



THE P.E.A.T. BEAT

HEALTHIER SOIL. CLEANER WATER. BRIGHTER FUTURE.

ABOUT AMERICAN PEAT TECHNOLOGY

American Peat Technology (APT) is a Minnesota-based peat manufacturing company built by hardworking innovators who have unearthed the power of reed-sedge peat through their development of value-added, granulated peat products. Using modern manufacturing process, we harvest, dry and granulate reed-sedge peat to create unique, natural peat products like BioAPT, the industry standard for granular peat-based Rhizobia carriers for soybean, lentil and peanut crops, and APTsorb, a granular media that removes heavy metals from waste and stormwater.

THE APT MCGRATH PROJECT: A CHANGE IN DIRECTION

Since 2017, American Peat Technology (APT) has been exploring an option to open a second processing plant on an undeveloped peat deposit near McGrath, MN. As many will recall, we were awarded a state/county lease for peat harvest, have been conducting fieldwork to support environmental review, and have secured a former gravel pit as a site for the plant location.

The need for the second plant in McGrath was driven by growth in APT's primary market. We are North America's only producer of peat-based granular microbial carriers for agriculture, and market indicators were clearly showing a long-term and sustained increase in the need for carriers. In fact, the driving market forces were so compelling that APT was forced to slow down the McGrath effort in early 2019 to pivot toward increasing capacity at our current plant location outside of Aitkin. At that time, we intended to start the state environmental review process at McGrath with the submission of an environmental assessment worksheet in early 2021.

Much has changed in one year. New projections regarding the microbial carrier market now indicate a reduction in the demand for microbial carriers for the next several years. The projected reductions are so significant that APT will be able to meet the new demand with the current operation in Aitkin. Although it's difficult to pin down the reasons for the market dip, global trade issues, changes in farming practices, and international competition almost certainly factor into the bigger picture.

Long-term demand does not look nearly as robust as it did two years ago. Faced with the reality of decreased revenues and without a clearly defined need for additional peat resources in the near future, we have decided to suspend the McGrath project and halt the efforts for environmental review and permitting – but we plan to keep the state/county leases in good standing. We are working closely with local, state, and federal agencies as well as our engineering partners to ensure project documentation and data compiled over the last three years are preserved should we revive the McGrath project in the future.

We are confident that the demand for our products will continue to increase as the marketplace evolves. The need for agricultural carriers has not disappeared, and new technologies are being revealed every day. We believe we will be an integral part of some of those new agricultural technologies. We will continue to innovate with our line of water treatment products, and we can see the day when water treatment products surpass microbial carriers in our bottom line.

There are many uncertainties in today's economic landscape related to COVID-19, none of which were considerations for the delay of the McGrath project. Although the timing of our project suspension comes at a time when we are all concerned about economic development and job retention, it's important that our customers, employees, elected officials, partners, and neighbors understand that APT has many exciting projects underway. APT is alive and well. We will continue to innovate and break new ground in the agricultural and water remediation industries. We will weather this bump in the road and will be looking at expansion opportunities again in the future. Watch for more information on projects in our R&D pipeline in an upcoming edition of The PEAT Beat.

We are continuously grateful for the support of our local community. If you have any questions, please reach out to [Peggy Jones at 218-927-1888](mailto:pegy@americanpeattech.com).

**Thank you for your continued interest
in APT and our efforts to strengthen
our regional economy with high-quality
operations, good-paying jobs and
in-demand peat products.**

We're committed to keeping the lines of communication open, and we welcome your questions and concerns. This newsletter will be published periodically as a tool to keep you informed as APT changes and grows.

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