

Annual Report

For the year ended 30 June 2013



Minbos
Resources
Limited

ABN 93 141 175 493

Contents

Corporate Directory	2
Chairman’s Address	3
Review of Operations	4
Directors’ Report	25
Lead Auditor’s Independence Declaration	50
Corporate Governance Statement	51
Consolidated Statement of Profit or Loss & Other Comprehensive Income	59
Consolidated Statement of Financial Position	60
Consolidated Statement of Changes in Equity	61
Consolidated Statement of Cash Flows	62
Notes to the Consolidated Financial Statements	63
Directors’ Declaration	112
Independent Auditor’s Report	113
Shareholder Information	115

Corporate Directory

Directors & Officers

Mr Scott Sullivan - Managing Director & Executive Chairman

Mr David Reeves - Non-Executive Director

Mr Domingos Catulich - Non-Executive Director

Mr William Oliver - Non-Executive Director

Ms Paige Exley - Company Secretary

Registered Office

C/- Blue Horse Corporate

108 Outram Street

West Perth WA 6005

T: +61 (08) 9476 4500

F: +61 (08) 6314 1587

E-mail: info@minbos.com

Website: www.minbos.com

Principal Place of Business

Perth Office

Level 1, 278 Stirling Highway

Claremont WA 6010

PO Box 1346

West Perth WA 6872

South African Office

Ground Floor, Unit 1, Ferndale Mews

15 Dover Street

Randburg, Johannesburg 2194

PO Box 1577

Randburg, Johannesburg 2125

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

Fremantle Business Banking Centre

Level 1, 88 High Street

Fremantle WA 6160

Website: www.nab.com.au

Auditors

BDO Audit (WA) Pty Ltd

38 Station Street

Subiaco WA 6008

Website: www.bdo.com.au

Share Registry

Security Transfer Registrars

770 Canning Highway

Applecross WA 6153

Website: www.securitytransfers.com.au

Effective until: 14 October 2013

Automatic Registry Services

Level 1, 7 Ventnor Avenue

West Perth WA 6005

Website: www.automic.com.au

Effective from: 14 October 2013

Solicitors

Steinepreis Paganin

Level 4, The Read Buildings

16 Miligan street

Perth WA 6000

Website: www.steinpag.com.au

Public Relations

Professional Public Relations (PPR)

588 Hay Street

Subiaco WA 6008

Website: www.ppr.com.au

Securities Exchange

Australian Securities Exchange Limited (ASX)

Home Exchange - Perth

ASX Code - MNB (Ordinary Shares)

Chairman's Address

Dear Shareholders,

On behalf of the Directors, I am pleased to present to you Minbos Resources Limited's ("**Minbos**" or "**the Company**") Annual Report to shareholders for the year ended 30 June 2013.

There is no escaping from the fact that FY 2013 has been a challenging year – not just for Minbos, but for many smaller companies in the mining industry. The capital market has contracted significantly and even quality projects, which I firmly believe ours are, have not been guaranteed funding. As a result, Minbos' share price has declined steadily to disappointingly low levels and I know our shareholder base has been concerned at this trend.

I wish to assure shareholders that a prime focus of the Board during the year has been sourcing suitable funding to meet the immediate needs of our key phosphate projects in Angola and the Democratic Republic of Congo.

The Board is currently structuring a series of financial instruments that we believe will enable us to fund our equity share of our Angolan project as a priority. I am very excited about proceeding with this project, with the goal of taking it into production, which will of course generate cash flow for the Company.

The past 12 months has been a period of significant change and re-generation for the company in many ways. The business has been strengthened through a restructuring of both our operational capability and Board and executive capability.

We have recently welcomed Bill Oliver to the Board of Minbos. Bill's skill set and African experience will substantially boost the Board's capability. We will continue to seek to strengthen the Board as we move forward, ensuring we have the right team in place to oversee the development of our assets into production.

FY2013 has also seen a heightened focus on cost reduction initiatives, to reduce our fixed cost base whilst the projects are in feasibility stage. This includes a reduction in our African employee base by 75%, a reduction in our Australian and African office costs, and the rationalisation of our logistics functions. We have also improved our governance throughout all levels of the Company. As a result of these measures, I believe we are now in the best possible shape to move forward with our exciting projects.

Our key focus in the DRC has been negotiating with our joint venture partner Allamanda to restructure the Joint Venture (JV) in a way that is more amenable to external funding and to transfer the exploration licences into the JV company, Phosphalux SPRL. While these discussions are ongoing, I can report that we have made substantial progress on the project. We recently announced a resource upgrade to JORC Indicated status of 58.5Mt at 14.2% P₂O₅. We have completed a first stage logistics study that has concluded that barging and trans-shipping our product on the Congo River is a possibility and further detailed studies would be the next step. We have also completed a preliminary environmental review that would accompany the scoping study in a Mining Licence application once the licences are transferred. The Board is continually reviewing its options to derive value from this project.

Cacata is awaiting the renewal of its Exploitation Permits before proceeding with the bankable feasibility study (BFS). The Government of Angola is processing these under the country's new mining code, with this process taking longer than initially anticipated. However, the project is well placed and we expect the renewal process to conclude in October 2013 with funding being finalised shortly thereafter and the BFS moving forward.

We look forward to an exciting year ahead. I thank our loyal staff for their dedication throughout the last year and I thank you, our shareholders, on behalf of the Board for your support and continued belief in the Company.



Yours sincerely,
Mr Scott Sullivan
Executive Chairman

Review of Operations

1. GROUP OVERVIEW

Minbos Resources Limited (“Minbos” or “the Company”) was incorporated on 17 December 2009 and listed on the Australian Securities Exchange (“ASX”) on 18 October 2010 (ASX code: MNB). Minbos is a company limited by shares that is incorporated and domiciled in Australia. The information presented in this section is applicable to the year ended 30 June 2013 and up until the date of this report being lodged with the ASX.

Minbos is an exploration and development company with its focus on phosphate bearing deposits within the Cabinda Province (“Cabinda”) of Angola and the adjoining areas of the far western Democratic Republic of the Congo (“DRC”). Through its subsidiaries and joint ventures, the Company is progressing Bankable Feasibility Studies (“BFS”) upon the high grade Cacata and Kanzi projects, while continuing to explore over 400,000 ha of highly prospective ground hosting phosphate bearing deposits.

In November 2012 the Company raised \$1.71 million via a placement to sophisticated investors. Since listing and up to date of this report, Minbos Resources Limited and its Controlled Entities (“the Group”) has used its funds in accordance with the business objectives originally stated in its prospectus and subsequent announcements made thereon. It is the intention of the Company to continue to use funds on the on-going development of its current projects and stated business objectives.

The Company’s strategy is to specifically target the exploration and development of low cost fertiliser-based commodities in order to tap into the growing global demand for fertilisers. Phosphate is an essential component in certain agricultural fertilisers, with the market supported by the increasing global demand for food and bio-fuel products, in tandem with growing pressure on food producers to improve the productivity of existing arable land.

(a) Investment Highlights

The highlights during the financial year include:

- Board and CFO appointments - Minbos appointed a new Managing Director, Mr Scott Sullivan and Chief Financial Officer, Mr James Carter.
- Capital Raising - Minbos raised \$1.7 million at 14 cents per share to progress Bankable Feasibility Studies for projects in Angola and DRC.
- Cacata Operations – Excellent testwork results received from beneficiation testwork on samples from the Cacata diamond drill core, confirming results from earlier campaign carried out on aircore samples.
- Positive results from test work showing that Cacata Phosphate can be successfully processed in the dehydrate phosphoric acid route, producing a good quality phosphoric acid and DAP with low deleterious mineral content.
- Minbos formed a Joint Venture with Allamanda Trading Ltd (“Allamanda”) for the exploration and development of the Kanzi project and surrounding exploration areas in the western Democratic Republic of Congo.
- Kanzi Scoping Study – Positive results were received from the scoping study completed on the Kanzi Phosphate Project (“Kanzi”). The study demonstrated positive economics, confirming the potential of Kanzi as a viable project with forecast pre-tax cash flows in excess of US\$1.5 billion over a 17-year mine life.
- Kanzi Drilling Results – A total of 171 aircore holes were drilled, the results of which confirm Minbos’ understanding of Kanzi deposit and the high project potential. 89 infill holes were drilled to enable the upgrade of the resource from Inferred to Indicated JORC category. 71 holes were drilled in the targeted area of first mining to enable more detailed modelling and planning for the pit. 11 holes were drilled to twin holes previously drilled in 2011.

Review of Operations

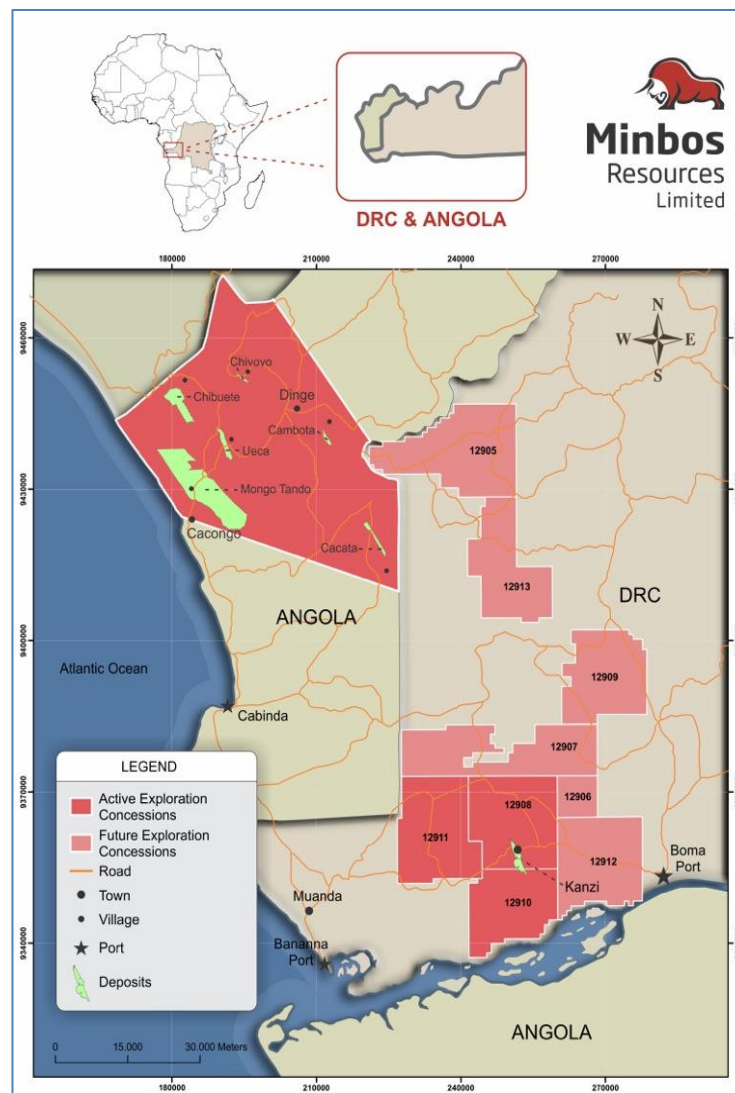
Since listing, Minbos has moved from an exploration company to a company that now has two projects in development stage plus a substantial resource - confirmation that Minbos is rapidly achieving its goal of becoming a low capex and opex phosphate rock producer and exporter.

Projects

Minbos holds a significant concession area of circa 400,000 ha in the Congo Basin running from Cabinda, Angola to Western DRC. The key projects include, as shown in **Figure 1**:

- Cabinda Phosphate (50% interest) - including Cacata, Mongo Tando, Chibuete, Chivovo and Ueca deposits with historical and/or current exploration data.
- Western DRC Phosphate (49% interest¹) – An interest in the Kanzi deposit which has both historical and current exploration data and an option on the Fundu-Nzobe deposits which has historical exploration data.

Figure 1: Phosphate Projects



¹ On 1 August 2012, Minbos announced JV ownership of 65%. Subsequently Minbos has been presented with a side agreement by its JV partner which seeks to apportion Minbos to 49%. At 30 June 2013, Allamanda continued to hold the Kanzi Joint Venture licences, accordingly the Group has impaired the exploration expenditure incurred during the financial year until the licences are transferred to the Joint Venture entity.

Review of Operations

(b) Resources

Since listing, Minbos has delineated a substantial resource of 363Mt @ 11.9% P₂O₅. Within this resource, two high grade projects have been identified at the Cacata and Kanzi Deposits. A summary of JORC resources is shown in **Table 1**.

Table 1: JORC Resources

Deposit	Tonnes (Mt)	Grade (% P ₂ O ₅)	Indicated or Inferred	Comments
Cabinda, Angola				
Cacata	30.4	17.0	Indicated	
Chivovo	6.7	20.3	Inferred	
Mongo Tando	117.7	13.6	Inferred	
Chibuete	150.0	8.3	Inferred	Including 100Mt at 9.3% P ₂ O ₅
Total*	304.8	11.5		
Kanzi, DRC				
Kanzi**	58.5	14.2	Indicated	
Grand Total	363.3	11.9		

* A total of 254Mt at 12.55% P₂O₅ is contained within the resource and was used for satisfying the Performance A milestone whereby 25,000,000 Class A Performance Shares were converted into fully paid ordinary shares upon delineation of a JORC compliant resource of at least 250mt at an average insitu grade of greater than 12.5% P₂O₅ within the area covered by the Cabinda project within 18 months of the issue of these shares. Cut off grades varied from 5-10% depending on deposit.

** A total of 58.5Mt at 14.2% P₂O₅ is contained within the resource and was used for satisfying the Performance C milestone whereby 10,000,000 Class C Performance Shares were converted into fully paid ordinary shares upon delineation of JORC compliant mineral resource at the Kanzi project of greater than 25Mt at greater than 12.5% P₂O₅ on the area before 18 April 2013.

2. CABINDA PROJECT

(a) History and Ownership

The Cabinda licence area covers an area of approximately 200,000 ha and all the known and historically explored phosphate Prospects in Cabinda, Angola.

Historical work was completed by Companhia de Fosfatos de Angola (“COFAN”) during the period 1969 to 1973 and then during the early 1980’s by Energo from Bulgaria. The work included over 45,000 metres of drilling, which identified six deposits within the licence area and preliminary beneficiation test work.

The Cabinda exploration permit (006/06/01/L.P./GOV.ANG.MGM/2010) is held by joint venture company, Mongo Tando Lda (“MTL”). MTL is owned (via local subsidiaries) 50% by Minbos and 50% by Petril Projects Ltd.

The Cabinda licence area contains six exploration projects: Mongo Tando, Chibuete, Ueca, Cacata, Chivovo and Cambota (as shown in **Figure 2** below). The most advanced of these projects is the high grade Cacata Project.

Review of Operations

Minbos has classified the Projects within Cabinda into two distinct categories:

➤ *Eastern Limb Deposits*

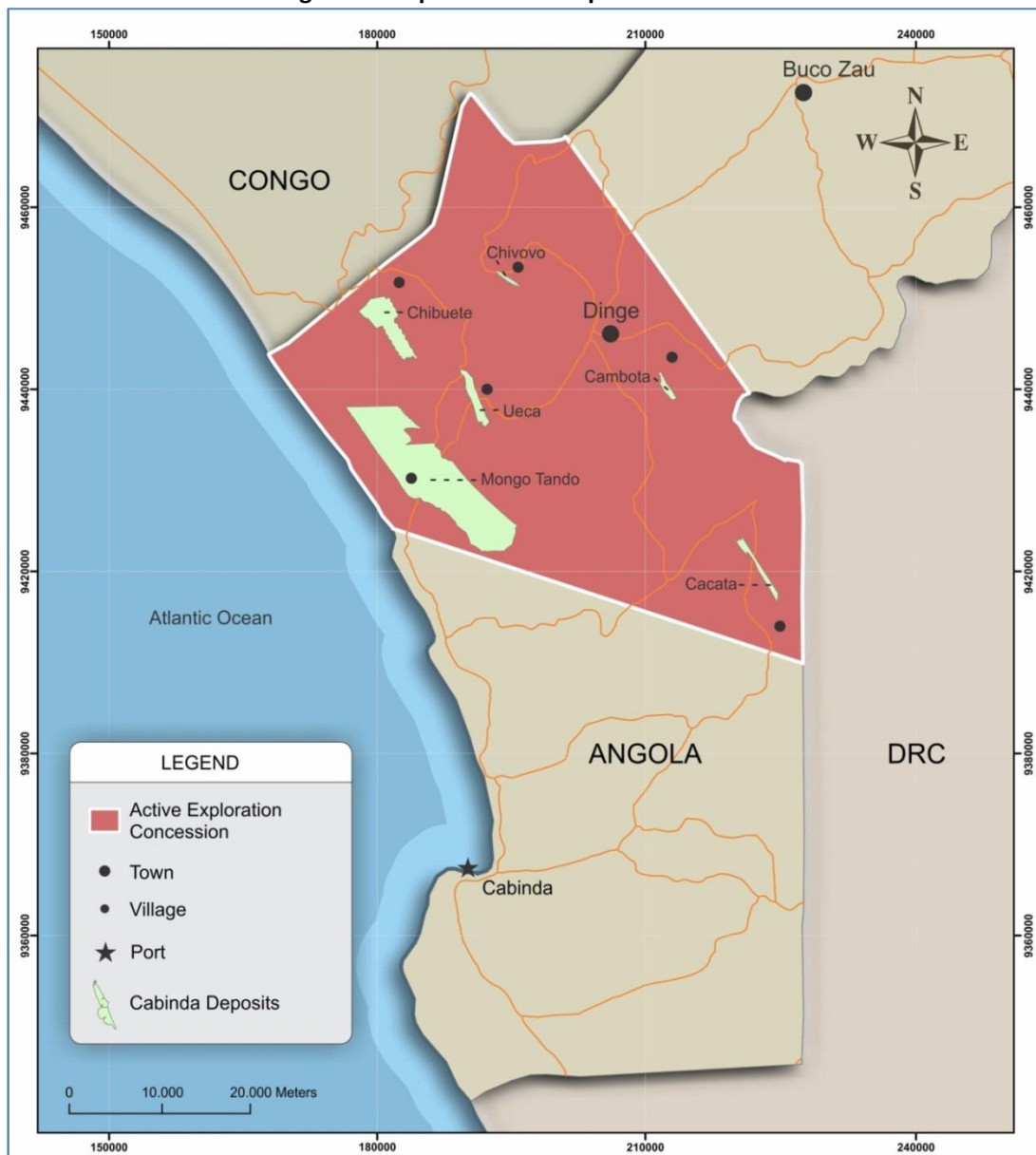
Cacata, Chivovo and Cambota make up the Eastern Limb deposits. These deposits are smaller than those of the Western Limb but contain substantial tonnages above 20% P₂O₅.

Minbos' focus during the financial period has been the rapid advancement of the Cacata Project, which is now at BFS stage.

➤ *Western Limb Deposits*

Mongo Tando, Chibuite and Ueca make up the Western Limb deposits. These deposits are characterised by large tonnage and make up the bulk of the current overall resource estimate.

Figure 2: Map of Cabinda Exploration Permit



Review of Operations

Cacata deposit

The Cacata deposit lays on the Eastern most boundary of the exploration permit in Cabinda and currently has an Indicated Mineral Resource estimated at 30.4Mt @ 17% P₂O₅ (including 22.5Mt @ 21.4% P₂O₅). The high grade nature of the deposit and its excellent location (close proximity to infrastructure and the coast) meant that it became the focus of a near term development project for Minbos.

Cacata Scoping Study

During 2012, the joint venture company, Mongo Tando Limited, completed a scoping study to assess the economics of developing a standalone phosphate rock export operation to produce 0.8Mtpa of phosphate rock concentrate over a 10 year life of mine (“LOM”).

The scoping study delivered the following positive results²:

- Operating costs of USD \$57.23 per tonne free-on-board (“fob”) of phosphate rock;
- Capital cost estimate of USD \$157m, based on owner operated mining, road haulage and ship loading;
- Strong opportunity to further reduce capital and operating costs during the BFS;
- IRR of 40.2 % (pre-tax); and
- NPV of USD \$311m (pre-tax) at a 10% discount rate.

General

The scoping study is based on the JORC high grade Indicated Mineral Resource of the Central and Northern sections of the Cacata deposits and demonstrates the robust nature of the Cacata high grade project, resulting in the immediate commencement of a BFS.

Mining

Coffey Mining (“Coffey”) was commissioned to conduct an evaluation of the viability of mining, the high grade portion of the Cacata deposit. The Coffey report concluded that using a truck and shovel approach the high grade portion of Cacata could be mined at a 1.2 million tonnes per annum (“Mtpa”) of Run of Mine (“ROM”) at a strip ratio of 1.74:1 (waste to ROM) and a ROM bench height of 3.7m.

The economical evaluation was based on the mining equipment being purchased and operated by the owner and a conservative allowance for availability and utilization. Coffey have also made allowances for replacement capital during the 10 year LOM.

Coffey have derived costs from first principles and their experience in West Africa mining projects that:

- the initial Capex would be USD \$9.5m and
- the average mining cost of USD \$5.72/t phosphate rock produced.

Processing

DRA Minerals Projects (“DRA”) was commissioned to conduct a technical and financial evaluation of the viability of processing the high grade portion of Cacata. The basis for the evaluation was a mineral processing test work campaign carried out by Mintek Laboratories (“Mintek”) on a sample supplied by MTL from the recent PQ diamond drilling campaign.

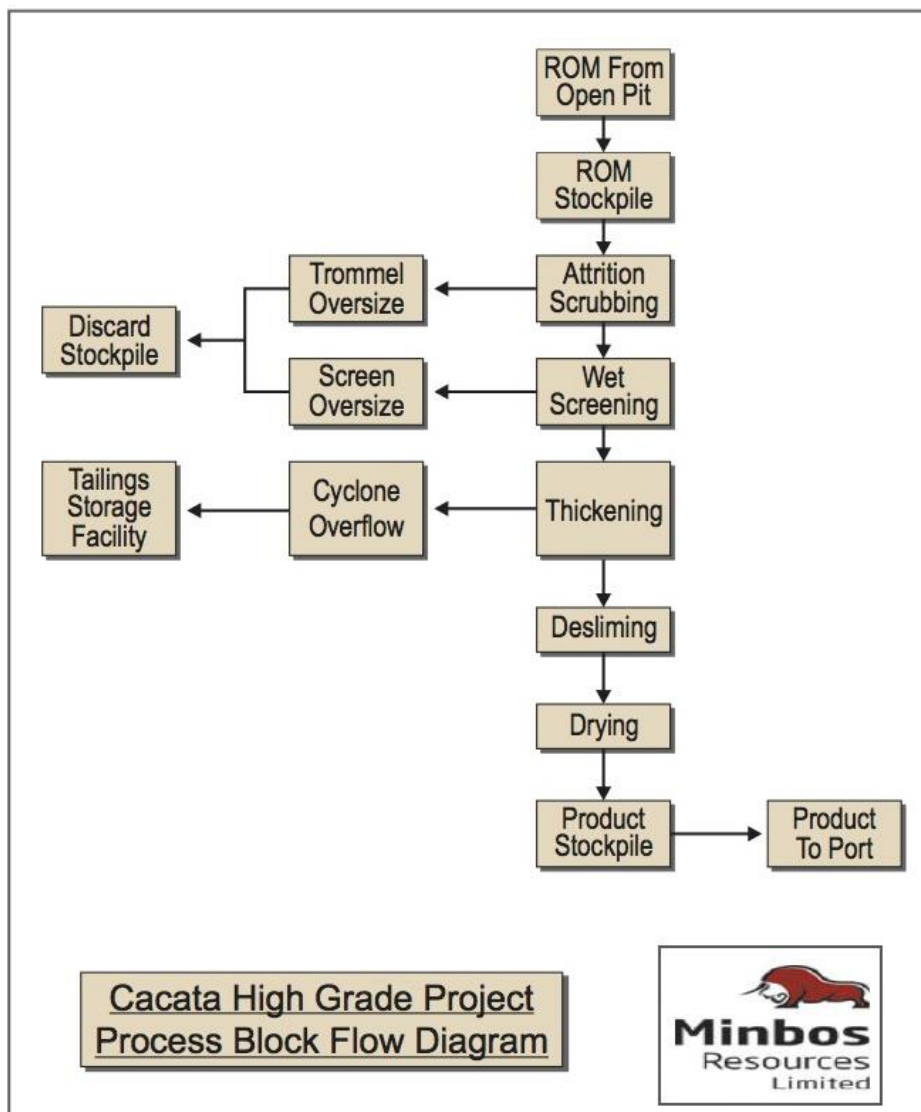
² Amounts quoted are for 100% of the Project. Minbos currently owns 50% of the project, with the remaining 50% held by Petril Projects Ltd.

Review of Operations

The processing route is a basic washing and selective screening operation which by its nature is a low energy consumer and operator friendly. The processing route as shown in **Figure 3** is as follows:

- the ROM is passed through an attrition scrubber to remove lumps and clay agglomerates;
- the attrition scrubber discharges over a desliming screen;
- the screen undersize (-2.36mm) is further deslimed and the oversize (+2.36mm) is discarded;
- the - 2,36mm + 106 micron phosphate rock is de-watered in a vacuum belt filter and then passed through a rotary drier to produce a 2 - 3% moisture content phosphate; and
- the concentrate grade is expected, based on the Mintek test work, to be relatively high grade i.e., above the Moroccan benchmark grade of 32 - 33% P₂O₅.

Figure 3: Process Flow Diagram



DRA have derived costs based on their internal data base and experience in African mining projects that:

- the capex would be USD \$54.8m; and
- the operating cost would be USD \$25.12/t of phosphate rock recovered.

Review of Operations

Tailings Storage Facility

SRK Consulting (“SRK”) was commissioned to conduct a technical and financial evaluation of establishing a 1.0mtpa tailings storage facility (“TSF”). SRK derived costs based on their internal data base and experience in African mining projects which indicate that:

- the capex would be USD \$6.8m; and
- the operating cost would be USD \$0.50/t of phosphate rock recovered.

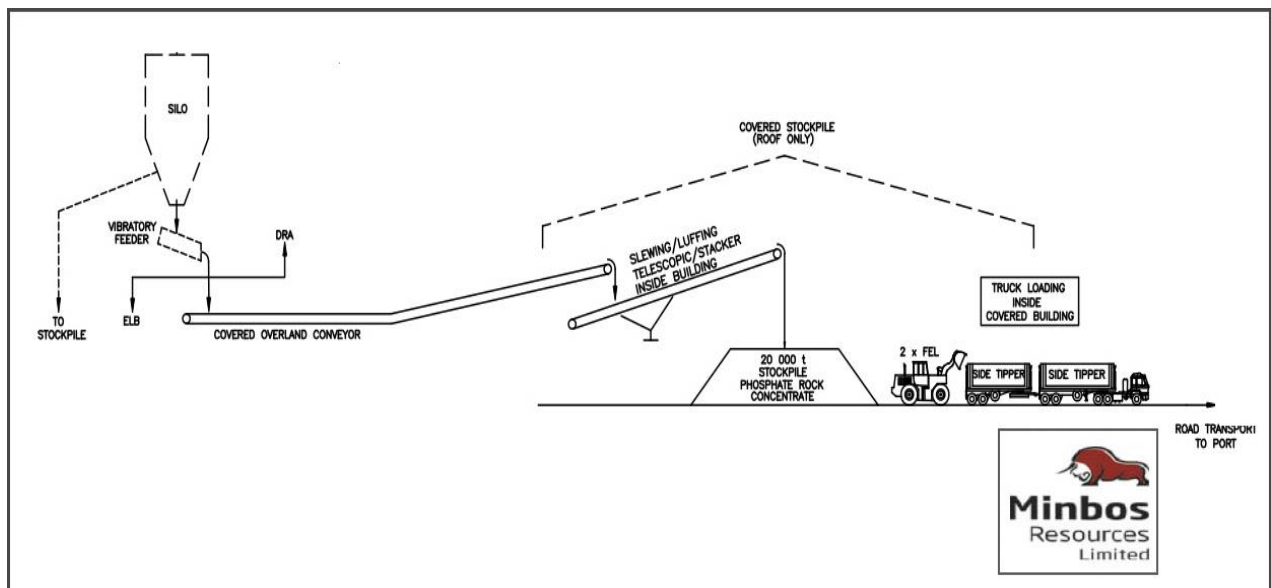
Phosphate Rock Transport and Ship Loading

Ports of Africa (“POA”) was commissioned to conduct a technical and economic evaluation of the viability of the logistics of transport by road and ship loading of 1.0mtpa of phosphate rock from the Cacata processing plant to a new ship loading site located 7km from the town of Cacongo.

As part of the Scoping Study, POA carried out a data collection exercise, made a site visit to review potential port sites and assessed existing infrastructure. Based on this and their experience in Africa POA proposed that:

- a 20kt phosphate rock covered bulk storage and truck loading facility will be required at the processing plant site, as shown in **Figure 4**;

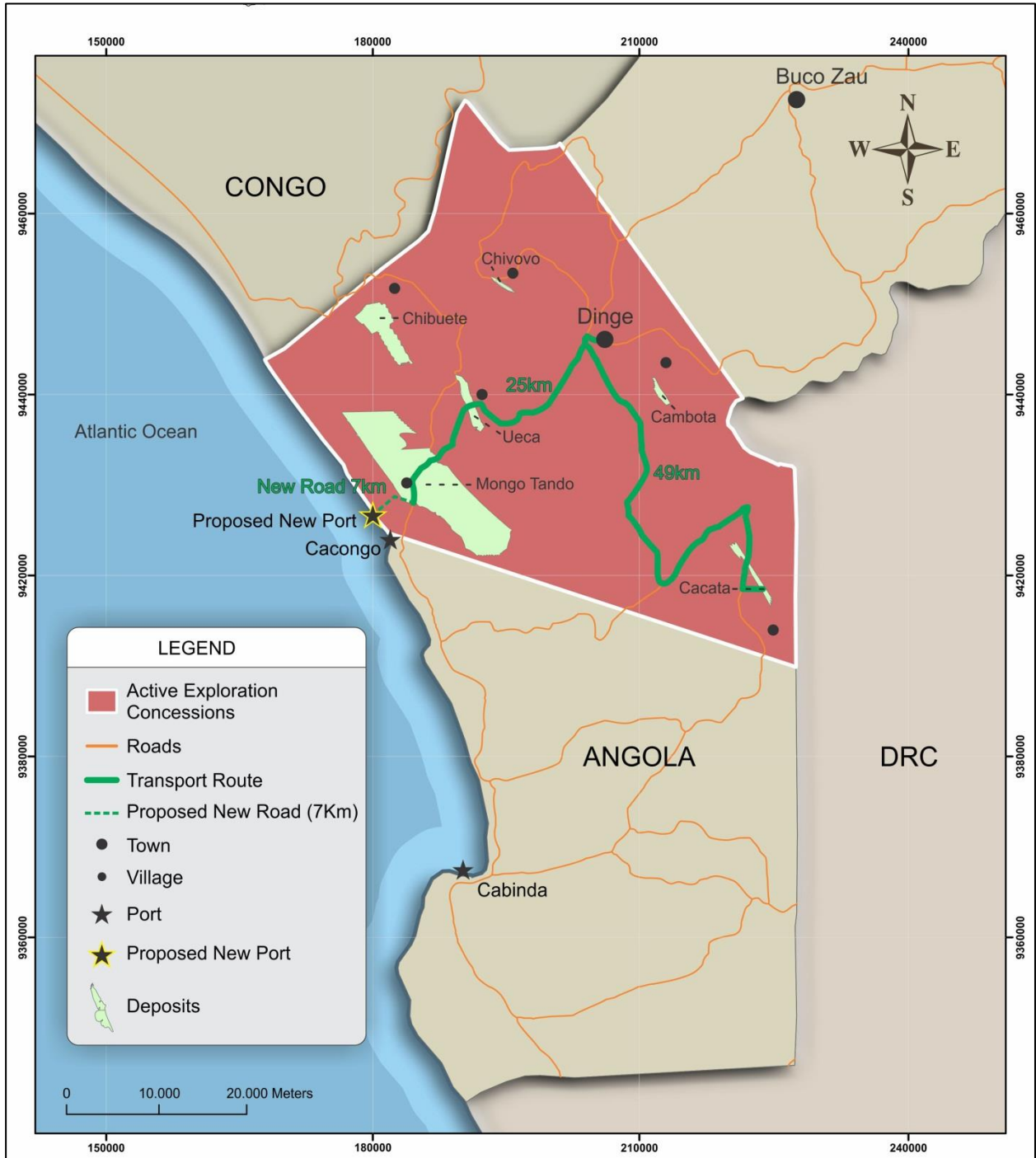
Figure 4: Bulk Storage & Bulk Loading Facility



- the phosphate rock product will be transported on existing tarred roads to a new port site just north of the coastal port town of Cacongo, 90km from the Cacata deposit, (as shown in **Figure 5**); and

Review of Operations

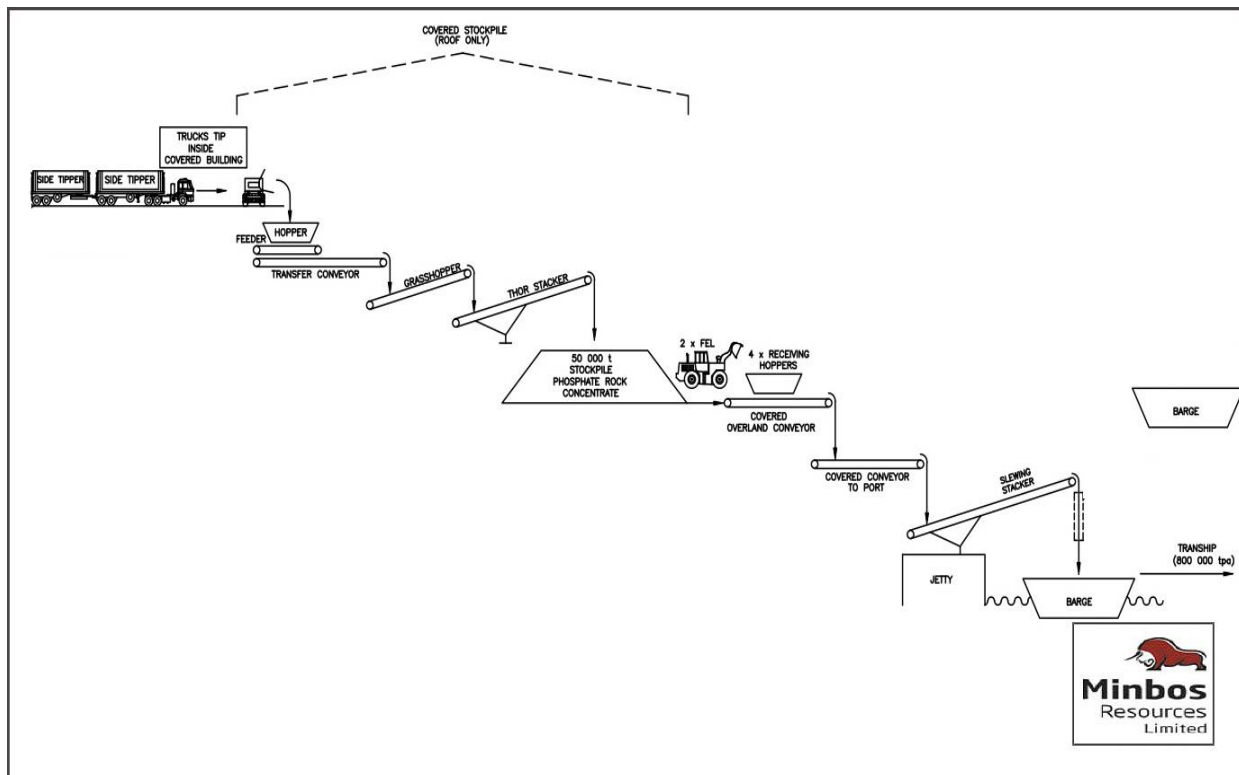
Figure 5: Transport Route from Cacata High Grade Project to New Loading Site Change Map



- at the new port site a 50kt covered bulk storage and loading facility to load low draught 5,000t barges will be required and these barges will load bulk vessels (e.g. Panamax) anchored offshore (as shown in Figure 6).

Review of Operations

Figure 6: Bulk Storage and Barge Loading PFD



POA has derived costs from their internal database of projects and experience in African mining projects which indicated that:

- the capex would be USD \$22.5m for the construction of the product handling, storage and loading equipment at the Cacata mine site and the purchase of road trucks;
- the capex would be USD \$57.5m for the construction of the new port area loading equipment and the purchase of marine fleet;
- the operating cost would be USD \$13.63/t for road transport of phosphate rock from Cacata mine site to new port area; and
- the operating cost would be USD \$3.25/t for ship loading of phosphate rock.

Infrastructure

The following infrastructure has been allowed for in the capex:

- offices;
- power generation (5 mw) by diesel generators;
- 7km of new tarred road and internal haul roads;
- water reticulation;
- housing recreation and messing facilities;
- workshops for mining, processing, phosphate rock, transport and ship loading;
- security and fencing;
- fire fighting;

Review of Operations

- change houses;
- sewerage disposal;
- communications and IT; and
- fuel storage.

Capital Cost

The total capital cost has been estimated at USD \$157.1m (including EPCM and contingency) as detailed below in **Table 2**:

Table 2: Capital Costs

Description	Cost USD \$m
Mining	\$9.5
Processing Plant	\$54.8
Tailings Storage Facility	\$6.8
Product Storage & Transport (Land)	\$22.5
Product Storage & Loading (Sea)	\$57.5
Owners Costs	\$6.0
Total	\$157.1

The capital cost estimate includes the purchase of the mining fleet and the road haulage fleet; this could be reduced by approximately USD \$18m utilising a contract mining and road haulage fleet approach. A further possible capital cost saving could be achieved by outsourcing the Marine operation; this will be investigated in the BFS.

Operating Costs

The cash operating cost has been estimated at USD \$57.22/t FOB Cabinda of phosphate rock as follows, as shown in **Table 3**:

Table 3: Operating Costs

Description	Cost USD \$/t
Mining	\$5.72
Processing Plant	\$25.12
Tailings Storage Facility	\$0.50
Product Transport (Land)	\$13.63
Product Loading (Sea)	\$3.25
General and Administration	\$9.00
Total	\$57.22

The operating cost is based on owner operator road transport derived from first principles. From an initial estimate by a transport contractor, a saving is expected in utilising the contractor approach and this will be investigated during the BFS.

The operating cost is based on diesel on site power generation. A 35Mw power station is currently being constructed in Cabinda. During the BFS this option will be investigated as it could also provide an operating cost savings.

Review of Operations

Marketing and Product Pricing

At the target production rate of 0.8mtpa of phosphate rock product, the Cacata project will have a 10 year LOM. Current market analysis shows that this product will be in demand and readily absorbed by the market. Our base case analysis has assumed a selling price of USD \$180/t³ FOB Cabinda as follows:

- CRU has developed a model for estimating the likely pricing of a new phosphate rock product entering the market which has taken into consideration the phosphate rock grade, chemical characteristics and CRU's knowledge of actual phosphate rock contract provisions.
- This analysis has determined that the Cacata phosphate rock is likely to trade at an approximately 9% premium to the Moroccan benchmark price which has had an average price in 2012 of USD \$193.90 (USD \$211.35 with 9% premium) compared to the revenue per ton used of USD \$180 in the cash flow model.

Financial Model

The results of cash flow model developed from the scoping study are shown in **Table 4** and are as follows:

- the cash flow model is a base case scenario and does not take into account the potential upside as a result of contracting out all or part of operations; and
- the cash flow model has been prepared on a pre-debt funding and before tax and duties basis and as a result does not show the benefits of leverage or after tax cash flows.

Table 4: Financial Model

	Per Tonne (USD \$)	Total (USD \$ 000)
Revenue	180.00	1,358,460
Direct Mining Costs		
Mining	5.72	43,174
Processing	25.12	189,567
Tailings Storage Facility	0.50	3,773
Product Transport (Land)	13.63	102,903
Product Transport (Sea)	3.25	24,539
Direct Mine Costs	48.22	363,956
General and Admin	9.00	67,923
Total Operating Costs	57.22	431,879
Total Cash Produced	122.78	926,581

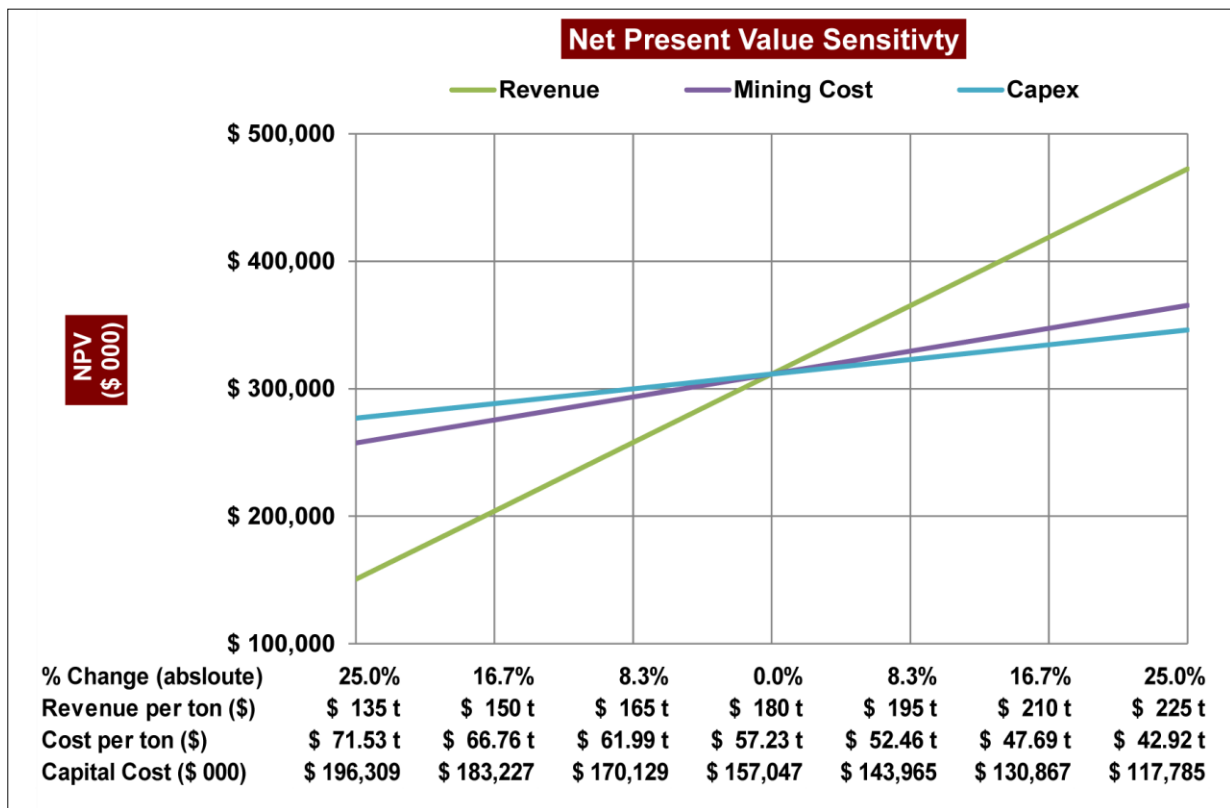
When compared to the previously published CRU report that investigated a cost curve positioning, the project has the following characteristics:

- an operating cost of USD \$57.22/t will place the project in the lower half of the cost curve; and
- the capex cost of USD \$157m, places the project in the lower half of the capital intensity cost curve (capital/production per annum) with an enhanced possibility of reducing this to a bottom quartile capital intensity project during the BFS.

³ Source: CRU Strategies. Cacata Scoping Study, date Jan 2012

Review of Operations

Figure 7: Sensitivity Graph



The scoping study demonstrates the robust nature of the Cacata high grade project, resulting in the immediate commencement of a BFS.

Beneficiation Testwork

During the financial year, the Company received positive results from beneficiation testwork on diamond drill core. The objective of the testwork program was to determine the cut-off grade for Cacata deposit which distinguished between material which can be upgraded by scrubbing only and that which requires milling and floatation to upgrade.

For the purposes of the scoping study, an assumption was made that the cut-off grade would be 26% P₂O₅ for “scrutable” material at a recovery of 77%.

Following the completion of the testwork, in summary, the conclusions are that:

- The material grading +23% P₂O₅ can be upgraded by wet screening and scrubbing thus potentially increasing the quantity of ‘scrutable’ material at Cacata and thereby affording the options to either increase the life of the project the mine with a basic low cost, non-flotation processing circuit, or allow the throughput and production to be increased.
- The phosphate material grading 16% to 23% P₂O₅ is upgradable by milling and floatation to +33% P₂O₅.

Review of Operations

Phosphoric Acid Test Work

During the year the Company engaged leading global fertilizer company Yara to undertake test work to characterise the quality of phosphoric acid and DAP produced from Cacata Phosphate rock.

The test work demonstrated that:

- The Cacata phosphate can be successfully processed in the dehydrate phosphoric acid route. The Phosphate rock provided excellent process performance.
- The level of Cadmium is similar to that found in other commercial rocks.
- Filtration properties of the phosphoric acid slurry were excellent.
- Water soluble losses were low, enabling a total P₂O₅ efficiency in excess of 96% to be achieved, which is at the high end of the normal commercial range.
- Concentration of the weak acid to commercial merchant grade 50% P₂O₅ product was achieved.
- DAP production has high values for both N and P₂O₅ in excess of the internationally accepted standard for DAP 18:46:0

Outlook

It is expected that this project will allow Minbos to establish credibility in the global phosphate rock market and thereafter, with a robust cash flow, provide options for the development of the much larger Western Projects.

The Company's confidence in the robustness of the project economics has already led the partners to commence work on several long lead items of the BFS such as diamond drilling to upgrade mineral resource estimates and environmental work at the mine and port sites.

(b) Chivovo deposit

The Chivovo Project lies within the same mineralised structure as Cacata and is in close proximity to Cacata. The high grade nature of its deposit will allow it to be assessed as a potential input into the BFS Cacata Project.

The project currently has an Inferred resource estimate of 6.7Mt @ 20.3% P₂O₅. Drilling previously carried out in early 2012 is expected to upgrade the deposit to an Indicated Mineral Resource estimate category.

(c) Cambota deposit

Cambota is the third deposit identified in the Eastern Limb. Initial drill results confirm the potential high grade nature of the deposit and confirm the Company's understanding that the Eastern Limb is host to smaller but high grade deposits. Additional drilling will be carried out to further test the potential of Cambota.

(d) Future Exploration

The Cacata and Chivovo deposits are located 40km along strike from each other. Both deposits lie within what Minbos describes an Eastern Limb geological structure and appears to host discrete, high grade deposits.

Project geologists have identified the geochemical 'signature' for Cacata and Chivovo and plan to explore the area between the two deposits during the next dry season. Importantly, the Cambota deposit has already been identified (almost half way between Cacata and Chivovo).

Review of Operations

3. DRC PROJECT OVERVIEW

(a) History and Ownership

The DRC project exploration licences and applications cover an area of approximately 200,000 hectares and host the previously drilled Kanzi and Fundu-Nzobe prospects. Historical work included approximately 4,000 metres of drilling and some initial beneficiation test-work.

The DRC phosphate prospects lie contiguous to the eastern portion of Minbos' licences in Cabinda, are a direct extension of the Cabinda prospects and local occurrences of phosphate continue across DRC towards the Congo River.

On 1 August 2012, the Company announced the signing of a Joint Venture agreement (“JV”) with Allamanda Trading Limited (“Allamanda”) for the exploration and development of the Kanzi project and surrounding exploration areas in the western DRC. The JV company, Phosphalux SPRL (“Phosphalux”), is a special purpose DRC registered company, which undertakes the exploration activities across the Kanzi mining permit and several exploration licences, held by Allamanda. Minbos, through its 100% owned subsidiary Agrim SPRL (“Agrim”), holds a 65% interest in Phosphalux.

Subsequent to this announcement the Board was presented with a side agreement by Allamanda that was purportedly entered into concurrently with the signing of the original JV agreement by Agrim, without the knowledge or consent of the Board of Directors of the Company, which seeks to apportion Minbos a 49% interest in the economic benefit of the Licences which form the Kanzi project, with a 51% economic interest held by Allamanda.

The Company has obtained preliminary legal advice in relation to the validity of this side agreement because it was executed without proper authority from the Board of Minbos. The advice has confirmed that the side agreement is open to legal challenge. Minbos is actively engaging with Allamanda to resolve this issue in a positive manner with the aim to re-establish a JV structure that is more amenable to external funding.

The licences held by Allamanda and their work status are summarised in **Table 6** and illustrated in **Figure 8** below.

Table 6 – DRC licences and their work status

Concession No.	Type	Area Carres	Status	Location
12908	Exploration	382	Active - BFS	South - Covers Kanzi Deposit
12910	Exploration	302	Active - BFS	South - Covers Kanzi Deposit
12911	Exploration	375	Active - Exploration	South - Kanzi Adjacent
12905	Exploration	441	Exclusive Option	North - Covers Fundu Nzobe
12906	Exploration	81	Exclusive Option	South - Kanzi Adjacent
12907	Exploration	410	Exclusive Option	South - Kanzi Adjacent
12909	Exploration	327	Exclusive Option	North – Fundu Nzobe extension
12912	Exploration	376	Exclusive Option	South - Kanzi Adjacent
12913	Exploration	322	Exclusive Option	North - Fundu Nzobe Adjacent

Review of Operations

(b) Kanzi Deposit

During the previous financial year, the Company announced a maiden Inferred Mineral Resource of 46Mt @ 17.2% P₂O₅ (including a high grade zone of 31Mt @ 21.4% P₂O₅) which was upgraded in August 2102 by 42% increase in high grade resources to 44Mt @ 21.4% P₂O₅ (up from 31Mt @ 21.4% P₂O₅); and an overall resource increase to 66Mt @ 15.3% P₂O₅ (up from 46Mt @ 17.2% P₂O₅).

During the current financial year the Company announced a further upgrade in the resource from Inferred to an Indicated Mineral Resource of 58.5Mt @ 14.2% P₂O₅. Details are provided in **Table 5** below.

Table 5 - Kanzi Project – Total Inferred Resource Estimate

Kanzi Project – Total Indicated Resource		
Sample Cut-off grade (P ₂ O ₅)	Total Tonnes (Million)	Average P ₂ O ₅ grade (%)
5%	58.5	14.2%

Scoping Study

In November 2012, the Company announced the completion of a scoping study on the Kanzi Phosphate Project to assess the viability of establishing a 1Mtpa phosphate rock export operation for a minimum life of mine (“LOM”) of 17 years.

The scoping study delivered the following positive results:⁴

- Operating costs of USD \$56.19 per tonne free-on-board (“**FOB**”) of phosphate rock;
- Capital cost estimate of USD \$106m (excluding contingency), based on owner operated mining;
- Strong opportunity to reduce both operating expenditure and capital expenditure during the BFS;
- IRR of 58 % (pre-tax); and
- NPV of USD \$626m (pre-tax) at a 10% discount rate.

General

The scoping study is based on the JORC Inferred Resource quoted for the Kanzi deposit. The upgraded resource for Kanzi will provide the basis for the BFS.

Mining

Coffey Mining (“**Coffey**”) was commissioned to conduct an evaluation of the viability of mining a high grade portion of the Kanzi deposit.

Minbos has identified the Kanzi project area, a 26.07Mt “pitabile” resource for development identified three mining areas in the Kanzi mineral resource block to be used for mine design purposes. Coffey has applied a 5% mining loss to the mineral resources as well as a 5% dilution factor. Coffey Mining has assumed all dilution to have zero P₂O₅ content, albeit some of the dilution will contain P₂O₅.

The Coffey report concluded that using a truck and shovel approach, the high grade portion of the Kanzi deposit could be mined at a 1.65Mtpa of Run of Mine (“**ROM**”) at a strip ratio of 7.1:1 (waste to ROM). This will produce 1.0Mtpa of phosphate rock, at an average grade of 32% P₂O₅, with a recovery of 60%.

⁴ Amounts quoted are for 100% of the project.

Review of Operations

The economic evaluation was based on the mining equipment being purchased and operated by the Owner. Coffey has also made allowances for replacement capital of USD \$16.27m (excluding contingency) during the 17 year LOM.

Coffey has derived mining costs from its experience in West African mining projects. The capital cost (“Capex”) and operating costs (“Opex”) are:

- Initial Capex USD \$14.24m (excluding contingency);
- Additional equipment purchases of USD \$8.2m in years 2 and 4 to bring Kanzi into full production; and
- Average Opex USD \$13.45/t phosphate rock produced.

Processing

Set Point Laboratories was commissioned to conduct an initial beneficiation testwork program on 6 composite samples (KZ1 – KZ6).

The testwork concluded that the preferred processing route for the high grade portion of the Kanzi deposit is a basic scrubbing and selective screening operation, which by its nature is a low energy consumer and is operator friendly.

The processing route is as follows:

- The ROM is passed through an attrition scrubber to remove lumps and clay agglomerates;
- Attrition scrubber discharges over a de-sliming screen;
- The screen undersize is further de-slimed and the oversize is discarded;
- The phosphate rock concentrate is de-watered in a vacuum belt filter and then passed through a drier to produce a 2 - 3% moisture content phosphate rock; and
- The concentrate grade is expected, based on the testwork, to be similar to Moroccan benchmark grade of 31 - 33% P₂O₅.

Capex and Opex have been derived from first principals based on the beneficiation testwork and the infrastructure requirements of the Kanzi Project. Certain costs, where applicable, were factored from costs in the Cacata scoping study. The Capex and Opex are:

- Capex: USD \$50.58m (excluding contingency); and
- Opex: USD \$24.59/t of phosphate rock produced.

Tailings Storage Facility

The Tailings Storage Facility (“TSF”) is based on the Cacata TSF design done by SRK. SRK derived costs assessed on their internal database and experience in West African mining projects. The Capex and Opex are:

- Capex: USD \$9.7m (excluding contingency); and
- Opex: USD \$0.50/t of phosphate rock produced.

Review of Operations

Phosphate Rock Logistics

The Capex and Opex are based on the Cacata Scoping Study and have been specifically adjusted to suit the Kanzi Project infrastructure and logistics requirements.

The logistics include the transporting by road and ship loading of 1.0Mtpa of phosphate rock from the Kanzi processing plant 35km by existing road to the operating port of Boma.

- Capex: USD \$17.6m (excluding contingency); and
- Opex: USD \$3.25/t of phosphate rock produced.

Infrastructure

The following infrastructure has been provided for in the Capex:

- Offices;
- Power generation by diesel generators;
- Water reticulation;
- Housing recreation and messing facilities;
- Workshops for mining, processing and phosphate rock logistics;
- Security and fencing;
- Fire fighting;
- Change houses;
- Sewerage disposal;
- Communications, IT; and
- Bulk fuel storage.

Capital Cost

The Capex has been estimated at USD \$106m (excluding contingency) as detailed below:

Table 7 – Capital Expenditure Table

<u>Kanzi Project Scoping Study Capex Summary</u>	
<u>CAPEX</u>	
<u>Description</u>	<u>Total US \$m</u>
Mining	\$14.2
Process Plant	\$50.6
Tailings Dam	\$9.7
Project Logistics	\$17.6
Project Management	\$3.9
Relocation of Village	\$10.0
Contingency	\$16.7
TOTAL CAPEX	\$122.7

The capital cost estimate includes the purchase of the mining fleet. This could potentially be reduced by approximately USD \$14m by out sourcing the mining to a contractor.

Review of Operations

Operating Cost

The Opex has been estimated at USD \$56.19/t FOB Boma of phosphate rock as follows:

Table 8 – Operating Expenditure Table

Kanzi Project Scoping Study Opex Summary	
OPEX	
Description	Total US\$/t FOB
Mining	\$13.45
Project Logistics	\$3.25
Beneficiation	\$24.59
Tailings Dam	\$0.50
G and A	\$9.00
Royalties	\$5.40
OPEX PER TONNE PRODUCT	\$56.19

Marketing and Product Pricing

At the target production rate of 1Mtpa of phosphate rock product, the Kanzi Project currently has a 17-year life of mine. Current market analysis shows that this product will be in demand and readily absorbed by the market. Our base case analysis has assumed a selling price of USD \$180/t FOB Boma.

Financial Model

The results of the cash flow model developed from the scoping study are as follows:

Table 9 – Cash Flow

BASE CASE INVESTMENT BENCHMARK		
Cash on Cash Yield	%	1454
Payback Period	Years	1.66
IRR (pre-tax)	%	58
Net Present Value @ discount rate of 10% (pre-tax)	US\$M	625.98

The cash flow model is a base case scenario and does not take into account the potential upside as a result of contracting out all or part of operations and has been prepared on a pre-funding and EBITDA basis.

Kanzi is an important project for Minbos and a key building block for the Company in achieving its goal of becoming a low capex and opex phosphate rock producer and exporter.

Review of Operations

(c) Kanzi Development Program

Minbos remains focused on 'fast-tracking' the development of the Kanzi Project, particularly given its relatively high grade and access to road and port infrastructure.

A summary of the work program is shown below:

Exploration and Drilling

(a) Aircore Drilling

- i. Wallis Drilling completed an aircore drilling program in November 2012.
- ii. The immediate priority was to carry out infill drilling in the high grade areas to upgrade the current Inferred Mineral Resources to Indicated – which will provide the basis for the commencement of the BFS on the project.
- iii. This resource upgrade was complete and announced on 17 April 2013, with the Maiden JORC Inferred Resources of 46Mt @ 17.2 P₂O₅ being upgraded to an Indicated Resource of 58.5Mt @ 14.2 P₂O₅ in accordance with the JORC Guidelines.

Feasibility Study

(b) Bankable Feasibility Study

- iv. Based on the similarities of the Kanzi and Cacata projects (grade, size, location and access to infrastructure) and the very robust financials results recently published from the Kanzi scoping study, Minbos will proceed with a BFS and is issuing scopes to consultants for completion of the study.

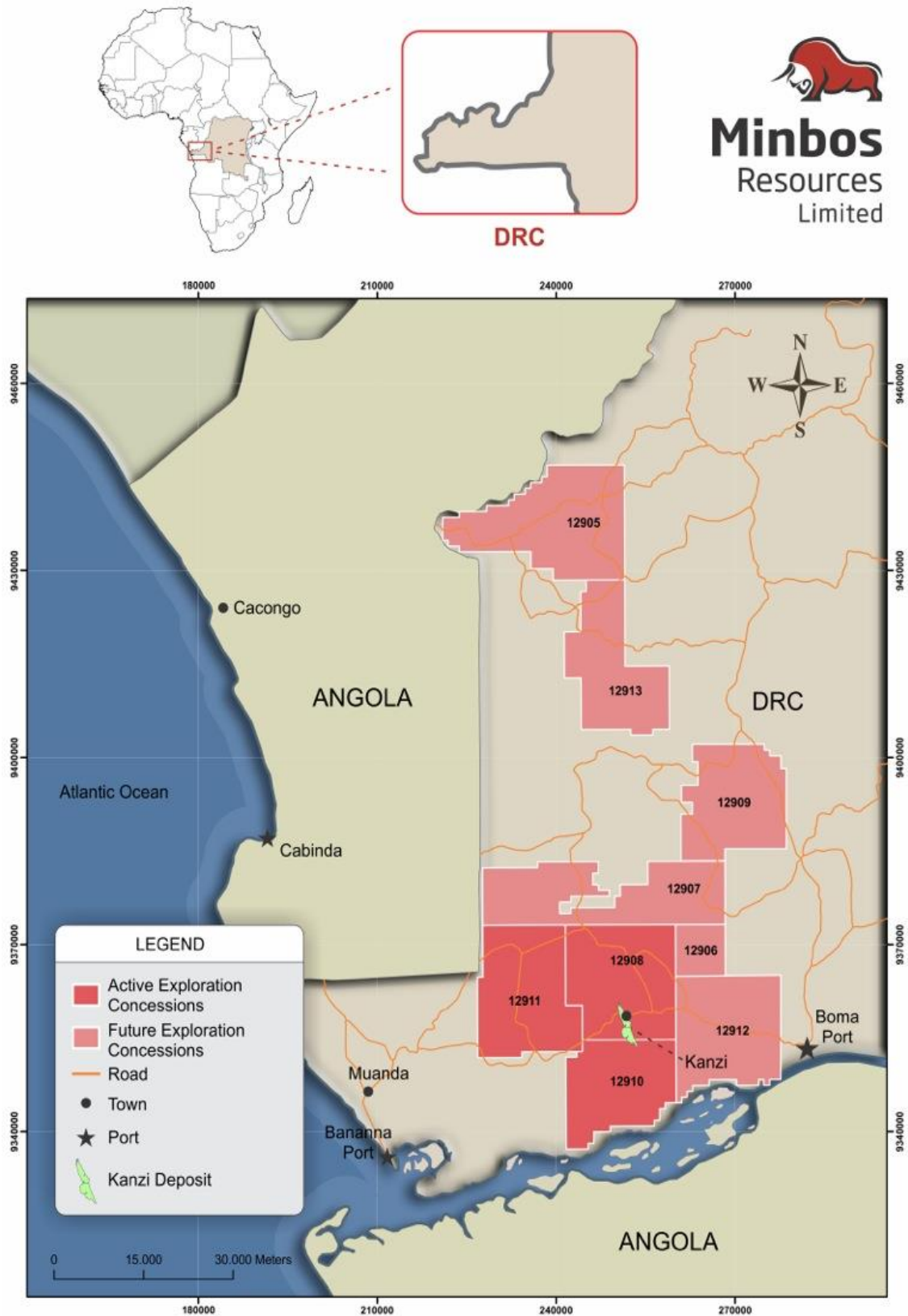
Exploration Upside

After the commencement of the Kanzi BFS, Minbos will start evaluating the potential of the regional exploration concessions held by the JV.

Historical exploration work has identified various zones of mineralisation at additional deposits throughout the licence areas. Outside the current resources at Kanzi, there exists significant exploration upside at Kanzi and Fundu-Nzobe. For example, Fundu-Nzobe (tenements 12905, 12913 and 12909) contains a historical (non-JORC) inventory of 70Mt @ 15% P₂O₅, including of 14Mt @ 19.5% P₂O₅.

Review of Operations

Figure 8 – DRC Licences



Review of Operations

Competent Persons Statement

Ms Kathleen Body

The information in this report has been reviewed and approved for release by Ms Kathleen Body, Pr.Sci.Nat, who has over 18 years' experience in mineral exploration and mineral resource estimation. Ms Body is a Principal Consultant and full-time employee of Coffey Mining (South Africa) (Pty) Ltd and contracted to MINBOS. 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.

4. DINGE POTASH LICENCE

During September 2011, the Company entered into an agreement, subject to technical and legal due diligence, to acquire 75% of the Dinge potash licence from Alum Industrial Lda ("Alum"), a private Angolan mineral exploration company.

Following due diligence, the Company has discontinued further investigation of its Dinge Potash Licence program to focus the Company's future activities and resources on the development of its phosphate assets.

Directors' Report

The Directors submit their report of the “Consolidated Entity” or “Group”, being Minbos Resources Limited (“Minbos” or “the Company”) and its Controlled entities, for the financial year ended 30 June 2013.

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 Scott Sullivan

Managing Director (appointed 2 November 2012)

Executive Chairman (appointed 6 August 2013)

BE Mining Eng, MBA, MAusIMM, GACID

Scott brings over 25 years of diversified mining experience to Minbos, across multiple commodities and projects domestically and internationally. His experience spans strategic planning in mines and smelters; feasibilities; commissioning; mine expansion and restructuring; mine, port and rail infrastructure; project management; sustainability and government. Prior to joining Minbos, Scott held the position of President of NSW Energy Coal with BHP Billiton.

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

Mr David Reeves

Non-Executive Director (appointed 20 July 2010)

BSc (Min Eng), F Fin, MAusIMM, MSAIMM

Mr Reeves holds a first class honours degree in mining engineering from the University of New South Wales, a graduate diploma in applied finance and investment from the Securities Institute of Australia, and a Western Australian first class mine managers certificate of competency.

Mr Reeves has been involved with mining precious, base and industrial minerals throughout his 20 year career. He has spent the last 14 years operating in mining companies in Southern Africa.

During the past three years Mr Reeves held the following directorships in other listed companies:

- Managing Director of Ferrex Plc a UK listed Company (current),
- Non-Executive Director of Southern Crown Resources Limited (resigned 19 March 2012).

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 12 years 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.

Directors' Report

Mr Peter Richards

Executive Chairman (appointed 16 June 2010, resigned 1 November 2012)

Non-Executive Chairman (appointed 1 November 2012, resigned 6 August 2013)

B.Com

Mr Richards is an internationally experienced business executive with a proven track record in the mining services industry. His experience totals 30 years with companies such as British Petroleum (including its mining arm Seltrust Holdings), Wesfarmers, and Dyno Nobel which have provided him with a unique understanding of the global resources and mining services industries.

Mr Richards has had significant exposure to the investment, broking and analyst community and has international experience with a diversity of cultures.

Mr Richards was most recently CEO of the ASX-listed Dyno Nobel Limited and prior to this was based in Salt Lake City, USA, where he was the President of Dyno Nobel North America. Following the takeover of Dyno Nobel in 2008, Peter became a Non-Executive Director of Bradken Limited and currently holds this position.

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

- Non-Executive Director of Bradken Limited (current),
- Non-Executive Director of NSL Consolidated Limited (current),
- Non-Executive Director of Emeco Holdings Limited (current),
- Non-Executive Director of Sedgman Limited (current),
- Managing Director of Norfolk Group Limited (resigned 31 July 2013),
- Non-Executive Chairman of Kangaroo Resources Limited (resigned 1 May 2013).

Mr John Ciganek

Non-Executive Director (appointed 16 June 2010, resigned 15 March 2013)

BA Mining Eng, MBA

Mr Ciganek has over 20 years experience in the mining industry, combining extensive mining engineering and operational experience with more recent experience in resources investment banking. Mr Ciganek is the co-founder and operator of Everspring Partners Pty Ltd, a boutique advisory firm specialising in providing merchant banking, and commercial and financial advisory services to companies in the resource sector.

Previously, Mr Ciganek held the position of Senior Resources Analyst (Co-Head of Resources) of BBY Limited, a boutique investment firm focused on equity capital markets and M&A. Mr Ciganek also worked as an Associate Director with BurnVair Corporate Finance working on a range of corporate advisory transactions focused on the mining sector including mergers and acquisitions, project finance and equity capital markets. Prior to these roles, he worked in project and corporate debt finance roles in Institutional Banking at Commonwealth Bank and worked on a range of new mine development project financings and corporate level debt transactions. Mr Ciganek has also worked as a mining engineer with various mining companies including ILA Pty Ltd (as part of Hargraves Resources, Danae Resources and Namibian Copper Mines), Byrncut Mining, Reynolds Yilgarn Gold and Comalco.

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

- Non-Executive Director of Conto Resources Limited (resigned 19 September 2011).

Directors' Report

Mr William (Bill) Oliver**Non-Executive Director** (appointed 2 September 2013)

BSc (Hons), GDipAppFin (FINSIA), MAIG, MAusIMM

Mr Oliver is a geologist with over 14 years of experience in the international resources industry working for both major and junior companies. He has substantial experience in the design and evaluation of resource definition programmes as well as co-ordinating all levels of feasibility studies. He has direct experience with bulk commodities having led large scale resource definition projects for Rio Tinto Iron Ore and in his role as a director of Celsius Coal Ltd.

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

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

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

- Non-Executive Director of Celsius Coal Limited (current),
- Non-Executive Director of Signature Metals Limited (resigned 2 October 2012).

2. INFORMATION ON OFFICERS OF THE COMPANY

Ms Paige Exley**Company Secretary** (appointed 18 April 2013)

B.Com, ACSA

Paige Exley's qualifications include a Bachelor of Commerce, with a double major in Accounting and Business Law from Curtin University in Perth; and a Post-Graduate Diploma of Applied Corporate Governance from Chartered Secretaries Australia. Ms Exley has over 10 years of experience in financial and management accounting roles with ASX listed companies and more recently has held company secretarial roles for ASX listed and unlisted companies.

Mr James Carter**Chief Financial Officer** (appointed 1 November 2012, resigned 30 August 2013)**Joint Company Secretary** (appointed 18 April 2013, resigned 30 August 2013)

B.Bus, CPA, Grad.Dip Corporate Governance

Mr Carter is a CPA and Chartered Secretary with 17 years' experience in the mining industry. He was previously CFO of Straits Resources, a diversified metals group listed on the ASX. Prior to this, Mr Carter was CFO and Company Secretary of SGX listed Sakari Resources and was integral to its listing and development as a 10 million tonne per annum coal producer in Indonesia. His experience spans numerous equity and debt capital market raisings, mergers/ acquisitions work and corporate governance experience.

Directors' Report

3. DIRECTORS' SHAREHOLDINGS

The following table sets out each current Director's relevant interest in shares and rights or 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
Scott Sullivan	6,000,000 (a)	-
David Reeves	12,603,367 (b)	500,000 (c)
Domingos Catulich	17,640,000 (b)	500,000 (c)
William Oliver	51,000 (d)	-
Total	36,294,367	1,000,000

- (a) Shares are held in trust by the trustee of the Minbos Employee Share Plan.
- (b) Of the ordinary shares held by Messrs Reeves and Catulich, 12,138,667 and 17,640,000 were vendor shares issued as part of the Tunan Acquisition, respectively.
- (c) Options issued to Messrs Reeves and Catulich are Class A Director Options which are exercisable at \$0.20 each and expire on 13 October 2013. Refer to Table 3a and 3b in the Remuneration Report for further details.
- (d) Shares were acquired prior to his appointment as Non-Executive Director.

4. 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
Scott Sullivan	4	4
Peter Richards	6	6
David Reeves	6	6
Domingos Catulich	6	-
John Ciganek	5	4

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, reverted to the Board. For details of the function of the Board please refer to the Corporate Governance Statement.

5. PRINCIPAL ACTIVITIES

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

6. CORPORATE GOVERNANCE

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

Directors' Report

7. OPERATING AND FINANCIAL REVIEW

A Operations

Minbos is a phosphate exploration company operating in Angola and the Democratic Republic of the Congo (DRC) to acquire, explore, evaluate and exploit phosphate deposits, and explore prospective tenements for other minerals.

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

The Group is actively exploring and developing two projects:

- Cabinda Project, Angola; and
- Kanzi Project, DRC.

Scoping studies have recently been performed on both projects, please refer to the Review of Operations for more information.

B Financial Performance & Financial Position

The financial results of the Group for the year ended 30 June 2013 are:

	30-Jun-13	30-Jun-12	% Change
Cash and cash equivalents (\$)	53,685	2,081,985	(97%)
Net assets (\$)	10,966,451	12,659,844	(13%)
Revenue (\$)	19,413	93,572	(79%)
Net loss after tax (\$)	(6,026,830)	(7,919,244)	(24%)
Loss per share (\$)	(0.05)	(0.09)	(49%)
Dividend (\$)	-	-	-

Financial Performance

The financial result for the year ended 30 June 2013 is a net loss after tax of \$6,026,830 (2012: \$7,919,244), as per the table above.

The Group is creating value for shareholders through its exploration expenditure and currently has no revenue generating operations. Revenue is generated from interest income for funds held on deposit, as the funds held on deposit have decreased during the year to \$53,685 from \$2,081,985 at 30 June 2012, accordingly the revenue has decreased 79% on the prior year.

During the year, administration expenses increased by 4% however share-based payments expense decreased 54%, likewise personnel expenses decreased 12% on the prior year, due to significant cost cutting within the African and Australian operations. Additionally the Company incurred costs of \$2,966,304 (2012: \$6,743,199) due to the impairment of the exploration and evaluation expenditure associated with the Kanzi Project as the Kanzi Joint Venture licences are still held in Allamanda and have not been transferred to the Joint Venture entity. Finance costs increased significantly to \$256,440 or 1332% (2012: \$17,910) due to the Company sourcing additional working capital from debt in the form of convertible notes which attract fees and interest rather than from equity. This change in funding source is due to the downturn in the equity markets during the financial year.

Directors' Report

Financial Position

The Group's main activity during the year was the investment of Cash in the Company's African Projects, \$2,074,885. The Group's net assets decreased by 14%, due to the expenditure of cash for exploration & evaluation expenditure which was impaired and expensed at 30 June 2013. Additionally the increase in borrowings, including derivative financial liabilities, from nil in the prior year to \$550,000 at 30 June 2013 has contributed to the overall decrease in net assets.

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

During the year the Group incurred a net loss of for the year of \$6,026,830 and incurred net cash outflows from operating and investing activities of \$4,482,970. At 30 June 2013 the Group had a net working capital deficiency of \$576,926 (30 June 2012: net working capital of \$2,307,268).

The ability of the Group to continue as a going concern is dependent on the cGroup being able to raise additional funds as required to conduct a bankable feasibility study on its projects, fund ongoing exploration commitments and for working capital. The Directors believe that they will be able to raise additional capital as required and are in the process of evaluating the Group's cash requirements.

On 8 July 2013, at the Company's General Meeting, shareholders approved David Reeves convertible note facility of up to \$250,000; the funds were received subsequent to year end.

On 22 August 2013, the Company announced that it expected to complete financing arrangements with a group of sophisticated investors to provide \$250,000 in secured funding through the issue of convertible notes. The funds were received subsequent to year end and will be used to provide the Company with working capital as it works on longer term funding solutions.

The Directors believe that the Group will continue as a going concern. As a result the financial report has been prepared on a going concern basis. No adjustments have been made relating to the recoverability of assets and classification of liabilities that might be necessary should the Group not continue as a going concern.

C Business Strategies and Prospects for future financial years

The Group actively evaluates the prospects of each project as results from each program become available, these results are available via the ASX platform for shareholders information. The Group then assesses the continued exploration expenditure and further asset development. The Group will continue the evaluation of its mineral projects in the future and undertake generative work to identify and acquire new resource projects.

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.

a) Risk relating to renewal of Cabinda Exploration Licence

In order to undertake exploration activities on the Cabinda Project, a valid Exploration Licence is required. The existing Licence to the Cabinda Project, held by a subsidiary of the Company's Joint Venture, Mongo Tando, Lda expired during the financial year. The Joint Venture has submitted the application for renewal of the Cabinda Project Licence and at the date of this report the Licence has not been renewed. As a result there is a risk that the Licence could take additional time to be renewed or may not be renewed and the exploration expenditure relating to the Cabinda Project may be impaired.

Directors' Report

b) 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, 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.

c) Environmental Risks

The operations and proposed activities of the Company are subject to the laws and regulations of Angola and the DRC concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or 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.

d) 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.

e) 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.

f) 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 exploration programmes as the case may be. There is however 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.

g) Speculative investment

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.

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

Directors' Report

8. DIVIDENDS

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

9. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 1 August 2012, the Company announced the signing of a Joint Venture agreement with Allamanda Trading SPRL (“Allamanda”) for the exploration and development of the Kanzi project and surrounding exploration areas in the western Democratic Republic of Congo (“DRC”). Minbos has a 49% interest in the joint venture, Minbos has issued 2,600,000 shares, paid a fee of USD\$162,500 and provided initial funding of USD\$600,000 for the incorporation of Phosphalux. In addition, it will pay a sales revenue royalty of 3% to Allamanda who will in turn be responsible for any government royalty payments and will pay a once off fee in 12 months of USD\$0.05 per tonne of contained phosphate for Indicated Resources grading greater than 20% P₂O₅ capped at a maximum of USD\$1,000,000.

On 2 November 2012, the Company announced the appointment of Scott Sullivan as Managing Director and James Carter as Chief Financial Officer. The Company also announced that Peter Richards would transition from Executive Chairman to Non-Executive Chairman.

On 13 November 2012, the Company completed a book build for a Share Placement to professional and sophisticated investors to raise \$1.71 million to finalise the measured and indicated resource drilling program at the high grade Kanzi deposit and to progress the bankable feasibility studies on both high grade Cacata and Kanzi deposits. The Company placed 6,275,717 fully paid ordinary shares at \$0.14 per share to raise \$878,600 as part of Tranche 1 and 5,949,709 fully paid ordinary shares at \$0.14 per share to raise \$832,959 as part of Tranche 2.

On 8 March 2013, the Company announced that it had entered into a funding agreement with Lind Partners, LLC, the manager of the Australian Special Opportunity Fund, LP (together “Lind”). The facility was for an initial \$300,000 convertible security and \$75,000 as a prepayment for ordinary shares in Minbos. Per the funding agreement Lind would then invest a further \$50,000 to \$200,000 in monthly subscriptions, for a maximum facility of \$4,975,000. Refer to Note 18: Borrowings, for further detail on the Lind funding agreement.

On 8 March 2013, the Company announced that David Reeves (Non-Executive Director) and James Carter (CFO) agreed to provide the Company with \$500,000 (of which \$250,000 was received during the reporting period) under a convertible note facility. The conversion price of each convertible note will be at a premium of 50% to the 20 day volume weighted average price (VWAP) of Minbos shares prior to the date of execution of the facility agreement. Interest is payable at a rate of 12% per annum with principal repayment or conversion in 9 months from the date of first drawdown. The conversion of the convertible note issued to David Reeves was approved by Shareholders at the Company's General Meeting held on 8 July 2013. Refer to Note 18: Borrowings, for further detail on the convertible note to management.

On 14 March 2013, at a General Meeting of the Company, shareholders approved the adoption of the Minbos employee share plan and the issue of 6,000,000 shares to Scott Sullivan under the employee share plan. During the financial year the Board also approved and issued 2,000,000 shares to James Carter under the employee share plan. Refer to Note 25: Employee share plan reserve, for further terms and conditions.

On 19 March 2013, the Company announced the resignation of Mr John Ciganek from his role as Non-Executive Director.

On 18 April 2013, the Company announced the appointment of Paige Exley and James Carter as Joint Company Secretary, following the resignation of Tanya Woolley.

Directors' Report

10. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 8 July 2013, at the Company's General Meeting, shareholders approved David Reeves convertible note facility of up to \$250,000, the funds were received subsequent to year end.

On 6 August 2013, the Company announced the resignation of Peter Richards as Non-Executive Chairman and the appointment of Scott Sullivan as the interim Executive Chairman.

On 22 August 2013, the Company announced that it expected to complete financing arrangements with a group of sophisticated investors to provide \$250,000 in secured funding through the issue of convertible notes. The Company received the \$250,000 in convertible note funding subsequent to year end, which will be used to provide the Company with working capital as it works on longer term funding solutions.

On 2 September 2013, the Company announced the resignation of James Carter as Chief Financial Officer and joint Company Secretary and the appointment of William Oliver as Non-Executive Director.

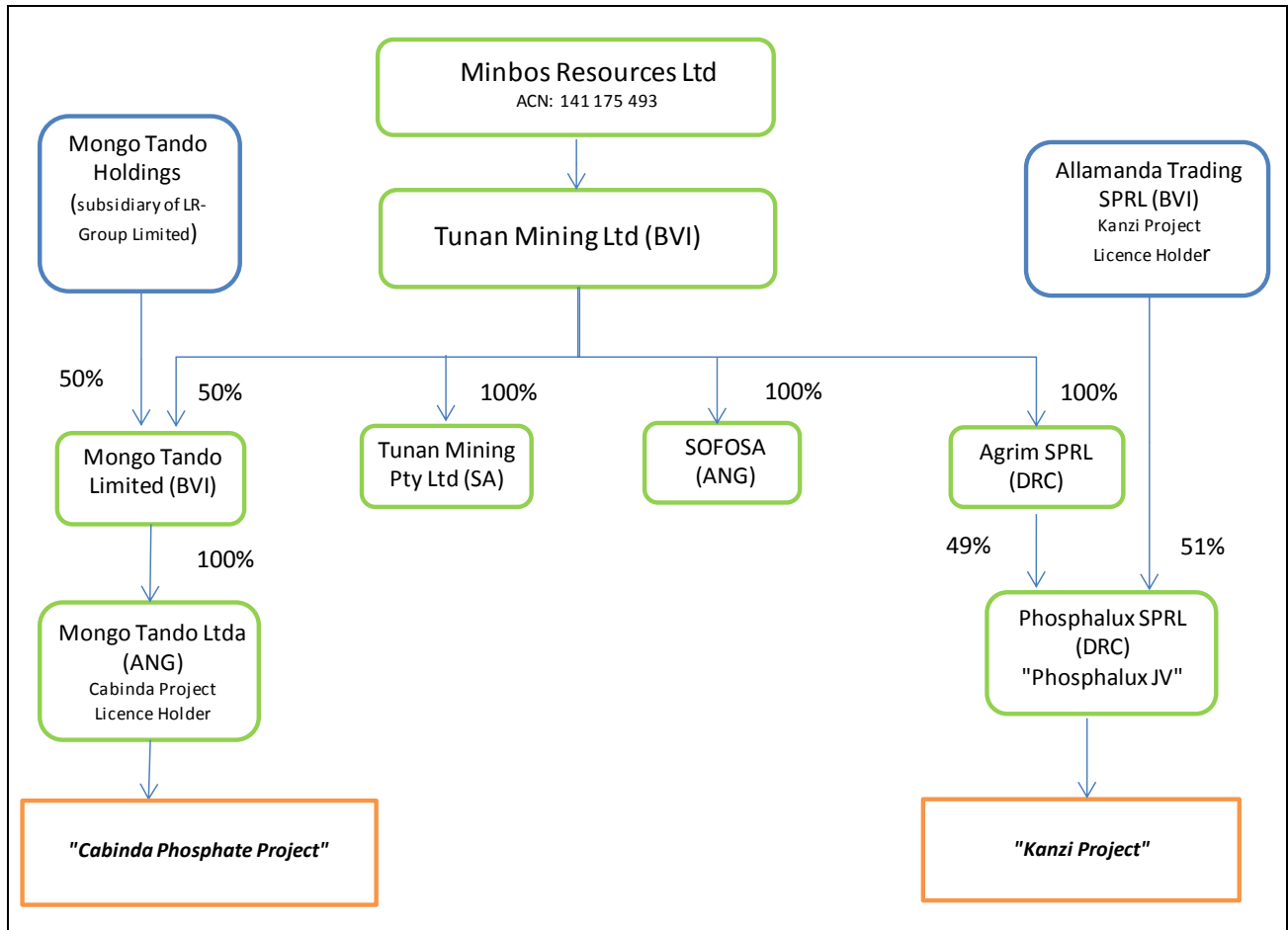
On 11 September 2013, the Company announced that it had issued 2,000,000 fully paid ordinary shares as consideration for the acquisition of two phosphate tenements in Western Australia.

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.
BVI	Incorporated in the British Virgin Isles.
SA	Incorporated in South Africa.
	Refers to the Project area and its licences
	Refers to Minbos Resources Limited and its Controlled entities.
	Refers to third-parties that have part ownership with Minbos or one of its controlled entities in a joint venture company that holds the project licence/s.

Directors' Report

12. REMUNERATION REPORT (Audited)

This report for the year ended 30 June 2013 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 Managing Director, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Executive Directors, senior executives and general managers of the Group, whilst the term 'NED' refers to Non-Executive Directors only.

Individual key management personnel disclosure

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

Directors	Position	Appointment	Resignation
Scott Sullivan	Managing Director	2/11/2012	-
	Executive Chairman	6/08/2013	-
Peter Richards	Executive Chairman	16/06/2010	1/11/2012
	Non-Executive Chairman	1/11/2012	6/08/2013
David Reeves	Non-Executive Director	20/07/2010	-
Domingos Catulich	Non-Executive Director	20/07/2010	-
John Ciganek	Non-Executive Director	16/06/2010	15/03/2013
William Oliver	Non-Executive Director	2/09/2013	-

Other Key Management Personnel	Position	Appointment	Resignation
Robert McCrae	Chief Executive Officer	29/06/2010	6/12/2012
James Carter	Chief Financial Officer	1/11/2012	30/08/2013
	Joint Company Secretary	18/04/2013	30/08/2013

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

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

- A Remuneration Philosophy
- B Remuneration 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 Options to Key Management Personnel
- I Value of Shares to Key Management Personnel
- J Adoption of Remuneration Report by Shareholders

Directors' Report

A Remuneration Philosophy

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel of Minbos comprise the Board of Directors, the Chief Financial Officer (resigned 30 August 2013) and the Chief Executive Officer (resigned 6 December 2012).

The performance of the Group depends upon the quality of its key management personnel. 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.

B Remuneration 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 and the full Board considers in detail all of the matters for which the directors are responsible.

➤ Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. From May 2013 the Board agreed to defer all Non-Executive Director fees and accrue them for the purpose of this report. 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 2013 Annual General Meeting.

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 1**, 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 and Executives.

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 1**, 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

Short Term Incentive Package

During the financial year the Board appointed Mr Sullivan as Managing Director and offered him a short term incentive package as part of his Executive Services Agreement. Mr Sullivan is eligible for a short term incentive package of up to 30% of his salary, payable in cash or shares, or a combination of both, as agreed between the Company and the Executives. This short term incentive package is based upon consideration of key performance indicators of Mr Sullivan, which the Company may set from time to time. At the date of this report the Company has not set any key performance indicators for Mr Sullivan.

There were no short term incentive based payments made during the financial year (2012: nil).

Directors' Report

Long Term Incentive Package

Remuneration Plan:

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

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

On 14 March 2013, at the General Meeting of the Company, shareholders approved the issue of 6,000,000 shares to Mr Sullivan under the employee share plan. The shares have been issued at \$0.04 per share with a total value of \$240,000 and will be held in trust by the trustee of the Minbos employee share plan until the vesting conditions are satisfied. For further details regarding the vesting conditions refer to Note 25: Employee Share Plan Reserve.

During the financial year the Board also approved and issued 2,000,000 shares to Mr Carter under the employee share plan. These shares have been issued at \$0.04 per share with a total value of \$80,000 and will be held in trust by the trustee of the Minbos employee share plan until the vesting conditions are satisfied. For further details regarding the vesting conditions refer to Note 25: Employee Share Plan Reserve.

Options:

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

To date, 18,750,000 options are on issue, of which 8,000,000 have been issued to Key Management Personnel. There were no options granted to Key Management Personnel during the financial year, nor were shares issued upon exercise of options. As at the date of this report no options have been exercised nor did any options lapse. When exercisable, each option is convertible into one ordinary share of the Company.

Table 2 provides details on the value of options not yet vested and **Table 3** provides details of options granted to Key Management Personnel.

Directors' Report

D Details of Remuneration

During the financial year ended 30 June 2013 and 30 June 2012, Key Management Personnel received short-term employee benefits, post-employment benefits, share-based payments and employee benefits expenses.

Table 1a: Remuneration of Key Management Personnel of the Group for the year ended 30 June 2013 is set out below:

30-Jun-13	Short-term employee benefits				Post-employment benefits	Share-based payments	Employee benefits expense	Total	Percentage of remuneration consisting of options & shares for the year %
	Salary & fees \$	Cash bonus \$	Non-monetary \$	Other (viii) \$	Super-annuation \$	Options & rights \$	Shares \$		
Directors									
Scott Sullivan (i)	200,000	-	-	20,364	18,000	-	153,109	391,473	39%
Peter Richards (ii)	73,333	-	-	-	-	7,958	-	81,291	10%
David Reeves (iii)	46,000	-	-	-	-	-	-	46,000	-
Domingos Catulichich (iv)	24,000	-	-	-	-	-	-	24,000	-
John Ciganek (v)	30,500	-	-	-	-	-	-	30,500	-
Sub-total	373,833	-	-	20,364	18,000	7,958	153,109	573,264	
Other Key Management									
James Carter (vi)	100,000	-	-	-	-	-	44,780	144,780	31%
Robert McCrae (vii)	95,314	-	-	-	-	7,958	-	103,272	8%
Sub-total	195,314	-	-	-	-	7,958	44,780	248,052	
Total	569,147	-	-	20,364	18,000	15,916	197,889	821,316	

- (i) Mr Sullivan was appointed Managing Director on 2 November 2012 and received \$175,000 in salary & fees and \$13,500 in superannuation during the financial year. The remainder of his entitlements, which include \$25,000 in salary & fees and \$3,500 in superannuation has been deferred, but accrued for the purpose of this report.
- (ii) Mr Richards received \$63,333 in salary & fees during the financial year and chose to defer the remainder of his entitlements totaling \$10,000, which has been accrued for the purpose of this report.
- (iii) Mr Reeves received \$40,000 in salary & fees during the financial year and chose to defer the remainder of his entitlements totaling \$6,000, which has been accrued for the purpose of this report.
- (iv) Mr Catulichich received \$20,000 in salary & fees during the financial year and chose to defer the remainder of his entitlements totaling \$4,000, which has been accrued for the purpose of this report.
- (v) Mr Ciganek resigned as Non-Executive Director on 15 March 2013.
- (vi) Mr Carter was appointed CFO on 1 November 2012 and received \$90,000 in salary & fees during the financial year and chose to defer the remainder of his entitlements totaling \$10,000, which has been accrued for the purpose of this report.
- (vii) Mr McCrae resigned as CEO on 6 December 2012.
- (viii) For more information on other fees paid to Mr Sullivan refer Note 30 Key Management Personnel Disclosures.

Directors' Report

Table 1b: Remuneration of Key Management Personnel of the Group for the year ended 30 June 2012 is set out below:

30-Jun-12	Short-term employee benefits				Post-employment benefits	Share-based payments	Employee benefits expense	Total	Percentage of remuneration consisting of options & shares for the year %
	Salary & fees	Cash bonus	Non-monetary	Other	Super-annuation	Options & rights	Shares		
	\$	\$	\$	\$	\$	\$	\$	\$	
Directors									
Peter Richards	100,000	-	-	-	-	48,829	-	148,829	33%
Faldi Ismail (i)	24,000	-	-	-	-	-	-	24,000	-
David Reeves	60,000	-	-	-	-	-	-	60,000	-
John Ciganek	48,000	-	-	-	-	-	-	48,000	-
Domingos Catulich	46,000	-	-	-	-	-	-	46,000	-
Sub-total	278,000	-	-	-	-	48,829	-	326,829	
Other Key Management									
Robert McCrae	180,000	-	-	-	-	48,829	-	228,829	21%
Sub-total	180,000	-	-	-	-	48,829	-	228,829	
Total	458,000	-	-	-	-	97,658	-	555,658	

(i) Mr Ismail resigned as Non-Executive Director on 1 January 2012.

E Contractual Arrangements

➤ Mr Scott Sullivan – Managing Director

- Contract date: 2 November 2012. Remuneration commenced from 1 November 2012.
- Base Salary: \$300,000 per annum (plus 9% superannuation). Remuneration is reviewed annually by the Board in accordance with the policy of the Company, provided that the salary will not be reduced without the Executive's written consent.
- Term: Mr Sullivan's contract will continue until the agreement is validly terminated.
- Termination: The Company or Mr Sullivan may terminate the contract by giving three months written notice. In the event of termination, the Company may elect to pay the equivalent of three month's fee and terminate the engagement immediately. In the event of breach or criminal activity termination is effective immediately without payment other than the fee accrued to the date of termination.
- Short Term Incentive Package: Mr Sullivan is eligible for a short term incentive package of up to 30% of his salary, payable in cash or shares, or a combination of both, as agreed between the Company and the Executives. This short term incentive package is based upon consideration of key performance indicators of Mr Sullivan, which the Company may set from time to time. At the date of this report the Company has not set any key performance indicators for Mr Sullivan.
- Long Term Incentive Package: In March 2013 Mr Sullivan received 6,000,000 shares in the capital of the Company under the employee share plan. The shares are held in trust by the trustee of the Minbos employee share plan until the vesting conditions are satisfied. For further details regarding the vesting conditions refer to Note 25: Employee Share Plan Reserve.
- Furthermore, the Company and Mr Sullivan agree to negotiate in good faith a Long Term Incentive Package that will apply following 3 years of continuous employment with the Company (to be negotiated within 3 months prior to completion of 3 years of service on terms consistent with industry standards).

Directors' Report

➤ Mr David Reeves – *Non-Executive Director*

- Contract date: 20 July 2010. Remuneration commenced from October 2010.
- Director's Fee: \$5,000 per month (plus GST), reduced to \$3,000 per month (plus GST) effective 1 December 2012. 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.
- Prior to listing on the ASX, Mr Reeves received 500,000 Directors Options.

➤ Mr Domingos Catulich – *Non-Executive Director*

- Contract date: 20 July 2010. Remuneration commenced from October 2010.
- Director's Fee: From July 2011 Mr Catulich received \$4,000 per month (excluding GST) which was reduced to \$2,000 per month (excluding GST) in June 2012. The decrease in fees commensurate with a decrease in responsibilities. 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.
- Prior to listing on the ASX, Mr Catulich received 500,000 Directors Options.

➤ Mr Peter Richards – *Non-Executive Chairman (formerly Executive Chairman)*

Contract as Executive Chairman

- Contract date: 16 June 2010.
- Resignation date: 1 November 2012.
- Director's Fee: \$8,333.33 per month (plus GST).
- Term: Mr Richard's contract was valid for a period of two years from contract date however, extension of term may be agreed upon by mutual written agreement.
- Termination: The Company or the individual may terminate the contract by giving three months written notice. In the event of termination, the Company may elect to pay the equivalent of three month's fee and terminate the engagement immediately. In the event of breach or criminal activity termination is effectively immediately without payment other than the fee accrued to the date of termination.
- Prior to listing on the ASX, Mr Richards received 3,000,000 Directors Options.

Contract as Non-Executive Chairman

- Contract date: 1 November 2012.
- Resignation date: 6 August 2013.
- Director's Fee: \$5,000 per month (plus GST).
- Term: Mr Richard's will hold office as Non-Executive Chairman until the date of the next annual general meeting of the Company where he will retire by rotation. Mr Richard's is eligible for election as a Director at that meeting and, if elected, will be subject to retirement by rotation under the Company's constitution.
- Termination: Mr Richard's appointment will automatically cease in the event that he gives notice to the Board of his resignation as a Director, or if he resigns by rotation and is not re-elected as a Director by the shareholders of the Company. Moreover, Mr Richards' appointment will be terminated immediately if, for any reason, he becomes disqualified or prohibited by law from being or acting as a director or from being involved in the management of a Company.

Directors' Report

➤ Mr John Ciganek – *Non-Executive Director*

- Contract date: 16 June 2010. Remuneration commenced from October 2010.
- Resignation date: 19 March 2013.
- Director's Fee: \$4,000 per month (plus GST), reduced to \$3,000 per month (plus GST) effective 1 December 2012. 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.
- Prior to listing on the ASX, Mr Ciganek received 500,000 Directors Options.

➤ Mr William Oliver – *Non-Executive Director*

- Contract date: 2 September 2013. Remuneration commenced from 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.

Note 1: Remuneration of Non-Executive Directors (NED) are reviewable annually by the Board and subject to shareholder approval (if applicable). 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 NED pool at the 2013 Annual General Meeting.

Note 2: The term of each Non-Executive Director is open to the extent that they hold office subject to retirement by rotation, as per the Company's Constitution, at each annual general meeting 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 Key Management Personnel that have service contracts in place with the Company are as follow:

➤ Mr James Carter – *Chief Financial Officer*

- Contract date: 1 November 2012. Remuneration commenced from 1 November 2012.
- Resignation date: 30 August 2013.
- Consulting fee: \$10,000 per month (plus GST).
- Remuneration will be reviewed regularly by the Managing Director in accordance with the policy of the Company for the review of salaries of fees paid to consultants and negotiated with the consultant, both parties acting reasonably and with final approval of the Board.
- Term: Mr Carter is engaged by the Company on a part time basis for a period of six months following the commencement date and this is subject to extension on a quarterly renewal basis by mutual agreement in writing between Mr Carter and the Managing Director.
- The Company or Mr Carter may terminate the contract by giving one month's written notice. In the event of termination, the Company may elect to pay the equivalent of one month's fee and terminate the engagement immediately. In the event of breach or criminal activity termination is effective immediately without payment other than the fee accrued to the date of termination.
- Long Term Incentive Package: In March 2013 Mr Carter received 2,000,000 shares in the capital of the Company under the employee share plan. The shares are held in trust by the trustee of the Minbos employee share plan until the vesting conditions are satisfied. For further details regarding the vesting conditions refer to Note 25: Employee Share Plan Reserve.

Directors' Report

➤ Mr Robert McCrae – *Chief Executive Officer*

- Contract date: 1 October 2010.
- Resignation date: 6 December 2012.
- Base Salary: \$180,000 per annum (remuneration commenced from October 2010).
- Remuneration is reviewable annually with the first review commencing on the anniversary of the Company listing on the ASX.
- Term: The contract is valid for a period of two years from listing date on the ASX, this being 18 October 2012. Upon expiry the contract was not renewed.
- The Company may terminate the contract by giving two month's written notice. In the event of termination payment is equal to the relevant period of notice plus payment in lieu of the annual leave to which has not been taken and to which the officer is entitled.
- The employee may terminate the contract by giving three month's written notice. In the event of termination payment is equal to the relevant period of notice plus payment in lieu of the annual leave to which has not been taken and to which the officer is entitled.
- Prior to listing on the ASX, Mr McCrae received 3,000,000 Management Options.

F Share-based Compensation

The Company rewards Directors 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

There were no options granted to Key Management Personnel during the financial year, nor were shares issued upon exercise of options. As at the date of this report no options have been exercised nor did any options lapse.

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

➤ Shares

Long-term incentives

During the financial year Mr Sullivan and Mr Carter were both eligible to participate in a long term incentive package for the issue of securities (shares, performance rights or options, or a combination of any) in the capital of the Company.

Employee Share Plan – Scott Sullivan

On 14 March 2013, at the general meeting of the Company, shareholders approved the issue of 6,000,000 shares to Mr Sullivan under the employee share plan. The shares have been issued at \$0.04 per share with a total value of \$240,000 and will be held in trust by the trustee of the Minbos employee share plan until the vesting conditions are satisfied.

Directors' Report

Mr Sullivan's remuneration is subject to the following vesting conditions:

- (i) 2,000,000 shares shall vest when the Company's share price equals the higher of:
 - at the 6 day Volume Weighted Average Price (VWAP) of the Company's share price calculated 3 days before and 3 days after the General Meeting where shareholders approved Minbos Resources Limited Employee Limited Share Plan; or
 - \$0.14; and
 - The vesting period is assumed at 14 March 2013 as no vesting date is specified, (Tranche One) and no service conditions were attached to Tranche One;
- (ii) 2,000,000 shares to vest one year from Commencement Date, being 1 November 2013 (Vesting Period 1) and when the Company's share price equals or exceeds a vesting price of Tranche One plus 50% increase during the period from Commencement Date (Tranche Two) (if Tranche One Shares vest at \$0.14, Tranche Two shares will vest at \$0.21);
- (iii) 2,000,000 shares to vest two years from Commencement Date, being 1 November 2014 (Vesting Period 2) and when the Company's share price equals or exceeds a vesting price of Tranche One plus 100% increase during the period from Commencement Date (Tranche Three) (if Tranche One Shares vest at \$0.14, Tranche Three shares will vest at \$0.28); and

In the event of termination, in all cases except termination by the Company with reason, or in the case of a change of control event, the shares will vest automatically, in accordance with Mr Sullivan's executive services agreement.

Due to these vesting conditions being dependent on certain market conditions being achieved, the Company has adopted a Hybrid Option Pricing Model. For further detail regarding the model inputs, refer to Note 25: Employee Share Plan Reserve.

Employee Share Plan – James Carter

During the financial year the Board also approved the issue of 2,000,000 shares to Mr Carter under the employee share plan. These shares have been issued at \$0.04 per share with a total value of \$80,000 and will be held in trust by the trustee of the Minbos employee share plan until the vesting conditions are satisfied.

Mr Carter's remuneration is subject to the following vesting conditions;

- (i) 1,000,000 shares shall vest when the Company's share price equals the higher of:
 - at the 6 day Volume Weighted Average Price (VWAP) of the Company's share price calculated 3 days before and 3 days after the General Meeting where shareholders approved Minbos Resources Limited Employee Limited Share Plan; or
 - \$0.14; and
 - The vesting period is assumed at 15 April 2013 as no vesting date is specified, (Tranche One) and no service conditions were attached to Tranche One;
- (ii) 1,000,000 LTI Shares to vest one year from Commencement Date, being 1 November 2013 (Vesting Period 1) and when the Company's share price at any time equals or exceeds a vesting price of Tranche One plus 50% increase during the period from Commencement Date (Tranche Two) (if Tranche One Shares vest at \$0.14, Tranche Two shares will vest at \$0.21); and

In the event of termination, in all cases except where there are grounds for termination by the Company, or in the case of a change of control event, the shares will vest automatically, in accordance with Mr Carter's executive services agreement.

Directors' Report

Due to these vesting conditions being dependent on certain market conditions being achieved, the Company has adopted a Hybrid Option Pricing Model. For further detail regarding the model inputs, refer to Note 25: Employee Share Plan Reserve.

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

G Equity Instruments Issued on Exercise of Remuneration Options

No shares were issued during the financial year to Directors or Key Management Personnel as a result of exercising remuneration options. No options were granted, exercised or were lapsed during the financial year ended 30 June 2013.

Class A options that were granted to Key Management Personnel during the financial year ended 30 June 2011, vested immediately and came out of escrow on 18 October 2012.

Class B options that were granted to Key Management Personnel during the financial year ended 30 June 2011, vested during the financial year ended 30 June 2012 and came out of escrow on 18 October 2012.

Class C options that were granted to Key Management Personnel during the financial year ended 30 June 2011, vested on 13 October 2012 and came out of escrow on 18 October 2012.

Refer to Table 3 below for further detail.

H Value of Options to Key Management Personnel

Table 2: Value of options granted yet to vest

At 30 June 2013 all options held by Key Management Personnel have vested, with Class C options vesting on 13 October 2012.

Key Management Personnel	Class of Options	Year Granted	Vested %	Forfeited %	Financial years in which options vest	Maximum total value of options yet to vest
Peter Richards (i)	Class C	2010	100%	-	30-Jun-13	-
Robert McCrae (ii)	Class C	2010	100%	-	30-Jun-13	-

(i) Mr Richards (Non-Executive Chairman) resigned subsequent to year end on 6 August 2013.

(ii) Mr McCrae (Chief Executive Officer) resigned on 6 December 2012.

Directors' Report

Table 3: The value of options to Key Management Personnel for the 2013 financial year are set out below:

Key Management Personnel	Class of Options	Granted Options	Grant Date	Issue Date	Exercise price per Option	Expiry Date	Vesting Date	Fair value per Option	Total value of Options	Share-Based Payments		First Exercise Date	Last Exercise Date	Vested Number of Options	% Options Vested
										During the year	Not yet recognised				
Peter Richards	Class C	1,000,000	30-Jul-10	13-Oct-10	\$ 0.50	13-Oct-13	13-Oct-12	\$ 0.06	\$ 55,402	\$ 7,958	\$ -	13-Oct-12	13-Oct-13	1,000,000	100%
Robert McCrae	Class C	1,000,000	30-Jul-10	13-Oct-10	\$ 0.50	13-Oct-13	13-Oct-12	\$ 0.06	\$ 55,402	\$ 7,958	\$ -	13-Oct-12	13-Oct-13	1,000,000	100%
									\$ 110,804	\$ 15,916	\$ -			2,000,000	

I Value of Shares to Key Management Personnel

Key Management Personnel	Class of Shares	Granted Shares	Grant Date	Issue Date	Exercise price per Share	Expiry Date	Vesting Date (i)	Fair value per Share	Total value of Share	Employee Benefits Expense		Vested Number of Shares	% Shares Vested
										During the year	Not yet recognised		
Scott Sullivan	Employee Share Plan	2,000,000	14-Mar-13	14-Mar-13	\$ 0.14	01-Nov-22	14-Mar-13	\$ 0.047	\$ 94,000	\$ 94,000	\$ -	2,000,000	100%
Scott Sullivan	Employee Share Plan	2,000,000	14-Mar-13	14-Mar-13	\$ 0.21	01-Nov-22	01-Nov-13	\$ 0.046	\$ 92,000	\$ 42,828	\$ 49,172	-	-
Scott Sullivan	Employee Share Plan	2,000,000	14-Mar-13	14-Mar-13	\$ 0.28	01-Nov-22	01-Nov-14	\$ 0.045	\$ 90,000	\$ 16,281	\$ 73,719	-	-
James Carter	Employee Share Plan	1,000,000	15-Apr-13	15-Apr-13	\$ 0.14	01-Nov-22	15-Apr-13	\$ 0.033	\$ 33,000	\$ 33,000	\$ -	1,000,000	100%
James Carter	Employee Share Plan	1,000,000	15-Apr-13	15-Apr-13	\$ 0.21	01-Nov-22	01-Nov-13	\$ 0.031	\$ 31,000	\$ 11,780	\$ 19,220	-	-
									\$ 340,000	\$ 197,889	\$ 142,111		

- (i) Shares have not yet been released from escrow as the market conditions have not been met at the reporting date. For further detail on the market conditions refer to Note 25: Employee Share Plan Reserve.

Directors' Report

J Adoption of Remuneration Report by Shareholders

The adoption of the Remuneration Report for the financial year ended 30 June 2012 was put to the shareholders of the Company at the Annual General Meeting (AGM) held 19 November 2012. The Company received more than 99.9% of vote, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2012 financial year. 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.

End of Audited Remuneration Report

13. OPTIONS

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

Class	Date of Expiry	Exercise Price	Number Under Option
Class A Options	13-Oct-13	\$0.2000	4,000,000
Class B Options	13-Oct-13	\$0.3000	2,000,000
Class C Options	13-Oct-13	\$0.5000	2,000,000
Broker Options	13-Oct-13	\$0.2000	6,000,000
Employee Options	18-Apr-14	\$0.2000	500,000
Consultancy Options	18-Apr-14	\$0.5000	100,000
Consultancy Options	30-Apr-14	\$0.2500	3,000,000
Commencement Options	08-Mar-16	\$0.0937	1,150,000
			18,750,000

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

As disclosed in the Quarterly Activities Reports for the three months ended 30 June 2013 (lodged 31 July 2013 on the ASX Company Announcements Platform), the likely developments of the Company are anticipated to be as follows:

Kanzi Project - DRC

- Completion of preliminary Environmental Impact Assessment (EIA);
- Transfer of Research Titles from JV partner Allamanda into the JV vehicle Phosphalux SPRL;
- Proceed with application for Mining Licence; and
- Commencement of Bankable Feasibility Study ("BFS") activities – Beneficiation testwork, Logistics study and environmental work.

Cabinda Projects - Angola

- Cabinda (Cacata) resource estimate update;
- Renewal of Prospection Titles under the Mining Code, Law 31/11. This will facilitate the progression of the BFS; and
- Commencement of a BSF on Cacata starting with dry season bulk sampling.

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

As any further information on the likely developments of the Company eventuate, this information will be made available to the market in accordance with its continuous disclosure obligations under the ASX Listing Rules.

17. ENVIRONMENTAL REGULATIONS

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

18. NON-AUDIT SERVICES

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

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

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

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

Directors' Report

	<u>30-Jun-13</u>	<u>30-Jun-12</u>
	\$	\$
Non-Audit Services		
<i>Remuneration for other services</i>		
BDO Corporate Tax (WA) Pty Ltd - Taxation services	9,430	-
BDO Corporate Tax (WA) Pty Ltd - Transfer pricing advice	-	26,178
BDO Corporate Finance (WA) Pty Ltd - Other professional services	6,650	-
Total Non-Audit Services	<u>16,080</u>	<u>26,178</u>

19. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 50 and forms part of the Directors' Report for the financial year ended 30 June 2013.

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



Mr Scott Sullivan
 Managing Director and Executive Chairman
 26 September 2013

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

As lead auditor of Minbos Resources Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



PHILLIP MURDOCH

Director

BDO Audit (WA) Pty Ltd

Perth, Western Australia

Dated 26 September 2013

Corporate Governance Statement

CORPORATE GOVERNANCE

The Board of Directors of Minbos Resources Limited (the “Company” or “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 shareholders 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		COMMENT
1.	<i>Lay solid foundations for management and oversight</i>	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Directors guide and monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a corporate governance policy which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct. This is available on the Company’s website.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	<p>During the financial year, the senior executives of the Company, who were not Directors, were the Chief Financial Officer (“CFO”) and the Company Secretary.</p> <p>The evaluation of the performance of the CFO is assessed annually (or on an as needed basis) and in accordance with the terms and conditions of the service agreement entered into by the Company with Stillwater Consulting Pty Ltd for the provision of the CFO services.</p> <p>The evaluation of the performance of the Company Secretary is assessed annually (or on an as needed basis) and in accordance with the terms and conditions of the consulting agreement entered into by the Company with Blue Horse Corporate Pty Ltd for the provision of company secretarial and financial reporting services.</p>
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	There have been no departures from the ASX’s Principles and Recommendations 1.1 and 1.2. Information has been provided above and further referenced within this annual report and/or to the Company’s Corporate Governance Policy (which is available on the Company’s website).

Corporate Governance Statement

2.	Structure the board to add value	
2.1	A majority of the board should be independent directors.	<p>Mr Ciganek was not deemed to be independent during the period due to a consultancy mandate with the Company.</p> <p>Mr Reeves was not deemed to be independent during the period as he is a substantial shareholder of the Company.</p> <p>Mr Domingos was not deemed to be independent during the period as he is a substantial shareholder of the Company.</p> <p>Mr Sullivan was not deemed to be independent during the period as he is an Executive Director of the Company.</p> <p>Mr Richard was not deemed to be independent during the period as he was an Executive Director of the Company for 4 months. Mr Richards was subsequently a Non-Executive Director of the Company for 8 months of the period however is not considered to be independent for a period of 3 years following the ceasing of the Executive role.</p> <p>Mr Oliver was appointed subsequent to the end of the reporting period as a Non-Executive Director and is considered to be independent.</p> <p>As at the date of signing this report, one member of the Board is an independent director. Please refer to Point 2.1a below for further explanation.</p>
2.2	The chair should be an independent director.	<p>During 8 months of the period, the role of Chairman was performed by a Non-Executive Director, who is considered independent. The Chairman is currently not independent due to him fulfilling the chair position in an executive capacity. The Company intends to seek out and appoint an independent chairman in the future; however, due to the current limited size of the Company's operations it may not be appropriate to appoint an independent chairman for some time. Please refer to Point 2.1a below for further explanation.</p>
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	<p>The Chief Executive Officer was performed by Robert McCrae up until his resignation. During this time the role of Chief Executive Officer was not being fulfilled by the Executive Chairman. Since the departure of Robert McCrae the Company has not had a replacement Chief Executive Officer, the Company has however appointed Scott Sullivan to the role of Managing Director. Due to the current size of the Company's operations, the Board does not deem it necessary to, in addition to a Managing Director, appoint a Chief Executive Officer at this time.</p>

Corporate Governance Statement

2.1 a Comment pertaining to Principle 2 – Structure the Board to add value

The Company recognises that independent Directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance.

Directors of Minbos Resources Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

Currently the Chairman holds an executive position on the Board and Messrs Reeves and Catulich are substantial shareholders holding more than 5% of the shares in the Company, therefore deeming them to be not independent.

Mr Ciganek is not deemed to be independent as the Company entered into a consultancy mandate with Everspring Partners, a private company that Mr Ciganek holds a directorship and equity interest in, to provide commercial and financial assistance to Minbos in respect of identifying, tendering and securing potential strategic investors in the Company. Everspring Partners received a monthly retainer of \$10,000 per month; reimbursement for any out-of-pocket expenses, and a success fee equal to 3% of any investment in Minbos either at the corporate level, project level and/or off-take agreement value, which will be payable at financial close. The agreement was terminated with Everspring Partners in March 2013 following Mr Ciganek's resignation from the Board.

Mr Oliver was appointed subsequent to the end of the reporting period as a Non-Executive Director and is considered to be independent.

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. With this in mind the Company intends to seek out and appoint independent directors to the Board in order to meet the ASX recommendation of maintaining a majority of independent Non-Executive Directors.

Corporate Governance Statement

2.4	The board should establish a nomination committee.	The Company is currently not of a relevant size that justifies the formation of a separate Nomination Committee. Matters typically dealt with by such a committee are dealt with by the Board of Directors.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Board has a process for performance evaluation to ensure that the responsibilities of the Board are discharged in an appropriate manner. The performance of the Board will be reviewed annually by the Chair; and the performance of the Chair will be reviewed annually by the rest of the Board. Directors whose performance is consistently unsatisfactory may be asked to retire. Remuneration and performance has been discussed within Section 12C of the Directors' Report contained within this Annual Report.
2.6	Companies should provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	The Company has provided details of each director, their skills, and experience in Section One of the Directors' Report. Explanations of the Company's compliance with; and departures from, the ASX's Principles and Recommendations 2.1 through to 2.5 have been detailed in the sections above.

3. Promote ethical and responsible decision-making

3.1	<p>Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	<p>The Board is bound by the Company's Board Charter and Code of Conduct (as disclosed in the Company's Corporate Governance Plan). The Board understands the obligations for ethical and responsible decision making. All Directors and Officers are expected to:</p> <ol style="list-style-type: none"> a) comply with the law; b) act in the best interests of the Company; c) be responsible and accountable for their actions; and d) observe the ethical principles of honesty and fairness, including prompt disclosure of potential conflicts.
3.2	<p>Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.</p>	<p>The Company adopted a diversity policy on the 1 July 2011 as part of their 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 can be found on the Company website www.minbos.com</p>

Corporate Governance Statement

3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	The Company is currently not of a size that justifies the formal establishment of measurable diversity objectives.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The position of Company Secretary is currently fulfilled by Ms Paige Exley, who is engaged by the Board through consultancy company, Blue Horse Corporate Pty Ltd.
3.5	Companies should provide the information indicated in the <i>Guide to reporting on Principle 3</i> .	Explanations of the Company's compliance with, and departures from, the ASX's Principles and Recommendations 3.1 through to 3.4 have been detailed in the sections above.

4.	<i>Safeguard integrity in financial reporting</i>	
4.1	The board should establish an audit committee.	The Company is not of a size at the moment that justifies having a separate audit committee. However, matters typically dealt with by such a committee are dealt with by the Board of Directors.
4.2	<p>The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> • 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 at least three members. 	<p>Matters typically dealt with the Audit Committee are currently dealt with the Board of Directors.</p> <p>ASX Principle 4.2 is currently not complied with. Due to the size of the Company at the moment the Company cannot viably justify an additional chair who is not also the chair of the Board; nor that a majority of the Board is independent.</p> <p>Though the Company intends to seek out and appoint additional independent directors to the Board when 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>
4.3	The audit committee should have a formal charter.	The Board has adopted a formal charter of an audit committee and code of conduct, as disclosed in the Corporate Governance Plan available on the Company's website.
4.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 4</i> .	Explanations of the Company's compliance with, and departures from, the ASX's Principles and Recommendations 4.1 through to 4.3 have been detailed in the sections above.

Corporate Governance Statement

5. Make timely and balanced disclosure	
5.1	<p>Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.</p> <p>The Company is committed to ensuring that shareholders 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 ensuring all necessary compliance with disclosure requirements has been met.</p>
5.2	<p>Companies should provide the information indicated in <i>Guide to Reporting on Principle 5</i>.</p> <p>Explanations of the Company's compliance with, and departures from, the ASX's Principle and Recommendation 5.1 have been detailed in the section above.</p>
6. Respect the rights of shareholders	
6.1	<p>Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.</p> <p>Pursuant to Principle 6, the Company's objective is to ensure effective communication with its shareholders at all time.</p> <p>Given the size of the Company, all communication with shareholders is currently reverted to the Board and its Company Secretary. The Company's website has a dedicated News & Media section which publishes all important Company information and relevant announcements made to the market.</p>
6.2	<p>Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i>.</p> <p>Explanations of the Company's compliance with, and departures from, the ASX's Principle and Recommendation 6.1 have been detailed in the section above.</p>

Corporate Governance Statement

7.	Recognise and manage risk	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Company has adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board is responsible for driving risk management in the Company. The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management are recurring items for deliberation at Board Meetings.
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	A written declaration has been provided by the Managing Director acting in the capacity of Chief Executive Officer and Chief Finance Officer in accordance with section 295A of the Corporations Act to the Board in regards to the preparation of financial reports.
7.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	Explanations of the Company's compliance with, and departures from, the ASX's Principles and Recommendations 7.1 through to 7.3 have been detailed in the sections above. Full details of the Company's risk management policy can be found on the Company's website.

Corporate Governance Statement

8.	Remunerate fairly and responsibly	
8.1	The Board should establish a remuneration committee.	<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 renders this impractical as 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 remuneration committee should be structured so that it:</p> <ul style="list-style-type: none"> • consists of a majority of independent directors • is chaired by an independent director • has at least three members 	<p>The Company is not currently of a size to justify the existence of a separate Remuneration Committee. However, matters typically dealt with by such a committee are dealt with by the Board of Directors.</p> <p>Though the Company intends to seek out and appoint additional independent directors to the Board when 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>
8.3	Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and Senior Executives.	The Company clearly distinguishes the policy and structure of Executive and Non-Executive Directors' remuneration and has been explained in detail in Section 12 of the audited Remuneration Report contained within the Directors' Report.
8.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	The Company has provided an explanation of any departures from best practice recommendations 8.1 to 8.3 (if any) in sections 8.1 to 8.3 above.

Consolidated Statement of Profit or Loss & Other Comprehensive Income

	Notes	30-Jun-13 \$	30-Jun-12 \$
Revenue from continuing operations	6	19,413	93,572
Share-based payments		(258,210)	(557,319)
Personnel expenses	7	(618,917)	(702,075)
Administration expenses	7	(1,906,038)	(1,826,035)
Foreign exchange (loss) / gain		(4,963)	27,188
Finance costs		(256,440)	(17,910)
Impairment of exploration and evaluation expenditure	14	(2,966,304)	(6,743,199)
Share of net loss from associate	13	(35,371)	(142,544)
Loss from continuing operations before income tax		(6,026,830)	(9,868,322)
Income tax benefit	8(a)	-	1,949,078
Loss from continuing operations after income tax		(6,026,830)	(7,919,244)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		1,504,077	414,638
Other comprehensive loss for the year, net of tax		1,504,077	414,638
Total comprehensive loss for the year		(4,522,753)	(7,504,606)
Loss for the year is attributable to the owners of Minbos Resources Limited		(6,026,830)	(7,919,244)
Total comprehensive loss for the year is attributable to the owners of Minbos Resources Limited		(4,522,753)	(7,504,606)
Loss per share attributable to ordinary equity holders			
- Basic loss per share	9	(0.05)	(0.09)
- Diluted loss per share	9	(0.05)	(0.09)

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-13	30-Jun-12
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	10	53,685	2,081,985
Trade and other receivables	11	123,765	329,089
Total current assets		177,450	2,411,074
Non-current assets			
Plant and equipment	12	136,226	182,929
Investment in associate	13	11,128,980	9,955,522
Other financial assets	15	4,213,808	4,149,762
Total non-current assets		15,479,014	14,288,213
Total assets		15,656,464	16,699,287
LIABILITIES			
Current liabilities			
Trade and other payables	16	187,298	92,398
Provisions	17	17,078	11,408
Borrowings	18	318,119	-
Derivative financial liabilities	19	231,881	-
Total current liabilities		754,376	103,806
Non-current liabilities			
Deferred tax liabilities	8(c)	3,935,637	3,935,637
Total non-current liabilities		3,935,637	3,935,637
Total liabilities		4,690,013	4,039,443
Net assets		10,966,451	12,659,844
EQUITY			
Contributed equity	20	25,440,555	22,907,859
Reserves	21	2,682,500	881,759
Accumulated losses	22	(17,156,604)	(11,129,774)
Total equity		10,966,451	12,659,844

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

Consolidated Statement of Cash Flows

	Notes	30-Jun-13	30-Jun-12
		\$	\$
Cash flows from operating activities			
Payment to suppliers and employees		(2,117,006)	(2,515,957)
Interest received		19,413	88,411
Interest paid		(912)	(41)
Other revenue		-	3,090
Net cash outflow from operating activities	10(c)	(2,098,505)	(2,424,497)
Cash flows from investing activities			
Payment for plant and equipment		(32,999)	(42,646)
Payment for exploration and evaluation expenditure		(2,351,466)	(574,548)
Net cash outflow from investing activities		(2,384,465)	(617,194)
Cash flows from financing activities			
Proceeds from the issue of shares, net of issue costs		1,703,779	4,563,359
Loan to associate		(64,046)	(2,562,692)
Convertible note facility, net of costs		535,000	-
Net cash inflow from financing activities		2,174,733	2,000,667
Net (decrease) / increase in cash and cash equivalents		(2,308,237)	(1,041,024)
Cash and cash equivalents at the beginning of the year		2,081,985	3,254,882
Effect of exchange rate fluctuations on cash held		279,937	(131,873)
Cash and cash equivalents at the end of the year	10(a)	53,685	2,081,985

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

Notes to the Consolidated Financial Statements

1. REPORTING ENTITY

Minbos Resources Limited (referred to as 'Minbos' or the 'Company' or Parent Entity') is a company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of the annual report. The consolidated financial statements of the Company as at and for the year ended 30 June 2013 comprise the Company and its subsidiaries (together referred to as the 'Consolidated Entity' or the 'Group'). The Group is primarily involved in phosphate exploration in Africa.

2. BASIS OF PREPARATION

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

The financial report was authorised for issue by the Directors on 26 September 2013.

(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) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(c) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

(d) Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

During the year the Consolidated Entity incurred a net loss of for the year of \$6,026,830 and incurred net cash outflows from operating and investing activities of \$4,482,970. At 30 June 2013 the Consolidated Entity had a net working capital deficiency of \$576,926 (30 June 2012: net working capital of \$2,307,268).

The ability of the Consolidated Entity to continue as a going concern is dependent on the Consolidated Entity being able to raise additional funds as required to conduct a bankable feasibility study on its projects, fund ongoing exploration commitments and for working capital. The Directors believe that they will be able to raise additional capital as required and are in the process of evaluating the Consolidated Entity's cash requirements.

On 8 July 2013, at the Company's General Meeting, shareholders approved David Reeves convertible note facility of up to \$250,000; the funds were received subsequent to year end.

Notes to the Consolidated Financial Statements

On 22 August 2013, the Company announced that it expected to complete financing arrangements with a group of sophisticated investors to provide \$250,000 in secured funding through the issue of convertible notes. The funds were received subsequent to year end and will be used to provide the Company with working capital as it works on longer term funding solutions.

The Directors believe that the Consolidated Entity will continue as a going concern. As a result the financial report has been prepared on a going concern basis. No adjustments have been made relating to the recoverability of assets and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

(e) Critical accounting estimates and judgments

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

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

- (i) Note 8: Income Tax Expense - The Group is subject to income taxes in Australia, Angola and Democratic Republic of Congo. Significant judgement is required when determining the Group's provision for income taxes. The Group estimates its tax liabilities based on the Group's understanding of the tax law. No tax liabilities are recognised in 2013 (2012: nil) for the group.
- (ii) Note 14: Exploration and evaluation expenditure - The Group's accounting policy for exploration and evaluation is set out in note 3(i). If, after having capitalised expenditure under this policy, the Directors conclude that the Group is unlikely to recover the expenditure by future exploration or sale, then the relevant capitalised amount will be written off to the Statement of Comprehensive Income. At 30 June 2013, Allamanda continued to hold the Kanzi Joint Venture licences, accordingly the Group has impaired the exploration expenditure incurred during the financial year until the licences are transferred to the Joint Venture entity.
- (iii) Note 19: Convertible note derivatives – The fair value of the convertible note derivative has been determined by computing the fair value of the Collateral Shares and the Convertible Security which were issued to Lind during the period. To determine the average 3 daily VWAP of Minbos as at maturity, the Company has used a Monte Carlo simulation. This simulation also takes into account the exercise price, the term of the security, the Company's share price at reporting period, the expected volatility of the underlying share price and the risk-free interest rate (based on government bonds). The expected volatility is based upon two year historical volatility adjusted for abnormal spikes in the Company's share price.
- (iv) Note 24: Share-based payments - The Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes option pricing model, the Binomial option pricing model and/or the Monte Carlo option pricing model, taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Minbos Resources Limited (“Company” or “Parent Entity”) as at 30 June 2013 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 special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

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

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

(ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Groups’ interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(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.

Notes to the Consolidated Financial Statements

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.

(b) Segment reporting

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

(c) Foreign currency translation

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

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

(iii) *Group companies*

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- Income and expenses for each income statement and statements of 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.

Notes to the Consolidated Financial Statements

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.

(d) Revenue recognition

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

(i) Interest income

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

(e) Income tax

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

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

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

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

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

Notes to the Consolidated Financial Statements

(f) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(g) Impairment of assets

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

(h) Cash and cash equivalents

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

(i) Trade and other receivables

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

Notes to the Consolidated Financial Statements

(j) Financial instruments

(i) Non-derivative financial instruments

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

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

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

(ii) Subsequent measurement

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

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

(iii) Impairment

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

(iv) Assets carried at amortised cost

For loans and receivables, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Consolidated Statement of 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 Comprehensive Income.

Notes to the Consolidated Financial Statements

(k) Plant and equipment

(i) Owned assets

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(l) Exploration and evaluation expenditure

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

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

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

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

Notes to the Consolidated Financial Statements

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.

(m) Other financial assets

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

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

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

(n) Trade and other payables

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

(o) Borrowings Costs

Borrowing costs are recognised as an expense when incurred.

(p) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised costs using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(i) Convertible note liability and derivative

Convertible note issued by the Company comprise a convertible note that can be converted to ordinary shares at the option of the holder and a convertible note derivative whose fair value changes with the Company's underlying share price.

The liability component of a convertible note is recognised initially at fair value of a similar liability that does not have an equity conversion option. The embedded derivative component is firstly recognised at fair value and the liability component is calculated as the difference between the financial instruments as a whole and the value of the derivative at inception. Any directly attributable transaction costs are allocated to the convertible note liability and convertible note derivative in proportion to their initial carrying amounts. The fair value of the derivative portion has been valued using a valuation technique including inputs that include reference to similar instruments and options pricing models. Subsequent to initial recognition, the liability component of the convertible note is measured at amortised cost using the effective interest method. The convertible note derivative is measured at fair value through profit or loss.

Notes to the Consolidated Financial Statements

The convertible note liability and derivatives are removed from the Consolidate Statement of Financial Position when the obligations specified in the contract are discharged. This can occur upon the option holder exercising their option or the option period lapses requiring the Company to discharge the obligation. Both the convertible note liability and derivative are classified as current liability as the option holder has the right to convert at any time.

(q) Provisions

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

(i) Site restoration

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

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

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

(r) Employee benefits

(i) Share-based payments

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

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

(ii) Wages, salaries and annual leave

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

Notes to the Consolidated Financial Statements

(s) Contributed equity

Ordinary shares are classified as equity.

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

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

(t) Dividends

Dividends are recognised as a liability in the year in which they are paid and appropriately authorised.

(u) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(v) 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.

Notes to the Consolidated Financial Statements

(w) New accounting standards and interpretations not yet adopted

The AASB has issued new standards, amendments and interpretations to existing standards which have been published but are not yet effective, and have not been adopted early by the Company. The new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements are provided below:

Reference	Title	Nature of Change	Application date of standard	Impact on financial statements	Application date for Group
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	<p>Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated.</p> <p>AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.</p>	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Group has not yet made an assessment of the impact of these amendments.	1 July 2015
AASB 10 (issued August 2011)	Consolidated Financial Statements	<p>Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present:</p> <ul style="list-style-type: none"> • Power over investee (whether or not power used in practice). • Exposure, or rights, to variable returns from investee. • Ability to use power over investee to affect the Group's returns from investee. <p>Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.</p>	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the new definition of control does not change the classification of any of the Groups investments in subsidiaries, joint arrangements or associates.	1 July 2013

Notes to the Consolidated Financial Statements

Reference	Title	Nature of Change	Application date of standard	Impact on financial statements	Application date for Group
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement).	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Group will still account for its MTL investment using the equity method.	1 July 2013
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.	1 July 2013
AASB 13 (issued September 2011)	Fair Value Measurement	<p>AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.</p> <p>Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements.</p> <p>Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments.</p>	Annual reporting periods commencing on or after 1 January 2013	When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.	1 July 2013

Notes to the Consolidated Financial Statements

Reference	Title	Nature of Change	Application date of standard	Impact on financial statements	Application date for Group
AASB 119 (reissued September 2011)	Employee Benefits	Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	Annual periods commencing on or after 1 January 2013	When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date.	1 July 2013
AASB 2011-4 (issued July 2011)	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Amendments to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the Corporation Act 2001	Annual periods commencing on or after 1 July 2013	When this standard is first adopted for the year ended 30 June 2014 the Group will show reduced disclosures under Key Management Personnel note to the financial statements	1 July 2013

4. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program 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 the Board of Directors with assistance from suitably qualified external advisors.

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

Notes to the Consolidated Financial Statements

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

	30-Jun-13	30-Jun-12
	\$	\$
Financial assets		
Cash & cash equivalents	53,685	2,081,985
Trade & other receivables	123,765	329,089
Other financial assets	4,213,808	4,149,762
	4,391,258	6,560,836
Financial liabilities		
Trade & other payables	187,298	92,398
Borrowings	318,119	-
Derivative financial instrument	231,881	-
	737,298	92,398
Net exposure	3,653,960	6,468,438

(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. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's exposure to foreign exchange risk at the reporting date was as follows:

	30-Jun-13		30-Jun-12	
	USD	ZAR	USD	ZAR
	\$	R	\$	R
Financial assets				
Cash & cash equivalents	10,825	22,669	222,217	194,368
Trade & other receivables	13,500	491,645	57,733	868,988
	24,325	514,314	279,950	1,063,356
Financial liabilities				
Trade & other payables	-	128,147	27,407	44,713
	-	128,147	27,407	44,713
Net exposure to foreign currency risk	24,325	386,167	252,543	1,018,643

Notes to the Consolidated Financial Statements

Sensitivity

At 30 June 2013, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Post tax profit higher/(lower)		Other comprehensive higher/(lower)	
	30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
	\$	\$	\$	\$
<i>Judgements of reasonably possible movements:</i>				
AUD/USD +10%	1,703	17,678	-	-
AUD/USD - 10%	(1,703)	(17,678)	-	-
AUD/ZAR +10%	27,032	71,305	-	-
AUD/ZAR - 10%	(27,032)	(71,305)	-	-

Since the 100% acquisition of Tunan Mining Limited and its subsidiaries in October 2010, the Group has entered into foreign currency transactions and therefore has been exposed to foreign currency risk.

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years historical movements whereby there were movements that ranged between 8% and 20%.
- The reasonably possible movement of 10% was calculated by taking the USD spot rate as at balance date, moving this spot rate by 10% and then re-converting the USD into AUD with the “new spot-rate”. This methodology reflects the translation methodology undertaken by the Group.
- The sensitivity does not include financial instruments that are non-monetary items as these are not considered to give rise to currency risk.

(ii) Price risk

The Group is exposed to equity securities price risk on its financial liabilities.

The Group has no policy for mitigating potential adversities associated with its own equity price risk given its dependence on market fluctuations.

As at the end of the reporting period, the Group had the following equity price risk profile in relation to its financial liabilities:

	30-Jun-13	30-Jun-12
	\$	\$
Convertible note derivative	(231,881)	-

Sensitivity

The Group is exposed to equity price risk on its derivative as the exercise price on the derivative moves in equal proportions with any movement of the Company’s share price. The Directors however believe that any change to its convertible note derivative will not have a material impact on the profit or loss of the Group.

Notes to the Consolidated Financial Statements

(iii) 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-13		30-Jun-12	
	Weighted average interest rate	Balance \$	Weighted average interest rate	Balance \$
Cash & cash equivalents	2.54%	53,685	3.27%	2,081,985

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 3% 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 with an emphasis on rates observed during recent years of global financial crisis.

At 30 June 2013, 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-13	30-Jun-12	30-Jun-13	30-Jun-12
	\$	\$	\$	\$
Judgements of reasonably possible movements:				
+ 3.0% (300 basis points)	1,127	43,722	-	-
- 1.0% (100 basis points)	(376)	(14,574)	-	-

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 cash held with National Australia Bank and various receivables with mostly recognised third parties.

Notes to the Consolidated Financial Statements

(i) Cash

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

Cash at bank and short-term bank deposits:

	30-Jun-13	30-Jun-12
	\$	\$
Standard & Poors rating		
AA-	39,344	1,840,157
BBB	14,341	241,828
	53,685	2,081,985

(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 monitor the cash-burn rate of the Group on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business, borrowings and derivative financial instruments related to the convertible note. Trade payables were non-interest bearing and were deducted within the normal 30-60 day terms of creditor payments. Interest is payable at 12% per annum in arrears on a monthly basis on the outstanding convertible note to Management.

The table below reflects the respective undiscounted cash flows for financial liabilities existing at 30 June 2013.

Contractual maturities of financial liabilities	<6 months \$	>6-12 months \$	>12 months \$	Total contractual cash flows	Carrying amount
				\$	\$
30-Jun-13					
Trade & other payables	187,298	-	-	187,298	187,298
Borrowings	565,123	-	-	565,123	565,123
	752,421	-	-	752,421	752,421
30-Jun-12					
Trade & other payables	92,398	-	-	92,398	92,398
	92,398	-	-	92,398	92,398

Notes to the Consolidated Financial Statements

(d) Fair value estimation

(i) Cash & cash equivalent

The carrying amount is fair value, due to the liquid nature of these assets.

(ii) Other receivables

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

(iii) Convertible note liability

The convertible note liability is recorded at its fair value, and subsequently measured at amortised cost using the effective interest rate method.

(iv) Convertible note derivative

The convertible note derivative is recorded at its fair value.

(v) Fair value measurement hierarchy

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The table below classifies financial instruments recognised in the consolidated Statement of Financial Position according to the fair value measurement hierarchy stipulated in AASB 7 Financial Instruments: Disclosures.

	Level 1	Level 2	Level 3	Total
Year ended 30 June 2013	\$	\$	\$	\$
Financial liabilities				
Derivative financial instrument	-	(231,881)	-	(231,881)
	-	(231,881)	-	(231,881)

The fair value of financial instruments traded in active markets is based upon quoted market prices at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group makes a number of assumptions based upon observable market data existing at each reporting period.

The fair value of the convertible note derivative is determined using an option pricing model based upon various inputs at the end of the reporting period. These instruments are classified as level 2 financial liabilities.

Notes to the Consolidated Financial Statements

5. SEGMENT INFORMATION

The Group operates only in one reportable segment being predominately in the area of phosphate mineral exploration in the DRC and Angola, within Africa. The Board considers its business operations in phosphate mineral exploration to be its primary reporting function. Results are analysed as a whole by the chief operating decision maker, this being the Board of Directors. Consequently revenue, profit, net assets and total assets for the operating segment are reflected in this financial report.

6. REVENUE FROM CONTINUING OPERATIONS

	30-Jun-13	30-Jun-12
	\$	\$
Other revenue		
Interest revenue	19,413	90,482
Other income	-	3,090
	19,413	93,572

7. EXPENSES

	30-Jun-13	30-Jun-12
	\$	\$
Personnel expenses		
Wages & salaries	225,945	251,574
Director fees and other benefits	373,835	280,510
Other employee expenses	19,137	169,991
	618,917	702,075
Administration expenses		
Advertising & marketing expenses	131,331	112,883
Consulting & corporate expenses	693,993	561,955
Compliance & regulatory expenses	168,888	175,790
Depreciation expense	56,000	53,091
Provision for doubtful debts	188,376	-
Rent expense	153,055	77,688
Travel & accommodation expenses	226,140	440,617
Other administration expenses	288,255	404,011
	1,906,038	1,826,035

Notes to the Consolidated Financial Statements

8. INCOME TAX EXPENSE

(a) Income tax expense

	30-Jun-13	30-Jun-12
	\$	\$
The components of income tax expense comprise:		
Current income tax	-	-
Deferred income tax	-	(1,949,078)
Income tax expense / (benefit)	-	(1,949,078)

(b) Numerical reconciliation of accounting profits to income tax expense

	30-Jun-13	30-Jun-12
	\$	\$

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

Accounting profit / (loss) before income tax	(6,026,830)	(11,069,915)
At the entity's Australian statutory income tax rate of 30% (2012: 30%)	(656,635)	(556,764)
At the entity's Angolan statutory income tax rate of 40% (2012: 40%)	(25,359)	(721,897)
At the entity's DRC statutory income tax rate of 30% (2012: 30%)	(237,441)	(1,715,135)
At the entity's South African statutory income tax rate of 28% (2012: 28%)	(115,404)	(360,084)
Adjusted for tax effect of the following amounts:		
Non-deductible / taxable items	572,963	1,572,703
Non-taxable / deductible items	(66,556)	(57,089)
Prior year adjustment	21,347	(487,269)
Income tax benefits not brought to account	507,085	376,457
Income tax expense / (benefit)	-	(1,949,078)

(c) Recognised deferred tax assets and liabilities

	30-Jun-13	30-Jun-12
	\$	\$

Deferred tax liabilities

Investment in associate

Opening balance	3,935,637	3,935,637
Recognised on business combination	-	-
Charges / (credited) to income	-	-
Closing balance	3,935,637	3,935,637

Exploration expenditure

Opening balance	-	1,949,078
Recognised on business combination	-	-
Charged / (credited) to income	-	(1,949,078)
Closing balance	-	-

Total deferred tax liability recognised

	3,935,637	3,935,637
--	------------------	------------------

Notes to the Consolidated Financial Statements

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

30-Jun-13	30-Jun-12
\$	\$

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	1,171,077	661,010
Deductible temporary differences	49,039	52,021
Unrecognised deferred tax assets	<u>1,220,116</u>	<u>713,031</u>

The Group has Australian carried forward tax losses of \$3,903,589 (tax effected at 30%, \$1,171,077) as at 30 June 2013 (2012: \$2,203,368 (tax effected at 30%, \$661,010)). In view of the Group's trading position, the Directors have not included this tax benefit in the Group's Consolidated Statement of Financial Position. A tax benefit will only be recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

9. EARNINGS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share at 30 June 2013 was based on the loss attributable to ordinary shareholders of \$6,026,830 (2012: \$7,919,244) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2013 of 126,604,880 (2012: 84,442,526) calculated as follows:

	30-Jun-13	30-Jun-12
Net loss attributable to the ordinary equity holders of the Group (\$)	(6,026,830)	(7,919,244)
Weighted average number of ordinary shares for basis per share (No)	126,604,880	84,442,526
Continuing operations		
- Basic loss per share (\$)	<u>(0.05)</u>	<u>(0.09)</u>

(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.

Notes to the Consolidated Financial Statements

10. CASH AND CASH EQUIVALENTS

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

	30-Jun-13	30-Jun-12
	\$	\$
Cash at bank and in hand	20,572	1,050,477
Short-term deposit	33,113	1,031,508
	53,685	2,081,985

(b) Interest rate risk exposure

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

(c) Reconciliation of net cash flows from operating activities

	30-Jun-13	30-Jun-12
	\$	\$
Loss for the financial year	(6,026,830)	(7,919,244)
Adjustments for:		
Depreciation	56,000	53,091
Loss on disposal of plant and equipment	31,572	-
Foreign currency translation	4,963	-
Share based payments	60,321	557,319
Employee benefits expense	197,889	-
Finance costs	220,017	-
Investment in associate	35,371	142,544
Impairment of exploration and evaluation expenditure	2,966,304	6,743,199
Deferred tax liabilities	-	(1,949,078)
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	255,318	16,852
Increase/(decrease) in trade and other payables	94,900	(80,588)
Increase/(decrease) in provisions	5,670	11,408
Net cash used in operating activities	(2,098,505)	(2,424,497)

There were no non-cash financing and investing cash flows that occurred during the financial year.

Notes to the Consolidated Financial Statements

11. TRADE AND OTHER RECEIVABLES

	30-Jun-13	30-Jun-12
	\$	\$
Trade receivables (a)	111	106,782
Other costs receivables (b)	25,500	129,024
Taxes receivable	22,622	17,058
Accrued interest	-	2,071
Prepayments (c)	58,515	71,153
Deposits	17,017	3,001
	123,765	329,089

(a) Trade receivables

Of this amount at reporting date, nil (2012: \$91,974) relates to transactions with key management personnel as detailed in Note 30: Key Management Personnel Disclosures.

(b) Other costs receivable

Other costs receivables relate to employee advances at subsidiary level. Of this amount receivable at reporting date, \$25,500 (2012: \$87,164) relates to transactions with key management personnel as detailed in Note 30: Key Management Personnel Disclosures.

(c) Prepayments

Of this amount at reporting date, \$51,853 relates to the Lind financing agreement, for further detail refer Note 18: Borrowings. The total amount in the prior period relates to prepaid rent for the Agrim SPRL office located in the Democratic Republic of Congo.

(d) Impaired receivables and receivables past due

At reporting date the Company impaired \$166,089 of Other Cost Receivables (2012: nil) as they were not considered recoverable. For further detail on the impairment refer to Note 30: Key Management Personnel Disclosures. No other current receivables are impaired or past due but not impaired.

(e) Risk exposure

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

Notes to the Consolidated Financial Statements

12. PLANT & EQUIPMENT

	Motor Vehicle \$	Computer Equipment \$	Furniture & Fittings \$	Other Fixed Assets \$	Total \$
<u>Year ended 30 June 2013</u>					
Opening net book amount	145,816	14,011	23,102	-	182,929
Additions	-	2,384	-	30,615	32,999
Disposals	(7,451)	(6,800)	(17,321)	-	(31,572)
Foreign exchange translation	10,296	(974)	(896)	(551)	7,874
Depreciation charge	(40,928)	(6,832)	(3,729)	(4,516)	(56,004)
Closing net book amount	107,733	1,789	1,156	25,548	136,226

At 30 June 2013

Cost	213,156	2,384	1,584	30,615	247,739
Accumulated depreciation	(105,423)	(595)	(428)	(5,067)	(111,513)
Net book amount	107,733	1,789	1,156	25,548	136,226

	Motor Vehicle \$	Computer Equipment \$	Furniture & Fittings \$	Other Fixed Assets \$	Total \$
<u>Year ended 30 June 2012</u>					
Opening net book amount	166,583	11,479	10,723	-	188,785
Additions	14,762	12,257	15,627	-	42,646
Foreign exchange translation	7,756	(1,762)	(1,405)	-	4,589
Depreciation charge	(43,285)	(7,963)	(1,843)	-	(53,091)
Closing net book amount	145,816	14,011	23,102	-	182,929

At 30 June 2012

Cost	206,620	23,298	25,163	-	255,081
Accumulated depreciation	(60,804)	(9,287)	(2,061)	-	(72,152)
Net book amount	145,816	14,011	23,102	-	182,929

Notes to the Consolidated Financial Statements

13. INVESTMENT IN ASSOCIATE

As part of the acquisition of Tunan Mining Limited (“Tunan Mining”), Minbos (through Tunan Mining) acquired a 50% interest in Mongo Tando Limited (“MTL”), a company incorporated in the British Virgin Isles. Under the joint venture arrangement, ownership of MTL is in equal shares however, the voting rights attached to those shares is not equal. Tunan Mining holds 49.99% of the voting rights and it is by virtue of holding less than 50% that MTL is accounted for as an investment in an associate.

(a) Movements in carrying amounts

	<u>30-Jun-13</u>	<u>30-Jun-12</u>
	\$	\$
Carrying amount of the investment in associate	11,128,980	9,955,522
<u>Movement reconciliation</u>		
Balance at the beginning of the financial year	9,955,522	9,532,719
Exchange differences	1,208,829	565,347
Share of net loss in associate	(35,371)	(142,544)
Balance at the end of the financial year	11,128,980	9,955,522

(b) 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	Revenues	Profit/(Loss)
		%	\$	\$	\$	\$
Mongo Tando Limited	30-Jun-13	50%	3,733,353	(4,855,693)	-	(35,371)
Mongo Tando Limited	30-Jun-12	50%	3,242,604	(4,216,774)	-	(142,544)

(c) Contingent liabilities of the associate

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

Notes to the Consolidated Financial Statements

14. EXPLORATION AND EVALUATION EXPENDITURE

	30-Jun-13	30-Jun-12
	\$	\$
Carrying amount of exploration and evaluation expenditure	-	-
<u>Movement reconciliation</u>		
Balance at the beginning of the financial year	-	6,168,652
Acquisition (i)	891,419	-
Additions	2,074,885	621,200
Foreign exchange translation	-	(46,653)
Impairment of exploration and evaluation expenditure (ii)	(2,966,304)	(6,743,199)
Balance at the end of the financial year	-	-

- (i) On 1 August 2012 the Company announced the signing of a Joint Venture agreement with Allamanda Trading SPRL (“Allamanda”) for the exploration and development of the Kanzi project and surrounding exploration areas in the western Democratic Republic of Congo (“DRC”). In order to earn a 65% interest in the joint venture entity, Phosphalux SPRL, Minbos has provided initial funding of USD\$600,000 for the incorporation of Phosphalux SPRL. Minbos has issued 2,600,000 shares and paid a fee of USD\$162,500 to consultants who facilitated the agreement.
- (ii) During February 2013, Minbos was presented with a side agreement by Allamanda that was purportedly entered into concurrently with the signing of the original JV agreement by Agrim, without the knowledge or consent of the Board of Directors of the Company, which seeks to apportion Minbos a 49% interest in the economic benefit of the Licences which form the Kanzi project, with a 51% economic interest held by Allamanda.

The Company has obtained preliminary legal advice in relation to the validity of this side agreement because it was executed without proper authority from the Board of Minbos. The advice has confirmed that the side agreement is open to legal challenge. The Directors are considering the Company’s options in relation to any damages, if any, owed to it in relation to this matter and believe it has accurately reflected the impact of this matter in the financial statements. Minbos is actively engaging with Allamanda to resolve this issue in a positive manner.

At 30 June 2013, Allamanda continued to hold the Kanzi Joint Venture licences, accordingly the Group has impaired the exploration expenditure incurred during the financial year until the licences are transferred to the Joint Venture entity.

Notes to the Consolidated Financial Statements

15. OTHER FINANCIAL ASSETS

	<u>30-Jun-13</u>	<u>30-Jun-12</u>
	\$	\$
Loan to Mongo Tando Limited	4,213,808	4,149,762
	4,213,808	4,149,762

The loans to Mongo Tando Limited (the “Associate”) are unsecured interest-free loans for the purpose of obtaining the required working capital for the establishment and ongoing operation of the Project in Angola. LR Group, the ultimate 50% holder in the Associate, along with Minbos Resources Limited’s ultimate 50% holding in the Associate, each contribute in equal portions loans receivable.

The Group anticipates full repayment of these loans or alternatively part payment with the balance being converted into equal shareholder equity.

16. TRADE AND OTHER PAYABLES

	<u>30-Jun-13</u>	<u>30-Jun-12</u>
	\$	\$
Trade creditors (i)	103,179	57,572
Other creditors	2,957	10,602
Accruals (ii)	67,647	20,485
Taxes payable	13,515	3,739
	187,298	92,398

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

- (i) Of this outstanding balance, \$32,600 relate to Director fees.
- (ii) Of this outstanding balance, \$27,250 relate to the Managing Director’s salary.

17. PROVISIONS

	<u>30-Jun-13</u>	<u>30-Jun-12</u>
	\$	\$
Provision for annual leave	17,078	11,408
	17,078	11,408

Notes to the Consolidated Financial Statements

18. BORROWINGS

	30-Jun-13	30-Jun-12
	\$	\$
Convertible note - Lind facility (a)	68,119	-
Convertible note - Management (b)	250,000	-
	318,119	-

This note provides information about the contractual items of the Group's interest-bearing borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 4.

(a) Convertible notes – Lind Facility

On 7 March 2013, the Company entered into a funding agreement with Lind Partners, LLC, the manager of the Australian Special Opportunity Fund, LP (together "Lind"). The facility was for an initial \$300,000 convertible security and \$75,000 as a prepayment for ordinary shares in Minbos. In accordance with the funding agreement, Lind would then invest a further \$50,000 to \$200,000 in monthly subscriptions ("Tranche Shares") for a maximum facility of \$4,975,000.

On execution and in accordance with the funding agreement, the Company issued the following securities to Lind:

- 2,227,722 shares at \$0.0606 in satisfaction of Commencement Fee of \$135,000,
- 1,000,000 Collateral Shares to be held as security for funds advanced in monthly tranches. These shares may be purchased in future to satisfy tranche funding repayments, and
- 1,150,000 options, exercise price \$0.0937, expiry 8 March 2016. Refer Note 24 Share-based Payments, for the model inputs used under the Black-Scholes option pricing model.

On 14 March 2013, the Company received \$375,000 from Lind, being \$300,000 for the Convertible Security and \$75,000 being Tranche 1 of funds advanced under the Tranche Shares. In April 2013, the Company converted Tranche 1 into 2,586,207 shares at \$0.029 per share.

On 16 April 2013, the Company received \$75,000 from Lind, being Tranche 2 of funds advanced under the Tranche Shares. In May 2013, the Company converted Tranche 2 into 5,000,000 shares at \$0.015 per share.

On 16 May 2013, the Company received \$50,000 from Lind, being Tranche 3 funds advanced under the Tranche Shares. In June 2013 the Company decided to repay Tranche 3 and agreed to terminate the funding agreement. In accordance with the funding agreement, the Company had the option to repay in cash, at 105% of tranche amounts, rather than issue tranche shares when the purchase price is less than the floor price, being \$0.045 and may elect to terminate the funding agreement.

Key terms of the Lind Funds Agreement

(i) Convertible securities

The Convertible Security with Lind may be converted into fully paid ordinary shares of the Company at any time at the discretion of Lind in the period from 5 July 2013 to 7 March 2015. Conversion shares are calculated based on conversion amount divided by conversion price being 91% of average 3 consecutive days VWAP during 20 days immediately prior to the relevant conversion notice. Conversion occurs by Lind providing a conversion notice of no less than one business day prior notice during that period or occurs automatically at 7 March 2015 at a 5 day VWAP before the last day of the term. As Lind can request conversion with not less than one business days' notice, the convertible security is treated as a current liability.

Notes to the Consolidated Financial Statements

There is no interest payable on the convertible securities and no cash payment obligation by the Company.

(ii) Advances/prepayment for shares

The number of tranche shares issued was determined by the tranche amount, divided by purchase price. Lind could elect the purchase price to be either 91% of the average 3 consecutive days VWAP during 20 days prior to issuance of shares or 130% of average daily VWAP during 20 days prior to issuance of shares being \$0.0937. The election for 130% was only available for 1 tranche.

(iii) Collateral shares

At the end of the 24 month term or if the agreement is terminated, any outstanding collateral shares at expiry/termination are to be paid back in cash, based on 91% of average 3 day daily VWAP during 20 days prior to payment date or at 90% of fair market value at date of payment if the company shares were suspended or ceased to be listed on the ASX.

Collateral shares are not restricted, Lind can sell, assign or mortgage the shares to satisfy undischarged obligation.

(b) Convertible note - Management

On 2 April 2013 ("Execution Date"), the Company signed a convertible note deed with James Carter (former Chief Financial Officer and former joint Company Secretary) who agreed to provide the Company with \$250,000 under a convertible note facility. The conversion price of the convertible note is \$0.063, being 150% of the 20 Trading Day VWAP calculated on the Execution Date. Interest is payable monthly in arrears at a rate of 12% per annum with principal repayment or conversion in 9 months from the date of first drawdown.

Subsequent to the end of the reporting period all current outstanding convertible note holders became secured convertible note holders pursuant to the execution of a general security deed with the Company.

19. DERIVATIVE FINANCIAL LIABILITIES

Pursuant to accounting standards, the collateral shares and the embedded derivative option component of the convertible note with Lind is classified as a derivative financial liability (refer to account policy note 3(p)). The value of the derivative fluctuates with the Company's underlying share price and is re-valued at each reporting date.

	<u>30-Jun-13</u>	<u>30-Jun-12</u>
	\$	\$
Derivative Liabilities	<u>231,881</u>	-
	<u>231,881</u>	-

Notes to the Consolidated Financial Statements

20. CONTRIBUTED EQUITY

(a) Issued and fully paid

	30-Jun-13		30-Jun-12	
	\$	No.	\$	No.
Ordinary shares	25,440,555	154,315,605	20,907,859	110,676,250
Performance shares	-	-	2,000,000	10,000,000
	25,440,555	154,315,605	22,907,859	120,676,250

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.

Effective 1 July 1998 the Corporations legislation in place abolished the concepts of authorised capital and par share values. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

(b) Movement Reconciliation

ORDINARY SHARES	Date	Quantity	Issue price	\$
Balance 30 June 2011		68,250,000		11,344,500
Placement shares (i)	7/11/2011	9,637,500	0.28	2,698,500
Share raising costs	-	-	-	(234,271)
Non-Renounceable Rights Issue (ii)	1/12/2011	3,100,300	0.28	868,084
Non-Renounceable Rights Issue (Shortfall) (ii)	8/12/2011	4,688,450	0.28	1,312,766
Share raising costs	-	-	-	(81,720)
Performance A Shares (iii)	12/04/2012	25,000,000	0.20	5,000,000
Balance 30 June 2012		110,676,250		20,907,859
Issue of shares to inter alliance (iv)	17/08/2012	2,600,000	0.2300	598,000
Placement - Tranche 1 (v)	16/11/2012	6,275,718	0.1400	878,601
Placement - Tranche 2 (v)	19/11/2012	5,949,708	0.1400	832,959
Share raising costs	-	-	-	(147,315)
Placement - Commencement Fee Shares (vi)	7/03/2013	2,227,722	0.0606	135,000
Placement - Collateral Shares (vi)	7/03/2013	1,000,000	0.0454	45,400
Share Purchase Placement - Tranche 1 (vi)	11/04/2013	2,586,207	0.0350	90,517
Employee Share Plan - Scott Sullivan (vii)	11/04/2013	6,000,000	-	-
Employee Share Plan - James Carter (vii)	15/04/2013	2,000,000	-	-
Performance C Shares (viii)	17/04/2013	10,000,000	0.2000	2,000,000
Share Purchase Placement - Tranche 2 (vi)	14/05/2013	5,000,000	0.0220	110,000
Issue of equity costs	-	-	-	(10,466)
Balance 30 June 2013		154,315,605		25,440,555

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

Notes to the Consolidated Financial Statements

- (ii) On 31 October 2011 the Company issued an Offer Document for a Non-Renounceable Rights Issue (“NRRRI”) Offer to Eligible Shareholders on the basis of one (1) Share for every ten (10) Shares held by Shareholders on the Record Date at an issue price of \$0.28 per Share to raise \$2.18M. The rights issue closed with 3,100,300 Shares (or 40% of all Shares on Offer) taken up. These Shares were issued on 1 December 2011. The shortfall of 4,688,450 fully paid ordinary shares were placed on 8 December 2011 at the discretion of the Board.
- (iii) On 12 April 2012 Class A Performance Shares were converted into fully paid ordinary shares upon delineation of a JORC compliant resource of at least 250mt at an average insitu grade of greater than 12.5% P2O5 within the area covered by the Cabinda project within 18 months of the issue of these shares. The company received an interim technical report from Coffey Mining Pty Ltd that has confirmed that this milestone had been met.
- (iv) On 17 August 2012 the Company issued 2,600,000 shares to the facilitators of the Kanzi Joint Venture agreement, for further detail refer Note 14: Exploration and Evaluation Expenditure.
- (v) On 13 November 2012 Minbos announced the completion of its Share Placement to professional and sophisticated investors to raise \$1.71 million to finalise the measured and indicated resources drilling program at the high grade Kanzi deposit and to progress the bankable feasibility studies on both high grade Cacata and Kanzi deposits. The placement was complete in two Tranches:
- Tranche 1: On 16 November 2012 the Company placed 6,275,718 fully paid ordinary shares at \$0.14 per share to raise \$878,601.
 - Tranche 2: On 19 November 2012 the Company placed 5,949,708 fully paid ordinary shares at \$0.14 per share to raise \$832,959.
- (vi) On 7 March 2013, the Company entered into a funding agreement with Lind, for further detail refer Note 18: Borrowings. In accordance with the funding agreement, the Company issued the following securities:
- 2,227,722 shares at \$0.0606 in satisfaction of the Commencement Fee of \$135,000; and
 - 1,000,000 Collateral Shares to be held as security for funds advanced in monthly tranches.
- On 14 March 2013, the Company received \$75,000 from Lind, being Tranche 1 of funds advanced under the Tranche Shares. In April 2013, the Company converted Tranche 1 shares into 2,586,207 shares at \$0.029 per share.
- On 16 April 2013, the Company received \$75,000 from Lind, being Tranche 2 of funds advanced under the Tranche Shares. In May 2013, the Company converted Tranche 2 funds into 5,000,000 shares at \$0.015 per share.
- (vii) On 14 March 2013 at the Company’s General Meeting, Shareholders approved the Minbos Resources Limited Employee Share Plan. Under the Plan 6,000,000 shares were issued to Scott Sullivan on 11 April 2013 and 2,000,000 shares were issued to James Carter on 15 April 2013. These shares will be held in trust by the trustee of the Minbos employee share plan until the vesting conditions are satisfied. For further detail on the vesting conditions refer to Note 25: Employee Share Plan Reserve.
- (viii) On 17 April 2013 Class C Performance Shares were converted into fully paid ordinary shares upon delineation of a JORC compliant indicated resource at the Kanzi project of greater than 25 million tonnes at an average in-situ grade of greater than 12.5% on the area covered by licences specified in the Heads of Agreement with Tunan Mining Limited, on or before 18 April 2013. The Company received a technical report from Coffey Mining Pty Ltd that has confirmed that this milestone has been met.

Notes to the Consolidated Financial Statements

PERFORMANCE SHARES	Date	Quantity	Issue price	\$
Balance 30 June 2011		35,000,000		7,000,000
Performance A Shares (i)	12/04/2012	(25,000,000)	0.20	(5,000,000)
Balance 30 June 2012		10,000,000		2,000,000
Performance B Shares (ii)	18/10/2012	(10,000,000)	0.20	(2,000,000)
Performance C Shares (iii)	22/11/2012	10,000,000	0.20	2,000,000
Performance C Shares (iii)	17/04/2013	(10,000,000)	0.20	(2,000,000)
Balance 30 June 2013		-		-

- (i) The Class A Performance Shares shall convert to Ordinary Shares upon the delineation of a JORC compliant resource within the area covered by the Cabinda project of at least 250mt of greater than 12.5% P₂O₅ within 18 months. Performance A Shares are escrowed until 18 October 2012. These shares converted into fully paid ordinary shares on 12 April 2012, refer (b)(iii) above.
- (ii) Class B Performance Shares expired on 18 October 2012. The Company however agreed to extend the period by which the Milestone can be achieved as there were significant delays in the Company getting access to the licences as a result of issues with the government of the Democratic Republic of Congo. The Company however was unable to vary the existing terms of the Class B Performance Shares as the Annual General Meeting did not occur prior to the expiry. The Company therefore issued new Class C Performance Shares to the Vendors (noted below).
- (iii) Class C Performance Shares shall convert to ordinary shares upon delineation of a JORC compliant indicated resource at the Kanzi project of greater than 25 million tonnes at an average in-situ grade of greater than 12.5% on the area covered by licences specified in the Heads of Agreement with Tunan Mining Limited, on or before 18 April 2013. These shares converted into fully paid ordinary shares on 17 April 2013, refer (b)(viii) above.

(c) Options on issue

Class	Date of Expiry	Exercise Price	Number Under Option
Class A Options	13-Oct-13	\$0.2000	4,000,000
Class B Options	13-Oct-13	\$0.3000	2,000,000
Class C Options	13-Oct-13	\$0.5000	2,000,000
Broker Options	13-Oct-13	\$0.2000	6,000,000
Employee Options	18-Apr-14	\$0.2000	500,000
Consultancy Options	18-Apr-14	\$0.5000	100,000
Consultancy Options	30-Apr-14	\$0.2500	3,000,000
Commencement Options	08-Mar-16	\$0.0937	1,150,000
			18,750,000

Information relating to options issued as share-based payments is set out in Note 24 and options issued to Key Management Personnel are set out in Note 30.

Notes to the Consolidated Financial Statements

(d) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to 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.

21. RESERVES

	30-Jun-13	30-Jun-12
	\$	\$
Share-based payments reserve	1,269,657	1,170,882
Employee share plan reserve	197,889	-
Foreign currency translation reserve	1,214,954	(289,123)
	2,682,500	881,759

Movement reconciliation

Share-based payments reserve

Balance at the beginning of the financial year	1,170,882	613,563
Equity settled share-based payment transactions (Refer Note 24(b))	98,775	557,319
Balance at the end of the financial year	1,269,657	1,170,882

Employee share plan reserve

Balance at the beginning of the financial year	-	-
Equity settled share-based payment transactions (Refer Note 25(b))	197,889	-
Balance at the end of the financial year	197,889	-

Foreign currency translation reserve

Balance at the beginning of the financial year	(289,123)	(703,761)
Effect of translation of foreign currency operations to group presentation currency	1,504,077	414,638
Balance at the end of the financial year	1,214,954	(289,123)

Notes to the Consolidated Financial Statements

Nature and purpose of reserves

Share-based payments reserve

The reserve represents the value of options issued under the compensation arrangement 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.

Employee share plan reserve

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

Foreign currency translation reserve

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

22. ACCUMULATED LOSSES

Movement in accumulated losses

	<u>30-Jun-13</u>	<u>30-Jun-12</u>
	\$	\$
Balance at the beginning of the financial year	(11,129,774)	(3,210,530)
Net loss in current year	(6,026,830)	(7,919,244)
Balance at the end of the financial year	<u>(17,156,604)</u>	<u>(11,129,774)</u>

23. DIVIDENDS

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

Notes to the Consolidated Financial Statements

24. SHARE-BASED PAYMENTS

(a) Fair value of options granted during the year

During the 30 June 2013 financial year, the Company issued 1,150,000 options (Commencement options per 24(b)) to Lind in accordance with the funding agreement disclosed in Note 18: Borrowings.

The Company has independently measured the fair value of the options granted by adopting a Black-Scholes option pricing model. The model inputs are shown in the table below:

Black & Scholes Option Pricing Model	
Date of Grant	07-Mar-13
Date of Expiry	08-Mar-16
Strike (Exercise) Price	\$ 0.094
Underlying Share Price (at date of issue)	\$ 0.059
Risk Free Interest Rate (at date of issue)	2.87%
Volatility (up to date of issue)	105%
Years to Expiry	3.01
Number of options granted	1,150,000
Dividend Yield	0%
Black-Scholes valuation	\$ 0.0334
Total Fair Value of Options	\$ 38,453

(b) Recognised share-based payment expense

The total share-based payment expense for the 2013 and 2012 financial years are as follows:

	30-Jun-13		30-Jun-12	
	Value recognised during year (\$)	Value to be recognised in future years (\$)	Value recognised during year (\$)	Value to be recognised in future years (\$)
Class A Options (i)	-	-	-	-
Class B Options (i)	-	-	42,181	-
Class C Options (i)	15,916	-	55,477	15,916
Employee Options	32,811	-	129,128	32,811
Consultant Options	11,594	-	14,533	11,594
Consultant Options	-	-	316,000	-
Commencement Options	38,453	-	-	-
	98,774	-	557,319	60,321

(i) Class A, B & C options relate to options to key management personal.

Notes to the Consolidated Financial Statements

(c) Summary of options granted during the year

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options issued during the financial year ended 30 June 2013 and 30 June 2012:

Class	Issue Date	Date of Expiry	Exercise Price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested & exercisable at the end of the year	Vested but not yet exercisable at end of the year
As at 30 June 2013										
Class A Options	13-Oct-10	13-Oct-13	\$0.20	4,000,000	-	-	-	4,000,000	-	4,000,000
Class B Options	13-Oct-10	13-Oct-13	\$0.30	2,000,000	-	-	-	2,000,000	-	2,000,000
Class C Options	13-Oct-10	13-Oct-13	\$0.50	2,000,000	-	-	-	2,000,000	-	2,000,000
Broker Options	13-Oct-10	13-Oct-13	\$0.20	6,000,000	-	-	-	6,000,000	-	6,000,000
Employee Options	18-Apr-11	18-Apr-14	\$0.20	500,000	-	-	-	500,000	-	500,000
Consultant Options	18-Apr-11	18-Apr-14	\$0.50	100,000	-	-	-	100,000	-	100,000
Consultant Options	21-May-12	30-Dec-14	\$0.25	3,000,000	-	-	-	3,000,000	-	3,000,000
Commencement Options	07-Mar-13	08-Mar-16	\$0.0937	-	1,150,000	-	-	1,150,000	-	1,150,000
				17,600,000	1,150,000	-	-	18,750,000	-	18,750,000
Weighted average exercise price				\$ 0.26	-	-	-	\$ 0.25	-	-
As at 30 June 2012										
Class A Options	13-Oct-10	13-Oct-13	\$0.20	4,000,000	-	-	-	4,000,000	-	4,000,000
Class B Options	13-Oct-10	13-Oct-13	\$0.30	2,000,000	-	-	-	2,000,000	-	2,000,000
Class C Options	13-Oct-10	13-Oct-13	\$0.50	2,000,000	-	-	-	2,000,000	-	-
Broker Options	13-Oct-10	13-Oct-13	\$0.20	6,000,000	-	-	-	6,000,000	-	6,000,000
Employee Options	18-Apr-11	18-Apr-14	\$0.20	500,000	-	-	-	500,000	-	-
Consultant Options	18-Apr-11	18-Apr-14	\$0.50	100,000	-	-	-	100,000	-	-
Consultant Options	21-May-12	30-Dec-14	\$0.25	-	3,000,000	-	-	3,000,000	-	3,000,000
				14,600,000	3,000,000	-	-	17,600,000	-	15,000,000
Weighted average exercise price				\$ 0.26	-	-	-	\$ 0.26	-	-

Notes to the Consolidated Financial Statements

25. EMPLOYEE SHARE PLAN RESERVE

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

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

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

Employee Share Plan – Scott Sullivan

On 14 March 2013, at the general meeting of the Company, shareholders approved the issue of 6,000,000 shares to Mr Sullivan under the employee share plan. The shares have been issued at \$0.04 per share with a total value of \$240,000 and will be held in trust by the trustee of the Minbos employee share plan until the vesting conditions are satisfied.

Mr Sullivan's remuneration is subject to the following vesting conditions;

- (i) 2,000,000 shares shall vest when the Company's share price equals the higher of:
 - at the 6 day Volume Weighted Average Price (VWAP) of the Company's share price calculated 3 days before and 3 days after the General Meeting where shareholders approved Minbos Resources Limited Employee Limited Share Plan; or
 - \$0.14; and
 - The vesting period is assumed at 14 March 2013 as no vesting date is specified, (Tranche One) and no service conditions were attached to Tranche One;
- (ii) 2,000,000 shares to vest one year from Commencement Date, being 1 November 2013 (Vesting Period 1) and when the Company's share price equals or exceeds a vesting price of Tranche One plus 50% increase during the period from Commencement Date (Tranche Two) (if Tranche One Shares vest at \$0.14, Tranche Two shares will vest at \$0.21);
- (iii) 2,000,000 shares to vest two years from Commencement Date, being 1 November 2014 (Vesting Period 2) and when the Company's share price equals or exceeds a vesting price of Tranche One plus 100% increase during the period from Commencement Date (Tranche Three) (if Tranche One Shares vest at \$0.14, Tranche Three shares will vest at \$0.28); and

In the event of termination, in all cases except termination by the Company with reason, or in the case of a change of control event, the shares will vest automatically, in accordance with Mr Sullivan's executive services agreement.

Due to these vesting conditions being dependent on certain market conditions being achieved, the Company has adopted a Hybrid Option Pricing Model. The model inputs are shown in the table below:

Notes to the Consolidated Financial Statements

Hybrid Option Pricing Model			
Vesting Conditions:	(i)	(ii)	(iii)
Date of Grant	14-Mar-13	14-Mar-13	14-Mar-13
Date of Expiry	01-Nov-22	01-Nov-22	01-Nov-22
Strike (Exercise) Price	\$ 0.140	\$ 0.210	\$ 0.280
Underlying Share Price (at date of issue)	\$ 0.055	\$ 0.055	\$ 0.055
Risk Free Interest Rate (at date of issue)	3.68%	3.68%	3.68%
Volatility (up to date of issue)	105%	105%	105%
Years to Expiry	10	10	10
Number of Shares	2,000,000	2,000,000	2,000,000
Dividend Yield	0%	0%	0%
Employee Exit Rate	0%	0%	0%
Exercise Multiple	99,999	99,999	99,999
Iterations (for simulation)	200,000	200,000	200,000
Trinomial steps	100	100	100
Valuation	\$ 0.047	\$ 0.046	\$ 0.045
Total Fair Value of Shares	\$ 94,000	\$ 92,000	\$ 90,000

Employee Share Plan – James Carter

During the financial year the Board also approved the issue of 2,000,000 shares to Mr Carter under the employee share plan. These shares have been issued at \$0.04 per share with a total value of \$80,000 and will be held in trust by the trustee of the Minbos employee share plan until the vesting conditions are satisfied.

Mr Carter's remuneration is subject to the following vesting conditions;

- (iii) 1,000,000 shares shall vest when the Company's share price equals the higher of:
- at the 6 day Volume Weighted Average Price (VWAP) of the Company's share price calculated 3 days before and 3 days after the General Meeting where shareholders approved Minbos Resources Limited Employee Limited Share Plan; or
 - \$0.14; and
 - The vesting period is assumed at 15 April 2013 as no vesting date is specified, (Tranche One) and no service conditions were attached to Tranche One;
- (iv) 1,000,000 LTI Shares to vest one year from Commencement Date, being 1 November 2013 (Vesting Period 1) and when the Company's share price at any time equals or exceeds a vesting price of Tranche One plus 50% increase during the period from Commencement Date (Tranche Two) (if Tranche One Shares vest at \$0.14, Tranche Two shares will vest at \$0.21); and

In the event of termination, in all cases except where there are grounds for termination by the Company, or in the case of a change of control event, the shares will vest automatically, in accordance with Mr Carter's executive services agreement.

Due to these vesting conditions being dependent on certain market conditions being achieved, the Company has adopted a Hybrid Option Pricing Model. The model inputs are shown in the table below:

Notes to the Consolidated Financial Statements

Hybrid Option Pricing Model		
Vesting Conditions:	(i)	(ii)
Date of Grant	15-Apr-13	15-Apr-13
Date of Expiry	01-Nov-22	01-Nov-22
Strike (Exercise) Price	\$ 0.140	\$ 0.210
Underlying Share Price (at date of issue)	\$ 0.040	\$ 0.040
Risk Free Interest Rate (at date of issue)	3.25%	3.25%
Volatility (up to date of issue)	105%	105%
Years to Expiry	10	10
Number of Shares	1,000,000	1,000,000
Dividend Yield	0%	0%
Employee Exit Rate	0%	0%
Exercise Multiple	99,999	99,999
Iterations (for simulation)	200,000	200,000
Trinomial steps	100	100
Valuation	\$ 0.033	\$ 0.031
Total Fair Value of Shares	\$ 33,000	\$ 31,000

(b) Recognised employee benefits expense

The total expense recognised for Key Management Personnel under the Employee Share Plan for the 2013 and 2012 financial years are as follows:

	30-Jun-13		30-Jun-12	
	Value recognised during year	Value to be recognised in future years	Value recognised during year	Value to be recognised in future years
	\$	\$	\$	\$
Key Management Personnel				
Employee share plan - Mr Sullivan	153,109	122,891	-	-
Employee share plan - Mr Carter	44,780	19,220	-	-
	197,889	142,111	-	-

Notes to the Consolidated Financial Statements

(c) Summary of shares granted during the year

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, shares issued during the financial year ended 30 June 2013 and 30 June 2012:

Class	Issue Date	Date of Expiry	Issue Price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested & exercisable at the end of the year	Vested but not yet exercisable at end of the year
As at 30 June 2013										
Employee share plan - Mr Sullivan	14-Mar-13	01-Nov-22	\$0.04	-	6,000,000	-	-	6,000,000	-	2,000,000
Employee share plan - Mr Carter	15-Apr-13	01-Nov-22	\$0.04	-	2,000,000	-	-	2,000,000	-	1,000,000
				-	8,000,000	-	-	8,000,000	-	3,000,000

Notes to the Consolidated Financial Statements

26. PARENT ENTITY

	30-Jun-13	30-Jun-12
	\$	\$
Current Assets	138,838	1,934,841
Non-Current Assets	21,669,885	18,849,975
Total Assets	21,808,723	20,784,816
Current Liabilities	738,529	60,104
Non-Current Liabilities	-	3,935,637
Total Liabilities	738,529	3,995,741
Net Assets	21,070,194	16,789,075
Contributed equity	25,440,555	22,907,859
Reserves	1,467,546	1,170,882
Accumulated losses	(5,837,907)	(7,289,666)
Total Equity	21,070,194	16,789,075
Profit/(loss) for the year	(2,369,763)	93,197
Other comprehensive loss for the year	-	-
Total comprehensive profit/(loss) for the year	(2,369,763)	93,197
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	-	-
Details of any contingent liabilities of the parent entity	-	-

Parent Entity Commitments

There are no capital or leasing commitments of the parent entity for the year ended 30 June 2013.

27. COMMITMENTS

There are the following commitments contracted for at the reporting date but not recognised as liabilities:

	30-Jun-13	30-Jun-12
	\$	\$
Within one year	-	275,020
After one year but not more than five years	-	-
More than five years	-	-
Total minimum commitment	-	275,020

The prior year commitments relate to the minimum exploration spend on the Cabinda project. There were no such commitments in the current financial year.

There is no minimum commitment in relation to the DRC project.

Notes to the Consolidated Financial Statements

28. CONTINGENCIES

There are no contingent liabilities or contingent assets in the current financial year (2012: nil).

29. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 8 July 2013, at the Company's General Meeting, shareholders approved David Reeves convertible note facility of up to \$250,000, the funds were received subsequent to year end.

On 6 August 2013, the Company announced the resignation of Peter Richards as Non-Executive Chairman and the appointment of Scott Sullivan as the interim Executive Chairman.

On 22 August 2013, the Company announced that it expected to complete financing arrangements with a group of sophisticated investors to provide \$250,000 in secured funding through the issue of convertible notes. The Company received the \$250,000 in convertible note funding subsequent to year end which will be used to provide the Company with working capital as it works on longer term funding solutions.

On 2 September 2013, the Company announced the resignation of James Carter as Chief Financial Officer and joint Company Secretary and the appointment of William Oliver as Non-Executive Director.

On 11 September 2013, the Company announced that it had issued 2,000,000 fully paid ordinary shares in consideration for the acquisition of two phosphate tenements in Western Australia.

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

30. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	30-Jun-13	30-Jun-12
	\$	\$
Short-term employee benefits	589,511	458,000
Post-employment benefits	18,000	-
Equity compensation benefits	213,805	97,658
	821,316	555,658

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

(b) Equity Holdings

(i) Option holdings of Key Management Personnel

The option holdings of key management personnel as at reporting date is detailed in the table below.

Notes to the Consolidated Financial Statements

Option holding of Key Management Personnel

30-Jun-13	Balance at 1/07/2012	Granted as compensation	Exercised	Other changes	Balance at 30/06/2013	Vested & exercisable	Vested but not exercisable	Unvested
<u>Directors</u>								
Scott Sullivan	-	-	-	-	-	-	-	-
Peter Richards	3,000,000	-	-	-	3,000,000	3,000,000	-	-
David Reeves	500,000	-	-	-	500,000	500,000	-	-
Domingos Catulich	500,000	-	-	-	500,000	500,000	-	-
John Ciganek (i)	500,000	-	-	(500,000)	-	-	-	-
	4,500,000	-	-	(500,000)	4,000,000	4,000,000	-	-
<u>Other Key Management</u>								
James Carter	-	-	-	-	-	-	-	-
Robert McCrae (i)	3,000,000	-	-	(3,000,000)	-	-	-	-
	7,500,000	-	-	(3,500,000)	4,000,000	4,000,000	-	-

(i) Mr Ciganek (Non-Executive Director) and Mr McCrae (Chief Executive Officer) resigned on 15 March 2013 and 6 December 2012 respectively.

30-Jun-12	Balance at 1/07/2011	Granted as compensation	Exercised	Other changes	Balance at 30/06/2012	Vested & exercisable	Vested but not exercisable	Unvested
<u>Directors</u>								
Peter Richards	3,000,000	-	-	-	3,000,000	-	2,000,000	1,000,000
David Reeves	500,000	-	-	-	500,000	-	500,000	-
John Ciganek	500,000	-	-	-	500,000	-	500,000	-
Faldi Ismail (i)	1,150,000	-	-	(1,150,000)	-	-	-	-
Domingos Catulich	500,000	-	-	-	500,000	-	500,000	-
	5,650,000	-	-	(1,150,000)	4,500,000	-	3,500,000	1,000,000
<u>Other Key Management</u>								
Robert McCrae	3,000,000	-	-	-	3,000,000	-	2,000,000	1,000,000
	8,650,000	-	-	(1,150,000)	7,500,000	-	5,500,000	2,000,000

(i) Mr Ismail resigned as Non-Executive Director on 1 January 2012.

Notes to the Consolidated Financial Statements

(ii) Shareholdings

30-Jun-13	Balance at 1/07/2012	Granted as remuneration	On exercise of options	Net change other	Balance at 30/06/2013
<u>Directors</u>					
Scott Sullivan (i)	-	6,000,000	-	-	6,000,000
Peter Richards	1,192,786	-	-	-	1,192,786
David Reeves	12,603,367	-	-	-	12,603,367
Domingos Catulich	17,640,000	-	-	-	17,640,000
John Ciganek (ii)	500,000	-	-	(500,000)	-
	31,936,153	6,000,000	-	(500,000)	37,436,153
<u>Other Key Management</u>					
James Carter (i)	-	2,000,000	-	-	2,000,000
Robert McCrae (ii)	-	-	-	-	-
	31,936,153	8,000,000	-	(500,000)	39,436,153

(i) In accordance with their executive agreements, Mr Sullivan and Mr Carter received 6,000,000 and 2,000,000 shares respectively under the Minbos Employee Share Plan. These shares will be held in trust by the trustee of the Minbos Employee Share Plan until the vesting conditions are satisfied.

(ii) Mr Ciganek (Non-Executive Director) and Mr McCrae (Chief Executive Officer) resigned on 19 March 2013 and 2 November 2012 respectively.

30-Jun-12	Balance at 1/07/2011	Granted as remuneration	On exercise of options	Net change other	Balance at 30/06/2012
<u>Directors</u>					
Peter Richards (i)	300,000	-	-	892,786	1,192,786
David Reeves (ii)	12,026,667	-	-	576,700	12,603,367
John Ciganek	500,000	-	-	-	500,000
Faldi Ismail (iii)	2,100,000	-	-	(2,100,000)	-
Domingos Catulich	17,640,000	-	-	-	17,640,000
	32,566,667	-	-	(630,514)	31,936,153
<u>Other Key Management</u>					
Robert McCrae	-	-	-	-	-
	32,566,667	-	-	(630,514)	31,936,153

(i) Mr Richards acquired 43,500 shares per the Company's NRRI and 714,286 shares through the Company's NRRI shortfall. The remaining shares were purchased on market.

(ii) Mr Reeves acquired 414,700 shares per the Company's NRRI. The remaining shares were purchased on market.

(iii) Mr Ismail resigned as Non-Executive Director on 1 January 2012.

Notes to the Consolidated Financial Statements

(c) Loans to key management personnel

Details of advances made to a director and key management person of the Company are set out below:

(i) Individuals with loans above \$100,000 during the financial year

	Name	Balance at the start of the year	Net movement	Impairment	Interest paid & payable for the year	Interest not charged	Balance at the end of the year
30-Jun-13	Mr McCrae	169,527	13,321	(157,348)	-	10,963	25,500
30-Jun-12	Mr McCrae	135,000	34,527	-	-	8,476	169,527

On 5 December 2012 Minbos signed a binding loan agreement with Robert McCrae 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 2013 the loan had not been repaid, the Company therefore made a provision against the unrecoverable portion of the loan in the amount of \$157,348. The outstanding balance at 30 June 2013 was \$25,500 being the value of the 1,500,000 Minbos shares held as security at 30 June 2013.

(ii) Aggregates for key management personnel

	Number in the group at end of the year	Balance at the start of the year	Net movement	Impairment	Interest paid & payable for the year	Interest not charged	Balance at the end of the year
30-Jun-13	1	178,634	12,955	(166,089)	-	10,963	25,500
30-Jun-12	2	146,955	31,679	-	-	8,931	178,634

The amounts shown for interest not charged in the tables above represent the difference paid and payable for the year and the amount of interest that would have been charged on an arm's-length basis.

There were no other loans made to any other key management personnel during the year ended 30 June 2013 (2012: nil).

(d) Loans from key management personnel

Convertible Note Deed – James Carter & David Reeves

On 2 April 2013 Minbos signed convertible note deeds with David Reeves (Non-Executive Director) and James Carter (Chief Financial Officer and joint Company Secretary) who agreed to provide the Company with \$250,000 each. The conversion price of the convertible note is \$0.063 which is 150% of the 20 day volume weighted average price (VWAP) of Minbos shares at the date of execution of the facility agreement. Interest is payable at a rate of 12% per annum, payable monthly in arrears, with principal repayment or conversion in 9 months from the date of first drawdown.

Under this convertible note, James Carter received interest totalling \$822 during the financial year. The initial investment of \$250,000 plus interest of \$2,466 was outstanding at 30 June 2013.

The conversion of the convertible note issued to David Reeves was approved by Shareholders at the Company's General Meeting held on 8 July 2013. As a result, the Company received David Reeves' funds subsequent to year end and therefore no interest was paid during the financial year.

Notes to the Consolidated Financial Statements

(e) Material Contracts

Consultancy Mandate – Everspring Partners

On 4 July 2012 Minbos signed a consultancy mandate with Everspring Partners to identify, tender and secure a potential strategic investor. John Ciganek, former Non-Executive Director of Minbos, is a partner of Everspring Partners. The consultancy mandate between the Company and Everspring Partners was on normal commercial terms and arm's length.

The Company agreed to pay Everspring Partners according to the following arrangement:

- Monthly retainer fee – \$10,000 per month (exclusive of GST); and
- Success fee – payable by Minbos to Everspring equal to 3% of any investment (“strategic Interest”) in Minbos either at the corporate level, project level and/or off take agreement value, which will be payable at financial close.

Under this agreement, Everspring Partners received fees totalling \$90,000 during the financial year. There are no further amounts outstanding at year end.

The Company terminated the contract with Everspring Partners in March 2013.

(f) Other transactions with key management personnel

During the financial year the Company paid Worldwide Mining Ltd rent for its office on Level 1/278 Stirling Hwy. The office is sub-leased from Worldwide Mining Ltd which is owned 100% by a company, Geopacific, of which Mr Carter owns approximately 5.5%. The total amount paid / payable to Worldwide Mining Ltd during the financial year was \$10,520.

There are no other transactions with key management personnel during the financial year ended 30 June 2013 (2012: nil).

31. RELATED PARTIES

(a) Ultimate parent

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

(b) Subsidiary companies

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

(c) Key management personnel

Details of transactions with key management personnel are disclosed in Note 30: Key Management Personnel Disclosures.

Notes to the Consolidated Financial Statements

(d) Loans to Associate

	30-Jun-13	30-Jun-12
	\$	\$
Balance at the beginning of the financial year	4,149,762	1,610,495
Loans advances	64,046	2,539,267
Loan repayments made	-	-
Interest charged	-	-
Interest paid	-	-
Balance at the end of the financial year	4,213,808	4,149,762

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) Other related party transactions

There are no transactions with related parties other than what is disclosed above.

32. SUBSIDIARIES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Minbos Resources Limited owns the following subsidiaries:

100% of Tunan Mining Limited, a company incorporated in the British Virgin Islands. Through Tunan Mining Limited, the Company has the following ownership as at 30 June 2013:

Name of entity	Country of incorporation	Class of shares	Ownership interest 30/06/2013	Ownership interest 30/06/2012
<u>Parent entity</u>				
Minbos Resources Ltd	Australia	Ordinary and Preference		
<u>Subsidiary (direct)</u>				
Tunan Mining Limited	British Virgin Isles (BVI)	Ordinary	100%	100%
<u>Subsidiaries (indirect – direct subsidiaries of Tunan Mining Limited)</u>				
SOFOSA (i)	Angola	Ordinary	100%	100%
Mongo Tando Limited (i)	British Virgin Isles (BVI)	Ordinary	50%	50%
Mongo Tando Limitada (i)	Angola	Ordinary	50%	50%
Tunan Mining Pty Ltd	South Africa	Ordinary	100%	100%
Agrim SPRL DRC	Democratic Republic of Congo	Ordinary	100%	100%
RDC Phosphate SPRL DRC (ii)	Democratic Republic of Congo	Ordinary	-	-

- (i) On 29 October 2009, Sociedade de Fosfatos de Angola (“SOFOSA”) together with Terra Fertil Limited (an affiliate of Mongo Tando Holdings (the “Associate”) which holds a 50% holding in Mongo Tando Limited “MTL”), incorporated Mongo Tando Limitada (“Angolan Company”). This Angolan Company currently holds the licence (“Cabinda Phosphate Project”) in Cabinda Angola.

Notes to the Consolidated Financial Statements

On the 9 February 2011, SOFOSA, Terra Fertil, MTL, Mongo Tando Holdings and Tunan Mining Limited entered into a Shareholders Agreement whereby SOFOSA and Terra Fertil restructured the ownership so that the Angolan Company (and holder of the concession) became a wholly-owned subsidiary of Mongo Tando Limited, whereby Tunan Mining Limited (BVI) and its Associate each hold a 50% interest.

However, since Tunan Mining Limited holds 49.99% of the "voting rights" in Mongo Tando Limited (BVI), the ownership interest is accounted for as an "Investment in an Associate" in the consolidated annual report. Refer to Note 13: Investment in Associate.

- (ii) RDC Phosphate was deregistered on 1 August 2011.

33. AUDITOR'S REMUNERATION

	<u>30-Jun-13</u>	<u>30-Jun-12</u>
	\$	\$
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
(i) An audit or review of the financial report of the entity	49,599	48,715
(ii) Other services in relation to the entity and any other entity in the Group	-	-
Total auditor remuneration	<u>49,599</u>	<u>48,715</u>
Amounts received or due and receivable by related network practices of BDO (WA) Pty Ltd for:		
(i) An audit or review of the financial report of the entity	20,630	26,353
Total auditor remuneration	<u>20,630</u>	<u>26,353</u>
Amounts received or due and receivable by related BDO Audit (WA) Pty Ltd entities for:		
(i) Taxation services	9,430	-
(ii) Transfer pricing advice	-	26,178
(iii) Other professional services	6,650	-
Total auditor remuneration	<u>16,080</u>	<u>26,178</u>

Directors' Declaration

The Directors of the company declare that:

- 1 The financial statements, comprising the consolidated statement of 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 professional reporting requirements; and
 - (b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2013 and of its performance for the year ended on that date.
- 2 In the Directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- 3 The Consolidated Entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- 4 The Directors have been given the declarations by the Managing Director, acting in the capacity of Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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



Mr Scott Sullivan
Managing Director and Executive Chairman
26 September 2013

INDEPENDENT AUDITOR'S REPORT

To the members of Minbos Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Minbos Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Minbos Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Opinion

In our opinion:

- (a) the financial report of Minbos Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2(d) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements. These conditions, along with other matters as set out in Note 2(d), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Minbos Resources Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch
Director

Perth, Western Australia
Dated this 26th day of September 2013

Shareholder Information

The following additional information was applicable as at 24 September 2013.

1. Fully paid ordinary shares

- There are a total of 156,315,605 ordinary fully paid shares on issue which are listed on the ASX, with 25,000,000 being subject to voluntary escrow pending the final Cabinda resource report.
- The number of holders of fully paid ordinary shares is 530.
- 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
NIL holding	-	-	-
1 - 1,000	16	421	0.00%
1,001 - 5,000	44	131,060	0.08%
5,001 - 10,000	47	371,218	0.24%
10,001 - 100,000	256	11,743,288	7.51%
100,001 - 9,999,999	167	144,069,618	92.17%
TOTAL ON REGISTER	530	156,315,605	

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 221 shareholders who hold less than a marketable parcel of shares.
- The number of fully paid ordinary shareholdings held in less than marketable parcels is 2,809,830.

4. Substantial shareholders of ordinary fully paid shares

The Substantial Shareholders of the Company are:

Rank	Holder Name	Securities	% of Issued
1	CHIKAPA COMERCIO AND INDUSTRIA LDA	17,640,000	11.28%
2	MR DAVID REEVES	12,603,367	8.06%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	9,215,915	5.90%
4	JCJ INVESTMENTS SA	8,027,728	5.14%
5	TRINITY MANAGEMENT PTY LTD	8,000,000	5.12%

5. Share buy-backs

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

Shareholder Information

6. Voting Rights

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

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

7. Top 20 Shareholders of ordinary fully paid shares

The top 20 largest fully paid ordinary shareholders together held 58.54% of the securities in this class and are listed below:

Rank	Holder Name	Securities	% of Issued
1	CHIKAPA COMERCIO AND INDUSTRIA LDA	17,640,000	11.28%
2	MR DAVID REEVES	12,603,367	8.06%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	9,215,915	5.90%
4	JCJ INVESTMENTS SA	8,027,728	5.14%
5	TRINITY MANAGEMENT PTY LTD	8,000,000	5.12%
6	LAY PAUL	5,286,627	3.38%
7	HIRE IQ PL	3,428,616	2.19%
8	JCJ INVESTMENTS SA	3,000,000	1.92%
9	MERLINI IVAN	2,791,566	1.79%
10	INTER ALLIANCE SPRL	2,300,000	1.47%
11	J P MORGAN NOM AUST LTD	2,276,016	1.46%
12	BLACK DAMIAN PETER + A J	2,153,000	1.38%
13	PADMORE GARY	2,040,000	1.31%
14	PETERS ROBERT JOHN + S L	2,035,000	1.30%
15	GEOLOGICAL RESOURCE SOLUT	2,000,000	1.28%
16	MCLAREN INV LTD	2,000,000	1.28%
17	ROMFAL SIFAT PL	1,750,000	1.12%
18	ZHAO HE	1,509,909	0.97%
19	MAKA STANLEY ZBIGNIEW	1,455,349	0.93%
20	PHEAKES PL	1,363,430	0.87%
		90,876,523	58.15%

Shareholder Information

8. Options

The following options over unissued ordinary shares are on issue:

Class	Date of Expiry	Exercise Price	Number Under Option
Class A Options	13-Oct-13	\$0.2000	4,000,000
Class B Options	13-Oct-13	\$0.3000	2,000,000
Class C Options	13-Oct-13	\$0.5000	2,000,000
Broker Options	13-Oct-13	\$0.2000	6,000,000
Employee Options	18-Apr-14	\$0.2000	500,000
Consultancy Options	18-Apr-14	\$0.5000	100,000
Consultancy Options	30-Apr-14	\$0.2500	3,000,000
Commencement Options	08-Mar-16	\$0.0937	1,150,000
			18,750,000

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

9. Interest in Mining Licence

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

Licence Number	Type	Interest	Location
12908	Exploration	49%	Democratic Republic of Congo
12910	Exploration	49%	Democratic Republic of Congo
12911	Exploration	49%	Democratic Republic of Congo
0006/06/01L.P./ GOV.ANG.MGM/2010	Exploration	50%	Cabinda Province, Angola
E08/2335	Exploration	100%	Carnarvon, Western Australia
E08/2336	Exploration	100%	Carnarvon, Western Australia