

Interim Financial Report

For the half-year ended 31 December 2021



Minbos
Resources
Limited

ABN 93 141 175 493

Contents

Corporate Directory	3
Directors' Report	4
Auditor's Independence Declaration	10
Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Consolidated Financial Statements	15
Directors' Declaration	25
Independent Auditor's Review Report	26

Corporate Directory

Directors & Officers

Mr Peter Wall - Non-Executive Chairman
Ms Dganit Baldar - Non-Executive Director
Mr Valentine Chitalu - Non-Executive Director
Mr Paul McKenzie - Non-Executive Director
Mr Graeme Robertson - Non-Executive Director

Mr Lindsay Reed - Chief Executive Officer
Mr Blair Snowball - Chief Financial Officer
Mr Harry Miller - Company Secretary

Registered Office

Unit 5, 254 Rokeby Road
Subiaco WA 6008

P: +61 (08) 6219 7171
E-mail: info@minbos.com
Website: www.minbos.com

Principal Place of Business

Unit 5, 254 Rokeby Road
Subiaco WA 6008

Domicile and Country of Incorporation

Australia

Australian Company Number

ACN 141 175 493

Australian Business Number

ABN 93 141 175 493

Bankers

National Australia Bank
West Perth Business Banking Centre
Level 1, 1238 Hay Street
West Perth WA 6005
Website: www.nab.com.au

Auditors

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring St
Perth WA 6000
Website: www.bdo.com.au

Share Registry

Automic Group
Level 5, 191 St Georges Terrace
Perth WA 6000
Website: www.automicgroup.com.au

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan street
Perth WA 6000
Website: www.steinpag.com.au

Securities Exchange

Australian Securities Exchange Limited (ASX)
Home Exchange - Perth
ASX Code - MNB (Ordinary Shares)

Directors' Report

The Directors submit their half-year report of the '**Consolidated Entity**' or '**Group**', being Minbos Resources Limited ('**Minbos**' or the '**Company**') and its Controlled entities, for the half-year ended 31 December 2021 ('**Period**').

BOARD OF DIRECTORS

The following persons were directors of Minbos Resources Limited during the whole of the half year and up to the date of this report unless otherwise stated.

Directors	Position
Peter Wall	Non-Executive Chairman
Dganit Baldar	Non-Executive Director
Valentine Chitalu	Non-Executive Director
Paul McKenzie	Non-Executive Director
Graeme Robertson	Non-Executive Director

REVIEW OF OPERATIONS

(a) GROUP OVERVIEW

Minbos Resources Limited is an ASX-listed phosphate fertilizer and nutrient company. The Company's focus during the period continued to be developing a nutrient supply and distribution business that stimulates agricultural production and promotes food security in Angola and the broader Congo Basin.

(b) HIGHLIGHTS & SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Cabinda Phosphate Project

- The Company delivered an updated JORC 2012-compliant Mineral Resource Report for the Cácata phosphate deposit, with a total Measured, Indicated and Inferred Mineral Resource of 8.4 million tonnes at 29.6% P2O₅¹.
- Other key activities completed, included:
 - Location for the Granulation Plant secured.
 - HCV Africa and Grupos Simples are near finalization of the EISA and EIA reports for both the Cácata Mine and Futila Granulation plant.
 - Bulk sample collected from the Cácata deposit and shipped to the IFDC Alabama, to assist with enhancement and optimisation of Minbos fertilizer product.
 - Completion of dry season environmental baseline surveys.
 - Completion of licence marking of the Cabinda Phosphate Project.
 - Completion of DFS engineering design work by DRA

¹ ASX Announcement - Resource Update for High-Grade Cabinda Phosphate Project (23 November 2021). The Company confirms that it is not aware of any new information or data that materially affects the information included in the 23 November 2021 ASX Announcement. It also confirms that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed and that the form and context in which the Competent Person's findings are presented have not been materially modified.

Directors' Report

Capanda Green Ammonia Project

- The Company submitted a Letter of Intent (LOI) to the Angolan Ministries of Agriculture and Fisheries, Energy and Water and Mineral Resources and Petroleum outlining a proposal to develop a Nitrogen fertilizer facility using Green Ammonia produced from hydro-electric power from the Capanda Hydroelectric Dam².
- The Ministry of Agriculture and Fisheries has confirmed to Minbos its intention to grant the Company the land necessary for establishing a Green Ammonia and Nitrogen fertilizer facility from the Capanda Hydroelectric Dam within 10km of the Capanda Hydroelectric substation.

Capital Structure

- On 5 July 2021, the Company issued 20,000,000 unlisted options to employees and consultants under the Employee Incentive Option Plan that was adopted at the Annual General Meeting dated 3 November 2020.
- On 7 October 2021, the Company issued 1,000,000 fully paid ordinary shares upon conversion of unlisted options expiring 26 November 2022 by shareholders at an exercise price of \$0.05 per option.
- On 3 December 2021, the Company issued 625,000 fully paid ordinary shares upon conversion of listed options expiring 30 April 2023 by shareholders at an exercise price of \$0.15 per option.
- On 15 December 2021, the Company issued 2,000,000 unlisted options to employees and consultants under the Employee Incentive Option Plan that was adopted at the Annual General Meeting dated 3 November 2020.
- On 22 December 2021, the Company completed an equity placement to sophisticated and professional investors and issued 54,840,000 fully paid ordinary shares at \$0.10 per share to raise \$5,485,000. As part of this equity placement, the Company issued 1,000,000 unlisted options at an issue price of \$0.00001 (exercise price of \$0.15 and expiry date on 21 December 2024) to each of Argonaut Securities and CPS Capital as Joint Lead Managers to the placement, being 2,000,000 Options in total.

At the date of this report, the Company had 525,657,897 ordinary shares, 75,000,000 unlisted options, 66,562,500 listed options and 13,500,000 performance rights on issue.

(c) PROJECTS

Cabinda Phosphate Project

Definitive Feasibility Study

During the period, the Company continued progressing its DFS on its high-grade Cabinda Phosphate Project, with a range of activities undertaken, outlined below. During the period, the Company appointed experienced Construction Manager, Mr Mauro Lopes. Mauro is a mechanical engineer with over 20 years' experience in the mining industry, delivering a diverse range of projects in excess of USD \$200M.

The Company announced that it had secured 20ha of commercial land at the Futila Industrial Zone (Futila), just 12km to the Port of Caio and 25km to the Port of Cabinda, delivering barge and shipping access to key agricultural growing zones in Angola and the region.

² ASX Announcement - Minbos receives support from ministry of agriculture to deliver green ammonia to Angola (29 October 2021)

Directors' Report

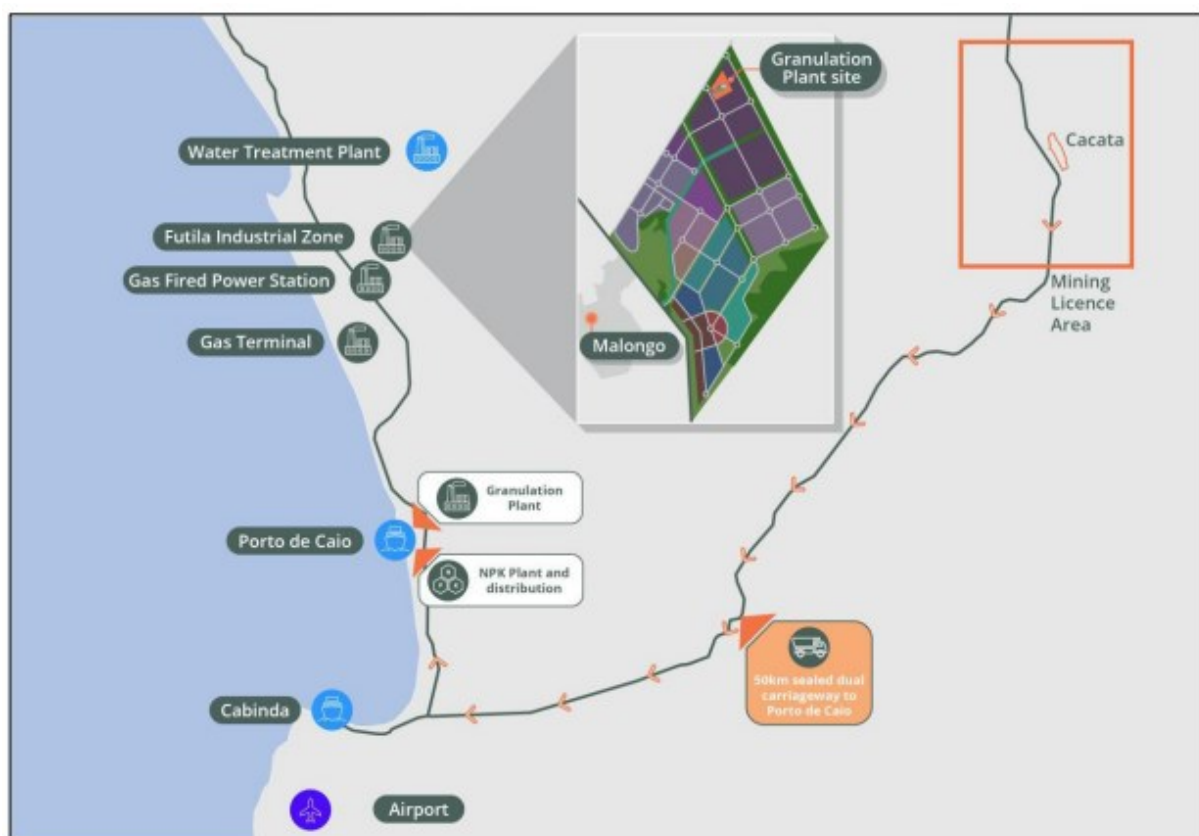


Figure 1 – Minbos Resources proposed site for Phosphate Granulation Plant, including phosphate deposit, energy port and airport infrastructure.

Minbos intends to truck Phosphate Rock from the C cata phosphate deposit to Futila, just 120 minutes by dual carriageway. The Futila Industrial Zone is an emerging economic hub with access to stable grid power, the water network and, in the near future oil refinery to fuel the fertilizer dryer. Importantly, the site is approximately three times larger than what is required for a 500,000tpa Granulation Plant (<30% of the total property area), allowing space for the future construction of an NPK blending plant and container storage area.

Construction Activities

FEECO continues fabrication of the major equipment for the granulation plant in Wisconsin USA. FEECO is re-estimating its delivery schedule to account for supply chain disruptions and omicron impacts at its own facilities. Preliminary estimates indicate a 3-month delay on shipping for some items.

Granulation Plant Purchases

During the period, the Company placed an order for the design, manufacture and supply of the Truck Feeder Package for the Cabinda Phosphate Project from Aumund Asia (H.K) Limited costing EUR 304,370. As at 31 December 2021, the Company has paid a deposit of EUR 106,529 for the Truck Feeder Package, leaving a balance of EUR 197,841 yet to be invoiced.

The Company has made deposits of US\$3.28 million towards the purchase of the US\$6.56 million granulation plant from North American-based FEECO International, a fertilizer industry leader in plant engineering and manufacturing.

Capanda Green Ammonia Project

The Company is currently engaged with Angola's Ministry of Energy and Water to secure up to 200MW of hydropower from the Capanda Hydroelectric Dam. Globally, there is pressure to decarbonize the ammonia sector using water electrolysis by sustainable electricity to create the Hydrogen. Minbos believes securing sustainable

Directors' Report

electricity at equivalent or less than gas feedstock would represent the best green ammonia opportunity anywhere globally.

Soil Organic Carbon potential in Angola

The Company is engaging with relevant stakeholders and advisors to investigate the soil organic carbon opportunity in the context of the Angolan Food and Fertilizer Productivity Program (AFFPP).

3 million Angolan smallholder farmers have depleted 5 million hectares of cropland of carbon and other nutrients by constant tillage, burning residues, and not using adequate fertilizers. The 5 million hectares have soils with good clay content (15-20%), low carbon content (~8g/kg) and are located in high rainfall areas >1000mm.

Improving soil health for smallholder farmers, improves productivity, food security, and nutrition outcomes for Angola and as a result is likely to increase soil organic carbon content.

The Company has received a proposal for a base line soil fertility survey covering approximately 5 million hectares. The survey will primarily inform the AFFPP program but will also investigate soil organic carbon content.

Ambato rare earths project (Madagascar)

The Ambato Rare Earth Project is located approximately 200km to the southwest of Antananarivo, in the Ambatofinandrahana Municipal area of the South-Central Highlands of Madagascar. The Project comprises two permits covering 440km² and consists of seven (7) prospects; Marovoalavo, Ankazohambo, Andoharano, Sahafa, Lesada, Vohiniariana, and Sambalahy. No significant work was undertaken on the project during the reporting period.

On 8 March 2022, the Company announced it had entered into a binding Agreement with ALS (Hong Kong) Limited ('ALS') to divest its interest in the Ambato Rare Earths Project, which the Company holds in the form of an Option Agreement with Tana Minerals Pty Ltd ('Tana') for 90% of the shares in Tana's subsidiary MRE Mining (Mauritius) Limited.

The agreement with ALS consists of an Exclusivity Option for a period of 9 months ('Option Period') from the Commencement Date (being 7 March 2022) during which time ALS will complete its due diligence. For the Exclusivity Option, ALS will pay Minbos \$10,000 per month (from 7 April 2022). At any stage in the Option Period, ALS can exercise its option to acquire all the issued share capital of Tana, which will trigger a payment to Minbos for A\$2,480,000 minus any payments already made for the Exclusivity Option, in exchange for a waiver of its Option Agreement with Tana.

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.

Competent Person Statement

The Competent Person with responsibility for the total Mineral Resources, as originally reported in the 23 November 2021 ASX Announcement 'Resource Update for High-Grade Cabinda Phosphate Project', is Mrs Kathleen Body, Pr. Sci. Nat, who is registered as a Professional Natural Scientist with the South African Council for Natural Scientific Professions ("SACNASP"). She is an Associate Resource Geologist with SRK Consulting (UK) Limited and the Director and a Principal Consultant of Red Bush Analytics. Mrs Body was a fulltime employee of Coffey Mining at the time the original Mineral Resource estimation was completed in 2013. Mrs Body has 26 years' experience in the mining industry and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person

Directors' Report

as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves. Kathleen Body consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

FINANCIAL PERFORMANCE & FINANCIAL POSITION

The financial results of the Group for the half-year ended 31 December 2021 are:

	31-Dec-21	30-Jun-21	% Change
Cash and cash equivalents (\$)	6,023,728	6,830,973	(12%)
Net assets (\$)	11,878,049	7,554,403	57%

	31-Dec-21	31-Dec-20	% Change
Revenue (\$)	1,000	642	56%
Net loss after tax (\$)	(1,727,176)	(2,201,971)	22%
Loss per share (\$)	(0.005)	(0.007)	34%

SUBSEQUENT EVENTS

On 17 January 2022, the Company changed its registered office and principal place of business to Unit 5, 254 Rokeby Road, Subiaco WA 6008.

On 31 January 2022, the Company held its Annual General Meeting of Shareholders, and all resolutions were passed on a poll, including Resolution 6 which was passed as a Special Resolution.

On 10 February 2022, the Company issued 5,150,000 fully paid ordinary shares at \$0.10 per share to raise \$550,000, representing the Company Directors participation in the Placement announced on 14 December 2021. These shares were approved for issue by Shareholders at the Company's AGM held on 31 January 2022.

On 15 February 2022, the Company signed an agreement with EPC Engenharia to begin design and scheduling work for the Cabinda Phosphate Fertilizer Project. The Company also announced the appointment of Mr Mauro Lopes (Implementation Manager) and Mr Thomas Brueckner (General Manager Operations Angola).

On 22 February 2022, the Company completed geotechnical drilling across the site of the Cabinda Phosphate Fertilizer Plant. Geotechnical drilling is a critical element for the construction of the Cabinda Plant, forming part of EPCM works assisting to determine the integrity of the site and determining the ground conditions for the design of plant foundation and footings.

On 8 March 2022, the Company announced it had entered into a binding Agreement with ALS (Hong Kong) Limited ('ALS') to divest its interest in the Ambato Rare Earths Project, which the Company holds in the form of an Option Agreement with Tana Minerals Pty Ltd ('Tana') for 90% of the shares in Tana's subsidiary MRE Mining (Mauritius) Limited.

The agreement with ALS consists of an Exclusivity Option for a period of 9 months ('Option Period') from the Commencement Date (being 7 March 2022) during which time ALS will complete its due diligence. For the Exclusivity Option, ALS will pay Minbos \$10,000 per month (from 7 April 2022). At any stage in the Option Period, ALS can exercise its option to acquire all the issued share capital of Tana, which will trigger a payment to Minbos for A\$2,480,000 minus any payments already made for the Exclusivity Option, in exchange for a waiver of its Option Agreement with Tana.

Management have continued to monitor the impact of Government restrictions in response to the COVID-19 pandemic throughout the current half year reporting period and have taken measures to ensure minimal disruption to the Company's operations and employees. The Company has continued to operate largely

Directors' Report

unaffected by boarder closures and other Government measures that were required from time to time throughout the period.

The impact on global commodity prices and supply as a result of the conflict in Ukraine and related sanctions is also being monitored by Management. There are not clear and direct impacts for the Cabinda Phosphate Project that can be identified at this time, only the general inflationary impact of rising fuel costs etc. It is fortunate that the major equipment orders for the project have been placed.

There have not been any other significant events that have arisen since 31 December 2021 and up to the date of this report that have significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Independence Declaration by the lead auditor under Section 307C is included on page 10 to these half-year financial statements.

Signed in accordance with a resolution of the Board of Directors.



Peter Wall
Non-Executive Chairman
Perth, 15 March 2022

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF MINBOS RESOURCES LIMITED

As lead auditor for the review of Minbos Resources Limited for the half-year ended 31 December 2021,

I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Minbos Resources Limited and the entities it controlled during the period.



Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	31-Dec-21 \$	31-Dec-20 \$
Revenue from continuing operations		1,000	642
Administration expenses		(443,636)	(541,753)
Amortisation expense		(10,523)	-
Depreciation expense		(1,509)	(3,286)
Due diligence & exploration expenditure on the Ambato project		(7,663)	(11,893)
Exploration expenditure Cabinda project		-	(591,763)
Foreign exchange gain / (loss)		30,140	(42,249)
Personnel expenses and director fees		(512,792)	(234,361)
Share based payment expense	11	(782,193)	(777,308)
Loss from continuing operations before income tax		(1,727,176)	(2,201,971)
Income tax expense		-	-
Loss from continuing operations after income tax		(1,727,176)	(2,201,971)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		761	2,700
Other comprehensive income for the period, net of tax		761	2,700
Total comprehensive loss for the period		(1,726,415)	(2,199,271)
Loss for the period attributable to the owners of Minbos Resources Limited		(1,727,176)	(2,201,971)
Total comprehensive loss for the period attributable to the owners of Minbos Resources Limited		(1,726,415)	(2,199,271)
Loss per share attributable to ordinary equity holders			
- Basic loss per share	5	(0.004)	(0.007)
- Diluted loss per share	5	(0.004)	(0.007)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Notes	31-Dec-21 \$	30-Jun-21 \$
ASSETS			
Current assets			
Cash and cash equivalents		6,023,728	6,830,973
Trade and other receivables		328,990	64,949
Total current assets		6,352,718	6,895,922
Non-current assets			
Plant and equipment	6	4,683,723	5,638
Exploration and evaluation expenditure	7	2,024,090	965,895
Right-of-use assets		178,888	-
Total non-current assets		6,886,701	971,533
Total assets		13,239,419	7,867,455
LIABILITIES			
Current liabilities			
Trade and other payables		1,099,118	272,994
Provisions		75,650	40,058
Lease liabilities		61,377	-
Total current liabilities		1,236,145	313,052
Non-Current liabilities			
Lease liabilities		125,225	-
Total non-current liabilities		125,225	-
Total liabilities		1,361,370	313,052
Net assets		11,878,049	7,554,403
EQUITY			
Issued capital	8	54,352,801	49,192,196
Reserves	9	8,022,493	7,132,276
Accumulated losses	10	(50,497,245)	(48,770,069)
Total equity		11,878,049	7,554,403

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Issued Capital \$	Option Reserve \$	Employee Share Plan Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2021	49,192,196	866,467	2,113,675	4,152,134	(48,770,069)	7,554,403
Comprehensive income:						
Loss for the period	-	-	-	-	(1,727,176)	(1,727,176)
Exchange differences on translation of foreign operations	-	-	-	761	-	761
Total comprehensive loss for the period	-	-	-	761	(1,727,176)	(1,726,415)
Transactions with owners in their capacity as owners:						
Issue of share capital	5,485,000	-	-	-	-	5,485,000
Options exercised	143,750	-	-	-	-	143,750
Capital raising costs	(468,145)	107,263	-	-	-	(360,882)
Share based payment expense	-	-	782,193	-	-	782,193
At 31 December 2021	54,352,801	973,730	2,895,868	4,152,895	(50,497,245)	11,878,049
	Issued Capital \$	Option Reserve \$	Employee Share Plan Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2020	40,567,812	-	459,184	4,155,326	(44,609,763)	572,559
Comprehensive income:						
Loss for the period	-	-	-	-	(2,201,971)	(2,201,971)
Exchange differences on translation of foreign operations	-	-	-	(2,700)	-	(2,700)
Total comprehensive loss for the period	-	-	-	(2,700)	(2,201,971)	(2,204,671)
Transactions with owners in their capacity as owners:						
Issue of share capital	2,607,890	-	-	-	-	2,607,890
Capital raising costs	(355,489)	-	-	-	-	(355,489)
Share based payment expense	-	186,370	777,308	-	-	963,678
At 31 December 2020	42,820,213	186,370	1,236,492	4,152,626	(46,811,734)	1,583,967

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Notes	31-Dec-21	31-Dec-20
		\$	\$
Cash flows from operating activities			
Payment to suppliers and employees		(1,006,737)	(628,680)
Payment for exploration and evaluation expenditure		(7,074)	(605,889)
Interest received		980	542
Net cash outflow from operating activities		(1,012,831)	(1,234,027)
Cash flows from investing activities			
Payment for plant and equipment		(4,018,736)	-
Payments for exploration and evaluation assets		(1,168,236)	-
Proceeds from the sale of fixed assets		-	2,363
Net cash (outflow) / inflow from investing activities		(5,186,972)	2,363
Cash flows from financing activities			
Proceeds from the issue of shares, net of costs		5,286,869	2,235,021
Proceeds from unissued shares		50,000	-
Payment for lease liability		(3,884)	-
Net cash outflow from financing activities		5,332,985	2,235,021
Net (decrease) / increase in cash and cash equivalents		(866,818)	1,003,357
Cash and cash equivalents at the beginning of the period		6,830,973	748,455
Effect of exchange rate fluctuations on cash held		59,573	(48,290)
Cash and cash equivalents at the end of the period		6,023,728	1,703,522

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

Minbos Resources Limited (referred to as '**Minbos**' or the '**Company**' or '**Parent Entity**') is a Company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of this report. The consolidated financial statements of the Company as at and for the half-year ended 31 December 2021 (the '**Period**') comprise the Company and its subsidiaries (together referred to as the '**Consolidated Entity**' or the '**Group**'). The Group is primarily a phosphate fertilizer and nutrient company. The Company's focus during the period continued to be developing a nutrient supply and distribution business that stimulates agricultural production and promotes food security in Angola and the broader Congo Basin.

2. BASIS OF PREPARATION

This interim general-purpose financial report for the half-year reporting Period ended 31 December 2021 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, financing and investing activities of the Company as the full financial report. Accordingly, this half-year financial report is to be read in conjunction with the annual financial statements for the year ended 30 June 2021 and considered together with any public announcements made by the Company during the Period and up to the date of this report in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half-year interim financial report of Minbos Resources Limited was authorised for issue in accordance with a resolution of the directors on 15 March 2022.

(a) Compliance with IFRS

The consolidated financial statements of the Consolidated Entity also comply with International Financial Reporting Standards ('**IFRS**') as issued by the International Accounting Standards Board ('**IASB**').

(b) Basis of measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

(c) Going Concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the half year ended 31 December 2021 the Group recorded a loss of \$1,727,176, net cash outflows from operating activities of \$1,012,831 and had net working capital of \$5,116,573. Furthermore, the Consolidated Entity has not generated revenues from operations during the period. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the entity to continue as a going concern is dependent on securing additional funding through capital raising or other fund-raising activities to continue its operational activities in the next 12 months. The Directors consider that additional working capital will be able to be raised as required and that the Group will continue as a going concern and as such the financial report has been prepared on 'a going concern' basis. In arriving at this position, the Directors have considered the following matters:

Notes to the Consolidated Financial Statements

- At 30 June 2021, the Company had formally approved the purchase of two long lead items for the construction of the Phosphate Granulation Plant for the Cabinda Phosphate Project. The decision to order the major components of the Granulation Plant before completion of the DFS is based on the Board's confidence that the DFS will confirm the Project's viability.
 - Granulation Plant: Minbos has a contractual commitment with FEECO International for the Granulation Plant totalling USD\$6,556,459. As at 31 December 2021 the Company has been invoiced USD\$3,280,355 (and paid USD\$2,822,036) for deposits in relation to the Granulation Plant, leaving an outstanding balance of USD\$3,276,104.
 - Truck Feeder: Minbos has a contractual commitment with Aumund Asia (H.K) Limited to the design, manufacture and supply of the Truck Feeder Package totalling EUR 304,370. As at 31 December 2021 the Company has paid a deposit of EUR 106,529 for the Truck Feeder Package, leaving a balance of EUR 197,841 yet to be invoiced.
- The Directors are satisfied that the Company could raise additional funds via a capital raising to meet existing Granulation Plant commitments and the Company's working capital commitments over the next 12 months.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

3. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors, the Chief Executive Officer and the Chief Financial Officer.

The Company currently has two reportable segments, being phosphate in Angola and rare earth minerals in Madagascar. The Board considers its business operations in phosphate to be its primary reporting function and deems the rare earth minerals in Madagascar as not material to the Company. Results are analysed as a whole by the chief operating decision maker, this being the Chief Executive Officer, the Chief Financial Officer and the Board of Directors. Consequently revenue, profit, net assets and total assets for the operating segment are reflected in this financial report.

Notes to the Consolidated Financial Statements

4. NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australia Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

5. EARNINGS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share at 31 December 2021 was based on the loss attributable to ordinary shareholders of \$1,727,176 (2020: \$2,201,971) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2021 of 467,272,679 (2020: 317,387,316) calculated as follows:

	31-Dec-21	31-Dec-20
Net loss attributable to the ordinary equity holders of the Group (\$)	(1,727,176)	(2,201,971)
Weighted average number of ordinary shares for basis per share (No)	467,272,679	317,387,316
Continuing operations		
- Basic and diluted loss per share (\$)	(0.004)	(0.007)

(b) Diluted loss per share

Potential ordinary shares are not considered dilutive, thus diluted loss per share is the same as basic loss per share.

6. PLANT AND EQUIPMENT

	31-Dec-21	30-Jun-21
	\$	\$
Deposit for Phosphate Granulation Plant & Truck Unloading Feeder (i)	4,631,483	-
Office equipment	18,902	-
Computer equipment	33,338	5,638
Balance at the end of the period	4,683,723	5,638

(i) Phosphate Granulation Plant & Truck Unloading Feeder at the Cabinda Phosphate Project

At 30 June 2021, the Company had formally approved the purchase of two long lead items for the construction of the Phosphate Granulation Plant. The decision to order the major components of the Granulation Plant before completion of the DFS is based on Board's confidence that the DFS will confirm the Project's viability.

The Company has committed to a Phosphate Granulation Plant from FEEDCO International costing USD\$6,556,459. As at 31 December 2021, the Company has been invoiced USD\$3,280,355 (and paid USD\$2,822,036) for deposits in relation to the Granulation Plant, leaving an outstanding balance of USD\$3,276,104.

The Company has committed to the design, manufacture and supply of the Truck Feeder Package for the Cabinda Phosphate Project from Aumund Asia (H.K) Limited costing EUR 304,370. As at 31 December 2021, the Company has paid a deposit of EUR 106,529 for the Truck Feeder Package, leaving a balance of EUR 197,841 yet to be invoiced.

RECOGNITION AND MEASUREMENT

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Notes to the Consolidated Financial Statements

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The Company will commence depreciating the Phosphate Granulation Plant & Truck Unloading Feeder when the items have been delivered on site and are ready for use.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Notes to the Consolidated Financial Statements

7. EXPLORATION & EVALUATION EXPENDITURE

	31-Dec-21	30-Jun-21
	\$	\$
Carrying amount of exploration and evaluation expenditure	2,024,090	965,895
Movement reconciliation		
Balance at the beginning of the period	965,895	-
Exploration expenditure during the period	1,058,195	965,895
Balance at the end of the period	2,024,090	965,895

8. CONTRIBUTED EQUITY

	31-Dec-21		30-Jun-21	
	\$	No.	\$	No.
Ordinary shares	54,352,801	520,507,897	49,192,196	464,032,897
	54,352,801	520,507,897	49,192,196	464,032,897

ORDINARY SHARES

	Date	Quantity	Issue price	\$
Balance 30 June 2021		464,032,897		49,192,196
Options converted (i)	07/10/2021	1,000,000	\$0.05	50,000
Options converted (ii)	03/12/2021	625,000	\$0.15	93,750
Shares issued (iii)	22/12/2021	54,850,000	\$0.10	5,485,000
Cost of placements		-	-	(468,145)
Balance 31 December 2021		520,507,897		54,352,801

- (i) On 7 October 2021, the Company issued 1,000,000 fully paid ordinary shares upon conversion of unlisted options expiring 26 November 2022 by shareholders at an exercise price of \$0.05 per option.
- (ii) On 3 December 2021, the Company issued 625,000 fully paid ordinary shares upon conversion of listed options expiring 30 April 2023 by shareholders at an exercise price of \$0.15 per option.
- (iii) On 22 December 2021, the Company completed an equity to sophisticated and professional investors and issued 54,840,000 fully paid ordinary shares at \$0.10 per share to raise \$5,485,000.

Notes to the Consolidated Financial Statements

9. RESERVES

	31-Dec-21		30-Jun-21	
	\$	No.	\$	No.
Option reserve	973,730	31,000,000	866,467	30,000,000
Employee share plan reserve	2,895,868	64,000,000	2,113,675	55,500,000
Foreign currency translation reserve	4,152,895	-	4,152,134	-
	8,022,493	95,000,000	7,132,276	85,500,000

	31-Dec-21	30-Jun-21
	\$	\$
Movement reconciliation		
Option reserve		
Balance at the beginning of the period	866,467	-
Equity settled share-based payment transactions (i)	107,263	866,467
Balance at the end of the period	973,730	866,467
Employee share plan reserve		
Balance at the beginning of the period	2,113,675	459,184
Equity settled share-based payment transactions (Note 11: Share-Based Payments)	782,193	1,654,491
Balance at the end of the period	2,895,868	2,113,675
Foreign currency translation reserve		
Balance at the beginning of the period	4,152,134	4,155,326
Effect of translation of foreign currency operations to Group presentation currency	761	(3,192)
Balance at the end of the period	4,152,895	4,152,134

- (i) On 21 December 2021, the Company issued 1,000,000 unlisted options at an issue price of \$0.00001 (exercise price of \$0.15 and expiry date on 21 December 2024) to each of Argonaut Securities and CPS Capital as Joint Lead Managers to the Placement, being 2,000,000 Options in total. These options have been recognised as Capital raising costs in Note 8, Contributed Equity.

10. ACCUMULATED LOSSES

	31-Dec-21	30-Jun-21
	\$	\$
Balance at the beginning of the period	(48,770,069)	(44,609,763)
Net loss in current period	(1,727,176)	(4,160,306)
Balance at the end of the period	(50,497,245)	(48,770,069)

Notes to the Consolidated Financial Statements

11. SHARE BASED PAYMENTS

	Number of Options & Rights	Share-based payments expense	Remaining Share-based payments expense
Employee / Director, Lead Manager & Placement Options (a)	141,562,500	\$359,616	\$720,526
Performance Rights	13,500,000	\$422,577	\$545,507
	155,062,500	\$782,193	\$1,266,033

(a) Employee / Director, Lead Manager & Placement Options

Details of options issued during the period are set out below:

	Grant Date	Expiry Date	Exercise Price	Balance at 1-Jul-21	Granted during the period	Exercised during the period	Balance at 31-Dec-21
Lead Manager Options	3/11/20	3/11/22	\$0.05	10,000,000	-	(1,000,000)	9,000,000
CEO / Director Options	3/11/20	3/11/22	\$0.05	30,000,000	-	-	30,000,000
Director Options	7/04/21	30/04/25	\$0.10	12,000,000	-	-	12,000,000
Lead Manager Options	7/04/21	30/04/23	\$0.15	20,000,000	-	-	20,000,000
Placement Options	7/04/21	30/04/25	\$0.15	47,187,500	-	(625,000)	46,562,500
Employee & Consultant Options (i)	1/07/21	1/07/25	\$0.10	-	20,000,000	-	20,000,000
Employee & Consultant Options (ii)	15/12/21	15/12/24	\$0.19	-	2,000,000	-	2,000,000
Lead Manager Options (iii)	21/12/21	21/12/24	\$0.15	-	2,000,000	-	2,000,000
Total Options				119,187,500	24,000,000	(1,625,000)	141,562,500

The unlisted options were valued using Black Scholes with the following assumptions:

	(i)	(ii)	(iii)
Number of options	20,000,000	2,000,000	2,000,000
Grant date	1-Jul-21	15-Dec-21	21-Dec-21
Grant date share price	\$0.075	\$0.12	\$0.10
Exercise price	\$0.10	\$0.19	\$0.15
Expected volatility	100%	100%	100%
Option life	4 years	3 years	3 years
Dividend yield	0.00%	0.00%	0.00%
Interest rate	0.04%	0.53%	0.53%
Vesting	10m – 12 Months 10m – 24 Months	Non-Market Conditions*	Immediately
Total fair Value	\$954,066	\$126,075	\$107,263

* The Vesting conditions of the 2,000,000 Options that were issued on 15 December 2021 are summarised below:

Number	Vesting Conditions
600,000	Completion of the Project and where the project had less than two incidences of Long-Term Injuries and less than ten incidences of Medium-Term Injuries.
800,000	Completion of the Project and where the project completed on schedule.
600,000	Completion of the Project and where the project completed on budget.

Notes to the Consolidated Financial Statements

12. RELATED PARTIES

(a) Transactions with other related parties

The following transactions occurred with related parties:

	31-Dec-22	30-Jun-21
	\$	\$
Legal services - Steinepreis Paganin Lawyers & Consultants (a firm in which Peter Wall is a partner)	8,598	51,406
Company Management Services in Mauritius - Intrasia Capital Pte Ltd (a Company in which Graeme Robertson is Chairman and CEO)	18,066	38,182
Corporate services - Aesir Capital Pty Ltd (a Company in which Damian Black, a former Director of Minbos, is a Director and shareholder)	-	38,400

(b) Options issued to related parties

On 1 July 2021, the Company issued Blair Snowball (Chief Financial Officer) 6,000,000 unlisted options with the following vesting conditions:

- 3,000,000 unlisted options exercisable at \$0.10 and expiring 1 July 2025 vesting 12 months from the date of acceptance, being 1 July 2025.
- 3,000,000 unlisted options exercisable at \$0.10 and expiring 1 July 2025 vesting 24 months from the date of acceptance, being 1 July 2025.

There are no other significant changes to the related party arrangements of the Group during the half-year ended 31 December 2021.

13. COMMITMENTS

Definitive feasibility study at its Cabinda Phosphate Project

At 30 June 2021, the Company had entered into contracts for its definitive feasibility study at its Cabinda Phosphate Project, including FEECO, Grupo Simples, HCV Africa and DRA Global. Works undertaken include preparing a basic engineering package for the granulation plant, preparation of the EIS and WMP for the Cácata Mine and Granulation Plant and design of the Granulation Plant and associated infrastructure. Minbos has contractual commitments at 31 December 2021 totalling USD\$139,334 and AUD\$3,125.

Phosphate Granulation Plant & Truck Unloading Feeder at the Cabinda Phosphate Project

At 30 June 2021, the Company had formally approved the purchase of two long lead items for the construction of the Phosphate Granulation Plant. The decision to order the major components of the Granulation Plant before completion of the DFS is based on Board's confidence that the DFS will confirm the Project's viability.

The Company has committed to a Phosphate Granulation Plant from FEECO International costing USD\$6,556,459. As at 31 December 2021, the Company has been invoiced USD\$3,280,355 (and paid USD\$2,822,036) for deposits in relation to the Granulation Plant, leaving an outstanding balance of USD\$3,276,104.

The Company has committed to the design, manufacture and supply of the Truck Feeder Package for the Cabinda Phosphate Project from Aumund Asia (H.K) Limited costing EUR 304,370. As at 31 December 2021 the Company has paid a deposit of EUR 106,529 for the Truck Feeder Package, leaving a balance of EUR 197,841 yet to be invoiced.

Notes to the Consolidated Financial Statements

Mining Investment Contract

In January 2021, the Company executed the Mining Investment Contract (MIC) for the exploration, feasibility studies and exploitation of phosphate rock at the Cácata deposit in Cabinda. In the MIC, the Company has made a commitment to the Angolan Ministry of Mineral Resources, Petroleum and Gas (MIREMPET) to spend approximately USD3,953,000 over the term of the contract. The duration of the contract is established under the Mining Code as being 35 years.

There are no other material commitments as at 31 December 2021.

14. DIVIDENDS

No dividends have been paid or declared since the start of the Period, and none are recommended.

15. CONTINGENCIES

There have been no material changes in contingent liabilities or contingent assets since the last annual reporting date.

16. SUBSEQUENT EVENTS

On 17 January 2022, the Company changed its registered office and principal place of business to Unit 5, 254 Rokeby Road, Subiaco WA 6008.

On 31 January 2022, the Company held its Annual General Meeting of Shareholders, and all resolutions were passed on a poll, including Resolution 6 which was passed as a Special Resolution.

On 10 February 2022, the Company issued 5,150,000 fully paid ordinary shares at \$0.10 per share to raise \$550,000, representing the Company Directors participation in the Placement announced on 14 December 2021. These shares were approved for issue by Shareholders at the Company's AGM held on 31 January 2022.

On 15 February 2022, the Company signed an agreement with EPC Engenharia to begin design and scheduling work for the Cabinda Phosphate Fertilizer Project. The Company also announced the appointment of Mr Mauro Lopes (Implementation Manager) and Mr Thomas Brueckner (General Manager Operations Angola).

On 22 February 2022, the Company completed geotechnical drilling across the site of the Cabinda Phosphate Fertilizer Plant. Geotechnical drilling is a critical element for the construction of the Cabinda Plant, forming part of EPCM works assisting to determine the integrity of the site and determining the ground conditions for the design of plant foundation and footings.

On 8 March 2022, the Company announced it had entered into a binding Agreement with ALS (Hong Kong) Limited ('ALS') to divest its interest in the Ambato Rare Earths Project, which the Company holds in the form of an Option Agreement with Tana Minerals Pty Ltd ('Tana') for 90% of the shares in Tana's subsidiary MRE Mining (Mauritius) Limited.

The agreement with ALS consists of an Exclusivity Option for a period of 9 months ('Option Period') from the Commencement Date (being 7th March 2022) during which time ALS will complete its due diligence. For the Exclusivity Option, ALS will pay Minbos \$10,000 per month (from 7th April 2022). At any stage in the Option Period, ALS can exercise its option to acquire all the issued share capital of Tana, which will trigger a payment to Minbos

Notes to the Consolidated Financial Statements

for A\$2,480,000 minus any payments already made for the Exclusivity Option, in exchange for a waiver of its Option Agreement with Tana.

Management have continued to monitor the impact of Government restrictions in response to the COVID-19 pandemic throughout the current half year reporting period and have taken measures to ensure minimal disruption to the Company's operations and employees. The Company has continued to operate largely unaffected by boarder closures and other Government measures that were required from time to time throughout the period.

The impact on global commodity prices and supply as a result of the conflict in Ukraine and related sanctions is also being monitored by Management. There are not clear and direct impacts for the Cabinda Phosphate Project that can be identified at this time, only the general inflationary impact of rising fuel costs etc. It is fortunate that the major equipment orders for the project have been placed.

There have not been any other significant events that have arisen since 31 December 2021 and up to the date of this report that have significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Directors' Declaration

The Directors of the Company declare that:

- (a) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, and:
 - (i) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date.
 - (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.
- (b) In the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:



Peter Wall
Non-Executive Chairman
Perth, 15 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Minbos Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Minbos Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, 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 half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to be 'Neil Smith', with a small 'BDO' stamp above it.

Neil Smith

Director

Perth, 15 March 2022