

Annual Report

For the year ended 30 June 2016



Minbos
Resources
Limited

ABN 93 141 175 493

Contents

Corporate Directory	2
Directors' Report	3
Auditor's Independence Declaration	29
Corporate Governance Statement	30
Consolidated Statement of Profit or Loss & Other Comprehensive Income	40
Consolidated Statement of Financial Position	41
Consolidated Statement of Changes in Equity	42
Consolidated Statement of Cash Flows	43
Notes to the Consolidated Financial Statements	44
Directors' Declaration	80
Independent Auditor's Report	81
Shareholder Information	83

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
Ms Dganit Baldar - 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

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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

Auditors

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

Share Registry

Automic Registry Services
Level 1, 7 Ventnor Avenue
West Perth WA 6005
Website: www.automic.com.au

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Miligan street
Perth WA 6000
Website: 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 report of the 'Consolidated Entity' or 'Group', being Minbos Resources Limited ('Minbos' or 'Company') and its Controlled entities, for the financial year ended 30 June 2016.

1. INFORMATION ON THE BOARD OF DIRECTORS

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

Mr Peter Wall

Non-Executive Chairman (appointed 21 February 2014)

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

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

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

- Non-Executive Chairman of MMJ Phytotech Ltd (formerly Phytotech Medical Limited) (current),
- Non-Executive Chairman of Activistic Limited (current),
- Non-Executive Chairman of MyFiziq Limited (current),
- Non-Executive Chairman of Zyber Holdings Limited (formerly Dourado Resources Limited, current);
- Non-Executive Chairman of Sky and Space Global Ltd (current);
- Non-Executive Chairman of Transcendence Technologies Limited (formerly GRP Corporation Ltd) (current);
- Non-Executive Director of Ookami Limited (current),
- Non-Executive Chairman of Global Metals Exploration NL (resigned 22 July 2016),
- Non-Executive Chairman of TV2U International Limited (formerly Galicia Energy Corporation Ltd) (resigned 9 February 2016),
- Non-Executive Chairman of Aziana Limited (resigned 3 August 2015), and
- Non-Executive Chairman of Discovery Resources Ltd (resigned 8 November 2013).

Mr Damian Black

Executive Director (appointed 21 February 2014)

Mr Black is a Director at Asia Principal Capital Operations Pty Ltd. He previously worked as an Associate Director (Corporate) at CPS Capital Group and at Tolhurst Ltd. Mr Black has been employed in corporate finance and stockbroking since 2006. Mr Black graduated from Curtin University in 1999 with a Bachelor of Science in Physiotherapy and also completed a Graduate Diploma in Applied Finance and Investment at FINSIA in 2005.

Mr Black is experienced in structuring corporate transactions, focusing on junior resources/oil and gas companies and has also worked in an ongoing corporate advisory role with several ASX listed companies in the last 5 years, having guided many of them through the IPO/listing process.

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

- Non-Executive Director of Antilles Oil and Gas NL (current).

Directors' Report

Mr Domingos Catulich

Non-Executive Director (appointed 20 July 2010)

Mr Catulich is a mining industry professional and a qualified diamond evaluator. He has over 13 years of experience in the exploration and mining industry in Angola. Mr Catulich has been directly involved with several alluvial and kimberlite diamond projects in Angola, many of which are now owned and operated by listed entities. Mr Catulich holds various business interests in Angola including hotels, transportation, general trading and mining.

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

Mr William (Bill) Oliver

Non-Executive Director (appointed 2 September 2013)

Mr Oliver is a geologist with over 15 years of experience in the international resources industry working for both major and junior companies. He has substantial experience in the design and evaluation of resource definition programmes as well as co-ordinating all levels of feasibility studies. He has direct experience with bulk commodities having led large scale resource definition projects for Rio Tinto Iron Ore and in his role as a director of Celsius Coal Ltd.

Mr Oliver has spent recent years evaluating and assessing several projects across Africa including being responsible for the identification, acquisition and development into production of the Konongo Gold Project while Managing Director of Signature Metals Ltd. He is also fluent in Portuguese having lived and worked in Portugal while managing exploration across a range of commodities for Iberian Resources.

Mr Oliver holds an honours degree in Geology from the University of Western Australia as well as a post-graduate diploma in finance and investment from FINSIA. He is a Non-Executive Director of Celsius Coal Ltd and Chief Operating Officer of Orion Gold NL.

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

- Technical Director of Orion Gold NL (current), and
- Non-Executive Director of Celsius Coal Limited (current).

Ms Dganit Baldar

Non-Executive Director (appointed 18 March 2016)

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

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

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

Directors' Report

2. INFORMATION ON OFFICERS OF THE COMPANY

Mr Lindsay Reed

Chief Executive Officer (appointed 1 September 2014)

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

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

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

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

Mr Stef Weber

Chief Financial Officer and Company Secretary (appointed 1 November 2014)

Mr Weber is a qualified chartered accountant and company secretary with nearly 20 years experience in senior management roles in the resources industry across various commodities both in Australia and Africa. Mr Weber has extensive experience in mergers and acquisitions, joint ventures, fundraising (debt and equity), tax planning and financial management of projects from feasibility studies through construction into production.

3. PRINCIPAL ACTIVITIES

Minbos Resources Limited is an exploration company focused on the development of phosphate bearing ore within the Cabinda Province of Angola.

4. 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.

Directors' Report

(a) HIGHLIGHTS & SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The highlights and significant changes in state of affairs during and subsequent to the end of the financial 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 680,363,703 shares at \$0.005 per share to raise \$3.4 million. The proceeds from the placement will fund the Bankable Feasibility Study ('**BFS**') on the Cabinda phosphate project and working capital.

The placement was conducted in two tranches:

- Tranche 1 consisted of the issue of 268,000,000 shares at \$0.005 per share to raise \$1.3 million. These shares were issued on 23 February 2016.
- Tranche 2 consisted of the issue of 412,363,703 shares at \$0.005 per share to raise \$2.1 million and the issue of 384,958,009 options at an exercise price of \$0.01 per option and an expiry date of 30 December 2016. These shares and options were issued on 17 May 2016.

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

The Company appointed Ms Dganit Baldar to the Minbos Board effective 18 March 2016. This follows Green exercising its right to nominate a director to the Minbos Board.

Cabinda Project Joint Venture - Minbos and its joint venture partner Petril Phosphates Ltd ('**Petril**') commenced work on the Cabinda project BFS. The bulk sampling on the Cacata deposit was completed in June. Samples consisting of areas representing direct shipping grade and "scrub and screen" material has been sent to Equipment Suppliers and Mintek respectively for testing.

A contract to deliver the BFS has been awarded to Ausenco Limited ('**Ausenco**'). The BFS scope has been divided into two stages. Stage 1 will see the completion of a Trade-Off study to select the beneficiation route that will optimise the whole of resource outcome for the Cacata deposit. The Trade-Off study will compare the following 800,000tpa production scenarios:

- 5 years of drying and sizing followed by 10 years of scrub screen and flotation; and
- 10 years of scrub and screen followed by 5 years of scrub screen and flotation.

The timing and cost to complete the BFS will be determined upon the completion of Stage 1, when the preferred production scenario has been selected. Stage 2 of the BFS will provide a +/- 15% estimate for capital and operating costs for the Cabinda project based on the process routes selected by the JV partners at the end of Trade-Off study. The scope of work will include geology, mining, beneficiation, infrastructure and services, product transportation and storage and port handling and ship loading.

On 5 August 2016, Minbos appointed Prime Resources (Pty) Limited ('**Prime Resources**') for the Environmental and Social Impact Assessment ('**ESIA**'). The ESIA forms part of the Bankable Feasibility Study for the Company's Cabinda Rock Phosphate Project in Angola.

Issue of New Licences for Cabinda Project - The Angolan Ministry of Mines and Geology ('**MGM**') has issued two new licences 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.

Directors' Report

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.

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.

(b) 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% P₂O₅ 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% P₂O₅. 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 30 June 2016 and 30 June 2015
(There has been no change in the financial year)**

Deposit	Category	Tonnes (Mt)	Grade (% P ₂ O ₅)	Cut-Off (% P ₂ O ₅)
Cabinda, Angola				
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
Chibute	Inferred	149.0	8.3	5.0
Total		391.3	9.2	5.0
Kanzi, DRC				
Kanzi	Indicated	58.5	14.2	5.0
Grand Total		449.8	9.9	5.0

➤ 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 financial year MGM issued two new licences 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, Chibute, 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).

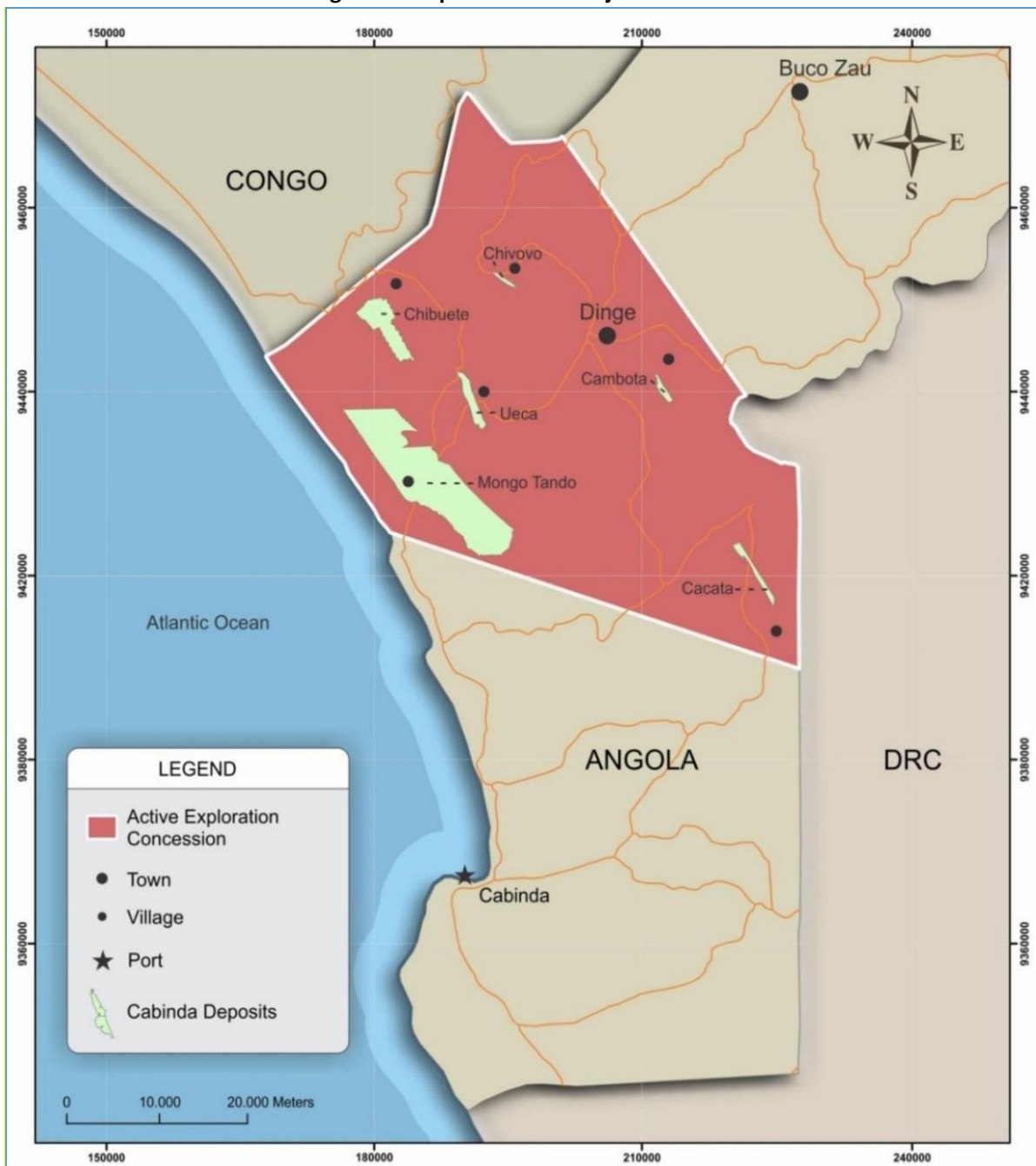
Directors' Report

The issue of the licences were preceded by Minbos and Petril 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 required 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.

The Cabinda project licences are shown in figure 1 below.

Figure 1: Map of Cabinda Project Licences



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')

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% P₂O₅)

CATEGORY	TONNES (Mt)	GRADE (%P ₂ O ₅)	P ₂ O ₅ (Mt)	CaO/ P ₂ O ₅	MgO %	R ₂ O ₃ %	SiO ₂ %
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
TOTAL M&I	13.1	26.0	2.0	1.5	1.2	3.6	19.0

*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.

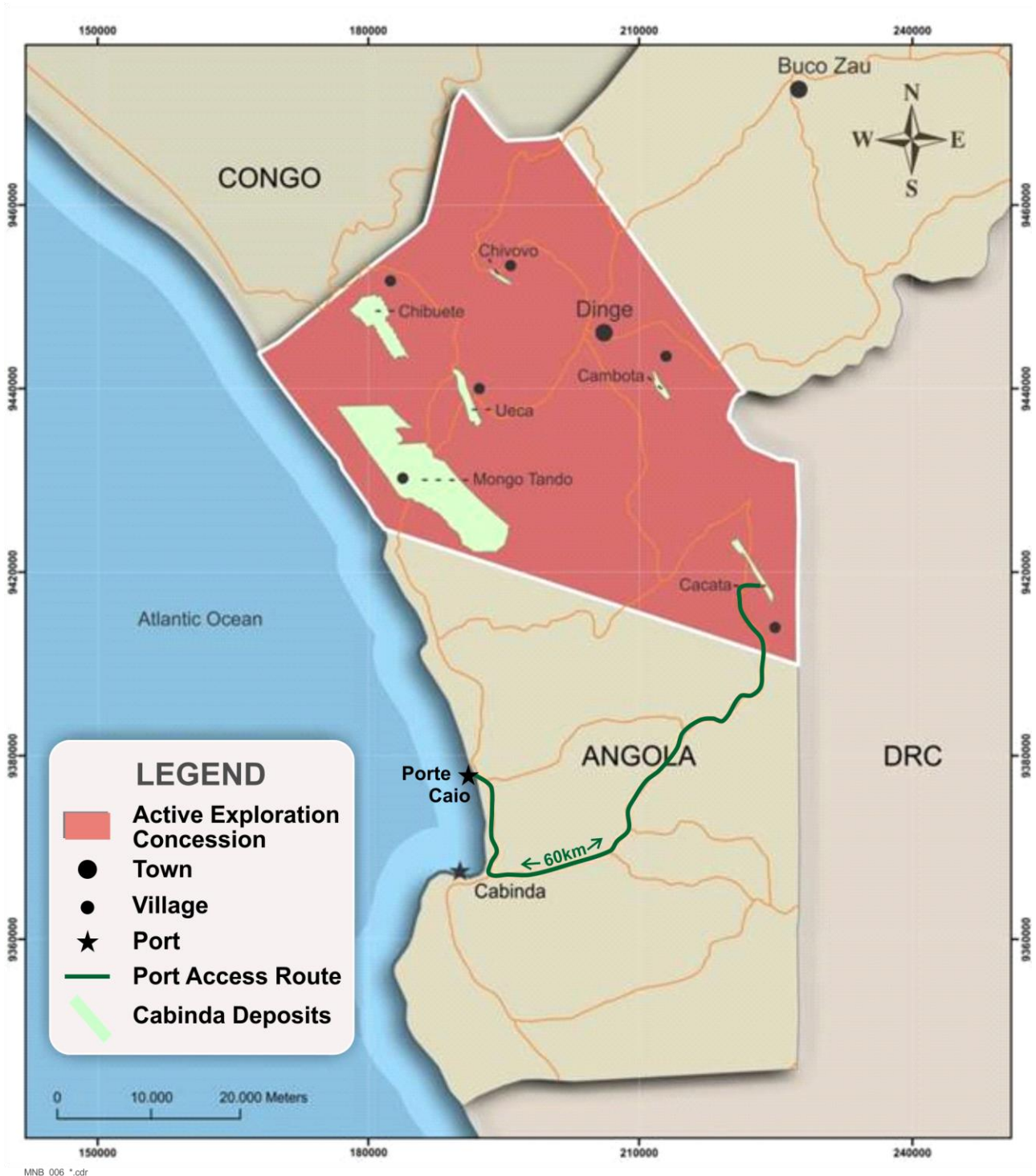
Trade Off Studies

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



➤ **DISPOSAL OF 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 given their failure to pay the US\$200,000.

Directors' Report

Competent Person's Statement

Ms Kathleen Body

The information in the annual report that relates to the Exploration Results and Phosphate Resources, Production Targets and Cost Estimation was extracted from Minbos's ASX announcement dated 6 June 2012, 16 October 2013 and 5 December 2013 respectively entitled "Cacata Project – Scoping Study Produces Positive Results" "Minbos announces resource upgrade for the Cabinda licenses in Angola" and "Cabinda Resource Additional Information" and the Minbos Annual Report for the years ended 30 June 2014 and 30 June 2015 and Half Year Reports for the periods ended 31 December 2014 and 31 December 2015 which are available to view on the Company's website at www.minbos.com.

The information in this report has been reviewed and approved for release by Ms Kathleen Body, Pr.Sci.Nat, who has over 20 years' experience in mineral exploration and mineral resource estimation. Ms Body is a Principal Consultant and Director of Red Bush Geoservices (Pty) Ltd and contracted to Minbos. Ms Body is registered with the South African Council for Natural Scientific Professions (SACNASP) as a Professional Natural Scientist. 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 2016 Annual Report b) all material assumptions and technical parameters underpinning the Phosphate Resource included in the ASX announcements and 30 June 2016 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 2016 Annual Report.

5. DIRECTORS' SHAREHOLDINGS (DIRECT AND INDIRECT HOLDINGS)

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

Directors	Fully Paid Ordinary Shares	Unlisted Share Options
Mr Peter Wall (a)	87,245,096	50,000,000
Mr Damian Black (b)	88,326,166	63,500,000
Mr Domingos Catulich (c)	17,640,000	-
Mr William Oliver (d)	9,228,000	5,000,000
Ms Dganit Baldar	-	-
Total	202,439,262	118,500,000

- (a) Of the ordinary shares held by Mr Wall, 30,113,430 were acquired prior to his appointment as Non-Executive Chairman, 3,750,000 were acquired in satisfaction of interest payable on convertible notes, 12,441,666 were acquired pursuant to the pro-rata renounceable entitlements offer, 25,000,000 were acquired on conversion of the convertible note facility pursuant to the convertible note trust deed dated 27 August 2013, 10,000,000 were acquired on market and 5,940,000 were acquired in satisfaction of outstanding Director fees. Of the unlisted options, 25,000,000 were acquired prior to Mr Wall's appointment as Non-Executive Chairman, the remaining 25,000,000 were acquired on conversion of the convertible note facility pursuant to the convertible note trust deed dated 27 August 2013.
- (b) Of the ordinary shares held by Mr Black, 31,047,000 were acquired prior to his appointment as Director, 3,750,000 were acquired in satisfaction of interest payable on convertible notes, 28,529,166 were acquired pursuant to the pro-rata renounceable entitlements offer and 25,000,000 were acquired on conversion of the convertible note facility pursuant to the convertible note trust deed dated 27 August 2013. Of the unlisted options held by Mr Black, 28,000,000 were acquired prior to his appointment as Director, 13,500,000 were acquired as consideration for corporate advisory services and the remaining 25,000,000 were acquired on conversion of the convertible note facility pursuant to the convertible note trust deed dated 27 August 2013. Of these options, 3,000,000 expired on 30 December 2014.
- (c) Of the ordinary shares held by Mr Catulich, 17,640,000 were vendor shares issued as part of the Tunan Acquisition.
- (d) Of the ordinary shares held by Mr Oliver, 51,000 were acquired prior to his appointment as Non-Executive Director, 102,000 were acquired pursuant to the pro-rata renounceable entitlements offer and 9,075,000 were acquired in satisfaction of outstanding Director fees. The 5,000,000 unlisted options were acquired as remuneration, to provide a performance linked incentive component to Mr Oliver's remuneration.

Directors' Report

6. DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

Directors	Number Eligible to Attend	Number Attended
Mr Peter Wall	4	4
Mr Damian Black	4	4
Mr Domingos Catulich	4	1
Mr William Oliver	4	4
Ms Dganit Baldar	1	1

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

7. CORPORATE GOVERNANCE

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

8. OPERATING AND FINANCIAL REVIEW

A Operations

Minbos is a phosphate exploration company which during the financial year operated in Angola, Australia and the Democratic Republic of the Congo ('DRC') with a focus to acquire, explore, evaluate and exploit phosphate deposits, and explore prospective tenements for other minerals.

The Group creates value for shareholders, through exploration activities which develop and quantify phosphate assets. Once an asset has been developed and quantified within the framework of the JORC guidelines the Company may elect to move to production, to extract and refine ore which is then sold as a primary product.

During the financial year the Company commenced work on the Cabinda project BFS with joint venture partner Petril. The bulk sampling on the Cacata deposit was completed in June. Samples consisting of areas representing direct shipping grade and "scrub and screen" material has been sent to Equipment Suppliers and Mintek respectively for testing.

A contract to deliver the BFS has been awarded to Ausenco. The BFS scope has been divided into two stages. Stage 1 will see the completion of a Trade-Off study to select the beneficiation route that will optimise the whole of resource outcome for the Cacata deposit. The Trade-Off study will compare the following 800,000tpa production scenarios:

- 5 years of drying and sizing followed by 10 years of scrub screen and flotation; and
- 10 years of scrub and screen followed by 5 years of scrub screen and flotation.

The timing and cost to complete the BFS will be determined upon the completion of Stage 1, when the preferred production scenario has been selected. Stage 2 of the BFS will provide a +/- 15% estimate for capital and operating costs for the Cabinda project based on the process routes selected by the JV partners at the end of Trade-Off study. The scope of work will include geology, mining, beneficiation, infrastructure and services, product transportation and storage and port handling and ship loading.

Directors' Report

Minbos paid for all of the BFS funding required during the financial year, totalling cash calls of US\$500,000. The Company provided joint venture partner Petril with a short term loan for their 50% share of the cash calls. Petril repaid this loan of US\$250,000 and interest on 14 July 2016. Following the award of the contract to Ausenco another cash call was issued for the September quarter to the amount of US\$800,000 (Minbos 50% share US\$400,000).

B Financial Performance & Financial Position

The financial results of the Group for the year ended 30 June 2016 are:

	30-Jun-16	30-Jun-15	Change
	\$	\$	%
Cash and cash equivalents	1,606,934	192,872	733%
Net assets	16,467,988	13,789,209	19%
Revenue	9,957	3,052	226%
Net loss after tax	(1,654,054)	(2,196,652)	25%
Loss per share	(0.001)	(0.002)	44%

Financial Performance

The financial result for the year ended 30 June 2016 is a net loss after tax of \$1,654,054 (2015: \$2,196,652).

The Group is creating value for shareholders by asset development through its exploration expenditure and currently has no revenue generating operations. Revenue is generated from interest income from funds held on deposit.

Revenue has increased from the prior year as a result of the increase in cash and cash equivalents from the capital placement completed during the year. Administration expenses decreased by 7%, largely due to reducing consultant costs. Additionally the Company incurred non-cash costs of \$40,457 (2015: \$66,259) due to the impairment of the exploration and evaluation expenditure, associated with the Kanzi Project. The Company also incurred exploration expenditure on the Cabinda project of \$343,934 (2015: \$435,218). This exploration expenditure is in addition to what was accounted for through the Joint Venture with Petril as a financial asset (refer note 15 in the financial statements).

Financial Position

The Group's main focus during the year was the Cabinda Phosphate project in Angola. The Group's net assets increased by 19%, largely due to the capital placements completed through two tranches on 23 February 2016 and 17 May 2016, and due to the strengthening USD which resulted in an increase in the Company's investment in associate, from \$17,781,195 in the prior year to \$18,538,704 at 30 June 2016.

Directors' Report

C Business Strategies and Prospects for future financial years

The Group actively evaluates the prospects of the Cabinda project as the BFS progresses. These updates on the BFS are announced via the ASX platform for shareholders information. The Group then assesses the continued strategy and further asset development.

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

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

a) Operating Risks

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

b) Environmental Risks

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

c) Economic

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

d) Market conditions

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

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

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Directors' Report

e) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income, the Company will require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its development programmes as the case may be. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

f) Speculative investment

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

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

9. DIVIDENDS

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

10. EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 27 July 2016 the Company appointed Ausenco to deliver the BFS for the Cabinda project. Ausenco was selected due to its relevant and recent experience in rock phosphate processing in West Africa. Ausenco will complete the work in conjunction with G Mining Services Inc., who will provide the geological and mining studies, and Golder Associates who is responsible for the geotechnical and hydrogeological studies.

On 5 August 2016 the Company appointed Prime Resources for the ESIA. The ESIA forms part of the BFS for the Company's Cabinda Rock Phosphate Project in Angola.

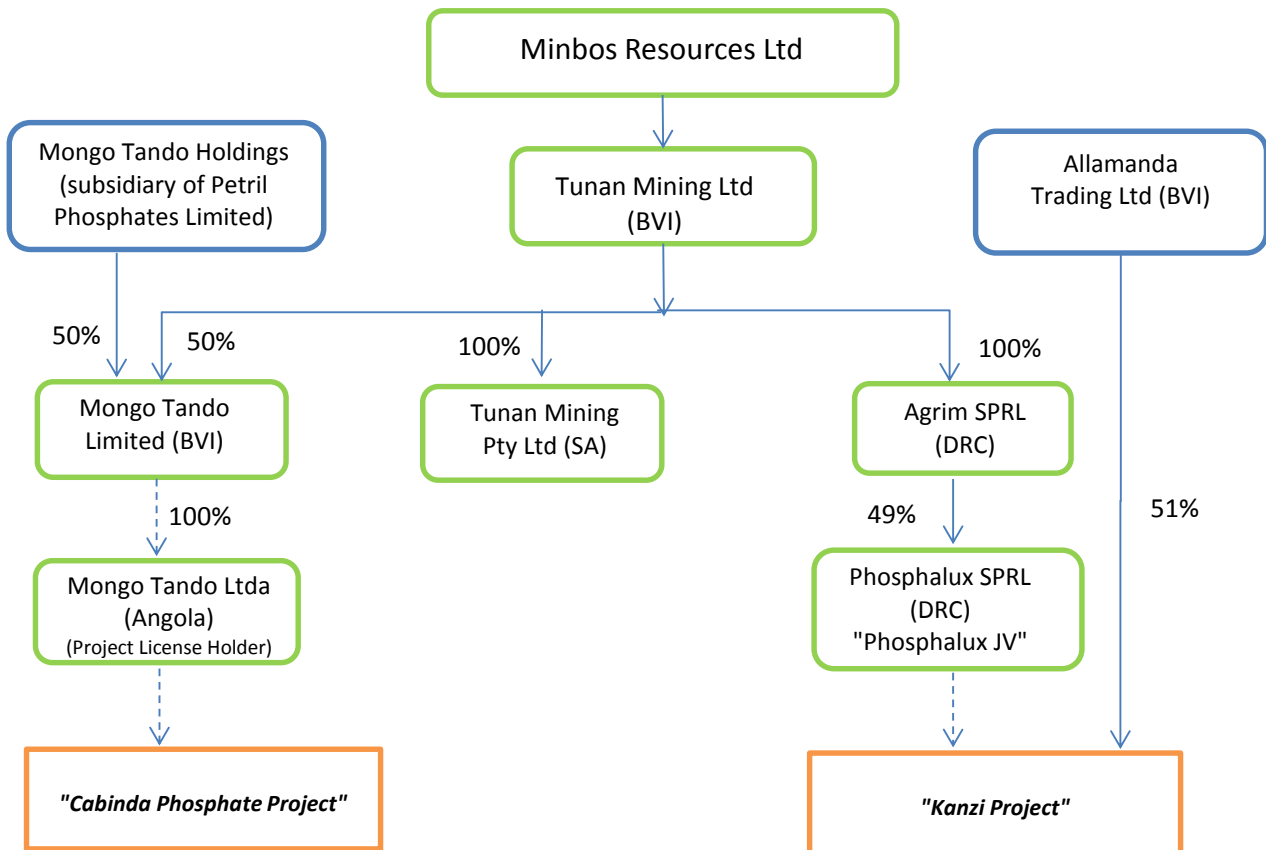
On 19 September 2016 the Company appointed Rebecca Morgan as Manager Geology and Business Development with immediate effect. Ms Morgan is a qualified geologist and mining engineer with 15 years' experience in the mining industry. She has extensive knowledge in dealing in West Africa across several commodities and can speak Portuguese.

The Directors are not aware of any other matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.




Directors' Report

11. 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 Securities Exchange ('ASX') under ASX code MNB and whose shares are publicly traded on the Australian Securities Exchange Limited. An overview of the ownership structure for Minbos Resources Limited is shown below:



KEY:

DRC	Incorporated in the Democratic Republic of Congo.
ANG	Incorporated in Angola. Legal entitlement that Mongo Tando BVI will hold 100% of Mongo Tando Ltda, however current holdings is 50% by Terra Fertil (a full subsidiary of Petril Phosphates Ltd) and 50% by SOFOSA (Minbos Non-Executive Director Mr Catulich is a Director and shareholder of SOFOSA). Minbos and Petril is in the process of obtaining National Private Investment of Angola (ANIP) approval to transfer the shares to Mongo Tando Limited BVI.
BVI	Incorporated in the British Virgin Isles.
SA	Incorporated in South Africa and in the process of being deregistered.
	Refers to the Project area and its licences. There are no farm in commitments.
	Refers to Minbos Resources Limited and its Controlled entities.
	Refers to third-parties that have part ownership with Minbos or one of its controlled entities in a joint venture company that holds the project licence/s.

Directors' Report

12. REMUNERATION REPORT (Audited)

This report for the year ended 30 June 2016 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ('the Act') and its regulations. This information has been audited as required by section 308(3C) of the Act.

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

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

Individual KMP disclosure

Details of KMP of the Group who held office during the year are as follows:

Directors	Position	Appointment
Peter Wall	Non-Executive Chairman	21/02/2014
Damian Black	Non-Executive Director	21/02/2014
Domingos Catulich	Non-Executive Director	20/07/2010
William Oliver	Non-Executive Director	2/09/2013
Dganit Baldar	Non-Executive Director	18/03/2016

Other KMP	Position	Appointment
Lindsay Reed	Chief Executive Officer	1/09/2014
Stef Weber	Chief Financial Officer & Company Secretary	1/11/2014

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

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

- A Remuneration Philosophy
- B Remuneration Governance, Structure and Approvals
- C Remuneration and Performance
- D Details of Remuneration
- E Contractual Arrangements
- F Share-based Compensation
- G Equity Instruments Issued on Exercise of Remuneration Options
- H Value of Shares to KMP
- I Voting and comments made at the Company's 2015 Annual General Meeting
- J Loans to KMP
- K Loans from KMP
- L Other transactions with KMP

Directors' Report

A Remuneration Philosophy

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

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

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

No remuneration consultants were employed during the financial year.

B Remuneration Governance, Structure and Approvals

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

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

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

➤ Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The Board, in accordance with the Company's Constitution and the ASX listing rules specify that the Non-Executive Directors fee pool shall be determined from time to time by a general meeting. The latest determination was at the 2010 Annual General Meeting ('AGM') held on 30 November 2010 when shareholders approved an aggregate fee pool of \$300,000 per year (in accordance with the terms and conditions set out in the Explanatory Statement that accompanied the Notice of Meeting). The Board will not seek any increase for the Non-Executive Director pool at the 2016 AGM.

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

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

Directors' Report

➤ Non-Executive Remuneration Approvals

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

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

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

➤ Executive Remuneration Structure

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

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

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

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

➤ Executive Remuneration Approvals

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

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

Directors' Report

C Remuneration & Performance

The following table shows the gross revenue, losses and share price of the Group as at 30 June for the last five financial years:

	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	30-Jun-12
Revenue (\$)	9,957	3,052	2,333	19,413	93,572
Net loss after tax (\$)	(1,654,054)	(2,196,652)	(2,680,271)	(6,026,830)	(7,919,244)
Share Price (\$)	0.004	0.005	0.002	0.02	0.18

Relationship between Remuneration and Company Performance

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

Short Term Incentive Package

On 26 September 2014 the Company approved remuneration of 37,000,000 units to Mr Reed in the Employee Share Trust ('EST') valued at \$0.0029 per unit (Tranche A). Half of these units (18,500,000) have vested. The remaining units (18,500,000) are expected to vest in the next 12 months and is therefore regarded as short term incentive for the 2016 financial year. Refer to section F in the Remuneration Report for further detail.

There were no other short term incentive based payments made during the financial year (2015: nil).

Long Term Incentive Package

On 26 September 2014 the Company approved remuneration of 37,000,000 units to Mr Reed in the EST valued at \$0.0035 per unit (Tranche B). Half of these units (18,500,000) vest over 24 months and at point of issue were considered a long term incentive. Refer to section F in the Remuneration Report for further detail.

Options:

The Board considers that for each KMP who receive options, their experience in the Mining industry will greatly assist the Company in achieving its strategy and objectives.

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

Currently, 696,624,674 options are on issue, of which 118,500,000 have been issued to KMP.

During the 2016 and 2015 financial year there were no options exercised, nor did any options lapse.

Directors' Report

D Details of Remuneration

During the financial year ended 30 June 2016 and 30 June 2015, KMP received short-term employee benefits, post-employment benefits, share-based payments and employee benefits expenses.

Table 1a: Remuneration of KMP of the Group for the year ended 30 June 2016 is set out below:

30-Jun-16	Short-term employee benefits			Post-employment benefits	Share-based payments	Employee benefits expense	Total \$
	Salary & fees \$	Non-monetary \$	Other \$	Super-annuation \$	Options & rights \$	Shares \$	
Directors							
Peter Wall	36,000	-	-	-	-	-	36,000
Damian Black	36,000	-	-	-	-	-	36,000
Domingos Catulich	-	-	-	-	-	-	-
William Oliver	36,000	-	-	-	-	-	36,000
Dganit Baldar	10,355	-	-	-	-	-	10,355
Sub-total	118,355	-	-	-	-	-	118,355
Other Key Management							
Lindsay Reed	200,000	-	-	19,000	-	43,741	262,741
Stef Weber	128,000	-	-	12,160	-	-	140,160
Sub-total	328,000	-	-	31,160	-	43,741	402,901
Total	446,355	-	-	31,160	-	43,741	521,256

There were no outstanding payments to KMP at 30 June 2016.

Table 1b: Remuneration of KMP of the Group for the year ended 30 June 2015 is set out below:

30-Jun-15	Short-term employee benefits			Post-employment benefits	Share-based payments	Employee benefits expense	Total \$
	Salary & fees \$	Non-monetary \$	Other \$	Super-annuation \$	Options & rights \$	Shares \$	
Directors							
Peter Wall (i)	36,000	-	-	-	-	-	36,000
Damian Black (ii)	36,000	-	-	-	-	-	36,000
Domingos Catulich	-	-	-	-	-	-	-
William Oliver (iii)	36,000	-	-	-	-	-	36,000
Sub-total	108,000	-	-	-	-	-	108,000
Other Key Management							
Lindsay Reed (iv)	208,333	-	-	19,792	-	69,640	297,765
Stef Weber (v)	92,000	-	-	8,740	-	-	100,740
Sub-total	300,333	-	-	28,532	-	69,640	398,505
Total	408,333	-	-	28,532	-	69,640	506,505

- (i) Of Mr Wall's Director Fees, \$3,000 was outstanding and a payable at 30 June 2015.
- (ii) Of Mr Black's Director Fees, \$3,000 was outstanding and a payable at 30 June 2015.
- (iii) Of Mr Oliver's Director Fees, \$3,000 was outstanding and a payable at 30 June 2015.
- (iv) Of Mr Reed's salary and fees, \$20,833 was outstanding and a payable at 30 June 2015.
- (v) Of Mr Weber's salary and fees, \$16,000 was outstanding and a payable at 30 June 2015.

Directors' Report

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

Name	Fixed remuneration		At risk - STI (%)		At risk - LTI (%)	
	2016	2015	2016	2015	2016	2015
Directors						
Peter Wall	100%	100%	-	-	-	-
Damian Black	100%	100%	-	-	-	-
Domingos Catulich	-	-	-	-	-	-
William Oliver	100%	100%	-	-	-	-
Dganit Baldar	100%	-	-	-	-	-
Other Key Management						
Lindsay Reed	83%	77%	-	-	17%	23%
Stef Weber	100%	100%	-	-	-	-

Table 2: Shareholdings of KMP (Direct and Indirect Holdings)

30-Jun-16	Balance at 1/07/2015	Granted as remuneration	On exercise of options	Net change other	Balance at 30/06/2016
Directors					
Peter Wall	71,305,096	5,940,000	-	10,000,000	87,245,096
Damian Black	88,326,166	-	-	-	88,326,166
Domingos Catulich	17,640,000	-	-	-	17,640,000
William Oliver	153,000	9,075,000	-	-	9,228,000
Dganit Baldar	-	-	-	-	-
Sub-total	177,424,262	15,015,000	-	10,000,000	202,439,262
Other Key Management					
Lindsay Reed	120,333,333	6,666,667	-	-	127,000,000
Stef Weber	-	2,352,400	-	-	2,352,400
Sub-total	120,333,333	9,019,067	-	-	129,352,400
Total	297,757,595	24,034,067	-	10,000,000	331,791,662

Table 3: Option holdings of KMP (Direct and Indirect Holdings)

30-Jun-16	Balance at 1/07/2015	Granted as remuneration	Exercised	Balance at 30/06/2016	Vested & exercisable
Directors					
Peter Wall	50,000,000	-	-	50,000,000	50,000,000
Damian Black	63,500,000	-	-	63,500,000	63,500,000
Domingos Catulich	-	-	-	-	-
William Oliver	5,000,000	-	-	5,000,000	5,000,000
Dganit Baldar	-	-	-	-	-
Sub-total	118,500,000	-	-	118,500,000	118,500,000
Other Key Management					
Lindsay Reed	-	-	-	-	-
Stef Weber	-	-	-	-	-
Sub-total	-	-	-	-	-
Total	118,500,000	-	-	118,500,000	118,500,000

Directors' Report

E Contractual Arrangements

➤ Mr Peter Wall – Non-Executive Chairman

- Contract: Commenced on 21 February 2014.
- Director's Fee: \$3,000 per month (plus GST). Remuneration levels of Non-Executive Directors ('NED's') are discussed further in Note 1 below.
- Term: See Note 2 below for details pertaining to re-appointment and termination.

➤ Mr Damian Black – Non-Executive Director

- Contract: Commenced on 21 February 2014.
- Director's Fee: \$3,000 per month (plus GST).
- Term: See Note 2 below for details pertaining to re-appointment and termination.

➤ Mr Domingos Catulichich – Non-Executive Director

- Contract: Commenced on 20 July 2010.
- Director's Fee: From July 2012 Mr Catulichich received \$2,000 per month (excluding GST) which was reduced to nil in May 2013. Remuneration levels of NED's are discussed further in Note 1 below.
- Term: See Note 2 below for details pertaining to re-appointment and termination.

➤ Mr William Oliver – Non-Executive Director

- Contract: Commenced on 2 September 2013.
- Director's Fee: \$3,000 per month (plus GST). Remuneration levels of NED's are discussed further in Note 1 below.
- Term: See Note 2 below for details pertaining to re-appointment and termination.

➤ Ms Dganit Baldar – Non-Executive Director

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

Note 1: Remuneration of NED's are reviewable annually by the Board and subject to shareholder approval (if applicable). The latest determination was at the 2010 AGM held on 30 November 2010 when shareholders approved an aggregate fee pool of \$300,000 per year (in accordance with the terms and conditions set out in the Explanatory Statement that accompanied the Notice of Meeting). The Board will not seek any increase for the NED pool at the 2016 Annual General Meeting.

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

Directors' Report

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

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

- Contract: Commenced on 1 September 2014.
- Base Salary: \$250,000 per annum (plus statutory superannuation entitlements).
- 1 November 2015 to 31 January 2016 Mr Reed agreed to reduce his hours of employment to one day per week. This was amended back to full time employment when the capital placement was completed in February and the BFS commenced.
- Termination: Either party may terminate the employment agreement with three months written notice.
- Performance Based Bonuses: The Company may at any time pay Mr Reed a performance based bonus over and above his salary. In determining the extent of any performance based bonus, the Company shall take into consideration the key performance indicators of Mr Reed and the Company, as the Company may set from time to time, and any other matter that it deems appropriate. Mr Reed did not receive any short term incentive remuneration during the financial year.
- Short Term and Long Term Incentive Package: Mr Reed or his nominees will be entitled to shares under the existing Employee Share Loan Plan for fully ordinary shares up to 2.5% of the fully diluted capital. On 26 September 2014 the Company approved a remuneration of 37,000,000 shares to Mr Reed in the EST. The Company allocated 6,000,000 shares from the EST to Mr Reed and issued the remaining 31,000,000 shares on the 12 November 2014. These shares were issued at an exercise price of \$0.003 per share.

➤ **Mr Stef Weber – Chief Financial Officer and Company Secretary**

- Contract: Commenced on 1 November 2014.
- Base Salary: From 1 July 2015 Mr Weber was paid \$192,000 per annum (plus statutory superannuation entitlements). From 15 October 2015 Mr Weber agreed to reduce his hours of employment to two days per week which resulted in a decrease in salary to \$96,000 per annum. From 1 June 2016 Mr Weber's salary increased to \$144,000 per annum following the commencement of the BFS.
- Termination: Either party may terminate the employment agreement with three months written notice.
- Performance Based Bonuses: The Company may at any time pay Mr Weber a performance based bonus over and above his salary. In determining the extent of any performance based bonus, the Company shall take into consideration the key performance indicators of Mr Weber and the Company, as the Company may set from time to time, and any other matter that it deems appropriate. Mr Weber did not receive any short term incentive remuneration during the financial year.
- Long Term Incentive Package: The Company may at any time decide to provide Mr Weber with share based incentives. Mr Weber did not receive any long term incentive remuneration during the financial year.

F Share-based Compensation

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

➤ **Options**

No performance incentive based options were issued as remuneration to Directors or other KMP during the current financial year.

During the prior financial year 3,000,000 options held by Damian Black expired and no options were exercised.

At the date of this report, the unissued ordinary shares of Minbos under option carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company.

Directors' Report

➤ Shares

Short and Long-term incentives

In the 2015 financial year Mr Reed was eligible to participate in a short and long term incentive package for the issue of securities (shares, performance rights or options, or a combination of any) in the capital of the Company.

Employee Share Plan – Lindsay Reed

Shareholders approved the establishment of the Minbos Resources Limited Employee Share Plan via an EST at a general meeting on 14 March 2013. The company believes that the employee share plan provides eligible key employees and Directors effective incentive for their work and ongoing commitment and contribution to the Company. Eligible key employees and Directors offered shares under the plan are provided an interest free, non-recourse loan from the EST.

Under this plan, on 26 September 2014 the company approved a remuneration of 37,000,000 share units to Lindsay Reed in the EST. These shares were issued at an exercise price of \$0.003 per share. These shares were subject to the following vesting conditions:

- 18,500,000 share units vested during the financial year after satisfying the following vesting conditions;
 - (a) one year from the Commencement Date (being 1 September 2015); and
 - (b) once the announcement was made to the market that the Company had renewed the exploration licence 0006/06/01/L.P/GOV.ANG.MGM.2010 granted to Mongo Tando Ltda, which expired in January 2013.
- 18,500,000 share units shall vest after satisfying the following vesting conditions;
 - (a) two years from the Commencement Date (being 1 September 2016); and
 - (b) upon presentation of a definitive feasibility study by the Company's joint venture partner in relation to the Cabinda project.

In the event of a change of control event, the share units will vest automatically.

Summary of the key loan terms:

Aggregate loan amount: \$111,000

Interest rate: 0%

Subject to the conditions of the Employee Share Plan as approved by shareholder on 14 March 2013.

The employee share units issued to Lindsay Reed have been valued using the black-scholes model. The total expense recognised as an employee benefits expense is therefore \$119,184, prorated over 12 months and 24 months, per the vesting conditions mentioned above (refer to Note H in the Remuneration Report).

For details on the valuation of the option over shares, including models and assumptions used, please refer to Note 23 in the consolidated financial statements.

Issue of shares in lieu of services to KMP

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

On 17 May 2016 the Company issued 5,940,000 fully paid ordinary shares at \$0.005 per share to Peter Wall (Non-Executive Chairman) in lieu of his outstanding Director fees of \$29,700.

On 17 May 2016 the Company issued 6,666,667 fully paid ordinary shares at \$0.005 per share to Lindsay Reed (Chief Executive Officer) in lieu of his outstanding fees of \$33,333.

On 17 May 2016 the Company issued 2,352,400 fully paid ordinary shares at \$0.005 per share to Stef Weber (Chief Financial Officer & Company Secretary) in lieu of his outstanding fees of \$11,762.

There were no other shares issued as compensation to KMP during the financial year nor as at the date of signing this report.

Directors' Report

G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year.

H Value of Shares to KMP

Employee Share Plan

Key Management Personnel	Options over shares	Issue Date	Exercise price per share	Fair value of options	Vesting date	Fair value of shares	Employee Benefits Expense *		Vested Number of Shares	% Shares Vested
							During the year	Not yet recognised		
Lindsay Reed	18,500,000	1/09/2014	\$0.003	\$0.0029	1/09/2015	\$54,171	\$10,037	-	18,500,000	100
Lindsay Reed	18,500,000	1/09/2014	\$0.003	\$0.0035	1/09/2016	\$65,013	\$33,704	\$5,803	-	-
						\$119,184	\$43,741	\$5,803		

* The value of expense recognised is the fair value of the options over shares recognised over the expected vesting period.

I Voting and comments made at the Company's 2015 AGM

The adoption of the Remuneration Report for the financial year ended 30 June 2015 was put to the shareholders of the Company at the AGM held 20 November 2015. The resolution was passed without amendment, on a show of hands. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

J Loans to KMP

There were no loans made to any KMP during the year ended 30 June 2016 (2015: nil).

K Loans from KMP

There were no loans from any KMP during the year ended 30 June 2016.

L Other transactions with KMP

Agreements with strategic Angolan partner

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 237,829,976 fully paid ordinary shares in Minbos.

The first class of performance rights can convert to a total of 178,372,482 fully paid ordinary shares (75% of 237,829,976 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 59,457,494 fully paid ordinary shares (25% of 237,829,976 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 \$216,493 expense has been recognised for the year ended 30 June 2016. Refer to Note 22 Share based payments for further detail on the valuation of the performance rights.

During the year the Company incurred fees from Sofosa of \$249,223 (US\$180,000) of which \$20,154 (US\$15,000) was outstanding at 30 June 2016.

There are no other transactions with KMP during the financial year ended 30 June 2016.

End of Audited Remuneration Report

Directors' Report

13. OPTIONS

At the date of this report, the unissued ordinary shares of Minbos under option are as follows:

Class	Date of Expiry	Exercise Price	Number Under Option
Director Options	30-Dec-16	\$0.01	88,333,333
Consultancy Options	30-Dec-16	\$0.01	30,000,000
Conversion of Convertible note	30-Dec-16	\$0.01	100,000,000
Conversion of Convertible note	30-Dec-16	\$0.01	83,333,332
Conversion of Convertible security	30-Dec-16	\$0.01	10,000,000
Unlisted Options issued on 17 May 2016	30-Dec-16	\$0.01	384,958,009
			696,624,674

No person entitled to exercise these options had or has any right by virtue of the option to participate in any share issue of any other body corporate. There were no shares issued on the exercise of any options during the financial year.

14. PROCEEDINGS ON BEHALF OF THE COMPANY

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

15. INDEMNIFYING OFFICERS

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

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

16. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

As disclosed in the Quarterly Activities Report for the three months ended 30 June 2016, the likely developments of the Company are anticipated to be as follows:

- **Progress the testing of the bulk samples** - The outcome of the bulk sample testing is expected to be finalized in the December quarter and will optimise the flowsheets for the production scenarios on the Cabinda project.
- **Port logistics evaluation** - These studies will determine the optimal route to take product from the Cabinda project to the Port.
- **Trade Off Studies** - Based on the bulk sample test Ausenco will review the process engineering, geotech and hydrogeological options for each alternative as well as preliminary mining studies and product transportation studies.
- **Award the Environmental and Social Impact Assessment (ESIA) contract** - The EISA contract for the BFS of the Cabinda project was awarded in early August.

For further information on the abovementioned likely developments and expected results of operation refer to the Review of Operations section disclosed within this Annual Report.

Directors' Report

17. ENVIRONMENTAL REGULATIONS

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

The Group is subject to environmental regulation in respect to its activities in Angola, Australia and the DRC. The Group aims to ensure that appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Group are not aware of any breach of environmental legislations as they apply to the Group during the year.

18. NON-AUDIT SERVICES

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

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) for non-audit services provided during the year are set out below.

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

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

	30-Jun-16	30-Jun-15
Non-Audit Services	\$	\$
<i>Remuneration for other services</i>		
BDO Corporate Finance (WA) Pty Ltd - Other professional services	24,696	-
Total Non-Audit Services	24,696	-

19. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 30 and forms part of the Directors' Report for the financial year ended 30 June 2016.

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



Mr Peter Wall
Non-Executive Chairman
26 September 2016

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

As lead auditor of Minbos Resources Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 26 September 2016

Corporate Governance Statement

CORPORATE GOVERNANCE

The Board of Directors of Minbos is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Minbos on behalf of the security holders by whom they are elected and to whom they are accountable.

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Principles and Recommendations). The Principles and Recommendations are not mandatory. The Statement below discloses the extent to which the Company has followed the Principles and Recommendations, furthermore, the Board of the Company currently has in place a Corporate Governance Plan which is located on the Company's website at www.minbos.com.

PRINCIPLES AND RECOMMENDATIONS

1. Lay solid foundations for management and oversight

1.1 Companies should disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the board and those delegated to management.

The Board of Directors guide and monitor the business affairs of the Company on behalf of Security holders and have formally adopted a corporate governance plan, including a Board Charter and a delegation of authority framework, which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct. The corporate governance plan is available on the Company's website www.minbos.com.

The roles and responsibilities of the Board include:

- appointment of the Chairman, Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;
- assessing the performance of the Chief Executive Officer and other senior executives;
- driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestments;
- approving and monitoring the business plan, budget and the adequacy and integrity of financial and other reporting;
- approving the annual, half yearly and any other significant announcements;
- approving significant changes to the organisational structure;
- approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with ASX Listing Rules);
- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- recommending to security holders the appointment and/or removal of the external auditor;
- meeting with the external auditor, at their request, without management being present;
- determining the size and composition of the board;
- reporting to security holders, stakeholders and the investment community on the performance of the board; and
- approving the entity's remuneration framework.

Corporate Governance Statement

1.	<i>Lay solid foundations for management and oversight</i>
	<p>The roles and responsibilities of management include:</p> <ul style="list-style-type: none"> • develop and recommend internal control and accountability systems; • develop, implement and maintain systems, corporate strategy and performance objectives; • implement and maintain systems of risk management, internal compliance and controls, codes of conduct, legal compliance and any other regulatory compliance to meet statutory deadlines; • monitor employee performance and manage appropriate human resources; • prepare required financial reports, tax lodgements, budgets and other financial reports; • monitor company performance against budget; • protect the assets of the Company, including through insurance and prepare Board recommendations on acquisitions and divestment of assets; and • undertake best endeavours to add value to the Company in a professional, ethical and accountable manner.
1.2	<p>Companies should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director and provide security holders with all material information. Companies should also provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>
	<p>The Company undertakes appropriate checks before appointing a new director or executives. These include checks about the person’s character, experience, and education, any criminal record or bankruptcy record.</p> <p>The Company provides sufficient and all the material information to security holders to assist in their decision to elect or re-elect a director. The information provided includes:</p> <ul style="list-style-type: none"> • biographical details; including relevant qualifications and skills; • details of any other material directorships; • any material adverse information revealed by background checks; • positions or interest that might impact independent judgement; • if the candidate is an independent director; and • term of the office currently served by the director.
1.3	<p>Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>
	<p>All directors and senior executives are appointed through a written agreement that sets out their duties, rights and responsibilities.</p> <p>Directors Deed of Appointments include the following matters:</p> <ul style="list-style-type: none"> • time commitment required; • requirement to disclose director interests and any other matters that might influence directors independence; • indemnity and insurance arrangements; • rights to seek independent professional advice; • access to company secretary and corporate records; and • remuneration.

Corporate Governance Statement

1.4	<p>The Company Secretary should be accountable directly to the Board, through the Chair on all matters to do with the proper functioning of the Board.</p>
	<p>The Board Charter makes provision that the Company Secretary is accountable to the Board through the Chairman and that each Director is able to communicate directly with the Company Secretary.</p> <p>The Company Secretary is responsible for:</p> <ul style="list-style-type: none"> • advising the Board on Corporate Governance matters; • managing the Company Secretarial function; • ensuring compliance with regulatory requirements; • to facilitate the induction of new directors and Board policies and procedures; and • organize Board and Shareholder meetings, taking minutes and communicating with the ASX.
1.5	<p>The Company should have a diversity policy which include requirements for the board to set measureable objectives for achieving gender diversity and to assess annually both the objectives and progress in achieving them. The Company should disclose that policy or a summary of it and its progress towards achieving the objectives.</p>
	<p>The Company has a diversity policy in place which forms part of Minbos' Corporate Governance Plan. The Company recognises the benefits arising from board diversity, and is committed to providing a diverse workplace that embraces and promotes diversity.</p> <p>Minbos Resources Limited is an equal opportunity employer and welcomes people from different backgrounds. Full details of the Company's diversity policy that is included in the corporate governance plan can be found on the Company website www.minbos.com.</p> <p>The Company has one female director and four male directors. The current management is comprised of Mr Lindsay Reed as Chief Executive Officer, Mr Stef Weber as Chief Financial Officer and Company Secretary and with a female Geologist and Business Development Manager who commenced employment on 19 September 2016. The Company intends to appoint more female directors and executives should a vacancy arise and an appropriately qualified and experienced individual is available.</p>
1.6	<p>Companies should disclose the process for periodically evaluating the performance of the board, its committees and individual directors. The entity should disclose whether a performance evaluation was undertaken during the reporting period in accordance with that process.</p>
	<p>The Board Charter that forms part of the Corporate Governance plan requires that an annual performance evaluation be undertaken by the Board to ensure that the responsibilities of the Board are discharged in an appropriate manner. The performance review includes a comparison of the performance of the Board with the requirements of the Board Charter, critically reviewing the mix of the Board, and amending the Board Charter as appropriate. The performance review is led by the Chairman that is a Non-Executive Director.</p> <p>The performance of the Board has been reviewed and evaluated internally during the period.</p>
1.7	<p>Companies should disclose the process for periodically evaluating the performance of its senior executives. The entity should disclose whether a performance evaluation was undertaken during the reporting period.</p>
	<p>During the financial year, the senior executives of the Company, excluding Directors, were the CEO and the CFO / Company Secretary.</p> <p>The evaluation of the performance of the CEO and CFO / Company Secretary is assessed annually by the Board and in accordance with the terms and conditions of the service agreement entered into by the Company with these senior executives.</p> <p>The performance of the CEO and CFO / Company Secretary has been reviewed and evaluated internally during the period.</p>

Corporate Governance Statement

2.	Structure the board to add value																												
2.1	<p>The board should establish a nomination committee. The nomination committee should be structured so that it:</p> <ul style="list-style-type: none"> • has at least three members • consists of a majority of independent directors • is chaired by an independent director, • disclose the charter and the members of the committee; and • disclose the number of times the committee met throughout the period and the individual attendances 																												
	<p>The Company is currently not of a relevant size that requires the formation of a separate Nomination Committee.</p> <p>The Board has developed a nomination committee charter and the matters typically dealt with by such a committee are dealt with by the Board of Directors. The charter is included in the Company's corporate governance plan which is available on the Company's website www.minbos.com.</p> <p>The Company does not comply with ASX Principle 2.1 as the majority of the Board is not independent and the Board performs the role of the committee. The Company intends to seek out and appoint additional independent directors to the Board when the size and scale of the Company justify and warrant their inclusion, for the time being the Company maintains a mix of Directors from different backgrounds with complementary skills and experience.</p> <p>When a board vacancy becomes available, the Board will consider the existing mix of skills of the existing Board and define the skill set that will be sought in candidates to fill the vacancy. Directors will review a range of suitable candidates and may obtain the services of a reputable recruitment agent to assist with candidate selection. The most appropriate candidate will be appointed to the role until the director is elected by members at the next annual general meeting of the Company.</p>																												
2.2	<p>The board should disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>																												
	<p>The Board has a skills matrix that gets reviewed on a regular basis. The table below shows the skills and experience that Board considers to be important for the company and the amount of Board members that have the relevant skills and experience:</p> <table border="1"> <thead> <tr> <th>EXPERIENCE, SKILLS AND ATTRIBUTES</th> <th>BOARD</th> </tr> </thead> <tbody> <tr> <td>Total directors</td> <td>5</td> </tr> <tr> <td>EXPERIENCE</td> <td></td> </tr> <tr> <td>Resources industry experience Experience in exploration phase of mining industry, specifically phosphate</td> <td>5</td> </tr> <tr> <td>Board level experience Board member of other listed entities (last 3 years)</td> <td>3</td> </tr> <tr> <td>Geographic experience Angola and DRC</td> <td>5</td> </tr> <tr> <td>Capital market experience</td> <td>3</td> </tr> <tr> <td>Feasibility studies and Project development</td> <td>4</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>SKILLS AND ATTRIBUTES</td> <td></td> </tr> <tr> <td>Strategic</td> <td>5</td> </tr> <tr> <td>Risk and Compliance</td> <td>4</td> </tr> <tr> <td>Mergers and Acquisitions</td> <td>4</td> </tr> <tr> <td>Legal, corporate finance and tax</td> <td>3</td> </tr> </tbody> </table>	EXPERIENCE, SKILLS AND ATTRIBUTES	BOARD	Total directors	5	EXPERIENCE		Resources industry experience Experience in exploration phase of mining industry, specifically phosphate	5	Board level experience Board member of other listed entities (last 3 years)	3	Geographic experience Angola and DRC	5	Capital market experience	3	Feasibility studies and Project development	4			SKILLS AND ATTRIBUTES		Strategic	5	Risk and Compliance	4	Mergers and Acquisitions	4	Legal, corporate finance and tax	3
EXPERIENCE, SKILLS AND ATTRIBUTES	BOARD																												
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Corporate Governance Statement

2.3	<p>The board should disclose the names of the directors considered by the Board to be independent directors and the length of service of each director</p>
	<p>In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:</p> <ul style="list-style-type: none"> • is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company; • is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board; • has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided; • is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or • has a material contractual relationship with the Company or another Company member other than as a Director. <p>All 5 directors are Non-Executive Directors but only Mr Bill Oliver is considered to be an independent director. Mr Oliver has been a director of Minbos since September 2013.</p>
2.4	<p>A majority of the board of the Company should be independent directors</p>
	<p>The Company does not currently comply with this recommendation as only one of the 5 directors Mr Bill Oliver is regarded as an independent director.</p> <p>The Company currently maintains a mix of Directors from different backgrounds with complementary skills and experience, however, is aware of the importance of having a Board with a majority of its directors being independent. In the future, the Company intends to seek out and appoint independent directors to the Board when additional directors are required in order to meet the ASX recommendation of maintaining a majority of independent Non-Executive Directors.</p> <p>Messrs Peter Wall and Damian Black were both substantial security holders until May 2016. In addition, Mr Wall is a partner at Steinepreis Paganin Lawyers and Consultants that provides legal services to the Company.</p> <p>Mr Domingos Catulich is a security holder and director of Sociedade de Fosfatos de Angola (Sofosa). The Company concluded an agreement with Sofosa in the prior financial year in terms of which Sofosa was issued with performance rights that can be converted up to 237.8 million fully paid ordinary shares. In addition, Sofosa receives a payment of USD 15,000 per month for services that they provide on the Cabinda phosphate project in Angola.</p> <p>Ms Dganit Baldar was appointed as a director following substantial security holder Green Services Innovations Ltd exercising their right to appoint a director to the Board.</p>
2.5	<p>The chair of the Board should be an independent director and should not be the same person as the CEO.</p>
	<p>Mr Lindsay Reed is the CEO of Minbos and Mr Peter Wall the Chairman. Mr Wall is not an independent director. The Company intends to seek out and appoint an independent chairman in the future as operations expand; however, the Company believes that the current Board structure is best suited to enable the Company to deliver Shareholder value.</p>

Corporate Governance Statement

2.6 The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain their skills and knowledge needed to perform their roles as directors effectively.

All new directors are appointed through a written agreement that sets out their duties, rights and responsibilities. The Company Secretary through the Board is responsible for the program to induct new directors.

The Board encourages directors to continue their education and maintain the skills required to discharge their duties by providing professional development opportunities.

The Board, Board Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

3. Act ethically and responsibly

3.1 Companies should establish a code of conduct for its Directors, senior executives and employees and disclose the code or a summary of the code.

The Board is bound by the Company's Corporate Code of Conduct that is included in the Company's corporate governance plan which is available on the Company's website www.minbos.com. The Board understands the obligations for ethical and responsible decision making. All Directors, senior executives and employees are expected to:

- a) comply with the law;
- b) act in the best interests of the Company;
- c) be responsible and accountable for their actions;
- d) observe the ethical principles of honesty and fairness, including prompt disclosure of potential conflicts; and
- e) respect the rights of employees and create a safe and non-discriminatory workplace.

4. Safeguard integrity in corporate reporting

4.1 The board should have an audit committee. The audit committee should be structured so that it:

- has at least three members;
- consists only of Non-Executive Directors;
- consists of a majority of independent directors;
- is chaired by an independent chair, who is not chair of the board;
- has a formal charter and disclose the charter of the committee;
- disclose the relevant qualifications and experience of the members of the committee; and
- the number of times the committee met throughout the period and the individual attendances.

If the Company does not have an audit committee disclose the fact and the process it employs that independently verify and safeguard the integrity of its corporate reporting, including the process for appointment and removal of the external auditor and rotation of the engagement partner

The Company is not of a size at the moment that requires having a separate audit committee and there are not a sufficient number of independent directors to form a separate committee.

Matters typically dealt with the Audit Committee are currently dealt with by the Board of Directors.

The Company does not comply with ASX Principle 4.1 as the majority of the Board is not independent and the Board performs the role of the committee. The Company intends to seek out and appoint additional independent directors to the Board when the size and scale of the Company justify and warrant their inclusion, for the time being the Company maintains a mix of Directors from different backgrounds with complementary skills and experience.

Corporate Governance Statement

	The Board has adopted a formal audit committee charter, as disclosed in the Corporate Governance Plan available on the Company's website www.minbos.com .
4.2	<p>The Board should before it meets to approve the entity's financial statements for a financial period receive from its Chief Executive Officer and the Chief Financial Officer a declaration that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p> <p>A written declaration has been provided by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the Corporations Act to the Board in regards to the preparation of financial reports.</p> <p>The declaration confirms that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>
4.3	<p>The company's external auditor should attend the AGM and must be available to answer questions from security holder relevant to the audit</p> <p>The Company's auditor attends each AGM. The Chairman allows a reasonable opportunity for the security holders to ask the auditor questions about:</p> <ul style="list-style-type: none"> • the conduct of the audit; • the preparation and content of the auditor's report; • the accounting policies adopted by the Company in relation to the preparation of the financial statements; and • the independence of the auditor in relation to the conduct of the audit. <p>Security holders can also provide written questions before the AGM. A list of these questions will be distributed at the meeting and the Chairman will allow reasonable opportunity for the auditor to respond to the questions.</p>

5. *Make timely and balanced disclosure*

5.1 **Companies should have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose the policy or a summary of it**

The Company has a continuous disclosure policy that is included in the charter is included in the Company's corporate governance plan which is available on the Company's website www.minbos.com.

The Company is committed to ensuring that security holders and the market are provided with full and timely information. The Company has a continuous disclosure program in place designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.

The Company Secretary has been nominated as the person responsible for communicating with ASX on behalf of the Company. This role includes liaising with the directors and senior management to ensure all necessary compliance with disclosure requirements has been met.

Corporate Governance Statement

6.	<i>Respect the rights of security holders</i>
6.1	Companies should design a communications policy for promoting effective communication with security holders and encouraging their participation at general meetings and disclose their policy or a summary of that policy...
	<p>The Company has a shareholder communication strategy that is included in the Company's corporate governance plan which is available on the Company's website www.minbos.com.</p> <p>Pursuant to Principle 6, the Company's objective is to ensure effective communication with its security holders at all time and that security holders are informed of all major developments affecting the Company's website. The Company's website has a dedicated Investors & Media section which publishes all important Company information and relevant announcements made to the market.</p> <p>Security holders are encouraged to attend and participate at general meetings and are given the opportunity to ask questions at the meetings.</p>
6.2	Companies should design and implement an investor relations program to facilitate effective two way communication with investors.
	<p>The Company is committed to ensure that investors are kept fully and regularly informed about major developments concerning the Company through efficient, effective and timely communication. The Board actively engages with security holders at general meetings and annual general meetings.</p> <p>All ASX announcements including annual, quarterly half yearly reports, and Notice of Meetings are placed on the Company's website. The lead engagement partner of the Company's auditor BDO attends the Annual General Meeting and answer questions from security holders about the conduct of the audit and the preparation and content of the auditor's report.</p> <p>The Company has made available the relevant contact details (via the website) for security holders to make their enquires and have also included contact details of the share registry in the Corporate Directory section.</p>
6.3	Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.
	<p>The Company is committed to provide security holders with the opportunity to participate in all general meetings and annual general meetings.</p> <p>At any general meeting or annual general meeting the Chairman allows a reasonable opportunity for security holders to ask questions or make comments on the management of the company and about the audit to the lead engagement partner of the company's auditors</p> <p>Security holders are also encouraged to submit questions before meetings. These questions will be distributed before the meeting and the Board, management or the auditor will respond to these questions at the meeting.</p>
6.4	Companies should give security holders the option to receive communications from, and send communications to the entity and its security register electronically
	<p>Security holders have the option to receive communication from the Company and the share register electronically. The Company provides the option on the website for all investors or interested to subscribe to e-mail alerts from the Company.</p> <p>The Company has provided the opportunity (via the website) for security holders to make electronic enquires to the company and to the security register. The electronic contact details for the security registry is included in the Corporate Directory section of the website.</p>

Corporate Governance Statement

7.	Recognise and manage risk
	<p>The Company is not of a size at the moment that requires having a separate risk committee and there are not a sufficient number of independent directors to form a separate committee.</p> <p>Matters typically dealt with the Risk Committee are currently dealt with by the Board of Directors. The Company does not comply with ASX Principle 4.1 as the majority of the Board is not independent and the Board performs the role of the committee. Though the Company intends to seek out and appoint additional independent directors to the Board when the size and scale of the Company justify and warrant their inclusion, for the time being the Company maintains a mix of Directors from different backgrounds with complementary skills and experience.</p> <p>The Board has adopted a formal audit and risk committee charter as disclosed in the Corporate Governance Plan available on the Company's website.</p> <p>The Company has a risk management framework in place that is reviewed on an annual basis by the Board. The Company also has adequate policies in relation to risk management, compliance and internal control systems. The Company's policies has a risk matrix which is reviewed regularly and ensures that strategic, operational, legal, reputational and financial risks are identified, assessed effectively, efficiently managed and monitored to enable achievement of the Company's business objectives.</p>
7.2	The Board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and disclose in relation to each reporting period whether such a review has taken place
	<p>The Company has a risk management framework in place that is based on the principles of AS/NZS 31000:2009 and the ASX Corporate governance principles and recommendations. During the period under review Management and Board of the Company did a comprehensive review of the risk management framework and made amendments as required.</p>
7.3	The Board should disclose if it has an internal audit function, how the function is structured and what role it performs or if it does not have an internal audit function the fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.
	<p>The Company is not of a size at the moment that requires a separate internal audit function. The Company has a risk management framework and audit and risk committee charter in place that is reviewed by the Board on an annual basis and amended as required. The Company also has adequate policies in relation to risk management, compliance and internal control systems. The Company's has a risk register in place which is reviewed regularly and ensures that strategic, operational, legal, reputational and financial risks are identified, assessed effectively, efficiently managed and monitored to enable achievement of the Company's business objectives.</p>
7.4	A company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does how it manages or intends to manage those risks
	<p>The Company is an ASX listed exploration company focussed on rock phosphate. Due to the nature of its business the company is exposed to economic, environmental and social sustainability risks.</p> <p>The Company has a risk management framework in place and a risk register and polices to ensure compliance and sufficient internal control systems. The risk register is reviewed and assessed on a regular basis and embedded in the culture and practices of the company. Risk treatment plans are in place to identify how risk identified will be mitigated.</p>

Corporate Governance Statement

8.	<i>Remunerate fairly and responsibly</i>
8.1	<p>The Board should establish a remuneration committee which:</p> <ul style="list-style-type: none"> • has at least three members a majority of whom are independent directors; • is chaired by an independent director and • disclose the charter of the committee • the members of the committee • the number of times the committee met throughout the period and the individual attendances <p>If the Company does not have a remuneration committee disclose the fact and the process it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive</p> <p>The Board has not established a remuneration committee at this point in the Company's development. It is considered that the size of the Board along with the level of activity of the Company and the number of independent directors renders this impractical. The full Board considers in detail all of the matters for which the directors are responsible.</p> <p>The remuneration philosophy, structure and approvals process is explained in detail in Section 12 of the audited Remuneration Report contained within the Directors' Report.</p>
8.2	<p>The company should separately disclose its policies and practices regarding the remuneration of non –executive directors and the remuneration of executive directors and other senior executives:</p> <p>The Board has adopted a formal charter of a remuneration committee, as disclosed in the Corporate Governance Plan available on the Company's website. www.minbos.com</p> <p>The policies and practices regarding the remuneration of non–executive directors and the remuneration of executive directors and other senior executives is explained in Section 12 of the audited Remuneration Report contained within the Directors' Report.</p>
8.3	<p>Companies which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or a summary of it.</p> <p>In terms of the Company's security trading policy all persons offered equity-based remuneration or incentives by the Company are prohibited from entering into transactions in associated products which limit economic risk of participating in invested entitlements under equity-based remuneration schemes.</p>

Consolidated Statement of Profit or Loss & Other Comprehensive Income

	Notes	30-Jun-16 \$	30-Jun-15 \$
Revenue from continuing operations	6	9,957	3,052
Administration expenses	7	(366,595)	(393,409)
Depreciation expense	12	(5,261)	(25,852)
Exploration expenditure Cabinda project		(343,934)	(435,218)
Finance costs	7	-	(608,119)
Foreign exchange loss		(11,210)	(4,365)
Impairment of exploration and evaluation expenditure	14	(40,457)	(66,259)
Loss from sale of plant and equipment		(1,228)	(3,410)
Personnel expenses and director fees	7	(541,418)	(587,553)
Share-based payments	22(b)	(216,494)	-
Share of net loss from associate	13	(137,414)	(75,519)
Loss from continuing operations before income tax		(1,654,054)	(2,196,652)
Income tax expense	8(a)	-	-
Loss from continuing operations after income tax		(1,654,054)	(2,196,652)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		565,254	2,651,645
Other comprehensive income for the year, net of tax		565,254	2,651,645
Total comprehensive income / (loss) for the year		(1,088,800)	454,993
Loss for the year is attributable to the owners of Minbos Resources Limited		(1,654,054)	(2,196,652)
Total comprehensive income / (loss) for the year is attributable to the owners of Minbos Resources Limited		(1,088,800)	454,993
Loss per share attributable to ordinary equity holders			
- Basic loss per share	9	(0.001)	(0.002)
- Diluted loss per share	9	(0.001)	(0.002)

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

Consolidated Statement of Financial Position

	Notes	30-Jun-16	30-Jun-15
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	10	1,606,934	192,872
Trade and other receivables	11	29,269	33,102
Other financial assets	15	335,981	-
Total current assets		1,972,184	225,974
Non-current assets			
Plant and equipment	12	2,465	18,335
Net investment in associate	13	18,538,704	17,781,195
Exploration and evaluation expenditure	14	34,229	33,629
Total non-current assets		18,575,398	17,833,159
Total assets		20,547,582	18,059,133
LIABILITIES			
Current liabilities			
Trade and other payables	16	104,281	312,403
Provisions	17	39,676	21,884
Total current liabilities		143,957	334,287
Non-current liabilities			
Deferred tax liabilities	8(b)	3,935,637	3,935,637
Total non-current liabilities		3,935,637	3,935,637
Total liabilities		4,079,594	4,269,924
Net assets		16,467,988	13,789,209
EQUITY			
Issued capital	18	33,240,544	29,733,200
Reserves	19	6,915,025	6,089,536
Accumulated losses	20	(23,687,581)	(22,033,527)
Total equity		16,467,988	13,789,209

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

Consolidated Statement of Changes in Equity

	Issued Capital \$	Share-based Payment & Option Reserve \$	Employee Share Plan Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2015	29,733,200	2,185,435	409,640	3,494,461	(22,033,527)	13,789,209
Comprehensive income:						
Loss for the year	-	-	-	-	(1,654,054)	(1,654,054)
Other comprehensive income	-	-	-	565,254	-	565,254
Total comprehensive income / (loss) for the year	-	-	-	565,254	(1,654,054)	(1,088,800)
Transactions with owners in their capacity as owners:						
Issue of share capital	3,522,914	-	-	-	-	3,522,914
Capital raising costs	(15,570)	-	-	-	-	(15,570)
Share-based payments	-	216,494	-	-	-	216,494
Employee benefits expense	-	-	43,741	-	-	43,741
At 30 June 2016	33,240,544	2,401,929	453,381	4,059,715	(23,687,581)	16,467,988
	Issued Capital \$	Share-based Payment & Option Reserve \$	Employee Share Plan Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2014	26,172,620	1,820,531	340,000	842,816	(19,836,875)	9,339,092
Comprehensive income:						
Loss for the year	-	-	-	-	(2,196,652)	(2,196,652)
Other comprehensive income	-	-	-	2,651,645	-	2,651,645
Total comprehensive income / (loss) for the year	-	-	-	2,651,645	(2,196,652)	454,993
Transactions with owners in their capacity as owners:						
Issue of share capital	3,704,670	-	-	-	-	3,704,670
Capital raising costs	(144,090)	-	-	-	-	(144,090)
Options issued on repayment of borrowings	-	364,904	-	-	-	364,904
Employee benefits expense	-	-	69,640	-	-	69,640
At 30 June 2015	29,733,200	2,185,435	409,640	3,494,461	(22,033,527)	13,789,209

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

Consolidated Statement of Cash Flows

	30-Jun-16	30-Jun-15
	\$	\$
Cash flows from operating activities		
Payment to suppliers and employees	(855,747)	(1,117,298)
Payment for exploration and evaluation expenditure	(463,109)	(389,946)
Interest received	4,322	3,052
Interest paid	-	(57,917)
Net cash outflow from operating activities	10(c) (1,314,534)	(1,562,109)
Cash flows from investing activities		
Proceeds from the sale of plant and equipment	8,734	8,324
Payment for plant and equipment	(851)	(4,053)
Net cash inflow from investing activities	7,883	4,271
Cash flows from financing activities		
Proceeds from the issue of shares, net of costs	3,386,249	2,222,215
Loan to associate	(329,555)	(152,232)
Loan to Joint Venture Partner Petril Projects Ltd	15 (335,981)	-
Repayment of convertible note facility	-	(350,000)
Net cash inflow from financing activities	2,720,713	1,719,983
Net increase in cash and cash equivalents	1,414,062	162,145
Cash and cash equivalents at the beginning of the year	192,872	30,727
Effect of exchange rate fluctuations on cash held	-	-
Cash and cash equivalents at the end of the year	10(a) 1,606,934	192,872

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 the Annual Report. The consolidated financial statements of the Company as at and for the year ended 30 June 2016 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.

2. BASIS OF PREPARATION

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

The financial report was authorised for issue by the Directors on 26 September 2016.

(a) Compliance with IFRS

The consolidated financial statements of the Consolidated Entity also comply with International Financial Reporting Standards ('**IFRS**') as issued by the International Accounting Standards Board ('**IASB**').

(b) Basis of measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

(c) New, revised or amending Accounting Standards and Interpretations adopted by the Group

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('**AASB**') that are mandatory for the current reporting period.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(d) New standards and interpretations not yet mandatory or early adopted

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015.

(e) Going Concern

For the year ended 30 June 2016 the group recorded a loss of \$1,654,054 and had net cash outflows from operating activities of \$1,314,534 and net working capital of \$1,828,227. Furthermore the directors have prepared a cash flow forecast which indicates that the entity would be required to raise funds to provide additional working capital and to continue to further develop its Cabinda project through its associate entity.

The ability of the group to continue as a going concern is dependent on securing additional funding through capital raising to fund its ongoing exploration commitments and working capital.

These conditions indicate a material uncertainty that may cast a significant doubt about the group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notes to the Consolidated Financial Statements

Management believe there are sufficient funds to meet the group's working capital requirements and as at the date of this report. Subsequent to year end the entity expects to receive additional funds via capital raising (including exercise of options by shareholders).

The financial statements have been prepared on the basis that the group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- the directors are confident in the company's ability to raise the capital mentioned above with the recent success in a capital raising of \$3.4 million that completed in May 2016;
- the directors are also confident they are able to manage discretionary spending to ensure that cash is available to meet debts as and when they fall due.

Should the group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the group not continue as a going concern.

(f) Critical accounting estimates and judgments

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

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

- (i) Note 8: Income Tax Expense - The Group is subject to income taxes in Australia, South Africa, Angola and Democratic Republic of Congo. Significant judgement is required when determining the Group's provision for income taxes. The Group estimates its tax liabilities based on the Group's understanding of the tax law. No tax liabilities are recognised in 2016 (2015: nil) for the Group.
- (ii) Note 13: Investment in Associate - No impairment indicators exist under AASB 6 on the Cabinda project and a full impairment assessment under AASB 136 is therefore not required.

Reclassification of loans to associate

The group has reclassified the long term loan to associate to investment in associate as the loans advanced are interest free, there is no set term of repayment and is not likely to occur in the foreseeable future, which in substance forms part of the group's net investment in associate.

Notes to the Consolidated Financial Statements

Carrying value of investment in associate

The group assesses whether there is objective evidence that the investment in associate is impaired by reference to one or more events that occurred during a reporting period that would have an impact on the estimated future cashflow of the investment. This includes the assessment of whether facts and circumstances (as detailed in note 3(k)) suggest that the Cabinda project held in the associate could be impaired together with other factors such as resource estimate. Phosphate consensus prices are considered in determining whether conditions exist to suggest that the recoverable amount of the investment is lower than its carrying value. When there are indicators of impairment under AASB 6, the investment will be tested for impairment under AASB 136 Impairment of non-financial assets as disclosed in note 3(f). As at 30 June 2016 there were no internal and external indicators to suggest that the investment is impaired.

- (iii) Note 14: Exploration and evaluation expenditure - The Group's accounting policy for exploration and evaluation is set out in note 3(k). If, after having capitalised expenditure under this policy, the Directors conclude that the Group is unlikely to recover the expenditure by future exploration or sale, then the relevant capitalised amount will be written off to the Statement of Profit or Loss and Other Comprehensive Income.

At 30 June 2016, Allamanda continued to hold the Kanzi Joint Venture licences, accordingly the Group has impaired the exploration expenditure in relation to the Kanzi Joint Venture, incurred during the financial year.

The Company also incurred exploration expenditure on the Cabinda project of \$343,934 (2015: \$435,218), which was reclassified through the profit or loss due to tenure being held by the associate and not Minbos directly. This exploration expenditure is in addition to what was accounted for through the Joint Venture with Petril as a financial asset (refer note 15 in the financial statements).

- (iv) Note 22: Share-based payments - The Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes option pricing model, the Binomial option pricing model and/or the Monte Carlo option pricing model, taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

During the financial year, the Company issued performance rights to KMP which were approved on 20 November 2015 at the Company's AGM and accordingly a \$216,494 share based payment expense has been recognised in the Statement of Profit or Loss and Other Comprehensive Income. The performance rights issued are 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.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Minbos Resources Limited ('Company' or 'Parent Entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Minbos Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

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

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

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

(ii) Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates. Cost includes equity contribution and loan advances (interest free with no set term of repayment). Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(iii) Changes in ownership interests

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

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

Notes to the Consolidated Financial Statements

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

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors and the Chief Executive Officer.

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

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

Notes to the Consolidated Financial Statements

(d) Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

(i) Interest income

Interest income is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as it accrues, using the effective interest method.

(e) Income tax

The income tax expense for the financial year is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are recognised for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax losses, at the tax rates expected to apply when the assets are recovered or liabilities settled based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary difference and losses. Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax base of investments in subsidiaries, associated and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income are also recognised directly in other comprehensive income.

(f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Notes to the Consolidated Financial Statements

(g) Cash and cash equivalents

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

(h) Trade and other receivables

Trade and other receivables are recorded at amounts due less any allowance for doubtful debts. Trade and other receivables are generally due for settlement within 30 days.

(i) Financial instruments

(i) Non-derivative financial instruments

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

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

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

(ii) Subsequent measurement

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

Details on how the fair value of financial instruments is determined are disclosed in Note 4: Financial Risk Management.

(iii) Impairment

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

(iv) Assets carried at amortised cost

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

Notes to the Consolidated Financial Statements

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

(j) Plant and equipment

(i) Owned assets

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a work condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

(ii) Subsequent costs

The Group recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as an expense as incurred.

(iii) Depreciation

Depreciation is charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income using a straight line method over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives in the current and comparative periods are as follows:

- Computer equipment: 3 years
- Vehicles: 5 years
- Office equipment: 6 to 10 years

The residual value, the useful life and the depreciation method applied to an asset are reviewed at each financial year end and if appropriate, adjusted.

(k) Exploration and evaluation expenditure

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

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

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

Notes to the Consolidated Financial Statements

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

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

(l) Other financial assets

The Group classifies its other financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the other financial assets were acquired. Management determines the classification of its other financial assets at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

Investments in subsidiaries are carried at cost, net of any impairment losses in the Parent entity's financial statements.

(m) Trade and other payables

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

(n) Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(i) Site restoration

In accordance with the Consolidated Entity's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised when the land is contaminated.

The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period.

The amount of the provision for future restoration costs is capitalised and is depreciated over the useful life of the mineral reserve. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

Notes to the Consolidated Financial Statements

(o) Employee benefits

(i) Share-based payments

The share option programme allows the Consolidated Entity employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted including market conditions attached to the grant. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(ii) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(p) Contributed equity

Ordinary shares are classified as equity.

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

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

(q) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

Notes to the Consolidated Financial Statements

(r) Goods and Services Tax ('GST')

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Consolidated Statement of Financial Position.

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

(s) New Accounting Standards and Interpretations not yet mandatory or early adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Group has decided against early adoption of these standards and, has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

Standard/ Interpretation	Nature of Change	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	<p>Classification and measurement</p> <p>AASB 9 amends the classification and measurement of financial assets:</p> <ul style="list-style-type: none"> Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss. <p>The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9:</p> <ul style="list-style-type: none"> Classification and measurement of financial liabilities, & Derecognition requirements for financial assets and liabilities. <p>However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.</p>	1 January 2018	30 June 2019

Notes to the Consolidated Financial Statements

	<p>Impairment</p> <p>The new impairment model in AASB 9 is now based on an ‘expected loss’ model rather than an ‘incurred loss’ model.</p> <p>A complex three stage model applies to debt instruments at amortised cost or at fair value through other comprehensive income for recognising impairment losses.</p> <p>A simplified impairment model applies to trade receivables and lease receivables with maturities that are less than 12 months.</p> <p>For trade receivables and lease receivables with maturity longer than 12 months, entities have a choice of applying the complex three stage model or the simplified model.</p>		
AASB 15 ‘Revenue from Contracts with Customers’	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	1 January 2018	30 June 2019
AASB 16 ‘Leases’	<p>AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases.</p> <p>There are some optional exemptions for leases with a period of 12 months or less and for low value leases.</p> <p>Lessor accounting remains largely unchanged from AASB 117.</p>	1 January 2019	30 June 2020

4. FINANCIAL RISK MANAGEMENT

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

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

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

Notes to the Consolidated Financial Statements

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

	30-Jun-16	30-Jun-15
	\$	\$
Financial assets		
Cash and cash equivalents	1,606,934	192,872
Trade and other receivables	29,269	33,102
Other financial assets	335,981	-
	1,972,184	225,974
Financial liabilities		
Trade and other payables	104,281	312,403
	104,281	312,403
Net exposure	1,867,903	(86,429)

(a) Market Risk

(i) Foreign exchange risk

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

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

(ii) Interest rate risk

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

	30-Jun-16		30-Jun-15	
	Weighted average interest rate	Balance \$	Weighted average interest rate	Balance \$
Cash and cash equivalents	2.49%	1,606,934	1.42%	192,872

Sensitivity

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

At 30 June 2016, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

	Post tax profit higher/(lower)		Other comprehensive higher/(lower)	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
	\$	\$	\$	\$
Judgements of reasonably possible movements:				
+ 1.0% (100 basis points)	11,249	1,350	-	-
- 1.0% (100 basis points)	(11,249)	(1,350)	-	-

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

Notes to the Consolidated Financial Statements

(b) Credit risk

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

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

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

- Financial asset (unsecured interest-free loan) with Mongo Tando Limited of \$4,908,854 at 30 June 2016, and
- Cash held with National Australia Bank, Bankwest and Standard Bank of South Africa.

(i) Cash

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

Cash at bank and short-term bank deposits:

	30-Jun-16	30-Jun-15
	\$	\$
Standard & Poor's rating		
AA-	1,600,720	185,983
BBB-	6,214	6,889
	1,606,934	192,872

(ii) Trade Debtors

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

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

(c) Liquidity risk

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

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

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

The table below reflects the respective undiscounted cash flows for financial liabilities existing at 30 June 2016.

Notes to the Consolidated Financial Statements

Contractual maturities of financial liabilities	<6 months \$	>6-12 months \$	>12 months \$	Total contractual cash flows \$	Carrying amount \$
30-Jun-16					
Trade and other payables	104,281	-	-	104,281	104,281
	104,281	-	-	104,281	104,281
30-Jun-15					
Trade and other payables	312,403	-	-	312,403	312,403
	312,403	-	-	312,403	312,403

The table below reflects the respective undiscounted cash flows for financial assets existing at 30 June 2016.

Contractual maturities of financial assets	<6 months \$	>6-12 months \$	>12 months \$	Total contractual cash flows \$	Carrying amount \$
30-Jun-16					
Other financial assets	335,981	-	-	335,981	335,981
	335,981	-	-	335,981	335,981

(d) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (i) Level 1 - the instrument has quoted prices (unadjusted) in active markets for identical assets and liabilities;
- (ii) Level 2 - a valuation technique using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or
- (iii) Level 3 - a valuation technique using inputs that are not based on observable market data (unobservable inputs).

At 30 June 2016 and 30 June 2015 the Group did not have financial liabilities measured and recognised at fair value. Due to their short term nature, the carrying amount of the current receivables and payables is assumed to approximate their fair value.

The Group does not have any level 2 or 3 assets or liabilities.

5. 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 Chief Executive Officer and the Board of Directors. Consequently revenue, profit, net assets and total assets for the operating segment are reflected in this financial report.

Notes to the Consolidated Financial Statements

6. REVENUE FROM CONTINUING OPERATIONS

	30-Jun-16	30-Jun-15
	\$	\$
Other revenue		
Interest revenue	9,957	3,052
	9,957	3,052

7. EXPENSES

	30-Jun-16	30-Jun-15
	\$	\$
Administration expenses		
Advertising and marketing expenses	18,502	27,310
Compliance and regulatory expenses	158,599	124,363
Computer expenses	6,306	17,222
Consulting and corporate expenses	63,108	143,983
Provision for doubtful debts	1,500	(4,500)
Rent expense	70,951	56,299
Travel and accommodation expenses	17,893	604
Other administration expenses	29,736	28,128
	366,595	393,409
Finance costs		
Fair value movement on convertible notes at fair value through profit or loss	-	581,571
Interest expense on convertible notes	-	22,300
Other	-	4,248
	-	608,119
Personnel expenses and director fees		
Wages and salaries, including superannuation	376,952	376,983
Director fees and other benefits	118,355	108,000
Employee share plan expense (Refer Note 19)	43,741	69,640
Other employee expenses	2,370	32,930
	541,418	587,553

Notes to the Consolidated Financial Statements

8. INCOME TAX EXPENSE

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

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

	30-Jun-16	30-Jun-15
	\$	\$
Accounting loss before income tax	(1,654,054)	(2,196,652)
At the entity's Australian statutory income tax rate of 30% (2015: 30%)	(478,681)	(707,825)
At the entity's DRC statutory income tax rate of 30% (2015: 30%)	(3,847)	(11,050)
At the entity's South African statutory income tax rate of 28% (2015: 28%)	(3,520)	(24,581)
Adjusted for tax effect of the following amounts:		
Non-deductible / taxable items	136,544	348,266
Non-taxable / deductible items	(39,533)	(69,701)
Prior year adjustment	146,960	-
Income tax benefits not brought to account	242,077	464,891
Income tax expense / (benefit)	-	-

(b) Recognised deferred tax assets and liabilities

Deferred tax liabilities

Investment in associate

	30-Jun-16	30-Jun-15
	\$	\$
Opening balance	3,935,637	3,935,637
Charges / (credited) to income	-	-
Closing balance	3,935,637	3,935,637
Total deferred tax liability recognised	3,935,637	3,935,637

(c) Deferred tax assets and liabilities not brought to account

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

On income tax account:

	30-Jun-16	30-Jun-15
	\$	\$
Carried forward tax losses	2,196,263	2,101,700
Deductible temporary differences	40,849	45,992
Unrecognised deferred tax assets	2,237,112	2,147,692

The Group has Australian carried forward tax losses of \$7,320,877 (tax effected at 30%, \$2,196,263) as at 30 June 2016 (2015: \$7,005,667 (tax effected at 30%, \$2,101,700)). In view of the Group's trading position, the Directors have not included this tax benefit in the Group's Consolidated Statement of Financial Position. A tax benefit will only be recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

Notes to the Consolidated Financial Statements

9. EARNINGS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share at 30 June 2016 was based on the loss attributable to ordinary shareholders of \$1,654,054 (2015: \$2,196,652) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2016 of 1,517,735,708 (2015: 1,061,926,322) calculated as follows:

	<u>30-Jun-16</u>	30-Jun-15
Net loss attributable to the ordinary equity holders of the Group (\$)	(1,654,054)	(2,196,652)
Weighted average number of ordinary shares for basis per share (No)	1,517,735,708	1,061,926,322
Continuing operations		
- Basic loss per share (\$)	(0.001)	(0.002)

(b) Diluted loss per share

Potential ordinary shares are not considered dilutive, thus diluted loss per share is the same as basic loss per share.

10. CASH AND CASH EQUIVALENTS

(a) Reconciliation to cash at the end of the year

	<u>30-Jun-16</u>	30-Jun-15
	\$	\$
Cash at bank and in hand	855,742	191,680
Short-term deposit	751,192	1,192
	1,606,934	192,872

(b) Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in Note 4: Financial Risk Management.

Notes to the Consolidated Financial Statements

(c) Reconciliation of net cash flows from operating activities

	30-Jun-16	30-Jun-15
	\$	\$
Loss for the financial year	(1,654,054)	(2,196,652)
Adjustments for:		
Depreciation expense	5,261	25,852
Employee benefits expense	43,741	69,640
Finance costs	-	608,119
Foreign currency translation	11,210	4,365
Loss from sale of plant and equipment	1,228	3,410
Share-based payments	216,494	-
Fees and wages settled in shares	121,095	-
Share of net loss from associate	137,414	75,519
Change in assets and liabilities		
Decrease / (increase) in trade and other receivables	9,450	(19,449)
Decrease in trade and other payables	(224,165)	(126,195)
Increase / (decrease) in provisions	17,792	(6,718)
Net cash (used in) operating activities	(1,314,534)	(1,562,109)

(d) Non-cash financing and investing activities

	30-Jun-16	30-Jun-15
	\$	\$
Conversion of convertible notes (refer note 18)	-	910,110
Conversion of Director fees	-	83,325
Conversion of corporate advisory fees	-	48,263

Notes to the Consolidated Financial Statements

11. TRADE AND OTHER RECEIVABLES

	30-Jun-16	30-Jun-15
	\$	\$
Trade and other receivables	191	-
Other receivables (a)	6,000	7,500
Indirect taxes receivable	11,415	16,440
Prepayments	5,969	9,093
Deposits	59	69
Accrued interest	5,635	-
	29,269	33,102

(a) Other receivables

On 5 December 2012 Minbos signed a binding loan agreement with Robert McCrae (former Chief Executive Officer) to repay his outstanding loan by 31 May 2013 and provide Minbos with security over 1,500,000 of the Company's shares for the outstanding loan. At 30 June 2016 the loan had not been repaid, the Company therefore made a provision against the unrecoverable portion of the loan. The outstanding balance at 30 June 2016 was \$6,000 (2015: \$7,500) being the value of the 1,500,000 Minbos shares held as security at 30 June 2016.

(b) Risk exposure

Information about the Group's exposure to credit risk, foreign exchange and interest rate risk is provided in Note 4: Financial Risk Management.

The Group has no impairments to other receivables or have receivables that are past due but not impaired.

12. PLANT AND EQUIPMENT

	Motor Vehicle \$	Computer Equipment \$	Furniture & Fittings \$	Other Fixed Assets \$	Total \$
Year ended 30 June 2016					
Opening net book amount	4,668	3,208	54	10,405	18,335
Additions	-	851	-	-	851
Disposals	(1,044)	(220)	(48)	(10,993)	(12,305)
Foreign exchange translation	263	-	(6)	588	845
Depreciation charge	(3,887)	(1,374)	-	-	(5,261)
Closing net book amount	-	2,465	-	-	2,465
At 30 June 2016					
Cost	-	4,423	-	-	4,423
Accumulated depreciation	-	(1,958)	-	-	(1,958)
Net book amount	-	2,465	-	-	2,465

Notes to the Consolidated Financial Statements

	Motor Vehicle \$	Computer Equipment \$	Furniture & Fittings \$	Other Fixed Assets \$	Total \$
Year ended 30 June 2015					
Opening net book amount	23,835	900	852	18,869	44,456
Additions	-	4,053	-	-	4,053
Disposals	(10,297)	(385)	(522)	-	(11,204)
Foreign exchange translation	3,504	56	42	3,280	6,882
Depreciation charge	(12,374)	(1,416)	(318)	(11,744)	(25,852)
Closing net book amount	4,668	3,208	54	10,405	18,335
At 30 June 2015					
Cost	44,157	4,785	808	36,418	86,168
Accumulated depreciation	(39,489)	(1,577)	(754)	(26,013)	(67,833)
Net book amount	4,668	3,208	54	10,405	18,335

13. NET 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.

(a) Movements in carrying amounts

	30-Jun-16 \$	30-Jun-15 \$
Equity contributed	13,629,850	13,201,896
Loan advanced	4,908,854	4,579,299
Carrying amount of the investment in associate	18,538,704	17,781,195
Movement reconciliation		
Balance at the beginning of the financial year	17,781,195	15,081,883
Exchange differences	565,368	2,632,177
Share of net loss in associate	(137,414)	(75,519)
Loan to associate (refer note 28(d))	329,555	142,654
Balance at the end of the financial year	18,538,704	17,781,195

During the year Minbos announced that the Angolan 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, Chibueté, 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).

Notes to the Consolidated Financial Statements

The issue of the licences were preceded by Minbos and Petril (**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. Minbos and Petril are in the process of obtaining National Private Investment of Angola (ANIP) approval to transfer the shares to Mongo Tando Limited BVI. Per the shareholders agreement, the Company has the right to explore the Cabinda 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.

(b) Statement of Financial Position of the associate

	30-Jun-16	30-Jun-15
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	308,340	221
Other receivables	377,868	298,474
Total current assets	686,208	298,695
Non-current assets		
Exploration and evaluation expenditure	9,882,756	9,118,488
Total non-current assets	9,882,756	9,118,488
Total assets	10,568,964	9,417,183
LIABILITIES		
Current liabilities		
Trade and other payables	509,612	492,068
Borrowings	13,382,901	12,063,506
Total current liabilities	13,892,513	12,555,574
Total liabilities	13,892,513	12,555,574
Net liabilities	(3,323,549)	(3,138,391)
Minbos share of total equity (50%)	(1,661,775)	(1,569,196)
Fair value of exploration and evaluation on acquisition	15,291,625	14,771,092
Loan advanced	4,908,854	4,579,299
Carrying amount of the investment in associate	18,538,704	17,781,195

(c) Statement of Profit or Loss & Other Comprehensive Income

	30-Jun-16	30-Jun-15
	\$	\$
Revenue from continuing operations	-	-
Administration expenses	(273,861)	(146,314)
Finance costs	(968)	(4,724)
Loss from continuing operations before income tax	(274,829)	(151,038)
Income tax expense	-	-
Loss from continuing operations after income tax	(274,829)	(151,038)

Notes to the Consolidated Financial Statements

(d) Summarised financial information of associates

The Group's share of the results of its principal associate and its aggregated assets and liabilities are as follows:

		Ownership interest %	Assets \$	Liabilities \$	Revenue \$	Profit/(Loss) \$
Mongo Tando Limited	30-Jun-16	50%	5,284,482	(6,946,258)	-	(137,414)
Mongo Tando Limited	30-Jun-15	50%	4,708,591	(6,277,787)	-	(75,519)

(e) Contingent liabilities of the associate

There are no contingent liabilities of the associate for which the Company is severally liable.

14. EXPLORATION AND EVALUATION EXPENDITURE

	30-Jun-16 \$	30-Jun-15 \$
Carrying amount of exploration and evaluation expenditure	34,229	33,629
<u>Movement reconciliation</u>		
Balance at the beginning of the financial year	33,629	49,575
Additions - Kanzi project and Australian tenements	41,057	50,313
Impairment - Kanzi project (i)	(40,457)	(66,259)
Balance at the end of the financial year	34,229	33,629

- (i) At 30 June 2016, Allamanda continued to hold the Kanzi Joint Venture licences, accordingly the Group has impaired the exploration expenditure incurred during the year until the licences are transferred to the Joint Venture entity, Phosphalux SPRL.

15. OTHER FINANCIAL ASSETS

	30-Jun-16 \$	30-Jun-15 \$
CURRENT		
Loan to Mongo Tando Limited (i)	335,981	-
	335,981	-

- (i) During the June quarter, the Company provided a short term loan of US\$250,000 to Petril for their share of the cash call. Petril repaid this loan with 10% interest on 14 July 2016.

Notes to the Consolidated Financial Statements

16. TRADE AND OTHER PAYABLES

	30-Jun-16	30-Jun-15
	\$	\$
Trade creditors (i)	23,562	208,397
Accruals (ii)	41,892	91,149
Superannuation payable	27,439	12,857
PAYG payable	11,388	-
	104,281	312,403

Trade and other payables are non-interest bearing liabilities stated at cost and settled within 30 days. Information about the Group's exposure to foreign currency risk is provided in Note 4: Financial Risk Management.

- (i) There were no outstanding Director fees owed at 30 June 2016 (2015: \$46,200 relates to Director Fees).
- (ii) Of this outstanding balance, \$20,154 relates to the Angolan Services Agreement with Sofosa a Company which Mr Catulich (Non-Executive Director) is a shareholder and Director (2015: \$19,510 relates to the Angolan Services Agreement).

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

17. PROVISIONS

	30-Jun-16	30-Jun-15
	\$	\$
Provision for annual leave	39,676	21,884
	39,676	21,884

18. CONTRIBUTED EQUITY

(a) Issued and fully paid

	30-Jun-16		30-Jun-15	
	\$	No.	\$	No.
Ordinary shares	33,240,544	2,073,547,651	29,733,200	1,367,149,881
	33,240,544	2,073,547,651	29,733,200	1,367,149,881

Ordinary shares

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

Notes to the Consolidated Financial Statements

(b) Movement Reconciliation

ORDINARY SHARES	Date	Quantity	Issue price	\$
Balance 30 June 2014		292,148,938		26,172,620
Rights Issue (i)	28/07/2014	104,786,468	0.003	314,359
Conversion of CPS Convertible Note (ii)	25/08/2014	100,000,000	0.004	400,000
Rights Issue - Shortfall (iii)	03/09/2014	447,119,610	0.003	1,341,359
Conversion of CPS Convertible Note (iv)	06/10/2014	83,333,332	0.004	333,333
Conversion of Convertible Security (iv)	06/10/2014	33,333,333	0.004	133,334
Reeves Debt Conversion (v)	09/10/2014	86,703,200	0.003	260,110
Reeves Debt Conversion (v)	09/10/2014	10,725,000	0.003	32,175
Employee share plan (vi)	12/11/2014	31,000,000	0.005	-
Placement (vii)	08/04/2015	178,000,000	0.005	890,000
Cost of placements	-	-	-	(144,090)
Balance 30 June 2015		1,367,149,881		29,733,200
Shares issued in lieu of director fees (viii)	18/12/2015	9,075,000	0.004	36,300
Placement (ix)	23/02/2016	268,000,000	0.005	1,340,000
Placement (ix)	17/05/2016	412,363,703	0.005	2,061,819
Shares issued in lieu of outstanding fees (x)	17/05/2016	16,959,067	0.005	84,795
Cost of placements	-	-	-	(15,570)
Balance 30 June 2016		2,073,547,651		33,240,544

(i) On 28 July 2014, the Company closed its entitlement offer and issued 104,786,468 shares at \$0.003 per share to raise \$314,359.

(ii) On 25 August 2014, the Company issued 100,000,000 shares at \$0.003 per share (valued at \$0.004 per share) and 100,000,000 free attaching options exercisable at \$0.01 per share, expiry 30 December 2016, on conversion of \$300,000 of an \$800,000 convertible note facility pursuant to the convertible note trust deed dated 27 August 2013.

(iii) On 3 September 2014, the Company successfully completed the placement of the rights issue shortfall of 447,119,610 fully paid ordinary shares issued at \$0.003 per share to raise \$1,341,359.

(iv) On 6 October 2014, the Company issued 83,333,332 shares at \$0.003 per share (valued at \$0.004 per share) and 83,333,332 free attaching options exercisable at \$0.01 per share, expiry 30 December 2016, on conversion of the remaining \$250,000 of an \$800,000 convertible note facility pursuant to the convertible note trust deed dated 27 August 2013.

On 6 October 2014, the Company also issued 33,333,333 shares at \$0.003 per share (valued at \$0.004 per share) on conversion of \$100,000 of the \$200,000 convertible security. The remaining \$100,000 of the convertible security was repaid in cash during the period. The company also issued 10,000,000 unlisted options exercisable at 1 cent, expiring 30 December 2016, pursuant to the Deed of Assignment and Assumption for Convertible Security dated 18 March 2014.

(v) On 9 October 2014, the Company issued 86,703,200 shares at \$0.003 per share on conversion of David Reeves convertible note of \$250,000 and interest of \$10,110.

On 9 October 2014, the Company also issued 10,725,000 shares at \$0.003 per share to David Reeve's in lieu of his outstanding Director fees of \$32,175.

(vi) On 26 September 2014, the Company approved a remuneration of 37,000,000 units to Lindsay Reed in the Employee Share Trust valued at \$0.005 per unit. The Company allocated 6,000,000 shares from the EST to Mr Reed and issued the remaining 31,000,000 shares on the 12 November 2014, refer to Note 23.

Notes to the Consolidated Financial Statements

- (vii) On 8 April 2015, the Company issued 178,000,000 shares at \$0.005 per share to raise \$890,000 to allow the Company to progress the Cabinda phosphate project and for working capital purposes.
- (viii) 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.
- (ix) On 23 February 2016, the Company completed Tranche 1 of a capital placement and issued 268,000,000 shares at \$0.005 per share. The final tranche was completed on 17 May 2016 and 412,363,703 shares were issued at \$0.005 per share.
- (x) On 17 May 2016, the company issued an additional 16,959,067 shares at \$0.005 per share. Of which 14,959,067 shares were issued to KMP and 2,000,000 shares were issued to a consultant in lieu of outstanding fees.

(c) Options on issue as at 30 June 2016

Class	Date of Expiry	Exercise Price	Number Under Option
Director Options	30-Dec-16	\$0.01	88,333,333
Consultancy Options	30-Dec-16	\$0.01	30,000,000
Conversion of Convertible note (i)	30-Dec-16	\$0.01	100,000,000
Conversion of Convertible note (i)	30-Dec-16	\$0.01	83,333,332
Conversion of Convertible security (i)	30-Dec-16	\$0.01	10,000,000
Unlisted Options issued on 17 May 2016	30-Dec-16	\$0.01	384,958,009
			696,624,674

Information relating to options issued as share-based payments are set out in Note 22 and options issued to KMP are set out in the remuneration report.

- (i) These options were issued in the 2015 financial year to settle convertible note liabilities and was valued at \$364,904, refer Note 19.

(d) Capital risk management

The Group's objectives when managing capital are to

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

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

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

Notes to the Consolidated Financial Statements

19. RESERVES

	30-Jun-16		30-Jun-15	
	\$	No.	\$	No.
Share-based payment & option reserve (i)	2,401,929	934,454,650	2,185,435	312,816,665
Employee share plan reserve	453,381	-	409,640	-
Foreign currency translation reserve	4,059,715	-	3,494,461	-
	6,915,025	934,454,650	6,089,536	312,816,665

(i) This consist of 696,624,674 options (refer Note 18 (c)) and 237,829,976 performance rights (refer note 22).

	30-Jun-16	30-Jun-15
	\$	\$
<u>Movement reconciliation</u>		
Share-based payment and option reserve		
Balance at the beginning of the year	2,185,435	1,820,531
Equity settled finance costs	-	364,904
Accounting for performance rights	216,494	-
Balance at the end of the year	2,401,929	2,185,435
Employee share plan reserve		
Balance at the beginning of the year	409,640	340,000
Equity settled share-based payment transactions (refer Note 23(b))	43,741	69,640
Balance at the end of the year	453,381	409,640
Foreign currency translation reserve		
Balance at the beginning of the year	3,494,461	842,816
Effect of translation of foreign currency operations to group presentation	565,254	2,651,645
Balance at the end of the year	4,059,715	3,494,461

Nature and purpose of reserves

Share-based payments and option reserve

The reserve represents the value of performance rights issued to Sofosa, a Company which Mr Catulich (Non-Executive Director) is a shareholder and Director, that can convert up to a total of 237.8 million fully paid ordinary shares in Minbos, which amounted to \$216,494 (see note 22). In the previous financial years the reserve included options issued as a result of conversion of convertible notes and also compensation arrangements. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the Consolidated Entity's own equity instruments.

Employee share plan reserve

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

Foreign currency translation reserve

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

Notes to the Consolidated Financial Statements

20. ACCUMULATED LOSSES

	30-Jun-16	30-Jun-15
	\$	\$
Movement in accumulated losses		
Balance at the beginning of the financial year	(22,033,527)	(19,836,875)
Net loss in current year	(1,654,054)	(2,196,652)
Balance at the end of the financial year	(23,687,581)	(22,033,527)

21. DIVIDENDS

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

22. SHARE-BASED PAYMENTS

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

During the financial year, 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 (Minbos and Petril are in the process of obtaining ANIP approval to transfer the shares to Mongo Tando Limited BVI),
- 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 \$216,494 share based payment expense has been recognised for the financial year ended 30 June 2016 in the Statement of Profit or Loss and Other Comprehensive Income.

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:

	Tranche 1 (75%)	Tranche 2 (25%)
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
Total Fair Value of Rights	356,745	118,915

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 financial year is \$216,494, refer table below.

Notes to the Consolidated Financial Statements

(b) Recognised share-based payment expense

	Value recognised during year	Value to be recognised in future years
	\$	\$
Performance rights issued to Sofosa	216,494	259,166
	216,494	259,166

(c) Summary of options granted during the year

Class	Issue Date	Date of Expiry	Exercise Price	Balance at start of the year	Granted during the year	Expired during the year	Balance at end of the year
As at 30 June 2016							
Placement Options	07-Mar-13	08-Mar-16	\$0.0937	1,150,000	-	(1,150,000)	-
Director Options	25-Nov-13	30-Dec-16	\$0.01	5,000,000	-	-	5,000,000
Consideration for services	08-May-14	30-Dec-16	\$0.01	30,000,000	-	-	30,000,000
Unlisted Options	17-May-16	30-Dec-16	\$0.01	-	384,958,009	-	384,958,009
				36,150,000	384,958,009	(1,150,000)	419,958,009
Weighted average exercise price				\$0.01	-	-	\$0.01

Total options at 30 June 2016 are 696,624,674, of which 276,666,665 options were not included in the table above as they related to convertible notes and securities.

Class	Issue Date	Date of Expiry	Exercise Price	Balance at start of the year	Granted during the year	Expired during the year	Balance at end of the year
As at 30 June 2015							
Consultant Options	21-May-12	30-Dec-14	\$0.25	3,000,000	-	(3,000,000)	-
Placement Options	07-Mar-13	08-Mar-16	\$0.0937	1,150,000	-	-	1,150,000
Director Options	25-Nov-13	30-Dec-16	\$0.01	5,000,000	-	-	5,000,000
Consideration for services	08-May-14	30-Dec-16	\$0.01	30,000,000	-	-	30,000,000
				39,150,000	-	(3,000,000)	36,150,000
Weighted average exercise price				\$0.03	-	-	\$0.01

Total options at 30 June 2015 are 312,816,665, of which 276,666,665 options were not included in the table above as they related to convertible notes and securities.

Notes to the Consolidated Financial Statements

23. EMPLOYEE SHARE PLAN RESERVE

(a) Fair value of employee shares granted during the year

In the 2013 financial year the Board implemented an employee share plan to deliver remuneration in the form of equity in Minbos Resources Limited which, under the Minbos Board's discretion, may be awarded from time to time. The employee share plan was approved at the Company's general meeting on 14 March 2013 and the purpose is to:

- Support employee retention;
- Enhance employee involvement and focus; and
- Increase wealth distribution among the employees.

Employee Share Plan – Lindsay Reed

Shareholders approved the establishment of the Minbos Resources Limited Employee Share Plan via an EST at a general meeting on 14 March 2013. The company believes that the employee share plan provides eligible key employees and Directors effective incentive for their work and ongoing commitment and contribution to the Company. Eligible key employees and Directors offered shares under the plan are provided an interest free, non-recourse loan from the EST.

Under this plan, on 26 September 2014 the company approved a remuneration of 37,000,000 share units to Lindsay Reed in the EST. These shares were issued at an exercise price of \$0.003 per share. These shares were subject to the following vesting conditions:

- 18,500,000 share units vested after satisfying the following vesting conditions;
 - (a) one year from the Commencement Date (being 1 September 2015); and
 - (b) once the announcement was made to the market that the Company had renewed the exploration licence 0006/06/01/L.P/GOV.ANG.MGM.2010 granted to Mongo Tando Ltda, which expired in January 2013.
- 18,500,000 share units shall vest;
 - (a) two years from the Commencement Date (being 1 September 2016); and
 - (b) upon presentation of a definitive feasibility study by the Company's joint venture partner in relation to the Cabinda project.

In the event of a change of control event, the share units will vest automatically.

Summary of the key loan terms:

Aggregate loan amount: \$111,000

Interest rate: 0%

Subject to the conditions of the Employee Share Plan as approved by shareholder on 14 March 2013.

There were no other shares issued as compensation to KMP during the financial year nor as at the date of signing this report.

Notes to the Consolidated Financial Statements

(b) Recognised employee benefits expense

The total expense recognised as an employee benefits expense is \$119,184, prorated over 12 months and 24 months, per the vesting conditions mentioned above. Management believe that the performance milestones associated with each Class/tranche will be achieved, and accordingly an expense recognised over the expected vesting period. The total employee benefits expense for the year ended 30 June 2016 and future years is as follows:

	30-Jun-16		30-Jun-15	
	Value recognised during year	Value to be recognised in future years	Value recognised during year	Value to be recognised in future years
	\$	\$	\$	\$
Key Management Personnel				
Employee share plan - Mr Reed	43,741	5,803	69,640	49,544
	43,741	5,803	69,640	49,544

The employee share units issued to Lindsay Reed have been valued using the black-scholes model. The model inputs and assumptions are shown below. The model inputs are shown in the table below:

Black & Scholes Option Pricing Model		
	Class/Tranche A	Class/Tranche B
Grant Date	26/09/2014	26/09/2014
Vesting Date	01/09/2015	01/09/2016
Strike (Exercise) Price	\$0.003	\$0.003
Underlying Share Price (at date of issue)	\$0.005	\$0.005
Risk Free Interest Rate (at date of issue)	2.63%	2.63%
Volatility (up to date of issue)	120%	120%
Number of shares issued	18,500,000	18,500,000
Dividend Yield	0%	0%
Black & Scholes Valuation	\$0.0029	\$0.0035
Total Fair Value of Options	\$54,171	\$65,013

The minimum weighted average vesting period of the share options outstanding as at 30 June 2016 is 0.167 years (2015: 0.67).

(c) Summary of shares granted during the financial year

During the 2016 financial year no shares were issued to employees under the employee share plan.

The table below illustrates the number and weighted average exercise price ('WAEP') of, and movements in, shares issued under the employee share plan during the 2015 financial year.

Class	Issue Date	Date of Expiry	Issue Price	Balance at start of the year	Granted during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable
As at 30 June 2015								
Lindsay Reed	01-Sep-14	01-Sep-16	\$0.003	-	37,000,000	-	37,000,000	18,500,000
Mr Sullivan (i)	14-Mar-13	01-Nov-22	\$0.04	6,000,000	-	(6,000,000)	-	-
				6,000,000	37,000,000	(6,000,000)	37,000,000	18,500,000

(i) Mr Sullivan resigned as Managing Director on 21 February 2014.

Notes to the Consolidated Financial Statements

24. PARENT ENTITY

	30-Jun-16	30-Jun-15
	\$	\$
Current Assets	1,965,727	218,971
Non-Current Assets	22,459,050	22,083,223
Total Assets	24,424,777	22,302,194
Current Liabilities	139,586	326,392
Total Liabilities	139,586	326,392
Net Assets	24,285,191	21,975,802
Contributed equity	33,240,544	29,733,200
Share-based payments and option reserve	2,401,929	2,185,435
Employee share plan reserve	453,381	409,640
Accumulated losses	(11,810,663)	(10,352,473)
Total Equity	24,285,191	21,975,802
Loss for the year	(1,458,189)	(2,275,615)
Other comprehensive loss for the year	-	-
Total comprehensive loss for the year	(1,458,189)	(2,275,615)
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	-	-
Details of any contingent liabilities of the parent entity	-	-

Parent Entity Commitments

There are no capital or leasing commitments of the parent entity for the year ended 30 June 2016.

25. COMMITMENTS

Cabinda Project:

During the financial year the BFS for the Cabinda project commenced and subsequent to year end the Company entered into contractual arrangements with Ausenco and Prime Resources. The expenditure commitment for these two contracts and other BFS cost is dependent on results of Phase 1 of the BFS (Trade-Off studies) which will determine the best treatment routes to develop the Cacata deposit that forms part of the Cabinda project. The commitment for the year ending 30 June 2017 on Phase 1 of the BFS studies is USD 1.2m (100% basis) (Minbos 50% share USD 0.6m).

There was no minimum commitment for the year ended 30 June 2015.

Kanzi Project:

In the current and prior financial years, there is no minimum commitments in relation to the Kanzi project in the DRC.

Notes to the Consolidated Financial Statements

26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets in the current financial year (2015: nil).

27. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 27 July 2016 the Company appointed Ausenco to deliver the BFS for the Cabinda project. Ausenco was selected due to its relevant and recent experience in rock phosphate processing in West Africa. Ausenco will complete the work in conjunction with G Mining Services Inc., who will provide the geological and mining studies, and Golder Associates who is responsible for the geotechnical and hydrogeological studies.

On 5 August 2016 the Company appointed Prime Resources for the ESIA. The ESIA forms part of the BFS for the Company's Cabinda Rock Phosphate Project in Angola.

On 19 September 2016 the Company appointed Rebecca Morgan as Manager Geology and Business Development with immediate effect. Ms Morgan is a qualified geologist and mining engineer with 15 years' experience in the mining industry. She has extensive knowledge in dealing in West Africa across several commodities and can speak Portuguese.

The Directors are not aware of any other matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

28. RELATED PARTIES

(a) Ultimate parent

The ultimate Australian parent entity within the Group is Minbos Resources Limited. Minbos is limited by shares and is incorporated and domiciled in Australia. In the 2011 financial year the Company acquired 100% of Tunan Mining Limited and its subsidiaries. Through Tunan Mining Limited, Minbos holds the Cabinda Phosphate Project and the DRC Phosphate Project licences.

(b) Subsidiary companies

Interests in subsidiaries are set out in Note 29: Subsidiaries and Transactions with Non-controlling Interests.

(c) KMP compensation

	30-Jun-16	30-Jun-15
	\$	\$
Short-term employee benefits	446,355	408,333
Post-employment benefits	31,160	28,532
Equity compensation benefits	43,741	69,640
	521,256	506,505

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

Notes to the Consolidated Financial Statements

(d) Loans to Associate

	30-Jun-16	30-Jun-15
	\$	\$
Balance at the beginning of the financial year	4,579,299	4,436,645
Loans advances	329,555	142,654
Loan repayments made	-	-
Interest charged	-	-
Interest paid	-	-
Balance at the end of the financial year	4,908,854	4,579,299

The loans to 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.

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

(e) Loans to Joint Venture Partner Petril Projects Ltd

	30-Jun-16	30-Jun-15
	\$	\$
Balance at the beginning of the financial year	-	-
Loans advances	335,981	-
Loan repayments made	-	-
Interest charged	3,130	-
Interest paid	-	-
Balance at the end of the financial year	339,111	-

During the June quarter, the Company provided a short term loan of US\$250,000 to Petril for their share of the cash call. Petril repaid this loan with 10% interest on 14 July 2016.

Notes to the Consolidated Financial Statements

(f) Transactions with other related parties

The following transactions occurred with related parties:

	30-Jun-16	30-Jun-15
	\$	\$
Agreements with strategic Angolan partner - Sofosa (i)		
Company in which Domingos Catulichi is a shareholder and Director		
- Support and services on the Cabinda Project	249,223	229,471
- Performance rights (refer note 19)	216,494	-

- (i) During the 2015 financial year, Minbos concluded agreements with Sofosa to advance and progress the Cabinda project, a Company which Mr Catulichi (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 237,829,976 fully paid ordinary shares in Minbos.

The first class of performance rights can convert to a total of 178,372,482 fully paid ordinary shares (75% of 237,829,976 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 59,457,494 fully paid ordinary shares (25% of 237,829,976 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 \$216,493 expense has been recognised for the year ended 30 June 2016. Refer to Note 22 Share based payments for further detail on the valuation of the performance rights.

During the year the Company incurred fees from Sofosa of \$249,223 (US\$180,000) of which \$20,154 (US\$15,000) was outstanding at 30 June 2016.

(g) Issue of shares in lieu of services of related parties

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

On 17 May 2016 the Company issued 5,940,000 fully paid ordinary shares at \$0.005 per share to Peter Wall (Non-Executive Chairman) in lieu of his outstanding Director fees of \$29,700.

On 17 May 2016 the Company issued 6,666,667 fully paid ordinary shares at \$0.005 per share to Lindsay Reed (Chief Executive Officer) in lieu of his outstanding fees of \$33,333.

On 17 May 2016 the Company issued 2,352,400 fully paid ordinary shares at \$0.005 per share to Stef Weber (Chief Financial Officer & Company Secretary) in lieu of his outstanding fees of \$11,762.

Notes to the Consolidated Financial Statements

29. SUBSIDIARIES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Minbos Resources Limited owns the following subsidiaries:

100% of Tunan Mining Limited, a company incorporated in the British Virgin Islands. Through Tunan Mining Limited, the Company has the following ownership as at 30 June 2016:

Name of entity	Country of incorporation	Class of shares	Ownership interest	
			30/06/2016	30/06/2015
<i>Parent entity</i>				
Minbos Resources Ltd (i)	Australia	Ordinary and Preference		
<i>Subsidiary (direct)</i>				
Tunan Mining Limited (ii)	British Virgin Isles (BVI)	Ordinary	100%	100%
<i>Subsidiaries (indirect – direct subsidiaries of Tunan Mining Limited)</i>				
Mongo Tando Limited	British Virgin Isles (BVI)	Ordinary	50%	50%
Tunan Mining Pty Ltd (iii)	South Africa	Ordinary	100%	100%
Agrim SPRL DRC (iv)	Democratic Republic of Congo	Ordinary	100%	100%
Phosphalax SPRL (v)	Democratic Republic of Congo	Ordinary	49%	49%

- (i) Minbos is an Australian registered public listed Company on the ASX which undertakes the corporate activities for the Group.
- (ii) Tunan Mining Limited is a holding Company, incorporated in the British Virgin Isles and was the vendor of the Cabinda project.
- (iii) Tunan Mining Pty Ltd is a South African Company that Minbos is in the process of deregistering.
- (iv) Agrim SPRL is a Company incorporated in the Democratic Republic of Congo which holds a 49% interest in Phosphalux SPRL, a special purpose DRC registered company, which undertakes the exploration activities across the Kanzi mining permit and several exploration licences, held by Allamanda.
- (v) Phosphalax SPRL is an entity incorporated in the Democratic Republic of Congo to hold the groups interest in the Kanzi joint venture which is intended to be the holder of the licences in relation to the Kanzi project.

30. AUDITOR'S REMUNERATION

	30-Jun-16	30-Jun-15
	\$	\$
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
(i) An audit or review of the financial report of the entity	32,220	33,260
Total auditor remuneration	32,220	33,260
Amounts received or due and receivable by related network practices of BDO (WA) Pty Ltd for:		
(i) An audit or review of the financial report of the entity	2,089	2,659
Total auditor remuneration	2,089	2,659
Non-Audit Services (Remuneration for other services)		
BDO Corporate Tax (WA) Pty Ltd - Taxation services	-	-
BDO Corporate Finance (WA) Pty Ltd - Other professional services	24,696	-
Total Non-Audit Services	24,696	-

Directors' Declaration

The Directors of the company declare that:

- 1 The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001; and
 - (a) comply with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2016 and of its performance for the year ended on that date.
- 2 In the Directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- 3 The Consolidated Entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- 4 The Directors have been given the declarations by the Managing Director, acting in the capacity of Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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



Mr Peter Wall
Non-Executive Chairman
26 September 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Minbos Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Minbos Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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.

Opinion

In our opinion:

- (a) the financial report of Minbos Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(e) in the financial report which indicates that the ability of the consolidated entity to continue as a going concern is dependent on securing additional funding through capital raisings in order to fund its ongoing exploration commitments and working capital. This condition, along with other matters as set forth in Note 2(e), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 26 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Minbos Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd



Jarrad Prue

Director

Perth, 26 September 2016

Shareholder Information

The following additional information was applicable as at 13 September 2016.

1. Fully paid ordinary shares

- There are a total of 2,073,547,651 ordinary fully paid shares on issue which are listed on the ASX.
- The number of holders of fully paid ordinary shares is 562.
- Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company.
- There are no preference shares on issue.

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

Spread of Holdings	Holders	Securities	% of Issued Capital
1 - 1,000	31	3,430	0.00%
1,001 - 5,000	34	94,403	0.00%
5,001 - 10,000	37	289,346	0.01%
10,001 - 100,000	192	8,959,224	0.43%
100,001 - 9,999,999,999	268	2,064,201,248	99.55%
Totals	562	2,073,547,651	100.00%

3. Holders of non-marketable parcels

Holders of non-marketable parcels are deemed to be those who shareholding is valued at less than \$500.

There are 269 shareholders who hold less than a marketable parcel of shares.

4. Substantial shareholders of ordinary fully paid shares

The Substantial Shareholders of the Company are:

Rank	Holder Name	Securities	% of Issued
1	Jorge Marques	741,044,166	35.74%
2	David Reeves	133,276,400	6.43%
3	Alasdair Campbell Cooke	112,617,500	5.43%

5. Share buy-backs

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

Shareholder Information

6. Voting Rights

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

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

7. Top 20 Shareholders of ordinary fully paid shares

The top 20 largest fully paid ordinary shareholders together held 77.78% of the securities in this class and are listed below:

Rank	Holder Name	Securities	% of Issued
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	733,942,521	35.40%
2	MRS ELEANOR JEAN REEVES <ELANWI A/C>	105,761,533	5.10%
3	BRIJOHN NOMINEES PTY LTD <NELSONIO A/C>	87,356,166	4.21%
4	JADEKEY NOMINEES PTY LTD	83,333,333	4.02%
5	CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	70,416,666	3.40%
6	PHEAKES PTY LTD <SENATE A/C>	70,016,666	3.38%
7	HARTREE PTY LTD	64,000,000	3.09%
8	NATIONAL NOMINEES LIMITED <DB A/C>	60,680,463	2.93%
9	TRINITY MANAGEMENT PTY LTD	39,000,000	1.88%
10	RAEJAN PTY LTD <THE MARZEC FAMILY ACCOUNT>	36,000,000	1.74%
11	MR ALASDAIR CAMPBELL COOKE	35,617,500	1.72%
12	HEQUITY PTY LTD <A & C HECTOR FAMILY A/C>	35,000,000	1.69%
13	PROCUREMENT SOLUTIONS LIMITED	33,333,333	1.61%
14	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	31,125,387	1.50%
15	WILGUS INVESTMENTS PTY LTD	27,514,867	1.33%
16	HELMET NOMINEES PTY LTD <TIM WEIR FAMILY FUND A/C>	27,389,344	1.32%
17	MR KEVIN BANKS-SMITH	21,100,000	1.02%
18	CHIKAPA COMERCIO AND INDUSTRIA LDA	17,640,000	0.85%
19	HILLBOI NOMINEES PTY LTD	17,000,000	0.82%
20	BRUCE SEVERIN & HELEN SEVERIN <SEVERIN FAMILY S/F AC>	16,666,667	0.80%
Totals		1,612,894,446	77.78%

Shareholder Information

8. Options

The following options over unissued ordinary shares are on issue:

Class	Date of Expiry	Exercise Price	Number Under Option
Director Options	30-Dec-16	\$0.01	88,333,333
Consultancy Options	30-Dec-16	\$0.01	30,000,000
Conversion of Convertible note	30-Dec-16	\$0.01	100,000,000
Conversion of Convertible note	30-Dec-16	\$0.01	83,333,332
Conversion of Convertible security	30-Dec-16	\$0.01	10,000,000
Unlisted Options issued on 17 May 2016	30-Dec-16	\$0.01	384,958,009
			696,624,674

The unissued ordinary shares of Minbos under option carry no dividend or voting rights. The grant date equals the vesting date for all options. When exercisable, each option is convertible into one ordinary share of the Company.

9. Interest in Mining Licence

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

Licence Number	Type	Interest	Location
12908	Exploration	49%	Democratic Republic of Congo
12910	Exploration	49%	Democratic Republic of Congo
12911	Exploration	49%	Democratic Republic of Congo
014/04/09/T.P/ANG.MGM.2015	Exploration	50%	Cabinda Province, Angola
015/01/10/T.P/ANG.MGM.2015	Exploration	50%	Cabinda Province, Angola
E08/2335	Exploration	100%	Carnarvon, Western Australia
E08/2336	Exploration	100%	Carnarvon, Western Australia

Shareholder Information

10. Mineral Resources Statements

The company's Mineral Resources estimate as at 30 June 2016 and 30 June 2015 for its Phosphate projects reported in accordance with the 2012 Edition of the JORC code are as follows:

Mineral Resource Estimate as at 30 June 2016 and 30 June 2015
(There has been no change in the current financial year)

Deposit	Category	Tonnes (Mt)	Grade (% P2O5)	Cut-Off (% P2O5)
Cabinda, Angola				
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
Chibute	Inferred	149.0	8.3	5.0
Total		391.3	9.2	5.0
Kanzi, DRC				
Kanzi	Indicated	58.5	14.2	5.0
Grand Total		449.8	9.9	5.0

11. Annual Review of Phosphate Resources

In October 2013 the Company reported an upgraded Phosphate Resource for the Cabinda project in Angola (refer ASX announcement dated 16 October 2013). As a result of the annual review of the Company's Phosphate Resources there has been no change to the Phosphate Resources reported since 16 October 2013.

12. Governance of Phosphate Resources

The Company engages external consultants and competent persons (as required by the JORC code) to prepare and calculate estimates of its Phosphate Resources. These estimates and underlying assumptions are reviewed by the Board and Management for reasonableness and accuracy. The results of the Phosphate Resource estimates are then reported in accordance with the JORC codes and other applicable rules.

Where material changes occur during the year to a project, including project's size, title or exploration results or other technical information, then previous estimates and market disclosures are reviewed for completeness.

The Company reviews its Phosphate Resources as at 30 June each year. Where a material change has occurred in the assumptions or data in previously reported Phosphate Resources, a revised resource estimate will be prepared as part of the Annual review process.