



12 December 2022

Lion to acquire 5.1% of PhosCo to move to 19.9%

- Lion Selection Group (**Lion**) has agreed to acquire 5.1% of PhosCo Limited (**PhosCo**, ASX:PHO) from Lion Manager Pty Ltd (**the Manager**) increasing its ownership interest to 19.9%.
- Subject to shareholder approval, Lion will issue 2.8M Lion shares to the Manager in exchange for 14.0M PhosCo shares. There is no cash consideration.
- The transaction increases Lion's exposure to PhosCo following its recently released Chaketma Phosphate Project Scoping Study¹, which demonstrates a potential high value, large scale rock phosphate project in Tunisia, strategically located in close proximity to key export markets/end users.
- The transaction amount is equivalent to \$1.8M, which is the current market value of the PhosCo shares to be acquired.

Lion has agreed to acquire 14.0M PhosCo shares from the Manager. This increases Lion's PhosCo holding from 14.8% to 19.9%. Through this transaction, Lion will increase its exposure to PhosCo, which in Lion's view has a deep value creation proposition around its Tunisian rock phosphate assets, as the company de-risks the Chaketma Phosphate project and looks to acquire an exploration permit over the Sekarna Phosphate project.

The pricing of the shares agreed between Lion and the Manager acknowledges Lion's underlying value at 64.7c (the Net Tangible Asset backing at 2 December) and PhosCo's recent share price at 13c. Consequently, Lion will (subject to shareholder approval) issue shares at a 35% premium to Lion's recent share price and acquire PhosCo shares at the market price.

The transaction increases alignment between Lion and the Manager by providing additional incentive to the Manager. The Manager's shareholding in PhosCo has arisen through participation in PhosCo fundraisings to support the company through difficult times, in addition to PhosCo directors' fees paid to the Manager by way of PhosCo shares in order to conserve cash.

Lion remains focussed on prioritising investment in Australia and on the precious metals, base metals and battery materials commodities. While Lion's follow-on investment in PhosCo falls outside of these focus areas, Lion has been an investor in PhosCo since 2010, with the modest investment premised on achieving an influential level in a company that Lion knows well in a commodity with favourable fundamentals. PhosCo's outlook is exciting with project assessments advancing with the possibility of defining a world-class scale rock phosphate project. PhosCo has outlined a work program that can achieve further project assessment and potentially create significant value with relatively low capital deployment.



PhosCo is capitalised at \$36M, Lion's resultant PhosCo shareholding will account for \$7.1M / 4.7cps / 7.4% of Lion's NTA. While this makes PhosCo one of Lion's more significant holdings, Lion's remaining portfolio is largely cash \$35.3M and holdings that are expected to convert to cash \$46.0M during early 2023.

About PhosCo

PhosCo Ltd (ASX:PHO) is an ASX-listed company focussed on the development of a potential large-scale, world-class mining operation around its Chaketma Phosphate Project in Tunisia.

In December 2022, PhosCo announced¹ results from its 50.99% owned Chaketma Scoping Study prepared based on technical work conducted by a group of leading independent consultants including SRK Consulting (UK) Ltd, Jacobs Engineering Group, Arethuse Geology Sarl and COREM. PhosCo has pegged the adjacent Sekarna prospect which has potential for additional, possibly larger, abundance of rock phosphate.

Chaketma Phosphate Project

Initial 46 Year Life at 1.5Mt Product



Scoping Study¹ assumes US\$150/t phosphate price (vs current World Bank price of US\$300/t). Several opportunities also identified for further project optimisation.

NEXT STEPS

- Proceed to BFS upon receiving the Chaketma Mining Concession.
- Permits sought to drill resource extensions and exploration targets for possible step change in the scale of production.
- Progress discussions for permitting and financing following positive early engagement with the Tunisian Government and commercial and investment banks.

Further details are available on PhosCo's website. <https://www.phosco.com.au/investor-centre#ASXAnnouncements>

1. Refer PhosCo ASX announcement 9 December 2022 – *Chaketma Scoping Study Confirms Long-Life, Low-Cost Rock Phosphate Project with Outstanding Economics*