SUSTAINABLE PHOSPHATE ASX PHO

QUARTERLY ACTIVITIES & CASHFLOW REPORT FOR QUARTER ENDING **31 December 2021**

ASX Announcement 31 January 2022

PhosCo Ltd ('**PhosCo** or the '**Company**') (ASX:PHO) is pleased to present details of its activities for the December 2021 Quarter.

HIGHLIGHTS

Chaketma Phosphate Project

- Operational and management control over Chaketma Phosphates SA (CPSA), holder of the Chaketma Phosphate Project, was obtained during the quarter.
- Geologist Donald Thomson was appointed as Country Manager.
- Results for Chaketma drilling completed since 2014 were released for the first time, almost doubling the mineralised footprint of the flagship Kef El Louz deposit[1] which hosts a JORC 2012 Inferred Resource of 37Mt @ 21% P_2O_5[2].
- Mineral Resource Upgrade due in the March 2022 quarter aiming to enhance the confidence and scale of the existing Resource.
- PhosCo has identified and appointed reputable consultants to conduct a GAP Analysis on the available data to determine the work required to complete a bankable feasibility study (BFS).

Corporate

- Subsequent to the end of the quarter the Company announced that its name had been changed from Celamin Holdings Ltd to PhosCo Ltd (ASX Code: PHO). The Company has also redeveloped its website, which is located at **www.phosco.com.au**.
- $3.2M raised via a placement to advance the Chaketma Phosphate Project with intention to issue loyalty options.
- Fertilizer prices continued to perform strongly, with rock phosphate prices increasing over 100% to US$177/t compared with one year ago.
- PhosCo held cash of approximately A$2.1M at the end of the December 2021 quarter, with an additional $1M received in January 2022 under the Tranche 2 Placement which was subject to shareholder approval.

March 2022 Quarter
Planned Activity

- Mineral Resource Upgrade for the Chaketma Phosphate Project.
- Completion of GAP Analysis to determine work required for the Chaketma BFS.

1. Chaketma Phosphate Project: Exploration & Resource definition continues at Kef El Louz dated 10/04/2014.
2. Kef El Louz Inferred Mineral Resources ASX announcement dated 9/11/2012.

Overview

PhosCo Ltd (ASX: PHO) is an ASX-listed company focused on the exploration and development of the Chaketma Phosphate Project ('**Chaketma**' or the '**Project**') in Tunisia.

Chaketma is a potential large-scale, world-class phosphate development asset, which comprises six prospects over a total area of 56km2. It hosts a total JORC compliant Inferred Resource of 130Mt @ 20.5% P_2O_5[3], confirmed from drilling up until 2013 at only two of the Project's six prospects with access by road, and proximal to rail and gas pipelines (see Figure 1). Further drilling completed since 2014 extends and infills the inferred resource and is being compiled with a view to a resource upgrade in the March 2022 quarter.

During what was a busy quarter for the Company, PhosCo announced that it had assumed operational and management control over Chaketma Phosphates SA (**CPSA**), holder of Chaketma through a 50.99% shareholding in CPSA. With operational control of CPSA, PhosCo has the right to access all Chaketma technical data, including extensive drilling results since 2014.

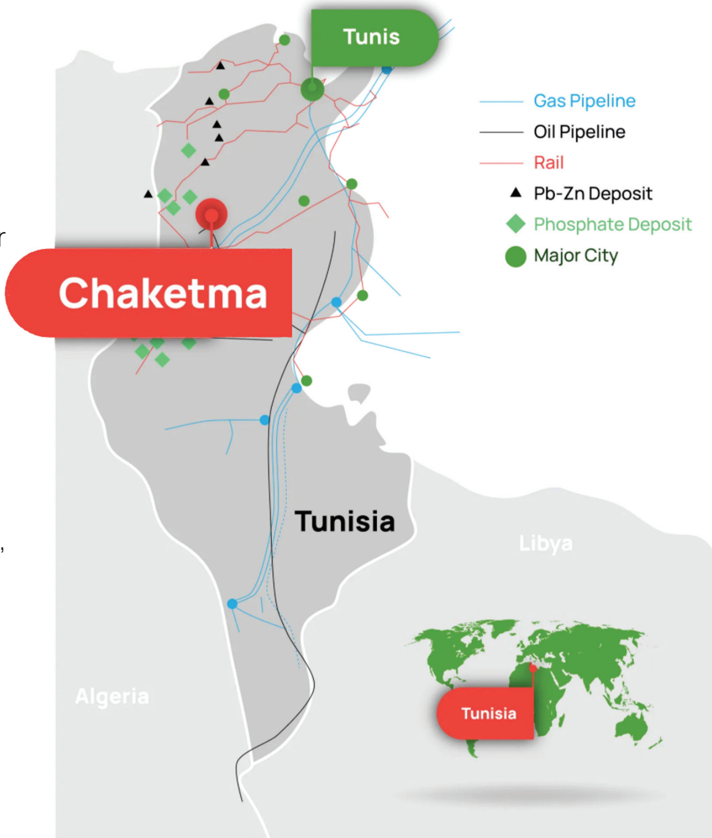


Figure 1 Location of the Chaketma Phosphate Project

Chaketma Phosphates SA (CPSA) Update

PhosCo successfully conducted legal proceedings to have a court appointed expert force CPSA to call an Ordinary General Meeting to appoint PhosCo representatives to the board and to call a board meeting to enable PhosCo to appoint a President of CPSA and a Director General. PhosCo now controls the CPSA board. Various actions remain before the courts in Tunisia to overturn the arbitration orders and other judgments in PhosCo's favour. PhosCo's legal advisors consider these actions have little chance of success and the Company remains committed to actively working towards the restart of work at Chaketma as soon as possible.

PhosCo has commenced a process to complete legal and accounting due diligence on CPSA. The financial state of CPSA and the status of CPSA's equity needs to be determined, and PhosCo will also consider action against TMS and the executives or advisors of CPSA if any irregularities are uncovered during this process. TMS owes PhosCo US$4.9M in costs and damages, plus interest calculated daily, and PhosCo is actively pursuing TMS for the payment of this amount. PhosCo will continue to enforce its rights pursuant to court orders as well as force the sale of TMS assets to recover funds to offset the damages and costs owed.

Appointment of Donald Thomson as Country Manager

PhosCo announced during the quarter that it had appointed geologist, Donald Thomson as Country Manager. Donald has more than 35 years of experience as a geologist of which 20 years have been in senior management roles and has worked for companies including Newcrest, Johnsons Well Mining and Legend Mining. Donald has also previously worked for PhosCo as Country Manager in 2011-2012 and was instrumental in the first phase of drilling at Chaketma. He is ideally suited to assist with PhosCo restarting operations and leading the project team in Tunisia. Donald is a Member of the Australasian Institute of Mining and Metallurgy and qualifies as a Competent Person under the JORC Code.

3. ASX announcements dated 9 November 2012 and 18 June 2013

Exceptional New Phosphate Results

On 4 November 2021, PhosCo announced results for Chaketma drilling completed since 2014, which includes the flagship Kef El Louz deposit at Chaketma[4], with drilling extending known mineralisation approximately 1km2 to the south of the 2012 JORC Inferred Resource of 37Mt @ 21% P_2O_5[5].

Significant new results include:

Kef El Louz

- CHDD079 **37.6m @ 21.9%** P_2O_5 from 56m
- CHDD115 **33.6m @ 22.2%** P_2O_5 from 65m
- CHDD078 **35.3m @ 21.0%** P_2O_5 from 23m
- CHDD112 **33.8m @ 21.6%** P_2O_5 from 42m
- CHDD097 **32.9m @ 21.6%** P_2O_5 from 59m
- CHDD072 **31.2m @ 21.4%** P_2O_5 from 56m

Gassaa Kebira

- CHDD160 **49.6m @ 21.1%** P_2O_5 from 135m
- CHDD156 **31.9m @ 21.08%** P_2O_5 from 120m
- CHDD161 **30.4m @ 20.20%** P_2O_5 from 67m

Exploration drilling continued for the period 2015-2021, including infill and extensional drilling. This drilling is considered significant due to its potential to increase both the confidence and scale of previously announced Resources. The Resource Upgrade has commenced and is due for release in the March 2022 quarter.

In parallel with the Resource Upgrade, PhosCo has identified and appointed reputable consultants to conduct a GAP Analysis on the available data to determine the work required to complete Chaketma BFS.

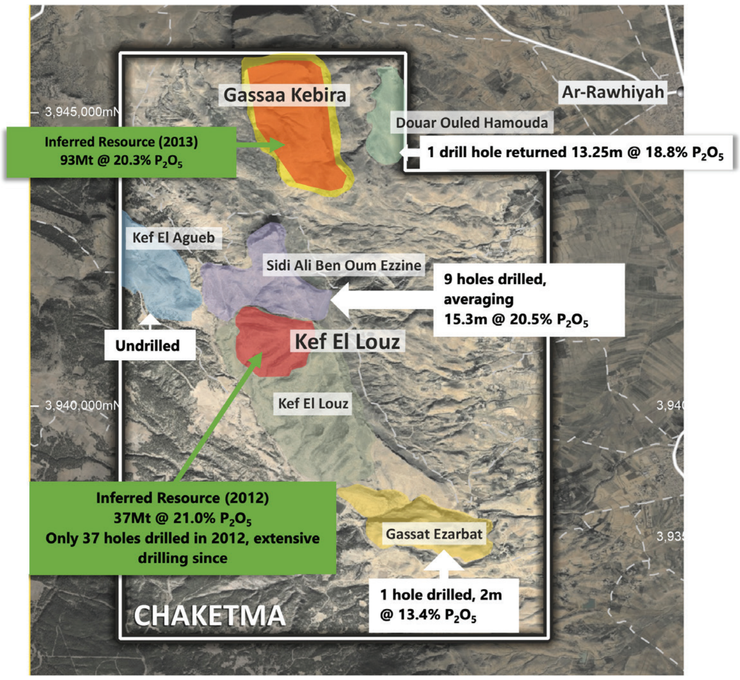


Figure 2 Deposits Comprising the Chaketma Phosphate Project

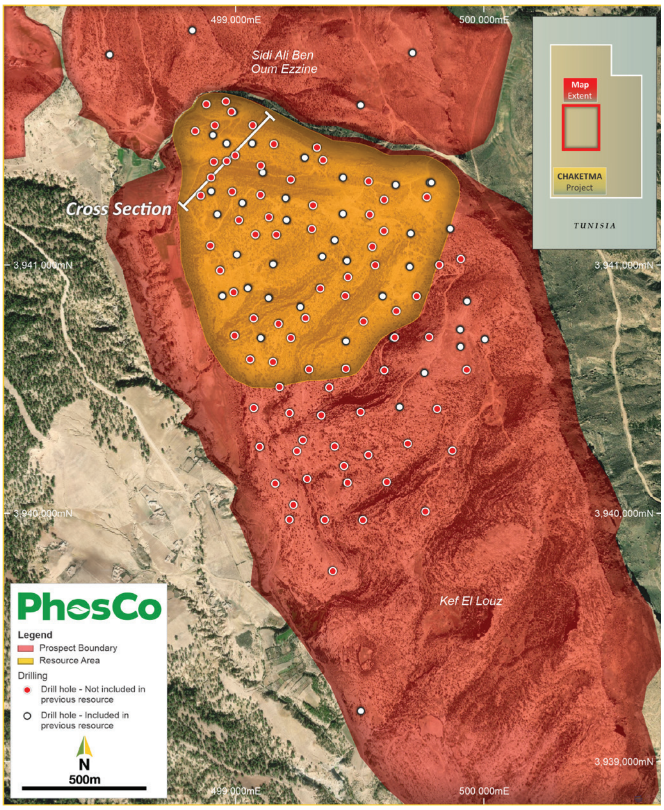


Figure 3 Plan view of Kef El Louz Deposit highlighting drilling since previous Resource

4. Chaketma Phosphate Project: Exploration & Resource definition continues at Kef El Louz dated 10/04/2014.
5. Kef El Louz Inferred Mineral Resources ASX announcement dated 9/11/2012.

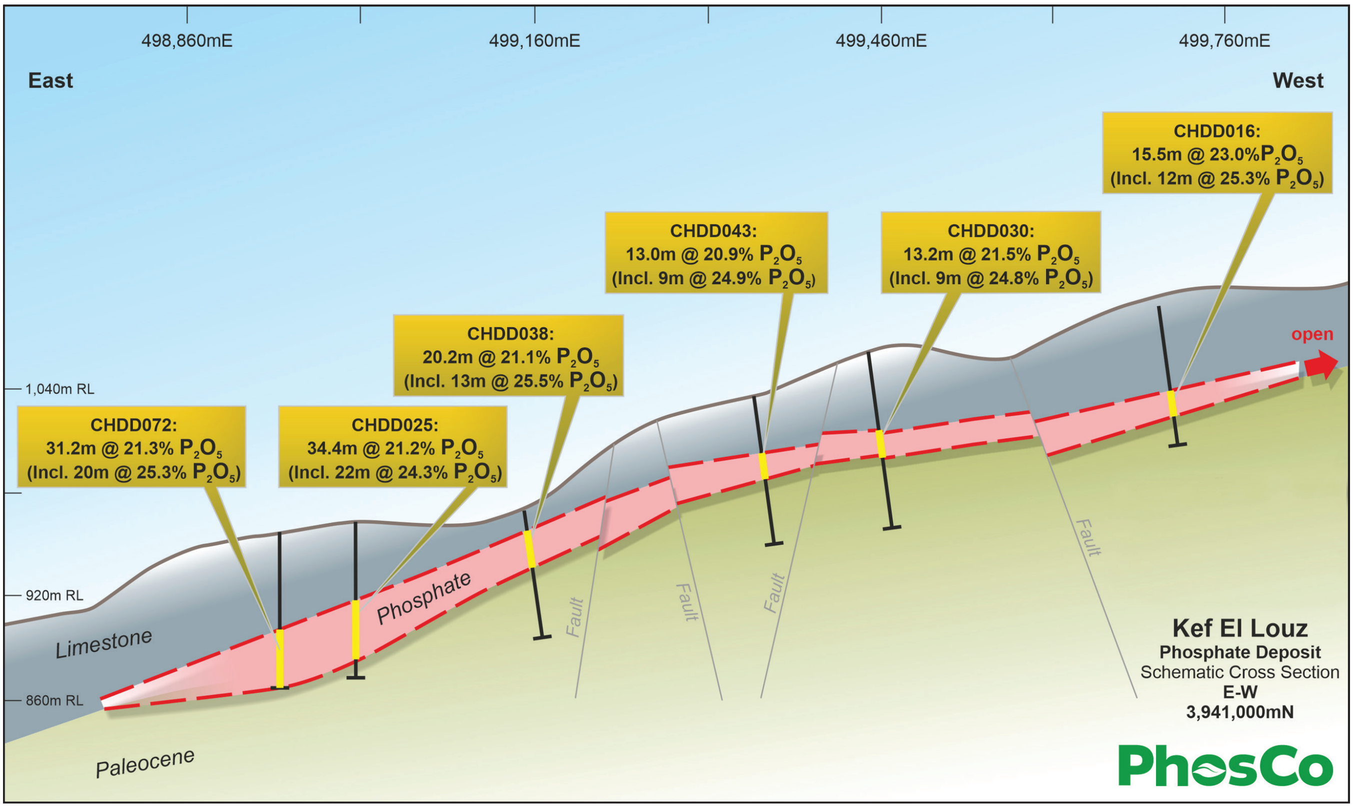


Figure 4 Cross Section of Kef El Louz Deposit

Change of Company name to PhosCo Ltd

Subsequent to the end of the quarter, on 24 January 2022, the Company announced that further to Shareholder approval granted at the Annual General Meeting held on Friday, 21 January 2022 (**AGM**), that it had received confirmation from the Australian Securities and Investments Commission that its name had been changed from Celamin Holdings Limited to **PhosCo Ltd.**

The change of name represents a re-launching of the Company as technical activities resume in-country at Chaketma led by Country Manager, Donald Thomson who relocated to Tunisia last month.

ASX processed the Company's name change and ticker code to '**PHO**' on Friday, 28 January 2022.

$3.2M Placement & Intention to Offer Loyalty Option

On 3 December 2021, PhosCo announced that it had received binding commitments for a two tranche Placement to raise $3.2M before costs, at an issue price of $0.075 per share as follows:

- Tranche 1 of the Placement, comprised 29,256,839 New Shares (~$2.2M), and was not subject to shareholder approval and fell within the Company's placement capacity under ASX Listing Rule 7.1 (Tranche 1); and
- Tranche 2 of the Placement, comprising 13,333,331 New Shares (~$1.0M), was subject to Shareholder approval at the Company's AGM. This tranche comprised all Directors (or their associates / related parties) Placement participation (**Tranche 2**).

In addition, Placement applicants received one (1) unlisted option for every four (4) Placement Shares subscribed for under the Placement, exercisable at $0.10 each, expiring on 31 August 2022 (**Attaching Options**). The Attaching Options for Tranche 1 and Tranche 2 under the Placement (10,647,535 options in total) were subject to Shareholder approval at the AGM.

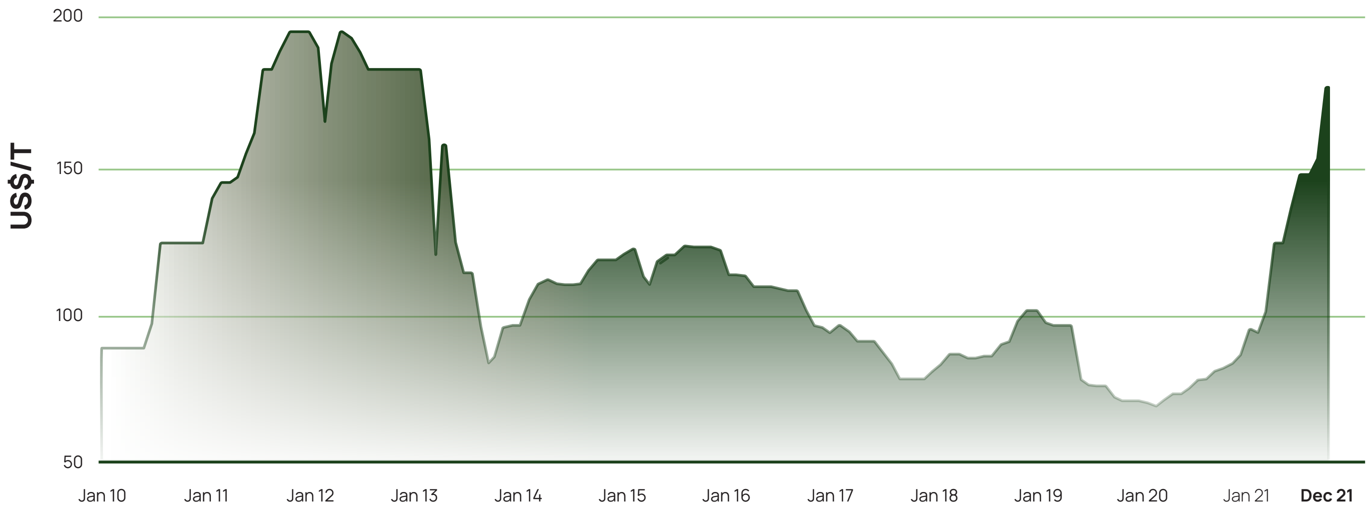
PhosCo also intends to offer a one (1) for ten (10) Loyalty Option to all eligible PhosCo shareholders at a Record Date to be set on or around 7 February 2022 (Loyalty Option). The Loyalty Options will be on the same terms as the Attaching Options under the Placement. The Loyalty Options will be issued under a Prospectus to be lodged with ASIC. PhosCo will not seek quotation of the Loyalty Options on the ASX.

Cumulus Wealth and Discovery Capital Partners acted as Joint Lead Managers to the Placement.

The proceeds from the Placement will be used to fund exploration, technical studies, and working capital to advance the world class Chaketma phosphate project towards a BFS in late CY2022.

Rock phosphate
pricing US$/T

Figure 5 World Bank Phosphate Price (F.O.B. North Africa)



Phosphate Market Update

Phosphate is a critical fertilizer that underpins the world's food supply. PhosCo's control of Chaketma comes at an exciting time as the price of rock phosphate has risen substantially, from US$80/t several months ago to over US$177/t today. According to studies, the continued supply of phosphate fertilisers that underpin global food production is an imminent crisis with some regions including the European Union declaring phosphate a critical strategic commodity.

PhosCo Director Options

In relation to the 12,000,000 unlisted options currently on issue to Directors of the Company, exercisable at $0.09 each, expiring 15 July 2022 and vesting as follows:

- 50% vesting upon regaining a majority interest in Chaketma; and
- 50% vesting upon securing funding for Bankable Feasibility Study (BFS).

Although PhosCo 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 status of the CPSA equity. Accordingly, the conditions applicable to the options vesting have not yet been triggered.

Corporate update

PhosCo held cash and cash equivalents of approximately A$2.1M at the end of the December 2021 quarter, with an additional $1M received in January 2022 in relation to the Tranche 2 Placement which was subject to shareholder approval.

No payments to related parties and their associates were made during the quarter as outlined in Section 6 of the accompanying Appendix 5B to this quarterly activity report.

This announcement is authorised for release to the market by the Board of Directors of PhosCo Ltd.

For further information please contact:

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List of
Tenements Held

Mining Tenement	Location	Beneficial Percentage held	Interest acquired/ farm-in during the quarter	Interest Disposed/ farm-out during the quarter
Chaketma	Tunisia	50.99%*	-	-
Zeflana	Tunisia	100%	-	-
Ain El Bouma	Tunisia	100%	-	-
Zaouiet Sidi Mbarek	Tunisia	100%	-	-
Djebba	Tunisia	100%	-	-
Djebba 2	Tunisia	100%	-	-

* The Chaketma Phosphate Exploration Permit is 100% held by CPSA. On 13 November 2020, PhosCo announced that it's wholly owned subsidiary had recovered its interest in CPSA following the transfer by the court appointed expert as outlined in the arbitration award returning PhosCo subsidiary's interest in Chaketma and payment of damages and costs amongst other matters. In addition, on 11 October 2021, PhosCo announced that is has assumed operational and management control over Chaketma Phosphate SA (CPSA), holder of the Chaketma Phosphate Project as a 50.99% shareholder of CPSA. Although PhosCo 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 will include status of the CPSA equity. 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 remains valid and in good standing whilst the application is being considered by the Tunisian regulatory authorities.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity
PHOSCO LTD

ABN	Quarter ended ("current quarter")
82 139 255 771	31 December 2021

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	(16)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(35)	(52)
	(e) administration and corporate costs	(325)	(480)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material) - Government Incentive	-	-
1.9	**Net cash from / (used in) operating activities**	**(360)**	**(548)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,194	2,194
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(131)	(131)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**2,063**	**2,063**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	387	575
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(360)	(548)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,063	2,063

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (6 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	**Cash and cash equivalents at end of period**	**2,089**	**2,089**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	2,089	387
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,089**	**387**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	N/A	

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(360)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(360)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,089
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,089
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	5.80

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable as item 8.7 is greater than 2.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable as item 8.7 is greater than 2.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable as item 8.7 is greater than 2.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2022

Authorised by: The Board..
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An

entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.