

Half Year Report

For the period ended 31 December 2011



**Minbos**  
Resources  
Limited

ABN 93 141 175 493

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## Corporate Directory

### **Directors & Officers**

Mr Peter Richards  
*Executive Chairman*

Mr David Reeves  
*Non-Executive Director*

Mr John Ciganek  
*Non-Executive Director*

Mr Domingos Catulich  
*Non-Executive Director*

Mrs Tanya Woolley  
*Company Secretary*

### **Stock Exchange**

Australian Securities Exchange Limited (ASX)  
Home Exchange – Perth  
ASX Symbols – MNB (ordinary shares)

### **Share Registry**

Security Transfers Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153  
Email: registrar@securitytransfer.com.au

### **Registered Office**

108 Outram Street  
West Perth WA 6005

PO Box 1974  
West Perth WA 6872

T: +61 (08) 9476 4500

F: +61 (08) 6314 1587

E-mail: [info@minbos.com](mailto:info@minbos.com)

Website: [www.minbos.com](http://www.minbos.com)

### **Australian Company Number**

ACN 149 105 653

### **Australian Business Number**

ABN 63 149 105 653

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

Australia

### **Bankers**

National Australia Bank  
Rockingham Business Centre  
Unit 14, 10 Livingstone Road  
Rockingham WA 6168

### **Auditors**

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

## Review of Operations

### GROUP OVERVIEW

Minbos Resources Limited is an exploration company focused on the development of phosphate and potash bearing ore 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 hosting phosphate and potash bearing ore. Minbos is growing its current Resource base in incremental stages as it drills out the known deposits during 2011.

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 and potash are an essential component in certain agricultural fertilisers, with the market supported by the increasing global demand for food and bio-fuel products.

### 1. CABINDA PHOSPHATE PROJECT

The company made significant progress towards achieving its goals on the Cabinda Phosphate Project during the six months ending 31<sup>st</sup> December 2011.

The work program carried out by Minbos targeted the delineation of a combined JORC compliant resource for the Cabinda license by the end of the 4<sup>th</sup> Quarter 2011, the completion of a Desktop Review and commencement of a detailed Scoping Study to evaluate the project economics of the Cacata project as a standalone DSO phosphate rock exporter.

#### 1.1. Resources

Historical exploration within the Cabinda license area defined four deposits Mongo Tando, Ueca, Cacata and Chibueite. These formed the basis for the exploration target provided by Coffey Mining of 333Mt – 538Mt at 10 – 20% P<sub>2</sub>O<sub>5</sub> for the project<sup>1</sup>. Two additional deposits Chivovo and Cambota were added to the exploration program.

Individual resource announcements were made during the period for the Cacata, Chivovo and Chibueite deposits culminating in an overall resource estimate of 304mt @ 11.5% P<sub>2</sub>O<sub>5</sub> being announced at the of the period. This overall resource comprises resources from the Cacata, Chivovo, Mongo Tando and Chibueite deposits, as shown in **Table 1**.

**Table 1 – Cabinda Resource Estimates**

Cabinda Project Overall Resources December 2011				
Deposit	Category	Cut-off P <sub>2</sub> O <sub>5</sub> (%)	Grade P <sub>2</sub> O <sub>5</sub> (%)	Tonnes (Mt)
Cacata	Indicated	5	30.4	17.0
Chivovo	Inferred	10	6.7	20.3
Mongo Tando	Inferred	5	117	13.7
Chibueite	Inferred	5	150	8.3
<b>Total</b>			<b>304</b>	<b>11.5</b>

*1. The exploration target being reported is conceptual in nature as there has been insufficient exploration to define a mineral resource under JORC Code guidelines. However, this target is based on assessments of prospects within Minbos' tenure which are supported by drilling, geological studies, imagery analysis, metallurgical test-work and preliminary modelling.*

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## Review of Operations

### 1.2. Cacata Feasibility Studies

#### 1.2.1. CRU Strategies Review

CRU Strategies completed a desktop review assessing the viability of establishing a standalone high grade/DSO type phosphate rock export operation at Cacata.

#### **Background**

CRU is a specialist management consultancy providing independent, exclusive and proprietary advice to the world's leading metals and mining companies, financial institutions and governments. For almost 40 years, CRU has developed a global reputation for providing independent, robust and evidence-based advice. The CRU fertiliser team is considered the world leaders in the analysis and monitoring of the phosphates market.

#### **Summary of the CRU Cacata Review**

Cacata contains an indicated resource of 33.9 million tonnes with average phosphate content of 15.75% including 22.5 million tonnes resource at 21.4% P<sub>2</sub>O<sub>5</sub>. There remains the potential to supplement this resource from the Chivovo deposit which contains relatively high grades of between 28-34% P<sub>2</sub>O<sub>5</sub>. In addition, the mineralogy at Chivovo is similar to Cacata and therefore should be amendable to limited beneficiation as has been shown for Cacata.

Cacata is expected to be mined using open pit mining methods and a conventional beneficiated process including size classification / attrition scrubbing, wet screening and desliming at 106 microns. Metallurgical testwork has demonstrated that the rock phosphate product will be relatively high grade of 35% P<sub>2</sub>O<sub>5</sub> and would be marketable as a direct shipping ore ("DSO"). CRU has indicated that the Cacata phosphate rock product may trade at a premium to the Moroccan benchmark price.

The rock phosphate product is likely to be transported on a newly-constructed fully tarred road to the coastal port town of Cacongo, 80km from the Cacata deposit. Utilising this port would require the construction of a new jetty to load low draught 5,000t barges, which in turn could load larger bulk vessels (e.g. Panamax) which would be anchored approximately 1km offshore. Whilst transloading barges to move product a short distance to larger ocean-going vessels will add time and cost to the loading process, it is practiced elsewhere in the world for a variety of bulk commodities.

The desktop review has assumed a target production rate of up to 1.25 million tpa of phosphate rock which would provide an operating life in excess of 10 years. CRU has indicated that as a general rule, a phosphate rock project will require a US\$100-250 capital expenditure per tonne of annual capacity (i.e. US\$100-250 million for 1 million tpa capacity of rock concentrate). The Cacata project is expected to be at the lower end or in fact below this range due to the fact that it is foregoing the purchase of mining and haulage equipment by using contractors, it will not require a complex beneficiation process due to its high grade and is close to infrastructure.

A cash operating cost midpoint estimate of US\$46/t has been projected (with a low and high range of US\$35 to US\$58 per tonne respectively). CRU expects that the Cacata project would ultimately be a mid-tier producer and remain in the middle of the industry cost curve. However, it must be noted that the Project may be marketed as a high-grade product, and as such, the competitive cost position of the project is expected to be a solid second-quartile producer when the cost curve is normalised to a 32% P<sub>2</sub>O<sub>5</sub> baseline. In addition, a more positive reading of the operating cost estimates could result in the project being a low-cost, first quartile producer (i.e. circa \$35/t fob).

## Review of Operations

CRU has developed a model for estimating the likely pricing of a new phosphate rock product entering the market which has taken into consideration the phosphate rock grade, chemical characteristics, as well as CRU's knowledge of actual phosphate rock contract provisions. This analysis has determined that the Cacata rock phosphate is likely to trade at a premium to the Moroccan benchmark price.

### 1.2.2. Cacata Detailed Scoping Study

A scoping study commenced to assess the economics and commercial viability of the Cacata project.

A diamond drill rig was mobilized and drilling commenced during the period, the objective of this phase of the drilling was to upgrade the Indicated resources and Inferred resources from Cacata and Chivovo respectively to the measured category (these measured resources will form the basis for the planned Bankable Feasibility).

The metallurgical sample was prepared and shipped to Mintek Laboratories in South Africa.

Members of the Environmental, Port and Infrastructure and Resource & Mining consultants made site visits.

### 1.2.3. Additional work carried out

A 50kg ore sample from the Mongo Tando deposit was sent to Behr Dolbear in Florida USA for preliminary bench scale test work. The sample had a head grade of 8.5% P<sub>2</sub>O<sub>5</sub> and was readily upgraded to 34.7% P<sub>2</sub>O<sub>5</sub> at a recovery of 62%. These results essentially confirmed the historical test work that was carried out by the Colorado School of Mines in 1969 and AIM Lab

## 2. KANZI PHOSPHATE PROJECT, DRC

### 2.1. Maiden Resource

The Company announced a Maiden JORC compliant Inferred resource of 46Mt @ 17.2 % P<sub>2</sub>O<sub>5</sub> (including a high grade zone of 31Mt @ 21.4% P<sub>2</sub>O<sub>5</sub>) for the portion of the Kanzi deposit that lies within its 12040 license area (see Figure 1). Details provided in Table 2 below.

Table 2 – 12040 (Kanzi) Resource Estimate

Kanzi Project – Total Inferred Resource – Permit area 12040		
Cut-off grade P <sub>2</sub> O <sub>5</sub> (%)	Total Tonnes (M)	P <sub>2</sub> O <sub>5</sub> (%)
0%	46	17.2%
12.5%	31	21.4%

### 2.2. CRU Strategies Review

The Company commissioned CRU Strategies to carry out a desktop review to assess the economic viability of the project which if positive, will lead directly to the commencement of a Kanzi Bankable Feasibility study. Samples

## Review of Operations

for metallurgical testwork were delivered to the laboratory with results expected to be available in the 1st quarter of 2012.



Figure 1 – DRC Concessions

Concession  
12040

### 2.3. Status of Title

The Company remains in discussions with the Democratic Republic of Congo's Mining Cadastre Agency, the regulatory authority responsible for mining and exploration (CAMI), with respect to their announcement on November 4, 2011 indicating our licences were in dispute. The CAMI announcement referred to the Kanzi deposit, the package of concessions designated as "ZRG" and that Minbos does not have title to these tenements.

Minbos, as detailed in its prospectus and in various follow up announcements, has applied for the right to explore the ZRG package of concessions, however we have confirmed these applications over the ZRG concessions remain pending and as such have not been granted.

Concession 12040 is not one of the ZRG Concessions but in fact has been granted to concession holder Mrs Fortunata Ciapaarrone through which Agrim Sprl (subsidiary of Minbos) holds a Binding Heads of Agreement whereby full legal title of concession 12040 shall be transferred to Agrim; and until such time Agrim has full access to explore the tenement area.

## Review of Operations

It is the opinion of the Company that the confusion with CAMI has arisen owing to the fact that concession 1449 (southern concession of the ZRG package) borders the Company's concession 12040, with both concessions often referred to as Kanzi as the deposit straddles both.

Given that the Binding Heads of Agreement between Mrs Fortunata Ciapaarrone (holder of concession 12040) and Agrim regarding transfer of title remains in full force, and that Agrim has full access to explore the tenement area the Company remains extremely confident with the exploration activity and potential within 12040 tenement area.

Although the Company remains in discussions with CAMI where it is expected to be resolved prior to 30 June 2012, for the period under review and as at the date of signing this report the matter remains unresolved and as such the Company feels it would be prudent to impair the current level of exploration and evaluation assets as at 31 December 2011 until such time as discussions have been resolved with CAMI.

As stated, the Company is confident that the issue with CAMI surrounding the 12040 concession is expected to be resolved prior to 30 June 2012, which will be evidenced by full title being transferred to, and held by, Agrim; and that this will see the reversal of impairment assets reinstated to capitalised expenditure and evaluation assets as at 30 June 2012.

### 3. DINGE POTASH LICENCE

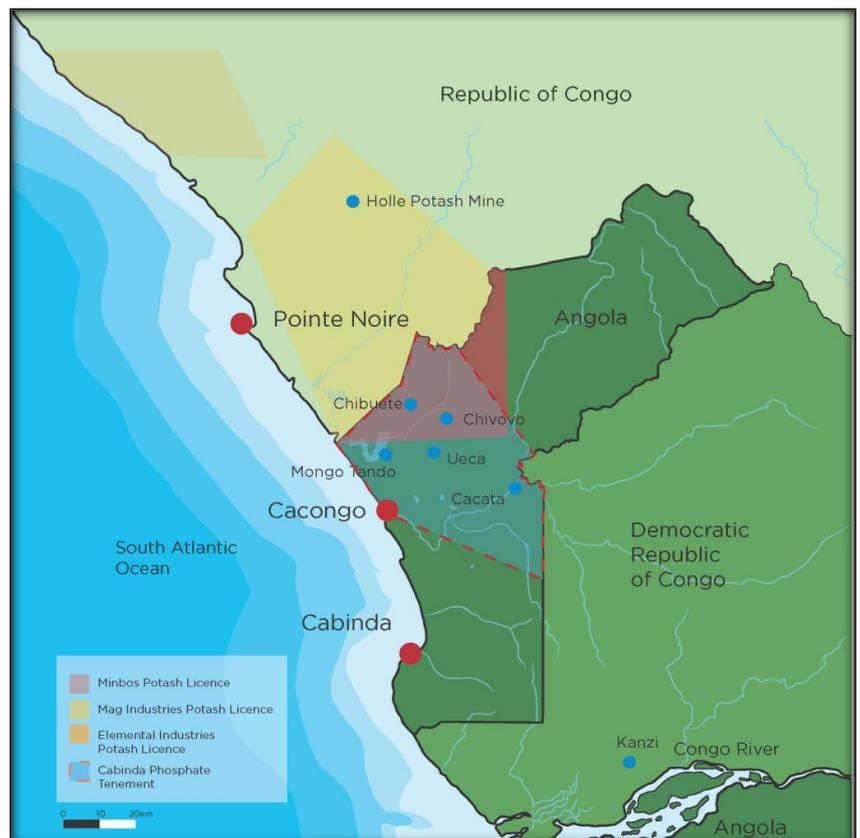
Subject to technical and legal due diligence, the company entered into an agreement to acquire 75% of the Dinge potash licence from Alum Industrial Lda (Alum), a private Angolan mineral exploration company.

The Dinge potash licence complements the Company's phosphate projects in the Cabinda Province and positions Minbos to capitalise on the increasing demand for fertilisers. A large proportion of the Dinge licence area overlaps Minbos' Cabinda phosphate projects and in many areas such as Chivovo, the potash mineralisation underlies the phosphate mineralisation, as shown in **Figure 2**.

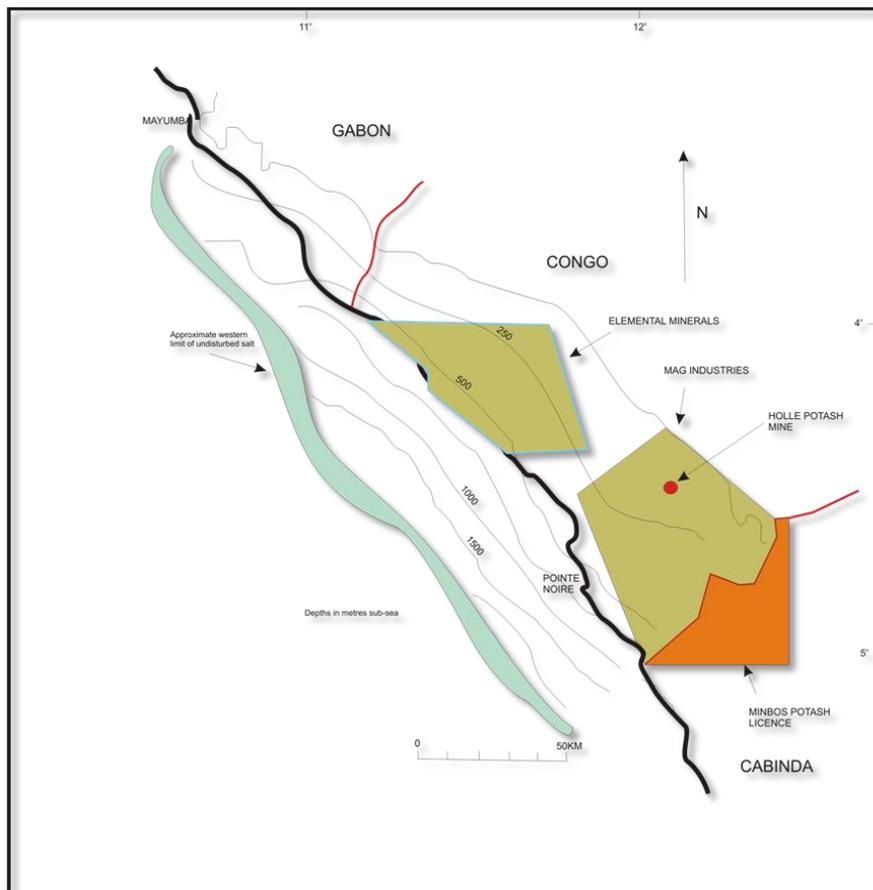
The occurrence of phosphate and potash mineralisation within the same licence areas is potentially an exciting development for Minbos (as shown in **Figure 3**) as it would also avail the potential for shared infrastructure such as ports, roads, etc and providing significant operational and costs advantages.

Whilst completing due diligence, the scope of the project is such that the company are also looking at alternate ownership structures, such as a joint venture.

**Figure 2 –  
Location of the  
Dinge Potash  
Licence**



## Review of Operations



**Figure 3 – Location in Congo Basin showing top of salt contours below sea level.**

### 4. ACTIVITIES EXPECTED FOR 1st HALF OF 2012

#### 4.1. DRC Phosphate Project

##### Kanzi Prospect

- Completion of CRU Strategies desktop review on high grade operation from Kanzi
- Joint venture negotiations finalised
- Recommencement of exploration activities – Kanzi drilling, regional evaluation
- Commencement of BFS Activities – Metallurgical testwork and environmental work

#### 4.2. Cabinda Project

##### High Grade Development Project (Cacata and Chivovo)

- Completion of the diamond drilling campaign
- Completion of the scoping study to assess the viability of high grade standalone DSO operation
- Mongo Tando resource estimate update
- Cacata resource estimate update
- An update to the overall global resource for the Cabinda Project area
- Conversion of Class A Performance Shares into Ordinary Shares upon the delineation of a JORC compliant resource of at least 250mt of greater than 12.5% P<sub>2</sub>O<sub>5</sub>.

#### 4.3. Dingé Project

- Technical and legal due diligence will be finalised
- Shareholder agreements for the JV company are to be negotiated

## Directors' Report

The Directors submit their half year report of the “Consolidated entity” or “Group”, being Minbos Resources Limited (“Minbos” or “the Company”) and its Controlled entities, for the period ended 31 December 2011.

### 1. BOARD OF DIRECTORS

The Directors and the Company Secretary of the Company at any time during or since the end of the financial year are as follows.

Mr Peter Richards–Executive Chairman

Mr David Reeves – Non Executive Director

Mr John Ciganek – Non Executive Director

Mr Domingoes Catulich – Non Executive Director

Mr Faldi Ismail – Non Executive Director (appointed 17 December 2009, resigned 1 January 2012)

### 2. COMPANY SECRETARIES

Mrs Tanya Woolley - Company Secretary

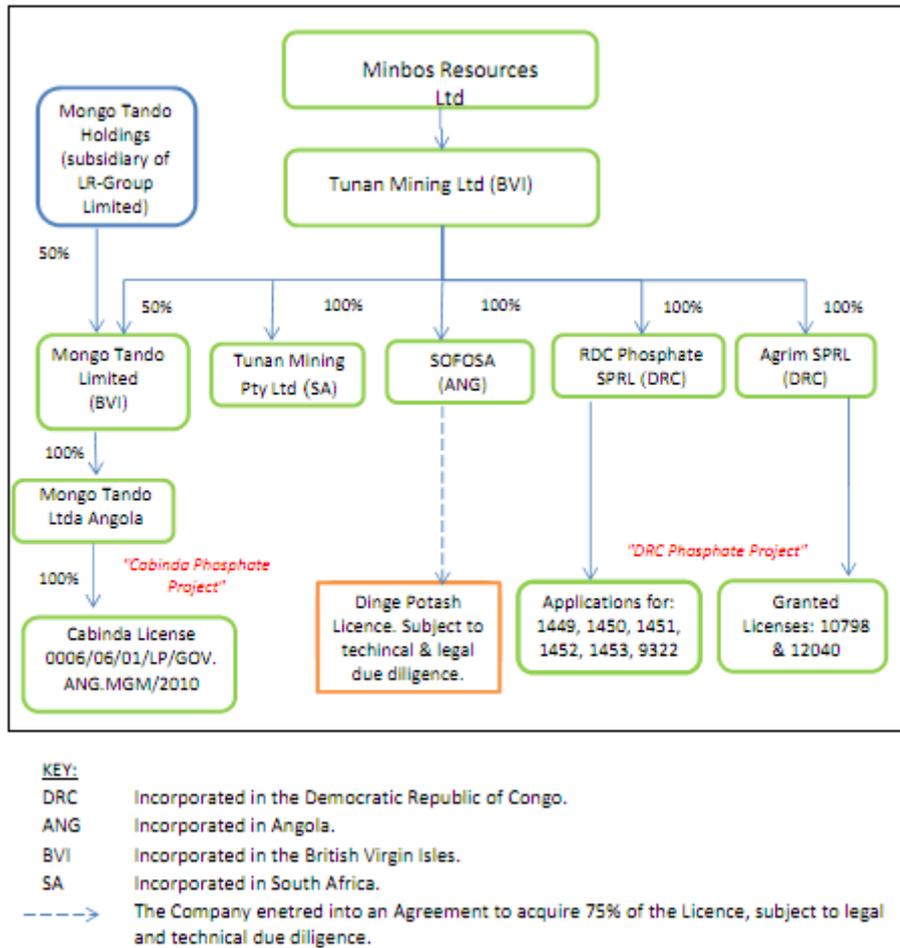
### 3. PRINCIPAL ACTIVITIES

Minbos Resources Limited is an exploration company focused on the development of phosphate bearing ore within the Cabinda Province of Angola and the adjoining areas of the far western DRC.

### 4. CORPORATE STRUCTURE

Minbos Resources Limited is a Company limited by shares that is incorporated and domiciled in Australia. The Company is listed on the Australian Stock Exchange under code MNB and whose shares are publicly traded on the Australian Securities Exchange Limited. An overview of the ownership structure for Minbos Resources after completion of the acquisition is shown below:

## Directors' Report



### 5. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

- Release of 2,185,000 fully paid ordinary shares from voluntary escrow on 19 October 2011
- The Company entered into a conditional agreement to acquire a large-scale potash licence located in the Cabinda Province of the Republic of Angola. Under the agreement, Minbos will acquire 75% of the Dingo potash licence from Alum Industrial Lda, a private Angolan mineral exploration company and provide funding to take the project through to feasibility study.
- Under the Company's 15% facility the Company placed 9,637,500 fully paid ordinary shares at \$0.28 per Share to raise \$2.7 million to sophisticated investors. The placement was made without a prospectus or other disclosure document to investors under Section 708 of the Corporations Act.
- On the 31 October 2011 the Company lodged an Offer Document with ASX for a pro-rata right non-renounceable offer to eligible shareholders on the basis of one Share for every ten Shares held by Shareholders on the Record Date at an issue price of \$0.28 per Share. The offer closed on 24 November 2011 with 40% of all shares on offer been taken up by existing shareholders.

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

- Resignation of Non-Executive Director Mr Faldi Ismail, effective from 1 January 2012.

## Directors' Report

### 7. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 13 and forms part of the Directors' Report for the half year period ended 31 December 2011.

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



Peter Richards  
Executive Chairman  
Perth, 15 March 2012

15 March 2012

Board of Directors  
Minbos Resources Limited  
108 Outram Street  
WEST PERTH WA 6005

Dear Sirs,

**DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE BOARD OF DIRECTORS OF MINBOS RESOURCES LIMITED**

As lead auditor of Minbos Resources Limited for the period ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- 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.



**Phillip Murdoch**  
Director

**BDO Audit (WA) Pty Ltd**  
Perth, Western Australia

## Consolidated Statement of Comprehensive Income

	31-Dec-11	31-Dec-10
Notes	\$	\$
Revenue from continuing operations	-	
Other income	<b>135,072</b>	261,034
Exploration and evaluation	<b>(439,547)</b>	(220,416)
Personnel expenses	<b>(364,742)</b>	(476,043)
Administration fees	<b>(863,959)</b>	(712,002)
Impairment of evaluation and exploration assets	<b>(6,153,884)</b>	-
Share of net loss from associate	<b>4 (1,515,444)</b>	(511,007)
<b>Loss from continuing operations before income tax</b>	<b>(9,202,504)</b>	<b>(1,658,434)</b>
Income tax benefit	<b>1,949,078</b>	-
<b>Loss from continuing operations after income tax</b>	<b>(7,253,426)</b>	<b>(1,658,434)</b>
<b>Other comprehensive income</b>		
Exchange differences on translation of foreign operation	<b>(13,962)</b>	(122,840)
<b>Other comprehensive loss for the year, net of tax</b>	<b>(13,962)</b>	<b>(122,840)</b>
<b>Total comprehensive loss for the year</b>	<b>(7,267,388)</b>	<b>(1,781,274)</b>
<b>Loss for the year is attributable to the owners of Minbos Resources Limited</b>	<b>(7,253,426)</b>	<b>(1,781,274)</b>
<b>Total comprehensive loss for the year is attributable to the owners of Minbos Resources</b>	<b>(7,267,388)</b>	<b>(1,781,274)</b>
	<b>\$</b>	<b>\$</b>
<b>Loss per share from continuing operations attributable to the ordinary equity holders</b>		
- Basic loss per share	<b>(0.10)</b>	(2.61)
- Diluted loss per share	<b>(0.10)</b>	(2.61)
<b>Loss per share attributable to ordinary equity holders</b>		
- Basic loss per share	<b>(0.10)</b>	(2.61)
- Diluted loss per share	<b>(0.10)</b>	(2.61)

The consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes.

**Consolidated Statement of Financial Position**

	Notes	31-Dec-11 \$	30-Jun-11 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,786,564	3,254,882
Trade and other receivables		319,174	315,929
Prepayments and deposits		143,817	30,011
<b>Total current assets</b>		<u>5,249,555</u>	<u>3,600,822</u>
<b>Non-current assets</b>			
Property, plant & equipment		170,833	188,785
Investments in associate	4	9,487,371	11,009,694
Exploration & evaluation expenditure	5	-	6,168,652
Other financial assets		3,075,824	1,610,495
<b>Total non-current assets</b>		<u>12,734,028</u>	<u>18,977,626</u>
<b>Total Assets</b>		<u>17,983,583</u>	<u>22,578,448</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		88,933	172,986
<b>Total current liabilities</b>		<u>88,933</u>	<u>172,986</u>
<b>Non-Current liabilities</b>			
Deferred tax liabilities		3,935,637	5,884,715
<b>Total Non-Current liabilities</b>		<u>3,935,637</u>	<u>5,884,715</u>
<b>Total Liabilities</b>		<u>4,024,570</u>	<u>6,057,701</u>
<b>Net assets</b>		<u>13,959,013</u>	<u>16,520,747</u>
<b>EQUITY</b>			
Contributed Equity	6	22,907,859	18,344,500
Reserves		856,136	727,803
Accumulated losses		(9,804,982)	(2,551,556)
<b>Total Equity</b>		<u>13,959,013</u>	<u>16,520,747</u>

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

**Consolidated Statement of Changes in Equity**

	Contributed Equity	Share-based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
<b>At 1 July 2011</b>	<b>18,344,500</b>	<b>613,563</b>	<b>114,240</b>	<b>(2,551,556)</b>	<b>16,520,747</b>
Loss for the period	-	-	-	(7,253,426)	(7,253,426)
Other comprehensive Loss for the period	-	-	(13,962)	-	(13,962)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(13,962)</b>	<b>(7,253,426)</b>	<b>(7,267,388)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Issue of Performance Shares					
Issue of Ordinary Shares					
Issue of share capital	4,879,350	-	-	-	4,879,350
Capital raising costs	(315,991)	-	-	-	(315,991)
Share-based payments	-	142,295	-	-	142,295
<b>At 31 December 2011</b>	<b>22,907,859</b>	<b>755,858</b>	<b>100,278</b>	<b>(9,804,982)</b>	<b>13,959,013</b>

	Contributed Equity	Share-based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
As 1 July 2010	962,300	-	-	(70,305)	891,995
Loss for the period	-	-	-	(1,658,434)	(1,658,434)
Other comprehensive Loss for the period	-	-	(122,840)	-	(122,840)
<b>Total comprehensive Loss for the period</b>	<b>-</b>	<b>-</b>	<b>(122,840)</b>	<b>(1,658,434)</b>	<b>(1,781,274)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Issue of share capital	18,000,000	-	-	-	18,000,000
Capital raising costs	(603,550)	-	-	-	(603,550)
Share-based payments	-	525,225	-	-	525,225
<b>At 31 December 2010</b>	<b>18,358,750</b>	<b>525,225</b>	<b>(122,840)</b>	<b>(1,728,739)</b>	<b>17,032,396</b>

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

## Consolidated Statement of Cashflows

	Note	31-Dec-11 \$	31-Dec-10 \$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		-	151,800
Payment to suppliers and employees		<b>(1,434,587)</b>	(1,378,739)
Interest received		<b>66,513</b>	51,920
Interest paid		-	-
<b>Net cash outflow from operating activities</b>		<b>(1,368,074)</b>	(1,175,019)
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		-	(137,633)
Payments for exploration and evaluation assets		<b>(198,274)</b>	(995,228)
Payment for purchase of subsidiary, net of cash acquired		-	62,811
<b>Net cash outflow from investing activities</b>		<b>(198,274)</b>	(1,070,050)
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares, net of issue costs		<b>4,563,359</b>	7,486,450
Loans to Associate		<b>(1,465,329)</b>	-
<b>Net cash inflow from financing activities</b>		<b>3,098,030</b>	7,486,450
Net (decrease) / increase in cash and cash equivalents		<b>1,531,682</b>	5,241,381
Cash and cash equivalents at the beginning of the Period		<b>3,254,882</b>	825,272
Effect of exchange rate fluctuations on cash held		-	(86,787)
<b>Cash and cash equivalents at the end of the Period</b>		<b>4,786,564</b>	5,979,866

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

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## 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 is 108 Outram Street, West Perth, WA 6005. The address of the Company's representative office in Johannesburg is 42 Kyalami Boulevard, Kyalami Business Park, Kyalami, Johannesburg, South Africa. The consolidated financial statements of the Company as at and for the half year ended 31 December 2011 (the "Period") and 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 15 March 2012.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### Basis of compliance

This general purpose condensed financial report of the Company for the Period has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial statements for the year ended 30 June 2011 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 condensed 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.

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 2011.

## 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, net assets and total assets for the operating segment are reflected in this financial report.

### 4. INVESTMENT IN ASSOCIATE

As part of the acquisition of Tunan Mining Limited, Minbos acquired a 50% interest in Mongo Tando Limited BVI, 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.

#### (a) Movements in carrying amounts

	<u>31-Dec-11</u>	<u>30-Jun-11</u>
	\$	\$
Carrying amount at the beginning of the financial year	11,009,694	-
Share of fair value increment on purchase of Tunan Mining Ltd	-	11,244,679
Share of loss in associate	(1,515,444)	(234,985)
Foreign exchange translation loss	(6,879)	-
Carrying amount at the end of the period	<u>9,487,371</u>	<u>11,009,694</u>

### 5. EXPLORATION AND EVALUATION EXPENDITURE

	<u>31-Dec-11</u>	<u>30-Jun-11</u>
	\$	\$
<b>Carrying amount of exploration and evaluation expenditure</b>	<b>-</b>	<b>6,168,652</b>
<b><u>Movement reconciliation</u></b>		
<b>Balance at the beginning period</b>	<b>6,168,652</b>	<b>-</b>
Acquisition	-	4,872,694
Additions	198,274	1,295,958
Foreign exchange translation loss	(213,042)	-
Impairment charge (a)	(6,153,884)	-
<b>Balance at the end of the period</b>	<b>-</b>	<b>6,168,652</b>

(a) As at the date of this report, the issue with CAMI surrounding the 12040 concession remains unresolved despite the Company remaining in discussions with CAMI as at the date of signing this report. The matter is expected to be resolved prior to 30 June 2012. The Company through its subsidiary, Agrim Sprl, has an

## Notes to the Consolidated Financial Statements

existing Binding Heads of Agreement that remains in full force with the holder of the concession 12040 (Mrs Fortunata ;Ciapaarrone) along with full access to explore the tenement area for while transfer remains pending, however, that being said for the period under review the Company feels it would be prudent to impair the current level of exploration and evaluation assets as at 31 December 2011 until such time as discussions have been resolved with CAMI.

The impairment loss has been disclosed as a separate line item in the Consolidated Statement of Comprehensive Income.

### 6. CONTRIBUTED EQUITY

#### (a) Issued and fully paid

	31-Dec-11		30-Jun-11	
	\$	No.	\$	No.
Ordinary shares	15,907,860	85,676,250	11,344,500	68,250,000
Performance shares	7,000,000	35,000,000	7,000,000	35,000,000
	<b>22,907,860</b>	<b>120,676,250</b>	<b>18,344,500</b>	<b>103,250,000</b>

#### (b) Movement in share capital

##### ORDINARY SHARES

	Date	Quantity	Issue price	\$
Opening balance 1 July 2011		68,250,000		11,344,500
Placement shares (a)	7/11/2011	9,637,500	0.28	2,698,500
Share raising costs	-	-	-	(234,271)
Non-Renounceable Rights Issue (b)	1/12/2011	3,100,300	0.28	868,084
Non-Renounceable Rights Issue (Shortfall) (b)	8/12/2011	4,688,450	0.28	1,312,766
Share raising costs	-	-	-	(81,720)
<b>Balance 31 December 2011</b>		<b>85,676,250</b>		<b>15,907,860</b>

##### Ordinary shares

(a) On the 31<sup>st</sup> October 2011 under the Company's 15% Facility, the Company announced that it had placed 9,637,500 fully paid ordinary shares at \$0.28 per Share to raise \$2.7M from sophisticated investors.

(b) On the 31<sup>st</sup> October 2011 the Company issued an Offer Document for a Non-Renounceable Rights Issue ("NRRRI") Offer to Eligible Shareholders on the basis of one (1) Share for every ten (10) Shares held by Shareholders on the Record Date at an issue price of \$0.28 per Share to raise \$2.18M. The rights issue closed with 3,100,300 Shares (or 40% of all Shares on Offer) taken up. These Shares were issued on the 1<sup>st</sup> December 2011. There was a shortfall of 4,688,450 fully paid ordinary which were placed on the 8 December 2011 at the discretion of the Board

## **Notes to the Consolidated Financial Statements**

### **7. DIVIDENDS**

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

### **8. COMMITMENTS**

There are no new commitments other than what existed as at 30 June 2011, that the Company has entered into during the Period under review.

### **9. CONTINGENCIES**

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

### **10. SUBSEQUENT EVENTS**

There have not been any significant events that have arisen since 31 December 2011 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.

### **11. RELATED PARTIES**

There are no material changes to transactions with related parties from those disclosed in the 30 June 2011 Annual Report.

## Directors' Declaration

### MINBOS RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

The Directors of the company declare that:

- (a) The financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
  - (i) Giving a true and fair view of the financial position as at 31 December 2011 and the performance for the half year ended 31 December 2011.
  - (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory reporting requirements.
- (b) 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 Richards  
Executive Chairman  
Perth  
15 March 2012

## 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 statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity 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 disclosing entity 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 2011 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 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 2011 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

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

**Phillip Murdoch**  
Director

Perth, Western Australia  
Dated this 15<sup>th</sup> day of March 2012