



# Financial Report

for the period ended  
**December 2022**

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 Harry Miller - Company Secretary

## Registered Office

Suite 5, 254 Rokeby Road  
Subiaco WA 6008  
P: +61 (08) 6219 7171  
E-mail: [info@minbos.com](mailto:info@minbos.com)  
Website: [www.minbos.com](http://www.minbos.com)

## Principal Place of Business

Suite 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](http://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](http://www.bdo.com.au)

## Share Registry

Automic Group  
Level 5, 191 St Georges Terrace  
Perth WA 6000  
Website: [www.automicgroup.com.au](http://www.automicgroup.com.au)

## Solicitors

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000  
Website: [www.steinpag.com.au](http://www.steinpag.com.au)

## Securities Exchange

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

# Chairmans' Letter

**Dear Valued Stakeholders,**

**On behalf of the Board of Directors, I am pleased to introduce the 31 December 2022 Financial Report for Minbos Resources Limited (Minbos or Company).**

You are receiving this financial report as a result of Minbos changing its financial year end to 31 December, in order to align with our subsidiary companies where our phosphate and green ammonia interests are located.

The last six months of 2022 saw Minbos seize a myriad of opportunities that Angola presents. The Company is now firmly ensconced as more than just a phosphate explorer, developer and near-term producer, with development projects that now span agriculture, fertilizers, mining explosives, carbon-abatement and LFP battery-grade phosphate paste.

Some of this growth - green ammonia, explosives and carbon abatement - has come organically, a positive externality from being a good development partner with the Angolan Government. However, opportunities in the battery metals space have come from new relationships born from the use of phosphate in battery metals.

Phosphate paste is a critical material for the production of Lithium-Iron-Phosphate batteries, with our interest in the product driven by our phosphate production profile with assistance from our new partners who invested in Minbos in mid-2022, corner-stoning our \$25 million placement and bringing a wealth of experience in the battery space.

With the Company well-funded, we have begun building our project team. We now have fulltime staff in Angola and Western Australia, focused on developing not only our phosphate fertilizer project, but our Capanda green ammonia project and other related projects.

In mid-October 2022, the new and bolstered team delivered a comprehensive Definitive Feasibility Study for the Cabinda Phosphate Project which highlighted the potential of our phosphate project and the unique characteristics of the phosphate deposit which will allow a high quality beneficiated phosphate fertilizer to be produced for use in local agriculture markets.

Our phosphate project has now entered its most exciting phase, construction and near-term production. Daily we are getting updates that the phosphate plant is arriving in its various parts into Angola, and we look forward to watching the plant turn on later in the year.

With first production a near-term reality, it's my firm belief that now is not the time for the Company to narrow its focus but to widen it. Our work on the opportunity to produce green ammonia has been well supported by the Angolan Government, local industry and has garnered the interest of the global fertilizer and explosives industry.





# Chairmans' Letter

The railway from the Port of Lobito through to the Democratic Republic of Congo and into the explosives-hungry copper belts of Zambia and Democratic Republic of Congo demonstrate the regional opportunities for ammonia nitrate, the building block for nitrogen fertilizers and ammonia nitrate (explosives). The ingenuity of the Company to tap into Angola's abundant hydroelectric power has been matched by the Angolan Government supporting the project with globally leading green pricing. This zero-carbon project is now a global leader and best-in-class example of a Company tapping into an installed green energy source to underpin its project.

These projects highlight the immense potential of Angola. The country has a young and vibrant population with a pro-business government keen to see new opportunities for all Angolans. In this regard, the Company is always ensuring it works collaboratively in the communities in which it operates. Our deposit in Cabinda is set amongst local villages for which the Company has a strong connection. Our Project has been scoped to ensure minimal disturbance with a high degree of integration with the local community.

As we enter a new phase for the Company, we will continue to deliver high-growth, high-opportunity projects that bifurcate and balance shareholder value with our relationship with the Angolan people.

On behalf of the Board, I thank Lindsay and the entire Minbos team for their dedicated and sustained efforts. I would also like to extend my personal thanks to my fellow Non-Executive Board members, Mr. Valentine Chitalu, Mr. Paul McKenzie, Mr. Graeme Robertson and Ms Dganit Baldar, for their support and advice during the period.

Finally, I would like to thank the Government of Angola for their support, consultation and continued engagement with Minbos as we progress our plans for Angola. Without this, our company would not be in the fortunate position we find ourselves in today, with multiple potential company-making opportunities, as outlined above.

**More than mining, Minbos has always been a unique and differentiated story, we look forward to launching new projects and initiatives and as our story enters its next phase, taking our shareholders along for our journey.**

I thank all Minbos shareholders for your continued support and looking forward to the coming year.

Yours Sincerely

Mr Peter Wall  
Non-Executive Chairman

## Directors' Report

The Directors submit their report of the 'Consolidated Entity' or 'Group', being Minbos Resources Limited ('Minbos' or 'Company') and its Controlled entities at the end of, or during, six months ended 31 December 2022.

### 1. CHANGE IN FINANCIAL YEAR END

The Company has changed its financial year end from 30 June to 31 December. The current period figures relate to six months from 1 July 2022 to 31 December 2022. The comparative amounts disclosed in the financial report and related notes are not comparable as the length of the periods differ by six months. The accounting policies have been consistently applied, unless otherwise stated.

### 2. BOARD OF DIRECTORS

The Directors of the Company in office at the date of this report or at any time during the six months from 1 July 2022 to 31 December 2022 are:

| Directors         | Position               | Appointment | Resignation |
|-------------------|------------------------|-------------|-------------|
| Peter Wall        | Non-Executive Chairman | 21/02/2014  | -           |
| Dganit Baldar     | Non-Executive Director | 18/03/2016  | -           |
| Valentine Chitalu | Non-Executive Director | 07/12/2020  | -           |
| Paul McKenzie     | Non-Executive Director | 07/12/2020  | -           |
| Graeme Robertson  | Non-Executive Director | 07/12/2020  | -           |

### 3. INFORMATION ON THE BOARD OF DIRECTORS

The following information is current as at the date of this report.

#### Mr Peter Wall

**Non-Executive Chairman** (appointed 21 February 2014)

Mr Wall is a corporate lawyer and has been a Partner at Steinepreis Paganin (Perth based corporate law firm) since July 2005. Mr Wall graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance). Mr Wall has also completed a Masters of Applied Finance and Investment with FINSIA.

Mr Wall has a wide range of experience in all forms of commercial and corporate law, with a particular focus on resources (hard rock and oil/gas), technology, equity capital markets and mergers and acquisitions. He also has significant experience in dealing in Africa.

During the past three years, Mr Wall held the following directorships in other ASX listed companies:

#### Current:

- Non-Executive Chairman of Hygrovest Limited (formerly MMJ Group Holdings Limited); and
- Non-Executive Chairman of Pursuit Minerals Ltd.

#### Previous:

- Non-Executive Chairman of Red Castle Resources Limited (formerly Transcendence Technologies Limited) (resigned 28 June 2021);
- Non-Executive Chairman of Argent Minerals Ltd (resigned 5 March 2021); and
- Non-Executive Chairman of Advanced Human Imaging Ltd (formerly MyFiziq Limited) (resigned 22 January 2021).

## Directors' Report

### Ms Dganit Baldar

**Non-Executive Director** (appointed 18 March 2016)

Ms Dganit Baldar is a qualified Israeli corporate lawyer with approximately 20 years' experience in the legal profession. Ms Baldar was previously the General Counsel for Mitrelli Group, a multinational organization which initiates, executes and manages large turn-key projects in developing countries.

Ms Baldar graduated from Brunel University in London and also completed an MBA through Tel Aviv University. She has a wide range of experience in all forms of corporate and commercial law with specific expertise in complex joint ventures, mergers and acquisitions. In addition, she has expertise in dealing with Angolan law and companies.

During the past three years, Ms Baldar has not held directorships in any other ASX listed companies.

### Mr Valentine Chitalu

**Non-Executive Director** (appointed 7 December 2020)

Mr Chitalu is the co-founder and Chairman of Phatisa Group, an African-focused private equity fund with ~US\$400 million in funds under management and a well-respected track record of delivering for clients and communities. Phatisa is a proud signatory of the Principles on Responsible Investment which is implemented through a comprehensive ESG framework.

A qualified Accountant with a Masters in Economics from Cambridge University, Valentine has previously served as Chairman of the Zambia Venture Capital Fund, as a board member of Commonwealth Africa Investments, and a Director of the CDC Group Plc, the UK's premier development finance institution. Valentine was also previously Chairman of Zambian Breweries, Stanbic Zambia Ltd, and ASX listed Albidon Ltd.

Mr Chitalu is currently the Chairman of Choppies Supermarkets Ltd, MTN Ltd, Munalie Nickel Mine (Zambia), and Deputy Chairman of AgDevCo (UK) Ltd, an agribusiness focused on African investment.

During the past three years, Mr Chitalu held the following directorships in other ASX listed companies:

**Current:**

- Non-Executive Director of African Energy Resources Ltd.

### Mr Paul McKenzie

**Non-Executive Director** (appointed 7 December 2020)

Mr Paul McKenzie is a professional independent agribusiness consultant in Australia. He is Non-Executive Director and former Chairman of ASX listed Kiland Ltd, Non-Executive Director of ASX listed RFL AgTech Ltd, Chairman of the Cooperative Research Centre for Honey Bee Products Ltd, and Specialist Agri Consultant WA to KPMG. Among other commercial roles, Paul was formerly Chairman of Hay Australia Pty Ltd, and the Australian Director of the SALIC Australia Pty Ltd (Saudi Agricultural and Livestock Investment Co).

Paul is the founder and Managing Partner of Agrarian Management, a leading Western Australian agriculture consultancy with offices in Geraldton, Perth, and Esperance. Paul has more than twenty-five years' experience in agribusiness, management, finance, corporate governance, and primary production, and holds degrees in Science (Agriculture) and Commerce. Paul is a Fellow of the Australian Institute of Company Directors.

Mr McKenzie was the founding Chairman of Gage Roads Brewing Co from concept in 2003 to ASX listing in December 2006 and resigned in May 2008. Paul is a past President of the Australian Association of Agricultural Consultants (WA) Inc, and a Ministerial Appointee to various agribusiness review and advisory panels.

During the past three years, Mr McKenzie held the following directorships in other ASX listed companies:

**Current:**

- Non-Executive Director of Kiland Ltd.
- **Non-Executive Director of RLF AgTech Limited.**

## Directors' Report

### Mr Graeme Robertson

**Non-Executive Director** (appointed 7 December 2020)

Mr Robertson is the Chairman and CEO of the Intrasia Group of companies established from Singapore and operating from Mauritius, focussing on corporate and financial services as well as the development of growth industries on the African continent. Mr Robertson is a substantial shareholder and former Director of AfrAsia Bank Ltd, a private commercial Bank based in Mauritius which capitalises on financing and trade between Africa and Asia with more than US\$3.5 Billion of assets under management.

Graeme has significant interests in humanitarian activities, as well as his commercial interests, flowing from his degree in Sociology. He is the Chairman of the AfrAsia Foundation, providing education to the underprivileged, and is active in health improvement, poverty alleviation, and sustainability in female equality projects.

Mr Robertson has over 40 years' experience in the resource, energy, and infrastructure sectors as former Managing Director of New Hope Corporation Ltd (ASX: NHC), a director of W H Soul Pattinson & Co Pty Ltd (ASX: SOL) and the Port of Brisbane Authority. Much of his life has been spent in Indonesia where he pioneered the development of major international companies as the President Director of Adaro Indonesia, now one of the largest coal mining companies in the world, and Indonesia Bulk Terminal, a 12 Mtpa bulk port as well as advising on the development of the 1,230MW Payton Power Station, the first IPP in Indonesia.

During the past three years, Mr Robertson held the following directorships in other ASX listed companies:

**Current:**

- Non-Executive Chairman of Intra Energy Corporation Ltd (ASX: IEC).

## 4. INFORMATION ON OFFICERS OF THE COMPANY

### Mr Lindsay Reed

**Chief Executive Officer** (appointed 1 September 2014)

Mr Reed is an accomplished mining executive with over 30 years of experience in senior management roles in Australia and overseas.

Mr Reed has extensive experience in managing mining projects in a wide range of commodities and countries. He was previously Director and Chief Executive Officer of resource development company Aviva Corporation Limited ('Aviva') which divested its West Kenyan gold and base metals assets in late 2012 to Acacia Mining Plc (previously African Barrick Plc) for \$20m cash and a further resource milestone payment of \$10m. Mr Reed was responsible for joint venturing into the asset with Lonmin Plc and overseeing funding and exploration activities until the divestment of the asset. Mr Reed also oversaw the environmental approval of two power station projects in Australia and Botswana and attracted International heavyweights GDF Suez and AES Corporation as Joint Development Partners.

Prior to joining Aviva, Mr Reed was Corporate Development Manager at Murchison United Limited which acquired the Renison Bell Tin mine from RGC Limited. During his involvement, Murchison grew from a market capitalisation of \$5m to over \$100m.

Mr Reed is a Mining Engineer and has extensive experience in international mine development, minerals marketing and project funding.



## Directors' Report

### Mr Blair Snowball

**Chief Financial Officer** (appointed 15 June 2021)

Mr Snowball is a member of the Institute of Chartered Accountants and has over 25 years' experience in senior roles across sectors including resources, technology and audit, whilst working in Europe, Latin America and Australia. He holds a Bachelor of Commerce from the University of Western Australia and a Graduate Diploma of Applied Finance from Kaplan Professional.

Mr Snowball spent seven years in Portuguese speaking Brazil as Finance Director of the operating gold mine of former ASX-listed Beadell Resources. During his tenure, the company completed a DFS, obtained project finance for and completed the construction of a US\$110M CIL plant, before the company successfully merged with Canadian miner Great Panther Mining.

### Mr Harry Miller

**Contract Company Secretary** (appointed 15 June 2021)

Mr Miller has qualifications in Economics, Finance and Accounting and currently acts as Company Secretary for several ASX-listed Companies.

## 5. PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN THE NATURE OF EVENTS

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.

### Board & Management Changes

There were no Board and Management changes during the six months from 1 July 2022 to 31 December 2022.

### Capital Structure

During the period, the Company completed a \$25 million placement, cornerstoned to \$15 million by a syndicate of investors, including an entity controlled by the Chairman of the world's largest Battery Anode Producer. Minbos directors and management participated in the Placement for approximately \$845,000.

The Placement comprised the issue of 227,272,728 New Shares issued in two tranches at \$0.11 per share:

- 131,414,473 New Shares issued under the Company's placement capacity (ASX Listing Rule 7.1 and 7.1A); &
- 95,858,255 New Shares subject to shareholder approval at a General Meeting of Shareholders which was held on 23<sup>rd</sup> August 2022, with all resolutions approved by shareholders.

On 1 September 2022, the Company issued 3,750,000 fully paid ordinary shares to S3 Consortium Pty Ltd (Adviser Shares) as consideration for \$412,500 worth of marketing services.

On 20 October 2022, the Company issued 4,500,000 fully paid ordinary shares (3,000,000 to Mr Lindsay Reed & 1,500,000 to Mr Peter Wall) on the conversion of convertible performance rights.

On 25 November 2022, the Company issued 9,000,000 fully paid ordinary shares upon conversion of unlisted options expiring 26 November 2022 by shareholders at an exercise price of \$0.05 per option.

As of 31 December 2022, the Company had 770,180,625 ordinary shares, 70,250,000 unlisted options, 66,562,500 listed options and 4,500,000 performance rights.

## Directors' Report

### 6. DIVIDENDS

No dividend has been paid during the six months from 1 July 2022 to 31 December 2022, and no dividend is recommended for the six months from 1 July 2022 to 31 December 2022.

### 7. OPERATING AND FINANCIAL REVIEW

#### Review of Financial Results & Financial Position








| Financial Performance / Position        | 6 months ended | 12 months ended | Change |
|---|----------------|-----------------|--------|
|   | 31-Dec-22      | 30-Jun-22       |        |
|   | \$             | \$              | %      |
| Cash and cash equivalents               | 17,465,686     | 3,642,299       | 380%   |
| Net assets                              | 35,628,075     | 13,638,560      | 161%   |
| Other income from continuing operations | 122,344        | 2,481,964       | (95%)  |
| Net loss after tax                      | (2,296,178)    | (804,617)       | (185%) |
| Loss per share                          | (0.004)        | (0.002)         | (100%) |

□

#### REVIEW OF OPERATIONS

##### Cabinda Phosphate Project

*Definitive Feasibility Study – Key Study Outcomes (as per its publication on 17 October 2022)*

| Scenario<br>Discount Rate   | Spot Price Case (85%)   |   |  | Base-Price Case (85%)  |   |  |
|---|---|---|--|--|---|--|
|   | NPV \$USM   | IRR   | PAYBACK  | NPV \$USM  | IRR   | PAYBACK  |
| <br>(REAL)<br><b>10%</b>   | <br>(POST TAX)<br><b>399.4</b> | <br>(POST TAX)<br><b>61%</b> | <br><b>3.6yrs</b> | <br>(POST TAX)<br><b>203.2</b> | <br>(POST TAX)<br><b>39%</b> | <br><b>4.8yrs</b> |
| Notes: The BPR product price is derived from the price of Triple Superphosphate (origin Tunisia, FOB) of which the current price quoted by the World Bank is the August 2022 price of USD703.75/t. This derives a BPR spot price of USD 495.84/t. |   |   |  |  |   |  |

- 85%-ownership: Spot-Price Case Post-Tax NPV10 of US\$399 million and 61% IRR, underpinned by Base Case assumptions.
- The current market for fertilizers has potentially been altered fundamentally by the decarbonisation of global energy markets – a trend that appeared in both energy and fertilizer markets well before the Ukraine invasion.
- 85%-ownership: Base-Case Post-Tax NPV10 of US\$203 million and 39% IRR, underpinned by the 15-year average price for bulk Triple Super Phosphate (TSP).
- Compelling low-CAPEX/high-NPV delivers a clear pathway to project financing with CAPEX of US\$48.5 million remaining and the Project only requiring further funding of US\$40.0 million, after allocation of existing cash and including working capital requirements. These CAPEX numbers do not take into account the likely significant savings from simplifying the flow sheet for the plant.
- Plant capacity up to 187,500tpa in a one plant scenario, expanding to two plants in supporting a 20-year project life, which will deliver project gross revenues over US\$1.4B.
- Maiden Ore Reserve (JORC 2012) for the Cácata Phosphate Mine, totalling 4.72 Mt at 30.1% P2O5 of Proven and Probable Ore Reserves.

## Directors' Report

- High phosphate grade, favourable local soil conditions and no local competition should enable Minbos to produce a high-quality/low-cost beneficiated phosphate fertilizer using simple drum processing.
- The Angolan Government, Development Finance Institutions, and major food processors have committed more than US\$1 billion to programs and initiatives to address a 2Mtpa shortfall in grain and oil seed production via the 3 million smallholder farmers that comprise our initial target market.
- First production expected Q4 2023, with fabrication of key major equipment from FEECO now completed.
- Key consultants to the DFS include DRA Global, Orelogy, SRK Consulting, FEECO Inc, EPC Engenharia, HCV Africa, Grupo Simples and the International Fertilizer Development Center (IFDC).

### *Cost savings to the CAPEX driven by Field Trial Results*

Post reporting period, the Company released a number of important Announcements regarding field trial results and its flow through to the CAPEX required for the Phosphate Plant.

In late December 2022, the Company released field trial results which confirmed that the Company's phosphate rock is suitable as a direct application fertilizer product in most of Angola's major growing region<sup>1</sup>. These new results were reported from three years of field trials in Angola and five seasons of greenhouse trials at the International Fertilizer Development Center (IFDC). The trial results affirm the flowsheet flexibility incorporated in the recently released DFS<sup>2</sup>. The equipment being delivered can be configured to produce beneficiated, granulated, or acidulated phosphate rock.

As a result, a review was commissioned to simplify the flowsheet to deliver beneficiated phosphate rock and was expected to deliver significant CAPEX savings and deliver a product that meets the market with strong relative performance at an attractive price point for compelling economics.

Cabinda Phosphate Rock contains ~31% total P<sub>2</sub>O<sub>5</sub> and 8.7-9.5% P<sub>2</sub>O<sub>5</sub> soluble in 2% citric acid. The field trials in Angola trialling maize, beans and potatoes have shown a strong agronomic effect with large yield increases. Yields in Minbos field trials are consistently much higher than the average yields in Angola, with Cabinda Phosphate Fertilizer performing strongly vs. other products (up to 90% of the yield increase provided by Monoammonium Phosphate (MAP) and equal to the MAP-Phosphate Rock blends).

Results in IFDC greenhouse trials demonstrated that a single application of Cabinda Phosphate Fertilizer before the first crop can improve yields in two successive crops without further application. Wheat, maize, soybean, and sorghum were trialled successfully. Importantly, trials confirmed Minbos' phosphate rock is suitable as a direct application fertilizer product in a soil acidity profile of <pH5.5 (H2O). This includes much of the area of interest for the Angola Fertilizer and Farm Productivity Program (AFFPP) which is targeting 120,000tpa of Cabinda Phosphate Fertilizer<sup>3</sup>.

The review of the production profile for the Cabinda Phosphate Plant 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<sup>4</sup>.

<sup>1</sup>MNB ASX Announcement – Field and greenhouse trials deliver strong relative performance for Cabinda Phosphate Fertilizer (1<sup>st</sup> December 2022)

<sup>2</sup>MNB ASX Announcement – DFS delivers compelling economics for Cabinda Phosphate Project (17<sup>th</sup> October 2022)

<sup>3</sup>MNB ASX Announcement - MOU lodged for the Angolan Fertilizer and Farm Productivity Program (24<sup>th</sup> August 2022)

<sup>4</sup>MNB ASX Announcement – Simplified flowsheet delivers significant CAPEX reduction for phosphate fertilizer plant (23<sup>rd</sup> February 2023)

## Directors' Report

### SUMMARY OF COST SAVINGS BY MAJOR ITEMS

|                                      |                    |
|--------------------------------------|--------------------|
| Civil & Earthworks                   | \$US 1.2 M         |
| Steel, Pipe & Platework              | \$US 4.5 M         |
| Electrical & Instrumentation Control | \$US 0.6 M         |
| Supply Package                       | \$US 2.4 M         |
| Other & Contingency                  | \$US 1.3 M         |
| <b>Total</b>                         | <b>\$US 10.0 M</b> |

Importantly, field trials demonstrated that BPR provided 90% of the yield increase vs. Mono-Ammonium 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. The Process Flow Diagram for the simplified plant is shown below in Figure 1.

Under the revised plant optimisation and flowsheet, phosphate rock from the Cácata mine will be unloaded onto the phosphate stockpile where it is transferred to the crusher via a front-end loader. The phosphate rock crusher will be an open circuit cage mill, which will reduce the crush the phosphate rock to <1.4 mm. The material is conveyed from the crusher to a surge bin before entering the dryer where the moisture content is reduced to ~3%.

The dryer will be operated with a co-current airflow heated by a butane gas or diesel fired combustion chamber and burner. The dried phosphate rock will then be conveyed to the bagging plant where it is weighed and packaged in either 1 tonne bulk bags or 50kg bags depending on market requirements. The plant will be equipped with a fugitive dust collection system.

This system will consist of a network of pickup ducts connected to a baghouse type dust collector known as the fugitive dust baghouse. Dust from the fugitive dust baghouse will be discharged into a recycle screw conveyor where will be recycled into the system.

## Directors' Report

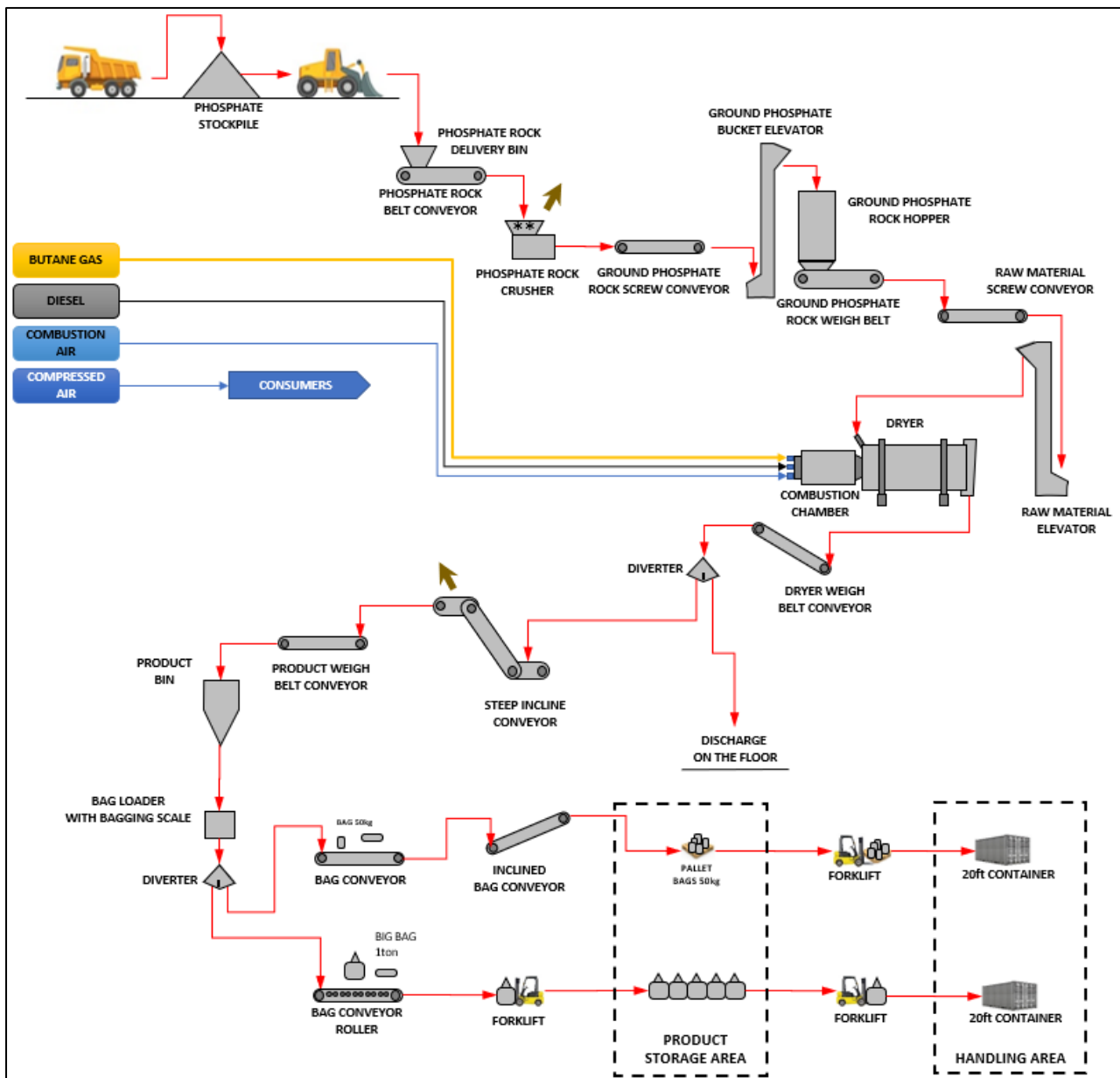


Figure 1: Cabinda Phosphate Fertilizer Plant, simplified process flow diagram.

### Site secured for Cabinda Phosphate Plant

During the period, a site for the Cabinda Phosphate Fertilizer Plant was secured, located within the Subantando commercial precinct (Figure 2)<sup>5</sup>. For the 15.68 ha site, the contract provides a term of 60 years, that is renewable for a further 60 years, at a cost of approximately USD 230,000, paid in two instalments. The site was secured through an Angolan entity that subsequent to the reporting period became a Group entity on 23 February 2023.

The Subantando site is located near the main highway (EN201) between Cacata and Cabinda City, ~36km from Cacata, and 16km from Cabinda Port. The Plant has significant OPEX and production advantages to Futila, the previous site under consideration (and upon which the DFS was based), including reduced distance for ore haulage from Cacata to the plant; reduced distance for product delivery from the plant to the Port of Cabinda; reduced truck traffic through the city of Cabinda; and reduced costs to hold and maintain site.

<sup>5</sup> MNB ASX Announcement - Minbos Secures Site for Cabinda Phosphate Plant (10 November 2022)

## Directors' Report

The Subantando site has been zoned as an industrial area with the intent to move a number of industrial business's out of the town of Cabinda itself. Power and water currently run along the main road, less than a kilometre to the site, which will be investigated as a supply for the processing plant as part of the final design.

The studies required to obtain the environmental and construction licence are currently being expedited.



Figure 2 Location of the Subantando Phosphate Fertilizer Plant site

### **MOU lodged for the Angolan Fertilizer and Farm Productivity Program (AFFPP)**

During the period, the Company advised that it had lodged a Memorandum of Understanding (MOU) for the Angolan Fertilizer and Farm Productivity Program (AFFPP) on behalf of the International Fertilizer Development Centre (IFDC) with Angola's Ministry of Agriculture and Rural Development<sup>6</sup>.

The AFFPP is a partnership between the Government of Angola, IFDC and Minbos, designed to double the yields of the 'Grow to Eat' market in Angola through the use of fertilizer and education.

The 'Grow to Eat' market comprises 3 million smallholders on 5 million hectares concentrated in Angola's Huambo – Huila growing area.

Through the AFFPP, the IFDC is initially targeting the supply of 30,000 -120,000tpa of Minbos' Beneficiated Phosphate Rock Fertilizer to farmers who sign up for the AFFPP. This represents 300 - 400kg/ha per farmer in the

<sup>6</sup> MNB ASX Announcement – MOU lodged for the Angolan Fertilizer and Farm Productivity Program (24 August 2022)

## Directors' Report

initial year, which then requires between 25-50kg/ha per annum thereafter for most crops under the program (currently, Angolan farmers use ~7kg/ha per annum).

Minbos, in collaboration with the IFDC, has developed suitable phosphate products and nutrient strategies suited to the Angolan market. The strategies are supported by seven greenhouse trials over four seasons and more than 20 field trials in Angola over three seasons.

The key results of the trials show:

- The co-application of Water-Soluble Phosphate (WSP) with Cabinda Phosphate Rock provides an enhancement effect to the Phosphate Rock (PR) but the effect is muted in granulated form.
- Cabinda Phosphate Rock has potential as a direct application fertilizer in acid soils with a pH<5.5.
- Ground Cabinda Phosphate rock outperformed run of mine Cabinda Phosphate rock of a higher grade in greenhouse trials in suitable soil particularly at higher application rates.
- Unground Cabinda Phosphate Rock applied by banding to beans and maize showed a 83% and a 54% yield improvement compared to the control.
- Overall, the Cabinda Phosphate Rock showed Relative Agronomic Effectiveness of 90% compared to Mono-Ammonia Phosphate (MAP) across all field trials experiments from 2020-2022.
- A single application of phosphate rock provided increasing performance across a sequence of three crops.

### Capanda Green Ammonia Project

During the period, a Historic Memorandum of Understanding ("MOU") was agreed between Minbos and Angola's National Electricity Transmission Network ("RNT-EP").

The Agreement represents a global green energy first, outlining the framework and conditions for the supply of 100%-renewable and installed hydroelectric power from the Capanda Dam and Electric Substation to the proposed site of the Capanda Green Ammonia Plant.

The MOU confirms a formal resolution received in late May 2022 outlining the key commercial parameters of the power supply as the basis for a Market Assessment Study, which includes an Initial 100MW at \$US0.004 (0.4c) kilowatt hour for 5 years then \$US0.008c (0.8c) kilowatt hour for 20 years and an additional 100MW at \$US0.015 (1.5c) kilowatt hour for 25 years.

The MOU binds the parties to complete various studies and commit to enter contract negotiations for an Electrical Supply Contract, within the commercial parameter proposed by Minbos, upon demonstration of the project's feasibility.

The parties commit to completing a Market Assessment Study and technical and financial feasibility studies. Upon their confirmation, studies will be carried out on environmental impact, social impact and electrical network impact, as well as Green Ammonia plant basic design engineering, automation and telecommunications architectures.

## Directors' Report

### Green Ammonia Technical Study

In mid-September, the Company kicked off its Technical Study for the Capanda Green Ammonia Project. The Technical Study is being undertaken by Stamicarbon B.V. a global leader in Green Ammonia Technology<sup>7</sup>.

The Technical Study was expected to take 6 months and will include plant design, CAPEX and OPEX evaluation and OPEX inputs, including hydroelectric consumption. The Technical Study results will form the basis for a Scoping Study to be undertaken immediately post completion of the Technical Study.

Initial desktop work undertaken by the Company highlights the potential for the Capanda Green Ammonia Project to produce Ammonia Nitrate at a cost competitive unit price vs. traditional grey (fossil fuel), blue (fossil fuel plus carbon capture) and turquoise (methane) Hydrogen-Ammonia.

Importantly, proximity to markets is now recognised as the gold standard for viable Green Hydrogen-Ammonia projects. Recently, Rio Tinto Chief Scientist Nigel Steward was quoted as saying “shipping Hydrogen long distances is potentially worse for the climate than burning natural gas”, highlighting the environmental and cost benefits of hydrogen-ammonia projects located close to their market.

The Capanda Green Ammonia Project plant site is proposed to be located within 5 km of the Capanda hydroelectric dam and within trucking distance to the Malanje growing corridor and major regional mining projects, potentially reducing transport costs, and ensuring the Project’s cost advantages are maintained. Product pricing is expected to attract an inland Africa premium of up to \$US200/t over free on board (FOB) prices by eliminating marine freight and insurance, clearing and forwarding costs, bagging costs and significant inland transport costs.

Angola’s installed hydroelectric power is largely located in the country’s regional/agricultural areas, with the Capanda hydroelectric dam and station located within the Malanje Agriculture Corridor.

The Malanje Corridor is analogous to Brazil’s Cerrado Region, with similar annual rainfall, and available land approximately 1,000km closer to port facilities, and with a surplus of cheap hydropower (Figure 3).

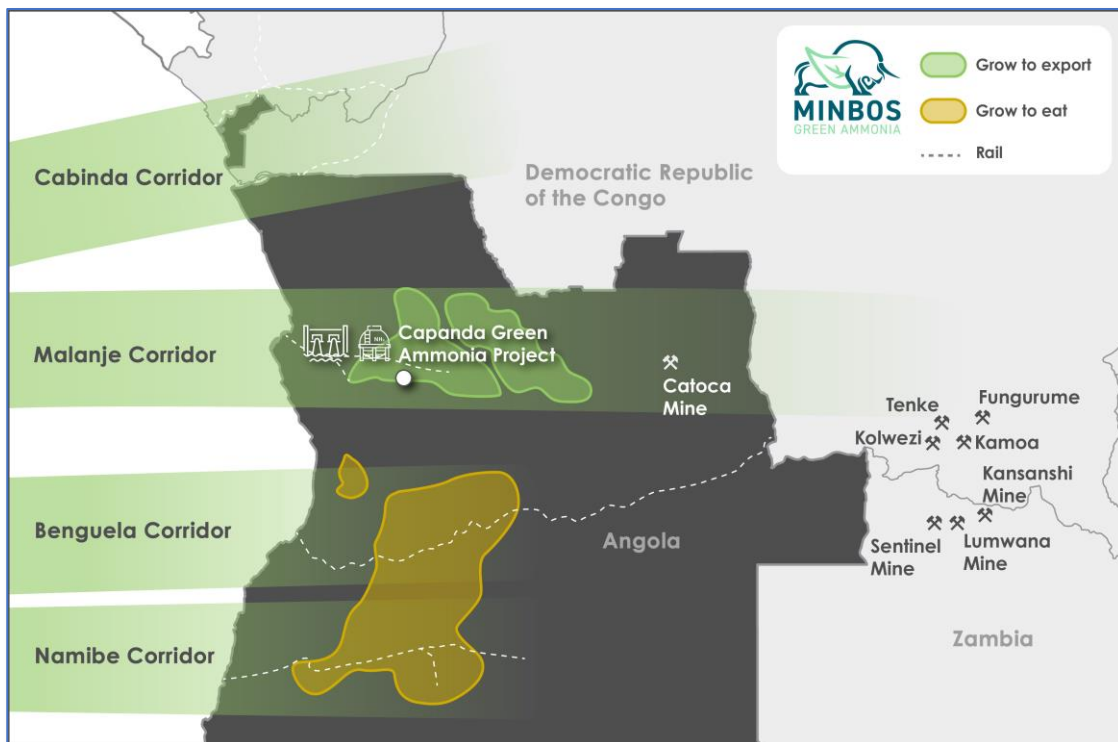


Figure 3 – Capanda Green Ammonia Project, located within the Malanje Corridor, close to existing rail infrastructure and close to ports and major regional mines.

<sup>7</sup> MNB ASX Announcement – Green Ammonia Technical Study Underway (20 September 2022)



## Directors' Report

### CORPORATE

#### **Minbos completes US\$25 million Placement**

In mid-July, the Company announced it had received firm commitments to raise A\$25 million (before costs) through the placement of 227,272,728 fully paid ordinary shares at A\$0.11 per New Share from institutional, sophisticated and professional investors, including participation by the Minbos directors and management team. The placement was completed in early September with the settlement of the second tranche of shares.

The Placement was well supported by new domestic and international institutional investors, including a syndicate of investors led by Mr. Liang Feng, the Chairman of US \$18 Billion Shanghai Putailai New Energy, seeking exposure to Ferro Phosphate, Lithium Ferro Phosphate and largescale Green Ammonia Projects, driven by Angola's green energy infrastructure and Minbos' plans for developing one of the most prospective agriculture regions globally.

#### **Placement Details**

The Placement issue price of A\$0.11 represented an 18.5% discount to the last traded share price and a 22.1% discount to the 5-day VWAP prior to the Placement.

The Placement comprised the issue of 227,272,728 New Shares via two Tranches as set out below:

- 131,414,473 New Shares pursuant to the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A ("Tranche 1"); and
- 95,858,255 New Shares that were subject to Shareholder approval, and which was given at a General Meeting of Shareholders held in August 2022 ("Tranche 2").
- Minbos directors and management participated in the Placement for approximately \$845,000.

The placement was also supported by a Strategic Cooperation Agreement ("SCA") signed with the syndicate of cornerstone investors (being Longmarch Principal Holding Limited, HongKong Jayson Holding Co., Ltd and Hoston Investments (Australia) Pty Ltd) to develop Ferro Phosphate, Lithium Ferro Phosphate and Large-Scale Green Ammonia Projects.

Key points of the SCA are:

#### **Ferro Phosphate and Lithium Ferro Phosphate (LFP Projects)**

- Identify, approach and secure appropriate partners, technology and service providers;
- Identify, approach and secure appropriate customer investment and offtake partners;
- Contribute to project feasibility;
- Minbos commits to long term off-take of 100,000 tonnes per annum of high-grade phosphate rock at agreed market rates. Large-Scale Green Ammonia Project (LSGA Projects).

#### **Large-Scale Green Ammonia Project (LSGA Projects)**

- Investigate the availability of up to 500MW hydropower for new large-scale Green Ammonia Projects;
- Evaluation and development of potential downstream Ammonia products;
- Complete feasibility studies on a large-scale Ammonia Project;
- Identify, approach and secure appropriate investment partners, including debt financing sufficient to fund the capital expenditure requirements to construct the production facilities;
- Assist with identifying and securing suitable land and location for the LSGA Project;
- Secure customers and offtake arrangements for the Ammonia products;
- Government relations including introductions, referrals and meetings as required for approvals, permits and licenses for the LSGA Project;
- Provide phosphate feedstock on competitive market terms under a long-term offtake agreement.

## Directors' Report

The Company believes the SCA, in conjunction with Placement funds, the US\$25 million Non-Binding Debt Term Sheet with Longmarch Capital and the financial and technical expertise of SCA and syndicate partners will materially advance the Company's plans for its Angolan Projects.

### 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 Resources 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 of this report 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 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.

The scientific and technical information in this announcement that relates to Ore Reserves estimates for the Project is based on information compiled by Mr Ross Cheyne, a Principal Consultant of Orelogy Consulting Pty Ltd. Mr Cheyne is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Cheyne has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cheyne consents to the inclusion in the announcement of the matters related to the Ore Reserve estimate in the form and context in which it appears.

## Directors' Report

### Review of Business Risks

There are specific risks associated with the activities of the Group and general risks which are largely beyond the control of the Group and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Group and the market price of the Company's shares.

The Board reviews the risks of the Group and the action plans to address these risks on a regular basis.

#### a) Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining. In addition, difficulties in commissioning and operating plant and equipment include mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, health incidents including pandemic diseases like COVID-19 (coronavirus), industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

#### b) Market demand risk

On 24 August 2022, the Company advised that the Memorandum of Understanding (MOU) for the Angolan Fertilizer and Farm Productivity Program (AFFPP) has been lodged on behalf of the International Fertilizer Development Centre (IFDC) with Angola's Ministry of Agriculture and Rural Development. Through the AFFPP, the IFDC is initially targeting the supply of 30,000-120,000tpa of Minbos Beneficiated Phosphate Rock Fertilizer to farmers who sign up the AFFPP. This represents 300 – 400kg/ha per farmer in the initial year, which then requires between 25-50kg/ha per annum thereafter for most crops under the program (currently, Angolan farmers use ~ 7kg/ha per annum<sup>8</sup>).

If this program fails to eventuate into a binding offtake agreement for the Company, there is a risk of slower penetration into the market and a longer time to generate returns for debt and equity holders.

#### c) Environmental Risks

The operations and proposed activities of the Company are subject to the environmental laws and regulations of Angola. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

#### d) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

#### e) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- i. general economic outlook;
- ii. introduction of tax reform or other new legislation;
- iii. interest rates and inflation rates;
- iv. changes in investor sentiment toward particular market sectors;
- v. the demand for, and supply of, capital; and
- vi. terrorism or other hostilities.

<sup>8</sup> FAOSTAT (kg/nutrients/ha)

## Directors' Report

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### f) Construction cost risk

In October 2022, the Company released the Definitive Feasibility Study for its Cabinda Phosphate Project, which included estimates for the construction of a Beneficiation Plant. All construction projects have the risk of material costs rises, or construction delays that result in increased costs.

### g) Additional requirements for capital

The Company must have sufficient capital to fund the construction of a phosphate fertilizer plant for its Cabinda Phosphate Project, as well as to fund the technical studies for its Capanda Green Ammonia Project, along with other working capital requirements. At the reporting date, it has cash and cash equivalents of approximately \$17.5M.

Any additional equity financing will dilute shareholdings, and additional debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its development programmes as the case may be. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

### h) Speculative investment

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to invest.

The above and below list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Company's shares.

### i) Risks with Operating in Angola

The Company operates out of Angola which historically have been subject to civil unrest. The Company believes that although tension has eased, civil and political unrest and an outbreak of hostilities remains a risk in both countries.

The effect of unrest and instability on political, social or economic conditions in Angola could result in the impairment of the exploration, development and mining operations of the Company's projects.

Other possible sovereign risks include, without limitation:

- i.  changes in the terms of the relevant mining statutes and regulations;
- ii.  changes to royalty arrangements;
- iii.  changes to taxation rates and concessions;
- iv.  changes in the ability to enforce legal rights;
- v.  corruption that influences the awarding of contracts or the granting of licenses; and
- vi.  expropriation of property rights.

Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its Shares.

No assurance can be given regarding the future stability in Angola or any other country in which the Company may have an interest.

## Directors' Report

### j) The Legal Environment in Angola

The Company's projects are located in Angola. Angola is considered to be a developing country and is subject to emerging legal and political systems as compared with the system in place in Australia. This could result in the following risks:

- i. political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- ii. a higher degree of discretion held by various government officials or agencies;
- iii. the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- iv. inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- v. relative inexperience of the judiciary and court in matters affecting the Company.

### k) Lack of Specific Infrastructure

The Company's projects are located in areas of Angola. Generally, these areas lack specific infrastructure such as:

- i. sources of third party supplied power; and
- ii. sources of third party supplied water.

The lack of availability of this infrastructure may affect mining feasibility.

### l) Workforce and Labour risks

The skill base of the local labour force in Angola is extremely limited. There is a severe shortage of workers with good managerial or technical skills.

HIV/AIDS, malaria and other diseases represent a serious threat to maintaining a skilled workforce in the mining industry throughout Africa. HIV/AIDS, malaria and other diseases are a major healthcare challenge faced by the Company's operations in Angola. There can be no assurance that the Company will not lose members of its workforce, workforce man hours or incur increased medical costs which may have a material adverse effect on the Company's operations.

### m) Obtaining environmental permits for the Cabinda Phosphate Project

The Company will require two environmental construction permits before it can proceed with its Cabinda Phosphate Project: one for the mining activity and the other for the plant. Upon commissioning of the mine and plant the company will apply for an operating licence at both facilities. The Company is currently completing necessary environmental studies as part of its Definitive Feasibility Study for the project. If permits are not granted then the Company may need to complete further works for a new lodgement, which may delay the project, or may cause the project to be postponed indefinitely.

## 8. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the reporting period, it was determined that the Group had satisfied conditions, under the accounting standard AASB 10, for deemed control of the Angolan entity Minbos Recursos-Exploração Mineira, Lda (Minbos Lda), this being despite no entity of the Group having ownership in Minbos Lda. Accordingly, the entity is consolidated in the consolidated financial statements for the period ending 31 December 2022. On 10 March 2023 the Minbos wholly owned subsidiary, Phobos Ltd, obtained a direct 85% ownership of Minbos Lda.

There were no other significant changes in the state of affairs of the consolidated entity during the six months from 1 July 2022 to 31 December 2022.

## Directors' Report

### 9. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 19 January 2023, the Company announced that the last of the FEECO manufactured fertilizer plant had left the US and is enroute to Angola, with the first of this consignment having already landed in Cabinda at the end of December.

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.

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.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

### 10. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Future developments of the Company are anticipated to include:

- Completion of the Capanda Green Ammonia Project Technical Study.
- Construction of the Cabinda Phosphate Fertilizer Plant.
- First production from the Cabinda Phosphate Project.
- Launch of the IFDC Angolan Farm and Fertilizer Productivity Program in Angola, with meetings scheduled with stakeholder ministries and agencies.

## Directors' Report

### 11. DIRECTORS' & OTHER KEY MANAGEMENT'S INTEREST IN THE COMPANY

The following table sets out each current Director's & Other KMP's relevant interest in shares, options to acquire shares of the Company or a related body corporate as at the date of this report.

|                             | Fully Paid Ordinary Shares | Unlisted Share Options | Listed Share Options | Performance Rights |
|-----------------------------|----------------------------|------------------------|----------------------|--------------------|
| <b>Directors</b>            |                            |                        |                      |                    |
| Mr Peter Wall               | 23,944,207                 | 6,500,000              | 625,000              | 1,500,000          |
| Ms Dganit Baldar            | -                          | 3,500,000              | -                    | -                  |
| Mr Valentine Chitalu        | 877,273                    | 4,000,000              | -                    | -                  |
| Mr Paul McKenzie            | 1,579,545                  | 4,000,000              | 312,500              | -                  |
| Mr Graeme Robertson         | 3,034,091                  | 4,000,000              | 312,500              | -                  |
| <b>Sub-Total</b>            | <b>29,435,116</b>          | <b>22,000,000</b>      | <b>1,250,000</b>     | <b>1,500,000</b>   |
| <b>Other Key Management</b> |                            |                        |                      |                    |
| Mr Lindsay Reed             | 13,850,000                 | 10,500,000             | -                    | 3,000,000          |
| Mr Blair Snowball           | 1,000,000                  | 6,000,000              | -                    | -                  |
| <b>Sub-Total</b>            | <b>14,850,000</b>          | <b>16,500,000</b>      | <b>-</b>             | <b>3,000,000</b>   |
| <b>Total</b>                | <b>44,285,116</b>          | <b>38,500,000</b>      | <b>1,250,000</b>     | <b>4,500,000</b>   |

### 12. DIRECTORS' MEETINGS

The number of Directors' meetings held during the six months from 1 July 2022 to 31 December 2022 and the number of meetings attended by each Director during the time the Director held office are:

| Directors            | Number Eligible to Attend | Number Attended |
|----------------------|---------------------------|-----------------|
| Mr Peter Wall        | 2                         | 2               |
| Ms Dganit Baldar     | 2                         | 1               |
| Mr Valentine Chitalu | 2                         | 1               |
| Mr Paul McKenzie     | 2                         | 2               |
| Mr Graeme Robertson  | 2                         | 2               |

Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board please refer to the Corporate Governance Statement.

### 13. CORPORATE GOVERNANCE

The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council and has disclosed its level of compliance with those guidelines within the Corporate Governance Statement which is included as part of this financial report.

### 14. ENVIRONMENTAL REGULATIONS

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements under the National Greenhouse and Energy Reporting Act 2007.

The Group is subject to environmental regulation in respect to its activities in Angola. The Group aims to ensure that appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Group are not aware of any breach of environmental legislations as they apply to the Group during the six months from 1 July 2022 to 31 December 2022.

## Directors' Report

### 15. REMUNERATION REPORT (Audited)

This report for the six months from 1 July 2022 to 31 December 2022 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ('the Act') and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel ('KMP') who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

For the purposes of this report, the term 'Executive' includes the Chief Executive Officer ('CEO') and Chief Financial Officer ('CFO'), whilst the term 'NED' refers to Non-Executive Directors only.

#### Individual KMP disclosure

Details of KMP of the Group who held office during the six months from 1 July 2022 to 31 December 2022 are as follows:

| Directors         | Position               | Appointment | Resignation |
|-------------------|------------------------|-------------|-------------|
| Peter Wall        | Non-Executive Chairman | 21/02/2014  | -           |
| Dganit Baldar     | Non-Executive Director | 18/03/2016  | -           |
| Valentine Chitalu | Non-Executive Director | 07/12/2020  | -           |
| Paul McKenzie     | Non-Executive Director | 07/12/2020  | -           |
| Graeme Robertson  | Non-Executive Director | 07/12/2020  | -           |

| Other KMP      | Position                | Appointment | Resignation |
|----------------|-------------------------|-------------|-------------|
| Lindsay Reed   | Chief Executive Officer | 01/09/2014  | -           |
| Blair Snowball | Chief Financial Officer | 15/06/2021  | -           |

There have been no other changes after the reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

- A Remuneration Philosophy
- B Remuneration Governance, Structure and Approvals
- C Remuneration and Performance
- D Details of Remuneration
- E Contractual Arrangements
- F Share-based Compensation
- G Equity Instruments Issued on Exercise of Remuneration Options
- H Value of Shares to KMP
- I Voting and comments made at the Company's 2022 Annual General Meeting
- J Loans to KMP
- K Loans from KMP
- L Other transactions with KMP



## Directors' Report

### A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP of Minbos comprise the Board of Directors, the CEO and the CFO.

The performance of the Group depends upon the quality of its KMP. To prosper the Company must attract, motivate and retain appropriately skilled Directors and Executives.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

During the six months from 1 July 2022 to 31 December 2022, the company paid Remsmart Pty Ltd \$2,080 for an annual mining and metals remuneration subscription. This subscription provides the Company with 12 month access to data relating to general mining remuneration, including the CEO.

### B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Group's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Group renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives (the executive team), including key performance indicators and performance hurdles;
- Remuneration levels of executives, and
- Non-executive director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

#### ➤ Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The Board, in accordance with the Company's Constitution and the ASX listing rules specify that the Non-Executive Directors fee pool shall be determined from time to time by a general meeting. The latest determination was at the 2010 Annual General Meeting ('AGM') held on 30 November 2010 when shareholders approved an aggregate fee pool of \$300,000 per year (in accordance with the terms and conditions set out in the Explanatory Statement that accompanied the Notice of Meeting). The Board will not seek any increase for the Non-Executive Director pool at the 31 December 2022 AGM.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. Non-Executive Directors do not receive retirement benefits but are able to participate in share-based incentive programmes in accordance with Company policy.

The remuneration of Non-Executives is detailed in **Table 1a** and **Table 1b**, and their contractual arrangements are disclosed in "Section E – Contractual Arrangements".

## Directors' Report

### ➤ Non-Executive Remuneration Approvals

The Board, in accordance with the Company's Constitution, sets the aggregate remuneration of Non-Executive Directors, subject to shareholder approval. Within this pre-approved aggregate remuneration pool, fees paid to Non-Executive Directors are approved by the Board of Directors in the absence of the Remuneration Committee and is set at levels to reflect market conditions and encourage the continued services of the Directors.

Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

### ➤ Executive Remuneration Structure

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing Executives.

The main objectives sought when reviewing executive remuneration is that the Company has:

- ☐ Coherent remuneration policies and practices to attract and retain Executives;
- ☐ Executives who will create value for shareholders;
- ☐ Competitive remuneration offered benchmarked against the external market; and
- ☐ Fair and responsible rewards to Executives having regard to the performance of the Group, the performance of the Executives and the general pay environment.

The remuneration of Executives is detailed in **Table 1a** and **Table 1b**, and their contractual arrangements are disclosed in "Section E – Contractual Arrangements".

### ➤ Executive Remuneration Approvals

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice. Executive contracts are reviewed annually by the Board, in the absence of a Remuneration Committee, for their approval. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration internally and externally and, where appropriate, external advice independent of management.

Executive remuneration and incentive policies and practices must be aligned with the Company's vision, values and overall business objectives. Executive remuneration and incentive policies and practices must be designed to motivate management to pursue the Company's long-term growth and success and demonstrate a clear relationship between the Company's overall performance and the performance of executives.

## C Remuneration & Performance

The following table shows the gross income, losses and share price of the Group for the 6 month period to 31 December 2022 and for the 12 months ended 30 June for the last five financial years:

|                         | 6 months ended | 12 months ended | 12 months ended | 12 months ended | 12 months ended |
|-------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
|                         | 31-Dec-22      | 30-Jun-22       | 30-Jun-21       | 30-Jun-20       | 30-Jun-19       |
| Other income (\$)       | 122,344        | 2,481,964       | 94,596          | 16,704          | 56,284          |
| Net loss after tax (\$) | (2,296,178)    | (804,617)       | (4,160,306)     | (1,566,274)     | (1,715,313)     |
| Share Price (\$)        | 0.099          | 0.135           | 0.065           | 0.001           | 0.001           |

## Directors' Report

### Relationship between Remuneration and Company Performance

Given the current phase of the Company's development the Board does not consider earnings during the current and previous financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

### Short Term Incentive Package

There were no short-term incentive-based payments made during the six months from 1 July 2022 to 31 December 2022 (30 June 2022: \$nil).

### Long Term Incentive Package

#### Incentive Performance Rights Plan:

On 7 April 2021, shareholders approved the Company's adoption of the employee incentive scheme titled "Incentive Performance Rights Plan" (Performance Rights Plan) and for the issue of Performance Rights under the Performance Rights Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Performance Rights Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Performance Rights Plan and the future issue of Performance Rights under the Performance Rights Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

On 30 April 2021, the Company issued the following performance rights (in three Tranches) under the Company's incentive Performance Rights Plan, as approved by shareholders on 7 April 2021 at the Company's General Meeting:

- 4,500,000 performance rights to Peter Wall (Non-Executive Chairman), and
- 9,000,000 performance rights to Lindsay Reed (CEO).

Tranche 1: 4,500,000 performance rights expired on 7 April 2022, as the Company did not enter into an Off-Take Agreement in relation to the Cabinda Project in Angola within 12 months of the issue date.

- 1,500,000 performance rights to Peter Wall (Non-Executive Chairman) lapsed, and
- 3,000,000 performance rights to Lindsay Reed (CEO) lapsed.

Tranche 2: 4,500,000 performance rights converted to fully paid ordinary shares on 20 October 2022, as the Company completed the achievement of the performance condition in relation to the completion of a positive Definitive Feasibility Study on its Cabinda Project in Angola. The DFS was complete and released to ASX on 17 October 2022.

- 1,500,000 performance rights to Peter Wall (Non-Executive Chairman) were converted to fully paid ordinary shares, and
- 3,000,000 performance rights to Lindsay Reed (CEO) were converted to fully paid ordinary shares.

Tranche 3: 4,500,000 performance rights will vest if the Company secures project finance in relation to the Cabinda Project in Angola within 24 months from the issue date.

- 1,500,000 performance rights will be granted to Peter Wall (Non-Executive Chairman), and
- 3,000,000 performance rights will be granted to Lindsay Reed (CEO).

## Directors' Report

### Options:

On 3 November 2020, shareholders approved the Company's adoption of the employee incentive scheme titled "Incentive Option Plan" (Option Plan) and for the issue of Options under that Option Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Option Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Option Plan and the future issue of Options under the Option Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

The Board considers that for each KMP who receive options, their high-calibre experience will greatly assist the Company in achieving its strategy to develop the Cabinda Phosphate Project, located in Angola.

The Board is of the opinion that the expiry date and exercise price of the options currently on issue to the Directors, other KMP and its Executives is a sufficient, long-term incentive to reward Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. Subsequently, the issue of options is not linked to performance conditions because by setting the option price at a level above the current share price at the time the options are granted, provides incentive for management to improve the Group's performance.

### D Details of Remuneration

The following table shows details of the remuneration expense recognised for the Group's KMP for the current financial period measured in accordance with the requirements of the accounting standards:

**Table 1a: Remuneration of KMP of the Group for the 6 months ended 31 December 2022 is set out below:**

|                             | Short-term employee benefits |              |                      | Post-employment benefits |                    | Share-based payments | Total          |
|-----------------------------|------------------------------|--------------|----------------------|--------------------------|--------------------|----------------------|----------------|
|                             | Salary & fees                | Non-monetary | Other <sup>(1)</sup> | Super-annuation          | Long-Service Leave | Options & rights     |                |
| 31-Dec-22                   | \$                           | \$           | \$                   | \$                       | \$                 | \$                   | \$             |
| <b>Directors</b>            |                              |              |                      |                          |                    |                      |                |
| Peter Wall                  | 18,000                       | -            | -                    | -                        | -                  | 55,820               | <b>73,820</b>  |
| Dganit Baldar               | 18,000                       | -            | -                    | -                        | -                  | -                    | <b>18,000</b>  |
| Valentine Chitalu           | 18,000                       | -            | -                    | -                        | -                  | -                    | <b>18,000</b>  |
| Paul McKenzie               | 18,000                       | -            | -                    | -                        | -                  | -                    | <b>18,000</b>  |
| Graeme Robertson            | 18,000                       | -            | -                    | -                        | -                  | -                    | <b>18,000</b>  |
| <b>Sub-total</b>            | <b>90,000</b>                | -            | -                    | -                        | -                  | <b>55,820</b>        | <b>145,820</b> |
| <b>Other Key Management</b> |                              |              |                      |                          |                    |                      |                |
| Lindsay Reed                | 125,000                      | -            | 10,416               | 13,125                   | 2,274              | 111,641              | <b>262,456</b> |
| Blair Snowball              | 130,000                      | -            | 2,166                | 13,975                   | -                  | 35,777               | <b>181,918</b> |
| <b>Sub-total</b>            | <b>255,000</b>               | -            | <b>12,582</b>        | <b>27,100</b>            | <b>2,274</b>       | <b>147,418</b>       | <b>444,374</b> |
| <b>Total</b>                | <b>345,000</b>               | -            | <b>12,582</b>        | <b>27,100</b>            | <b>2,274</b>       | <b>203,238</b>       | <b>590,194</b> |

## Directors' Report

**Table 1b: Remuneration of KMP of the Group for the 12 months ended 30 June 2022 is set out below:**

|                             | Short-term employee benefits |              |                      | Post-employment benefits |                    | Share-based payments | Total            |
|-----------------------------|------------------------------|--------------|----------------------|--------------------------|--------------------|----------------------|------------------|
|                             | Salary & fees                | Non-monetary | Other <sup>(1)</sup> | Super-annuation          | Long-Service Leave | Options & rights     |                  |
| 30-Jun-22                   | \$                           | \$           | \$                   | \$                       | \$                 | \$                   | \$               |
| <b>Directors</b>            |                              |              |                      |                          |                    |                      |                  |
| Peter Wall                  | 36,000                       | -            | -                    | -                        | -                  | 120,734              | 156,734          |
| Dganit Baldar               | 36,000                       | -            | -                    | -                        | -                  | -                    | 36,000           |
| Valentine Chitalu           | 36,000                       | -            | -                    | -                        | -                  | -                    | 36,000           |
| Paul McKenzie               | 36,000                       | -            | -                    | -                        | -                  | -                    | 36,000           |
| Graeme Robertson            | 36,000                       | -            | -                    | -                        | -                  | -                    | 36,000           |
| <b>Sub-total</b>            | <b>180,000</b>               | -            | -                    | -                        | -                  | <b>120,734</b>       | <b>300,734</b>   |
| <b>Other Key Management</b> |                              |              |                      |                          |                    |                      |                  |
| Lindsay Reed                | 262,821                      | -            | (2,083)              | 25,000                   | 35,329             | 241,467              | 562,534          |
| Blair Snowball              | 273,300                      | -            | 18,417               | 18,475                   | -                  | 214,665              | 524,857          |
| <b>Sub-total</b>            | <b>536,121</b>               | -            | <b>16,334</b>        | <b>43,475</b>            | <b>35,329</b>      | <b>456,132</b>       | <b>1,087,391</b> |
| <b>Total</b>                | <b>716,121</b>               | -            | <b>16,334</b>        | <b>43,475</b>            | <b>35,329</b>      | <b>576,866</b>       | <b>1,388,125</b> |

<sup>(1)</sup> Other amounts relate to annual leave paid out during the financial period / year and movements in annual leave entitlements.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

| Name                        | Fixed remuneration |                 | At risk - STI (%) |                 | At risk - LTI (%) |                 |
|-----------------------------|--------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
|                             | 6 months ended     | 12 months ended | 6 months ended    | 12 months ended | 6 months ended    | 12 months ended |
|                             | 31-Dec-22          | 30-Jun-22       | 31-Dec-22         | 30-Jun-22       | 31-Dec-22         | 30-Jun-22       |
| <b>Directors</b>            |                    |                 |                   |                 |                   |                 |
| Peter Wall                  | 24%                | 23%             | -                 | -               | 76%               | 77%             |
| Dganit Baldar               | 100%               | 100%            | -                 | -               | -                 | -               |
| Valentine Chitalu           | 100%               | 100%            | -                 | -               | -                 | -               |
| Paul McKenzie               | 100%               | 100%            | -                 | -               | -                 | -               |
| Graeme Robertson            | 100%               | 100%            | -                 | -               | -                 | -               |
| <b>Other Key Management</b> |                    |                 |                   |                 |                   |                 |
| Lindsay Reed                | 57%                | 56%             | -                 | -               | 43%               | 44%             |
| Blair Snowball              | 80%                | 59%             | -                 | -               | 20%               | 41%             |

## Directors' Report

Shareholdings of KMP (Direct and Indirect Holdings) for the 6 months ended 31 December 2022 is set out below:

| 31-Dec-22                   | Balance at 1/07/22 | Participated in placement | Conversion of Performance Rights | Balance at 31/12/22 |
|-----------------------------|--------------------|---------------------------|----------------------------------|---------------------|
| <b>Directors</b>            |                    |                           |                                  |                     |
| Peter Wall                  | 18,807,843         | 3,636,364                 | 1,500,000                        | 23,944,207          |
| Dganit Baldar               | -                  | -                         | -                                | -                   |
| Valentine Chitalu           | 650,000            | 227,273                   | -                                | 877,273             |
| Paul McKenzie               | 1,125,000          | 454,545                   | -                                | 1,579,545           |
| Graeme Robertson            | 2,125,000          | 909,091                   | -                                | 3,034,091           |
| <b>Sub-total</b>            | <b>22,707,843</b>  | <b>5,227,273</b>          | <b>1,500,000</b>                 | <b>29,435,116</b>   |
| <b>Other Key Management</b> |                    |                           |                                  |                     |
| Lindsay Reed                | 10,850,000         | -                         | 3,000,000                        | 13,850,000          |
| Blair Snowball              | 600,000            | 400,000                   | -                                | 1,000,000           |
| <b>Sub-total</b>            | <b>11,450,000</b>  | <b>400,000</b>            | <b>3,000,000</b>                 | <b>14,850,000</b>   |
| <b>Total</b>                | <b>34,157,843</b>  | <b>5,627,273</b>          | <b>4,500,000</b>                 | <b>44,285,116</b>   |

Option holdings of KMP (Direct and Indirect Holdings) for the 6 months ended 31 December 2022 is set out below:

| 31-Dec-22                   | Balance at 1/07/22 | Granted as remuneration | Balance at 31/12/22 | Vested & Exercisable 31/12/22 |
|-----------------------------|--------------------|-------------------------|---------------------|-------------------------------|
| <b>Directors</b>            |                    |                         |                     |                               |
| Peter Wall                  | 7,125,000          | -                       | 7,125,000           | 7,125,000                     |
| Dganit Baldar               | 3,500,000          | -                       | 3,500,000           | 3,500,000                     |
| Valentine Chitalu           | 4,000,000          | -                       | 4,000,000           | 4,000,000                     |
| Paul McKenzie               | 4,312,500          | -                       | 4,312,500           | 4,312,500                     |
| Graeme Robertson            | 4,312,500          | -                       | 4,312,500           | 4,312,500                     |
| <b>Sub-total</b>            | <b>23,250,000</b>  | <b>-</b>                | <b>23,250,000</b>   | <b>23,250,000</b>             |
| <b>Other Key Management</b> |                    |                         |                     |                               |
| Lindsay Reed                | 10,500,000         | -                       | 10,500,000          | 10,500,000                    |
| Blair Snowball              | 6,000,000          | -                       | 6,000,000           | 3,000,000                     |
| <b>Sub-total</b>            | <b>16,500,000</b>  | <b>-</b>                | <b>16,500,000</b>   | <b>13,500,000</b>             |
| <b>Total</b>                | <b>39,750,000</b>  | <b>-</b>                | <b>39,750,000</b>   | <b>36,750,000</b>             |

Right holdings of KMP (Direct and Indirect Holdings) for the 6 months ended 31 December 2022 is set out below:

| 31-Dec-22                   | Balance at 1/07/22 | Performance Rights Converted | Balance at 31/12/22 | Vested & Exercisable 31/12/22 |
|-----------------------------|--------------------|------------------------------|---------------------|-------------------------------|
| <b>Directors</b>            |                    |                              |                     |                               |
| Peter Wall                  | 3,000,000          | (1,500,000)                  | 1,500,000           | -                             |
| Dganit Baldar               | -                  | -                            | -                   | -                             |
| Valentine Chitalu           | -                  | -                            | -                   | -                             |
| Paul McKenzie               | -                  | -                            | -                   | -                             |
| Graeme Robertson            | -                  | -                            | -                   | -                             |
| <b>Sub-total</b>            | <b>3,000,000</b>   | <b>(1,500,000)</b>           | <b>1,500,000</b>    | <b>-</b>                      |
| <b>Other Key Management</b> |                    |                              |                     |                               |
| Lindsay Reed                | 6,000,000          | (3,000,000)                  | 3,000,000           | -                             |
| Blair Snowball              | -                  | -                            | -                   | -                             |
| <b>Sub-total</b>            | <b>6,000,000</b>   | <b>(3,000,000)</b>           | <b>3,000,000</b>    | <b>-</b>                      |
| <b>Total</b>                | <b>9,000,000</b>   | <b>(4,500,000)</b>           | <b>4,500,000</b>    | <b>-</b>                      |

## Directors' Report

### E Contractual Arrangements

#### ➤ □ Mr Peter Wall – Non-Executive Chairman

- □ Contract: Commenced on 21 February 2014.
- □ Director's Fee: \$3,000 per month (plus GST). Remuneration levels of Non-Executive Directors ('NED's') are discussed further in Note 1 below.
- □ Term: See Note 2 below for details pertaining to re-appointment and termination.
- □ Long Term Incentive Package:
  - □ On 7 April 2021, 4,500,000 performance rights were granted to Mr Wall under the Company's incentive Performance Rights Plan as approved by shareholders on 7 April 2021 at the Company's General Meeting.
  - □ 1,500,000 performance rights (Tranche 1) lapsed unexercised on 7 April 2022, as the Company did not enter into an Off-Take Agreement in relation to the Cabinda Project in Angola within 12 months of the issue date. The performance rights have now lapsed.
  - □ 1,500,000 performance rights (Tranche 2) were converted to ordinary shares on 20 October 2022 as the Company completed a positive Definitive Feasibility Study in relation to the Cabinda Project in Angola within 18 months from the issue date. These performance rights have vested and converted into ordinary shares.
  - □ 1,500,000 performance rights (Tranche 3) will vest if the Company secures project finance in relation to the Cabinda Project in Angola within 24 months from the issue date.

#### ➤ □ Ms Dganit Baldar – Non-Executive Director

- □ Contract: Commenced on 18 March 2016.
- □ Director's Fee: \$3,000 per month. Remuneration levels of NED's are discussed further in Note 1 below.
- □ Term: See Note 2 below for details pertaining to re-appointment and termination.

#### ➤ □ Mr Valentine Chitalu – Non-Executive Director

- □ Contract: Commenced on 7 December 2020.
- □ Director's Fee: \$3,000 per month. Remuneration levels of NED's are discussed further in Note 1 below.
- □ Term: See Note 2 below for details pertaining to re-appointment and termination.

#### ➤ □ Mr Paul McKenzie – Non-Executive Director

- □ Contract: Commenced on 7 December 2020.
- □ Director's Fee: \$3,000 per month (plus GST). Remuneration levels of NED's are discussed further in Note 1 below.
- □ Term: See Note 2 below for details pertaining to re-appointment and termination.

#### ➤ □ Mr Graeme Robertson – Non-Executive Director

- □ Contract: Commenced on 7 December 2020.
- □ Director's Fee: \$3,000 per month. Remuneration levels of NED's are discussed further in Note 1 below.
- □ Term: See Note 2 below for details pertaining to re-appointment and termination.

## Directors' Report

Note 1: Remuneration of NED's are reviewable annually by the Board and subject to shareholder approval (if applicable). The latest determination was at the 2010 AGM held on 30 November 2010 when shareholders approved an aggregate fee pool of \$300,000 per year.

Note 2: The term of each NED is open to the extent that they hold office subject to retirement by rotation, as per the Company's Constitution, at each AGM and are eligible for re-election as a Director at that meeting. Appointment shall cease automatically in the event that the Director gives written notice to the Board, or the Director is not re-elected as a Director by the shareholders of the Company. There are no entitlements to termination or notice periods.

### Other KMP that have service contracts in place with the Company are as follow:

#### ➤ **Mr Lindsay Reed – Chief Executive Officer**

- Contract: Commenced on 1 September 2014.
- Base Salary: \$250,000 per annum (plus statutory superannuation entitlements).
- Termination: Either party may terminate the employment agreement with three months written notice.
- Performance Based Bonuses: The Company may at any time pay Mr Reed a performance based bonus over and above his salary. In determining the extent of any performance based bonus, the Company shall take into consideration the key performance indicators of Mr Reed and the Company, as the Company may set from time to time, and any other matter that it deems appropriate. Mr Reed did not receive any short term incentive remuneration during the six months from 1 July 2022 to 31 December 2022.
- Long Term Incentive Package:
  - On 3 November 2020, 10,500,000 unlisted options were granted to Mr Reed under the Company's incentive Option Plan as approved by shareholders on 3 November 2020.
  - On 7 April 2021, 9,000,000 performance rights were granted to Mr Reed under the Company's incentive Performance Rights Plan as approved by shareholders on 7 April 2021 at the Company's General Meeting.
    - 3,000,000 performance rights (Tranche 1) lapsed unexercised on 7 April 2022, as the Company did not enter into an Off-Take Agreement in relation to the Cabinda Project in Angola within 12 months of the issue date. These performance rights have now lapsed.
    - 3,000,000 performance rights (Tranche 2) were converted to ordinary shares on 20 October 2022 as the Company completed a positive Definitive Feasibility Study in relation to the Cabinda Project in Angola within 18 months from the issue date. These performance rights have vested and converted into ordinary shares.
    - 3,000,000 performance rights (Tranche 3) will vest if the Company secures project finance in relation to the Cabinda Project in Angola within 24 months from the issue date.

#### ➤ **Mr Blair Snowball – Chief Financial Officer**

- Contract: Commenced on 15 March 2021.
- Base Salary: On 1 October 2021 Mr Snowball commenced full time employment with the company and is entitled to \$260,000 per annum (plus statutory superannuation entitlements).
- Termination: Either party may terminate the employment agreement with three months written notice.
- Performance Based Bonuses: The Company may at any time pay Mr Snowball a performance based bonus over and above his salary. In determining the extent of any performance based bonus, the Company shall take into consideration the key performance indicators of Mr Snowball and the Company, as the Company may set from time to time, and any other matter that it deems appropriate. Mr Snowball did not receive any short term incentive remuneration during the six months from 1 July 2022 to 31 December 2022.



## Directors' Report

- ☐ Long Term Incentive Package:

- ☐ On 1 July 2021, 6,000,000 unlisted options were granted to Mr Snowball under the Company's incentive Option Plan with the following vesting conditions:

- ☐ 3,000,000 unlisted options exercisable at \$0.10 and expiring 1 July 2025, vested 12 months from the date of acceptance, being 1 July 2022.
- ☐ 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 2023.

### F Share-based Compensation

The Company rewards Directors and senior management for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options, rights and or shares. Share-based compensation is at the discretion of the Board and no individual has a contractual right to participate in any share-based plan or to receive any guaranteed benefits.

#### ➤ Options

No performance incentive-based options were issued as remuneration to Directors or other KMP during the six months from 1 July 2022 to 31 December 2022.

#### ➤ Rights

During the six months from 1 July 2022 to 31 December 2022, 4,500,000 performance rights (Tranche 2) converted to fully paid ordinary shares as the Company completed the achievement of the performance condition in relation to the completion of a positive Definitive Feasibility Study on its Cabinda Project in Angola. The DFS was complete and released to ASX on 17 October 2022.

- ☐ 1,500,000 performance rights to Peter Wall (Non-Executive Chairman) were converted to fully paid ordinary shares, and
- ☐ 3,000,000 performance rights to Lindsay Reed (CEO) were converted to fully paid ordinary shares.

The terms and conditions of these performance rights have been disclosed in Note 17: Share Based Payments in the Notes to the Consolidated Financial Statements.

No other performance incentive-based rights were issued as remuneration to Directors or other KMP during the six months from 1 July 2022 to 31 December 2022.

#### ➤ Shares

##### *Short and Long-term incentives*

No short or long term incentive based shares were issued as remuneration to Directors or other KMP during the six months from 1 July 2022 to 31 December 2022.

### Issue of shares in lieu of services to KMP

There were no shares issued as compensation to KMP during the six months from 1 July 2022 to 31 December 2022.

### G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the six months from 1 July 2022 to 31 December 2022.

## Directors' Report

### H Value of Shares to KMP

On 1 September 2022, the following KMP participated in the Company's placement (Tranche 2) and were issued the following shares as a result:

- 3,636,364 shares at \$0.11 were issued to Mr Peter Wall (Non-Executive Chairman) for \$400,000.
- 227,273 shares at \$0.11 were issued to Mr Valentine Chitalu (Non-Executive Director) for \$25,000.
- 454,545 shares at \$0.11 were issued to Mr Paul McKenzie (Non-Executive Director) for \$50,000.
- 909,091 shares at \$0.11 were issued to Mr Graeme Robertson (Non-Executive Director) for \$100,000.
- 400,000 shares at \$0.11 were issued to Mr Blair Snowball (Chief Financial Officer) for \$44,000.

All shares issued to the Directors were approved by shareholder approval at the Company's General Meeting held on 23 August 2022.

There were no other shares issued to KMP during the six months from 1 July 2022 to 31 December 2022.

### I Voting and comments made at the Company's 2022 AGM

The adoption of the Remuneration Report for the financial year ended 30 June 2022 was put to the shareholders of the Company at the AGM held on 23 November 2022. The resolution was passed without amendment, on a poll. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

### J Loans to KMP

There were no loans made to any KMP during the six months from 1 July 2022 to 31 December 2022 (30 June 2022: \$nil).

### K Loans from KMP

There were no loans from any KMP during the six months from 1 July 2022 to 31 December 2022 (30 June 2022: \$nil).

### L Other transactions with KMP

#### Steinepreis Paganin Lawyers & Consultants

Legal fees of \$39,156 were paid to Steinepreis Paganin Lawyers & Consultants during the six months from 1 July 2022 to 31 December 2022 (12 months to 30 June 2022: \$36,367), of which Mr Peter Wall, Chairman, is a partner.

#### Intrasia Capital Pte Ltd

Company management fees of \$25,373 (USD \$17,155) were paid to Intrasia Management (Mauritius) Ltd during the six months from 1 July 2022 to 31 December 2022 (12 months to 30 June 2022: \$43,019 (USD \$30,210)), a Company of 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.

There were no other transactions with KMP during the six months from 1 July 2022 to 31 December 2022.

### End of Audited Remuneration Report

## Directors' Report

### 16. OPTIONS

On 1 September 2022, the Company issued 6,250,000 unlisted options in part consideration for lead manager services provided by Evolution in relation to the placement. The unlisted options have an exercise price of \$0.17 per option and expire three years from their date of issue, being 1 September 2025.

During the six months from 1 July 2022 to 31 December 2022, 2,000,000 unlisted options that were issued to a consultant expired as the vesting conditions were not met.

At the date of this report, the Company had 70,250,000 unlisted options and 66,562,500 listed options that had not yet been exercised.

### 17. RIGHTS

During the period ended 31 December 2022, 4,500,000 performance rights (Tranche 2) converted to fully paid ordinary shares as the Company completed the achievement of the performance condition in relation to the completion of a positive Definitive Feasibility Study on its Cabinda Project in Angola. The DFS was complete and released to ASX on 17 October 2022.

At the date of this report, the Company had 4,500,000 performance rights with performance milestone conditions that have not yet been met.

### 18. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

### 19. INDEMNITY AND INSURANCE OF OFFICERS

During the financial period, the Company paid a premium in respect of a contract insuring all its Directors and current and former executive officers against a liability incurred as such a Director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

### 20. INDEMNITY AND INSURANCE OF AUDITOR

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

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## Directors' Report

### 21. NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

There were no non-audit services provided by the auditor, BDO Audit (WA) Pty Ltd, during the six months from 1 July 2022 to 31 December 2022.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

### 22. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 36 and forms part of the Directors' Report for the six months from 1 July 2022 to 31 December 2022.

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



Mr Peter Wall  
Non-Executive Chairman  
31 March 2023

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

As lead auditor of Minbos Resources Limited for the period ended 31 December 2022, 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 audit; and
2.  No contraventions of any applicable code of professional conduct in relation to the audit.

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

31 March 2023

## Corporate Governance Statement

### **CORPORATE GOVERNANCE**

The Board of Directors of Minbos is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Minbos on behalf of the security holders by whom they are elected and to whom they are accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australia Securities Exchange Corporate Governance Council’s Corporate Governance Principles and Recommendations 4<sup>th</sup> Edition (“the ASX Principles”). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices unless otherwise stated, are in place.

The Company’s Corporate Governance Statement and policies can be found on its website at <https://minbos.com/corporate-governance/>

## Consolidated Statement of Profit or Loss & Other Comprehensive Income

|  | Notes | 6 months<br>ended<br>31-Dec-22<br>\$ | 12 months<br>ended<br>30-Jun-22<br>\$ |
|--|-------|--------------------------------------|---------------------------------------|
| Other income   | 6     | 122,344                              | 2,481,964                             |
| Administration expenses  | 7     | (1,054,572)                          | (1,217,954)                           |
| Amortisation expense   |       | (31,571)                             | (42,089)                              |
| Business development   |       | (106,680)                            | -                                     |
| Depreciation expense   |       | (10,038)                             | (10,250)                              |
| Due diligence & exploration expenditure on the Ambato project          |       | -                                    | (36,083)                              |
| Foreign exchange (loss) / gain   |       | (226,177)                            | 64,971                                |
| Loss on disposal of plant and equipment                                |       | -                                    | (1,029)                               |
| Personnel expenses and director fees                                   | 7     | (725,426)                            | (943,734)                             |
| Share based payment expense  | 17    | (264,058)                            | (1,100,413)                           |
| <b>Loss from continuing operations before income tax</b>               |       | <b>(2,296,178)</b>                   | <b>(804,617)</b>                      |
| Income tax (expense) / benefit   | 8     | -                                    | -                                     |
| <b>Loss from continuing operations after income tax</b>                |       | <b>(2,296,178)</b>                   | <b>(804,617)</b>                      |
| <b>Other comprehensive income</b>                                      |       |                                      |                                       |
| <i>Items that may be reclassified subsequently to profit or loss</i>   |       |                                      |                                       |
| Exchange differences on translation of foreign operations              |       | (232,143)                            | 10,597                                |
| <b>Total comprehensive loss for the period / year, net of tax</b>      |       | <b>(2,528,321)</b>                   | <b>(794,020)</b>                      |
| <b>Loss for the period / year attributable to:</b>                     |       |                                      |                                       |
| Minbos Resources Limited   |       | (2,292,275)                          | (804,617)                             |
| Non-controlling interest   | 19    | (3,903)                              | -                                     |
|  |       | <b>(2,296,178)</b>                   | <b>(804,617)</b>                      |
| <b>Total comprehensive loss for the period / year attributable to:</b> |       |                                      |                                       |
| Minbos Resources Limited   |       | (2,524,418)                          | (794,020)                             |
| Non-controlling interest   | 19    | (3,903)                              | -                                     |
|  |       | <b>(2,528,321)</b>                   | <b>(794,020)</b>                      |
| <b>Loss per share attributable to ordinary equity holders</b>          |       |                                      |                                       |
| - Basic loss per share   | 9     | (0.004)                              | (0.002)                               |
| - Diluted loss per share   | 9     | (0.004)                              | (0.002)                               |

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

## Consolidated Statement of Financial Position

|  | Notes | 31-Dec-22         | 30-Jun-22         |
|--|-------|-------------------|-------------------|
|  |       | \$                | \$                |
| <b>ASSETS</b>                          |       |                   |                   |
| <b>Current assets</b>                  |       |                   |                   |
| Cash and cash equivalents              | 10    | 17,465,686        | 3,642,299         |
| Trade and other receivables            |       | 752,055           | 180,448           |
| Financial assets                       | 11    | 946,902           | -                 |
| <b>Total current assets</b>            |       | <b>19,164,643</b> | <b>3,822,747</b>  |
| <b>Non-current assets</b>              |       |                   |                   |
| Plant and equipment                    | 12    | 10,181,827        | 7,224,441         |
| Exploration and evaluation expenditure | 13    | 7,322,490         | 3,981,230         |
| Right-of-use assets                    |       | 115,751           | 147,322           |
| <b>Total non-current assets</b>        |       | <b>17,620,068</b> | <b>11,352,993</b> |
| <b>Total assets</b>                    |       | <b>36,784,711</b> | <b>15,175,740</b> |
| <b>LIABILITIES</b>                     |       |                   |                   |
| <b>Current liabilities</b>             |       |                   |                   |
| Trade and other payables               | 14    | 910,323           | 1,281,461         |
| Provisions                             |       | 121,087           | 97,692            |
| Lease liabilities                      |       | 67,324            | 66,173            |
| <b>Total current liabilities</b>       |       | <b>1,098,734</b>  | <b>1,445,326</b>  |
| <b>Non-Current liabilities</b>         |       |                   |                   |
| Lease liabilities                      |       | 57,902            | 91,854            |
| <b>Total non-current liabilities</b>   |       | <b>57,902</b>     | <b>91,854</b>     |
| <b>Total liabilities</b>               |       | <b>1,156,636</b>  | <b>1,537,180</b>  |
| <b>Net assets</b>                      |       | <b>35,628,075</b> | <b>13,638,560</b> |
| <b>EQUITY</b>                          |       |                   |                   |
| Contributed equity                     | 15    | 79,103,818        | 54,862,697        |
| Reserves                               | 16    | 8,395,121         | 8,350,549         |
| Accumulated losses                     | 18    | (51,866,961)      | (49,574,686)      |
| Non-Controlling interest               | 19    | (3,903)           | -                 |
| <b>Total equity</b>                    |       | <b>35,628,075</b> | <b>13,638,560</b> |

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



## Consolidated Statement of Changes in Equity

|  | Issued<br>Capital<br>\$ | Option<br>Reserve<br>\$ | Employee<br>Share<br>Plan<br>Reserve<br>\$ | Foreign<br>Currency<br>Translation<br>Reserve<br>\$ | Accumulated<br>Losses<br>\$ | Non-<br>Controlling<br>Interest<br>\$ | Total<br>Equity<br>\$ |
|--|-------------------------|-------------------------|--|---|-----------------------------|---------------------------------------|-----------------------|
| <b>At 1 July 2022</b>  | <b>54,862,697</b>       | <b>973,730</b>          | <b>3,214,088</b>                           | <b>4,162,731</b>                                    | <b>(49,574,686)</b>         | <b>-</b>                              | <b>13,638,560</b>     |
| <b>Comprehensive loss:</b>                                   |                         |                         |  |   |                             |                                       |                       |
| Loss for the period  | -                       | -                       | -  | -   | (2,292,275)                 | (3,903)                               | (2,296,178)           |
| Exchange differences on translation of foreign operations    | -                       | -                       | -  | (232,143)   | -                           | -                                     | (232,143)             |
| <b>Total comprehensive loss for the period</b>               | <b>-</b>                | <b>-</b>                | <b>-</b>                                   | <b>(232,143)</b>                                    | <b>(2,292,275)</b>          | <b>(3,903)</b>                        | <b>(2,528,321)</b>    |
| <b>Transactions with owners in their capacity as owners:</b> |                         |                         |  |   |                             |                                       |                       |
| 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               |
| <b>At 31 December 2022</b>                                   | <b>79,103,818</b>       | <b>1,373,387</b>        | <b>3,091,146</b>                           | <b>3,930,588</b>                                    | <b>(51,866,961)</b>         | <b>(3,903)</b>                        | <b>35,628,075</b>     |

|  | Issued<br>Capital<br>\$ | Option<br>Reserve<br>\$ | Employee<br>Share<br>Plan<br>Reserve<br>\$ | Foreign<br>Currency<br>Translation<br>Reserve<br>\$ | Accumulated<br>Losses<br>\$ | Total<br>Equity<br>\$ |
|--|-------------------------|-------------------------|--|---|-----------------------------|-----------------------|
| <b>At 1 July 2021</b>  | <b>49,192,196</b>       | <b>866,467</b>          | <b>2,113,675</b>                           | <b>4,152,134</b>                                    | <b>(48,770,069)</b>         | <b>7,554,403</b>      |
| <b>Comprehensive loss:</b>                                   |                         |                         |  |   |                             |                       |
| Loss for the year  | -                       | -                       | -  | -   | (804,617)                   | (804,617)             |
| Exchange differences on translation of foreign operations    | -                       | -                       | -  | 10,597  | -                           | 10,597                |
| <b>Total comprehensive loss for the year</b>                 | <b>-</b>                | <b>-</b>                | <b>-</b>                                   | <b>10,597</b>                                       | <b>(804,617)</b>            | <b>(794,020)</b>      |
| <b>Transactions with owners in their capacity as owners:</b> |                         |                         |  |   |                             |                       |
| Issue of share capital                                       | 6,000,000               | -                       | -  | -   | -                           | 6,000,000             |
| Options exercised  | 143,750                 | -                       | -  | -   | -                           | 143,750               |
| Capital raising costs  | (473,249)               | 107,263                 | -  | -   | -                           | (365,986)             |
| Share based payment expense                                  | -                       | -                       | 1,100,413                                  | -   | -                           | 1,100,413             |
| <b>At 30 June 2022</b>                                       | <b>54,862,697</b>       | <b>973,730</b>          | <b>3,214,088</b>                           | <b>4,162,731</b>                                    | <b>(49,574,686)</b>         | <b>13,638,560</b>     |

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

## Consolidated Statement of Cash Flows

|  | <b>6 months<br/>ended<br/>31-Dec-22</b> | <b>12 months<br/>ended<br/>30-Jun-22</b> |
|--|---|--|
|  | \$                                      | \$                                       |
| <b>Cash flows from operating activities</b>                            |   |  |
| Payment to suppliers and employees                                     | <b>(1,589,495)</b>                      | (1,956,343)                              |
| Payment for business development                                       | <b>(91,680)</b>                         | -  |
| Payment for exploration and evaluation expenditure                     | -                                       | (36,083)                                 |
| Interest received  | <b>74,504</b>                           | 1,944                                    |
| <b>Net cash outflow from operating activities</b>                      | <b>(1,606,671)</b>                      | (1,990,482)                              |
|  | 10(c)                                   |  |
| <b>Cash flows from investing activities</b>                            |   |  |
| Payment for plant and equipment  | <b>(3,353,862)</b>                      | (6,744,668)                              |
| Payment for exploration and evaluation assets                          | <b>(3,525,699)</b>                      | (2,728,268)                              |
| Payment for financial assets   | <b>(946,902)</b>                        | -  |
| Proceeds from the sale of Ambato Project                               | -                                       | 2,480,000                                |
| <b>Net cash outflow from investing activities</b>                      | <b>(7,826,463)</b>                      | (6,992,936)                              |
| <b>Cash flows from financing activities</b>                            |   |  |
| Proceeds from the issue of shares, net of share issue costs            | <b>23,772,653</b>                       | 5,777,764                                |
| Payment for lease liability  | <b>(35,191)</b>                         | (35,409)                                 |
| <b>Net cash inflow from financing activities</b>                       | <b>23,737,462</b>                       | 5,742,355                                |
| <b>Net increase / (decrease) in cash and cash equivalents</b>          | <b>14,304,328</b>                       | (3,241,063)                              |
| <b>Cash and cash equivalents at the beginning of the period / year</b> | <b>3,642,299</b>                        | 6,830,973                                |
| Effect of exchange rate fluctuations on cash held                      | <b>(480,941)</b>                        | 52,389                                   |
| <b>Cash and cash equivalents at the end of the period / year</b>       | <b>17,465,686</b>                       | 3,642,299                                |
|  | 10(a)                                   |  |

*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 at the end of, or during, six months ended 31 December 2022 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.

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

### 2. BASIS OF PREPARATION

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Minbos Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the Directors on 31 March 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 31 December 2022, the Group has cash and cash equivalents of \$17,465,686, 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.

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 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:

- At 30 April 2023, 66,562,500 listed Minbos options (ASX:MNBOA) will reach their expiry date and the Company will raise \$9,984,375 if they are fully exercised. These options are currently in the money.

## Notes to the Consolidated Financial Statements

- In conjunction with an equity capital raising completed on 12 July 2022, the Company signed a high-level US\$25 million Non-Binding Debt Term Sheet with Long March Capital for arrangement of a debt facility. The Company continues to work with Longmarch Capital on this and also other fundraising initiatives.
- The Company is in discussions with other third parties in relation to providing funding to the Company for its required commitments over the next 12 months.
- 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.

### (d) Change in financial year end

The Group has changed its financial year end from 30 June to 31 December. The current period figures relate to six months from 1 July 2022 to 31 December 2022. The comparative amounts disclosed in the financial report and related notes are not comparable as the lengths of the periods differ by six months.

## 3. PRINCIPALS OF CONSOLIDATION

### (a) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Minbos Resources Limited ('Company' or 'Parent Entity') as at 31 December 2022 and the results of all subsidiaries for the period / year then ended. Minbos Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss & Other Comprehensive Income and Consolidated Statement of Financial Position respectively.

## Notes to the Consolidated Financial Statements

### (b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary. Any differences between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Minbos Resources Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

## 4. ACCOUNTING POLICIES

### (a) FOREIGN CURRENCY TRANSLATION

#### *Functional and presentation currency*

These consolidated financial statements are presented in Australian dollars. The functional and presentation currency of the Company is Australian dollars (AUD). The functional currency of the subsidiaries is United States dollars (USD).

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investments in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a net basis within other income or other expenses.

#### *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position,
- Income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

## Notes to the Consolidated Financial Statements

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

### (b) Goods and Services Tax (GST)

Revenues and expenses are recognised net of the amount of GST, except where the amount of GST is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the item of expense to which it relates.

Assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability.

Cash flows are reported on a gross basis and inclusive of GST. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

### New and revised Accounting Standards and Interpretations adopted by the Group

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### (c) Other Accounting Policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

## 5. KEY JUDGEMENTS AND ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

### Exploration and evaluation expenditure

**Cabinda Phosphate Project:** The Company incurred exploration and evaluation expenditure on the Cabinda Phosphate Project during the six months from 1 July 2022 to 31 December 2022 of \$3,341,260, with a carrying value at 31 December 2022 \$7,322,490 (carrying value at 30 June 2022: \$3,981,230). The Company executed a Mineral Investment Contract ('MIC') for the Cabinda Phosphate Project in January 2021, and from that date the Company has capitalised exploration and evaluation expenditure to the Statement of Financial Position. The MIC was officially signed by Dr André Francisco Buta Neto, National Director of Mineral Resources, and homologated by Angola's Minister of Mineral Resources and Petroleum, Mr Diamantino Azevedo. The MIC provides for exploration, feasibility studies and exploitation of the phosphate rock by Minbos within the Cabinda Phosphate Project concession area.

## Notes to the Consolidated Financial Statements

### Share based payments

The Group measures the cost of equity settled transactions with Directors, employees and consultants, where applicable, by reference to the fair value of the instruments at the date at which they are granted. The fair value is determined using the black-scholes, binomial or other appropriate model, taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### Consolidation of entities for which there is less than majority ownership

The Group will consolidate an entity, as a subsidiary, in its consolidated financial statements where it judges it has control over the entity. In the absence of direct ownership and/or voting rights over the entity, judgement is based on indicators of having other forms of power, including power delegated to an agent or power derived from an entity's dependence on the Group company for critical services, knowledge, personnel, licences, guarantees or funding. Where there is power it is necessary to assess if decisions directing the relevant activities of the entity are made by and/or for the benefit of the Group company and to identify how the Group company has exposure, or rights, to the entity's variable returns. There is control where all three elements are judged to exist: the power, the exposure or rights to variable returns and the evidence that the power can be used to affect the returns for the Group company.

## 6. OTHER INCOME

|  | <b>6 months<br/>ended<br/>31-Dec-22</b> | 12 months<br>ended<br>30-Jun-22 |
|--|---|---------------------------------|
|  | \$                                      | \$                              |
| Interest income                        | <b>74,504</b>                           | 1,944                           |
| Sale of Ambato Rare Earths Project (i) | -                                       | 2,480,000                       |
| Other revenue                          | <b>47,840</b>                           | 20                              |
|  | <b>122,344</b>                          | 2,481,964                       |

(i) During the 30 June 2022 financial year, the Company completed the divestment of its interest in its Madagascan Rare Earths Project to ALS (Hong Hong) Limited ('ALS'). ALS provided Minbos consideration of \$2,480,000 for the waiver of the Option Right over Tana Investments.

## RECOGNITION AND MEASUREMENT

### Interest Income

Interest income is recognised when the Company gains control of the right to receive the interest payment.

All income is stated net of the amount of goods and services tax.

## Notes to the Consolidated Financial Statements

### 7. EXPENSES

|  | 6 months<br>ended<br>31-Dec-22 | 12 months<br>ended<br>30-Jun-22 |
|--|--------------------------------|---------------------------------|
|  | \$                             | \$                              |
| <b>Administration expenses</b>               |                                |                                 |
| Advertising and marketing expenses           | 390,550                        | 53,290                          |
| Compliance and regulatory expenses           | 208,341                        | 254,987                         |
| Computer expenses                            | 24,657                         | 39,803                          |
| Consulting and corporate expenses            | 16,293                         | 343,769                         |
| Insurance expense                            | 120,068                        | 186,230                         |
| Interest expense                             | 2,390                          | 4,025                           |
| Legal expenses                               | 165,436                        | 84,060                          |
| Rent expense                                 | 10,965                         | 9,019                           |
| Seminar and conference expenses              | 27,736                         | 33,989                          |
| Travel and accommodation expenses            | 18,938                         | 80,388                          |
| Other administration expenses                | 69,198                         | 128,394                         |
|  | <b>1,054,572</b>               | <b>1,217,954</b>                |
| <b>Personnel expenses and director fees</b>  |                                |                                 |
| Wages and salaries, including superannuation | 498,302                        | 759,618                         |
| Director fees and other benefits (i)         | 102,367                        | 183,387                         |
| Other employee expenses                      | 124,757                        | 729                             |
|  | <b>725,426</b>                 | <b>943,734</b>                  |

(i) This balance does not include Director share-based payments, as this is recorded separately in Note 17: share-based payments.

### 8. INCOME TAX EXPENSE

#### (a) Numerical reconciliation of accounting losses to income tax expense

A reconciliation between income tax expense and the accounting loss before income tax multiplied by the entity's applicable income tax rate is as follows:

|   | 6 months<br>ended<br>31-Dec-22 | 12 months<br>ended<br>30-Jun-22 |
|---|--------------------------------|---------------------------------|
|   | \$                             | \$                              |
| Accounting loss before income tax   | <b>(2,296,178)</b>             | (804,617)                       |
| At the entity's Australian statutory income tax rate of 30% (30 June 2022: 30%) | <b>(688,853)</b>               | (241,385)                       |
| Adjusted for tax effect of the following amounts:                               |                                |                                 |
| Non-deductible / taxable items  | 60,554                         | 175,948                         |
| Income tax benefits not brought to account                                      | 628,299                        | 65,437                          |
| <b>Income tax expense / (benefit)</b>   | <b>-</b>                       | <b>-</b>                        |



## Notes to the Consolidated Financial Statements

### (b) Deferred tax assets and liabilities not brought to account

The Company estimates that the potential deferred tax assets and liabilities carried forward but not brought to account at year end at the Australian corporate tax rate of 30% are made up as follows:

|                                  | 6 months<br>ended<br>31-Dec-22 | 12 months<br>ended<br>30-Jun-22 |
|----------------------------------|--------------------------------|---------------------------------|
|                                  | \$                             | \$                              |
| <b>On income tax account:</b>    |                                |                                 |
| Carried forward tax losses       | 4,357,897                      | 3,611,248                       |
| Unrecognised deferred tax assets | 4,357,897                      | 3,611,248                       |

The Group has Australian carried forward tax losses of \$14,526,323 (tax effected at 30%, \$4,357,897) as at 31 December 2022 (30 June 2022: \$12,037,494 (tax effected at 30%, \$3,611,248)). In view of the Group's trading position, the Directors have not included this tax benefit in the Group's Consolidated Statement of Financial Position. A tax benefit will only be recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The tax benefits of the above deferred tax assets will only be obtained if:

- (a)  The Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b)  The Consolidated Entity continues to comply with the conditions for deductibility imposed by law; and
- (c)  No changes in income tax legislation adversely affect the Consolidated Entity from utilising the benefits.

## RECOGNITION AND MEASUREMENT

### Current taxes

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

### Deferred taxes

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurements also reflect the manner in which management expects to recover or settle that carrying amount of the related asset or liability.

## Notes to the Consolidated Financial Statements

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in the future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### 9. EARNINGS PER SHARE

#### (a) Basic loss per share

The calculation of basic loss per share at 31 December 2022 was based on the loss attributable to ordinary shareholders of \$2,296,178 (30 June 2022: \$804,617) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2022 of 535,945,631 (30 June 2022: 495,646,938) calculated as follows:

|  | <b>6 months<br/>ended<br/>31-Dec-22</b> | 12 months<br>ended<br>30-Jun-22 |
|--|---|---------------------------------|
| Net loss attributable to the ordinary equity holders of the Group (\$) | <b>(2,296,178)</b>                      | (804,617)                       |
| Weighted average number of ordinary shares for basis per share (No.)   | <b>535,945,631</b>                      | 495,646,938                     |
| <b>Continuing operations</b>   |   |                                 |
| - Basic and diluted loss per share (\$)                                | <b>(0.004)</b>                          | (0.002)                         |

#### RECOGNITION AND MEASUREMENT

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial period, adjusted for the bonus elements in ordinary shares issued during the period.

#### (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.

#### RECOGNITION AND MEASUREMENT

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## Notes to the Consolidated Financial Statements

### 10. CASH AND CASH EQUIVALENTS

#### (a) Reconciliation to cash at the end of the period / year

|  | 31-Dec-22         | 30-Jun-22        |
|--|-------------------|------------------|
|  | \$                | \$               |
| Cash at bank and in hand                                 | 17,417,343        | 3,593,956        |
| Short-term deposit                                       | 48,343            | 48,343           |
| <b>Balance at the end of the financial period / year</b> | <b>17,465,686</b> | <b>3,642,299</b> |

#### (b) Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in Note 20: Financial Risk Management.

#### (c) Reconciliation of net cash flows from operating activities to loss for the period / year after tax

|  | 31-Dec-22          | 30-Jun-22          |
|--|--------------------|--------------------|
|  | \$                 | \$                 |
| Loss for the financial period / year           | (2,296,178)        | (804,617)          |
| <b>Adjustments for:</b>                        |                    |                    |
| Advertising & marketing fees settled in shares | 375,000            | -                  |
| Amortisation expense                           | 31,571             | 42,089             |
| Depreciation expense                           | 10,038             | 10,250             |
| Foreign currency translation                   | 226,177            | (64,971)           |
| Proceeds from the sale of Ambato Project       | -                  | (2,480,000)        |
| Share based payment expense                    | 264,058            | 1,100,413          |
| <b>Change in assets and liabilities</b>        |                    |                    |
| Increase in trade and other receivables        | (465,482)          | (115,499)          |
| Increase in trade and other payables           | 224,750            | 264,219            |
| Increase in provisions                         | 23,395             | 57,634             |
| <b>Net cash used in operating activities</b>   | <b>(1,606,671)</b> | <b>(1,990,482)</b> |

#### (d) Non-cash financing and investing activities

On 1 September 2022, the Company issued 3,750,000 fully paid ordinary shares to S3 Consortium Pty Ltd (Adviser Shares) as consideration for \$412,500 (including GST) worth of marketing services.

### RECOGNITION AND MEASUREMENT

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows.

## Notes to the Consolidated Financial Statements

### 11. FINANCIAL ASSETS

|  | 31-Dec-22      | 30-Jun-22 |
|--|----------------|-----------|
|  | \$             | \$        |
| Financial assets   | 946,902        | -         |
| <b>Balance at the end of the financial period / year</b> | <b>946,902</b> | <b>-</b>  |

During the reporting period funds were loaned to the Angolan entity called Soul Rock-Prospecção, Exploração De Fosfato, Produção e Comercialização de Fertilizantes, Lda (Soul Rock Lda). The loan was made interest-free and without repayment schedule. On 23 February 2023, post the reporting period, the company became a Group controlled subsidiary.

### 12. PLANT AND EQUIPMENT

|  | 31-Dec-22         | 30-Jun-22        |
|--|-------------------|------------------|
|  | \$                | \$               |
| Capital works in progress (i)                            | 10,076,795        | 7,145,238        |
| Office equipment   | 64,502            | 45,322           |
| Computer equipment                                       | 40,530            | 33,881           |
| <b>Balance at the end of the financial period / year</b> | <b>10,181,827</b> | <b>7,224,441</b> |

(i) Non-refundable deposits for Phosphate Fertilizer Plant & Truck Unloading Feeder at the Cabinda Phosphate Project

In previous financial years, the Company formally approved the purchase of two long lead items for the construction of the Phosphate Granulation Plant.

As at 31 December 2022, the Company had paid Feeco in full for its Phosphate Fertilizer Plant. The total paid to Feeco was \$9,300,974 (USD\$6,653,987). On 19 January 2023 the Company announced that the last of the Feeco manufactured fertilizer plant had left the US and was enroute to Angola.

As at 31 December 2022, the Company had paid Aumund Asia (H.K) Limited in full the supply of the Truck Unloader. The total paid to Aumund was \$587,061 (EURO 377,772). On 19 January 2023 the Company announced that the Truck Unloader had left Hong Kong and was enroute to Angola.

As at 31 December 2022, the Company had paid freight and Insurance for the Feeco Phosphate Fertilizer Plant and the Aumund Truck Unloader, totalling \$188,760.

### 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.

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.

## Notes to the Consolidated Financial Statements

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.

### 13. EXPLORATION & EVALUATION EXPENDITURE

|  | <u>31-Dec-22</u> | <u>30-Jun-22</u> |
|--|------------------|------------------|
|  | \$               | \$               |
| Carrying amount of exploration and evaluation expenditure  | <b>7,322,490</b> | 3,981,230        |
| <b>Movement reconciliation</b>                             |                  |                  |
| Balance at the beginning of the financial period / year    | <b>3,981,230</b> | 965,895          |
| Exploration expenditure during the financial period / year | <b>3,341,260</b> | 3,015,335        |
| <b>Balance at the end of the financial period / year</b>   | <b>7,322,490</b> | <b>3,981,230</b> |

### RECOGNITION AND MEASUREMENT

Exploration and evaluation expenditure, which are intangible costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Consolidated Entity has obtained the legal rights to explore an area are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i)  the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii)  activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if one or more of the following facts and circumstances exist:

- (i)  the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.
- (ii)  substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- (iii)  exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- (iv)  sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full, from successful development or by sale.

Judgement is applied when considering whether fact and circumstances as per above indicate that the exploration and evaluation asset should be tested for impairment.

## Notes to the Consolidated Financial Statements

No impairment indicators were noted during the period.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mineral property and development assets within plant and equipment.

### 14. TRADE AND OTHER PAYABLES

|  | <b>31-Dec-22</b> | <b>30-Jun-22</b> |
|--|------------------|------------------|
|  | \$               | \$               |
| Trade creditors  | <b>416,667</b>   | 745,721          |
| Accruals   | <b>84,780</b>    | 465,120          |
| Superannuation payable                                   | <b>22,823</b>    | 11,500           |
| Other payables   | <b>331,722</b>   | -                |
| PAYG payable   | <b>54,331</b>    | 59,120           |
| <b>Balance at the end of the financial period / year</b> | <b>910,323</b>   | <b>1,281,461</b> |

### RECOGNITION AND MEASUREMENT

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

For trade and other payables, the fair value is approximate to their carrying value amount, due to their short-term nature.

### 15. CONTRIBUTED EQUITY

#### (a) Issued and fully paid

|                 | <b>31-Dec-22</b>  |                    | <b>30-Jun-22</b> |             |
|-----------------|-------------------|--------------------|------------------|-------------|
|                 | \$                | No.                | \$               | No.         |
| Ordinary shares | <b>79,103,818</b> | <b>770,180,625</b> | 54,862,697       | 525,657,897 |
|                 | <b>79,103,818</b> | <b>770,180,625</b> | 54,862,697       | 525,657,897 |

#### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the company in proportion to the number and amount paid on the shares held.

## Notes to the Consolidated Financial Statements

### (b) Movement Reconciliation

| ORDINARY SHARES                     | Date       | Quantity           | Issue price | \$                |
|-------------------------------------|------------|--------------------|-------------|-------------------|
| <b>Balance 30 June 2021</b>         |            | <b>464,032,897</b> |             | <b>49,192,196</b> |
| Options converted (i)               | 7/10/2021  | 1,000,000          | \$0.05      | 50,000            |
| Options converted (ii)              | 3/12/2021  | 625,000            | \$0.15      | 93,750            |
| Shares issued (iii)                 | 22/12/2021 | 54,850,000         | \$0.10      | 5,485,000         |
| Shares issued (iv)                  | 10/02/2022 | 5,150,000          | \$0.10      | 515,000           |
| Cost of placements                  |            | -                  | -           | (473,249)         |
| <b>Balance 30 June 2022</b>         |            | <b>525,657,897</b> |             | <b>54,862,697</b> |
| Shares issued (v)                   | 19/07/2022 | 131,414,473        | \$0.11      | 14,455,592        |
| Shares issued (vi)                  | 1/09/2022  | 95,858,255         | \$0.11      | 10,544,408        |
| Shares issued (vii)                 | 1/09/2022  | 3,750,000          | \$0.11      | 412,500           |
| Performance rights converted (viii) | 20/10/2022 | 4,500,000          | -           | 387,000           |
| Options converted (ix)              | 25/11/2022 | 9,000,000          | \$0.05      | 450,000           |
| Cost of placements                  |            | -                  | -           | (2,008,379)       |
| <b>Balance 31 December 2022</b>     |            | <b>770,180,625</b> |             | <b>79,103,818</b> |

- (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 a capital placement (Tranche 1) to sophisticated and professional investors and issued 54,850,000 fully paid ordinary shares at \$0.10 per share to raise \$5,485,000.
- (iv) On 10 February 2022, the Company completed a capital placement (Tranche 2) to the Company Directors and issued 5,150,000 fully paid ordinary shares at \$0.10 per share to raise \$515,000.
- (v) On 19 July 2022, the Company completed a capital placement (Tranche 1) to institutional, sophisticated and professional investors and issued 131,414,473 fully paid ordinary shares at \$0.11 per share to raise \$14,455,592.
- (vi) On 1 September 2022, the Company completed a capital placement (Tranche 2) to institutional, sophisticated and professional investors (inclusive of Minbos Directors and Management Team) and issued 95,858,255 fully paid ordinary shares at \$0.11 per share to raise \$10,544,408.
- (vii) On 1 September 2022, the Company issued 3,750,000 fully paid ordinary shares to S3 Consortium Pty Ltd (Adviser Shares) as consideration for \$412,500 worth of marketing services.
- (viii) On 20 October 2022, the Company issued 4,500,000 fully paid ordinary shares (3,000,000 to Mr Lindsay Reed & 1,500,000 to Mr Peter Wall) on the conversion of convertible performance rights.
- (ix) On 25 November 2022, the Company issued 9,000,000 fully paid ordinary shares upon conversion of unlisted options expiring 26 November 2022 by shareholders at an exercise price of \$0.05 per option.

### (c) Capital risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Company's development there are no formal targets set for return on capital. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements. The net equity of the Company is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange.

## Notes to the Consolidated Financial Statements

### RECOGNITION AND MEASUREMENT

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

### 16. RESERVES

|                                      | 31-Dec-22        |                   | 30-Jun-22        |                   |
|--------------------------------------|------------------|-------------------|------------------|-------------------|
|                                      | \$               | No.               | \$               | No.               |
| Option reserve                       | 1,373,387        | 28,250,000        | 973,730          | 31,000,000        |
| Employee share plan reserve          | 3,091,146        | 62,000,000        | 3,214,088        | 62,000,000        |
| Foreign currency translation reserve | 3,930,588        | -                 | 4,162,731        | -                 |
|                                      | <b>8,395,121</b> | <b>90,250,000</b> | <b>8,350,549</b> | <b>93,000,000</b> |

|   | 31-Dec-22        | 30-Jun-22 |
|---|------------------|-----------|
|   | \$               | \$        |
| <b>Movement reconciliation</b>  |                  |           |
| <b>Option reserve</b>   |                  |           |
| <b>Balance at the beginning of the financial period / year</b>                      | <b>973,730</b>   | 866,467   |
| Equity settled share-based payment transactions (i)                                 | <b>399,657</b>   | 107,263   |
| <b>Balance at the end of the financial period / year</b>                            | <b>1,373,387</b> | 973,730   |
| <b>Employee share plan reserve</b>  |                  |           |
| <b>Balance at the beginning of the financial period / year</b>                      | <b>3,214,088</b> | 2,113,675 |
| Equity settled share-based payment transactions (ii)                                | <b>(122,942)</b> | 1,100,413 |
| <b>Balance at the end of the financial period / year</b>                            | <b>3,091,146</b> | 3,214,088 |
| <b>Foreign currency translation reserve</b>   |                  |           |
| <b>Balance at the beginning of the financial period / year</b>                      | <b>4,162,731</b> | 4,152,134 |
| Effect of translation of foreign currency operations to group presentation currency | <b>(232,143)</b> | 10,597    |
| <b>Balance at the end of the financial period / year</b>                            | <b>3,930,588</b> | 4,162,731 |

#### (i) Option Reserve:

- 31 December 2022: \$399,657 - On 12 July 2022, 6,250,000 unlisted options were issued to the Lead Manager of the Company's placement, as part consideration for lead manager services, as approved by shareholders on 23 August 2022.



## Notes to the Consolidated Financial Statements

### (ii) Employee share plan reserve:

- □ 31 December 2022: \$119,258 - On 1 July 2021, the Company issued 20,000,000 unlisted options to Employees and Contractors under the Company's incentive Option Plan.
- □ 31 December 2022: (\$22,661) - On 21 December 2021, the Company issued 2,000,000 unlisted options to a Contractor under the Company's incentive Option Plan. These options lapsed on 31 December 2022 as the conditions had not been met or became incapable of being satisfied.
- □ 31 December 2022: (\$387,000) - 4,500,000 performance rights (Tranche 2) were converted to ordinary shares on 20 October 2022 as the Company completed a positive Definitive Feasibility Study in relation to the Cabinda Project in Angola within 18 months from the issue date.
- □ 31 December 2022: \$167,461 - Tranche 2 and Tranche 3 performance rights (4,500,000 for each tranche) under the Company's incentive Performance Rights Plan as approved by shareholders on 7 April 2021 at the Company's General Meeting

Refer to Note 17: Share-based payments for further detail regarding the terms and conditions of the options and employee share plan reserve.

### **Nature and purpose of reserves**

#### **Employee share plan reserve**

The reserve represents the value of shares and rights issued under the Group's Employee Share Plan and incentive Performance Rights Plan as approved by shareholders, that the Consolidated Entity is required to include in the consolidated financial statements. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the Consolidated Entity's own equity instruments.

#### **Foreign currency translation reserve**

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

## Notes to the Consolidated Financial Statements

### 17. SHARE BASED PAYMENTS

|   | Number of Options & Rights | Share-based payments expense | Remaining Share-based payments expense |
|---|----------------------------|------------------------------|--|
| Employee / Director, Lead Manager & Placement Options (a) | 136,812,500                | \$96,597                     | \$119,258                              |
| Performance Rights (b)                                    | 4,500,000                  | \$167,461                    | \$51,422                               |
|   | <b>141,312,500</b>         | <b>\$264,058</b>             | <b>\$170,680</b>                       |

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

|  | Grant Date | Expiry Date | Exercise Price | Balance at 1-Jul-22 | Granted during the period | Exercised / Expired | Balance at 31-Dec-22 |
|--|------------|-------------|----------------|---------------------|---------------------------|---------------------|----------------------|
| Lead Manager Options (i)   | 3/11/20    | 26/11/22    | \$0.05         | 9,000,000           | -                         | (9,000,000)         | -                    |
| CEO / Director Options (ii)  | 3/11/20    | 18/11/24    | \$0.05         | 30,000,000          | -                         | -                   | 30,000,000           |
| Director Options (iii)   | 7/4/21     | 30/4/25     | \$0.10         | 12,000,000          | -                         | -                   | 12,000,000           |
| Lead Manager Options (iv)  | 7/4/21     | 30/4/23     | \$0.15         | 20,000,000          | -                         | -                   | 20,000,000           |
| Placement Options (v)  | 7/4/21     | 30/4/25     | \$0.15         | 46,562,500          | -                         | -                   | 46,562,500           |
| Consultant Options (vi)  | 1/07/21    | 1/07/25     | \$0.10         | 20,000,000          | -                         | -                   | 20,000,000           |
| Consultant Options (vii)   | 15/12/21   | 15/12/24    | \$0.19         | 2,000,000           | -                         | (2,000,000)         | -                    |
| Lead Manager Options (viii)  | 21/12/21   | 21/12/24    | \$0.15         | 2,000,000           | -                         | -                   | 2,000,000            |
| Lead Manager Options (ix)  | 23/8/22    | 1/9/25      | \$0.17         | -                   | 6,250,000                 | -                   | 6,250,000            |
| <b>Total Options</b>   |            |             |                | <b>141,562,500</b>  | <b>6,250,000</b>          | <b>(11,000,000)</b> | <b>136,812,500</b>   |
| Weighted average exercise price  |            |             |                | <b>\$0.11</b>       |                           |                     | <b>\$0.12</b>        |
| The weighted average remaining contractual life of options outstanding at the end of the financial period / year was |            |             |                | <b>1.66</b>         |                           |                     | <b>1.29</b>          |

|                         | (ii)             | (iii)            | (iv)             | (v)         | (vi)                           | (viii)           | (ix)             |
|-------------------------|------------------|------------------|------------------|-------------|--------------------------------|------------------|------------------|
| Options                 | 30,000,000       | 12,000,000       | 20,000,000       | 46,562,500  | 20,000,000                     | 2,000,000        | 6,250,000        |
| Grant date              | 3-Nov-20         | 7-Apr-21         | 7-Apr-21         | 7-Apr-21    | 1-Jul-21                       | 21-Dec-21        | 23-Aug-22        |
| Share price             | \$0.040          | \$0.086          | \$0.086          | \$0.086     | \$0.075                        | \$0.10           | \$0.115          |
| Exercise price          | \$0.05           | \$0.10           | \$0.15           | \$0.15      | \$0.10                         | \$0.15           | \$0.17           |
| Volatility              | 100%             | 100%             | 100%             | 100%        | 100%                           | 100%             | 100%             |
| Option life             | 4 years          | 4 years          | 2 years          | 2 years     | 4 years                        | 3 years          | 3 years          |
| Dividend yield          | 0.00%            | 0.00%            | 0.00%            | 0.00%       | 0.00%                          | 0.00%            | 0.00%            |
| Interest rate           | 0.40%            | 0.07%            | 0.07%            | 0.07%       | 0.04%                          | 0.53%            | 2.90%            |
| Vesting                 | Immediately      | Immediately      | Immediately      | Immediately | 10m - 12 Mths<br>10m - 24 Mths | Immediately      | Immediately      |
| <b>Total fair Value</b> | <b>\$777,308</b> | <b>\$684,267</b> | <b>\$680,097</b> | -           | <b>\$954,066</b>               | <b>\$107,263</b> | <b>\$399,657</b> |

- (i) On 25 November 2022, the Company issued 9,000,000 fully paid ordinary shares upon conversion of unlisted options, at an exercise price of \$0.05 per option.
- (vii) On 21 December 2021, the Company issued 2,000,000 unlisted options to a Contractor under the Company's incentive Option Plan. These options lapsed on 31 December 2022 as the conditions had not been met or became incapable of being satisfied.
- (ix) On 12 July 2022, 6,250,000 unlisted options were issued to the Lead Manager of the Company's placement, as part consideration for lead manager services, as approved by shareholders on 23 August 2022. These options have valued using Black Scholes and have been recognised as capital raising costs in Note 15: Contributed Equity.

## Notes to the Consolidated Financial Statements

### (b) Performance Rights

On 30 April 2021, the Company issued the following performance rights under the Company's incentive Performance Rights Plan as approved by shareholders on 7 April 2021 at the Company's General Meeting:

|                                | Grant Date | Expiry Date | Balance at the start of the year | Granted during the period | Expired during the period | Balance at the end of the year |
|--------------------------------|------------|-------------|----------------------------------|---------------------------|---------------------------|--------------------------------|
| Tranche 1 - Peter Wall (i)     | 7-Apr-21   | 7-Apr-22    | -                                | -                         | -                         | -                              |
| Tranche 1 - Lindsay Reed (i)   | 7-Apr-21   | 7-Apr-22    | -                                | -                         | -                         | -                              |
| Tranche 2 - Peter Wall (ii)    | 7-Apr-21   | 7-Oct-22    | 1,500,000                        | -                         | (1,500,000)               | -                              |
| Tranche 2 - Lindsay Reed (ii)  | 7-Apr-21   | 7-Oct-22    | 3,000,000                        | -                         | (3,000,000)               | -                              |
| Tranche 3 - Peter Wall (iii)   | 7-Apr-21   | 7-Apr-23    | 1,500,000                        | -                         | -                         | 1,500,000                      |
| Tranche 3 - Lindsay Reed (iii) | 7-Apr-21   | 7-Apr-23    | 3,000,000                        | -                         | -                         | 3,000,000                      |

- (i) Tranche 1 performance rights expired during the 30 June 2022 financial year as the Company did not enter into an Off-Take Agreement in relation to the Cabinda Project in Angola within 12 months of the issue date. The share-based payment expense of \$387,000 in respect of Tranche 1 performance rights was therefore reversed at 30 June 2022.
- (ii) Tranche 2 performance rights converted to ordinary shares on 20 October 2022 as the Company completed a positive Definitive Feasibility Study in relation to the Cabinda Project in Angola within 18 months from the issue date.
- (iii) Tranche 3 performance rights will be granted if the Company secured project finance in relation to the Cabinda Project in Angola within 24 months from the issue date.

|                                    | (i)              | (ii)             | (iii)            |
|------------------------------------|------------------|------------------|------------------|
| Number of rights                   | 4,500,000        | 4,500,000        | 4,500,000        |
| Grant date                         | 7-Apr-21         | 7-Apr-21         | 7-Apr-21         |
| Grant date share price             | \$0.078          | \$0.086          | \$0.086          |
| Expected volatility                | 100%             | 100%             | 100%             |
| Rights life                        | 12 Months        | 18 Months        | 24 Months        |
| Dividend yield                     | 0.00%            | 0.00%            | 0.00%            |
| Interest rate                      | 0.07%            | 0.07%            | 0.07%            |
| Probability of achieving milestone | -*               | 100%**           | 100%             |
| <b>Total fair Value</b>            | <b>\$387,000</b> | <b>\$387,000</b> | <b>\$387,000</b> |

\* Performance milestone was not achieved within the 12 months.

\*\* Performance milestone was achieved within the 18 months.

### 18. ACCUMULATED LOSSES

|  | 31-Dec-22           | 30-Jun-22    |
|--|---------------------|--------------|
|  | \$                  | \$           |
| <b>Movement in accumulated losses</b>                          |                     |              |
| <b>Balance at the beginning of the financial period / year</b> | <b>(49,574,686)</b> | (48,770,069) |
| Net loss in current period / year                              | <b>(2,292,275)</b>  | (804,617)    |
| <b>Balance at the end of the financial period / year</b>       | <b>(51,866,961)</b> | (49,574,686) |

## Notes to the Consolidated Financial Statements

### 19. NON-CONTROLLING INTERESTS

|   | <b>31-Dec-22</b> |
|---|------------------|
|   | \$               |
| <b>Balance at the beginning of the financial period</b> | -                |
| Share of loss for the period                            | (3,903)          |
| <b>Balance at the end of the financial period</b>       | <b>(3,903)</b>   |

The summary of financial information for Minbos Lda is set out below:

|  | <b>31-Dec-22</b> |
|--|------------------|
|  | \$               |
| Current assets   | 33,260           |
| Non-current assets                                       | 1,067,908        |
| <b>Total assets</b>                                      | <b>1,101,168</b> |
| Current liabilities                                      | 91,471           |
| Non-Current liabilities                                  | 1,035,717        |
| <b>Total liabilities</b>                                 | <b>1,127,188</b> |
| <b>Net liabilities</b>                                   | <b>(26,020)</b>  |
| <b>Equity attributable to owners of the Parent</b>       | <b>(22,117)</b>  |
| <b>Non-Controlling interest</b>                          | <b>(3,903)</b>   |
| Loss for the period attributable to owners of the Parent | (22,117)         |
| Loss for the period attributable to NCI                  | (3,903)          |
| <b>Loss for the period</b>                               | <b>(26,020)</b>  |

### 20. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors with assistance from suitably qualified external advisors.

The main risks arising for the Group are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

## Notes to the Consolidated Financial Statements

The carrying values of the Group's financial instruments are as follows:

|                              | 31-Dec-22         | 30-Jun-22        |
|------------------------------|-------------------|------------------|
|                              | \$                | \$               |
| <b>Financial assets</b>      |                   |                  |
| Cash and cash equivalents    | 17,465,686        | 3,642,299        |
| Financial assets             | 946,902           | -                |
|                              | <b>18,412,588</b> | <b>3,642,299</b> |
| <b>Financial liabilities</b> |                   |                  |
| Trade and other payables     | 910,323           | 1,281,461        |
| Lease liabilities            | 125,226           | 158,027          |
|                              | <b>1,035,549</b>  | <b>1,439,488</b> |
| <b>Net exposure</b>          | <b>17,377,039</b> | <b>2,202,811</b> |

### (a) Market Risk

#### (i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

#### (ii) Interest rate risk

The Group is exposed to interest rate risk due to variable interest being earned on its interest-bearing bank accounts. At the end of the reporting period, the Group had the following interest-bearing financial instruments:

|                           | 31-Dec-22                         |               | 30-Jun-22                         |               |
|---------------------------|-----------------------------------|---------------|-----------------------------------|---------------|
|                           | Weighted average<br>interest rate | Balance<br>\$ | Weighted average<br>interest rate | Balance<br>\$ |
| Cash and cash equivalents | 0.82%                             | 17,465,686    | 0.19%                             | 3,642,299     |

#### Sensitivity

Within this analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year, using the observed range of historical rates for the preceding five-year period.

At 31 December 2022, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

|  | Post tax profit<br>higher/(lower) |                    | Other comprehensive<br>higher/(lower) |                    |
|--|-----------------------------------|--------------------|---------------------------------------|--------------------|
|  | 6 months<br>ended                 | 12 months<br>ended | 6 months<br>ended                     | 12 months<br>ended |
|  | 31-Dec-22                         | 30-Jun-22          | 31-Dec-22                             | 30-Jun-22          |
|  | \$                                | \$                 | \$                                    | \$                 |
| Judgements of reasonably possible movements: |                                   |                    |                                       |                    |
| + 1.0% (100 basis points)                    | 122,260                           | 25,496             | -                                     | -                  |
| - 1.0% (100 basis points)                    | (122,260)                         | (25,496)           | -                                     | -                  |

## Notes to the Consolidated Financial Statements

The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

### (b) Credit risk

Credit risk is the risk of financial loss to the Group if a counter party to a financial instrument fails to meet its contractual obligations. During the period credit risk has principally arisen from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments.

The carrying amount of financial assets included in the Consolidated Statement of Financial Position represents the Group's maximum exposure to credit risk in relation to those assets. The Group does not hold any credit derivatives to offset its credit exposure. The Group trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

The Group has no significant concentrations of credit risk within the Group except for the following:

- Note 10: Cash and cash equivalents: Cash is held with the National Australia Bank (\$15,517,105) and the MauBank.
- Note 11: Financial Assets: The Group company, Minbos Resource-Exploração Mineira, Lda (Minbos Lda), provided a loan to another Angolan entity, called Soul Rock-Prospecção, Exploração De Fosfato, Produção e Comercialização de Fertilizantes, Lda (Soul Rock Lda), which also became a Group company post the reporting period, on 23 February 2023.

### (i) Cash

The Group's primary bankers are National Australia Bank and MauBank Ltd. The Board considers the use of these financial institutions, which have a rating of AA- from Standards and Poor's, respectively, to be sufficient in the management of credit risk with regards to these funds.

|  | <b>31-Dec-22</b>  | 30-Jun-22 |
|--|-------------------|-----------|
|  | \$                | \$        |
| <b>Cash at bank and short-term bank deposits:</b>        |                   |           |
| Financial institutions – Standard & Poor's rating of AA- | <b>15,517,105</b> | 6,823,880 |
| Financial institutions – Other                           | <b>1,948,581</b>  | 7,093     |
|  | <b>17,465,686</b> | 6,830,973 |

### (ii) Financial Asset

A financial asset in the form of a loan to an unrelated entity (Soul Rock Lda), may pose credit risks, however, as reported in note 27, the entity became a Group entity subsequent to the financial period.

### (iii) Trade Debtors

While the Group has policies in place to ensure that transactions with third parties have an appropriate credit history, the management of current and potential credit risk exposures is limited as far as is considered commercially appropriate. Up to the date of this report, the Board has placed no requirement for collateral on existing debtors.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

## Notes to the Consolidated Financial Statements

### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

The Directors and Management monitor the cash outflow of the Group on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

The financial liabilities the Group had at reporting date were trade payables and employee provisions incurred in the normal course of the business. Trade payables were non-interest bearing and were paid within the normal 30-60 day terms of creditor payments.

The table below reflects the respective undiscounted cash flows for financial liabilities existing at 31 December 2022.

| Contractual maturities of financial liabilities | <6 months<br>\$  | >6-12 months<br>\$ | >12 months<br>\$ | Total contractual cash flows<br>\$ | Carrying amount<br>\$ |
|---|------------------|--------------------|------------------|------------------------------------|-----------------------|
| <b>31-Dec-22</b>                                |                  |                    |                  |                                    |                       |
| Trade and other payables                        | 910,323          | -                  | -                | 910,323                            | 910,323               |
| Lease liabilities                               | 33,371           | 33,951             | 57,904           | 129,036                            | 125,226               |
|   | <b>943,694</b>   | <b>33,951</b>      | <b>57,904</b>    | <b>1,039,359</b>                   | <b>1,035,549</b>      |
| <b>30-Jun-22</b>                                |                  |                    |                  |                                    |                       |
| Trade and other payables                        | 1,281,461        | -                  | -                | 1,281,461                          | 1,281,461             |
| Lease liabilities                               | 32,802           | 33,371             | 91,854           | 158,027                            | 158,027               |
|   | <b>1,314,263</b> | <b>33,371</b>      | <b>91,854</b>    | <b>1,439,488</b>                   | <b>1,439,488</b>      |

### RECOGNITION AND MEASUREMENT

#### *Non-derivative financial instruments*

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows.

#### *Subsequent measurement*

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

## Notes to the Consolidated Financial Statements

### **Impairment**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

### **Assets carried at amortised cost**

For loans and receivables, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. If a loan or held-to maturity investment has a variable interest rate, the discount rate or measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

## **21. 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.



## Notes to the Consolidated Financial Statements

### 22. PARENT ENTITY

|   | 31-Dec-22             | 30-Jun-22              |
|---|-----------------------|------------------------|
|   | \$                    | \$                     |
| Current Assets  | 15,738,025            | 3,339,355              |
| Non-Current Assets                                    | 20,617,589            | 11,836,385             |
| <b>Total Assets</b>                                   | <b>36,355,614</b>     | <b>15,175,740</b>      |
| Current Liabilities                                   | 669,637               | 1,445,326              |
| Non-Current Liabilities                               | 57,902                | 91,854                 |
| <b>Total Liabilities</b>                              | <b>727,539</b>        | <b>1,537,180</b>       |
| <b>Net Assets</b>                                     | <b>35,628,075</b>     | <b>13,638,560</b>      |
| Contributed equity                                    | 79,103,818            | 54,862,697             |
| Reserves  | 8,627,264             | 8,339,952              |
| Accumulated losses                                    | (52,103,007)          | (49,564,089)           |
| <b>Total Equity</b>                                   | <b>35,628,075</b>     | <b>13,638,560</b>      |
|   | <b>6 months ended</b> | <b>12 months ended</b> |
|   | <b>31-Dec-22</b>      | <b>30-Jun-22</b>       |
|   | \$                    | \$                     |
| Loss for the period / year                            | (2,538,918)           | (819,362)              |
| Other comprehensive loss for the period / year        | -                     | -                      |
| <b>Total comprehensive loss for the period / year</b> | <b>(2,538,918)</b>    | <b>(819,362)</b>       |

### 23. RELATED PARTIES

#### (a) Ultimate parent

The ultimate Australian parent entity within the Group is Minbos Resources Limited. It is a company limited by shares and is incorporated and domiciled in Australia. The Company owns 100% of Tunan Mining Limited and its subsidiaries. The Company also owns three private companies in Mauritius, limited by shares, as wholly owned subsidiaries, Phobos Ltd, Lobos Ltd and Verdebos Ltd. Verdebos Ltd was incorporated on 22 December 2022.

During the reporting period, it was determined that the Group had satisfied conditions, under the accounting standard AASB 10, for deemed control of the Angolan entity Minbos Recursos-Exploração Mineira, Lda (Minbos Lda), this being despite no entity of the Group having ownership in Minbos Lda. Accordingly, the entity is consolidated in the consolidated financial statements for the period ending 31 December 2022. On 10 March 2023 the Minbos wholly owned subsidiary, Phobos Ltd, obtained a direct 85% ownership of Minbos 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.

#### (b) Subsidiary companies

Interests in subsidiaries are set out in Note 27: Subsidiaries and Transactions with Non-Controlling Interests.

## Notes to the Consolidated Financial Statements

### (c) KMP compensation

|                              | 6 months<br>ended<br>31-Dec-22 | 12 months<br>ended<br>30-Jun-22 |
|------------------------------|--------------------------------|---------------------------------|
|                              | \$                             | \$                              |
| Short-term employee benefits | 357,582                        | 732,455                         |
| Post-employment benefits     | 29,374                         | 78,804                          |
| Equity compensation benefits | 203,238                        | 576,866                         |
|                              | <b>590,194</b>                 | <b>1,388,125</b>                |

Information regarding individual Directors and Executive compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 are provided in the remuneration report section of the Directors' report.

### (d) Issue of shares in lieu of services of related parties

There were no shares issued in lieu of services of related parties during the financial period (30 June 2022: Nil).

### (e) Transactions with other related parties

|   | 6 months<br>ended<br>31-Dec-22 | 12 months<br>ended<br>30-Jun-22 |
|---|--------------------------------|---------------------------------|
|   | \$                             | \$                              |
| <b>Legal services - Steinepreis Paganin Lawyers &amp; Consultants</b><br>(A firm in which Peter Wall is a partner)  | <b>39,156</b>                  | 36,367                          |
| <b>Company Management Services in Mauritius - Intrasia Management (Mauritius) Limited</b><br>(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.) | <b>25,373</b>                  | 43,019                          |

## 24. COMMITMENTS

### Definitive feasibility study at its Cabinda Phosphate Project

In the previous financial year, the Company entered into contracts for its definitive feasibility study at its Cabinda Phosphate Project, including FEECO, Grupo Simples, HCV Africa, DRA Global and AMMG Oil & Gas Services. 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 2022 totalling AUD\$47,829 (USD\$30,350).

### Engineering & Design of the Cabinda Phosphate Project

In February 2022, the Company entered into a Limited Notice To Proceed (LNTP) agreement with EPC Engenharia e Projetos de Infraestrutura Ltda (EPC) to further develop engineering and design for the Cabinda Phosphate Plant for the feasibility and to advance the project. The LNTP was originally set for works limited to a value of USD\$500,000. In July 2022, the LNTP was extended in time and to a value of USD\$800,000. Minbos has a remaining contractual commitment at 31 December 2022 totalling AUD\$73,409 (USD\$51,461).

## Notes to the Consolidated Financial Statements

### Mining Investment Contract

In the previous financial year, 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 AIPLEX), for the investment in the Angolan company, Soul Rock-Prospecção, 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.

### Capanda Green Ammonia Studies

During the 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.

There are no other material commitments as at 31 December 2022.

## **25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no contingent liabilities or contingent assets as at 31 December 2022.

## **26. DIVIDENDS**

No dividend has been paid during the financial period and no dividend is recommended for the financial period.

## Notes to the Consolidated Financial Statements

### 27. SUBSIDIARIES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

As at 31 December 2022, the subsidiaries owned by Minbos Resources Limited are presented in the table below:

| Name of entity   | Country of incorporation     | Class of shares         | Ownership interest |           |
|--|------------------------------|-------------------------|--------------------|-----------|
|  |                              |                         | 31-Dec-22          | 30-Jun-22 |
| <b>Parent entity</b>   |                              |                         |                    |           |
| Minbos Resources Ltd (i)   | Australia                    | Ordinary and Preference |                    |           |
| <b>Subsidiary (direct)</b>   |                              |                         |                    |           |
| Tunan Mining Limited (ii)  | British Virgin Isles (BVI)   | Ordinary                | 100%               | 100%      |
| Phobos Limited (iii)   | Mauritius                    | Ordinary                | 100%               | 100%      |
| Lobos Limited (iv)   | Mauritius                    | Ordinary                | 100%               | 100%      |
| Verdebos Limited (v)   | Mauritius                    | Ordinary                | 100%               | 100%      |
| <b>Subsidiaries (indirect – direct subsidiaries of Tunan Mining Limited)</b> |                              |                         |                    |           |
| Mongo Tando Limited  | British Virgin Isles (BVI)   | Ordinary                | 50%                | 50%       |
| Agrim SPRL DRC (vi)  | Democratic Republic of Congo | Ordinary                | 100%               | 100%      |
| Minbos Resource-Exploração Mineira, Lda (vii)                                | Republic of Angola           | Ordinary                | 85%                | 85%       |

- (i)  Minbos is an Australian registered public listed company on the ASX which undertakes the corporate activities for the Group.
- (ii)  Tunan Mining Limited is a holding company, incorporated in the British Virgin Isles.
- (iii)  Phobos Limited is a private company, limited by shares, and incorporated in Mauritius on 20 July 2020.
- (iv)  Lobos Limited is a private company, limited by shares, and incorporated in Mauritius on 3 February 2022.
- (v)  Verdebos Limited is a private company, limited by shares, and incorporated in Mauritius on 22 December 2022.
- (vi)  Agrim SPRL is a company incorporated in the Democratic Republic of Congo.
- (vii)  Minbos Resource-Exploração Mineira, Lda is a Limitada company of the Republic of Angola and for which the company's securities are issued as quotas which are the equivalent of ordinary shares.

### 28. AUDITOR'S REMUNERATION

|  | 6 months ended<br>31-Dec-22 | 12 months ended<br>30-Jun-22 |
|--|-----------------------------|------------------------------|
|  | \$                          | \$                           |
| <b>Amounts received or due &amp; receivable by BDO Audit (WA) Pty Ltd for:</b> |                             |                              |
| An audit or review of the financial report of the entity                       | 36,165                      | 50,047                       |
| <b>Total auditor remuneration</b>  | <b>36,165</b>               | <b>50,047</b>                |

## Notes to the Consolidated Financial Statements

### 29. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 19 January 2023, the Company announced that the last of the FEECO manufactured fertilizer plant had left the US and is enroute to Angola, with the first of this consignment having already landed in Cabinda at the end of December.

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.

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.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

## Directors' Declaration

The Directors of the company declare that:

- 1  The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001; and
  - (a)  comply with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b)  give a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the period ended on that date.
- 2  In the Directors 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.
- 3  The Consolidated Entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- 4  The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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



Mr Peter Wall  
Non-Executive Chairman  
31 March 2023

## INDEPENDENT AUDITOR'S REPORT

To the members of Minbos Resources Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the 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 2022, 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 period then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i)  Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the period ended on that date; and
- (ii)  Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to Note 2(c) 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 opinion is not modified in respect of this matter.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Carrying value of Exploration and Evaluation Assets

| <i>Key audit matter</i>  | <i>How the matter was addressed in our audit</i>  |
|--|---|
| <p>At 31 December 2022 the Group held a significant carrying value of Exploration and Evaluation Assets as disclosed in Note 13.</p> <p>As the carrying value of the Exploration and Evaluation Asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources ('AASB 6'), the recoverability of exploration and evaluation expenditure requires significant judgment by management in determining whether there are any facts or circumstances that exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>As a result, this is considered a key audit matter.</p> | <p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Obtaining a schedule of the area of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date;</li> <li>• <input type="checkbox"/> Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes;</li> <li>• <input type="checkbox"/> Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;</li> <li>• <input type="checkbox"/> Verifying, on a sample basis, evaluation expenditure capitalised during the period for compliance with the recognition and measurement criteria of AASB 6;</li> <li>• <input type="checkbox"/> Considering whether any facts or circumstances existed to suggest impairment testing was required; and</li> <li>• <input type="checkbox"/> Assessing the adequacy of the related disclosures in Note 13 to the financial report.</li> </ul> |



### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the period ended 31 December 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors for the Financial Report**

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

□

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 33 of the directors' report for the period ended 31 December 2022.

In our opinion, the Remuneration Report of Minbos Resources Limited, for the period ended 31 December 2022, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit (WA) Pty Ltd**



**Neil Smith**

**Director**

Perth

31 March 2023

## Shareholder Information

The following additional information was applicable as at 21 March 2023.

### 1. Fully paid ordinary shares

- There are a total of 770,180,625 ordinary fully paid shares on issue which are listed on the ASX.
- The number of holders of fully paid ordinary shares is 4,279.
- Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company.
- There are no preference shares on issue.

### 2. Distribution of fully paid ordinary shareholders is as follows:

| Spread of Holdings                       | Holders      | Securities         | % of Issued Capital |
|--|--------------|--------------------|---------------------|
| above 0 up to and including 1,000        | 1            | 0                  | 0.01                |
| above 1,000 up to and including 5,000    | 3            | 1,723              | 0.1                 |
| above 5,000 up to and including 10,000   | 7            | 2,12               | 0.7                 |
| above 10,000 up to and including 100,000 | 21           | 72,2               | 11.33               |
| above 100,000                            | 771          | 7,330              | 7                   |
| <b>Total</b>                             | <b>4,279</b> | <b>770,180,625</b> | <b>100.00%</b>      |

### 3. Holders of non-marketable parcels

- Holders of non-marketable parcels are deemed to be those who shareholding is valued at less than \$500.
- There are 297 shareholders who hold less than a marketable parcel of shares (assuming a share price of \$0.145).

### 4. Substantial shareholders of ordinary fully paid shares

The Substantial Shareholders of the Company are:

| Rank | Holder Name                   | Securities | % of Issued |
|------|-------------------------------|------------|-------------|
| 1    | CITICORP NOMINEES PTY LIMITED | 10,723     | 13          |

### 5. Share buy-backs

There is no current on-market buy-back scheme.

### 6. Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

- each shareholder is entitled to vote and may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, is entitled to one vote per share held.

## Shareholder Information

### 7. Top 20 Shareholders of ordinary fully paid shares

The top 20 largest fully paid ordinary shareholders together held 41.46% of the securities in this class and are listed below:

| Rank | Holder Name   | Securities         | % of Issued    |
|------|---|--------------------|----------------|
| 1    | MINBOS RESOURCES LIMITED                                  | 10,000,720,001     | 13.00%         |
| 2    | MINBOS RESOURCES LIMITED DR                               | 32,123,000         | 4.17%          |
| 3    | MINBOS RESOURCES LIMITED                                  | 27,272,727         | 3.50%          |
|      | MINBOS RESOURCES LIMITED                                  | 1,072,000          | 1.42%          |
|      | MINBOS RESOURCES LIMITED                                  | 13,000,700         | 1.71%          |
|      | MINBOS RESOURCES LIMITED                                  | 13,000,303         | 1.77%          |
| 7    | MINBOS RESOURCES LIMITED                                  | 10,330,021         | 1.33%          |
|      | MINBOS RESOURCES LIMITED                                  | 10,000,000         | 1.30%          |
|      | MINBOS RESOURCES LIMITED                                  | 3,307,007          | 4.25%          |
| 10   | MINBOS RESOURCES LIMITED                                  | 2,000,000          | 2.60%          |
| 11   | MINBOS RESOURCES LIMITED                                  | 1,122,000          | 1.45%          |
| 12   | MINBOS RESOURCES LIMITED                                  | 21,007             | 0.03%          |
| 13   | MINBOS RESOURCES LIMITED                                  | 1,000,000          | 1.29%          |
| 14   | MINBOS RESOURCES LIMITED                                  | 7,000,000          | 9.08%          |
| 15   | MINBOS RESOURCES LIMITED                                  | 1,000,000          | 1.29%          |
| 16   | MINBOS RESOURCES LIMITED                                  | 7,301              | 0.01%          |
| 17   | MINBOS RESOURCES LIMITED                                  | 12,000             | 0.02%          |
| 18   | MINBOS RESOURCES LIMITED                                  | 1,000,000          | 1.29%          |
| 19   | MINBOS RESOURCES LIMITED                                  | 1,000,000          | 1.29%          |
| 20   | MINBOS RESOURCES LIMITED                                  | 1,000,000          | 1.29%          |
|      | <b>Total</b>  | <b>319,299,738</b> | <b>41.46%</b>  |
|      | <b>Total issued capital - selected security class(es)</b> | <b>770,180,625</b> | <b>100.00%</b> |

### 8. Listed Options

There are a total of 66,562,500 listed options, exercisable at \$0.15, expiring on 30 April 2023.

## Shareholder Information

### 9. Top 20 Option holders of listed Options

The top 20 largest option holders together held 68.96% of the securities in this class and are listed below:

| Rank | Holder Name   | Securities        | % of Issued    |
|------|---|-------------------|----------------|
| 1    | DRD M M D R R D R   | 37113             | 12.07%         |
| 2    | M M M D R D   | 100000            | 12.02%         |
| 3    | R M D R M   | 100000            | 7.7%           |
|      | MR M R M  | 100000            | 0.1%           |
|      | M M D M   | 13721             | 2.1%           |
|      | MR M R R M R R  | 10070             | 2.0%           |
|      | R R D   |                   |                |
| 7    | MR M R D R D R M R M R R D R R                            | 100000            | 2.0%           |
|      | 3 R M D D R D R M   | 1200              | 2.3%           |
|      | MR  | 123               | 2.32%          |
| 10   | MR M R M M M MR R M M                                     | 13073             | 2.10%          |
|      | M R D   |                   |                |
| 11   | MR M R M M M MR R M M                                     | 137000            | 2.07%          |
| 12   | DR D R D R D R D R  | 1203              | 1.0%           |
| 13   | MR M R R M R R  | 12201             | 1.0%           |
|      | R R M   |                   |                |
| 14   | M M D   | 12000             | 1.0%           |
| 15   | DRD M M D R R D R   | 10307             | 1.0%           |
| 16   | MR M R M M R D R M  | 007               | 1.22%          |
| 17   | MR R D  | 707               | 1.12%          |
| 18   | R D   | 700000            | 1.0%           |
| 19   | MR M R R D  | 177               | 0.0%           |
| 20   | MR DR   | 0000              | 0.0%           |
|      | <b>Total</b>  | <b>45,900,714</b> | <b>68.96%</b>  |
|      | <b>Total issued capital - selected security class(es)</b> | <b>66,562,500</b> | <b>100.00%</b> |

### 10. Interest in Mining Licence

The Company is an exploration entity, below is a list of its interest in licences, where the licences are situated and the percentage of interest held.

| Licence Number                    | Type           | Interest | Location |
|-----------------------------------|----------------|----------|----------|
| 314/03/03/T.E/ANG - MIREMPET/2021 | Mining License | 100%     | Angola   |



**MINBOS**  
**RESOURCES**

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