PhosCo Ltd

ABN 82 139 255 771

Half-year Financial Report - 31 December 2021

PhosCo Ltd
Contents
31 December 2021

PhosCo Ltd
Corporate directory
31 December 2021

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 28, 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 Ltd 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 2021.

Directors
The following persons were directors of PhosCo Ltd 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, Non-Executive Director
Mr Tim Markwell, Alternate Director to Robin Widdup - (resigned 31 October 2021)

Principal activities
During the financial half-year ended 31 December 2021, the principal activities of the Consolidated Entity are the exploration for, development and realisation of mineral resource projects in Tunisia. At 31 December 2021, these projects include the Chaketma Phosphate Project and the Djebba and Zeflana zinc-lead projects. For further information on the developments in respect of the disputed interest in the Chaketma project, refer to the details outlined below.

Chaketma Project

PhosCo's wholly owned subsidiary, Celamin Limited, has been successful in the arbitration and court processes regarding the dispute with its partner Tunisia Mining Services (TMS). Enforcement of the return of PhosCo's interest and regaining joint control in the Chaketma Phosphate Project via its holding of a 50.99% interest in Chaketma Phosphates S.A. (CPSA) was implemented through an Ordinary General Meeting of shareholders (OGM) held in October 2021, resulting in PhosCo appointing its representatives to CPSA's Board of Directors, including its President and Director General. Subsequent to the OGM, the Consolidated Entity continues with its ongoing assessment of CPSA's financial position, the results of geological studies and findings, the renewal of CPSA's license and preparation for the further development of the Chaketma project.

An integral element of the arbitration decision was the award of damages in PhosCo's favour of US$4.9 million plus costs and interest penalties for non-payment amounting to 5% p.a. on the unsettled amount. This award has been affirmed by the Court of Cassation in Tunisia after initially being awarded by the Swiss Arbitration court and subsequently affirmed by the Swiss Court of Appeal and is therefore enforceable within Tunisia. The Consolidated Entity's entitlement as of 31 December 2021 is A$7 million (US$4.9 million).

Regaining control over its interest in CPSA marks a turning point after which the Consolidated Entity can look positively to the future and focus on the ability to maximise the opportunities which the Chaketma Project inherently presents. Although the Company has recovered the 50.99% interest, the Company notes that various actions related to the enforcement of the arbitration orders remain before the courts, including clarification of the financial state of CPSA, and the status of the CPSA equity. As such the Consolidated Entity has not brought the US$4.9 million to account.

Review of operations
The profit for the Consolidated Entity after providing for income tax amounted to $10,573,565 (31 December 2020: loss of $580,947), was mainly driven by the gain on recognition of investment in Chaketma Phosphates S.A. of $11.4 million.

Financial Performance
Operating expenses for the half year increased by $63,525 to $655,163 (31 December 2020: $591,638), this primarily due to an increase in share-based payments expense.

The net profit after tax of $10,575,565 for the six months ended 31 December 2021 (1H FY 2022) was primarily impacted by the gain on recognition of the Consolidated Entity's investment in CPSA of $11,350,489. In 2015 impairments were recognised as a result of the impact of the dispute between the Consolidated Entity and its joint venture partner TMS as a result of which the Consolidated Entity's ability to enforce its rights over CPSA were restricted and accordingly the underlying economic benefits attributable to the project were not expected to be able to be realised.

The gain on recognition of the Consolidated Entity's investment has been made on the basis of the recovery of the Consolidated Entity's interest in the joint venture company CPSA in October 2021 and its joint control over CPSA, including the appointment of the Consolidated Entity's representatives on the Board of Directors.

Importantly CPSA applied to convert the Chaketma Exploration Permit to a Mining Concession in late 2017, ahead of the February 2018 deadline. As at the date of this report, the Chaketma mining concession had not been granted, and application remains under consideration by the Tunisian regulatory authorities. The Chaketma Exploration Permit period is extended and remains valid whilst the application is being considered by the Tunisian regulatory authorities. The Company has made representations to the national government and local authorities to ensure tenure.

Financial Position
The consolidated entity's net asset position was $12,686,613 as at 31 December 2021 (30 June 2020: net asset position of $50,442). The key driver of this movement was the successful capital raise of $2.2 million from the tranche 1 placement and the gain on recognition of the Consolidated Entity's investment in CPSA of $11.4 million.

Cashflow
The Group's cash outflows from operations over the period ended 31 December 2021 was $548,875 (31 December 2020: outflow of $536,103). The net increase in cash and cash equivalents during the period ended 31 December 2021 was $1,513,732 (31 December 2021: net decrease of $536,103). This increase is primarily as a result of the proceeds from the issue of shares, net of transaction costs, of $2,062,607.

Chaketma Project
The Company's key project is a 50.99% interest in the Chaketma Phosphate Project.

Chaketma is a potential large-scale, world-class phosphate development asset, which comprises six prospects over a total area of 56km2. As announced on 15 March 2022, it hosts a total JORC compliant Resource of 148.5Mt @ 20.6% P_2O_5 with access by road, and proximal to rail and gas pipelines.

Chaketma	JORC 2012	Mt	% P_2O_5
KEL (Kef El Louz)	Measured	49.1	21.3
	Indicated	6.4	20.3
	Measured & indicated	**55.5**	**21.2**
GK (Gassaa Kebira) - June 2013	Inferred	93	20.3
Global Resources	**Measured, indicated & inferred**	**148.5**	**20.6**

Chaketma is held by a Tunisian joint venture company, CPSA. The Company has a 50.99% interest in CPSA. CPSA holds the Chaketma Exploration Permit.

On 13 November 2020, the Company announced that it had recovered its interest in CPSA following the transfer by a court appointed expert in accordance with the Final Award returning the Company's interest in Chaketma and payment of damages and costs amongst other matters. In addition, on 11 October 2021, the Company announced that it had assumed operational and management control over CPSA. Although the Company has recovered the 50.99% interest, the Company notes that various actions related to the enforcement of the arbitration orders remain before the courts, including clarification of the financial state of CPSA and the status of the CPSA equity.

Upon completion of the current financial and technical due diligence on Chaketma, the Consolidated Entity anticipates completing a gap analysis and review of any data collected since 2015 in the lead up to commencing bankable feasibility work.

The Consolidated Entity is continuing discussions with international institutional financiers, off-take partners, infrastructure groups and the government of Tunisia given the potential demonstrable local benefits and positive impact of foreign direct investment in Tunisia.

Significant changes in the state of affairs

On 29 July 2021, the Consolidated Entity announced that it has commenced a process to transition to technical management. The Consolidated Entity announced it would advance the Chaketma Phosphate Project upon the resolution of the dispute with TMS, including delivering a feasibility study. Alternate Director Mr Tim Markwell will become interim Chief Executive Officer responsible for technical work and helping recruit a technical team. The Consolidated Entity's Managing Director Mr Simon Eley's salary will be reduced by 50% and taken entirely as shares, subject to shareholder approval. Any additional time worked above 2.5 days will be paid at a rate of A$1,000/day. His duties as Managing Director will be focused on final enforcement of the Consolidated Entity's arbitration success and resolution of the dispute with TMS to advance Chaketma, something he has been instrumental in achieving since his initial appointment in July 2018. Mr Craig Smyth has been appointed interim CFO during the transition period.

On 29 July 2021, Ms Melanie Leydin stepped down as appointed Company Secretary and Mr Stefan Ross appointed in the office holder position as Company Secretary effective from 29 July 2021. Ms Leydin will continue to support the Consolidated Entity via her role in Vistra.

On 11 October 2021, the Consolidated Entity announced that it has assumed operational and management control over CSPA, holder of the Chaketma Phosphate project as 50.99% shareholder of CPSA. As a result, technical work will begin, and to this end Country Manager Donald Thomson has been appointed.

On 14 October 2021, Celamin Holdings Limited (ASX: CNL) proposed a name change to PhosCo Ltd (ASX: PHO) in recognition of its future direction and restarting work at the Chaketma Phosphate Project in Tunisia, which was subsequently approved in January 2022.

On 4 November 2021, the Consolidated Entity announced results for Chaketma drilling completed since 2014. This includes the flagship Kef El Louz deposit at Chaketma1, with drilling extending known mineralisation approximately 1km2 to the south of the 2012 JORC Inferred Resource of 37Mt @ 21% P2O5 2.

On 3 December 2021, the Consolidated Entity secured binding commitments to raise $3.2M at $0.075 per share via a Placement, with strong support from new and existing institutional and sophisticated investors. Placement proceeds will fund exploration, a major resource upgrade and technical studies to advance the Chaketma phosphate project.

Tranche 1 of the Placement, comprising 29,256,839 New Shares ($2.2M), is not subject to shareholder approval and will fall within the Consolidated Entity's placement capacity under ASX Listing Rule 7.1 (Tranche 1); and

Tranche 2 of the Placement, comprising approximately 13,333,334 new shares ($1.0M), was issued subsequent to shareholder approval at the Consolidated Entity's Annual General Meeting proposed held on 21 January 2022 (AGM). This tranche comprises all Director/s (or their associates / related parties) Placement participation (Tranche 2).

The 29,256,839 Tranche 1 New Shares were issued on 13 December 2021.

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 10 January 2022, the Consolidated Entity announced 500,000 unlisted options expired on 18 December 2021.

On 17 January 2022, the Consolidated Entity announced that 3,500,000 performance rights were issued to eligible Employees, pursuant to the terms of the PhosCo Ltd Limited Employee Incentive Plan (EIP). The performance rights vest on satisfaction of performance hurdles, expiring 31 December 2023.

On 24 January 2022, Celamin Holdings Limited ('Celamin' or the 'Company') (ASX: CNL) announced that further to Shareholder approval granted at the Company's Annual General Meeting held on Friday, 21 January 2022, the Company has changed its name from Celamin Holdings Limited to PhosCo Ltd (ASX: PHO). This has now been processed with the Australian Securities and Investments Commission.

On 25 January 2022, the Consolidated Entity issued a total of 13,333,331 fully paid ordinary shares, at an issue price of $0.075 (7.5 cents) per share to directors and related parties, following shareholder approval at the Consolidated Entity's Annual General Meeting held on 21 January 2022 pursuant to Resolutions 8, 9, 10, 11 and 12, in relation to the Tranche 2 Placement as announced as part of the Capital Raising on 3 December 2021 (Directors and Related Parties Shares).

On 25 January 2022, the Consolidated Entity issued of 7,314,203 unlisted options, exercisable at $0.10 (10 cents) per fully paid ordinary share, expiring 31 August 2022 and being issued as a free attaching option to participants of the Tranche 1 Placement, being one free attaching option per four Placement Shares.

On 25 January 2022, the company issued of 3,333,332 unlisted options, exercisable at $0.10 (10 cents) per fully paid ordinary share, expiring 31 August 2022 and being issued as a free attaching option to participants of the Tranche 2 Placement, being one free attaching option per four Placement Shares.

On 27 January 2022, the Consolidated Entity issued a total of 3,661,974 shares at various deemed issue prices per Share, in lieu of annual salaries, Directors fees and Services fees in accordance with Resolutions 3, 4, 5 and 6 of the Consolidated Entity's 2021 Notice of Annual General Meeting, approved by shareholders on 21 January 2022 (Shares In Lieu of Cash Payment).

On 28 January 2022, the Consolidated Entity issued a total of 6,000,000 unlisted options to the Joint Corporate Advisors, Discovery Capital Partners Pty Ltd and Cumulus Wealth Pty Ltd as an incentive, with 2,000,000 unlisted options exercisable at $0.10 (10 cents) each, expiring 31 January 2024, 2,000,000 unlisted options exercisable at $0.15 (15 cents) each, expiring 31 January 2024 and 2,000,000 unlisted options exercisable at $0.20 (20 cents) each, expiring 31 January 2024.

On 1 February 2022, the Consolidated Entity announced re-launch and resumption of technical activities in-country at the Chaketma Phosphate Project ('Chaketma') and that Taz Aldaoud will move from a Non-Executive Director to an Executive Director, with effect from 1 February 2022. Taz will assist the Consolidated Entity with managing its investor relations and focus on developing the Consolidated Entity's brand and investor profile as it transitions to a development phase.

On 1 February 2022, the Consolidated Entity issued 24,129,774 unlisted bonus options exercisable at $0.10 (10 cents) per fully paid ordinary share, expiring 31 August 2022. A pro-rata non-renounceable offer to eligible shareholders of one (1) loyalty bonus option (New Option) for every ten (10) shares held on the record date to subscribe one (1) fully paid ordinary share at an exercise price of $0.10 (Exercise Price). No upfront consideration is payable. The options can be exercised into PHO Shares at any time until 31 Aug 2022.

On 25 February 2022, the Consolidated Entity issued 16,616 fully paid ordinary shares at an issue price of $0.10 (10 cents) per share in relation to the exercise of options.

On 15 March 2022, the Consolidated Entity announced a new JORC compliant Resource for KEL of 55.5Mt @ 21.2% P_2O_5 and global Resources for Chaketma of 148.5Mt @ 20.6% P_2O_5.

Chaketma	**JORC 2012**	**Mt**	**% P_2O_5**
KEL (Kef El Louz)	Measured	49.1	21.3
	Indicated	6.4	20.3
	Measured & indicated	**55.5**	**21.2**
GK (Gassaa Kebira) - June 2013	Inferred	93	20.3
Global Resources	**Measured, indicated & inferred**	**148.5**	**20.6**

No other matter or circumstance has arisen since 31 December 2021 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

Robin Widdup

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Mr Robin Widdup
Chairman

16 March 2022

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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 2021, 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, 16 March 2022

PhosCo Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

	Note	Consolidated 31 December 2021 $	31 December 2020 $
Revenue			
Other income		-	9,620
Interest revenue		22	1,071
Expenses			
Legal expenses		(112,477)	(120,666)
Corporate expenses		(190,122)	(135,473)
Administrative expenses		(99,927)	(92,303)
Employment expenses		(87,412)	(147,176)
Share of Chaketma Phosphates S.A loss	4	(121,783)	-
Exploration expenses		(3,570)	(59,289)
Share based payments		(161,655)	(36,731)
Gain on recognition of investment in Chaketma Phosphates S.A.	4	11,350,489	-
Profit/(loss) before income tax expense		10,573,565	(580,947)
Income tax expense		-	-
Profit/(loss) after income tax expense for the half-year attributable to the owners of PhosCo Ltd	7	10,573,565	(580,947)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of PhosCo Ltd		10,573,565	(580,947)
		Cents	**Cents**
Basic earnings/(loss) per share	12	5.39	(0.64)
Diluted earnings/(loss) per share	12	5.39	(0.64)

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

PhosCo Ltd
Statement of financial position
As at 31 December 2021

	Note	Consolidated 31 December 2021 $	30 June 2021 $
Assets			
Current assets			
Cash and cash equivalents		2,088,754	575,022
Trade and other receivables		28,747	13,708
Other		66,535	47,545
Total current assets		2,184,036	636,275
Non-current assets			
Investments in joint ventures	4	11,228,706	-
Exploration and evaluation		51,574	35,422
Total non-current assets		11,280,280	35,422
Total assets		13,464,316	671,697
Liabilities			
Current liabilities			
Trade and other payables	5	758,943	606,337
Employee benefits		18,760	14,918
Total current liabilities		777,703	621,255
Total liabilities		777,703	621,255
Net assets		12,686,613	50,442
Equity			
Issued capital	6	55,575,420	53,512,814
Reserves		306,000	336,198
Accumulated Losses	7	(43,194,807)	(53,798,570)
Total equity		12,686,613	50,442

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 2021

Consolidated	Contributed equity $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2020	53,415,977	442,263	(52,772,331)	1,085,909
Loss after income tax expense for the half-year	-	-	(580,947)	(580,947)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(580,947)	(580,947)
Share capital issued (note 6)	96,836	-	-	96,836
Balance at 31 December 2020	53,512,813	442,263	(53,353,278)	601,798

Consolidated	Contributed equity $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2021	53,512,814	336,198	(53,798,570)	50,442
Profit after income tax expense for the half-year	-	-	10,573,565	10,573,565
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	10,573,565	10,573,565
Transactions with owners in their capacity as owners:				
Expiry of options	-	(30,198)	30,198	-
Share Capital Issued	2,194,263	-	-	2,194,263
Capital raising costs	(131,657)	-	-	(131,657)
Balance at 31 December 2021	55,575,420	306,000	(43,194,807)	12,686,613

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 2021

	Note	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(532,745)	(562,827)
Payments for exploration and evaluation		(16,152)	-
		(548,897)	(562,827)
Interest received		22	1,071
COVID-19 -Government grant received		-	25,653
Net cash used in operating activities		(548,875)	(536,103)
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from issue of shares	6	2,194,263	-
Transaction costs related to issues of shares, convertible notes or options		(131,656)	-
Net cash from financing activities		2,062,607	-
Net increase/(decrease) in cash and cash equivalents		1,513,732	(536,103)
Cash and cash equivalents at the beginning of the financial half-year		575,022	1,561,942
Cash and cash equivalents at the end of the financial half-year		2,088,754	1,025,839

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 half-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 16 March 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 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 2021 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 principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Joint ventures
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture.

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 profit after income tax of $10,573,565 during the half year 31 December 2021 (31 December 2020: $580,947) and had net operating cash outflows of $548,875 (31 December 2020: $536,103). The net profit after tax is directly attributable to the gain on recognition of the investment in the Chaketma Project, offset by expenses incurred in ongoing legal fees, as well as administration expenditure. The Directors have prepared the financial statements on the going concern basis. The going concern basis is considered appropriate based on a combination of the existing net assets of the Group, which amount to $12,686,613 (30 June 2021: $50,442), including cash and cash equivalents of $2,088,754 (30 June 2021 $575,022), and the expectation of Group‘s ongoing ability to successfully secure additional sources of financing as and when needed.

Note 2. Significant accounting policies (continued)

There remains ongoing legal matters pertaining to the full and final resolution of the dispute with the Consolidated Entity's partner, TMS, in CPSA, including but not limited to the realisation of the damages award affirmed in the Tunisian court, the completion of the CPSA due diligence processes and the resolution of those contingencies disclosed in note 9 and note 10.

However, given the cash and cash equivalents on hand at 31 December 2021 and the extent and nature the Consolidated Entity's spending, the Directors believe that the Consolidated Entity has sufficient existing and potential financial resources to advance Chaketma in the ordinary course of business. If and as needed, the Directors have the ability to refocus discretionary spending into those areas needed. However, the Directors primary focus is on the appropriate development of the underlying Chaketma project and the realisation of the economic benefits inherent therein.

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. 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.

Note 4. Non-current assets - investments in joint ventures

	Consolidated	
	31 December 2021 $	30 June 2021 $
Investment in Chaketma Phosphates S.A. (CPSA)	11,228,706	-

	Consolidated	
	31 December 2021 $	30 June 2021 $
Opening balance of investment in CPSA	-	-
Gain on recognition of investment in CPSA	11,350,489	-
Share of CPSA's loss for the reporting period	(121,783)	-
Closing balance of investment in CPSA	11,228,706	-

This asset is the value of the consolidated entity's investment in the joint venture company CPSA, in which the Consolidated Entity has joint control with its joint venture partner Tunisian Mining Services (TMS). In accordance with accounting standards AASB 11 and AASB 128 the Consolidated Entity recovered its 50.99% interest in CPSA in October 2021 and accordingly recognised the cost of the investment made in CPSA.

Note 4. Non-current assets - investments in joint ventures (continued)

Upon recovering control over the Consolidated Entity's 50.99% interest in CPSA, management continue undertaking a review of CPSA's financial position and the composition of its equity. As of the date of acquisition CPSA had the following net asset position:

Fair value of net assets on recognition of investment in Chaketma Phosphates S.A.	1 October 2021 $
Cash and cash equivalents	268
Trade and other receivables	46,366
Other assets	2,228
Property, plant & equipment	11,914
Exploration and evaluation costs	10,435,547
Trade and other payables	(578,112)
Payables to TMS	(418,285)
Loans payable to TMS (cash calls)	(3,817,919)
Bank overdraft	(16,146)
Other liabilities	(1,775,207)
	3,890,654

At 31 December 2021, the Consolidated Entity performed a review of the carrying amount of the investment in CPSA for indicators of impairment. Despite the ongoing dispute resolution process with its partner TMS, the Consolidated Entity concluded that on the basis of CPSA's existing license and the Consolidated Entity's ability to exercise its rights associated with a 50.99% interest in CPSA, there were no facts or circumstances which indicated the necessity for impairment of the carrying amount of the investment in CPSA.

Refer to the Review of Operations section of the Directors' Report accompanying these financial statements for more information.

Note 5. Current liabilities - trade and other payables

	Consolidated	
	31 December 2021 $	30 June 2021 $
Trade payables	79,478	100,172
Other payables	679,465	506,165
	758,943	606,337

Following the dispute arising with TMS, the Company announced a cash conservation programme on 24 April 2015. Since that time the payment of some Non-Executive Director fees and a portion of Mr Eley's Managing Director fees have been deferred, and those fees have been accrued in other payables, rather than paid in cash.

Note 6. Equity - Issued capital

	Consolidated			
	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 $	30 June 2021 $
Ordinary shares - fully paid	224,302,433	195,045,594	55,575,420	53,512,814

Note 6. Equity - Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2020	195,045,594		53,512,814
Placement - Tranche 1	10 December 2021	29,256,839	$0.075	2,194,263
Transaction costs	10 December 2021	-		(131,657)
Balance	31 December 2021	224,302,433		55,575,420

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 7. Equity - Accumulated Losses

	Consolidated	
	31 December 2021 $	30 June 2021 $
Accumulated losses at the beginning of the financial half-year	(53,798,570)	(52,666,266)
Profit/(loss) after income tax expense for the half-year	10,573,565	(1,132,304)
Transfer from options reserve	30,198	-
Accumulated losses at the end of the financial half-year	(43,194,807)	(53,798,570)

Note 8. Equity - dividends

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

Note 9. Contingent assets

On 30 November 2017 a Final Award was delivered by the Arbitrator appointed by the ICC to conduct the arbitration of Celamin's dispute with its joint venture partner TMS in relation to the fraudulent transfer to TMS of Celamin'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 Celamin Limited's 50.99% shareholding in CPSA and to pay damages and costs in excess of US$4 million plus interest from the time of the issue of the Final Award until payment.

Celamin had its 50.99% interest in CPSA legally restored following the appointment of a court appointed independent expert, reducing TMS to 48.99%. This restoration has been formalised, as announced on 11 October 2021, and affirmed at an Ordinary General Meeting of shareholders.

TMS owes Celamin US$4.9M in costs and damages, these obligations affirmed in The Tunisian Court of Cassation, legally validating the ICC Arbitrator's award. Celamin will both seek to protect its rights as a shareholder and continue to pursue TMS for the outstanding costs and damages in accordance with the said awards.

The pursuit of TMS for the settlement of the damages is ongoing and includes the potential realisation of TMS' assets, amongst which potentially includes its interest in the Chaketma Phosphate Project.

Note 9. Contingent assets (continued)

CPSA applied to convert the Chaketma exploration permit to a mining concession in late 2017, ahead of the February 2018 license expiry deadline. As at the date of this report, the Chaketma mining concession had not been granted nor has it been rejected, the application remaining under consideration by the Tunisian regulatory authorities. Celamin is reviewing this application and liaising with government and regulatory authorities prior to advancing the application for a mining concession over Chaketma.

Note 10. Contingent liabilities

Success fees 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 50.99% 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's 51% interest in Chaketma as well as recovery of any sizeable available asset in part or full satisfaction of damages.

The Company notes that 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 yet 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 2021, no related obligations have arisen.

Note 11. Events after the reporting period

On 10 January 2022, the Consolidated Entity announced 500,000 unlisted options were expired on 18 December 2021.

On 17 January 2022, the Consolidated Entity announced 3,500,000 performance rights issued to eligible Employees, pursuant to the terms of the Celamin Holdings Limited Employee Incentive Plan (EIP). The performance rights vest on satisfaction of performance hurdles, expiring 31 December 2023.

On 24 January 2022, Celamin Holdings Limited ('Celamin' or the 'Company') (ASX: CNL) announced that further to Shareholder approval granted at the Company's Annual General Meeting held on Friday, 21 January 2022, the Company has changed its name from Celamin Holdings Limited to PhosCo Ltd (ASX: PHO). This has now been processed with the Australian Securities and Investments Commission.

On 25 January 2022, the Consolidated Entity issued a total of 13,333,331 fully paid ordinary shares, at an issue price of $0.075 (7.5 cents) per share to directors and related parties, following shareholder approval at the Consolidated Entity's Annual General Meeting held on 21 January 2022 pursuant to Resolutions 8, 9, 10, 11 and 12, in relation to the Tranche 2 Placement as announced as part of the Capital Raising on 3 December 2021 (Directors and Related Parties Shares).

On 25 January 2022, the Consolidated Entity issued of 7,314,203 unlisted options, exercisable at $0.10 (10 cents) per fully paid ordinary share, expiring 31 August 2022 and being issued as a free attaching option to participants of the Tranche 1 Placement, being one free attaching option per four Placement Shares.

On 25 January 2022, the company issued of 3,333,332 unlisted options, exercisable at $0.10 (10 cents) per fully paid ordinary share, expiring 31 August 2022 and being issued as a free attaching option to participants of the Tranche 2 Placement, being one free attaching option per four Placement Shares.

On 27 January 2022, the Consolidated Entity issued a total of 3,661,974 shares at various deemed issue prices per Share, in lieu of annual salaries, Directors fees and Services fees in accordance with Resolutions 3, 4, 5 and 6 of the Consolidated Entity's 2021 Notice of Annual General Meeting, approved by shareholders on 21 January 2022 (Shares In Lieu of Cash Payment).

Note 11. Events after the reporting period (continued)

On 28 January 2022, the Consolidated Entity issued a total of 6,000,000 unlisted options to the Joint Corporate Advisors, Discovery Capital Partners Pty Ltd and Cumulus Wealth Pty Ltd as an incentive, with 2,000,000 unlisted options exercisable at $0.10 (10 cents) each, expiring 31 January 2024, 2,000,000 unlisted options exercisable at $0.15 (15 cents) each, expiring 31 January 2024 and 2,000,000 unlisted options exercisable at $0.20 (20 cents) each, expiring 31 January 2024.

On 1 February 2022, the Consolidated Entity announced re-launch and resumption of technical activities in-country at the Chaketma Phosphate Project ('Chaketma') and that Taz Aldaoud will move from a Non-Executive Director to an Executive Director, with effect from 1 February 2022. Taz will assist the Consolidated Entity with managing its investor relations and focus on developing the Consolidated Entity's brand and investor profile as it transitions to a development phase.

On 1 February 2022, the Consolidated Entity issued 24,129,774 unlisted bonus options exercisable at $0.10 (10 cents) per fully paid ordinary share, expiring 31 August 2022. A pro-rata non-renounceable offer to eligible shareholders of one (1) loyalty bonus option (New Option) for every ten (10) shares held on the record date to subscribe one (1) fully paid ordinary share at an exercise price of $0.10 (Exercise Price). No upfront consideration is payable. The options can be exercised into PHO Shares at any time until 31 Aug 2022.

On 25 February 2022, the Consolidated Entity issued 16,616 fully paid ordinary shares at an issue price of $0.10 (10 cents) per share in relation to the exercise of options.

On 15 March 2022, the Consolidated Entity announced a new JORC compliant Resource for KEL of 55.5Mt @ 21.2% P_2O_5 and global Resources for Chaketma of 148.5Mt @ 20.6% P_2O_5.

Chaketma	JORC 2012	Mt	% P_2O_5
KEL (Kef El Louz)	Measured	49.1	21.3
	Indicated	6.4	20.3
	Measured & indicated	**55.5**	**21.2**
GK (Gassaa Kebira) - June 2013	Inferred	93	20.3
Global Resources	**Measured, indicated & Inferred**	**148.5**	**20.6**

No other matter or circumstance has arisen since 31 December 2021 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 12. Earnings per share

	Consolidated	
	31 December 2021 $	31 December 2020 $
Profit/(loss) after income tax attributable to the owners of PhosCo Ltd	10,573,565	(580,946)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	196,164,708	91,323,633
Weighted average number of ordinary shares used in calculating diluted earnings per share	196,164,708	91,323,633
	Cents	Cents
Basic earnings/(loss) per share	5.39	(0.64)
Diluted earnings/(loss) per share	5.39	(0.64)

PhosCo Ltd
Directors' declaration
31 December 2021

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 2021 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

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Mr Robin Widdup
Chairman

16 March 2022

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Independent Auditor's Review Report

To the Members of Phosco Limited

Report on the review of 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 2021, 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 description of 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 Phosco Limited's financial position as at 31 December 2021 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 net operating cash outflows of $548,875. 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 2021 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, 16 March 2022