PhosCo Ltd

ABN 82 139 255 771

Annual Report - 30 June 2023

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PhosCo Ltd
Corporate directory
30 June 2023

Directors	Mr Robin Widdup (Chairman) Mr Simon Eley (Managing Director) Mr Tarecq Aldaoud (Executive Director)
Interim CFO	Mr Craig Smyth
Company secretary	Mr Stefan Ross
Registered office	Level 4, 96-100 Albert Road South Melbourne, VIC 3205 Australia +61 3 9692 7222
Principal place of business	Level 4, 96-100 Albert Road South Melbourne, VIC 3205 Australia +61 3 9692 7222
Perth office	Unit 27, 210 Queen Victoria Street North Fremantle WA 6159 Australia +61 439 993 146
Share register	Automic Group Level 5,126 Phillip 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 Ltd shares are listed on the Australian Securities Exchange (ASX code: Shares: PHO)
Website	www.phosco.com.au

PhosCo

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 year ended 30 June 2023.

Directors
The following persons were directors of PhosCo Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Robin Widdup (Chairman)
Mr Simon Eley (Managing Director)
Mr Tarecq Aldaoud (Executive Director)

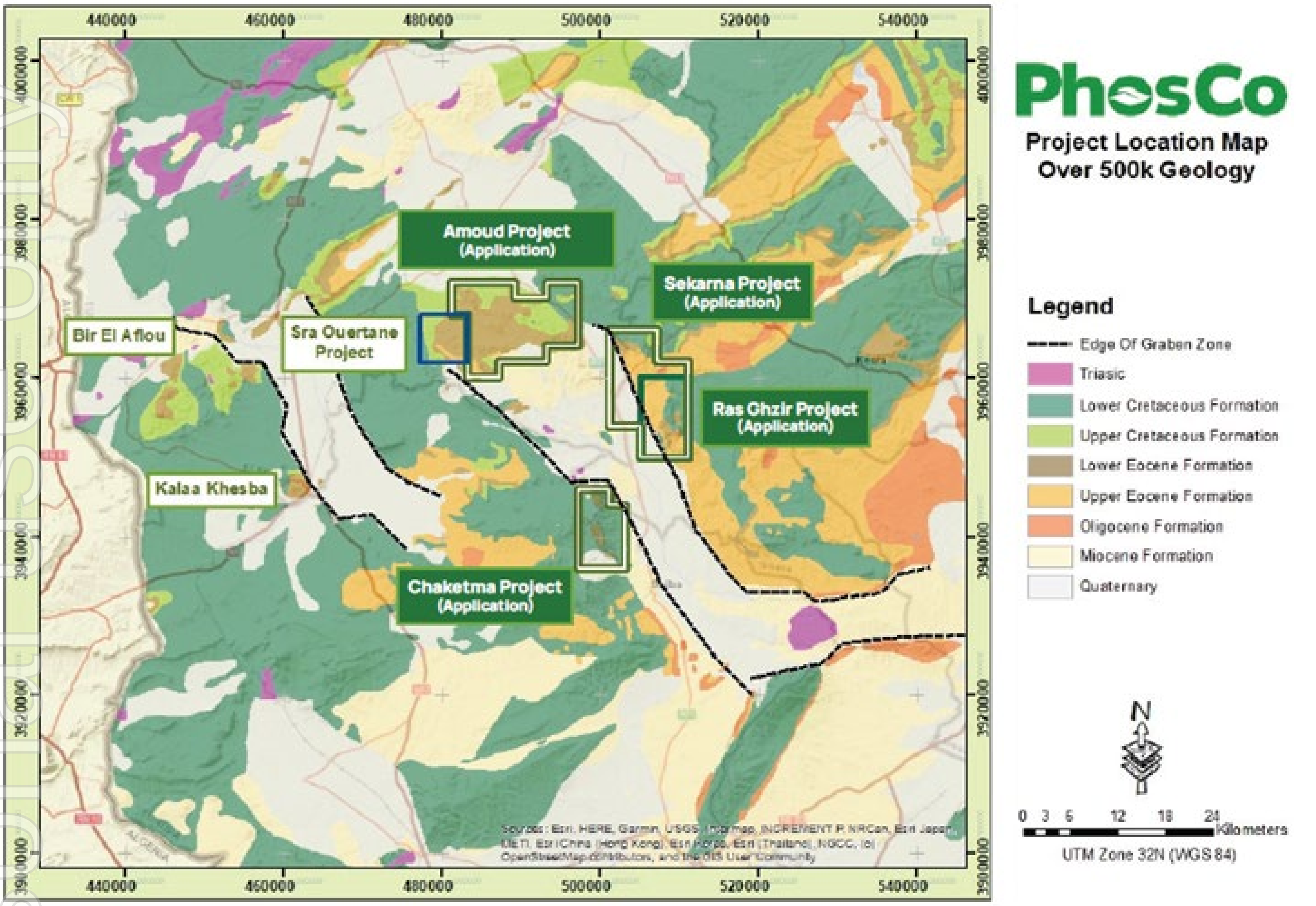
Principal activities
During the financial year ended 30 June 2023, the principal activities of the Consolidated Entity are the exploration for, development and realisation of mineral resource projects in Tunisia.

At 30 June 2023, the Consolidated Entity projects and potential projects include the Djebba and Zeflana zinc-lead projects, the resubmission of an application over the Chaketma Phosphate tenement, and the potential further expansion through the submission of applications in respect of the Sekarna and Amoud Phosphate Projects and the Northern Tunisia Base and Precious Metals Projects.

PhosCo is seeking to assemble a district-scale phosphate portfolio in Tunisia's Northern Phosphate Basin to support a potential world-class fertiliser hub and is awaiting the grant of exploration permits:

- Chaketma: Most advanced project with 146.4Mt @ 20.6% P_2O_5 Resource[1] seeking re-instatement of tenure and 100% ownership.
- Sekarna: an early stage Chaketma analogy, the application having already been lodged and pending review, drilling required to establish size and grade.
- Amoud: new application lodged, extension of Sra Ouertane (multi-billion tonne phosphate deposit) in the Northern Basin.

Chaketma
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%.



Sekarna

On 11 July 2022, PhosCo announced lodgement of an Exploration Permit application to be held 100% by PhosCo with the Tunisian Department of Mines over the Sekarna Phosphate Project. The application covers over 128km^2 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% P_2O_5 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.

Amoud

In June 2023, PhosCo lodged an Exploration Permit application with the Tunisian Ministry over the Amoud project area covering the eastern extension of the world class Sra Ouertane Project. The Amoud application is 140km^2 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.

Review of operations

The loss for the Consolidated Entity after providing for income tax and non-controlling interest amounted to $6,366,472 (30 June 2022: $1,219,513).

Tunisian Projects

At 30 June 2023, the Consolidated Entity projects and potential projects include the Djebba and Zeflana zinc-lead projects, the resubmission of an application over the Chaketma Phosphate tenement, and the potential further expansion through the submission of applications in respect of the Sekarna and Amoud Phosphate Projects and the Northern Tunisia Base and Precious Metals Projects.

Chaketma

Chaketma is a potential large-scale, world-class phosphate development asset, which comprises six prospects over a total area of 56km^2.

The Chaketma Exploration Permit was held by a Tunisian joint venture company, CPSA, in which the Company holds a 50.99% interest and is in the process of seizing the remaining 48.99% interest in CPSA. As announced on 3 January 2023, the Consolidated Entity received the Minister's Decision rejecting the concession application and 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. 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 notification of grant will take place once the application has also been accepted by the Tunisian military. If granted, the Exploration Permit will be valid for an initial term of three years (with two extensions of three years each possible) enabling CPSA to apply for a Mining Concession for the tenement, noting that CPSA has previously completed the research and studies and has complied with the conditions specified in the mining code.

As announced on 17 November 2022, it hosts a total JORC compliant Resource of 146.4Mt @ 20.6% P_2O_5 with access by road, and proximal to rail and gas pipelines.

Chaketma Phosphate Project Global Mineral Resources

Chaketma	JORC 2012	Mt	% P_2O_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 March 2022: 'Phosphate Resource Update Delivers 50% Increase at KEL' and ASX announcement dated 17 November 2022: '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% P_2O_5

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

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.

PhosCo

Chaketma Scoping Study Highlights

Initial 46 Year Mine Life at 1.5Mt Product

Post Tax NPV_{10}	Phosphate Concentrate Production	Annual Net Cashflow	Operating Cost First 10 Years	Payback After Tax	Development Capital
US$657M with IRR of 54%	68Mt Over 46 years	US$93.4M Years 1-10	US$79/t Phosphate Concentrate	1.5 years	US$170M

Scoping Study[1] assumes US$150/t phosphate price (vs current World Bank price of US$345/t). Several opportunities also identified for further project optimisation.

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

Sekarna
On 11 July 2022, the Consolidated Entity announced the lodgement of an Exploration Permit application to be held 100% by the Consolidated Entity over the Sekarna Phosphate Project (Sekarna). The application covers over 128km^2 in area and is located 10km northeast of Chaketma.

The application process is well advanced and awaits official grant by the CCM and subsequent military approval.

Ras Ghzir Project – Zinc-Lead-Barite
In parallel with the Sekarna application, the Consolidated Entity applied for the Ras Ghzir Exploration Permit application. The Ras Ghzir Exploration Permit application is 60km^2 and nests within the Sekarna application covering the area of historic zinc mines. Zinc mineralization was discovered at Sekarna in 1906 and was prospected for a period before mining commenced in 1922 and continued until 1948 (Garnit et al 2011). Under the Tunisian Mining Code tenements are granted for specific commodity groups; phosphate and base metal are in different categories and must be applied for separately.

Amoud
On 1 June 2023, PhosCo lodged an Exploration Permit application with the Tunisian Department of Mines over Amoud project area covering the eastern extension of the world class Sra Ouertane Project.

The Amoud application is 140Km^2 and covers the eastern extension of the very large Sra Ouertane deposit which has 2-3 billion tonnes of rock phosphate at an average grade to 16%. 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. Unlike Chaketma and Sekarna where major structures control the development of prominent mesas only limited faulting is apparent at Amoud.

Northern Tunisia Base and Precious Metals
In April 2022 PhosCo lodged two Exploration Permit applications in Northern Tunisia. The applications cover over 424km^2 and 244 Km^2 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 the PhosCo's in-country team continues the process of recovering and collating this data.

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

Zeflana
Zeflana comprises three wholly owned exploration permits covering 78km^2 which were granted in 2018 and 2019. PhosCo identified Zeflana's exploration potential on the basis of historical work, and the in-country experience and knowledge of the PhosCo technical team.

The Project sits within the Atlas Zinc-Lead belt that has an ancient history of base metal mining stretching back to Phoenician and Roman times though modern exploration has been very limited. The most extensive exploration in Tunisia occurred in the period between 2004 and 2008 by companies including Albidon Ltd in joint venture with Zinifex Ltd, and Maghreb Minerals.

The zinc-lead deposits of the Atlas belt are broadly of Mississippi Valley Type, low-temperature carbonate- replacement deposits formed within the Mesozoic-aged broad carbonate shelf sedimentary sequence deposited on the southern margin of the Tethys Ocean. Most deposits formed during collision, uplift and subsequent extension related to the Atlas orogeny. This style of mineralisation is known to form some very large deposits globally.

Financial Performance
Operating expenses for the financial year were $3,110 thousand (FY 2022: $1,896 thousand). With the exception of the impairment of exploration and evaluation assets and exploration and evaluation expenses detailed below, operating expenses were primarily comprised of:

- employment expenses increased by $486 thousand to $1,201 thousand (FY 2022: $715 thousand);
- corporate and administration expenses, excluding unrealised foreign exchange gains, increased by $588 thousand to $1,292 thousand (FY 2022: $704 thousand), primarily as a result of increased activity following the regaining of control and management of CPSA (the operating company that holds the Chaketma permit);
- legal expenses increased by $82 thousand to $321 thousand (FY 2022: $238 thousand); and
- interest expense on cash calls payable to Tunisia Mining Services SARL (TMS), the minority shareholder in CPSA of $297 thousand (FY 2022: $239 thousand).

Foreign exchange losses of $23 thousand primarily relate to the increase in the Australian Dollar (A$) value of Tunisian Denominated (TND) denominated net financial liabilities.

The Consolidated Entity recognised a loss of $5,156 thousand for the impairment of exploration and evaluation asset carrying value at the time of becoming aware of the termination of the validity of the Chaketma exploration permit. Subsequent to the termination of the validity of the Chaketma exploration permit, $421 thousand in exploration and evaluation costs have been recognised as exploration and evaluation expenses.

Financial Position
At 30 June 2023, the Consolidated Entity had cash and cash equivalents, net of bank overdrafts, of $1,187 thousand (30 June 2022: $1,809 thousand), a decrease of $605 thousand primarily arising from the costs incurred on operations and exploration and evaluation activities, offset by the receipt of $2,885 thousand, net of costs of issuing share capital, from the exercise of options during the year ended 30 June 2023.

The Consolidated Entity's net liabilities were $6,796 thousand as at 30 June 2023 (30 June 2022: net liabilities of $1,366 thousand). The consolidated net liabilities at 30 June 2023 increased primarily as a result of the impairment of exploration and evaluation assets by $5,156 thousand during the year ended 30 June 2023 (for details refer to note 9).

The Consolidated Entity's net asset position after adjusting for contested liabilities is presented herein based on the legal structure of the active members of the Consolidated Entity:

	PhosCo Ltd "PhosCo"	**Celamin Limited "Celamin"**	**Subgroup**	**CPSA**	**Consolidated**
	A$	**A$**	**A$**	**A$**	**A$**
Cash and cash equivalents, net of overdrafts	1,049,956	136,757	1,186,713	1,632	1,188,345
Other current assets	75,993	98,039	174,032	39,382	213,414
Non-current assets	3,978	7,606	11,584	13,334	24,918
Total assets	1,129,927	242,402	1,372,329	54,348	1,426,677
Trade and other payables	(500,265)	(12,761)	(513,026)	(1,303,660)	(1,816,686)
Employee benefits and other payables	(244,039)	-	(244,039)	-	(244,039)
Borrowings	-	-	-	(6,161,105)	(6,161,105)
Bank overdraft	-	-	-	(1,001)	(1,001)
Total liabilities	(744,304)	(12,761)	(757,065)	(7,465,766)	(8,222,831)
Contested trade and other payables	314,000	-	-	1,077,282	1,391,282
Contested borrowings	-	-	-	6,161,105	6,161,105
Share settled liabilities	238,366	-	-	-	238,366
Net assets/(deficit) after adjusting for contested liabilities	937,989	229,641	615,264	(173,031)	994,599

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 A$4,829,413, which are eliminated on consolidation in accordance with Australian Accounting Standards.

CPSA's obligations for the settlement of its 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 50.99% 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 call 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.

It should also be noted that the Consolidated entity has a separate entitlement to the recovery of the Arbitration Award of $6,511 thousand, as detailed further in note 19.

Cashflow
During the period the consolidated entity had net cash outflows from operating activities of $3,469 thousand (2022: $1,562 thousand). The increase in cash outflows from operations is largely due to the $877 thousand increase in payments to suppliers and employees to $2,439 thousand in the year ended 30 June 2023 (2022: $1,562 thousand). Cash outflows on investments in exploration and evaluation activities increased from $416 thousand in 2022 to $1,067 thousand in the year ended 30 June 2023. This has been primarily driven by works undertaken on the Chaketma project subsequent to the reacquisition of the Consolidated Entity's interest in CPSA and consolidation works thereafter.

Risks and uncertainties
The Company is subject to risks that are specific to the Company and the Company’s business activities, as well as general risks.

Risks specific to Chaketma Phosphates SA
CPSA has a net deficit largely comprised of current liabilities due to the Consolidated Entity's partner TMS incurred by CPSA prior to the Consolidated Entity gaining control in October 2021 that are being legally disputed by the Consolidated Entity. These material liabilities are at call on demand. If the Consolidated Entity is not successful in striking down in part or in full or execute other means by which to limit the impact of these liabilities on CPSA's financial position there is a risk that this may result in the liquidation of CPSA.

In December 2022, the Consolidated Entity was notified by the Minister of Industry, Mines and Energy (Minister) that the Consolidated Entity's Application for a mining concession was rejected and that the validity of the Consolidated Entity's exploration permit in respect of Chaketma was terminated. In consultation with the Tunisian Ministry of Industry, Mines & Energy, CPSA has applied for a new Exploration Permit for Chaketma, mirroring the original 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 enabling CPSA to apply for a Mining Concession for the tenement, noting that CPSA has previously completed the research and studies and has complied with the conditions specified in the mining code. Despite the positive engagement with the Ministry, there is no guarantee that CPSA will be successful in reinstatement of the Consolidated Entity's rights over the Chaketma tenement.

Title and permit risks
The Consolidated Entity has submitted applications for rights over tenements in Tunisia and continues to engage the Minister to assert its position over the Chaketma tenement. Whilst there has been no final decision communicated on the tenements, there is no certainty the rights over these tenements will be granted by the Tunisian Government or that, if granted, the respective concessions will be of a size and on terms acceptable to the Consolidated Entity. In addition, mining and exploration permits and licences are subject to periodic renewal. There is no guarantee that current or future renewals will be approved.

Government regulation risks
The Company’s tenements and activities may be subject to extensive regulation by local, state and federal governments. There is no assurance that future government policy will not change, and this may adversely affect the long-term prospects of the Company. Future changes in governments, regulations and policies may have an adverse impact on the Company.

The operations and proposed activities of the Consolidated Entity are subject to Tunisian laws and regulations concerning the environment. It is the Consolidated Entity’s policy to conduct its activities to the highest standard of environmental obligation. There is no assurance that new environmental laws, regulations or stricter enforcement policies, if implemented, will not oblige the Consolidated Entity to incur significant expense and undertake significant investment, which could have a material adverse effect on its business, financial conditions and results of operations.

Future funding risks
The Company is involved in exploration for minerals in Tunisia and is yet to generate revenues. The Company has cash and cash equivalents, net of bank overdrafts, of $1,187 thousand and a net deficit of $6,796 thousand at 30 June 2023. The Company may require substantial additional financing in the future to sufficiently fund exploration commitments and its other longer-term objectives.

As the Consolidated Entity is still in the early stages of exploration development it has the ability to control the level of its operations and hence the level of its expenditure over the next 12 months. However, the Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Consolidated Entity and its Directors, including the approval by the Tunisian Government of license applications over tenements, cyclical factors affecting the economy and share markets generally. If for any reason the Consolidated Entity was unable to raise future funds, its ability to meet the exploration commitments and future development would be significantly affected.

The Directors regularly review the spending pattern and ability to raise additional funding to ensure the Consolidated Entity’s ability to generate sufficient cash inflows to settle its creditors and other liabilities.

Environmental and social risks
The Consolidated Entity holds participating interests in a number of currently valid exploration tenements in Tunisia in addition to a number of applications for tenements which have been submitted to the Tunisian Government for consideration, in respect of which no decision has been made as of the date of this report.

The long-term viability of the Consolidated Entity is closely associated to the wellbeing of the communities and environments in which the Consolidated Entity conduct operations. At any stage of the asset life cycle, the Consolidated Entity’s operations and activities may have or be seen to have significant adverse impacts on communities and environments. The Consolidated Entity has not, as a result of the early stage of development of its projects, undertaken detailed climate related, environmental and social (including but not limited to the impact on the employment and labour relations, education and personal development, diversity and inclusion) impact studies. However, as this is seen as an essential element of the Consolidated Entity's future success, at the appropriate time such analyses are expected to be undertaken.

The Consolidated Entity may fail to meet ever evolving expectations of our stakeholders (including investors, governments, employees, suppliers, customers and community members) whose support is needed to realise our strategy and purpose. This could lead to loss of stakeholder support or regulatory approvals, increased taxes and regulation, enforcement action, litigation or class actions, or otherwise impact our licence to operate and adversely affect our reputation, fund raising capability, ability to attract and retain talent, operational continuity and financial performance.

Dependence on service providers and third-party collaborators
There is no guarantee that the Consolidated Entity will be able to find suitable third-party providers and third-partly collaborators to complete the exploration work. The Consolidated Entity therefore is exposed to the risk that any of these parties can experience problems related to operations, financial strength or other issues, and collaborative agreements may be terminable by the Consolidated Entity’s partners. Non-performance, suspension or termination of relevant agreements could negatively impact the progress or success of the Consolidated Entity’s exploration efforts, financial condition and results of operations.

Reliance on key personnel
The Consolidated Entity’s success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel or the reduced ability to recruit additional personnel could have an adverse effect on the performance of the Consolidated Entity.

The Consolidated Entity maintains a mixture of permanent staff and expert consultants to advance its programs and ensure access to multiple skill sets. The Consolidated Entity reviews remunerations to human resources regularly.

IT system failure and cyber security risks
Any information technology system is potentially vulnerable to interruption and/or damage from a number of sources, including but not limited to computer viruses, cyber security attacks and other security breaches, power, systems, internet and data network failures, and natural disasters.

The Consolidated Entity is committed to preventing and reducing cyber security risks through outsourced the IT management to a reputable services provider.

Exploration and development Risk
Mining exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Consolidated Entity. Success in this process involves, among other things:

The business of exploration for phosphate and other minerals and their development involves a significant degree of risk. There is no assurance that future exploration expenditure will result in discoveries or upgrade existing mineralisation to the stage where such can be successfully commercially exploited.

There can be no assurance that exploration on the Consolidated Entity's projects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited. The future exploration activities of the Consolidated Entity may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Consolidated Entity. The Consolidated Entity is entirely dependent upon its projects, which are the sole potential source of future revenue, and any adverse development affecting these projects would have a material adverse effect on the Group, its business, prospects, results of operations and financial condition.

Grant of future authorisations to explore and mine
If the Consolidated Entity discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. The Consolidated Entity's subsidiary CPSA, has submitted various applications for rights over tenements. There is no guarantee that the Consolidated Entity's application will be successfully approved by the regulatory authorities nor that it the Consolidated Entity will be able to obtain all required approvals, licences and permits in respect of any or all of the Consolidated Entity's projects. To the extent that required authorisations are not obtained or are delayed, the Consolidated Entity's operational and financial performance may be materially adversely affected.

Resource and reserve estimates
Reserve and Resource estimates for the existing mineral properties of the Consolidated Entity are estimates only which were valid when originally calculated and may alter significantly when new information or techniques become available. No assurance can be given that any particular level of recovery of minerals from the Reserves and Resources will in fact be realised or that an identified Reserve or Resource will ever qualify as a commercially mineable (or viable) deposit that can be economically exploited.

Resource and reserve estimates are expressions of judgement based on knowledge, experience, and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available or commodity prices change. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretation which may prove to be inaccurate.

Geopolitical and sovereign risks generally
Changes in legislation and government policy in Australia and Tunisia (including taxation and monetary policies and corporations laws) could materially affect the operating results of the Consolidated Entity.

Tunisian country risk
The Consolidated Entity is subject to the risks associated with operating in Tunisia. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in the loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Future profitability
The Consolidated Entity is in the early stage of its development and is currently making losses. The Consolidated Entity's performance will be impacted by, among other things, the successful completion of tenement application processes and subsequent compliance with the terms of these licences, the success of its exploration activities, general macroeconomic conditions both globally and in the markets in which it operates, competition factors and any regulatory developments. Accordingly, the extent of future profits (if any) and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.

Litigation risk
Following the favourable decision by the Court of Cassation in Tunisia, the Consolidated Entity regained operational and management control of CPSA in October 2021 through the enforced arbitration awards against Tunisian Mining Services (TMS) delivered by the International Court of Arbitration of the International Chamber of Commerce (Final Award). The enforcement cannot be challenged by TMS nor be overturned by a higher court in Tunisia. No guarantee is given that the Consolidated Entity will recover any damages, costs or other compensation in relation to CPSA from TMS, including in the event this enforcement is challenged and overturned.

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

Significant changes in the state of affairs
During the year ended 30 June 2023, the Consolidated Entity issued 29,095,789 fully paid ordinary shares with an exercise price of $0.10 (10 cents), upon the exercise of options over fully paid ordinary shares, as a result of which the Consolidated Entity received $2.9 million in proceeds from the issue of shares.

On 15 July 2022, 12,000,000 options over fully paid ordinary shares with various exercise prices, expired.

On 31 August 2022, 3,588,988 options over fully paid ordinary shares with an exercise price of $0.10 (10 cents) expired.

On 7 December 2022, the Consolidated Entity cancelled 1,500,000 performance rights over fully paid ordinary shares by mutual agreement between the holders of the performance rights and the Company.

On 9 December 2022, the Consolidated Entity issued 1,702,995 fully paid ordinary shares in settlement of outstanding obligations to the Directors and related parties for services rendered during the period from December 2021 through to and including September 2022.

On 9 December 2022, the Consolidated Entity issued 10,600,000 performance rights to Directors and employees over fully paid ordinary shares in the Company for nil consideration, expiring on 31 December 2024, with a fair value of $0.07 per performance right. The performance rights are subject to the satisfaction of performance hurdles specific to each of the recipients.

On 19 December 2022, the Consolidated Entity received the Minister's Decision rejecting the Chaketma application and terminating the validity of CPSA's exploration permit. PhosCo has formally requested the Minister to revisit this decision under Tunisian administrative processes.

There were no other significant changes in the state of affairs of the Consolidated Entity during the year ended 30 June 2023.

Matters subsequent to the end of the financial year
On 27 September 2023, the Consolidated Entity executed a loan facility arrangement with Mr Tarecq Aldaoud, Lion Manager Pty Ltd and Lion Selection Group Limited, in accordance with which a committed, unsecured non-revolving credit facility (the Credit Facility) is available to the Group in an amount up to A$500,000, drawdowns being available for a period of 12 months from the date of signing the arrangement.

An arrangement fee of 1% on the credit facility limit and standby facility fee of 0.5% per month on the undrawn loan balance is payable upon maturity and all amounts drawn down on the Credit Facility incur interest at 10% per annum until settled, payable upon maturity, being the earlier of 12 months from date of signing the Credit Facility and settlement.

No other matter or circumstance has arisen since 30 June 2023 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.

Likely developments and expected results of operations

The Consolidated Entity will continue to pursue assembling a district-scale phosphate portfolio in Tunisia's Northern Phosphate Basin to support a potential world-class fertiliser hub.

As regards to the Chaketma Project, the Consolidated Entity will undertake those procedures necessary to protect its interests in the project, obtain necessary permitting and also complete, when appropriate and upon obtaining the necessary funding, a bankable feasibility study.

The Consolidated Entity continues its challenge to the liabilities incurred prior to and reflected in CPSA's statement of financial position on gaining control of CPSA and the nature, extent and value of liabilities which both are legally binding and in the best interests of the shareholders to settle. This process is ongoing at 30 June 2023. The quantum and timing of the settlement of liabilities assumed is uncertain and subject to the completion of both further legal and financial review and subsequent actions, the result of which are currently unable to be disclosed and will impact the Consolidated Entity's future financial position and performance.

The Board and management team continue to assess the potential impacts on the business, however, given the continued uncertainties the future financial impact, if any, cannot be accurately quantified.

Environmental regulation

The Consolidated Entity is not currently subject to any significant environmental regulation under Australian Commonwealth or State law.

The Consolidated Entity holds participating interests in exploration tenements. The various authorities granting tenements required the tenement holder to comply with the terms of the grant of the tenement given to it under those terms of the respective tenements. There have been no known breaches of the tenements' conditions, as they relate to environmental provisions and no such breaches have been notified by any government agency during the financial year ended 30 June 2023 or previously.

Information on directors

Name:	Mr Robin Widdup
Title:	Chairman
Qualifications:	BSc (Hons), MAusIMM
Experience and expertise:	Robin is the founder and a director of one of PhosCo's largest shareholders, Lion Selection Group Limited. Robin has 40 years of mining industry and equity market experience. Following working in a range of operations in the United Kingdom, Zambia and Australia, Robin joined the J B Were & Sons Resource Research team, prior to founding Lion Selection Group and Lion Manager in 1997. He is currently managing director of Lion Manager, director of Lion Selection Group Limited, and a non-executive director of Lion investee One Asia Resources Limited.
Other current directorships:	Lion Selection Group Ltd (Director)
Former directorships (last 3 years):	Nusantara Resources Ltd
Special responsibilities:	None
Interests in shares:	20,437,880 fully paid ordinary shares
Interests in options:	nil
Interests in performance rights:	nil

Name:	Mr Simon Eley
Title:	Managing Director
Qualifications:	LB, BA
Experience and expertise:	Simon is a solicitor with vast experience in the resource sector. Simon was the chairman of Tierra Grande Resources Inc. (TGRI) on the NASDAQ until the company entered a merger with VNUE Inc. (OTCQB: VNUE). Simon has secured and advanced gold projects in Western Australia that have been acquired by larger companies and currently in operations. Simon's experience includes capital raisings, commercial agreements, dispute resolution, corporate management, strategy and acquisitions and divestments.
Other current directorships:	M3 Mining Ltd (Executive Director), Westar Resources Limited (Non-Executive Chairman)
Former directorships (last 3 years):	Egan Street Resources Limited (resigned 22 November 2019)
Special responsibilities:	None
Interests in shares:	8,847,307 fully paid ordinary shares
Interests in options:	nil
Interests in performance rights:	1,000,000 performance rights

Name:	Mr Tarecq Aldaoud
Title:	Executive Director
Qualifications:	B.Pharm
Experience and expertise:	Taz is a chemist and entrepreneur. He has 15 years' experience in analysing and investing in resource projects at all stages of development, from exploration right through to mining and production. Taz has business interests in the retail pharmacy sector as well as significant investments in both private and listed resources companies.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	12,259,444 fully paid ordinary shares
Interests in options:	nil
Interests in performance rights:	2,000,000 performance rights

"Other current directorships" quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

"Former directorships (in the last 3 years)" quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

Mr Stefan Ross BBus (Acc)

Mr Ross has over 10 years of experience in accounting and secretarial services for ASX listed companies. His extensive experience includes ASX compliance, corporate governance control and implementation, statutory financial reporting, shareholder meeting requirements, capital raising management, and board and secretarial support. Stefan has a Bachelor of Business majoring in Accounting.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board	
	Held	**Attended**
Mr Robin Widdup	20	20
Mr Simon Eley	20	20
Mr Tarecq Aldaoud	20	20

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of Remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The intention of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The planned framework aims to align executive reward with the achievement of strategic objectives and the creation of value for shareholders and conforms with the market best practice for delivery of reward. The Board of Directors ("the Board") ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board will implement an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- focusing on sustained growth in shareholder wealth, growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retains high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Non-Executive Directors’ fees are paid within an aggregate limit which is approved by the shareholders from time to time. The limit of Non-Executive Director fees was increased to a maximum of $350,000 at the company's Annual General Meeting on 20 October 2010. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act 2001 at the time of the Director’s retirement or termination. Non-Executive Directors’ remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX Listing Rules.

As of 1 February 2022, Directors fees for Simon Eley and Tarecq Aldaoud were confirmed as being $43,200 per annum, including superannuation. Robin Widdup's fees as Chairman of the Board remained at $65,000 per annum (including superannuation). Of the Directors' remuneration, 50% is to be settled in shares of the Company (subject to shareholder approval) and 50% in cash from 1 October 2022 through to and including 31 March 2023, subsequent to which 100% of remuneration is settled through the settlement of shares, subject to shareholder approval.

For additional duties in assisting management beyond the normal time commitments of non-executive directors, non-executive directors are paid on a monthly basis, applying a per diem rate, with the rates approved by other directors, such remuneration being settled on the aforementioned terms. There were no incentives or bonuses paid during the year to Non-Executive Directors.

Executive remuneration
Despite remuneration for executives currently consisting of entirely fixed remuneration, the consolidated entity aims to reward executives with a level and mix of remuneration, based on their position and responsibility, which is both fixed and variable. The consolidated entity will take steps to ensure that executives are paid the correct blend of remuneration to align the interests of executives and shareholders.

The executive remuneration and reward framework has the following components:
- base pay
- share based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

The long-term incentives ('LTI') include long service leave and share based payments, inclusive of performance rights, which are the subject of the satisfaction of certain performance hurdles, as detailed in *"Share based compensation"* herein.

Consolidated entity performance and link to remuneration
The remuneration of directors and executives are not linked to the performance, share price or earnings of the consolidated entity.

As stated above, the consolidated entity aims to reward executives with a level and mix of remuneration, based on their position and responsibility, which is both fixed and variable.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Voting and comments made at the company's 29 November 2022 Annual General Meeting ('AGM')
At the 29 November 2022 AGM, 99.93% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of Remuneration

Amounts of remuneration
Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and executives of PhosCo Ltd are set out in the following tables.

In accordance with best practice corporate governance, the structure of Non-Executive Directors and executive remunerations are separate. This provides a clear structure for earning rewards.

All remuneration paid to Non-Executive Directors during the years ended 30 June 2023 and 2022 was fixed.

The key management personnel of the consolidated entity consisted of the following directors and other executives of PhosCo Ltd:
- Mr Robin Widdup, Chairman
- Mr Simon Eley, Managing Director
- Mr Tarecq Aldaoud, Executive Director
- Mr Craig Smyth, Interim Chief Financial Officer

30 June 2023	Short-term benefits Cash salary and fees $	Short-term benefits Bonuses $	Short-term benefits Annual Leave $	Post-employment benefits Superannuation $	Long-term benefits Termination payments $	Share-based payments Equity-settled $	Total $
Non-Executive Directors:							
Mr R Widdup*	24,638	-	-	-	-	46,851	71,489
Executive Directors:							
Mr S Eley*	34,947	-	3,000	8,772	-	54,509	101,228
Mr T Aldaoud*	27,081	-	3,000	7,584	-	49,057	86,722
Other key management personnel							
Mr C Smyth	81,000	-	-	-	-	146,362	227,362
	167,666	-	6,000	16,356	-	296,779	486,801

* Equity settled remuneration reflects the directors fees and other remuneration to be settled through the issuance of fully paid ordinary shares in PhosCo.

** In November 2022, the Annual General Meeting approved the settlement of outstanding, unpaid directors' fees through to 30 September 2022 and accordingly the obligations were settled through the issuance of 1,702,995 fully paid ordinary shares. The value of the shares issued to settle amounts owing reflected the fair value of a share at the date of issuing the shares, being $0.14 (14 cents) per fully paid ordinary share issued.

From 1 February 2022, the remuneration of all key management personnel is to be contractually settled through the cash payment equivalent to 50% of the remuneration for the respective period and from 1 April 2023 100% of the balance is to be settled through the issuance of fully paid ordinary shares in the Company. The value of unpaid equity settled key management personnel remuneration at 30 June 2023 is $201,067, which based on the closing share price of $0.07 at 30 June 2023, would have resulted in 2,872,380 shares being issued if shareholder approval as obtained at 30 June 2023. As of the date of the report, the shareholders have not approved the issuance of shares in settlement of unpaid key management personnel's remuneration and accordingly $201,067 remains unpaid and no shares have been issued.

30 June 2022	Short-term benefits Cash salary and fees $	Short-term benefits Bonuses $	Short-term benefits Annual Leave $	Post-employment benefits Superannuation $	Long-term benefits Termination payments $	Share-based payments Equity-settled $	Total $
Non-Executive Directors:							
Mr R Widdup*	13,688	-	-	-	-	52,012	65,700
Mr T Markwell	30,000	-	-	-	-	-	30,000
Executive Directors:							
Mr S Eley*	30,115	-	4,173	8,273	-	51,815	94,376
Mr T Aldaoud*	19,663	-	880	3,023	-	36,114	59,680
Other key management personnel							
Mr C Smyth	45,000	-	-	-	-	125,000	170,000
	138,466	-	5,053	11,296	-	264,941	419,756

* Equity settled remuneration reflects the directors fees and other remuneration to be settled through the issuance of fully paid ordinary shares in PhosCo.

** In accordance with the terms of their agreements, Director fees for Mr R Widdup, Mr S Eley and Mr T Aldaoud for the period up to 31 January 2022 were to be fully settled in shares, subject to shareholder approval. In January 2022, the Annual General Meeting approved the settlement of outstanding, unpaid directors' fees through to 30 November 2021 and accordingly the obligations were settled through the issuance of 3,661,974 fully paid ordinary shares. The value of the shares issued to settle amounts owing reflected the fair value of a share for the services rendered. From 1 February 2022, the remuneration of all key management personnel is to be contractually settled through the cash payment equivalent to 50% of the remuneration for the respective period, the balance to be settled through the issuance of fully paid ordinary shares in the Company, subject to shareholder approval. As of the date of the report, the shareholders have not approved the issuance of shares in settlement of unpaid key management personnel's remuneration and accordingly remain unpaid.

Name	Fixed remuneration 30 June 2023	Fixed remuneration 30 June 2022	At risk - STI 30 June 2023	At risk - STI 30 June 2022	At risk - LTI 30 June 2023	At risk - LTI 30 June 2022
Non-Executive Directors:						
Mr R Widdup	34%	21%	-	-	66%	79%
Mr T Markwell	-	100%	-	-	-	-
Executive Directors:						
Mr S Eley	46%	32%	-	-	54%	68%
Mr T Aldaoud	43%	33%	-	-	57%	67%
Other Key Management Personnel:						
Mr C Smyth	36%	26%	-	-	64%	74%

Transactions with related parties

Mr Widdup and Mr Smyth are Directors of Lion Manager Pty Ltd (LMPL) and have relevant interests in LMPL. PhosCo Ltd was billed $222,275 by LMPL for services rendered pursuant to the Services Agreement, including $49,275 for R Widdup's remuneration, $162,000 for C Smyth's remuneration and $11,000 for general services.

The value of unpaid obligations to key management personnel and related parties for Directorial, employment and other services and fees and related superannuation entitlements at 30 June 2023 is $217,422.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr Robin Widdup
Title:	Chairman
Agreement commenced:	11 December 2018
Details:	Mr Widdup may resign from his position and thus terminate this contract at any time by giving written notice. Remuneration comprises a base salary of $65,700 per annum inclusive of statutory superannuation for non-executive chair duties.

Name:	Mr Simon Eley
Title:	Managing Director
Agreement commenced:	8 April 2019, as amended 1 February 2022
Details:	On 1 February 2022, Mr Eley's salary was amended to an annual amount of $43,800 plus $3,000 per month for executive duties, inclusive of superannuation. Mr Eley is also eligible to participate in long-term incentive arrangements operated or introduced by the company from time to time, in accordance with the terms and conditions governing those arrangements and as separately notified to the Executive by the Board.

Name:	Mr Tarecq Aldaoud
Title:	Executive Director
Agreement commenced:	3 January 2019, as amended 1 February 2022
Details:	On 1 February 2022, Mr Aldaoud's Directors fees were amended to an annual amount of $43,800 plus $3,000 per month for his investor relations role, inclusive of superannuation. Mr Aldaoud is also eligible to participate in long-term incentive arrangements operated or introduced by the company from time to time, in accordance with the terms and conditions governing those arrangements and as separately notified to the Executive by the Board.

Name:	Mr Craig Smyth
Title:	Interim Chief Financial Officer
Agreement commenced:	29 July 2021
Term of agreement:	Indefinite
Details:	Mr Smyth may resign from his position and thus terminate this contract at any time by giving written notice. Remuneration comprises a base salary of $1,000/day for time worked in his role as interim CFO, with a monthly limit of $20,000. The fees for services provided will be settled through Lion Manager Pty Ltd ('Lion Manager') pursuant to the Services Agreement between the Consolidated Entity and Lion Manager, noting that Lion Manager is a substantial shareholder of the Consolidated Entity. All fees that are paid through the Services Agreement are on an arm's length basis.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel during the year ended 30 June 2023 are set out below:

Name	Date	Shares	Issue price	$
Robin Widdup*	9 December 2022	275,990	$0.14000	38,639
Simon Eley	9 December 2022	259,397	$0.14000	36,316
Tarecq Aldaoud	9 December 2022	200,727	$0.14000	28,102
Craig Smyth*	9 December 2022	966,881	$0.14000	135,362

* Fully paid ordinary shares in the Company issued in lieu of cash settlement of Mr R Widdup and Mr C Smyth's Director fees were done so to Lion Manager Pty Ltd on their behalf.

The number of fully paid ordinary shares in the Company issued in settlement of key management personnel remuneration have been determined based on the unpaid remuneration for the respective months of service and the VWAP as calculated for each month of service, the fair value of the services being defined based on the closing share price of $0.14 (14 cents) per fully paid ordinary share on the date of issue.

Options

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Performance rights

During the year ended 30 June 2023, 5,000,000 performance rights over ordinary shares were granted to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

The terms and conditions of each grant of Performance Rights over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Share price hurdle for vesting	Fair value at grant date
9 December 2022	Upon satisfaction of performance hurdle but no later than 31 December 2024	31 December 2024	$0.000	$0.070

The Performance Rights were issued for $Nil consideration, and the vesting of the rights is contingent on the Company achieving certain hurdles over a two-year performance period, as outlined herein.

A summary of the performance rights' key performance hurdles are as follows:

Mr Craig Smyth & Mr Tarecq Aldaoud: 666,666 Rights vest upon Securing 90% or more of Chaketma Phosphates S.A (CPSA)'s share capital by 31 December 2023; 666,667 Rights vest upon Grant of a phosphate mining concession for Sekarna or Chaketma by 31 December 2024 and 666,667 Rights vest upon Securing minimum funding of $5 million to undertake a phosphate Bankable Feasibility Study (BFS) for either Sekarna or Chaketma by 31 December 2024.

Mr Simon Eley: 333,333 Rights vest upon Securing 90% or more of Chaketma Phosphates S.A (CPSA)'s share capital by 31 December 2023; 333,333 Rights vest upon Grant of a phosphate mining concession for Sekarna or Chaketma by 31 December 2024 and 333,334 Rights vest upon Securing minimum funding of $5 million to undertake a phosphate Bankable Feasibility Study (BFS) for either Sekarna or Chaketma by 31 December 2024.

The performance rights are subject to the terms of the Consolidated Entity's EIS, in accordance with which upon termination, unless otherwise approved by the Board of Directors, the performance rights will be forfeited.

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
Mr Simon Eley	1,000,000	9 December 2022	Upon satisfaction of performance hurdle but no later than 31 December 2024	31 December 2024	$0.000	$0.070
Mr Tarecq Aldaoud	2,000,000	9 December 2022	Upon satisfaction of performance hurdle but no later than 31 December 2024	31 December 2024	$0.000	$0.070
Mr Craig Smyth	2,000,000	9 December 2022	Upon satisfaction of performance hurdle but no later than 31 December 2024	31 December 2024	$0.000	$0.070

During the year ended 30 June 2023, no performance rights vested.

Performance Rights granted carry no dividend or voting rights.

Additional information

The earnings of the Consolidated Entity for the five years to 30 June 2023 are summarised below:

	2023 $	2022 $	2021 $	2020 $	2019 $
Other income	37,612	188	10,741	33,775	5,277
Loss before income tax	(8,771,625)	(1,295,128)	(1,132,304)	(1,808,938)	(1,180,887)
Loss after income tax	(8,772,145)	(1,295,576)	(1,132,304)	(1,808,938)	(1,180,887)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021	2020	2019
Share price at the start of the financial year ($)	0.13	0.06	0.08	0.07	0.03
Share price at the end of the financial year ($)	0.07	0.13	0.06	0.08	0.07
Basic earnings per share (cents per share)	(2.34)	(0.56)	(0.58)	(1.98)	(1.50)
Diluted earnings per share (cents per share)	(2.34)	(0.56)	(0.58)	(1.98)	(1.50)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Balance on appointment	Received as part of remuneration (i) (ii)	Additions (iv)	Disposals/other	Balance at the end of the year (ii)
Ordinary shares						
Mr R Widdup(ii)	16,904,553	-	1,242,871	2,290,456	-	20,437,880
Mr S Eley	7,655,675	-	259,397	932,235	-	8,847,307
Mr T Aldaoud	10,026,106	-	200,727	2,002,631	-	12,229,464
Mr C Smyth(ii)	15,344,923	-	1,242,871	1,912,270	-	18,500,064
	49,931,257	-	2,945,866	7,137,592	-	60,014,715

(i) These figures shown as received as part of remuneration include shares issued in settlement of salary for period from 1 December 2021 through to and including 30 September 2022.
(ii) Mr Widdup and Mr Smyth hold a relevant beneficial interest in shares held by Lion Manager Pty Ltd in PhosCo Ltd, which at 30 June 2023 is 18,500,064.
(iii) Additions comprise shares issued upon exercise of options over fully paid ordinary shares.

Option holdings
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Exercised	Expired/ Forfeited/ Other	Balance at the end of the year
Options over fully paid ordinary shares					
Mr R Widdup (i)	4,690,456	-	(2,290,456)	(2,400,000)	-
Mr S Eley	8,132,235	-	(932,235)	(7,200,000)	-
Mr T Aldaoud	4,402,611	-	(2,002,611)	(2,400,000)	-
Mr C Smyth (i)	4,312,270	-	(1,912,270)	(2,400,000)	-
	21,537,572	-	(7,137,572)	(14,400,000)	-

(i) Mr Widdup and Mr Smyth hold a beneficial interest in 18,500,064 PhosCo Limited fully paid ordinary shares held by Lion Manager Pty Ltd.

Details of the options are disclosed in the “Share Based Payments” section of this remuneration report.

Performance rights
The number of performance rights over fully paid ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Exercised	Expiry/ Forfeited/ Other	Balance at the end of the year
Mr R Widdup (i)	-	-	-	-	-
Mr S Eley	-	1,000,000	-	-	1,000,000
Mr T Aldaoud	-	2,000,000	-	-	2,000,000
Mr C Smyth (i)	-	2,000,000	-	-	2,000,000
	-	5,000,000	-	-	5,000,000

(i) Mr Widdup and Mr Smyth hold a beneficial interest in 18,500,064 PhosCo Limited fully paid ordinary shares held by Lion Manager Pty Ltd.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of PhosCo Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
1 February 2022	31 January 2024	$0.10000	1,750,000
1 February 2022	31 January 2024	$0.15000	2,000,000
1 February 2022	31 January 2024	$0.20000	2,000,000
			5,750,000

Shares issued on the exercise of options
The following ordinary shares of PhosCo Ltd were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
25 January 2022	$0.10000	9,274,204
14 February 2022	$0.10000	19,821,580
		29,095,784

Shares under performance rights
During the year ended 30 June 2023, 10,600,000 performance rights over fully paid ordinary shares were issued, of which 5,600,000 were issued to employees and 5,000,000 were issued to key management personnel. For further details, refer to note 29 to the consolidated financial statements.

Unissued ordinary shares of the Consolidated Entity under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
21 December 2021	31 December 2023	500,000
14 January 2022	31 December 2023	1,500,000
9 December 2022	31 December 2024	9,600,000

No person entitled to exercise the Performance Rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Indemnity and insurance of officers
The company has indemnified the directors of the company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Officers of the Company who are former partners of Grant Thornton Audit Pty Ltd
There are no officers of the Company who are former partners of Grant Thornton Audit Pty Ltd.

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.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit tax compliance services provided during the financial year by the auditor are outlined in note 18 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 18 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors:

Robin Widdup
Non-Executive Chairman

28 September 2023
Melbourne

Grant Thornton

Grant Thornton Audit Pty Ltd
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Collins Square
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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 audit of PhosCo Limited for the year ended 30 June 2023, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 28 September 2023

PhosCo Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

PhosCo

	Note	Consolidated 2023 $	30 June 2022 $
Revenue			
Interest revenue		37,612	188
Expenses			
Corporate and administration expenses	5	(1,292,172)	(704,491)
Employment expenses		(1,200,550)	(714,522)
Exploration expenses		(421,463)	-
Legal expenses		(320,543)	(238,304)
Finance costs	11	(296,818)	(238,723)
Share based payments expense	29	(91,000)	-
Depreciation and amortisation		(8,608)	(9,500)
Impairment of exploration and evaluation assets	9	(5,155,519)	-
Foreign exchange (loss)/gain		(22,564)	610,224
Total expenses		(8,809,237)	(1,295,316)
Loss before income tax expense		(8,771,625)	(1,295,128)
Income tax expense	6	(520)	(448)
Loss after income tax expense for the year		(8,772,145)	(1,295,576)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		120,841	(211,693)
Other comprehensive income for the year, net of tax		120,841	(211,693)
Total comprehensive income for the year		(8,651,304)	(1,507,269)
Loss for the year is attributable to:			
Non-controlling interest		(2,405,673)	(76,063)
Owners of PhosCo Ltd		(6,366,472)	(1,219,513)
		(8,772,145)	(1,295,576)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(2,370,988)	(128,791)
Owners of PhosCo Ltd		(6,280,316)	(1,378,478)
		(8,651,304)	(1,507,269)
		Cents	**Cents**
Basic loss per share	28	(2.34)	(0.56)
Diluted loss per share	28	(2.34)	(0.56)

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 30 June 2023

	Note	Consolidated 2023 $	30 June 2022 $
Assets			
Current assets			
Cash and cash equivalents	7	1,188,345	1,809,683
Trade and other receivables	8	61,804	147,567
Other assets and deposits		151,610	176,660
Total current assets		1,401,759	2,133,910
Non-current assets			
Property, plant and equipment		24,918	26,503
Exploration and evaluation assets	9	-	4,026,625
Total non-current assets		24,918	4,053,128
Total assets		1,426,677	6,187,038
Liabilities			
Current liabilities			
Bank overdraft	7	1,001	17,602
Trade and other payables	10	1,816,686	1,862,628
Employee benefits payable		244,039	161,156
Borrowings	11	6,161,105	5,511,281
Total current liabilities		8,222,831	7,552,667
Total liabilities		8,222,831	7,552,667
Net liabilities		(6,796,154)	(1,365,629)
Equity			
Issued capital	12	59,929,638	56,799,859
Reserves	13	265,076	407,692
Accumulated losses		(61,034,585)	(54,987,885)
Equity/(deficiency) attributable to the owners of PhosCo Ltd		(839,871)	2,219,666
Non-controlling interests	14	(5,956,283)	(3,585,295)
Total deficiency in equity		(6,796,154)	(1,365,629)

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

PhosCo Ltd
Statement of changes in equity
For the year ended 30 June 2023

Consolidated	Contributed Equity $	Share based payment reserve $	Foreign currency translation reserve $	Accumulated Losses $	Total attributable to the owners of PhosCo Ltd $	Non controlling interests $	Total deficiency in equity $
Balance at 1 July 2021	53,512,814	336,198	-	(53,798,570)	50,442	-	50,442
Loss after income tax expense for the year	-	-	-	(1,219,513)	(1,219,513)	(76,063)	(1,295,576)
Other comprehensive income for the year, net of tax	-	-	(158,965)	-	(158,965)	(52,728)	(211,693)
Total comprehensive income for the year	-	-	(158,965)	(1,219,513)	(1,378,478)	(128,791)	(1,507,269)
Acquisition of Chaketma Phosphates S.A,	-	-	-	-	-	(3,456,504)	(3,456,504)
Contributions of equity, net of transaction costs (note 12)	2,764,997	-	-	-	2,764,997	-	2,764,997
Share-based payments (note 29)	-	260,657	-	-	260,657	-	260,657
Options exercised (note 13)	231,684	-	-	-	231,684	-	231,684
Equity settled directors' fees	290,364	-	-	-	290,364	-	290,364
Transfer of lapsed options	-	(30,198)	-	30,198	-	-	-
Balance at 30 June 2022	56,799,859	566,657	(158,965)	(54,987,885)	2,219,666	(3,585,295)	(1,365,629)

Consolidated	Contributed Equity $	Share based payment reserve $	Foreign currency translation reserve $	Accumulated Losses $	Total attributable to the owners of PhosCo Ltd $	Non controlling interests $	Total deficiency in equity $
Balance at 1 July 2022	56,799,859	566,657	(158,965)	(54,987,885)	2,219,666	(3,585,295)	(1,365,629)
Loss after income tax expense for the year	-	-	-	(6,366,472)	(6,366,472)	(2,405,673)	(8,772,145)
Other comprehensive income for the year, net of tax	-	-	86,156	-	86,156	34,685	120,841
Total comprehensive income for the year	-	-	86,156	(6,366,472)	(6,280,316)	(2,370,988)	(8,651,304)
Share-based payments (note 29)	-	91,000	-	-	91,000	-	91,000
Options exercised (note 13)	2,909,578	-	-	-	2,909,578	-	2,909,578
Equity settled directors' fees	238,420	-	-	-	238,420	-	238,420
Cost of capital raising	(18,219)	-	-	-	(18,219)	-	(18,219)
Transfers of lapsed options	-	(319,772)	-	319,772	-	-	-
Balance at 30 June 2023	59,929,638	337,885	(72,809)	(61,034,585)	(839,871)	(5,956,283)	(6,796,154)

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

PhosCo

	Note	Consolidated 2023 $	30 June 2022 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(2,439,223)	(1,561,954)
Payments for exploration and evaluation expensed		(1,067,203)	-
		(3,506,426)	(1,561,954)
Interest received		37,612	188
Income taxes paid		(520)	(448)
Net cash used in operating activities	27	(3,469,334)	(1,562,214)
Cash flows from investing activities			
Payments for property, plant and equipment		(7,023)	(23,734)
Payments for exploration and evaluation		-	(416,215)
Net cash used in investing activities		(7,023)	(439,949)
Cash flows from financing activities			
Proceeds from issue of shares	12	-	3,194,263
Proceeds from the issuance of shares upon exercise of options	12	2,903,614	231,684
Costs of share capital raised	12	(18,219)	(168,609)
Net cash from financing activities		2,885,395	3,257,338
Net increase/(decrease) in cash and cash equivalents		(590,962)	1,255,175
Cash and cash equivalents at the beginning of the financial year		1,792,081	575,022
Effects of exchange rate changes on cash and cash equivalents		(13,775)	(22,424)
Net cash overdraft on acquisition of CPSA		-	(15,692)
Cash and cash equivalents at the end of the financial year	7	1,187,344	1,792,081

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

Note 1. General information

The financial statements cover PhosCo Ltd as a Consolidated Entity consisting of PhosCo Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is PhosCo Ltd's functional and presentation currency.

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

Level 4
100 Albert Road
South Melbourne, VIC 3205

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 28 September 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations 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.

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

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

AASB 2020-3 Annual Improvements 2018–2020 and Other Amendments.
AASB 2020-3 amends:

(a) AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;

(b) AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations;

(c) AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;

(d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;

(e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and

(f) AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

This Standard applies to annual periods beginning on or after 1 January 2022. The Group has adopted the changes and there was no impact on the financial statements.

There are other new, revised or amended Accounting Standards or Interpretations that are not yet mandatory and have not been early adopted. Below are the unadopted new accounting standards that are relevant to the Group.

Note 2. Significant accounting policies (continued)

AASB 2020-1 Amendments – Classification of Liabilities as current or non-current and AASB 2022-6 Amendments – non-current Liabilities with Covenants
In March 2020, the AASB issued AASB 2020-1 which makes amendments to AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The mandatory effective date of AABS 2020-1 has been deferred to 1 January 2023 by AASB 2020-6.

In December 2022, the AASB issued AASB 2022-6 which amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

The Group has not yet assessed the full impact of this Standard.

AASB 2021-2 Amendments – Disclosure of Accounting Policies and Definition of Accounting Estimates
AASB 2021-2 amends the following Australian Accounting Standards:

- AASB 7 Financial Instruments: Disclosures (August 2015);
- AASB 101 Presentation of Financial Statements (July 2015);
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (August 2015); and
- AASB 134 Interim Financial Reporting (August 2015).

The Standard also makes amendments to AASB Practice Statement 2 Making Materiality Judgements (December 2017).

These amendments arise from the issuance by the International Accounting Standards Board (IASB) in February 2021 of the following International Financial Reporting Standards:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and
- Definition of Accounting Estimates (Amendments to IAS 8).

The Group has not yet assessed the full impact of this Standard.

AASB 2021-5 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
AASB 2021-5 amends the initial recognition exemption in AASB 112 Income Taxes such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences.

The Group has not yet assessed the full impact of this Standard.

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 Group reported a net loss after tax attributable to the shareholders in the Company of $6,366 thousand during the financial year (FY 2022: $1,220 thousand) and had net operating cash outflows of $3,469 thousand (FY 2022: $1,562 thousand). The net loss after tax is directly attributable to the impairment of exploration and evaluation assets of $5,156 thousand, in addition to the increase in operating expenses by $1,214 thousand to $3,110 thousand and an increase in employee benefits of $486 thousand to $1,201 thousand, as the Group developed its in country resources for the realisation of its Tunisian assets.

The Consolidated Entity's total assets decreased by $4,760 thousand to $1,427 thousand at 30 June 2023 and total liabilities increased by $670 thousand to $8,223 thousand, all of which are current liabilities. Accordingly, at 30 June 2023, the Consolidated Entity had both a net deficit and a net working capital deficit of $6,796 thousand and $6,821 thousand, respectively (30 June 2022: $1,366 thousand and $5,419 thousand, respectively).

During the financial year ending 30 June 2023, the Group received $2,910 thousand in proceeds from the exercise of 29,095,789 options over fully paid ordinary shares at an exercise price of $0.10 (10 cents) per fully paid ordinary share, as detailed in note 12. The Group will consider further capital raising opportunities at the appropriate time.

Note 2. Significant accounting policies (continued)

The Consolidated Entity’s net deficit at 30 June 2023 increased to $6,796 thousand (30 June 2022: $1,366 thousand) primarily as a result of the impairment of the Group’s Chaketma exploration and evaluation assets in December 2022, the rights to which were held by CPSA, the Company’s subsidiary in Tunisia.

As announced on 3 January 2023, on 19 December 2022, the Consolidated Entity received the Minister’s Decision rejecting the Chaketma application and terminating the validity of CPSA’s exploration permit. PhosCo has formally requested the Minister to revisit this decision under Tunisian administrative processes. The Company has engaged with the Tunisian Ministry of Industry, Mines and Energy (Ministry) regarding the permit status for the Chaketma Phosphate Project and notes comments made by the Ministry stating the importance of Australian-Tunisian relations and the willingness of both countries to work together.

In consultation with the Tunisian Ministry of Industry, Mines & Energy, CPSA has applied for a new Exploration Permit for Chaketma, mirroring the original 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 enabling CPSA to apply for a Mining Concession for the tenement, noting that CPSA has previously completed the research and studies and has complied with the conditions specified in the mining code.

The Directors would like to draw your attention to the inherent uncertainty with the process of the Minister revisiting its decision on the termination of CPSA’s exploration license and the potential consequences of an adverse resolution. The Consolidated Entity will continue to evaluate the progression of the Chaketma project.

At 30 June 2023, CPSA, the Company’s subsidiary, has a total of A$6,634 thousand payable to Tunisia Mining Services (TMS), comprising of $473 thousand in trade and other payables and A$6,161 thousand of unsecured cash call liabilities, inclusive of accrued and unpaid interest payable to TMS, denominated in Tunisia Dinar (30 June 2022: $5,511 thousand). These amounts payable are unsecured and are not guaranteed by PhosCo or its wholly owned subsidiary Celamin Limited, the owner of a 50.99% controlling interest in CPSA. The Consolidated Entity has instigated legal claims contesting the validity of the amounts owing.

The Consolidated Entity’s trade and other payables of $1,832 thousand includes $473 thousand in payables due by CPSA to TMS which are being contested. 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 $604 thousand of the remaining $860 thousand 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 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.

As the expected legal process associated with the settlement of the obligations currently recognised by PhosCo's subsidiary CPSA is uncertain, the Directors would like to draw your attention to the inherent uncertainty with the process and the potential adverse consequences should the regulation of the relationship between the Group and TMS not proceed as expected, either in the timing of or conclusion reached by any and all legal and other proceedings aimed at the unlocking of the underlying value of the Chaketma project.

The Consolidated Entity, as a result of the Arbitration Award of 17 November 2017 and the successful application to the Tunisian Court of Cassation to enforce the Arbitration Award, also continues to pursue the execution of this award against TMS. As of the date of this report the Consolidated Entity is pursuing the execution of the award, denominated in Tunisian Dinar, in the amount of A$6,511 thousand (TND 13,244 thousand). For further details of the Arbitration Award, refer to note 19.

The Directors and management have undertaken a review of operating and investing activities, as a result of which significant liquidity management measures have been undertaken, including but not limited to all key management personnel being compensated in shares rather than cash, and the optimisation of operational costs in Tunisia as and until such time as the resolution of various license applications, including the licenses over the Chaketma and Sekarna tenements, are favourably resolved.

Note 2. Significant accounting policies (continued)

The Directors would like to draw your attention to the inherent uncertainty with the process of the Minister revisiting its decision on the termination of CPSA's exploration license and also in the granting of licenses over other tenements, including but not limited to the Sekarna project and the potential consequences of an adverse resolution. The Consolidated Entity will continue to evaluate the progression of its respective license applications.

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.

The going concern basis is considered appropriate based on, but not limited to, the Consolidated Entity's uncontested working capital position of $995 thousand, the ability to ringfence and regulate the settlement of CPSA's contested liabilities amounting to $1,077 thousand, the cash and cash equivalents, net of bank overdrafts of $1,187 thousand (30 June 2022: $580 thousand), and the expectation of the Group's ability to successfully secure additional sources of financing as and when required, including but not limited to the $500,000 credit facility provided by and executed with related parties after 30 June 2023, detailed in note 26.

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.

These financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor to the amounts or classifications of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of PhosCo Ltd ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. PhosCo Ltd and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Note 2. Significant accounting policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ("CODM"). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is PhosCo Ltd's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The Consolidated Entity recognises revenue and other income as follows:

Interest income
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income
Other income is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Note 2. Significant accounting policies (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 2. Significant accounting policies (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of PhosCo Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Significant accounting policies (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Chaketma exploration and evaluation costs
At each reporting date and as and when the facts and circumstances require, the directors review the carrying value of each area of interest, with reference to the indicators of impairment outlined in AASB 6 - Exploration for and Evaluation of Mineral Resources. The directors also consider whether the expenditure on each area of interest qualify for treatment under the requirements of AASB 6.

During the year ended 30 June 2023, the exploration permit over Chaketma was terminated upon confirmation in writing by the Minister of Industry, Mines and Energy that the concession application was refused resulting in the termination of the exploration permit. The Consolidated Entity, until this confirmation was received, had applied their judgement based on legal advice, as to ongoing title over the Chaketma exploration permit pursuant to the application of the Tunisian laws and regulations as they pertain to the validity or otherwise of licenses granted. Accordingly, as a result of the written confirmation and as detailed further in note 10, the Consolidated Entity has recognised an impairment expense of $5,156 thousand in the year ended 30 June 2023 in respect of previously capitalised Chaketma tenement exploration and evaluation costs, as from this date, there is no longer a basis upon which the future economic benefits associated with the Chaketma tenement may be realised, until and at such time as any legal challenges to the Minister's decision are successful. All costs incurred on exploration and evaluation activities thereafter are expensed as incurred.

There is inherent uncertainty associated with the process of the Minister revisiting its decision on the termination of CPSA's exploration license and the potential consequences of an adverse resolution. The Consolidated Entity will continue to evaluate the Chaketma project's progression.

CPSA liabilities
The Consolidated Entity's trade and other payables includes payables due to TMS and other counterparties that are being contested, the TMS liabilities being actively contested in the Tunisian courts.

There is inherent uncertainty pertaining to the resolution of legal and commercial challenges to previously recognised liabilities. Should the regulation of the relationship between the Group and TMS and other creditors not proceed positively, this will not only require the Consolidated Entity to reconsider the approach to and settlement of CPSA's liabilities and how it proceeds in regaining CPSA's rights over the Chaketma tenement, but also the nature, amount and timing of the resultant impact on the Group's future financial position and performance.

Share-based payment transactions
The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

The determination of satisfaction of performance hurdles and vesting conditions is subject to inherent uncertainties and accordingly requires an element of judgement when determining the impact of performance rights and options granted on the amount and timing of recognition of any impact on the profit or loss.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Russian-Ukrainian conflict
The Russian-Ukrainian conflict continues to develop, the result of which have had significant global macro-economic impacts, including increasing instability in global energy prices. Related impacts include volatility in commodity prices, inflationary pressures and increasing cost of financing, currency movements, supply-chain disruptions, disruption in banking systems and capital markets, increased costs and expenditures and cyberattacks.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 4. Operating segments

AASB 8 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 Group operates in one principle geographic segment: Tunisia.

Note 5. Corporate and administration expenses

	Consolidated	
	30 June 2023 $	30 June 2022 $
Accounting and consulting fees	354,545	245,373
Compliance and regulatory costs	263,943	120,431
Travel and accommodation	293,113	110,221
Office costs	174,320	34,053
Insurance	40,320	27,420
Sundry expenses	165,931	166,993
	1,292,172	704,491

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Note 6. Income taxes

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(8,771,625)	(1,295,128)
Tax at the statutory tax rate of 25%	(2,192,906)	(323,782)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Costs incurred in deriving non-assessable non-exempt income	1,417,000	158,313
Share-based payments	22,750	72,591
Other non-assessable non-exempt income	(42,067)	(193,311)
Non-deductible expenses	123,917	12,445
Sundry items	(12,060)	448
	(683,366)	(273,296)
Current year tax losses not recognised	558,489	277,475
Current year temporary differences not recognised	31,686	(21,599)
Difference in overseas tax rates	93,711	17,868
Income tax expense	520	448

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	19,701,536	18,158,656
Potential tax benefit at statutory tax rates 25% (2022: 25.0%)	4,925,384	4,539,664

The above potential tax benefit for tax losses of $4,925 thousand has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the relevant statutory tests have been passed, including, in Australia, the continuity of ownership test is passed, or failing that, the same business test is passed.

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law; and
iii) no change in tax legislation adversely affects the consolidated entity in realizing the benefits from deducting the losses.

In respect of the activities in Tunisia, the current Mining Code of the Republic of Tunisia provides the holder of exploration permits with a five year exemption from payment of income tax following the commencement of effective exploitation.

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprise:		
Accrued expenses	123,438	103,677
Tax losses	4,925,384	4,707,752
Other temporary differences	28,936	63,439
Total deferred tax assets not recognised	5,077,758	4,874,868

Note 6. Income taxes (continued)

The above potential tax benefit for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	30 June 2023 $	30 June 2022 $
Cash at bank	1,188,345	1,809,683

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	1,188,345	1,809,683
Bank overdraft	(1,001)	(17,602)
Balance as per statement of cash flows	1,187,344	1,792,081

Note 8. Current assets - trade and other receivables

	Consolidated	
	30 June 2023 $	30 June 2022 $
Other receivables	205,347	206,734
Less: Expected credit losses	(160,000)	(160,000)
	45,347	46,734
GST receivable	16,457	100,833
	61,804	147,567

The Consolidated Entity has previously launched legal action in the Tunisian courts to recover $160 thousand from TMS for its contribution of exploration expenditure prior to 31 January 2013 under a previous JV agreement. The Consolidated Entity continues to review its legal position with regards to this debt.

Note 9. Non-current assets - exploration and evaluation assets

	Consolidated	
	30 June 2023 $	30 June 2022 $
Exploration and evaluation assets	-	4,026,625

Note 9. Non-current assets - exploration and evaluation assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration & Evaluation $
Balance at 1 July 2021	35,422
Additions	425,752
Additions through acquisition of CPSA	3,542,111
Exchange differences	23,340
Balance at 30 June 2022	4,026,625
Expenditure during the year	667,999
Exchange differences	460,895
Impairment of assets	(5,155,519)
Balance at 30 June 2023	-

Significant judgment is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure. Management regularly review for indicators of impairment, no less than twice each year and when facts and circumstances indicate the necessity to consider whether there has been a matter indicating a potential impairment.

In December 2022, management identified an indication of impairment of exploration and evaluation costs when, as noted below, CPSA's Chaketma exploration permit was cancelled by the Tunisian authorities and accordingly recognised an impairment of exploration and evaluation costs in respect of the Chaketma tenement of $5,156 thousand.

On 19 December 2022, the Consolidated Entity received the Minister's Decision rejecting the Chaketma application and terminating the validity of CPSA's exploration permit. PhosCo has formally requested the Minister to revisit this decision under Tunisian administrative processes. The Company has engaged with the Tunisian Ministry of Industry, Mines and Energy (Ministry) regarding the permit status for the Chaketma Phosphate Project and notes comments made by the Ministry stating the importance of Australian-Tunisian relations and the willingness of both countries to work together.

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 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 enabling CPSA to apply for a Mining Concession for the tenement, noting that CPSA has previously completed the research and studies and has complied with the conditions specified in the mining code.

PhosCo is protected by Tunisian investment law and international treaties that Tunisia has adopted addressing investments in certain sectors, including those made by foreign investors. Key provisions of the investment law include a guarantee of the freedom of investments, a guarantee against nationalisation, confiscation, sequestration and expropriation.

Note 10. Current liabilities - trade and other payables

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Trade payables	1,089,060	1,178,068
Other payables	727,626	684,560
	1,816,686	1,862,628

Note 10. Current liabilities - trade and other payables (continued)

Refer to note 16 for further information on financial instruments.

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 $1,048 thousand 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.

As noted in prior periods, the Company entered into an agreement with an executive to pay deferred salary payments, notice and other entitlements including superannuation, in the sum of $314 thousand, to be settled through the issue of ordinary shares of the Company (based on the 30 day VWAP at the time of issue), subject to certain conditions.

Note 11. Current liabilities - borrowings

	Consolidated	
	30 June 2023 $	30 June 2022 $
Cash calls payable	3,851,196	3,650,118
Interest payable on cash calls	2,309,909	1,861,163
	6,161,105	5,511,281

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 $3,851,196 (30 June 2022: $3,650,118) 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 year ended 30 June 2023, interest expense of A$296,818 (30 June 2022: $238,723) 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.

Refer to note 16 for further information on financial instruments.

Note 12. Equity - issued capital

	Consolidated			
	30 June 2023 Shares	30 June 2022 Shares	30 June 2023 $	30 June 2022 $
Ordinary shares - fully paid	274,413,357	243,614,573	59,929,638	56,799,859

Note 12. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2021	195,045,594		53,512,814
Tranche 1 Placement	13 December 2021	29,256,839	$0.07500	2,194,263
Tranche 2 Placement	25 January 2022	13,333,331	$0.07500	1,000,000
Settlement of CEO and Director remuneration*	27 January 2022	3,661,974	$0.07900	290,364
Exercise of options	25 February 2022	16,616	$0.10000	1,662
Exercise of options	4 March 2022	32,093	$0.10000	3,209
Exercise of options	22 March 2022	443,381	$0.10000	44,338
Exercise of options	1 April 2022	52,179	$0.10000	5,218
Exercise of options	14 April 2022	442,361	$0.10000	44,236
Exercise of options	29 April 2022	506,825	$0.10000	50,683
Exercise of options	16 May 2022	823,380	$0.10000	82,338
Cost of capital raised		-	$0.00000	(429,266)
Balance	30 June 2022	243,614,573		56,799,859
Exercise of options over fully paid ordinary shares	14 July 2022	20,162,407	$0.10000	2,016,240
Exercise of options over fully paid ordinary shares	5 August 2022	2,685,820	$0.10000	268,582
Exercise of options over fully paid ordinary shares	17 August 2022	1,770,519	$0.10000	177,052
Exercise of options over fully paid ordinary shares	26 August 2022	1,680,850	$0.10000	168,085
Exercise of options over fully paid ordinary shares	31 August 2022	2,796,193	$0.10000	279,619
Issues of shares in lieu of director and other fees*	9 December 2022	1,702,995	$0.14000	238,420
Cost of capital raised				(18,219)
Balance	30 June 2023	274,413,357		59,929,638

*On 9 December 2022, the company issued 1,702,995 shares for the settlement of remuneration for the Directors and CEO for the period December 2022 to and including September 2022. The shares were settled based on the volume weighted average price of shares for each month for which wages were settled by way of shares, resulting in an average price per share of $0.0119 (11.9 cents), and ranging from a minimum issue price of $0.095 (9.5 cents) to $0.157 (15.7 cents). The value of the Company's shares on the date of issue of the fully paid ordinary shares was $0.14 (14 cents).

The issue price of these shares represent the fair value of the shares issued to extinguish the existing liabilities.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options
Options do not entitle the holder to participate in dividends and the proceeds on the winding up of the company.

Option holders do not have any voting rights.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Note 12. Equity - issued capital (continued)

The consolidated entity may issue new shares in order to provide a sufficient level of funding for its phosphate projects whilst maintaining an appropriate capital structure and sound gearing.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

Note 13. Equity - reserves

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Foreign currency reserve	(72,809)	(158,965)
Share based payments reserve	337,885	566,657
	265,076	407,692

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
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve $	Share based payments reserve $	Total $
Balance at 1 July 2021	-	336,198	336,198
Foreign currency translation	(211,693)	-	(211,693)
Share based payments	-	260,657	260,657
Expiry of options	-	(30,198)	(30,198)
Non-controlling interest	52,728	-	52,728
Balance at 30 June 2022	(158,965)	566,657	407,692
Foreign currency translation	16,176	-	16,176
Share based payments	-	91,000	91,000
Transfer of lapsed options	-	(319,772)	(319,772)
Non-controlling interest	69,980	-	69,980
Balance at 30 June 2023	(72,809)	337,885	265,076

Note 14. Equity - non-controlling interests

In October 2021, the Consolidated Entity acquired a 50.99% interest in CPSA's assets and liabilities on the date of acquisition. In accordance with AASB 10, the Consolidated Entity has control and fully consolidates its interest in CPSA.

Note 14. Equity - non-controlling interests (continued)

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Interest in CPSA	(3,404,567)	(3,404,567)
Foreign currency reserves	(69,980)	(104,665)
Accumulated losses	(2,481,736)	(76,063)
	(5,956,283)	(3,585,295)

Note 15. Equity - dividends

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

Note 16. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is assessed using cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets are not significant whilst financial liabilities at the reporting date were significant.

Consolidated	Assets 30 June 2023 $	Assets 30 June 2022 $	Liabilities 30 June 2023 $	Liabilities 30 June 2022 $
US dollars	43,159	6,000	(12,761)	-
Euros	76,304	223,750	-	-
Tunisian dinar	165,584	145,532	(7,464,764)	(6,718,582)
	285,047	375,282	(7,477,525)	(6,718,582)

Consolidated - 2023	AUD strengthened % change	AUD strengthened Effect on profit before tax	AUD strengthened Effect on equity	AUD weakened % change	AUD weakened Effect on profit before tax	AUD weakened Effect on equity
US Dollar	5%	(2,055)	-	5%	2,272	-
EURO	5%	(3,634)	-	5%	4,016	-
Tunisian Dinar	5%	(5,641)	355,465	5%	5,641	(392,882)
		(11,330)	355,465		11,929	(392,882)

Note 16. Financial instruments (continued)

Interest rate risk
The consolidated entity's only exposure to interest rate risk is primarily in relation to short-term deposits held which are held with reputable financial institutions.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has a policy of assessing credit information of counterparties, their corporate history and relationships and assessing the extent to which appropriate credit limits will be established. The Consolidated Entity obtains guarantees where appropriate and possible to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for expected credit losses associated with those assets, as disclosed in the statement of financial position and notes to the financial statements, total provisions for expected credit losses of $160 thousand in respect of claims from TMS recognised at 30 June 2023 (2022: $160 thousand). The Consolidated Entity does not hold any collateral.

The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated Entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 June 2023	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,089,060	-	-	-	1,089,060
Other payables	-	727,626	-	-	-	727,626
Interest-bearing - variable						
Borrowings	8.00%	6,161,105	-	-	-	6,161,105
Total non-derivatives		7,977,791	-	-	-	7,977,791

The Consolidated Entity is currently pursuing, under Tunisian law, the extinguishment of a portion of the borrowings and accounts and other payables due to TMS (TMS obligations) on the basis of corporate, legal and financial irregularities that occurred since the period from the Consolidated Entity lost control of its shareholding in the year ended 30 June 2015 through to regaining control in October 2021. The Consolidated Entity has received legal advice regarding the existence of liabilities as currently presented, identifying that under Tunisian law they are considered valid until successfully challenged in court. The conclusion of the Consolidated Entity's legal challenge is inherently uncertain and therefore the validity and timing of any settlement the TMS obligations will only be established on the conclusion of the relevant court processes in Tunisia.

Note 16. Financial instruments (continued)

As detailed in note 11, the cash call liabilities are unsecured obligations of CPSA to TMS. If and as these liabilities are to be settled, this is CPSA's sole responsibility, the Consolidated Entity not having provided any guarantees in respect of their settlement. Furthermore, the Consolidated Entity reserves the right, in the event of an unsuccessful legal challenge and TMS calling the debt, to challenge any claim for a cash settlement, including but not limited to the enforcement of the Arbitration Award against TMS for an amount of $6,511 thousand at 30 June 2023, as detailed in note 19.

Consolidated - 30 June 2022	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,178,068	-	-	-	1,178,068
Other payables	-	706,085	-	-	-	706,085
Interest-bearing - variable						
Borrowings	8.00%	5,511,281	-	-	-	5,511,281
Total non-derivatives		7,395,434	-	-	-	7,395,434

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 17. Key management personnel disclosures

Directors
The following persons were directors of PhosCo Ltd during the financial year:

Mr Robin Widdup	Chairman
Mr Simon Eley	Managing Director
Mr Tarecq Aldaoud	Executive Director
Other key management personnel	
Mr Craig Smyth	Interim Chief Financial Officer

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated	
	30 June 2023 $	30 June 2022 $
Short-term employee benefits	173,666	143,519
Post-employment benefits	16,356	11,296
Equity settled share-based payments	296,779	264,941
	486,801	419,756

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company:

	Consolidated	
	30 June 2023 $	30 June 2022 $
Audit and other assurance services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	76,220	124,560
Other services - Grant Thornton Australia Limited		
Tax compliance	14,750	12,500
	90,970	137,060

Note 19. TMS Arbitration Award

On 29 November 2017, after initially being awarded by the Swiss Arbitration court, the Swiss Court of Appeal issued a Final Award, delivered by the Arbitrator appointed by the ICC to conduct the arbitration of the Consolidated Entity's dispute with its joint venture partner TMS in relation to the fraudulent transfer to TMS of the Consolidated Entity's 50.99% shareholding in CPSA, the operating company which holds the Chaketma Phosphate permit.

The Arbitrator found in favour of Celamin Limited ordering TMS, amongst other matters, to return the Celamin Limited's 50.99% shareholding in CPSA and to pay damages and costs of totalling US$2,358 thousand, plus Euro 1,253 thousand, A$261 thousand and CHF 42 thousand, in addition to interest from the time of the issue of the Final Award until payment.

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 10,134 thousand and thereafter incur interest at 5.5% per annum on any unpaid balances. The Consolidated Entity's entitlement, including accrued interest as of 30 June 2023 is A$6,511 thousand (TND 13,245 thousand).

The Consolidated Entity had its 50.99% interest in CPSA legally restored following the appointment of a court appointed independent expert, reducing TMS to 48.99%. Although PhosCo has recovered the 50.99% 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.

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.

Note 20. 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;
- 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
- A fixed amount of Euro 50,000 payable to Sami Houerbi upon return of Celamin Limited's 50.99% interest and management control in Chaketma as well as recovery of any sizeable available asset in part or full satisfaction of damages.

Note 20. Contingent liabilities (continued)

The Company notes that the aforementioned contingent liabilities are 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. As of 30 June 2023, no related obligations have arisen.

Note 21. Commitments

	Consolidated	
	30 June 2023 $	30 June 2022 $
Exploration Licenses - Commitments for Expenditure		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	63,500	195,000
One to five years	171,500	407,500
	235,000	602,500

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 payable.

Note 22. Related party transactions

Parent entity
PhosCo Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 24.

Key management personnel
Disclosures relating to key management personnel are set out in note 17 and the remuneration report included in the directors' report.

Transactions with related parties
Mr Widdup and Mr Smyth are Directors of Lion Manager Pty Ltd (LMPL) and have relevant interests in LMPL. PhosCo Ltd was billed $222,275 by LMPL for services rendered pursuant to the Services Agreement, including $49,275 for R Widdup's remuneration, $162,000 for C Smyth's remuneration and $11,000 for general services.

Receivable from and payable to related parties
There were no trade receivables from related parties at the current and previous reporting date.

There were $217,422 in trade and other payables to key management personnel for services rendered to the Company, inclusive of $75,675 in trade payables due to LMPL at 30 June 2023 (30 June 2022: $nil), settlement of which is to be made by the issue of fully paid ordinary shares of the Company.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

PhosCo

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 30 June 2023 $	Parent 30 June 2022 $
Loss after income tax	(4,454,636)	(1,963,242)
Total comprehensive income	(4,454,636)	(1,963,242)

Statement of financial position

	Parent 30 June 2023 $	Parent 30 June 2022 $
Total current assets	1,125,949	1,758,351
Total assets	1,129,928	2,323,634
Total current liabilities	744,305	704,156
Total liabilities	744,305	704,156
Equity		
Issued capital	59,929,639	56,799,859
Share based payments reserve	306,687	566,657
Accumulated losses	(59,850,703)	(55,747,038)
Total equity	385,623	1,619,478

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
Except as detailed in note 25, the parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2023 and 30 June 2022.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity.

Note 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 30 June 2023 %	Ownership interest 30 June 2022 %
Celamin Limited	Australia	100.00%	100.00%
Himilco Resources Pty Ltd	Australia	100.00%	100.00%
Chaketma Phosphates S.A	Tunisia	50.99%	50.99%
PhosCo Tunisia Pty Ltd	Australia	100.00%	-

Note 25. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

PhosCo Ltd
Celamin Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by PhosCo Ltd, they also represent the 'Extended Closed Group'.

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Statement of profit or loss and other comprehensive income		
Loss after tax	(4,407,584)	(2,762,479)

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Current assets	1,360,745	2,086,892
Non-current assets	11,584	458,559
Total assets	1,372,329	2,545,451
Current liabilities	757,065	711,233
Issued capital	59,929,638	56,799,859
Reserves	337,885	598,806
Accumulated losses	(59,646,259)	(55,564,447)
Total equity	621,264	1,834,218

Note 26. Events after the reporting period

On 27 September 2023, the Consolidated Entity executed a loan facility arrangement with Aldaoud Pty Ltd, Lion Manager Pty Limited and Lion Selection Group Limited, in accordance with which a committed, unsecured non-revolving credit facility (the Credit Facility) is available to the Group in an amount up to A$500,000, drawdowns being available for a period of 12 months from the date of signing the arrangement.

PhosCo

Note 26. Events after the reporting period (continued)

An arrangement fee of 1% on the credit facility limit and standby facility fee of 0.5% per month on the undrawn loan balance is payable upon maturity and all amounts drawn down on the Credit Facility incur interest at 10% per annum until settled, payable upon maturity, being the earlier of 12 months from date of signing the Credit Facility and its settlement.

No other matter or circumstance has arisen since 30 June 2023 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 27. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Loss after income tax expense for the year	(8,772,145)	(1,295,576)
Adjustments for:		
Depreciation and amortisation	8,608	9,500
Share-based payments	91,000	-
Foreign exchange differences	36,336	(608,424)
Impairment of exploration and evaluation	4,509,781	-
Interest and finance costs	296,818	238,723
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	91,729	(85,833)
(Increase)/decrease in prepayments	25,053	(53,975)
Increase in employee benefits	82,883	124,713
Increase/(decrease) in trade and other payables	160,603	108,658
Net cash used in operating activities	(3,469,334)	(1,562,214)

Note 28. Loss per share

	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Loss after income tax	(8,772,145)	(1,295,576)
Non-controlling interest	2,405,673	76,063
Loss after income tax attributable to the owners of PhosCo Ltd	(6,366,472)	(1,219,513)
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	271,648,958	218,671,954
Weighted average number of ordinary shares used in calculating diluted loss per share	271,648,958	218,671,954
	Cents	Cents
Basic loss per share	(2.34)	(0.56)
Diluted loss per share	(2.34)	(0.56)

Diluted loss per share

Note 28. Earnings per share (continued)

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted loss per share as they do not meet the requirements for inclusion in AASB 133 “Earnings per Share”. The rights to options are non-dilutive as the consolidated entity generated a loss during the financial year.

Note 29. Share-based payments

Issue of Shares

In December 2022, the Company issued 1,702,995 fully paid ordinary shares at various deemed issue prices per share, in lieu of a cash payment of $202,419 in salaries, directors fees, and fees for services provided, as contained in the Notice of Annual General Meeting announced on 27 October 2022. The fair value of the shares issued on 9 December 2022 was $238,420, based on the share price of $0.14 (14 cents) per fully paid ordinary share, the difference in the fair value of shares issued and the services rendered being recognised in employee benefits expense.

Details of shares issued to Directors and other Key Management Personnel as part of compensation during and for the year ended 30 June 2022 are set out below.

Options
A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board, grant options over ordinary shares in the parent entity to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Set out below are summaries of options granted under the plan:

30 June 2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
07/08/2019	15/07/2022	$0.00000	12,000,000	-	-	(12,000,000)	-
			12,000,000	-	-	(12,000,000)	-

30 June 2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
07/08/2019	15/07/2022	$0.09000	12,000,000	-	-	-	12,000,000
18/12/2019	18/12/2021	$0.10500	500,000	-	-	(500,000)	-
			12,500,000	-	-	(500,000)	12,000,000

During the year ended 30 June 2023 of the three tranches of 2,000,000 options over fully paid ordinary shares to its advisors Discovery Capital as part of their remuneration package associated with the share placement announced in December 2022, 250,000 options over fully paid ordinary shares were exercised at a price of $0.10 (10 cents) per share. The balance of outstanding options over fully paid ordinary shares of the Company at 30 June 2023 is as follows:

- 1,750,000 options with an exercise price of $0.10 (10 cents) per fully paid ordinary share;
- 2,000,000 options with an exercise price of $0.15 (15 cents) per fully paid ordinary share;
- 2,000,000 options with an exercise price of $0.20 (20 cents) per fully paid ordinary share;

All options have an expiry date of 31 January 2024.

Performance rights
During the period ended 30 June 2023, 10,600,000 million performance rights over fully paid ordinary shares in the Company were granted to employees and directors of the Consolidated Entity's subsidiaries. These performance rights have a number of performance hurdles and service conditions, the successful achievement of which enables the holder to exercise their performance rights.

Note 29. Share-based payments (continued)

As of 30 June 2023, the performance hurdles had not been satisfied nor are expected to be and accordingly no expense reflected in the statement of comprehensive income.

or the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
09/12/2022	31/12/2024	$0.14000	$0.00000	81.00%	-	3.04%	$0.070

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 25 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Robin Widdup
Non-Executive Chairman

28 September 2023
Melbourne

Grant Thornton

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Independent Auditor's Report

To the Members of PhosCo Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of PhosCo Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of $6.4m and had net operating cash outflows of $3.5m during the year ended 30 June 2023, and as of that date, the Group's current liabilities exceeded its total assets by $6.8m. 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 doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Except for the matter described in the *Material uncertainty relating to going concern* section, we have determined that there are no key audit matters to communicate in our audit report.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf.This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 14 to 21 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of PhosCo Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 28 September 2023

PhosCo Ltd
Shareholder information
30 June 2023

PhosCo

The shareholder information set out below was applicable as at 22 September 2023.

Distribution of equity securities

Analysis of number of equity security holders by size of holding:

	Number of holders of ordinary shares	Number of ordinary shares	% of ordinary shares	Number of holders of performance rights	Number of performance rights	% of performance rights	Number of holders of $0.10 unlisted options	Number of $0.10 unlisted options	% of $0.10 unlisted options
1 to 1,000	314	63,960	0.02	-	-	-	-	-	-
1,001 to 5,000	91	299,885	0.11	-	-	-	-	-	-
5,001 to 10,000	63	498,398	0.18	-	-	-	-	-	-
10,001 to 100,000	197	7,520,796	2.74	-	-	-	1	50,000	2.86
100,001 and over	183	266,030,313	96.95	8	11,600,000	100.00	3	1,700,000	97.14
	848	274,413,352	100.00	8	11,600,000	100.00	4	1,750,000	100.00
Holding less than a marketable parcel	468	862,243	0.31	-	-	-	-	-	-

	Number of holders of $0.15 unlisted options	Number of $0.15 unlisted options	% of $0.15 unlisted options	Number of holders of $0.20 unlisted options	Number of $0.20 unlisted options	% of $0.20 unlisted options
1 to 1,000	-	-	-	-	-	-
1,001 to 5,000	-	-	-	-	-	-
5,001 to 10,000	-	-	-	-	-	-
10,001 to 100,000	1	50,000	2.50	1	50,000	2.50
100,001 and over	5	1,950,000	97.50	5	1,950,000	97.50
	6	2,000,000	100.00	6	2,000,000	100.00
Holding less than a marketable parcel	-	-	-	-	-	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Number held	% of total shares issued
LION SELECTION GROUP LIMITED	40,599,258	14.79
RETZOS EXECUTIVE PTY LTD <RETZOS EXECUTIVE S/FUND A/C>	27,265,000	9.94
LION MANAGER PTY LTD	18,500,064	6.74
POLO INVESTMENTS LIMITED	13,800,000	5.03
POLO INVESTMENTS LIMITED	10,989,256	4.00
ALDAOUD PTY LTD <ALDAOUD FAMILY A/C>	10,609,444	3.87
MR MARTIN BROOME	6,891,979	2.51
PASIAS HOLDINGS PTY LTD	6,042,500	2.20
MR RICHARD THOMAS HAYWARD DALY & MRS SARAH KAY DALY <THE DALY FAMILY SUPER A/C>	5,149,470	1.88
CS LOGISTICS PTY LTD <JEPSAK DISCRETIONARY A/C>	4,835,106	1.76
NUTSVILLE PTY LTD <INDUST ELECTRIC CO S/F A/C>	4,667,500	1.70
ATLANTIS MG PTY LTD <MG FAMILY A/C>	4,000,000	1.46
RETZOS FAMILY PTY LTD <RETZOS FAMILY S/FUND A/C>	3,430,000	1.25
MAGEDO SUPER PTY LTD <MG FAMILY SUPER FUND A/C>	3,100,000	1.13
DR AMIT KUMAR VERMA	2,900,500	1.06
SAM GOULOPOULOS PTY LTD <S GOULOPOULOS F/SUPER A/C>	2,880,000	1.05
MR RICHARD THOMAS HAYWARD DALY & MRS SARAH KAY DALY <DALY FAMILY S/F TD A/C>	2,519,583	0.92
MR EUGENE KAN	2,519,093	0.92
MR STEVEN WILLIAM CAHILL	2,500,000	0.91
MR RICHARD THOMAS HAYWARD DALY & MRS SARAH KAY DALY <THE DALY FAMILY SUPER A/C>	2,400,000	0.87
	175,598,753	63.99

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares with exercise price of $0.10 (10 cents) expiring 31 Jan 2024	1,750,000	4
Options over ordinary shares with exercise price of $0.15 (15 cents) expiring 31 Jan 2024	2,000,000	6
Options over ordinary shares with exercise price of $0.20 (20 cents) expiring 31 Jan 2024	2,000,000	6
Performance rights over ordinary shares	11,600,000	8

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
Horizon Investment Services Pty Ltd The Horizon Investment A/C	Unquoted options exercisable at $0.10 (10 cents) exp 31 Jan 24	1,000,000
Horizon Investment Services Pty Ltd The Horizon Investment A/C	Unquoted options exercisable at $0.15 (15 cents) exp 31 Jan 24	1,000,000
Horizon Investment Services Pty Ltd The Horizon Investment A/C	Unquoted options exercisable at $0.20 (20 cents) exp 31 Jan 24	1,000,000
Atlantis MG Pty Ltd MG Family A/C	Unquoted options exercisable at $0.10 (10 cents) exp 31 Jan 24	450,000
Atlantis MG Pty Ltd MG Family A/C	Unquoted options exercisable at $0.15 (15 cents) exp 31 Jan 24	450,000
Atlantis MG Pty Ltd MG Family A/C	Unquoted options exercisable at $0.20 (20 cents) exp 31 Jan 24	450,000

Substantial holders
Substantial holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

	Ordinary shares	
	Number held*	% of total shares issued
Lion Selection Group Limited	40,599,258	14.79
Polo Resources Limited	31,600,372	13.10
Mr Chris Retzos	27,714,915	12.36
Lion Manager Pty Ltd	9,756,351	6.42

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Unlisted options
There are no voting rights attached to the unlisted options.

Performance rights
There are no voting rights attached to the performance rights.

There are no other classes of equity securities.

Corporate Governance

The Company's 2023 Corporate Governance Statement is available on the Company's website at:
http://www.phosco.com.au/about#CorporateGovernance

Annual General Meeting

PhosCo Ltd advises that its Annual General Meeting will be held on Tuesday, 28 November 2023. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to the ASX in due course. In accordance with the ASX Listing Rules and the Company's Constitution, the closing date for receipt of nominations for the position of Director are required to be lodged at the registered office of the Company by 5.00pm (AEDT) on 17 October 2023.

Tenements

Description	Country	Tenement details/number	%
Zeflana	Tunisia	Zeflana	100.00%
Djebba	Tunisia	Djebba	100.00%
Djebba 2	Tunisia	Djebba 2	100.00%