



22 March 2021

ASX RELEASE / MEDIA RELEASE

Fertoz Carbon Trading Initiatives

HIGHLIGHTS:

- Recent Canadian Government announcement to increase CO₂ cost from C\$40 to C\$170/tonne by 2030
 - Fertoz in unique position to introduce organic and conventional farmers to industrial and resource companies looking for ways to offset their CO₂ emissions
 - Besides increased growth through the use of Fertoz fertilizers, Fertoz will soon be offering farmers additional services including satellite and drone imaging to assess N-P-K-S and CO₂ in soil
 - Currently working on becoming an accredited Greenhouse Gas Inventory Quantifier/Offset Provider to enable calculation of CO₂ in agricultural operations across Canada and the USA
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Organic fertilizer company, Fertoz Ltd ("Fertoz" or the "Company", ASX: FTZ) is pleased to update shareholders on the fast-moving CO₂ sequestration and ESG compliance issues in North America, and the opportunities these are presenting to the Company.

Pat Avery, Executive Chairman, commented: *"With the recent announcement by the Canadian Government of an increase in carbon tax to C\$170/tonne by 2030, the recommencement of carbon trading at the Chicago Mercantile Exchange, the recent carbon credits auction held by the California Air Resources Board for carbon credits in the USA and Canada, and the number of additional farmers now asking for assistance in this space, we have elected to offer some new services to our clients in 2021. In particular, we are working with a technology group that provides drone and satellite imagery of farms at a fraction of the historical cost of this service. This has allowed us to offer farmers a low-cost service whereby Fertoz agronomists and consultants will review the data and can provide not only a plot of the N-P-K-S values across fields, but also the amount of CO₂ sequestered. This enables Fertoz to offer the optimum blends and spreading patterns for fertilizer application to a particular farm.*

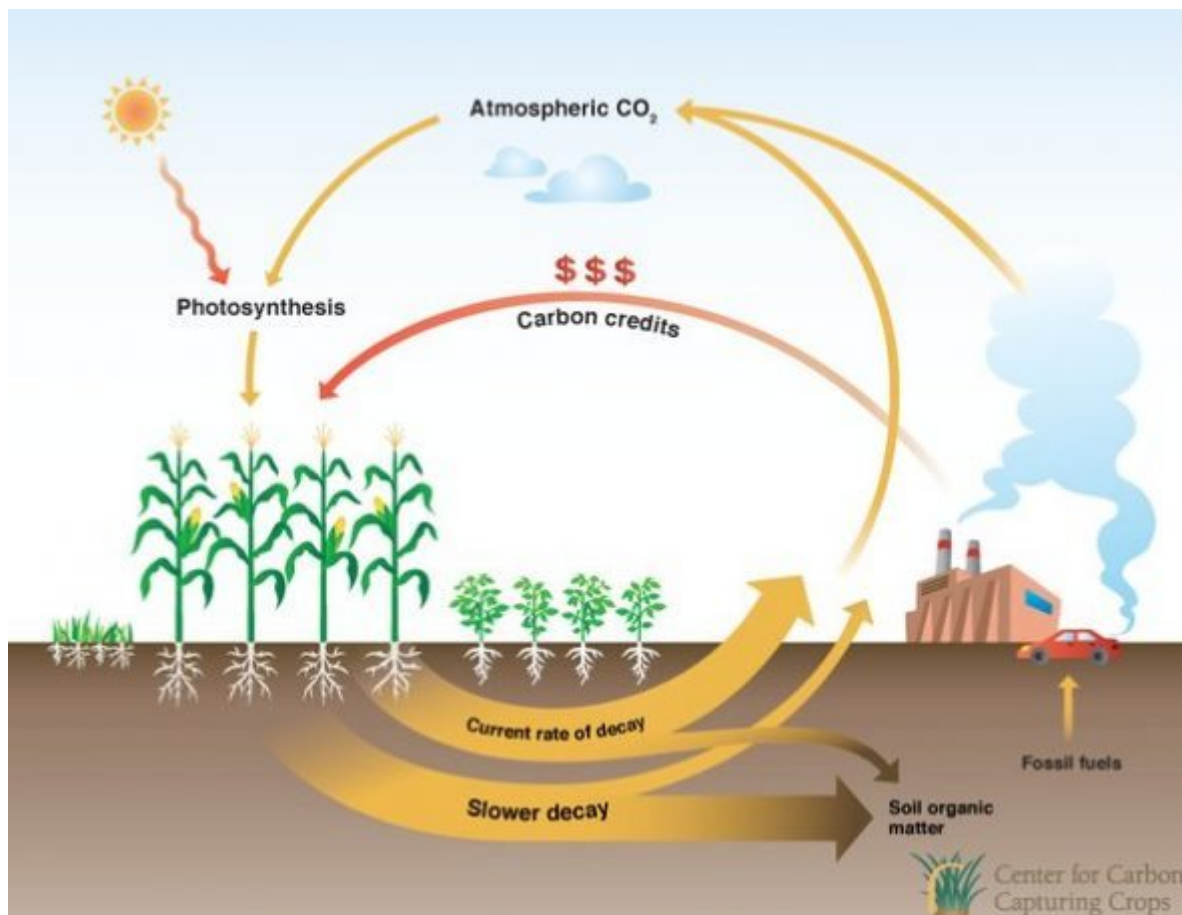
"In addition, though, due to our relationships with larger CO₂ emitters and potential agreements with established / accredited carbon trading platforms across the USA and Canada, we will be offering farmers the opportunity to monetize their CO₂ sequestration per crop cycle. Our field and farm trials show healthy yield increases through the use of our fertilizer blends, allowing farmers to sequester more CO₂ and benefit from the sale of carbon credits. Recently, conventional farmers have been replacing up to a third of their commercial phosphate with more sustainable rock phosphate; which has shown to leave residual P in the soil with no impacts on yield. Additionally, blending with rock phosphate lowers the producer's carbon footprint due to the reduced CO₂ emissions released during fertilizer manufacturing of rock phosphate compared to commercial fertilizer. We will update the market in the coming months as this fast-moving market takes shape."

The carbon trading market is evolving quickly, and with the USA renewing their participation in worldwide

climate management, and China recently advising of their intention to manage greenhouse gas emissions, opportunities are emerging on a daily basis. In the past few weeks, the Company has had numerous discussions with both CO₂ emitters, farmers, and carbon trading companies /platforms, on how best to navigate the market.

Fertoz is in a unique position, able to work with both farmers and CO₂ emitters and carbon trading platforms to manage greenhouse gas emissions and sequestration and to that end, the Company is working towards accreditation by the Canadian and USA Standards Associations.

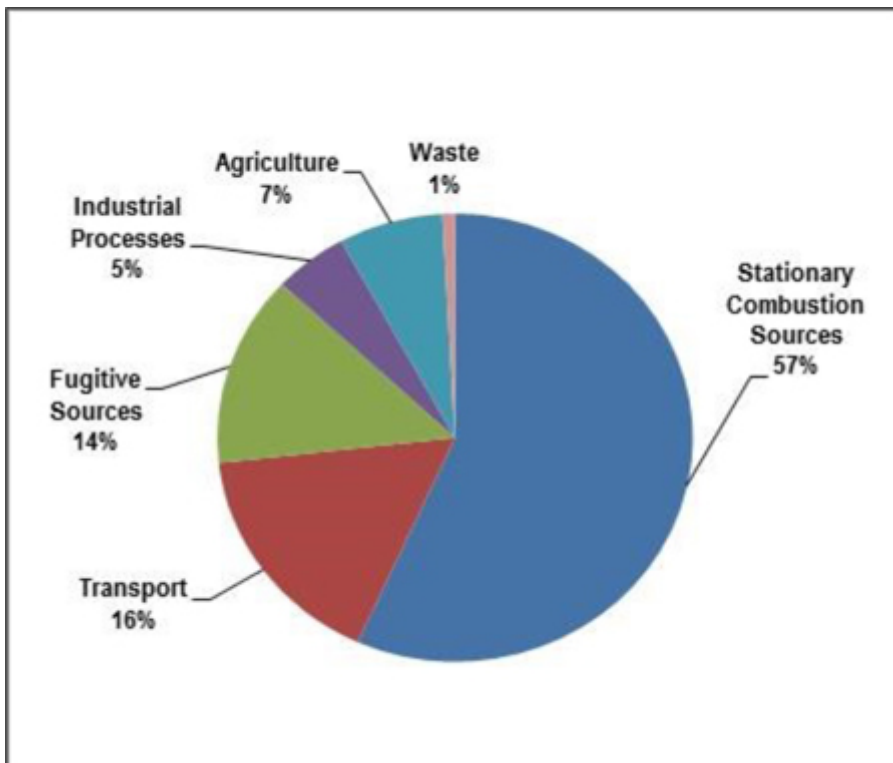
The carbon cycle is shown in the diagram below. Farmers are expressing significant interest in entering the emerging carbon trading sector, particularly given the large amount of CO₂ that can be sequestered in organic wheat, maize and legume crops. The Company is working with farmers and trading companies to develop tailored offerings that enable emitters access to the CO₂ sequestered by agricultural crops in North America.



Fertoz is working towards offering multi-year contracts with farmers and a CO₂ emitter whereby the CO₂ emitter will pay the farmer at the end of each year for the CO₂ sequestered in the crops planted that year on the farm. Fertoz will be paid a commission each year to assist the farm increase yields and CO₂ sequestration, verify the CO₂ sequestered each year and advise on optimum fertilizer spreading patterns and rates to maximise yields.

The recently released Canadian framework on greenhouse gas emissions is receiving a lot of publicity and this is directly feeding into market demand for the additional types of services that Fertoz can offer to farmers, both in Canada and the USA. With just under 60% of CO₂ emissions in Alberta coming from stationary sources, there is ample opportunity to connect farmers with large emitters (defined as emitting more than 50,000tpa of CO₂e) (refer diagram below).

Alberta CO2 Profile



Further to the previous press release “*Fertoz ESG Policy and Carbon Negative Progress*” dated 3rd March 2021, the Company has initiated a marketing campaign to farmers, distributors and CO₂ emitters offering to assist in offsetting CO₂ emissions and sequestration and will update the market over the coming weeks as the marketing campaign is rolled out.

Authorised by the Board of Directors.

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