

PHOSPHATE FERTILIZER PRICE UPDATE AND PROPOSED ISSUE OF SECURITIES

Minbos Resources Limited (ASX:MNB) (Minbos or the Company) is pleased to provide an update on phosphate market conditions, the sharp increase in the global phosphate fertilizer price and the potentially positive economic impacts on the Company's Cabinda Phosphate Project.

The Company plans to produce Enhanced Phosphate Rock (EPR), the Cabinda Blend, with the product retaining a unique natural economic hedge. The value of EPR is proportional to the price of competing Water-Soluble Phosphate (WSP) fertilizers, but at the same time approximately half the production costs of the Phosphate rock/WSP Cabinda Blend are attributed to WSP.

As WSP fertilizer prices increase, EPR operating margins are anticipated to increase, however, if the WSP price drops, the production cost of EPR will also fall, delivering some protection against market variation.

The commonly reported reference price for WSP fertilizers is 'DAP' fob Tampa (Diammonium Phosphate free on board Tampa, USA).

- December 2019 - DAP fob Tampa at **US\$248** per tonne as Minbos submitted its winning tender for the Cabinda Phosphate Project.
- August 2020 - The price increased to **US\$328** per tonne as Minbos published the Scoping Study for the Cabinda Phosphate Project.
- February 2021 - DAP reached **US\$497** per tonne in the first week of February 2021, a doubling of prices since Minbos submitted its successful tender.

DAP prices were expected to increase after a long period of depressed prices due to production capacity additions, the USA-China trade war and reduced plantings in the USA due to adverse weather events. The increase has been accelerated by counter veiling duties imposed by the USA on other major producers, supply chain disruptions due to COVID and a sharp uptick in many agricultural commodities.

Commenting on the phosphate price, Chief Executive Officer Lindsay Reed:

"The Cabinda Blend natural hedge means we can set higher margins for increased profitability and lower relative prices for customers."

COVID has increased awareness of supply chain disruptions and food security. Localising agricultural inputs is a great strategy for Angola."



Figure 1 Profercy Phosphates & NPKs Update 3-4 February 2021 [Published with permission]

The Cabinda Phosphate Project plans to granulate a blend of approximately 85% Phosphate Rock with 15% MAP (Monoammonium Phosphate). MAP trades near parity with DAP and, at the end of first week of February 2021, was also quoted at US\$497 per tonne fob Tampa.

The International Fertilizer Development Centre (IFDC) recommended MAP for the Cabinda Blend based on 40 years of experience. MAP is the preferred WSP blending ingredient because it not only provides early phosphate availability for root development (the 'starter effect') but because it has a low pH of dissolution (acidic) it promotes the 'enhancement effect' to initiate the dissolution of the phosphate rock.

The Cabinda Phosphate Project Scoping Study released in August 2020 included a sensitivity analysis on p46 which is reproduced on the next page (Figure 2).

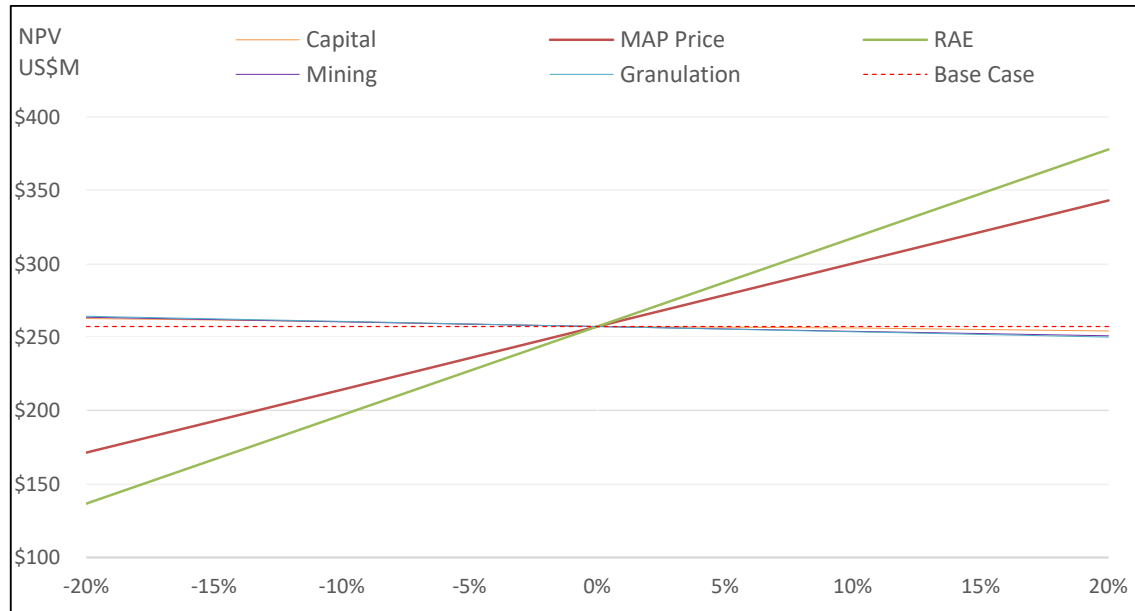


Figure 2 - Cabinda Phosphate Project pre-tax NPV sensitivity analysis

PARAMETER	UNITS	BASE
Capital	US\$M	-\$24.98
MAP Price	US\$/t	\$478
RAE	% MAP	85%
Mining Costs	US\$/t mined	\$3.00
Granulation Costs	US\$/t prod	\$14.97
OUTPUT	DISCOUNT RATE	US\$M
Pre-Tax NPV	10%	\$257

Figure 3 - Project Pre-tax NPV Base Case Parameters

“The project is not sensitive to initial CAPEX because it is very low relative to the project value. The project is not sensitive to controllable OPEX (mining and granulation cost) because these items make up a relatively low proportion of the total cost of goods sold compared to the input cost of purchased MAP.” – Minbos Scoping Study (26th August 2020)

PROPOSED ISSUE OF INCENTIVE SECURITIES

Minbos advises of the proposed issue of performance rights under the Company's Performance Rights Plan (Plan) to Chairman, Mr Peter Wall, and CEO, Mr Lindsay Reed (or their respective nominees).

The Company is in an important stage of development with significant opportunities in both the near and long-term, and the proposed issue seeks to align the efforts of the Directors in seeking to achieve growth of the share price and in the creation of shareholder value. In addition, the Board also believes that incentivising the Chairman and CEO with Performance Rights is a prudent means of conserving the Company's available cash reserves. The Board believes it is important to offer these Performance Rights to continue to attract and maintain highly experienced and qualified Board/management personnel in a competitive market.

The Company is proposing, subject to obtaining shareholder approval at its next general meeting, to issue up to a total of 13,500,000 Performance Rights under the Plan, subject to certain performance milestones which must be satisfied by the relevant milestone dates in order for the Performance Rights to vest. The performance milestones are as follows:

Personnel	Performance Rights	Performance Milestone	Milestone Date
Mr Lindsay Reed	3,000,000	The Company entering into an Off-Take Agreement in relation to the Cabinda Project in Angola	12 months from their date of issue
	3,000,000	Completion of a positive Definitive Feasibility Study by the Company in relation to the Cabinda Project in Angola	18 months from their date of issue
	3,000,000	The Company securing project finance in relation to Cabinda Project in Angola	24 months from their date of issue
Mr Peter Wall	1,500,000	The Company entering into an Off-Take Agreement in relation to the Cabinda Project in Angola	12 months from their date of issue
	1,500,000	Completion of a positive Definitive Feasibility Study by the Company in relation to the Cabinda Project in Angola	18 months from their date of issue
	1,500,000	The Company securing project finance in relation	24 months from their date of issue

		to Cabinda Project in Angola	
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The full terms and conditions of the Performance Rights will be set out in the Company's notice of general meeting to be released in due course.

PROPOSED ISSUE OF DIRECTOR OPTIONS

The Company has also agreed to issue the following unlisted options to Non-Executive Directors, with each option having an exercise price of AU\$0.10 and expiring 4 years from issue date, subject to shareholder approval in general meeting:

PERSONNEL	OPTIONS
Mr Paul McKenzie	4,000,000
Mr Graeme Robertson	4,000,000
Mr Valentine Chitalu	4,000,000
TOTAL	12,000,000

The full terms and conditions of the options will be set out in the Company's notice of general meeting to be released in due course.

This announcement is authorised for release by Minbos CEO, Lindsay Reed.

For further information please contact:

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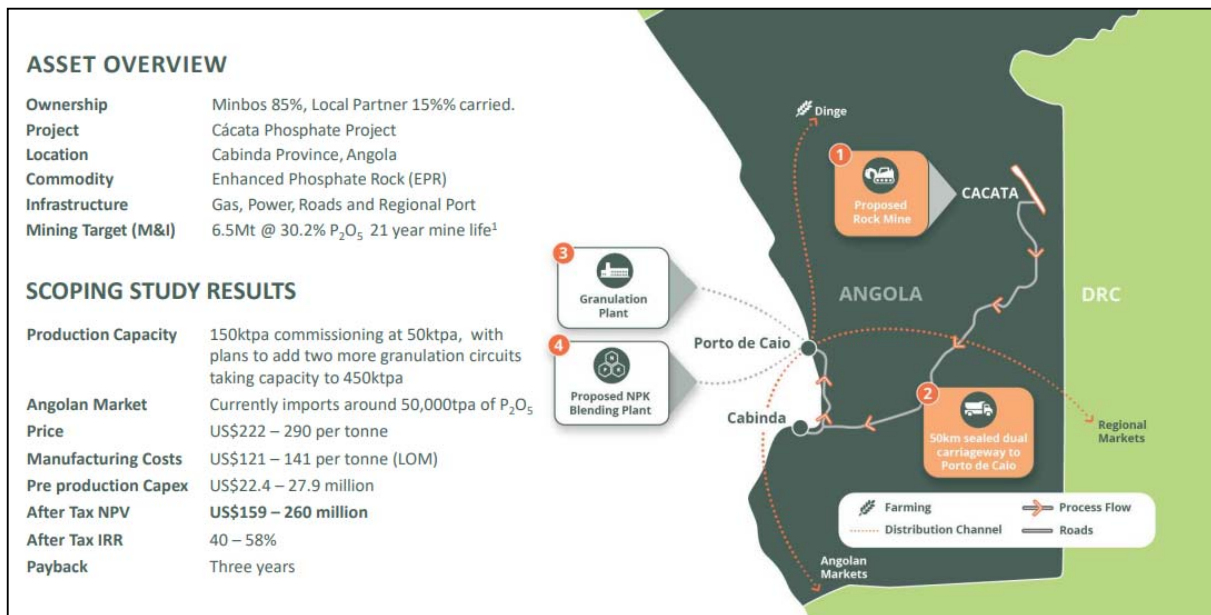
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ABOUT MINBOS

Minbos Resources Limited (ASX: MNB) is an ASX-listed exploration and development company which won an international tender for the Cabinda Phosphate Project in 2020 and executed a Mineral Investment Contract with Angola in January 2021. Minbos and its in-country partner, Soul Rock Ltda (15% carried interest), won the tender based on producing Enhanced Phosphate Rock as a substitute for fertilizers currently imported by the Angolan Government for distribution to wholesalers and farmers.

The Company's vision is to build a nutrient supply and distribution business that stimulates agricultural production and promotes food security in Angola and the broader Middle Africa region.



[ASX Release Cabinda Phosphate Project Scoping Study 26th August 2020](#)

Compliance Statement

With reference to previously reported Scoping Study Results, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of Minbos Limited, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.