Annual Report

31 December 2020

PhosEnergy Limited | ABN 31 164 573 728

CONTENTS

CORPORATE INFORMATION

ABN 31 164 573 728

Directors

Anthony Kiernan
Bryn Jones
Timothy Goyder
Timothy Wise

Company secretary

Leanne Stevens

Registered office

Level 2, 1292 Hay Street
West Perth, WESTERN AUSTRALIA 6005

Principal place of business

Level 2, 1292 Hay Street
West Perth, WESTERN AUSTRALIA 6005

Share registry

Boardroom Pty Ltd
Level 12, 225 George Street
Sydney NEW SOUTH WALES 2000
+61 2 9290 9600

Auditors

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WESTERN AUSTRALIA 6000

DIRECTORS' REPORT

The Directors of PhosEnergy Limited ('PhosEnergy') present their Report together with the financial statements of the Consolidated Entity, being PhosEnergy ('the Company') and its Controlled Entities ('the Group') for the year ended 31 December 2020.

DIRECTOR DETAILS

The following persons were Directors of PhosEnergy during the financial year and since the end of the reporting period unless otherwise stated.

Mr Anthony W Kiernan LLB Chairman (Appointed 1 July 2013)	Mr Kiernan, previously a practising lawyer, is a corporate advisor with extensive experience in the administration and operation of listed public companies. He is Chairman Pilbara Minerals Limited and Lead Independent Director of Northern Star Resources Limited, all listed on the ASX. In the past three years, Mr Kiernan was Chair of Venturex Resources Limited and Saracen Holdings Limited, prior to the merger with Northern Star Resources Limited and a director of ASX listed Danakali Limited and Chalice Mining Limited (formerly Chalice Gold Mines Limited).
Mr Bryn L Jones BAppSc, MMinEng, FAusIMM Managing Director (Appointed 1 July 2013)	Mr Jones is an industrial chemist with extensive experience in the uranium industry, particularly in the development of the PhosEnergy Process and operation of In-Situ Recovery (ISR) mines gained during his time at Heathgate Resources, the operator of the Beverley Uranium Mine. Mr Jones has also worked for Worley Parsons on the Olympic Dam Expansion Project and consulted on various ISR operations around the world. Mr Jones was previously Chief Operating Officer of Laramide Resources Limited and is a director of Devex Resources Limited, Boss Resources Limited and Salt Lake Potash Limited, all listed on the ASX.
Mr Timothy R B Goyder Non-executive Director (Appointed 1 July 2013)	Mr Goyder has considerable experience in the resources industry as an executive and investor. He has been involved in the formation and management of a number of publicly listed and privately owned companies. Mr Goyder is currently Chairman of Chalice Mining Limited (formerly Chalice Gold Mines Limited), Liontown Resources Limited and DevEx Resources Limited, all listed on ASX. During the past three years Mr Goyder also served as a director of Strike Energy Limited.
Mr Timothy N Wise BSc. Executive Director (Appointed 26 March 2019)	Mr Wise is the founder of a number of companies including Listen clothing, The Tap Doctor (a national plumbing franchise) and Wasabi Energy Limited (now Kalina Power Limited, listed on the ASX). He currently works as an advisor for a family office and has consulted to BHP, NAB, GE, Accenture, Western Power, Ajilon, Aurecon, Perth Children's Hospital Foundation and the Harry Butler Institute.
Mr Richard K Hacker B.Com, CA, ACIS (Alternate Director to Mr T Goyder Appointed 19 February 2019, resigned 24 February 2021)	Mr Hacker has significant corporate and commercial experience in the energy and resources sector in Australia and the United Kingdom. He is a Chartered Accountant and Chartered Secretary. Mr Hacker has previously worked in senior finance roles with global energy companies. Mr Hacker is a director of DevEx Resources Limited and the Chief Financial Officer of Chalice Mining Limited (formerly Chalice Gold Mines Limited).

Company secretary

Mrs Leanne Stevens B.Com, CA, ACIS (Appointed 19 December 2015)	Mrs Stevens is a Chartered Accountant who has over 18 years of accounting and governance experience within the mining and energy industries.

PRINCIPAL ACTIVITIES

The principal activity of PhosEnergy is the development of innovative green-energy technologies aimed at recovering useful energy resources and chemicals from unconventional or waste sources, ultimately unlocking commercial opportunities for Shareholders.

The Company's most advanced technology is the PhosEnergy Process, a patented science developed to recover uranium from phosphate fertiliser production. PhosEnergy and global uranium company Cameco Corporation ('Cameco') are jointly commercialising the PhosEnergy Process via a registered Colorado company called Urtek LLC ('Urtek'), which is beneficially owned 74.21% by Cameco and 25.79% by PhosEnergy.

Other technologies in the Company's Intellectual Property ('IP') portfolio include:

CarbonX Process: Utilising Carbon to produce Methanol

The CarbonX Process is a ground breaking technology, which has the potential to profitably convert CO_2 to methanol and other commercial products. Until now, the conversion of CO_2 into useable chemicals has been technically possible but commercially challenging, with existing technologies hampered by the large amount of energy input required. The Company's CarbonX Process offers the opportunity of a low-cost solution to deliver a range of commercially viable products, including methanol.

GenX Energy: Long term, low maintenance, GenX constant DC power, driven by waste

GenX Energy produces GenX Units which uniquely combine metals, semiconductors and beta-radiation into smart structures that produce constant DC power over very long time frames.

Highly reliable, low voltage power is vital for a range of devices in critical industry applications such as the growing space sector, sub-sea telecommunications and sensing systems. GenX Units can potentially replace sub-optimal remote power sources with a simple and safe generator that supplies constant DC power for up to several decades without the need for refuelling or recharging.

GenT Energy: potential for a rapid commercialisation of systems with almost unlimited application in the field of thermal energy recovery

GenT is a thermvoltaic (TV) technology which utilises the GenX electrode system in combination with selected semiconductors - converting infrared radiation (waste heat) to electrical energy.

REVIEW OF OPERATIONS

A summary of the recent technical development activity is below:

CarbonX Process

In late 2019 the Company initiated a testwork program utilising the world's first use of a Beta Activated Ceramic (BAC). The testwork program was conducted at the Australian Nuclear Science and Technology Organisation (ANSTO) and was aimed at gathering information on process parameters to advance the Company's understanding of the commerciality of the CarbonX Process.

Results from this initial body of work exceeded the Company's assumptions on the extent of chemical conversion achieved through beta energisation.

Additionally, learnings from the initial experiments have highlighted several potential opportunities to greatly enhance the conversion rate in the reactor system. A further series of experiments to evaluate these opportunities are planned. An International Patent Application under the provisions of the Patent Cooperation Treaty has been filed for the CarbonX Process. A written opinion from the International Examining Authority has been received and considers that the claims as filed are both novel and inventive.

GenX Energy

In March 2020 the Company was awarded an Innovation Connections Grant to work with Future Industries Institute ('FII') of the University of South Australia ('UniSA') to complete Proof of Concept ('PoC') experiments on GenX.

The experimental component of the work has been successful in demonstrating the effectiveness of the Company's unique electrode-semiconductor arrangements in harvesting electron-hole pairs from excited semi-conductor materials.

Investigations into the potential commercial application of GenX have highlighted the enormous potential of the technology to provide long term, stable power supplies in the space sector, particularly in surface rovers and for deep space exploration where solar photovoltaic power is not viable.

A second round of Innovation Connections Grant funding has been awarded following the completion of the initial scope. The Company and the FII are currently working towards producing a functioning activated GenX unit during Q1 CY2021.

GenT Energy

GenT is a thermvoltaic (TV) technology which utilises the GenX electrode system in combination with selected semiconductors converting infrared radiation (waste heat) to electrical energy.

Proof of Concept work on the GenT technology has been completed and a Provisional Patent filed. Work towards the design and construction of a demonstration unit is underway.

PhosEnergy Process

Due to the ongoing low uranium price environment the Company has decided to focus its efforts on the opportunities presented through its new technology developments, as listed above.

The Company and its development partner, Cameco Corporation, have curtailed unnecessary expenditure on the PhosEnergy Process during the period under review but not to the detriment of the Process and the accompanying intellectual property which has been maintained in good standing.

Team

The Board is pleased to advise that Dr Andrew Barton has agreed to act in a Board and Technical advisory role focussing on positioning GenX for commercial success in the space sector.

Andrew is an aerospace professional with extensive international experience in the Space industry. Andrew is a Board member of Aurora, a subsidiary of the SmartSat CRC and has previously held positions in numerous space organisations including Southern Launch, Fleet Space Technologies and Google Lunar XPRIZE.

FINANCIAL REVIEW

For the year ended 31 December 2020 the Company recorded a loss of $201,149 (2019: Loss $489,789). The decreased loss is predominantly the result of the Company receiving grants and other government incentive income during the year.

Research and development expenses were $277,894 (2019: $234,836). The increase is predominantly the result of an increase costs incurred for work performed by technical personnel.

Corporate and administration costs were $184,389 (2019: $211,664) during the year. The decrease was mainly due to lower personnel costs.

At 31 December 2020, the Group had net assets of $199,127 (2019: $415,474) including cash at bank of $256,972 (2019: $492,590).There was a working capital surplus at 31 December 2020 of $134,784 (2019: surplus of $348,976).

CAPITAL STRUCTURE

At 31 December 2020, the Company had 58,087,609 (31 December 2019: 58,087,609) fully paid ordinary shares, 10,250,000 (31 December 2019: 10,250,000) options over ordinary shares and 3,000,000 (31 December 2019: 3,000,000) performance rights on issue. During the year, there were no changes in the capital structure of the Company.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company not otherwise stated herein.

DIVIDENDS

There were no dividends declared or paid during the reporting period and the directors recommend that no dividend be paid.

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

There were no significant events after reporting date.

LIKELY DEVELOPMENTS

There are no likely developments that will impact on the Group other than as disclosed elsewhere in this report.

DIRECTORS' MEETINGS

The number of formal meetings of directors held during the year and the number of meetings attended by each director are tabled below.

Number of meetings held:	4
Number of meetings attended:	
Anthony Kiernan	4
Bryn Jones	4
Timothy Goyder	3
Timothy Wise	4

OPTION HOLDINGS AND PERFORMANCE RIGHTS OF KEY MANAGEMENT PERSONNEL

The movement during the reporting period in the number of options over ordinary shares in the Company held directly, indirectly or beneficially, by each Director, including their related parties, is listed below.

	Equity Type	1 January 2020	Granted as compensation	Cancelled	Vested during the year	Options on issue at 31 December 2020
Directors						
Anthony Kiernan	Options	1,000,000	-	-	-	1,000,000
Timothy Goyder	Options	1,000,000	-	-	-	1,000,000
Bryn Jones	Options	2,000,000	-	-	-	2,000,000
Timothy Wise	Options	2,000,000	-	-	-	2,000,000
Richard Hacker	Options	750,000	-	-	-	750,000
Executives						
Julian Kelly	Options	2,000,000	-	-	-	2,000,000
Total		**8,750,000**	**-**	**-**	**-**	**8,750,000**

The movement during the reporting period in the number of performance rights over ordinary shares in the Company held directly, indirectly or beneficially, by each Director, including their related parties, is listed below.

	Equity Type	1 January 2020	Granted as compensation	Cancelled	Held at 31 December 2020	Vested and exercisable at 31 December 2020
Directors						
Bryn Jones	Performance Rights	1,000,000	-	-	1,000,000	-
Timothy Wise	Performance Rights	1,000,000	-	-	1,000,000	-
Executives						
Julian Kelly	Performance Rights	1,000,000	-	-	1,000,000	-
Total		**3,000,000**	**-**	**-**	**3,000,000**	**-**

No options or performance rights have been issued since the end of the reporting period.

UNISSUED SHARES UNDER OPTIONS AND PERFORMANCE RIGHTS

At the date of this report, there are 10,250,000 options and 3,000,000 performance rights on issue. Refer to Note 16 of the consolidated financial statements for further details of the options and performance rights outstanding at 31 December 2020.

SHARES ISSUED DURING OR SINCE THE END OF THE REPORTING PERIOD AS A RESULT OF EXERCISE OF OPTIONS

During or since the end of the reporting period, no shares were issued by the Company as a result of the exercise of options.

ENVIRONMENTAL LEGISLATION

PhosEnergy operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

INDEMNITIES GIVEN TO, INSURANCE PREMIUMS PAID FOR, AUDITORS AND OFFICERS

During the reporting period, PhosEnergy paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the reporting period, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

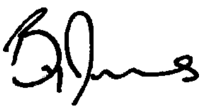
NON-AUDIT SERVICES

During the year, HLB Mann Judd, the Company's auditors, did not provide services in addition to their statutory duties.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under s.307C of the Corporations Act 2001 is included on page 9 of this annual report and forms part of this Directors' Report.

Signed in accordance with a resolution of Directors



Bryn Jones
Managing Director
31 March 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of PhosEnergy Limited for the year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**D I Buckley**
31 March 2021	**Partner**

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 $	2019 $
Continuing operations			
Revenue	**5(a)**	52,704	52,704
Other income	**5(b)**	193,557	-
Foreign exchange gains/(losses)		(229)	8
Corporate and administrative expenses	**6(a)**	(184,389)	(211,664)
Research and development expenses	**6(b)**	(277,894)	(234,836)
Share based payments	**16**	15,102	(94,142)
Loss before financing costs		**(201,149)**	**(487,930)**
Finance income		-	146
Finance costs		-	(2,005)
Loss before income tax		**(201,149)**	**(489,789)**
Income tax benefit	**7**	-	-
Loss attributable to owners of the parent		**(201,149)**	**(489,789)**
Other comprehensive income, net of income tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(96)	(482)
Other comprehensive loss net of tax		**(96)**	**(482)**
Total comprehensive loss attributable to owners of the parent		(201,245)	(490,271)
Basic loss per share (cents per share)	**8**	(0.35)	(1.34)
Diluted loss per share (cents per share)	**8**	(0.35)	(1.34)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	**9**	256,972	492,590
Trade and other receivables	**10**	24,866	17,221
Total current assets		**281,838**	**509,811**
Non-current assets			
Intangible Assets	**12**	61,961	66,498
Property, plant and equipment		2,381	-
Total non-current assets		**64,342**	**66,498**
Total assets		**346,180**	**576,309**
Liabilities			
Current liabilities			
Trade and other payables	**13**	126,041	149,843
Employee benefits	**15**	21,012	10,992
Total current liabilities		**147,053**	**160,835**
Total liabilities		**147,053**	**160,835**
Net assets		**199,127**	**415,474**
Equity			
Issued capital	**14**	2,791,452	2,791,452
Reserves		332,754	347,952
Accumulated losses		(2,925,079)	(2,723,930)
Total equity		**199,127**	**415,474**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

31 December 2020	Issued capital	Foreign currency translation reserve	Share based payment reserve	Accumulated losses	Total equity
	$	$	$	$	$
Balance at 1 January 2020	**2,791,452**	**278,286**	**69,666**	**(2,723,930)**	**415,474**
Loss for the reporting year	-	-	-	(201,149)	**(201,149)**
Other comprehensive loss, net of income tax	-	(96)	-	-	**(96)**
Total comprehensive loss	**-**	**(96)**	**-**	**(201,149)**	**(201,245)**
Share based payments	-	-	(15,102)	-	**(15,102)**
Balance as at 31 December 2020	**2,791,452**	**278,190**	**54,564**	**(2,925,079)**	**199,127**

31 December 2019	Issued capital	Foreign currency translation reserve	Share based payment reserve	Accumulated losses	Total equity
	$	$	$	$	$
Balance at 1 January 2019	**1,761,803**	**278,768**	**180,431**	**(2,413,048)**	**(192,046)**
Loss for the reporting year	-	-	-	(489,789)	**(489,789)**
Other comprehensive loss, net of income tax	-	(482)	-	-	**(482)**
Total comprehensive income	**-**	**(482)**	**-**	**(489,789)**	**(490,271)**
Shares issued net of transaction costs	1,029,649	-	-	-	**1,029,649**
Share based payments	-	-	68,142	-	**68,142**
Transfer between equity items	-	-	(178,907)	178,907	**-**
Balance as at 31 December 2019	**2,791,452**	**278,286**	**69,666**	**(2,723,930)**	**415,474**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		52,704	52,704
Government incentives received		76,046	-
Research and development refund		78,611	-
Payments to suppliers and employees		(479,699)	(352,970)
Net cash outflows from operating activities	**9**	**(272,338)**	**(300,266)**
Cash flows from investing activities			
Grant income received		38,900	-
Payments for property, plant and equipment		(2,726)	-
Refund/(payments) for intangible assets		1,100	(7,678)
Net cash inflows/(outflows) from investing activities		**37,274**	**(7,678)**
Cash flows from financing activities			
Proceeds from borrowings		-	20,000
Net proceeds from capital raising		-	756,904
Interest received		-	147
Net cash inflows from financing activities		**-**	**777,051**
Net increase/(decrease) in cash and cash equivalents		(235,064)	469,107
Cash and cash equivalents at beginning of the year		492,590	23,949
Effect of exchange rate fluctuations on cash held		(554)	(466)
Cash and cash equivalents at 31 December	**9**	**256,972**	**492,590**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

BASIS OF PREPARATION

This Section of the financial report sets out the Group's (being PhosEnergy Limited and its controlled entities) accounting policies that relate to the Financial Statements as a whole. Where the accounting policy is specific to one Note, the policy is described in the Note to which it relates.

The Notes include information which is required to understand the Financial Statements and is material and relevant to the operations and the financial position and performance of the Group.

Information is considered relevant and material if:

- The amount is significant due to its size or nature
- The amount is important in understanding the results of the Group
- It helps to explain the impact of significant changes in the Group's business
- It relates to an aspect of the Group's operations that is important to its future performance.

NOTE 1: CORPORATE INFORMATION

The consolidated financial report of PhosEnergy Limited for the year ended 31 December 2020 was authorised for issue in accordance with a resolution of Directors on 31 March 2021.

PhosEnergy is an Australian company developing innovative green-energy technologies aimed at recovering useful energy resources and chemicals from unconventional or waste sources.

NOTE 2: REPORTING ENTITY

The consolidated financial report comprises the financial statements of PhosEnergy Limited ("Company" or "Parent") and its subsidiaries ("the Group") for the year ended 31 December 2020. A list of the Group's subsidiaries is provided at note 20.

NOTE 3: BASIS OF PREPARATION

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for financial assets, which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. PhosEnergy is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise indicated.

(a) Significant accounting judgements, estimates and assumptions

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Group.

Uncertainty about these assumptions and estimates could require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Group also discloses its exposure to risks and uncertainties in note 18. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Share-based payment transactions

The Group measures the cost of equity-settled share-based payments of options at fair value at the grant date using a Black-Scholes Option model and performance rights are measured using a binomial model, taking into account the terms and conditions upon which the instruments were granted.

The details and assumptions used in determining the value of these transactions are detailed in note 16.

(ii) Non-market vesting conditions

At each reporting period non-market vesting conditions in relation to performance rights are assessed in order to determine the probability of the likelihood that the non-market vesting conditions are met.

(b) Foreign currency translation

The functional currency of the Company is Australian dollars and the functional currency of subsidiaries based in the United States of America is United States Dollars (USD).

The Group's consolidated financial statements are presented in Australian Dollars (AUD), which is also the parent company's functional currency. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

All exchange differences in the consolidated financial report are taken to profit or loss as incurred. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at exchange rates as at the date of the initial transaction. As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of PhosEnergy at the rate of exchange ruling at the balance date and the statement of comprehensive income is translated at the average exchange rate for the year. The exchange differences arising on the translation are recognised in the foreign currency translation reserve in equity.

(c) Impairment of assets other than financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, or when annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of profit or loss. Receivables with a short duration are not discounted.

(d) Going concern

The financial statements have been prepared on the going concern basis of accounting. The Directors consider that this basis is appropriate because they are of the opinion that the Company can raise additional funding in order to meet its operating expenditure and commitments for the 12 months from the date of signing these financial statements. Should additional funding not be obtained, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore, that it may be unable to realise its assets and extinguish its liabilities in the normal course of business.

PERFORMANCE FOR THE YEAR

This section provides additional information about those line items in the Statement of Profit or Loss and Other Comprehensive Income that the directors consider most relevant in the context of the operations of the Group.

NOTE 4: SEGMENT REPORTING

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

NOTE 5: REVENUE

a) Revenue

	2020 $	2019 $
Management fees	52,704	52,704

The Group's revenue comprises management fees charged to Urtek LLC.

ACCOUNTING POLICY

Revenue is measured at the fair value of the consideration received or receivable.

b) Other Income

	2020 $	2019 $
R&D refund received	78,611	-
Grant income	38,900	-
Government incentives	76,046	-
	193,557	-

ACCOUNTING POLICY

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTE 6: EXPENSES

a) Corporate and administrative expenses

	Note	2020 $	2019 $
Accounting fees		12,508	14,629
Audit fees		25,284	11,565
Consultants – corporate		33,647	31,164
Consultants-Other		20,250	27,000
Depreciation		345	-
Insurance		3,045	2,860
Travel		783	13,915
Other		6,212	2,525
Personnel expenses	6(c)	75,931	98,360
Printing and stationery		2,264	5,311
Share registry		4,120	4,335
		184,389	211,664

b) Research and development expenses

	Note	2020 $	2019 $
Laboratory expenses		68,360	86,583
Patent application costs		15,348	9,220
Amortisation of intangibles		3,437	2,293
Personnel expenses	6(c)	190,749	136,740
		277,894	234,836

Research and development relates to expenditure mainly incurred on the CarbonX and GenX Energy processes.

ACCOUNTING POLICY

The laboratory and patent application costs incurred are intellectual property that do not meet the recognition criteria of an intangible asset and are expensed against profit or loss as incurred. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and can be measured reliability. Amortisation on intangible assets with a finite life are expensed to profit and loss. (Refer to note 12).

c) Personnel expenses

	2020 $	2019 $
Salaries and wages	214,500	189,650
Directors' fees	9,132	9,132
Annual Leave	10,020	10,992
Other personnel expenses	11,783	6,440
Superannuation	21,245	18,886
	266,680	235,100

Personnel expenses has been allocated to corporate and administrative expenses $75,931 (2019: $98,360) and research and development expenses $190,749 (2019: $136,740).

NOTE 7: INCOME TAX

The prima facie income tax benefit on pre-tax accounting profit/(loss) from operations reconciles to the income tax benefit in the financial statements as follows:

	2020 $	2019 $
Accounting profit/(loss) before income tax	(201,149)	(489,789)
Income tax expense/(benefit) calculated at 27.5% (2019: 27.5%)	(55,316)	(134,692)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-Deductible Expenses	2,279	33,717
Current and deferred tax expense/(benefit) not recognised	74,655	100,975
Non- Assessable Income	(21,618)	-
Income tax expense benefit on profit/(loss) before tax reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2020 $	2019 $
Unrecognised tax losses – Revenue	731,886	455,569
Unrecognised tax losses – Total	731,886	455,569
Unrecognised deferred tax asset on unused tax losses	201,269	125,281

These tax losses are available for offset against future taxable profits of the Group subject to continuing to meet the relevant statutory tests.

ACCOUNTING POLICY

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits thereof.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date. Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities.

NOTE 8: LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic loss per share for the year ended 31 December 2020 was based on the loss attributed to ordinary equity holders of the parent of $201,149 (2019: Loss of $489,789) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2020 of 58,087,609 (2019: 37,923,137).

ASSETS

This section provides additional information about those individual line items in the Statement of Financial Position that the Directors consider most relevant in the context of the operations of the Group.

NOTE 9: CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank and on hand	256,972	492,590

Reconciliation of loss to net cash used in operating activities

	2020 $	2019 $
Loss for the reporting period	(201,149)	(489,789)
Share based payments	(15,102)	94,142
Amortisation of intangible assets	3,436	2,292
Depreciation of property, plant and equipment	345	-
Grant income received	(38,900)	-
Foreign exchange loss	459	8
Operating loss before changes in working capital	(250,911)	(393,347)
(Increase)/decrease in assets:		
Trade and other receivables	(7,645)	(13,248)
Increase/(decrease) in liabilities:		
Trade and other payables	(23,802)	93,332
Borrowings	-	2,005
Provision for annual leave	10,020	10,992
Net cash outflows from operating activities	(272,338)	(300,266)

ACCOUNTING POLICY

Cash and cash equivalents in the statement of financial position comprise cash balances which are subject to an insignificant risk of changes in value. The carrying value of cash and cash equivalents is considered to approximate fair value.

NOTE 10: TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Prepayments	10,241	6,274
Other receivables	14,625	10,947
	24,866	17,221

ACCOUNTING POLICY

Trade and other receivables are measured at fair value which is usually the value of the invoice sent to the counterparty and subsequently at the amounts considered recoverable. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days and are not discounted for expected losses.

NOTE 11: INVESTMENT IN ASSOCIATE

The Company and Cameco Corporation developed a process for the extraction of uranium from phosphoric acid streams produced in the production of phosphate-based fertilisers, 'the PhosEnergy Process'. Urtek LLC, a USA based company is the entity in which the research and development is being undertaken. UFP Investments LLC (UFP) holds the joint investment of 90% in Urtek LLC with Cameco owning the remaining 10% directly.

The beneficial ownership in the PhosEnergy Process held by Urtek is Cameco 74.21% (2019: 74.21%): PhosEnergy Limited 25.79% (2019: 25.79%).

The share of the associate's losses for the year is $19,010 (2019: $12,473), which has not been recognised as the carrying amount of the Company's equity accounted interest in this associate is nil (2019: nil).

ACCOUNTING POLICY

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements, after initially being recognised at cost. The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associate. Any impairment loss recognised forms part of the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivable and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

NOTE 12: INTANGIBLE ASSETS

	2020 $	2019 $
Cost	67,690	68,790
Accumulated amortisation	(5,729)	(2,292)
Net carrying amount	61,961	66,498
Reconciliation of intangible assets		
Carrying amount at the beginning of the year	66,498	-
Additions/(refund fees)	(1,100)	68,790
Amortisation charges for the year	(3,437)	(2,292)
Carrying amount at the end of the year	61,961	66,498

Intangible assets consist of the patent and intellectual property associated with the CarbonX Process measured at cost. In March 2019, the Company entered into an Asset Sale Agreement with Dr Kelly to acquire the CarbonX Process IP for consideration of 1,000,000 fully paid ordinary shares in the Company at a deemed issue price of 5 cents per Share (that is, an aggregate value of $50,000). An international patent application on the CarbonX Process was filed in December 2019. Additional capitalised costs included filing costs of the CarbonX patent.

ACCOUNTING POLICY

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and can be measured reliability. The asset must be identifiable i.e. is capable of being separated or divided from the entity and sold or transferred. No intangible asset arising from research (or from the research phase of an internal project) shall be recognised.

After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the intangible asset. The estimated useful life of the CarbonX process is 20 years, being the term of the patent.

LIABILITIES AND EQUITY

This section provides additional information about those individual line items in the Statement of Financial Position that the Directors consider most relevant in the context of the operations of the Group.

NOTE 13: TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade payables	9,931	22,068
Other payables	9,346	5,715
Accrued expenses	106,764	122,060
	126,041	149,843

ACCOUNTING POLICY

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities as they are part of the working capital used in the entities operating cycle.

NOTE 14: ISSUED CAPITAL AND RESERVES

The capital structure of the Group consists of equity attributable to equity holders consisting of issued capital, reserves and accumulated losses. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, from the proceeds.

a) Movement in ordinary shares on issue

	2020		2019	
	Number	$	Number	$
Balance at beginning of period	**58,087,609**	**2,791,452**	**36,542,899**	**1,761,803**
Shares issued to acquire CarbonX Process(i)	-	-	1,000,000	50,000
Shares issued under the Entitlement Offer(ii)	-	-	16,089,813	804,491
Shares issued to settle director loans(iii)	-	-	1,501,207	75,060
Shares issued to settle loans payable(iv)	-	-	1,653,690	82,684
Shares issued to settle creditor invoices(v)	-	-	540,000	27,000
Shares issued as payment of sign-on bonuses(vi)	-	-	520,000	26,000
Shares issued to Taylor Collison(vii)	-	-	240,000	12,000
Transaction costs on issue of shares	-	-	-	(47,586)
Balance at 31 December	**58,087,609**	**2,791,452**	**58,087,609**	**2,791,452**

(i) In March 2019, the Company entered into an Asset Sale Agreement with Dr Kelly to acquire the CarbonX Process IP for consideration of 1,000,000 fully paid ordinary shares in the Company at a deemed issue price of 5 cents per Share (that is, an aggregate value of $50,000).

(ii) During the year ended 31 December 2019, the Company completed a 3:7 Entitlement Offer and placement of shortfall shares. Total shares issued under the Entitlement Offer was 16,089,813 at $0.05 per share.

(iii) In March 2019, the Company entered into a loan settlement agreement on arm's length terms with Mr Kiernan and Mr Goyder in order to settle the outstanding loan payable of $31,525 and $43,535 (including accrued interest) respectively subject to raising a minimum of $500,000 under the Entitlement Offer. On 14 June 2019, this condition was met and 630,505 fully paid ordinary shares were issued to Mr Kiernan and 870,702 fully paid ordinary shares were issued to Mr Goyder. The shares issued were at a deemed issue price of $0.05 per share.

(iv) In March 2019, the Company entered into a loan settlement agreement on arm's length terms with DevEx Resources Ltd in order to settle the outstanding loan payable of $82,684 (including accrued interest) subject to raising a minimum of $500,000 under the Entitlement Offer. On 14 June 2019, this condition was met and 1,653,690 fully paid ordinary shares were issued at a deemed issue price of $0.05 per share.

(v) In March 2019, the Company entered into a letter agreement with Inception Consulting Engineers Pty Ltd for the conversion of outstanding management fees into fully paid ordinary shares to settle the $27,000 debt owed, subject to raising a minimum of $500,000 under the Entitlement Offer. On 14 June 2019, this condition was met and 540,000 fully paid ordinary shares were issued at a deemed issue price of $0.05 per share.

(vi) On 14 June 2019, Mr Jones, Managing Director, was issued 390,000 fully paid ordinary shares, at a deemed issue price of $0.05 per share as a non-cash settlement of a sign-on bonus of $19,500 and On 18 June 2019, Mr Wise, Executive Director, was issued 130,000 fully paid ordinary shares, at a deemed issue price of $0.05 per share as a non-cash settlement of a sign-on bonus of $6,500.

(vii)On 15 July 2019, the Company issued 240,000 shares to Taylor Collison as consideration for facilitating the entitlement offer and shortfall placements.

Rights attaching to ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Nature and purpose of reserves:

a) Foreign currency translation reserve

The foreign currency translation reserve is used to record the exchange differences arising from the translation of the financial statements of foreign subsidiaries.

b) Share based payments reserve

The share based payments reserve is used to recognise the value of equity-settled share based payment transactions provided to key management personnel and consultants. Please refer to note 16 for further details.

EMPLOYEE BENEFITS AND SHARE-BASED PAYMENTS

This section of the Notes includes information that must be disclosed to comply with accounting standards and other pronouncements relating to the remuneration of employees, consultants and key management personnel of the Group, but that is not immediately related to individual line items in the Financial Statements.

NOTE 15: EMPLOYEE BENEFITS

	2020 $	2019 $
Annual leave accrued	21,012	10,992

ACCOUNTING POLICY

Liabilities for annual leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

NOTE 16: SHARE BASED PAYMENTS

a) Recognised share-based payment expense

The expense recognised for employee services received during the year is shown in the table below:

	2020 $	2019 $
Share options granted – equity settled	12,530	40,510
Performance rights granted	(27,632)	27,632
Shares issued as sign-on bonus	-	26,000
	(15,102)	94,142

Share-based payments expense recognised during the year was in relation to options and performance rights previously issued that were subject to vesting conditions. The expense recognised during the year is impacted by estimates in relation to timing and likelihood of vesting. Due to changes in these estimates a reversal in expense has been recognised in the current year.

b) General terms of share-based payments

Options

During the year ended 31 December 2020, no options were granted. The following table outlines the details of outstanding options at 31 December 2020: outouts

	No. of Options	Vesting Date
Exercisable at $0.075, expiry 31 March 2022	4,250,000	9 Apr 19
Exercisable at $0.075, expiry 31 March 2022	3,000,000	31 Mar 20
Exercisable at $0.075, expiry 31 March 2022	3,000,000	31 Mar 21
	10,250,000	

The movement in the number of options and weighted average exercise prices is as follows:

	Weighted Average Exercise Price	2020	2019
Outstanding at the beginning of the period	$0.075	10,250,000	4,000,000
Exercised during the period	-	-	-
Cancelled during the period	-	-	(4,000,000)
Granted during the period	-	-	10,250,000
Outstanding at the end of the period	$0.075	10,250,000	10,250,000
Exercisable at the end of the period	$0.075	7,250,000	4,250,000

Performance Rights

No performance rights were issued during the year ended 31 December 2020. The number of performance rights outstanding at 31 December 2020 was 3,000,000 (2019: 3,000,000).

The performance rights were granted for no consideration and expire on 31 March 2022. The performance rights will lapse if the performance conditions are not met by the expiry date.

The performance rights may be converted to ordinary shares upon meeting the following vesting conditions:

(i) The Company being admitted to the official list of the ASX; or
(ii) The completion of a reverse takeover of the Company; or
(iii) The completion of an acquisition of the Company; or
(iv) The sale of the CarbonX Process.

The fair value of the performance rights outstanding at 31 December 2020 was estimated to be $0.025 cents per performance right (2019: $0.025), being the price at which capital was raised during June/July 2019, less a 50% discount for an illiquid market.

ACCOUNTING POLICY

The cost of share-based payments is recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income, together with a corresponding increase in Share-based Payments Reserve in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received. Where the grant of the options is a replacement for the cancellation of option, any incremental fair value in addition to the fair value of the original award is accounted for. The incremental fair value is the difference between the fair value of the replacement award and the net fair value of the cancelled award measured at the date the replacement award is issued.

The Group measures the cost of equity-settled share based payments at fair value at the grant date using a Black Scholes options pricing model taking into account the terms and conditions upon which the instruments were granted. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The fair value of performance rights has been calculated at the grant date and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of fair value of the rights allocated to this reporting period. The vesting period has been estimated to be three years.

NOTE 17: KEY MANAGEMENT PERSONNEL DISCLOSURES

Details of Key Management Personnel during the reporting period:

Directors:	
Mr Anthony Kiernan	Chairman (Non-executive)
Mr Bryn Jones	Managing Director
Mr Timothy Goyder	Non-executive Director
Mr Timothy Wise	Executive Director
Mr Richard Hacker	Alternate Director (Mr T Goyder)
Executives:	
Dr Julian Kelly	Senior Scientist

The key management personnel compensation incurred during the year is as follows:

	2020 $	2019 $
Short-term employee benefits	247,232	219,590
Post-employment benefits	21,246	18,887
Share based payments	(15,102)	64,379
	253,376	302,854

Transactions with Key Management Personnel

Key management personnel including non-executive directors receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payment awards. As at 31 December 2020, executive personnel received short-term employee benefits of $247,232 (2019: $219,590).

Mr Jones provides management services to the Group through a Company, Inception Consulting Engineers Pty Ltd. The total amount paid for these services provided by Mr Jones during the period was $13,500 (2019 $13,500). An amount of $2,250 (2019: $1,250) was outstanding and payable at the end of the period and is included in trade and other payables at that date.

Due to current market conditions and with an emphasis on conserving cash reserves, Mr Kiernan agreed in the prior year to accrue his annual directors' fees of $10,000 until further notice.

In the prior financial year, the Company entered into loan settlement agreements on arm's length terms with both Mr Kiernan and Mr Goyder to settle outstanding loans payable to Mr Kiernan and Mr Goyder. Refer to note 14 for further details.

The terms and conditions of the transactions with key management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Option holdings and performance rights of Key Management Personnel

Option holdings and performance rights issued to KMP are detailed in the Directors' report.

FINANCIAL INSTRUMENTS

This section of the Notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

NOTE 18: FINANCIAL INSTRUMENTS

Risk Management Framework

The Board are responsible for overseeing the Group's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

The Group has exposures to the following risks:

a) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders.

The capital structure of the Company and consolidated entity consists of equity attributable to equity holders, comprising issued capital, reserves and accumulated losses, is disclosed in Note 14 and the Consolidated Statement of Changes in Equity.

The board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group and the consolidated entity will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

b) Market risk exposures

Market risk is the risk that changes in market prices such as foreign exchange rates, equity prices and interest rates will affect the Group's income or value of its holdings of financial instruments.

c) Foreign exchange rate risk

The Group currently has no significant exposure to foreign exchange rates.

d) Equity prices

The Group does not hold any equity investments at the end of the reporting period.

e) Interest rate risk

Interest rate risk is the risk that changes in bank deposit rates affect the Group's income and future cashflow from interest income.

The exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

			CONSOLIDATED			
31 December 2020	**Weighted average effective interest rate %**	**1 year or less $**	**Over 1 to 5 years $**	**Floating interest $**	**Non-interest bearing $**	**Total $**
Financial assets						
Cash and cash equivalents	-	-	-	-	256,972	256,972
Trade and other receivables	-	-	-	-	24,866	24,866
Financial liabilities						
Trade and other payables	-	-	-	-	126,041	126,041

	CONSOLIDATED					
31 December 2019	**Weighted average effective interest rate** %	**1 year or less** $	**Over 1 to 5 years** $	**Floating interest** $	**Non-interest bearing** $	**Total** $
Financial assets						
Cash and cash equivalents	-	-	-	-	492,590	492,590
Trade and other receivables	-	-	-	-	17,221	17,221
Financial liabilities						
Trade and other payables	-	-	-	-	149,843	149,843

The Group has no material exposures to interest rate risk.

f) Credit risk exposure

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk is not significant and currently arises principally from sundry receivables (see note 10) which represent an insignificant proportion of the Group's activities and cash and cash equivalents.

The maximum exposure to credit risk, at balance date to recognised financial assets is the carrying amount, as disclosed in the notes to the financial statements.

g) Liquidity risk exposure

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board actively monitors the Group's ability to pay its debts as and when they fall due by regularly reviewing the current and forecast cash position based on the expected future activities.

The Group has non-derivative financial liabilities which include trade and other payables of $126,041 (2019: $149,843) all of which are due within 60 days.

h) Fair value of financial instruments

The Directors consider the carrying value of the financial assets and financial liabilities are recognised in the consolidated financial statements approximate their fair values.

ACCOUNTING POLICY

The Group measures financial instruments at fair value at each balance date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. The exception is for trade receivables which are measured at the transaction price due to their short term maturities.

GROUP COMPOSITION

This section of the Notes includes information that must be disclosed to comply with accounting standards and other pronouncements relating to the structure of the Group, but that is not immediately related to individual line items in the Financial Statements.

NOTE 19: PARENT ENTITY DISCLOSURES

Financial position	**2020**	**2019**
	$	**$**
Assets		
Current assets	281,839	509,811
Non-current assets	64,342	66,498
Total assets	346,181	576,309
Liabilities		
Current liabilities	142,510	155,840
Non-current liabilities	-	-
Total liabilities	142,510	155,840
Equity		
Issued capital	2,791,452	2,791,452
Reserves	54,564	69,666
Accumulated losses	(2,642,345)	(2,440,649)
Total equity/(deficiency)	203,671	420,469

Financial performance	**2020**	**2019**
	$	**$**
Profit/(Loss) for the reporting period	(201,697)	(492,364)
Other comprehensive income	-	-
Total comprehensive income/ (loss)	(201,697)	(492,364)

There were no parent entity contingencies or capital commitments as at 31 December 2020.

NOTE 20: LIST OF SUBSIDIARIES

The consolidated financial statements include the financial statements of PhosEnergy Limited and its subsidiaries listed in the following table:

Name	**Country of Incorporation**	**% Equity interest**	
		2020	**2019**
Parent Entity			
PhosEnergy Limited	Australia	100	100
Subsidiaries			
PhosEnergy Inc.	USA	100	100

OTHER INFORMATION

This section of the Notes includes other information that must be disclosed to comply with accounting standards and other pronouncements, but that is not immediately related to individual line items in the Financial Statements.

NOTE 21: AUDITOR'S REMUNERATION

The auditor of PhosEnergy Limited is HLB Mann Judd.

	2020 $	2019 $
Audit or review of the financial statements	17,600	16,865

NOTE 22: RELATED PARTIES

The consolidated financial statements include the financial statements of PhosEnergy Limited and its subsidiary, PhosEnergy Inc., PhosEnergy Limited is the ultimate parent of the Group.

Transactions with Key Management Personnel

Refer to note 17 for details of transactions with key management personnel.

Transactions with other related parties

The following table provides the aggregate expense/(income) recognised during the year relating to related parties as follows:

Related parties:	Note	2020 $	2019 $
Chalice Mining Limited	(i)	18,000	21,600
Urtek LLC	(ii)	(52,704)	(52,704)

(i) Chalice Mining Limited provided corporate services including accounting and company secretarial services under a Corporate Services Agreement to PhosEnergy Limited. Mr Goyder is a director of Chalice Mining Limited. Nil was outstanding at 31 December 2020 (2019: $25,668).

(ii) The Group has a 25.79% (2019: 25.79%) interest in Urtek LLC and is accordingly an associate– see note 11. The Company provided management services to Urtek LLC during the year. Amounts were billed at an amount agreed between the Company and Cameco Corporation and are due and payable under normal payment terms. $8,784 was receivable at the end of the year (2019: $8,784).

Terms and conditions of transactions with related parties

Other than where stated, services provided by related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

NOTE 23: COMMITMENTS AND CONTINGENCIES

There are no commitments and contingencies at 31 December 2020.

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant events after reporting date.

ACCOUNTING POLICIES

This section of the Notes includes information that must be disclosed to comply with accounting standards and other pronouncements and information relating to new and revised accounting standards and their impact.

NOTE 25: GOODS AND SERVICES (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated at the amount of GST included. The net amount of GST recoverable from, or payable, to the Australian Taxation Office ('ATO') is included as a current asset or current liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to the ATO are classified as operating cash flows.

NOTE 26: CHANGES IN ACCOUNTING POLICIES

During the year ended 31 December 2020, the Directors adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the Group and effective for the current annual reporting period. The adoption of these Standards and Interpretations did result in any material change to Group accounting policies.

NOTE 27: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory have not been early adopted by the Group for the year ended 31 December 2020. The Group has determined that there is no material impact of the Standards and Interpretations not yet mandatory or early adopted.

DIRECTORS' DECLARATION

In the opinion of the directors of PhosEnergy Limited (the 'Company'):

(a) the accompanying financial statements and notes:

   i. give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the year then ended; and
   ii. comply with Australian Accounting Standards.

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration is signed in accordance with a resolution of the Board of Directors.

Bryn Jones
Managing Director

Dated this 31 March 2021

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REPORT

To the members of PhosEnergy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of PhosEnergy Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 3(d) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
31 March 2021

D I Buckley
Partner