

HISTORIC GREEN ENERGY MOU SIGNED FOR THE CAPANDA GREEN AMMONIA PROJECT

Technical Study with Stamicarbon now well advanced

HIGHLIGHTS

- Historic Memorandum of Understanding ("MOU") signed between Angola's National Electricity Transmission Network ("RNT-EP") and Minbos' 100%-owned subsidiary, Green Ammonia LDA.
- The Agreement represents a global green energy first, outlining the framework and conditions for the supply of 100%-renewable and installed hydroelectric power from the Capanda Dam and Electric Substation to the proposed site of the Capanda Green Ammonia Plant.
- The MOU confirms a formal resolution received in late May 2022¹ outlining the key commercial parameters of the power supply as the basis for a Market Assessment Study, which includes:
 - Initial 100MW at \$US0.004 (0.4c) kilowatt hour for 5 years then \$US0.008c (0.8c) kilowatt hour for 20 years.
 - An Additional 100MW at \$US0.015 (1.5c) kilowatt hour for 25 years.
- The MOU binds the parties to complete various studies and commit to enter contract negotiations for an Electrical Supply Contract, within the commercial parameter proposed by Minbos, upon demonstration of the project's feasibility.
- The parties commit to completing a Market Assessment Study and technical and financial feasibility studies. Upon their confirmation, studies will be carried out on environmental impact, social impact and electrical network impact, as well as Green Ammonia plant basic design engineering, automation and telecommunications architectures.
- The term of the MOU will conclude upon the signing of an Electricity Supply Contract or the completion of studies that demonstrate the project is not feasible. The MOU may also cease upon mutual agreement, a substantiated Force Majeure event, bankruptcy of either party or written notice of termination for breach of obligations.
- Technical Study with Stamicarbon now well advanced and expected to be delivered in early 2023 and feed into the Market Assessment Study.
- Initial desktop work undertaken by the Company highlights the potential for the Capanda Green Ammonia Project to produce Ammonia Nitrate at a cost competitive unit price vs. traditional grey (fossil fuel), blue (fossil fuel plus carbon capture) and turquoise (methane) Hydrogen-Ammonia

¹ASX Announcement - \$2.46M Ambato sale completed as momentum builds for green hydrogen-ammonia project (25th May 2022)

projects, even factoring normalised energy prices.

- Importantly, proximity to markets is now recognised as the gold standard for viable Green Hydrogen-Ammonia projects. Recently, Rio Tinto Chief Scientist Nigel Steward was quoted as saying “*shipping Hydrogen long distances is potentially worse for the climate than burning natural gas*”², highlighting the environmental and cost benefits of hydrogen-ammonia projects located close to their market.
- The Capanda Green Ammonia Project plant site is proposed to be located within 5 km of the Capanda hydroelectric dam along an existing transmission, and within trucking distance to the Malanje growing corridor and major regional mining projects, potentially reducing transport costs and ensuring the Project’s cost advantages are maintained.
- Angola’s installed hydroelectric power is largely located in the country’s regional/agricultural areas, with the Capanda hydroelectric dam and station located within the Malanje Agriculture Corridor.
- The Malanje Corridor is analogous to Brazil’s Cerrado Region, with similar annual rainfall, and available land approximately 1,000km closer to port facilities, and with a surplus of cheap hydropower (Fig. 1).

Commenting on the historic MOU, Minbos CEO Lindsay Reed:

“The MOU with Angola’s National electricity network operator has created a number of green project global firsts. Firstly, the CAPEX and OPEX costs for a Green Hydrogen and Ammonia project is largely a function of its power inputs, with the price paid critical to producing low-cost Hydrogen and Ammonia.

Our modelling to date suggests the concessional pricing from the Capanda hydroelectric station will likely see our project competitive against any fossil fuel-driven ammonia project globally, even in a more normalised global energy environment which is enhanced by its proximity to local markets.

Secondly, it is becoming apparent that many interested global players in the Hydrogen-Ammonia space are settling on a green project heuristic that producing Green Hydrogen and Ammonia where they are consumed provides the most commercially viable opportunity.

Capanda Green Ammonia will be competitive with imported fertilizers because transport costs can add up to US\$200 per tonne. Our Project is located close to some of Angola’s major growing regions and close to major rail and road routes to other Ammonia Nitrate opportunities.

Our MOU with RNT-EP is a function of our previous work in country to build an industry from the bottom-up, creating new opportunities for growth within a country that has enormous agricultural opportunity. We thank the Angolan Government for again entrusting us with what will be a world-first green project that highlights the abundant opportunities that Angola presents.”

²Australian Financial Review – Its Better to burn gas than transport hydrogen, Rio Tinto says (1st December 2022)

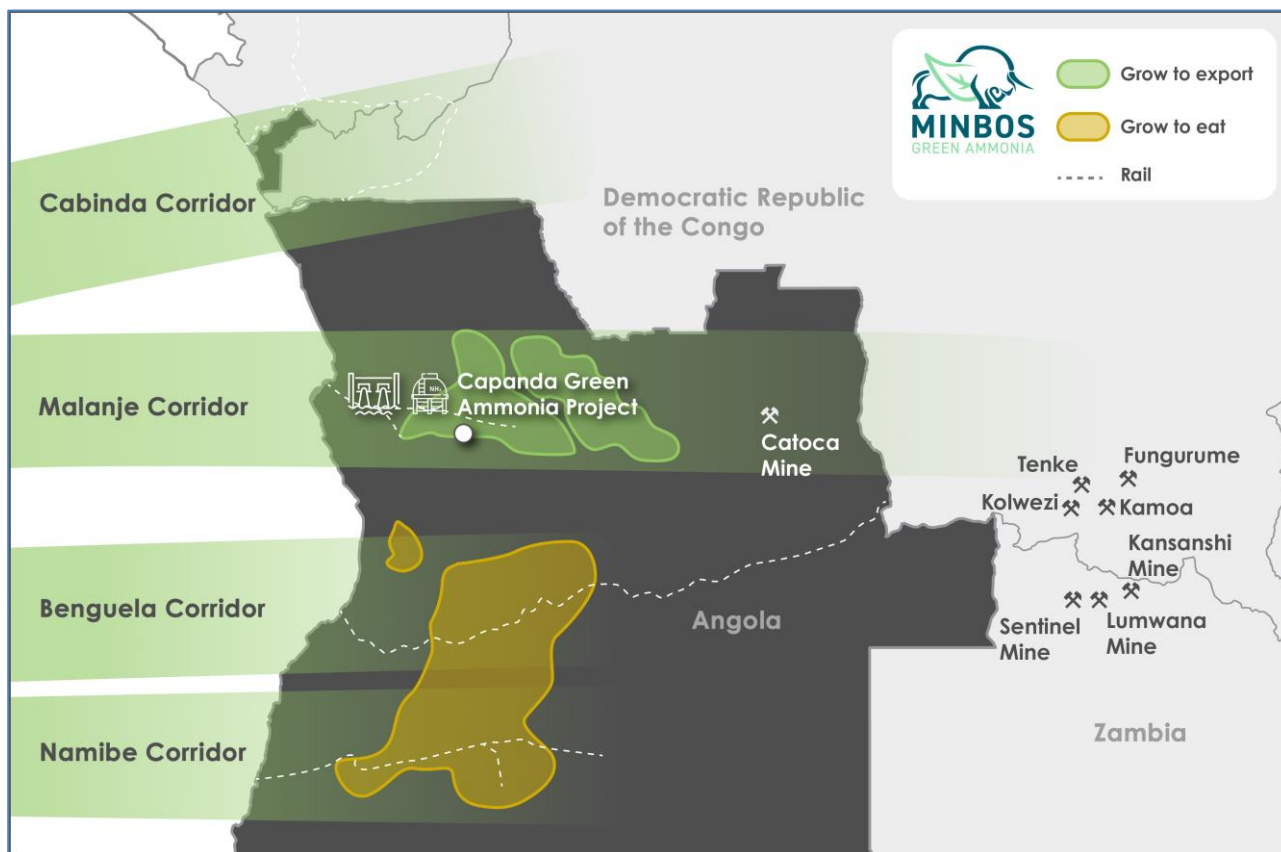


Figure 1 - Capanda Green Ammonia Project, located within the Malanje Corridor, close to existing rail infrastructure and close to ports and major regional mines.

Minbos Resources Limited (ASX:MNB) ("Minbos" or "the Company") is pleased to announce an historic Memorandum of Understanding ("MOU"), with Angola's National Electricity Transmission Network, EP ("RNT-EP").

Embracing the Angolan Government's goal to make Angola self-sufficient in fertilizers and to increase agricultural production to ensure food security, the Company has been working on delivering the Capanda Green Ammonia Project to produce Ammonia Nitrate products. The Company identified the Capanda Hydropower Plant in Malanje, which is close to target markets for agriculture and key transport routes to large Copper mines in Zambia.

As part of the MOU, the Company will commence an action plan for the connection request of electricity supply to the proposed plant site, including activities to be undertaken, clarification of needs, project timelines and resourcing. Much of this work is being undertaken by Stamicarbon as part of their technical study. As part of the MOU, Minbos will also begin the project implementation study phase, which involves market, technical feasibility (already underway), financial, environmental impact, social impact and network impact studies - with the support of RNT-EP and Stamicarbon.

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This announcement is authorised for release by the Board of Minbos Resources Limited.

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Compliance Statement

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices, or potential growth of Minbos Limited, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.