

**First Phosphate Corp.**  
**CSE: PHOS; OTC: FRSPF**  
**Flash Report**

January 7, 2026

Price (as of close Jan. 6, 2026)

**C\$1.05**

12-Month Target Price

**C\$4.83**

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### About the Company

First Phosphate is a mineral development and cleantech company dedicated to building and onshoring a vertically integrated mine-to-market LFP battery supply chain for North America. Target markets include energy storage, data centers, robotics, mobility and national security. First Phosphate's flagship Bégin-Lamarche Property in Saguenay-Lac-Saint-Jean, Quebec is one of North America's rare igneous phosphate resources, yielding high-purity phosphate with minimal impurities.

52-Week Range	C\$0.23 - C\$1.13
Shares Outstanding	172.94 mil
Insider/Institutional	25% / 40%
Public Float	86.2 mil
Market Cap	C\$181.6 mil
Total Debt	Nil
Debt/Equity	NA
ROE (LTM)	NA
Book Value/Share	C\$0.10
Consolidated Daily Volume (90-day)	1,006,654
Fwd. Div. & Yield	--

# EMERGING *Growth* Research

## De-risking through successful fund raising and index inclusion.

First Phosphate (PHOS) announced on December 22, 2025 it successfully closed the fourth and final tranche of its private placement financing having raised a total of C\$9.6mn over the last couple of months with limited dilution. In these transactions PHOS issued a total 8.0m flow-through shares and 2.6mn ordinary shares at C\$0.90 per share together with 2.6mn warrants with a strike price of C\$1.25 which expire in April 29, 2026. Thus, over the last three years PHOS has raised C\$49.7mn in ten private placement deals showing its top management's remarkable ability to consistently raise capital while preserving equity dilution at limited levels. The proceeds raised will be used for activities related to final definition of its mineral resources at its Bégin-Lamarche phosphate flagship mining project and advancing it to feasibility study and for working capital financing.

Additionally, yesterday PHOS informed that it will receive an additional C\$0.7mn as a lump-sum pre-payment coming from its existing, long-term phosphate concentrate offtake agreement with an existing partner to further finance final resource definition at its Bégin-Lamarche and to advance the project to a feasibility study and then start production. In relation to this agreement, PHOS is currently completing a 30,000-metre drill program in its Bégin-Lamarche project to finalize geological studies with the aim of converting indicated mineral resources into measured mineral resources. This drilling program should be completed by April 2026 when PHOS would decide to proceed with the feasibility study.

Lastly, another recent positive news was that on December 19, 2025, PHOS common shares have been added to the CSE25 Index as part of the Canadian Securities Exchange's quarterly index rebalancing. This action will increase PHOS's visibility among investors and should help improve liquidity in the stock given additional demand coming from index-linked investment products.

We view the above-mentioned positive news flow as contributing to de-risking PHOS's investment case and reinforces our positive view on the stock, on which we see substantial upside potential. In our model we lowered our discount rate by 50 bps reflecting lower risk perception and improved visibility on potential positive catalysts for the stock ahead and, on the other hand, we increased the number of shares by 15%, reflecting the recent capital increase. All of this has a marginal impact on our PHOS target price which goes from C\$4.93 to C\$4.83.



\*Chart pricing in CAD

### Investment Thesis

- **FP's demand growth meets PPA scarcity.** Rising LFP penetration and scarce Western PPA supply creates a constructive backdrop. PHOS's staged production model supports earlier cash generation from concentrates while PPA qualifies and ramps.
- **Transparent indexation reduces pricing risk:** PHOS intends to index prices to well-known benchmarks. These anchors are familiar to lenders and support bankable offtakes and project finance.
- **Unit costs look competitive:** Management has guided mine net cash cost to the mid-US\$90 per tonne range after magnetite credits, consistent with the PEA life-of-mine opex framework. Port logistics shorten the mine-to-ship chain and should support a tighter working-capital profile compared with inland peers.
- **Two earnings legs at scale:** At steady state, 400ktpa of external concentrate sales plus internal transfer of the remaining volumes to PPA creates two earnings legs. Management has indicated post-tax FCF from the mine alone averages about US\$239mn per year, peaking near US\$290mn, before layering in incremental PPA cash flows.
- **Ore quality and rarity are real advantages:** Only about 5% of global phosphate deposits are igneous, and PHOS's ore upgrades to above 40% P<sub>2</sub>O<sub>5</sub> concentrate with low impurities. Higher-purity feedstock should translate to better PPA yields and a more recyclable gypsum stream.
- **De-risking milestones are visible:** Feasibility work, permits, additional multi-year offtakes and/or volume expansions building on existing agreements, ECA and grant packages, and conversion of the Port Saguenay land option are all catalysts over the next 12 to 24 months.
- **Early downstream proof points:** PHOS has already helped produce LFP cells using fully North American critical minerals, with results presented. This outcome supports the fit of PHOS's products for battery-grade applications and strengthens the narrative around a regionalized LFP supply chain.
- **Valuation has room to keep re-rating:** The Bégin-Lamarche PEA framed a pre-tax NPV of approximately C\$2.1bn and an after-tax NPV around C\$1.6bn, with a pre-tax IRR of about 37%. PHOS's current equity value implies a steep discount to a de-risked mine-plus-PPA platform in Québec.

### Primary Risks

- Two-asset capex and funding mix, including potential dilution
- Construction and qualification risk for battery-grade PPA
- Volatility in benchmark pricing and input costs (India acid contract, phosphate rock, sulfur, power)
- Permitting timelines and environmental approvals

**Valuation**

- We value PHOS using a sum-of-the-parts approach. We discount the mine free cash flow at 11.5% and acid-plant free cash flow at 13.5% to reflect process and market risks prior to qualification, then apply project-stage risking prior to FID, and consolidate corporate items to equity value to arrive at a per-share target price of C\$4.83.

**SOTP valuation**

Mine NAV, C\$m	460
PPA plant NAV, C\$m	351
Cash, C\$m	24
<b>Total NAV</b>	<b>836</b>
Shares outstanding, mn	173
<b>NAV/share, C\$</b>	<b>4.83</b>
Share price, C\$	1.05
<i>Upside</i>	360%
<i>Price/NAV</i>	0.22x

**Key assumptions**

Discount rate – mine	11.5%
Discount rate – plant	13.5%
Mine cash opex/ton (adj for credits), US\$	95
PPA cash opex/ton, US\$	250
US\$/CAD	1.38
P <sub>2</sub> O <sub>5</sub> conversion factor	0.73
Battery grade purity premium, US\$/tonne	45

**Reserves**

Total mine resources, million tonnes (Mt)	150.55
Grade estimate	5.76% P <sub>2</sub> O <sub>5</sub>
Mine life	~24 years
Strip ratio	1.5:1 (waste:ore)
Implied mass yield to concentrate	13.7% (20.7 Mt conc./150.55 Mt feed)
Implied P <sub>2</sub> O <sub>5</sub> recovery:	90-95% (40% P <sub>2</sub> O <sub>5</sub> concentrate)

*Source: Fertiliser Association of India, Argus Media, P205.com*

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## Rating Definitions

**Buy**, 30% or greater price appreciation in the next 12 months.

**Buy-Extended**, near-term EPS and/or revenue horizon is challenging with strong long-term appreciation possibility.

**Buy-Emerging**, initial stages with low revenue and the potential for large returns with higher risk and volatility.

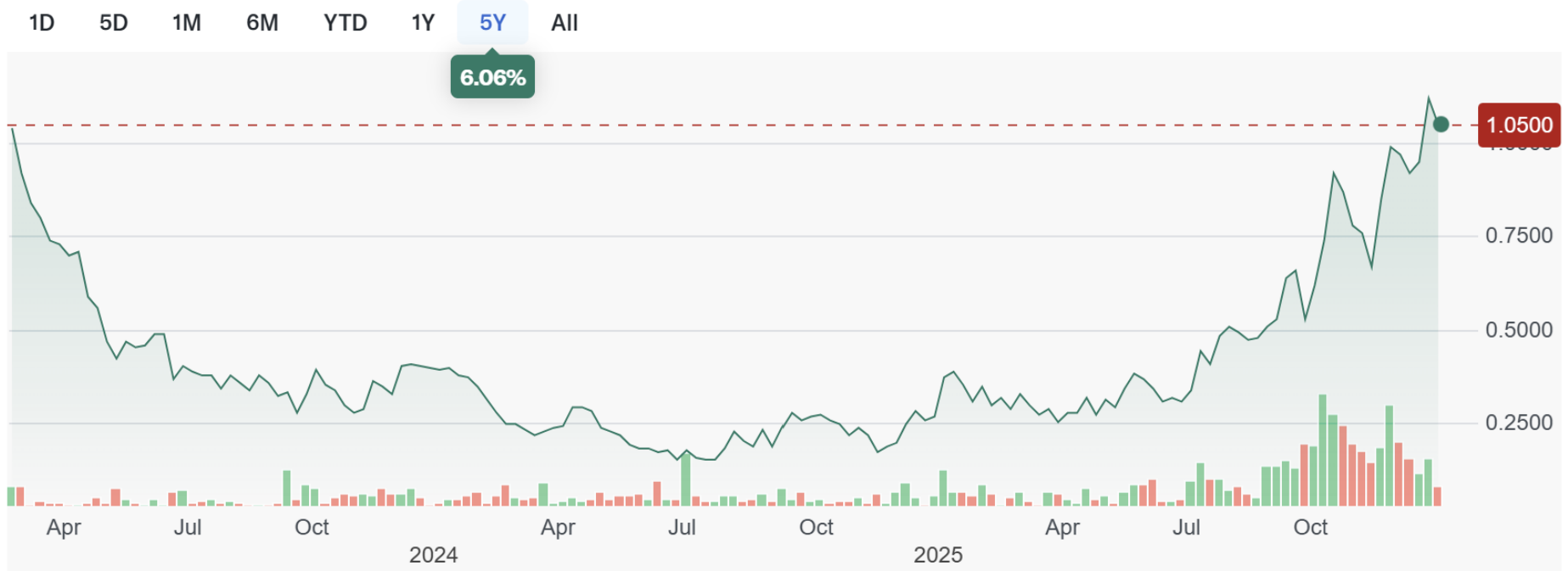
**Hold**, perform similar to market.

**Sell**, 30% or more decline in the next 12 months.

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5-Year Chart



\*Chart pricing in CAD

First Phosphate Corp CSE: PHOS; OTC: FRSPF Sum-of-the-parts / NAV model C\$'mn unless otherwise stated	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
<b>Mining</b>																											
<b>ROM mined, ktpa</b>					3,460	5,309	5,309	5,309	6,989	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250
Nameplate concentrate capacity (ktpa)					900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900	900
Recovery to concentrate					10%	80%	85%	88%	89%	90%	90%	92%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	93%	92%	92%	92%	90%
Apatite concentrate (kt, ~40% P <sub>2</sub> O <sub>5</sub> )					90	720	765	792	801	810	810	828	855	855	855	855	855	855	855	855	855	855	837	828	828	828	810
Realized apatite price, US\$/t, adj for freight					325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325	325
Apatite revenue, US\$'mn					29	234	249	257	260	263	269	278	278	278	278	278	278	278	278	278	278	278	278	278	278	269	263
<b>Apatite revenue, C\$'mn</b>					40	323	343	355	359	363	363	371	383	383	383	383	383	383	383	383	383	383	375	371	371	371	363
opex (adj for magnetite credit)					(9)	(9)	(9)	(9)	(12)	(94)	(100)	(104)	(105)	(106)	(106)	(109)	(112)	(112)	(112)	(112)	(112)	(112)	(110)	(109)	(109)	(106)	(106)
Change in net working capital					-	-	-	-	2	11	1	0	0	0	0	0	0	0	0	0	0	0	(0)	(0)	(0)	(0)	(0)
Capex					(6)	(6)	(338)	(338)	(6)	(8)	(9)	(10)	(11)	(13)	(15)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(15)	(14)	(13)	(13)
<b>FCF (pre-tax)</b>					(15)	(15)	(347)	(347)	25	232	235	242	243	244	243	247	256	255	255	255	255	255	249	248	248	249	244
Effective tax rate					10%	12%	15%	15%	15%	15%	15%	15%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Income tax					(2)	(28)	(35)	(36)	(37)	(37)	(61)	(62)	(64)	(64)	(64)	(64)	(64)	(64)	(64)	(64)	(64)	(64)	(62)	(62)	(62)	(61)	(61)
FCF (post-tax)					(15)	(15)	(347)	(347)	22	204	199	206	207	208	182	185	192	192	192	192	192	192	192	187	186	187	183
Discount factor (12% WACC)					1.00	###	0.80	0.72	0.65	0.58	0.52	0.47	0.42	0.38	0.34	0.30	0.27	0.24	0.22	0.20	0.18	0.16	0.14	0.13	0.11	0.10	0.09
<b>Mine NAV (PV of FCF)</b>					(15)	(13)	(279)	(250)	14	119	104	96	87	78	61	56	52	47	42	37	34	30	27	24	22	19	17
<b>Mine NAV, C\$'mn</b>																											
<b>PPA plant</b>																											
<b>Nameplate capacity (ktpa, P<sub>2</sub>O<sub>5</sub> basis)</b>					190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190
Utilization					10%	70%	75%	80%	80%	85%	85%	90%	90%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%	90%	90%	88%
PPA sales volume (kt, P <sub>2</sub> O <sub>5</sub> basis)					10	133	143	152	162	171	171	175	175	175	175	175	175	175	175	175	175	175	175	171	171	167	167
Realized PPA price, US\$/t P <sub>2</sub> O <sub>5</sub> , FOB Saguenay					918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918	918
PPA revenue, US\$ mn					9	122	131	139	148	148	148	157	157	160	160	160	160	160	160	160	160	160	160	157	157	153	153
By-product credits - gypsum/others US\$mn					0	7	10	11	11	12	12	13	13	13	13	13	13	13	13	13	13	13	13	13	13	12	12
By-product credit as % of PPA revenue					3%	6%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Total PPA plant revenue, US\$mn					9	129	141	151	151	160	160	169	169	173	173	173	173	173	173	173	173	173	173	169	169	166	166
<b>Total PPA plant revenue, C\$mn</b>					12	179	195	208	208	221	221	234	234	239	239	239	239	239	239	239	239	239	239	234	234	229	229
Feedstock cost – apatite transfer					139	(144)	(164)	(176)	(180)	(184)	(184)	(192)	(204)	(204)	(204)	(204)	(204)	(204)	(204)	(204)	(204)	(196)	(192)	(192)	(184)	(184)	
Cash opex, C\$'mn					(3)	(46)	(49)	(52)	(52)	(56)	(56)	(59)	(59)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(59)	(59)	(58)	(58)	
Change in net working capital					-	-	-	-	1	13	1	1	-	1	-	0	-	-	-	-	-	-	-	(0)	-	(0)	-
Capex					(121)	(121)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)
<b>FCF (post-tax)</b>					(121)	(121)	3	139	140	149	148	159	158	169	168	172	171	171	171	171	171	171	171	167	168	163	164
Effective tax rate					10%	12%	15%	15%	15%	15%	15%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Tax charge					(0)	(17)	(21)	(22)	(22)	(24)	(39)	(42)	(42)	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(42)	(42)	(41)	(41)
FCF (post-tax)					(121)	(121)	3	122	119	127	126	135	118	126	129	129	129	129	129	129	129	129	129	125	126	122	123
Discount factor (14% WACC)					0.78	0.68	0.60	0.53	0.47	0.41	0.36	0.32	0.28	0.25	0.22	0.19	0.17	0.15	0.13	0.12	0.10	0.09	0.08	0.07	0.06	0.05	0.04
<b>PV of FCF</b>					(94)	(83)	2	65	56	52	46	43	33	31	28	25	22	19	17	15	13	12	10	9	8	7	6
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Source: Fertiliser Association of India, Argus Media, P205.com																											

**Price Target Sensitivity Analysis:**

Mine discount rate	Apatite price (adjusted), US\$/t				
	225	275	325	375	425
12%	4.54	4.56	4.58	4.60	4.62
13%	4.09	4.11	4.13	4.15	4.17
14%	3.70	3.72	3.74	3.75	3.77