PITT STREET RESEARCH

PhosCo Ltd

All systems go

Share Price: A$0.12

ASX: PHO

Sector: Industrials

10 December 2025

PhosCo (ASX:PHO) is advancing its Gasaat Phosphate Project in Tunisia with the support of government, local communities, and the European Bank for Reconstruction & Development. The company is well primed to become a cost-competitive, globally significant fertiliser producer, at a time of mounting supply concerns for phosphate, further underscored by its recent inclusion on the US Critical Minerals list.

Gasaat could deliver 67.6Mt over nearly 50 years

PhosCo's flagship Gasaat project has 146 million tonnes at 20.6% P_2O_5. A December 2022 Scoping Study found an NPV of US$657m, using a 10% discount rate and US$150/t phosphate price. It found the potential for a near 5-decade operation that could see a total of 67.6Mt produced over the project's lifetime with 1.5Mtpa in the first decade. This resource only includes 2 of 9 prospects at Gasaat and the potential for PhosCo's regional projects in Tunisia could eventually result in the formation of a broader phosphate hub. Phosphate is an important fertiliser, and demand is expected to grow in the coming years. The challenge for Western countries is that there are few countries with abundant supply, and even fewer that are friendly to the West.

What is next?

The most important catalyst in the near-term will be the growth of the Resource with a maiden MRE from its SAB and KM prospects. These prospects are not only expected to add tonnes to Gasaat's global resource but also expected to improve the project's economics due to their lower strip ratio and proximity to the proposed plant site. The Scoping Study update will be released next year ahead of commencement of the Bankable Feasibility Study. There is a broader Exploration Target across Gasaat of 110-165Mt. PhosCo's goal is to become a major supplier of phosphate.

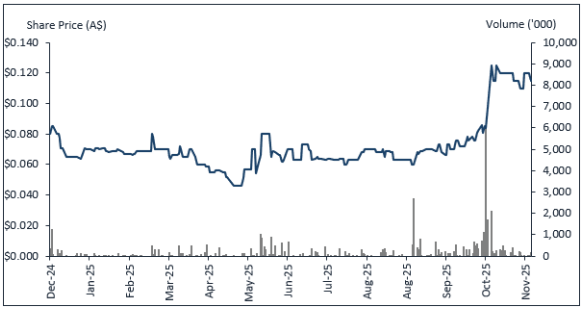
Valuation range of $0.35-0.56 per share

We value PhosCo at $0.35 per share in our base case scenario and $0.56 per share in our optimistic (or bull) case scenario. This is based on a DCF basis, modelling the Gasaat project using similar inputs to the 2022 Scoping Study, and accounting for financial dilution that will be required to fund the project. Please see page 19 for further details on our valuation rationale and page 22 for the key risks.

Market cap. (A$ m)	55.6
# shares outstanding (m)	463.1
# shares fully diluted (m)	564.2
Market cap ful. dil. (A$ m)	67.7
Free float	100%
52-week high/low (A$)	0.125 / 0.046
Avg. 12M daily volume ('1000)	169.8
Website	https://www.phosco.com.au

Source: Company, Pitt Street Research

Share price (A$) and avg. daily volume (k, r.h.s.)



Source: Refinitiv Eikon, Pitt Street Research

Valuation metrics	
DCF fair valuation range (A$ per share)	0.35-0.56
WACC	12%
Assumed terminal growth rate	2%

Source: Pitt Street Research

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Introducing PhosCo (ASX:PHO)

PhosCo is seeking to develop a district scale fertiliser hub in Tunisia's Northern Phosphate basin.

PhosCo is seeking to develop a district scale fertiliser hub in Tunisia's Northern Phosphate basin, underpinned by its most advanced project, Gasaat. The company is at a pivotal point having finally put to bed years of legal dramas including a dispute with a former joint venture partner.

The company is now in a better position than ever, having been granted a new exploration permit by the Tunisian government covering an even broader area than before (including the former Chaketma project), signed partnerships for funding, and now holds 100% ownership of the project. Meanwhile, an ICC arbitration initiated by its former partner in respect of the previous project was withdrawn by virtue of the required fees not being paid. PhosCo has thus gone from being a joint venture partner in a single project to becoming an outright operator of a wider fertiliser hub, which it is advancing with the support of local communities, who will benefit from a 10% project participation.

The key reasons to look at PhosCo

1) **PhosCo's Gasaat project has strong potential to fill the world's need for phosphate**. Phosphate is a critical and unique commodity used as a fertiliser to improve crop yields. Amid global food security and geopolitical concerns, there is a need to diversify supply chains away from traditional sources, particularly those located in jurisdictions increasingly hostile to the West. Gasaat can play a part in filling this strategic need.
2) **PhosCo has a highly lucrative Resource.** This is not just because it has a large Indicated and Inferred Resource of 146Mt at 20.6%, but also its high grade (i.e. can produce concentrate greater than 30% P2O5) and recovery is greater than or equal to 80%. This means that it could produce multiple high-quality products using conventional methods and reagents.
3) **The most recent Scoping Study shows the project has significant financial promise**. The 2022 study shows a post-tax NPV of US$657m over a 46-year life. In the first ten years, a phosphate price of US$150/t could see total revenue of US$2.17bn and discounted cash flows of US$418m.
4) **There is potential for further resource growth**. Neither the existing Resource nor the Scoping Study account for further exploration upside at Gasaat, nor for the potential to produce multiple types of phosphate. There is a total of 9 prospects, and the current resource is derived from just 2 prospects (GK and KEL). There is a broader Exploration target of 110-165Mt across 4 of the most promising prospects at Gasaat. Beyond Gasaat, PhosCo has further prospects in the district Gasaat lies in, including the nearby Sekarna permit (also 100% owned by PhosCo).
5) **With PhosCo's legal dramas out of the way, the company is positioned for better days ahead.** The biggest impediment facing the company historically was the legal battle with its former joint venture partner Tunisian Mining Services. That joint venture has since formally been terminated by PhosCo, with TMS remaining liable for unpaid damages totaling TND 14.1 million (AUD 7.2 million), which continue to accrue interest. The new Gasaat permit is owned 100% by PhosCo, is double the size of the original Chaketma, and is free from the encumbrances of TMS.
6) **Tunisia is a lucrative destination for a phosphate project.** Tunisia has historically been one of the world's largest producers of phosphates with 8Mt per year produced prior to the Arab Spring in the early 2010s. The

current administration is eager to regain phosphates market share and has been particularly supportive of PhosCo's project. The country is conveniently located close to prospective offtake partners in Europe.

7) **There is significant government, investor and grassroots support for the project**. The European Bank of Reconstruction and Development (EBRD) and the Tunisian Ministry of Industry Mines and Energy have been collaborating on the project with an MoU signed between the trio in late 2024. In March 2025, EBRD and PhosCo signed a formal mandate for a potential US$5m equity investment towards funding a BFS, and options were formally granted in October alongside a grant from EBRD for €1 million (A$1.8 million). At a local level, Gasaat has support, with communities to benefit from 10% participation in the project.

8) **PhosCo has a quality leadership team** with the right experience needed (specifically in the fertiliser space as well as commercial and financial experience) to bring the project into production. We especially note Managing Director Taz Aldaoud who currently serves as a managing partner at Chemist Warehouse. The company's management is highly aligned with shareholders, holding ~40% of the company's shares directly or indirectly.

9) **We believe PhosCo is undervalued** at its current market capitalisation. We have valued the company at $0.35 per share in a base case scenario and $0.56 per share in our bull case. Moreover, we have valued the Gasaat project at A$839m in a base case and A$975m in a bull case.

   We see potential for PhosCo to re-rate as it edges towards its goal of having a producing phosphate mine at Gasaat and completes milestones necessary towards this goal. These milestones include an updated Scoping Study, further drilling and metallurgical testwork as well as an updated global resource to include maiden resources at the SAB and KM prospects, which are expected to improve the project's economics due to their lower strip ratio and proximity to the proposed plant site.

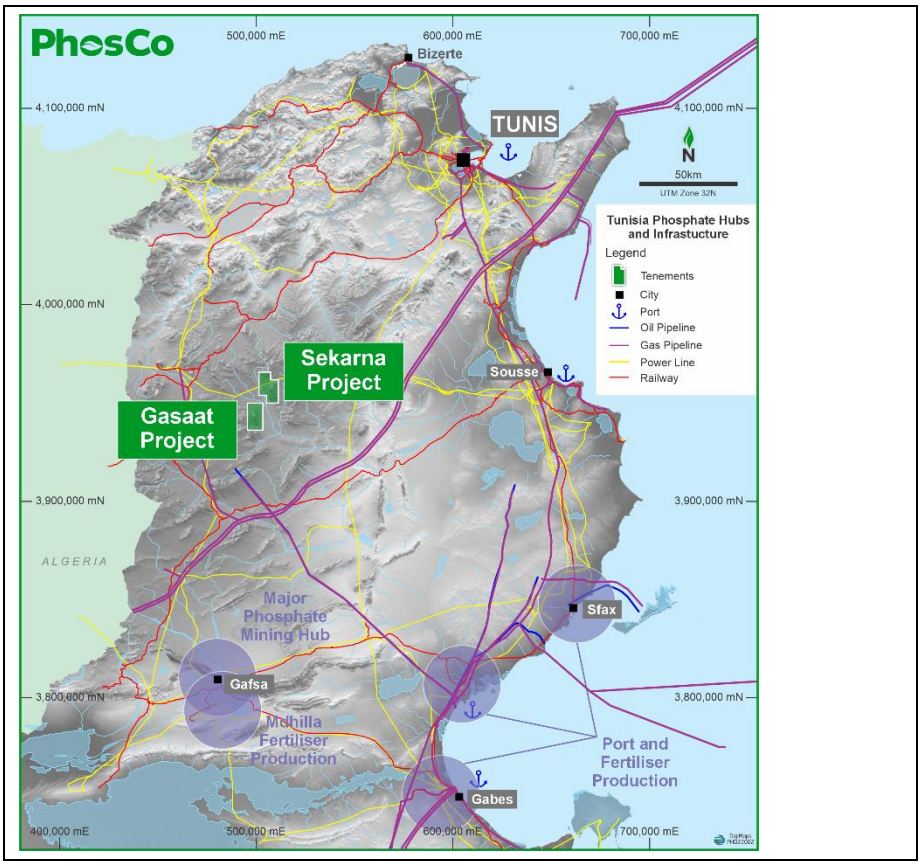
Gasaat – PhosCo's company maker

Gasaat is located in Tunisia, 35km from the nearest railhead, which connects to Tunisia's main port.

Gasaat was discovered by PhosCo in 2012, 2 years after the company obtained Exploration Permits for the area. Phosphates had been identified in the area around the turn of the 20th century, but the actual discoveries that now constitute the project – one prospect called Gasaa Kebira (hereafter called GK to avoid confusion with the Gasaat project), and another called Kef El Louz – were made by PhosCo in 2012, back when it was called Celamin. The project was then known as Chaketma and only encompassed a fraction of the area PhosCo's current permit covers.

Gasaat is well-located. It is just 35 km from the nearest railhead which connects to the Port of Rades, Tunisia's main port, 9 km south-east of the capital Tunis (Figure 1 and Figure 2). All the infrastructure needed to develop a mine - road, rail, power, oil and gas pipelines and port capacity - is established, available and suitable for the project.

Figure 1: Location of the project in Tunisia



Source: Company

Figure 2: The Gasaat project area

Source: Company

Gasaat has 9 prospects, only 2 of which have been explored to a significant degree

Gasaat covers a total area of 112km^2 and has 9 prospects, only two of which have been explored more than at a rudimentary level (Figure 3). These were GK and KEL. The Gasaat resource is now significant, with room to expand.

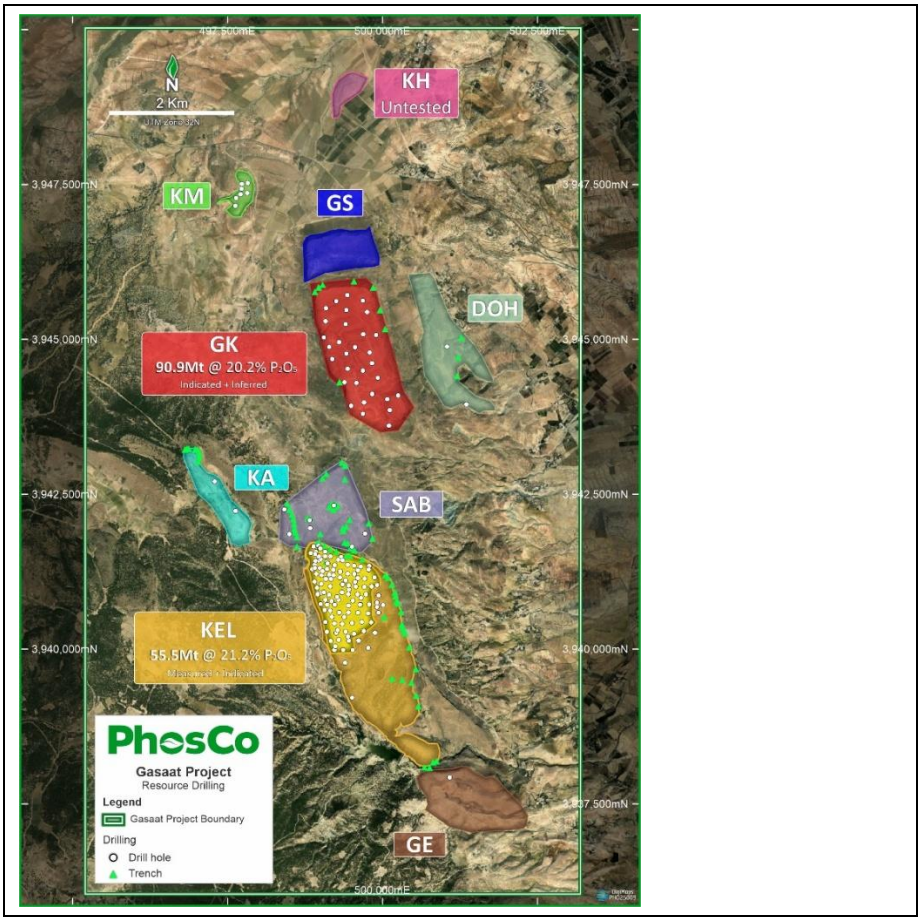
Geologically, Gasaat is a marine carbonate hosted sedimentary phosphate deposit in which phosphate occurs over time from the accumulation of organic debris. It is not designated 'marine' because it is not an underwater environment – it will be an open-pit mine; but the deposit formed in a past marine environment with carbonate sedimentation and later became a part of dry land by tectonics/sea-level change. The formation of phosphate there took place during the Late Paleocene to Early Eocene periods (59-50 million years ago) during which it was submerged but in a warm, shallow environment that was perfect for the evolution of phosphate.

Gasaat's existing JORC Resource

A JORC Compliant resource was announced in late 2020 at a globally significant 130 million tonnes at 20.5% P_2O_5, albeit only at the Inferred Resource stage. That resource increased in March 2022 to 149 million tonnes at 20.6% P_2O_5, solely through analysis of more drillholes from GK and KEL. In November 2022, 90% of the GK resources was converted from Inferred to Indicated, bringing the resource down only very slightly to 146 million tonnes at 20.6% P_2O_5.

This Resource only covers 2 of the 9 prospects, so there could be a significantly higher resource to be discovered. But even the existing resource is lucrative as it is close to surface and could support strong metallurgy that would result in high resource recovery and the production of commercial grade concentrate.

Figure 3: Outline of the Gasaat Project



Source: Company

A US$657m NPV

A December 2022 Scoping Study showed a post-tax NPV of US$657m.

PhosCo announced a strong Scoping Study in December 2022 which placed a post-tax NPV (using a 10% discount rate) on the project of US$657m. The development capital required was US$170m but at a phosphate price of US$150 per tonne, the IRR is a very strong 54% and the payback is only 1.5 years. The scoping study used the published KEL and GK resources to establish an open pit operation producing a concentrate containing greater than 30% P_2O_5 and less than 1% MgO.

The operation can potentially run for close to 50 years and see 67.6Mt produced over the life of mine, 15Mt of which could be in the initial 10 years. While the operating costs are not cheap, the project is high margin considering opex is US$79/t given the low strip ratio open pit, high grade mineralisation and low-cost operating environment (Figure 4).

The study did not consider the potential for an expanded resource, nor the potential of a more broader fertiliser production development including further products beyond the original concentrate product. As an open pit mine with a low strip ratio, and a simple flowsheet based on either simple wash/screen or flotation, Gasaat could be a low-cost project. As an example, the mining cost for the first 10 years is US$11.53/t of ore mined or U$$21.29/t concentrate based on a strip ratio of 3.4:1. Assuming the mining cost could be halved by mining lower strip material, the opex could be reduced from

US$79/t concentrate to US$68/t concentrate for the first 10 years of operation.

Metallurgical testwork has suggested that it is relatively easy to beneficiate product above 30% P_2O_5 that could easily convert to the MAP or DAP (i.e. mono- or di- ammonium phosphate) which farmers routinely put on their crops.

Figure 4: Project metrics as per the 2022 Scoping Study

Capital Costs		Initial 10 Years	Life of Mine
Development Capital	US$M	169.5	169.5
Operating Costs (100% Payable Basis)			
Cash Costs	US$M	1,010	5,215
Contingency	US$M	101	521
Royalty	US$M	23	101
Sales and Marketing	US$M	56	253
TOTAL OPERATING COSTS	**US$M**	**1,190**	**6,091**
	US$/t Conc.	**79**	**90**
Project Revenue	US$M	2,250	10,138
Project Cashflow: Pre-Tax	US$M	900	3,887
NPV_{10} : Pre-Tax	US$M	469	787
EBITDA	US$M	1,060	4,047
IRR: Pre-Tax	%		55%
Tax Paid	US$M	115	861
Project Cashflow: After-Tax	US$M	785	3,026
NPV_{10} : After-Tax	US$M	418	657
IRR: After-Tax	%		54%
Capital Payback Period	Years		1.5

Source: Company

Development of Gasaat could take place in two stages. Stage 1 is the open-pit rock phosphate mine. Stage 2 is an integrated fertiliser project in which the phosphate from the mine would be used to feed a phosphoric acid plant. Several opportunities were identified to optimise the Scoping Study, which is being updated now ahead of a Bankable Feasibility Study for Stage 1. Even if the project hypothetically never shifted to Stage 2, it would be lucrative in its own right because this was the extent of the Scoping Study.

There's potential for further Resource growth

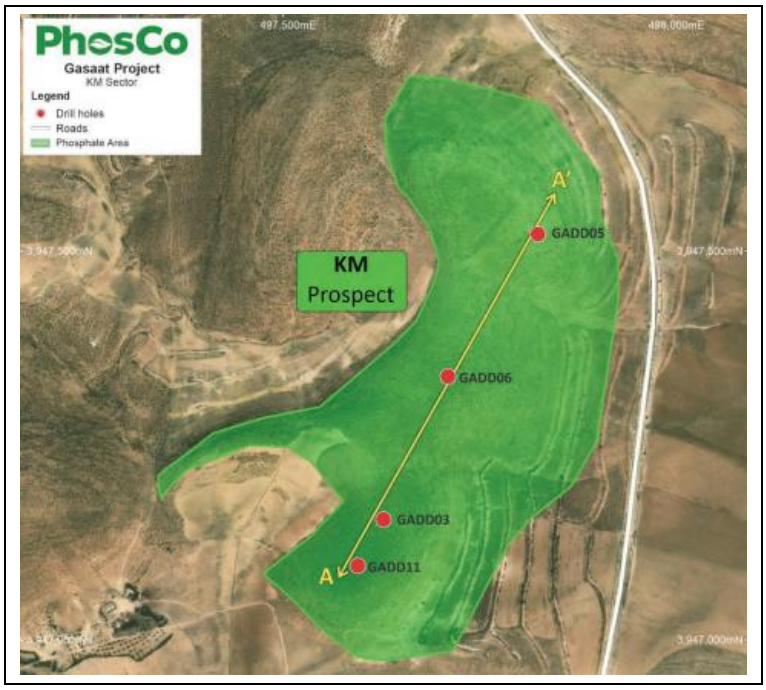
PhosCo undertook its maiden drilling program at the KM prospect, and results so far have been impressive.

In recent months, PhosCo undertook its maiden drilling program at the KM prospect. The company unveiled the first results in September and recorded impressive results, led by one particular drill hole that intersected 52.95m at 22.34% phosphate from 53.2m (hole GADD03 in Figure 5 and Figure 6).

Further results in October 2025 have shown even more impressive results, with one hole returning 53m of phosphate.

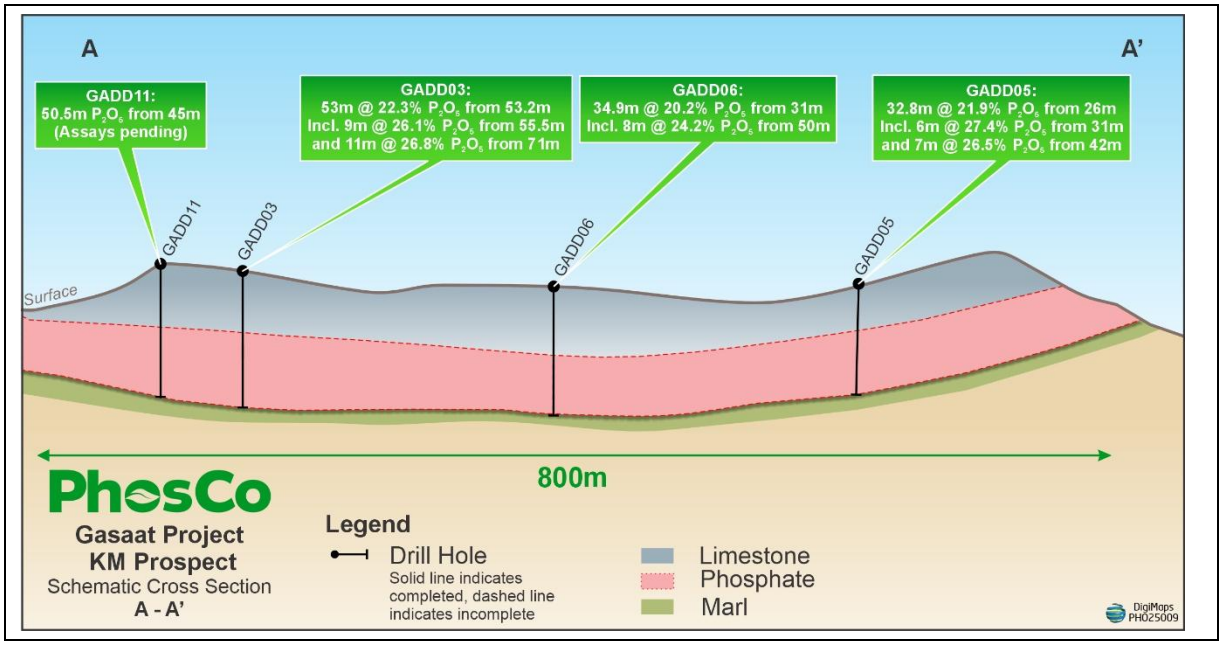
KM's geology has been found to be identical to the broader Gasaat area in classification and geological similarity (i.e. thick and low strip). What's more is that it is immediately adjacent to the proposed processing plant site for the whole project. The company is prioritising this prospect for ongoing drilling to define the extent, grade, and continuity of mineralisation. But even before further drilling, there are further assay results to come from the same campaign, and a Maiden KM Resource will be released in the first quarter of CY26.

Figure 5: PhosCo's KM Prospect at Gasaat



Source: Company

Figure 6: PhosCo's KM Prospect at Gasaat



Source: Company

PhosCo's drilling efforts are currently on the SAB (Sidi Ali Ben Oum Ezzine) Prospect, and a maiden MRE from here is expected in the coming weeks with the campaign designed so that there is a high level of confidence for mine planning. 9 holes have been drilled to date, 7 of which had intercepts and at least 2 shown grades of over 20%.

PhosCo has also conducted exploration on the GS Prospect in 2025. Although it has only drilled 3 holes and only 1 has intercepted phosphate, the location of that drill hole indicates that GS could be an extension of GK (which has more than half of Gasaat's Resource).

There is a broader Exploration target of 110-165Mt across Gasaat.

There is a broader Exploration Target of 110-165Mt across Gasaat which includes KEL (South), GK, SAB and DOH, not including KM. This includes a target at each prospect composed using strict criteria, some of which include phosphate unit thickness and strike extents being determined from geological mapping and mineralised drilling intercepts, continuity of sedimentary phosphate in outcrop, and an averaged measured bulk density of conversion of volumes to tonnages.

Turning to the prospect as an operation more broadly, other opportunities could include:

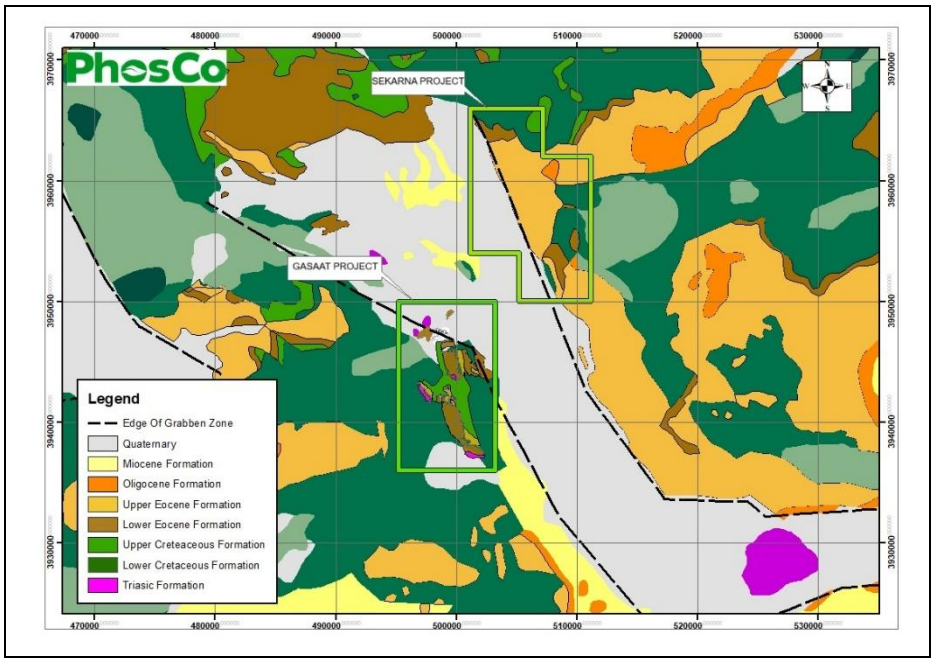
- Economies of scale, such as the extension of a rial connection to the site for lower cost logistics,
- Simplified processing via single stage flotation and/or washing,
- The potential to direct ship material in higher grade layer B early in the project's life,
- A greater utilisation of strip mining to improve mining optimisation, and
- A higher production rate above 1.5Mtpa, supported by a larger resource.

The broader Northern Basin is the key to unlocking further growth

New phosphate projects can extend the size of PhosCo's Tunisian phosphate opportunity.

New phosphate projects can extend the size of the Tunisian phosphate opportunity. PhosCo sees potential to create a district-scale phosphate portfolio in the Northern Basin. It includes Gasaat but also the Sekarna permit (Figure 7).

Figure 7: The broader Northern Basin



Source: Company

Sekarna

Sekarna covers 128km^2 of ground covering a large scale, outcropping phosphate target just 10 km northeast of Gasaat. Reported high grade rock chip samples grading between 19.7% and 27.8% P_2O_5 have been noted here from previous explorers during the 2000s[1] although the phosphate was not analysed any further.

Sekarna is analogous to Gasaat in its mineralization.

This area was applied for April 2023, and the application was granted in January 2025, marking the first time a foreign investor received 100% of a phosphate exploration permit. There have been nine prospects identified by PhosCo using field work using pXRF technology. Four particular prospects have been given higher priority because the broad distribution and thickness of phosphate has been confirmed.

Sekarna is analogous to Gasaat in having mineralisation occurring at the Cretaceous-Eocene unconformity surface but differs in the underlying Cretaceous being a weakly karsted limestone, indicating that it was once an emergent island, rather than a depositional basin that was once submerged.

The next steps will involve mapping, trenching and scout drilling to understand the prospectivity of the project and sighter metallurgical test

[1] See ASX announcement 19 March 2025.

work to understand the ability to produce a saleable product. It is too early to go further than saying there is potential for a further resource and it will be some time for this to occur. There will need to be further drilling and analysis for thickness, variability, a potential strip ratio, and other characteristics. There is an exploration target of 137-210Mt at 17-23% P2O5.

A unique challenge here is that 15% of Sekarna's area falls within a proposed nature reserve, and the company is already engaging with forestry authorisation. Nonetheless, the proximity to Gasaat and earlier-stage exploration provides hope that it could eventually form part of a broader phosphate district[2].

Simitu copper-gold project

The **Simitu** Project has potential too. It is important to note from the outset that this project is focused on base and precious metals rather than phosphate. In 2022, PhosCo applied for an Exploration Permit in northern Tunisia called Simitu covering 424km^2, which was granted in November 2023. The Simitu permit covers a highly prospective mineralised corridor extending over 30km with numerous targets and old workings. The permit includes the Bey prospect, which contains a vegetation anomaly coinciding with malachite-bearing gossans. Surface sampling at the Bey prospect has identified a priority Cu-Ag-As-Sb anomaly. There is no record of any modern mining at Simitu, although there was mining activity at herein Carthaginian and Roman times.

Tunisia: An intriguing, but ideal jurisdiction for a phosphate mine

A sleeping phosphate giant

Tunisia has several attractive traits for phosphate developers including its history as a phosphate player, government support, and its tax policies for mining projects.

Tunisia is an attractive place to build a phosphate mine. Tunisia is a small North African country of only 12.3 million people. The country used to be one of the world's largest producers of phosphates, producing over 8Mt in 2010. But that changed after the so-called Jasmine Revolution of 2010-11 which ousted longtime President Zine El Abidine Ben Ali and restored democracy but disrupted the phosphates industry for years afterwards. In 2024, production was just over 3Mt, but there are 2,500Mt in total reserves[3].

Under the current President, Kais Saied, in office since 2019 and re-elected for a second term in 2024, Tunisia has strived to become a major player, and the country is rapidly expanding exports, mainly to Europe. In 2023, state owned company CPG[4] ramped up production as part of a US$76m investment program that would see it receive new machinery to increase its capacity. A further US$165m plan for CPG was approved in md-2025 with the goal of increasing output to 8.5Mt by 2030, an amount set to be split roughly 50-50 between new equipment and new mine development.

Whilst state-owned companies have historically carried the whole load of production, the newly granted permits to PhosCo (the first time every by the Tunisia to a foreign company) signal an acceptance of private companies to operate phosphate mines. PhosCo will be in fair company, with several international resource and energy companies active in-country including Shell, Anglo Oil & Gas, TotalEnergies, Scatec and AMEA Power. The

[2] See ASX announcement 29 July 2025.
[3] USGS date, retrieved at https://investingnews.com/daily/resource-investing/agriculture-investing/phosphate-investing/top-phosphate-countries-by-production/
[4] Compagnie des phosphates de Gafsa (CPG).

government has several initiatives to encourage development including a corporate tax rate in Tunisia that is 25% ordinarily, but *zero for first five years of a mining project*.

If Tunisia successfully re-establishes itself as a globally significant phosphates player, we expect PhosCo will find a receptive audience from offtake partners, and, importantly, project financiers.

The EBRD is supportive

The European Bank of Reconstruction and Development (EBRD) has supported the project and could invest up to US$7.5m towards funding a BFS, as well as financing development of the project.

The European Bank of Reconstruction and Development is active in Tunisia and is highly supportive of Tunisian development (funding 70 projects worth more than €2.3bn)[5] and for PhosCo's activities generally.

In November 2024, PhosCo signed a non-binding MoU with the Tunisian Ministry of Industry Mines and Energy and the European Bank for Reconstruction and Development (EBRD) to collaborate on exploring and developing phosphate resources in the Northern Basin, as well as to study processing technology to convert 'phosphogypsum' into inert materials, relevant for the development of other by-products from the project (Figure 8). This suggests high level support for the project for financing of the feasibility study and ultimate development financing.

In March 2025, PhosCo and EBRD signed a formal Mandate for a potential US$5m equity investment towards funding a Bankable Feasibility Study, an investment that would go a significant way towards funding the study. In October, the agreement was formalised by issuing options sufficient to cover the terms of the agreement, and with EBRD granting A$1.8m to co-finance the current technical work to optimise the project. EBRD is being issued 150m options exercisable at 5 cents, giving it the right (but not obligation) to invest 120 days after the release of an updated Scoping Study, reflecting an investment of A$7.5m.

[5] In 2024, for example, it lent €25m for the construction of two 60 MW solar power plants in Tozeur in southwest Tunisia. and Sidi Bouzid in central Tunisia.

Figure 8: MoU signing ceremony

Source: Company

An investor's guide to phosphates

The term phosphate alludes to any compound containing phosphorous bonded with oxygen. Phosphorous, in phosphate form, is one of 3 essential macronutrients for plant growth.

In this section, we will recap the phosphates market and the opportunity it presents for PhosCo. Firstly, we need to clarify that the term phosphate is not alluding to a specific substance or commodity, but to any compound containing the element phosphorus bonded with oxygen.

Phosphate is important

Phosphorous itself is a natural occurring mineral found in rocks, soil and living organisms. It is needed in photosynthesis, DNA, cell membranes and general bone health; and it is one of 3 essential macronutrients for plant growth with the other 2 being nitrogen (in the form of urea and ammonia) and potassium (in the form of potash, either muriate of potash or sulphate of potash).

Amidst phosphate, there is rock phosphate and another 4 kinds produced by reacting certain combinations of phosphoric elements. Rock phosphate has low solubility in water, meaning that plants cannot absorb its phosphorus unless the soil is acidic enough to slowly dissolve it. To make a long-story short, these kinds, overcome this problem. The exact choice will depend on the soil pH, crop nutrient need and cost-per-unit of phosphate, but we will not delve any further into this report.

90% of the world's phosphate consumption is in agriculture and 40% of the world's food production is linked to fertiliser use, for good reason. It helps plants develop strong root systems, produce seeds and fruits, and convert sunlight into usable energy. Investors should not confuse phosphate with potash because it is potassium based instead of being phosphorous based, notwithstanding they are both important for plant health.

It is generally mined from phosphate rock and most of the world's reserves are in North Africa. 90% of the world's reserves are possessed by the USA, Morrocco, Jordan, China and South Africa. But the biggest producers are Russia and China, and these countries are reducing their imports from the West. Australia and Europe mostly import it due to the lack of reserves.

Phosphate prices have been strong

Phosphates have been in a bull market since 2022, and underlying factors support demand for the foreseeable future.

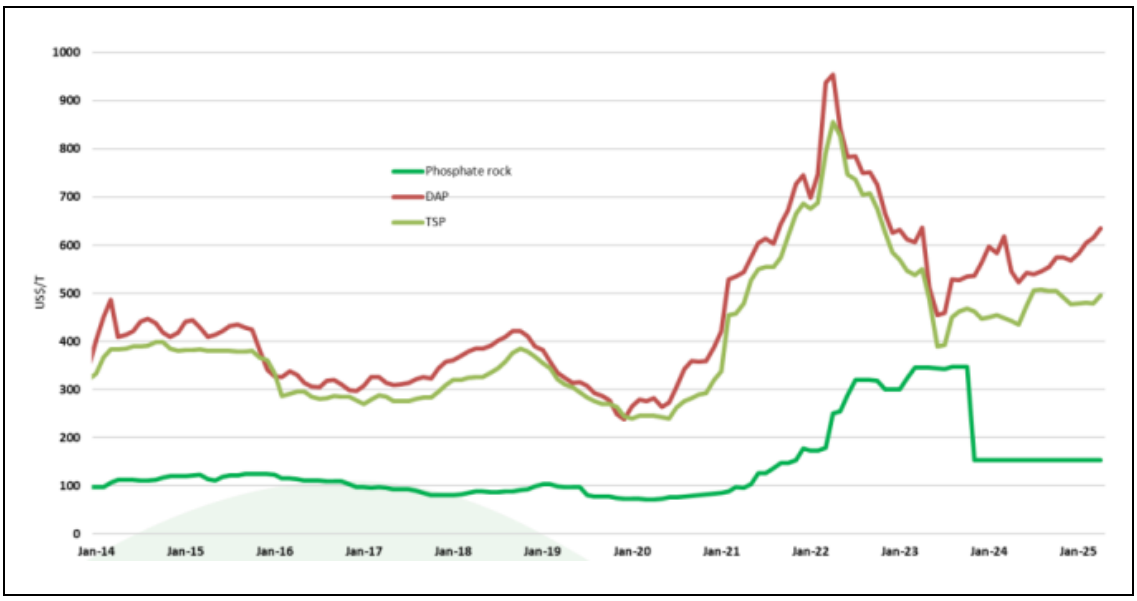
The price of phosphates has been strong since 2022, buoyed by strong demand (Figure 9 and Figure 10). Phosphate rock was barely US$70/t in the middle of the pandemic. That was at the tail end of a bear market that had gone on since about 2015. There have been multiple factors driving the bull market. One is export bans by major producers including China. Then there was war in Ukraine, which jumped all fertiliser prices because of Russia and Belarus are major producers of potash. Donald Trump's tariffs threaten to throw another spanner in the works, not to mention logistics, freight and other transport costs. However, the tariffs were recently lifted, following declining US phosphate production and the addition of this all too important commodity to the US critical minerals list in November this year.

Prices have remained elevated ever since 2022 - Phosphate rock is now closer to US$150/t. Certain ammoniated phosphates have been priced even higher – American Farm Bureau data has shown Gulf DAP prices were US$800/t in mid-2025. Importantly, PhosCo priced its 2022 Scoping Study at US$150/t4 (Figure 13). The Scoping Study used costs for the first ten years of US$79/t with several opportunities identified to optimise production and reduce the cost price further. Obviously, the price of phosphate is a key factor in Gasaat's profitability. Nonetheless, the company is seemingly optimistic that there will not be another bear market in at least the next decade.

Structural factors including food demand, nutrient use efficiency all support baseline demand. This demand has been bolstered in recent years by the increased use of phosphate in the production of electric vehicles, due to the majority of EV’s utilising Lithium Iron Phosphate (LFP) chemistry in their batteries.

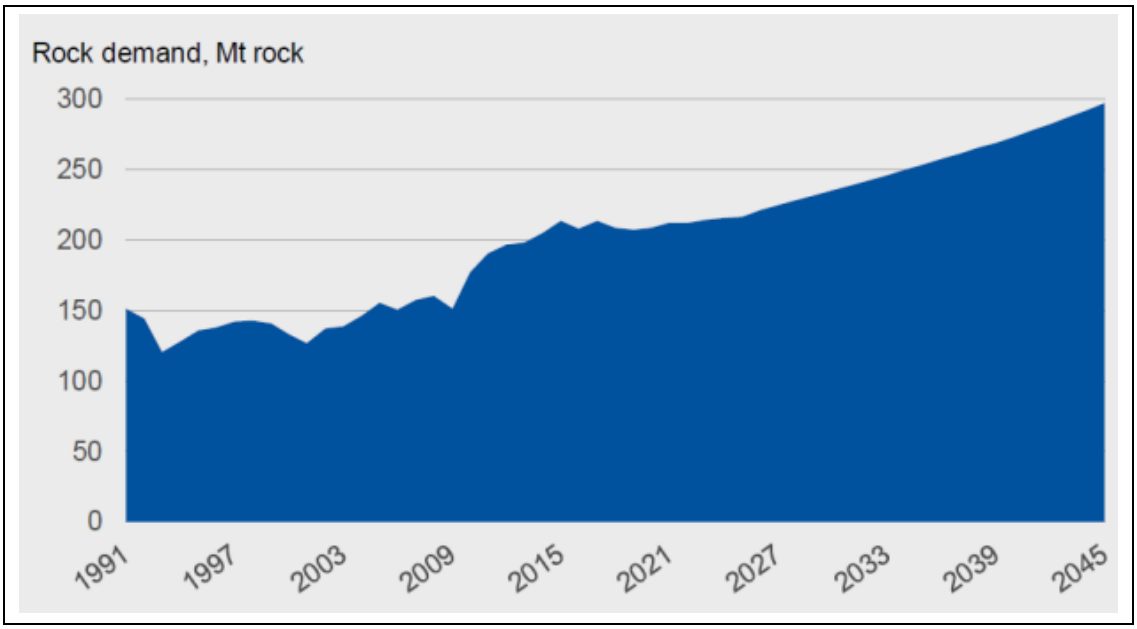
It's noteworthy that China has been increasing its imports of phosphate ore at the same time as it has been markedly reducing its exports, as part of a strategy to secure supplies for domestic producers of phosphate products (Figure 11). Declining American production is a story that has been playing out over the last decade (Figure 12).

Figure 9: Phosphate pricing



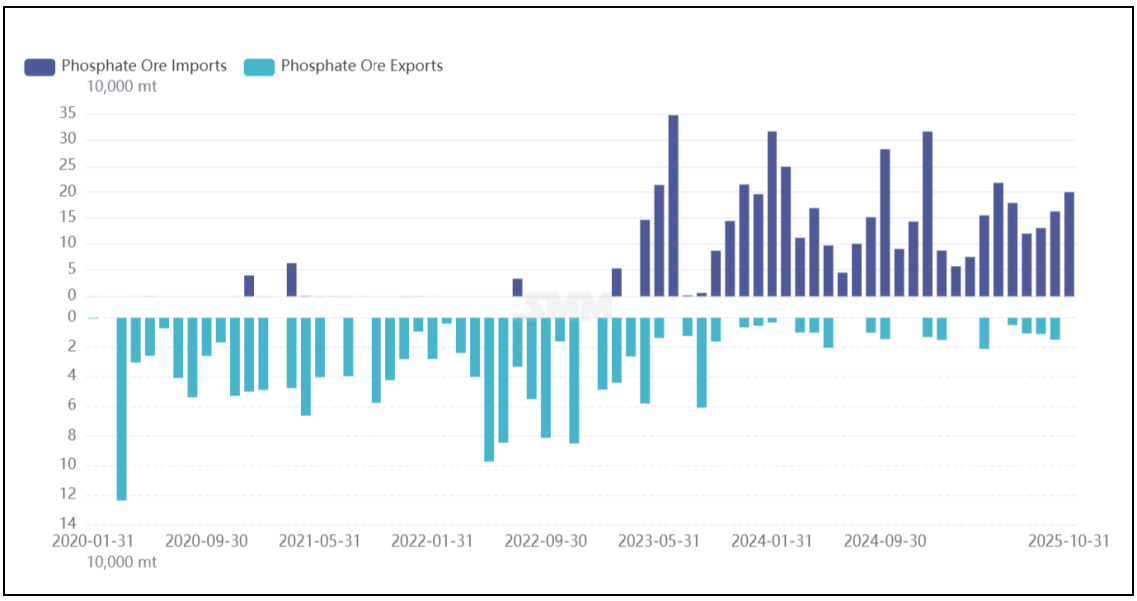
Source: Company

Figure 10: Phosphate rock demand



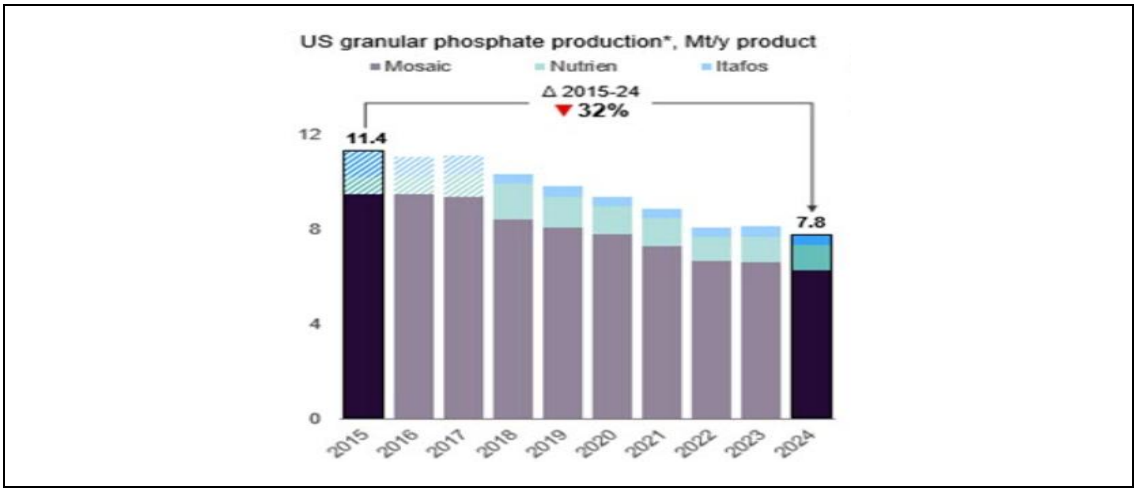
Source: Company

Figure 11: Chinese imports and exports of phosphate ore



Source: Shanghai Metals Market

Figure 12: US phosphates production



Source: CRU, Q4 2025 Fertiliser Insights

Figure 13: The sensitivity of the NPV to the Phosphate price

Concentrate Sale Price		
Breakeven for IRR =	0%	$90.87/t
Breakeven for NPV @	10%	$93.20/t

Factor	Price	Cashflow	NPV	IRR
70%	$105/t	$743 M	$138 M	21.5%
75%	$113/t	$1,123 M	$224 M	27.6%
80%	$120/t	$1,504 M	$311 M	33.3%
85%	$128/t	$1,884 M	$397 M	38.7%
90%	$135/t	$2,265 M	$484 M	44.0%
95%	$143/t	$2,645 M	$570 M	49.1%
100%	**$150/t**	**$3,026 M**	**$657 M**	**54.0%**
105%	$158/t	$3,406 M	$743 M	58.9%
110%	$165/t	$3,786 M	$830 M	63.6%
115%	$173/t	$4,167 M	$916 M	68.2%
120%	$180/t	$4,547 M	$1,003 M	72.7%
125%	$188/t	$4,928 M	$1,089 M	77.2%
133%	$200/t	$5,562 M	$1,233 M	84.4%
167%	$250/t	$8,098 M	$1,810 M	111.5%
200%	$300/t	$10,634 M	$2,386 M	136.4%

Source: Company

Valuation and catalysts

We value PhosCo at $0.35 per share in our base case and $0.56 in our bull case.

We value PhosCo at $0.35 per share in our base case and $0.56 in our bull case, using a DCF approach and assuming a post-financing scenario. We modelled the project using similar metrics to the Scoping Study and taking into account project financing.

Our assumptions with the project

- **Mine life.** Formal production commences mid-2028 with a year of pre-sales in 2027. We assume a 46-year mine life.
- **Phosphate production.** We assume 67Mt produced over the life of mine with 1.5Mt per year in the first 10 years, then 1.44Mt annually in the following years.
- **Phosphate pricing.** Our model ultimately uses US$160/t across the life of the project, with US$170/t in our bull case.
- **Operating costs.** We assume US$77.80/t in operating cash costs of the operation with a cumulative US$87.10/t when contingency costs and royalties are accounted for. This is an annualisation of the estimated Life of Mine costs which assumed US$5,215m in cash opex with the aforementioned expenses taking the cost to US$5,837m.
- **Capex and funding.** As per the Scoping Study, the model assumes an initial capital requirement of US$169.3m. We use a 65-35 debt/equity split with a 5% interest rate pre-tax. We assume equity is raised at $0.11 per share.
- **Tax rate.** We use 25% from Year 6 onwards, but assume the first 5 years are tax-free.
- **Exchange rate.** A$1 is US$0.65.
- **Discount rate.** We used a discount rate of 8%. *This is **not** the discount rate we used for our ultimate valuation of the company, but the discount rate of the project itself* – and we used the same rate PhosCo itself used.
- **Our NPV.** We arrive at a post-tax NPV of US$545.1m which is A$838.6m. This represents an IRR of 80%. Our bull case NPV is US$633.9m or A$975.2m, representing an IRR of 90%. We acknowledge this is a lower figure than the Scoping Study's NPV and can be explained by our inclusion of capex and debt repayments as cash outflows.

Figure 14 and Figure 15 show our assumptions and Figure 16 shows the returns.

Figure 14: Our assumptions

Cost assumptions		
Metrics	**Units**	**Value**
Opex		
Ore and Waste Mining	US$/t	25.2
Other opex	US$/t	52.6
Cash costs of the operation	**US$/t**	77.8
Contingency	US$/t	7.8
Royalty	US$/t	1.5
Total Opex	**US$/t**	87.1
Capex		
Mining Capital	US$m	20.4
Process Facility	US$m	76.0
Port Facility	US$m	9.3
Other processing capital	US$m	10.7
Site Services & Infrastructure	US$m	24.8
Miscellaneous engineering & procurement capital	US$m	28.1
Total Capex	US$m	169.3
Capex in Year -2	US$m	76.1
Capex in Year -1	US$m	93.4

Estimates: Pitt Street Research, derived from section 9 of the 2022 Scoping Study

Figure 15: Our assumptions

LOM Total Costs		
Metrics	**Units**	**Value**
Mining and processing	US$m	1,688
Cash opex (not relevant to mining & processing)	US$m	3,527
Total cash opex	**US$m**	5,215
Contingency	US$m	521
Royalty	US$m	101
Total expenses	US$m	5,837

Estimates: Pitt Street Research, derived from section 9 of the 2022 Scoping Study

Figure 16: Our estimates of Gasaat's cumulative financial returns

LOM Cumulative Returns		
Metrics	Units	Value
Revenue	US$m	10,720
	A$m	16,492
Pre-tax cash flows	US$m	4,883
	A$m	7,512
Post-tax profits	US$m	3,799
	A$m	5,844
Discounted cash flows	US$m	1,514
	A$m	2,329
Exchange rate AUD to USD		0.65

Estimates: Pitt Street Research

Our DCF methodology

Our model is based around 10 years of cash flows (including pre-production) and 2% terminal growth thereafter.

Rather than value the company simply off a project NPV, we have ultimately used a more comprehensive DCF valuation for PhosCo based upon the entire cash flows of the company, and we derive $0.35 per share in a base case and $0.56 in our bull case (Figure 17). This is inclusive of 10 years of projected cash flows (including pre-production) and a terminal growth rate of 2% thereafter with a 12.4% WACC for both (using a 4% risk-free rate of return, a 7% equity premium, and 1.5x beta with an 88% weight of equity)). With the project having 39 years remaining by the end of the life of our model, we think it is appropriate to have a terminal value.

We have assumed a 65-35 debt-equity split and our assumption of the shares outstanding and net cash balance is our projected FY29 rate – the year we project capex to peak. The number of shares on issue is 1.33bn. If we used the company's current net debt/(cash) position and number of shares on issue (463.1m) then our valuation per share would be $0.74 in our base case and $1.34 in our bull case. Of course, those figures should not be taken seriously because they do not assume any finance is raised at all and it would be impossible for the project to get off the ground without it.

Figure 17: DCF calculation (post financing)

Valuation (A$m)	Base Case	Bull case
Present Value of FCF	116.5	196.0
Present Value of Terminal Value	224.3	422.8
Enterprise Value (A$ m)	**340.8**	**618.8**
Net (debt) cash (FY29)[6]	124.4	124.4
Equity value (A$ m)	**465.1**	**743.2**
Shares outstanding (FY29)	1,329.3	1,329.3
Implied price (A$ cents)	**0.35**	**0.56**
Current price (A$ cents)	0.12	0.12
Upside (%)	204.3%	386.2%

Source: Pitt Street Research

[6] This is a couple of years into production, at a stage when we forecast the company is in a position to begin repaying its debt.

Catalysts for growth

We foresee PhosCo being re-rated to our valuation range driven by the following factors:

- The completion of an updated Scoping Study and the progression towards a Bankable Feasibility Study,
- Further exploration at Gasaat, including KM and SAB prospects where drilling and trenching is underway to inform maiden resource estimates at these prospects,
- Advancing of PhosCo's other projects in Tunisia,
- Positive momentum in the phosphate market including prices remaining elevated,
- PhosCo progressing offtake discussions with potential partners,
- Project financing being negotiated and eventually secured,
- And remaining regulatory approvals required being received.

Risks

We see the following key risks to our investment thesis:

- **Funding risk**: PhosCo currently does not generate any revenue from its mine, and it will require external funding to support its exploration and development plans. Raising funds on favourable terms (both debt and equity) along with timeliness can be a key challenge for an aspiring developer of a resources project.
- **Regulatory and sovereign risk.** The company's ability to develop its project is contingent on local regulators maintaining approval where it already exists and giving any new approvals required. Even though Tunisia has historically been a big phosphate producer, the political situation over the last decade and a half has been a catalyst for the country losing ground.
- **Underlying commodity risk**: PhosCo is exposed to commodity price risk, which depends on macroeconomic factors and demand and supply dynamics of the underlying commodity, all of which are out of the company's control. Even though the outlook appears positive, there is no guarantee that this will remain the case.
- **Key personnel risk**: There is the risk that the company may lose key personnel and be unable to replace them and/or their contribution to the business.
- **Commercial risk**. There is the risk that the company may fail to execute its commercial objectives for a variety of reasons including the reasons mentioned elsewhere in this section, not to mention labour and supply chain issues.

PhosCo's management

The company's current board and leadership composition is as follows (Figure 18):

Figure 18: PhosCo's leadership composition

Board of Directors	
Name and Designation	**Profile**
Robin Widdup Chairman	Mr. Robin has over 40 years of mining industry and equity market experience. He's the founder and director of Lion Selection Group Limited, one of PhosCo's largest shareholders.
Mehdi Ben Adballah Executive Director	Mehdi Ben Abdallah is Managing Partner of an advisory firm working with several companies in the energy sector. He previously served as General Manager with Shell, Vice-President with BG Group, and Executive Director of International Relations with the leading Tunisian employers' association. He also holds several senior Leadership roles with bilateral chambers of commerce in Tunis and London.
Craig Smyth Chief Financial Officer	Craig has over 25 years of accounting experience in mining investment and finance. Craig's financial background includes Coopers & Lybrand, Credit Suisse First Boston (London) and ANZ Investment Bank. Craig is a member of the Institute of Chartered Accountants of Australia and New Zealand.
Taz Aldaoud Managing Director	Taz is a chemist and entrepreneur with a strong background in management, sales, and marketing. He currently serves as a managing partner at Chemist Warehouse. Taz has a deep understanding of investment markets, specialising in emerging companies in the mineral resources sector.
Sam Lancuba CFO and Company Secretary	Sam is a chemical engineer with more than 45 years' experience in all aspects of the global fertiliser industry, following an extensive career with Incitec Pivot Limited. He has extensive technical and market experience of fertiliser processing operations and products throughout the world, having consulted to industry clients in Australia, New Zealand, USA, South America, Europe, India and China.

Source: Company

Appendix I – Capital Structure

Class	In Millions	% of dully diluted
Ordinary shares	463,093,579	82.1%
Options	93,100,493	16.3%
Performance shares	9,000,001	1.6%
Fully diluted shares	**564,194,073**	

Source: Company

Appendix II – Glossary

Anomaly - A deviation or irregularity from what is standard, normal, or expected. In geoscience, it often refers to a value (e.g., magnetic, geochemical) that differs significantly from the surrounding area, indicating potential mineralisation.

Carbonate - A sedimentary rock or mineral composed primarily of carbonate ions (CO_3^{2-}), typically including minerals such as calcite ($CaCO_3$) or dolomite ($CaMg(CO_3)_2$).

Carthaginian - Relating to Carthage, an ancient civilization located in present-day Tunisia. In geological contexts, it may refer to stratigraphic or cultural layers linked to that historical period or region.

Conformity - A contact between rock layers that represents continuous deposition with no significant break or erosion; layers are parallel and uninterrupted.

Di-Ammonium phosphate - A widely used nitrogen–phosphorus fertilizer with the formula $(NH_4)_2HPO_4$, providing essential nutrients for plant growth.

Eocene - A geological epoch (i.e. era) within the Paleogene Period, lasting from about 56 to 34 million years ago, marked by warm climates and the diversification of early mammals.

Indicated Resource - A category in mineral resource classification that refers to mineral material whose quantity, grade, and characteristics are estimated with reasonable confidence based on detailed exploration data – higher confidence than Inferred Resource, but lower than Measured resources.

Inert – In a geological context, minerals that are chemically stable and do not react easily under normal environmental conditions, such as quartz or zircon.

Inferred Resource - A category of mineral resource for which quantity and grade are estimated based on limited geological evidence and sampling; confidence in the estimate is lower than for indicated resources.

IRR - A financial metric used in project evaluation that represents the discount rate at which the net present value (NPV) of future cash flows equals zero; it measures investment profitability.

Karsted - Describing rock, typically limestone or dolomite, that has been dissolved by natural waters to form features such as sinkholes, caves, and underground drainage systems.

Mono-ammonium phosphate - A fertilizer with the formula $NH_4H_2PO_4$, providing phosphorus and nitrogen; often used in agriculture due to its high nutrient efficiency.

Nitrogen - A chemical element essential for life, comprising about 78% of Earth's atmosphere. In agriculture, it is a key nutrient for plant growth and protein synthesis.

Palocene - The geological epoch that preceded the Eocene, lasting from about 66 to 56 million years ago; marked by recovery of life after the Cretaceous–Paleogene extinction event.

Phosphate - A chemical compound containing the phosphate ion (PO_4^{3-}). In geology, it refers to phosphate rock, an important source of phosphorus used in fertilizers.

Phosphogypsum - A by-product from the production of phosphoric acid using phosphate rock; primarily composed of calcium sulfate dihydrate ($CaSO_4 \cdot 2H_2O$) and may contain trace elements.

Phosphorous - A chemical element essential for all living organisms, crucial for DNA, cell membranes, and energy transfer (ATP). In fertilizers, it supports root and flower development.

Photosynthesis - The biological process by which green plants, algae, and some bacteria convert sunlight, water, and carbon dioxide into glucose and oxygen.

pXRF technology - A field-based analytical method used to determine the elemental composition of materials rapidly and non-destructively using X-ray fluorescence.

Sedimentary - Referring to rocks formed by the accumulation and compaction of mineral or organic particles deposited by water, wind, or ice; examples include sandstone, shale, and limestone.

Appendix III – Analysts' Qualifications

Stuart Roberts, lead analyst on this report, has been an equities analyst since 2002.

- Stuart obtained a Master of Applied Finance and Investment from the Securities Institute of Australia in 2002. Previously, from the Securities Institute of Australia, he obtained a Certificate of Financial Markets (1994) and a Graduate Diploma in Finance and Investment (1999).
- Stuart joined Southern Cross Equities as an equities analyst in April 2001. From February 2002 to July 2013, his research speciality at Southern Cross Equities and its acquirer, Bell Potter Securities, was Healthcare and Biotechnology. During this time, he covered a variety of established healthcare companies, such as CSL, Cochlear and Resmed, as well as numerous emerging companies. Stuart was a Healthcare and Biotechnology analyst at Baillieu Holst from October 2013 to January 2015.
- After 15 months over 2015–2016 doing Investor Relations for two ASX-listed cancer drug developers, Stuart founded NDF Research in May 2016 to provide issuer-sponsored equity research on ASX-listed Life Sciences companies.
- In July 2016, with Marc Kennis, Stuart co-founded Pitt Street Research Pty Ltd, which provides issuer-sponsored research on ASX-listed companies across the entire market, including Life Sciences companies.
- Since 2018, Stuart has led Pitt Street Research's Resources Sector franchise, spearheading research on both mining and energy companies.

Nick Sundich is an equities research analyst at Pitt Street Research.

- Nick obtained a Bachelor of Commerce/Bachelor of Arts from the University of Sydney in 2018 and the designation of Financial Modelling & Valuation Analyst by the Corporate Finance Institute. He has also completed the CFA Investment Foundations program.
- He joined Pitt Street Research in January 2022. Previously he worked for over three years as a financial journalist at Stockhead.
- While at university, he worked for a handful of corporate advisory firms

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