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# Half Year Report

30 June 2020

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## **CORPORATE INFORMATION**

**ABN 31 164 573 728**

### **Directors**

Anthony Kiernan

Bryn Jones

Timothy Goyder

Timothy Wise

Richard Hacker (alternate Director to Mr Tim Goyder)

### **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

Level 4, 130 Stirling Street

Perth WESTERN AUSTRALIA 6000

## DIRECTORS' REPORT

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Your Directors submit the financial report of PhosEnergy Limited ('PhosEnergy' or 'the Group') for the half year ended 30 June 2020. In compliance with the provisions of the Corporations Act 2001, the Directors report as follows:

### DIRECTORS

The names of Directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

|                       |                                  |
|-----------------------|----------------------------------|
| Mr Anthony W Kiernan  | Non-Executive Chairman           |
| Mr Bryn L Jones       | Managing Director                |
| Mr Timothy N Wise     | Executive Director               |
| Mr Timothy R B Goyder | Non-Executive Director           |
| Mr Richard K Hacker   | Alternate Director (Mr T Goyder) |

### 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<sub>2</sub> to methanol and other commercial products. Until now, the conversion of CO<sub>2</sub> 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 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 thermovoltaic (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.

## DIRECTORS' REPORT

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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.

Additionally, the Company has signed a Memorandum of Understanding with the Centre for Sustainable Planetary and Space Resources ('CSPSR'), a part of the University of Adelaide, to collaborate in the commercialisation of the GenX technology for space applications. Mechanisms for PhosEnergy, the FII and the CSPSR, together with commercial space service providers, to collaborate on rapid commercialisation of the GenX technology are being reviewed.

A second round of Innovation Connections Grant funding is available following the completion of the initial scope. The Company has been awarded the next round of funding with the aim of producing a functioning beta activated GenX unit during 2020.

### GenT Energy

GenT is a new technology that the Company is currently working on and is a thermovoltaic (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.

## FINANCIAL REVIEW

At 30 June 2020, the Group had net assets of \$369,122 (31 December 2019: \$415,474) and cash at bank totalled \$278,719 (31 December 2019: \$492,590).

At balance date, current liabilities of \$153,025 (31 December 2019: \$149,843) consisted of trade payables of \$46,719 and accrued expenses of \$100,185.

The Group reported a net loss for the period of \$73,207 compared to a net loss of \$195,307 for the half year ended 30 June 2019. The loss was reduced due to government incentives and grant income recognised during the period.

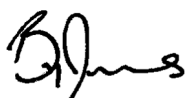
## EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

There were no significant events after reporting date.

## AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is set out on page 6 and forms part of this Directors' Report for the half year ended 30 June 2020.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Bryn Jones  
Managing Director  
27 October 2020

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of PhosEnergy Limited for the half-year ended 30 June 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
27 October 2020



Partner  
Danny Buckley

**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

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 30 JUNE 2020**

|  |       | 30 June<br>2020  | 30 June<br>2019  |
|--|-------|------------------|------------------|
|  | Notes | \$               | \$               |
| <b>Continuing operations</b>   |       |                  |                  |
| Revenue  | 4(a)  | 26,352           | 26,352           |
| Other income   | 4(b)  | 114,946          | -                |
| Foreign exchange gains   |       | 32               | 9                |
| Corporate and administrative expenses                                | 5(a)  | (95,596)         | (137,404)        |
| Research and development expenses                                    | 5(b)  | (170,261)        | (19,947)         |
| Share based payments   | 11    | (27,212)         | (62,458)         |
| <b>Loss before financing costs</b>                                   |       | <b>(151,739)</b> | <b>(193,448)</b> |
| Finance income   |       | -                | 146              |
| Finance costs  |       | -                | (2,005)          |
| <b>Loss before income tax</b>  |       | <b>(151,739)</b> | <b>(195,307)</b> |
| Income tax benefit   | 7     | 78,532           | -                |
| <b>Loss attributable to owners of the parent</b>                     |       | <b>(73,207)</b>  | <b>(195,307)</b> |
| <b>Other comprehensive loss, net of income tax</b>                   |       |                  |                  |
| <i>Items that may be reclassified to profit or loss</i>              |       |                  |                  |
| Exchange differences on translation of foreign operations            |       | (356)            | (205)            |
| Other comprehensive loss net of tax                                  |       | <b>(356)</b>     | <b>(205)</b>     |
| <b>Total comprehensive loss attributable to owners of the parent</b> |       | <b>(73,563)</b>  | <b>(195,512)</b> |
| Basic loss per share (cents per share)                               |       | (0.13)           | (0.5)            |
| Diluted loss per share (cents per share)                             |       | (0.13)           | (0.5)            |

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

|                                  |       | 30 June<br>2020 | 31 December<br>2019 |
|----------------------------------|-------|-----------------|---------------------|
|                                  | Notes | \$              | \$                  |
| <b>Assets</b>                    |       |                 |                     |
| <b>Current assets</b>            |       |                 |                     |
| Cash and cash equivalents        |       | 278,719         | 492,590             |
| Trade and other receivables      | 6     | 115,211         | 17,221              |
| Income tax benefit               | 7     | 78,532          | -                   |
| <b>Total current assets</b>      |       | <b>472,462</b>  | <b>509,811</b>      |
| <b>Non-current assets</b>        |       |                 |                     |
| Property, plant and equipment    |       | 2,641           | -                   |
| Intangible assets                | 9     | 63,674          | 66,498              |
| <b>Total non-current assets</b>  |       | <b>66,315</b>   | <b>66,498</b>       |
| <b>Total assets</b>              |       | <b>538,777</b>  | <b>576,309</b>      |
| <b>Liabilities</b>               |       |                 |                     |
| <b>Current liabilities</b>       |       |                 |                     |
| Trade and other payables         |       | 153,025         | 149,843             |
| Employee benefits                |       | 16,630          | 10,992              |
| <b>Total current liabilities</b> |       | <b>169,655</b>  | <b>160,835</b>      |
| <b>Total liabilities</b>         |       | <b>169,655</b>  | <b>160,835</b>      |
| <b>Net assets</b>                |       | <b>369,122</b>  | <b>415,474</b>      |
| <b>Equity</b>                    |       |                 |                     |
| Issued capital                   | 10    | 2,791,452       | 2,791,452           |
| Reserves                         |       | 374,807         | 347,952             |
| Accumulated losses               |       | (2,797,137)     | (2,723,930)         |
| <b>Total equity</b>              |       | <b>369,122</b>  | <b>415,474</b>      |

The accompanying notes form part of these financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 30 JUNE 2020**

|  | Issued capital   | Foreign<br>currency<br>translation<br>reserve | Share based<br>payment<br>reserve | Accumulated<br>losses | Total equity    |
|--|------------------|---|-----------------------------------|-----------------------|-----------------|
|  | \$               | \$  | \$                                | \$                    | \$              |
| <b>Balance at 1 January 2020</b>               | <b>2,791,452</b> | <b>278,286</b>                                | <b>69,666</b>                     | <b>(2,723,930)</b>    | <b>415,474</b>  |
| Loss for the reporting period                  | -                | -   | -                                 | (73,207)              | (73,207)        |
| Other comprehensive loss, net of<br>income tax | -                | (356)   | -                                 | -                     | (356)           |
| <b>Total comprehensive loss</b>                | <b>-</b>         | <b>(356)</b>                                  | <b>-</b>                          | <b>(73,207)</b>       | <b>(73,563)</b> |
| Share based payments                           | -                | -   | 27,211                            | -                     | 27,211          |
| <b>Balance at 30 June 2020</b>                 | <b>2,791,452</b> | <b>277,930</b>                                | <b>96,877</b>                     | <b>(2,797,137)</b>    | <b>369,122</b>  |

|  | Issued capital   | Foreign<br>currency<br>translation<br>reserve | Share based<br>payment<br>reserve | Accumulated<br>losses | Total equity     |
|--|------------------|---|-----------------------------------|-----------------------|------------------|
|  | \$               | \$  | \$                                | \$                    | \$               |
| <b>Balance at 1 January 2019</b>               | <b>1,761,803</b> | <b>278,768</b>                                | <b>180,431</b>                    | <b>(2,413,048)</b>    | <b>(192,046)</b> |
| Loss for the reporting period                  | -                | -   | -                                 | (195,307)             | (195,307)        |
| Other comprehensive loss, net of<br>income tax | -                | (205)   | -                                 | -                     | (205)            |
| <b>Total comprehensive loss</b>                | <b>-</b>         | <b>(205)</b>                                  | <b>-</b>                          | <b>(195,307)</b>      | <b>(195,512)</b> |
| Shares issued                                  | 774,280          | -   | -                                 | -                     | 774,280          |
| Transaction costs on share issue               | (47,586)         | -   | -                                 | -                     | (47,586)         |
| Share based payments                           | -                | -   | 36,458                            | -                     | 36,458           |
| Transfer between equity items                  | -                | -   | (178,907)                         | 178,907               | -                |
| <b>Balance at 30 June 2019</b>                 | <b>2,488,497</b> | <b>278,563</b>                                | <b>37,982</b>                     | <b>(2,429,448)</b>    | <b>375,594</b>   |

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 30 JUNE 2020**

|  | 30 June<br>2020  | 30 June<br>2019  |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Cash flows from operating activities</b>        |                  |                  |
| Receipts from customers                            | 26,352           | 22,003           |
| Government incentives received                     | 31,900           | -                |
| Payments to suppliers and employees                | (270,171)        | (124,854)        |
| Interest received                                  | -                | 146              |
| <b>Net cash outflows from operating activities</b> | <b>(211,919)</b> | <b>(102,705)</b> |
| <b>Cash flows from investing activities</b>        |                  |                  |
| Payments for property, plant and equipment         | (2,729)          | -                |
| Payments/(refunds) for intangible assets           | 1,100            | (7,678)          |
| <b>Net cash outflows from investing activities</b> | <b>(1,629)</b>   | <b>(7,678)</b>   |
| <b>Cash flows from financing activities</b>        |                  |                  |
| Proceeds from issue of shares                      | -                | 513,535          |
| Share application monies held on trust             | -                | 215,000          |
| Transaction costs on issue of shares               | -                | (35,586)         |
| Proceeds from loans from Directors                 | -                | 20,000           |
| <b>Net cash inflows from financing activities</b>  | <b>-</b>         | <b>712,949</b>   |
| Net decrease in cash and cash equivalents          | (213,548)        | (602,566)        |
| Cash and cash equivalents at beginning of period   | 492,592          | 23,949           |
| Effect of exchange rate fluctuations on cash held  | (325)            | (196)            |
| <b>Cash and cash equivalents at 30 June</b>        | <b>278,719</b>   | <b>626,319</b>   |

The accompanying notes form part of these financial statements.

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 30 JUNE 2020

### ACCOUNTING POLICIES

#### NOTE 1: STATEMENT OF COMPLIANCE

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2019 and any public announcements made by PhosEnergy Limited during the half year.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below. For the purpose of preparing the half year report, the Company is a for profit entity.

#### NOTE 2: BASIS OF PREPARATION

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The functional and presentation currency of PhosEnergy Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

##### (a) Significant accounting judgements, estimates and assumptions

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 31 December 2019.

##### (b) 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.

#### NOTE 3: ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

##### Standards and Interpretations in issue not yet adopted

The Directors have reviewed all of the new and revised Standards and Interpretations in issue that are relevant to the Group and effective for the half year reporting periods beginning on or after 1 January 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

##### New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The Group has determined there is no material impact of the new and revised standards.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### NOTE 4: REVENUE

##### a) Revenue

|                 | 30 June<br>2020<br>\$ | 30 June<br>2019<br>\$ |
|-----------------|-----------------------|-----------------------|
| Management fees | 26,352                | 26,352                |

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

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

### b) Other Income

|                       | 30 June<br>2020<br>\$ | 30 June<br>2019<br>\$ |
|-----------------------|-----------------------|-----------------------|
| Government incentives | 76,046                | -                     |
| Grant income          | 38,900                | -                     |
|                       | 114,946               | -                     |

Government incentives received during the half year consisted of the cash flow boost scheme of \$76,046 (30 June 2019: Nil) which was introduced to respond to the economic ramifications of the COVID-19 outbreak. An amount of \$44,146 was receivable at 30 June 2020 (30 June 2019: Nil), refer to note 6.

Grant income of \$38,900 (30 June 2019: Nil) relates to the Innovation Connections Grant awarded to the Company in March 2020 for Proof of Concept experiments on GenX.

#### Accounting policy

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

### NOTE 5: EXPENSES

#### a) Corporate and administrative expenses

|                                   | 30 June<br>2020<br>\$ | 30 June<br>2019<br>\$ |
|-----------------------------------|-----------------------|-----------------------|
| Regulatory and compliance         | 20,592                | 7,953                 |
| Personnel expenses                | 36,262                | 76,985                |
| Consultants - corporate           | 13,726                | 20,910                |
| Consultants - process engineering | 13,500                | 13,500                |
| Insurance                         | 7,410                 | 5,026                 |
| Office costs                      | 3,824                 | 6,853                 |
| Travel                            | 282                   | 6,177                 |
|                                   | 95,596                | 137,404               |

#### b) Research and development expenses

|   | 30 June<br>2020<br>\$ | 30 June<br>2019<br>\$ |
|---|-----------------------|-----------------------|
| Laboratory expenses                           | 46,705                | 534                   |
| Patent application costs                      | 12,138                | 9,220                 |
| Amortisation of intangibles                   | 1,723                 | 832                   |
| Depreciation of property, plant and equipment | 85                    | -                     |
| Personnel expenses                            | 109,610               | 9,361                 |
|   | 170,261               | 19,947                |

Research and development expenditure relates to costs incurred on the CarbonX, GenX and GenT technologies.

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

### NOTE 6: TRADE AND OTHER RECEIVABLES

|                            | 30 June<br>2020<br>\$ | 31 December<br>2019<br>\$ |
|----------------------------|-----------------------|---------------------------|
| Prepayments                | 12,285                | 6,274                     |
| Other receivables          | 19,880                | 10,947                    |
| Cash flow boost receivable | 44,146                | -                         |
| Grant monies receivable    | 38,900                | -                         |
|                            | 115,211               | 17,221                    |

The cash flow boost receivable relates to the amounts outstanding for the June and September 2020 quarters. Grant monies receivable represents grant funding under the Innovation Connections Grant program, which was subsequently received in August 2020.

### NOTE 7: INCOME TAX RECEIVABLE

|                       | 30 June<br>2020<br>\$ | 30 June<br>2019<br>\$ |
|-----------------------|-----------------------|-----------------------|
| Income tax receivable | 78,532                | -                     |

Income tax receivable represents the research and development tax incentive receivable at 30 June 2020 for expenditure incurred during the six months ended 31 December 2019.

#### Accounting policy

The research and development tax incentive is treated as an income tax benefit in the profit and loss and an asset is recorded when the Company satisfies the criteria to receive the credit.

### NOTE 8: 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% (30 June 2019: 74.21%); PhosEnergy Limited 25.79% (30 June 2019: 25.79%).

The share of the associate's losses for the half year is nil (31 December 2019: nil) and represents the Group's equity accounted share of the movement in UFP's net assets.

### NOTE 9: INTANGIBLE ASSETS

|  | 30 June<br>2020<br>\$ | 31 December<br>2019<br>\$ |
|--|-----------------------|---------------------------|
| Cost   | 67,690                | 68,790                    |
| Accumulated amortisation                       | (4,016)               | (2,292)                   |
| Net carrying amount                            | 63,674                | 66,498                    |
| <b>Reconciliation of intangible assets</b>     |                       |                           |
| Carrying amount at the beginning of the period | 66,498                | -                         |
| Additions/(refund fees)                        | (1,100)               | 68,790                    |
| Amortisation charges for the period            | (1,724)               | (2,292)                   |
| Carrying amount at the end of the period       | 63,674                | 66,498                    |

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

## NOTE 10: 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.

### a) Movement in ordinary shares on issue

|                                       | 30 June<br>2020 |           | 31 December<br>2019 |           |
|---------------------------------------|-----------------|-----------|---------------------|-----------|
|                                       | Number          | \$        | Number              | \$        |
| Issued and fully paid ordinary shares | 58,087,609      | 2,791,452 | 58,087,609          | 2,791,452 |

## NOTE 11: SHARE BASED PAYMENTS

### a) Recognised share-based payment expense

The share based payment expense recognised during the period:

|                                  | 30 June<br>2020<br>\$ | 30 June<br>2019<br>\$ |
|----------------------------------|-----------------------|-----------------------|
| Share options                    | 8,305                 | 27,940                |
| Performance rights               | 18,907                | 8,518                 |
| Shares issued as a sign on bonus | -                     | 26,000                |
|                                  | 27,212                | 62,458                |

### b) Share Options

Movements in options over ordinary shares on issue:

|                                      | 30 June<br>2020<br>No. | 31 December<br>2019<br>No. |
|--------------------------------------|------------------------|----------------------------|
| At 1 January                         | 10,250,000             | 4,000,000                  |
| Options issued                       | -                      | 10,250,000                 |
| Cancelled during period              | -                      | (4,000,000)                |
| Options exercised                    | -                      | -                          |
| Outstanding at the end of the period | 10,250,000             | 10,250,000                 |

### c) Performance rights

Movements performance rights on issue:

|                                      | 30 June<br>2020<br>No. | 31 December<br>2019<br>No. |
|--------------------------------------|------------------------|----------------------------|
| At 1 January                         | 3,000,000              | -                          |
| Performance rights issued            | -                      | 3,000,000                  |
| Performance rights lapsed            | -                      | -                          |
| Outstanding at the end of the period | 3,000,000              | 3,000,000                  |

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

### NOTE 12: 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 other related parties

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

|                            | Note  | 30 June<br>2020<br>\$ | 30 June<br>2019<br>\$ |
|----------------------------|-------|-----------------------|-----------------------|
| <b>Related parties:</b>    |       |                       |                       |
| Chalice Gold Mines Limited | (i)   | (12,600)              | (12,600)              |
| UFP Investments LLC        | (ii)  | -                     | -                     |
| Urtek LLC                  | (iii) | 26,352                | 26,352                |

- (i) Chalice Gold Mines 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 Gold Mines Limited. \$3,600 was outstanding at 30 June 2020 (31 December 2019: \$25,668).
- (ii) The Group has a 28.66% (2019: 28.66%) interest in UFP Investments LLC and is accordingly an associate – see note 8. The Group did not have any transactions with UFP during the reporting period.
- (iii) The Group has a 25.79% (2019: 25.79%) interest in Urtek LLC and is accordingly an associate– see note 8. The Company provided management services to Urtek LLC during the half 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 outstanding at 30 June 2020 (31 December 2019: 8,874).

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.

#### 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 13: COMMITMENTS AND CONTINGENCIES

There are no commitments and contingencies at 30 June 2020.

### NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant events after reporting date.

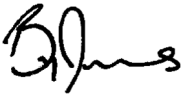
## DIRECTORS' DECLARATION

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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 30 June 2020 and of its performance for the half 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 date 27 October 2020



## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of PhosEnergy Limited

### **Report on the Condensed Half-Year Financial Report**

#### *Conclusion*

We have reviewed the accompanying half-year financial report of PhosEnergy Limited ("the company") which comprises the condensed consolidated statement of financial position as at 30 June 2020, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of PhosEnergy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Emphasis of matter - material uncertainty related to going concern*

We draw attention to Note 2 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 conclusion is not modified in respect of this matter.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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**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

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**27 October 2020**



**D I Buckley**  
**Partner**