of period	1,740	1,740

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	492	471
5.2	Call deposits	1,248	532
5.3	Bank overdrafts		
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,740	1,003

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

127

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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 - \$127K

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
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)	(171)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(136)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(307)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	1,740
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)	2,740
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	8.92
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: 31 January 2024

Stuart Richardson, Chairman

Authorised by:
(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.