



Minbos
Resources
Limited

2018 Annual Report



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Corporate Directory

Directors & Officers

Mr Peter Wall - Non-Executive Chairman
Mr Damian Black - Non-Executive Director
Mr Domingos Catulich - Non-Executive Director
Mr William Oliver - Non-Executive Director
Ms Dganit Baldar - Non-Executive Director

Mr Lindsay Reed - Chief Executive Officer
Mr Nick Day - Chief Financial Officer & Company Secretary

Registered Office

Suite 1, 245 Churchill Avenue
Subiaco, WA 6008

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E-mail: info@minbos.com
Website: www.minbos.com

Principal Place of Business

Suite 1, 245 Churchill Avenue
Subiaco, WA 6008

PO Box 162
Subiaco, WA 6904

Domicile and Country of Incorporation

Australia

Australian Company Number

ACN 141 175 493

Australian Business Number

ABN 93 141 175 493

Bankers

National Australia Bank
West Perth Business Banking Centre
Level 1, 1238 Hay Street
West Perth, WA 6005
Website: www.nab.com.au

Auditors

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

Share Registry

Automic Registry Services
Level 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 2018.

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 MyFiziq Limited;
- Non-Executive Chairman of Transcendence Technologies Limited;
- Non-Executive Chairman of Sky and Space Global Ltd;
- Non-Executive Chairman of Pursuit Minerals Ltd (previously Burrabulla Corporation Limited);
- Non-Executive Chairman of Bronson Group Ltd; and
- Non-Executive Chairman of Argent Minerals Ltd.

Previous:

- Non-Executive Chairman of BrainChip Holdings Limited (resigned 3 August 2015);
- Non-Executive Chairman of TV2U International Limited (resigned 9 February 2016);
- Non-Executive Chairman of Zinc of Ireland NL (resigned 22 July 2016);
- Non-Executive Chairman of Zyber Holdings Limited (resigned 22 January 2018);
- Non-Executive Chairman of Activistic Limited (resigned 23 April 2018); and
- Non-Executive Director of Ookami Limited (resigned January 2018).

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 Catulich

Non-Executive Director (appointed 20 July 2010)

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

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

Mr William (Bill) Oliver

Non-Executive Director (appointed 2 September 2013)

Mr Oliver is a geologist with 20 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 being the Managing Director of Signature Metals, and the acquisition of projects for Celsius Resources and Tando Resources. 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:

- Managing Director of Tando Resources Limited;
- Non-Executive Director of Celsius Coal Limited;
- Non-Executive Director of Koppar Resources Limited; and
- Executive Director Aldoro Resources Limited.

Previous:

- Technical Director of Orion Minerals NL (formerly Orion Gold NL).

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 David Sadgrove

Contract Chief Financial Officer and Company Secretary (appointed 3 May 2017, resigned 4 October 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.

Mr Nick Day

Contract Chief Financial Officer and Company Secretary (appointed 4 October 2017)

Mr Day has more than 20 years' experience in finance and the resources industry. He has extensive experience in Africa and Asia with strategic planning, business development, mergers and acquisitions, bankable feasibility studies, debt raising and project development. His experience includes ASX and TSX listed companies with copper, gold, lead, coal, zinc and uranium projects across South East Asia and North/South America; to \$600 million nickel/platinum AIM and ASX listed exploration and mining operations across six countries in Africa. Recently Mr Day was CFO and Company Secretary of RTG Mining Inc., Finance Director of Coventry Resources Inc. and Corporate Consultant and Company Secretary to Paranga Resources Limited.

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 with interests in phosphate ore within the Cabinda Province of Angola and Rare Earth Elements in Madagascar.

The Company's strategy is to specifically target the exploration and development of low-cost mineral projects.

(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:

Drilling Commences at Ambato: Drilling has commenced in early August to test one (1) of the seven (7) known rare earth targets on the license. The objective of the drill program is to test the hypothesis that the Ankazohambo has adequate strike and depth extent of mineralisation at a grade better than 3% TREO to set a viable target for follow-up drilling.

Drill Contract Executed: The Company announced that a contract with Orezone Drilling Madagascar SARL (Orezone) has been executed for a diamond drilling program at the Ambato Rare Earths Project (Ambato) in Madagascar.

Rare Earths Project: On 29 March 2018 the Company entered into an option with Tana Minerals Ltd ('Tana') whereby Minbos can acquire 90% of the shares in MRE Mining (Mauritius) Limited ('MRE'). MRE's sole asset is a wholly owned subsidiary in Madagascar which holds two exploration permits in central Madagascar covering 440 square kilometres.

Placement: On 10 May 2018 the Company successfully completed a placement to sophisticated and institutional investors and raised \$717,550 at \$0.002 per share.

Non-Renounceable Rights Issue: On 6 June 2018 the Company successfully completed a non-renounceable 1:1 entitlement issue and raised \$2,490,934 at \$0.001 per share (before costs and expenses of the offer).

Non-Renounceable Rights Issue Shortfall: On 18 June 2018 the Company successfully issued the shortfall of the non-renounceable 1:1 entitlement issue and raised \$336,347 at \$0.001 per share (before costs and expenses of the offer).

Merger with JV Partner: During the financial year, Minbos issued a notice of termination for the Share Sale Agreement ('SSA') with Petril Phosphate Limited ('Petril') and each of the shareholders of Petril, under which Minbos agreed to acquire all the shares of Petril subject to the satisfaction, or waiver, of conditions precedent by the end date of 24 October 2017. The conditions precedent were not satisfied by the end date and were not waived by the parties.

The view of the Board in taking this decision was that the value to Minbos shareholders arising from the merger had diminished due to the delay in reaching completion, and as a result it was no longer in the best interests of Minbos shareholders to continue with the merger. Accordingly, Minbos issued a notice of termination to Petril and the merger will no longer proceed.

Minbos remains a 50/50 joint venture partner in relation to the Cabinda Project. Under the joint venture agreement Petril is the Operator and will appoint the General Manager responsible for preparing and overseeing the work programs.

Directors' Report

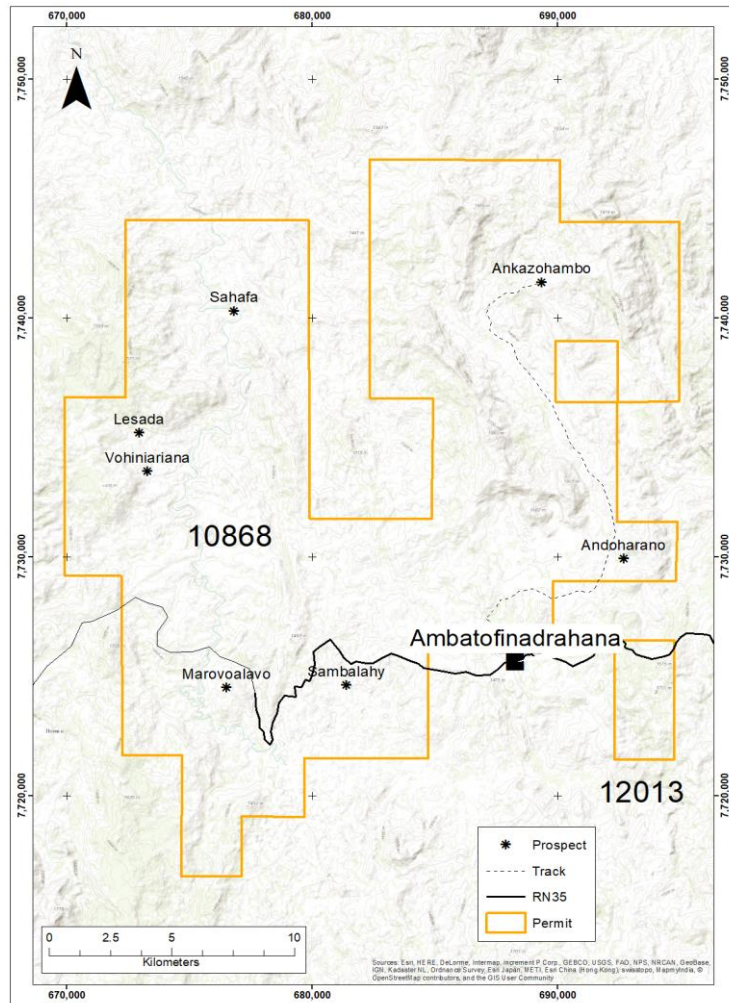
(c) PROJECTS

➤ AMBATO PROJECT

Overview

The Ambato Project is located within the Fianarantsoa Province in south-central Madagascar, approximately 200 km (“as the crow flies”) south of Madagascar’s capital city, Antananarivo. The Project is accessed via road from Antananarivo along Route Nationale 7 (RN7) for 270 km before turning west near Ivato onto Route Nationale 35 (RN35) for approximately 50 km to the village of Ambatofinandrahana.

Figure 1: Location map of the various prospects at the Ambato Project



The Ambato Project is covered by two (2) non-contiguous exploration permits (PR10868 and PR12013) encompassing a total area of 440 km² (Figure 1). The tenement area has never been drilled but has been the subject of studies by universities, geological surveys and multi-lateral organisations.

Minbos has entered into an option with Tana Minerals Ltd (Tana) whereby Minbos can acquire 90% of the shares in MRE Mining (Mauritius) Limited (MRE). MRE’s sole asset is a wholly owned subsidiary in Madagascar which holds the exploration permits for the Ambato Project covering 440 square kilometres.

The transaction is conditional upon Minbos obtaining all the required regulatory and shareholder approvals, completing due diligence on the project and the renewal of the exploration permits.

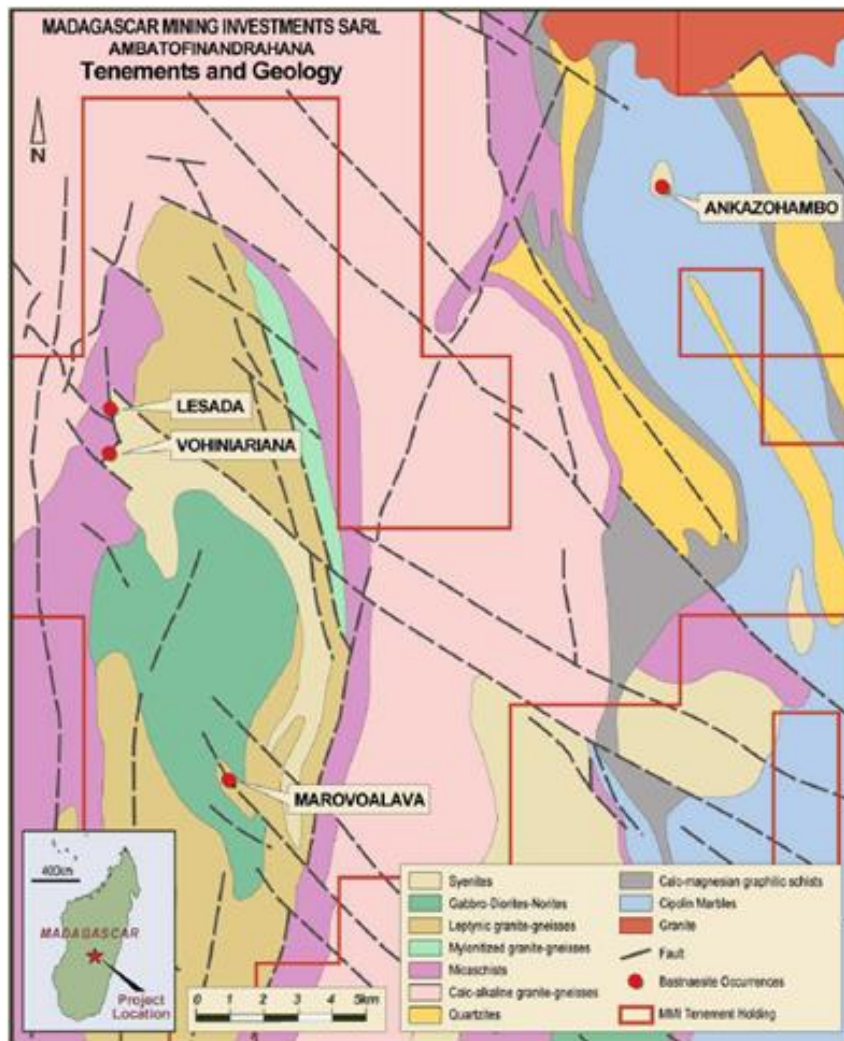
Renewals of exploration licenses by the Bureau de Cadastre Minier de Madagascar have not received ministerial approval for several years and this is not expected to resolve until after the National Assembly election later this year.

Directors' Report

Geology

The Ambato Project, which consists of seven (7) prospects; Marovoalavo, Ankazohambo, Sahafa, Lesada, Vohiniariana, and Sambalahy, is located within the Proterozoic Itremo Group which consists of quartzites, dolomitic marbles, and micaceous schists intruded by rocks of the Neoproterozoic Imorona-Itsindro and Ambalavao Suites including; calc-alkaline granites (+microcline+oligoclase), syenites, gabbros, norites, alkaline granites (+microcline) and calc-alkaline granites of different ages (Figure 2).

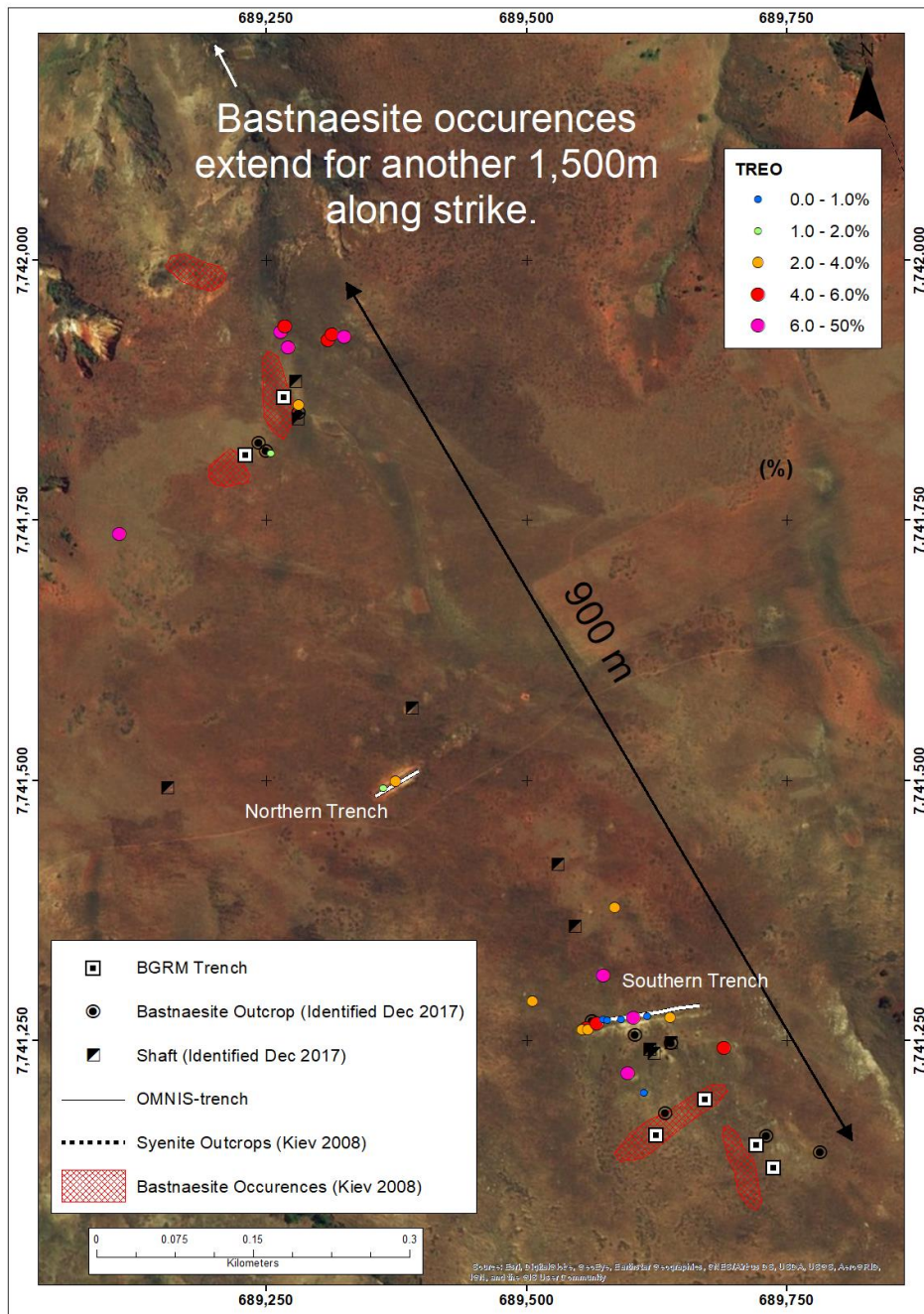
Figure 2 Regional geology map of the Ambato Project area



At Ankazohambo rare earth mineralisation occurs within hydrothermally altered country rock, micro syenite zones, quartz breccias, and stockworks hosted within a syenite intrusive. Bastnaesite mineralisation clearly visible in outcrop and is open to north and, south and east. Bastnaesite mineralisation extends along strike for at least 900 m with historical mapping indicating that bastnaesite occurrences occur 1,500 m along strike from main prospect area (Figure 3).

Directors' Report

Figure 3 Overview of Ankazohambo prospect area based on compiled data showing the location of trenches, shafts, outcrop, and MMI rock chip assay results. NOTE: only samples submitted to ALS laboratories are shown in this figure (i.e. handheld XRF results have been excluded)



Drill Program

Drilling commenced in early August to test one (1) of the seven (7) known rare earth targets on the license. The drill program will:

- Test the orientation strike and depth extent of outcropping bastnaesite mineralisation at the Ankazohambo prospect where surface samples and trenching have returned grades of between 0.14% and 40.8% TREO (refer to ASX Release dated 29 March 2018).
- Gain an understanding of the rare earth enrichment mechanisms of the syenite alteration and laterite weathering.
- Recover diamond core for logging, assay and metallurgical testwork to develop a flowsheet for production of marketable rare earth oxide concentrate.

Directors' Report

The objective of this drill program is to test the hypothesis that the Ankazohambo has adequate strike and depth extent of mineralisation at a grade better than 3% TREO to set a viable target for follow-up drilling. The next step will be metallurgical test work to determine if the mineralisation can be beneficiated to a concentrate containing not less than 30% TREO.

The initial drill program will comprise ten (10) HQ diamond holes (or 1,000m of drilling). Additional drill holes will be drilled if required. Drill holes will be drilled with a man portable drill rig (triple tube) and core will be orientated, and downhole survey measurements will be taken at regular intervals. Whilst previous interpretations model the mineralisation at Ankazohambo to be moderately east dipping, the true orientation of the mineralisation is unknown at this stage. The first few drill holes will be drilled vertical to collect information regarding orebody dip and plunge to determine the optimum drill hole orientation for the remaining drill holes.

Renewals of exploration licenses by the Bureau de Cadastre Minier de Madagascar have not received ministerial approval for several years and this is not expected to resolve until after the National Assembly election later this year.

Madagascar

Madagascar is an island nation located off the east coast of Southern Africa. with an estimated population over 25 million. The climate varies from a warm desert climate in the southwest to an equatorial monsoon climate in the north west. The Ambato Project located in the central highlands enjoys a temperate subtropical climate.

The Malagasy ethnic group comprises over 90% of the population and Malagasy is the national language with French recognised as an 'official language' and is used for international communication.

Madagascar is a semi-presidential representative democratic multi-party republic. A popularly elected president is the head of state and selects a prime minister. The last election was held in 2013 and the next election is due in 2018.

The economy relies heavily on agriculture, manufacturing, tourism and extractive industries. The World bank reports a GDP of \$10b in 2016 or around \$400 per capita but in 2012 counted 70% of the population below the national poverty line.

Rare Earths

Rare earths are generally defined as the 17 metals, Scandium, Yttrium and the lanthanide series. These so called Rare Earths are frequently found together but are rarely separate.

The major applications by volume are permanent magnets, catalysts and metal alloys including metal hydride batteries which account for two thirds of demand, however 80% of the market value is currently attributed to Neodymium (Nd) and Praseodymium (Pr) both critical ingredients for permanent magnets.

Rare Earth Permanent Magnets (REPMS) are used in electric motors and generators of all sizes where weight and torque efficiency are important. The fundamentals of permanent magnet demand are already in place and the emergence of electric vehicles will enhance demand.

China controls the supply of rare earth minerals supplying 85% of global demand which is recognised as a risk to technology development in the advanced economies, of Asia, Europe and North America.

Directors' Report

➤ 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).

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 2018
(There has been no change in the financial year)

Deposit	Category	Tonnes (Mt)	Grade (% P ₂ O ₅)	Cut-Off (% P ₂ O ₅)
Cabinda, Angola				
Cacata	Measured	5.0	23.0	5.0
	Indicated	10.2	25.3	5.0
	Inferred	11.8	8.8	5.0
Mongo Tando	Indicated	24.8	11.5	5.0
	Inferred	184.0	8.0	5.0
Chivovo	Indicated	6.5	20.5	5.0
Chibuete	Inferred	149.0	8.3	5.0
Total		391.3	9.2	5.0

Beneficiation Testwork and Process Design

Bulk samples have been tested by two equipment suppliers in the USA for beneficiation by drying and sizing. Another bulk sample was tested by Mintek in South Africa for beneficiation by wet scrubbing and screening.

The testwork results for both streams have been very encouraging and initial quotes for major equipment items have been provided to Ausenco Limited ('Ausenco') who will prepare a comparison of the beneficiation alternatives for presentation to the JV partners.

Dry Beneficiation Testwork

Both equipment suppliers were provided a high-grade sample grading 34% P₂O₅ and a medium grade sample with a higher clay content grading 30% P₂O₅. The equipment suppliers elected to size the material through roll crushers before drying the material and passing it through an air classifier to remove particles below fine dust to meet shipping requirements.

Both suppliers were able to beneficiate the samples to 33.5%-34.5% P₂O₅ which is much better than expected. The flowsheets were particularly successful at upgrading the higher clay samples. The testwork showed that P₂O₅ recoveries of 90%-95% are achievable and the final number will be determined in conjunction with the mine optimisation study.

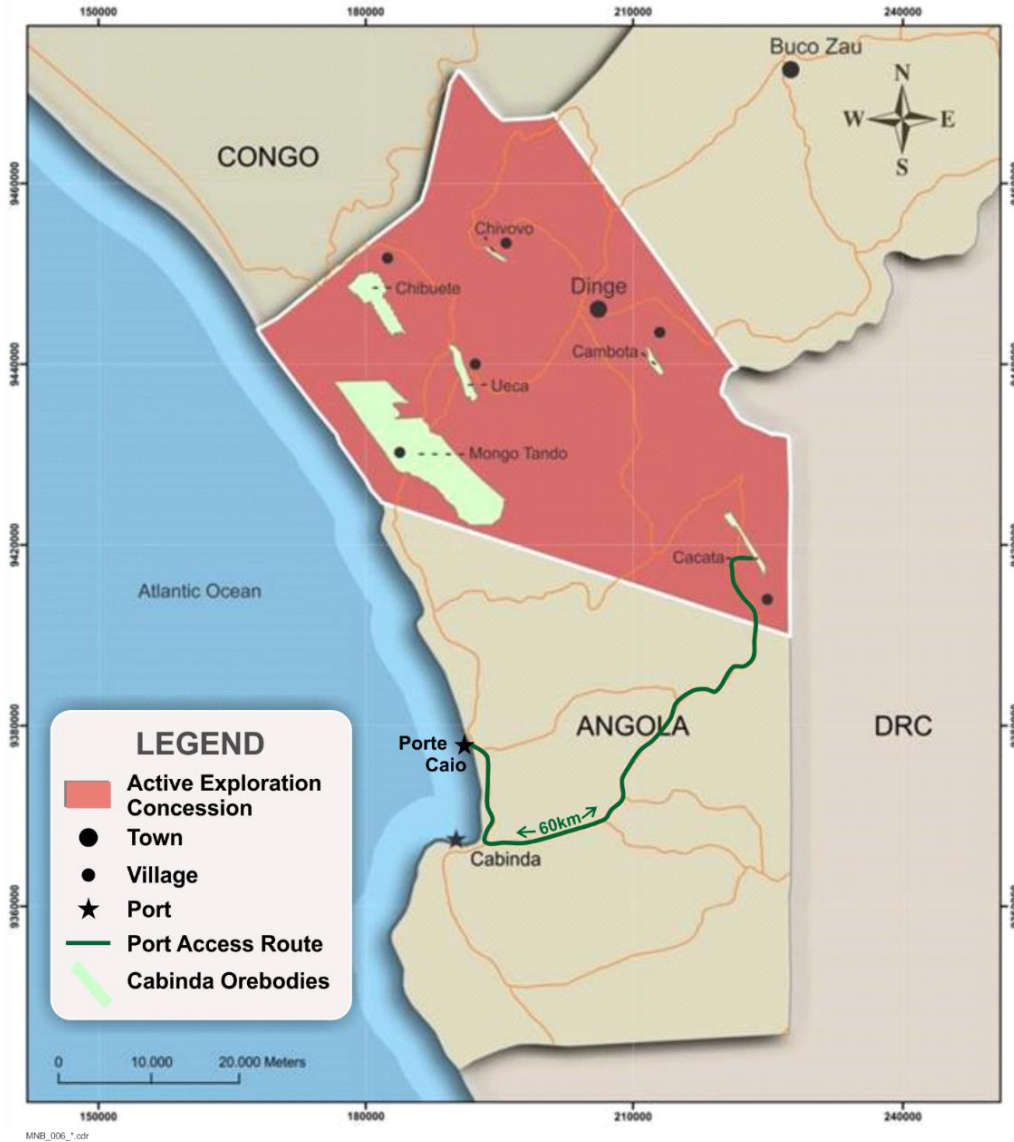
Major equipment lists and quotes have been provided by the equipment suppliers and costings prepared by Ausenco.

Directors' Report

Transportation Logistics

Quotations from local contractors have been sought for the road haulage of rock phosphate product from the mine site to Porto de Caio, a distance of 60km on well-formed bitumen roads. An internal estimate for an owner operator costing has been completed to evaluate the contractor proposals and resulted in a tariff that will be used in the Trade-Off-Study.

Figure 1: Transport Route from Cacata High Grade Project to New Loading Site Change Map



Port Logistics Evaluation

Ausenco has 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.

Geotechnical and Hydrogeology

Engineers from Golder Associates have designed geotechnical and hydrogeological drilling for which will be incorporated into the infill drilling program.

Directors' Report

Joint Venture

Since terminating the merger of its Angolan phosphate interests with partner Petril Resources in November 2017, Minbos has continued to engage with Petril which is the Operator of the Cabinda Phosphate Project. Minbos remains a 50/50 partner with Petril in the Cabinda Project.

Under the shareholders agreement that Minbos and Petril have entered into in relation to project operations, Petril is the operator of the project and has an obligation to appoint the general manager responsible for preparing and overseeing the work programs. Since the termination of the merger, Petril has not appointed a general manager or presented programs and budgets for approval.

The Group has determined external factors, including uncertainties over the Company's Joint Venture in Angola as indicated by the termination of the share sale agreement with Petril as objective evidence of impairment. Therefore, impairment testing was performed on the Associate and the Associates underlying exploration and evaluation expenditure resulting in a non-cash impairment charge of \$13,591,377 and a loss for associate of \$6,025,208 recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income at 30 June 2018.

During the financial year, Minbos canvassed Petril's interest to either buy or sell a 50% interest in the Cabinda project for US\$2M cash and a royalty of \$2 per tonne for the first six million tonnes of Rock Phosphate produced. Petril indicated that it is willing to sell but for a substantially higher cash consideration.

The Angolan Ministry of Mineral Resources and Petroleum has put the project partners on notice that progress has fallen behind the commitments made when the License was renewed. The impact of falling Rock Phosphate prices and the sliding delivery date of Porto de Caio are acknowledged, however, work programs must soon commence or retention of the licenses are at risk.

Minbos maintains a positive view of the potential of the Cabinda Project but does not believe the current ownership structure can realise that potential, and despite a willingness from both parties to transact it is uncertain that ownership of the project can be consolidated on terms satisfactory to both parties which would allow work programs to commence.

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, 30 June 2016 and 30 June 2017 and Half Year Reports for the periods ended 31 December 2014, 31 December 2015, 31 December 2016 and 31 December 2017 which are available to view on the Company's website.

The information in this Annual 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 2018 Annual Report b) all material assumptions and technical parameters underpinning the Phosphate Resource included in the ASX announcements and 30 June 2018 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 2018 Annual Report.

Directors' Report

The information in this the Annual Report that relates to Madagascar Exploration Results and Data Quality is based on, and fairly represents, information and supporting documentation prepared by Rebecca Morgan, who is a member of the Australian Institute of Geoscientists. Miss Morgan is an employee of Minbos. Miss Morgan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity she is undertaking to qualify as a competent person as defined in the 2012 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves'. Miss Morgan consents to the inclusion in this Annual Report of the matters based on her information in the form and context in which it appears.

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	174,490,192	-
Mr Damian Black	194,182,332	-
Mr Domingos Catulich	17,640,000	-
Mr William Oliver	18,456,000	-
Ms Dganit Baldar	-	-
Total	404,768,524	-

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	10	10
Mr Damian Black	10	5
Mr Domingos Catulich	10	3
Mr William Oliver	10	10
Ms Dganit Baldar	10	8

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

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.

Directors' Report

8. OPERATING AND FINANCIAL REVIEW

A Operations

Minbos Resources Limited is an exploration and development company with interests in phosphate ore within the Cabinda Province of Angola and Rare Earth Elements in Madagascar.

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.

B Financial Performance & Financial Position

The financial results of the Group for the year ended 30 June 2018 are:

Financial Performance / Position	30-Jun-18 \$	30-Jun-17 \$	Change %
Cash and cash equivalents	3,925,570	2,603,564	51%
Net assets	3,854,146	17,499,265	(78%)
Revenue	30,759	59,805	(49%)
Net loss after tax	(17,624,018)	(2,202,012)	(700%)
Loss per share	(0.007)	(0.001)	(600%)

Financial Performance & Financial Position

The financial result for the year ended 30 June 2018 is a net loss after tax of \$17,624,018 (2017: \$2,202,012). At 30 June 2018, the Group's net assets had decreased by 78% compared to the previous financial year. This decrease was largely due to the impairment of investment in associate. At 30 June 2018, the Group's cash and cash equivalents increased by 51% to \$3,925,570, largely due to the capital placement which the Company completed in May 2018, raising \$717,550 at \$0.002 per share and the rights issue and shortfall which raised \$2,827,281 at \$0.001 per share.

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.

C Business Strategies and Prospects for future financial years

The Group is actively evaluating the prospects of the Cabinda project and Ambato project. These updates 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.

Directors' Report

b) Environmental Risks

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

c) Economic

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

d) Market conditions

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

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

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

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.

Directors' Report

g) Risks with Operating in Angola and Madagascar

The Company operates out of Angola and Madagascar which have been subject to civil unrest in the recent past. The Company believes that although tension has eased, civil and political unrest and an outbreak of hostilities remains a risk in both countries.

The effect of unrest and instability on political, social or economic conditions in Angola or Madagascar could result in the impairment of the exploration, development and mining operations of the Company's projects.

There is also a high level of corruption in Angola and Madagascar, especially in the extractive industries. This corruption often influences the awarding of contracts or the granting of licenses. Furthermore, Angola and Madagascar do not have laws that specifically address corruption, bribery and conflict of interest.

Other possible sovereign risks include, without limitation:

- i. changes in the terms of the relevant mining statutes and regulations;
- ii. changes to royalty arrangements;
- iii. changes to taxation rates and concessions;
- iv. changes in the ability to enforce legal rights; and
- v. expropriation of property rights.

Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its Shares.

No assurance can be given regarding the future stability in Angola, Madagascar or any other country in which the Company may have an interest.

h) The Legal Environment in Angola and Madagascar

The Company's projects are located in Angola and Madagascar. Angola and Madagascar are considered to be developing countries and are subject to emerging legal and political systems as compared with the system in place in Australia. This could result in the following risks:

- i. political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- ii. a higher degree of discretion held by various government officials or agencies;
- iii. the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- iv. inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- v. relative inexperience of the judiciary and court in matters affecting the Company.

i) Lack of Specific Infrastructure

The Company's projects are located in areas of Angola and Madagascar. Generally, these areas lack specific infrastructure such as:

- i. sources of third party supplied power; and
- ii. sources of third party supplied water.

The lack of availability of this infrastructure may affect mining feasibility.

j) Workforce and Labour risks

The skill base of the local labour force in Angola and Madagascar is extremely limited. There is a severe shortage of workers with good managerial or technical skills.

HIV/AIDS, malaria and other diseases represent a serious threat to maintaining a skilled workforce in the mining industry throughout Africa. HIV/AIDS, malaria and other diseases are a major healthcare challenge faced by the Company's operations in Angola and Madagascar. There can be no assurance that the Company will not lose members of its workforce, workforce man hours or incur increased medical costs which may have a material adverse effect on the Company's operations.

Directors' Report

k) Renewal of permits in Madagascar

As announced on 29 March 2018, the Company entered into an option agreement to acquire a 90% interest in MRE Mining (Mauritius) Limited who owns two exploration permits in central Madagascar. The agreement is conditional on the renewal of the exploration permits.

The renewal of the terms of each exploration permit is at the discretion of the relevant government authority and currently the mining authority in Madagascar is not renewing permits. Renewals could be subject to a number of specific legislative conditions. The inability to meet these conditions could affect the standing of a permit or restrict its ability to be renewed.

If a permit is not renewed, the Company may suffer significant damage through the loss of opportunity to develop and discover mineral resources on those permits.

l) Joint Venture Risks

Angolan properties in which Minbos has an interest are operated through a joint venture with other companies. Any failure of such companies to meet their obligations under the joint venture or to third parties, or any disputes with respect to the parties' respective rights and obligations, or failure to act in the best interests of the joint venture, could have a material adverse effect on the joint venture or its properties. In addition, Minbos may be unable to exert control over strategic decisions made in respect of such properties. Any or all of the above circumstances may have a materially adverse effect the operations and performance of Minbos.

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 12th July 2018 the Company announced that a contract with Orezone has been executed for a diamond drilling program at the Ambato Rare Earths Project in Madagascar.

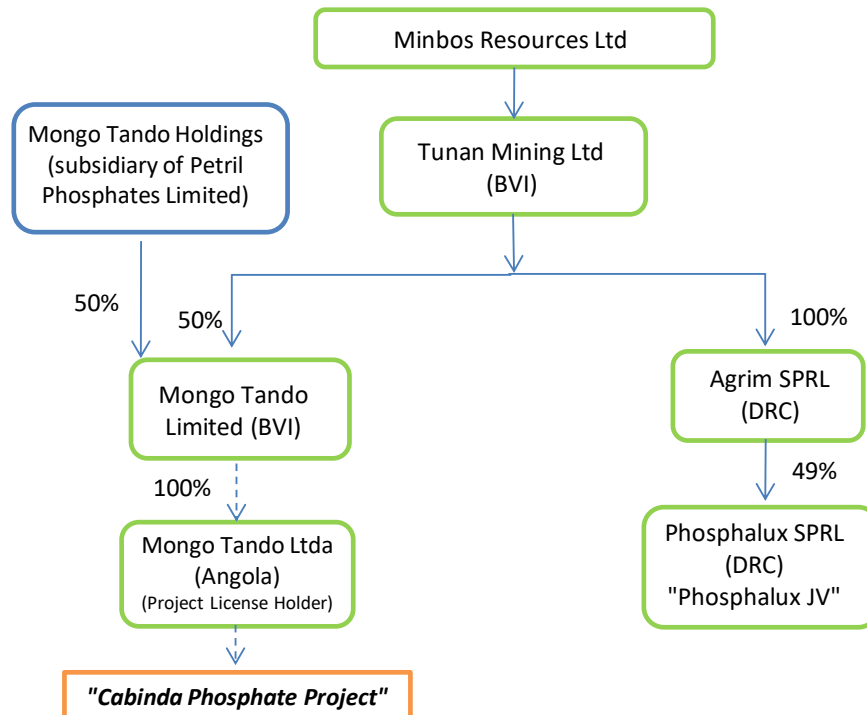
On 7th August 2018 the Company announced that drilling at Ambato had commenced, comprising ten (10) HQ diamond holes (or 1,000m of drilling). Additional drill holes will be drilled if required.

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

Directors' Report

11. CORPORATE STRUCTURE

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



KEY:

DRC	Incorporated in the Democratic Republic of Congo.
ANG	Incorporated in Angola. Legal entitlement that Mongo Tando BVI will hold 100% of Mongo Tando Ltda, however current holdings is 50% by Terra Fertil (a full subsidiary of Petril Phosphates Ltd) and 50% by SOFOSA (Minbos Non-Executive Director Mr Catulich is a Director and shareholder of SOFOSA). Minbos and Petril 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.
	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.

* Minbos has entered into an option with Tana Minerals Ltd (Tana) whereby Minbos can acquire 90% of the shares in MRE Mining (Mauritius) Limited (MRE). MRE's sole asset is a wholly owned subsidiary in Madagascar which holds the exploration permits for the Ambato Project covering 440 square kilometres. MRE and its wholly owned Madagascan subsidiary are not included in the above structure.

Directors' Report

12. REMUNERATION REPORT (Audited)

This report for the year ended 30 June 2018 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ('the Act') and its regulations. This information has been audited as required by section 308(3C) of the Act.

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

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

Individual KMP disclosure

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

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

Other KMP	Position	Appointment	Resignation
Lindsay Reed	Chief Executive Officer	1/09/2014	-
Nick Day	Chief Financial Officer & Company Secretary	4/10/2017	-

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 2017 Annual General Meeting
- J Loans to KMP
- K Loans from KMP
- L Other transactions with KMP

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.

Directors' Report

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 2018 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".

➤ 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.

Directors' Report

➤ 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.

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-18	30-Jun-17	30-Jun-16	30-Jun-15	30-Jun-14
Revenue (\$)	30,759	59,805	9,957	3,052	2,333
Net loss after tax (\$)	(17,624,018)	(2,202,012)	(1,654,054)	(2,196,652)	(2,680,271)
Share Price (\$)	0.003	0.005	0.004	0.005	0.002

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 (2017: \$nil).

Long Term Incentive Package

Employee Share Plan:

There were no Employee Share Plan shares approved or issued during the financial year (2017: nil).

Directors' Report

Options:

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

The Board is of the opinion that the expiry date and exercise price of the options currently on issue to the Directors, other KMP and its Executives is a sufficient, long term incentive to reward Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. Subsequently, the issue of options 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 2018 and 2017 financial years there were no employee or director options issued or exercised.

D Details of Remuneration

During the financial year ended 30 June 2018 and 30 June 2017 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 2018 is set out below:

	Short-term employee benefits			Post-employment benefits	Share-based payments	Employee benefits expense	Total
	Salary & fees	Non-monetary	Other ⁽³⁾	Super-annuation	Options & rights	Shares	
30-Jun-18	\$	\$	\$	\$	\$	\$	\$
Directors							
Peter Wall	36,000	-	-	-	-	-	36,000
Damian Black	36,000	-	-	-	-	-	36,000
Domingos Catulich	-	-	-	-	-	-	-
William Oliver	36,000	-	-	-	-	-	36,000
Dganit Baldar ⁽¹⁾	36,000	-	-	-	-	-	36,000
Sub-total	144,000	-	-	-	-	-	144,000
Other Key Management							
Lindsay Reed	250,000	-	(6,250)	23,750	-	-	267,500
Nick Day ⁽²⁾	170,758	-	1,771	16,222	-	-	188,751
Sub-total	420,758	-	(4,479)	39,972	-	-	456,251
Total	564,758	-	(4,479)	39,972	-	-	600,251

⁽¹⁾ Of Dganit Baldar's Director Fees, \$3,000 was outstanding and payable at 30 June 2018.

⁽²⁾ Nick Day was appointed Chief Financial Officer and Company Secretary on 4 October 2017.

⁽³⁾ Other amounts relate to movement in annual leave entitlements.

Directors' Report

Table 1b: Remuneration of KMP of the Group for the year ended 30 June 2017 is set out below:

30-Jun-17	Short-term employee benefits			Post-employment benefits	Share-based payments	Employee benefits expense	Total \$
	Salary & fees \$	Non-monetary \$	Other \$	Super-annuation \$	Options & rights \$	Shares \$	
Directors							
Peter Wall	36,000	-	-	-	-	-	36,000
Damian Black	36,000	-	-	-	-	-	36,000
Domingos Catulichich	-	-	-	-	-	-	-
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.

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

Name	Fixed remuneration		At risk - STI (%)		At risk - LTI (%)	
	2018	2017	2018	2017	2018	2017
Directors						
Peter Wall	100%	100%	-	-	-	-
Damian Black	100%	100%	-	-	-	-
Domingos Catulichich	-	-	-	-	-	-
William Oliver	100%	100%	-	-	-	-
Dganit Baldar	100%	100%	-	-	-	-
Other Key Management						
Lindsay Reed	100%	98%	-	-	-	2%
Nick Day	100%	-	-	-	-	-
Stef Weber	-	100%	-	-	-	-

Option holdings of KMP (Direct and Indirect Holdings)

At 30 June 2018 no key management personnel held listed or unlisted options.

Directors' Report

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

30-Jun-18	Balance at 1/07/2017	Granted as remuneration	Non-Renounceable Rights Issue	Net change other	Balance at 30/06/2018
Directors					
Peter Wall	87,245,096	-	87,245,096	-	174,490,192
Damian Black	88,326,166	-	87,356,166	18,500,000	194,182,332
Domingos Catulichich	17,640,000	-	-	-	17,640,000
William Oliver	9,228,000	-	9,228,000	-	18,456,000
Dganit Baldar	-	-	-	-	-
Sub-total	202,439,262	-	183,829,262	18,500,000	404,768,524
Other Key Management					
Lindsay Reed	127,000,000	-	127,000,000	(37,000,000)	217,000,000
Nick Day ⁽¹⁾	1,400,000	-	1,400,000	13,500,000	16,300,000
Sub-total	128,400,000	-	128,400,000	(23,500,000)	233,300,000
Total	330,839,262	-	312,229,262	(5,000,000)	638,068,524

⁽¹⁾ Shares held by Nick Day at the date of appointment, being 4 October 2017.

E Contractual Arrangements

➤ Mr Peter Wall – Non-Executive Chairman

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

➤ Mr Damian Black – Non-Executive Director

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

➤ Mr Domingos Catulichich – Non-Executive Director

- Contract: Commenced on 20 July 2010.
- Director's Fee: During the current and prior financial years Mr Catulichich did not receive a Director fee. From 1 July 2018 the Board agreed to pay Mr Catulichich \$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.

➤ 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.

Directors' Report

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.

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 the following vesting conditions:
 - 18,500,000 share units vested;
 - (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.
 - 18,500,000 share units vested;
 - (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. The first tranche vested during the 2017 financial year, whilst the second tranche vested during the current financial year under the change of control clause, by virtue of Green Services Innovations acquired shareholding.

➤ **Mr Nick Day – Chief Financial Officer and Company Secretary**

- Contract: Commenced on 4 October 2017
- Base Salary: \$230,000 per annum (plus statutory superannuation entitlements).
- Termination: Either party may terminate the employment agreement with three months written notice, unless the parties agree to a different notice period.
- Long Term Incentive Package: An employee share scheme will be considered subject to Board approval.

Directors' Report

F Share-based Compensation

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

➤ **Options**

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

➤ **Shares**

Short and Long-term incentives

No short or long term incentive based shares were issued as remuneration to Directors or other KMP during the current financial year.

Issue of shares in lieu of services to KMP

There were no shares issued as compensation to KMP during the year ended 30 June 2018.

G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the year ended 30 June 2018.

H Value of Shares to KMP

There were no shares issued to KMP during the year ended 30 June 2018.

I Voting and comments made at the Company's 2017 AGM

The adoption of the Remuneration Report for the financial year ended 30 June 2017 was put to the shareholders of the Company at the AGM held on 27 November 2017. 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 2018 (2017: \$nil).

K Loans from KMP

There were no loans from any KMP during the year ended 30 June 2018 (2017: \$nil).

Directors' Report

L Other transactions with KMP

Agreements with strategic Angolan partner

During the 2015 financial year, Minbos concluded agreements with Sofosa to advance and progress the Cabinda project, a Company of which Mr Catulich (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, up until 30 November 2017. During the 2018 financial year the Company incurred fees from Sofosa of \$96,421 (US\$75,000) (2017FY: \$238,316 (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 and the share-based payment relating to these performance rights was therefore reversed at 30 June 2017. The remaining 59,457,494 performance rights held by Sofosa were convertible into fully paid ordinary shares, subject to receiving a licence to Mine on the Cabinda project, these performance rights expired on 27 January 2018.

Legal fees paid to Steinepreis Paganin Lawyers & Consultants

Legal fees of \$80,831 were paid to Steinepreis Paganin Lawyers & Consultants during the financial year, of which Mr Peter Wall, Chairman, is a partner.

Corporate fees paid to Aesir Capital Pty Ltd

Corporate fees of \$47,358 in relation to the May placement, were paid to Aesir Capital Pty Ltd during the financial year, of which Mr Damian Black, Director, is a Director and shareholder. The placement fee is an industry standard fee and negotiated on arm's length commercial terms.

There were no other transactions with KMP during the financial year ended 30 June 2018.

End of Audited Remuneration 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.

Directors' Report

16. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

- **Drill Program:** Finalise the Ambarto drill program, with at least another 15 holes planned to cover approximately 800m by 400m of the Ankazohambo radiometric anomaly.
- **Metallurgical Test Work:** Regimes are being prepared to fast track core samples into a process flowsheet for beneficiation into REE concentrate.
- **Airborne Geophysics:** Quotation requests have been sent for airborne geophysics of the western side of the Ambato License area.

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

18. NON-AUDIT SERVICES

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

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

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

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

	30-Jun-18	30-Jun-17
	\$	\$
Non-Audit Services		
<i>Remuneration for other services</i>		
BDO Tax (WA) Pty Ltd - Taxation services	-	2,736
BDO Corporate Finance (WA) Pty Ltd - Other professional services	-	23,156
Total Non-Audit Services	-	25,892

19. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 30 and forms part of the Directors' Report for the financial year ended 30 June 2018.

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



Mr Peter Wall
Non-Executive Chairman
28 September 2018

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 2018, 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, 28 September 2018

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

Corporate Governance Statement

1.4	<p>The company secretary should be accountable directly to the board, through the chair on all matters to do with the proper functioning of the Board.</p>
	<p>The Board Charter provides that the Company Secretary is accountable to the Board through the Chairman and that each Director is able to communicate directly with the Company Secretary.</p> <p>The Company Secretary is responsible for:</p> <ul style="list-style-type: none"> • advising the Board on Corporate Governance matters; • managing the Company Secretarial function; • ensuring compliance with regulatory requirements; • to facilitate the induction of new Directors and Board policies and procedures; and • organize Board and Shareholder meetings, taking minutes and communicating with the ASX.
1.5	<p>The company should have a diversity policy which include requirements for the board to set 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.</p>
	<p>The Company has a diversity policy in place which forms part of Minbos’ Corporate Governance Plan. The Company recognises the benefits arising from board diversity, and is committed to providing a diverse workplace that embraces and promotes diversity.</p> <p>Minbos Resources Limited is an equal opportunity employer and welcomes people from different backgrounds. Full details of the Company’s diversity policy that is included in the corporate governance plan can be found on the Company website www.minbos.com.</p> <p>The Company has one female Director and four male Directors. The current management is comprised of one female and two male managers. The Company intends to appoint additional female Directors and managers should a vacancy arise, and appropriately qualified and experienced individuals are available.</p>
1.6	<p>Companies should disclose the process for periodically evaluating the performance of the board, its committees and individual directors. The entity should disclose whether a performance evaluation was undertaken during the reporting period in accordance with that process.</p>
	<p>The Board Charter that forms part of the Corporate Governance plan requires that an annual performance evaluation be undertaken by the Board to ensure that the responsibilities of the Board are discharged in an appropriate manner. The performance review includes a comparison of the performance of the Board with the requirements of the Board Charter, critically reviewing the mix of the Board, and amending the Board Charter as appropriate. The performance review is led by the Chairman that is a Non-Executive Director.</p> <p>The performance of the Board has been reviewed and evaluated internally during the period.</p>
1.7	<p>Companies should disclose the process for periodically evaluating the performance of its senior executives. The entity should disclose whether a performance evaluation was undertaken during the reporting period.</p>
	<p>During the financial year, the senior managers of the Company, excluding Directors, were the CEO, the CFO / Company Secretary, General Manager Marketing & Sales and the Geology & Business Development Manager.</p> <p>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.</p> <p>The performance of senior management has been reviewed and evaluated internally during the period.</p>

Corporate Governance Statement

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

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

Corporate Governance Statement

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

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

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

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

3. Act ethically and responsibly

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

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

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

4. Safeguard integrity in corporate reporting

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

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

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

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

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

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

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.

Corporate Governance Statement

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

5.	<i>Make timely and balanced disclosure</i>
5.1	<p>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</p>
	<p>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.</p> <p>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.</p> <p>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.</p>

Corporate Governance Statement

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

Corporate Governance Statement

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

Corporate Governance Statement

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

Consolidated Statement of Profit or Loss & Other Comprehensive Income

	Notes	30-Jun-18 \$	30-Jun-17 \$
Revenue from continuing operations	7	30,759	59,805
Administration expenses	8	(549,896)	(837,282)
Depreciation expense		(16,713)	(5,354)
Due diligence & project development on the Ambato project		(122,030)	-
Exploration expenditure Cabinda project		(563,609)	(732,421)
Foreign exchange loss		(497)	(12,188)
Impairment of exploration and evaluation expenditure		-	(66,074)
Impairment of investment in associate	15	(13,591,377)	-
Loss on disposal of plant and equipment	14	(859)	-
Loss on disposal of subsidiaries	8	(20)	-
Personnel expenses and director fees	8	(807,717)	(727,602)
Share-based payments	20	87,512	128,982
Share of net loss from associate	15	(6,025,208)	(9,878)
Loss from continuing operations before income tax		(21,559,655)	(2,202,012)
Income tax (expense) / benefit	10	3,935,637	-
Loss from continuing operations after income tax		(17,624,018)	(2,202,012)
Other comprehensive income / (loss)			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	20	576,806	(481,587)
Reclassification to profit and loss on disposal of foreign subsidiary	20	392	-
Other comprehensive income / (loss) for the year, net of tax		577,198	(481,587)
Total comprehensive loss for the year		(17,046,820)	(2,683,599)
Loss for the year is attributable to the owners of Minbos Resources Limited			
		(17,624,018)	(2,202,012)
Total comprehensive loss for the year is attributable to the owners of Minbos Resources Limited			
		(17,046,820)	(2,683,599)
Loss per share attributable to ordinary equity holders			
- Basic loss per share	11	(0.007)	(0.001)
- Diluted loss per share	11	(0.007)	(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-18 \$	30-Jun-17 \$
ASSETS			
Current assets			
Cash and cash equivalents	12	3,925,570	2,603,564
Trade and other receivables	13	50,318	45,603
Total current assets		3,975,888	2,649,167
Non-current assets			
Plant and equipment	14	36,360	27,260
Net investment in associate	15	-	19,041,535
Total non-current assets		36,360	19,068,795
Total assets		4,012,248	21,717,962
LIABILITIES			
Current liabilities			
Trade and other payables	17	112,231	181,218
Provisions	18	45,871	101,842
Total current liabilities		158,102	283,060
Non-current liabilities			
Deferred tax liabilities	10	-	3,935,637
Total non-current liabilities		-	3,935,637
Total liabilities		158,102	4,218,697
Net assets		3,854,146	17,499,265
EQUITY			
Issued capital	19	40,567,812	37,078,599
Reserves	20	4,614,510	4,124,824
Accumulated losses	21	(41,328,176)	(23,704,158)
Total equity		3,854,146	17,499,265

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 2017	37,078,599	87,512	459,184	3,578,128	(23,704,158)	17,499,265
Comprehensive income:						
Loss for the year	-	-	-	-	(17,624,018)	(17,624,018)
Other comprehensive income	-	-	-	577,198	-	577,198
Total comprehensive income / (loss) for the year	-	-	-	577,198	(17,624,018)	(17,046,820)
Transactions with owners in their capacity as owners:						
Issue of share capital	3,574,831	-	-	-	-	3,574,831
Capital raising costs	(85,618)	-	-	-	-	(85,618)
Share-based payments	-	(87,512)	-	-	-	(87,512)
At 30 June 2018	40,567,812	-	459,184	4,155,326	(41,328,176)	3,854,146
	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

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

Consolidated Statement of Cash Flows

	30-Jun-18	30-Jun-17
	\$	\$
Cash flows from operating activities		
Payment to suppliers and employees	(1,439,810)	(1,471,436)
Payment for exploration and evaluation expenditure	(713,010)	(742,889)
Interest received	33,826	61,364
Net cash outflow from operating activities	12(c) (2,118,994)	(2,152,961)
Cash flows from investing activities		
Payment for plant and equipment	(34,976)	(30,149)
Net cash outflow from investing activities	(34,976)	(30,149)
Cash flows from financing activities		
Proceeds from the issue of shares, net of costs	3,475,976	3,838,055
Loan to associate	-	(992,588)
Loan repayment from Joint Venture Partner Petril Phosphates Ltd	-	324,745
Net cash inflow from financing activities	3,475,976	3,170,212
Net increase in cash and cash equivalents	1,322,006	987,102
Cash and cash equivalents at the beginning of the year	2,603,564	1,606,934
Effect of exchange rate fluctuations on cash held	-	9,528
Cash and cash equivalents at the end of the year	12(a) 3,925,570	2,603,564

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 2018 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 and rare earth elements in Madagascar.

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 28 September 2018.

(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.

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 2018 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.

Notes to the Consolidated Financial Statements

(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.

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 is United States dollars (USD).

(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.

Notes to the Consolidated Financial Statements

(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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Group.

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

- (i) Note 15: Net Investment in Associate - The Group assesses whether there is objective evidence that the Net Investment in Associate is impaired by reference to the underlying project held by the Associate in Angola. This project is the Cabinda Project, held by Joint Venture partners Tunan Mining Pty Ltd and Mongo Tando Holdings Limited. Impairment testing and assessment is done in accordance with AABS 6, AASB 136 and AASB139. This assessment requires judgement in analysing possible impacts caused by factors such as commodity prices, operating and capital estimates, ownership relationships and the political risk in which the project operates.

The Group has determined external factors, including uncertainties over the Company's Joint Venture in Angola as indicated by the termination of the share sale agreement with Petril as objective evidence of impairment. Therefore, impairment testing was performed on the Associate and the Associates underlying exploration and evaluation expenditure resulting in a non-cash impairment charge of \$13,591,377 and a loss for associate of \$6,025,208 recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income at 30 June 2018.

Notes to the Consolidated Financial Statements

When assessing recoverable amounts, the Company makes estimates and assumptions which are subject to risk and uncertainty. Minbos has assessed the recoverable amount using a fair value less costs of disposal (FVLCD) method, in accordance with AASB 13 Fair Value (level 1 fair value hierarchy under AASB 13). The FVLCD method under AASB 136 Impairment of Assets requires a determination of the fair value, being the price that would be received to sell the project in an orderly transaction between market participants at measurement date. In this context, Minbos considers that the fair value that a willing buyer would place on the Cabinda project includes the commodity risk factors and uncertainties over the Joint Venture in Angola.

- (ii) Note 16: Exploration and evaluation expenditure - The Group's accounting policy for exploration and evaluation is set out in note 16. 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 \$563,609 (2017: \$732,421), 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 15 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

	<u>30-Jun-18</u>	<u>30-Jun-17</u>
	\$	\$
Other revenue		
Interest revenue	30,759	59,805
	30,759	59,805

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-18	30-Jun-17
	\$	\$
Administration expenses		
Advertising and marketing expenses	38,095	95,949
Compliance and regulatory expenses	143,297	227,742
Computer expenses	16,150	15,118
Consulting and corporate expenses	195,517	209,114
Provision for doubtful debts	5,483	(1,307)
Rent expense	63,968	71,180
Travel and accommodation expenses	14,885	95,631
Other administration expenses	72,501	123,855
	549,896	837,282
Personnel expenses and director fees		
Wages and salaries, including superannuation	663,717	547,948
Director fees and other benefits	144,000	144,000
Employee share plan expense	-	5,803
Other employee expenses	-	29,851
	807,717	727,602
Loss on disposal of subsidiaries		
Loss on disposal of subsidiaries (i)	20	-
	20	-

- (i) During the financial year the Company deregistered its South African subsidiary, Tunan Mining Pty Ltd. The Company recognised a loss of \$20 at 30 June 2018 as the subsidiary was deconsolidated from the Group. At 30 June 2018 the foreign currency translation reserve carrying value of \$392 was transferred to profit and loss.

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.

During the current financial year, the Company entered into an option with Tana whereby Minbos can acquire 90% of the shares in MRE. MRE's sole asset is a wholly owned subsidiary in Madagascar which holds two exploration permits in central Madagascar covering 440 square kilometres. The transaction however, is conditional upon Minbos completing due diligence on the project and the renewal of the exploration permits. As at 30 June 2018 these conditions had not been satisfied and the Board therefore considers its business operations in phosphate mineral exploration to be its primary reporting function.

The Group therefore operates only in one reportable segment being predominately in the area of phosphate mineral exploration in Angola, within Africa. Results are therefore 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-18	30-Jun-17
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	(21,559,655)	(2,202,012)
At the entity's Australian statutory income tax rate of 30% (2017: 30%)	(7,307,465)	(643,507)
At the entity's DRC statutory income tax rate of 30% (2017: 30%)	(745)	(9,367)
At the entity's South African statutory income tax rate of 28% (2017: 28%)	-	(7,138)
Adjusted for tax effect of the following amounts:		
Non-deductible / taxable items	6,976,522	240,607
Non-taxable / deductible items	(27,578)	468
Prior year adjustment	-	(44,061)
Income tax benefits not brought to account	359,266	462,998
Income tax expense / (benefit)	-	-

(b) Recognised deferred tax assets and liabilities

	30-Jun-18	30-Jun-17
Deferred tax liabilities	\$	\$
Investment in associate		
Opening balance	3,935,637	3,935,637
Charges / (credited) to income	(3,935,637)	-
Closing balance	-	3,935,637
Total deferred tax liability recognised	-	3,935,637

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

	30-Jun-18	30-Jun-17
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	2,987,262	2,624,039
Deductible temporary differences	31,512	18,985
Unrecognised deferred tax assets	3,018,774	2,643,024

The Group has Australian carried forward tax losses of \$9,957,539 (tax effected at 30%, \$2,987,262) as at 30 June 2018 (2017: \$8,746,797 (tax effected at 30%, \$2,624,039)). In view of the Group's trading position, the Directors have not included this tax benefit in the Group's Consolidated Statement of Financial Position. A tax benefit will only be recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

Notes to the Consolidated Financial Statements

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 2018 was based on the loss attributable to ordinary shareholders of \$17,624,018 (2017: \$2,202,012) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2018 of 2,681,878,266 (2017: 2,289,756,944) calculated as follows:

	<u>30-Jun-18</u>	<u>30-Jun-17</u>
Net loss attributable to the ordinary equity holders of the Group (\$)	(17,624,018)	(2,202,012)
Weighted average number of ordinary shares for basis per share (No)	2,681,878,266	2,289,756,944
Continuing operations		
- Basic loss per share (\$)	(0.007)	(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-18	30-Jun-17
	\$	\$
Cash at bank and in hand	3,905,570	583,564
Short-term deposit	20,000	2,020,000
	3,925,570	2,603,564

(b) Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in Note 23: Financial Risk Management.

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

	30-Jun-18	30-Jun-17
	\$	\$
Loss for the financial year	(17,624,018)	(2,202,012)
Adjustments for:		
Depreciation expense	16,713	5,354
Employee benefits expense	-	5,803
Foreign currency translation	497	12,188
Share-based payments	(87,512)	(128,982)
Share of net loss from associate	6,025,208	9,878
Loss on disposal of plant and equipment	859	-
Loss on disposal of subsidiaries	20	-
Impairment of exploration and evaluation expenditure	-	66,074
Impairment of investment in associate	13,591,377	-
Income tax expense / (benefit)	(3,935,637)	-
Change in assets and liabilities		
(Increase) in trade and other receivables	(7,782)	(17,875)
(Decrease) / increase in trade and other payables	(84,278)	75,975
(Decrease) / increase in increase in provisions	(14,441)	20,636
Net cash used in operating activities	(2,118,994)	(2,152,961)

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-18	30-Jun-17
	\$	\$
Trade receivables	275	-
Other receivables (i)	4,500	7,500
Indirect taxes receivable	15,652	22,020
Prepayments (ii)	28,882	12,007
Accrued interest	1,009	4,076
	50,318	45,603

(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 2018 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 2018 was \$4,500 (2017: \$7,500) being the value of the 1,500,000 Minbos shares held as security.

(ii) Prepayments

Prepayments consists of prepaid insurance (travel, workers compensation, directors & officers' liability and public liability) expiring 31 October 2018, prepaid geological software and prepaid expenditure in relation to the Africa Down Under Conference.

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. PLANT AND EQUIPMENT

	Computer Equipment \$	Furniture & Fittings \$	Total \$
<u>Year ended 30 June 2018</u>			
Opening net book amount	23,405	3,855	27,260
Additions	26,672	-	26,672
Disposals	(859)	-	(859)
Depreciation charge	(16,216)	(497)	(16,713)
Closing net book amount	33,002	3,358	36,360
<u>At 30 June 2018</u>			
Cost	52,267	3,979	56,246
Accumulated depreciation	(19,265)	(621)	(19,886)
Net book amount	33,002	3,358	36,360
<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

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.

Notes to the Consolidated Financial Statements

Depreciation

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

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

- Computer equipment: 3 years
- 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.

15. 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-18	30-Jun-17
	\$	\$
Movement reconciliation		
Balance at the beginning of the financial year	19,041,535	18,538,704
Exchange differences	575,050	(479,879)
Share of net loss in associate	(6,025,208)	(9,878)
Loan to associate (refer note 28: Related Parties)	-	992,588
Impairment of loan to associate (refer note 28: Related Parties) (i)	(5,901,442)	-
Impairment of investment in associate (i)	(7,689,935)	-
Balance at the end of the financial year	-	19,041,535

(i) During the financial year Minbos issued a notice of termination for the SSA with Petril and each of the shareholders of Petril, under which Minbos agreed to acquire all the shares of Petril subject to the satisfaction, or waiver, of conditions precedent by the end date of 24 October 2017. The conditions precedent were not satisfied by the end date and were not waived by the parties. Given the material uncertainties with the current Joint Venture as indicated by the termination of the share sale agreement with Petril, management has decided to assess the recoverable amount of the asset as nil and fully impair the asset as at 30 June 2018.

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, Chibue, 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.

Notes to the Consolidated Financial Statements

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-18	30-Jun-17
	\$	\$
Administration expenses	(7,858)	(9,091)
Finance costs	(1,458)	(10,666)
Impairment of exploration and evaluation expenditure	(12,041,098)	-
Loss from continuing operations before income tax	(12,050,414)	(19,757)
Income tax expense	-	-
Loss from continuing operations after income tax	(12,050,414)	(19,757)

(b) Statement of Financial Position of the associate

	30-Jun-18	30-Jun-17
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	115	87,363
Other receivables	-	298,532
Total current assets	115	385,895
Non-current assets		
Exploration and evaluation expenditure	-	11,358,380
Total non-current assets	-	11,358,380
Total assets	115	11,744,275
LIABILITIES		
Current liabilities		
Trade and other payables	41,466	449,885
Borrowings	15,587,686	14,732,534
Total current liabilities	15,629,152	15,182,419
Total liabilities	15,629,152	15,182,419
Net liabilities	(15,629,037)	(3,438,144)
Minbos share of total equity (50%)	(7,814,519)	(1,719,072)
Fair value of exploration and evaluation on acquisition (i)	15,504,454	14,859,165
Loan advanced	5,901,442	5,901,442
Impairment of investment in associate	(13,591,377)	-
Carrying amount of the investment in associate	-	19,041,535

(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	Loss
		%	\$	\$	\$	\$
Mongo Tando Limited	30-Jun-18	50%	58	(7,814,576)	-	(6,025,208)
Mongo Tando Limited	30-Jun-17	50%	5,872,137	(7,591,209)	-	(9,878)

Notes to the Consolidated Financial Statements

(d) Contingent liabilities of the associate

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

16. EXPLORATION AND EVALUATION EXPENDITURE

	30-Jun-18	30-Jun-17
	\$	\$
Carrying amount of exploration and evaluation expenditure	-	-
<u>Movement reconciliation</u>		
Balance at the beginning of the financial year	-	34,229
Additions - Kanzi project and Australian tenements	-	31,845
Impairment - Kanzi project (licences expired during February 2017)	-	(31,222)
Impairment - Australian project (licences expired during financial year)	-	(34,852)
Balance at the end of the financial year	-	-

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

17. TRADE AND OTHER PAYABLES

	30-Jun-18	30-Jun-17
	\$	\$
Trade creditors	35,789	113,116
Accruals	46,833	34,378
Superannuation payable	12,335	16,229
PAYG payable	17,274	17,495
	112,231	181,218

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.

18. PROVISIONS

	30-Jun-18	30-Jun-17
	\$	\$
Provision for annual leave	45,871	60,312
Provision for longer term employee retention bonuses	-	41,530
	45,871	101,842

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

19. CONTRIBUTED EQUITY

(a) Issued and fully paid

	30-Jun-18		30-Jun-17	
	\$	No.	\$	No.
Ordinary shares	40,567,812	5,654,561,320	37,078,599	2,458,505,660
	40,567,812	5,654,561,320	37,078,599	2,458,505,660

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 2016		2,073,547,651		33,240,544
Issue of shares via exercise of options (i)	07/12/2016	384,958,009	0.010	3,849,580
Equity costs	-	-	-	(11,525)
Balance 30 June 2017		2,458,505,660		37,078,599
Issue of share as consideration for services (ii)	6/04/2018	10,000,000	0.003	30,000
Issue of share via placement (iii)	14/05/2018	358,775,000	0.002	717,550
Issue of shares via rights issue (iv)	6/06/2018	2,490,934,016	0.001	2,490,934
Issue of shares via rights issue shortfall (v)	18/06/2018	336,346,644	0.001	336,347
Equity costs	-	-	-	(85,618)
Balance 30 June 2018		5,654,561,320		40,567,812

- (i) 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.
- (ii) On 6 April 2018, the Company issued 10,000,000 shares at \$0.003 per share as consideration for \$30,000 worth of due-diligence services invoiced by Industrial Minerals Company Australia to the Company.
- (iii) On 14 May 2018, the Company completed a capital placement and issued 358,775,000 fully paid ordinary shares at \$0.002 per share to raise \$717,550.
- (iv) On 6 June 2018, the company completed its non-renounceable rights issue and issued 2,490,934,016 fully paid ordinary shares at \$0.001 per share to raise \$2,490,934.
- (v) On 18 June 2018, the company successfully completed the placement of the rights issue shortfall of 336,346,644 fully paid ordinary shares issued at \$0.001 per share to raise \$336,347.

(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.

20. RESERVES

	30-Jun-18		30-Jun-17	
	\$	No.	\$	No.
Share-based payment & option reserve	-	-	87,512	59,457,494
Employee share plan reserve	459,184	-	459,184	-
Foreign currency translation reserve	4,155,326	-	3,578,128	-
	4,614,510	-	4,124,824	59,457,494

	30-Jun-18	30-Jun-17
	\$	\$
<u>Movement reconciliation</u>		
Share-based payment and option reserve		
Balance at the beginning of the year	87,512	2,401,929
Accounting for performance rights (refer Note 22(b))	(87,512)	(128,982)
Transfer to accumulated losses for options expired	-	(2,185,435)
Balance at the end of the year	-	87,512
Employee share plan reserve		
Balance at the beginning of the year	459,184	453,381
Equity settled share-based payment transactions	-	5,803
Balance at the end of the year	459,184	459,184
Foreign currency translation reserve		
Balance at the beginning of the year	3,578,128	4,059,715
Effect of translation of foreign currency operations to group presentation currency	577,198	(481,587)
Balance at the end of the year	4,155,326	3,578,128

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 Catulich (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 and 59,457,494 rights expired 27 January 2018 without vesting resulting in a credit for the current year of \$87,512 (2017: \$128,982).

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.

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. During the prior year ended 30 June 2017, the entire employee benefits expense in relation to these shares was recognised by the Company. The vesting conditions in relation to these shares were met during the 2018 financial year.

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.

21. ACCUMULATED LOSSES

	<u>30-Jun-18</u>	<u>30-Jun-17</u>
	\$	\$
Movement in accumulated losses		
Balance at the beginning of the financial year	(23,704,158)	(23,687,581)
Net loss in current year	(17,624,018)	(2,202,012)
Transfer from option reserve	-	2,185,435
Balance at the end of the financial year	(41,328,176)	(23,704,158)

Notes to the Consolidated Financial Statements

22. 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.

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 expired on 27 January 2018. At 31 December 2017 it was apparent that the milestone would not be achieved, hence an adjustment to reverse the expense was recognised during the period.

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. Given the performance rights expired in the previous and current financial year, the total share based payment has been reversed, refer to the table below.

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

	Value recognised during period	Value recognised in prior years	Value to be recognised in future years
	\$	\$	\$
Performance rights issued to Sofosa	27,385	227,763	-
Performance rights reversed on expiry (not vested)	(114,897)	(356,745)	-
	(87,512)	(128,982)	-

Notes to the Consolidated Financial Statements

23. 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-18	30-Jun-17
	\$	\$
Financial assets		
Cash and cash equivalents	3,925,570	2,603,564
Trade and other receivables	50,318	45,603
	3,975,888	2,649,167
Financial liabilities		
Trade and other payables	112,231	181,218
	112,231	181,218
Net exposure	3,863,657	2,467,949

(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-18		30-Jun-17	
	Weighted average interest rate	Balance \$	Weighted average interest rate	Balance \$
Cash and cash equivalents	0.74%	3,925,570	2.14%	2,603,564

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 2018, 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-18	30-Jun-17	30-Jun-18	30-Jun-17
	\$	\$	\$	\$
Judgements of reasonably possible movements:				
+ 1.0% (100 basis points)	27,479	18,225	-	-
- 1.0% (100 basis points)	(27,479)	(18,225)	-	-

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.

(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-18	30-Jun-17
	\$	\$
Cash at bank and short-term bank deposits:		
Financial institutions - Standard & Poor's rating of AA-	3,925,498	2,600,991
Financial institutions - Other	72	2,573
	3,925,570	2,603,564

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 2018.

Contractual maturities of financial liabilities	<6 months \$	>6-12 months \$	>12 months \$	Total contractual cash flows \$	Carrying amount \$
30-Jun-18					
Trade and other payables	112,231	-	-	112,231	112,231
	112,231	-	-	112,231	112,231
30-Jun-17					
Trade and other payables	181,218	-	-	181,218	181,218
	181,218	-	-	181,218	181,218

(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 2018 and 30 June 2017 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 is 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.

24. COMMITMENTS

Ambato Project: During the financial year the Minbos entered into an option agreement with Tana to acquire 90% of the shares in MRE Mining (Mauritius) Ltd. As part of the agreement Minbos agreed to spend a minimum of US\$250,000 on exploration expenditure on the tenements or complete a drilling program of at least 600 metres on the tenements (the Drill Program).

Notes to the Consolidated Financial Statements

25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Following the deregistration of the Group's South African subsidiary Tunan Mining, management have been advised that there is a possible tax liability of R6.937 million (AUD682,000 at 30 June 2018) as the write-off of intercompany loans from the parent entity to the subsidiary may be deemed income by in-country tax authorities. There are no other contingent liabilities or contingent assets as at 30 June 2018 (2017: nil).

26. PARENT ENTITY

	30-Jun-18	30-Jun-17
	\$	\$
Current Assets	3,975,816	2,646,594
Non-Current Assets	36,360	18,715,515
Total Assets	4,012,176	21,362,109
Current Liabilities	158,102	266,664
Total Liabilities	158,102	266,664
Net Assets	3,854,074	21,095,445
Contributed equity	40,567,812	37,078,599
Share-based payments and option reserve	-	87,512
Employee share plan reserve	459,184	459,184
Accumulated losses	(37,172,922)	(16,529,850)
Total Equity	3,854,074	21,095,445
Loss for the year	(20,643,072)	(6,904,623)
Other comprehensive loss for the year	-	-
Total comprehensive loss for the year	(20,643,072)	(6,904,623)
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	-	-

27. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 12th July 2018 the Company announced that a contract with Orezone has been executed for a diamond drilling program at the Ambato Rare Earths Project in Madagascar.

On 7th August 2018 the Company announced that drilling at Ambato had commenced, comprising ten (10) HQ diamond holes (or 1,000m of drilling). Additional drill holes will be drilled if required.

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.

Notes to the Consolidated Financial Statements

28. RELATED PARTIES

(a) Ultimate parent

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

(b) Subsidiary companies

Interests in subsidiaries are set out in Note 30: Subsidiaries and Transactions with Non-Controlling Interests.

(c) KMP compensation

	30-Jun-18	30-Jun-17
	\$	\$
Short-term employee benefits	560,279	565,819
Post-employment benefits	39,972	39,242
Equity compensation benefits	-	5,803
	600,251	610,864

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.

(d) Loans to Associate

	30-Jun-18	30-Jun-17
	\$	\$
Balance at the beginning of the financial year	5,901,442	4,908,854
Loans advances	-	992,588
Loan repayments made	-	-
Interest charged	-	-
Interest paid	-	-
Impairment of loan (refer Note 15: Investment in Associate)	(5,901,442)	-
Balance at the end of the financial year	-	5,901,442

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) 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 (2017: Nil).

Notes to the Consolidated Financial Statements

(f) Loans to Joint Venture Partner Petril Phosphates Limited

	30-Jun-18	30-Jun-17
	\$	\$
Balance at the beginning of the financial year	-	339,111
Loan repayments received	-	(324,745)
Foreign exchange loss on loan repayment received	-	(11,236)
Interest charged	-	1,009
Interest received	-	(4,139)
Balance at the end of the financial year	-	-

During the 2016 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.

(g) Transactions with other related parties

	30-Jun-18	30-Jun-17
	\$	\$
Legal services - Steinepreis Paganin Lawyers & Consultants (i) (a firm in which Peter Wall is a partner)	80,831	110,033
Corporate services - Aesir Capital Pty Ltd (ii) (a Company in which Damian Black is a Director / Shareholder)	47,358	-
Agreements with strategic Angolan partner - Sofosa (iii) Company in which Domingos Catulichy is a shareholder and Director		
- Support and services on the Cabinda Project	96,421	238,316
- Performance rights (refer note 22)	(87,512)	(128,982)

(i) Legal fees paid to Steinepreis Paganin Lawyers & Consultants

Legal fees of \$80,831 were paid to Steinepreis Paganin Lawyers & Consultants during the financial year, of which Mr Peter Wall, Chairman, is a partner.

(ii) Corporate fees paid to Aesir Capital Pty Ltd

Corporate fees of \$47,358 in relation to the May placement, were paid to Aesir Capital Pty Ltd during the financial year, of which Mr Damian Black, Director, is a Director and shareholder. The placement fee is an industry standard fee and negotiated on arm's length commercial terms.

(iii) Agreements with strategic Angolan partner

During the 2015 financial year, Minbos concluded agreements with Sofosa to advance and progress the Cabinda project, a Company of which Mr Catulichy (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, up until 30 November 2017. During the 2018 financial year the Company incurred fees from Sofosa of \$96,421 (US\$75,000) (2017FY: \$238,316 (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 and the share-based payment relating to these performance rights was therefore reversed at 30 June 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. At 31 December 2017 it was apparent that the milestone would not be achieved, hence an adjustment to reverse the expense was recognised during the period.

Notes to the Consolidated Financial Statements

29. DIVIDENDS

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

30. 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 2018:

Name of entity	Country of incorporation	Class of shares	Ownership interest	
			30/06/2018	30/06/2017
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%
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 deregistered during the financial year.
- (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.
- (v) Phosphalax SPRL is an entity incorporated in the Democratic Republic of Congo.

31. AUDITOR'S REMUNERATION

	30-Jun-18	30-Jun-17
	\$	\$
Amounts received or due & receivable by BDO Audit (WA) Pty Ltd for:		
An audit or review of the financial report of the entity	40,984	41,959
Total auditor remuneration	40,984	41,959
Amounts received or due & receivable by related network practices of BDO (WA) Pty Ltd for:		
An audit or review of the financial report of Tunan Mining Pty Ltd	1,588	1,615
Total auditor remuneration	1,588	1,615
Non-Audit Services (Remuneration for other services)		
BDO Tax (WA) Pty Ltd - Taxation services	-	2,736
BDO Corporate Finance (WA) Pty Ltd - Other professional services	-	23,156
Total Non-Audit Services	-	25,892

Notes to the Consolidated Financial Statements

32. 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 <i>Revenue</i> .	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.
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.
AASB 16: Leases (issued February 2016)		
AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 <i>Leases</i> . 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 2018 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
28 September 2018

INDEPENDENT AUDITOR'S 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 2018, 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 2018 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.

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.

Impairment of net investment in associate

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 15, an impairment of the Group's net investment in associate was recognised during the financial year ended 30 June 2018.</p> <p>The Group has performed an assessment to determine whether there is any objective evidence that the net investment in associate was impaired as at 30 June 2018.</p> <p>As a result of this assessment, the Group has concluded that the net investment in associate should be fully impaired.</p> <p>Given the quantum of this impairment, we considered this to be a key audit matter</p>	<p>Our audit procedures in relation to the impairment of the net investment in associate included:</p> <ul style="list-style-type: none"> • Enquiring with management to gather sufficient information about the status of the underlying exploration activities and evaluating the probability of the Cabinda project proceeding to development; • Evaluating the evidence supporting the Group's conclusion that the net investment in associate was fully impaired in accordance with relevant accounting standards; and • Assessing the adequacy of related disclosures in Note 15 of the financial report.

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 2018, 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 (<http://www.auasb.gov.au/Home.aspx>) 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 20 to 28 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Minbos Resources Limited, for the year ended 30 June 2018, 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

A handwritten signature in blue ink that reads 'BDO' on the top line and 'J Prue' on the bottom line.

Jarrad Prue

Director

Perth, 28 September 2018

Shareholder Information

The following additional information was applicable as at 18 September 2018.

1. Fully paid ordinary shares

- There are a total of 5,654,561,320 ordinary fully paid shares on issue which are listed on the ASX.
- The number of holders of fully paid ordinary shares is 742.
- 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	2,485	0.00%
1,001 - 5,000	32	89,488	0.00%
5,001 - 10,000	29	217,221	0.00%
10,001 - 100,000	167	7,261,108	0.13%
100,001 - 9,999,999,999	481	5,646,991,018	99.87%
Totals	742	5,654,561,320	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 341 shareholders who hold less than a marketable parcel of shares, amounting to 0.38% 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	2,252,004,350	39.8

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:

- each shareholder is entitled to vote and may vote in person or by proxy, attorney or representative;
- 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
- 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 70.12% of the securities in this class and are listed below:

Rank	Holder Name	Securities	% of Issued
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,266,054,932	40.07%
2	MRS ELEANOR JEAN REEVES <ELANWI A/C>	211,523,066	3.74%
3	BRIJOHN NOMINEES PTY LTD <NELSONIO A/C>	174,712,332	3.09%
4	CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	160,833,332	2.84%
5	PHEAKES PTY LTD <SENATE A/C>	140,033,332	2.48%
6	MR BRENDAN JAMES BORG & MRS ERIN BELINDA BORG	130,000,000	2.30%
7	NATIONAL NOMINEES LIMITED <DB A/C>	121,360,926	2.15%
8	MR LINDSAY GEORGE REED <REED FAMILY FUND A/C>	96,333,334	1.70%
9	HEQUITY PTY LTD <A & C HECTOR FAMILY A/C>	80,000,000	1.41%
10	SMARTEQUITY EIS PTY LTD	78,000,000	1.38%
11	RAEJAN PTY LTD <THE MARZEC FAMILY ACCOUNT>	72,000,000	1.27%
12	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	55,445,393	0.98%
13	WILGUS INVESTMENTS PTY LTD	55,029,734	0.97%
14	HELMET NOMINEES PTY LTD <TIM WEIR FAMILY FUND A/C>	54,778,688	0.97%
15	TT NICHOLLS PTY LTD <SUPER A/C>	50,000,000	0.88%
16	INJI INVESTMENTS PTY LTD	49,000,000	0.87%
17	MR LINDSAY REED & MRS JENNIE REED <REED SUPER FUND A/C>	46,666,666	0.83%
18	RUCE SEVERIN & HELEN SEVERIN <SEVERIN FAMILY S/F A/C>	45,320,134	0.80%
19	PRECISION OPPORTUNITIES FUND LTD <INVESTMENT A/C>	40,000,000	0.71%
20	MR LUKE JOHN GLEESON	37,750,000	0.67%
		3,964,841,869	70.12%

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
No. 10868 (awaiting renewal)	Exploration	90% Earning (Option to Purchase)	Madagascar
No. 12013 (awaiting renewal)	Exploration	90% Earning (Option to Purchase)	Madagascar

Shareholder Information

9. Mineral Resources Statements

The company's Mineral Resources estimate as at 30 June 2018 and 30 June 2017 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 2018 and 30 June 2017
(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

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.

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.

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