



SUSTAINABLE | ASX
PHOSPHATE | **PHO**

Chaketma Phosphate Project Scoping Study

Advancing a Scalable, Long Life & High Margin Project

December 2022

Disclaimer - Important Information

Cautionary Statement

The Scoping Study referred to in this announcement is based on further technical work following a scoping study released in 2012. This study remains at the level of a Scoping Study based on preliminary technical and economic study of the viability of developing the Chaketma Phosphate Project by constructing an open pit mine and processing facility to produce phosphate concentrate for export. The Scoping Study outcomes, production target and forecast financial information referred to in this release are based on low accuracy level technical and economic assessments that are insufficient to support estimation of Ore Reserves.

The Scoping Study has been completed to a level of accuracy of +/-35% in line with a scoping level study accuracy. While each of the modifying factors was considered and applied, there is no certainty of eventual conversion to Ore Reserves or that the production target itself will be realised. Further exploration and evaluation work and appropriate studies are required before PhosCo will be in a position to estimate any Ore Reserves or to provide any assurance of an economic development case. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

The Company has reasonable grounds for disclosing a Production Target, given that in the first eighteen years of production, being 37% of the published Resources, all mill feed is scheduled from the Measured (88%) and Indicated Resource (12%) categories. The remaining thirty years of the Life-of-Mine (LOM) Production Target is material in the Inferred Mineral Resource category. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target itself will be realised. Notably, the Inferred Mineral Resources included in the Scoping Study are not a determining factor in the project viability. As set out in Section 2, the Inferred Mineral Resources are at the end of the mine plan (from year 18 onwards) and the key project economics are not sensitive to excluding the inferred material.

The Mineral Resources underpinning the production target in the Scoping Study have been prepared by competent persons in accordance with the requirements of the JORC Code (2012). For full details of the Mineral Resources estimate, please refer to PhosCo ASX release dated 15 March 2022 and the earlier ASX release for the Gassaa Kebira Resource dated 9 November 2012.

PhosCo confirms that it is not aware of any new information or data that materially affects the information included in that release. All material assumptions and technical parameters underpinning the estimates in that ASX release continue to apply and have not materially changed.

Forward-looking Statements

This report contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this report, are considered reasonable. Such forward-looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this report will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Directors have no intention to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this report, except where required by law or the ASX listing rules.

PhosCo has concluded that it has a reasonable basis for providing these forward-looking statements and the forecast financial information included in this release. To achieve the range of Chaketma Phosphate Project outcomes indicated in the 2022 Scoping Study, funding in the order of an estimated US\$190 million will likely be required by the Company.

Based on the current market conditions and the results of feasibility studies to date there are reasonable grounds to believe the Project can be financed via a combination of debt and equity. Debt may be secured from several sources including development banks, international banks, resource credit funds, and in conjunction with product sales of offtake agreements. It is also possible the Company may pursue alternative funding options, including undertaking a corporate transaction, seeking a joint venture partner or partial asset sale. There is, however, no certainty that PhosCo will be able to source funding as and when required.

PhosCo has engaged with debt adviser HCF Consulting and a number of potential financiers on the Chaketma Phosphate Project and these financial institutions have expressed an interest in being involved in the funding of the project.

This ASX release has been prepared in compliance with the current JORC Code (2012) and the ASX Listing Rules. All material assumptions, including sufficient progression of all JORC modifying factors, on which the production target and forecast financial information are based have been included in this ASX release.

Chaketma Phosphate Project

Initial 46 Year Mine Life at 1.5Mt Product

Post Tax NPV₁₀

US\$657M

with IRR of 54%

Annual Cashflow
Years 1-10

US\$150/t Phosphate
Concentrate

US\$93.4M

Payback – After Tax

1.5 years

Phosphate Concentrate
Production

68Mt

Over 46 years

Operating Cost
(First 10 Years)

US\$79/t

Phosphate Concentrate

Development Capital

US\$170M

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.

Phosphate - a Critical Raw Material

Essential to improving crop yields to meet food demands for the world's growing population and addressing global food security concerns

- Finite and non-renewable material
- Needs replenishing in cultivated land where soils become depleted
- No substitute for phosphorus in agriculture
- Global supply in jeopardy as five countries control 90% of global reserves
- China has imposed export bans, removing 30% of world trade
- US imposed import tariffs on Moroccan and Russian phosphate

Rock phosphate pricing US\$/T



90%

of phosphate consumption
is in agriculture



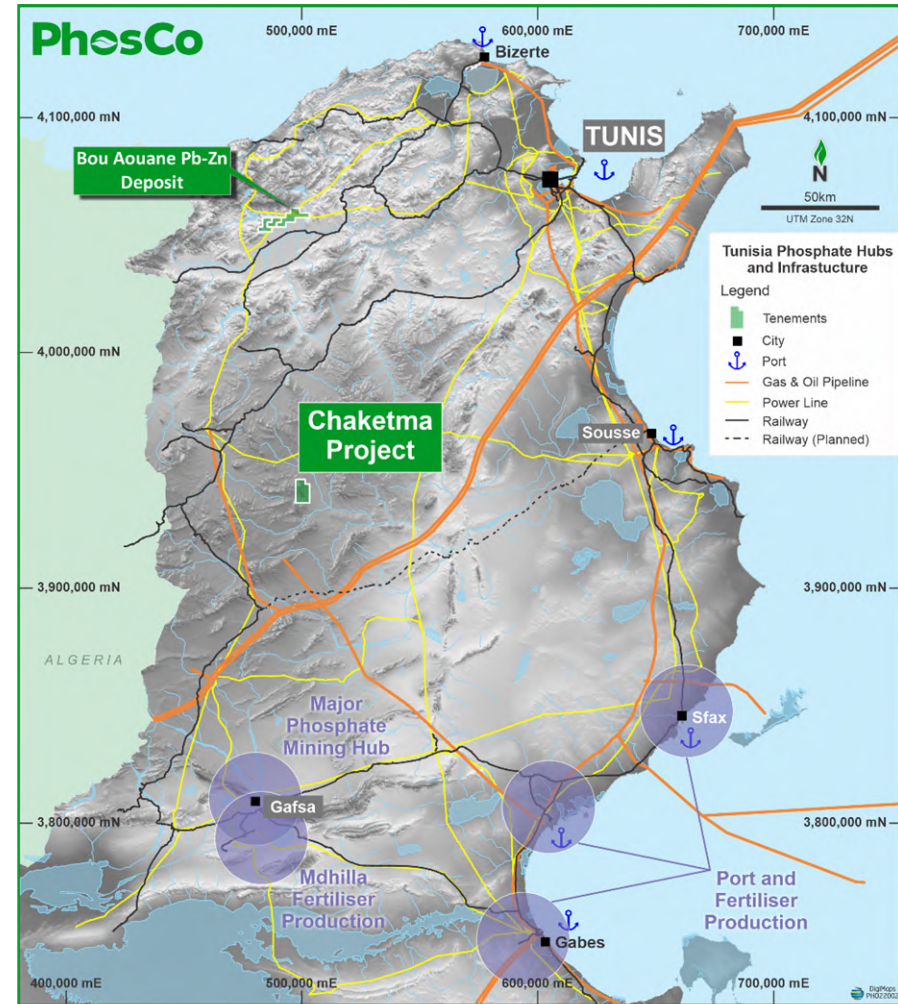
40%

of world food production
linked to fertilizer use

Chaketma Project

Potential Tier-1, long life, low cost mine with downstream fertiliser production optionality

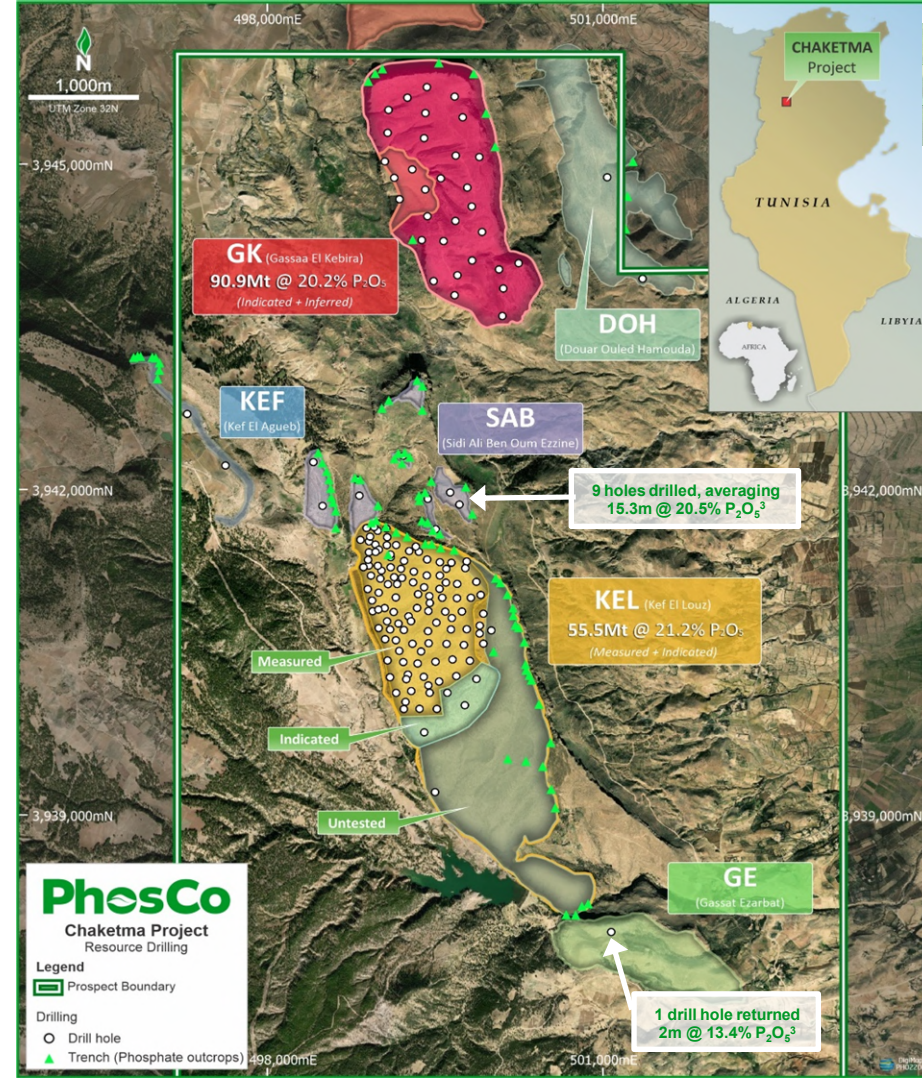
- Located in Tunisia
 - 210km SW of Tunis, with access by bitumen road
 - 35km from rail
 - Access to ports
 - Gas and grid power nearby
- Several international resource companies active in-country including BP, Shell, Anglo Oil & Gas & Glencore
- Regulations and tax conducive to resource investments, 25% tax rate, zero for first 5 years



JORC Resource

PROSPECT	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

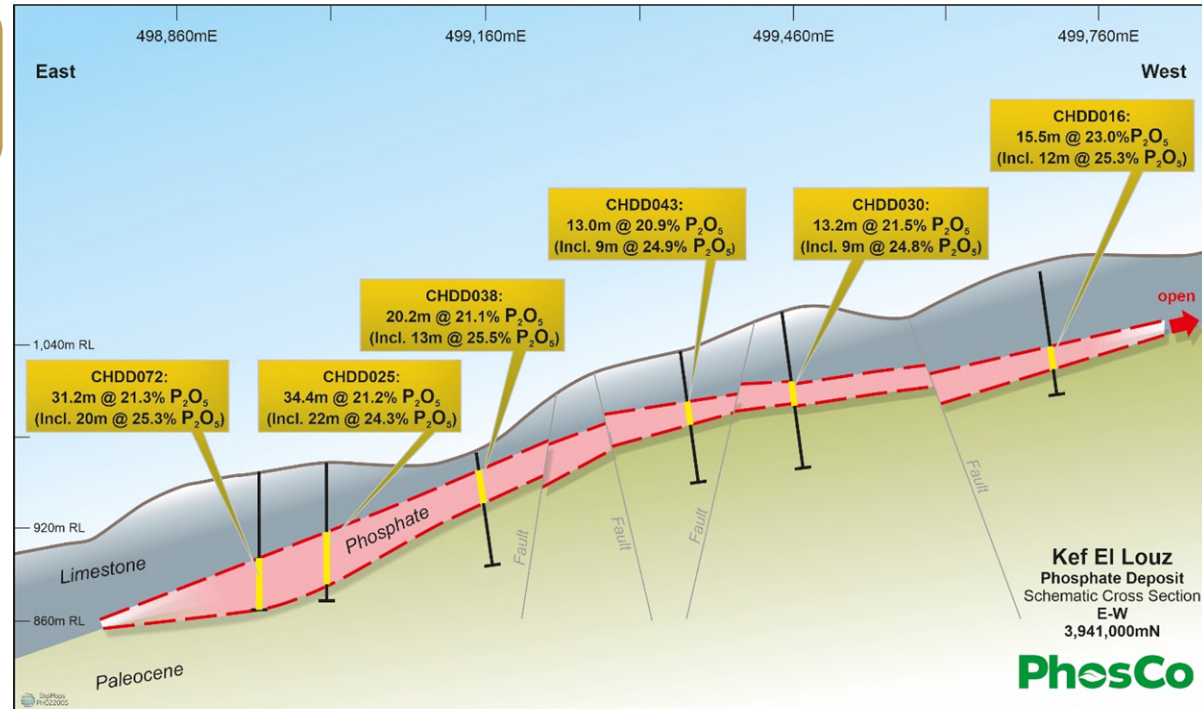
- 46 year mine life from just 2 out of 6 prospects
- Simple geology, exposed on all sides through mesa-like topography
- High confidence resource with 34% Measured & 61% Indicated, representing 95% of total resources³



KEL Resource Upgrade Boosts Size & Confidence

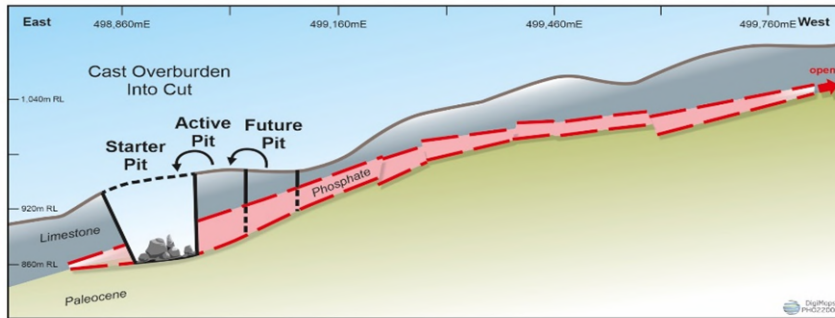
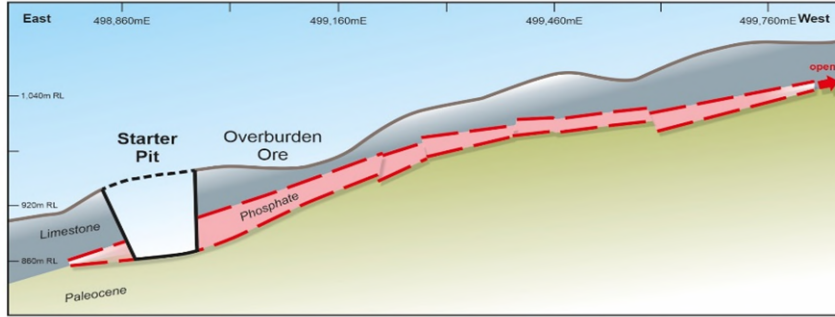
Large, shallow & high confidence phosphate resource that features simple geology, exposed on all sides

- KEL JORC 2012 resource grows by 50% to **55.5Mt @ 21.2% P_2O_5**
- Consistent, wide and high-grade phosphate mineralisation close to surface
- Potential 30-year mine life from KEL deposit alone, with half of the prospect yet to be drilled

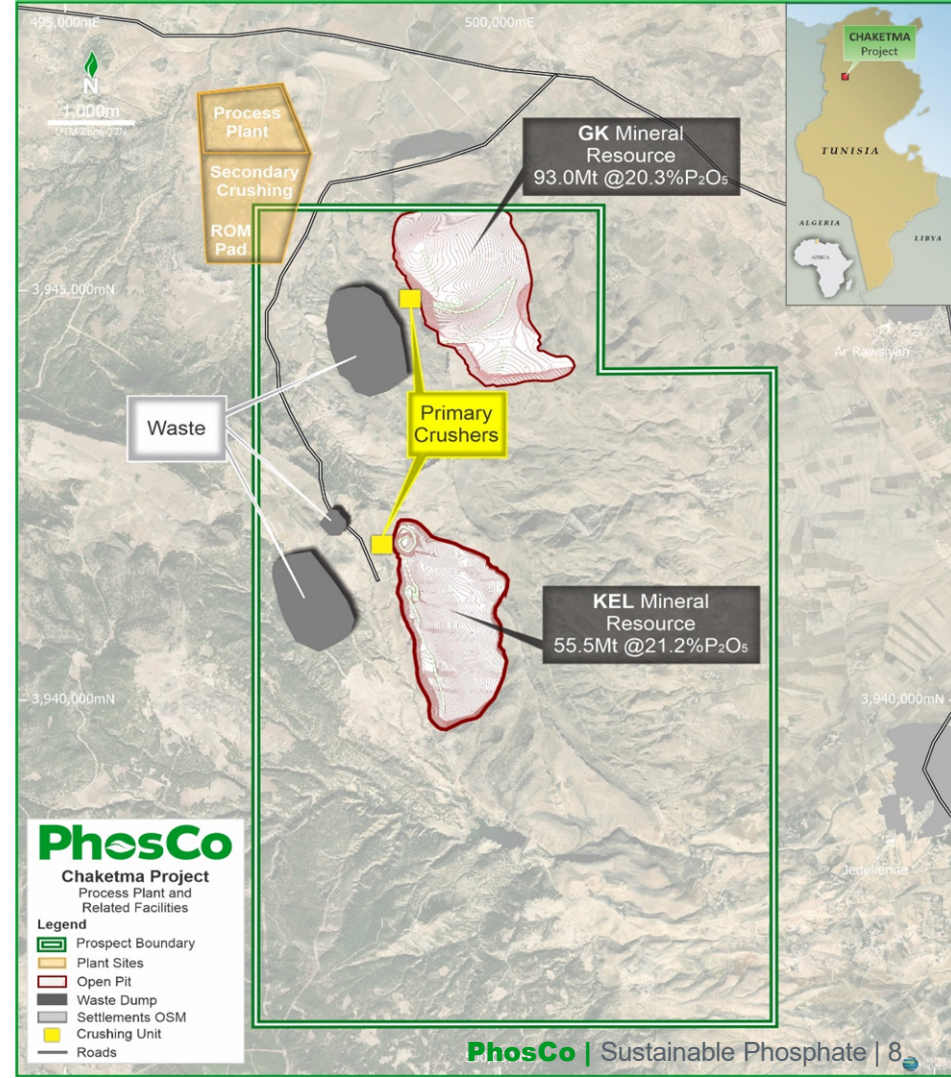


The KEL resource is composed of 3 distinct layers (A, B and C). Layer B is the highest grade at 24.91% P_2O_5 and comprises 58% of the total KEL resource.²

Open Pit Mining



- Simple, low-cost open pit operation
- First 18 years of production from KEL Resource with strip ratio of 3.6:1, scheduled from Measured (88%) and Indicated (12%)



Conventional Processing Flowsheet

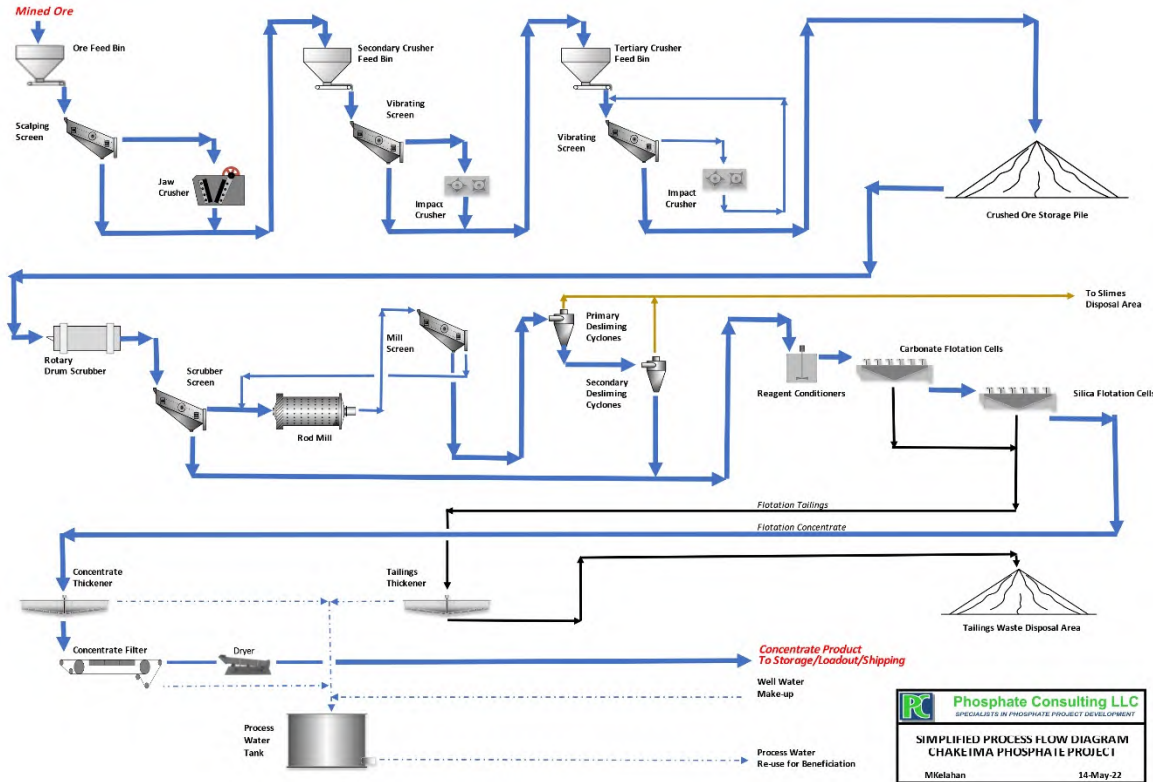
Process plant to produce 1.5Mtpa over a 46 year mine life for a total 68Mt phosphate concentrate

Tier-1 Study Partners

- **SRK Consulting (UK)** - mining and technical studies for the project
- **Jacobs Engineering Group** – independent plant engineering
- **COREM** – metallurgical test-work

Flotation test-work

- Established process
- Confirms ability to produce high-quality product and phosphate rock concentrate
- Phosphate ore can be upgraded to over 30% P_2O_5 with recovery greater than or equal to 80%



Environmental, Social & Governance Credentials

ESG to international standards

- Environmental/social specialist ASF Consulting engaged
- Very strong community support for the project
- Further downstream positive impacts will arise from planned operating expenditure



Approvals & Land Access

- Economic and financial study submitted September 2022 in support of Chaketma Mining Concession Application
- Tunisian mining administration currently reviewing the application
- Chaketma Exploration Permit remains valid and in good-standing while application is considered

The development of Chaketma will provide major benefits to Tunisia and its people



Project Optimisation

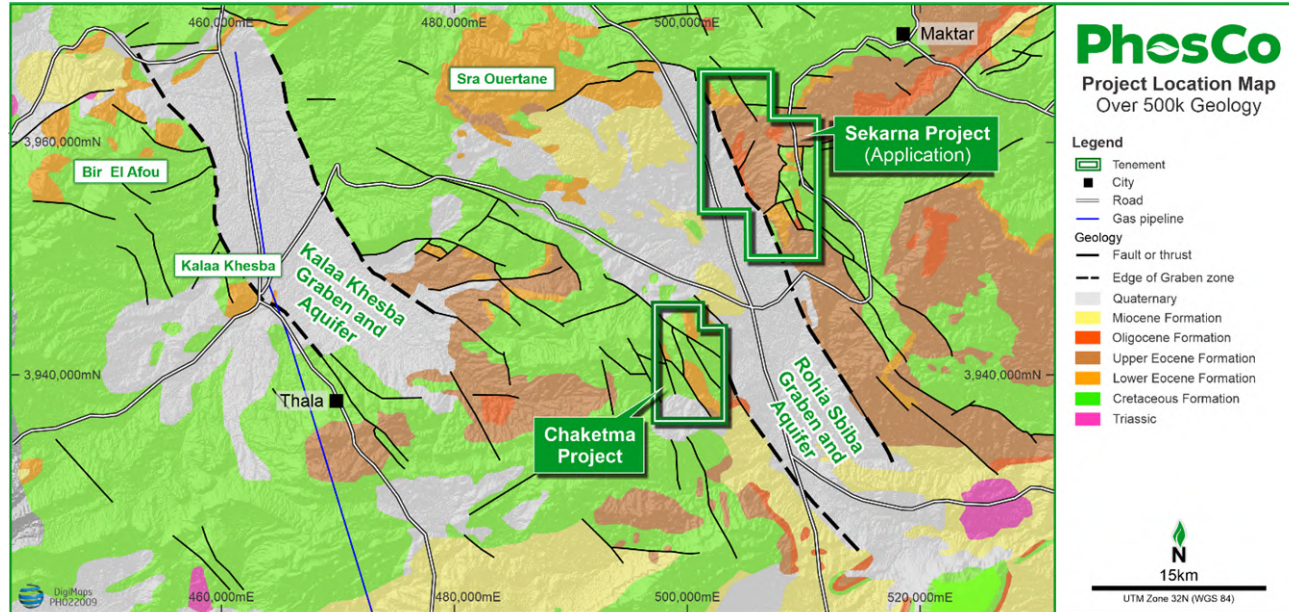
- Large resource supports higher production rate above 1.5Mtpa to match market demand
- Nearby deposits identified with potential for lower mining costs, including SAB prospect into the early mine schedule
- Mining optimisation for greater utilisation of strip mining
- Early mining of higher-grade layer B portion of the ore body with the potential to direct ship
- Simplified processing via single stage flotation and/or washing
- Extension of a rail connection to site for lower cost logistics
- Use of waste-water from nearby towns

Assess expansion potential, optimisation initiatives & integrated fertilizer project

Regional Target Pipeline

Sekarna Phosphate Project (128km²)

- Large scale, outcropping phosphate target
- Located 10km northeast of Chaketma
- Reported high grade rock chip samples grading between 19.7% and 27.8% P₂O₅



Additional Exploration Targets

- **KELS, SAB & DOH:** prospects with highest potential to provide additional project resources
- **KEA & GS:** warrant investigation to establish resource potential & inclusion into the project area

Corporate Overview

275M

SHARES ON ISSUE
ASX: PHO

\$38.5M

MARKET CAP
At \$0.14/sh

\$3.9M

CASH
30 Sep 2022

Nil

DEBT
As at 30 Sep 2022

5.75M

UNLISTED OPTIONS
Avg Ex Price: \$0.15
Exp: 31 Jan 24

14.1M

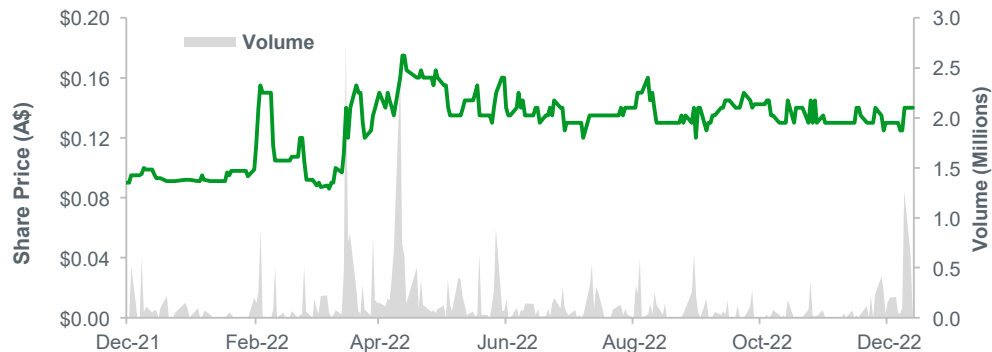
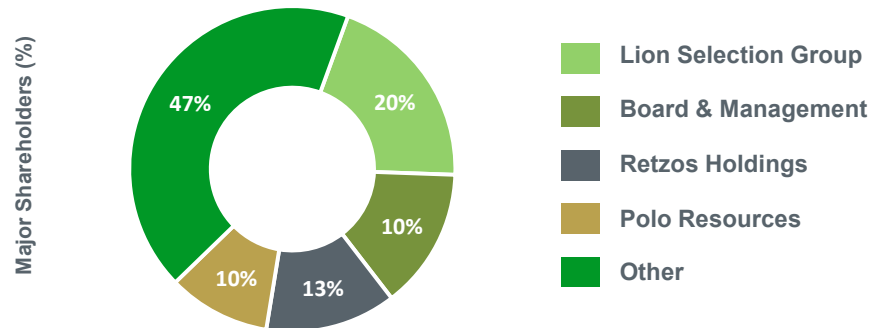
PERFORMANCE RIGHTS

\$34.6M

ENTERPRISE VALUE

64%

TOP 20 OWNERSHIP



Board & Management

A team with deep industry experience & success in Africa



Simon Eley
Managing Director/CEO

Simon has vast experience in the resources sector in both Australia and Africa. He was the founding director of Egan Street Resources and has transactional & operational experience in resources projects globally. He was a member of the executive management team in Mauritania working on Woodside's first international oil and gas project.



Robin Widdup
Chairman

Robin has over 40 years of mining industry and equity market experience. He is the founder and director of Lion Selection Group Limited, one of PhosCo's largest shareholders. Robin has been involved as a director and with Lion in multiple mine developments around Africa, Asia and Australia over the last 25 years.



Craig Smyth
Chief Financial Officer

Craig has over 25 years of accounting experience in mining investment and finance. Craig's financial background includes Coopers & Lybrand, Credit Suisse First Boston (London) and ANZ Investment Bank. Craig is a member of the Institute of Chartered Accountants of Australia and New Zealand.



Jan Jansen
Project Director

With over 30 years' of technical & operational experience, Jan has led successful mining operations in Africa for several well-established companies including De Beers, Tasiast, and Maaden Phosphate Co where he was General Manager of the Al-Jalamid Phosphate Mine. He holds a Bachelor of Engineering in Mining Engineering from the University of Pretoria.



Donald Thomson
Country Manager

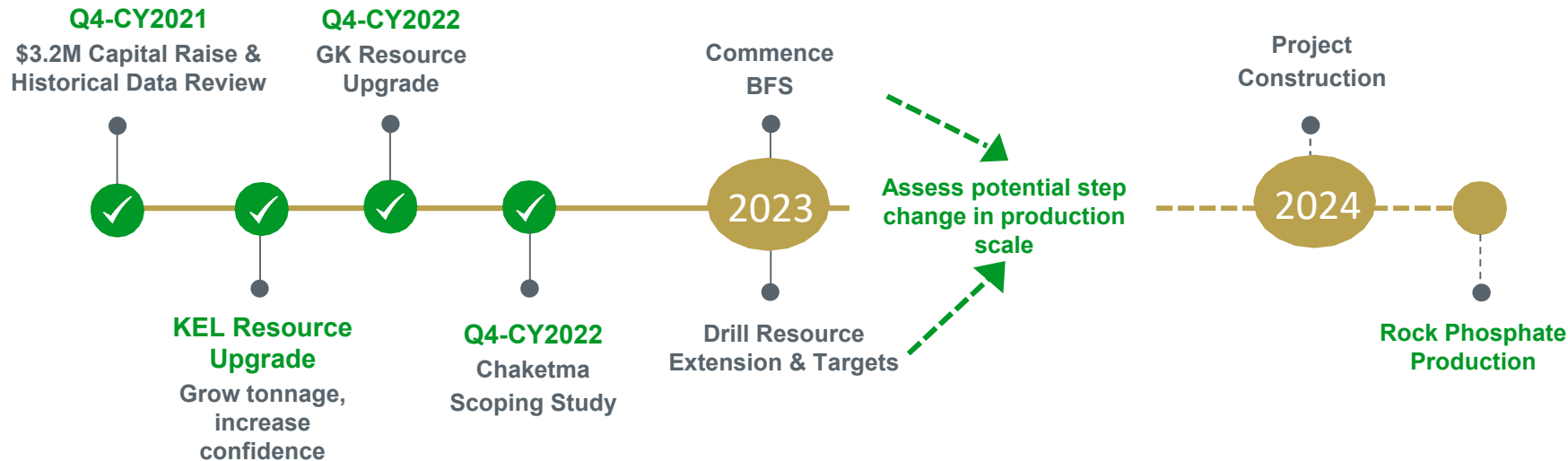
Donald is a geologist with 35 years experience, 20 of them in senior management roles for Newcrest, Johnsons Well Mining, and Legend Mining. In 2011-2012, he worked as Exploration Manager for PhosCo and was instrumental in the initial drill program which highlighted the potential of Chaketma.



Taz Aldaoud
Executive Director

Taz is a chemist and entrepreneur with business interests in the retail pharmacy sector. He has 18 years' experience in analysing and investing in resource projects at all stages of development. He is currently in charge of PhosCo's investor relations and corporate profile.

Project Timeline & Deliverables



PhosCo


A close-up photograph of a person's hand sowing small, light-blue, spherical fertilizer pellets around the base of a young green plant seedling growing out of dark brown soil. The background is a soft-focus green, suggesting a natural outdoor setting.

World Class Phosphate Project

-  Critical raw material to play important role in food security
-  Multi-decade mine
-  High-grade & shallow resource
-  Significant exploration upside
-  Close to key infrastructure & export markets



Next steps

- Proceed to BFS
 - 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
- 



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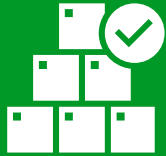
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PhosCo's Strategy



1

Complete Chaketma Bankable Feasibility Study

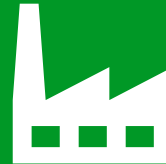
- ✓ High-grade, large scale resource
- ✓ Established infrastructure & favourable logistics



2

Build World Class Phosphate Mine

- ✓ Target low-cost strip mining
- ✓ International funding
- ✓ Hiring local people



3

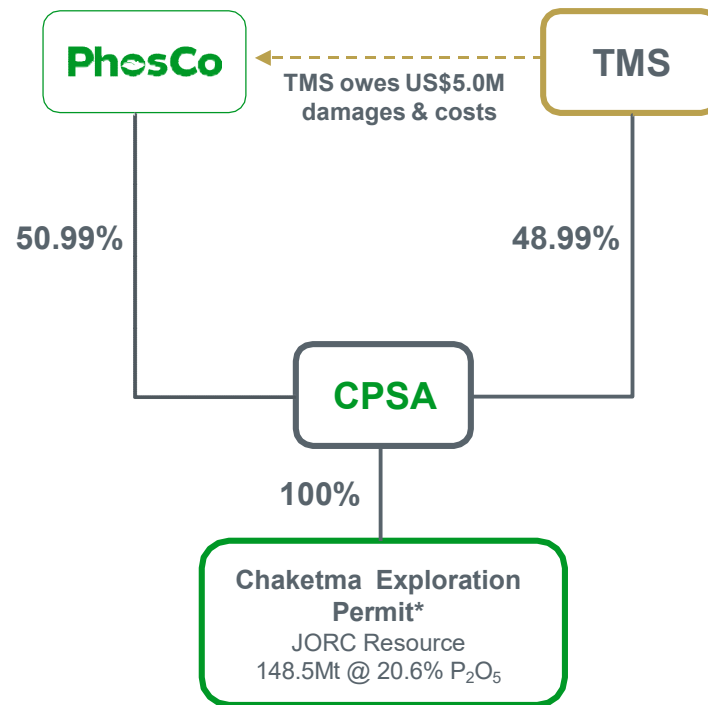
Advance to Fully Integrated Fertilizer Facility

- ✓ Capture higher margins on end-product
- ✓ Utilising latest technology
- ✓ ESG core to strategy

APPENDIX 1: Joint Venture Overview

History

- 2015 – Illegal transfer
- 2017 – International arbitration orders return of 50.99% interest and awards US\$4M in damages & costs (with interest, now US\$5m)
- 2019 – Tunisian Courts enforce arbitration award
- 2020 – Tunisian Courts order restitution of 50.99% interest in CPSA to PhosCo
- 2021 – Tunisian Courts order return of control
- **2021 - Seizure case launched targeting 100% project ownership**



** Expired but in abeyance until Mining Concession granted.
PhosCo's interest in CPSA is held by its 100% owned subsidiary,
Celamin Limited.*

APPENDIX 2: JORC Resource Table

Chaketma Phosphate Project Global Mineral Resources

CHAKETMA	JORC 2012	Mt	% P ₂ O ₅
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	Indicated	6.4	20.3
	Total	55.5	21.2
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	Total	146.4	20.6

1. Refer to ASX announcement dated 9/12/22: 'Scoping Study Confirms Outstanding Economics for Chaketma'
2. Refer to ASX announcement dated 15/3/22: '*Phosphate Resource Update Delivers 50% Increase at KEL*'
3. Refer to 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.