

# Interim Financial Report

For the half-year ended 31 December 2015



**Minbos**  
Resources  
Limited

ABN 93 141 175 493

## Contents

|                                                                         |    |
|-------------------------------------------------------------------------|----|
| Corporate Directory                                                     | 3  |
| Directors' Report                                                       | 4  |
| Auditor's Independence Declaration                                      | 12 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 13 |
| Consolidated Statement of Financial Position                            | 14 |
| Consolidated Statement of Changes in Equity                             | 15 |
| Consolidated Statement of Cash Flows                                    | 16 |
| Notes to the Consolidated Financial Statements                          | 17 |
| Directors' Declaration                                                  | 23 |
| Independent Auditor's Review Report                                     | 24 |

## Corporate Directory

### **Directors & Officers**

Mr Peter Wall - Non-Executive Chairman  
Mr Damian Black - Non-Executive Director  
Mr Domingos Catulich - Non-Executive Director  
Mr William Oliver - Non-Executive Director

Mr Lindsay Reed - Chief Executive Officer  
Mr Stef Weber - Chief Financial Officer & Company Secretary

### **Registered Office**

Suite 1, 245 Churchill Avenue  
Subiaco WA 6008

T: +61 (08) 6270 4610  
F: +61 (08) 6270 4614  
E-mail: [info@minbos.com](mailto:info@minbos.com)  
Website: [www.minbos.com](http://www.minbos.com)

### **Principal Place of Business**

Suite 1, 245 Churchill Avenue  
Subiaco WA 6008

PO Box 162  
Subiaco WA 6904

### **Domicile and Country of Incorporation**

Australia

### **Australian Company Number**

ACN 141 175 493

### **Australian Business Number**

ABN 93 141 175 493

### **Bankers**

National Australia Bank  
West Perth Business Banking Centre  
Level 1, 1238 Hay Street  
West Perth WA 6005  
Website: [www.nab.com.au](http://www.nab.com.au)

### **Auditors**

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008  
Website: [www.bdo.com.au](http://www.bdo.com.au)

### **Share Registry**

Automic Registry Services  
Level 1, 7 Ventnor Avenue  
West Perth WA 6005  
Website: [www.automic.com.au](http://www.automic.com.au)

### **Solicitors**

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Miligan 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)

## Directors' Report

The Directors submit their half year report of the '**Consolidated Entity**' or '**Group**', being Minbos Resources Limited ('**Minbos**' or '**Company**') and its Controlled entities, for the half year ended 31 December 2015 ('**Period**').

### 1. BOARD OF DIRECTORS

The Directors of the Company at any time during or since the end of the Period are as follows.

| Directors          | Position               | Appointment |
|--------------------|------------------------|-------------|
| Peter Wall         | Non-Executive Chairman | 21/02/2014  |
| Damian Black       | Executive Director     | 21/02/2014  |
| Domingos Catulichi | Non-Executive Director | 20/07/2010  |
| William Oliver     | Non-Executive Director | 02/09/2013  |

### 2. REVIEW OF OPERATIONS

#### (a) GROUP OVERVIEW

Minbos is an exploration and development company focused on phosphate deposits within the Cabinda Province of Angola. Through its subsidiaries and joint ventures, Minbos is focussing on the development of the high grade Cacata project in Cabinda whilst growing its current resource base in incremental stages on the remaining deposits in Angola.

The Company's strategy is to specifically target the exploration and development of low cost fertiliser-based commodities in order to tap into the growing global demand for fertilisers. Phosphate is an essential component in certain agricultural fertilisers, with the market supported by the increasing global demand for food and bio-fuel products.

#### (b) HIGHLIGHTS & SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The highlights during and subsequent to the end of the half year include:

**Capital Placement** - On 19 February 2016 the company entered into a binding subscription agreement (**Subscription Agreement**) with Green Services Innovations Ltd (**Green**), a company incorporated in the British Virgin Island, to place 680 million shares at \$0.005 per share to raise \$3.4 million. The proceeds from the placement will fund the Bankable Feasibility Study on the Cabinda phosphate project and working capital.

The placement will be conducted in two tranches:

- Tranche 1 consists of the issue of 268 million shares at \$0.005 per share to raise \$1.3 million. These shares were issued on 23 February 2016.
- Tranche 2 comprises the issue of 412 million shares at \$0.005 per share to raise \$2.1 million and the issue of 385 million options at an exercise price of \$0.01 per option and an expiry date of 30 December 2016. Tranche 2 is conditional upon the issue of the Tranche 1 shares and shareholder approval at a general meeting of Minbos that will be converted in April 2016. Green has provided a bank guarantee in favour of Minbos in support of its obligation to pay the subscription price for the Tranche 2 shares under the Subscription Agreement.

The issue of Tranche 1 shares and the Tranche 2 shares and options (if approved and exercised) will raise \$7.2 million.

Green has the right to appoint a director to the Minbos Board following the issue of the Tranche 1 shares and a 2<sup>nd</sup> Director when they have a shareholding of 40% or more in Minbos.

## Directors' Report

**Cabinda Project Joint Venture** – Minbos and its joint venture partner Petril Phosphates Ltd (Petril) have agreed to appoint an Independent Project Manager.

The Project Manager will be responsible for the completion of the Cabinda Bankable Feasibility Study and will report to a technical committee comprising Ehud Levy from Petril and Lindsay Reed from Minbos. The kick off meeting for the BFS programs will held in the third week of March and field work will commence as soon as the relevant logistics have been put in place.

The first phase of the BFS will include some trade off studies to incorporate the new port at Caio in Cabinda and to finalise the metallurgical flowsheet. A budget of \$1.2M and schedule of 6 months has been set for the first stage. The timing and cost of the second stage will depend on the results of the trade-off studies.

**Issue of New Licences for Cabinda Project** – The Angolan Ministry of Mines and Geology (MGM) has issued two new licence for the Cabinda project. The first licence (014/04/09/T.P/ANG.MGM.2015) is for the Cacata deposit and the second licence (015/01/10/T.P/ANG.MGM.2015) for the Chivovo, Chibueete, Ueca, Cambota and Mongo Tando Deposits.

Both licences have been issued for a five year period respectively expiring on 25 September 2020 and 14 October 2020 and are renewable for a further two years. The new licences replace the previous exploration permit (006/06/01/L.P./GOV.ANG.MGM.2010).

The issue of the licences were preceded by Minbos and its 50% Joint Venture Partner Petril Phosphates Ltd (**JV partners**) signing 2 Mining Investment Agreements in December 2014 with the MGM (refer Minbos announcement on 12 December 2014). A presidential decree was issued on 8 June 2015 confirming that the Cabinda project has been approved and instructing Angolan Ministries to provide all the infrastructure and support that the JV partners requires for the project.

The signed contracts with MGM also covers the mining phase of the Cabinda project. On completion of the Environmental Impact and Economic Viability Study the issue of a mining licence can be requested. The mining licence will be valid for thirty five years, renewable for successive periods of ten years.

**Port access in Angola-** In July 2015 the Company entered into a non-binding Letter of Intent with Port of Caio to secure port access for the Cabinda project. The LOI provides Minbos with initial port capacity to export no less than 800,000 tons of rock phosphate per annum. The parties have agreed to enter into a formal binding port services agreement which will include the following:

- Term – Minimum of 10 years with an option to extend for a further 10 years.
- Volume – No less than 800,000 tons per annum of rock phosphate being exported.
- Berth capacity for approximately 26 vessels per year.
- Wharf area to accommodate all of Minbos' storage and equipment requirements.
- Minbos being allocated 5 hectares of working area in the Port of Caio Industrial area.

**Disposal of Kanzi Project** – On 11 September 2015 Minbos entered into a binding Agreement with African Phosphate Pty Ltd (**AFP**) to dispose of its rights in the Kanzi project for a total consideration of US\$200,000. In late February 2016 Minbos terminated the agreement with AFP due to their failure to pay the US\$200,000.

## Directors' Report

### (c) PROJECTS

Minbos holds a significant concession area of circa 400,000 ha in the Congo Basin running from Cabinda, Angola to Western DRC. Minbos's key project in Africa is the high value Cabinda phosphate project which is a resource of 391 MT@ 9.2% P<sub>2</sub>O<sub>5</sub> being a mixture of high and low grade tonnage and with substantial exploration upside. Minbos's other projects include the Western Australia Phosphate (100% interest) which has two mining tenements prospective for phosphate.

### ➤ RESOURCES

Minbos has delineated a substantial resource of 449.8Mt @ 9.9% P<sub>2</sub>O<sub>5</sub>. Within this resource, two high grade projects have been identified at the Cacata and Chivovo Deposits. A summary of JORC resources is shown in **Table 1** below.

**Table 1: Mineral Resource Estimate as at 31 December 2015**  
(There has been no change in the half year)

| Deposit                | Category  | Tonnes (Mt)  | Grade (% P <sub>2</sub> O <sub>5</sub> ) | Cut-Off (% P <sub>2</sub> O <sub>5</sub> ) |
|------------------------|-----------|--------------|------------------------------------------|--------------------------------------------|
| <b>Cabinda, Angola</b> |           |              |                                          |                                            |
| Cacata                 | Measured  | 5.0          | 23.0                                     | 5.0                                        |
|                        | Indicated | 10.2         | 25.3                                     | 5.0                                        |
|                        | Inferred  | 11.8         | 8.8                                      | 5.0                                        |
| Mongo Tando            | Indicated | 24.8         | 11.5                                     | 5.0                                        |
|                        | Inferred  | 184.0        | 8.0                                      | 5.0                                        |
| Chivovo                | Indicated | 6.5          | 20.5                                     | 5.0                                        |
| Chibuete               | Inferred  | 149.0        | 8.3                                      | 5.0                                        |
| <b>Total</b>           |           | <b>391.3</b> | <b>9.2</b>                               | <b>5.0</b>                                 |
| <b>Kanzi, DRC</b>      |           |              |                                          |                                            |
| Kanzi                  | Indicated | 58.5         | 14.2                                     | 5.0                                        |
| <b>Grand Total</b>     |           | <b>449.8</b> | <b>9.9</b>                               | <b>5.0</b>                                 |

### ➤ CABINDA PROJECT

#### Overview

The Cabinda licence area covers an area of approximately 200,000 ha and all the known and historically explored phosphate Prospects in Cabinda, Angola. During the half year under review the Angolan Ministry of Mines and Geology (MGM) issued two new licence for the Cabinda project. The first licence (014/04/09/T.P/ANG.MGM.2015) is for the Cacata deposit and the second licence (015/01/10/T.P/ANG.MGM.2015) for the Chivovo, Chibuete, Ueca, Cambota and Mongo Tando Deposits.

Both licences have been issued for a five year period respectively expiring on 25 September 2020 and 14 October 2020 and are renewable for a further two years. The new licences replace the previous exploration permit (006/06/01/L.P./GOV.ANG.MGM.2010).

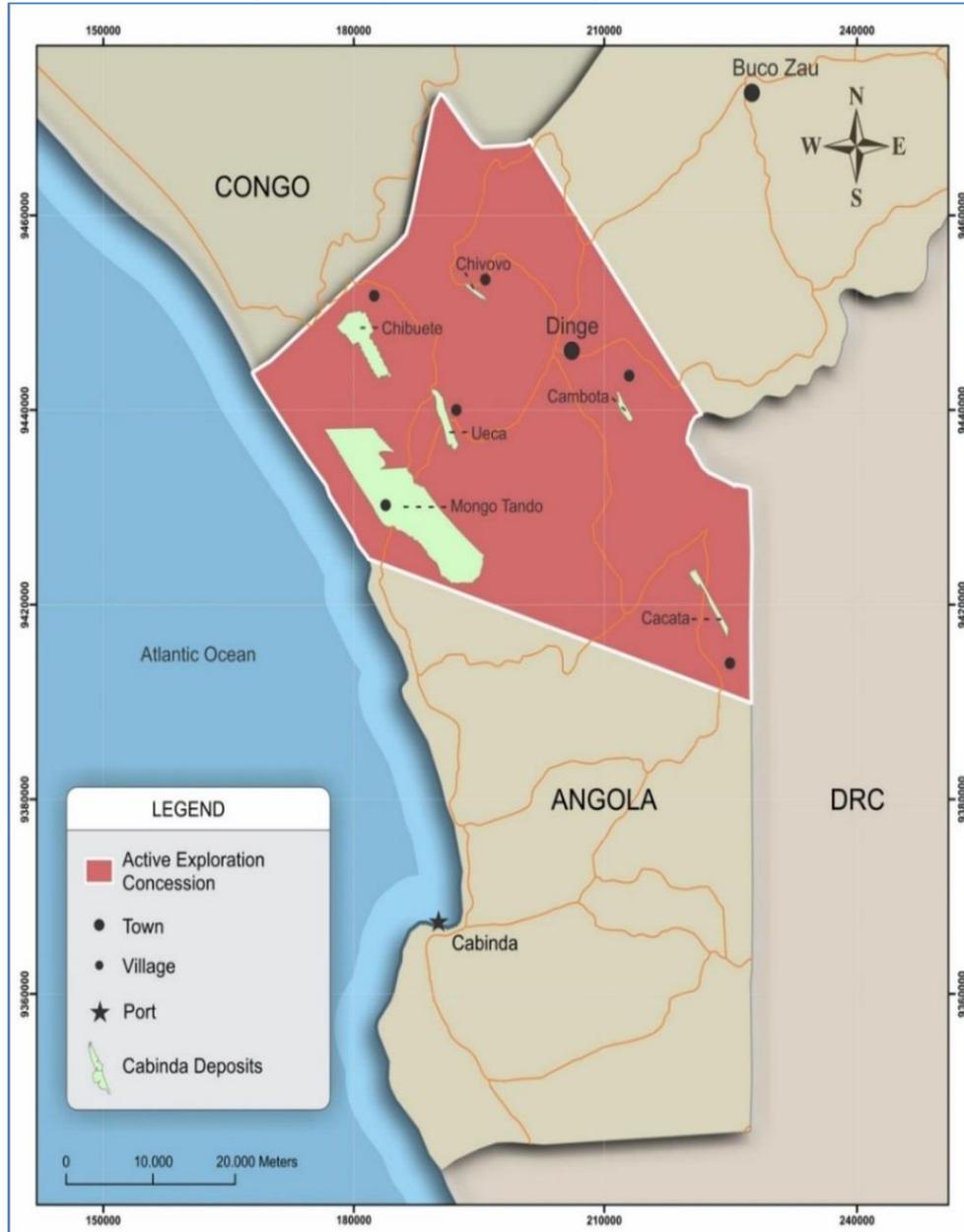
The issue of the licences were preceded by Minbos and its 50% Joint Venture Partner Petril Phosphates Ltd signing 2 Mining Investment Agreements in December 2014 with the MGM. A presidential decree was issued on 8 June 2015 confirming that the Cabinda project has been approved and instructing Angolan Ministries to provide all the infrastructure and support that the JV partners requires for the project.

The signed contracts with MGM also covers the mining phase of the Cabinda project. On completion of the Environmental Impact and Economic Viability Study the issue of a mining licence can be requested. The mining licence will be valid for thirty five years, renewable for successive periods of ten years.

## Directors' Report

The Cabinda project licences are shown in figure 1 below.

**Figure 1: Map of Cabinda Project Licences**



### Cacata Scoping Study

During 2012, the joint venture company, Mongo Tando Limited, completed a scoping study to assess the economics of developing a standalone phosphate rock export operation to produce 0.8Mtpa of phosphate rock concentrate over a 10 year life of mine ('LOM').

The Scoping study delivered the following positive results:

- Operating costs of US\$57.23 per tonne free-on-board ('fob') of phosphate rock;
- Capital cost estimate of US\$157m, based on owner operated mining, road haulage and ship loading;
- Strong opportunity to further reduce capital and operating costs during the Bankable Feasibility Study ('BFS');
- IRR of 40.2% (pre-tax); and
- NPV of US\$311m (pre-tax) at a 10% discount rate based on the prevailing Rock Phosphate price at the time of preparing the scoping study of US\$180 per tonne.

## Directors' Report

### Port facilities

The proposed new Caio Deep Water port is approximately 60 km by road from Cacata (refer Figure 2 below). Access to a deep water port could significantly reduce capital cost on the Cacata high grade project.

In July 2015 the Company entered into a non-binding LOI with Port of Caio to secure port access for the Cabinda project. The LOI provides Minbos with initial port capacity to export no less than 800,000 tons of rock phosphate per annum. The parties have agreed to enter into a formal binding port services agreement which will include the following:

- Term – Minimum of 10 years with an option to extend for a further 10 years.
- Volume – No less than 800,000 tons per annum of rock phosphate being exported.
- Berth capacity for approximately 26 vessels per year.
- Wharf area to accommodate all of Minbos' storage and equipment requirements.
- Minbos being allocated 5 hectares of working area in the Port of Caio Industrial area.

Construction has started on the Caio Port and the first stage will be operational in late 2017. The first stage will be limited to container mode.

### Cacata deposit

Cacata has demonstrated potential to support at least 10 years production utilising a simple "scrub and screen" operation. A scrub and screen project would significantly reduce capital and operating costs as well as development lead times.

**Cacata Mineral Resource Scrubbing and Screening (average grade >24% P<sub>2</sub>O<sub>5</sub>)**

| CATEGORY             | TONNES<br>(Mt) | GRADE<br>(%P <sub>2</sub> O <sub>5</sub> ) | P <sub>2</sub> O <sub>5</sub><br>(Mt) | CaO/<br>P <sub>2</sub> O <sub>5</sub> | MgO<br>%   | R <sub>2</sub> O <sub>3</sub><br>% | SiO <sub>2</sub><br>% |
|----------------------|----------------|--------------------------------------------|---------------------------------------|---------------------------------------|------------|------------------------------------|-----------------------|
| Measured*            | 4.1            | 24.7                                       | 1.0                                   | 1.5                                   | 1.7        | 3.6                                | 19.4                  |
| Indicated**          | 9.0            | 26.6                                       | 2.4                                   | 1.5                                   | 1.0        | 3.6                                | 18.8                  |
| <b>TOTAL M&amp;I</b> | <b>13.1</b>    | <b>26.0</b>                                | <b>2.0</b>                            | <b>1.5</b>                            | <b>1.2</b> | <b>3.6</b>                         | <b>19.0</b>           |

\*Includes 0.6Mt of low grade material with high calcium which might not be selected out during mining and will give reduced recoveries.

\*\*Includes 1.7Mt of low grade material with high silica which might not be selected out during mining and will give reduced recoveries when processed.

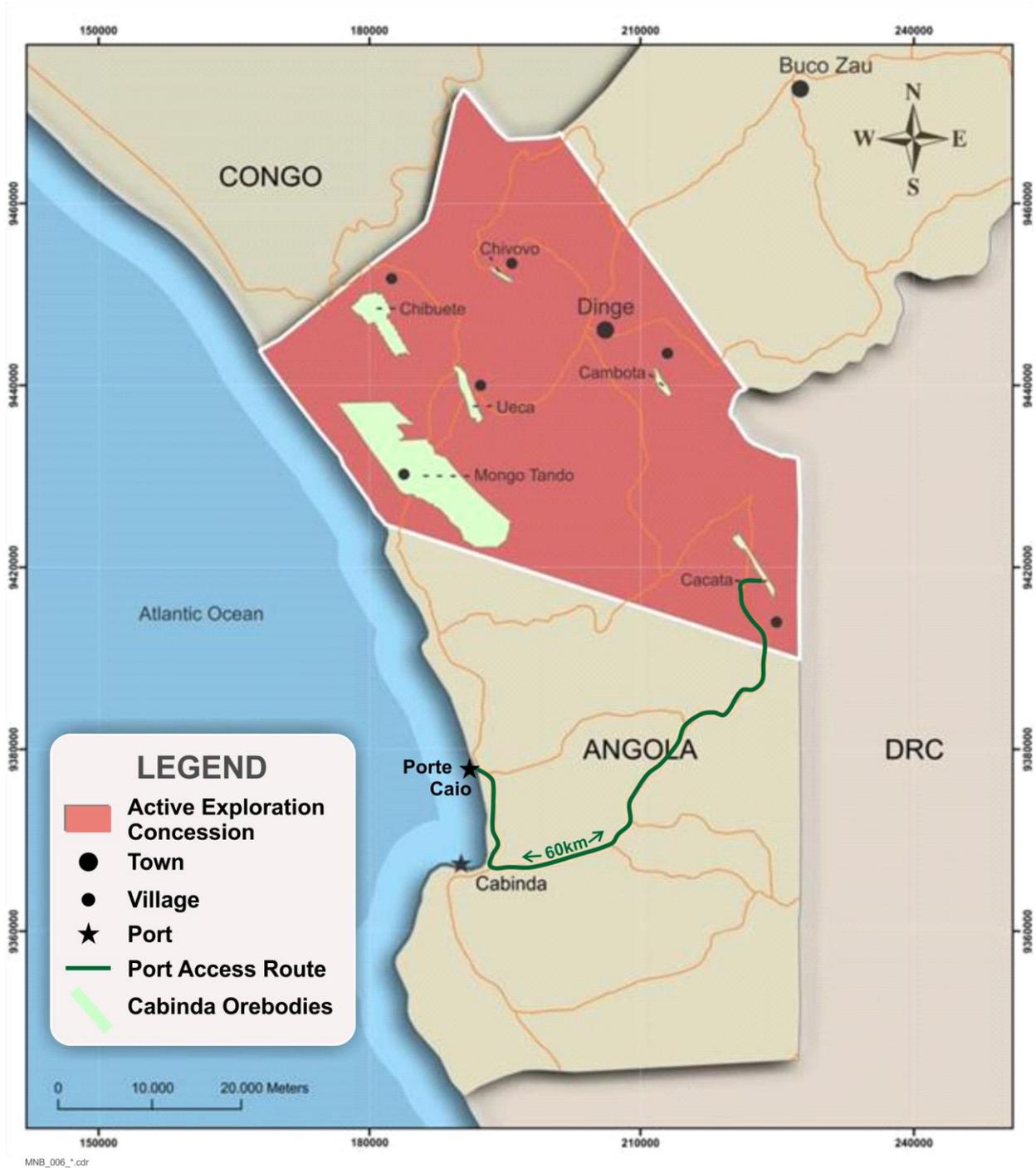
### Trade Off Studies

In the first stage of the BFS a number of trade off studies will be completed to best determine how the development of Cacata can be accelerated utilising the Port of Caio the existence of which had not been contemplated at the time of the scoping study. The tradeoff studies will specifically investigate accelerating the development schedule, accommodating the stage 1 port facilities while maximising the resource potential at Cacata.

The Cacata BFS has commenced and is committed to completing pilot plant testwork to determine the appropriate flow sheets for the both the high silica and low silica components of the orebody.

**Directors' Report**

**Figure 2: Transport Route from Cacata High Grade Project to New Loading Site Change Map**



➤ **DRC –KANZI PROJECT**

On 11 September 2015 the Company announced that it has entered into a binding Agreement with AFP to dispose of its rights in the Kanzi project in the DRC. Under the terms of the Agreement AFP would also have also acquired all the historical technical data and study reports for total consideration of US\$200,000. In late February 2016 Minbos terminated the agreement with AFP notice given their failure to pay the US\$200,000.

## Directors' Report

### Competent Person's Statement Ms Kathleen Body

The information in this announcement that relates to the Exploration Results and Phosphate Resources, Production Targets and Cost Estimation was extracted from Minbos's ASX announcement dated 16 October 2013 and 5 December 2013 respectively entitled "Minbos announces resource upgrade for the Cabinda licenses in Angola" and "Cabinda Resource Additional Information" and the Minbos Annual Report for the year ended 30 June 2015 which are available to view on the Company's website at [www.minbos.com](http://www.minbos.com).

The information in the original ASX announcements and the Annual Report that related to Exploration Results and Phosphate Resources is based on information compiled or reviewed by and approved for release by Ms Kathleen Body, Pr.Sci.Nat, who has over 20 years of experience in mineral exploration and mineral resource estimation. Ms Body is a Principal Consultant and full-time employee of Coffey Mining (South Africa) (Pty) Ltd and contracted to Minbos. She has sufficient experience in relation to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined by the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code 2012 Edition). Ms Body has consented to inclusion of this information in the form and context in which it appears.

Minbos confirms that: a) it is not aware of any new information or data that materially affects the information included in the original ASX announcements; and 30 June 2015 Annual Report b) all material assumptions and technical parameters underpinning the Phosphate Resource, Production Target and related financial information derived from the Production Target included in the ASX announcements and 30 June 2015 Annual Report continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this announcement have not been materially modified from the original ASX announcements and 30 June 2015 Annual Report.

### 3. FINANCIAL RESULTS

The financial results of the Group for the half year ended 31 December 2015 are:

|                                | 31-Dec-15  | 30-Jun-15  | % Change |
|--------------------------------|------------|------------|----------|
| Cash and cash equivalents (\$) | 16,115     | 192,872    | (92%)    |
| Net assets (\$)                | 13,932,013 | 13,789,209 | 1%       |

|                         | 31-Dec-15 | 31-Dec-14 | % Change |
|-------------------------|-----------|-----------|----------|
| Revenue (\$)            | 279       | 1,692     | (84%)    |
| Net loss after tax (\$) | (724,987) | (981,547) | 26%      |
| Loss per share (\$) *   | (0.001)   | (0.001)   | (47%)    |

\* Rounded to 3 decimal places.

### 4. SUBSEQUENT EVENTS

On 19 February 2016 the company entered into a binding subscription agreement (Subscription Agreement) with Green Services Innovations Ltd (Green), a company incorporated in the British Virgin Island, to place 680 million shares at \$0.005 per share to raise \$3.4 million. The proceeds from the placement will fund the Bankable Feasibility Study on the Cabinda phosphate project and working capital.

The placement will be conducted in two tranches:

- Tranche 1 consists of the issue of 268 million shares at \$0.005 per share to raise \$1.3 million. These shares were issued on 23 February 2016.
- Tranche 2 comprises the issue of 412 million shares at \$0.005 per share to raise \$2.1 million and the issue of 385 million options at an exercise price of \$0.01 per option and an expiry date of 30 December 2016. Tranche 2 is conditional upon the issue of the Tranche 1 shares and shareholder approval at a general meeting of Minbos that will be convened in April / May 2016. Green has provided a bank guarantee in favour of Minbos in support of its obligation to pay the subscription price for the Tranche 2 shares under the subscription agreement.

## Directors' Report

The issue of Tranche 1 shares and the Tranche 2 shares and options (if approved and exercised) will raise \$7.2 million. The company received Tranche 1 funding of \$1.3 million subsequent to 31 December 2015.

Green has the right to appoint a director to the Minbos Board following the issue of the Tranche 1 shares and a 2<sup>nd</sup> Director when they have a shareholding of 40% or more in Minbos.

On 26 February 2016 the company advised that it had terminated its agreement with Australian Phosphate Pty Ltd (**AFP**) to dispose of its rights in the Kanzi project which is located in the DRC. The agreement was terminated as AFP failed to pay the USD\$200,000 proceeds to Minbos which was due on 11 October 2015.

There have not been any significant events, other than those stated above, that have arisen since 31 December 2015 and up to the date of this report that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

### 5. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Independence Declaration by the lead auditor under Section 307C is included on page 12 to these half year financial statements.

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



Peter Wall  
Non-Executive Chairman  
Perth, 11 March 2016

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF MINBOS RESOURCES LIMITED

As lead auditor for the review of Minbos Resources Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 11 March 2016

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

|                                                                                                         | Notes | 31-Dec-15<br>\$  | 31-Dec-14<br>\$  |
|---------------------------------------------------------------------------------------------------------|-------|------------------|------------------|
| Revenue from continuing operations                                                                      |       | 279              | 1,692            |
| Administration expenses                                                                                 |       | (187,232)        | (193,495)        |
| Depreciation expense                                                                                    |       | (4,587)          | (19,574)         |
| Exploration expenditure Cabinda project                                                                 |       | (129,668)        | -                |
| Finance costs                                                                                           | 4     | (1,677)          | (389,036)        |
| Foreign exchange gain / (loss)                                                                          |       | 337              | (30)             |
| Impairment of exploration and evaluation expenditure                                                    | 6     | (22,753)         | (41,133)         |
| Profit / (loss) from sale of plant and equipment                                                        |       | 3,099            | (10,424)         |
| Personnel expenses and director fees                                                                    |       | (269,007)        | (227,809)        |
| Share-based payments                                                                                    | 10    | (39,804)         | (38,696)         |
| Share of net loss from associate                                                                        | 5     | (73,974)         | (63,042)         |
| <b>Loss from continuing operations before income tax</b>                                                |       | <b>(724,987)</b> | <b>(981,547)</b> |
| Income tax expense                                                                                      |       | -                | -                |
| <b>Loss from continuing operations after income tax</b>                                                 |       | <b>(724,987)</b> | <b>(981,547)</b> |
| <b>Other comprehensive income</b>                                                                       |       |                  |                  |
| <i>Items that may be reclassified to profit or loss</i>                                                 |       |                  |                  |
| Exchange differences on translation of foreign operations                                               |       | 766,360          | 1,773,023        |
| <b>Other comprehensive income for the period, net of tax</b>                                            |       | <b>766,360</b>   | <b>1,773,023</b> |
| <b>Total comprehensive profit for the period</b>                                                        |       | <b>41,373</b>    | <b>791,476</b>   |
| <b>Loss for the period attributable to the owners of Minbos Resources Limited</b>                       |       | <b>(724,987)</b> | <b>(981,547)</b> |
| <b>Total comprehensive profit for the period attributable to the owners of Minbos Resources Limited</b> |       | <b>41,373</b>    | <b>791,476</b>   |
| <b>Loss per share attributable to ordinary equity holders</b>                                           |       |                  |                  |
| - Basic loss per share                                                                                  |       | (0.001)          | (0.001)          |
| - Diluted loss per share                                                                                |       | (0.001)          | (0.001)          |

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position

|                                        | Notes | 31-Dec-15         | 30-Jun-15         |
|----------------------------------------|-------|-------------------|-------------------|
|                                        |       | \$                | \$                |
| <b>ASSETS</b>                          |       |                   |                   |
| <b>Current assets</b>                  |       |                   |                   |
| Cash and cash equivalents              |       | 16,115            | 192,872           |
| Trade and other receivables            |       | 28,610            | 33,102            |
| <b>Total current assets</b>            |       | <b>44,725</b>     | <b>225,974</b>    |
| <b>Non-current assets</b>              |       |                   |                   |
| Plant and equipment                    |       | 13,493            | 18,335            |
| Investment in associate                | 5     | 13,893,370        | 13,201,896        |
| Exploration and evaluation expenditure | 6     | 34,230            | 33,629            |
| Other financial assets                 | 7     | 4,579,299         | 4,579,299         |
| <b>Total non-current assets</b>        |       | <b>18,520,392</b> | <b>17,833,159</b> |
| <b>Total assets</b>                    |       | <b>18,565,117</b> | <b>18,059,133</b> |
| <b>LIABILITIES</b>                     |       |                   |                   |
| <b>Current liabilities</b>             |       |                   |                   |
| Trade and other payables               |       | 671,152           | 312,403           |
| Provisions                             |       | 26,315            | 21,884            |
| <b>Total current liabilities</b>       |       | <b>697,467</b>    | <b>334,287</b>    |
| <b>Non-current liabilities</b>         |       |                   |                   |
| Deferred tax liabilities               |       | 3,935,637         | 3,935,637         |
| <b>Total non-current liabilities</b>   |       | <b>3,935,637</b>  | <b>3,935,637</b>  |
| <b>Total liabilities</b>               |       | <b>4,633,104</b>  | <b>4,269,924</b>  |
| <b>Net assets</b>                      |       | <b>13,932,013</b> | <b>13,789,209</b> |
| <b>EQUITY</b>                          |       |                   |                   |
| Issued capital                         | 8     | 29,767,846        | 29,733,200        |
| Reserves                               | 9     | 6,922,681         | 6,089,536         |
| Accumulated losses                     |       | (22,758,514)      | (22,033,527)      |
| <b>Total equity</b>                    |       | <b>13,932,013</b> | <b>13,789,209</b> |

*The consolidated statement of financial position is to be read in conjunction with the accompanying notes.*



## Consolidated Statement of Cash Flows

|                                                                 | 31-Dec-15        | 31-Dec-14        |
|-----------------------------------------------------------------|------------------|------------------|
|                                                                 | \$               | \$               |
| <b>Cash flows from operating activities</b>                     |                  |                  |
| Payment to suppliers and employees                              | (99,366)         | (714,429)        |
| Interest received                                               | 279              | 1,692            |
| Interest paid                                                   | -                | (57,917)         |
| <b>Net cash outflow from operating activities</b>               | <b>(99,087)</b>  | <b>(770,654)</b> |
| <b>Cash flows from investing activities</b>                     |                  |                  |
| Proceeds from the sale of plant and equipment                   | 3,099            | -                |
| Payment for exploration and evaluation expenditure              | (82,274)         | (83,952)         |
| <b>Net cash outflow from investing activities</b>               | <b>(79,175)</b>  | <b>(83,952)</b>  |
| <b>Cash flows from financing activities</b>                     |                  |                  |
| Proceeds from the issue of shares, net of costs                 | -                | 1,387,221        |
| Loan to associate                                               | -                | (68,465)         |
| Repayment of convertible note facility                          | -                | (350,000)        |
| <b>Net cash inflow from financing activities</b>                | <b>-</b>         | <b>968,756</b>   |
| <b>Net (decrease) / increase in cash and cash equivalents</b>   | <b>(178,262)</b> | <b>114,150</b>   |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>192,872</b>   | <b>30,727</b>    |
| Effect of exchange rate fluctuations on cash held               | 1,505            | 2,200            |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>16,115</b>    | <b>147,077</b>   |

*The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.*

## Notes to the Consolidated Financial Statements

### 1. REPORTING ENTITY

Minbos Resources Limited (referred to as '**Minbos**' or the '**Company**' or '**Parent Entity**') is a company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of this report. The consolidated financial statements of the Company as at and for the half year ended 31 December 2015 (the '**Period**') comprise the Company and its subsidiaries (together referred to as the '**Consolidated Entity**' or the '**Group**'). The Group is primarily involved in phosphate exploration in Africa.

The financial report of Minbos Resources Limited for the Period was authorised for issue in accordance with a resolution of the directors on 11 March 2016.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### Basis of compliance

This interim general purpose financial report for the half year reporting period ended 31 December 2015 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Standard IAS 34 *Interim Financial Reporting*.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report. Accordingly this half year financial report is to be read in conjunction with the annual financial statements for the year ended 30 June 2015 and considered together with any public announcements made by the Company during the Period and up to the date of this report in accordance with the continuous disclosure obligations of the ASX Listing Rules.

#### Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of the historical financial information included in this report have been set out below.

##### (a) Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

##### (b) Accounting policies

The accounting policies and methods of computation adopted in the preparation of this financial report for the Period under review are consistent with those adopted in the annual financial statements for the year ended 30 June 2015.

##### (c) Impact of standards issued but not yet applied by the entity

Other than AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle there were no new standards issued since 30 June 2015 that have not been applied by Minbos Resources Limited.

The 30 June 2015 annual report disclosed that Minbos Resources Limited anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of these standards issued but not yet applied, and this remains the assessment as at 31 December 2015.

## Notes to the Consolidated Financial Statements

### 3. SEGMENT INFORMATION

The Group operates only in one reportable segment being predominately in the area of phosphate mineral exploration in the DRC and Angola, within Africa. The Board considers its business operations in phosphate mineral exploration to be its primary reporting function. Results are analysed as a whole by the chief operating decision maker, this being the Board of Directors. Consequently revenue, profit and loss, net assets and total assets for the operating segment are reflected in the primary statements forming this financial report.

### 4. EXPENSES

|                                                                                   | 31-Dec-15    | 31-Dec-14 |
|-----------------------------------------------------------------------------------|--------------|-----------|
|                                                                                   | \$           | \$        |
| <b>Finance costs</b>                                                              |              |           |
| Fair value movement on convertible notes at fair value through profit or loss (i) | -            | 364,904   |
| Interest expense on convertible notes                                             | -            | 22,300    |
| Other                                                                             | <b>1,677</b> | 1,832     |
|                                                                                   | <b>1,677</b> | 389,036   |

(i) The fair value movement on the convertible notes were valued internally by the Company by adopting a Black-Scholes option pricing model.

### 5. INVESTMENT IN ASSOCIATE

As part of the acquisition of Tunan Mining Limited in the 2011 financial year, Minbos acquired a 50% interest in Mongo Tando Limited, a company incorporated in the British Virgin Isles. By virtue of holding less than 50% of the voting rights the entity has been accounted for as an investment in an associate.

|                                                       | 31-Dec-15         | 30-Jun-15  |
|-------------------------------------------------------|-------------------|------------|
|                                                       | \$                | \$         |
| <b>Carrying amount of the investment in associate</b> | <b>13,893,370</b> | 13,201,896 |
| <b><u>Movement reconciliation</u></b>                 |                   |            |
| <b>Balance at the beginning of the period</b>         | <b>13,201,896</b> | 10,645,238 |
| Exchange differences                                  | <b>765,448</b>    | 2,632,177  |
| Share of net loss in associate                        | <b>(73,974)</b>   | (75,519)   |
| <b>Balance at the end of the period</b>               | <b>13,893,370</b> | 13,201,896 |

During the period under review Minbos announced that the Angolan Ministry of Mines and Geology (MGM) had issued two new licence for the Cabinda project. The first licence (014/04/09/T.P/ANG.MGM.2015) is for the Cacata deposit and the second licence (015/01/10/T.P/ANG.MGM.2015) for the Chivovo, Chibuete, Ueca, Cambota and Mongo Tando Deposits.

Both licences have been issued for a five year period respectively expiring on 25 September 2020 and 14 October 2020 and are renewable for a further two years. The new licences replace the previous exploration permit (006/06/01/L.P./GOV.ANG.MGM.2010).

The issue of the licences were preceded by Minbos and its 50% Joint Venture Partner Petril Phosphates Ltd (**JV partners**) signing 2 Mining Investment Agreements in December 2014 with the MGM (refer Minbos announcement on 12 December 2014). A presidential decree was issued on 8 June 2015 confirming that the Cabinda project has been approved and instructing Angolan Ministries to provide all the infrastructure and support that the JV partners requires for the project.

The signed contracts with MGM also covers the mining phase of the Cabinda project. On completion of the Environmental Impact and Economic Viability Study the issue of a mining licence can be requested. The mining licence will be valid for thirty five years, renewable for successive periods of ten years.

## Notes to the Consolidated Financial Statements

### 6. EXPLORATION AND EVALUATION EXPENDITURE

|                                                           | 31-Dec-15       | 30-Jun-15 |
|-----------------------------------------------------------|-----------------|-----------|
|                                                           | \$              | \$        |
| Carrying amount of exploration and evaluation expenditure | <b>34,230</b>   | 33,629    |
| <b><u>Movement reconciliation</u></b>                     |                 |           |
| Balance at the beginning of the period                    | 33,629          | 49,575    |
| Additions                                                 | 23,354          | 50,313    |
| Impairment of exploration and evaluation expenditure (ii) | <b>(22,753)</b> | (66,259)  |
| Balance at the end of the period                          | <b>34,230</b>   | 33,629    |

- (i) At 31 December 2015, Allamanda continued to hold the Kanzi Joint Venture licences, accordingly the Group has impaired the exploration expenditure incurred during the period until the licences are transferred to the Joint Venture entity, Phosphalux SPRL.

### 7. OTHER FINANCIAL ASSETS

|                             | 31-Dec-15        | 30-Jun-15 |
|-----------------------------|------------------|-----------|
|                             | \$               | \$        |
| Loan to Mongo Tando Limited | <b>4,579,299</b> | 4,579,299 |
|                             | <b>4,579,299</b> | 4,579,299 |

The loans to Mongo Tando Limited (the “Associate”) are unsecured interest-free loans for the purpose of obtaining the required working capital for the establishment and ongoing operation of the Project in Angola. LR Group, the ultimate 50% holder in the Associate, along with Minbos’ ultimate 50% holding in the Associate, each contribute in equal portions loans receivable.

### 8. ISSUED CAPITAL

#### (a) Issued and fully paid

|                 | 31-Dec-15         |                      | 30-Jun-15  |               |
|-----------------|-------------------|----------------------|------------|---------------|
|                 | \$                | No.                  | \$         | No.           |
| Ordinary shares | <b>29,767,846</b> | <b>1,376,224,881</b> | 29,733,200 | 1,367,149,881 |
|                 | <b>29,767,846</b> | <b>1,376,224,881</b> | 29,733,200 | 1,367,149,881 |

#### (b) Movement reconciliation

| ORDINARY SHARES                          | Date       | Quantity             | Issue price | \$                |
|------------------------------------------|------------|----------------------|-------------|-------------------|
| Balance 30 June 2015                     |            | 1,367,149,881        |             | 29,733,200        |
| Issue of shares in lieu of director fees | 18/12/2015 | 9,075,000            | 0.004       | 36,300            |
| Equity costs                             | -          | -                    | -           | (1,654)           |
| <b>Balance 31 December 2015</b>          |            | <b>1,376,224,881</b> |             | <b>29,767,846</b> |

- (i) On 18 December 2015, the Company issued 9,075,000 shares at \$0.004 per share to Bill Oliver in lieu of his outstanding Director Fees of \$36,300.

## Notes to the Consolidated Financial Statements

### 9. RESERVES

|                                      | 31-Dec-15        |                    | 30-Jun-15        |                    |
|--------------------------------------|------------------|--------------------|------------------|--------------------|
|                                      | \$               | No.                | \$               | No.                |
| Share-based payment & option reserve | 2,225,239        | 503,149,997        | 2,185,435        | 312,816,665        |
| Employee share plan reserve          | 436,621          | -                  | 409,640          | -                  |
| Foreign currency translation reserve | 4,260,821        | -                  | 3,494,461        | -                  |
|                                      | <b>6,922,681</b> | <b>503,149,997</b> | <b>6,089,536</b> | <b>312,816,665</b> |

|                                                                                     | 31-Dec-15        | 30-Jun-15        |
|-------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                     | \$               | \$               |
| <b>Movement reconciliation</b>                                                      |                  |                  |
| <b>Share-based payment &amp; option reserve</b>                                     |                  |                  |
| <b>Balance at the beginning of the period</b>                                       | 2,185,435        | 1,820,531        |
| Equity settled share-based payment transactions                                     | 39,804           | 364,904          |
| <b>Balance at the end of the period</b>                                             | <b>2,225,239</b> | <b>2,185,435</b> |
| <b>Employee share plan reserve</b>                                                  |                  |                  |
| <b>Balance at the beginning of the period</b>                                       | 409,640          | 340,000          |
| Equity settled share-based payment transactions                                     | 26,981           | 69,640           |
| <b>Balance at the end of the period</b>                                             | <b>436,621</b>   | <b>409,640</b>   |
| <b>Foreign currency translation reserve</b>                                         |                  |                  |
| <b>Balance at the beginning of the period</b>                                       | 3,494,461        | 842,816          |
| Effect of translation of foreign currency operations to group presentation currency | 766,360          | 2,651,645        |
| <b>Balance at the end of the period</b>                                             | <b>4,260,821</b> | <b>3,494,461</b> |

### 10. SHARE-BASED PAYMENTS

#### (a) Fair value of performance rights granted during the year

During the period, the Company issued performance rights to Sofosa, a related party consultant that can convert up to a total of 237.8 million fully paid ordinary shares in Minbos. These performance rights were issued in two tranches, with each Tranche having different performance milestones.

The first class of performance rights can convert to a total of 178.3 million fully paid ordinary shares (75% of 237.8 million shares) subject to Sofosa satisfying performance milestones within 24 months from the date of the agreement. Tranche 1 performance rights have the following performance conditions (all conditions must be satisfied):

- Grant of the new exploration permits for the Cabinda project (Completed)
- Sofosa transferring all of the shares it holds in Mongo Tando Ltda to Minbos or its nominee,
- Strategically supporting Minbos and its corporate initiatives.

The second class of performance rights can convert to a total of 59.5 million fully paid ordinary shares (25% of 237.8 million shares) subject to Minbos receiving a licence to Mine on the Cabinda project within 36 months from the date the agreements and pursuant to Sofosa's assistance.

The performance rights were approved on 20 November 2015 at the Company's Annual General Meeting and accordingly a \$39,804 share based payment expense has been recognised for the period ended 31 December 2015 in the Statement of Profit or Loss and Other Comprehensive Income.

## Notes to the Consolidated Financial Statements

The performance rights issued are straight forward non-market performance rights, with no consideration upon achievement. Accordingly, the fair value of the performance rights is by direct reference to the share price on grant date. The valuation model inputs are shown in the table below:

|                                           | <b>Tranche 1<br/>(75%)</b> | <b>Tranche 2<br/>(25%)</b> |
|-------------------------------------------|----------------------------|----------------------------|
| Date of Grant                             | 20/11/2015                 | 20/11/2015                 |
| Date of Expiry                            | 27/01/2017                 | 27/01/2018                 |
| Underlying Share Price (at date of issue) | 0.002                      | 0.002                      |
| Number of rights granted                  | 178,372,482                | 59,457,494                 |
| <b>Total Fair Value of Rights</b>         | <b>356,745</b>             | <b>118,915</b>             |

The total share based payment of the performance rights is \$475,660, expensed over the vesting period of the performance rights. The total expense recognised in the current period is \$39,804, refer table below.

### (b) Recognised share-based payment expense

|                                     | <b>31-Dec-15</b>                            |                                                       |
|-------------------------------------|---------------------------------------------|-------------------------------------------------------|
|                                     | <b>Value<br/>recognised<br/>during year</b> | <b>Value to be<br/>recognised in<br/>future years</b> |
|                                     | <b>\$</b>                                   | <b>\$</b>                                             |
| Performance rights issued to Sofosa | 39,804                                      | 435,856                                               |
|                                     | <b>39,804</b>                               | <b>435,856</b>                                        |

## 11. RELATED PARTIES

### (a) Transactions with other related parties

The following transactions occurred with related parties:

|                                                                  | <b>31-Dec-15</b> | <b>30-Jun-15</b> |
|------------------------------------------------------------------|------------------|------------------|
|                                                                  | <b>\$</b>        | <b>\$</b>        |
| <b>Agreements with strategic Angolan partner - Sofosa (i)</b>    |                  |                  |
| Company in which Domingos Catulich is a shareholder and Director |                  |                  |
| - Support and services on the Cabinda Project                    | <b>125,337</b>   | 229,471          |
| - Performance rights (Refer Note 10)                             | <b>39,804</b>    | -                |

- (i) During the 2015 financial year, Minbos concluded agreements with Sofosa to advance and progress the Cabinda project, a Company which Mr Catulich (Non-Executive Director) is a shareholder and Director. Sofosa will provide support and services on the Cabinda project for a payment of US\$15,000 per month retrospective from 1 July 2014. In addition, the agreements outline that Sofosa will be issued with two separate classes of performance rights that can convert up to a total of 237.8 million fully paid ordinary shares in Minbos. The first class of performance rights can convert to a total of 178.3 million fully paid ordinary shares (75% of 237.8 million shares) subject to Sofosa satisfying performance milestones within 24 months from the date of the agreement. The second class of performance rights can convert to a total of 59.5 million fully paid ordinary shares (25% of 237.8 million shares) subject to Minbos receiving a licence to Mine on the Cabinda project within 36 months from the date the agreements were executed and pursuant to Sofosa's assistance. The performance rights were approved on 20 November 2015 at the Company's Annual General Meeting and accordingly a \$39,804 expense has been recognised for the period ended 31 December 2015. Refer to Note 10 Share based payments for further detail on the valuation of the performance rights.

During the period the Company incurred fees from Sofosa of \$125,337 (US\$90,000), all of which was outstanding and payable at 31 December 2015.

## Notes to the Consolidated Financial Statements

### (b) Conversion of debt to equity with related parties

During the period the Company issued 9,075,000 fully paid ordinary shares at \$0.004 per share as payment in lieu of outstanding director fees owed to Bill Oliver (Non-Executive Director).

### 12. DIVIDENDS

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

### 13. COMMITMENTS

There have been no material changes in the Company's commitments since the last annual reporting date.

### 14. CONTINGENCIES

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

### 15. SUBSEQUENT EVENTS

On 19 February 2016 the company entered into a binding subscription agreement (Subscription Agreement) with Green Services Innovations Ltd (Green), a company incorporated in the British Virgin Island, to place 680 million shares at \$0.005 per share to raise \$3.4 million. The proceeds from the placement will fund the Bankable Feasibility Study on the Cabinda phosphate project and working capital.

The placement will be conducted in two tranches:

- Tranche 1 consists of the issue of 268 million shares at \$0.005 per share to raise \$1.3 million. These shares were issued on 23 February 2016.
- Tranche 2 comprises the issue of 412 million shares at \$0.005 per share to raise \$2.1 million and the issue of 385 million options at an exercise price of \$0.01 per option and an expiry date of 30 December 2016. Tranche 2 is conditional upon the issue of the Tranche 1 shares and shareholder approval at a general meeting of Minbos that will be convened in April / May 2016. Green has provided a bank guarantee in favour of Minbos in support of its obligation to pay the subscription price for the Tranche 2 shares under the subscription agreement.

The issue of Tranche 1 shares and the Tranche 2 shares and options (if approved and exercised) will raise \$7.2 million. The company received Tranche 1 funding of \$1.3 million subsequent to 31 December 2015.

Green has the right to appoint a director to the Minbos Board following the issue of the Tranche 1 shares and a 2<sup>nd</sup> Director when they have a shareholding of 40% or more in Minbos.

On 26 February 2016 the company advised that it had terminated its agreement with Australian Phosphate Pty Ltd (AFP) to dispose of its rights in the Kanzi project which is located in the DRC. The agreement was terminated as AFP failed to pay the USD\$200,000 proceeds to Minbos which was due on 11 October 2015.

There have not been any significant events, other than those stated above, that have arisen since 31 December 2015 and up to the date of this report that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

## Directors' Declaration

The Directors of the company declare that:

- (a) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, and:
- (i) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and its performance for the half year ended on that date.
  - (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.
- (b) In the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Peter Wall  
Non-Executive Chairman  
Perth, 11 March 2016

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Minbos Resources Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Minbos Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Minbos Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Minbos Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Minbos Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, consisting of the letters 'BDO' above the name 'J Prue'.

Jarrad Prue

Director

Perth, 11 March 2016