

Interim Financial Report

For the half-year ended 30 June 2023



ABN 93 141 175 493

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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 Steve Abbott - Chief Operating Officer
Mr Rob Newbold - Chief Strategy & Marketing Officer
Ms Asareh Mansoori - General Manager Operations
Mr Harry Miller - Company Secretary

Registered Office

Suite 5, 254 Rokeby Road
Subiaco WA 6008

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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 Limited
Perth West Business Banking Centre
Level 14, 100 St Georges Terrace
Perth WA 6000
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 Miligan street
Perth WA 6000
Website: www.steinpag.com.au

Securities Exchange

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

Director's 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 30 June 2023 ('**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 (ASX: MNB) is an ASX-listed exploration and development company with a vision to build a nutrient supply and distribution business that stimulates agricultural production and promotes food security in Angola and the broader Middle Africa region, through development of its world-class Cabinda Phosphate Project, and its Capanda Green Ammonia Project.

The primary focus in the financial period has been on the development of the Capanda Green Ammonia Project and the Cabinda Phosphate Project.

(b) HIGHLIGHTS & SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Key Appointments

During the period, the Company announced three key appointments to its executive team:

- **Steve Abbott:** Chief Operating Officer – Mr Abbott has joined full time and is a highly regarded mining executive with more than 30 years' experience in senior international and resource sector roles. He has proven technical and management experience at senior levels across exploration, mining, processing, metallurgy, maintenance, smelting, refining, infrastructure, approvals and stakeholder engagement.
- **Rob Newbold:** Chief Strategy & Marketing Officer – Mr Newbold has 20+ years' experience across the industrial, chemical and agribusiness sectors operating throughout Australia, Asia, NZ, and Europe. He was General Manager for Wengfu Australia Ltd, one of the leading suppliers of bulk fertilizer to Australia. Prior to that he held senior positions with Nufarm and Incitec Pivot. Rob will head up the Company's sales and marketing strategy in Angola.
- **Asareh Mansoori:** General Manager Operations – Ms Mansoori is a mining engineer with 15 years' experience within the Australian and International resource sector. She is the Company's senior in-country manager (Angola), responsible for the development and operation of the Cabinda Phosphate mine and processing plant. Asareh has specific experience in startup operations and Middle Africa.

Director's Report

Capital Structure

- On 7 April 2023, 4,500,000 performance rights (Tranche 3) lapsed unexercised, as the Company did not secure project finance in relation to the Cabinda Project in Angola within 24 months from the issue date.
- On 17 April 2023, the Company issued 8,164,583 fully paid ordinary shares upon conversion of listed options at an exercise price of \$0.15 per option.
- On 1 May 2023, the Company issued 12,891,546 fully paid ordinary shares upon conversion of listed options at an exercise price of \$0.15 per option.
- 45,506,371 listed options, with an exercise price of \$0.15 per option, that were not exercised by 30 April 2023 expired unexercised during the period.

At the date of this report, the Company had 791,236,754 fully paid ordinary shares on issue and 70,250,000 unlisted options on issue at various exercise prices and expiry dates.

Soul Rock Lda

On 23 February 2023, the Minbos wholly-owned subsidiary, Phobos Ltd, acquired 85% of the shares of the Angolan entity, Soul Rock-Prospecção, Exploração De Fosfato, Produção e Comercialização de Fertilizantes, Lda (Soul Rock Lda), which followed the signing of its Private Investment Contract with Angola's Agency for Private Investment and Promotion of Angolan Exports (Agencia de Investimento Privado e Promoção das Exportações de Angola or AIPEX) with respect to the investment in Soul Rock Lda on 22 December 2022.

Material Reduction in the Forecast Capital Expenditure

On 23 February 2023, the Company announced a material reduction in the forecast Capital Expenditure (CAPEX) on its Phosphate Fertilizer Plant. As announced in late December 2022, field trial results confirmed that the Company's phosphate rock is suitable as a direct application fertilizer product in most of Angola's major growing region. The Company responded with a review of its production profile which has resulted in a simplified flowsheet to produce Beneficiated Phosphate Rock (BPR) with the core plant equipment consisting of the crusher, dryer and bagging plant and identified capital cost savings of approximately \$US10 million.

(c) PROJECTS

Cabinda Phosphate Project

In mid-June, the Company signed an Engineering, Procurement and Construction Management (EPCM) contract with EPC Engenharia (Engenharia e Projetos de Infraestrutura Ltda) and its Angolan subsidiary, EPX Angola (Engenharia e Gerenciamento Lda)¹ The US\$4.18 million EPCM contract is for the construction of the Cabinda Phosphate Fertilizer Plant. The Subantando Project site and perimeter has been cleared with earthworks and civils to follow (Fig 1.).



Figure 1 – Earthworks underway at Subantando, site of the Cabinda Phosphate Fertilizer Factory.

¹MNB ASX Announcement: Minbos signs EPCM contract for Cabinda Phosphate Project (16 June 2023)

Director's Report

Also in June, key environmental approval licences were received for construction activities at the Project². The approvals confirmed that the Project has met all environmental formalities and processes related to the installation and construction of mining and processing facilities.

In early January, the Company announced that it had executed its Private Investment Contract with Angola's Agency for Private Investment and Promotion of Angolan Exports (Agencia de Investimento Privado e Promoção das Exportações de Angola or AIPEX), which confirmed the Company's level of investment commitment, tax incentives and local employment for the Cabinda Phosphate Project³.

Securing an AIPEX Private Investment Contract is the final step for foreign entities intending to invest in Angola and is a significant achievement for the Company, formalising months of negotiations on the level of financial and non-financial investment commitment and benefits and incentives for the Cabinda Phosphate Project.

The key points of the contract are as follows:

The Company has committed to a minimum investment, in the form of loans and capital, that total US\$21.36 million.

- Part of the investment commitment is fulfilled by the importation of at least US\$7 million of equipment for construction of the phosphate fertilizer plant which will be exempt from all importation taxes and customs duties. This equipment was delivered to Angola in the quarter.
- The Project will receive a 90% reduction in Corporation Tax for the first 12 years of operations and, for the same period, have a 90% reduction in withholding tax on disbursement of dividends abroad.
- Other tax incentives include a Tax Credit for six years, equivalent to 30% of the investment, and a deferral period on the payment of taxes.

In mid-January, the Company announced that its Fertilizer plant and equipment were enroute to Angola. Coincidentally, the first plant shipments had landed in Angola, with 7 x 40-foot containers already arrived in the Port of Cabinda, containing conveyer belts, twin screens and vehicles⁴.

Equipment departing the Port of Houston included 21 x 40-foot and 2 x 20-foot containers, with the crusher, dust collectors, bin activators, crossbelt magnets, polishing screens, dust collectors, screw conveyors and conveyor belts and 9 x breakbulk pieces all enroute to Angola. Also 5 x 40-foot and 1 x 20-foot containers had left from the Port of Hong Kong and include a truck unloader.

By mid-March, most of the key plant and equipment had touched down in Angola and was subsequently moved into a secure storage and staging area (Fig. 2).

² MNB ASX Announcement - Key construction approvals and appointments (2nd June 2023)

³ MNB ASX Announcement: Signing of AIPEX contract paves way for Cabinda development (9th January 2023)

⁴ MNB ASX Announcement: Cabinda Phosphate Fertilizer Plant Enroute to Angola (19th January 2023)

Director's Report



Figure 2 – Cabinda Phosphate Plant dryer being unloaded at the Port of Cabinda, Angola.

In mid-January, the Company updated the market on plant optimisation and flowsheet work completed on the Cabinda Phosphate Fertilizer Plant, which resulted in a material reduction in the forecast Capital Expenditure (CAPEX)⁵.

As announced in late December 2022, field trial results confirmed that the Company's phosphate rock is suitable as a direct application fertilizer product in most of Angola's major growing region. The Company responded with a review of its production profile which resulted in a simplified flowsheet to produce Beneficiated Phosphate Rock (BPR) with the core plant equipment consisting of the crusher, dryer and bagging plant and identified capital cost savings of approximately US\$10 million.

Importantly, field trials demonstrated that BPR provided 90% of the yield increase vs. MonoAmmonium Phosphate (MAP) fertilizer with much higher yields delivered by BPR fertilizer vs. control (unfertilized) crops. The BPR fertilizer has been designed not only to maximise agronomic potential, but also to meet the market at an attractive price performance point for commercial and Grow to Eat farmers. The simplified flowsheet is also expected to deliver lower Operating Expenses (OPEX) due to lower energy, maintenance, and fixed cost requirements.

⁵MNB ASX Announcement: Significant CAPEX reduction for Phosphate Fertilizer Plant (23rd February 2023)

Director's Report

Capanda Green Ammonia Project

In early April, the Company announced the results of its much-anticipated Technical Study for the Capanda Green Ammonia Project⁶.

The main purpose of the Study was to determine the technical feasibility of the Capanda Green Ammonia Project, including defining all the required process units, plant configuration based on the available renewable electricity and estimate the CAPEX and OPEX for the Project to a Class 5 AACE R18-97 level.

The basis of the Study was the utilization of 200MW of hydroelectric power available to Minbos under its MOU with the Angolan network operator RNT from the Capanda Hydroelectric Dam to produce Green Ammonia of which 50% would be used to produce Calcium Ammonium Nitrate fertilizer and 50% to produce Ammonium Nitrate for the mining sector.

The Study defined a carbon-free facility, avoiding the use of natural gas or any other carbon-based raw material, through the production of Green Hydrogen obtained through using water electrolysis, and nitrogen obtained from the air using an air separation unit, to produce Green Ammonia, the basis of the final products.

The Study was completed by Minbos' technology partner, Stamicarbon, the innovation and license company of the Maire Tecnimont Group S.p.A. (MT.MI). With more than 75 years' experience, having developed more than 260 urea plants, Stamicarbon is a trailblazing specialist in the Green Ammonia industry.

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.

FINANCIAL PERFORMANCE & FINANCIAL POSITION

The financial results of the Group for the half-year ended 30 June 2023 are:

| | 30-Jun-23 \$ | 31-Dec-22 \$ | Change % |
|---------------------------|-----------------|-----------------|-------------|
| Cash and cash equivalents | 12,139,380 | 17,465,686 | (30%) |
| Net assets | 29,752,733 | 35,628,075 | (16%) |

| | 6 months ended 30-Jun-23 \$ | 6 months ended 31-Dec-22 \$ | Change % |
|---|-----------------------------------|-----------------------------------|-------------|
| Other income from continuing operations | 47,079 | 122,344 | (62%) |
| Net loss after tax | (2,329,413) | (2,296,178) | (1%) |
| Loss per share | (0.003) | (0.004) | 25% |

⁶MNB ASX Announcement: Technical Study Affirms Promising Green Ammonia Project (11th April 2023)

Director's Report

SUBSEQUENT EVENTS

On 19 July 2023, the Company announced that it had signed a binding Memorandum of Understanding ("MOU") with the Grupo Carrinho ("Carrinho"), Angola's largest argo-industrial group, for the supply of Cabinda Phosphate Rock to be used as fertilizer. The fertilizer supply agreement is for up to 869,000 tonnes of Cabinda Phosphate Rock over the first 7 years of production (to 2030), representing 66% of stage-1 production over the corresponding period. The MOU is subject to successful Carrinho-Instituto de Investigacao Agronomica (IIA) Minbos field trials to affirm the suitability of the Cabinda Phosphate Rock as a fertilizer. Minbos does not consider this to be a material risk given that it has already demonstrated the suitability and efficacy of Cabinda Phosphate Rock as a fertilizer in the Minbos-IIA field trials.

On 1 August 2023, the Company signed a 60-year lease for the site of the Zero-Carbon Capanda Green Ammonia Project, within the Capanda Agro-Industrial Hub and within 5km of the Capanda Hydroelectric power station. The 60-year lease was signed at the concessional rate of US\$300 and at the same concessional rate per annum (US\$300).

On 5 September 2023, the Company announced that work has commenced on a concept study to produce P4, also known as Yellow Phosphorous, as part of its emerging new energy materials business. The Company has engaged a Tier 1 global engineering, construction and project management company, to complete the study.

There have not been any other significant events that have arisen since 30 June 2023 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, 13 September 2023

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 30 June 2023,

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

13 September 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Notes | 6 months ended 30-Jun-23 \$ | 6 months ended 31-Dec-22 \$ |
|---|-------|--------------------------------------|--------------------------------------|
| Other income | | 47,079 | 122,344 |
| Administration expenses | | (1,645,302) | (1,054,572) |
| Amortisation expense | | (31,566) | (31,571) |
| Business development | | - | (106,680) |
| Depreciation expense | | (51,121) | (10,038) |
| Exploration expenditure | | (4,125) | - |
| Foreign exchange gain / (loss) | | 301,651 | (226,177) |
| Research and feasibility study costs | | (54,526) | - |
| Personnel expenses and director fees | | (1,107,823) | (725,426) |
| Share based payment reversal / (expense) | 12 | 216,320 | (264,058) |
| Loss from continuing operations before income tax | | (2,329,413) | (2,296,178) |
| Income tax expense | | - | - |
| Loss from continuing operations after income tax | | (2,329,413) | (2,296,178) |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | | (6,486,342) | (232,143) |
| Other comprehensive income for the period, net of tax | | (8,815,755) | (2,528,321) |
| Loss for the period attributable to: | | | |
| Minbos Resources Limited | | (2,180,643) | (2,292,275) |
| Non-controlling interest | | (148,770) | (3,903) |
| | | (2,329,413) | (2,296,178) |
| Total comprehensive loss for the period attributable to: | | | |
| Minbos Resources Limited | | (7,634,466) | (2,524,418) |
| Non-controlling interest | | (1,181,289) | (3,903) |
| | | (8,815,755) | (2,528,321) |
| Loss per share attributable to ordinary equity holders | | | |
| - Basic loss per share | 5 | (0.003) | (0.004) |
| - Diluted loss per share | 5 | (0.003) | (0.004) |

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 | 30-Jun-23 \$ | 31-Dec-22 \$ |
|---|-------|-------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 12,139,380 | 17,465,686 |
| Trade and other receivables | | 1,176,252 | 752,055 |
| Financial assets | | - | 946,902 |
| Total current assets | | 13,315,632 | 19,164,643 |
| Non-current assets | | | |
| Plant and equipment | 6 | 9,443,474 | 10,181,827 |
| Exploration and evaluation expenditure | 7 | 8,028,467 | 7,322,490 |
| Right-of-use assets | | 84,185 | 115,751 |
| Total non-current assets | | 17,556,126 | 17,620,068 |
| Total assets | | 30,871,758 | 36,784,711 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 865,547 | 910,323 |
| Provisions | | 161,625 | 121,087 |
| Lease liabilities | | 68,492 | 67,324 |
| Total current liabilities | | 1,095,664 | 1,098,734 |
| Non-Current liabilities | | | |
| Lease liabilities | | 23,361 | 57,902 |
| Total non-current liabilities | | 23,361 | 57,902 |
| Total liabilities | | 1,119,025 | 1,156,636 |
| Net assets | | 29,752,733 | 35,628,075 |
| EQUITY | | | |
| Issued capital | 8 | 82,260,551 | 79,103,818 |
| Reserves | 9 | 1,858,511 | 8,395,121 |
| Accumulated losses | 10 | (53,181,137) | (51,866,961) |
| Equity attributable to the owners of Minbos Resources Ltd | | 30,937,925 | 35,631,978 |
| Non-Controlling interest | 11 | (1,185,192) | (3,903) |
| Total equity | | 29,752,733 | 35,628,075 |

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 \$ | Non- Controlling Interest \$ | Total Equity \$ |
|--|-------------------------|-------------------------|---|---|-----------------------------|---------------------------------------|-----------------------|
| At 1 January 2023 | 79,103,818 | 1,373,387 | 3,091,146 | 3,930,588 | (51,866,961) | (3,903) | 35,628,075 |
| Comprehensive income: | | | | | | | |
| Loss for the period | - | - | - | - | (2,180,643) | (148,770) | (2,329,413) |
| Exchange differences on translation of foreign operations | - | - | - | (5,453,823) | - | (1,032,519) | (6,486,342) |
| Total comprehensive loss for the period | - | - | - | (5,453,823) | (2,180,643) | (1,181,289) | (8,815,755) |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Issue of share capital | 3,158,420 | - | - | - | - | - | 3,158,420 |
| Capital raising costs | (1,687) | - | - | - | - | - | (1,687) |
| Share based payment reversal | - | - | (216,320) | - | - | - | (216,320) |
| Options expired / (reversal) | - | (866,467) | - | - | 866,467 | - | - |
| At 30 June 2023 | 82,260,551 | 506,920 | 2,874,826 | (1,523,235) | (53,181,137) | (1,185,192) | 29,752,733 |
| | Issued Capital \$ | Option Reserve \$ | Employee Share Plan Reserve \$ | Foreign Currency Translation Reserve \$ | Accumulated Losses \$ | Non- Controlling Interest \$ | Total Equity \$ |
| At 1 July 2022 | 54,862,697 | 973,730 | 3,214,088 | 4,162,731 | (49,574,686) | - | 13,638,560 |
| Comprehensive income: | | | | | | | |
| Loss for the period | - | - | - | - | (2,292,275) | (3,903) | (2,296,178) |
| Exchange differences on translation of foreign operations | - | - | - | (232,143) | - | - | (232,143) |
| Total comprehensive loss for the period | - | - | - | (232,143) | (2,292,275) | (3,903) | (2,528,321) |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Issue of share capital | 25,799,500 | - | (387,000) | - | - | - | 25,412,500 |
| Options exercised | 450,000 | - | - | - | - | - | 450,000 |
| Capital raising costs | (2,008,379) | 399,657 | - | - | - | - | (1,608,722) |
| Share based payment expense | - | - | 264,058 | - | - | - | 264,058 |
| At 31 December 2022 | 79,103,818 | 1,373,387 | 3,091,146 | 3,930,588 | (51,866,961) | (3,903) | 35,628,075 |

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

Consolidated Statement of Cash Flows

| | Notes | 6 months ended 30-Jun-23 \$ | 6 months ended 31-Dec-22 \$ |
|---|-------|--------------------------------------|--------------------------------------|
| Cash flows from operating activities | | | |
| Payment to suppliers and employees | | (2,813,608) | (1,589,495) |
| Payment for business development | | - | (91,680) |
| Payment for exploration and evaluation expenditure | | (4,125) | - |
| Payment for research and feasibility study costs | | (69,526) | - |
| Interest received | | 47,079 | 74,504 |
| Net cash outflow from operating activities | | (2,840,180) | (1,606,671) |
| Cash flows from investing activities | | | |
| Payment for plant and equipment | | (4,409,190) | (3,353,862) |
| Payments for exploration and evaluation assets | | (1,465,274) | (3,525,699) |
| Proceeds from the sale of fixed assets | | - | (946,902) |
| Net cash outflow from investing activities | | (5,874,464) | (7,826,463) |
| Cash flows from financing activities | | | |
| Proceeds from the issue of shares, net of costs | | 3,156,733 | 23,772,653 |
| Payment for lease liability | | (35,192) | (35,191) |
| Net cash inflow from financing activities | | 3,121,541 | 23,737,462 |
| Net (decrease) / increase in cash and cash equivalents | | (5,593,103) | 14,304,328 |
| Cash and cash equivalents at the beginning of the period | | 17,465,686 | 3,642,299 |
| Effect of exchange rate fluctuations on cash held | | 266,797 | (480,941) |
| Cash and cash equivalents at the end of the period | | 12,139,380 | 17,465,686 |

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 30 June 2023 (the '**Period**') comprise the Company and its subsidiaries (together referred to as the '**Consolidated Entity**' or the '**Group**'). The Group is an ASX-listed exploration and development company with a vision to build a nutrient supply and distribution business that stimulates agricultural production and promotes food security in Angola and the broader Middle Africa region, through development of its world-class phosphate ore project within the Cabinda Province, Angola and its Capanda Green Ammonia Project.

2. BASIS OF PREPARATION

This interim general-purpose financial report for the half-year reporting Period ended 30 June 2023 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The current period figures relate to the six months from 1 Jan 2023 to 30 June 2023. The comparative period figures relate to the six months from 1 July 2022 to 31 December 2022. 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 31 December 2022 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 13 September 2023.

(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 a 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.

The Group is not currently generating revenues and will not do so until after construction of its phosphate fertilizer plant has completed. As at 30 June 2023, the Group has cash and cash equivalents of \$12,139,380, however, this sum is anticipated to be materially less than the estimated capital expenditure required for completion of construction at the Group's phosphate project in Angola and the Group's working capital commitments over the next 12 months.

Notes to the Consolidated Financial Statements

The Directors believe that there are sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report. However, the ability of the Group to continue as a going concern is dependent on securing additional funding through a capital raising or other fund-raising activities. The Directors consider it is reasonable to assume that additional funds will be able to be raised as required and that the Group will continue as a going concern. 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:

- The Company is advanced in a process for debt financing with an African development finance institution.
- The Directors are satisfied that the Company could raise additional funds via a capital raising to fund the capital expenditure for the Group's phosphate project in Angola and meet the Group's working capital commitments over the next 12 months.

Notwithstanding the above, in the absence of binding commitments for a fundraising by the Company, there remains a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern.

Should the Group 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 Board considers its business operations in phosphate to be its primary reporting function. 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.

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.

Notes to the Consolidated Financial Statements

5. EARNINGS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share at 30 June 2023 was based on the loss attributable to ordinary shareholders of \$2,180,643 (31 December 2022: \$2,292,275) and a weighted average number of ordinary shares outstanding during the period ended 30 June 2023 of 777,792,072 (31 December 2022: 535,945,631) calculated as follows:

| | 6 months ended 30-Jun-23 | 6 months ended 31-Dec-22 |
|--|--------------------------------|--------------------------------|
| Net loss attributable to the ordinary equity holders of the Group (\$) | (2,180,643) | (2,292,275) |
| Weighted average number of ordinary shares for basis per share (No) | 777,792,072 | 535,945,631 |
| Continuing operations | | |
| - Basic and diluted loss per share (\$) | (0.003) | (0.004) |

(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

| | 30-Jun-23 \$ | 31-Dec-22 \$ |
|---|------------------|-----------------|
| Capital works in progress | 8,838,469 | 10,076,795 |
| Office equipment | 99,772 | 64,502 |
| Office refurbishment | 115,625 | - |
| Computer equipment | 84,841 | 40,530 |
| Motor vehicles | 304,767 | - |
| Balance at the end of the period | 9,443,474 | 10,181,827 |

7. EXPLORATION & EVALUATION EXPENDITURE

| | 30-Jun-23 \$ | 31-Dec-22 \$ |
|---|------------------|-----------------|
| Carrying amount of exploration and evaluation expenditure | 8,028,467 | 7,322,490 |
| Movement reconciliation | | |
| Balance at the beginning of the period | 7,322,490 | 3,981,230 |
| Exploration expenditure during the period | 705,977 | 3,341,260 |
| Balance at the end of the period | 8,028,467 | 7,322,490 |

Notes to the Consolidated Financial Statements

8. CONTRIBUTED EQUITY

| | 30-Jun-23 | | 31-Dec-22 | |
|-----------------|-------------------|--------------------|------------|-------------|
| | \$ | No. | \$ | No. |
| Ordinary shares | 82,260,551 | 791,236,754 | 79,103,818 | 770,180,625 |
| | 82,260,551 | 791,236,754 | 79,103,818 | 770,180,625 |

ORDINARY SHARES

| | Date | Quantity | Issue price | \$ |
|---------------------------------|------------|--------------------|-------------|-------------------|
| Balance 31 December 2022 | | 770,180,625 | | 79,103,818 |
| Options converted (i) | 17/04/2023 | 8,164,583 | \$0.15 | 1,224,688 |
| Options converted (ii) | 1/05/2023 | 12,891,546 | \$0.15 | 1,933,732 |
| Cost of placements | | - | - | (1,687) |
| Balance 30 June 2023 | | 791,236,754 | | 82,260,551 |

- (i) On 17 April 2023, the Company issued 8,164,583 fully paid ordinary shares upon conversion of listed options at an exercise price of \$0.15 per option.
- (ii) On 1 May 2023, the Company issued 12,891,546 fully paid ordinary shares upon conversion of listed options at an exercise price of \$0.15 per option.

9. RESERVES

| | 30-Jun-23 | | 31-Dec-22 | |
|--------------------------------------|--------------------|-------------------|-----------|------------|
| | \$ | No. | \$ | No. |
| Option reserve | 506,920 | 8,250,000 | 1,373,387 | 28,250,000 |
| Employee share plan reserve | 2,874,826 | 62,000,000 | 3,091,146 | 62,000,000 |
| Foreign currency translation reserve | (1,523,235) | - | 3,930,588 | - |
| | 1,858,511 | 70,250,000 | 8,395,121 | 90,250,000 |

| | 30-Jun-23 | 31-Dec-22 |
|---|--------------------|-----------|
| Movement reconciliation | \$ | \$ |
| Option reserve | | |
| Balance at the beginning of the period | 1,373,387 | 973,730 |
| Equity settled share-based payment transactions | - | 399,657 |
| Options expired | (866,467) | - |
| Balance at the end of the period | 506,920 | 1,373,387 |
| Employee share plan reserve | | |
| Balance at the beginning of the period | 3,091,146 | 3,214,088 |
| Equity settled share-based payment transactions (Note 12: Share-Based Payments) | (216,320) | (122,942) |
| Balance at the end of the period | 2,874,826 | 3,091,146 |
| Foreign currency translation reserve | | |
| Balance at the beginning of the period | 3,930,588 | 4,162,731 |
| Effect of translation of foreign currency operations to Group presentation currency | (5,453,823) | (3,192) |
| Balance at the end of the period | (1,523,235) | 3,930,588 |

Notes to the Consolidated Financial Statements

10. ACCUMULATED LOSSES

| | 30-Jun-23 | 31-Dec-22 |
|--|--------------|--------------|
| | \$ | \$ |
| Balance at the beginning of the period | (51,866,961) | (49,574,686) |
| Net loss in current period | (2,180,643) | (2,292,275) |
| Options expired | 866,467 | - |
| Balance at the end of the period | (53,181,137) | (51,866,961) |

11. NON-CONTROLLING INTERESTS

| | 30-Jun-23 | 31-Dec-22 |
|--------------------|-------------|-----------|
| | \$ | \$ |
| Contributed equity | 55 | 44 |
| Reserves | 256,209 | - |
| Accumulated losses | (1,441,456) | (3,947) |
| | (1,185,192) | (3,903) |

The non-controlling interest has a 15% equity holding in Minbos Lda & Sould Rock Lda.

12. SHARE BASED PAYMENTS

| | Number of Options & Rights | Share-based payments expense | Options expired |
|---|----------------------------------|------------------------------------|--------------------|
| Employee / Director, Lead Manager & Placement Options | 70,250,000 | \$119,258 | (\$866,467) |
| Performance Rights | - | (\$335,578) | - |
| | 70,250,000 | (\$216,320) | (\$866,467) |

Performance Rights

4,500,000 performance rights (Tranche 3) lapsed unexercised on 7 April 2023, as the Company did not secure project finance in relation to the Cabinda Project in Angola within 24 months from the issue date.

Notes to the Consolidated Financial Statements

13. RELATED PARTIES

(a) Transactions with other related parties

The following transactions occurred with related parties:

| | 6 months ended 30-Jun-23 | 6 months ended 31-Dec-22 |
|---|--------------------------------|--------------------------------|
| | \$ | \$ |
| Legal Services - Steinepreis Paganin Lawyers & Consultants (A firm in which Peter Wall is a partner) | 14,755 | 39,156 |
| Company Management Services in Mauritius - Intrasia Management (Mauritius) Limited (A Company in which Graeme Robertson is a Director. He is also Chairman and CEO at Intrasia Capital Pte Ltd, which owns 50% of Intrasia Management (Mauritius) Ltd.) | 38,462 | 25,373 |
| Consulting services - OreSAM Pty Ltd (A Company in which Steve Abbott is a Director) | 96,220 | - |

14. COMMITMENTS

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.

Private Investment Contract

On 22 December 2022, the Company's wholly owned subsidiary, Phobos Ltd, executed its Private Investment Contract with Angola's Agency for Private Investment and Promotion of Angolan Exports (Agencia de Investimento Privado e Promoção das Exportações de Angola or AIPEX), for the investment in the Angolan company, Soul Rock-Prospectção, Exploração De Fosfato, Produção e Comercialização de Fertilizantes, Lda (Soul Rock Lda), which is established for the purpose of the manufacture and distribution of phosphate fertilizer in Angola. The investment was formalised with the transfer of shares on 23 February 2023. The Private investment Contract defines the level of minimum investment required and confirms certain tax incentives and local employment requirements. Some key points of the contract as follows:

Phobos Ltd must make a minimum investment, in the form of loans and capital, that total US\$21.36 million.

- Part of the investment commitment is fulfilled by the importation of at least US\$7 million of equipment for construction of the phosphate fertilizer plant which will be exempt from all importation taxes and customs duties.
- The Angolan entity will receive a 90% reduction in Corporation Tax for the first 12 years of operations and, for the same period, have a 90% reduction in withholding tax on disbursement of dividends abroad.
- Other tax incentives include a Tax Credit for six years, equivalent to 30% of the investment, and a deferral period on the payment of taxes.

Notes to the Consolidated Financial Statements

Capanda Green Ammonia Studies

During the previous financial period Minbos entered into a Memorandum of Understanding with Rede Nacional de Transporte de Electricidade EP (RNT-EP), wherein Minbos has commitments to perform various studies for the Capanda Green Ammonia Project. These studies include a technical and financial feasibility, environmental, social and network impact studies.

EPCM Agreement

On 7 June 2023, Minbos, through its subsidiary entities, signed an Engineering, Procurement and Construction Management (EPCM) contract with EPC Engenharia e Projetos de Infraestrutura Ltda and its Angolan subsidiary, EPX Angola Engenharia e Gerenciamento Lda. The contract to provide EPCM for the construction of the Cabinda Phosphate Fertilizer Plant is a commitment for US\$ 4.18 million. Already, US\$ 0.45 million has been paid of this contract.

There are no other material commitments as at 30 June 2023.

15. DIVIDENDS

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

16. CONTINGENCIES

The consolidated entity had no contingent liabilities or contingent assets as at 30 June 2023 and 31 December 2022.

17. SUBSEQUENT EVENTS

On 19 July 2023, the Company announced that it had signed a binding Memorandum of Understanding (“MOU”) with the Grupo Carrinho (“Carrinho”), Angola’s largest argo-industrial group, for the supply of Cabinda Phosphate Rock to be used as fertilizer. The fertilizer supply agreement is for up to 869,000 tonnes of Cabinda Phosphate Rock over the first 7 years of production (to 2030), representing 66% of stage-1 production over the corresponding period. The MOU is subject to successful Carrinho-Instituto de Investigacao Agronomica (IIA) Minbos field trials to affirm the suitability of the Cabinda Phosphate Rock as a fertilizer. Minbos does not consider this to be a material risk given that it has already demonstrated the suitability and efficacy of Cabinda Phosphate Rock as a fertilizer in the Minbos-IIA field trials.

On 1 August 2023, the Company signed a 60-year lease for the site of the Zero-Carbon Capanda Green Ammonia Project, within the Capanda Agro-Industrial Hub and within 5km of the Capanda Hydroelectric power station. The 60-year lease was signed at the concessional rate of US\$300 and at the same concessional rate per annum (US\$300).

On 5 September 2023, the Company announced that work has commenced on a concept study to produce P4, also known as Yellow Phosphorous, as part of its emerging new energy materials business. The Company has engaged a Tier 1 global engineering, construction and project management company, to complete the study.

There have not been any other significant events that have arisen since 30 June 2023 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 30 June 2023 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, 13 September 2023

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 30 June 2023, 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 30 June 2023 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 30 June 2023 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 read 'Neil Smith', with a small 'BDO' stamp above it.

Neil Smith

Director

Perth,

13 September 2023