

## QUARTERLY ACTIVITIES REPORT – 30 SEPTEMBER 2012

Minbos Resources Limited (“Minbos” or the “Company”) is pleased to present its quarterly report for the period ended 30 September 2012.

### Highlights during the quarter

- Minbos received excellent results from a testing program to examine the ability of the Cacata concentrate to be converted to phosphoric acid and DAP fertilizer. Leading global fertiliser company Yara was contracted to undertake this testwork.
- This testwork demonstrated that the Cacata phosphate ore can be successfully processed in the dihydrate phosphoric acid route. The quality of the phosphate rock was good (of the order of 34.4% on a dry basis) with metallic impurities (aluminum, iron and magnesium) similar to the levels found in commercial phosphates, resulting in an excellent process performance. The level of cadmium (10ppm) is similar to that found in other commercial rocks
- Minbos consolidated its ownership of the Kanzi deposit and regional concessions through the formation of a Joint Venture (“Phosphalux JV”) with Allamanda Trading SPRL (“Allamanda”) for the exploration and development of the Kanzi project and surrounding exploration areas in the western Democratic Republic of Congo (“DRC”).
- This JV has exclusive rights over exploration licences covering approximately 200,000 hectares in the Bas Congo province of the DRC, resulting in Minbos being the largest holder of phosphate exploration ground in the highly prospective Congo Basin.
- Minbos increased its high grade resources at the Kanzi Project by 42% to 44Mt @ 21.4% P<sub>2</sub>O<sub>5</sub> (up from 31Mt @ 21.4% P<sub>2</sub>O<sub>5</sub>) and an overall resource increase to 66Mt @ 15.3% P<sub>2</sub>O<sub>5</sub> (up from 46Mt @ 17.2% P<sub>2</sub>O<sub>5</sub>).
- Excellent results from bench scale beneficiation testwork for the Kanzi ore confirmed ore upgrades to +32% P<sub>2</sub>O<sub>5</sub> through a simple screening and scrubbing process.
- Minbos began a three phase drilling programme at the Kanzi Project which is designed to upgrade known high grade inferred resources to indicated and measured; and to conduct regional exploration.

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#### Company Snapshot

##### Directors and Management

Mr P. Richards (Exec. Chair)  
Mr D. Reeves (Non-Exec)  
Mr J. Ciganek (Non-Exec)  
Mr D. Catulich (Non-Exec)  
Mr Robbie McCrae (CEO)

##### Exploration Areas

Angola (Cabinda Province)  
Phosphates – Cabinda Project  
Potash – Dingo Project  
Democratic Republic of Congo  
Phosphates – Kanzi

##### Securities on Issue

113,276,250 Ord. Shares (quoted)  
10,000,000 Performance Shares  
(restricted)  
17,600,000 Options (unlisted)

##### Cash on hand

A\$842,000 (30 Sep 2012)



## **CABINDA PHOSPHATE PROJECT**

### **Cacata Deposit**

During the quarter Minbos received positive results from a testing program to examine the ability of the Cacata concentrate to be converted to phosphoric acid and DAP fertilizer. Leading global fertiliser company Yara was contracted to undertake the testwork.

### **Highlights of the results include:**

- The Cacata phosphate can be successfully processed in the dihydrate phosphoric acid route.
- The quality of the phosphate rock was good (of the order of 34.4% on a dry basis) with metallic impurities (aluminum, iron and magnesium) similar to the levels found in commercial phosphates, resulting in an excellent process performance.
- The level of cadmium (10ppm) is similar to that found in other commercial rocks.
- Filtration properties of the phosphoric acid slurry were excellent.
- Concentration of the weak acid to commercial merchant grade 50% P<sub>2</sub>O<sub>5</sub> product was achieved.
- Low magnesium and aluminium levels tempered the metal content, resulting in a DAP with high values for both N and P<sub>2</sub>O<sub>5</sub> with both in excess of the internationally accepted standard for DAP 18:46.

## **KANZI PHOSPHATE PROJECT**

During the quarter, Minbos consolidated its ownership of the Kanzi deposit and regional concessions through the formation of a Joint Venture (“Phosphalux JV”) with Allamanda Trading SPRL (“Allamanda”) for the exploration and development of the Kanzi project and surrounding exploration areas in the western Democratic Republic of Congo (“DRC”).

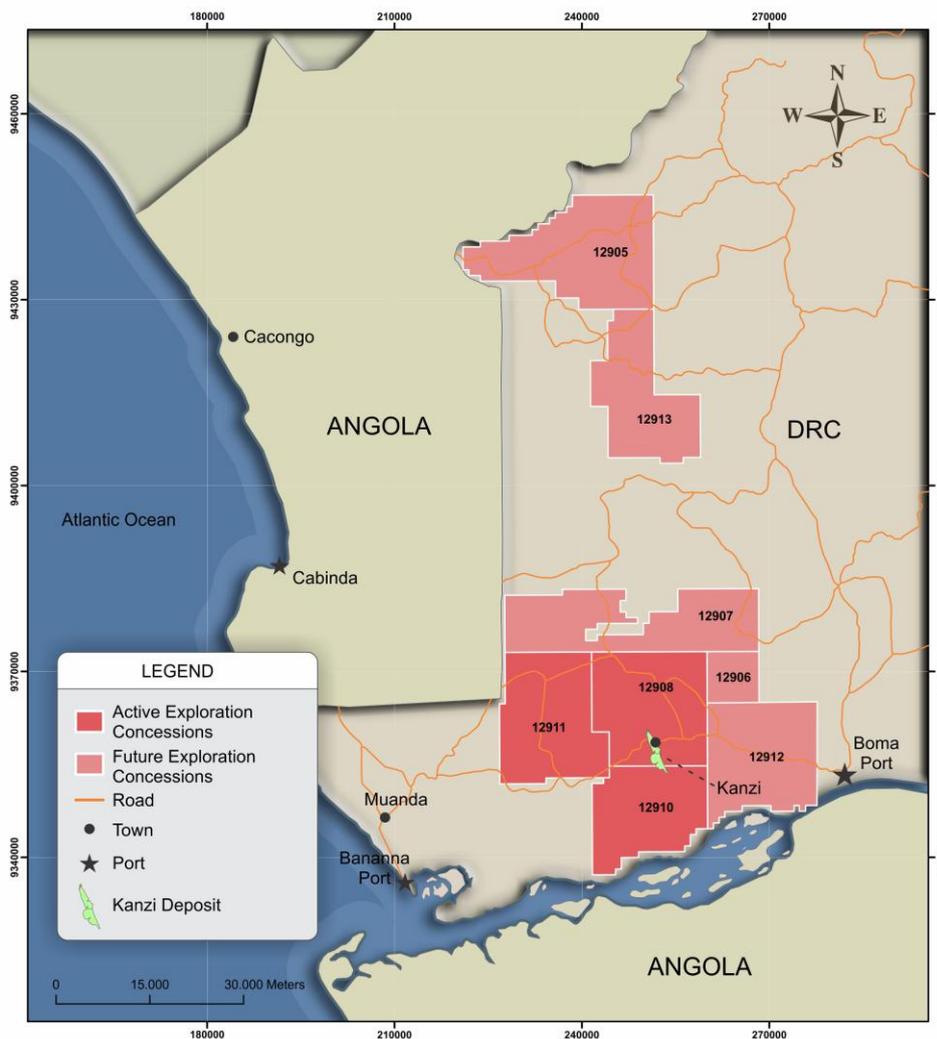
As a result of this new joint venture agreement, a series of new exploration licences have been issued over the entire Kanzi deposit which will enable an increase in resources to be calculated from existing data in the near future. Furthermore, Minbos, via its interest in the Phosphalux JV, has the exclusive right to explore and develop the remaining concessions owned by Allamanda. The issuing of new exploration licences and associated JV agreement with Allamanda consolidating the entire Kanzi deposit is a key step in the development of Kanzi and a significant milestone for Minbos.



The licences and their work status are summarised in Table 1 below.

**Table 1: Summary of DRC Licence areas**

Concession No.	Type	Area (Acres)	Status	Location
12908	Exploration	382	Active - BFS	South - Covers Kanzi Deposit
12910	Exploration	302	Active - BFS	South - Covers Kanzi Deposit
12911	Exploration	375	Active - Exploration	South - Kanzi Adjacent
12905	Exploration	441	Exclusive Option	North - Covers Fundu Nzobe
12906	Exploration	81	Exclusive Option	South - Kanzi Adjacent
12907	Exploration	410	Exclusive Option	South - Kanzi Adjacent
12912	Exploration	376	Exclusive Option	South - Kanzi Adjacent
12913	Exploration	322	Exclusive Option	North - Fundu Nzobe Adjacent



**Figure 1: DRC New Licence Areas**



### 42% Increase in High Grade Resource

During the quarter, Minbos announced a 42% increase in high grade resources at its Kanzi project.

The expanded limits of the recently issued exploration licences ensured that the entire Kanzi deposit is now included in the resource estimate whereas previously only two thirds of the deposit was covered by licence 12040. This has resulted in an increased JORC inferred resource estimate for Kanzi to 66Mt @ 15.3% P<sub>2</sub>O<sub>5</sub> at a cut-off grade of 0% P<sub>2</sub>O<sub>5</sub> (up from 46Mt @ 17.2% P<sub>2</sub>O<sub>5</sub>). The additional area was previously drilled by a selection of companies and has allowed the rapid re-estimation of the resource.

Coffey Mining (South Africa) Pty Ltd (“Coffey”), the Company’s independent resource and mining consultant, has compiled and reviewed all the relevant drill-hole data and geological information and developed a geological model to derive the stated resource. Datamine™ software was used to develop wireframes of the logged Upper Phosphate Member (“UPM”) geological structure, a 3D block model and used inverse distance squared methodology to derive grades throughout the model.

**Table 2: Kanzi Resource Estimate**

Kanzi Project – Total Inferred Resource		
Sample Cut-off grade (P <sub>2</sub> O <sub>5</sub> )	Total Tonnes (Million)	Average P <sub>2</sub> O <sub>5</sub> grade (%)
0%	66	15.3%
12.50%	44	21.4%



### Beneficiation Testwork Confirms Upgradeability

During September Minbos announced the results from a preliminary bench scale beneficiation testwork carried out on AC drill chips from the 2011 drilling campaign at Kanzi.

The results are as follows in Table 3:

**Table 3: Results of the 2011 Kanzi drilling campaign**

Sample Number	ROM % P <sub>2</sub> O <sub>5</sub>	Post Scrubbing and Screening % P <sub>2</sub> O <sub>5</sub>	Increase in Grade %
KZ1	20.04	33.91	69%
KZ2	22.41	34.42	54%
KZ3	26.98	32.76	21%
KZ4	25.55	33.29	30%
KZ5	22.58	31.23	38%
KZ6	20.97	24.41	16%
<b>Average</b>	<b>23.09</b>	<b>31.67</b>	<b>38%</b>

These excellent testwork results confirm that the Kanzi ore can be simply beneficiated into premium DSO material through a very simple scrubbing and screening process demonstrating that Kanzi has definite potential to be a low capex and low opex producer and supports our decision to proceed directly into the completion of a BFS on Kanzi.

Additional beneficiation testwork is expected to commence during the 1st quarter of 2013. This testwork will form part of the BFS on Kanzi. Drill core generated from the upcoming diamond drill program will be used for this testwork.

### Kanzi Development Program

Minbos remains focused on 'fast-tracking' the development of the Kanzi Project, particularly given its relatively high grade and access to road and port infrastructure. A summary of the planned work program is shown below:

#### *Exploration and Drilling*

Minbos recommenced drilling on the Kanzi project in October 2012; the drill program has been split into three phases:



***Phase 1 – Kanzi Infill Drilling (Indicated and Measured)***

32 aircore holes for approximately 1,600m and an additional 20 diamond core holes for approximately 1,500m. These holes will be drilled in the defined high grade inferred resource area at Kanzi.

***Phase 2 – Kanzi Exploration Drilling***

26 aircore holes for approximately 1,220m.

***Phase 3 – Regional Exploration around Kanzi***

A limited program of drilling has been allowed for to test some local soil anomalies along strike of the Kanzi deposit.

***Bankable Feasibility Study***

Based on the similarities of the Kanzi and Cacata projects (grade, size, location and access to infrastructure) and the very robust financial results recently published from the Cacata scoping study, Minbos is confident that the next step for Kanzi will be the commencement of a BFS.

Offers from consultants to complete the study have been requested and Minbos expect to have the selection process complete to coincide with announcing the results of the Kanzi scoping study.

**CORPORATE**

During the quarter, Minbos appointed CPS Securities (“CPS”) as corporate advisor to the company. CPS Securities was lead manager to the Minbos IPO in October 2010 and has been a strong supporter of the Company since this time. CPS has a strong track record in financing and facilitating the growth of junior resources companies. CPS will be actively engaged in building Minbos’ profile internationally as the Company continues development of its extensive phosphate resources in Central Africa.

In August 2012, Minbos appointed Everspring Partners (“Everspring”), a Sydney based resources focused advisory firm, as the strategic partner and corporate advisor to the company. Everspring is assisting Minbos in determining the most appropriate partners capable of facilitating the financing, off-take and development of its key phosphate projects.



The initial phase of the process has resulted in a high level of interest from potential strategic partners, particularly from major downstream fertiliser producers and trading companies across Asia and Europe. Expressions of interest have been received from potential strategic partners to provide funding to complete delineation drilling and bankable feasibility studies. This will enable Minbos to advance its Angolan and DRC phosphate rock projects towards development and to provide long term phosphate offtake agreements for its projects. Due diligence and site inspections have commenced under confidentiality agreements.

On 21 August 2012, 2,600,000 fully paid ordinary shares were issued to as part consideration to acquire a 65% interest in Phosphalux JV over the Kanzi deposit.

## Cash

At the end of September 2012, the Company had consolidated cash reserves of A\$842,000.

## **ACTIVITIES EXPECTED FOR 4th QUARTER OF 2012**

### **Kanzi Project – DRC**

- Recommencement of exploration activities – three phase drilling programme to upgrade known high-grade inferred resources to indicated and measured and to conduct resource evaluation.
- Commencement of BFS Activities – Beneficiation testwork and environmental work

### **Cabinda Project – Angola (Cacata and Chivovo)**

- Cacata resource estimate update
- Commencement of the bankable study on Cacata

– ENDS –

## **COMPETENT PERSON STATEMENT**

*The information in this report has been reviewed and approved for release by Ms Kathleen Body, Pr.Sci.Nat, who has over 17 years' 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 2004 Edition). Ms Body has consented to inclusion of this information in the form and context in which it appears.*



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**About Minbos**

Minbos Resources Limited is focused on developing its phosphate resources within the Cabinda Province of Angola and the adjoining areas of the far western DRC. Through its subsidiaries and joint ventures, the Company is exploring over 400,000ha of highly prospective ground and has defined JORC resources in both areas.

Minbos is currently progressing the Bankable Feasibility Studies on the both the High Grade Cacata project in the Cabinda Province of the Angola and the High Grade Kanzi Project in the Bas Congo Province of the DRC.

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. For more information, visit [www.minbos.com](http://www.minbos.com)

