Annual Report

For the year ended 30 June 2017

Minbos Resources Limited

ABN 93 141 175 493

Contents

Corporate Directory

Directors & Officers
Mr Peter Wall - Non-Executive Chairman
Mr Damian Black - Non-Executive Director
Mr Domingos Catulichi - Non-Executive Director
Mr William Oliver - Non-Executive Director
Ms Dganit Baldar - Non-Executive Director

Mr Lindsay Reed - Chief Executive Officer
Mr David Sadgrove - Chief Financial Officer & Company Secretary

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Subiaco, WA 6008

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Principal Place of Business
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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 2, 267 St Georges Terrace
Perth, WA 6000
Website: www.automic.com.au

Solicitors
Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan 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 2017.

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), technology, 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:
Current:

- Non-Executive Chairman of MMJ Phytotech Ltd;
- Non-Executive Chairman of Activistic Limited;
- Non-Executive Chairman of MyFiziq Limited;
- Non-Executive Chairman of Zyber Holdings Limited;
- Non-Executive Chairman of Sky and Space Global Ltd;
- Non-Executive Chairman of Transcendence Technologies Limited;
- Non-Executive Chairman of Burrabulla Corporation Limited; and
- Non-Executive Director of Ookami Limited.

Previous:

- Non-Executive Chairman of Global Metals Exploration NL, now Zinc of Ireland NL (resigned 22 July 2016);
- Non-Executive Chairman of TV2U International Limited (resigned 9 February 2016); and
- Non-Executive Chairman of Aziana Limited, now BrainChip Holdings Limited (resigned 3 August 2015).

Mr Damian Black
Executive Director (appointed 21 February 2014)

Mr Black is Founder/Director at Aesir Capital, a Sydney based boutique investment bank. Prior to founding Aesir, he worked as a director at Asia Principal Capital – Corporate Finance. Mr Black has over 10 years' experience in corporate finance and investment banking having commenced with Tolhurst Limited in 2006.

Mr Black graduated from Curtin University with a Bachelor of Science in Physiotherapy in 1999 and also completed a Graduate Diploma in Applied Finance and Investment at FINSIA in 2005.

Mr Black is experienced in structuring corporate transactions, focusing primarily on the technology and natural resources sectors, and is currently engaged in a corporate advisory role with a number of private and ASX listed companies.

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 Catulichi
Non-Executive Director (appointed 20 July 2010)

Mr Catulichi 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 Catulichi 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 Catulichi holds various business interests in Angola including hotels, transportation, general trading and mining.

During the past three years, Mr Catulichi 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 18 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 in various roles including large scale resource definition for Rio Tinto Iron Ore.

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.

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

- Non-Executive Director of Orion Minerals NL (formerly Orion Gold NL), previously Technical Director,
- Non-Executive Director of Celsius Coal Limited, and
- Managing Director of Tando Resources Limited (prospectus issued to list on the ASX).

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. Ms Baldar was previously 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, resigned 3 May 2017)

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.

Mr David Sadgrove
Contract Chief Financial Officer and Company Secretary (appointed 3 May 2017)

Mr Sadgrove is a qualified chartered accountant and company secretary with over 20 years' experience with dual listed companies including mining and resources companies. His experience includes equity and debt funding, mergers and acquisitions, international tax planning, treasury management and hedging plus company secretarial matters.

3. PRINCIPAL ACTIVITIES

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

Directors' Report

4. REVIEW OF OPERATIONS

(a) GROUP OVERVIEW

Minbos Resources Limited is an ASX-listed exploration and development company focused on phosphate ore within the Cabinda Province of Angola. Through its subsidiaries and joint ventures, the Company is exploring over 200,000ha of highly prospective ground hosting phosphate bearing sediments. Minbos is currently focusing on the development of the high grade Cacata deposit that forms part of the Cabinda Project.

Minbos announced a merger with joint venture partner Petril Phosphates Ltd (Petril) in December 2016. On completion of the merger Minbos will own three 3 phosphates projects in Angola. In addition to then holding 100% of the Cabinda Project, the Company will also add to its portfolio the Lucunga and Pedro de Feitico projects in the Zaire Province of Northern 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. For more information, visit www.minbos.com.

(b) 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:

Merger with Angolan JV Partner – Subsequent to the initial announcement on 5 December 2016, on 17 May 2017 Minbos executed a definitive binding share sale agreement to acquire 100% of Petril. On completion of the merger with Petril, Minbos will own 100% of the Cabinda Project and also two other phosphate projects in Angola - a majority interest in the Lucunga project which is a joint venture with minority partner Haifa Chemicals and Pedro de Feitico (100%). On 8 August 2017, Minbos issued its notice of general meeting to shareholders, with Resolution 1 being the approval of the acquisition of Petril Phosphates Limited. The meeting was held on 12 September 2017, at which Minbos' shareholders approved the acquisition.

Exercise of options raises $3.85 million - Minbos' largest shareholder Green Services Innovation exercised their 385 million options in December 2016 at 1 cent per option, leading to proceeds of $3.85 million.

Bankable Feasibility Study (BFS) for Cabinda Project - During the financial year Minbos completed phase 1 of the BFS for the Cabinda Project. The primary objective was to evaluate alternative beneficiation methods. Ausenco (appointed by Minbos on 27 July 2016 to deliver the BFS for the Cabinda Project) has concluded that process guarantees can be provided for Dry and Wet Beneficiation. The key comparative between the two routes are outlined below in section (c) PROJECTS.

Project Milestone - During the financial year the Joint Venture hosted a Cornerstone Ceremony at the Cacata project marking the transition from the exploration phase to the exploitation phase of the project. The cornerstone was laid by the Minister of Mines and Geology, Manuel Francisco Monteiro de Queiroz, and the Governor of Cabinda, Aldina Matilde Barros da Lomba Katembo. Antonio Mota represented the Joint Venture, which was also attended by Minbos director Mr Catulichi of Sofosa, Petril Phosphates Limited shareholders, representatives of Porto de Caio, and several local engineering companies.

Minbos was also pleased to attend a Cornerstone Ceremony at the Lucunga Project in the Zaire Province hosted by Petril. Lucunga is one of the two projects in Zaire Province being acquired as part of the Merger with Petril.

Preparation of Market Samples - KEMWorks was engaged during the financial year to prepare the market samples from multiple tonnes of material produced in the bulk test work campaign late last year. Based in Florida, KEMWorks was founded in 1995 by principals who had all worked for major contractors and phosphate production companies. KEMWorks specialize in Phosphate Project Development for the phosphate mining, beneficiation, and fertilizer industries. The KEMWorks team is one of the most experienced in the industry covering the full range of a phosphate projects including geology, mining, beneficiation, sulfuric acid, phosphoric acid, fertilizers, and related products including fluorides, uranium and rare earths.

Directors' Report

Appointment of Manager Geology and Business Development - On 19 September 2016 the Company appointed Rebecca Morgan as Manager Geology and Business Development. 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.

Appointment of General Manager Marketing and Sales - On 1 February 2017 the Company appointed Mike Erwin as General Manager Marketing and Sales. Mr Erwin has an in-depth knowledge and understanding of the global phosphates industry with more than 30 years' global experience in senior management roles including positions with Minemakers Limited (now Avenira Limited) and fertilizer trading companies in the Middle East.

(c) PROJECTS

Minbos holds a significant concession area of circa 400,000 ha in the Congo Basin running from Cabinda, Angola to Western DRC. Minbos' key project in Africa is the high value Cabinda Phosphate Project which is a resource mix of high and low grade, tonnage and with substantial exploration upside.

➢ RESOURCES

Minbos has delineated a substantial resource of 391.3Mt @ 9.2% 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 2017 and 30 June 2016
(There has been no change in the financial year)

Deposit	Category	Tonnes (Mt)	Grade (% P_2O_5)	Cut-Off (% P_2O_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
Chibuete	Inferred	149.0	8.3	5.0
Total		**391.3**	**9.2**	**5.0**

➢ CABINDA PROJECT

Overview

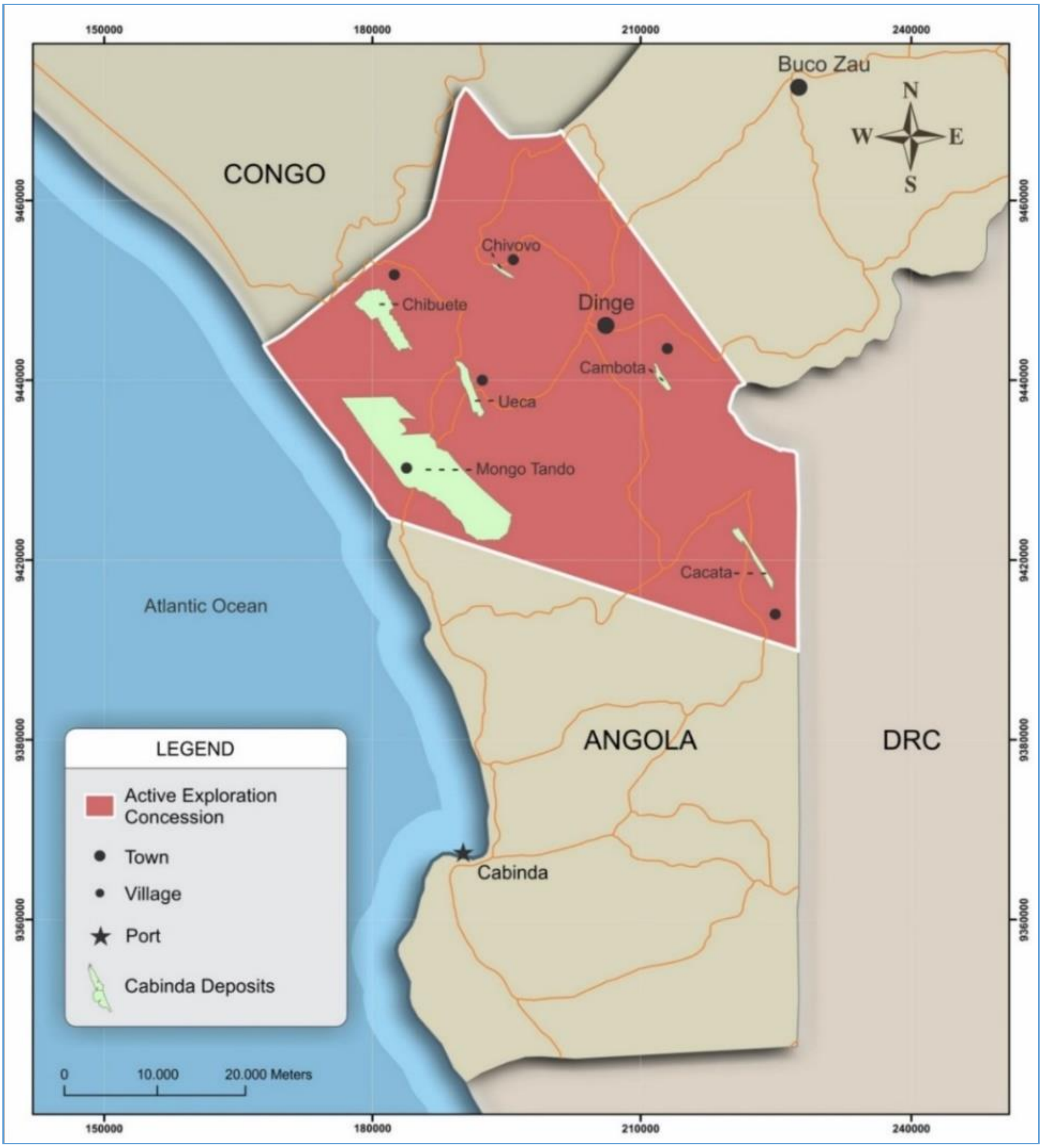
The Cabinda licence area covers an area of approximately 200,000 ha and all the known and historically explored phosphate Prospects in Cabinda, Angola. In 2015 the Angolan Ministry of Mines and Geology (MGM) issued two new licence for the Cabinda project. The first licence (014/04/09/T.P/ANG.MGM.2015)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

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

Directors' Report

The Cabinda project licences are shown in figure 1 below.

Figure 1: Map of Cabinda Project Licences



Directors' Report

During the financial year Minbos completed phase 1 of the BFS for the Cabinda Project. The primary objective was to evaluate alternative beneficiation methods. Ausenco (appointed by Minbos on 27 July 2016 to deliver the BFS for the Cabinda Project) has concluded that process guarantees can be provided for Dry and Wet Beneficiation. The key comparative between the two routes were identified as:

- Dry Beneficiation has a U$25M upfront capex advantage because a wet tailings circuit and tailings disposal facility are not required.
- Wet Beneficiation has a 3-5 year mine life advantage because it can treat lower grade ores.
- Dry Beneficiation produced a higher-grade product at a higher recovery because it is treating better grade ores.
- Operating costs for both routes were similar.

Mine Optimisation Studies showed that infill drilling will allow the search parameters and geological domaining of the resource model to be improved and as a result it is expected the proportion of higher grade (>30% P_2O_5) ore estimated within the existing resource envelope will increase.

Process Flowsheet Development concluded that the Dry and Wet Beneficiation flow sheets are complementary. Both Dry and Wet require a Grizzly Sizer block at the front end and a Product Drying block at the back end. A Dry Beneficiation plant can easily be designed to allow the subsequent inclusion of a Wet Scrubbing and Screening block between the ore feed and product blocks.

In light of these positive outcomes from Mine Optimisation and Flowsheet Development, Phase 2 of the BFS will be designed to capture the upfront capex advantages of Dry Beneficiation and the longer mine life benefits of Wet Beneficiation.

Following the completion of phase 1 of the BFS, Ausenco has put forward a proposal to complete the BFS from Australia, using Mr John Riordan as Project Manager. Ausenco will oversee the entire study and will coordinate the sub-contractor input covering;

- Definitive engineering design and equipment supply package from a single provider,
- Environmental and Social Impact reporting by Prime Resources,
- Hydrology and Geotechnical reporting by Golder & Associates, and
- Mining and Geological consultants to be appointed in Australia.

Minbos will be responsible for securing key service contracts which will form the basis of the BFS including;

- Construction,
- Mining,
- Product transport,
- Port Services, and
- Energy supplies.

It is envisaged that at least two of the JV employees in Angola will transfer to Minbos and continue their responsibility of Government Approvals and Compliance and Procurement and Logistics. Minbos and Petril have been active on the ground in Angola and identified several suitable candidates for the Construction, Mining and Product Support.

Environmental approval commenced during the financial year with the gathering of base line climate and stream data. A lidar survey was completed during the financial year and will provide the detailed topography necessary for the final site environmental approvals.

A 5000-metre drill program has been planned for the Cacata deposit and expressions of interest have been received from a number of drillers for the supply and/or operation of a sonic drill program. The sonic drill method is ideally suited to sedimentary rock phosphate because it provides a non-destructive sampling of the material, with excellent core recovery and fast drilling rates. Sonic rigs are employed by several companies in Angola on alluvial diamond exploration.

Directors' Report

Port facilities

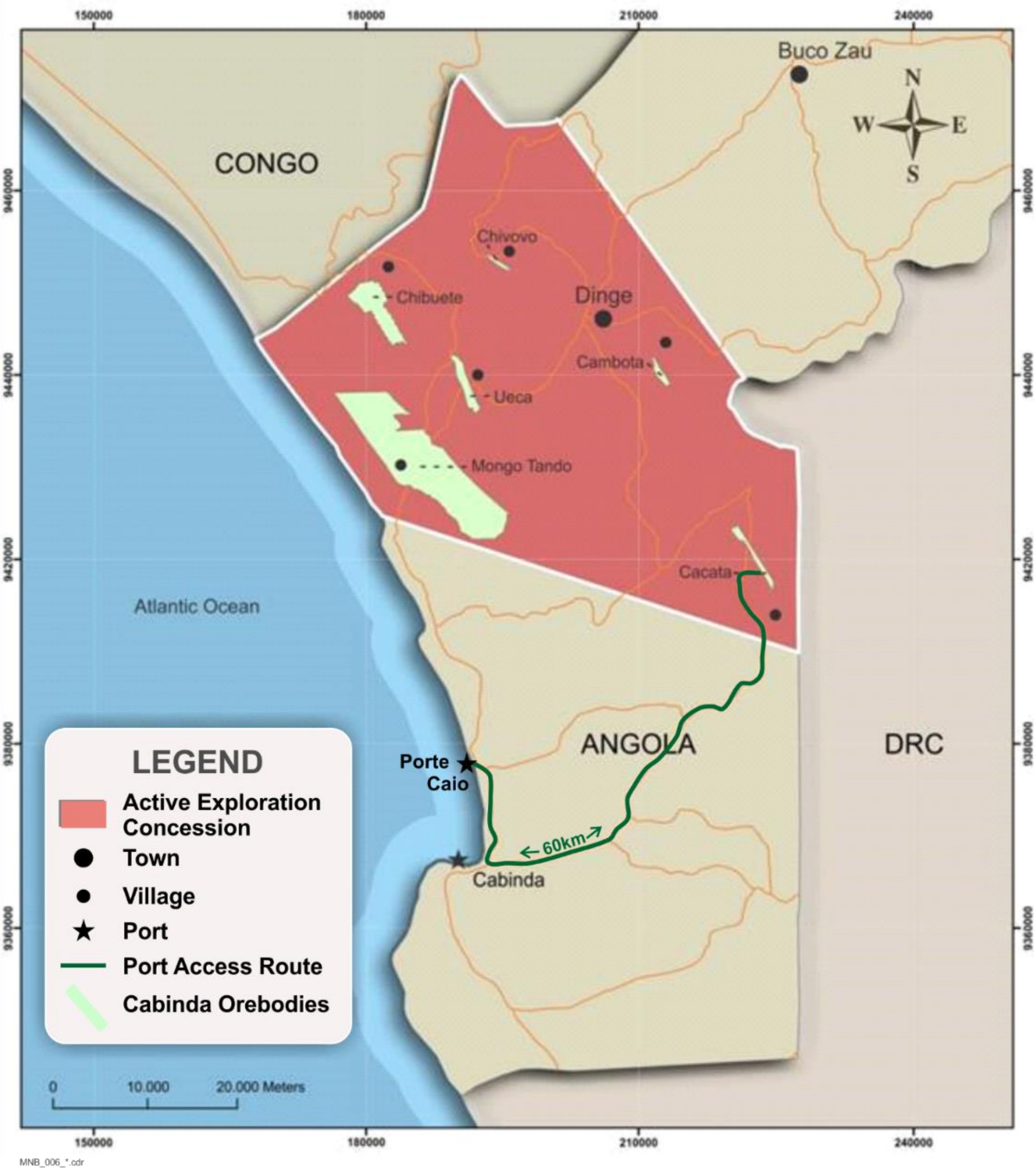
The proposed new Porto de Caio Deep Water port is approximately 60-km by road from Cacata (refer Figure 2 below). Access to a deep-water port could significantly reduce capital cost on the Cacata high grade project.

In July 2015, the Company entered into a non-binding Letter of Intent (LOI) with Porto de 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; and
- Minbos being allocated 5 hectares of working area in the Port of Caio Industrial area.

In the December 2016 quarter Ausenco completed its evaluation of Porto de Caio and concluded that a rotating container system offers the most economic and flexible solution for Cacata. Porto de Caio are targeting the first quay availability before the end of 2018.

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



Directors' Report

➢ **ZAIRE PROJECTS**

Upon completion of the merger with Joint Venture Partner, Petril, in addition to acquiring the remaining 50% of the Cabinda project, Minbos will also acquire controlling interests in the Lucunga and Pedra de Feitico (Pedra) phosphate projects in the Zaire Province of Northern Angola. The Lucunga Project like the Cabinda Project consists of multiple deposits, including Coluge Tando, Lendiacolo, Quindonacaxa, Coco Grande.

A synergistic strategy for the development of all the projects is being compiled. As part of this a 3000-metre drill program has been prepared for the undrilled Pedra Project.

Figure 3: Cabinda, Pedra and Lucunga Project deposits.

Directors' Report

- **DRC –KANZI PROJECT**

The Kanzi Project licences expired during February 2017. Minbos retains ownership of the intellectual data.

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' ASX announcements dated 6 June 2012, 16 October 2013 and 5 December 2013 respectively entitled "Minbos announces resource upgrade for the Cabinda licenses in Angola" and "Cabinda Resource Additional Information" and the Minbos Annual Report for the years ended 30 June 2014, 30 June 2015 and 30 June 2016 and Half Year Reports for the periods ended 31 December 2014, 31 December 2015 and 31 December 2016 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 2017 Annual Report b) all material assumptions and technical parameters underpinning the Phosphate Resource included in the ASX announcements and 30 June 2017 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 2017 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	87,245,096	-
Mr Damian Black	88,326,166	-
Mr Domingos Catulichi	17,640,000	-
Mr William Oliver	9,228,000	-
Ms Dganit Baldar	-	-
Total	**202,439,262**	**-**

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	3	3
Mr Damian Black	3	3
Mr Domingos Catulichi	3	1
Mr William Oliver	3	3
Ms Dganit Baldar	3	2

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 predominately in Angola 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 Minbos completed phase 1 of the BFS for the Cabinda Project. The primary objective was to evaluate alternative beneficiation methods. Ausenco has concluded that process guarantees can be provided for Dry and Wet Beneficiation. Further detail is provided in the previous section 4 (c) PROJECTS.

B Financial Performance & Financial Position

The financial results of the Group for the year ended 30 June 2017 are:

Financial Performance / Position	30-Jun-17 $	30-Jun-16 $	Change %
Cash and cash equivalents	2,603,564	1,606,934	62%
Net assets	17,499,265	16,467,988	6%
Revenue	59,805	9,957	501%
Net loss after tax	(2,202,012)	(1,654,054)	-33%
Loss per share	(0.001)	(0.001)	0%

Directors' Report

Financial Performance & Financial Position
The financial result for the year ended 30 June 2017 is a net loss after tax of $2,202,012 (2016: $1,654,054). At 30 June 2017, the Group's net assets had increased by 6% compared to the previous financial year. This increase was largely due to the capital placement which the company completed in December 2016, raising $3.85 million from the exercise of $0.01 (1 cent) options by Green Services Innovations Ltd.

The funds raised during the financial year have permitted the Company to:

- Progress the BFS;
- Commence hiring of senior staff for the development of the project;
- Arrange samples and testing of product for future supply to prospective customers;
- Further market the company including contributions to the local Angolan project ceremony;
- Meet the costs of progressing the merger with Petril;
- Progress plans for further exploration drilling, in particular infill drilling to upgrade the resource definition at the Cacata deposit; and
- Develop relationships and planning around port options, logistics and transport.

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. Interest income increased from the prior year as a result of the increase in cash and cash equivalents from the capital placement completed during the year.

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.

Directors' Report

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.

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 8 August 2017 Minbos issued a notice of general meeting to its shareholders to approve the acquisition of Petril. The meeting will be held on 12 September 2017 with the following resolutions up for approval:

- Resolution 1: Approval of Acquisition of Petril Phosphates Limited;
- Resolution 2: Election of Director – Yehoshua Raz; and
- Resolution 3: Issue of performance rights to related party – SOFOSA.

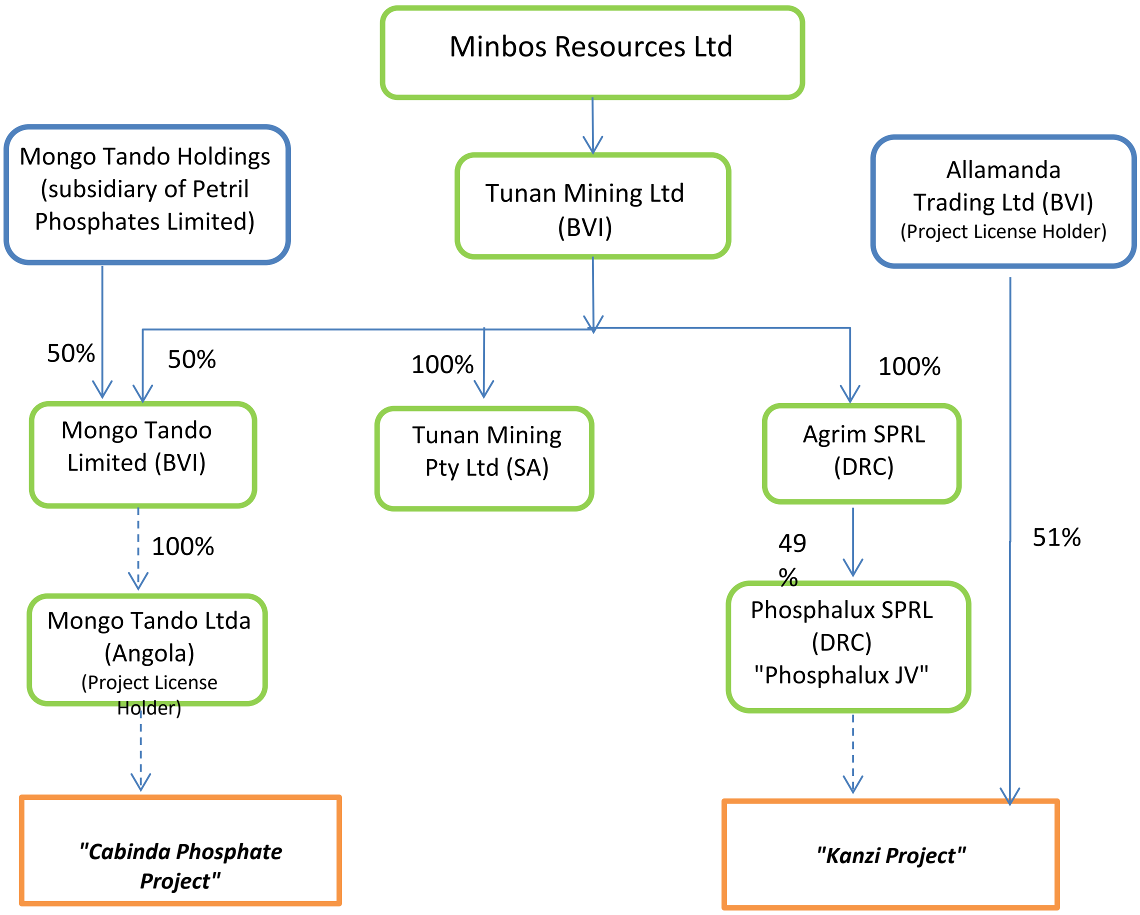
On 12 September 2017, Minbos announced the results of the general meeting where all resolutions were passed, in particular providing approval for the acquisition / merger with Petril. The Company and Petril are now progressing the conditions precedent to completion of the acquisition per the share sale agreement.

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 Catulichi is a Director and shareholder of SOFOSA). 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.
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 2017 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.

<u>Individual KMP disclosure</u>

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

Directors	Position	Appointment	Resignation
Peter Wall	Non-Executive Chairman	21/02/2014	-
Damian Black	Non-Executive Director	21/02/2014	-
Domingos Catulichi	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	Resignation
Lindsay Reed	Chief Executive Officer	1/09/2014	-
Stef Weber	Chief Financial Officer & Company Secretary	1/11/2014	3/05/2017

There have been no other changes after the 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 2016 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 2017 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-17	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13
Revenue ($)	59,805	9,957	3,052	2,333	19,413
Net loss after tax ($)	(2,202,012)	(1,654,054)	(2,196,652)	(2,680,271)	(6,026,830)
Share Price ($)	0.005	0.004	0.005	0.002	0.020

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

There were no short term incentive based payments made during the financial year (2016: $nil).

Long Term Incentive Package

<u>Employee Share Plan:</u>

There were no Employee Share Plan shares approved or issued during the financial year (2016: nil).

<u>Options:</u>

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 is 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.

During the 2017 financial year there were no employee or director options issued or exercised. During the 2016 financial year the company had 118,500,000 options on issue to KMP. These options lapsed on expiry during the 2017 financial year.

Directors' Report

D Details of Remuneration

During the financial year ended 30 June 2017 and 30 June 2016 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 2017 is set out below:

	Short-term employee benefits			Post-employment benefits	Share-based payments	Employee benefits expense	
30-Jun-17	**Salary & fees $**	**Non-monetary $**	**Other $**	**Super-annuation $**	**Options & rights $**	**Shares $**	**Total $**
Directors							
Peter Wall	36,000	-	-	-	-	-	**36,000**
Damian Black	36,000	-	-	-	-	-	**36,000**
Domingos Catulichi	-	-	-	-	-	-	**-**
William Oliver	36,000	-	-	-	-	-	**36,000**
Dganit Baldar	36,000	-	-	-	-	-	**36,000**
Sub-total	**144,000**	**-**	**-**	**-**	**-**	**-**	**144,000**
Other Key Management							
Lindsay Reed	250,000	-	-	23,750	-	5,803	**279,553**
Stef Weber [(1)]	171,819	-	-	15,492	-	-	**187,311**
Sub-total	**421,819**	**-**	**-**	**39,242**	**-**	**5,803**	**466,864**
Total	**565,819**	**-**	**-**	**39,242**	**-**	**5,803**	**610,864**

(1) Stef Weber resigned as Chief Financial Officer and Company Secretary on 3 May 2017.

There were no outstanding payments to KMP at 30 June 2017.

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

	Short-term employee benefits			Post-employment benefits	Share-based payments	Employee benefits expense	
30-Jun-16	**Salary & fees $**	**Non-monetary $**	**Other $**	**Super-annuation $**	**Options & rights $**	**Shares $**	**Total $**
Directors							
Peter Wall	36,000	-	-	-	-	-	**36,000**
Damian Black	36,000	-	-	-	-	-	**36,000**
Domingos Catulichi	-	-	-	-	-	-	**-**
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.

Directors' Report

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

Name	Fixed remuneration 2017	Fixed remuneration 2016	At risk - STI (%) 2017	At risk - STI (%) 2016	At risk - LTI (%) 2017	At risk - LTI (%) 2016
Directors						
Peter Wall	100%	100%	-	-	-	-
Damian Black	100%	100%	-	-	-	-
Domingos Catulichi	-	-	-	-	-	-
William Oliver	100%	100%	-	-	-	-
Dganit Baldar	100%	100%	-	-	-	-
Other Key Management						
Lindsay Reed	98%	83%	-	-	2%	17%
Stef Weber	100%	100%	-	-	-	-

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

30-Jun-17	Balance at 1/07/2016	Granted as remuneration	On exercise of options	Net change other	Balance at 30/06/2017
Directors					
Peter Wall	87,245,096	-	-	-	87,245,096
Damian Black	88,326,166	-	-	-	88,326,166
Domingos Catulichi	17,640,000	-	-	-	17,640,000
William Oliver	9,228,000	-	-	-	9,228,000
Dganit Baldar	-	-	-	-	-
Sub-total	**202,439,262**	**-**	**-**	**-**	**202,439,262**
Other Key Management					
Lindsay Reed	127,000,000	-	-	-	127,000,000
Stef Weber (1)	2,352,400	-	-	-	2,352,400
Sub-total	**129,352,400**	**-**	**-**	**-**	**129,352,400**
Total	**331,791,662**	**-**	**-**	**-**	**331,791,662**

(1) Shares held by Stef Weber at the date of resignation, being 3 May 2017.

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

30-Jun-17	Balance at 1/07/2016	Granted as remuneration	Expired Options	Balance at 30/06/2017	Vested & exercisable
Directors					
Peter Wall	50,000,000	-	(50,000,000)	-	-
Damian Black	63,500,000	-	(63,500,000)	-	-
Domingos Catulichi	-	-	-	-	-
William Oliver	5,000,000	-	(5,000,000)	-	-
Dganit Baldar	-	-	-	-	-
Sub-total	**118,500,000**	**-**	**(118,500,000)**	**-**	**-**
Other Key Management					
Lindsay Reed	-	-	-	-	-
Stef Weber	-	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**	**-**
Total	**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 Catulichi – Non-Executive Director**
  - Contract: Commenced on 20 July 2010.
  - Director's Fee: From July 2012 Mr Catulichi 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.

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).
  - 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 ordinary shares under the existing Employee Share Loan Plan for up to 2.5% of the fully diluted capital. The Company approved remuneration of 37,000,000 shares to Mr Reed during the 2015 financial year at an exercise price of $0.003 subject to certain vesting conditions as further detailed below and subsequently issued the equivalent number of shares to the Employee Share Trust (EST).

- **Mr Stef Weber – Chief Financial Officer and Company Secretary**
  - Contract: Commenced on 1 November 2014 and resigned 3 May 2017.
  - Base Salary: From 1 June 2016 to 16 January 2017 Mr Weber worked three days per week and was paid $144,000 per annum (plus statutory superannuation entitlements). From 16 January 2017 Mr Weber became a full time employee and his salary increased to $200,000 per annum (plus statutory superannuation entitlements). During the financial year Mr Weber also received a one off payment of $25,000 for additional time and work performed towards the end of 2016 when he was still being paid for three days per week.

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.

- **<u>Options</u>**

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

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.

- **<u>Shares</u>**

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.

Directors' Report

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 2016 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 24 in the consolidated financial statements.

Issue of shares in lieu of services to KMP
There were no shares issued as compensation to KMP during the financial year, nor as at the date of signing this report.

In the previous financial year the following shares were issued to KMP:

- 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 (former Chief Financial Officer & Company Secretary) in lieu of his outstanding fees of $11,762.

G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year (2016: nil).

H Value of Shares to KMP

Employee Share Plan

KMP	Options over shares	Issue Date	Exercise price per share	Fair value of options	Vesting date	Fair value of shares	Share-based payments * During the year	Share-based payments * Not yet recognised	Vested Number of Shares	% Shares Vested
Mr Reed	18,500,000	1/09/2014	$0.003	$0.0029	1/09/2015	$54,171	-	-	18,500,000	100
Mr Reed	18,500,000	1/09/2014	$0.003	$0.0035	1/09/2016	$65,013	$5,803	-	-	-
						$119,184	**$5,803**	-		

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

Directors' Report

I Voting and comments made at the Company's 2016 AGM

The adoption of the Remuneration Report for the financial year ended 30 June 2016 was put to the shareholders of the Company at the AGM held on 29 November 2016. 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 2017 (2016: $nil). The interest free loan to Lindsay Reed under the Employee Share Plan was made in the year ended 30 June 2015.

K Loans from KMP

There were no loans from any KMP during the year ended 30 June 2017 (2016: $nil).

L Other transactions with KMP

<u>Agreements with strategic Angolan partner</u>

During the 2015 financial year, Minbos concluded agreements with Sofosa to advance and progress the Cabinda project, a Company of which Mr Catulichi (Non-Executive Director) is a shareholder and Director. Sofosa provide support and services on the Cabinda project for a payment of US$15,000 per month. During the 2017 financial year the Company incurred fees from Sofosa of $238,316 (US$180,000) (2016FY: $249,223 (US$180,000)).

During the 2015 financial year, Minbos also issued Sofosa with two separate classes of performance rights that can convert up to a total of 237,829,976 fully paid ordinary shares in Minbos. Of this balance, 178,372,482 performance rights expired on the 27 January 2017. The remaining 59,457,494 performance rights held by Sofosa are convertible into fully paid ordinary shares, subject to receiving a licence to Mine on the Cabinda project, these performance rights expire on 27 January 2018.

As per resolution 3 of the Company's general meeting, dated 12 September 2017, the Company has agreed to do all things necessary to effectively extend the expiry date by 12 months for all Performance Rights which Sofosa held as at the date of signing the term sheet for the Share Sale Agreement.

To this effect, at the General Meeting, the Company proposes to;

(a) Obtain approval for the issue of 237,829,976 Class A Performance Rights to Sofosa under resolution 3, the terms of which provide for expiry as follows:
    (i) As to tranche 1 (178,372,482 Performance Rights) on 27 January 2018; and
    (ii) As to tranche 2 (59,457,494 Performance Rights) on 27 January 2019; and
(b) Subject to resolution 3 being passed, cancel the existing 59,457,494 Performance Rights on issue held by Sofosa.

Legal fees were paid to Steinepreis Paganin Lawyers & Consultants of which Mr Peter Wall, Chairman, is a partner refer note 30(f) to the financial statements.

There are no other transactions with KMP during the financial year ended 30 June 2017.

End of Audited Remuneration Report

Directors' Report

13. OPTIONS

At the date of this report, there were no unissued ordinary shares of Minbos under option.

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 2017, the likely developments of the Company are anticipated to be as follows:

- Finalise with Ausenco the scope and contract for completion of the BFS;
- Appoint a preferred equipment supplier for the Cacata Beneficiation Plant; and
- Finalise a drilling contract for infill drilling of the Cacata deposit in preparation for mining.

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.

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.

Directors' Report

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-17	30-Jun-16
Non-Audit Services	**$**	$
Remuneration for other services		
BDO Corporate Finance (WA) Pty Ltd - Taxation services	**2,736**	-
BDO Corporate Finance (WA) Pty Ltd - Other professional services	**23,156**	24,696
Total Non-Audit Services	**25,892**	24,696

19. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 29 and forms part of the Directors' Report for the financial year ended 30 June 2017.

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

Mr Peter Wall
Non-Executive Chairman
26 September 2017

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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 2017, 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 2017

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.	***Lay solid foundations for management and oversight***
	The roles and responsibilities of management include: • 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	**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.**
	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. 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: • 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	**Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.**
	All directors and senior executives are appointed through a written agreement that sets out their duties, rights and responsibilities. Directors Deed of Appointments include the following matters: • 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	**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.**
	The Board Charter makes provision that the Company Secretary is accountable to the Board trough the Chairman and that each Director is able to communicate directly with the Company Secretary. The Company Secretary is responsible for: • 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	**The Company should have a diversity policy which include requirements for the board to set measurable 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.**
	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. 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. The Company has one female director and four male directors. The current management is comprised of one female and three male managers. The Company intends to appoint additional female directors and managers should a vacancy arise and appropriately qualified and experienced individuals are available.
1.6	**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.**
	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. The performance of the Board has been reviewed and evaluated internally during the period.
1.7	**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.**
	During the financial year, the senior managers of the Company, excluding Directors, were the CEO, the CFO / Company Secretary, General Manager Marketing & Sales and the Geology & Business Development Manager. The evaluation of the performance of the senior management is assessed annually by the Board in conjunction with the CEO and in accordance with the terms and conditions of the service agreements entered into by the Company with these individual managers. The performance of senior management has been reviewed and evaluated internally during the period.

Corporate Governance Statement

2.	*Structure the board to add value*
2.1	**The board should establish a nomination committee. The nomination committee should be structured so that it:** • **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**
	The Company is currently not of a relevant size that requires the formation of a separate Nomination Committee. 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. 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. 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.
2.2	**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.**
	The Board has a skills matrix that is reviewed on a regular basis. The table below shows the skills and experience the Board considers to be important for the company and the amount of Board members that have the relevant skills and experience:

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

Corporate Governance Statement

2.3	**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**
	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: • 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. 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.
2.4	**A majority of the board of the Company should be independent directors**
	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. 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. 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. Mr Domingos Catulichi is a security holder and director of Sociedade de Fosfatos de Angola (Sofosa). The Company concluded an agreement with Sofosa in a previous year, the 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. 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.
2.5	**The chair of the Board should be an independent director and should not be the same person as the CEO.**
	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 at present and prior to the potential merger with its joint venture partner for the Cabinda projects in Angola.

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	**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.**
	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. 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.
4.3	**The company's external auditor should attend the AGM and must be available to answer questions from security holder relevant to the audit**
	The Company's auditor attends each AGM. The Chairman allows a reasonable opportunity for the security holders to ask the auditor questions about: • 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. 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.

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.	*Respect the rights of security holders*
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.**
	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. 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. Security holders are encouraged to attend and participate at general meetings and are given the opportunity to ask questions at the meetings.
6.2	**Companies should design and implement an investor relations program to facilitate effective two way communication with investors.**
	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. 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. 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.
6.3	**Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.**
	The Company is committed to provide security holders with the opportunity to participate in all general meetings and annual general meetings. 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 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.
6.4	**Companies should give security holders the option to receive communications from, and send communications to the entity and its security register electronically**
	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. 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.

Corporate Governance Statement

7.	***Recognise and manage risk***
	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. 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. The Board has adopted a formal audit and risk committee charter as disclosed in the Corporate Governance Plan available on the Company's website. 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 have 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.
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.**
	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, reviewed the risk management framework and made amendments as required.
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.**
	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.
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**
	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. 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.

Corporate Governance Statement

8.	*Remunerate fairly and responsibly*
8.1	**The Board should establish a remuneration committee which:** • **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** **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**
	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. The remuneration philosophy, structure and approvals process is explained in detail in Section 12 of the audited Remuneration Report contained within the Directors' Report.
8.2	**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:**
	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 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.
8.3	**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.**
	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 unvested entitlements under equity-based remuneration schemes.

Consolidated Statement of Profit or Loss & Other Comprehensive Income

	Notes	30-Jun-17	30-Jun-16
		$	**$**
Revenue from continuing operations	7	**59,805**	9,957
Administration expenses	8	**(837,282)**	(366,595)
Depreciation expense	15	**(5,354)**	(5,261)
Exploration expenditure Cabinda project		**(732,421)**	(343,934)
Foreign exchange loss		**(12,188)**	(11,210)
Impairment of exploration and evaluation expenditure	17	**(66,074)**	(40,457)
Loss from sale of plant and equipment		**-**	(1,228)
Personnel expenses and director fees	8	**(727,602)**	(541,418)
Share-based payments	23(b)	**128,982**	(216,494)
Share of net loss from associate	16	**(9,878)**	(137,414)
Loss from continuing operations before income tax		**(2,202,012)**	(1,654,054)
Income tax expense	10(a)	**-**	-
Loss from continuing operations after income tax		**(2,202,012)**	(1,654,054)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(481,587)**	565,254
Other comprehensive (loss) / income for the year, net of tax		**(481,587)**	565,254
Total comprehensive loss for the year		**(2,683,599)**	(1,088,800)
Loss for the year is attributable to the owners of Minbos Resources Limited		**(2,202,012)**	(1,654,054)
Total comprehensive loss for the year is attributable to the owners of Minbos Resources Limited		**(2,683,599)**	(1,088,800)
Loss per share attributable to ordinary equity holders			
- Basic loss per share	11	**(0.001)**	(0.001)
- Diluted loss per share	11	**(0.001)**	(0.001)

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-17	30-Jun-16
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	12	**2,603,564**	1,606,934
Trade and other receivables	13	**45,603**	29,269
Other financial assets	14	-	335,981
Total current assets		**2,649,167**	1,972,184
Non-current assets			
Plant and equipment	15	**27,260**	2,465
Net investment in associate	16	**19,041,535**	18,538,704
Exploration and evaluation expenditure	17	-	34,229
Total non-current assets		**19,068,795**	18,575,398
Total assets		**21,717,962**	20,547,582
LIABILITIES			
Current liabilities			
Trade and other payables	18	**181,218**	104,281
Provisions	19	**101,842**	39,676
Total current liabilities		**283,060**	143,957
Non-current liabilities			
Deferred tax liabilities	10(b)	**3,935,637**	3,935,637
Total non-current liabilities		**3,935,637**	3,935,637
Total liabilities		**4,218,697**	4,079,594
Net assets		**17,499,265**	16,467,988
EQUITY			
Issued capital	20	**37,078,599**	33,240,544
Reserves	21	**4,124,824**	6,915,025
Accumulated losses	22	**(23,704,158)**	(23,687,581)
Total equity		**17,499,265**	16,467,988

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 2016	**33,240,544**	**2,401,929**	**453,381**	**4,059,715**	**(23,687,581)**	**16,467,988**
Comprehensive income:						
Loss for the year	**-**	**-**	**-**	**-**	**(2,202,012)**	**(2,202,012)**
Other comprehensive income	**-**	**-**	**-**	**(481,587)**	**-**	**(481,587)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(481,587)**	**(2,202,012)**	**(2,683,599)**
Transactions with owners in their capacity as owners:						
Issue of share capital	**3,849,580**	**-**	**-**	**-**	**-**	**3,849,580**
Capital raising costs	**(11,525)**	**-**	**-**	**-**	**-**	**(11,525)**
Share-based payments	**-**	**(128,982)**	**5,803**	**-**	**-**	**(123,179)**
Options expired	**-**	**(2,185,435)**	**-**	**-**	**2,185,435**	**-**
At 30 June 2017	**37,078,599**	**87,512**	**459,184**	**3,578,128**	**(23,704,158)**	**17,499,265**

	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	43,741	-	-	260,235
At 30 June 2016	33,240,544	2,401,929	453,381	4,059,715	(23,687,581)	16,467,988

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

Consolidated Statement of Cash Flows

	Note	30-Jun-17	30-Jun-16
		$	$
Cash flows from operating activities			
Payment to suppliers and employees		**(1,471,436)**	(855,747)
Interest received		**61,364**	4,322
Net cash outflow from operating activities	12(c)	**(1,410,072)**	(851,425)
Cash flows from investing activities			
Proceeds from the sale of plant and equipment		**-**	8,734
Payment for plant and equipment		**(30,149)**	(851)
Payment for exploration and evaluation expenditure		**(742,889)**	(463,109)
Net cash outflow from investing activities		**(773,038)**	(455,226)
Cash flows from financing activities			
Proceeds from the issue of shares, net of costs	20	**3,838,055**	3,386,249
Loan to associate	16	**(992,588)**	(329,555)
Loan to Joint Venture Partner Petril Phosphates Ltd	14	**-**	(335,981)
Loan repayment from Joint Venture Partner Petril Phosphates Ltd	14	**324,745**	-
Net cash inflow from financing activities		**3,170,212**	2,720,713
Net increase in cash and cash equivalents		**987,102**	1,414,062
Cash and cash equivalents at the beginning of the year		**1,606,934**	192,872
Effect of exchange rate fluctuations on cash held		**9,528**	-
Cash and cash equivalents at the end of the year	12(a)	**2,603,564**	1,606,934

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

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 2017 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 2017.

(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) Going Concern

For the year ended 30 June 2017 the group recorded a loss of $2,202,012, net cash outflows from operating activities of $1,410,072 and had net working capital of $2,366,107. 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 fund further development of its Cabinda project through its associate entity and its operational activities. The ability of the group to continue as a going concern is dependent on securing additional funding through capital raising to fund its ongoing commitments.

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.

Management believe there are sufficient funds to meet the entity's working capital requirements as at the date of this report. The financial statements have been prepared on a going concern basis for the following reasons:

- On completion of the Petril Phosphate acquisition (merger), funds of up to $2m may be expected if the vendors (Petril Shareholders) subscribe for the conditional shares.
- The Company's major shareholders have indicated they will continue to support future equity raisings, plus discussions with stock brokers and debt and equity funds indicate funds are available for projects of this nature.

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.

Notes to the Consolidated Financial Statements

3. 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 2017 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.

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.

Notes to the Consolidated Financial Statements

4. 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.

5. KEY JUDGEMENTS AND ESTIMATES

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:

Notes to the Consolidated Financial Statements

(i) Note 16: Net 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 17) 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. During the period, CRU was engaged to complete a market development and valuation study which supports the carrying value of the project. When there are indicators of impairment under AASB 6 Exploration for and Evaluation of Mineral Resources, the investment will be tested for impairment under AASB 136 Impairment of non-financial assets. As at 30 June 2017 there were no internal and external indicators to suggest that the investment is impaired.

(ii) Note 17: Exploration and evaluation expenditure - The Group's accounting policy for exploration and evaluation is set out in note 17. If, after having capitalised expenditure under this policy, the Directors conclude that the Group is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the Statement of Profit or Loss and Other Comprehensive Income.

The Company incurred exploration expenditure on the Cabinda project of $732,421 (2016: $343,934), 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 (refer note 16 Investment in Associate).

6. OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

7. REVENUE FROM CONTINUING OPERATIONS

	30-Jun-17	30-Jun-16
	$	$
Other revenue		
Interest revenue	**59,805**	9,957
	59,805	9,957

RECOGNITION AND MEASUREMENT

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that is probable that the economic benefits to flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest Income

Interest income is recognised when the Company gains control of the right to receive the interest payment.

All revenue is stated net of the amount of goods and services tax.

Notes to the Consolidated Financial Statements

8. EXPENSES

	30-Jun-17	30-Jun-16
	$	$
Administration expenses		
Advertising and marketing expenses	**95,949**	18,502
Compliance and regulatory expenses	**227,742**	158,599
Computer expenses	**15,118**	6,306
Consulting and corporate expenses	**209,114**	63,108
Provision for doubtful debts	**(1,307)**	1,500
Rent expense	**71,180**	70,951
Travel and accommodation expenses	**95,631**	17,893
Other administration expenses	**123,855**	29,736
	837,282	366,595
Personnel expenses and director fees		
Wages and salaries, including superannuation	**547,948**	376,952
Director fees and other benefits	**144,000**	118,355
Employee share plan expense (Refer Note 24)	**5,803**	43,741
Other employee expenses	**29,851**	2,370
	727,602	541,418

9. SEGMENT INFORMATION

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.

The Group operates only in one reportable segment being predominately in the area of phosphate mineral exploration in 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

10. INCOME TAX EXPENSE

(a) Numerical reconciliation of accounting losses to income tax expense	30-Jun-17	30-Jun-16
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:	$	$
Accounting loss before income tax	**(2,202,012)**	(1,654,054)
At the entity's Australian statutory income tax rate of 30% (2016: 30%)	**(643,507)**	(478,681)
At the entity's DRC statutory income tax rate of 30% (2016: 30%)	**(9,367)**	(3,847)
At the entity's South African statutory income tax rate of 28% (2016: 28%)	**(7,138)**	(3,520)
Adjusted for tax effect of the following amounts:		
Non-deductible / taxable items	**240,607**	136,544
Non-taxable / deductible items	**468**	(39,533)
Prior year adjustment	**(44,061)**	146,960
Income tax benefits not brought to account	**462,998**	242,077
Income tax expense / (benefit)	**-**	-

(b) Recognised deferred tax assets and liabilities	30-Jun-17	30-Jun-16
Deferred tax liabilities	$	$
Investment in associate		
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	30-Jun-17	30-Jun-16
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:		
Carried forward tax losses	2,624,039	2,196,263
Deductible temporary differences	18,985	40,849
Unrecognised deferred tax assets	**2,643,024**	2,237,112

The Group has Australian carried forward tax losses of $8,746,797 (tax effected at 30%, $2,624,039) as at 30 June 2017 (2016: $7,320,877 (tax effected at 30%, $2,196,263)). 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:

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

Notes to the Consolidated Financial Statements

RECOGNITION AND MEASUREMENT

Current taxes

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred taxes

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurements also reflect the manner in which management expects to recover or settle that carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in the future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Notes to the Consolidated Financial Statements

11. EARNINGS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share at 30 June 2017 was based on the loss attributable to ordinary shareholders of $2,202,012 (2016: $1,654,054) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2017 of 2,289,756,944 (2016: 1,517,735,708) calculated as follows:

	30-Jun-17	30-Jun-16
Net loss attributable to the ordinary equity holders of the Group ($)	**(2,202,012)**	(1,654,054)
Weighted average number of ordinary shares for basis per share (No)	**2,289,756,944**	1,517,735,708
Continuing operations		
- Basic loss per share ($)	**(0.001)**	(0.001)

RECOGNITION AND MEASUREMENT

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.

(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.

RECOGNITION AND MEASUREMENT

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

12. CASH AND CASH EQUIVALENTS

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

	30-Jun-17	30-Jun-16
	$	$
Cash at bank and in hand	**583,564**	855,742
Short-term deposit	**2,020,000**	751,192
	2,603,564	1,606,934

(b) Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in Note 25: Financial Risk Management.

(c) Reconciliation of net cash flows from operating activities to profit / (loss) for the year after tax

	30-Jun-17	30-Jun-16
	$	$
Loss for the financial year	**(2,202,012)**	(1,654,054)
Adjustments for:		
Depreciation expense	**5,354**	5,261
Employee benefits expense	**5,803**	43,741
Foreign currency translation	**12,188**	11,210
Loss from sale of plant and equipment	**-**	1,228
Share-based payments	**(128,982)**	216,494
Fees and wages settled in shares	**-**	121,095
Share of net loss from associate	**9,878**	137,414
Payments for exploration and evaluation expenditure	**742,889**	463,109
Impairment of exploration and evaluation expenditure	**66,074**	40,457
Change in assets and liabilities		
(Increase) / decrease in trade and other receivables	**(17,875)**	9,450
Increase / (decrease) in trade and other payables	**75,975**	(264,622)
Increase in provisions	**20,636**	17,792
Net cash used in operating activities	**(1,410,072)**	(851,425)

RECOGNITION AND MEASUREMENT

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.

Notes to the Consolidated Financial Statements

13. TRADE AND OTHER RECEIVABLES

	30-Jun-17	30-Jun-16
	$	$
Trade receivables	-	191
Other receivables (i)	7,500	6,000
Indirect taxes receivable	22,020	11,415
Prepayments	12,007	5,969
Deposits	-	59
Accrued interest	4,076	5,635
	45,603	29,269

(i) 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 2017 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 2017 was $7,500 (2016: $6,000) being the value of the 1,500,000 Minbos shares held as security at 30 June 2017.

RECOGNITION AND MEASUREMENT

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 14 days.

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.

Other receivables

Other receivables are recognised at amortised cost, less any provision for impairment. Other receivables do not contain impaired assets and are not past due. Based on the credit history, it is expected that these other balances will be received when due.

Impairment of assets

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

14. OTHER FINANCIAL ASSETS

	30-Jun-17	30-Jun-16
	$	$
CURRENT		
Loan to Mongo Tando Limited	-	335,981
	-	335,981

During the previous financial year, the Company provided a US$ denominated short-term loan of US$250,000 ($335,981) at an interest rate of 10% to joint venture partner Petril for their share of a cash call. On 14 July 2016 Petril repaid the short-term loan and the interest.

RECOGNITION AND MEASUREMENT

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.

15. PLANT AND EQUIPMENT

	Motor Vehicle	Computer Equipment	Furniture & Fittings	Other Fixed Assets	Total
	$	$	$	$	$
<u>**Year ended 30 June 2017**</u>					
Opening net book amount	-	2,465	-	-	**2,465**
Additions	-	26,170	3,979	-	**30,149**
Depreciation charge	-	(5,230)	(124)	-	**(5,354)**
Closing net book amount	**-**	**23,405**	**3,855**	**-**	**27,260**
<u>**At 30 June 2017**</u>					
Cost	-	30,593	3,979	-	**34,572**
Accumulated depreciation	-	(7,188)	(124)	-	**(7,312)**
Net book amount	**-**	**23,405**	**3,855**	**-**	**27,260**

Notes to the Consolidated Financial Statements

	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**

RECOGNITION AND MEASUREMENT

Owned assets

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

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).

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.

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:

- Motor vehicles: 5 years
- Computer equipment: 3 years
- Furniture & Fittings: 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.

Notes to the Consolidated Financial Statements

16. 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.

	30-Jun-17	30-Jun-16
	$	$
Movement reconciliation		
Balance at the beginning of the financial year	**18,538,704**	17,781,195
Exchange differences	**(479,879)**	565,368
Share of net loss in associate	**(9,878)**	(137,414)
Loan to associate (refer note 30(d))	**992,588**	329,555
Balance at the end of the financial year	**19,041,535**	18,538,704

The Cabinda project consist of two licences. The first licence (014/04/09/T.P/ANG.MGM.2015) is for the Cacata deposit and the second licence (015/01/10/T.P/ANG.MGM.2015) for the Chivovo, Chibuete, Ueca, Cambota and Mongo Tando Deposits.

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

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

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

	30-Jun-17	30-Jun-16
	$	$
Revenue from continuing operations	**-**	-
Administration expenses	**(9,091)**	(273,861)
Finance costs	**(10,666)**	(968)
Loss from continuing operations before income tax	**(19,757)**	(274,829)
Income tax expense	**-**	-
Loss from continuing operations after income tax	**(19,757)**	(274,829)

Notes to the Consolidated Financial Statements

(b) Statement of Financial Position of the associate

	30-Jun-17	30-Jun-16
ASSETS	**$**	$
Current assets		
Cash and cash equivalents	**87,363**	308,340
Other receivables	**298,532**	377,868
Total current assets	**385,895**	686,208
Non-current assets		
Exploration and evaluation expenditure	**11,358,380**	9,882,756
Total non-current assets	**11,358,380**	9,882,756
Total assets	**11,744,275**	10,568,964
LIABILITIES		
Current liabilities		
Trade and other payables	**449,885**	509,612
Borrowings	**14,732,534**	13,382,901
Total current liabilities	**15,182,419**	13,892,513
Total liabilities	**15,182,419**	13,892,513
Net liabilities	**(3,438,144)**	(3,323,549)
Minbos share of total equity (50%)	**(1,719,072)**	(1,661,775)
Fair value of exploration and evaluation on acquisition (i)	**14,859,165**	15,291,625
Loan advanced	**5,901,442**	4,908,854
Carrying amount of the investment in associate	**19,041,535**	18,538,704

(i) The movement in fair value on acquisition relates to foreign exchange movements on translation of balances denominated in US dollars.

(c) 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-17**	**50%**	**5,872,137**	**(7,591,209)**	**-**	**(9,878)**
Mongo Tando Limited	30-Jun-16	50%	5,284,482	(6,946,258)	-	(137,414)

(d) Contingent liabilities of the associate

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

Notes to the Consolidated Financial Statements

17. EXPLORATION AND EVALUATION EXPENDITURE

	30-Jun-17	30-Jun-16
	$	$
Carrying amount of exploration and evaluation expenditure	**-**	34,229
Movement reconciliation		
Balance at the beginning of the financial year	**34,229**	33,629
Additions - Kanzi project and Australian tenements	**31,845**	41,057
Impairment - Kanzi project (licences expired during February 2017)	**(31,222)**	(40,457)
Impairment - Australian project (licences expired during financial year)	**(34,852)**	-
Balance at the end of the financial year	**-**	34,229

RECOGNITION AND MEASUREMENT

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.

Exploration and evaluation assets are assessed for impairment if one or more of the following facts and circumstances exist:

(i) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.

(ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

(iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

(iv) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full, from successful development or by sale.

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.

Notes to the Consolidated Financial Statements

18. TRADE AND OTHER PAYABLES

	30-Jun-17	30-Jun-16
	$	$
Trade creditors	**113,116**	23,562
Accruals (i)	**34,378**	41,892
Superannuation payable	**16,229**	27,439
PAYG payable	**17,495**	11,388
	181,218	104,281

(i) Of the prior year balance, $20,154 relates to the Angolan Services Agreement with Sofosa a Company which Mr Catulichi (Non-Executive Director) is a shareholder and Director.

RECOGNITION AND MEASUREMENT

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.

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

19. PROVISIONS

	30-Jun-17	30-Jun-16
	$	$
Provision for annual leave	**60,312**	39,676
Provision for longer term employee retention bonuses	**41,530**	-
	101,842	39,676

RECOGNITION AND MEASUREMENT

Provisions are recognised when:

- the Company has a present obligation (legal or constructive) as a result of a past event;
- it is probably that resources will be expended to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Employee Benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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.

Notes to the Consolidated Financial Statements

20. CONTRIBUTED EQUITY

(a) Issued and fully paid

	30-Jun-17		30-Jun-16	
	$	No.	$	No.
Ordinary shares	**37,078,599**	**2,458,505,660**	33,240,544	2,073,547,651
	37,078,599	**2,458,505,660**	33,240,544	2,073,547,651

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.

(b) Movement Reconciliation

ORDINARY SHARES	Date	Quantity	Issue price	$
Balance 30 June 2015		1,367,149,881		29,733,200
Shares issued in lieu of director fees (i)	18/12/2015	9,075,000	0.004	36,300
Placement (ii)	23/02/2016	268,000,000	0.005	1,340,000
Placement (ii)	17/05/2016	412,363,703	0.005	2,061,819
Shares issued in lieu of outstanding fees (iii)	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
Issue of shares via exercise of options (iv)	**07/12/2016**	**384,958,009**	**0.01**	**3,849,580**
Equity costs	**-**	**-**	**-**	**(11,525)**
Balance 30 June 2017		**2,458,505,660**		**37,078,599**

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

(ii) 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.

(iii) 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.

(iv) On 7 December 2016, the Company's largest shareholder, Green Services Innovations, exercised 384,958,009 options into shares at $0.01 per share, raising $3,849,580.

(c) 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

RECOGNITION AND MEASUREMENT
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.

21. RESERVES

	30-Jun-17		30-Jun-16	
	$	**No.**	$	No.
Share-based payment & option reserve	**87,512**	**59,457,494**	2,401,929	934,454,650
Employee share plan reserve	**459,184**	**-**	453,381	-
Foreign currency translation reserve	**3,578,128**	**-**	4,059,715	-
	4,124,824	**59,457,494**	6,915,025	934,454,650

	30-Jun-17	30-Jun-16
Movement reconciliation	**$**	$
Share-based payment and option reserve		
Balance at the beginning of the year	**2,401,929**	2,185,435
Accounting for performance rights (refer Note 23(b))	**(128,982)**	216,494
Transfer to accumulated losses for options expired	**(2,185,435)**	-
Balance at the end of the year	**87,512**	2,401,929
Employee share plan reserve		
Balance at the beginning of the year	**453,381**	409,640
Equity settled share-based payment transactions (refer Note 24(b))	**5,803**	43,741
Balance at the end of the year	**459,184**	453,381
Foreign currency translation reserve		
Balance at the beginning of the year	**4,059,715**	3,494,461
Effect of translation of foreign currency operations to group presentation	**(481,587)**	565,254
Balance at the end of the year	**3,578,128**	4,059,715

Notes to the Consolidated Financial Statements

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 Catulichi (Non-Executive Director) is a shareholder and Director, that can convert up to a total of 237,829,976 fully paid ordinary shares in Minbos, of which 178,372,482 rights expired on 27 January 2017 without vesting resulting in a credit for the current year of $128,982 and a cumulative expense of $87,512.

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.

22. ACCUMULATED LOSSES

	30-Jun-17	30-Jun-16
	$	$
Movement in accumulated losses		
Balance at the beginning of the financial year	**(23,687,581)**	(22,033,527)
Net loss in current year	**(2,202,012)**	(1,654,054)
Transfer from option reserve	**2,185,435**	-
Balance at the end of the financial year	**(23,704,158)**	(23,687,581)

23. SHARE-BASED PAYMENTS

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

During the 2015 financial year, the Company issued performance rights to Sofosa, a related party consultant that can convert up to a total of 237,829,976 fully paid ordinary shares in Minbos. These performance rights were issued in two tranches, with each Tranche having different performance milestones.

Tranche 1: 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. 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.

These performance rights expired on the 27 January 2017 without vesting.

Notes to the Consolidated Financial Statements

Tranche 2:
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 and pursuant to Sofosa's assistance.

These performance rights expire on 27 January 2018.

The performance rights issued during the 2015 financial year 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. 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 $227,763, refer table below.

(b) Recognised share-based payment expense / (credit)

	Value recognised during year	Value recognised in prior years	Value to be recognised in future years
	$	$	$
Performance rights issued to Sofosa	227,763	216,494	31,403
Performance rights reversed on expiry (not vested)	(356,745)	-	-
	(128,982)	**216,494**	**31,403**

(c) Summary of options during the financial year

Class	Issue Date	Date of Expiry	Exercise Price	Balance at start of the year	Granted / (expired) during year	Balance at end of the year
As at 30 June 2017						
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)	-
				419,958,009	**(419,958,009)**	**-**
Weighted average exercise price				**$0.01**	**-**	**-**

Notes to the Consolidated Financial Statements

24. 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 2017 and future years is as follows:

	30-Jun-17		30-Jun-16	
	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 - Lindsay Reed	5,803	-	43,741	5,803
	5,803	**-**	**43,741**	**5,803**

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

At 30 June 2017, the entire employee benefits expense was recognised by the Company. The minimum weighted average vesting period of the share options outstanding as at 30 June 2016 was 0.167 years.

RECOGNITION AND MEASUREMENT

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.

Notes to the Consolidated Financial Statements

25. 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.

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

	30-Jun-17	30-Jun-16
	$	$
Financial assets		
Cash and cash equivalents	**2,603,564**	1,606,934
Trade and other receivables	**45,603**	29,269
Other financial assets	**-**	335,981
	2,649,167	1,972,184
Financial liabilities		
Trade and other payables	**181,218**	104,281
Provisions	**101,842**	39,676
	283,060	143,957
Net exposure	**2,366,107**	1,828,227

(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-17		30-Jun-16	
	Weighted average interest rate	**Balance $**	Weighted average interest rate	Balance $
Cash and cash equivalents	**2.14%**	**2,603,564**	2.49%	1,606,934

Notes to the Consolidated Financial Statements

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 2017, 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-17	30-Jun-16	**30-Jun-17**	30-Jun-16
	$	$	**$**	$
Judgements of reasonably possible movements:				
+ 1.0% (100 basis points)	**18,225**	11,249	**-**	-
- 1.0% (100 basis points)	**(18,225)**	(11,249)	**-**	-

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.

(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:

- Note 12: Cash and cash equivalents: Cash held with National Australia Bank and Bankwest; and
- Note 16: Net investment in associate: Unsecured interest-free loan with Mongo Tando Limited of $5,901,442 at 30 June 2017 (2016: $4,908,854).

(i) Cash

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

	30-Jun-17	30-Jun-16
	$	$
Cash at bank and short-term bank deposits:		
Financial institutions - Standard & Poor's rating of AA-	**2,600,991**	1,600,720
Financial institutions - Other	**2,573**	6,214
	2,603,564	1,606,934

Notes to the Consolidated Financial Statements

(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 and employee provisions 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 2017.

Contractual maturities of financial liabilities	<6 months $	>6-12 months $	>12 months $	Total contractual cash flows $	Carrying amount $
30-Jun-17					
Trade and other payables	181,218	-	-	181,218	181,218
Provisions	101,842	-	-	101,842	101,842
	283,060	**-**	**-**	**283,060**	**283,060**
30-Jun-16					
Trade and other payables	104,281	-	-	104,281	104,281
Provisions	39,676	-	-	39,676	39,676
	143,957	**-**	**-**	**143,957**	**143,957**

(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 2017 and 30 June 2016 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.

Notes to the Consolidated Financial Statements

RECOGNITION AND MEASUREMENT

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.

Subsequent measurement

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

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 it considered an indicator that the assets are impaired.

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.

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.

Notes to the Consolidated Financial Statements

26. PARENT ENTITY

	30-Jun-17	30-Jun-16
	$	$
Current Assets	**2,646,594**	1,965,727
Non-Current Assets	**18,715,515**	22,459,050
Total Assets	**21,362,109**	24,424,777
Current Liabilities	**266,664**	139,586
Total Liabilities	**266,664**	139,586
Net Assets	**21,095,445**	24,285,191
Contributed equity	**37,078,599**	33,240,544
Share-based payments and option reserve	**87,512**	2,401,929
Employee share plan reserve	**459,184**	453,381
Accumulated losses	**(16,529,850)**	(11,810,663)
Total Equity	**21,095,445**	24,285,191
Loss for the year	**(6,904,623)**	(1,458,189)
Other comprehensive loss for the year	**-**	-
Total comprehensive loss for the year	**(6,904,623)**	(1,458,189)
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 2017.

27. COMMITMENTS

Cabinda Project:

During the current and previous financial years the Company entered into contractual arrangements with Ausenco, Prime Resources and CRU. The expenditure commitment for these contracts and other BFS costs were dependent on results of Phase 1 of the BFS (Trade-off studies) which was to determine the best treatment routes to develop the Cacata deposit that forms part of the Cabinda project. All commitments on phase 1 of the BFS at 30 June 2017 had been met (2016: USD 1.2 million (100% basis) (Minbos 50% share USD 0.6 million)). At 30 June 2017 the Company was yet to sign commitments for Stage 2 of the BFS.

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

28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets in the current financial year (2016: nil).

29. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On the 8 August 2017 Minbos issued a notice of general meeting to its shareholders to approve the acquisition of Petril, the meeting will be held on 12 September 2017 with the following resolutions up for approval:

- Resolution 1: Approval of Acquisition of Petril Phosphates Limited;
- Resolution 2: Election of Director – Yehoshua Raz; and
- Resolution 3: Issue of performance rights to related party – SOFOSA.

On 12 September 2017, Minbos announced the results of the general meeting where all resolutions were passed, in particular providing approval for the acquisition / merger with Petril. The Company and Petril are now progressing the conditions precedent to completion of the acquisition per the share sale agreement.

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.

30. 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 its interests in the DRC Phosphate Project.

(b) Subsidiary companies

Interests in subsidiaries are set out in Note 32: Subsidiaries and Transactions with Non-Controlling Interests.

(c) KMP compensation

	30-Jun-17	30-Jun-16
	$	$
Short-term employee benefits	**565,819**	446,355
Post-employment benefits	**39,242**	31,160
Equity compensation benefits	**5,803**	43,741
	610,864	521,256

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

Notes to the Consolidated Financial Statements

(d) Loans to Associate

	30-Jun-17	30-Jun-16
	$	$
Balance at the beginning of the financial year	**4,908,854**	4,579,299
Loans advances	**992,588**	329,555
Loan repayments made	**-**	-
Interest charged	**-**	-
Interest paid	**-**	-
Balance at the end of the financial year	**5,901,442**	4,908,854

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. Petril Phosphates Limited, 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 Phosphates Limited

	30-Jun-17	30-Jun-16
	$	$
Balance at the beginning of the financial year	**339,111**	-
Loans advances	**-**	335,981
Loan repayments received	**(324,745)**	-
Foreign exchange loss on loan repayment received	**(11,236)**	-
Interest charged	**1,009**	3,130
Interest received	**(4,139)**	-
Balance at the end of the financial year	**-**	339,111

During the previous financial year, the Company provided a US$ denominated short-term loan of US$250,000 ($335,981) at an interest rate of 10% to joint venture partner Petril for their share of a cash call. On 14 July 2016 Petril repaid the short-term loan and the interest.

Notes to the Consolidated Financial Statements

(f) Transactions with other related parties

	30-Jun-17	30-Jun-16
	$	$
Legal services - Steinepreis Paganin Lawyers & Consultants		
(a firm in which Peter Wall is a partner)	**110,033**	39,767
Agreements with strategic Angolan partner - Sofosa (i)		
Company in which Domingos Catulichi is a shareholder and Director		
- Support and services on the Cabinda Project	**238,316**	249,223
- Performance rights (refer note 24)	**(128,982)**	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 provide support and services on the Cabinda project for a payment of US$15,000 per month. During the 2017 financial year the Company incurred fees from SOFOSA of $238,316 (US$180,000) (2016FY: $249,223 (US$180,000)).

During the 2015 financial year, Minbos also issued Sofosa with two separate classes of performance rights that can convert up to a total of 237,829,976 fully paid ordinary shares in Minbos. Of this balance, 178,372,482 performance rights expired on the 27 January 2017. The remaining 59,457,494 performance rights held by SOFOSA are convertible into fully paid ordinary shares, subject to receiving a licence to Mine on the Cabinda project, these performance rights expire on 27 January 2018.

As per resolution 3 of the Company's general meeting, dated 12 September 2017, the Company has agreed to do all things necessary to effectively extend the expiry date by 12 months for all Performance Rights which Sofosa held as at the date of signing the term sheet for the Share Sale Agreement.
To this effect, at the General Meeting, the Company proposes to;

(a) Obtain approval for the issue of 237,829,976 Class A Performance Rights to Sofosa under resolution 3, the terms of which provide for expiry as follows:
   (i) As to tranche 1 (178,372,482 Performance Rights) on 27 January 2018; and
   (ii) As to tranche 2 (59,457,494 Performance Rights) on 27 January 2019; and

(b) Subject to resolution 3 being passed, cancel the existing 59,457,494 Performance Rights on issue held by Sofosa.

There are no other transactions with KMP during the financial year ended 30 June 2017.

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

There were no shares issued in lieu of services of related parties during the financial year.

In the previous financial year the following shares were issued to KMP:

- 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 (former Chief Financial Officer & Company Secretary) in lieu of his outstanding fees of $11,762.

31. DIVIDENDS

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

Notes to the Consolidated Financial Statements

32. 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 2017:

Name of entity	Country of incorporation	Class of shares	Ownership interest 30/06/2017	Ownership interest 30/06/2016
Parent entity				
Minbos Resources Ltd (i)	Australia	Ordinary and Preference		
Subsidiary (direct)				
Tunan Mining Limited (ii)	British Virgin Isles (BVI)	Ordinary	100%	100%
Subsidiaries (indirect – direct subsidiaries of Tunan Mining Limited)				
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.

33. AUDITOR'S REMUNERATION

	30-Jun-17	30-Jun-16
	$	$
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
An audit or review of the financial report of the entity	**41,959**	32,220
Total auditor remuneration	**41,959**	32,220
Amounts received or due and receivable by related network practices of BDO (WA) Pty Ltd for:		
An audit or review of the financial report of the entity	**1,615**	2,089
Total auditor remuneration	**1,615**	2,089
Non-Audit Services (Remuneration for other services)		
BDO Corporate Tax (WA) Pty Ltd - Taxation services	**2,736**	-
BDO Corporate Finance (WA) Pty Ltd - Other professional services	**23,156**	24,696
Total Non-Audit Services	**25,892**	24,696

Notes to the Consolidated Financial Statements

34. OTHER ACCOUNTING POLICIES

New, revised or amending Accounting Standards and Interpretations adopted
The company has adopted all of the new, revised or amended Accounting Standards that are mandatory for the current accounting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the entity. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following table summarises the expected impact of new Accounting Standards that are not yet mandatory and have not been early adopted:

Nature of Change	Application Date	Impact on Initial Application
AASB 15: Revenue from Contracts with Customers (issued December 2014)		
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 AASB 118 *Revenue*.	Annual reporting periods beginning on or after 1 January 2018.	Management is currently assessing the effects of applying the new standard on the entity's revenue recognition policies & resulting effects on its financial statements. Based on the entity's preliminary assessment noting the Company is yet to be in production and selling product and interest income is the principal source of revenue at present, the impact is not expected to be material. The entity will conduct a more detailed assessment over the next 12 months.
AASB 9: Financial Instruments (issued July 2014)		
AASB 9 Financial Instruments Includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.	Annual reporting periods beginning on or after 1 January 2018.	Management is currently assessing the effects of applying the new standard on the entity's financial instruments policies and resulting effects on its financial statements. Based on the entity's preliminary assessment noting the Company has limited financial instruments with no significant financial assets other than cash and no hedging, the impact is not expected to be material. The entity will conduct a more detailed assessment over the next 12 months.
AASB 16: Leases (issued February 2016)		
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 into its statement of financial position 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 statement of financial position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Annual reporting periods beginning on or after 1 January 2019.	The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

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 2017 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 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 2017

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INDEPENDENT AUDITORS REPORT

To the members of Minbos Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Minbos Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 2(c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of Net Investment in Associate

Key audit matter	*How the matter was addressed in our audit*
At the 30 June 2017 the carrying value of the Net Investment in Associate was $19,041,535, as disclosed in Note 16 to the financial statements. This is a key audit matter as the carrying value of the Net Investment Associate represents significant assets of the Group and the assessment of its carrying value requires management to exercise judgement in identifying indicators of impairment for the purpose of determining whether the recoverable amount of the assets needs to be estimated.	We evaluated management's assessment of impairment indicators in relation to the Cabinda Project ('the Project') held by the Associate entity and our work included but was not limited to the following procedures: • Examining the associate entity's right to tenure over the Project held including the corroboration of ownership to third party documentation and or agreements; • Obtaining and evaluating the valuation report prepared by the Group's external expert in relation to the Project, to determine whether it indicated that the carrying value of the underlying asset of the associated entity is impaired. This included assessing the competence, capability and objectivity of the external expert; • Communicating with the auditors of associate entity to assess the associate's performance outlook and other factors such as political and economic changes, regulator developments, and legal status; • Obtaining the exploration and development budget for the 2018 year and assessing that there is reasonable forecasted expenditure to confirm continued exploration and development spend into the Project indicating that Management are committed to the Project; • Reading board meeting and ASX announcements including holding discussions with Management to understand the future plans of the Group and whether there is any potential contradictory information compared to the assumptions applied in management's assessment for indicators of impairment; and • Assessing the appropriateness of the related disclosures included in Note 3(ii), Note 5(i) and Note 16 to the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion 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 2017.

In our opinion, the Remuneration Report of Minbos Resources Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO Audit (WA) Pty Ltd

BDO
J Prue

Jarrad Prue

Director

Perth, 26 September 2017

Shareholder Information

The following additional information was applicable as at 14 September 2017.

1. Fully paid ordinary shares

- There are a total of 2,458,505,660 ordinary fully paid shares on issue which are listed on the ASX.
- The number of holders of fully paid ordinary shares is 538.
- 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	33	3,681	0.00%
1,001 - 5,000	32	90,881	0.00%
5,001 - 10,000	33	252,246	0.01%
10,001 - 100,000	185	8,701,406	0.35%
100,001 - 9,999,999,999	255	2,449,457,446	99.63%
Totals	**538**	**2,458,505,660**	**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 252 shareholders who hold less than a marketable parcel of shares, amounting to 0.24% of issued capital.

4. Substantial shareholders of ordinary fully paid shares

The Substantial Shareholders of the Company are:

Rank	Holder Name	Securities	% of Issued
1	Jorge Marques	1,126,002,175	45.80%

5. Share buy-backs

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

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.

Shareholder Information

7. Top 20 Shareholders of ordinary fully paid shares

The top 20 largest fully paid ordinary shareholders together held 82.20% of the securities in this class and are listed below:

Rank	Holder Name	Securities	% of Issued
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,117,603,216	45.46%
2	MRS ELEANOR JEAN REEVES <ELANWI A/C>	105,761,533	4.30%
3	BRIJOHN NOMINEES PTY LTD <NELSONIO A/C>	87,356,166	3.55%
4	CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	70,416,666	2.86%
5	PHEAKES PTY LTD <SENATE A/C>	70,016,666	2.85%
6	HARTREE PTY LTD	64,000,000	2.60%
7	NATIONAL NOMINEES LIMITED <DB A/C>	60,680,463	2.47%
8	MR LINDSAY GEORGE REED <REED FAMILY FUND A/C>	60,000,000	2.44%
9	J P MORGAN NOMINEES AUSTRALIA LIMITED	46,037,304	1.87%
10	SMARTEQUITY EIS PTY LTD	39,000,000	1.59%
11	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	37,225,388	1.51%
12	RAEJAN PTY LTD <THE MARZEC FAMILY ACCOUNT>	36,000,000	1.46%
13	MR ALASDAIR CAMPBELL COOKE	35,617,500	1.45%
14	BNP PARIBAS NOMINEES PTY LTD <JARVIS A/C NON TREATY DRP>	35,348,047	1.44%
15	HEQUITY PTY LTD <A & C HECTOR FAMILY A/C>	35,000,000	1.42%
16	WILGUS INVESTMENTS PTY LTD	27,514,867	1.12%
17	HELMET NOMINEES PTY LTD <TIM WEIR FAMILY FUND A/C>	27,389,344	1.11%
18	JADEKEY NOMINEES PTY LTD	23,333,333	0.95%
19	BRUCE SEVERIN & HELEN SEVERIN <SEVERIN FAMILY S/F A/C>	22,660,067	0.92%
20	PRECISION OPPORTUNITIES FUND LTD <INVESTMENT A/C>	20,000,000	0.81%
		2,020,960,560	**82.20%**

8. 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
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

Shareholder Information

9. Mineral Resources Statements

The company's Mineral Resources estimate as at 30 June 2017 and 30 June 2016 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 2017 and 30 June 2016
(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
Chibuete	Inferred	149.0	8.3	5.0
Total		**391.3**	**9.2**	**5.0**

The Company holds an economic interest in the Kanzi Project in the DRC and reported resources up until the licences expired in February 2017. The Kanzi project resources total 58.5 million tonnes of indicated resources grading 14.2% P2O5 at a cut-off grade at 5%.

10. 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. Additional infill drilling and an updated resource is forecast during the 2018 financial year.

11. 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.