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ASX Announcement 3 October 2024

KEY APPROVAL FOR SEKARNA PHOSPHATE PROJECT

Sekarna permit covers 128km^2 with exposures of outcropping rock phosphate

HIGHLIGHTS:

- **The Consultative Committee of Mines has approved the Sekarna Phosphate Exploration Permit (100% PhosCo).**
- **Sekarna is a key element in the Company's strategic phosphate portfolio within Tunisia's Northern Phosphate Basin.**
- **Formal grant is now pending subject to final approval by the Ministry of National Defence.**
- **Sekarna is considered to be an early stage analogue of Gassaat[1] (146.4Mt @ 20.6% P_2O_5[2]), 10km to the southwest, and shares the same large scale and simple geology.**

PhosCo Ltd (**PhosCo** or **the Company**) (**ASX:PHO**) is pleased to announce that following the meeting of the Consultative Committee of Mines (CCM), the Ministry of Industry, Energy and Mines has formally confirmed that the exploration permit application for the Sekarna Phosphate Project in Tunisia (Figure 1) has been approved for a period of three years, subject to final approval by the Ministry of National Defence. On receipt of a favourable report, the next step is for the permit to be published in the official gazette (JORT).

The Sekarna Exploration Permit application is held 100% by Himilco Resources Pty Ltd, a wholly owned subsidiary of PhosCo and covers an area of 128km^2.

PhosCo's Tunisian exploration team observed phosphate in outcrop below the upper Eocene cap rock exposed by steep-sided mesa topography. No exploration targeting phosphate has been carried out over Sekarna; however, phosphate mineralisation was first identified in 1901. In 1999, A. Zair conducted an in-depth study of phosphate deposits in the central-western basin of Tunisia as part of his doctoral thesis, focusing particularly on the Sekarna deposit and its phosphate ores. Historic diamond drilling by Reminex Exploration in 2007 that targeted lead zinc mineralisation intersected phosphate over an

[1] Refer 2/9/24 ASX announcement 'PhosCo Lodges New Application for Gassaat Phosphate Project'
[2] Refer to ASX announcement dated 9/12/22: 'Scoping Study Confirms Outstanding Economics for Chaketma'.

interval of eight metres in drill hole SRLE3. The phosphate was not analysed. A 2011 geological paper on lead-zinc mineralisation at Sekarna reported phosphate grades of between 19.7% and 27.8% P_2O_5 in five core samples (Garnit et al 2011)[3].

Field inspection by PhosCo's Tunisian team traced the phosphate unit, which was exposed in outcrop with mapped thicknesses of greater than 5m for more than 3km in the east and about 10m for over 4km in the west.

Geologically the Sekarna phosphate deposit is considered to be an analogue of Gassaat, which is located 10km to the southwest of Sekarna, and the two deposits share the same stratigraphy and similar geology.

The news comes following the recent grant of the Ras Ghzir exploration permit, which is a separate permit to Sekarna, covering 'Group 3' base metals, which overprint the Sekarna phosphate (Group 5) over an area of 60km^2. Historic mining dates from the early 1900's to 1948. Work is required to understand the presence of base metals at Sekarna to see if it can be separated from the phosphate, potentially into a by-product revenue stream or forms a separate, new, standalone project.

PhosCo Managing Director, Taz Aldaoud commented:

"We are pleased to announce that the Ministry of Industry, Mines and Energy has approved our permit application for the Sekarna project. This approval marks a significant milestone as Sekarna represents one of three key elements that will constitute a larger phosphate basin hub in Tunisia's Northern Phosphate Basin.

Notably, this marks the first instance in Tunisia where a phosphate permit application for a project wholly owned by a foreign company has been approved, a responsibility we accept with utmost seriousness and gratitude. We eagerly anticipate the official gazetting of the permit, which will allow us to commence operations promptly.

This development underscores our commitment to responsible resource exploration and our growing presence in Tunisia's mineral sector. We look forward to leveraging this opportunity to create value for our shareholders while contributing to the local economy."

[3] Garnit H, Bouhlel S, Barca D, Johnson CA, & Chaker Chtara C, (2011) Phosphorite-hosted zinc and lead mineralization in the Sekarna deposit (Central Tunisia).

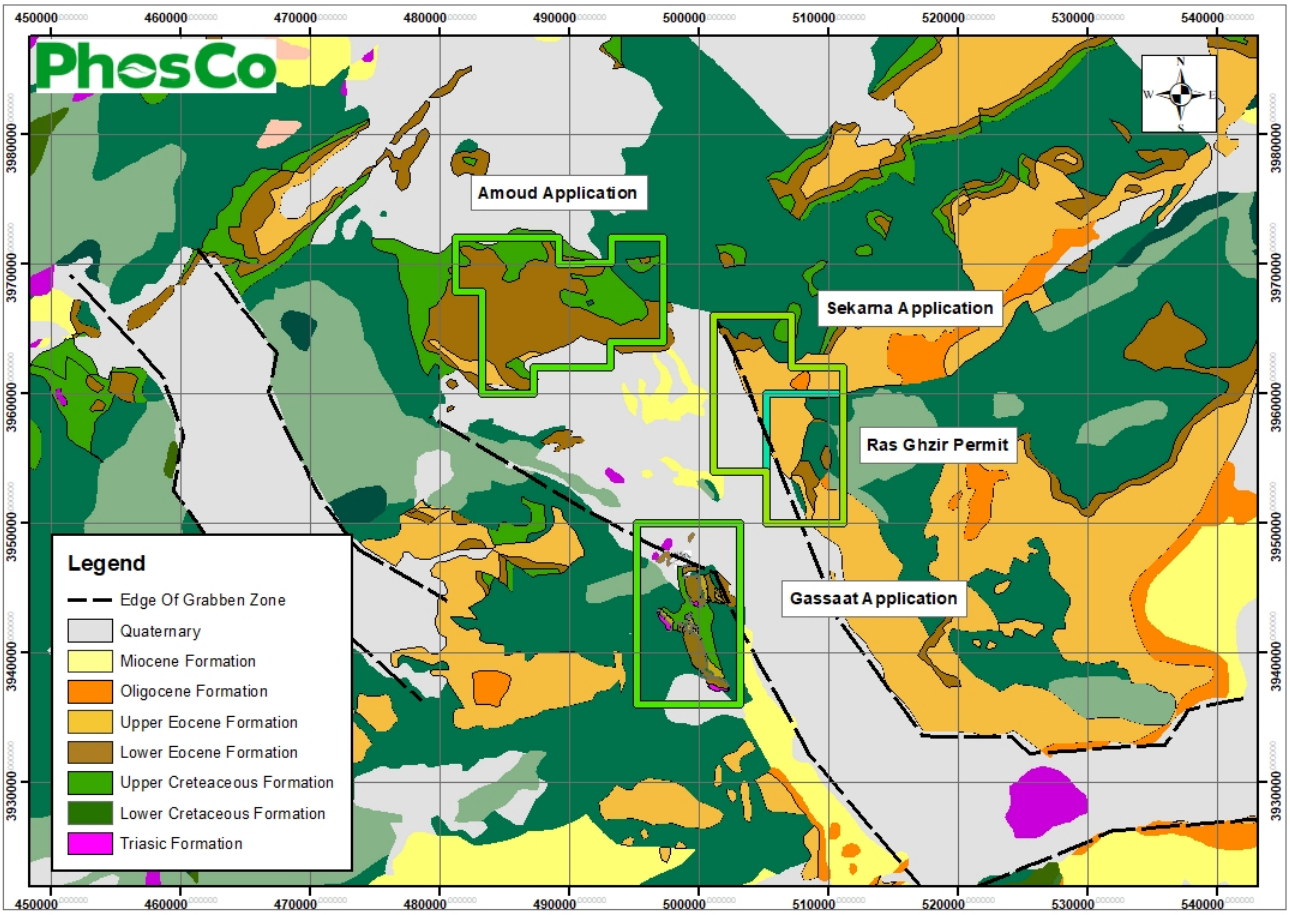

Figure 1 *Sekarna Phosphate Project Location, Tunisia*

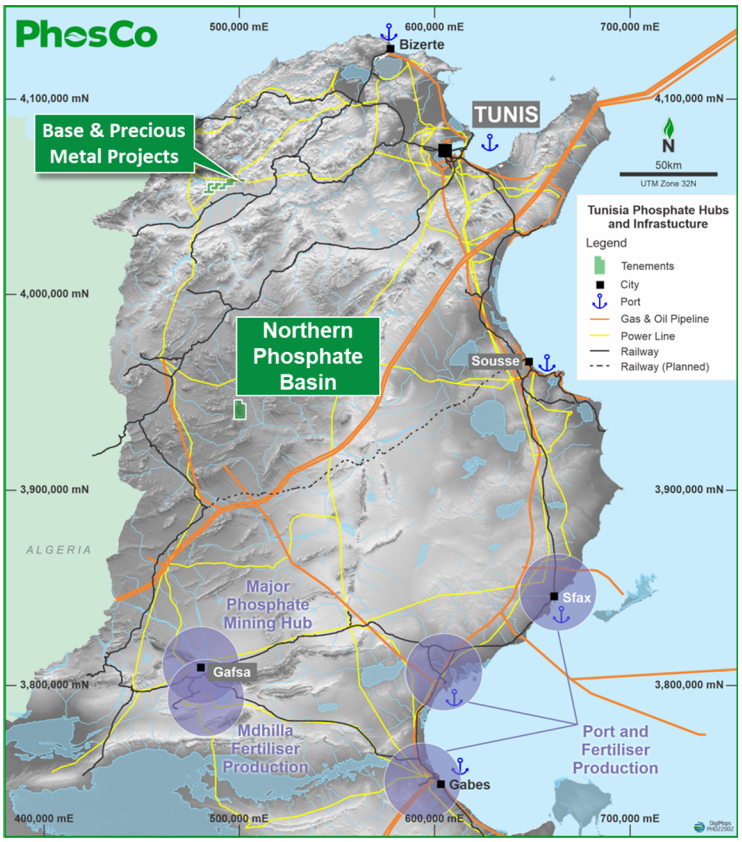

Figure 2 *Sekarna Phosphate Project Location, Tunisia*

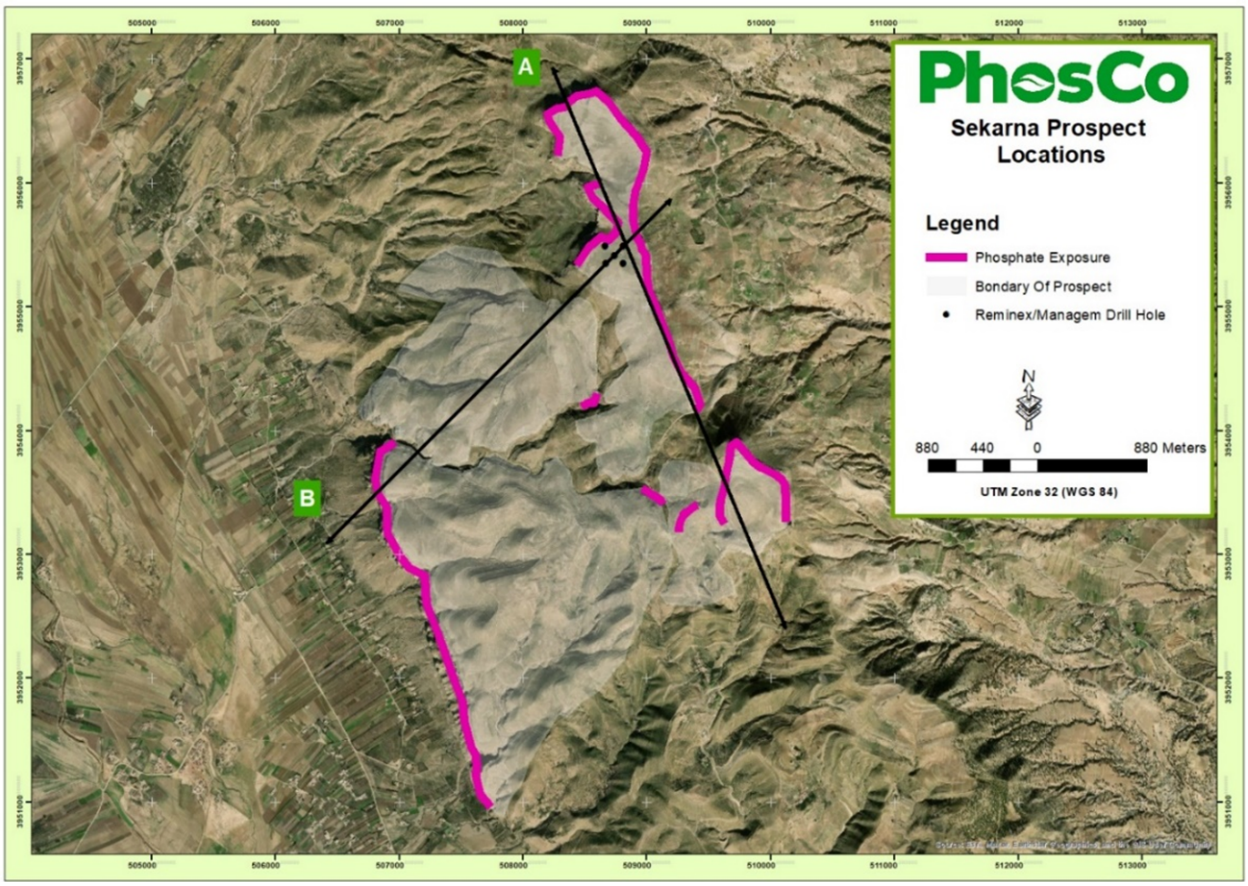

Figure 3 *Sekarna Project showing major prospect locations and phosphate outcrops* (Phosphate exposures shown as pink lines. Line width does not represent thickness).

Figure 4 *Sekarna Project N_S Cross Section* A *view from the east side.*

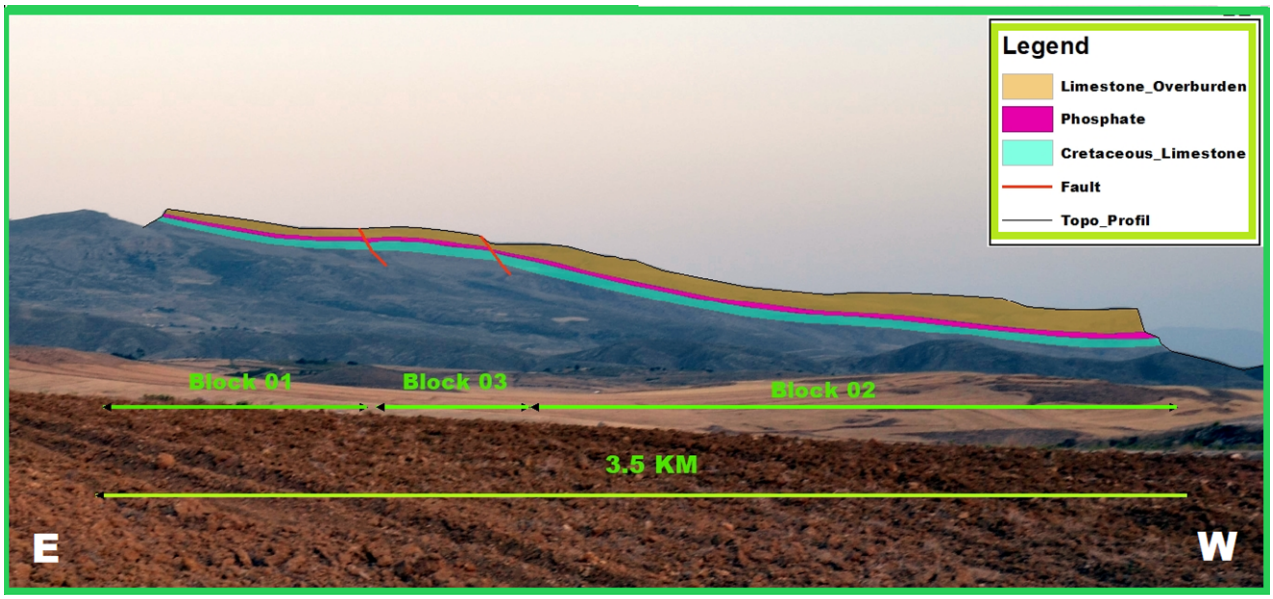

Figure 5 *Sekarna Project E_W Cross Section* **B** *view from the north side.*

PHOSPHATE GEOLOGY

The phosphate mineralisation at Sekarna was originally described by A Zaier (1999), a PhD student who studied and documented the tectonic controls on phosphate deposits of Northern Basin of Tunisia.

The Tunisian phosphates are hosted by the Metlaoui Formation, the lower most unit of the Eocene, and were either deposited directly on the older Cretaceous basin sequence or on a thin Palaeocene marl (El Haria Formation). Sometime after the deposition, either as the result of local tectonic uplift or a fall in sea level, the Cretaceous sequence was an emergent land surface referred to as Kasserine Island. The marl unit is a transgressive sequence representing a period of marine inundation when sedimentation resumed. The marl is laterally discontinuous because the marine transgression was not uniform across the basin. The period between the end of the Cretaceous and the start of the Eocene is a time break of approximately 10 million years. During this period the Cretaceous was deformed, and exposed limestone units were subject to weathering and karst development. The contact between the Palaeocene and the Eocene is conformable but the contacts between these units and the underlying Cretaceous is an angular unconformity.

Where observed, the lower most layer phosphate is a fine pebbly phosphate conglomerate or a occurs as in fillings in solution cavities in the Cretaceous marble. This lower zone transitions in a fine grained hard indurated phosphorite unit with occasional fossils and coprolite nodules. A thin (0.5 metre thick) marly phosphate bed commonly occurs a few metres above the lower contact. The phosphorite is capped by a low-grade phosphate marble. The contact with the upper unit is transitional and is typically determined by a grade cut-off of 10% P_2O_5.

At Sekarna the phosphorite and host rocks have been uplifted into a horst block that is reseparated from Gassaat by the down faulted Rohia Graben. The Sekarna block is now a prominent mesa with fault scarps both on the eastern and western sides where the rock phosphate is exposed. The mesa rises to a maximum elevation of 1,370 metres. Good exposures of phosphate occur on three faces just below the summit of the mountain over a combined distance of about 1.2km. In this area the exposed phosphate is 6m to 8m thick. Phosphate is not exposed on the southern flank, so the extent of the phosphate is based on limits of the upper Eocene cover rocks in this direction.

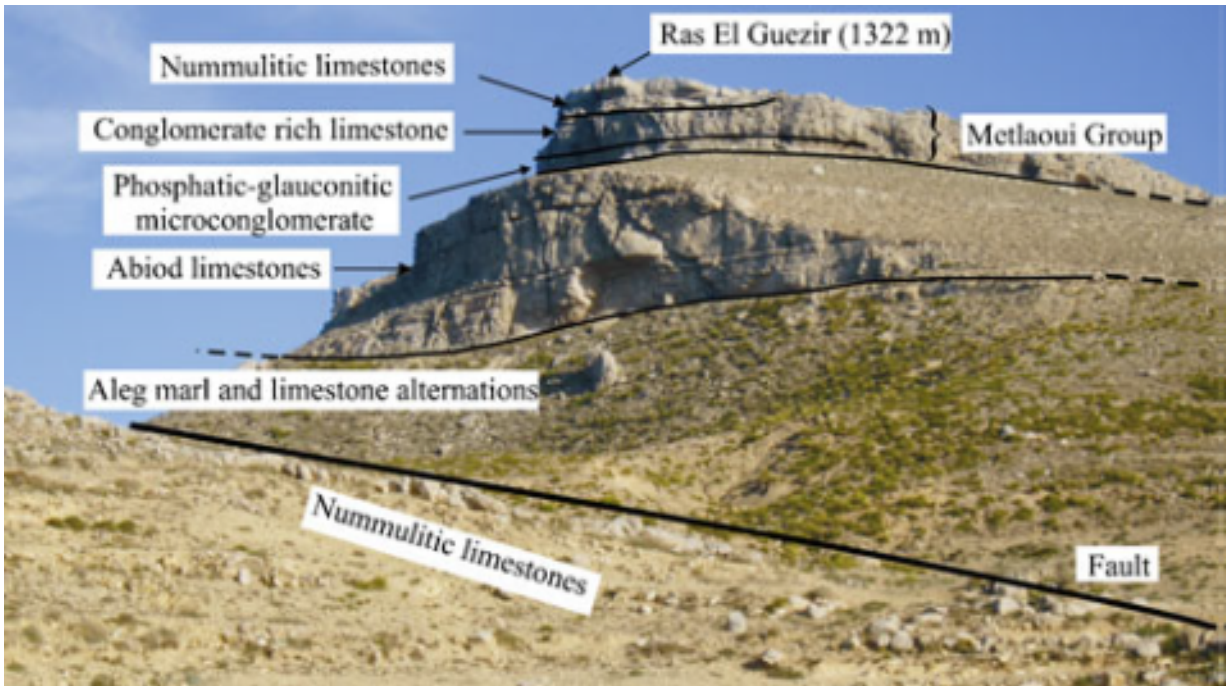

Figure 6 *Outcrops of Late Cretaceous–Early Eocene sedimentary sequences in Ras Ghzir.*

The Sekarna phosphate is visually indistinguishable from other phosphates in the Northern Basin but has the additional complexity of having an area with a shallow, base metal overprint (zinc, lead, and barite). Metallurgical work is required to understand whether the base metals can be floated separately, potentially into a by-product revenue stream or forms a separate, new, standalone project.

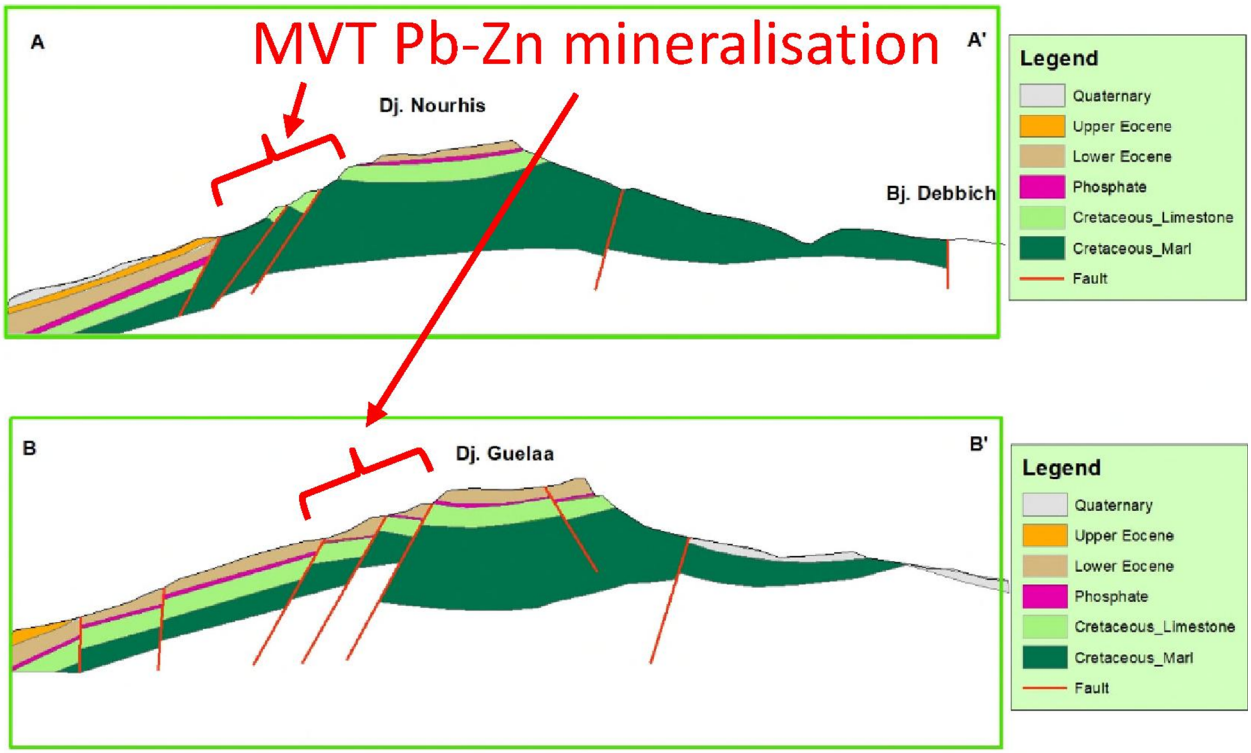

Figure 7 *Representative schematic cross-sections of the Sekarna project.*

NEXT STEPS

The next steps in the process for granting an exploration permit following the positive response from the Consultative Committees of Mines (CCM) is the Director General of Mines (DGM) to seek the consent from the Ministry of Defence. This is a procedural step and PhosCo notes that the overlaying Ras Ghzir permit has already cleared this step prior to grant of that permit. On receipt of a favourable report, the next step is for the permit to be published in the official gazette (JORT).

NORTHERN PHOSPHATE BASIN

PhosCo is assembling a district-scale phosphate portfolio in Tunisia's Northern Phosphate Basin to support a potential world-class fertilizer hub:

- Gassaat: Most advanced project with 146.4Mt @ 20.6% P_2O_5 Resource[1]. New application lodged in co-operation with local community[4].
- Sekarna: early stage Gassaat analogy, CCM Approved, JORT pending, drilling required to establish size and grade.
- Amoud: application pending, adjacent to Sra Ouertane (multibillion tonne phosphate deposit) in the Northern Basin.

[4] Refer 2/9/24 ASX announcement 'PhosCo Lodges New Application for Gassaat Phosphate Project'. PhosCo has a 51% interest in CPSA that also has an application for Chaketma, overlain by PhosCo's Gassaat application.

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

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COMPETENT PERSONS STATEMENT

The information in this announcement that relates to historic data and Exploration Targets, Exploration Results or Mineral Resources is based on information compiled by Aymen Arfaoui, who is a Member of The Australasian Institute of Mining and Metallurgy and an employee of PhosCo Limited. Mr Arfaoui has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Arfaoui consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

References

Garnit H, Bouhlel S, Barca D, Johnson CA, & Chaker Chtara C, (2011) Phosphorite-hosted zinc and lead mineralization in the Sekarna deposit (Central Tunisia).

Zaier A (1999) Evolution tecto-sédimentaire du bassin phosphate du Centre-Ouest de la Tunisie, minéralogie, pétrographie, géochimie et genèse des phosphorites. Ph.D. Thesis, University of Tunis El Manar, Tunis, Tunisia, 1999.

Note 1

Gassaat Phosphate Project Global Mineral Resources

Gassaat	JORC 2012	Mt	% P_2O_5
KEL (March 2022)	Measured	49.1	21.3
	Indicated	6.4	20.3
	Total	**55.5**	**21.2**
GK (November 2022)	Indicated	83.7	20.2
	Inferred	7.2	20.1
	Total	**90.9**	**20.2**
Global Resources	Measured	49.1	21.3
	Indicated	90.1	20.2
	Inferred	7.2	20.1
	Total	**146.4**	**20.6**

Refer to ASX announcement dated 15/3/22: 'Phosphate Resource Update Delivers 50% Increase at KEL' and ASX announcement dated 17/11/22: '90% Conversion of Inferred to Indicated Resources at GK'.

- All Mineral Resources are reported in accordance with the 2012 JORC Code
- The Mineral Resource is reported at a cut off grade of 10% P_2O_5

All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.

The Chaketma Phosphate Exploration Permit was 100% held by Chaketma Phosphates SA (CPSA). On 3 January 2023, PhosCo announced that on 19 December 2022, CPSA received a letter from the Minister of Industry, Mines and Energy dated 7 December 2022 whereby the application for a mining concession over the Project did not receive approval, thereby terminating the validity of CPSA's exploration permit. In consultation with the Tunisian Ministry of Industry, Mines & Energy, CPSA applied for a new Exploration Permit for Chaketma, mirroring the original permit boundaries.

PhosCo on 27 August 2024 made the new 'Gassaat' application encapsulating the Chaketma Phosphate Project in cooperation with the local community.

The next step in this process will be for the new applications to be considered by the Consultative Committee of Mines (CCM). Assuming the CCM approves an application, formal gazetting will take place once the application has also been cleared by the Tunisian military. If granted, the Exploration Permit will be valid for three years (with two three year extensions).