

QUARTERLY ACTIVITIES & CASHFLOW REPORT FOR QUARTER ENDING 30 September 2023

ASX Announcement 26 October 2023

PhosCo is assembling a district-scale phosphate portfolio in Tunisia's Northern Phosphate Basin to support a potential world-class fertilizer hub:

- **Chaketma:** most advanced project with 146.4Mt @ 20.6% P₂O₅ Resource¹, seeking re-instatement of tenure and 100% ownership.
- **Sekarna:** early stage Chaketma analogy, application pending, drilling required to establish size and grade.
- **Amoud:** new application lodged, adjacent to Sra Ouertane (multibillion tonne phosphate deposit) in the Northern Basin.

HIGHLIGHTS

Chaketma Phosphate Project

- PhosCo continues meaningful engagement with the Tunisian government regarding the status of the Chaketma Phosphate Project, following the denial of an application for a Mining Concession as announced on 3 January 2023.
- In consultation with the Tunisian Ministry of Industry, Mines & Energy, the Chaketma project company (Chaketma Phosphates SA or CPSA) has applied for a new Exploration Permit over Chaketma, mirroring the original permit boundary.
- PhosCo's application to seize the remaining 48.99% interest in Chaketma held by its joint venture partner, TMS, for non-payment of damages and costs (circa A\$6M) was successful. TMS has appealed this decision. Assuming TMS's appeal fails, PhosCo will be entitled to acquire TMS's seized shares in CPSA through a court endorsed sales process taking its interest in CPSA to 100%.
- The Company awaits the anticipated grant of permits that comprise its Northern Phosphate Basin project, including Chaketma (50.99% PhosCo) and the Sekarna and Amoud phosphate projects (both 100% PhosCo). Sekarna appears to mirror the stratigraphy and scale of the Chaketma Phosphate Project, lying 10km to the north-east. Amoud is the eastern neighbour of Sra Ouertane (multibillion tonne deposit) and has the potential to create a regional scale phosphate hub.

Corporate

- PhosCo held cash of approximately A\$0.7M at the end of the September 2023 quarter.
- The Company arranged a loan facility with cornerstone shareholders permitting the Company to draw down up to A\$0.5M should it be required.
- PhosCo continues to implement cost saving measures to ensure it preserves cash whilst the status of the Chaketma exploration permit is resolved and pending grant of the Sekarna exploration permit.
- The rock phosphate market continues to perform strongly, with the World Bank price consolidating at US\$348/t throughout the quarter.

Other Projects

PhosCo awaits the grant of the Simitu base and precious metals exploration permit application in northern Tunisia that is expected shortly. The Simitu application targets copper-lead-zinc and gold occurrences that have some historical geochemical and geophysical work over old mine workings.

December 2023 Quarter Planned Activity

- Continued engagement with the Tunisian government regarding the status of the Chaketma Phosphate tenement.
- Planning for Chaketma Phosphate Project bankable feasibility study including metallurgical test work, possible integration of the Sekarna satellite prospect (under application) and option studies for processing, logistics and downstream integration.

1. Refer to ASX announcement dated 9/12/22: 'Scoping Study Confirms Outstanding Economics for Chaketma'.

Overview

PhosCo Ltd (**PhosCo** or the **Company**) (**ASX:PHO**) is an ASX-listed company focused on the potential large-scale, world-class development of the Chaketma Phosphate Project in Tunisia.

Chaketma Development Concession

On 3 January 2023, PhosCo announced that Chaketma Phosphates SA (CPSA) received a letter from the Minister of Industry, Mines and Energy denying its application for a mining concession over the Project, thereby terminating the validity of CPSA's exploration permit.

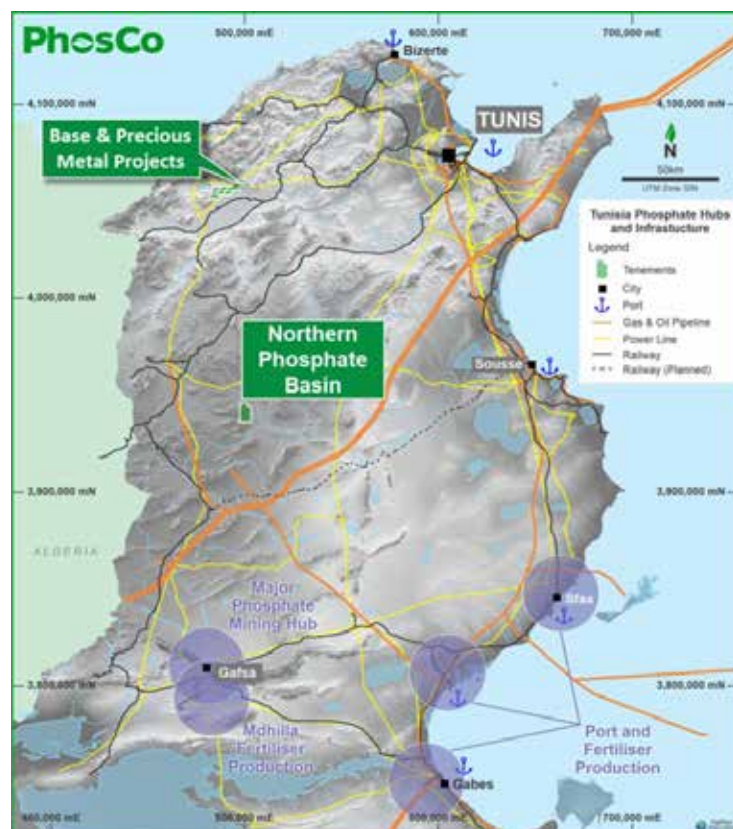
In consultation with the Tunisian Ministry of Industry, Mines & Energy, CPSA has applied for a new exploration permit for Chaketma, mirroring the original boundaries of the exploration permit. The next step in this process will be for the new application to be considered by the Consultative Committee of Mines (CCM). Assuming the CCM approves the application, formal gazetting will take place once the application has also been cleared by the Tunisian military. If granted, the exploration permit will be valid for three years (with two three year extensions possible) enabling CPSA to apply for a mining concession over the permit, as allowed under the mining code.

The Company notes comments made by the Ministry stating the importance of Australian-Tunisian relations and the willingness of both countries to work together.

The Company will update the market when it receives any formal correspondence from the Ministry or the mining administration.

The Tunisian mining code provides a range of protections for permit holders, including an exclusive right for the exploration permit holder to apply for a mining concession, subject to compliance with the requirements set out in the mining code. Importantly, CPSA has fulfilled all commitments relating to the required research and studies and has complied with the conditions specified in the mining code and specific technical matters requested.

Given the ongoing positive engagement with the Tunisian government and administration, PhosCo has opted not to take legal action to enforce its legal rights.



Chaketma Phosphate Project

- Located in Tunisia:
 - 210km SW of Tunis, with access by bitumen road.
 - 35km from rail.
 - Access to ports near Europe and global trade routes.
 - Gas and grid power nearby.
- Scoping Study announced in December 2022¹ based on 146.4Mt @ 20.6% P₂O₅ Resource from two prospects.
- Exploration potential across four additional prospects.
- Experienced technical team with phosphate industry knowledge.
- A resource upgrade was announced on 17 November 2022.

Figure 1 Location of the Chaketma Phosphate Project

1. Refer to ASX announcement dated 9/12/22: 'Scoping Study Confirms Outstanding Economics for Chaketma'.

Chaketma Scoping Study Highlights

Initial 46 Year Mine Life at 1.5Mt Product

Post Tax NPV ₁₀ US\$657M with IRR of 54%	Phosphate Concentrate Production 68Mt Over 46 years	Annual Net Cashflow US\$93.4M Years 1-10	Operating Cost First 10 Years US\$79/t Phosphate Concentrate	Payback After Tax 1.5 years	Development Capital US\$170M
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Scoping Study¹ assumes US\$150/t phosphate price (vs current World Bank price of US\$348/t). Several opportunities also identified for further project optimisation.

Chaketma Phosphate Project

On 9 December 2022, PhosCo announced the results of a Scoping Study for the development of a potential large-scale, world-class mining operation at its Chaketma Phosphate Project in Tunisia, strategically located in close proximity to key export markets/end users.

Key Parameters

- Low risk open-pit mining and processing to deliver 1.5Mtpa of high-quality concentrate at greater than 30% P₂O₅ and less than 1% MgO.
- Construction of a processing facility to accommodate 2.7Mtpa to 3.5Mtpa of ore.
- Production target of 128Mt @ 19.9% P₂O₅, from overall 46 year mine life.
- First 18 years of production from KEL Resource with strip ratio of 3.6:1, scheduled from Measured (88%) and Indicated (12%) KEL Resource.

Significant Upside Potential

- Large resource could support higher production rate above 1.5Mtpa to match market demand.
- Nearby deposits identified for lower mining costs, including SAB prospect.
- Mining optimisation for greater utilisation of strip mining.
- **Potential to direct ship material in higher grade layer B early in project life.**
- Simplified processing via single stage flotation and/or washing.
- Economies of scale, such as extension of a rail connection to site for lower cost logistics yet to be considered.

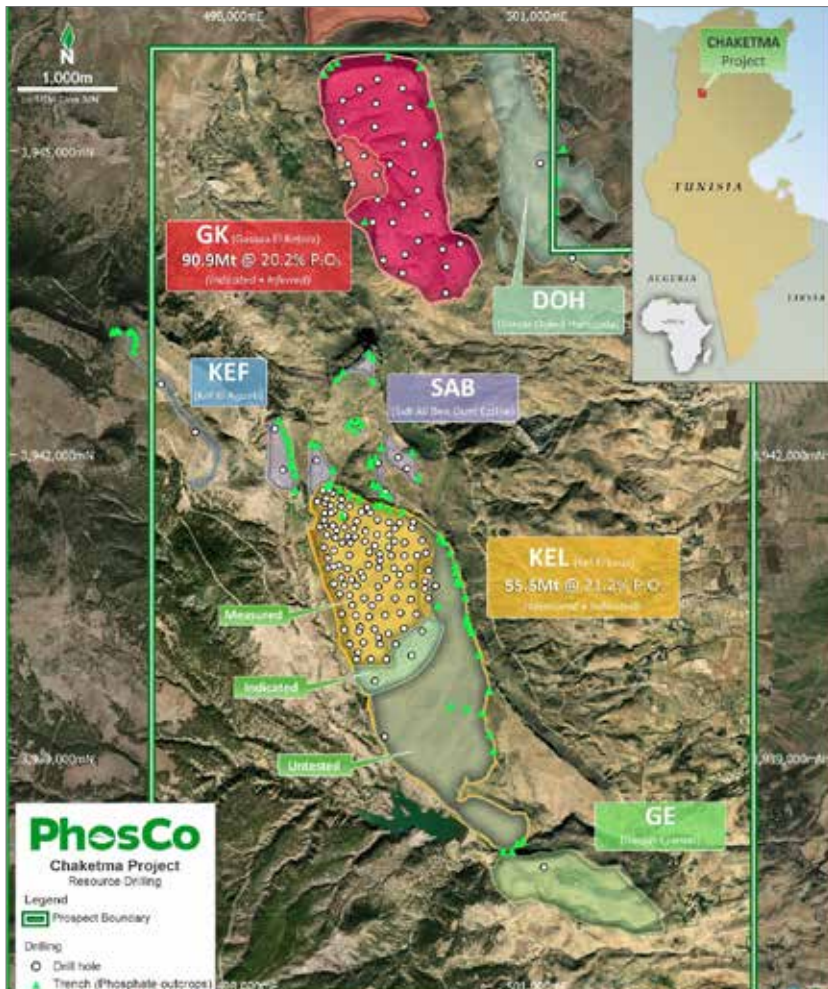


Figure 2 Chaketma Deposits and Resources

1. Refer to ASX announcement dated 9/12/22: 'Scoping Study Confirms Outstanding Economics for Chaketma'.

Seizure of TMS' interest in Chaketma

On 3 January 2023, PhosCo announced that the First Instance Court in Tunisia has ruled in favour of PhosCo seizing the 48.99% interest in CPSA (the operating company that has applied for Chaketma) held by its joint venture partner, TMS. This decision is due to the non-payment of approximately A\$6M damages and costs owed by TMS to PhosCo and is a positive step towards PhosCo acquiring 100% of Chaketma. This decision is now subject to appeal in the higher court. Assuming the appeal is determined in PhosCo's favour, it will seek to acquire TMS' seized shares and achieve 100% ownership of Chaketma through the court endorsed sales process.

Sekarna Application

On 11 July 2022, PhosCo announced that an Exploration Permit application to be held 100% by PhosCo has been lodged with the Tunisian Department of Mines over the Sekarna Phosphate Project (Sekarna). The application covers over 128km² in area and is located 10km northeast of Chaketma.

PhosCo's Tunisian exploration team observed phosphate in outcrop below the upper Eocene cap rock exposed by steep-sided mesa topography. No exploration targeting phosphate has been carried out over Sekarna however the phosphate mineralisation was identified by A Zaier (1999), a PhD student who had experience in phosphate deposits in the central and western basin of Tunisia.

Historic diamond drilling by Reminex Exploration in 2007 that targeted lead zinc mineralisation intersected phosphate over an interval of eight metres in drill hole SRLE3. The phosphate was not analysed. A 2011 geological paper on lead-zinc mineralisation at Sekarna reported phosphate grades of between 19.7% and 27.8% P₂O₅ in five core samples (Garnit et al 2011).

Field inspection by PhosCo's Tunisian team traced the phosphate unit, which was exposed in outcrop with mapped thicknesses of greater than 5m for more than 3km.

The application process is well advanced and awaits official grant.

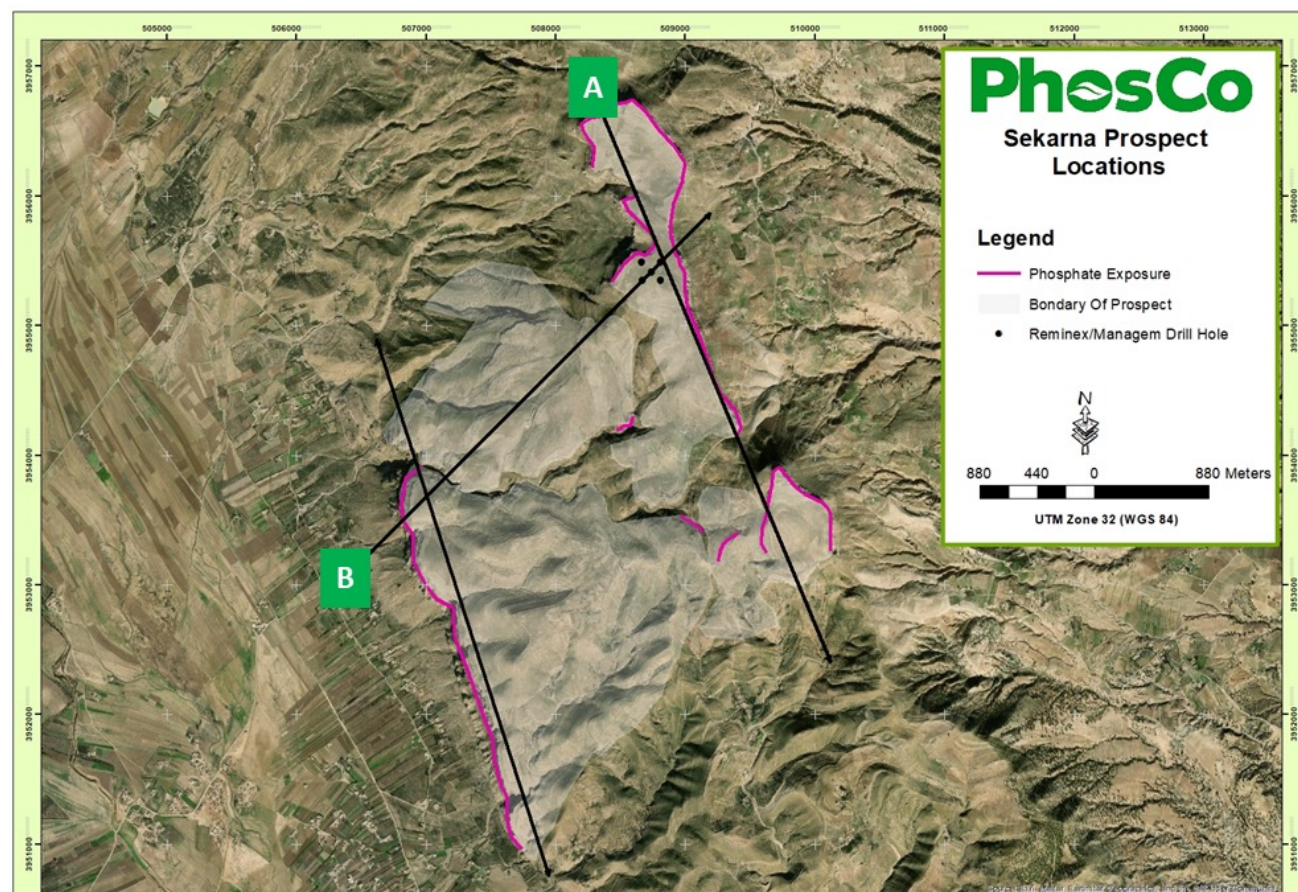


Figure 3 Sekarna Mesa – Plan view



Figure 4 Sekarna Project N _ S Cross Section **A** view from the east site

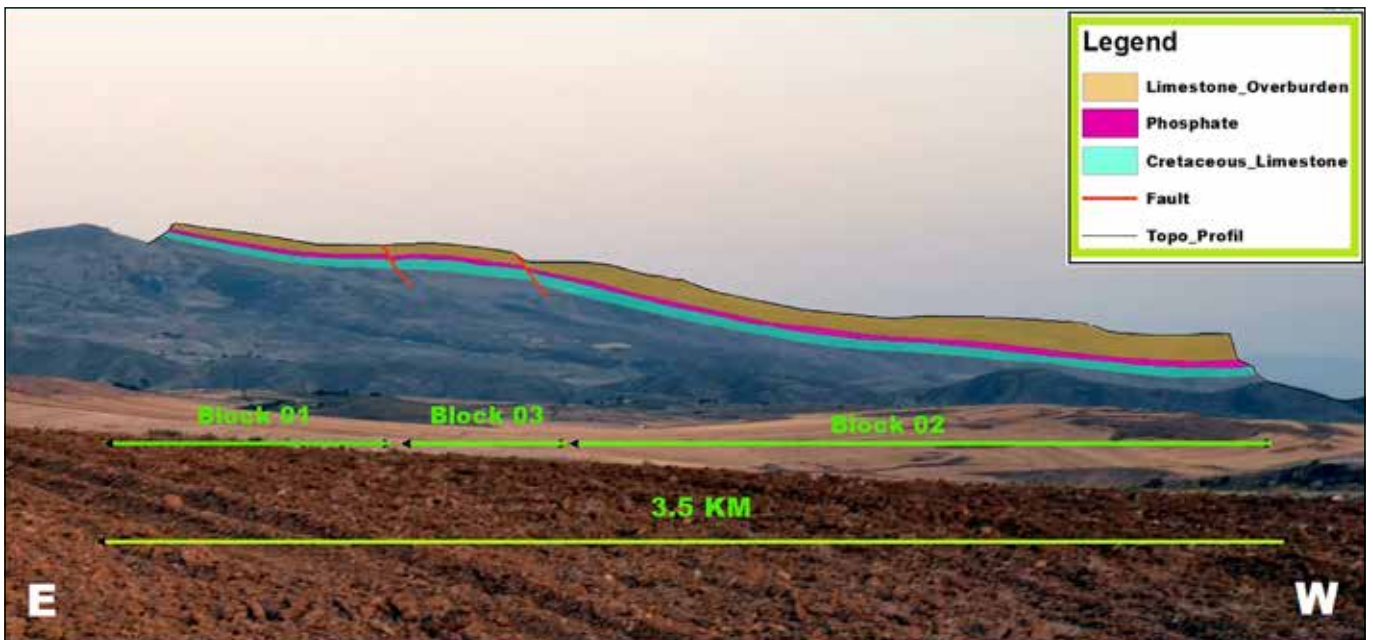


Figure 5 Sekarna Project E _ W Cross Section **B** view from the north site

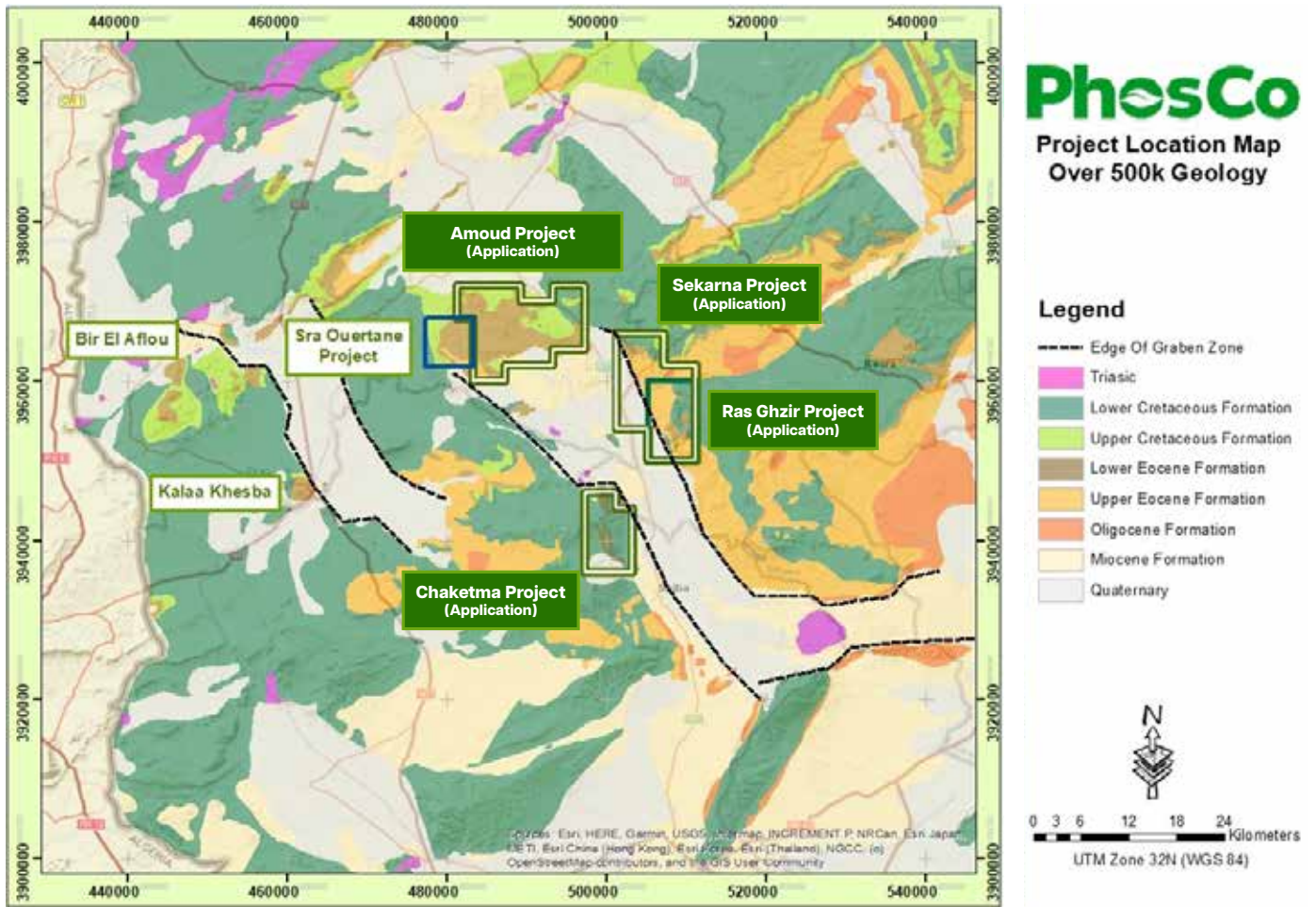


Figure 6 Sekarna application in relation to Chaketma

Amoud Phosphate Project

In June 2023, PhosCo lodged an Exploration Permit application with the Tunisian Ministry over Amoud project area which sits adjacent to the east of the world class Sra Ouertane Project.

The Amoud application is 140km² and covers the eastern extension of the very large Sra Ouertane deposit which is a multi-billion tonne rock phosphate deposit. Amoud has the potential to be an analogy of Sra Ouertane. The phosphate mineralisation is warped into a series of very broad gentle open folds that mirror the landscape.

Phosphate Market Update

Phosphate is a critical fertilizer that underpins the world’s food supply. The price of rock phosphate has risen substantially, from US\$88/t in February 2021 to US\$348/t in September 2023. According to studies, the continued supply of phosphate fertilizers that underpin global food production is an imminent crisis with some regions including the European Union declaring phosphate a critically strategic commodity. The conflict in Ukraine has further exacerbated this crisis, with Ukraine and Russia key players in the fertilizer market. It’s noteworthy that, despite a softening in DAP prices, the price of rock phosphate has held firm at US\$348/t.

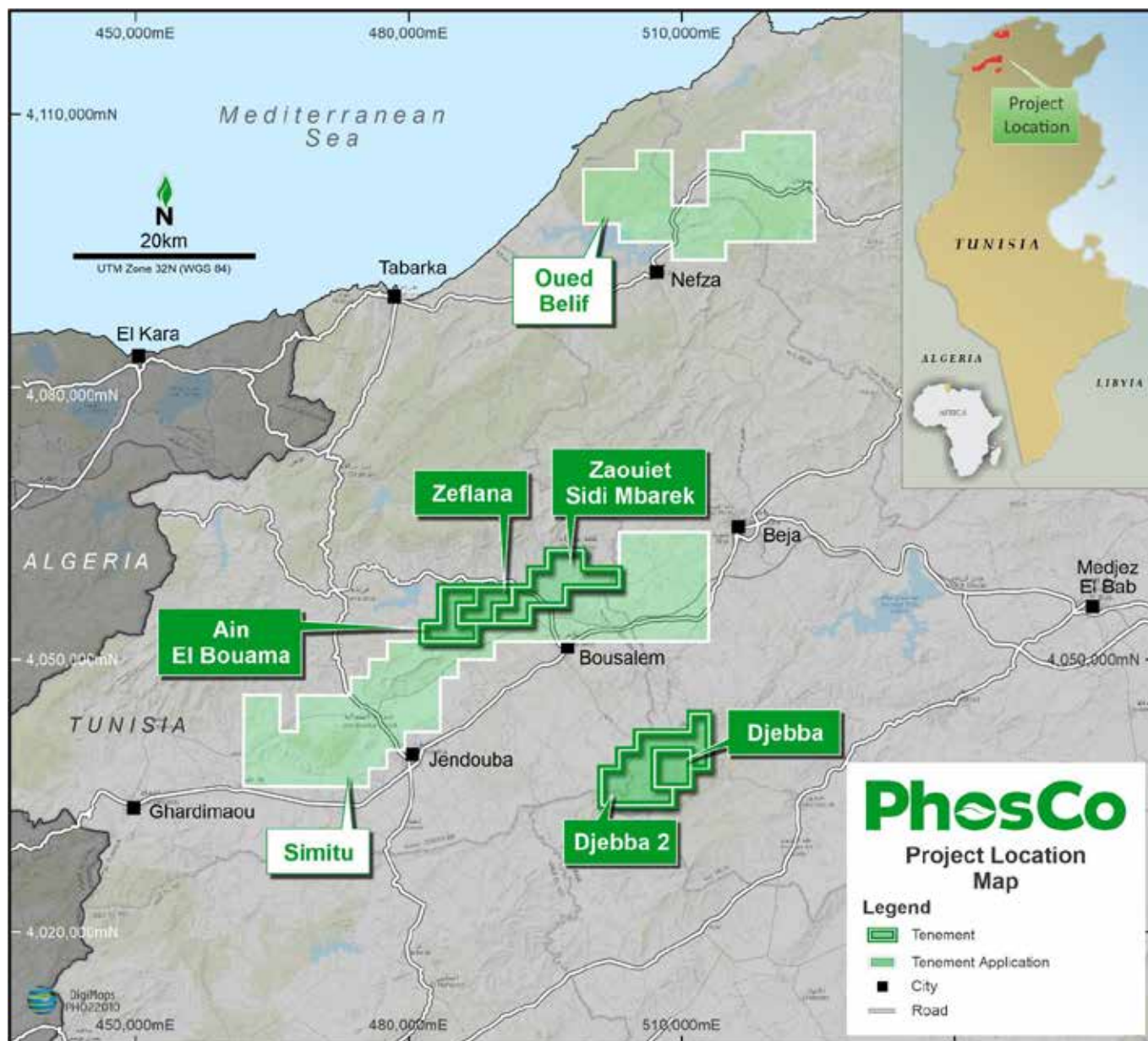


Figure 7 PhosCo's Northern Tunisia Base & Precious Metals Projects

Northern Tunisia Base and Precious Metals Applications Update

As advised in 2022, PhosCo lodged two Exploration Permit applications in Northern Tunisia. The applications cover over 424km² and 244km² respectively targeting copper-lead-zinc with anomalous gold. The interpretation is that the Tunisian nappe zone is the extension and eastern termination of Iberian Pyrite Belt along the Mediterranean coast through Morocco and Algeria.

The applications target copper-lead-zinc and gold occurrences that have had some historical geochemical and geophysical work over old mine workings. Historic exploration work announced by Albidon Limited in April 2005 is the basis of the new

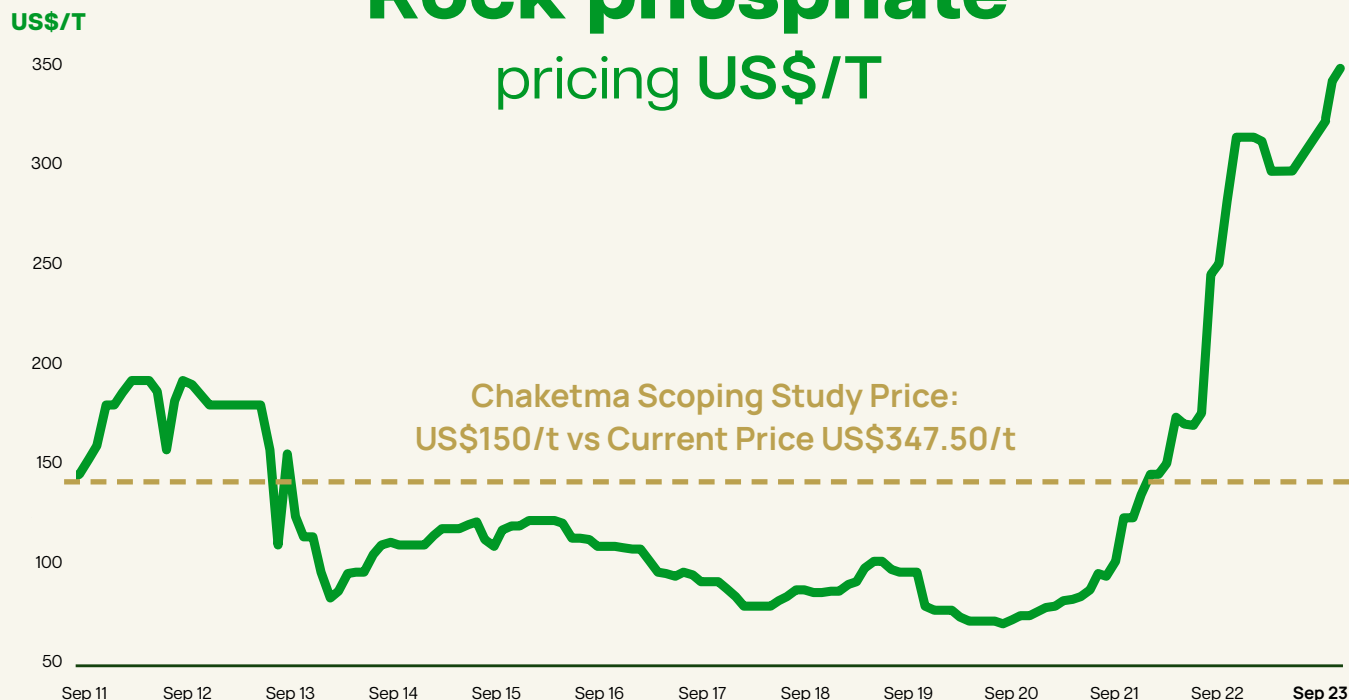
applications and PhosCo's in-country team is in the process of recovering and collating this data.

Granting of the Simitu prospect is expected shortly, whilst the Oued Belif prospect remains in progress.

Zeflana Base Metals Project

PhosCo has advised the Ministry of the intention to relinquish the Ain El Bouma and Zaouiet Sidi Mbarek base metal tenements. These early-stage prospects were relinquished due to the extensive cover encountered in auger drilling and to focus on PhosCo's phosphate projects. PhosCo remains committed to the more prospective Northern Tunisian base and precious metals prospects (as noted above) where mineralisation is outcropping and historical technical work is more advanced.

Rock phosphate pricing US\$/T



Source: World Bank Commodity Prices, F.O.B. North Africa

Corporate update

PhosCo held cash and cash equivalents of approximately A\$0.7M at the end of September 2023 quarter.

During the quarter PhosCo arranged a A\$500,000 working capital loan facility agreement with shareholders Lion Selection Group Limited (Lion – A\$170,000), Lion Manager Pty Ltd (Lion Manager – A\$80,000) and Aldaoud Pty Limited, an entity associated with Executive Director Mr Taz Aldaoud (A\$250,000) (collectively referred to as the Lenders). Lion and Lion Manager are substantial shareholders of PhosCo holding a 14.8% and 6.7% interest respectively in PhosCo. As the Company awaits the grant of a number of exploration permits, the loan facility permits the Company to draw down up to A\$500,000 funding if required. The loan facility extends until 1 October 2024 or the company undertakes a capital raising. There is a commitment fee of 1%, facility fee of 0.5%/ month on undrawn balances and interest at 10% per annum payable on the loan.

PhosCo continues to closely monitor the Company's cash position and has taken additional steps to conserve

the cash position. This includes directors and the CFO accruing their fees in full to be paid in shares in lieu of cash, subject to shareholder approval, from 1 April 2023. The Company continues to review other areas of the business for potential cost saving initiatives.

Payments to related parties and their associates during the quarter as outlined in Section 6 of the accompanying Appendix 5B to this quarterly activity report were \$Nil.



List of Tenements Held

Mining Tenement	Location	Beneficial Percentage held	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
Chaketma	Tunisia	50.99%*	-	-
Zeflana	Tunisia	100%	-	-
Ain El Bouma	Tunisia	100%#	-	-
Zaouiet Sidi Mbarek	Tunisia	100%#	-	-
Djebba	Tunisia	100%	-	-
Djebba 2	Tunisia	100%	-	-

* The Chaketma Phosphate Exploration Permit was 100% held by Chaketma Phosphates SA (CPSA). On 3 January 2023, PhosCo announced that on 19 December 2022, CPSA received a letter from the Minister of Industry, Mines and Energy dated 7 December 2022 whereby the application for a mining concession over the Project did not receive approval, thereby terminating the validity of CPSA's exploration permit.

In consultation with the Tunisian Ministry of Industry, Mines & Energy, CPSA has applied for a new Exploration Permit for Chaketma, mirroring the original permit boundaries. The next step in this process will be for the new application to be considered by the Consultative Committee of Mines (CCM). Assuming the CCM approves the application, formal gazetting will take place once the application has also been cleared by the Tunisian military. If granted, the Exploration Permit will be valid for three years (with two three year extensions) enabling CPSA to apply for a Mining Concession over the permit, noting that CPSA has previously completed the research and studies and has complied with the conditions specified in the mining code.

PhosCo advised the Ministry of the intention to relinquish the Ain El Bouma and Zaouiet Sidi Mbarek base metal tenements.

Chaketma Phosphate Project Global Mineral Resources

Chaketma	JORC 2012	Mt	% P ₂ O ₅
KEL (March 2022)	Measured	49.1	21.3
	Indicated	6.4	20.3
	Total	55.5	21.2
GK (November 2022)	Indicated	83.7	20.2
	Inferred	7.2	20.1
	Total	90.9	20.2
Global Resources	Measured	49.1	21.3
	Indicated	90.1	20.2
	Inferred	7.2	20.1
	Total	146.4	20.6

Refer to ASX announcement dated 15/3/22: 'Phosphate Resource Update Delivers 50% Increase at KEL' and ASX announcement dated 17/11/22: '90% Conversion of Inferred to Indicated Resources at GK'.

- All Mineral Resources are reported in accordance with the 2012 JORC Code
- The Mineral Resource is reported at a cut off grade of 10% P₂O₅

All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.

This announcement is authorised for release to the market by the Board of Directors of PhosCo Ltd.

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Appendix 5B

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

Name of entity

PHOSCO LTD

ABN

82 139 255 771

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(47)	(47)
(b) development	-	-
(c) production	-	-
(d) staff costs	(117)	(117)
(e) administration and corporate costs	(298)	(298)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(456)	(456)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

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 (3 months) \$A'000
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) Cash acquired	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,192	1,192
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(456)	(456)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(8)	(8)
4.6	Cash and cash equivalents at end of period	728	728

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	728	1,192
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	728	1,192

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	-
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.

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. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	500	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	500	-
7.5 Unused financing facilities available at quarter end		500
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.		
Non-revolving working capital loan facility of up to \$500,000 is available if required (yet to be drawn-down) from related parties, as announced on 28 September 2023. Interest and fees incurred payable upon maturity on 1 October 2024.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(456)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(456)
8.4 Cash and cash equivalents at quarter end (item 4.6)	728
8.5 Unused finance facilities available at quarter end (item 7.5)	500
8.6 Total available funding (item 8.4 + item 8.5)	1,228
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.69
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 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: Not applicable as item 8.7 is greater than 2.	
8.8.2 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: Not applicable as item 8.7 is greater than 2.	

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

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

Answer: Not applicable as item 8.7 is greater than 2.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.....
(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.