



PhosEnergy Limited
ACN 164 573 728

OFFER INFORMATION STATEMENT

This Offer Information Statement is being issued for:

- (a) a pro-rata offer to Eligible Shareholders of 1 New Share for every 5 Shares held, at an issue price of \$0.10 per New Share (**Entitlement Offer**); and
 - (b) an offer to enable Eligible Shareholders to apply for additional Shares under any shortfall under the Entitlement Offer, at an issue price of \$0.10 per New Share (**Additional Share Offer**),
- (collectively, the **Offers**) to raise up to approximately \$2,000,000 (before costs).

The Company completed a Placement of 41,950,000 Shares to professional and sophisticated investors at \$0.10 per Share to raise \$4,195,000 (before costs).

IMPORTANT NOTICE

It is proposed that the Offers will close at 5.00pm (WST) on Tuesday, 27 July 2021. 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. Applications must be received before that time.

This is an important document and requires your immediate attention. It should be read in its entirety and in conjunction with the financial report (included as Annexure A 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.

Investment in the Shares offered pursuant to this Offer Information Statement should be regarded as **highly speculative** in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 4 for a summary of the key risks associated with an investment in the Shares.

IMPORTANT INFORMATION

The Offers and Lodgement

This Offer Information Statement is issued by PhosEnergy Limited (**Company**) for the purpose of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). This Offer Information Statement is dated 21 June 2021 and was lodged with 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.

Expiry Date

This Offer Information Statement expires on the date which is 13 months after the date of this Offer Information Statement (**Expiry Date**). No Shares will be issued on the basis of this Offer Information Statement after the Expiry Date.

Exposure Period

The Corporations Act prohibits the Company from processing Applications in the seven day period after the date of this Offer Information Statement (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Offer Information Statement to be examined by investors prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Offer Information Statement. In such circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications under this Offer Information Statement will not be processed by the Company until after the Exposure Period. No preference will be conferred upon Applications received 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 the PhosEnergy website at www.phosenergy.com.

Note of Applicants

This Offer Information Statement is not a prospectus, and has a lower level of disclosure requirements than a prospectus. The information contained in this Offer Information Statement is not investment or financial product advice and has been prepared as general information only, without consideration for your investment objectives, financial situation or particular needs. It is important that you read this Offer Information Statement in its entirety and seek professional advice where necessary. The Shares the subject of this Offer Information Statement should be considered highly speculative. Please refer to Section 4 for details relating to the investment risks that should be considered by investors. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to their particular needs, and considering their individual investment objectives, financial circumstances and risk profile for speculative investments. Each Applicant should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Except as required by law, and only to the extent required, no person named in this Offer Information Statement, nor any other person, warrants or guarantees the performance of the Company, the repayment of capital by the Company or any return on investment in Shares made pursuant to this Offer Information Statement.

Forward-Looking Statements

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. Forward-looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 4.

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.

Miscellaneous

Definitions of certain terms used in this Offer Information Statement are contained in Section 9.

All financial amounts contained in this Offer Information Statement are expressed as Australian currency unless otherwise stated.

All references to time in this Offer Information Statement are references to WST, being the time in Perth, Western Australia, unless otherwise stated.

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.

INDICATIVE TIMETABLE

Event	Date
Completion of Placement	Friday, 18 June 2021
Record Date (5pm Perth time)	Monday, 21 June 2021
Lodgement of Offer Information Statement with ASIC	Monday, 21 June 2021
Entitlement Offer	
Entitlement Offer Opening Date	Tuesday, 29 June 2021
Entitlement Offer Closing Date	Tuesday, 27 July 2021
Issue of New Shares under the Entitlement Offer	Tuesday, 3 August 2021
Additional Share Offer	
Additional Share Offer Opening Date	Tuesday, 29 June 2021
Additional Share Offer Closing Date	Tuesday, 27 July 2021
Issue of New Shares under the Additional Share Offer	Tuesday, 3 August 2021

The dates shown in the table above are indicative only and are subject to change. The Company reserves the right to vary the dates and times of the Offers (including, to vary the Opening Dates and Closing Dates, to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offers) in each case without prior notice, which may have a consequential effect on other dates. If the Offers are cancelled or withdrawn before the allotment of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.

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CORPORATE DIRECTORY

Directors

Bryn Jones - Managing Director
Anthony Kiernan - Non-Executive Chairman
Timothy Goyder - Non-Executive Director
Timothy Wise - Executive Director
Richard Hacker - (alternate 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

HWL Ebsworth Lawyers
Level 20, 240 St Georges Terrace
Perth WA 6000

Auditor

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

Joint Lead Manager

Bell Potter Securities Limited
Level 38, Aurora Place
88 Philip Street
Sydney NSW 2000

Joint Lead Manager

Taylor Collison Limited
Level 16, 211 Victoria Square
Adelaide SA 5000

* The Share Registry is included for information purposes only. It has not been involved in the preparation of this Offer Information Statement.

LETTER TO SHAREHOLDERS

Dear Shareholder

I am extremely pleased to report that PhosEnergy's technology portfolio has grown and advanced considerably over the last twelve months.

As you may be aware, the Company moved its immediate focus from the 25% it owns in the PhosEnergy Process (Cameco 75%), to its wholly owned technologies, with an emphasis on GenX; an exciting power generation technology with the potential to deliver long term power to satellites, rockets, rovers and other space vehicles. The Company believes the fast-growing space sector is an excellent application for GenX, and this has been supported by positive feedback from both academia and industry.

We have also been encouraged by experiments carried out by ANSTO on our CarbonX technology which was able to demonstrate a meaningful conversion of CO₂ to chemical compounds such as methanol. The reduction capture and utilisation of carbon emissions has become a major global driver in the provision of clean energy solutions that also provide a pragmatic solution to global energy demand. CarbonX has the potential to provide industrial carbon emitters with a way to reduce and profit from their emissions.

The Company's goal is to solve a range of significant energy challenges utilising its suite of technologies, as follows:

- GenX – provide maintenance free long-term power for satellites, rockets and space vehicles. GenX has the potential to increase the reliability and efficiency of many forms of space travel.
- CarbonX – scale and commercialise the conversion of industrial CO₂ into useful chemicals such as methanol.
- GenT – commercially harness waste heat within industrial facilities to produce additional energy for said facilities / companies.

The technologies listed above will create a minimal carbon footprint by utilising the energy contained in beta emitting isotopes for GenX and CarbonX and waste heat in the case of GenT.

Given the technological advances made by the Company and the interest shown by academia and industry in GenX and CarbonX, the Board has made the decision to provide the team with the technical and financial resources to continue development as expeditiously as possible.

Company Highlights

GenX

What's been achieved?

The Company has partnered with the Future Industries Institute at the University of South Australia to develop a scalable, effective construction methodology for GenX units.

In recent proof of concept experiments GenX's unique metal-semiconductor-metal electrode configuration has been shown to effectively harvest power from the beta-activated semiconductor layer in power densities that has the potential to give GenX a disruptive advantage in the provision of power in space.

What's next?

The Company is currently working towards the completion of a GenX demonstration unit in the first half of this year which will set the stage for working towards a prototype unit that can be tested in a space equivalent environment.

The Company has recently completed an application to the Australian Government for a Cooperative Research Centres Projects (CRC-P) Grant. CRC-P Grants provide funding for short-term research collaborations.

If successful, the Company intends to use the funds granted towards the completion of this work which was well supported by academia, government and industry to complete the production and testing of a GenX prototype. If successful, this grant would allow significant acceleration in the GenX development timeframe.

CarbonX

What's been achieved?

We are pleased to report that the Company's set of experiments to manufacture and utilise the world's first Beta Activated Catalyst (**BAC**) were successful, meeting the projected expectation of CO₂ conversion rate in a CarbonX Process environment.

From the outcomes of these tests the Company has developed several opportunities for improvement in CO₂ conversion rates and has designed a subsequent program to evaluate this.

What's next?

Planning for further CarbonX technical development is underway including optimisation testing to develop commercial parameters feasibility analysis.

Additionally, a number of additional BAC designs that may offer significant improvement in the CO₂ conversion rates have been developed.

The technical team has been strengthened to include expertise building on the technical development stemming from the expertise and knowledge we have built up around our proprietary PhosEnergy Process for the extraction of uranium from phosphate fertiliser streams.

Managing Director Bryn Jones who successfully developed the PhosEnergy Process for the Company, leads a highly proficient technical team which includes Dr Julian Kelly, a PhD Chemical Physicist with special expertise in the field of radiochemistry, as well as Leigh Whicker and Dr Andrew Barton, specialists in the space and defence sectors.

The strength of the team and their respective relationships with industry, academic and research institutions gives the Company the resources it considers necessary to succeed.

PhosEnergy Process

As the uranium market continues to strengthen, so does interest in the PhosEnergy Process. From the previously completed pre-feasibility study we know that the market price requirement for the PhosEnergy Process is similar to that of the bulk of development projects in the sector.

We remain confident that the very long term nature of the uranium production from Phosphate fertiliser streams will make the PhosEnergy Process an attractive option as we move into a price environment that incentivises new uranium production.

The recent improvement in the uranium market stems from the resurgence in interest of long term, zero carbon emission energy supply that nuclear power generation can offer to compliment renewable energy supply roll out.

For further details please refer to the Investor Presentation at Annexure B.

Details of the Capital Raising

The Company has recently completed a placement of Shares to investors qualifying as sophisticated or professional investors under section 708A(8) or (11) of the Corporations Act (**Placement**). The Placement raised a total of \$4,195,000 (before costs) by the issue of 41,950,000 Shares at an issue price of \$0.10 per Share.

By the Offers under this Offer Information Statement, the Company invites Eligible Shareholders to apply for New Shares at the same price that the Placement was undertaken, on the following basis:

- a pro-rata offer to Eligible Shareholders of 1 New Share for every 5 Shares held, at an issue price of \$0.10 per New Share (**Entitlement Offer**); and
- an offer to apply for additional Shares under any shortfall under the Entitlement Offer, at an issue price of \$0.10 per New Share (**Additional Share Offer**).

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

Use of Funds

GenX Energy

Funds raised under the Capital Raising are intended to be used as follows in developing the GenX Energy system:

- (a) complete a demonstration unit;
- (b) develop a prototype unit and test in a space/defence applicaiton equivalent environment;
- (c) develop manufacturing methodology and plan;
- (d) continue to engage with customers, beta-emitter suppliers and manufacturing partners; and
- (e) develop a commercialisation model.

CarbonX Process

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

- (a) additional testing in high CO₂ environments under varying conditions;
- (b) assess various BAC options for manufacturability and performance;
- (c) design and manufacture preferred BACs for pilot testing; and
- (d) continue to engage with CO₂ emitters and product end-users.

GenT Energy

Funds raised under the Capital Raising are intended to be used in developing the GenT Energy system by leveraging the GenX electrode system to generate power from waste heat sources.

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.

Your Entitlement

The number of New Shares you are entitled to subscribe for under the Offers (**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.

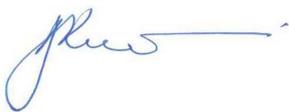
Please read in full the details on how to submit your application, which are set out in this Offer Information Statement. Enquiries relating to this Offer Information Statement should be directed to the Company Secretary by telephone on (08) 9322 3990. For general Shareholder enquiries, please contact 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 Offers.

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 Offers.

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

Yours faithfully



Anthony Kiernan
Non-Executive Chairman

1. Details of the Offers

1.1 Entitlement Offer

The Company is making a pro-rata offer of ordinary fully paid Shares at an issue price of \$0.10 each to Eligible Shareholders on the basis of 1 New Share for every 5 Shares held on the Record Date (**Entitlement Offer**).

The Company had 100,037,609 Shares on issue as at the Record Date (this includes the Shares issued under the Placement). On the assumption that these Shares are held by Eligible Shareholders, 20,000,000 New Shares are offered under the Entitlement Offer.

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

New Shares issued under the Entitlement Offer will be issued as fully paid ordinary Shares and will rank equally in all respects with the existing Shares on issue. Further details on the rights and liabilities attaching to the New Shares proposed to be issued under the Entitlement 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 the 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 part of the Additional Share Offer (**Additional Shares**).

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

The issue price of New Shares offered pursuant to the Additional Share Offer will be \$0.10 each, being the same price as New Shares 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 absolute discretion of the Directors and as such there is no guarantee that any Additional Shares will be issued to Eligible 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.

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

1.3 Purpose of the Offers

Overview

The business of PhosEnergy comprises four key technologies and assets:

- (a) GenX Energy;
- (b) CarbonX Process;
- (c) PhosEnergy Process; and
- (d) GenT Energy.

The funds raised under the Offers are intended to be applied towards the development and commercialisation of GenX Energy, the CarbonX Process and GenT Energy, and to provide general working capital.

1.4 Use of Funds

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

Source of funds	\$
Existing cash as at the date of this Offer Information Statement	85,181
Proceeds from the issue of New Shares under the Placement	4,195,000
Proceeds from the issue of New Shares under the Offers	2,000,000
TOTAL	6,280,181

Allocation of funds	\$	%
GenX: <ul style="list-style-type: none">• complete demonstration unit;• develop prototype unit and test in space/defence applicaiton equivalent environment;• develop manufacturing methodology and plan;• continue to engage with customers, beta-emitter suppliers and manufacturing partners; and• develop a commercialisation model.	2,950,000	49.2
CarbonX: <ul style="list-style-type: none">• additional testing in high CO₂ environments under varying conditions;• assess various BAC options for manufacturability and performance;	1,500,000	25.0

Allocation of funds	\$	%
<ul style="list-style-type: none"> design and manufacture preferred BACs for pilot testing; and continue to engage with CO₂ emitters and product end-users. 		
Other: <ul style="list-style-type: none"> Gen-T: leveraging the GenX electrode system to generate power from waste heat sources; PhosEnergy Process: continue to evaluate uranium market opportunities for monetisation of the technology; and investigate additional opportunities to leverage the Company's expanding portfolio of intellectual property rights. 	450,000	7.5
Costs of the Offers ¹ and general working capital ²	1,295,000	18.3
TOTAL	6,195,000	100

Note:

- See Section 7.8 for further details of the expenses of the Offers.
- Working capital includes the general costs associated with the management and operation of the business including administration expenses, rent and other associated costs. Working capital also includes surplus funds. The Directors will allocate surplus funds at their discretion.

The above is a statement of current intentions as 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 therefore reserves the right to alter the way the funds are applied.

To the extent that the Offers are not fully subscribed, the Company intends to scale back its proposed use of funds proportionately.

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, PhosEnergy Process, GenX Energy and GenT Energy, and any changes in the business, economic and regulatory environment.

1.5 Opening and Closing Dates

The Opening Date for the Offers is Tuesday, 29 June 2021.

The Closing Date for the Entitlement Offer is Tuesday, 27 July 2021.

The Closing Date for Eligible Shareholders to apply under the Additional Share Offer is Tuesday, 27 July 2021.

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

The Company reserves the right to vary the dates and times of the Offers (including, to vary the Opening Dates and Closing Dates, to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offers) in each case without prior notice, which may have a consequential effect on other dates.

1.6 Underwriting

The Offers are 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
Tim Goyder	12,615,988	12.67%
Devex Resources Limited	5,109,061	5.11%

1.8 Effect of the Offers on control of the Company

The Offers are not expected to give rise to control implications for the Company.

1.9 Potential dilution

Eligible Shareholders should note that if they do not participate in the Offers, their holdings are likely to be diluted. Examples of how the Offers may impact existing 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 Offers
Shareholder 1	5,000,000	5.00%	1,000,000	5,000,000	4.17%
Shareholder 2	1,000,000	1.00%	200,000	1,000,000	0.83%
Shareholder 3	500,000	0.50%	100,000	500,000	0.42%
Shareholder 4	250,000	0.25%	50,000	250,000	0.21%

1.10 Minimum subscription

There is no minimum subscription for the Offers.

1.11 Issue Date and dispatch

New Shares under the Entitlement Offer are expected to be allotted by Tuesday, 3 August 2021 (subject to variation at the absolute discretion of the Company).

New Shares under the Additional Share Offer are expected to be allotted by Tuesday, 3 August 2021 (subject to variation at the absolute discretion of the Company).

In respect of any Additional Shares applied for under the Additional Share Offer, the Directors will determine the recipients and the number of New Shares to be issued (if any) to each recipient in their absolute discretion. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for under the Offers. Where the number of New 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 Offers 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 Shares are issued under the Offers. All Application Monies received in respect of the Offers will be returned (without interest) if the Shares under the Offers 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. The Offers will not be offered to residents outside of Australia. The Company has determined that it is not economically viable for it to make the Offers available to residents outside of Australia due to the cost of meeting compliance requirements with securities laws in each applicable jurisdiction in which Applicants outside of Australia reside.

1.14 Withdrawal

The Directors may at any time decide to withdraw this Offer Information Statement and the Offers, 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 Offers and subscribing for New Shares. The taxation consequences of participating in the Offers and/or acquiring New Shares may vary depending on the individual circumstances of each Applicant. Applicants should therefore 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 under the Offers.

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 Eligible Shareholders

2.1 Action in relation to the Offers

If you wish to acquire New Shares as part of the Offers, 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

If 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 by 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 each Applicant to ensure that cleared funds are received by the Company by the Entitlement Offer Closing Date. If you elect to pay by 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 submit your Application promptly.

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

If 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 \$0.10 per New Share), 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 above.

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

If paying by 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 by 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 submit your Application 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 Statement, 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 by 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 by 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 submit your Application promptly.

2.5 Entitlement 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 by 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 this 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 Offers;
- (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 of 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;
- (f) acknowledge that the information contained in, or accompanying, the Offer Information Statement is not investment or financial product advice or a recommendation that the Shares under the Offers are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares offered under this Offer Information Statement have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and accordingly, those 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 (08) 9322 3990.

3. Company operations

3.1 Background

The Company is an Australian based unlisted public company.

The business of PhosEnergy comprises four key technologies and assets:

- (a) GenX Energy;
- (b) CarbonX Process;
- (c) PhosEnergy Process; and
- (d) GenT Energy.

These technologies and assets are described below.

3.2 GenX Energy

GenX Energy produces GenX units which uniquely combine metals, semiconductors and beta-radiation into smart structures that produce constant DC power over long time frames which are ideal for certain space and defence applications. 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.

The space and defence industries identify the absence of effective power generation technologies as a significant issue. Maintenance costs for existing remote power sources are high, whilst solar, chemical, and wind sources are limited in effectiveness.

The availability of long-life, reliable, maintenance-free, fuel-free power systems to low earth orbit, lunar and deep space applications is critical enabling the next phases of space utilisation and exploration.

Similar challenges exist for terrestrially deployed remote sensors and communication equipment in both the civilian and defence spheres.

In March 2020, the Company was awarded an innovation connections grant to work with Future Industries Institute of the University of South Australia to complete Proof of Concept experiments on the GenX Energy. 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 considerable potential of the technology to provide long term, stable power supplies in the space sector, particularly in surface rovers and for deep space exploration where solar photovoltaic power is not viable.

A second round of innovation connections grant funding has also been awarded to the Company with the aim of producing a functioning beta activated GenX unit during H1 2021. This work is ongoing at the date of this Offer Information Statement.

In GenX, the Company aims to provide an energy solution that can address both the long-term and low-maintenance power requirements of the space and defence sectors.

From the learnings of the two phases of work undertaken using the innovation connections grants, the Company has planned a program of activities leading to the

fabrication of the first prototype GenX devices. Assessments will be made on the manufacturability and efficiency of tailored metal-semiconductor-metal junctions that will underpin the successful harvest of power from radioisotopes, encapsulated within the GenX semiconductor layer.

To coordinate and accelerate these activities the Company has led the application for a Cooperative Research Centres Project (**CRC-P** or the **Project**) with the aim of attracting government co-funding to the development.

The Company has attracted several high profile industry, government and institutional partners to the Project:

- (a) The Future Industries Institute of the University of South Australia;
- (b) The International Space Centre at the University of Western Australia;
- (c) Duromer – a supplier of key inputs for GenX prototypes; and
- (d) DEWC – a defence and space engineering and manufacturing company.

Outside of the CRC-P Process the Company has developed relationships with a high profile network of potential isotope suppliers, end users and space/defence distributors.

The Company has signed a Memorandum of Understanding with the Andy Thomas Centre for Space Resources, a part of the University of Adelaide, to collaborate in the commercialisation of the GenX technology for space applications.

The Company is extremely pleased with the level of industry, institution and government support for the Project which highlights the potential of GenX to become a part of the Australian supply chain solution in Australia's space and defence sectors.

The Company believes that GenX units may be manufactured at scale and utilised for everything from small telecommunications applications to larger scale power installations (if coupled with battery storage) by utilising advanced manufacturing techniques.

The Company maintains a substantial and growing intellectual property portfolio including an International Patent Application under the provisions of the Patent Cooperation Treaty, trade secrets and specific know-how on the manufacture of GenX units.

3.3 CarbonX Process

Since 2018, PhosEnergy has been developing what it believes to be a new 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**).

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

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

Additionally, learnings from the initial experiments have highlighted several potential opportunities to 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. Subject to the successful results of the work and studies described above, the commercial application of the CarbonX Process is intended to focus on point-source industrial CO₂ emission from, for example, coal fired power plants or decarbonising natural gas streams.

The Company has identified several areas of optimisation that it intends to test at laboratory scale, initially, including:

- (a) increasing the CO₂ concentration available to the BAC surface; and
- (b) using BAC phases with known higher CO₂ conversion characteristics.

Following this development effort, the Company will investigate the manufacturing pathways available for the BAC(s) identified as preferable for future commercial development.

The funds raised under the Offers is intended to allow the Company to fund this 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.

3.4 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.

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. To date, Cameco have spent over A\$23,000,000 on developing the technology.

The Company retains a 25% interest in 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 fertiliser production.

3.5 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.

3.6 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 mines. He is a Non-Executive Director of Salt Lake Potash Ltd, Australian Rare Earths Limited and DevEx Resources Ltd.

(b) Dr Julian Kelly - Chief 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, 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, (ASX:KPO)). 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) Dr Andrew Barton – Board and Technical Advisor

Dr Barton is an aerospace professional with extensive international experience and strong technical management skills in the space industry.

Dr Barton is currently an Executive Director of SmartSat CRC. He has previously held prominent technical and managerial positions in some of the most prominent companies in the Australian space sector including Fleet and Southern Launch.

(e) **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 Pilbara Minerals Limited, Redbank Copper Limited and a Director of Northern Star Resources Limited. In the past three years, Mr Kiernan was Chairman of Venturex Resources Limited and Saracen Resources Limited (prior to the merger with Northern Star Resources Limited), and a Director of Danakali Limited and Chalice Mining Limited (formerly Chalice Gold Mines Limited).

(f) **Timothy 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 Chairman of Chalice Mining Limited (previously Chalice Gold Mines Limited) and Liontown Resources Limited and DevEx Resources Limited. During the past three years, Mr Goyder also served as a director of Strike Energy Limited.

(g) **Leanne Stevens - CFO and Company Secretary**

Ms Stevens is a Chartered Accountant who has over 18 years' of accounting and governance experience within the mining and energy industries. Ms Stevens was previously Company Secretary of Chalice Mining Limited (previously Chalice Gold Mines Limited).

3.7 Anticipated sources of Company expenses

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

3.8 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 events and that there can be no certainty that such an event will eventuate.

4. Risk Factors

An investment in Shares under this Offer Information Statement should be regarded as highly 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 need to be aware of in evaluating the Company's business and the risks of investing in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in the Offer Information Statement.

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.

The advantages of the use of beta radiation as an energisation source for CO₂ conversion may not be viewed as favourable by potential customers, partners or government regulators.

(c) **GenX Energy technology development risks**

Results achieved to date at laboratory scale for the GenX Energy may not translate to an effective commercial scale technology for the provision of long-term reliable power supplies for space and terrestrial applications. In addition, there is a risk that other competing technologies are favoured or further advanced.

(d) **GenT Energy technology development risks**

Results achieved to date at laboratory scale for the GenT Energy may not translate to an effective commercial scale technology for the recovery and recycling of waste heat. In addition, there is a risk that other competing technologies are favoured or further advanced.

Technical risks related to the project include material risks in effectively forming electrode sandwich layers, degradation the layers through prolonged heat exposure and inefficiency in electron harvest from the semiconductor layer through poor junction performance.

(e) **Scalability**

Scalability is the key to the Company's Technologies and for any company that is looking at a potential global market. While the Company believes that the Technologies have been built for scalability, there are no guarantees that its Technologies will be able to meet future demand and requirements of its customers.

(f) **Competition and new technologies**

The industries in which the Company is involved are subject to domestic and global competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business. For instance, new technologies could result in the Company not being sufficiently differentiated within the markets it operates in.

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

The key defining aspect of the CarbonX Process and GenX is the incorporation of 'waste' beta radiation emitters into a suitable matrix to provide the driving force for either the CO₂ conversion reaction or creating the electron-hole pairs for harvest into useful power.

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 handling these materials or that doing so severely impacts the proposed development timeline and cost.

(h) **Social license for radiation 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 or power generation and use, has the potential to invoke a negative response from the industry and the community.

The Company believes that the risks associated with the use of these materials 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 these materials in this manner and hence be unable to commercialise the CarbonX Process or GenX technology.

(i) **Long term supply of beta radiation emitters**

The waste beta emitters proposed for the technology development 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.

(j) **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.

(k) **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.

(l) **Reliance on key management personnel**

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 and commercialisation of the CarbonX Process, the GenX Energy, the GenT Energy and the PhosEnergy Process. The Board will continually monitor the management roles in the Company.

(m) **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.

(n) **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.

(o) **Maintenance of key relationships**

A key part of the Company's business is its partnerships with industry as development partners, as well as potential customers. The maintenance of these relationships is therefore important to enable the Company to continue to develop the Company's products. A failure to maintain relationships could result in a withdrawal of support, which in turn could impact the Company's future financial position and ability to commercialise its technologies.

(p) **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. The Company is not currently engaged in any material litigation.

(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.

(g) **Infectious diseases**

The outbreak of coronavirus disease (COVID-19) is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on capital markets and share price.

The Company's share price may be adversely affected by the economic uncertainty caused by COVID-19. Further measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's proposed operations by interrupting the Company carrying out its contractual obligations or cause disruptions to supply chains.

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 an investment in the Company is a high risk and should consult their professional adviser before deciding whether to apply for Shares offered pursuant to this Offer Information Statement.

5. Financial information

The Company's audited financial statements for the 12-month period ended 31 December 2020 (**Balance Date**) are set out in Annexure A to this Offer Information Statement.

There have been no material transactions, not otherwise disclosed in this Offer Information Statement, between the Balance Date and the date of the Offers.

	Audited Balance sheet as at 31 December 2020	Significant Changes since 31 December 2020⁽¹⁾⁽²⁾		Effect of the Offers⁽³⁾	Settlement of Contractual obligations⁽⁴⁾	Unaudited Pro Forma Balance Sheet Post Significant Changes and Offers
	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)
Assets						
Current assets						
Cash and cash equivalents	256,972	(171,791)	4,195,000	2,000,000	(100,000)	6,180,181
Trade and other receivables	24,866	-	-	-	-	24,866
Total current assets	281,838	(171,791)	4,195,000	2,000,000	(100,000)	6,205,047
Non-current assets						
Property, plant and equipment	2,381	-	-	-	-	2,381
Intangibles	61,961	-	-	-	-	61,961
Total non-current assets	64,342	-	-	-	-	64,342
Total assets	346,180	(171,791)	4,195,000	2,000,000	(100,000)	6,269,389
Liabilities						
Current liabilities						
Trade and other payables	126,041	(66,245)	-	-	-	59,796
Employee benefits	21,012	-	-	-	-	21,012
Borrowings	-	100,000	-	-	(100,000)	-
Total current liabilities	147,053	33,755	-	-	(100,000)	80,808
Total liabilities	147,053	33,755	-	-	(100,000)	80,808
Net assets	199,127	(205,546)	4,195,000	2,000,000	-	6,188,581
Equity						
Issued capital	2,791,452	-	4,195,000	2,000,000	-	8,986,452
Reserves	332,754	-	-	-	-	332,754
Accumulated losses	(2,925,079)	(200,026)	-	-	-	3,130,625
Total equity	199,127	(200,026)	4,195,000	2,000,000	-	6,188,581

Notes:

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 2020 and the completion of the Offers except for:

1. In May 2021, Mr Kiernan and Lotaka Pty Ltd, an entity of which Timothy Goyder is the sole director, each provided an unsecured loan of \$50,000 on normal commercial arm's length terms (refer Section 7.3 (b)); The loan provided, and existing cash balances at 31 December 2020 were utilised to meet working capital requirements (including payments to creditors). Cash balances prior to the Placement was \$85,181.
2. The Company completed a Placement to professional and sophisticated investors, by issuing 41,950,000 fully paid ordinary shares at \$0.10 per share, raising \$4,195,000 (before issue costs).
3. Assumes completion of the Offers raising \$2,000,000 (before issue costs).
4. Subject to completion of the Offers, loans owing to Directors Messrs Kiernan and Goyder will be settled in cash using proceeds from the Offers (refer to Section 7.3 (b)).

6. Effect of the Offers

6.1 Capital structure on completion of the Offers

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

	Shares	Options	Performance Rights
Existing securities on issue as at the date of this Offer Information Statement	58,087,609 ¹	10,250,000	3,000,000
Shares issued under the Placement	41,950,000	Nil	Nil
Maximum number of New Shares to be issued under the Offers	20,000,000	Nil	Nil
Total securities on issue on completion of the Offers	120,037,609	10,250,000	3,000,000

Notes:

1. Excludes the Shares issued under the Placement.
2. In the event of strong demand for the Offers, the Company may consider undertaking a further placement of Shares in the near-term. Any funds raised by such a placement are intended to be allocated towards the uses described in Section 1.4.

7. Additional information

7.1 Rights and liabilities attaching to Shares

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 Shares offered under this Offer Information Statement 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 Shares are 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; and
- (c) in the event of a winding up, the right to participate equally in the distribution of the assets of the Company.

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) Joint Lead Manager Mandate

The Company has entered into a mandate with the Joint Lead Managers (**JLM**) for the provision of joint lead manager services, including the coordination and management of the Placement and the Offers as well as marketing and corporate advisory services (**JLM Mandate**).

Under the JLM Mandate, the Company has agreed to pay the Joint Lead Managers:

- (i) a management fee of 6% on all funds raised under the Placement and Offers, payable 50% to each JLM; and
- (ii) reimbursements for all reasonable out-of-pocket expenses (including GST) incurred by the JLM in connection with the Placement and the Offers.

The JLMs must seek written approval from the Company prior to incurring any expense above \$2,000, other than legal fees.

The JLM Mandate contains additional provisions, including warranties and indemnities in respect of the Company, which are considered standard for agreements of this nature.

(b) **Loan Agreements - Mr Kiernan and Lotaka Pty Ltd**

Mr Kiernan and Lotaka Pty Ltd, an entity of which Timothy Goyder is the sole director, have each provided an unsecured loan of \$50,000. Mr Kiernan and Lotaka Pty Ltd has the option to convert the outstanding balances (plus interest) into Shares offered in the Placement and or the Offers (the subject of this Offer Informaiton Statement) at a conversion price of \$0.10 per Share. The effective interest rate is 8.5% per annum.

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

(c) **Executive Services Agreement - Bryn Jones**

The Company has entered into an executive services agreement (**ESA**) with Bryn Jones dated 20 June 2021, pursuant to which Mr Jones serves as Managing Director of the Company.

Pursuant to the ESA, Mr Jones will provide the following services (amongst others):

- (i) work closely with the Board to manage and direct activities in order to achieve the primary objectives and strategic direction set by the Board particularly as to the development and commercialisation of the Company's current technologies and any technologies acquired or developed during the term of employment;
- (ii) work with the executive team in relation to commercial negotiations; and
- (iii) maintain effective relationships with investors, analysts, media and financial institutions to promote active communication between the Company and the investment community.

Under the ESA, Mr Jones is entitled to receive \$335,000 (excluding superannuation) (**Annual Salary**). The Annual Salary is subject to and conditional on the completion of the Placement.

The Board may, in its absolute discretion invite Mr Jones to participate in bonus and/or other incentive schemes in the Company that it may implement from time to time. Mr Jones is entitled to an annual issue of:

- (i) short term incentives equivalent to up to 100% of the Annual Salary (excluding superannuation contributions), in in cash and performance options; and
- (ii) long term incentives equivalent to up to 100% of the Annual Salary (excluding superannuation contributions) as performance options.

The ESA is for an indefinite term, continuing until terminated by either the Company or Mr Jones giving not less than 3 months' written notice of termination.

Mr Jones is also subject to restrictions in relation to the use of confidential information and being directly or indirectly involved in a competing business during his employment with the Company and for a period of 12 months, after his employment with the Company ceases.

The ESA contains additional provisions considered standard for agreements of this nature.

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 the Company's Securities as at the date of this Offer Information Statement is set out below.

Director	Shares	Options	Performance Rights	Entitlement ¹
Anthony Kiernan	2,329,889	1,000,000	Nil	465,978
Bryn Jones	1,136,904	2,000,000	1,000,000	227,381
Timothy Wise	130,000	2,000,000	1,000,000	26,000
Timothy Goyder	12,615,988	1,000,000	Nil	2,523,198

Notes:

1. The Directors may apply for their Entitlement under this Offer Information Statement. As at the date of this Offer Information Statement, it is the Directors' intentions to take up their full Entitlement under the Entitlement Offer.

No Securities other than those disclosed above will be issued to the Directors as part of the Offers.

(b) Remuneration of Directors

The Constitution 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 Company 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, Bryn Jones and Timothy Wise. The total annual base salary payable to Mr Wise is currently \$78,000 (exclusive of superannuation) and the total annual salary payable to Mr Jones is \$335,000 (exclusive of superannuation). Prior to Mr Jones entering into an ESA with the Company on 20 June 2021, Mr Jones received \$78,000 (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 2020	FY ended 31 December 2019
Anthony Kiernan ⁽¹⁾	10,000	15,239
Bryn Jones	93,811	93,056
Timothy Goyder	-	5,239
Timothy Wise	30,587	79,840

Note:

1. Due to market conditions and with an emphasis on conserving cash reserves, directors fees for Mr Anthony Kiernan are accrued and not paid.

After the date of this Offer Information Statement, the Company may consider adopting an employee securities incentive scheme pursuant to which the Company may issue Equity Securities to attract, motivate and retain key directors, employees and consultants and provide them with the opportunity to participate in the future growth of the Company. The terms of any such scheme may permit the Directors to participate in the scheme. If any such scheme is implemented by the Company, Equity Securities may be issued in accordance with that scheme to the Directors in addition to the remuneration described

above. As at the date of this Offer Information Statement, no such scheme has been adopted.

(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 two years preceding lodgement of this Offer Information Statement with 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 disclosed in this Offer Information Statement.

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

- (a) a Director with a material 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 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 Offers

The estimated expenses of the Offers are as follows:

Estimated expenses	\$
ASIC lodgement fee	1,924
Share registry fee	6,000
Legal fees and expenses	15,000
Printing, mailing, advertising & miscellaneous	8,000
TOTAL	30,924

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

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.

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

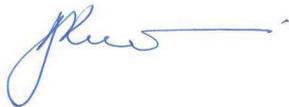
8. Directors' Statement and Consent

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 statements 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
Non-Executive Chairman

Dated: 21 June 2021

9. Glossary of Terms

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 Share Offer identified in the Timetable, as may be varied.

Additional Share 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.

ANSTO means Australia's Nuclear Science and Technology Organisation.

Applicant means a person who submits an Application Form.

Application means a valid application for New Shares pursuant to this Offer Information Statement.

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 Australian dollars and cents payable for New Shares at the price per New Share pursuant to the Offers.

ASIC means the Australian Securities and Investments Commission.

BAC means Beta Activated Ceramics as described in Section 3.3.

Board means the board of Directors of the Company.

Capital Raising means the Placement and the Offers.

CarbonX Process has the meaning given in Section 3.3.

CarbonX Process IP has the meaning given in Section 3.3.

Closing Date means 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), as amended from time to time.

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

Directors means the directors of the Company.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia.

Entitlement means the number of New Shares for which an Eligible Shareholder is entitled to subscribe for under the Entitlement Offer, being 1 New Share for every 5 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 Eligible Shareholders in the proportion of 1 New Share for every 5 Shares held on the Record Date at an issue price of \$0.10 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.

GenX has the meaning in Section 3.2.

Issue Date has the meaning in Section 1.11.

New Shares means the Shares to be issued pursuant to the Entitlement Offer and the Additional Share Offer.

Offer Information Statement means this offer information statement dated 21 June 2021.

Offers or **Offer** means the Entitlement Offer or the Additional Share Offer or both, as applicable.

Opening Date means the Entitlement Offer Opening Date or the Additional Share Offer Opening Date or both, as applicable, 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.

Placement means the issue of up to 41,950,000 Shares at \$0.10 per Share, raising approximately \$4,195,000 before costs, which completed in June 2021.

Record Date means 5:00pm (Perth time) 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 a holder of a Share.

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

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



Annual Report

31 December 2020

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CORPORATE INFORMATION

ABN 31 164 573 728

Directors

Anthony Kiernan

Bryn Jones

Timothy Goyder

Timothy Wise

Company secretary

Leanne Stevens

Registered office

Level 2, 1292 Hay Street

West Perth, WESTERN AUSTRALIA 6005

Principal place of business

Level 2, 1292 Hay Street

West Perth, WESTERN AUSTRALIA 6005

Share registry

Boardroom Pty Ltd

Level 12, 225 George Street

Sydney NEW SOUTH WALES 2000

+61 2 9290 9600

Auditors

HLB Mann Judd (WA Partnership)

Level 4, 130 Stirling Street

Perth WESTERN AUSTRALIA 6000

DIRECTORS' REPORT

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

DIRECTOR DETAILS

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

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

Company secretary

<p>Mrs Leanne Stevens B.Com, CA, ACIS (Appointed 19 December 2015)</p>	<p>Mrs Stevens is a Chartered Accountant who has over 18 years of accounting and governance experience within the mining and energy industries.</p>
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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 CO₂ to methanol and other commercial products. Until now, the conversion of CO₂ into useable chemicals has been technically possible but commercially challenging, with existing technologies hampered by the large amount of energy input required. The Company's CarbonX Process offers the opportunity of a low-cost solution to deliver a range of commercially viable products, including methanol.

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

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

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

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

GenT is a 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.

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

GenX Energy

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

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

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

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

GenT Energy

GenT is a 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.

DIRECTORS' REPORT

Team

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

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

FINANCIAL REVIEW

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

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

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

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

CAPITAL STRUCTURE

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

DIVIDENDS

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

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

There were no significant events after reporting date.

LIKELY DEVELOPMENTS

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

DIRECTORS' MEETINGS

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

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

DIRECTORS' REPORT

OPTION HOLDINGS AND PERFORMANCE RIGHTS OF KEY MANAGEMENT PERSONNEL

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

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

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

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

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

UNISSUED SHARES UNDER OPTIONS AND PERFORMANCE RIGHTS

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

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

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

ENVIRONMENTAL LEGISLATION

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

DIRECTORS' REPORT

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

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

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

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

NON-AUDIT SERVICES

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

AUDITOR'S INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of Directors



Bryn Jones
Managing Director
31 March 2021

AUDITOR'S INDEPENDENCE DECLARATION

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

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
31 March 2021



D I Buckley
Partner

hlb.com.au

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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.

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

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

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

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

The accompanying notes form part of these financial statements.

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

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

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

The accompanying notes form part of these financial statements.

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

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

The accompanying notes form part of these financial statements.

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

BASIS OF PREPARATION

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

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

Information is considered relevant and material if:

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

NOTE 1: CORPORATE INFORMATION

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

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

NOTE 2: REPORTING ENTITY

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

NOTE 3: BASIS OF PREPARATION

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

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

(a) Significant accounting judgements, estimates and assumptions

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

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

(i) Share-based payment transactions

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

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

(ii) Non-market vesting conditions

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

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

(b) Foreign currency translation

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

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

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

(c) Impairment of assets other than financial assets

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

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

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

(d) Going concern

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

PERFORMANCE FOR THE YEAR

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

NOTE 4: SEGMENT REPORTING

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

NOTE 5: REVENUE

a) Revenue

Management fees

	2020	2019
	\$	\$
	52,704	52,704

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

ACCOUNTING POLICY

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

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

b) Other Income

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

ACCOUNTING POLICY

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

NOTE 6: EXPENSES

a) Corporate and administrative expenses

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

b) Research and development expenses

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

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

ACCOUNTING POLICY

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

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

c) Personnel expenses

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

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

NOTE 7: INCOME TAX

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

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

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

Unrecognised deferred tax assets

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

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

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

ACCOUNTING POLICY

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

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

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

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

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

NOTE 8: LOSS PER SHARE

Basic and diluted loss per share

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

ASSETS

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

NOTE 9: CASH AND CASH EQUIVALENTS

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

Reconciliation of loss to net cash used in operating activities

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

ACCOUNTING POLICY

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

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

NOTE 10: TRADE AND OTHER RECEIVABLES

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

ACCOUNTING POLICY

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

NOTE 11: INVESTMENT IN ASSOCIATE

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

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

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

ACCOUNTING POLICY

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

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

NOTE 12: INTANGIBLE ASSETS

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

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

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

ACCOUNTING POLICY

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

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

LIABILITIES AND EQUITY

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

NOTE 13: TRADE AND OTHER PAYABLES

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

ACCOUNTING POLICY

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

NOTE 14: ISSUED CAPITAL AND RESERVES

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

a) Movement in ordinary shares on issue

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

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

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

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

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

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

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

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

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

Rights attaching to ordinary shares

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

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

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

Nature and purpose of reserves:

a) Foreign currency translation reserve

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

b) Share based payments reserve

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

EMPLOYEE BENEFITS AND SHARE-BASED PAYMENTS

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

NOTE 15: EMPLOYEE BENEFITS

Annual leave accrued

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

ACCOUNTING POLICY

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

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

NOTE 16: SHARE BASED PAYMENTS

a) Recognised share-based payment expense

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

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

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

b) General terms of share-based payments

Options

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

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

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

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

Performance Rights

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

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

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

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

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

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

ACCOUNTING POLICY

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

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

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

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

NOTE 17: KEY MANAGEMENT PERSONNEL DISCLOSURES

Details of Key Management Personnel during the reporting period:

Directors:

Mr Anthony Kiernan	Chairman (Non-executive)
Mr Bryn Jones	Managing Director
Mr Timothy Goyder	Non-executive Director
Mr Timothy Wise	Executive Director
Mr Richard Hacker	Alternate Director (Mr T Goyder)

Executives:

Dr Julian Kelly	Senior Scientist
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The key management personnel compensation incurred during the year is as follows:

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

Transactions with Key Management Personnel

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

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

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

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

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

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

Option holdings and performance rights of Key Management Personnel

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

FINANCIAL INSTRUMENTS

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

NOTE 18: FINANCIAL INSTRUMENTS

Risk Management Framework

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

The Group has exposures to the following risks:

a) Capital risk management

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

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

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

b) Market risk exposures

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

c) Foreign exchange rate risk

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

d) Equity prices

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

e) Interest rate risk

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

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

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

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

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

The Group has no material exposures to interest rate risk.

f) Credit risk exposure

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

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

g) Liquidity risk exposure

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

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

h) Fair value of financial instruments

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

ACCOUNTING POLICY

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

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

GROUP COMPOSITION

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

NOTE 19: PARENT ENTITY DISCLOSURES

Financial position	2020	2019
	\$	\$
<u>Assets</u>		
Current assets	281,839	509,811
Non-current assets	64,342	66,498
Total assets	346,181	576,309
<u>Liabilities</u>		
Current liabilities	142,510	155,840
Non-current liabilities	-	-
Total liabilities	142,510	155,840
<u>Equity</u>		
Issued capital	2,791,452	2,791,452
Reserves	54,564	69,666
Accumulated losses	(2,642,345)	(2,440,649)
Total equity/(deficiency)	203,671	420,469
Financial performance	2020	2019
	\$	\$
Profit/(Loss) for the reporting period	(201,697)	(492,364)
Other comprehensive income	-	-
Total comprehensive income/ (loss)	(201,697)	(492,364)

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

NOTE 20: LIST OF SUBSIDIARIES

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

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

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

OTHER INFORMATION

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

NOTE 21: AUDITOR'S REMUNERATION

The auditor of PhosEnergy Limited is HLB Mann Judd.

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

NOTE 22: RELATED PARTIES

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

Transactions with Key Management Personnel

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

Transactions with other related parties

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

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

- (i) Chalice Mining Limited provided corporate services including accounting and company secretarial services under a Corporate Services Agreement to PhosEnergy Limited. Mr Goyder is a director of Chalice Mining Limited. Nil was outstanding at 31 December 2020 (2019: \$25,668).
- (ii) The Group has a 25.79% (2019: 25.79%) interest in Urtek LLC and is accordingly an associate— see note 11. The Company provided management services to Urtek LLC during the year. Amounts were billed at an amount agreed between the Company and Cameco Corporation and are due and payable under normal payment terms. \$8,784 was receivable at the end of the year (2019: \$8,784).

Terms and conditions of transactions with related parties

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

NOTE 23: COMMITMENTS AND CONTINGENCIES

There are no commitments and contingencies at 31 December 2020.

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant events after reporting date.

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

ACCOUNTING POLICIES

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

NOTE 25: GOODS AND SERVICES (GST)

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

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

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

NOTE 26: CHANGES IN ACCOUNTING POLICIES

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

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

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

DIRECTORS' DECLARATION

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

- (a) the accompanying financial statements and notes:
 - i. give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the year then ended; and
 - ii. comply with Australian Accounting Standards.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

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



Bryn Jones
Managing Director

Dated this 31 March 2021

INDEPENDENT AUDITOR'S REPORT

To the members of PhosEnergy Limited

Report on the Audit of the Financial Report

Opinion

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

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

- a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material uncertainty related to going concern

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

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

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

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

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

hlb.com.au

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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.

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
31 March 2021



D I Buckley
Partner

PhosEnergy, delivering sustainable power solutions



PHOSENERGY

Investor Presentation

May 2021

Board and Management



Mr Tim Wise
B.Sc
Executive Director

- Corporate and technical advisor with over 25 years experience in public companies and markets
- Founder Kalina Power Ltd
- Director Tamaska Oil & Gas Ltd
- NED Graft Polymer plc
- NED Melchor Pty Ltd



Mr Bryn Jones
BAppSc MMinEng FAusIMM
Managing Director

- Evaluation, development and operational experience in the minerals and technology industry
- Director Boss Energy Ltd
- NED DevEx Resources Ltd
- NED Australian Rare Earths Ltd



Mr Tim Goyder
Non-Executive Director

- Highly successful entrepreneur and company Director
- Over 40 years experience in the resources industry
- Chair of Chalice Mining Ltd
- Chair of Lontown Resources
- Chair of DevEx Resources



Mr Anthony Kiernan
Non- Executive Chairman

- Corporate advisor with over 35 years experience in the operation of public companies
- Lead Independent Director – Northern Star Resources Ltd
- Chair of Pilbara Minerals
- Chair of Redbank Copper Ltd

A proven and highly credentialed team

The Team

Technical and Management



Mr Bryn Jones
BAppSc MMinEng FAusIMM
Managing Director

- Evaluation, development and operational experience in the minerals and technology industry
- Led the successful development of the PhosEnergy Process



Dr Julian Kelly
PhD, BSc, HONS
Chief Scientist

- Chemical Physics professional with a career in technical commercialisation
- Former ANSTO Researcher
- SA Nuclear Royal Commission
- Thor Energy (Norway) – Thorium fuel development



Dr Andrew Barton
PhD, MSc, BEng 1st honours
Strategic Space Advisor

- Aerospace professional specialising in space commercialisation
- Exec. Dir. – SmartSat CRC
- Fmr. Head of Engineering – Southern Launch
- Fmr. Technical Director – Google Lunar XPRIZE



Leigh Whicker
MBA, AdvDipRBM
Strategic Partnerships

- Technical and management professional with key strengths in defence, space and oil & gas.
- Extensive Space and Defence networks – Industry and Government
- Executive – Defence Teaming Centre (SA)



Commercial partners



Developmental timeline

Phos technology

Early stage

Developing

Advanced

Phos Process

PFS Completed (2015): Facility producing estimated 400,000lb U3O8 per annum over 25 years
Operating cost within lowest quartile of all uranium production worldwide – low \$20's /lb U3O8

Gen X

Uni SA Phase 1 and 2 studies completed with prototype testing (TRL7 – Space Ready) completed 1H 2023

Carbon X

Beta Activated Catalyst POC testing completed in 2020 with larger scale optimization testing occurring 2H 2021

Gen T

POC Completed. Demonstration planned for 2H 2021

The PhosEnergy Process

Advanced technology to
recover uranium from
phosphate fertilizer streams

PhosEnergy

A Global Opportunity



Worldwide >140Mt* phosphate processed annually



- ~20Mlb of contained U₃O₈
- ~6Mlb potential in USA
- Not currently recovered
- Multiple potential development opportunities globally

Major phosphate production



- USA
- Morocco
- Tunisia
- Saudi Arabia
- China

25% Partner with Cameco, A\$23M spend

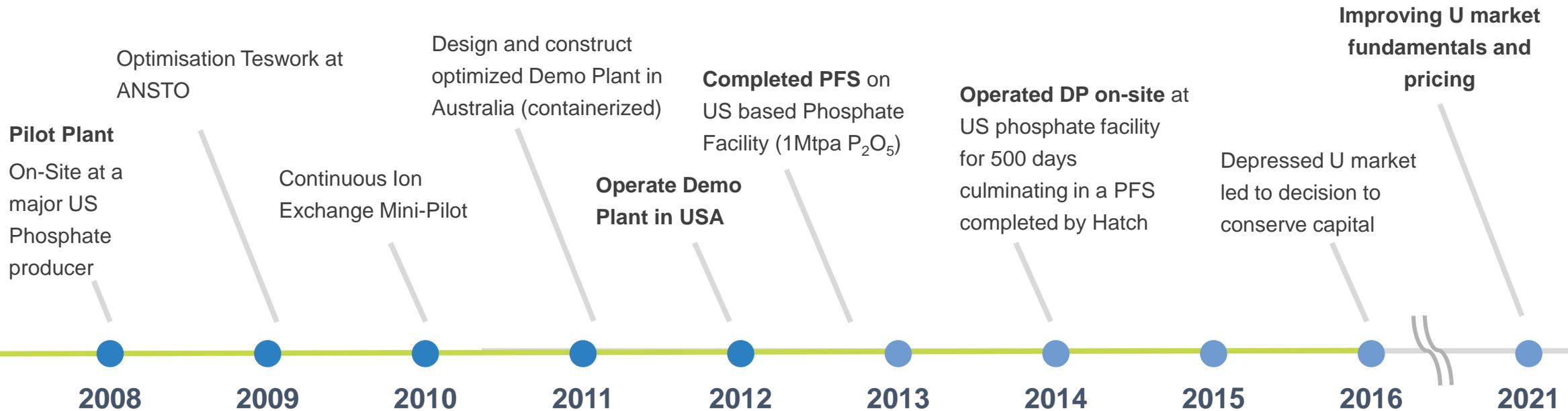


- **PFS Completed** for producing ~400,000lb U₃O₈ per annum over 25 years +; AACE Class IV estimate by top tier engineering house
- Operating cost within lowest quartile of all uranium production worldwide – low \$20's /lb U₃O₈
- Uranium loaded resin transported to licensed facility for processing
- Opportunity co-produce significant amounts of vanadium with little additional processing

* Source: IFDC Market Report June 2011 – World Phos Acid Capacity

PhosEnergy Process Developmental Timeline

Technical Achievements



Pilot and Development

Demonstration

Positive PFS – market recovery

Partnership and license agreement Cameco Corporation



- After significant technical and commercial due diligence Cameco began staged earn-in 2008;
- To date Cameco have spent over A\$23 million on the Process
- Cameco currently hold 74.8%: PEL 25.2%
- Patent portfolio in place – maintaining patents in key phosphate producing countries
- Process proven at three demonstration facilities in USA;
- Waiting for appropriate uranium price environment

GenX

'No maintenance' long-term reliable power for satellites, and vehicles in space and lunar applications.

GenX

Filling a need in Space



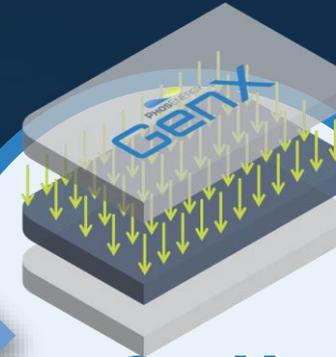
The Need

- Reliable, maintenance free, fuel free power supplies that can outlast mission objectives, particularly where solar energy is ineffectual



The Technology

- GenX Energy aims to provide a scalable solution, tailored for mission power requirements and durations to fill this need.



GenX Energy

- Smart, light weight electrode systems with 'on board' beta radiation energy source provides reliable power over decades without external fuel requirement.

GenX

Overview



- GenX is a beta-voltaic power generator meaning it converts energy from beta radiation emissions into power without the need for an external fuel supply – the ‘fuel’ is the inherent energy in the beta-emitter.
- In recent proof of concept experiments GenX’s unique semiconductor-metal electrode configuration has been shown to effectively harvest power from the semiconductor layer when excited.
- A demonstration unit is currently under construction with a prototype unit planned to follow which will be tested in a space equivalent environment to allow commercial demonstration.

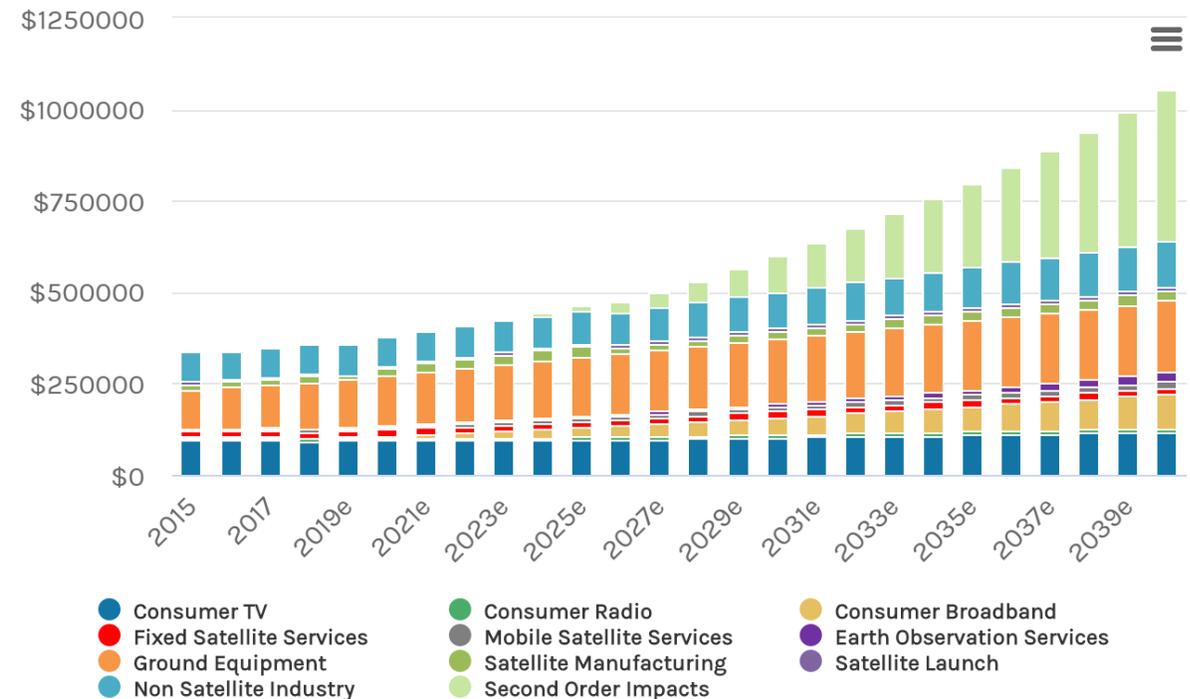
GenX

Space: Big business, getting bigger



- Globally the ‘**New Space Economy**’ is being driven by*:
 - Reduced cost to access Low Earth Orbit (LEO)
 - Increase in global data demand (Internet of Things)
 - Global coverage telecommunications
- The Australian Federal Govt aims to increase its spending in the space sector to \$12 billion by 2030. A CAGR of 8.5%**
- DOD (Aus) will invest up to \$7 billion over the next decade on space capabilities***

The Global Space Economy (\$t)



* Space – Investing in the Final Frontier – Morgan Stanley Jul 24, 2020

** Advancing Space – Australian Civil Space Strategy 2019-28

*** 2020 Force Structure Plan (Chapter 7)

Source: Haver Analytics, Morgan Stanley Research forecasts

GenX Supply and End User Landscape



Major Manufacturers



Key Users

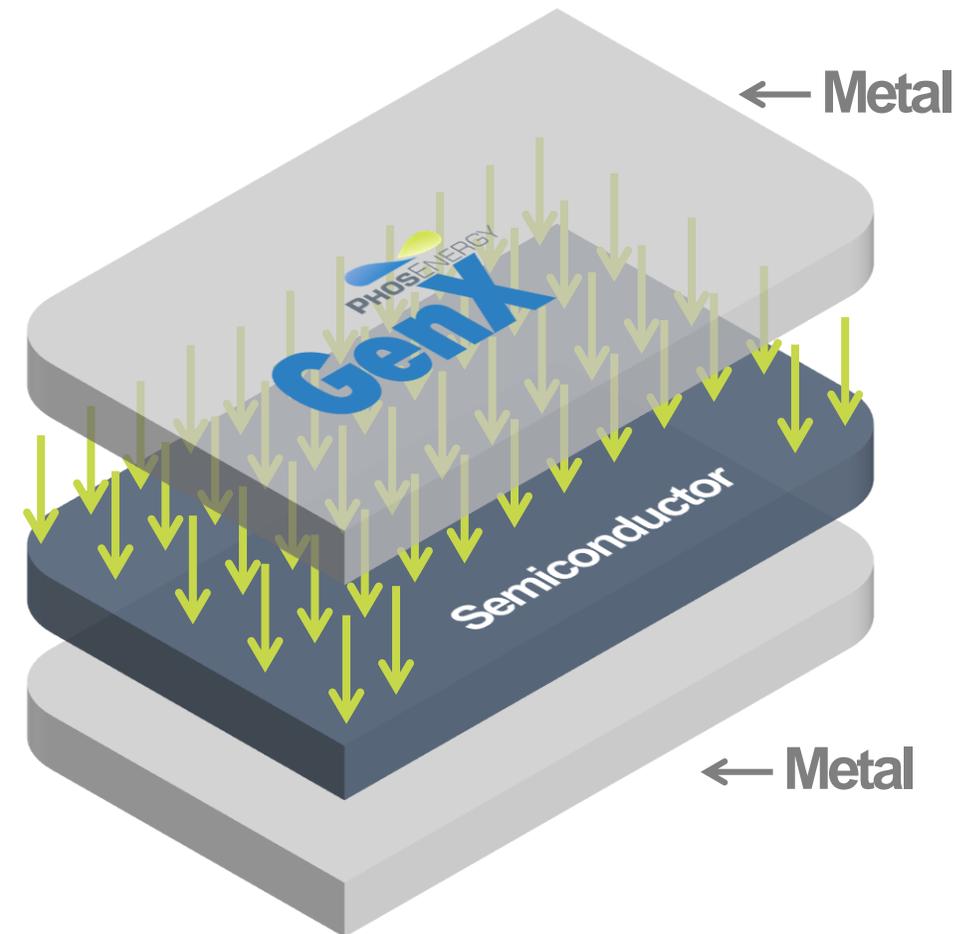


GenX

How it Works



- A smart 'sandwich' electrode structure provides a strong electric field which enables excited electrons to be efficiently harvested, thereby creating a usable electric current (ie, power).
- The physics principles underpinning GenX Units are very similar to that of traditional photo-voltaic cells however the use of beta radiation has significant advantages over sunlight:
 - i. It is 100s to 1000s of times more energetic, per particle, than UV photons;
 - ii. A beta-source can be loaded into the power generating unit with no impact on size or weight;
 - iii. Beta-sources emit energy continuously, and for long periods (many years);
 - iv. Energy can be deployed at the site where the power is required.
- The radioactive isotopes that 'fuel' the system are safe: GenX Units are designed so that no radiation emanates from the power generating device.
- The isotopes used by GenX Units are by-products from a range of industrial processes, giving an energy value to material typically considered a 'waste' liability.



GenX

Partnering Landscape



The multi-national battery manufacturers supplying space are likely partners and not competition

Focusing on similar technologies which seem to be all relatively early stage commercialisation

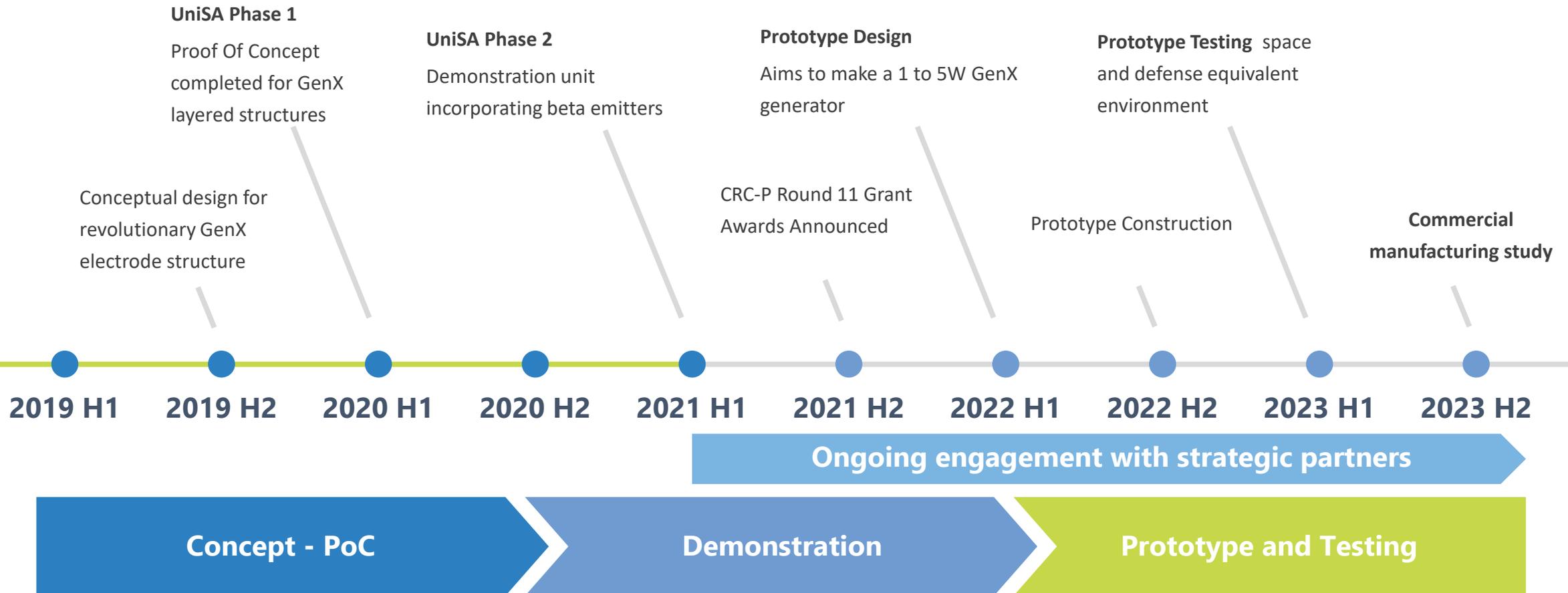
	<ul style="list-style-type: none"> • Isotope Fuel: Nickel-63 • Semiconductor Basis: Diamond 	<ul style="list-style-type: none"> • Generator Life: 200 years • Development Status: Prototype
	<ul style="list-style-type: none"> • Isotope Fuel: Carbon-14 • Semiconductor Basis: Diamond 	<ul style="list-style-type: none"> • Generator Life: 5000 years+ • Development Status: Aim to be to market 2024
	<ul style="list-style-type: none"> • Isotope Fuel: 3H (Tritium) • Semiconductor Basis: Silicon pn • Generator Life: 20 years • Development Status: Available 	<ul style="list-style-type: none"> • Isotope Fuel: Nickel-63 • Semiconductor Basis: Silicon pn • Generator Life: 200 years • Development Status: Available
	<ul style="list-style-type: none"> • Isotope Fuel: 3H (Tritium) • Semiconductor Basis: Silicon pn 	

The Company cautions that it does not presently have agreements in place with the manufacturers named on this page. These manufacturers are included for the purpose of illustrating the type of competitors currently involved in the industry for the provision of power solutions in space and with whom the Company may seek to partner with in the future.

GenX

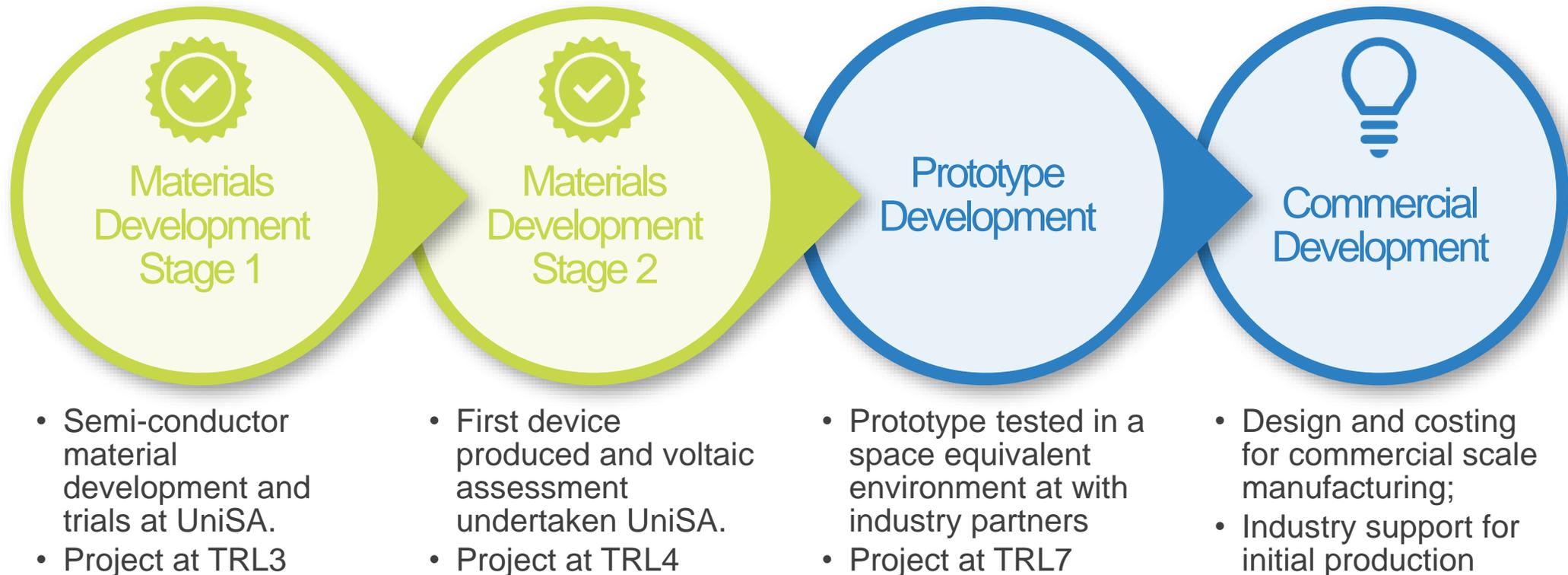
Developmental Timeline

Technical Achievements



GenX Developmental Timeline

Technical Achievements



GenX CRC-P Application Lodged



CRC-P Partners



Letters of Support



THE UNIVERSITY
of ADELAIDE



Government of South Australia
Department for Innovation and Skills



CarbonX

Capturing and Converting
CO₂ to usable organic
products

CarbonX

Overview



- CarbonX is a groundbreaking technology, which has the potential to profitably convert CO₂ to methanol and other commercial products without prohibitive energy input.
- POC experiments in 2018 successfully converted CO₂ to methanol and other compounds.
- In 2020 PEL produced the first beta-activated catalyst (BAC) and successfully demonstrated a specific reaction rate of 10⁴ chemical conversions per beta emission.
- PEL is now planning optimization testing to develop commercial parameters feasibility analysis.

CarbonX

How it Works



CarbonX

How are we different?



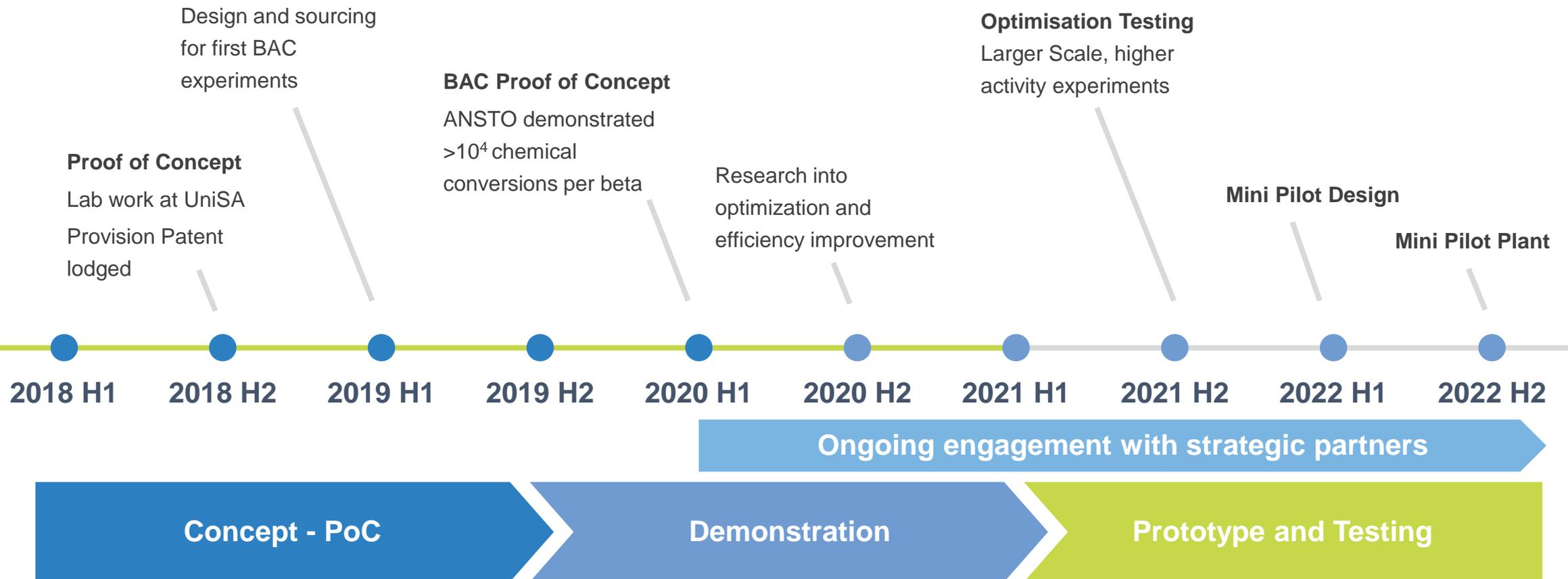
The science of CO₂ utilisation to produce usable compounds is well understood. So how are we different?

- The team has a proven capability of developing complex chemical processes and delivering step changes to industry.
- Previous approaches have used low powered UV light, electrical power or high pressure and heat to energise the conversion reaction.
- PhosEnergy utilises beta emitters to provide a reliable driving force for the reaction.
- Potential sources of revenue include toll CO₂ removal, technology supply/licensing, CO₂ offset trading, etc.

CarbonX

Developmental Timeline

Technical Achievements



GenT

Leveraging the GenX
electrode system to
generate power from
waste heat sources.

GenT

Overview



- The success in demonstrating the effectiveness of the Company's unique electrode-semiconductor arrangements in GenX has opened a range of commercial opportunities for additional technology deployment.
- GenT is the first of these technologies to be patented and leverages the GenX technology to convert infrared energy from waste heat sources (heat) into electrical power cheaply and efficiently
- Additional technology applications are being ranked for development priority and will be announced as they progress.



The Company sees the electrode technology developed for the GenX opportunity as a platform for multiple technology deployments servicing many industries.

Patent and IP protection



- PhosEnergy Process:
 - A portfolio of patent protection exists covering key phosphate producing countries;
- GenX:
 - International application filed under the PCT (WO/2020/232507)
 - Developing umbrella of know-how and trade secrets to compliment patent
- CarbonX:
 - International application filed under the PCT (WO/2020/124169)
- GenT:
 - Australian provisional application filed (Australian Provisional Patent Application No. 2020903248)

Recent highlights

GenX

- Metal electrode configuration has demonstrated the ability to harvest power from the beta-activated semiconductor layer
- Key appointments to further develop and commercialise technology
- Engagement with key suppliers of beta-emitting isotope who have expressed a willingness to help develop Phos technologies

CarbonX

- ANSTO experiments confirmed original proof-of-concept by demonstrating meaningful yields of methanol and other chemical compounds completed in September 2020
- Engagement with industry and academia have provided valuable feedback and ideas for next steps in development

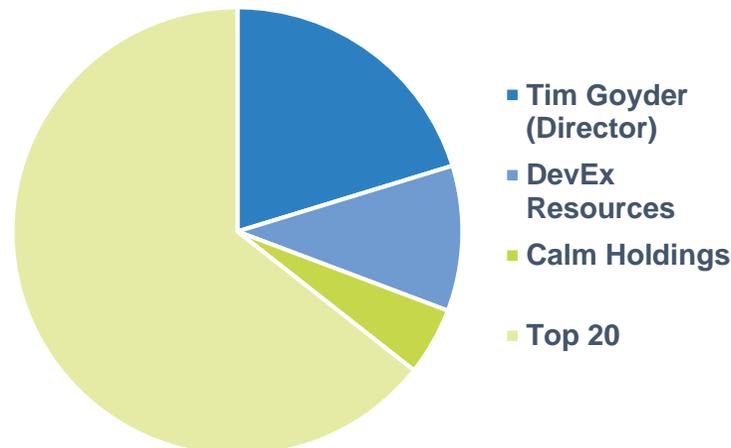


Corporate Snapshot

Corporate Snapshot

Capital Structure

Current FPO Shares on issue	58.1 M
D&O Options	10.25 M
Performance Rights	3.0 M
Implied Capitalisation at the Offer price (fully diluted)	\$7.1 M



Major Shareholders

Tim Goyder (Director)	17.0%
DevEx Resources	8.8%
Calm Holdings	4.1%
Top 20	54.0%

Director and Management currently own 22.7% shares on issue

Offer details and pro forma cap structure



Offer structure and size	<ul style="list-style-type: none"> • Placement and 1 for 5 pro-rata, non-renounceable Entitlement Offer to raise gross proceeds of approximately \$6.0 million • Approximately 60.0 million new ordinary shares (New Shares) to be issued • Approximately 41.95 million New Shares will be issued in the placement to raise approximately \$4.195 million • Approximately 20.0 million New Shares will be issued in Entitlement Offer to raise approximately \$2.0 million
Offer price	<ul style="list-style-type: none"> • Placement and Entitlement Offer will be offered at \$0.10 per New Share (Offer Price)
Eligible investors	<ul style="list-style-type: none"> • Entitlement Offer to existing eligible shareholders and Placement participants • Investors must be classified as Sophisticated and Professional investors to participate pursuant to Corporations Act Section 708 (8) (c)
Underwriting	<ul style="list-style-type: none"> • The Offer is not underwritten
Ranking	<ul style="list-style-type: none"> • All New Shares issued under the Offer will rank pari passu with existing shares on issue

Pro-forma Capital structure	
Current FPO shares on issue	58.1 M
D&O options	10.25 M
Performance rights	3.0 M
New Shares Issued	60.0 M
Offer Price	\$0.10
Fully diluted shares on issue	131.35 M
Implied capitalisation	\$13.1 M

Sources and uses of funds



Sources	\$m	Comments
Offer proceeds	6.0	Placement and Entitlement offer, excluding costs
Total sources	6.0	

Uses	\$m	Comments
Gen X	2.95	<ul style="list-style-type: none"> Complete stage 1 Demo unit (2021) Complete stage 2 prototype unit test in space equivalent environment (TRL7) Develop manufacturing methodology and plan Continue to engage with customers, beta-emitter suppliers and customers Develop commercialization model
Carbon X	1.5	<ul style="list-style-type: none"> Additional testing in high CO2 environment under varying conditions Assess various BAC options for manufacturability and performance Design and manufacture preferred BACs for pilot testing Continue to engage with CO2 emitters and product end-users
Other Projects	0.45	<ul style="list-style-type: none"> Gen-T: Leveraging the GenX electrode system to generate power from waste heat sources PhosEnergy: Continue to evaluate uranium market opportunities for monetization of the technology Investigate additional opportunities to leverage PEL's expanding IP portfolio
Offer costs and general working capital	1.295	
Total uses	6.195	



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Appendix 1

Risk Factors



1.1 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 favored or further advanced.

The advantages of the use of beta radiation as an energisation source for CO₂ conversion may not be viewed as favourable by potential customers, partners or government regulators.

(c) GenX Energy technology development risks

Results achieved to date at laboratory scale for the GenX Energy may not translate to an effective commercial scale technology for the provision of long-term reliable power supplies for space and terrestrial applications. In addition, there is a risk that other competing technologies are favoured or further advanced.

Technical risks related to the project include materials risk in effectively forming electrode sandwich layers at scale, degradation of the layers through prolonged radiation exposure and inefficiency in electron harvest from the semiconductor layer through poor junction performance.

(d) GenT Energy technology development risks

Results achieved to date at laboratory scale for the GenT Energy may not translate to an effective commercial scale technology for the recovery and recycling of waste heat. In addition, there is a risk that other competing technologies are favoured or further advanced.

Technical risks related to the project include materials risk in effectively forming electrode sandwich layers, degradation the layers through prolonged heat exposure and inefficiency in electron harvest from the semiconductor layer through poor junction performance.

(e) Scalability

Scalability is the key to the Company's Technologies and for any company that is looking at a potential global market. While the Company believes that the Technologies have been built for scalability, there are no guarantees that its Technologies will be able to meet future demand and requirements of its customers.

(f) Competition and new technologies

The industries in which the Company is involved are subject to domestic and global competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business. For instance, new technologies could result in the Company not being sufficiently differentiated within the markets it operates in.

(g) Access to and handling beta radiation emitters

The key defining aspect of the CarbonX Process and GenX is the incorporation of 'waste' beta radiation emitters into a suitable matrix to provide the driving force for either the CO₂ conversion reaction or creating the electron-hole pairs for harvest into useful power.

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 handling these materials or that doing so severely impacts the proposed development timeline and cost.

Appendix 1

Risk Factors (cont.)



(h) Social license for radiation 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 or power generation and use, has the potential to invoke a negative response from the industry and the community.

The Company believes that the risks associated with the use of these materials 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 these materials in this manner and hence be unable to commercialize the CarbonX Process or GenX technology.

(i) Long term supply of beta radiation emitters

The waste beta emitters proposed for the technology development 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.

(j) 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 Presentation 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.

(k) 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.

(l) Reliance on key management personnel

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 and commercialisation of the CarbonX Process, the GenX Energy, the GenT Energy and the PhosEnergy Process. The Board will continually monitor the management roles in the Company.

(m) 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 minimizes its impact on the environment, and in accordance with applicable laws.

(n) 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.

(o) Maintenance of key relationships

A key part of the Company's business is its partnerships with industry as development partners, as well as potential customers. The maintenance of these relationships is therefore important to enable the Company to continue to develop the Company's products. A failure to maintain relationships could result in a withdrawal of support, which in turn could impact the Company's future financial position and ability to commercialize its technologies.

(p) 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.

Appendix 1

Risk Factors (cont.)



1.2 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. The Company is not currently engaged in any material litigation.

(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, endeavor 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.

(g) Infectious diseases

The outbreak of coronavirus disease (COVID-19) is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on capital markets and share price.

The Company's share price may be adversely affected by the economic uncertainty caused by COVID-19. Further measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's proposed operations by interrupting the Company carrying out its contractual obligations or cause disruptions to supply chains.

1.3 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 an investment in the Company is a high risk and should consult their professional adviser before deciding whether to apply for Shares.

Appendix 2

Important Information



This Presentation has been prepared by PhosEnergy Limited (ACN 164 573 728) ("PhosEnergy"). It is not a prospectus or other disclosure document and does not contain all of the information which would be found in such documents or which may be required by an investor to make a decision regarding an investment in PhosEnergy. This Presentation has not and will not be lodged with the Australian Securities and Investments Commission ("ASIC").

RESTRICTED DISTRIBUTION

This Presentation is specifically provided to the receiving party ("Recipient") for the purpose of reviewing the investment opportunity in PhosEnergy. Any information contained in this Presentation, or subsequently provided to the Recipient whether orally or in writing by or on behalf of PhosEnergy or its officers, employees and advisers, is provided to the Recipient on the terms and conditions set out in this Presentation.

ELIGIBLE INVESTORS

This Presentation is provided personally and in confidence to a restricted number of Recipients all of whom are persons within Australia who are entitled to be offered and issued securities pursuant to section 708 of the Corporations Act 2001 (Cth) without the need for a prospectus or other disclosure document.

CONFIDENTIAL

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By retaining this Presentation, a Recipient acknowledges and represents to PhosEnergy that it has read, understood and accepted the terms of this Presentation. If the Recipient does not accept these terms, it must immediately return this Presentation to PhosEnergy.

PREPARATION

This Presentation has been prepared solely for information purposes to assist potential investors in deciding whether to further investigate a possible subscription for shares in PhosEnergy, and may only be used for that purpose. This Presentation is dated May 2021 and has been prepared by PhosEnergy based on the information available to it at that date. This Presentation is not intended to provide the sole

or principal basis of any investment or credit decision or any other risk evaluation. If you are considering subscribing for shares in PhosEnergy, you should seek appropriate advice and conduct any further investigations that you consider necessary or desirable.

FORWARD-LOOKING STATEMENTS

This Presentation contains forward-looking statements which incorporate an element of uncertainty or risk, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These statements have been prepared with all reasonable care and attention, based on an evaluation of current economic and operating conditions, as well as assumptions regarding future events. These events are, as at the date of this Presentation, expected to take place, but there cannot be any guarantee that such events will occur as anticipated or at all given that many of the events are outside PhosEnergy's control. The stated events may differ materially from results ultimately achieved. Accordingly, PhosEnergy and its officers, employees and advisers, cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Presentation will actually occur. Further, other than as required by law, PhosEnergy may not update or revise any forward-looking statement if events subsequently occur or information subsequently becomes available that affects the original forward-looking statement.

NO WARRANTIES OR REPRESENTATIONS

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Appendix 2

Important Information (cont.)



EXCLUSION OF LIABILITY

To the extent permitted by law, PhosEnergy does not accept any liability for any loss or damage suffered or incurred by the Recipient or any other person or entity however caused (including negligence) relating in any way to this Presentation including, without limitation, the information contained within it, any errors or omissions however caused, or its accuracy or reliability.

NO RECOMMENDATION

This Presentation does not represent a recommendation to purchase the shares offered by PhosEnergy. Any decision to invest in PhosEnergy must be based on your own circumstances, investigations, analysis and assessment of PhosEnergy's operations and projects. You should make your own independent assessment of the merits of subscribing for shares, consult your own professional advisors and make such further investigations you consider necessary. You are cautioned that any investment in PhosEnergy may involve a high degree of risk. Nothing in this Presentation should be construed as financial product advice, whether personal or general, for the purposes of section 766B of the Corporations Act. This Presentation does not involve or imply a recommendation or a statement of opinion in respect of whether to buy, sell or hold a financial product.

TAXATION

The subscription for, and disposal of, shares will have tax consequences which will differ depending upon the individual financial affairs of each potential investor. You are urged to obtain independent financial advice about the consequences of subscribing for shares from a taxation viewpoint and generally. To the maximum extent permitted by law, PhosEnergy, and its officers, employees and advisers, do not accept any liability and responsibility with respect to the taxation consequences of subscribing for and being issued shares.

NO OFFER OUTSIDE OF AUSTRALIA

This Presentation does not constitute an offer of any shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Presentation or undertake the capital raising. It is the responsibility of any potential investor who is resident outside Australia to ensure compliance with all laws of any country relevant to receiving shares under the capital raising, and any such investor should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to be issued Shares.

PhosEnergy has not taken any action to register or qualify the shares or the capital raising, or otherwise permit an offer of securities in PhosEnergy, in any jurisdiction outside of Australia.

CURRENCY

All currency amounts in this Presentation are in Australian Dollars unless specified otherwise.