PITT STREET RESEARCH

PhosCo Ltd
ASX:PHO

COMPANY UPDATE

A US$732m NPV for Gasaat

ASX: PHO · Sector: Materials & Mining · 23 November 2026 Share Price **A$0.13**

This time last year, PhosCo (ASX:PHO) investors were promised a Scoping Study that would show even further upside and management has delivered. The hope was that the project would expand behind GK and KEL with the KM and SAB prospects, and that the latter two prospects would transform the project with lower operating costs and a premium product stream. That is exactly what has happened during 2026.

What's changed since the last study

The resource has grown by over 20Mt to 166.6Mt, 12Mt of which came from KM and 8.2Mt from SAB. KM & SAB improved Gasaat's strip ratio and improved the economics as the plan is now for KM to dominate the first decade, and so opex for that period is US$69/t. A major metallurgical breakthrough has also simplified the processing flow sheet and shown a premium product can be produced via single-stage flotation. The company envisions up to 30% of production can be premium & attract a 30% price premium over the standard product. The NPV is now US$732m vs US$657m in 2022. Although capex rose 17% to US$198.8m, the IRR is over 50% (at 52% v 54% earlier).

The next steps

PhosCo needs to secure financing for Gasaat. The company is well-funded for the short to medium term and is drawing growing support from high-quality strategic partners which gives confidence it can finance the project. Leading Tunisian-based, pan-African engineering firm STUDI is investing A$1.4m at 15c per share, while the EBRD's option to invest A$7.5m has been activated by the Scoping Study release. Adding to this, the US Government via CrossBoundary Group, aims to attract up to US$100m of investment into PHO. This mix of engineering, multilateral and US Government-linked partners materially positions PHO well to finance development.

Valuation of $0.44-0.62 post financing (was A$0.35-0.56)

We've increased our valuation of PhosCo in light of the updated Scoping Study to A$0.44-0.62 per share post-financing (previously A$0.35-0.56) on an NPV basis. Our post-financing base case implicitly values PhosCo at nearly 50% of the project NPV, compared with around 14% at the current share price. Please see page 13 for more details on our valuation and page 19 for key investment risks.

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Key Metrics

Market cap. (A$m)	**69.4**
Shares outstanding (m)	**533.7**
Shares fully diluted (m)	**717.1**
Market cap ful. dil. (A$m)	**93.2**
52-week high / low (A$)	**0.18 / 0.10**
Avg. 12M daily volume ('000)	**199.7**

Share Price (A$, l.h.s.) & Volume (k, r.h.s.)



Source: Refinitiv Eikon, Pitt Street Research

Disclosure: Pitt Street directors own shares in PhosCo

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Reintroduction to PhosCo and its opportunity

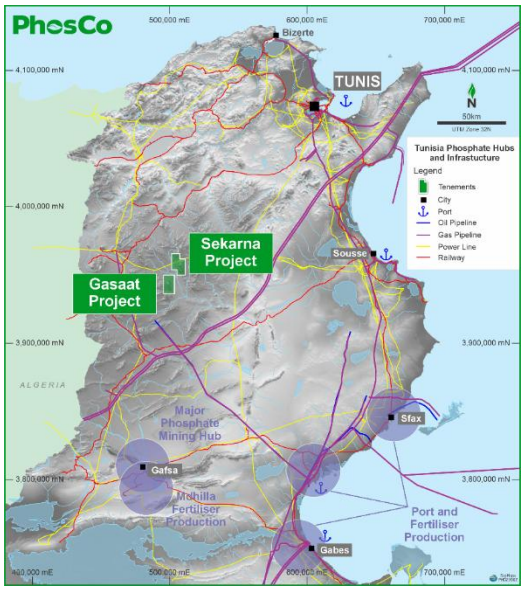
PhosCo is developing the Gasaat Project in Tunisia's Northern Phosphate Basin.

For the sake of investors new to the story, we will briefly recap PhosCo (ASX:PHO) and the opportunity before it, after which we will proceed to the current Scoping Study, how it is an improvement on the 2022 study and what the next steps are for the company. PhosCo is developing the Gasaat Project in Tunisia's Northern Phosphate Basin (Figure 1). Ultimately, it hopes that Gasaat can become part of a larger hub, but this project is its focus for now. It discovered the first prospects in 2012 with a then joint venture partner but years of dispute with its former partner delayed development. Now, all of this is behind the company, it has government support and the most recent Scoping Study bodes well for future production.

Gasaat's JORC resource totals 166.6Mt @ 20.6% P2O5, of which 92% is Measured or Indicated.

PhosCo believes a future mine could operate for nearly 50 years. Gasaat's JORC resource totals 166.6Mt @ 20.6% P2O5, of which 92% is in the Measured and Indicated categories and derives from only four of the nine prospects: GK (90.9Mt @ 20.2%), KEL (55.5Mt @ 21.2%), and the maiden KM (12.0Mt @ 20.5%) and SAB (8.2Mt @ 20.6%) resources (Figure 2, Figure 3 & Figure 4). The 2022 Scoping Study had only the first two, but a resource for the latter two was defined earlier in 2026 and the current study includes them. Although their volume is lower than GK and KEL, KM and SAB are more important economically and PhosCo's production plan is to mine them first given their lower strip ratios, thick intercepts and location next to the proposed plant. DOH and KH, two recent discoveries outside the resource, offer further growth, and scout drilling at the Sekarna project, 10km from Gasaat, has also intersected phosphate, although no resource has been defined at those prospects.

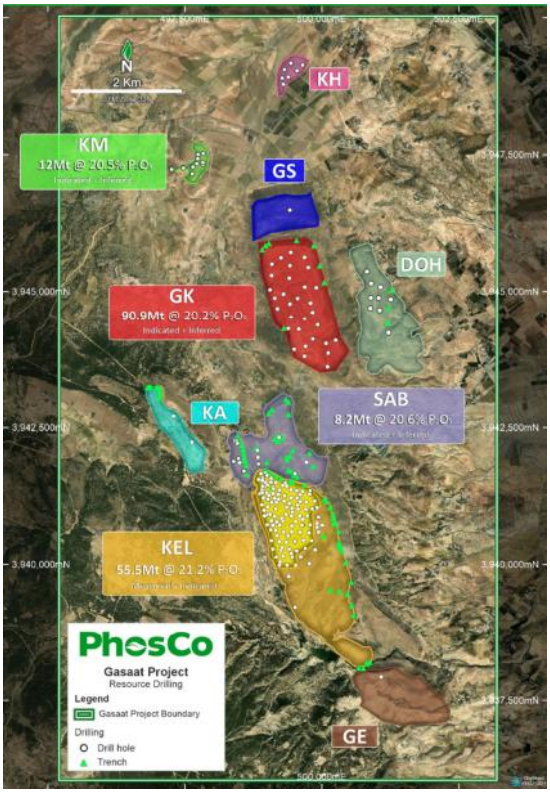
Figure 1: PhosCo's Project Area



Source: Company

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Figure 2: Gasaat's layout



Source: Company

Figure 3: Gasaat's resource

Prospect	JORC 2012	Mt	% P_2O_5
KM (May 2026)	Indicated	8.6	20.6
	Inferred	3.4	20.3
	Total	**12.0**	**20.5**
SAB (May 2026)	Indicated	5.6	20.9
	Inferred	2.6	19.9
	Total	**8.2**	**20.6**
KEL (March 2022)	Measured	49.1	21.3
	Indicated	6.4	20.3
	Total	**55.5**	**21.2**
GK (November 2022)	Indicated	83.7	20.2
	Inferred	7.2	20.1
	Total	**90.9**	**20.2**
Global Resources	Measured	49.1	21.3
	Indicated	104.3	20.3
	Inferred	13.2	20.1
	Total	**166.6**	**20.6**

Source: Company

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Figure 4: The Gasaat Project Area



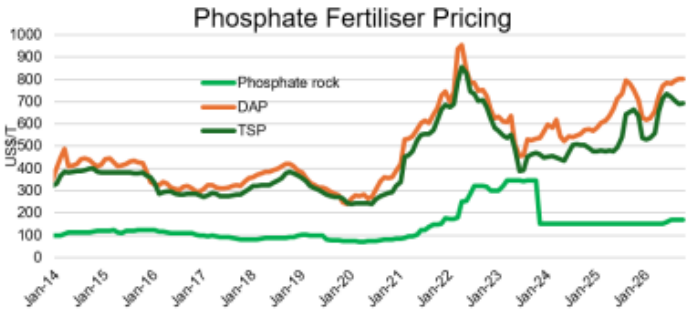
Source: Company

The opportunity in Tunisian phosphate

Phosphate is an important commodity for agriculture, but demand is increasingly supplemented by lithium iron phosphate batteries.

What is the opportunity in phosphate? Simply put, the combination of constrained supply and growing demand. Some 90% of consumption is in agriculture, where phosphorus has no substitute, and demand is increasingly supplemented by lithium iron phosphate (LFP) batteries, given phosphate accounts for 60% of material in LFPs. Supply is concentrated, with Morocco holding around ~70% of reserves and China ~35% of production. China has since imposed export bans and become a net importer, while US granular output fell 32% between 2015 and 2024. Strait of Hormuz disruptions have added another spanner into the works, affecting about 20% of global supply. The US, EU, UK, China and India now list phosphate as a critical mineral, and the Moroccan 32% P2O5 benchmark was US$170/t in September 2026. Looking to the longer-term, phosphate prices have remained remarkably stable as has demand (Figure 5 & Figure 6).

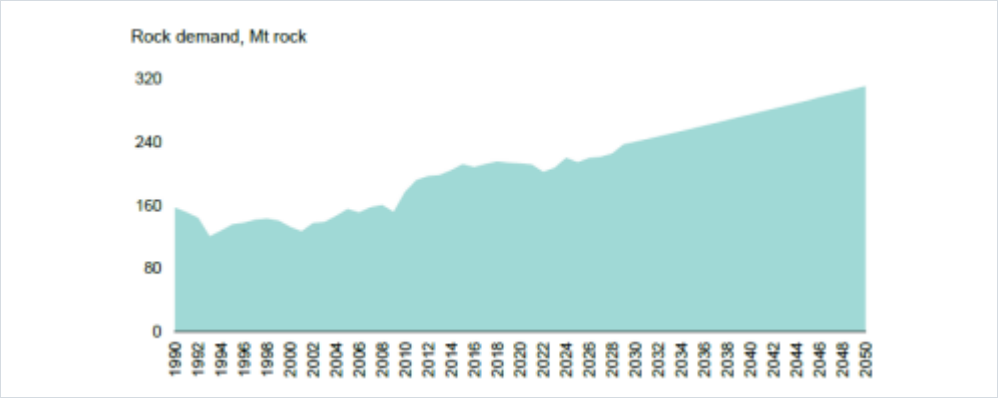
Figure 5: Phosphate fertiliser pricing



Source: Company

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Figure 6: Demand for Phosphate



Source: Company

Can investors be confident in Tunisia? We believe so – while we acknowledge investors may be unfamiliar with the jurisdiction, unfamiliarity doesn't necessarily mean it is unsafe from a jurisdictional risk standpoint. The country had a historical reputation as a major phosphate producer having historically produced up to 8Mtpa. Over the last decade and a half since the Arab Spring, output has fallen to roughly 4Mtpa, and the government is encouraging new supply in light of export restrictions from jurisdictions such as China. Gasaat sits on Europe's doorstep, with bitumen road access, a railhead 35km away, nearby gas and grid power, and an industrial port already handling phosphate. The country's fiscal terms are attractive given a 0% corporate tax for the first five years with 25% thereafter, and a 1% royalty on turnover. Moreover, PhosCo is the only listed phosphate company in the North African phosphate province.

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PhosCo's Latest Scoping Study

Nearly 4 years since the maiden Scoping Study, PhosCo released an updated study and we believe it changes the entire investment narrative (Figure 7). In saying this we are not just alluding to the higher NPV and better operating economics as important as these traits are. But also, because this Scoping Study is based on 4 deposits rather than just 2 (with the 2 new included deposits being the catalyst for reduced opex), a different product mix and the different logistics. And of course, the delivery of the study and the greater potential is exactly what PhosCo's management has been promising investors.

PhosCo's updated study includes 2 further low-cost deposits, a different product mix (including a premium stream).

Figure 7: Scoping Study Metrics 2022 vs 2026

Metric	2022 study	2026 study	Change
Post-tax NPV (10%)	US$657m	US$732m	11%
Post-tax IRR	54%	52%	-2 pts
Development capital	US$169.5m	US$198.8m	17%
Payback	1.5 years	1.7 years	+0.2 years
Opex, first 10 years	US$79/t	US$69/t	-13%
Concentrate production	67.6Mt	72Mt	7%
Mine life	46 years	49 years	+3 years
Average price	US$150/t	US$152/t	1%
Resource	146.4Mt @ 20.6%	166.6Mt @ 20.6%	14%

Source: Pitt Street Research, Company

What has changed from the last Scoping Study?

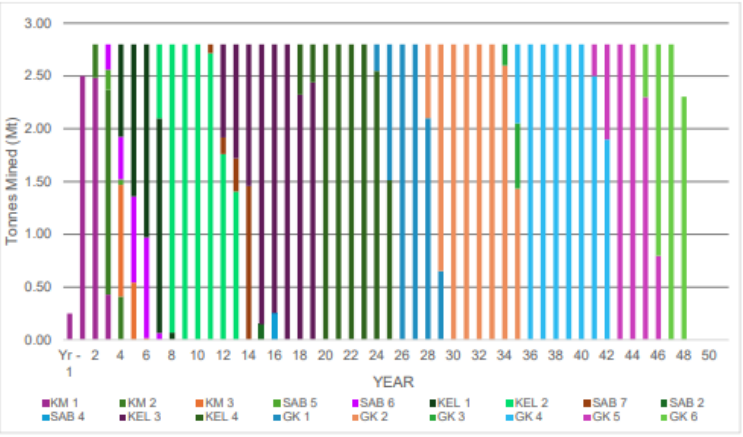
We see 5 positive changes that stand out.

1. **The resource base**. The study uses the 166.6Mt @ 20.6% P2O5 global resource vs 146Mt in 2022. This comes from 4 of Gasaat's prospects vs 2 in 2022 but leaves a further 5 out of it (including DOH and KH).
2. **KM is the starter pit**. The first four years of production are scheduled from KM, which has a 0.5:1 strip ratio against 5.2:1 for the life of mine given its thicker phosphate seams and its shallow, outcropping geology. These traits of KM and the plan to mine there initially are the main reasons why the first-ten-year operating cost is US$69/t and the first 10-year strip ratio is now 2.5:1 vs 3.4:1. As Figure 8 depicts, the plan is to mine KM first, then SAB followed by KEL and GK later on. KM and SAB were not even in the 2022 study, but in 2026 not only are they in it but are before KEL and GK. This is why the operating economics are more attractive.

Starting with KM rather than KEL and GK means more attractive economics upfront given a far lower strip ratio.

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Figure 8: Schedule of pits mined at Gasaat

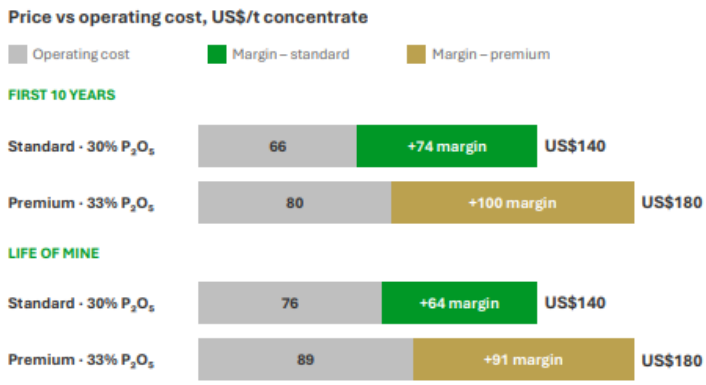


Source: Company

3. **There's still one flowsheet, but now two products**. Rather than treating all phosphate produced as one product, PhosCo believes the addition of KM and SAB can produce concentrate that can attract premium pricing. Hence, it assumes 70% of production is standard product (30% P2O5 with a US$140/t price) and 30% premium product (33% P2O5 with a US$180/t) (Figure 9). The premium grade comes from selective mining of higher-grade zones. The Moroccan 32% P2O5 benchmark was US$170/t (as per World Bank data), so the pricing looks conservative against the benchmark. The standard product is assumed to trade at a slight discount to it. These assumptions give a US$152/t weighted price which is only US$2/t higher than 2022.

The study streamlines 30% of the product as 'premium' (given a higher grade) and gives it a premium price.

Figure 9: Premium vs Standard Product Pricing



Source: Company

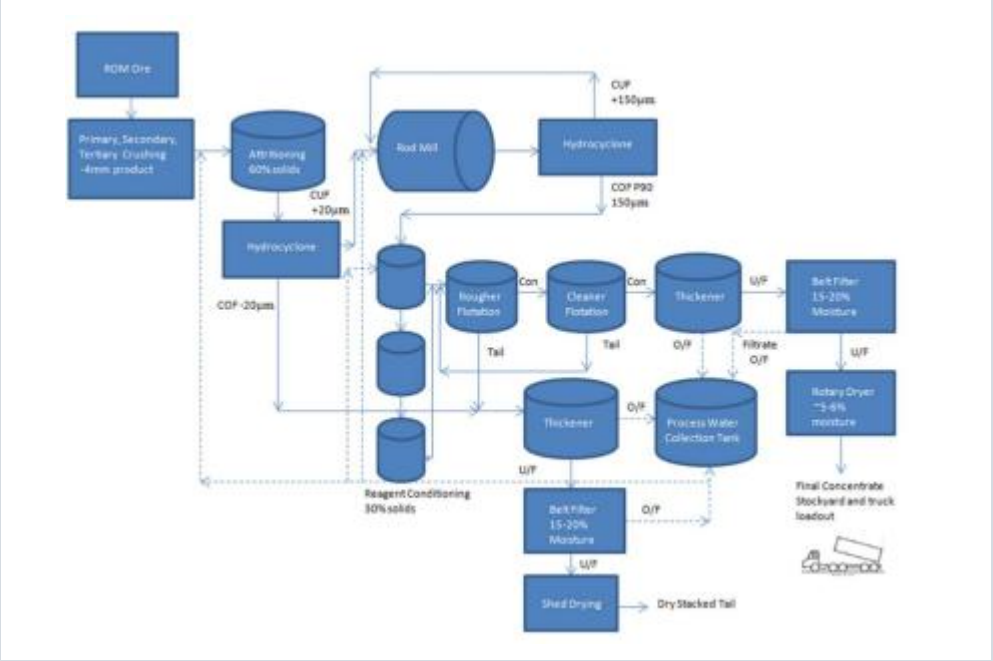
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4. **Simpler processing**. The flowsheet is crush and screen, grind and classify, single-stage flotation, dewater, then truck to Gabès. The 2022 flowsheet had several flotation steps but now it is simpler, even with multiple product streams. This translates to lower opex but also to lower water usage. The study assumes water consumption of 0.7m^3/t of ore treated, which the company believes is less than 50% of other phosphate operations. That is a relevant advantage in a water-scarce country. Figure 10 depicts the process. Investors may look at it and think it is complicated with several steps, but it is simpler than 2022's flowsheet. Given both the carbonate and silica impurities can be removed together (as PhosCo's testwork from earlier this year found), this is what is planned to happen. The previous flowsheet involved three flotation stages for the silica (removing certain impurities (i.e. everything else in the ore that isn't phosphate), cleaning the ore which still has impurities, then removing others that couldn't be first time around) but this has been simplified to one step.

   What does this mean? Fewer machines, maintenance, labour requirements and power consumption which translates to less time as well as lower capex, opex and execution risk.

The 2022 flowsheet had several steps but has been simplified, even with multiple product streams.

Figure 10: Beneficiation Process Flowsheet



Source: Company

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5. **Higher Margins**. In the first 10 years the standard product earns a margin of about US$74/t and the premium product about US$100/t. The higher margins are because of the higher pricing and also the simpler processing. Over the life of mine these fall to US$64/t and US$91/t as other deposits with higher strip ratios come online. The reality is that a project that earns its best margins early will pay back faster, carry less financing risk and be less discounted over time, which is what prospective lenders will focus on. As we noted in reason 2, the plan is to mine KM and SAB before KEL and GK meaning lower early strip ratios, higher early cashflows and fast payback.
6. **A 49-year mining life** as opposed to 46 years in 2022.

Gasaat now attracts higher margins given the higher pricing and simpler processing.

The study has also seen a changed offtake plan. The updates study assumes road haulage to the port of Gabès instead of rail and so project delivery costs are now US$16/t of concentrate and just over US$1.1bn over the mine's 49-year life. But we would note two things. First, as we already noted, total opex is lower than in 2022. Second, this path is more realistic for the company in the short to medium term. Although there is an existing railway line, connection options not too far from Gasaat, and there are plans to upgrade it, this might be most cost-effective in the early years of its life. Keep in mind the total capex is still below US$200m and the company adding its own rail loading facilities and handling infrastructure would blow the figure out.

And also, the company is now eyeing off the Port of Gabès rather than Rades. Rades was explicitly mentioned in 2022, and the implication was for rail given it was nearby. But road access was found to be more optimal for Gabès. And here's where investors should take notice. Gabès already handles phosphate products, has available bulk capacity – it can handle bulk carriers and has existing bulk handling infrastructure. Eventually, a rail solution could be implemented but could be a source of a future opex reduction rather than something needed for the project to be viable.

Are there changes that are not entirely positive? Investors will notice that **capital costs are up 17% from US169.5m to US$198.8m**. We would've been surprised to have not seen any increase whatsoever given the 4 years lapsed between studies and this one is more in depth. The increased capex does mean more finance will need to be sought. We would note the NPV has increased and the IRR has remained above 50% - in 2022 the NPV was US$657m and the IRR was 54% whilst now the NPV is US$732m and the IRR is 52%, which is a tribute to the operational and flowsheet improvements noted above. The key reason (i.e. the biggest increase amongst all capex line items) is the processing plant is now bigger, and so processing capital is US$117m vs US$76m in 2022. But investors can be more confident that this is a realistic figure than 2022's figure was.

But the bottom line is that Gasaat is further down the development curve than at any point in PhosCo's history. The study has defined a project with 49 years of life, two products, a low-strip starter pit and a simplified flowsheet, supported by a larger resource and a funded partner group. Management set out to (and promised investors it would) deliver a bigger resource, simpler processing and a study that reflected both, and it did so.

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What lies ahead?

PhosCo' told investors that next steps are a Preliminary Feasibility Study (PFS), followed by a Bankable Feasibility Study (BFS), with environmental assessment and permitting running in parallel. A Final Investment Decision would come thereafter, and we think (assuming the PFS and BFS took 12 months each) the first half of 2029 would be realistic, followed by construction, commissioning and ramp-up thereafter. Our model has assumed early-stage production begins in CY31 with a ramp up over the next 2 years after that. Environmental assessment and permitting will work in parallel.

Our model has assumed early-stage production begins in FY30.

One issue that the study left unresolved (and will need to be resolved for all this to occur) is the source of water supply for the project. This is not to say the company has not considered it, only that it has not yet decided. Possibilities it has identified included identifying its own aquifers or using treated wastewater from regional treatment plans. The latter of those ideas was explored in the last Scoping Study. The good news for investors in regard to this question is that the company's metallurgical test work has showed saline water can be used which widens the range of sources. Moreover, the same saline water is not suitable for agriculture which means that a future mining operation would not be competing with local farmers (Figure 11). Finally, we would reiterate that the Scoping Study has found the water usage per tonne of ore treated is less than 50% the usage level of other phosphate operations, at 0.7m^3/t.

Figure 11: Maintenance of community water infrastructure by PhosCo



Source: Company

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What newsflow should be expected in the next 6-12 months? The results from exploration at DOH and KH at Gasaat as well as the neighbouring Sekarna. What's the big deal about DOH and KH resources? They have high potential to provide additional project resources which could be reflected in a PFS. PhosCo is particularly excited about DOH and the fact it could be low-strip like KM and so it could replace higher-strip material later in the mine schedule, thus further enhancing economics just as PhosCo's change of plan to KM (and its inclusion into the study) made an improvement from 2022 to 2026. In other words, if a Resource had been found at either or both and it was included in a PFS, the project's returns could be magnified.

Investors should watch for exploration results from the DOH and KH prospects at Gasaat and the neighbouring Sekarna.

As for Sekarna, it is a 128km^2 project sitting only 10km from Gasaat. It shares geological similarities with Gasaat, has large exploration targets and has shown early potential - two scout holes intersected 6.0m and 7.4m of phosphate. It would be all well and good to add tonnage to a 49-year mine life, but will it be transformational? If PhosCo's thesis on DOH is proven and it is integrated early on in Gasaat's life, then it could be; although of course not necessarily if it is higher strip material. What about if Sekarna becomes a mine in its own right? The same principle applies although as a project in its own right, Sekarna could transform the company from a one-project company into a company building a regional phosphate hub capable of supporting additional production capacity and downstream fertiliser development.

Finally, we wouldn't be surprised to see strategic partnership and MoUs for offtake as well – such announcements would, in our view, be the most significant commercial catalyst.

However, what investors will be looking for is funding pathways for Gasaat.

Project financing is the critical path, and the company has begun to explore it

Financing is the path that must be trod to get the project off the ground. We expect a mix of development finance, project debt and equity, and PhosCo has credible counterparties. We've consistently noted PhosCo's support from the European Bank of Reconstruction and Development (EBRD). Following a non-binding MoU in November 2024, PhosCo and the EBRD signed a formal mandate in March 2025 for a potential US$5m (A$7.5m) equity investment towards funding a Bankable Feasibility Study which involved the granting of options to invest 120 days after the release of an updated Scoping Study. Since then, the EBRD has granted €1m to fund the technical work that led to the Scoping Study results.

PhosCo will need to seek financing for the project, but there's no shortage of counter parties that have expressed interest.

There are other sources of funding too. A US State Department program is targeting up to US$100m of investment in PhosCo, and reports at the program's launch indicated coordination with the US International Development Finance Corporation on blended finance. Pan-African engineering firm Groupe Studi is another important player, having invested $1.4m into PhosCo and likely to be a PFS/BFS partner. Beyond these parties, discussions are underway with a fertiliser industry partner over offtake and partnership, and a binding offtake with a creditworthy buyer would be the most useful single input into debt sizing.

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Dilution will be the corollary. Equity issued ahead of the FID will probably be priced off a share price that still reflects a small fraction of the NPV, and our post-financing valuation range makes explicit that the value per share depends on how much is raised and at what price. Funding terms are therefore as important as the study itself, and we will watch closely for any strategic equity investment at a premium to the market, which would reduce dilution.

Our valuation of PhosCo: $0.44-0.62 per share post-financing

We value PhosCo at A$0.44-0.62 per share.

We've remodelled PhosCo and derived a valuation $0.44 in a base case and $0.62 in a bull case, both post-financing. For completeness, our prior valuation was $0.35-0.56 per share although we don't think that can be compared to our current model given the differences between the Scoping Studies. Our approach has always been to model the project and derive an NPV which we have done on the basis of the new metrics. We found a base case NPV of $713.5m or A$1,097.6m.

Investors will note a ~2.5% discrepancy to our NPV and that of PhosCo's. While we used Scoping Study assumptions, our NPV is derived from our own model of the project but we nonetheless think the gap is that small, that it still is a validation of PhosCo's own NPV and to do a model to try and 'match' PhosCo's exactly would be of little utility other than for its own sake. We also modelled a bull case with that assumed a 50-50 standard-premium mix and a blended US$170 price ($150 for standard and $190 for premium). We will delve into to our other operating model assumptions shortly, but we first need to outline three particularly sensitive inputs to our share price valuation

Our share price valuation inputs

These three particularly sensitive inputs are: First, our discount rate; Second, our financing assumptions, and Third, the P/NAV to use. Of course, there were several other inputs to our model, but we will deal with these 3 first because they have the greatest influence on price per share regardless of what NPV we derived. For a discount rate, we settled at 10%, the same rate PhosCo used in its own study but Figure 12 and Figure 13 depict the NPV at other discount rates – all other things in our model remaining equal including the exchange rate.

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Figure 12: Discount rate sensitivity (base)

Discount	Base NPV (US$m)	Base NPV (A$m)
7%	$ 1,232.46	$ 1,896.09
8%	$ 1,017.47	$ 1,565.34
9%	$ 848.35	$ 1,305.15
10%	**$ 713.47**	**$ 1,097.64**
11%	$ 604.53	$ 930.05
12%	$ 515.55	$ 793.15
13%	$ 442.14	$ 680.22

Source: Pitt Street Research

Figure 13: Discount rate sensitivity (bull)

Discount	Bull NPV (US$m)	Bull NPV (A$m)
7%	$ 1,586.73	$ 2,441.12
8%	$ 1,315.22	$ 2,023.42
9%	$ 1,101.30	$ 1,694.31
10%	**$ 930.38**	**$ 1,431.35**
11%	$ 792.08	$ 198.02
12%	$ 678.88	$ 475.22
13%	$ 585.29	$ 175.59

Source: Pitt Street Research

Turning to our financing assumptions, we've assumed 80% debt and 20% equity. This means a total debt package of US$159.1m which is A$245m at current exchange rates. With 20% equity and the assumption that capital is raised at $0.13 per share, this leads to 964.3m shares on issue. Figure 14 shows the sensitivity of our assumptions to the debt/equity mix. Investors may find it confusing in one sense to see that the equity rises, so does the share price – shouldn't it be the opposite given a higher number of shares on issue? In practice, the impact of debt (both its presence on the balance sheet and repayments) has a greater impact on our cash flows.

We've assumed the ultimate funding mix would be 80% debt and 20% equity.

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Figure 14: Discount rate sensitivity (base and bull cases combined)

Debt %	Equity %	Base assumed price	Base upside	Bull assumed price	Bull upside
0%	100%	$0.57	307%	$0.74	430%
10%	90%	$0.55	295%	$0.73	419%
20%	80%	$0.54	284%	$0.71	407%
30%	70%	$0.52	273%	$0.69	396%
40%	60%	$0.51	261%	$0.68	385%
50%	50%	$0.49	250%	$0.66	373%
60%	40%	$0.47	239%	$0.65	362%
70%	30%	$0.46	227%	$0.63	351%
80%	20%	$0.44	216%	$0.62	339%
90%	10%	$0.43	205%	$0.60	328%
100%	0%	$0.41	193%	$0.58	317%

Source: Pitt Street Research

With our NPV discount rate and debt/equity mix resolved, the third figure that needed to be resolved to derive a price per share is the P/NAV to use. Although our NPV has been discounted, it has assumed financing is secured, construction goes on time and on budget and the project generates cash flows as anticipated. Using 100% is too high because these events have not happened. We settled at a 0.5x P/NAV, effectively a 50% discount to the NPV post-financing (Figure 15 and Figure 16).

We settled at a 0.5x P/NAV.

Investors who've read our research on other resources companies in the last year may observe we've said companies with a Scoping Study could trade at a mid-teens percentage of NPV of a PFS once it was out. In the case of PhosCo, we are higher because a Scoping Study has been completed (we didn't build it on our own assumptions based on peers, we just used the inputs in the Scoping Study) and we have also included the number of shares post-financing.

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Figure 15: % of NPV (base case)

%	NPV Share price (post-f)		Upside
10%	$109.76	$0.11	-19%
20%	$219.53	$0.23	63%
30%	$329.29	$0.34	144%
40%	$439.06	$0.46	225%
50%	$548.82	$0.57	307%
60%	$658.58	$0.68	388%
70%	$768.35	$0.80	469%
80%	$878.11	$0.91	550%
90%	$987.87	$1.02	632%
100%	$1,097.64	$1.14	713%

Source: Pitt Street Research

Figure 16: % of NPV (bull case)

%	NPV Share price (post-f)		Upside
10%	$143.14	$0.15	6%
20%	$286.27	$0.30	112%
30%	$429.41	$0.45	218%
40%	$572.54	$0.59	324%
50%	$715.68	$0.74	430%
60%	$858.81	$0.89	536%
70%	$1,001.95	$1.04	642%
80%	$1,145.08	$1.19	748%
90%	$1,288.22	$1.34	854%
100%	$1,431.36	$1.48	960%

Source: Pitt Street Research

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Our project modelling assumptions

Our project assumptions were as follows:

- **Production**: We assumed 67Mt total production over the 49-year life of the project. 1.42Mt in years 1-10 and 1.38Mt in years 11-49.
- **Timeline**: We assumed commencement of production during CY31 with 2 years of construction before that.
- **Pricing**: We assumed 70% of the product is sold at US$140/t and 30% is premium and sold at US$180/t.
- **Corporate Tax**: We assumed 0% for the first 5 years then 25% thereafter. We did not assume any carry-forward tax losses.
- **Capex**: We assumed US$198.9m of which $117m was processing, $20.7m mining, $49.5m infrastructure & ancillary and 11.7% EPCM (Engineering, Procurement and Construction Management). We assumed this was spread equally across the 2 years of construction.
- **Opex**: We began with the Life of Mine Total Costs and adjusted them for the years of the project. Mining is US$26.9/t, processing & site costs are US$35.9/t and logistics & port costs US$16.4/t. Add in a royalty of US$1.5/t and we have overall opex of US$80.6/t annually and cumulative of US$5.4bn (over 49 years.
- **Exchange rate**: We used A$1=US$0.65.
- **Discount rate:** We used 10% (s the Scoping Study did) and our final share price includes a further 50% discount (by using 0.5 P/NAV) and dilutive financing assumptions.

Our project assumptions were largely based on the Scoping Study's own assumptions.

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Conclusion: $0.44-0.62 per share

The final result is $0.44 per share in our base case and $0.62 per share in our bull case (Figure 17). To recap: It is based on modelling of PhosCo's Gasaat project using metrics in its scoping study, assuming 80% debt financing and 20% equity financing, using 0.5x P/NAV and a number of shares on issue post-financing. They reflect NPVs of US$713.5m/A$1,097.6m in our base case and US$930.4m/1,431.4m in our bull case. We foresee the gap closing as the company advances towards a PFS, continues financing and offtake discussions and as it continues exploration activities to grow the resources especially at DOH and KH.

The final result is $0.44 in our base case and $0.62 in our bull case.

Figure 17: Our final valuation

Metric (A$m)	Base	Bull
Project NPV	**$1,097.64**	**$1,431.36**
Less debt	-244.8	-244.8
Equity value	**$852.84**	**$1,186.56**
Shares	964.3	964.3
P/NAV	0.5	0.5
Assumed price	**$0.44**	**$0.62**
Current price	0.13	0.13
Upside	*240%*	*373%*

Source: Pitt Street Research

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Trading Approach

While the valuation range used in this report may differ from the current share price, it is the responsibility of every investor to take account of market conditions and personal circumstances in making investment decisions.

Risks

1. **Funding Risk**
   PhosCo will require external funding to support its exploration and development plans. Raising funds on favourable terms and the timeliness of doing so can be a key challenge for an aspiring developer of a resources project.
2. **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. While the situation is better now, investors may take time to regain confidence in companies with project in Tunisia.
3. **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
4. **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.

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Appendix I – Analyst 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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