

PhosCo Ltd

ABN 82 139 255 771

**Interim Financial Report
For the half-year ended 31 December 2025**

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Directors	Mr Robin Widdup (Chairman) Mr Tarecq Aldaoud (Managing Director) Mr Mehdi Ben Abdallah (Executive Director) Mr Sam Lancuba (Non-Executive Director)
Interim CFO	Mr Craig Smyth
Company secretary	Mr Stefan Ross
Registered office	Suite 2, Level 11, 385 Bourke Street, Melbourne, VIC, 3000 Australia +61 3 9692 7222
Principal place of business	Suite 2, Level 11, 385 Bourke Street, Melbourne, VIC, 3000 Australia +61 3 9692 7222
Share register	Automic Pty Ltd Level 5, 126 Philip Street Sydney, NSW 2000 1300 288 664 (within Australia) +61 2 9698 5414 (outside Australia)
Auditor	Grant Thornton Audit Pty Ltd Collins Square, Tower 5 727 Collins Street Melbourne VIC 3008
Stock exchange listing	PhosCo Limited shares are listed on the Australian Securities Exchange (ASX code: PHO)
Website	www.phosco.com.au

The directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the 'Consolidated Entity') consisting of PhosCo Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2025 (half-year).

Directors

The following persons were directors of PhosCo Limited during the financial half-year and up to the date of this report, unless otherwise stated:

Mr Robin Widdup (Chairman)
Mr Tarecq Aldaoud (Managing Director)
Mr Mehdi Ben Abdallah (Executive Director)
Mr Sam Lancuba (Non-Executive Director)

Principal activities

During the half-year ended 31 December 2025, the Consolidated Entity's principal activities are the exploration for development and realisation of mineral resource projects in Tunisia.

Review of operations

Financial Performance

For the half-year the Consolidated Entity has incurred a loss after income tax of \$2,532,193 (31 December 2024: loss of \$4,790,211).

Operating expenses for the half-year were \$1,867,838 (31 December 2024: \$786,768). The overall increase in operating expenses was primarily driven by higher employment costs and legal expenses. During the half-year, the Company resumed paying directors, following a period in which director remuneration had been paused. Legal costs increased during the half-year as the Company undertook actions to defend its interests against the arbitration initiated by former joint venture partner Tunisian Mining Services (TMS) in relation to Chaketma Phosphates S.A (CPSA). PhosCo and Celamin have defended these claims and on 1 October 2025, the Company announced that ICC has terminated the action. The ICC Secretariat has held TMS to have breached the ICC rules for non-payment of fees and has withdrawn the action against both PhosCo and Celamin Pty Ltd.

In addition, increases in non-cash share-based payment expenses reflects the securities issued to directors in the previous reporting periods.

Financial Position

At 31 December 2025, the Consolidated Entity had cash and cash equivalents of \$2,260,858 (30 June 2025: \$3,358,081). The Consolidated Entity invested \$837,119 on Gasaat exploration activities including \$450,178 on feasibility studies during the half-year. These feasibility study related expenses are funded by a funding arrangement with European Bank for Reconstruction and Development (EBRD) to advance the Gasaat Phosphate Project.

The Consolidated Entity was in a net liability position of \$3,689,072 as at 31 December 2025 (30 June 2025: net liabilities of \$5,523,766), due to substantial carried forward liabilities associated with CPSA.

Directors would like to draw your attention to balances associated with CPSA. The Consolidated Entity consolidates the 51% owned CPSA that previously held the Chaketma permit in Tunisia. The Consolidated Accounts recognise CPSA's liabilities due to former joint venture partner TMS despite these amounts being disputed by CPSA and also ring fenced within CPSA. CPSA's currently does not hold any permits nor have any operations, and subject to full compliance with applicable law, PhosCo does not intend to provide further investment in CPSA, including paying any amount claimed by TMS. Celamin formally terminated the CPSA JV on 14 May 2025 based on TMS's repeated non-performance and ongoing breaches.

The analysis below seeks to provide a clearer picture of the financial position adjusting for these anomalies. The Consolidated Entity's net asset position after adjusting for convertible notes and contested liabilities is presented herein based on the legal structure of the active members of the Consolidated Entity:

	PhosCo Ltd \$	Celamin Limited \$	Himilco Resources Pty Ltd \$	Subgroup \$	CPSA \$	Total \$
Cash and cash equivalents	2,198,558	15,313	46,987	2,260,858	-	2,260,858
Other current assets	1,566,782	6,250	550,293	2,123,325	25,633	2,148,958
Non-current assets	-	-	1,505,235	1,505,235	-	1,505,235
Total assets	<u>3,765,340</u>	<u>21,563</u>	<u>2,102,515</u>	<u>5,889,418</u>	<u>25,633</u>	<u>5,915,051</u>
Trade and other payables	(285,675)	-	(182,082)	(467,757)	(1,055,585)	(1,523,342)
Employee benefits and other payables	(439,107)	-	-	(439,107)	(394,938)	(834,045)
CPSA borrowings	-	-	-	-	(7,246,729)	(7,246,729)
Total liabilities	<u>(724,782)</u>	<u>-</u>	<u>(182,082)</u>	<u>(906,864)</u>	<u>(8,697,252)</u>	<u>(9,604,116)</u>
Contested trade and other payables	-	-	-	-	1,266,726	1,266,726
Contested borrowings	-	-	-	-	7,246,729	7,246,729
Net assets/(deficit) after adjusting for contested liabilities	<u>3,040,558</u>	<u>21,563</u>	<u>1,920,433</u>	<u>4,982,554</u>	<u>(158,164)</u>	<u>4,824,390</u>

CPSA's obligations for the unsecured cash call and related liabilities due to TMS and other trade and other payables are neither secured nor have been guaranteed by PhosCo Ltd or its subsidiary and owner of the 51% interest in CPSA, Celamin Limited. Accordingly, the obligation for any potential future settlement of these obligations is the sole obligation of CPSA. Both the unsecured cash calls and related liabilities due to TMS and a number of trade and other payables incurred by CPSA prior to the Consolidated Entity gaining control in October 2021 are disputed by the Consolidated Entity. The ultimate resolution of this dispute subject to inherently uncertain legal and commercial processes and negotiations. Neither PhosCo nor Celamin have provided any security or guarantee in respect of CPSA's obligations. Furthermore, CPSA has unpaid obligations to Celamin amounting to \$7,710,847, which are eliminated on consolidation in accordance with Australian Accounting Standards.

It should also be noted that the Consolidated entity has a separate entitlement to the recovery of the TND denominated Arbitration Award of \$8,909,706, from TMS, which are not recognised in these financial statements by CPSA or PhosCo as detailed further in note 16.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Significant changes in the state of affairs

On 30 October 2025, EBRD entered into a funding arrangement with PhosCo through its subsidiary Himilco for €1M (~\$1.8M), to advance its Gasaat Phosphate Project. The funding is specifically earmarked for technical work prioritising project optimisation, including low strip deposits which will enhance the Gasaat project's economics early in its life.

Linked to the funding arrangement, PhosCo and EBRD have agreed to issue 150,000,000 Options (EBRD Options) exercisable at \$0.050 (5 cents), consistent with the terms set out in its Mandate Letter announced on 11 March 2025. The Options provide EBRD with the right (*but not the obligation*) to invest 120 days after the release of PhosCo's Updated Scoping Study.

60,000,000 EBRD Options were issued on 3 November 2025. An additional 90,000,000 Options were issued on 22 December 2025.

The EBRD Options will expire on the earlier of

- (i) 120 days from the release of an Updated Scoping Study and
- (ii) 31 January 2028.

On 3 November 2025, the Company's Managing Director Mr. Tarecq Aldaoud exercised 21,412,332 Options at an exercise price of \$0.050 (5 cents) per option. Following this exercise, the Company issued 21,412,332 ordinary shares and received \$1,070,617.

On 24 November 2025, 1,114,596 Options were exercised at an exercise price of \$0.050 (5 cents) per option. Following this exercise, the Company issued 1,114,596 ordinary shares and received \$55,730.

On 2 December 2025, the Company issued 11,201,570 fully paid ordinary shares in settlement of outstanding obligations to the Directors and related parties for services rendered during the period from February 2024 through to May 2025.

On 2 December 2025, the Company issued a total of 6,000,001 ordinary shares upon the conversion of vested performance rights, of which 5,000,000 related to the conversion of vested performance rights by Mr Tarecq Aldaoud. The shares were issued for nil consideration.

On 2 December 2025, the Company issued 2,245,195 ordinary shares in lieu of cash consideration for services provided by suppliers.

On 23 December 2025, 2,649,052 options were exercised at an exercise price of \$0.050 (5 cents) per option. Following this exercise, the Company issued 2,649,052 ordinary shares and received \$132,453.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 18 February 2026, the Company announced that it has secured firm commitments from new and existing sophisticated and professional investors to raise \$5.0 million (before costs) by issuing 41,666,667 ordinary shares at an issue price of \$0.12 per share (the "Placement"). On 26 February 2026, the Company successfully completed the Placement, raising net proceeds of \$4.7 million after transaction costs.

No other matters or circumstances has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Mr Robin Widdup
Chairman

16 March 2026

Grant Thornton Audit Pty Ltd

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Auditor's Independence Declaration

To the Directors of PhosCo Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of PhosCo Limited for the half-year ended 31 December 2025. I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance

Melbourne, 16 March 2026

grantthornton.com.au

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PhosCo Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2025



		Consolidated	
	Note	31 December 2025 \$	31 December 2024 \$
Interest income		274	338
Expenses			
Corporate and administrative expenses	5	(788,905)	(542,886)
Legal expenses		(518,092)	(110,578)
Employment expenses		(531,841)	(122,380)
Depreciation and amortisation		(29,000)	(1,284)
Exploration expenses		-	(9,640)
Share based payments		(363,030)	-
Foreign exchange (loss) / gain		(135,581)	306,282
Interest and finance costs	6	(166,018)	(4,310,063)
Loss before income tax expense		(2,532,193)	(4,790,211)
Income tax expense		-	-
Loss after income tax expense for the half-year		(2,532,193)	(4,790,211)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		308,686	(738,870)
Other comprehensive income for the half-year, net of tax		308,686	(738,870)
Total comprehensive income for the half-year		<u>(2,223,507)</u>	<u>(5,529,081)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		(171,589)	(191,195)
Owners of PhosCo Ltd		(2,360,604)	(4,599,016)
		<u>(2,532,193)</u>	<u>(4,790,211)</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(20,301)	(553,315)
Owners of PhosCo Ltd		(2,203,206)	(4,975,766)
		<u>(2,223,507)</u>	<u>(5,529,081)</u>
		Cents	Cents
Basic loss per share	20	(0.53)	(1.64)
Diluted loss per share	20	(0.53)	(1.64)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

PhosCo Ltd
Statement of financial position
As at 31 December 2025



		Consolidated	
	Note	31 December 2025 \$	30 June 2025 \$
Assets			
Current assets			
Cash and cash equivalents	7	2,260,858	3,358,081
Trade and other receivables	8	89,051	37,635
Other assets	9	1,766,988	-
Prepayments and deposits		194,084	198,419
Total current assets		<u>4,310,981</u>	<u>3,594,135</u>
Non-current assets			
Equipment		235,117	249,051
Exploration and evaluation assets	10	1,270,118	432,999
Prepayments and deposits		98,834	102,448
Total non-current assets		<u>1,604,069</u>	<u>784,498</u>
Total assets		<u>5,915,050</u>	<u>4,378,633</u>
Liabilities			
Current liabilities			
Trade and other payables	11	2,341,991	2,636,731
Employee benefits		15,401	27,957
Borrowings	12	7,246,730	7,237,711
Total current liabilities		<u>9,604,122</u>	<u>9,902,399</u>
Total liabilities		<u>9,604,122</u>	<u>9,902,399</u>
Net liabilities		<u>(3,689,072)</u>	<u>(5,523,766)</u>
Equity			
Share capital	13	72,144,394	68,733,192
Reserves	14	2,584,899	1,926,521
Accumulated losses		(71,635,834)	(69,421,250)
Equity attributable to the owners of PhosCo Ltd		3,093,459	1,238,463
Non-controlling interest	15	(6,782,531)	(6,762,229)
Total deficiency in equity		<u>(3,689,072)</u>	<u>(5,523,766)</u>

The above statement of financial position should be read in conjunction with the accompanying notes

PhosCo Ltd
Statement of changes in equity
For the half-year ended 31 December 2025



Consolidated	Share capital \$	Option and rights reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Non-controlling interests \$	Total deficiency in equity \$
Balance at 1 July 2024	60,331,717	-	(178,689)	(62,522,603)	(6,300,384)	(8,669,959)
Loss after income tax expense for the half-year	-	-	-	(4,599,016)	(191,195)	(4,790,211)
Other comprehensive income for the half-year, net of tax	-	-	(376,750)	-	(362,120)	(738,870)
Total comprehensive income for the half-year	-	-	(376,750)	(4,599,016)	(553,315)	(5,529,081)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	168,272	-	-	-	-	168,272
Balance at 31 December 2024	<u>60,499,989</u>	<u>-</u>	<u>(555,439)</u>	<u>(67,121,619)</u>	<u>(6,853,699)</u>	<u>(14,030,768)</u>

Consolidated	Share capital \$	Option and rights reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Non-controlling interests \$	Total deficiency in equity \$
Balance at 1 July 2025	68,733,192	2,707,015	(780,494)	(69,421,250)	(6,762,229)	(5,523,766)
Loss after income tax expense for the half-year	-	-	-	(2,360,604)	(171,589)	(2,532,193)
Other comprehensive income for the half-year, net of tax	-	-	157,399	-	151,287	308,686
Total comprehensive income for the half-year	-	-	157,399	(2,360,604)	(20,302)	(2,223,507)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	669,384	-	-	-	-	669,384
Share-based payments	-	363,030	-	-	-	363,030
Shares issued on exercise of convertible note Options	2,303,099	(1,044,300)	-	-	-	1,258,799
Shares issued on exercise of performance rights	438,720	(438,720)	-	-	-	-
Options issued to EBRD (note 9)	-	1,766,988	-	-	-	1,766,988
Balance at 31 December 2025	<u>72,144,395</u>	<u>3,354,013</u>	<u>(623,095)</u>	<u>(71,781,854)</u>	<u>(6,782,531)</u>	<u>(3,689,072)</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

PhosCo Ltd
Statement of cash flows
For the half-year ended 31 December 2025



Note	Consolidated	
	31 December 2025	31 December 2024
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(1,623,981)	(715,385)
Interest received	274	338
	<u>(1,623,707)</u>	<u>(715,047)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for exploration and evaluation	(761,828)	-
Proceeds from release of security deposits	37,003	-
	<u>(724,825)</u>	<u>-</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from the exercise of convertible note Options	1,258,799	900,000
Costs related to shares issued	(7,490)	(15,949)
	<u>1,251,309</u>	<u>884,051</u>
Net cash from financing activities		
Net (decrease)/ increase in cash and cash equivalents	(1,097,223)	169,004
Cash and cash equivalents at the beginning of the financial half-year	3,358,081	547,793
Effects of exchange rate changes on cash and cash equivalents	-	(1,081)
	<u>-</u>	<u>(1,081)</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>2,260,858</u></u>	<u><u>715,716</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover PhosCo Limited as a consolidated entity consisting of PhosCo Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2025. The financial statements are presented in Australian dollars, which is PhosCo Limited's functional and presentation currency.

PhosCo Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 2, Level 11, 385 Bourke Street,
Melbourne,
VIC 3000
Australia

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 March 2026. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

Basis of preparation

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with *AASB 134* ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted, methods of computation and areas of critical accounting judgements, estimates and assumptions are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New Accounting Standards and Interpretations not yet mandatory or early adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity reported a net loss of \$2,532,193 (31 December 2024: \$4,790,211) and incurred operating cash outflows of \$1,623,707 during the half-year ended 31 December 2025. As at 31 December 2025, the Consolidated Entity had a net deficit of \$3,689,072 and a net working capital deficit of \$5,293,141 (30 June 2025: \$5,523,766 and \$6,308,264), respectively.

The Consolidated Entity continues to focus on exploration, evaluation and development activities at its mineral resource projects in Tunisia and is currently without an operating cash inflow.

Note 2. Material accounting policy information (continued)

As a result of these matters there is an indication of a material uncertainty that may cast doubt upon the Consolidated Entity's ability to continue as a going concern.

Notwithstanding the above results and financial position, the Directors determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. The assessment of the going concern assumption is based on the Consolidated Entity's cash flow projections and application of a number of judgements and estimates.

Liabilities associated with Chaketma Phosphates S.A. (CPSA)

The Consolidated Entity's net asset deficiency and working capital deficits were largely associated with PhosCo's subsidiary CPSA and escalated risk is due to the legal outcomes with its former Joint Venture partner Tunisian Mining Services SARL (TMS). Although PhosCo has recovered the 51% interest and management control of CPSA in October 2021, the Company notes risk arising from various criminal and civil actions related to the execution of the Arbitral Award remain before the Tunisian courts.

At 31 December 2025, CPSA, the Company's subsidiary, had a total liability of \$8,697,252 of which is \$8,472,910 are contested and neither secured nor have been guaranteed by PhosCo or its subsidiary and owner of the 51% interest in CPSA, Celamin Limited. These contested liabilities include trade and other payables of \$1,226,181 (including \$464,118 payable to TMS) and \$7,246,730 of unsecured cash call liabilities, inclusive of accrued and unpaid interest payable to TMS, denominated in Tunisia Dinar (30 June 2025: \$7,237,710).

The Consolidated Entity has undertaken a forensic accounting exercise since gaining control of CPSA in October 2021, as a result of which it has identified a further \$433,337 of the remaining \$1,226,181 in CPSA's trade and other payables which were incurred contrary to the terms of its joint venture agreement with TMS, CPSA's articles of association and Tunisian Corporate Law.

The Consolidated Entity has instigated legal claims contesting the validity of the amounts owing. The Consolidated Entity formally terminated the CPSA Joint Venture Agreement on 14 May 2025 based on TMS's repeated non-performance and ongoing breaches. CPSA JV no longer holds any permits or permit applications and subject to full compliance with applicable law, PhosCo does not intend to provide further investment to the CPSA joint venture. The Consolidated Entity will defend its rights and obligations and ensure that only those obligations which have been legally verified will be settled in accordance with the terms of any relevant agreement with the respective counterparties.

The Consolidated Entity, as a result of the Arbitration Award of 17 November 2017 and enforcement by the Tunisian Court of Cassation in September 2019, also continues to execute this award, having received its shares in CPSA and management control as well as pursuing outstanding costs, damages and accrued unpaid interest owing to the Consolidated Entity which as of the date of this report amounts to \$8,909,706 (TND 17,177,818). For further details of the Arbitration Award, refer to note 16. As a result of these uncertainties, the Directors do not expect the liabilities associated with CPSA to become due and payable within the next 12 months.

Other funding alternatives

The Consolidated Entity continues to focus on exploration, evaluation and development activities at its mineral resource projects in the Republic of Tunisia. The Consolidated Entity may be required to raise additional capital to advance its projects and fund its ongoing working capital requirements. The assessment of the going concern assumption is based on the Consolidated Entity's cash flow projections, which includes the following features:

- On 18 February 2026, the Company announced that it has secured firm commitments from new and existing sophisticated and professional investors to raise \$5.0 million (before costs) by issuing 41,666,667 ordinary shares at an issue price of \$0.12 per share. On 26 February 2026, the Company successfully completed the Placement, raising net proceeds of \$4.7 million after transaction costs.
- As announced on 30 October 2025, EBRD entered into a funding arrangement to PhosCo through its subsidiary Himilco for €1 million (~\$1.8 million), to advance its Gasaat Phosphate Project. Linked to the funding arrangement, PhosCo issued 150,000,000 Options to EBRD which are exercisable at \$0.050 (5 cents), consistent with the terms set out in its Mandate Letter announced on 11 March 2025.
- Raising additional capital through the Company's existing placement capacity;
- Subject to negotiation and approval, minimum work requirements may be varied or suspended, and/or permits may be surrendered or cancelled; and
- Meeting its obligations by farm-out of the Consolidated Entity's exploration interests.

Note 2. Material accounting policy information (continued)

While no assurances can be given about future ability to finance the Consolidated Entity's activities, PhosCo has a proven past track record of raising funds and invested in Tunisia, and the Directors believe the Company given the potential of the projects can raise future funds to pursue its business strategy and meet its obligations as and when they fall due.

The Directors continue to monitor the ongoing funding requirements of the Consolidated Entity and are confident that sufficient funds can be secured through further capital raising to continue.

Accordingly, the Directors believe that the Consolidated Entity, despite the material inherent uncertainties outlined herein, will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Based upon the aforementioned assumptions, the directors of the Consolidated Entity have applied the going concern basis of accounting in these financial statements. In the event that all or some of these assumptions do not eventuate, this may mean that the actual amounts of assets and liabilities may differ from the amounts recorded for assets and liabilities in the financial statements, should the entity not continue as a going concern.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

The significant judgements made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Note 4. Operating segments

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the Chief Operating Decision Makers ("CODM") in order to allocate resources to the segment and to assess its performance. The consolidated entity is currently organised into one operating segment: exploration and development of resource projects in North Africa.

This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are the CODM) in assessing performance and in determining the allocation of resources.

Geographic segment information

The Consolidated Entity operates in one principle geographic segment: Tunisia.

Note 5. Corporate and administrative expenses

	Consolidated	
	31 December 2025	31 December 2024
	\$	\$
Accounting fees	66,150	115,179
Compliance and regulatory costs	98,235	105,869
Consultant fees	391,301	109,975
Travel and accommodation	51,145	116,154
Office costs	83,746	60,518
Insurance	18,339	20,603
Sundry expenses	79,989	14,588
	788,905	542,886
	788,905	542,886

Note 6. Finance costs

	Consolidated	
	31 December 2025	31 December 2024
	\$	\$
Fair value movements on convertible notes	-	4,168,101
Finance charges related TMS payables	166,018	141,962
	<u>166,018</u>	<u>4,310,063</u>

Note 7. Cash and cash equivalents

	Consolidated	
	31 December 2025	30 June 2025
	\$	\$
Cash on hand	2,050	3,209
Cash at bank	2,258,808	3,354,872
	<u>2,260,858</u>	<u>3,358,081</u>
	31 December 2025	31 December 2024
Cash on hand	2,050	176
Cash at bank	2,258,808	716,028
Bank overdraft	-	(488)
Cash and Cash equivalents net of bank overdraft at the end of the financial half-year	<u>2,260,858</u>	<u>715,716</u>

Note 8. Trade and other receivables

	Consolidated	
	31 December 2025	30 June 2025
	\$	\$
<i>Current assets</i>		
Trade and other receivables	163,880	166,334
Less: Provision for doubtful debts (i)	(160,000)	(160,000)
	<u>3,880</u>	<u>6,334</u>
GST receivable	85,171	31,301
	<u>89,051</u>	<u>37,635</u>

(i) PhosCo has launched legal action in the Tunisian courts to recover the \$160,000 as the samples have never been delivered to Celamin by TMS. TMS have not refunded the \$160,000 that PhosCo paid to TMS for the samples. This legal action is ongoing at reporting date.

Note 9. Other assets

EBRD feasibility funding

On 30 October 2025, EBRD entered into a funding arrangement with PhosCo through its subsidiary Himilco for €1M (~\$1.8M), to advance its Gasaat Phosphate Project. The funding is specifically earmarked for technical work prioritising project optimisation, including low strip deposits which will enhance the Gasaat project's economics early in its life.

Linked to the funding arrangement, PhosCo and EBRD have agreed to issue 150,000,000 Options (EBRD Options) exercisable at \$0.050 (5 cents), consistent with the terms set out in its Mandate Letter announced on 11 March 2025. The Options provide EBRD with the right (*but not the obligation*) to invest 120 days after the release of PhosCo's Updated Scoping Study.

60,000,000 EBRD Options were issued on 3 November 2025. An additional 90,000,000 Options were issued on 22 December 2025.

The EBRD Options will expire on the earlier of

- (i) 120 days from the release of an Updated Scoping Study and
- (ii) 31 January 2028.

Note 10. Exploration and evaluation assets

	Consolidated	
	31 December	30 June 2025
	2025	2025
	\$	\$
<i>Non-current assets</i>		
Exploration and evaluation assets	1,270,118	432,999

Capitalised exploration and evaluation assets represent the expenses incurred on the Gasaat Phosphate Project during the half-year.

Reconciliations

Movements of exploration expenses during the half-year are set out below:

Consolidated	Gasaat
	\$
Balance at 1 July 2025	432,999
Expenditure during the period	837,119
Balance at 31 December 2025	1,270,118

Note 11. Trade and other payables

	Consolidated	
	31 December 2025	30 June 2025
	\$	\$
Trade payables	1,145,454	1,220,979
Other payables	1,196,537	1,415,752
	<u>2,341,991</u>	<u>2,636,731</u>

Trade and other payables include liabilities of CPSA of \$1,450,523, of which \$1,266,726 are contested and neither secured nor have been guaranteed by the Consolidated Entity. The Consolidated Entity has undertaken a forensic accounting exercise since gaining control of CPSA in October 2021, as a result of which it has identified \$903,316, in trade and other payables which were incurred contrary to the terms of its joint venture agreement with TMS, CPSA's articles of association and Tunisian corporate law. The Consolidated Entity will defend its rights and obligations and ensure that only those obligations which have been legally verified will be settled in accordance with the terms of any relevant agreement with the respective counterparties.

Note 12. Borrowings

	Consolidated	
	31 December 2025	30 June 2025
	\$	\$
Cash calls payable	4,026,673	4,113,848
Interest payable on cash calls	3,220,057	3,123,863
	<u>7,246,730</u>	<u>7,237,711</u>

Unsecured TMS cash call obligations arise from transactions between TMS and CPSA recognised through to and including 2021, prior to the Consolidated Entity obtaining control over CPSA. The outstanding amount of \$4,026,673 (30 June 2025: \$4,113,848) is denominated in Tunisian Dinar (TND). There have been no movements in the underlying TND value of the borrowings subsequent to the Consolidated Entity gaining control over CPSA in October 2021.

The outstanding, unpaid cash call balances incur interest at 8% p.a and are denominated in TND. During the half-year ended 31 December 2025, interest expense of \$166,018 (31 December 2024: \$141,962) was recognised.

As detailed in note 2, all cash call liabilities and related interest payable to TMS have been the subject of a forensic financial and legal audit and are the subject of legal challenge, the outcome of which is uncertain. There have been no amendments in these financial statements to reflect the conclusions reached in the forensic audit undertaken, any such amendments to be reflected as and when and to the extent determined by the conclusion of legal proceedings.

Note 13. Share capital

	Consolidated			
	31 December 2025	30 June 2025	31 December 2025	30 June 2025
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>482,944,202</u>	<u>438,321,456</u>	<u>72,144,394</u>	<u>68,733,192</u>

Note 13. Share capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2025	438,321,456		68,733,192
Shares issued on exercise of convertible note Options ⁽ⁱ⁾	3 November 2025	21,412,332	\$0.091	1,958,800
Shares issued on exercise of convertible note Options ⁽ⁱ⁾	24 November 2025	1,114,596	\$0.091	101,963
Shares issued for settlement of director fees ⁽ⁱⁱ⁾	2 December 2025	11,201,570	\$0.046	517,272
Shares issued for settlement of supplier obligations	2 December 2025	2,245,195	\$0.074	169,601
Shares issued on exercise of performance rights	2 December 2025	6,000,001	\$0.120	438,720
Shares issued on exercise of convertible note Options ⁽ⁱ⁾	23 December 2025	2,649,052	\$0.091	242,336
Cost of share issue				(17,490)
Balance	31 December 2025	<u>482,944,202</u>		<u>72,144,394</u>

- (i) The Company issued shares on exercise of convertible note Options at an exercise price of \$0.050 (5 cents) per option. These convertible note Options had an ascribed fair value of \$0.041 cents recognised at grant on 8 May 2025.
- (ii) On 2 December 2025, the Company issued 11,201,570 fully paid ordinary shares to settle outstanding obligations to the Directors and related parties for services rendered during the period from February 2024 through to May 2025 inclusive.

Note 14. Reserves

	Consolidated	
	31 December 2025	30 June 2025
	\$	\$
Foreign currency reserve	(623,095)	(780,494)
Share-based payments reserve	219,360	441,070
Options reserve	1,221,646	2,265,945
EBRD Options reserve (note 9)	1,766,988	-
	<u>2,584,899</u>	<u>1,926,521</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

Share-based payments reserve is used to recognise the fair value of Performance Rights (and Share Options) issued to directors and key management personal and other parties as part of their compensation for services, measured accordance with AASB 2 - Share-based Payment.

Options reserve

This reserve is used to record the fair value of Share Options provided to suppliers and others.

Lead Manager Options

On 8 May 2025, the Company issued 3,000,000 Options at an issue price of \$0.00001 and an exercise price of \$0.05 (5 cents) each, expiring on 7 May 2027. These options were issued as compensation for the capital raising services and accordingly recognised at the issue date fair value in the financial statements.

Note 14. Reserves (continued)

Conversion Options

On 8 May 2025, the Company issued 51,627,421 Conversion Options to the Convertible Note Holders on the basis of one free-attaching Conversion Option for every one Conversion Share issued upon conversion of the Convertible Notes. The Conversion Options are exercisable at \$0.05 (5 cents) each and expire on 7 May 2027.

The Options issued concurrently with the conversion of the Convertible Notes to share capital and are treated as transaction cost associated with capital raising and with the corresponding debit recognised in share capital.

EBRD Option reserve

EBRD Option reserve is used to recognise the fair value 150,000,000 Options issued to EBRD, under a funding arrangement, which are exercisable at \$0.050 (5 cents). The Options provide EBRD with the right (*but not the obligation*) to invest 120 days after the release of PhosCo's Updated Scoping Study. 60,000,000 EBRD Options were issued on 3 November 2025. An additional 90,000,000 Options were issued on 22 December 2025.

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Foreign currency \$	Share-based payments reserve \$	Options reserve \$	EBRD Options reserve \$	Total \$
Balance at 1 July 2025	(780,494)	441,070	2,265,945	-	1,926,521
Shares issued on exercise of convertible note options	-	-	(1,044,299)	-	(1,044,299)
Fair value of Options issued	-	217,010	-	1,766,988	1,983,998
Shares issued on exercise of performance rights	-	(438,720)	-	-	(438,720)
Foreign currency translation	308,686	-	-	-	308,686
Non-controlling interest	(151,287)	-	-	-	(151,287)
Balance at 31 December 2025	<u>(623,095)</u>	<u>219,360</u>	<u>1,221,646</u>	<u>1,766,988</u>	<u>2,584,899</u>

Note 15. Non-controlling interest

	Consolidated	
	31 December 2025 \$	30 June 2025 \$
Interest in CPSA	(3,404,567)	(3,404,567)
Foreign currency reserves	(598,898)	(750,185)
Accumulated losses	(2,779,066)	(2,607,477)
	<u>(6,782,531)</u>	<u>(6,762,229)</u>

Note 16. Contingent assets

On 29 November 2017 the sole Arbitrator appointed by the ICC to conduct the arbitration of the Consolidated Entity's dispute with its former joint venture partner TMS found in favour of Celamin Limited. The Arbitrator ordered TMS, amongst other matters, to return Celamin Limited's 51% shareholding in CPSA and to pay damages and costs totalling USD 2,358,000, plus Euro 1,252,936, AUD 260,597 and CHF 42,238, in addition to interest from the time of the issue of the Final Award until payment.

Note 16. Contingent assets (continued)

The Final Award was affirmed by the Court of Cassation in Tunisia and is therefore enforceable within Tunisia. In accordance with the terms of the Tunisian Code of Obligations and contracts, all executory awards must be defined in TND, and the damages were converted for execution to TND 11,846,595 and thereafter incur interest at 5.5% per annum on any unpaid balances. The Consolidated Entity's entitlement, including accrued interest as of 31 December 2025 is \$8,909,706 (TND 17,177,818).

The Consolidated Entity had its 51% interest in CPSA legally restored following the appointment of a court appointed independent expert, reducing TMS to 49%. Although PhosCo has recovered the 51% interest, the Company notes that various criminal and civil actions related to the execution of the arbitration orders remain before the courts. The Consolidated Entity continues to pursue TMS for the outstanding costs and damages by forcing the seizure and sale of TMS assets and other means, the objective of which is to recover funds to offset the damages and costs owed and redefine the amounts owed by CPSA to TMS.

Celamin formally terminated the CPSA JV on 14 May 2025 based on TMS's repeated non-performance and ongoing breaches. On 6 June 2025, PhosCo and Celamin received a request for a further ICC arbitration from TMS. PhosCo and Celamin have defended these claims and on 1 October 2025, the Company announced that ICC has terminated the action. The ICC Secretariat has held TMS to have breached the ICC rules for non-payment of fees and has withdrawn the action against both PhosCo and Celamin Pty Ltd.

The Consolidated Entity's ability to realise the entitlements accruing from the damages are subject to the ability to obtain the benefits awarded. The Consolidated Entity reserves the right to use the means necessary to execute the Award, this being subject to the resolution of various legal challenges from the respective parties. Due to these uncertainties, receipts from TMS damages and costs remains unrecognised in the financial statements.

Note 17. Contingent liabilities

Success fees and deferred benefits payable in respect of the resolution of the arbitration and subsequent related procedures are payable to the Company's arbitration lawyers as follows:

- A fixed amount of Euro 300,000 payable to Brown Rudnick upon recovery of Celamin's 51% interest in Chaketma; and
- An additional amount payable to Brown Rudnick equal to 2% of any damages awarded in favour of Celamin in the Final Award, payable upon payment of those damages and/or transfer to Celamin of an increased percentage interest in CPSA in lieu of payment of such damages; and

The Company notes that these contingent liabilities require successful conclusion of the arbitration proceedings that remain subject to existing and potential litigation, including but not limited to various actions related to the enforcement of the arbitration orders remain before the courts, including actions challenging the Company's enforcement, clarification of the financial state of CPSA and the status of the CPSA equity. Furthermore, on 19 December 2022 CPSA received the Minister's Decision rejecting the application and terminating the validity of CPSA's exploration permit, creating further uncertainty around the successful conclusion of the arbitration proceedings. Accordingly, the conditions applicable to the contingent liabilities have not been triggered.

The element of the success fee dependent upon the settlement by TMS of any damages awarded is due and payable at and when this occurs. Due the uncertainties and the fact that payments are not sufficiently probable, the success fee remains unrecognised in the financial statements.

The Consolidated Entity's do not have any other contingent liabilities at the reporting date.

Note 18. Commitments

	Consolidated	
	31 December	30 June 2025
	2025	2025
	\$	\$
<i>Exploration Licenses - Commitments for Expenditure</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	7,910,000	7,910,000
One to five years	15,472,500	15,472,500
	<u>23,382,500</u>	<u>23,382,500</u>

In order to maintain current rights to tenure to exploration licenses, the Consolidated Entity has the above exploration expenditure requirements up until expiry of licenses. These obligations, which may be varied from time to time and which are subject to renegotiation upon expiry of the licenses are not provided for in the financial report and are not payable.

Note 19. Events after the reporting period

On 18 February 2026, the Company announced that it has secured firm commitments from new and existing sophisticated and professional investors to raise \$5.0 million (before costs) by issuing 41,666,667 ordinary shares at an issue price of \$0.12 per share (the "Placement"). On 26 February 2026, the Company successfully completed the Placement, raising net proceeds of \$4.7 million after transaction costs.

No other matters or circumstances has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 20. Loss per share

	Consolidated	
	31 December	31 December
	2025	2024
	\$	\$
Loss after income tax	(2,532,193)	(4,790,211)
Non-controlling interest	171,589	191,195
Loss after income tax attributable to the owners of PhosCo Ltd	<u>(2,360,604)</u>	<u>(4,599,016)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	<u>448,475,282</u>	<u>280,685,587</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>448,475,282</u>	<u>280,685,587</u>
	Cents	Cents
Basic loss per share	(0.53)	(1.64)
Diluted loss per share	(0.53)	(1.64)

As at 31 December 2025, the Consolidated Entity had 179,451,441 listed options and 3,000,000 performance rights, which are excluded from the calculation of diluted earnings per share. Because the Consolidated Entity is in a net loss position, the inclusion of potential ordinary shares in the diluted earnings per share calculation would be anti-dilutive.

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard *AASB 134 Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors:



Mr Robin Widdup
Chairman

16 March 2026

Independent Auditor's Review Report

To the Members of PhosCo Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of PhosCo Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, including material accounting policy information, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of PhosCo Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$2,532,193 and incurred operating cash outflows of \$1,623,707 during the half year ended 31 December 2025 and, as of that date, the Group had a net deficit of \$3,689,072 and a net working capital deficit of \$5,293,141. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance
Melbourne, 16 March 2026