



**PHOSENERGY LIMITED
ACN 164 573 728**

OFFER INFORMATION STATEMENT

This Offer Information Statement is being issued for:

- a pro rata offer to Shareholders of three New Shares for every seven Shares held on the Record Date, at an issue price of 5 cents per New Share (**Entitlement Offer**); and
- an offer to enable Shareholders to apply for additional shares under any shortfall under the Entitlement Offer, at an issue price of 5 cents per New Share (**Additional Share Offer**),

(together, **Offers**) to raise up to approximately \$804,491.

THE OFFERS CLOSE AT 5PM WST ON 16 MAY 2019.*

IMPORTANT NOTICE

This is an important document and requires your immediate attention. It should be read in its entirety and in conjunction with the 31 December 2018 financial report (included as the Annexure to this document).

Please note that an offer information statement is not a prospectus and, under the Corporations Act, has a lower level of disclosure requirements than a prospectus. Investors should seek appropriate professional investment advice before accepting the Offers.

If you are in doubt about what to do, you should contact your professional adviser without delay.

An investment in the Shares offered in connection with this Offer Information Statement should be considered of a speculative nature.

* The Company reserves the right, subject to the Corporations Act and other applicable laws to close the Offers early or to extend the Closing Date without prior notice.

IMPORTANT INFORMATION

This Offer Information Statement is dated Wednesday, 10 April 2019 and was lodged with the ASIC on that date with the consent of all Directors. The fact that ASIC has not objected to the issue of this Offer Information Statement is not to be taken as an endorsement by ASIC, and ASIC takes no responsibility for its contents.

This Offer Information Statement is not a prospectus, and has a lower level of disclosure requirements than a prospectus. This Offer Information Statement is subject to an Exposure Period. The Exposure Period is a 7-day period (excluding public holidays) from the date of this Offer Information Statement. ASIC may extend the Exposure Period by a further 7 days. No applications for Shares will be accepted until the Exposure Period has expired and no preference will be given to Shareholders who lodge their Application Forms during the Exposure Period. The Company will make this Offer Information Statement generally available to the public during the Exposure Period by placing a copy on PhosEnergy website.

No Shares will be issued on the basis of this Offer Information Statement later than 13 months after the date of this Offer Information Statement.

This document is important and should be read in its entirety before deciding to participate in the Offer. This does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. The Shares offered by this Offer Information Statement should be considered speculative. Please refer to Section 4 for details relating to investment risks that should be considered by Shareholders and potential investors. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay.

This Offer Information Statement contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "targets", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Information Statement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Information Statement, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Offer Information Statement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Definitions of certain terms used in this Offer Information Statement are contained in Section 9. Money as expressed in this Offer Information Statement is in Australian dollars unless otherwise indicated. Any discrepancies between totals in tables and sums of components in tables in this Offer Information Statement and between those figures and figures referred to in other parts of this document are due to rounding. All references to time in this Offer Information Statement are to WST unless otherwise stated.

KEY DATES

Event	Date
Lodgement of Offer Information Statement with ASIC	10 April 2019
Record Date	10 April 2019
Entitlement Offer Opening Date	18 April 2019
Entitlement Offer Closing Date	16 May 2019
Share certificates for Shares under the Entitlement Offer dispatched to Shareholders	1 June 2019
Additional Share Offer Closing Date	8 August 2019
Share certificates for Shares under the Additional Share Offer dispatched to Shareholders	15 August 2019

These dates are indicative only and are subject to change. The Company reserves the right to amend this indicative timetable at any time and in particular, subject to the Corporations Act, to shorten or extend the latest date for receipt of Application Forms, to accept late Application Forms either generally or in particular cases, or to cancel the Offer without prior notice.

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CORPORATE DIRECTORY

Directors

Anthony Kiernan -Chairman

Bryn Jones - Managing Director

Timothy Goyder - Non-Executive Director

Timothy Wise - Executive Director

Richard Hacker (alternate Non-Executive Director to Timothy Goyder)

Company Secretary

Leanne Stevens

Registered Office

Level 2, 1292 Hay Street

West Perth WA 6005

Telephone: (08) 9322 3990

Email: Info.phosenergy@gmail.com

Website: www.phosenergy.com

Share Registry*

Boardroom Pty Limited

Grosvenor Place

Level 12, 225 George Street

Sydney NSW 2000

Telephone (within Australia): 1300 737 760

Telephone (outside Australia): + 61 2 9290 9600

Website: www.investorserve.com.au

Solicitors

Bellanhouse

Level 19, Alluvion, 58 Mounts Bay Road

Perth WA 6000

Auditor*

HLB Mann Judd (WA Partnership)

Level 4, 130 Stirling Street

Perth WA 6000

* These entities are included for information purposes only. They have not been involved in the preparation of this Offer Information Statement.

LETTER TO SHAREHOLDERS

Dear Shareholder

We are not standing still.

PhosEnergy has embarked on an exciting new chapter in its history following what we believe to be a ground-breaking technical development stemming from the expertise we have built up around our proprietary PhosEnergy Process for extracting uranium phosphate fertiliser streams.

Background

While interest in the PhosEnergy Process has been experiencing a resurgence due to a recovery in the uranium sector, the Company has recently been focusing its efforts on a new “CarbonX Process” - a technology which is potentially capable of converting carbon dioxide (CO₂) into useful and valuable chemicals (namely, methanol) at a commercial scale.

CarbonX utilises waste radioactive isotopes to provide the driving force for carbon conversion - leveraging off the unique properties of certain waste beta radiation emitters when used to ‘excite’ ceramic semiconductors. These materials are called Beta Activated Ceramics (BACs).

The conversion of CO₂ into valuable fuels and chemicals is something that has been attempted for decades, but has been hampered by the large amount of energy required. The Company's technology generates its own energy and therefore presents as a simple, green, low-cost conversion process.

If the technology can be commercialised, the Company believes the potential of the technology to be significant given the huge problem posed by increasing CO₂ emissions in the atmosphere. Climate change and global warming have become pressing global issues - and they are forcing Governments, companies, institutions and the community at large to take notice and respond.

Having demonstrated this process works at laboratory scale, the PhosEnergy team is now engaging with well-known institutions to produce the first significant batch of BAC designed specifically for this purpose.

This BAC will be used to test and optimise the CarbonX Process and to gather design and cost information for a pilot plant. Subject to the successful demonstration of the CarbonX Process in a bench scale pilot plant, it is the Company's intention to undertake a complete economic study for a commercial plant.

Subject to the success of this work, the Company would move to evaluate the economics of a commercial carbon-to-methanol production facility as quickly as possible. This would focus on large-scale CO₂ emission from, for example, coal fired power plants or decarbonising natural gas streams.

The team that devised and progressed the PhosEnergy Process to a successful demonstration plant has been significantly bolstered with the recent engagement of Dr Julian Kelly, a PhD Chemical Physicist with special expertise in the field of radio-chemistry, and Mr Tim Wise, who has joined the Board as an Executive Director bringing experience in commercialisation of technology in listed companies.

For further details please refer to the enclosed presentation.

In order to advance the CarbonX Process to the next stage, the Company has decided to undertake a capital raising in the form a rights/entitlement offer to existing shareholders. We have structured the offer to enable Shareholders to apply for shares in addition to their respective entitlements.

Details of the Offers

I am pleased to invite you to participate in a pro-rata 3-for-7 Entitlement Offer at an issue price of 5 cents per New Share to raise up to \$804,491 (before costs) (**Entitlement Offer**).

Any New Shares not subscribed for by Shareholders under the Entitlement Offer will form part of the Additional Share Offer. Shareholders, and other investors identified by the Directors, are welcome to apply for additional Shares under the Additional Share Offer.

Use of Funds

Funds raised will enable the Company to undertake substantial work in developing and testing the CarbonX Process, while also ensuring sustaining work is done on the PhosEnergy Process and for general working capital.

CarbonX Process

Funds raised under the Offers are intended to be used as follows in developing the CarbonX Process:

- (a) designing, testing production and manufacturing of a significant quantity of BAC;
- (b) optimisation testing and design of a pilot plant;
- (c) intellectual property development to protect the CarbonX Process and other complimentary technology; and
- (d) general working capital.

PhosEnergy Process

The PhosEnergy Process is a valuable asset of the Company with a Pre-feasibility Study having demonstrated that operating costs are within the lowest quartile of all uranium production worldwide. The Company is well placed to benefit from any increase in the uranium prices going forward and will continue to maintain dialogue with potential phosphate industry partners and maintain its intellectual property protection.

The Board intends on undertaking the above activities with a view to generating value in the Company such that an opportunity may be provided for Shareholders, by way of a listing on a recognised securities exchange, merger with another company, or asset sale. The Board cautions however that there are no present plans for such an event and that there can be no certainty that such an event will eventuate.

Your Entitlement

The number of New Shares you are entitled to subscribe for under the Offer (**Entitlement**) is set out in your personalised Application Form that is attached to this Offer Information Statement. If you take up your full Entitlement, you can also apply for additional New Shares under the Additional Share Offer.

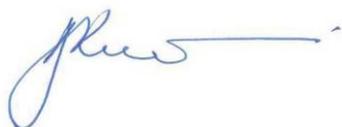
Please read in full the details on how to submit your application, which are set out in this Offer Information Statement. Enquiries relating to this Offer Information Statement should be directed to the Company Secretary by telephone on +61 (0)8 9322 3960. For general Shareholder enquiries, please contact the Company's share registry, Boardroom Pty Limited, by telephone on 1300 737 760 (within Australia) or + 61 2 9290 9600 (International).

You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Offer.

Please note that this Offer Information Statement is not a prospectus and, under the Corporations Act, has a lower level of disclosure requirements than a prospectus. Investors should seek appropriate professional investment advice before accepting the Offer(s).

On behalf of the Board, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'A. Kiernan', followed by a long horizontal line extending to the right.

Anthony Kiernan
Chairman

1. Details of the Offers

1.1 Entitlement Offer

By this Offer Information Statement, the Company is making a pro-rata offer of ordinary fully paid Shares at an issue price of 5 cents each to Shareholders on the basis of three New Shares for every seven Shares held at 5:00pm (WST) on the Record Date (**Entitlement Offer**).

The Company has 37,542,899 Shares on issue as at the date of this Offer Information Statement. Accordingly, 16,089,813 New Shares are offered under the Entitlement Offer.

Where the determination of the Entitlement of any Shareholder results in a fraction of a Share, such fraction will be rounded up to the nearest whole Share.

New Shares issued under the Offer will be issued as fully paid ordinary Shares and will rank equally in all respects with the existing ordinary Shares on issue. Further details on the rights and liabilities attaching to the New Shares proposed to be issued under the Offer are contained in Section 7.1.

The Company also has 10,250,000 Options and 3,000,000 Performance Rights on issue as at the date of this Offer Information Statement. The Company does not expect any of the Options to be exercised before the Closing Date, as the exercise price of the Options exceeds the offer price of New Shares. The Performance Rights are not expected to vest before the Closing Date.

1.2 Additional Share Offer

Any Entitlements not taken up pursuant to the Entitlement Offer will form the Additional Share Offer.

The Additional Share Offer is a separate offer made pursuant to this Offer Information Statement.

The issue price of any Additional Shares will be 5 cents each, which is the issue price at which Shares have been offered to Shareholders under the Entitlement Offer.

Additional Shares will only be issued if the Entitlement Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

The Additional Shares are to be issued at the discretion of the Directors and as such there is no guarantee that any Additional Shares will be issued to Shareholders or other third parties. Excess Application Monies for the Additional Share Offer will be refunded without interest. It is a term of the Additional Share Offer that, should the Company scale back Applications for Additional Shares, the Applicant will be bound to accept such lesser number allocated to them.

1.3 Purpose of the Offers

The business of PhosEnergy comprises two key strategies and assets:

- (a) The CarbonX Process; and
- (b) The PhosEnergy Process.

The funds raised under this Offer are intended to be applied towards the development and commercialisation of the CarbonX Process, and general working capital.

CarbonX Process

Since 2018 PhosEnergy has been developing a new ground-breaking technology to convert captured waste carbon dioxide (CO₂) into useful and valuable chemicals (namely, methanol, formates and other useful organic compounds) by utilising the unique properties of certain waste beta radiation emitters when used to 'excite' ceramic semiconductors (BACs).

In July 2018, PhosEnergy demonstrated the CarbonX Process as a proof of concept experiment.

The PhosEnergy team is now engaging in active discussions with well-known institutions in the fields of isotope handling and ceramic design to produce the first significant batch of BAC designed specifically for this purpose. However, Shareholders should be cautioned that there is no guarantee that these discussions with the institutions will form binding agreements.

The BACs are then intended to be used to test and optimise the CarbonX Process and gather design and cost information for a pilot plant. Subject to the successful demonstration of the CarbonX Process in a pilot plant, it is PhosEnergy's intention to undertake a complete economic study for a commercial plant using the CarbonX Process.

Subject to the successful results of the work and studies described above, the commercial application of the CarbonX Process is intended to focus on large scale CO₂ emission from, for example, coal fired power plants or decarbonising natural gas streams.

PhosEnergy Process

The Company considers its interest in the PhosEnergy Process to be a valuable asset of the Company with a pre-feasibility study having demonstrated that operating costs are within the lowest quartile of all uranium production worldwide. The Company is well placed to benefit from any increase in the uranium prices going forward and will continue to maintain dialogue with potential phosphate industry partners and maintain its intellectual property protection.

1.4 Use of Funds

The Company intends to apply the funds raised from the Offer together with existing funds, in the 12 months following completion of the Offers as detailed below (assuming the Offer is fully subscribed).

Source of funds	\$
Funds currently available	43,949
Funds to be raised under the Offer	804,491
TOTAL	848,440

Allocation of funds	\$	%
BAC supply: <ul style="list-style-type: none"> • Design and testing • Production 	380,000	48
Pilot Plant Design <ul style="list-style-type: none"> • Batch optimisation testing • Pilot design 	180,000	22
Intellectual property development <ul style="list-style-type: none"> • Patent development • Technology expansion 	100,000	12
Offer costs ¹	40,206	5
General working capital ²	104,285	13
TOTAL	804,491	100

Note:

1. See Section 7.8 for further details of the expenses of the Offers.
2. Working capital includes corporate administration and operating costs.

The above is a statement of current intentions at the date of this Offer Information Statement. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board correctly therefore reserves the right to alter the way the funds are applied.

The amounts and timing of the actual expenditures and investments may vary and will depend on various factors including the success of the Company's development of the CarbonX Process and PhosEnergy Process, and any changes in the business, economic and regulatory environment.

1.5 Opening and Closing Dates

The Opening Date for the Offers is 18 April 2019.

The Closing Date for the Entitlement Offer is 16 May 2019.

The Closing Date for the Additional Share Offer is 8 August 2019.

All applications under the Offer must be received by the Company by no later than the relevant Closing Date. You are encouraged to submit your applications under the Offer as soon as possible.

The Company reserves the right, subject to the Corporations Act, to vary the Closing Dates without prior notice. If a Closing Date is varied, subsequent dates may also be varied accordingly.

1.6 Underwriting

The Offer is not underwritten.

1.7 Substantial Shareholders

Based on available information as at the date of this Offer Information Statement, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Substantial Shareholder	Number of Shares	Voting power
Timothy Goyder	6,296,700	16.77%
DevEx Resources Limited	3,455,371	9.20%

1.8 Effect of the Offer on control of the Company

The Offer is not expected to give rise to control implications for the Company.

Timothy Goyder, a Director of the Company, currently holds a 16.77% interest in the issued capital of the Company.

- (a) The Company has agreed to issue an aggregate of 870,702 Shares within 7 days following at least \$500,000 being raised under the Offers, in full and final settlement of a debt of \$43,535 owed to Mr Goyder and his controlled entities pursuant to loans provided to the Company (see Section 7.3(d) for further details).
- (b) Mr Goyder's relevant interest in the Company will however not increase above 19.9% as a result of this loan conversion.
- (c) As at the date of this Offer Information Statement, Mr Goyder intends to take up part or all of his Entitlement under the Entitlement Offer provided that his relevant interest in the Company on completion of the Offers and loan conversion shall not increase above 19.9%.

DevEx Resources currently hold a 9.2% interest in the issued Capital of the Company.

- (a) The Company has also agreed to issue 1,653,690 Shares within 7 days following at least \$500,000 being raised under the Offers, in full and final settlement of a debt of \$82,684 owed to DevEx Resources Limited pursuant to loans provided to the Company (see Section 7.3(b) for further details).
- (b) DevEx Resources' interest will not increase above 19.9% as a result of this loan conversion and its Entitlement under the Offers.

1.9 Potential dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted. Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlement	Holdings if Entitlement not taken up	% post Offer
Shareholder 1	5,000,000	13.32%	2,142,857	5,000,000	9.32%
Shareholder 2	1,000,000	2.66%	428,571	1,000,000	1.86%
Shareholder 3	500,000	1.33%	214,285	500,000	0.93%
Shareholder 4	250,000	0.67%	107,142	250,000	0.47%

1.10 Minimum subscription

There is no minimum subscription for the Offer.

1.11 Issue Date and dispatch

Shares under the Entitlement Offer are expected to be allotted by 1 June 2019 (subject to variation at the discretion of the Company).

Shares under the Additional Share Offer are expected to be allotted by 15 August 2019 (subject to variation at the discretion of the Company).

In respect of any additional shares applied for under the Additional Share Offer, the Directors will determine the recipients in their discretion. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

1.12 Application Monies held on trust

All Application Monies received for the New Shares will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Offer Information Statement until the New Shares are issued under the Offer. All Application Monies received in respect of the Offer will be returned (without interest) if the New Shares under the Offer are not issued for any reason.

1.13 International offer restrictions

The Shares being offered under this Offer Information Statement are being offered to applicants with registered addresses in Australia and New Zealand. The Offer will not be offered to residents outside of Australia and New Zealand. The Company has determined that it is not economically viable for it to make offers to residents outside of Australia and New Zealand due to the cost of meeting compliance requirements with securities laws in each applicable jurisdiction in which non-resident applicants reside.

1.14 Withdrawal

The Directors may at any time decide to withdraw this Offer Information Statement and the Offer, in which case, all Application Monies will be returned without interest in accordance with the Corporations Act.

1.15 Taxation implications

Applicants should be aware that there may be taxation implications of participating in the Offer and subscribing for New Shares. The taxation consequences of participating in the Offer and/or acquiring New Shares may vary depending on the individual circumstances of each Applicant. Applicants should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Shares.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants.

1.16 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's Security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third-party service providers, including mailing houses and professional advisers, and to regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.17 Risks

There are a number of risks associated with an investment in the Company which may affect its financial performance, growth prospects and Share value.

The key risk factors have been summarised in Section 4.

2. Action required by Shareholders

2.1 Action in relation to the Offer

Should you wish to acquire New Shares as part of the Offer, you may either take up all of your Entitlement (refer to Section 2.2) or part of your Entitlement (refer to Section 2.3) as shown on the accompanying personalised Application Form.

You may also apply for Additional Shares under the Additional Share Offer (refer to Section 2.4).

If you do not wish to take up any of your Entitlement to New Shares, your Entitlement will lapse (refer to Section 2.5).

2.2 Acceptance of Entitlement

Should you wish to accept all of your Entitlement to New Shares under the Entitlement Offer and you are not paying by BPAY, then Applications for New Shares must be made on the Application Form which accompanies this Offer Information Statement, in accordance with the instructions referred to in this Offer Information Statement and on the Application Form. Please read the instructions carefully.

Please complete the Application Form by filling in the details in the spaces provided and attach a cheque, bank draft or money order for the amount indicated on the Application Form.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "PhosEnergy - Rights Offer Account" and lodged at any time after the issue of this Offer Information Statement and on or before the Entitlement Offer Closing Date at the Company's share registry (by delivery or by post) at:

Boardroom Pty Ltd
GPO Box 3993
SYDNEY NSW 2001

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that cleared funds are received by the Company by the Entitlement Offer Closing Date. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Application Form and you will not need to return the Application Form.

The Company reserves the right, subject to the Corporations Act and other applicable laws to change the Entitlement Offer Closing Date without notice. Accordingly, if you wish to participate, you are encouraged to attend to the above promptly.

2.3 If you wish to take up only part of your Entitlement

Should you wish to only take up part of your Entitlement under the Entitlement Offer and you are not paying by BPAY, then Applications for New Shares under the Entitlement Offer must be made on the Application Form which accompanies this Offer Information Statement in accordance with the instructions referred to in this Offer

Information Statement and on the Application Form. Please read the instructions carefully.

Please complete the Application Form by filling in the details in the spaces provided, including the number of New Shares you wish to accept and the amount payable (calculated at 5 cents per New Share accepted), and attach a cheque, bank draft or money order for the appropriate Application Monies.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "PhosEnergy - Rights Offer Account" and lodged at any time after the issue of this Offer Information Statement and on or before the Entitlement Offer Closing Date at the Company's share registry (by delivery or by post) at the address indicated at Section 2.2.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that cleared funds are received by the Company by the Entitlement Offer Closing Date. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Application Form and you will not need to return the Application Form.

The Company reserves the right, subject to the Corporations Act and other applicable laws to change the Entitlement Offer Closing Date without notice. Accordingly, if you wish to participate, you are encouraged to attend to the above promptly.

2.4 If you wish to apply for Additional Shares

If you wish to apply for Shares in excess of your Entitlement under the Entitlement Offer by applying for Additional Shares and you are not paying by BPAY, you may do so by completing the relevant separate section of the Application Form relating to the Additional Share Offer and which accompanies this Offer Information Form, in accordance with the instructions referred to in this Offer Information Statement and on the Application Form.

Any Shares applied for in excess of your Entitlement will be applied for under the Additional Share Offer.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "PhosEnergy - Rights Offer Account" and lodged on or before the Additional Share Offer Closing Date with the Company (by delivery or by post) at the address specified in Section 2.2.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that cleared funds are received by the Company by the Additional Share Offer Closing Date. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Application Form and you will not need to return the Application Form.

The Company reserves the right, subject to the Corporations Act and other applicable laws to change the Additional Share Offer Closing Date without notice. Accordingly, if you wish to participate, you are encouraged to attend to the above promptly.

2.5 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.

2.6 Application Form

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of New Shares.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the application as valid and how to construe, amend or complete the Application Form, is final.

By completing and returning your Application Form with the requisite Application Monies, or making a payment via BPAY, you will be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Offer Information Statement, does not prohibit you from being given the Offer Information Statement and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
- (e) declare that you are the current registered holder of Shares as at the Record Date and have a registered address in Australia or New Zealand;
- (f) acknowledge that the information contained in, or accompanying, the Offer Information Statement is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the United States Securities Act of 1933, as amended.

2.7 Enquiries concerning your Entitlement or this Offer Information Statement

Enquiries relating to this Offer Information Statement should be directed to the Company Secretary by telephone on +61 (0)8 9322 3960.

3. Company operations

3.1 Background

This Section 3 contains a description of the business of the Company.

The Company is an Australian based unlisted public company.

The business of PhosEnergy comprises two key strategies and assets:

- (a) The CarbonX Process; and
- (b) The PhosEnergy Process.

These strategies and assets are described below.

3.2 CarbonX Process

Proof of Concept:

Since 2018 PhosEnergy has been developing what it believes to be a new ground-breaking technology to convert captured waste CO₂ into useful and valuable chemicals (namely, methanol, formates and other useful organic compounds) by utilising the unique properties of Beta Activated Ceramics or “BACs” (CarbonX Process).

The Company completed “proof of concept” testing of the CarbonX Process in July 2018 as follows:

- (a) excited sites were created on a ‘cold’ ceramic by intimately mixing the ceramic with small amounts of a beta radiation emitter in a CO₂ solution;
- (b) on completion of the experiment the CO₂ solution was analysed for methanol, formates and other useful organic compounds; and
- (c) the results obtained showed significant quantities of methanol, formates and other organic compounds produced.

The proof of concept results formed the basis of the Australian Provisional Patent application lodged in December 2018 in relation to the CarbonX Process (CarbonX Process IP).

3.3 Proposed activities

The PhosEnergy team is engaging with well-known institutions in the fields of isotope handling and ceramic design to produce the first significant batch of BAC.

The BACs are then intended to be used to test and optimise the CarbonX Process and gather design and cost information for a pilot plant. Subject to the successful demonstration of the CarbonX Process in a pilot plant, it is PhosEnergy’s intention to undertake a complete economic study for a commercial plant using the CarbonX Process.

Subject to the successful results of the work and studies described above, the commercial application of the CarbonX Process is intended to focus on large scale CO₂ emission from, for example, coal fired power plants or decarbonising natural gas streams.

The new capital raised under the Offers is intended to allow the Company to fund this aggressive development.

Additional capital is likely to be required in order to construct and operate the pilot plant which will allow the Company to estimate the costs of employing the CarbonX Process on a commercial scale in a scoping study. If additional capital is required, the Company shall investigate other forms of funding such as industry participation.

3.4 The PhosEnergy Process

The Company and its strategic alliance partner Cameco Corporation (**Cameco**) have developed the PhosEnergy Process which is designed to recover uranium as a by-product from phosphate fertiliser production at an estimated bottom quartile cash cost.

Cameco has funded development of the PhosEnergy Process through a US\$16.5 million staged earn-in since entering into a strategic alliance agreement with the Company in 2009. In total, over US\$22 million has been spent on developing the technology by the Company and its partners.

The Company retains 25% of the PhosEnergy Process via its shareholding in the jointly owned company Urtek, LLC.

The PhosEnergy Process is protected by several patents (held by Urtek LLC as the contracting entity) in the USA and internationally where there is significant current or potential future phosphate fertilizer production.

Sufficient capital remains in Urtek LLC, to maintain the PhosEnergy Process intellectual property and its corporate overheads to the end of 2019.

Due to the low uranium price environment, the Company continues to evaluate opportunities to apply to the PhosEnergy Process to other commodities and sectors and is also actively evaluating complementary projects which may utilise the intellectual property and knowledge within the Company. See Section 4.1 for details around the risks of obtaining further capital.

3.5 Key People

(a) Bryn Jones, Managing Director

Mr Jones is an industrial chemist and founding shareholder of Inception Consulting Engineers, a boutique process consultancy providing expert solutions to the mining and chemical industries. Mr Jones was instrumental in the development of the Company's uranium from phosphoric acid technology, the "PhosEnergy Process". Mr Jones has extensive experience in the uranium industry, particularly in the development and operation of In-Situ Recovery (ISR) mines. He is Chief Operating Officer of Laramide Resources Ltd, and a Director of Salt Lake Potash Ltd and DevEx Resources Ltd.

(b) Dr. Julian Kelly, Senior Scientist

Dr Kelly is a materials scientist who holds a PhD in chemical physics. Dr Kelly's special expertise is in the properties and applications of nuclear and radioactive materials. His experience includes: development of a novel thorium-based nuclear fuel (incorporating recycled plutonium) in Norway; and founding and leading a nuclear medicine company called Isoclide Medical Pte Ltd. for providing alpha-emitting isotopes for novel 'radio-therapeutic' drugs. He has also held technical nuclear policy roles for the Australian government,

including at ANSTO, and serving as Nuclear Attaché in the Australian Embassy in Vienna.

(c) **Tim Wise, Executive Director**

Mr Wise is the founder of a number of companies including Listen clothing, The Tap Doctor (a national plumbing franchise) and Wasabi Energy (now Kalina Power, 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.

(d) **Anthony Kiernan, Non-Executive Chairman**

Mr Kiernan is a corporate advisor with extensive experience in the administration and operation of listed public companies. Mr Kiernan is Chairman of Saracen Minerals Limited, Pilbara Minerals Limited and Venturex Resources Limited.

(e) **Tim Goyder, Non-Executive Director**

Mr Goyder has over 30 years' experience in the resource industry. He has been involved in the formation and management of a number of publicly-listed companies and is currently Executive Chairman of Chalice Gold Mines Limited and Chairman of Liontown Resources Limited and DevEx Resources.

3.6 Anticipated sources of Company expenses

The Company expects its expenses are anticipated to largely be comprised of research and development expenses including salaries, equipment and other laboratory equipment, rental on office and laboratory space and business development, sales and marketing.

3.7 Longer term view

The Board intends on undertaking the activities described in this Section with a view to generating value in the Company such that an opportunity may be provided for shareholders, by way of a listing on a recognised securities exchange, merger with another company, or asset sale.

The Board cautions however that there are no present plans for such an event and that there can be no certainty that such an event will eventuate.

4. Risk Factors

An investment in New Shares should be regarded as speculative. Activities in the Company, as in any business, are subject to risks which may impact on the Company's future performance. The Company has implemented appropriate strategies, actions, systems and safeguards for known risks, however some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders and prospective investors need to be aware of in evaluating the Company's business and the risks of investing in the Company. Shareholders and prospective investors should carefully consider the following factors in addition to the other information presented in the Offer Information Statement.

The principal risks include, but are not limited to, the following:

4.1 Risks specific to the Company

The Company is engaging in the development of ground-breaking technology for the capture and conversion of CO₂ into useful and valuable compounds for sale which offers a high reward in the case of success but also high risk in development and commercialisation.

Having completed a Proof of Concept experiment the Company is confident that the scientific basis of the technology is strong and further development of the technology is justified. There is, however, no guarantee that the technology will achieve commercial status due to a range of possible commercialisation risks which include, but are not limited to:

(a) **Additional requirements for capital**

The future capital requirements of the Company will depend on many factors. In the event that the Offers are not sufficiently subscribed, the Company may be required to seek additional funding by way of a loan, a convertible note, a combination of both or by alternate means. There are no guarantees any such funding will be available or on terms acceptable to the Company.

(b) **CarbonX Process technology development risks**

Results achieved to date at laboratory scale for the CarbonX Process may not translate to an effective commercial scale technology for use in commercial CO₂ capture and conversion. In addition, there is a risk that other competing technologies are favoured or further advanced.

(c) **Access to and handling beta radiation emitters**

The key defining aspect of the CarbonX Process is the incorporation of 'waste' beta radiation emitters into a suitable BAC matrix to provide the driving force for the CO₂ conversion reaction.

The mass of beta emitter within the BAC is small but handling beta emitters requires specialist facilities with the capabilities and licenses to perform this work.

There is a risk that the Company will be unable to procure access to facilities or services capable of manufacturing BACs or that doing so severely impacts the proposed development timeline and cost.

(d) **Social license for BAC use**

The conversion of beta emitters, which are currently considered waste products from nuclear power generation, into a source of energisation for doing useful work, such as carbon conversion and use, has the potential to invoke a negative response from industry and the community.

The Company believes that the risks associated with the use of BACs can be safely and sustainably managed and aims to demonstrate this in a pilot operation. There is a risk, however, that the Company will not gain a social license to use BACs in this manner and hence be unable to commercialise the CarbonX Process.

(e) **Long term supply of BAC**

The waste beta emitters proposed for the manufacture of BAC are produced continuously through long term storage of spent nuclear fuel and as waste products in some mining operations.

While there is no current shortage of these raw materials very long-term supply risks may exist if large-scale uptake of the CarbonX Process is adopted.

(f) **Investor Risk**

The Company is currently an unlisted public company and as such, any investment into the Company has limited investment liquidity and Shareholders may not be able to sell their Shares.

The Board intends on undertaking the activities disclosed in this Offer Information Statement with a view to generating value in the Company such that an opportunity may be provided for shareholders, by way of a listing on a recognised securities exchange, merger with another company, or asset sale. The Board cautions that there are no present plans for such an event and that there can be no certainty that such an event will eventuate.

(g) **Budget Risk**

The costs of the Company are based on certain assumptions with respect to the method and timing of operations. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions.

(h) **Reliance on key management**

The Company is reliant on key personnel employed or engaged by the Company. Loss of such personnel may have a materially adverse impact on the performance of the Company.

The Board is aware of the need to have sufficient management to properly supervise the operations of the Company and (if successful) the development of the CarbonX Process and the PhosEnergy Process and the Board will continually monitor the management roles in the Company.

(i) **Environmental risk**

The handling and processing of radioactive substances is an area subject to stringent environmental responsibility and liability. Future legislation and regulations governing the handling of these substances may impose significant

environmental obligations on the Company. The Company intends to conduct its activities in a responsible manner which minimises its impact on the environment, and in accordance with applicable laws.

(j) Patents and proprietary rights

The ability of the Company to obtain and maintain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties is an integral part of the Company's business. The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop technology to avoid the patented technology.

(k) Changes in Government policies and legislation

Any material adverse changes in government policies or legislation of Australia, United States of America or any other country that the Company may acquire economic interests in may affect the viability and profitability of the Company.

4.1 General Risks

The future prospects of the Company's business may be affected by circumstances and external factors beyond the Company's control. Performance of the Company may be affected by a number of business risks that apply to Companies generally and may include economic, financial or market conditions.

(a) Market conditions and other economic risks

General economic conditions, movements in interest and inflation rates, commodity prices and currency exchange rates may have an adverse effect on the Company's operations and any future development activities, as well as on its ability to fund those activities.

The price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account by the Company. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(c) Litigation risk

All industries are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's activities.

(d) **Commodity Price Risk**

The Company's prospects may be influenced by the price obtained from time to time for commodities, especially uranium. Commodity prices fluctuate and are affected by factors including the relationship between global supply and demand for metal, forward selling by producers, the cost of production and general global economic conditions.

(e) **Insurance**

The Company will, where possible and economically practicable, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

(f) **Security risk**

The business of the Company may be materially impacted by breaches of security, on-site or via technology, either by unauthorised access, theft, destruction, loss of information or release of confidential data. The Company's security measures may not be sufficient to detect or prevent such breaches of security.

4.2 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares. Shareholders should consider that the investment in the Company is high risk and should consult their professional adviser before deciding whether to apply for New Shares pursuant to this Offer Information Statement.

5. Financial information

The Company's audited financial statements for the year ended 31 December 2018 are set out in the Annexure to this Offer Information Statement.

There have been no material transactions between that date and the date of the Offers not otherwise disclosed within this document.

	Audited Balance sheet as at 31 December 2018	Significant Changes since 31 December 2018 ^{(1) (2)}			Effect of the Offer ⁽³⁾	Settlement of Contractual obligations ⁽⁴⁾⁽⁵⁾	Unaudited Pro Forma Balance Sheet Post Significant Changes and Offer
	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	
Assets							
Current assets							
Cash and cash equivalents	23,949	20,000	-	804,491	-	848,440	
Trade and other receivables	3,974	-	-	-	-	3,974	
Total current assets	27,923	20,000	-	804,491	-	852,414	
Non-current assets							
Intangibles	-	-	50,000	-	-	50,000	
Total non-current assets	-	-	50,000	-	-	50,000	
Non-current assets							
Total assets	27,923	20,000	50,000	804,491	-	902,414	
Liabilities							
Current liabilities							
Trade and other payables	84,229	-	-	-	(27,000)	57,229	
Borrowings	135,740	20,000	-	-	(155,740)	-	
Total current liabilities	219,969	20,000	-	-	(182,740)	57,229	
Total liabilities	219,969	20,000	-	-	(182,740)	57,229	
Net assets/(liabilities)	(192,046)	-	50,000	(804,491)	(182,740)	845,185	
Equity							
Issued capital	1,761,803	-	50,000	804,491	210,745	2,827,039	
Reserves	459,199	-	-	-	-	459,199	
Accumulated losses	(2,413,048)	-	-	-	(28,005)	(2,441,053)	
Total equity/(deficiency)	(192,046)	-	50,000	804,491	182,740	845,185	

The pro forma statement of financial position has been prepared on the basis that the assets and liabilities of the Company have not been subject to any material change between 31 December 2018 and the completion of the Offer except for:

1. In February 2019, Mr Tim Goyder provided an additional loan facility of up to \$20,000 to the Company on normal commercial arm's length terms (refer to Section 7.3(a)(ii));
2. The Company entered into an Asset Sale Agreement with Dr Kelly to acquire the CarbonX Process IP in consideration for 1,000,000 shares in PhosEnergy Limited at a deemed issue price of 5 cents per Share (that is, an aggregate value of \$50,000) (refer to Section 7.3(g));

3. Assumes completion of the Offers raising \$804,491 (before costs);
4. Subject to completion of the Offers with a minimum raise of \$500,000, loans owing to Directors Messrs Kiernan and Goyder (or Mr Goyder's controlled entities), and DevEx Resources of \$127,500, plus accrued interest, and amounts owing to a creditor of \$27,000 will be settled in full by the issue of fully paid ordinary Shares in the Company at a deemed issue price of 5 cents per Share (refer to Section 7.3(b)); and
5. Subject to the completion of the Offers to raise a minimum of \$500,000, Messrs Wise and Jones shall be issued with bonus Shares equivalent to \$6,500 and \$19,500 respectively. The Shares shall be issued at a deemed issue price of 5 cents each (refer to Sections 7.3(d) and 7.3(f) below).

6. Effect of the Offer

6.1 Capital structure on completion of the Offer

The anticipated effect of the Offer and other currently proposed issues of securities on the Company's capital structure is detailed below.

	Shares	Options	Performance Rights
Balance at the date of this Offer Information Statement	37,542,899	10,250,000 ¹	3,000,000
To be issued under the Offers	16,089,813 ²	Nil	Nil
Agreed to be issued in settlement of accrued loans and debt to trade creditors	3,694,897 ³	Nil	Nil
Sign on bonus shares to be issued to Executive Directors	520,000 ⁴	Nil	Nil
TOTAL	57,847,609²	10,250,000	3,000,000

¹ Comprised of 10,250,000 Options exercisable at 7.5 cents each on or before 31 March 2022.

² Subject to rounding, and assumes the Offers are fully subscribed.

³ To be issued within 7 days of the completion of the Offer, provided the Offers raise at least \$500,000. The Shares are to be issued at a deemed issue price of 5 cents each, in full and final settlement of \$184,744 worth of debt (inclusive of interest) owed to lenders and trade creditors.

⁴ Subject to the completion of the Offers to raise a minimum of \$500,000, Messrs Wise and Jones shall be issued with bonus Shares equivalent to \$6,500 and \$19,500 respectively. The Shares will be issued at a deemed issue price of 5 cents per Share. Refer to Sections 7.3(d) and 7.3(f) below.

7. Additional information

7.1 Rights and liabilities attaching to Shares

New Shares issued pursuant to this Offer Information Statement will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares on issue, including for any dividend issued.

Neither the New Shares nor the existing Shares on issue are listed on any stock exchange, so no ready public market will exist for their sale.

The rights that will attach to the New Shares are as set out in the Constitution, namely:

- (a) the right to receive notice of, and attend and vote at all general meetings of the Company;
- (b) the right to receive dividends;
- (c) in the event of a winding up, the right to participate equally in the distribution of assets of the Company; and
- (d) in the event of a reduction of capital, the right to participate equally in the distribution of assets of the Company, subject to the terms of the reduction.

The Constitution may only be varied by a special resolution passed by at least 75% of Shareholders present (and entitled to vote).

7.2 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

7.3 Material Contracts Summary

(a) Loan agreements

(i) DevEx Resources

The Company entered into a share and asset sale agreement with DevEx Resources Limited dated 22 July 2013 (amended from time to time).

Pursuant to the terms of the agreement, DevEx Resources agreed to provide a loan facility to the Company totalling \$50,000 and an additional loan of \$10,000, both of which remain outstanding.

The current loan payable is \$82,685 (inclusive of interest). The effective interest rate on the loan is 8.5% per annum.

(ii) Messrs Kiernan and Goyder

Messrs Kiernan and Goyder (both Directors) or their controlled entities provided unsecured loans of \$31,525 and \$43,535 (both inclusive of interest) respectively. The Company has the option to convert the outstanding balances (plus interest) into fully paid ordinary shares. The effective interest rate is 8.5% per annum.

Each of the loan agreements were negotiated on arm's length terms.

(b) Loan Settlement Agreements

In March 2019, the Company entered into loan settlement agreements on arm's length terms with Messrs Kiernan, Goyder and DevEx Resources (refer to Section 7.3(a)) in order to settle the outstanding loans payable (plus accrued interest).

Pursuant to the loan settlement agreements, the outstanding loans (plus interest) will be repaid by the issue of:

- (i) 630,505 Shares to Mr Kiernan;
- (ii) 870,702 Shares to Mr Goyder; and
- (iii) 1,653,690 Shares to DevEx Resources,

at 5 cents per Share, subject to raising a minimum of \$500,000 under the Offer.

(c) Agreement for Conversion of Outstanding Fees

In March 2019, the Company entered into a letter agreement with Inception Consulting Engineers Pty Ltd for the conversion of outstanding management fees into Shares to settle the \$27,000 debt owed (inclusive of interest).

Pursuant to the letter agreement, the outstanding fees (plus accrued interest) will be repaid by the issue of 540,000 Shares to Inception Consulting Engineers Pty Ltd (or its nominee) at 5 cents per Share, subject to raising a minimum of \$500,000 under the Offers.

(d) Managing Director

The terms and conditions of the Managing Director's contract (Mr Bryn Jones) include annual remuneration of \$78,000 plus superannuation to provide services for two working days per week, no fixed term and a standard notice period of 1 month.

In addition, Mr Jones shall receive a sign-on bonus of \$6,500 per month calculated from 1 April 2019 to the date of completion of the Offers and sign-on bonus shares equivalent to \$19,500 worth of fully paid ordinary shares at an issue price of 5 cents per Share (i.e. a total of 390,000 Shares).

The payment of the sign-on bonus and shares are subject to raising a minimum raising of \$500,000 under the Offers.

The Managing Director's contract was negotiated on arm's length terms.

(e) Senior Scientist Employment Agreement

The terms and conditions of the Senior Scientist's contract (Dr Julian Kelly) include annual remuneration of \$78,000 plus superannuation to provide services for two working days per week, no fixed term and a standard notice period of 1 month.

In addition, Dr Kelly shall receive a sign-on bonus of \$6,500 per month calculated from 1 February 2019 to the date of completion of the Offers with payment subject to raising a minimum raising of \$500,000 under the Offers.

(f) **Executive Director Agreement**

The terms and conditions of the Executive Director's contract (Mr Tim Wise) include annual remuneration of \$78,000 plus superannuation to provide services for two working days per week, no fixed term and a standard notice period of 1 month.

In addition, Mr Wise shall receive a sign-on bonus of \$6,500 per month calculated from 1 April 2019 to the date of completion of the Offers and sign-on bonus shares equivalent to \$6,500 worth of fully paid ordinary shares at an issue price of 5 cents per Share (i.e. a total of 130,000 Shares).

The payment of the sign-on bonus and shares are subject to raising a minimum raising of \$500,000 under the Offers.

The Executive Director's contract was negotiated on arm's length terms.

(g) **Asset Sale Agreement**

In March 2019, the Company entered into an asset sale agreement with Dr Julian Kelly pursuant to which Dr Kelly agreed to sell 100% of his legal and beneficial interest in the CarbonX Process IP in consideration for 1,000,000 Shares in the Company at a price of 5 cents per Share.

The terms and conditions of the agreement also include additional entitlements should the CarbonX Process IP be sold, subject to Dr Kelly being employed by the Company for 6 months. Specifically, 33% of net proceeds if the property is sold within 12 months, 25% of net proceeds if sold within 24 months and 5% of net proceeds thereafter.

In the event the property is not sold outright, the Company will negotiate in good faith with Dr Kelly to agree on an appropriate payment.

7.4 Litigation

The Company is not, and has not been during the 12 months preceding this Offer Information Statement, engaged in any legal proceedings which would be likely to have a material adverse effect upon its business, financial condition or the results of its operations.

7.5 Interests of Directors

(a) **Security holdings**

The relevant interest of each of the Directors in Securities as at the date of this Offer Information Statement is set out below

Director	Shares	Options			Performance Rights ¹	Entitlement
		Number	Exercise Price	Expiry date		
Anthony Kiernan	664,566	1,000,000	7.5 cents	31 March 2022	-	284,814
Bryn Jones	173,636	2,000,000	7.5 cents	31 March 2022	1,000,000	74,415
Tim Wise	Nil	2,000,000	7.5 cents	31 March 2022	1,000,000	-
Tim Goyder	6,296,700	1,000,000	7.5 cents	31 March 2022	-	2,698,586

Note:

1. The Performance Rights issued to Messrs Jones and Wise have an expiry date of 31 March 2022 and shall vest on:
 - (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.

Directors may apply for their Entitlement under this Offer Information Statement.

No Securities other than those disclosed above will be issued to the Directors as part of the Offer. However, as previously noted, subject to the Offers raising at least \$500,000, the Company has agreed to issue the following Shares at the same issue price as the Offer, being 5 cents per share:

- (i) Mr Timothy Goyder and his controlled entities have agreed with the Company to be issued an aggregate of 870,702 Shares in full and final settlement of a debt of \$43,535 owed to Mr Goyder and his controlled entities pursuant to loans provided to the Company.
- (ii) Mr Anthony Kiernan has agreed with the Company to be issued 630,505 Shares in full and final settlement of a debt of \$31,525 owed to Mr Kiernan.
- (iii) Mr Tim Wise will be issued 130,000 Shares for nil cash consideration as a bonus payment under his employment agreement; and
- (iv) Mr Bryn Jones will be issued with 390,000 Shares for nil cash consideration as a bonus payment under his employment agreement.

As previously noted in Section 1.8, pursuant to the Offers, and the issue of shares above, no Director's interest will increase above 19.9% and impact control of the Company.

(b) **Remuneration of Directors**

The Constitution of the Company provides that the non-executive directors are entitled to be paid an amount of fees which does not in any year exceed, in aggregate, the maximum sum that is from time to time approved by Shareholders in a general meeting.

This aggregate amount is to be allocated among the non-executive directors equally, having regard to the proportion of the relevant year for which each director held office, or as otherwise decided by the Board.

The amount may also be provided in a manner the Board decides, which may include provision of non-cash benefits, in which case, the Board must also decide the manner in which the value of those benefits is to be calculated.

The Constitution also provides that:

- (i) the Directors shall be entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors; and
- (ii) if any of the Directors being willing are called upon to perform extra services or make any special exertions on behalf of the Company or its business, the Directors may remunerate this Director in accordance with such services or exertions, and this remuneration may be either in addition to or in substitution for his or her share in the fee-pool described above.

The remuneration of executive directors is to be fixed by the Board. As at the date of this Offer Information Statement, the Company has two executive directors, Mr Bryn Jones and Mr Tim Wise. The total annual base salary payable to Messrs Jones and Wise is currently \$78,000 each (exclusive of superannuation).

The table below sets out the remuneration provided to the Directors of the Company and their associated companies during the last two financial years (FY), inclusive of directors' fees, consultancy fees, superannuation benefits and share-based payments.

Director	FY ended 31 December 2018	FY ended 31 December 2017
Anthony Kiernan ⁽¹⁾	10,000	10,000
Bryn Jones	13,500	28,655

Note:

- 1. Due to market conditions and with an emphasis on conserving cash reserves, directors fees for Mr Anthony Kiernan were accrued and not paid. Outstanding directors fees owing to Mr Kiernan up to 31 December 2018 were written off.

(c) **Information disclosed in this Offer Information Statement**

Other than as set out in this Offer Information Statement, no Director (or entity in which they are a partner or director) holds or has held within the 2

years preceding lodgement of this Offer Information Statement with the ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- (iii) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (iv) as an inducement to become, or to qualify as, a Director; or
- (v) for services provided in connection with the formation or promotion of the Company, or the Offers.

7.6 Related party transactions

There are no related party transactions involved in the Offers that are not otherwise described in this Offer Information Statement.

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

7.7 Interests of other persons

Except as disclosed in this Offer Information Statement, no underwriter, expert, promoter or other person named in this Offer Information Statement as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Offer Information Statement in the formation or promotion of the Company, the Shares offered under this Offer Information Statement or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Shares offered under this Offer Information Statement; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Shares offered under this Offer Information Statement.

7.8 Expenses of Offer

The estimated expenses of the Offer are as follows:

Estimated expenses	\$
ASIC lodgement fee	3,206

Estimated expenses	\$
Share registry fee	12,000
Legal fees and expenses	15,000
Printing, mailing, advertising & miscellaneous	10,000
TOTAL	40,206

There are no fees, commission, charges or other costs of such nature to be incurred in respect of the Offer.

7.9 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Offer Information Statement), the Directors, any persons named in the Offer Information Statement with their consent having made a statement in the Offer Information Statement and persons involved in a contravention in relation to the Offer Information Statement, with regard to misleading and deceptive statements made in the Offer Information Statement. Although the Company bears primary responsibility for the Offer Information Statement, the other parties involved in the preparation of the Offer Information Statement can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Offer Information Statement other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Offer Information Statement other than a reference to its name and a statement included in this Offer Information Statement with the consent of that party as specified in this Section.

Bellanhouse has given its written consent to being named as the solicitors to the Company in this Offer Information Statement. Bellanhouse has not withdrawn its consent prior to the lodgement of this Offer Information Statement with the ASIC.

Boardroom Pty Ltd has given its written consent to being named as the share registry to the Company in this Offer Information Statement. Boardroom Pty Ltd has not withdrawn its consent prior to the lodgement of this Offer Information Statement with the ASIC.

HLB Mann Judd has given its written consent to being named as the auditor to the Company in this Offer Information Statement. HLB Mann Judd has not withdrawn its consent prior to the lodgement of this Offer Information Statement with the ASIC.

8. Directors' Statement and Consent

The Directors confirm that:

- (a) except as disclosed in this Offer Information Statement, they are not aware of any circumstances that have materially affected or will materially affect the assets and liabilities, the financial position, the profits and losses, or prospects of the Company on completion of the Offers; and
- (b) they have reasonable grounds to do and believe that this Offer Information Statement contains no statement that are false or misleading and that there are no material omissions from the Offer Information Statement.

This Offer Information Statement is authorised by each of the Directors of the Company.

This Offer Information Statement is signed for and on behalf of Company by:



Anthony Kiernan
Director

Dated: 10 April 2019

9. Glossary

These definitions are provided to assist persons in understanding some of the expressions used in this Offer Information Statement.

\$ means Australian dollars.

Additional Share Offer Closing Date means 5:00pm (WST) on the closing date for the Additional Shares Offer identified in the Timetable, as may be varied.

Additional Shares Offer means the offer of Additional Shares under this Offer Information Statement.

Additional Shares means the New Shares not applied for under the Entitlement Offer before the Closing Date.

Applicant means a person who submits an Application Form.

Application Form means an application form provided by the Company with a copy of this Offer Information statement.

Application Monies means the amount of money in dollars and cents payable for New Shares at the price per New Share pursuant to the Offers.

ASIC means Australian Securities and Investments Commission.

BAC means Beta Activated Ceramics as described in Section 1.3.

Board means the board of Directors.

CarbonX Process has the meaning given in Section 3.2.

CarbonX Process IP has the meaning given in Section 3.2.

Closing Date means either of the Entitlement Offer Closing Date or the Additional Share Offer Closing Date or both, as applicable, as described in Section 1.5.

Company or **PhosEnergy** means PhosEnergy Limited (ACN 164 573 728).

Constitution means the constitution of the Company as at the date of this Offer Information Statement.

Corporations Act means the *Corporations Act 2001* (Cth).

DevEx Resources means DevEx Resources Limited (ACN 009 799 553).

Directors mean the directors of the Company as at the date of this Offer Information Statement.

Entitlement means the number of New Shares for which an Shareholder is entitled to subscribe under the Entitlement Offer, being three New Shares for every existing seven Shares held on the Record Date.

Entitlement Offer Closing Date means 5:00pm (WST) on the closing date for the Entitlement Offer identified in the Timetable, as may be varied.

Entitlement Offer means the offer of New Shares to Shareholders in the proportion of three New Shares for every seven Shares held on the Record Date at an issue price of 5 cents per New Share, under this Offer Information Statement.

Exposure Period means the 7 day period from the date of this Offer Information Statement, unless further extended by ASIC.

Issue Date means the date identified in the Timetable as the proposed date for the issue of the New Shares.

New Share means a Share to be issued pursuant to this Offer Information Statement.

Offer Information Statement means this offer information statement dated 10 April 2019.

Offers means the Entitlement Offer and the Additional Share Offer, and **Offer** means either one or both of such offers, as applicable.

Opening Date means either opening date of the Offers, as described in Section 1.5.

Option means an option to acquire a Share.

Performance Rights means a right to acquire a Share, subject to the satisfaction of certain performance conditions.

PhosEnergy Process has the meaning given in Section 3.4.

Record Date means 5:00pm (WST) on the record date identified in the Timetable.

Section means a section of this Offer Information Statement.

Securities means Shares, Options and/or Performance Rights.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means means a person registered as the holder of Shares as at 5:00pm (WST) on the Record Date whose registered address is in Australia or New Zealand.

Timetable means the proposed timetable for the Offers as specified on page ii of this Offer Information Statement, as may be amended.

WST means Western Standard Time, being the time in Perth, Western Australia.