PhosCo Ltd

ABN 82 139 255 771

Half-year Financial Report - 31 December 2023

PhosCo Ltd
Contents
31 December 2023

PhosCo Ltd
Corporate directory
31 December 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, 100 Albert Road South Melbourne, VIC 3205 Australia +61 3 9692 7222
Principal place of business	Level 4, 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 Philip Street Sydney, NSW 2000 1300 288 664 (within Australia) +61 2 9698 5414 (outside Australia)
Auditor	Grant Thornton Audit Pty Ltd Collins Square, Tower 5 727 Collins Street Melbourne VIC 3008
Stock exchange listing	PhosCo Limited shares are listed on the Australian Securities Exchange (ASX code: PHO)
Website	www.phosco.com.au

The directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the 'Consolidated Entity') consisting of PhosCo Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

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

Mr Robin Widdup, Chairman
Mr Simon Eley, Managing Director
Mr Tarecq Aldaoud, Executive Director

Principal activities
During the six months ended 31 December 2023 (1H FY 2024), the Consolidated Entity's principal activities are the exploration for, development and realisation of mineral resource projects in Tunisia.

At 31 December 2023, the Consolidated Entity projects and potential projects include the Simitu and Zeflana base and precious metal 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.

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:

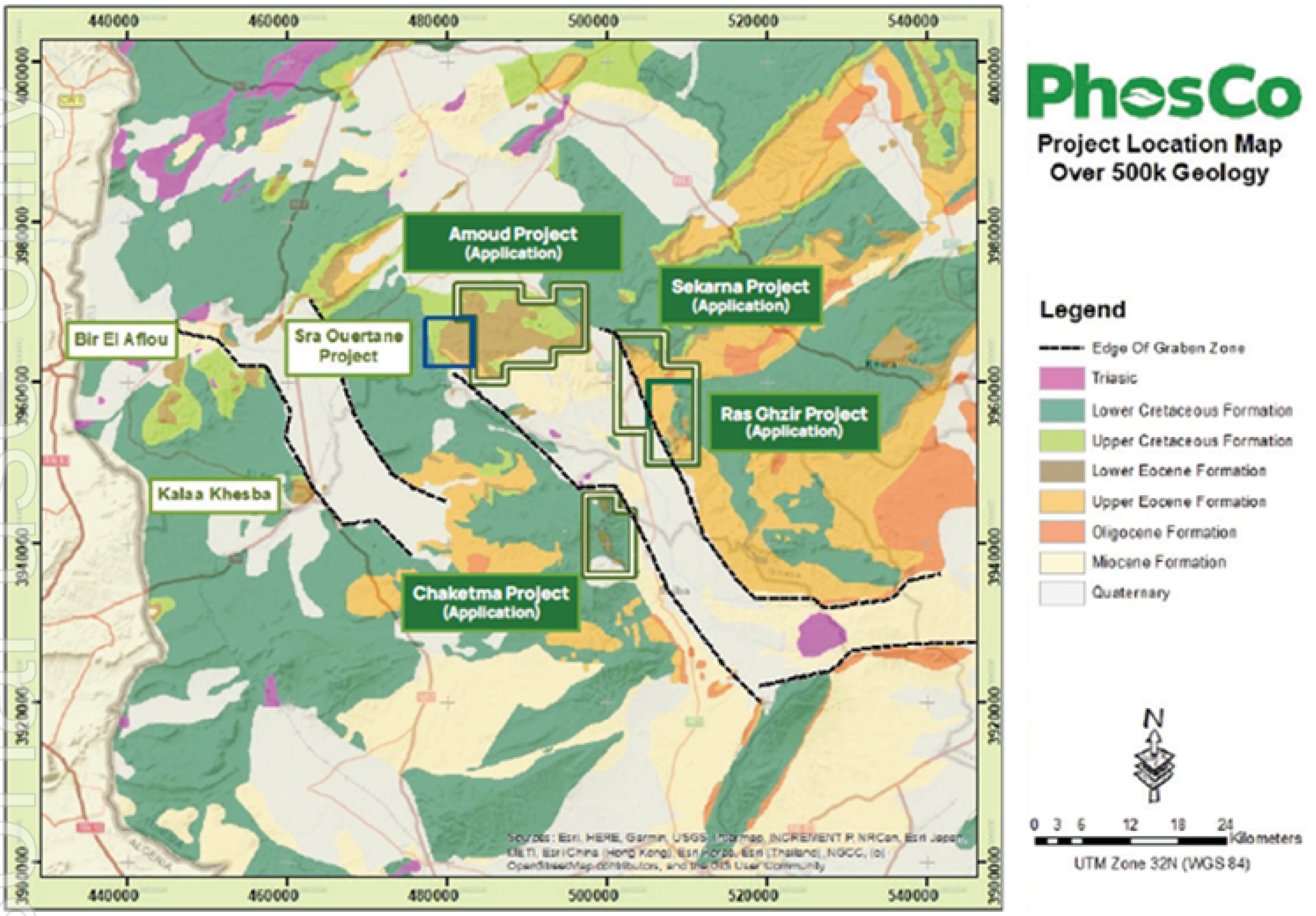
- Chaketma: Most advanced project with 146.4Mt @ 20.6% P_2O_5 Resource[1] seeking re-instatement of tenure and 100% ownership.
- Sekarna: an early stage Chaketma analogy, the application having already been lodged and pending review, drilling required to establish size and grade.
- Amoud: new application 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.

Following the successful judgement of the Court of Cassation (Tunisia's highest court), enforcing the final arbitral award in September 2019, PhosCo commenced various actions in Tunisian courts seeking to compel TMS to comply with the award which included seizing TMS 49% interest in CPSA to offset the unpaid damages and costs amounting to A$6.32 million owed to PhosCo at 31 December 2023. The latest Court of Appeal case sought to implement this Court of Cassation judgment as it pertained to the commencement of the procedure to sell the 49% interest in CPSA held by TMS.

As announced on 5 February 2024, TMS successfully appealed this decision, purporting to overturn the Court of Cassation judgment that the arbitration award is enforceable in Tunisia, noting that the Swiss Supreme Court is not a competent jurisdiction in this case to determine an annulment application by TMS. The Court of Appeal also determined that the seizure over CPSA shares held by TMS should be lifted.

PhosCo has filed an appeal and effective 8 March 2024 received a stay of execution concerning the appeal decision due to the Court of Appeal (lower court) not abiding by the clear and consistent enforcement orders of the Court of Cassation (highest court) issued in September 2019.



Sekarna

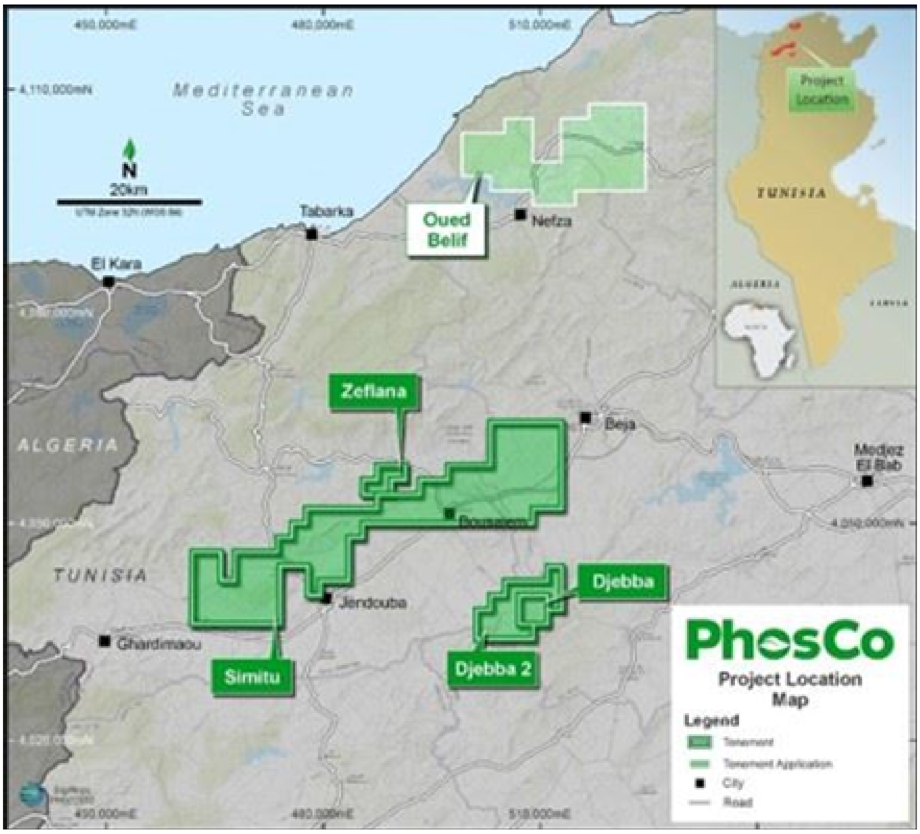
In July 2022 PhosCo lodged an Exploration Permit application to be held 100% by PhosCo with the Tunisian Ministry over the Sekarna Phosphate Project. The application covers over 128km^2 in area and is located 10km northeast of Chaketma. PhosCo's Tunisian exploration team observed phosphate in outcrop 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, Consolidated Entity lodged an Exploration Permit application with the Tunisian Ministry over the Amoud 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.

Simitu

As announced on 9 November 2023, the Consolidated Entity was granted the Simitu copper-gold permit. PhosCo's work program commenced with the Bey Prospect where soil and rock chip sampling programs have already been completed. Company geologists have recently returned from the field, noting that Bey is prospective for a large-scale open pit copper-gold project.



PhosCo's Base Metals & Gold tenements in Northern Tunisia

Review of operations

At 31 December 2023, the Consolidated Entity's projects and potential projects include the Zeflana zinc-lead project, the Simitu copper-gold project, 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.

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 51% interest and is in the process of seizing the remaining 49% 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.

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.
Several opportunities also identified for further project optimisation.

The Consolidated Entity 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 continues 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.

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

As announced on 9 November 2023, PhosCo Ltd, the Consolidated Entity was granted the Simitu copper-gold permit.

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.

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

Financial Performance

The loss for the Consolidated Entity after providing for income tax and non-controlling interest amounted to $1,032 thousand (31 December 2022: loss of $6,798 thousand).

Operating expenses for the financial year were $755 thousand (1H FY2023: $6,940 thousand), primarily comprised of:

(i) Corporate and administrative expenses decreased by $630 thousand to $458 thousand (1H FY2023: $1,088 thousand), primarily as a result of decreased activity following the rejection of the Consolidated Entity's application for a license at Chaketma;
(ii) Employment expenses decreased by $352 thousand to $38 thousand (1H FY2023: $391 thousand) as a result of the reversal of accruals for termination benefits made in previous periods. Excluding the one-off impact of the reversal of previous accruals, employment expenses have decreased by $69 thousand;
(iv) Legal expenses decreased by $37 thousand to $125 thousand (1H FY2023: $162 thousand) as a result of the general level of corporate activity during the 1H FY2024;
(v) Finance costs include interest expense on cash calls due by CPSA to Tunisia Mining Services (TMS) of $155 thousand (1H FY2023: $156 thousand);
(vi) Exploration expenses increased by $109 thousand from nil for the 1H FY2023. Exploration expenses reflect geologists costs and other related exploration and evaluation costs; and
(vii) In the 1H FY2023, the Consolidated Entity recognised a loss of $5,160 thousand for the impairment of exploration and evaluation assets' 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, costs incurred in respect of exploration and evaluation activities have been recognised as exploration and evaluation expenses.

Foreign exchange gains/(losses) have worsened in the 1H FY2024 to a loss of $117 thousand from a gain of $279 thousand in 1H FY 2023. This is primarily as a result of the adverse impact of foreign exchange movements in the cross rates between the Australian Dollar (AUD) in respect of United States Dollar (USD) and Tunisian Dinar (TND) denominated cash calls receivable from the Company's subsidiary Chaketma Phosphates S.A. and the cross rates between the USD and the TND in respect of TND denominated cash calls payable to Tunisian Mining Services (TMS).

Financial Position
At 31 December 2023, the Consolidated Entity had cash and cash equivalents, net of bank overdrafts, of $422 thousand (30 June 2023: 1,187 thousand), a decrease of $765 thousand primarily arising from the costs incurred on operations and exploration and evaluation activities during the 1H FY2024.

The Consolidated Entity's net liabilities at 31 December 2023 were $7,247 thousand as at 31 December 2023 (30 June 2023: net liabilities of $6,796 thousand). The consolidated net liabilities at 31 December 2023 increased primarily as a result of the net loss after tax of $1,032 thousand during the 1H FY2024.

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 $	Celamin Limited $	Sub Group $	CPSA $	Total $
Cash and cash equivalents, net of overdrafts	388,817	30,005	418,822	3,646	422,468
Other current assets	72,529	98,661	171,190	37,941	209,131
Non-current assets	3,788	58,760	62,548	7,421	69,969
Total assets	465,134	187,426	652,560	49,008	701,568
Trade and other payables	(322,475)	(189,368)	(511,843)	(1,237,063)	(1,748,906)
Employee benefits and other payables	(43,117)	-	(43,117)	(25,265)	(68,382)
Borrowings	-	-	-	(6,131,391)	(6,131,391)
Total liabilities	(365,592)	(189,368)	(554,960)	(7,393,719)	(7,948,679)
Contested trade and other payables	-	-	-	1,032,814	1,032,814
Contested borrowings	-	-	-	6,131,391	6,131,391
Share settled liabilities	103,101	-	103,101	-	103,101
Net assets/(deficit) after adjusting for contested liabilities	202,643	(1,942)	200,701	(180,506)	20,195

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$4,880 thousand, 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 51% interest in CPSA, Celamin Limited. Accordingly, the obligation for any potential future settlement of these obligations is the sole obligation of CPSA. Both the unsecured cash 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 TND denominated Arbitration Award of $6,319 thousand, as detailed further in note 11.

Cashflow
The Group's cash outflows from operations over the 1H FY2024 were $719 thousand (1H FY2023: outflow of $1,386 thousand). The net decrease in cash and cash equivalents during the 1H FY2024 was $773 thousand (1H FY2023: net cash inflow of $887 thousand). The decrease in 1H FY2024 is primarily as a result of the net cash outflows from operating activities which, however, have significantly decreased due to the positive impact of cost and operational management measures implemented by the Board and management.

Significant changes in the state of affairs

On 5 July 2023, 1,000,000 performance rights over fully paid ordinary shares in the Company lapsed.

On 28 September 2023, the Company announced it had entered into a $500,000 working capital loan facility agreement with shareholders Lion Selection Group Limited (Lion - $170,000), Lion Manager Pty Ltd (Lion Manager - $80,000) and Aldaoud Pty Limited, an entity associated with Executive Director Mr Taz Aldaoud ($250,000) (collectively referred to as the Lenders). Lion and Lion Manager are substantial shareholders of PhosCo holding a 14.8% and 6.7% interest respectively in PhosCo. The loan facility extends until 1 October 2024 or the company undertakes a capital raising. There is a commitment fee of 1%, facility fee of 0.5% per month on undrawn balances and interest at 10% per annum payable in accordance with the terms of the loan facility which remains undrawn.

On 9 November 2023, the Consolidated Entity announced it was granted the Simitu copper-gold permit, adding to its existing base metals exploration tenure at Zeflana.

On 15 December 2023, 300,000 performance rights over fully paid ordinary shares vested, the performance rights having a fair value of $0.07 (7 cents) per each performance right and nil consideration per fully paid ordinary share.

On 28 December 2023, in accordance with a resolution of the Annual General Meeting held on 28 November 2023, the Consolidated Entity issued 3,685,644 fully paid ordinary shares in settlement of outstanding obligations to the Directors and related parties for services rendered during the period from October 2022 through to September 2023 inclusive.

On 28 December 2023, the Company issued 100,000 fully paid ordinary shares upon the execution of 100,000 performance rights over fully paid ordinary shares with an exercise price of $0.07 (7 cents) per fully paid ordinary share.

On 31 December 2023, 1,500,000 performance rights over fully paid ordinary shares in the Company lapsed.

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

Matters subsequent to the end of the financial half-year

On 5 January 2024, as updated on 5 February 2024, the Company announced that the Court of Appeal in Tunis had refused the Company's application to commence the process to sell the 49% interest in CPSA held by TMS. This decision purports to overturn the Court of Cassation (Tunisia's highest court) decision that the arbitration decision is enforceable in Tunisia, noting that the Swiss Supreme Court is not a competent jurisdiction in this case. The Court of Appeal also determined that the seizure over CPSA shares held by TMS should be lifted. The Company has since filed an appeal to the Court of Cassation and effective 8 March 2024 received a stay of execution to prevent the lifting of the seizure order over the CPSA shares held by TMS.

On 18 January 2024, the Company announced that it has received binding commitments from existing and new investors for $1,000,000 in Converting Notes. Proceeds from the capital raising will be used to fund on ground exploration work at the Simitu Project, along with planning the high-impact exploration work program for the Sekarna Phosphate Project and for general working capital. The Converting Notes were approved by a general meeting of the shareholders on 7 March 2024 and are expected to be settled by 15 March 2024.

The key terms of the Converting Notes are as follows:

- 1,000,000 convertible notes with a face value of $1.00 per note;
- 10% per annum. Interest on the Face Value will accrue from the issue date until the Converting Notes are either redeemed or converted into Shares, accruing on daily balances on the basis of a year of 365 days;
- The Converting Notes are to be converted on or before the date which is 12 months from the issue date, unless converted upon a capital raising event occurs prior to this date;
- The Company will convert the Converting Notes into Shares at the relevant Conversion Price upon: (a) the occurrence of a Capital Raising Event; or (b) the Maturity Date, unless the Converting Notes are otherwise redeemed where an Event of Default occurs. A Capital Raising Event means a capital raising undertaken by the Company subsequent to 17 January 2024 to raise a minimum of $1,000,000 by a placement of Shares;
- Conversion of each Converting Note will be at a conversion price equal to a 20% discount to the capital raising issue price of the relevant Capital Raising Event, subject to a ceiling price of $0.05 and a floor price of $0.01, unless converted at maturity, whereby each Converting Note will be convertible into Shares at a conversion price of an amount equal to a 20% discount to the lowest 5-day VWAP during the period from 17 January 2024 to the Maturity Date, subject to a ceiling price of $0.05 and a floor price of $0.01; and
- On conversion of the Converting Notes, the Company will also issue the noteholder one Conversion Option for every one Share issued on conversion. Each Conversion Option is exercisable at $0.05 and expires two years from the issue date of the Conversion Option.

As at the date of this report the conditions precedent of the Converting Note terms have all been met, but the facility is yet to be drawn.

No other matter or circumstance has arisen since 31 December 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.

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

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

On behalf of the directors

Mr Robin Widdup
Chairman

14 March 2024

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Auditor's Independence Declaration

To the Directors of PhosCo Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of PhosCo Limited for the half-year ended 31 December 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 review; and

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 14 March 2024

PhosCo Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	Consolidated 31 December 2023 $	31 December 2022 $
Revenue			
Interest revenue		8,958	19,050
Expenses			
Corporate and administrative expenses	5	(458,445)	(1,087,955)
Employment expenses		(38,477)	(390,558)
Legal expenses		(125,234)	(161,752)
Impairment of exploration and evaluation asset		-	(5,159,936)
Depreciation and amortisation		(3,208)	(48,356)
Exploration expenses		(108,986)	-
Share based payments	16	(21,000)	(91,000)
Interest and finance costs	7	(154,920)	(155,890)
Foreign exchange (loss)/gain		(117,738)	278,938
Finance costs		(12,667)	-
Loss before income tax expense		(1,031,717)	(6,797,459)
Income tax expense		-	(94)
Loss after income tax expense for the half-year		(1,031,717)	(6,797,553)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		320,191	175,260
Other comprehensive income for the half-year, net of tax		320,191	175,260
Total comprehensive income for the half-year		(711,526)	(6,622,293)
Loss for the half-year is attributable to:			
Non-controlling interest		(186,982)	(1,946,115)
Owners of PhosCo Ltd		(844,735)	(4,851,438)
		(1,031,717)	(6,797,553)
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(30,056)	(1,885,368)
Owners of PhosCo Ltd		(681,470)	(4,736,925)
		(711,526)	(6,622,293)
		Cents	**Cents**
Basic loss per share	15	(0.31)	(1.80)
Diluted loss per share	15	(0.31)	(1.80)

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

PhosCo Ltd
Statement of financial position
As at 31 December 2023

	Note	Consolidated 31 December 2023 $	Consolidated 30 June 2023 $
Assets			
Current assets			
Cash and cash equivalents		423,652	1,188,345
Trade and other receivables		33,171	61,804
Other assets and deposits		175,960	151,610
Total current assets		632,783	1,401,759
Non-current assets			
Property, plant and equipment		69,969	24,918
Total non-current assets		69,969	24,918
Total assets		702,752	1,426,677
Liabilities			
Current liabilities			
Trade and other payables	6	1,748,906	1,816,686
Bank overdraft		1,185	1,001
Employee benefits		68,382	244,039
Borrowings	7	6,131,391	6,161,105
Total current liabilities		7,949,864	8,222,831
Total liabilities		7,949,864	8,222,831
Net liabilities		(7,247,112)	(6,796,154)
Equity			
Issued capital	8	60,176,206	59,929,638
Reserves	9	442,341	265,076
Accumulated Losses		(61,879,320)	(61,034,585)
Deficiency in equity attributable to the owners of PhosCo Ltd		(1,260,773)	(839,871)
Non-controlling interest	10	(5,986,339)	(5,956,283)
Total deficiency in equity		(7,247,112)	(6,796,154)

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

PhosCo Ltd
Statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Contributed equity $	Equity settled share based payments reserve $	Foreign currency translation reserve $	Accumulated losses $	Non-controlling interests $	Total deficiency in equity $
Balance at 1 July 2022	56,799,859	566,657	(158,965)	(54,987,885)	(3,585,295)	(1,365,629)
Loss after income tax expense for the half-year	-	-	-	(4,851,438)	(1,946,115)	(6,797,553)
Other comprehensive income for the half-year, net of tax	-	-	114,513	-	60,747	175,260
Total comprehensive income for the half-year	-	-	114,513	(4,851,438)	(1,885,368)	(6,622,293)
Share capital issued (note 9)	2,909,578	-	-	-	-	2,909,578
Equity settled share based payments	202,419	-	-	-	-	202,419
Cost of capital raised	(18,219)	-	-	-	-	(18,219)
Transactions with owners in their capacity as owners:						
Share-based payments (note 16)	-	91,000	-	-	-	91,000
Transfer of lapsed options	-	(306,000)	-	306,000	-	-
Balance at 31 December 2022	59,893,637	351,657	(44,452)	(59,533,323)	(5,470,663)	(4,803,144)

Consolidated	Contributed equity $	Equity settled share based payments reserve $	Foreign currency translation reserve $	Accumulated losses $	Non-controlling interests $	Total deficiency in equity $
Balance at 1 July 2023	59,929,638	337,885	(72,809)	(61,034,585)	(5,956,283)	(6,796,154)
Loss after income tax expense for the half-year	-	-	-	(844,735)	(186,982)	(1,031,717)
Other comprehensive income for the half-year, net of tax	-	-	163,265	-	156,926	320,191
Total comprehensive income for the half-year	-	-	163,265	(844,735)	(30,056)	(711,526)
Transactions with owners in their capacity as owners:						
Share-based payments (note 16)	-	21,000	-	-	-	21,000
Equity settled directors' fees	239,568	-	-	-	-	239,568
Issue of shares on exercise of vested performance rights	7,000	(7,000)	-	-	-	-
Balance at 31 December 2023	60,176,206	351,885	90,456	(61,879,320)	(5,986,339)	(7,247,112)

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

PhosCo Ltd
Statement of cash flows
For the half-year ended 31 December 2023

	Consolidated	
	31 December 2023	**31 December 2022**
	$	**$**
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(728,110)	(1,405,291)
Interest received	8,958	19,050
Net cash used in operating activities	(719,152)	(1,386,241)
Cash flows from investing activities		
Payments for property, plant and equipment	(54,171)	(44,114)
Payments for exploration and evaluation	-	(568,366)
Net cash used in investing activities	(54,171)	(612,480)
Cash flows from financing activities		
Proceeds from the exercise of options, net of issue costs	-	2,885,395
Net cash from financing activities	-	2,885,395
Net increase/(decrease) in cash and cash equivalents	(773,323)	886,674
Cash and cash equivalents at the beginning of the financial half-year	1,187,344	1,792,081
Effects of exchange rate changes on cash and cash equivalents	8,446	4,219
Cash and cash equivalents at the end of the financial half-year	422,467	2,682,974

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

Note 1. General information

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

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

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 14 March 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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.

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

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 income tax of $1,032 thousand during the six months ended 31 December 2023 (1H FY2024) compared to a net loss after tax of $6,798 thousand for the six months ended 31 December 2023 (1H FY2023). The Group incurred net operating cash outflows of $719 thousand for 1H FY 2024 (1H FY2023: $1,386 thousand) and net cash outflows on investing activities of $54 thousand (1H FY2023: $612 thousand).

The Consolidated Entity’s total assets decreased by $724 thousand to $703 thousand at 31 December 2023 and total liabilities decreased by $273 thousand to $7,950 thousand all of which are current liabilities. Accordingly, at 31 December 2023, the Consolidated Entity had both a net deficit and a net working capital deficit of $7,247 thousand and $7,317 thousand, respectively (30 June 2023: $6,796 thousand and $6,821 thousand, respectively.

The Consolidated Entity’s net deficit at 31 December 2022 of $7,204 thousand is primarily as a result of the impairment of the Group’s Chaketma exploration and evaluation assets in 1H FY 2023, the rights to which were held by CPSA, the Company’s subsidiary in Tunisia.

Note 2. Material accounting policy information (continued)

The Consolidated Entity's net deficit in working capital of $7,317 thousand is primarily comprised of:

- cash and cash equivalents of $424 thousand;
- trade and other payables of $1,749 thousand, of which $1,033 thousand is currently being contested; and
- borrowings of $6,131 thousand, all of which the Group is contesting.

At 31 December 2023, Chaketma Phosphates S.A. (CPSA), the Company's subsidiary, has unsecured cash call liabilities and related accrued and unpaid interest payable to Tunisian Mining Services SARL (TMS) in the Australian Dollar equivalent of A$6,131 thousand, comprising A$3,739 thousand in cash calls obligations and $2,392 thousand in accrued and unpaid interest. These amounts are unsecured and are not guaranteed by the Company or its subsidiary Celamin Limited, the owner of a 51% 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 $1,749 thousand, including $431 thousand in payables due to TMS, that are being contested. In light of the facts and circumstances, the Consolidated Entity as and when required, will defend the Group's rights and obligations.

The Consolidated Entity, as a result of the Arbitration Award of 17 November 2017 and enforcement by the Tunisian Court of Cassation in September 2019, also continues to execute this award, having received its shares in CPSA and management control as well as pursuing outstanding costs, damages and accrued unpaid interest owing to the Consolidated Entity which as of the date of this report amounts to A$6,319 thousand (TND 13,526 thousand). For further details of the Arbitration Award, refer to note 11.

The Directors would like to draw your attention to the inherent uncertainty with the re-application process for CPSA's Chaketma exploration permit and the potential consequences of an adverse resolution. This, however, does not preclude the Consolidated Entity taking alternative measures to realise the Chaketma project.

Furthermore, should the regulation of the relationship between the Group and TMS and other creditors not proceed positively, this may require the Consolidated Entity to refocus its efforts not only on its other projects in Tunisia which have been noted, but may result in the Consolidated Entity being required to defend its position in court, with the associated inherent uncertainty as to the nature, amount and timing of the resultant impact on the Group's future financial position and performance.

On 28 September 2023, the Company announced it had entered into a $500,000 working capital loan facility agreement with shareholders Lion Selection Group Limited (Lion - $170,000), Lion Manager Pty Ltd (Lion Manager - $80,000) and Aldaoud Pty Limited, an entity associated with Executive Director Mr Taz Aldaoud ($250,000) (collectively referred to as the Lenders). Lion and Lion Manager are substantial shareholders of the Company holding a 14.8% and 6.7% interest respectively in the Company. The loan facility extends until 1 October 2024 or the company undertakes a capital raising. There is a commitment fee of 1%, facility fee of 0.5% per month on undrawn balances and interest at 10% per annum payable in accordance with the terms of the loan facility which remains in force and is undrawn.

On 18 January 2024 the Company received binding commitments for $1,000 thousand in converting notes, which were approved at a general meeting of shareholders, held on 7 March 2024. As at the date of this report the conditions precedent of the convertible note agreement have all been met, but the convertible notes have not been settled. Refer to note 14 for further details.

The going concern basis is considered appropriate based on a combination of the uncontested existing net equity of $20 thousand, including cash and cash equivalents of $424 thousand, the expectation of the Group's ability to both regulate CPSA's financial position and resolve the Group's rights over the Chaketma tenement, continue the progress in developing the Group's other Tunisian assets and as and when required secure additional sources of financing, including but not limited to the aforementioned converting notes and the unused credit facility of $500 thousand. However, there remains significant inherent uncertainty as to the ultimate resolution of these issues.

The Directors believe that the Consolidated Entity has sufficient existing and potential financial resources to develop its Tunisian assets in the ordinary course of business and the flexibility to refocus discretionary spending to manage its liquidity. The Group's primary focus remains on the successful and appropriate progression of all of its Tunisian projects.

Note 2. Material accounting policy information (continued)

The Directors continue to monitor the ongoing funding requirements of the Consolidated Entity and are confident that sufficient funds can be secured if and as required through further capital raising to continue. Accordingly, the Directors believe that the consolidated entity 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.

Note 3. Critical accounting judgements, estimates and assumptions

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

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

Note 4. Operating segments

AASB 8 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 administrative expenses

	Consolidated	
	31 December 2023 $	**31 December 2022 $**
Accounting and consulting	127,840	229,535
Taxes and charges	35,231	257,820
Travel and accommodation	84,689	183,066
Compliance and regulatory	42,448	151,578
Business development	7,298	25,976
Office costs	17,933	44,966
Insurance	23,735	20,141
Rent	29,430	53,082
Sundry expenses	89,841	121,791
	458,445	1,087,955

Note 6. Current liabilities - trade and other payables

	Consolidated	
	31 December 2023 $	30 June 2023 $
Trade payables	1,090,951	1,089,060
Other payables	657,955	727,626
	1,748,906	1,816,686

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 $1,033 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.

Note 7. Current liabilities - Borrowings

	Consolidated	
	31 December 2023 $	30 June 2023 $
Cash calls payable	3,739,132	3,851,196
Interest payable on cash calls	2,392,259	2,309,909
	6,131,391	6,161,105

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 $3,739 thousand (30 June 2023: $3,851 thousand) 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 1H FY2024, interest expense of A$154 thousand (1H FY2023: $156 thousand) was recognised.

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

Note 8. Equity - Issued capital

	Consolidated			
	31 December 2023 Shares	30 June 2023 Shares	31 December 2023 $	30 June 2023 $
Ordinary shares - fully paid	278,198,996	274,413,352	60,176,206	59,929,638

Note 8. Equity - Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2023	274,413,352		59,929,638
Exercise of performance rights over fully paid ordinary shares	28 December 2023	100,000	$0.000	7,000
Issues of shares in lieu of director and other fees	28 December 2023	3,685,644	$0.065	239,568
Balance	31 December 2023	278,198,996		60,176,206

On 28 December 2023, in accordance with a resolution of the Annual General Meeting held on 28 November 2023, the Consolidated Entity issued 3,685,644 fully paid ordinary shares in settlement of outstanding obligations to the Directors and related parties for services rendered during the period from October 2022 through to September 2023 inclusive.

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.

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

Note 9. Equity - reserves

	Consolidated	
	31 December 2023 $	30 June 2023 $
Foreign currency reserve	90,456	(72,809)
Equity settled share based payments reserve	351,885	337,885
	442,341	265,076

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.

Options 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.

Note 9. Equity - reserves (continued)

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

Consolidated	Foreign currency $	Equity settled share based payments $	Total $
Balance at 1 July 2023	(72,809)	337,885	265,076
Foreign currency translation	163,265	-	163,265
Share based payments	-	21,000	21,000
Issue of shares on exercise of vested performance rights	-	(7,000)	(7,000)
Balance at 31 December 2023	90,456	351,885	442,341

Note 10. Equity - non-controlling interest

	Consolidated	
	31 December 2023 $	30 June 2023 $
Contributed equity	(3,404,567)	(3,404,567)
Reserves	86,946	(69,980)
Accumulated losses	(2,668,718)	(2,481,736)
	(5,986,339)	(5,956,283)

Note 11. Arbitration Award

On 29 November 2017, after initially being awarded by the Swiss Arbitration court, the sole 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 51% shareholding in CPSA, the operating company which holds the Chaketma Phosphate permit delivered the Final Award.

The Arbitrator found in favour of Celamin Limited ordering TMS, amongst other matters, to return the Celamin Limited's 51% 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 31 December 2023 is A$6,319 thousand (TND 13,526 thousand).

The Consolidated Entity had its 51% interest in CPSA legally restored following the appointment of a court appointed independent expert, reducing TMS' interest in CPSA to 49%. Although PhosCo has recovered the 51% interest and management control, the Company notes that various criminal and civil actions related to the execution of the arbitration orders remain before the courts. As detailed in note 14, on 5 January 2024, as updated on 5 February 2024, the Company announced that the Court of Appeal in Tunis had refused the Company's application to commence the process sell the 49% interest in CPSA held by TMS. This decision purports to overturn the Court of Cassation (Tunisia's highest court) decision that the arbitration decision is enforceable in Tunisia, noting that the Swiss Supreme Court is not a competent jurisdiction to determine an annulment application in this case. The Court of Appeal also determined that the seizure over CPSA shares held by TMS should be lifted. The Company has since filed an appeal to the Court of Cassation and effective 8 March 2024 received a stay of execution to prevent the lifting of the seizure order over the CPSA shares held by TMS.

Note 11. Arbitration Award (continued)

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 12. 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 51% interest and management control in Chaketma together with recovery of any sizeable available asset in part or full satisfaction of damages.

The Company notes that these contingent liabilities are subject to existing and potential litigation, including 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. 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 31 December 2023, no related obligations have arisen.

Note 13. Commitments

At 31 December 2023, the Consolidated Entity had exploration commitments not recognised as liabilities of $1,986 thousand (30 June 2023: $240 thousand), of which $1,725 thousand are in respect of commitments relating to the Simitu license granted during the 1H FY2024. Commitments for the year ended 31 December 2024 are $351 thousand, of which $287 thousand are in respect of the Simitu tenement.

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 change depending on the outcomes of work undertaken on the licenses and changes can be requested on each renewal and as such are not provided for in the financial report and are not payable.

Note 14. Events after the reporting period

On 5 January 2024, as updated on 5 February 2024, the Company announced that the Court of Appeal in Tunis had refused the Company's application to commence the process to sell the 49% interest in CPSA held by TMS. This decision purports to overturn the Court of Cassation (Tunisia's highest court) decision that the arbitration decision is enforceable in Tunisia, noting that the Swiss Supreme Court is not a competent jurisdiction in this case. The Court of Appeal also determined that the seizure over CPSA shares held by TMS should be lifted. The Company has since filed an appeal to the Court of Cassation and effective 8 March 2024 received a stay of execution to prevent the lifting of the seizure order over the CPSA shares held by TMS.

On 18 January 2024, the Company announced that it has received binding commitments from existing and new investors for $1,000,000 in Converting Notes. Proceeds from the capital raising will be used to fund on ground exploration work at the Simitu Project, along with planning the high-impact exploration work program for the Sekarna Phosphate Project and for general working capital. The Converting Notes were approved by a general meeting of the shareholders on 7 March 2024, the Converting Notes expected to be settled by 15 March 2024.

Note 14. Events after the reporting period (continued)

The key terms of the Converting Notes are as follows:

- 1,000,000 convertible notes with a face value of $1.00 per note;
- 10% per annum. Interest on the Face Value will accrue from the issue date until the Converting Notes are either redeemed or converted into Shares, accruing on daily balances on the basis of a year of 365 days;
- The Converting Notes are to be converted on or before the date which is 12 months from the issue date, unless converted upon a capital raising event occurs prior to this date;
- The Company will convert the Converting Notes into Shares at the relevant Conversion Price upon: (a) the occurrence of a Capital Raising Event; or (b) the Maturity Date, unless the Converting Notes are otherwise redeemed where an Event of Default occurs. A Capital Raising Event means a capital raising undertaken by the Company subsequent to 17 January 2024 to raise a minimum of $1,000,000 by a placement of Shares;
- Conversion of each Converting Note will be at a conversion price equal to a 20% discount to the capital raising issue price of the relevant Capital Raising Event, subject to a ceiling price of $0.05 and a floor price of $0.01, unless converted at maturity, whereby each Converting Note will be convertible into Shares at a conversion price of an amount equal to a 20% discount to the lowest 5-day VWAP during the period from 17 January 2024 to the Maturity Date, subject to a ceiling price of $0.05 and a floor price of $0.01; and
- On conversion of the Converting Notes, the Company will also issue the noteholder one Conversion Option for every one Share issued on conversion. Each Conversion Option is exercisable at $0.05 and expires two years from the issue date of the Conversion Option.

As at the date of this report the conditions precedent of the Converting Notes terms have all been met, but the facility is yet to be drawn.

No other matter or circumstance has arisen since 31 December 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 15. Loss per share

	Consolidated	
	31 December 2023 $	**31 December 2022 $**
Loss after income tax	(1,031,717)	(6,797,553)
Non-controlling interest	186,982	1,946,115
Loss after income tax attributable to the owners of PhosCo Ltd	(844,735)	(4,851,438)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic loss per share	274,475,074	268,929,680
Weighted average number of ordinary shares used in calculating diluted loss per share	274,475,074	268,929,680
	Cents	**Cents**
Basic loss per share	(0.31)	(1.80)
Diluted loss per share	(0.31)	(1.80)

Note 16. Share-based payments

A share incentive 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 Nomination and Remuneration Committee, grant performance rights over ordinary shares in the parent entity to certain key management personnel of the Consolidated Entity. The performance rights are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Note 16. Share-based payments (continued)

Issue of Shares
In December 2023, the Company issued 3,685,644 fully paid ordinary shares at various deemed issue prices per share, in lieu of a physical cash payment of salaries, directors fees, and fees for services provided, as contained in the Notice of Annual General Meeting announced on 27 October 2023.

Performance rights
During the period ended 31 December 2022, 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, the successful achievement of which enables the holder to exercise their performance rights.

For the purposes of determining the fair value of the performance rights, an assessment of the vesting of the performance rights has been made and concluded that the aforementioned performance hurdles are not market conditions and accordingly an expense in respect of these performance rights has been recognised to the extent to which these performance hurdles were met at 31 December 2023.

During the six months ended 31 December 2023, the performance hurdle in respect of 300,000 performance rights, over fully paid ordinary shares in the Company, was achieved and accordingly 300,000 performance rights vested with an exercise price of $0.07 (7 cents) per fully paid ordinary share and an expiry date of 31 December 2024. Of the 300,000 vested performance rights, 100,000 performance rights were executed on 28 December 2023, as a result of which 100,000 fully paid ordinary shares in the Company were issued.

During the six months ended 31 December 2023, 2,500,000 performance rights over fully paid ordinary shares in the Company lapsed.

The achievement of the non-market vesting conditions for the remaining, being determined by the satisfaction of the respective rights' performance hurdles, is subject to inherent uncertainty. As of 31 December 2023, the performance hurdles for the remaining 9,200,000 performance rights had not been satisfied and accordingly no expense reflected in the statement of comprehensive income.

PhosCo Ltd
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and

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

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

On behalf of the directors:

Robin Widdup

Mr Robin Widdup
Chairman

14 March 2024

Grant Thornton

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Independent Auditor's Review Report

To the Members of PhosCo Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of PhosCo Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes, and the directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $1,031,717 during the half-year ended 31 December 2023 and, as of that date, the Group's current liabilities exceeded its current assets by $7,317,081. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors’ responsibility for the half-year financial report

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

Auditor’s responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group’s financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 14 March 2024