

ASX Announcement

8 August 2024

NEW ENFORCEMENT ACTION

PhosCo launches new Tunisian court action seeking to compel TMS to comply with the Arbitral Award

PhosCo holds a majority interest (51%) in Chaketma Phosphate SA (**CPSA**), the operating company that has re-applied for an exploration permit over the Chaketma Phosphate Projectⁱ. TMS holds a 49% interest in CPSA and has failed to pay TND14m (~A\$6.3m) in damages and costs pursuant to the Arbitral Award issued in November 2017 and enforced in Tunisia in September 2019. Despite being entitled to the damages under the Arbitral Award, PhosCo has not recognised these amounts as an asset on its balance sheet due to TMS' repeated non-compliance with the Arbitral Award and uncertainty about TMS' capacity to pay the damages.

PhosCo's recent action to seize TMS' 49% interest in CPSA (amongst other assets) to offset the unpaid TND14m (A\$6.3m) owed to PhosCo has been unsuccessful in the Court of Cassation (Tunisia's highest court)ⁱⁱ being inconsistent with two previous Court of Cassation decisions confirming PhosCo's rights. As announced on 23 July 2024ⁱⁱⁱ, PhosCo has lodged a new seizure action over TMS's 49% interest in CPSA that remains in place (under Tunisian law, the Arbitral Award can be used for a seizure action even without an enforcement decision). PhosCo has now opted to relodge an application to enforce the Arbitral Award with Tunisia's Court of Appeal for the avoidance of further challenge to this Tunisian legal right. This new action does not undermine previous enforcement decisions nor the fact that TMS remains liable to pay PhosCo A\$6.3m damages, costs and interest which continues to accrue daily.

Although PhosCo has recovered the 51% interest and management control of CPSA through previous actions^{iv}, the Company notes that various criminal and civil actions related to the execution of the Arbitral Award remain before the Tunisian courts. This latest Court of Cassation decision takes a different view to the previous Court of Cassation decisions that the September 2019 Arbitral Award is enforceable in Tunisia. PhosCo's ability to realise the Arbitral Award damages is subject to the ability to obtain the benefits awarded from TMS, noting uncertainty about TMS' capacity to pay the damages. PhosCo reserves the right to use the means necessary to execute the Arbitral Award, this being subject to the resolution of various legal challenges from the respective parties.

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

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ⁱ See ASX announcement “Chaketma Project Recovered” dated 13 November 2020.

ⁱⁱ See ASX announcement “Unfavourable Seizure Appeal” dated 29 May 2024.

ⁱⁱⁱ See ASX announcement “June 2024 Quarterly Activities and Cashflow Report” dated 23 July 2024.

^{iv} See ASX announcement “Celamin takes control of Chaketma Phosphate Project” dated 11 October 2021.