Annual Report

For the year ended 30 June 2012

Minbos Resources Limited

ABN 93 141 175 493

Contents

Corporate Directory

Directors & Officers

Mr Peter Richards
Executive Chairman

Mr David Reeves
Non-Executive Director

Mr John Ciganek
Non-Executive Director

Mr Domingoes Catulichi
Non-Executive Director

Mr Robert McCrae
Chief Executive Officer

Mrs Tanya Woolley
Company Secretary

Stock Exchange

Australian Securities Exchange Limited (ASX)
Home Exchange – Perth
ASX Symbol - MNB (Ordinary Shares)

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Applecross WA 6153
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Australian Company Number

ACN 141 175 493

Australian Business Number

ABN 93 141 175 493

Domicile and Country of Incorporation

Australia

Bankers

National Australia Bank
Fremantle Business Banking Centre
Level 1, 88 High Street
Fremantle WA 6160

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

Public Relations

Professional Public Relations (PPR)
588 Hay Street
Subiaco WA 6008

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 2012.

Following on the exploration accomplishments achieved during the previous financial year, Minbos has continued to enjoy exploration and development success on its projects in the Cabinda province of Angola and across the border in the Democratic Republic of Congo.

The most important result of Minbos' exploration and feasibility study work since its listing in 2010 has been the discovery and delineation of high grade resources at both the Cacata Project in Cabinda and the Kanzi Project in the Democratic Republic of Congo ("**DRC"**).

At Cacata, Minbos defined an Indicated Mineral Resource estimate of 30.4Mt @ 17.2% P_2O_5 including a high grade zone of 22Mt @ 21.4% P_2O_5. This resource formed the basis for Minbos to commission a detailed Scoping Study to evaluate the economic viability of Cacata as a stand-alone phosphate rock export operation. The results surpassed all of our expectations.

At Kanzi, Minbos defined an initial Inferred Mineral Resource estimate of 46Mt @ 17.2% P_2O_5 including a high grade of 31Mt @ 21.4% P_2O_5. Exciting news on Kanzi was then published post financial year end; this being the announcement of a joint venture with Allamanda Trading Limited which consolidated ownership of the Kanzi Project and affords Minbos access to approximately 200,000 ha of highly prospective phosphate exploration ground. This makes Minbos the largest holder of phosphate exploration ground in the Congo Basin. Following on immediately was the announcement of an updated Inferred Mineral Resource for the consolidated Kanzi Project of 66Mt @ 15.3% P_2O_5 including a high grade of 44Mt @ 21.4% P_2O_5.

Minbos is now firmly focused on the development of Cacata and Kanzi with both projects entering into the Bankable Feasibility Study ("**BFS**") stage, placing Minbos firmly on track to achieve its goal of becoming a low capital and operating cost exporter of phosphate rock.

The Board is justifiably proud of its team who have steered the Company through the initial development stages, to the point where the company has a clear development strategy for the Cacata and Kanzi Project areas. These have the potential to transform the Company into a significant producer of phosphate rock.

The efforts of our team and that of the Cabinda Project group lead by our partner, Petril Projects Ltd, have not been without their challenges. The achievements of the Company over the past year would not have occurred without the dedication and efforts of our Chief Executive Officer, Robbie McCrae and our site-based management, employees and contractors for whom I am most thankful and appreciative.

To you, our Shareholders, we look forward to an exciting 12 months, as Minbos moves rapidly from explorer to developer and I thank you on behalf of the Board for your support and belief in the Company.

Yours sincerely,

Peter Richards
Executive Chairman

Review of Operations

1. GROUP OVERVIEW

Minbos 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 2012 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 and potash bearing deposits within the Cabinda Province ("**Cabinda**") of Angola and the adjoining areas of the far western 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 and potash bearing deposits.

The Company raised A$8 million in its IPO. Subsequently, in October 2011 the Company raised an additional A$4.57 million under a placement and non-renounceable rights issue to further this work. Since listing and up to date of this report, 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 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 and potash are an essential component in certain agricultural fertilisers, with the market supported by the increasing global demand for food and bio-fuel products.

(a) Investment Highlights

The key investment highlights include:

- An emerging phosphate developer with key assets in West Africa.
- Since listing in October 2010, Minbos has delineated a substantial resource of 370.1Mt @ 12.2% P_2O_5, This included a higher grade portion of 254.1Mt @ 12.6% P_2O_5 within the area covered by the Cabinda project, which resulted in the conversion of 25 million Class A Performance Shares into fully paid ordinary shares issued to the original vendors of the project.
- Two high grade phosphate projects entering BFS:
  - Cabinda, Angola – Cacata and Chivovo, both with high grade resources of +20% P_2O_5 and beneficiated to +34% P_2O_5; and
  - Western DRC (65%) – Kanzi, with high grade resource of +20% P_2O_5, with beneficiation test work underway.
- Substantial further exploration potential across Angola and DRC tenements.
- Projects located in close proximity to infrastructure and ports.
- Low operating cost structure – internationally competitive.
- Potential to value add by developing downstream fertiliser operations.
- Strong outlook for long-term global phosphate demand.
- Experienced board and management team.

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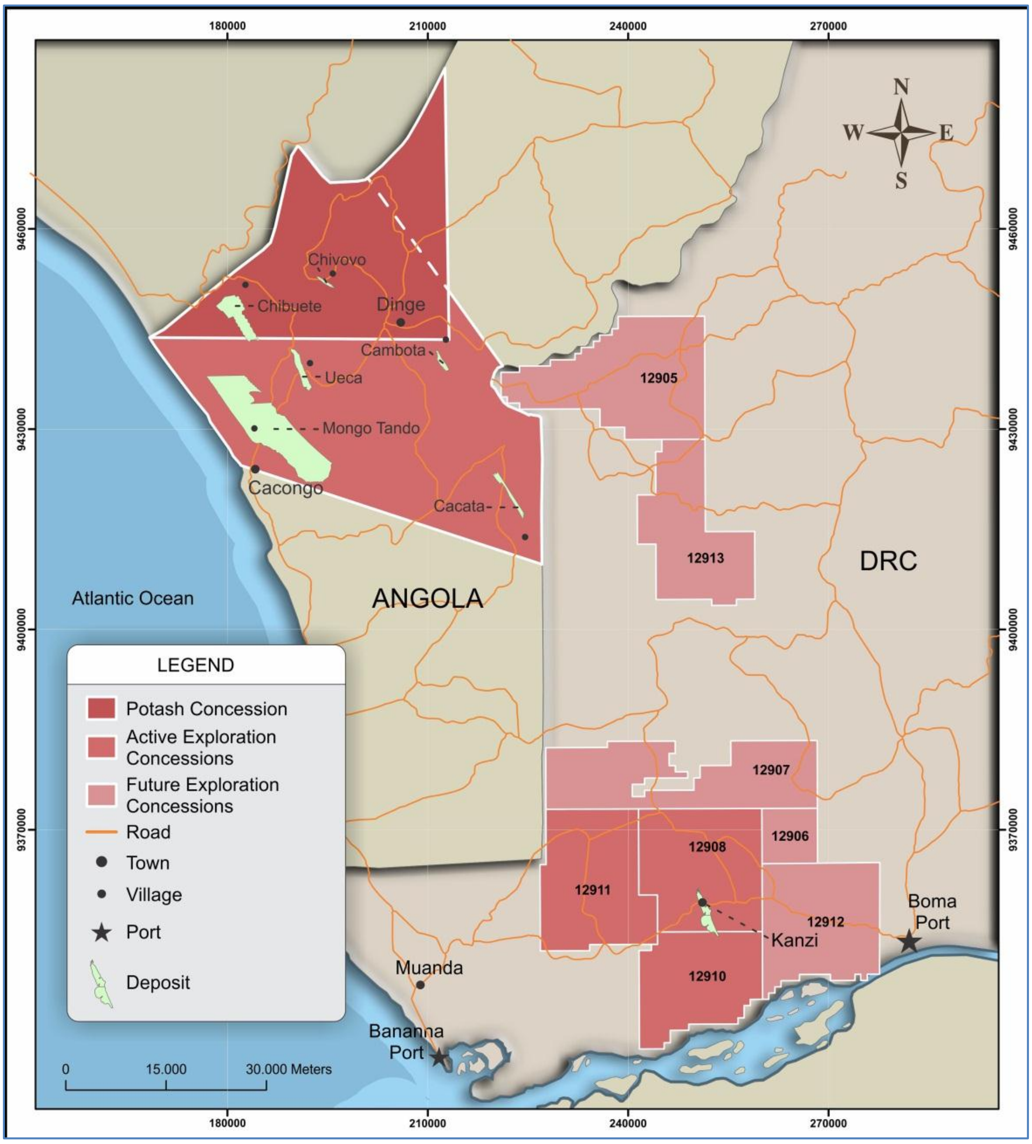
In the 18 months since the Company listed, Minbos has moved from an exploration company to a company that now has two projects in development stage plus a substantial resource - confirmation that Minbos is rapidly achieving its goal of becoming a low capex and opex phosphate rock producer and exporter.

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 current exploration data.
- Western DRC Phosphate (65% interest) - including Kanzi and Fundu-Nzobe deposits with historical and current exploration data.
- Cabinda Potash – Currently negotiating to acquire the Dinge licence with historical oil exploration including drilling and seismic data.

Figure 1: Phosphate and Potash Projects



Review of Operations

(b) Resources

Since listing in October 2012, Minbos has delineated a substantial resource of 370.1Mt @ 12.2% P_2O_5. Within this resource, two high grade direct shipping ore ("**DSO**") style 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_2O_5)	Indicated of Inferred	Comments
Cabinda, Angola				
Cacata	30.4	17.0	Indicated	Including 22.5Mt at 21.4% P_2O_5
Chivovo	6.7	20.3	Inferred	
Mongo Tando	117.0	13.7	Inferred	
Chibuete	150.0	8.3	Inferred	Including 100Mt at 9.3% P_2O_5
Total*	**304.1**	**11.5**		
Kanzi, DRC				
Kanzi	66.0	15.3	Inferred	Including 44Mt at 21.4% P_2O_5
Grand Total	**370.1**	**12.2**		

* At a cut-off of 13% P_2O_5, a total of 254.1Mt at 12.6% P_2O_5 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% P_2O_5 within the area covered by the Cabinda project within 18 months of the issue of these shares.

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 metallurgical 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 and Chivovo and Cambota (as shown in **Figure 2** below). The most advanced of these projects is the high grade Cacata Project.

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 are in the main significantly higher grade at +20% P_2O_5.

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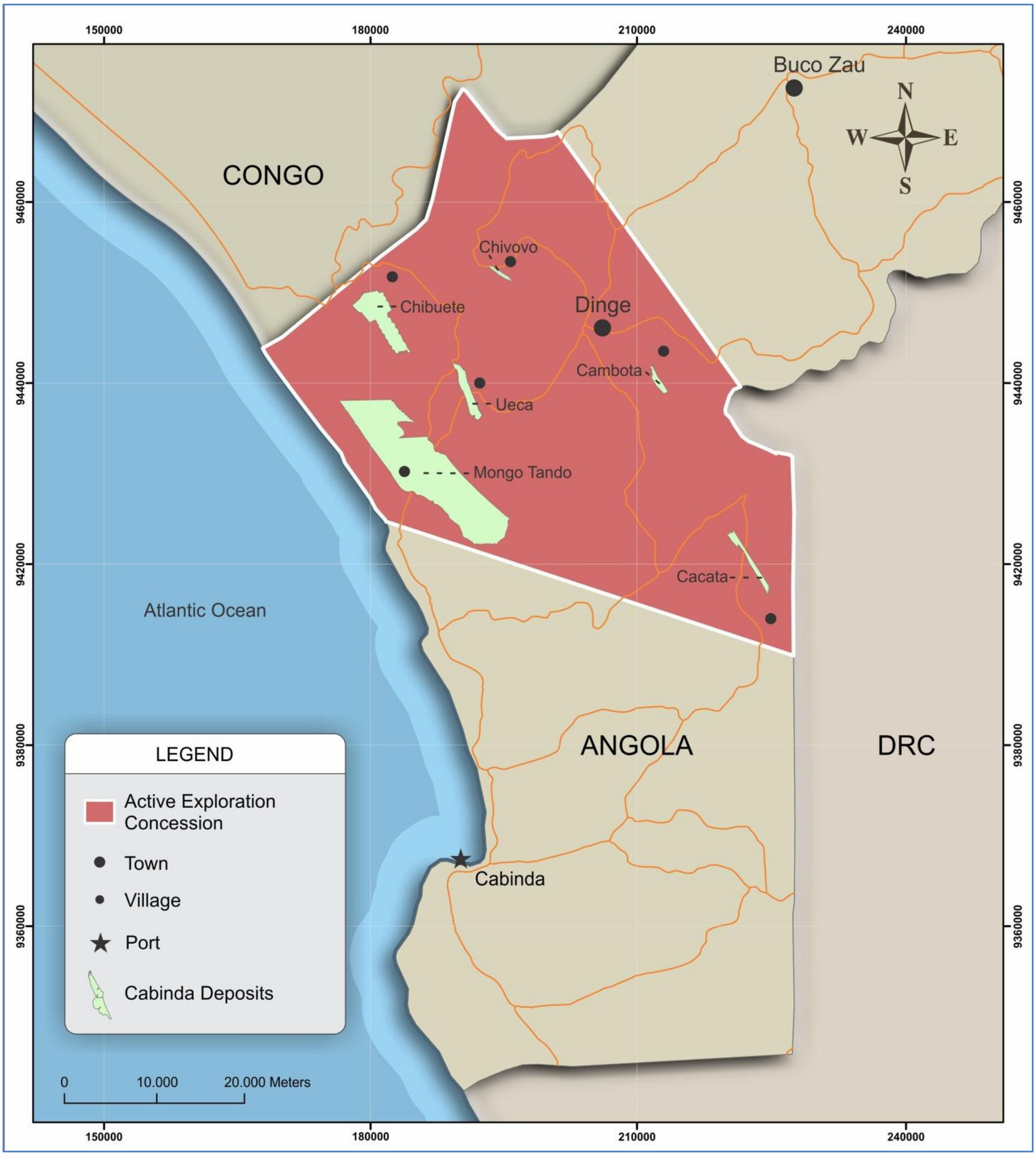
Minbos' focus during the financial period has been the rapid advancement of the Cacata Project, which is now at BFS stage.

➢ ***Western Limb Deposits***

Mongo Tando, Chibuete 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



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Cacata deposit

The Cacata Project lays on the Eastern most boundary of the exploration permit in Cabinda and currently has an Indicated Mineral Resource estimated at 30.4Mt @ 17% P_2O_5 (including 22.5Mt @ 21.4% P_2O_5). 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 the financial year ended 30 June 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 results[1]:

- operating costs of US$57.23 per tonne free-on-board ("**fob**") of phosphate rock;
- capital cost estimate of US$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 US$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 deposit. Minbos anticipate the release of an upgraded resource for Cacata during 2012, including a JORC measured resource over a portion of Cacata, which will provide the basis for the 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 US$9.5m and
- the average mining cost of US$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.

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 attrition scrubbed to remove lumps and clay agglomerates;
- the attrition scrubber discharges over a desliming screen;

[1] Amounts quoted are for 100% of the Project. Minbos currently owns 50% of the project, with the remaining 50% held by Petril

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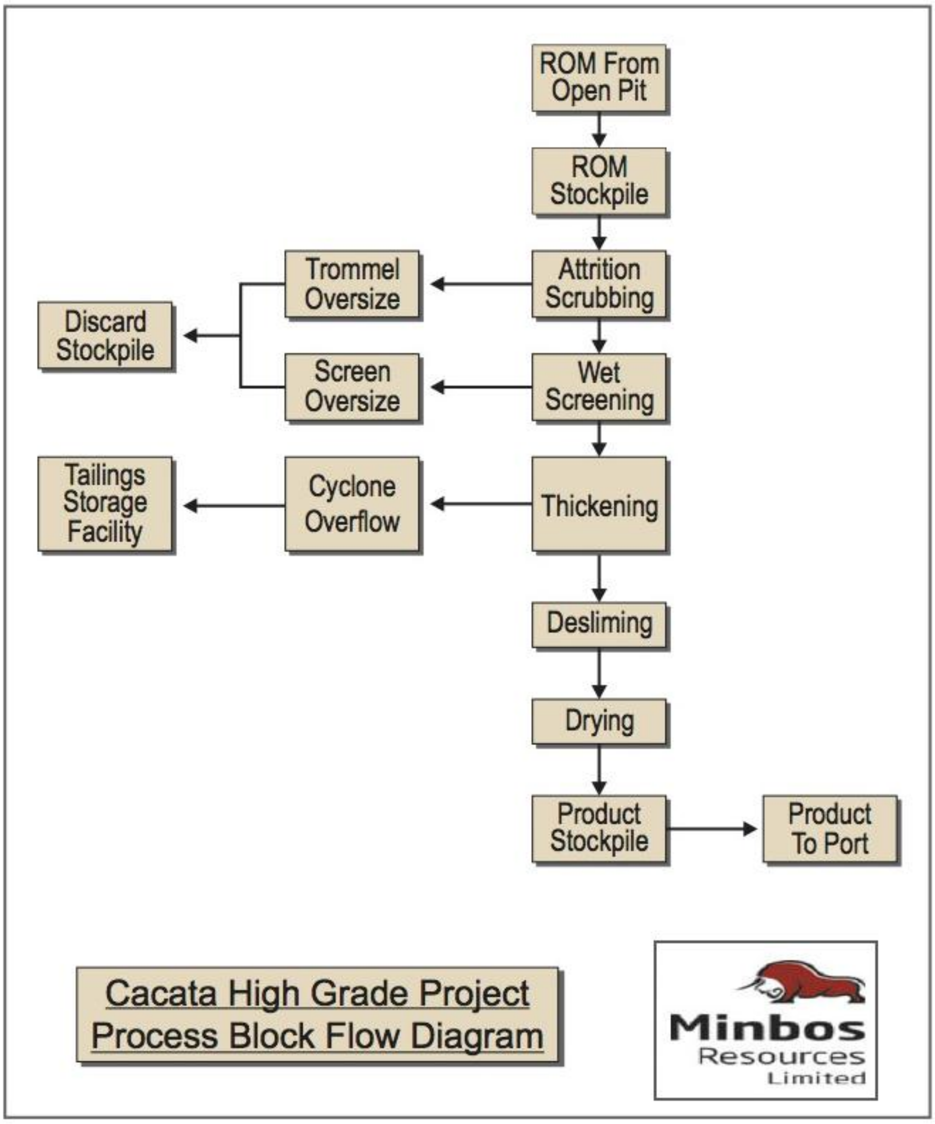
- the screen undersize (-2.36mm) is further deslimed and the oversize (+2.36mm) is discarded;
- the - 2,36mm + 106 micron phosphate rock is de-watered in a vacuum belt filter and then passed through a rotary drier to produce a 2 - 3% moisture content phosphate; and
- the concentrate grade is expected, based on the Mintek test work, to be relatively high grade i.e., above the Moroccan benchmark grade of 32 - 33% P_2O_5.

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

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:

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

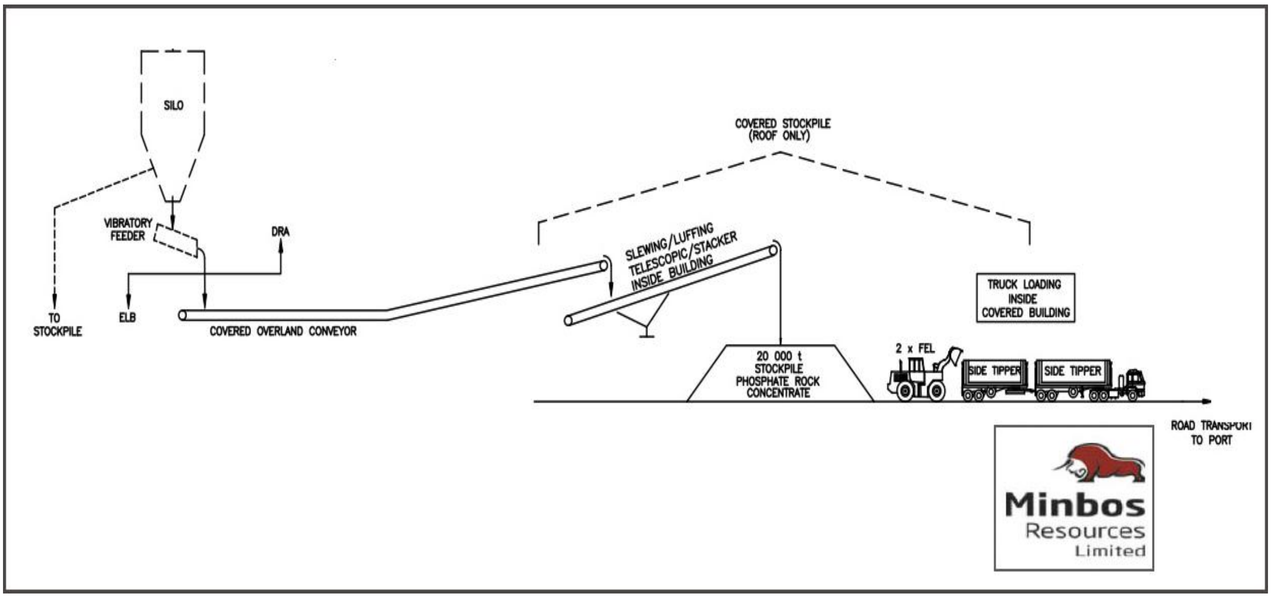
Phosphate Rock Transport and Ship Loading

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

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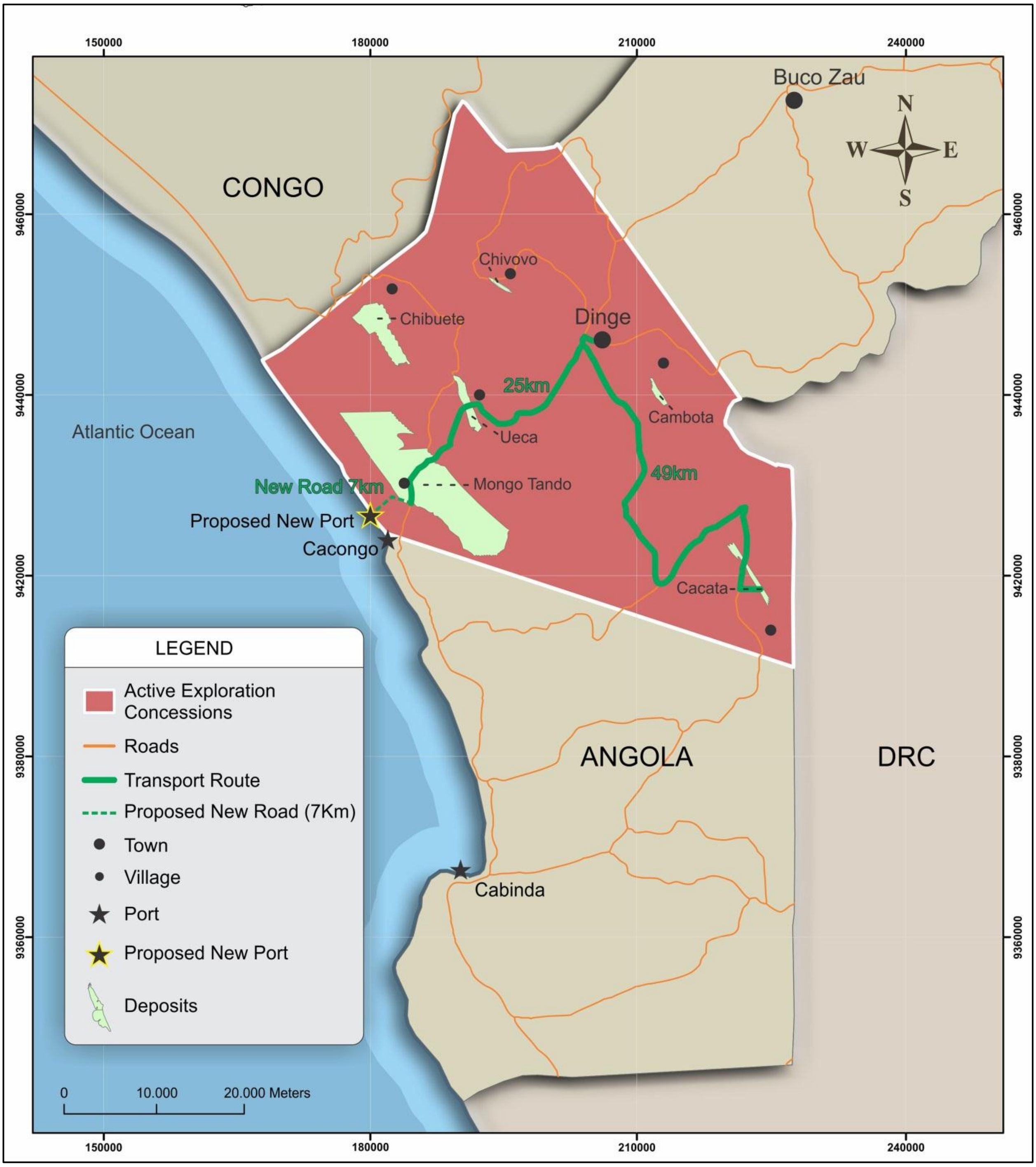
Figure 5: Transport Route from Cacata High Grade Project to New Loading Site Change Map



- 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**).

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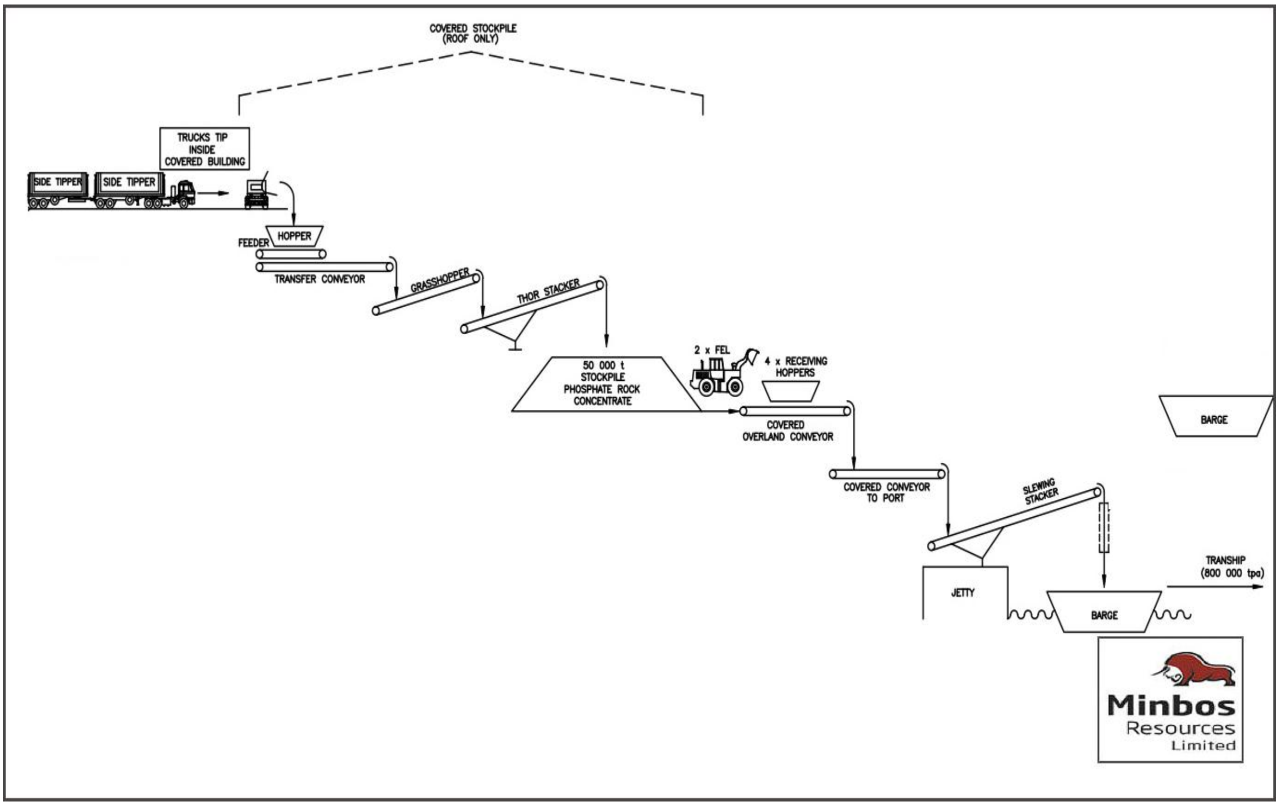
Figure 6: Bulk Storage and Barge Loading PFD



POA has derived costs from their internal database of projects and experience in Africa 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;
- change houses;
- sewerage disposal;
- communications and IT; and
- fuel storage.

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Capital Cost

The total capital cost has been estimated at USD $157.0m (including EPCM and contingency) as detailed below in **Table 5**:

Table 5: 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 6**:

Table 6: 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.

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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/t[2] 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 rock phosphate 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 7** 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 7: 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:

[2] Source: CRU Strategies. Cacata Scoping Study, date Jan 2012

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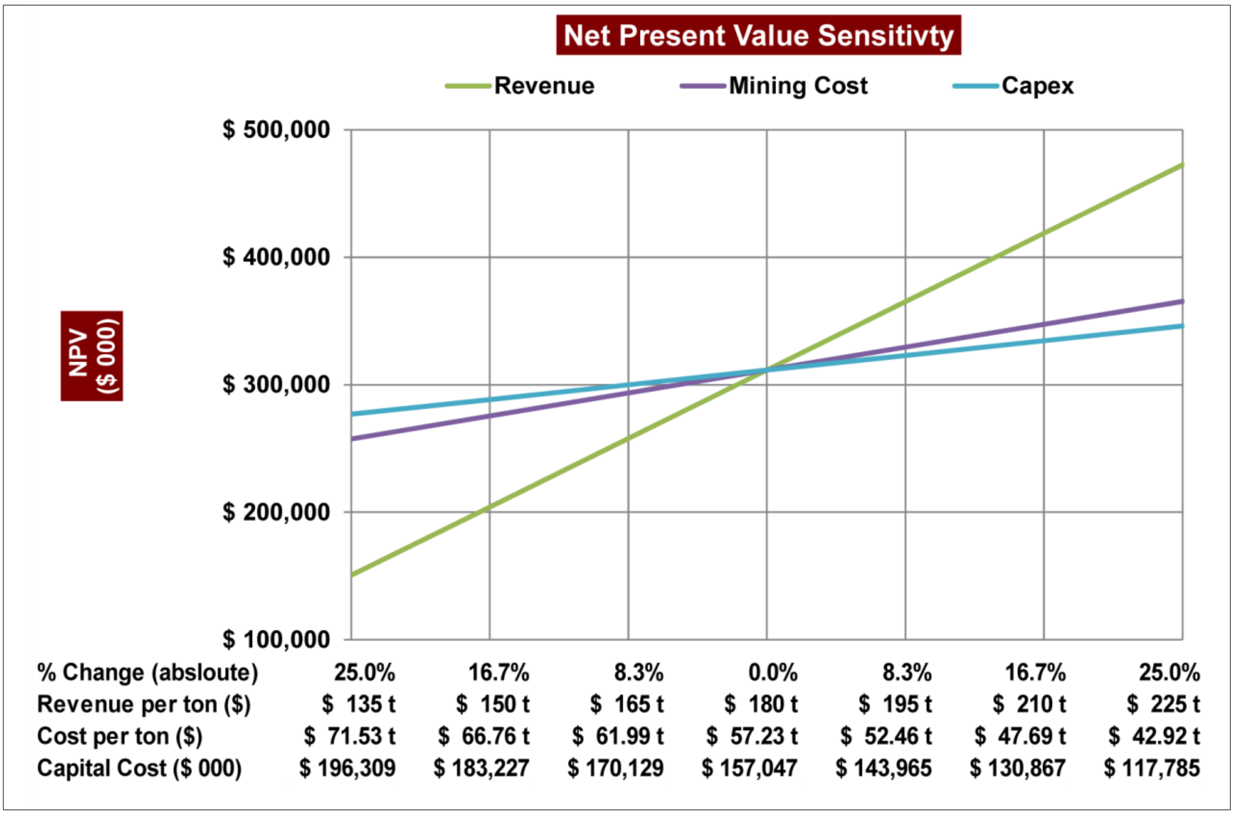
- an operating cost of USD $57.22/t will place the project in the lower half of the cost curve; and
- the capex cost of USD $157m, places the project in the lower half of the capital intensity cost curve (capital/production per annum) with an enhanced possibility of reducing this to a bottom quartile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

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.

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 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% P_2O_5. Drilling previously carried out in early 2012 is expected to upgrade the deposit to an Indicated Mineral Resource estimate category.

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(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) and early drilling results are positive.

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 metallurgical test-work.

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

(b) Kanzi Deposit

During the financial year ended 30 June 2012, the Company announced a Maiden JORC compliant Inferred Mineral Resource of 46Mt @ 17.2 % P_2O_5 (including a high grade zone of 31Mt @ 21.4% P_2O_5) for the portion of the Kanzi deposit that lies within the now obsolete 12040 license area. Details are provided in **Table** 8 below.

Table 8 - 12040 Kanzi Resource Estimate

Kanzi Project – Total Inferred Resource – Permit area 12040		
Cut-off grade P_2O_5 (%)	**Total Tonnes (M)**	**P_2O_5 (%)**
0%	46	17.2%
12.5%	31	21.4%

Subsequent to year end, the Company announced the signing of a Joint Venture agreement ("**JV**") with Allamanda Trading SPRL ("**Allamanda**") for the exploration and development of the Kanzi project and surrounding exploration areas in the western DRC. The JV company, Phosphalux SPRL ("**Phosphalux JV**"), is a

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special purpose DRC registered company that owns the Kanzi mining permit and several exploration licences, of which Minbos, through its 100% owned subsidiary Agrim SPRL, holds a 65% interest.

The licences and their work status are summarised in **Table 9** and illustrated in **Figure 8** below.

Table 9 – 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
12912	Exploration	376	Exclusive Option	South - Kanzi Adjacent
12913	Exploration	322	Exclusive Option	North - Fundu Nzobe Adjacent

In an announcement made 6 August 2012, the Company announced a 42% increase in high grade resources to 44Mt @ 21.4% P_2O_5 (up from 31Mt @ 21.4% P_2O_5); and an overall resource increase to 66Mt @ 15.3% P_2O_5 (up from 46Mt @ 17.2% P_2O_5), refer to **Table 10** below:

Table 10– Kanzi Project – Total Inferred Resource Estimate

Kanzi Project – Total Inferred Resource		
Sample Cut-off grade (P_2O_5)	Total Tons (Million)	Average P_2O_5 grade (%)
0%	66	15.3%
12.50%	44	21.4%

Given the substantial increase in high grade resources, together with the recent positive findings of the Cacata Project Scoping Study, Minbos considers that the Kanzi Project has the potential to support an economically viable operation of approximately 1.5Mtpa phosphate rock export operation. The Kanzi high grade deposit is ideally located to road infrastructure and the Port of Boma in far western DRC; and Minbos remains very confident that the BFS will demonstrate robust financials.

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.

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(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 planned work program is shown below:

Exploration and Drilling

(a) Aircore Drilling

i. Wallis Drilling has been contracted to recommence aircore drilling at Kanzi.

ii. The immediate priority is 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.

(b) Diamond Drilling

i. The rig contracted from Wallis has both aircore and diamond capability.

ii. Based on the success of the infill aircore program a short diamond program will be undertaken to further upgrade the Indicated Mineral Resources to Measured, provide samples for metallurgical testwork and to provide information for the mining and environmental components of the BFS.

Once the infill and diamond drilling program has been completed, exploration drilling will continue within the local and regional areas with a view to continuing to increase the total resource base for the project.

Feasibility Studies

(c) Scoping Study

i. The scoping study commenced on Kanzi during November 2011 was temporarily halted pending the resolution of the JV discussions with Allamanda.

ii. The activities have been recommenced.

Metallurgical results and the final report are due in the second half of 2012.

(d) Bankable Feasibility Study

i. 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 Cacata scoping study, Minbos has requested offers from consultants to complete the study and expect

to have the selection process complete to coincide with announcing the results of the Kanzi scoping study.

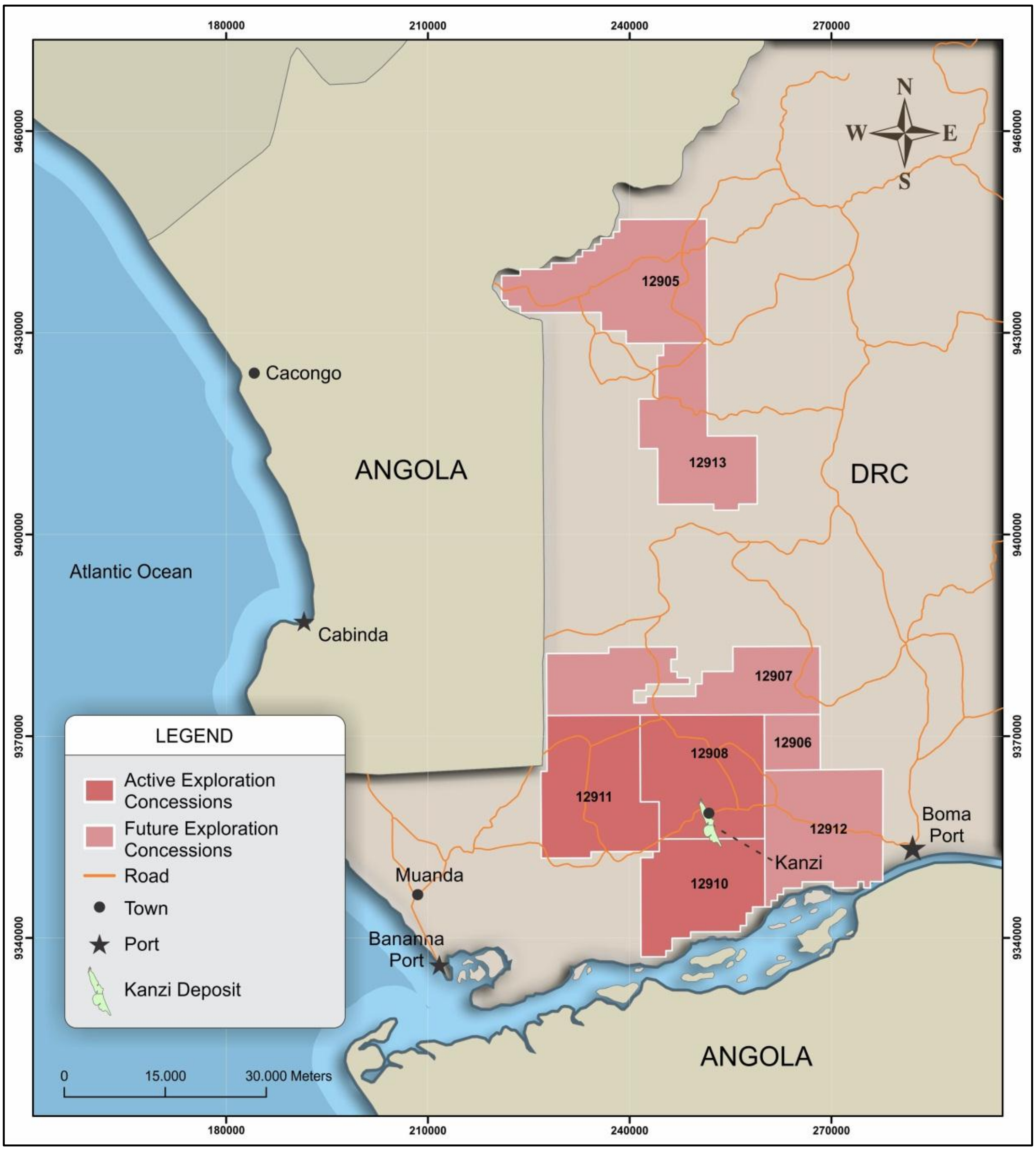
Review of Operations

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) contains a historical (non-JORC) inventory of 70Mt @ 15% P_2O_5, including of 14Mt @ 19.5% P_2O_5.

Figure 8 – DRC Licences



Review of Operations

4. DINGE POTASH LICENCE

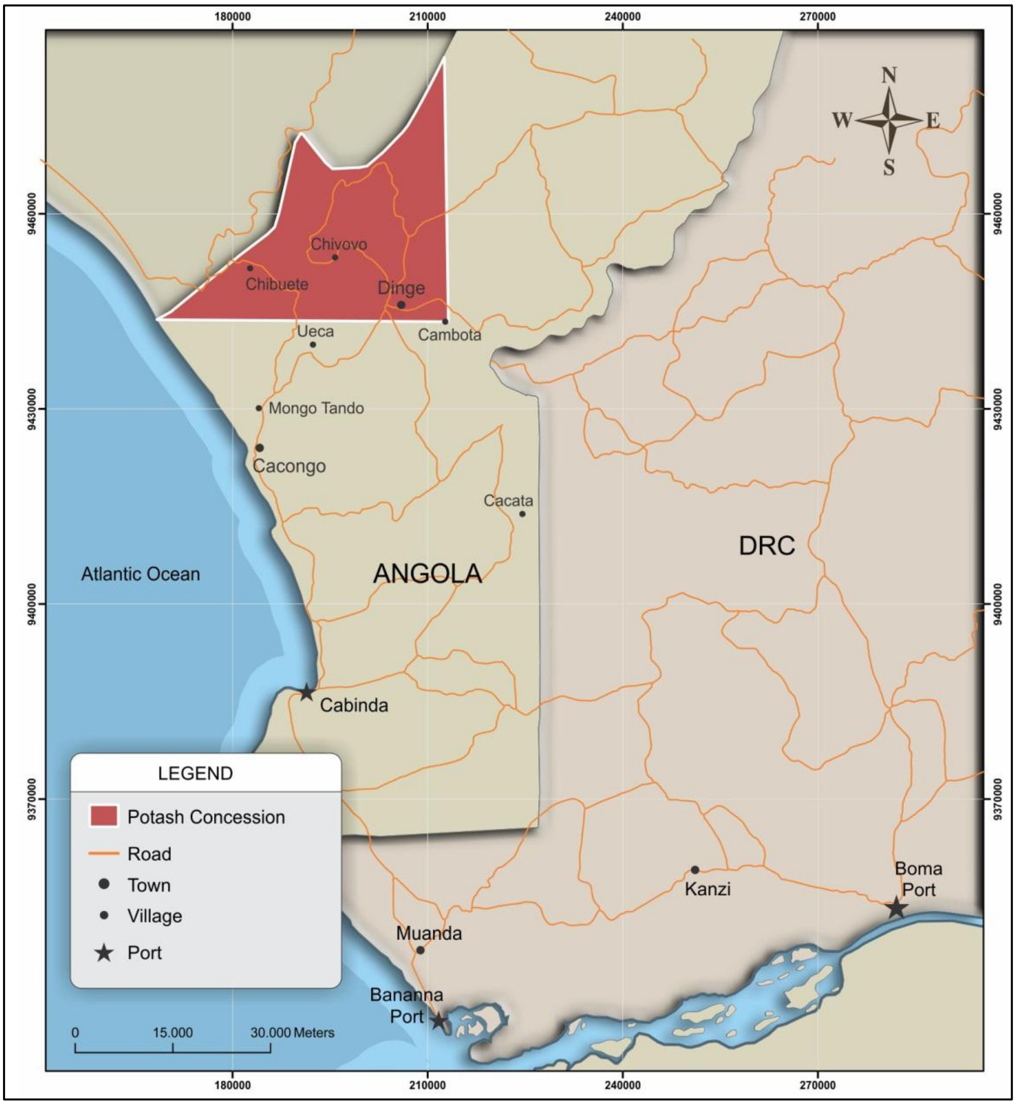
During the financial year ended 30 June 2012, the Company entered into an agreement, subject to technical and legal due diligence, to acquire 75% of the Dinge potash licence from Alum Industrial Lda ("**Alum**"), a private Angolan mineral exploration company.

The Dinge potash licence complements the Company's phosphate projects in the Cabinda Province and positions Minbos to capitalise on the increasing demand for fertilisers. A large proportion of the Dinge licence area overlaps Minbos' Cabinda phosphate projects and in many areas such as Chivovo, the potash mineralisation underlies the phosphate mineralisation, as shown in **Figure 9.**

The occurrence of phosphate and potash mineralisation within the same licence areas is potentially an exciting development for Minbos as it would also avail the potential for shared infrastructure such as ports and roads whilst also providing significant operational and costs advantages.

Due diligence is ongoing, as are the negotiations with the owners and the other interested parties to finalise an agreement and structure that will maximise the potential of these licences for those involved.

Figure 9 – Location of the Dinge Potash Licence



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 17 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 2004 Edition). Ms Body has consented to inclusion of this information in the form and context in which it appears.

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 2012.

1. INFORMATION ON THE BOARD OF DIRECTORS

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

Mr Peter Richards – Executive Chairman (appointed 16 June 2010)
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 the past three years Mr Richards has also held and currently retains the following directorships on the following Company Boards: Non-Executive Chairman of Kangaroo Resources Limited and Non-Executive Director of NSL Consolidated Limited, Emeco Holdings Limited, Sedgman Limited, and Norfolk Group Limited.

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 the past three years Mr Reeves held the following directorships: Managing Director of Ferrex Plc (current), a UK listed company, and previously held the position of Non-Executive Director of ASX listed Company Southern Crown Resources Limited (resigned 19 March 2012).

Mr John Ciganek – Non Executive Director (appointed 16 June 2010)
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 BurnVoir Corporate Finance working on a range of corporate advisory transactions focused on the

Directors' Report

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), Byrnecut Mining, Reynolds Yilgarn Gold and Comalco.

During the past three years Mr Ciganek held the position of Non-Executive Director of ASX listed Company Conto Resources Limited (resigned: 19 September 2011).

Mr Domingos Catulichi – Non Executive Director (appointed 20 July 2010)

Mr Catulichi is a mining industry professional and a qualified diamond evaluator. He has over 12 years' experience in the exploration and mining industry in Angola. Mr Catulichi has been directly involved with several alluvial and kimberlite diamond projects in Angola, many of which are now owned and operated by listed entities. Mr Catulichi holds various business interests in Angola including hotels, transportation, general trading and mining.

Mr Catulichi held no other directorships during the past three years.

Mr Faldi Ismail – Non Executive Director (appointed 17 December 2009, resigned 1 January 2012)
B.Bus, MAICD

Mr Ismail has significant experience working as a corporate advisor specialising in the restructure and recapitalisation of a wide range of ASX-listed companies. Mr Ismail has many years of investment banking experience covering a wide range of sectors, with a specific focus on the resources sector.

Mr Ismail is the co-founder and operator of Otsana Capital, a boutique advisory firm specialising in mergers and acquisitions, capital raisings and initial public offerings (IPOs).

During the past the past three years Mr Ismail held the following directorships: Currently he is Executive Chairman of Epic Resources Limited, a Director of Kalimantan Gold Corporation Limited (TSX-V/AIM Listed), and a Non-Executive Director of Coventry Resources Limited. Mr Ismail was previously Non-Executive Director of Kangaroo Resources Limited (resigned 21 January 2011), Energio Limited (resigned 2 December 2010), Cape Range Limited (resigned 4 March 2010) and Sam's Seafood Holdings Limited (now Pan Asia Corporation Limited) (resigned 10 August 2009).

2. INFORMATION ON THE COMPANY SECRETARY

Mrs Tanya Woolley - Company Secretary (appointed 17 February 2011)
B.Com, MPA, ACSA

Mrs Woolley is a Chartered Secretary and Financial Accountant with substantial experience in the financial reporting and corporate compliance of ASX listed and unlisted companies. Mrs Woolley holds a Bachelor of Commerce degree (Finance & International Business), a Masters of Professional Accounting and a Graduate Diploma in Applied Corporate Governance.

Mrs Woolley previously held the position of Company Secretary and Financial Accountant for gold producer Kingsrose Mining Limited for three years. Prior to this she worked as an auditor at Pitcher Partners Perth,

Directors' Report

undertaking various audits of ASX listed and unlisted companies. Mrs Woolley also holds the position of Company Secretary for ASX listed companies: Conto Resources Limited and Epic Resources Limited.

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.

	Ordinary Shares			Unlisted Options		
Directors	**Fully Paid Ordinary Shares**	**Portion Restricted (a)**	**Ref.**	**Unlisted Share Options**	**Portion Restricted (a)**	**Ref.**
Peter Richards	1,192,786	142,500		3,000,000	3,000,000	(c)
David Reeves	12,603,367	11,991,667	(b)	500,000	500,000	(d)
John Ciganek	500,000	237,500		500,000	500,000	(d)
Domingos Catulichi	17,640,000	17,640,000	(b)	500,000	500,000	(d)
	31,936,153	**30,011,667**		**4,500,000**	**4,500,000**	

(a) These shares and options are escrowed for 24 months from quotation on the ASX, being 18 October 2012.
(b) Of the ordinary shares held by Messrs Reeves and Catulichi, 12,138,667 and 17,640,000 were vendor shares issued as part of the Tunan Acquisition, respectively. Refer to Note 22: Share-based Payments for further detail.
(c) Options issued to Mr Richards are Class A, B and C Director Options each exercisable at $0.20, $0.30 and $0.50 respectively. Class A and Class B options have already vested; however, Class C options do not vest until 13 October 2012. All classes of options are escrowed until 18 October 2012 and expire on 13 October 2013.
(d) Options issued to Messrs Reeves, Ciganek and Catulichi are Class A Director Options which are exercisable at $0.20 each, escrowed until 18 October 2012 and expire on 13 October 2013.

Refer to Table 2a and 2b in the Remuneration Report for further details below.

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	Appointment / Resignation	Number Eligible to Attend	Number Attended
Peter Richards	(Appointed 16 June 2010)	6	6
David Reeves	(Appointed 20 July 2010)	6	6
John Ciganek	(Appointed 16 June 2010)	6	5
Domingos Catulichi	(Appointed 20 July 2010)	6	2
Faldi Ismail	(Resigned 1 January 2012)	4	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 and development company focused on the development of phosphate and potash bearing ore within the Cabinda Province (Cabinda) of Angola and the adjoining areas of the far western Democratic Republic of Congo (DRC).

Directors' Report

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.

7. FINANCIAL RESULTS

The financial results of the Group for the year ended 30 June 2012 are:

	30-Jun-12	30-Jun-11
Cash & cash equivalents ($)	**2,081,985**	3,254,882
Net assets ($)	**12,369,977**	16,520,747
Revenue ($)	**93,572**	116,043
Net loss after tax ($)	**(9,120,739)**	(2,481,251)
Loss per share (cents)	**(0.11)**	(0.05)
Dividend ($)	**-**	**-**

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

There have been no significant changes in the state of affairs of the Group.

10. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

a) Kanzi Licences (DRC) - signing of joint venture agreement

On 1 August 2012 the Company announced the signing of a Joint Venture agreement (JV) 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"). The JV company, Phosphalux SPRL ("Phosphalux JV"), is a special purpose DRC registered company that owns the Kanzi mining permit and several exploration licences, of which Minbos, through its 100% owned subsidiary Agrim SPRL, holds a 65% interest in Phosphalux JV.

As part of the transaction, Minbos will issue 2,600,000 shares, pay a fee of USD $162,500 and provide initial funding of $600,000 to Allamanda to earn its interest in the Phosphalux JV. In addition, it will pay a sales revenue royalty of 3% to Allamanda who will in turn be responsible for any government royalty payments for the entire project and will pay a once off fee in 12 months of USD0.05 per tonne of contained phosphate for Indicated Resources grading greater than 20% P_2O_5 capped at a maximum of USD $1,000,000. This option provides Minbos, via Phosphalux JV, with the exclusive right to explore and develop the remaining concessions owned by Allamanda at a time determined by Minbos.

b) Everspring Partners - Consultancy Mandate

On 4 July 2012, 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 shall receive a monthly retainer of A$10,000 per month; reimbursement for any out-of-pocket

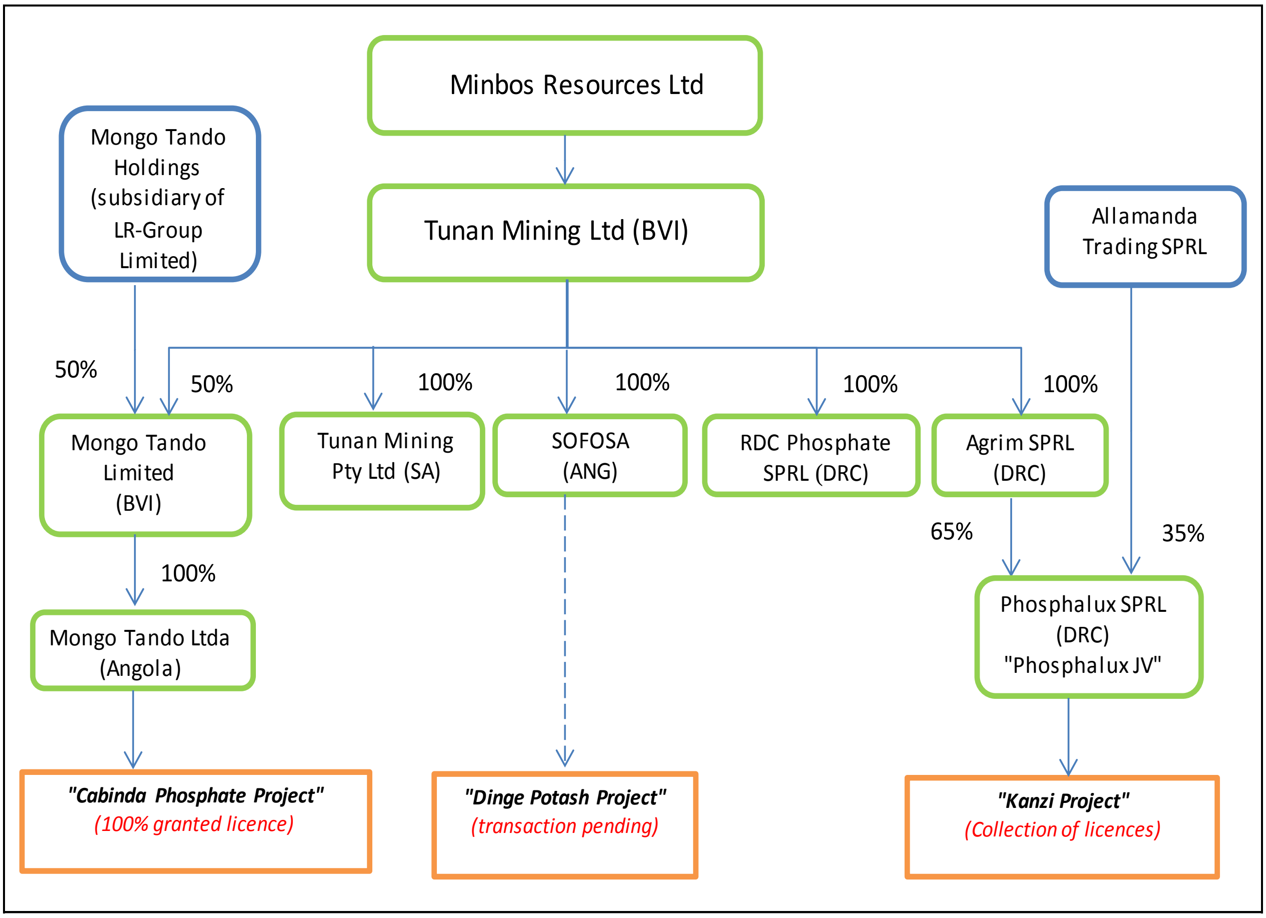
Directors' Report

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 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.

11. CORPORATE STRUCTURE

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.
-->	The Company entered into an Agreement to acquire 75% of the Dinge Potash Licence, however, this is pending successful completion of legal and technical due diligence.
	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 2012 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

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

For the purposes of this report, the term 'Executive' includes the Chief Executive Officer (CEO), Executive Directors, senior executives, general managers and secretaries of the Parent and 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**
Peter Richards	Executive Chairman	16/06/2010	-
David Reeves	Non-Executive Director	20/07/2010	-
John Ciganek	Non-Executive Director	16/06/2010	-
Domingos Catulichi	Non-Executive Director	20/07/2010	-
Faldi Ismail	Non-Executive Director	17/12/2009	1/01/2012
Other Key Management Personnel			
Robert McCrae	Chief Executive Officer	29/06/2010	-

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 Directors
- I Adoption of Remuneration Report by Shareholders

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 and the Chief Executive Officer of the Company.

Directors' Report

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 a remuneration consultant to provide recommendations when setting the remuneration received by Directors. 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. 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 NED pool at the 2012 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.

During the financial year, Non-Executive Directors received combined fees totalling $178,000. Director fees were paid to Messrs Reeves, Ciganek and Catulichi for the entire financial year whilst Mr Ismail was paid until January 2012 following his resignation. 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.

During the financial year, the Company's Executive Chairman, Mr Richards, received fees totalling $100,000 (plus GST) and the Company's CEO, Mr McCrae, received fees totalling $180,000 (excluding GST).

The Board approves the remuneration arrangements of the CEO and Executives. 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

Director and Executive remuneration is currently not linked to either long term incentive (LTI) or short term incentive (STI) performance conditions.

With regards to STI arrangements, due to the small number of Executives and the need for them to be flexible and multi-tasked there is no formal process currently in place for defining Key Performance Indicators (KPI's) and setting targets against the KPI's. Due to the absence of any set KPI's the existing remuneration is not linked to Company Performance. As such there were no STI-based payments made during the financial year.

With regards to LTI arrangements, 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.

Directors' Report

To date, 17,600,000 options are currently 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 of options granted to Key Management Personnel and **Table 3** provides details on the value of options not yet vested.

D Details of Remuneration

The Key Management Personnel of the Group are the Board of Directors and the CEO.

During the financial years ended 30 June 2012 and 30 June 2011, the Directors received no long-term benefits or termination benefits. The only remuneration received by the Directors within these periods were short-term employee benefits and share-based payments.

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

	Short-term employee benefits				Post-employment benefits	Share-based payments		Percentage of remuneration consisting of options for the year
30-Jun-12	Salary & fees $	Cash bonus $	Non-monetary $	Other $	Super-annuation $	Options & rights $	Total $	%
<u>Directors</u>								
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 Catulichi	46,000	-	-	-	-	-	46,000	-
Sub-total	278,000	-	-	-	-	48,829	326,829	
<u>Other Key Management</u>								
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.

Directors' Report

Table 1b: Remuneration of Key Management Personnel of the Company and the Group for the year ended 30 June 2011 is set out below:

	Short-term employee benefits				Post-employment benefits	Share-based payments		Percentage of remuneration consisting of options for the year
30-Jun-11	Salary & fees $	Cash bonus $	Non-monetary $	Other $	Super-annuation $	Options & rights $	Total $	%
Directors								
Peter Richards	75,000	-	-	-	-	159,691	234,691	68%
Faldi Ismail	39,500	-	-	-	-	43,881	83,381	53%
David Reeves	45,000	-	-	-	-	43,881	88,881	49%
John Ciganek	18,000	-	-	-	-	43,881	61,881	71%
Domingos Catulichi	18,000	-	-	-	-	43,881	61,881	71%
Sub-total	195,500	-	-	-	-	335,215	530,715	
Other Key Management								
Robert McCrae	135,000	-	-	-	-	159,691	294,691	54%
Sub-total	135,000	-	-	-	-	159,691	294,691	
Total	330,500	-	-	-	-	494,906	825,406	

All Directors and Other Key Management Personnel (excluding Mr Ismail) commenced receiving remuneration from October 2010. Mr Ismail received Non-Executive fees for the entire year ended 30 June 2011.

E Contractual Arrangements

- Mr Peter Richards – *Executive Chairman*
  - Contract date: 16 June 2010. Remuneration commenced from October 2010.
  - Director's Fee: $100,000 per annum (plus GST). Remuneration is reviewed annually.
  - Term: Mr Richard's contract is 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 effective 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 as detailed in Table 2b.

- 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) which remains unchanged from prior year. Remuneration levels of Non-Executive Directors 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 as detailed in Table 2b.

- Mr John Ciganek – *Non-Executive Director*
  - Contract date: 16 June 2010. Remuneration commenced from October 2010.
  - Director's Fee: Prior year fees were set at $2,000 per month (plus GST); however, from July 2011 onwards, Mr Ciganek received an increase in fees to $4,000 per month (plus GST). Remuneration levels of Non-Executive Directors are discussed further in Note 2 below.

Directors' Report

- 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 as detailed in Table 2b.

➢ Mr Domingos Catulichi – *Non-Executive Director*

- Contract date: 20 July 2010. Remuneration commenced from October 2010.
- Director's Fee: Prior year fees were set at $2,000 per month (excluding GST); however, in July 2011 Mr Catulichi received an increase in fees to $4,000 per month (excluding GST) which were then reduced back to $2,000 per month (excluding GST) in June 2012. The incremental increase and decrease in fees during the year were commensurate with either an increase or decrease in responsibilities. Remuneration levels of Non-Executive Directors are discussed further in Note 2 below.
- Term: See Note 2 below for details pertaining to re-appointment and termination.
- Prior to listing on the ASX, Mr Catulichi received 500,000 Directors Options as detailed in Table 2b.

➢ Mr Faldi Ismail– *Non-Executive Director*

- Contract date: 17 December 2009. Remuneration commenced from October 2010.
- Resignation date: 1 January 2012.
- Director's Fee: Prior year fees were set at $2,000 per month (plus GST); however, from July 2011 onwards, Mr Ismail received an increase in fees to $4,000 per month (plus GST). Remuneration levels of Non-Executive Directors 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 Ismail received 500,000 Directors Options as detailed in Table 2b.

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). During the financial year, Non-Executive Directors received combined fees totalling $178,000. The Board will not seek any increase for the NED pool at the 2012 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 Robert McCrae – *Chief Executive Officer*

- Contract date: 1 October 2010.
- 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.
- 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 as detailed in Table 2b.

Directors' Report

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.

➢ **<u>Options</u>**

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.

➢ **<u>Shares</u>**

There were no 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 2012.

All Class A options that were granted to Key Management Personnel, and vested immediately, during the financial year ended 30 June 2011 remain escrowed up until 18 October 2012.

All 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 however, remain escrowed up until 18 October 2012.

All Class C options that were granted to Key Management Personnel during the financial year ended 30 June 2011, do not vest until 13 October 2012 and are escrowed up until 18 October 2012.

Refer to **Table 2a** and **Table 2b** below for further detail.

Directors' Report

H Value of Options to Directors

Table 2a: The value of options to Key Management Personnel for the 2012 financial year are set out below:

Key Management Personnel	Class of Options	Granted Options	Issue Date	Exercise price per Option	Expiry Date	Vesting Date	Fair Value per Option at Issue Date	Total Value of Options at Issue Date	Share-based payment during the year	Share-based payment not yet recognised	First Exercise Date	Last Exercise Date	Vested Number of Options	% Options Vested
Peter Richards	Class B	1,000,000	13-Oct-10	$ 0.30	13-Oct-13	11-Oct-11	$ 0.07	$ 73,315	$ 21,091	$ -	18-Oct-12	13-Oct-13	1,000,000	100%
Peter Richards	Class C	1,000,000	13-Oct-10	$ 0.50	13-Oct-13	13-Oct-12	$ 0.06	$ 55,402	$ 27,739	$ 7,958	13-Oct-12	13-Oct-13	-	-
Robert McCrae	Class B	1,000,000	13-Oct-10	$ 0.30	13-Oct-13	11-Oct-11	$ 0.07	$ 73,315	$ 21,091	$ -	18-Oct-12	13-Oct-13	1,000,000	100%
Robert McCrae	Class C	1,000,000	13-Oct-10	$ 0.50	13-Oct-13	13-Oct-12	$ 0.06	$ 55,402	$ 27,739	$ 7,958	13-Oct-12	13-Oct-13	-	-
								$ 257,434	$ 97,660	$ 15,916			2,000,000	

Table 2b: The value of options to Key Management Personnel, either granted, exercised, lapsed or vested during the 2011 financial year are set out below:

Key Management Personnel	Class of Options	Granted Options	Issue Date	Exercise price per Option	Expiry Date	Vesting Date	Fair Value per Option at Issue Date	Total Value of Options at Issue Date	Share-based payment during the year	Share-based payment not yet recognised	First Exercise Date	Last Exercise Date	Vested Number of Options	% Options Vested
Peter Richards	Class A	1,000,000	13-Oct-10	$ 0.20	13-Oct-13	-	$ 0.09	$ 87,761	$ 87,761	$ -	18-Oct-12	13-Oct-13	1,000,000	100%
Peter Richards	Class B	1,000,000	13-Oct-10	$ 0.30	13-Oct-13	11-Oct-11	$ 0.07	$ 73,315	$ 52,225	$ 21,091	18-Oct-12	13-Oct-13	-	-
Peter Richards	Class C	1,000,000	13-Oct-10	$ 0.50	13-Oct-13	13-Oct-12	$ 0.06	$ 55,402	$ 19,705	$ 35,697	13-Oct-12	13-Oct-13	-	-
Faldi Ismail	Class A	500,000	13-Oct-10	$ 0.20	13-Oct-13	-	$ 0.09	$ 43,881	$ 43,881	$ -	18-Oct-12	13-Oct-13	500,000	100%
David Reeves	Class A	500,000	13-Oct-10	$ 0.20	13-Oct-13	-	$ 0.09	$ 43,881	$ 43,881	$ -	18-Oct-12	13-Oct-13	500,000	100%
John Ciganek	Class A	500,000	13-Oct-10	$ 0.20	13-Oct-13	-	$ 0.09	$ 43,881	$ 43,881	$ -	18-Oct-12	13-Oct-13	500,000	100%
Domingos Catulichi	Class A	500,000	13-Oct-10	$ 0.20	13-Oct-13	-	$ 0.09	$ 43,881	$ 43,881	$ -	18-Oct-12	13-Oct-13	500,000	100%
Robert McCrae	Class A	1,000,000	13-Oct-10	$ 0.20	13-Oct-13	-	$ 0.09	$ 87,761	$ 87,761	$ -	18-Oct-12	13-Oct-13	1,000,000	100%
Robert McCrae	Class B	1,000,000	13-Oct-10	$ 0.30	13-Oct-13	11-Oct-11	$ 0.07	$ 73,315	$ 52,225	$ 21,091	18-Oct-12	13-Oct-13	-	-
Robert McCrae	Class C	1,000,000	13-Oct-10	$ 0.50	13-Oct-13	13-Oct-12	$ 0.06	$ 55,402	$ 19,705	$ 35,697	13-Oct-12	13-Oct-13	-	-
		8,000,000						$ 608,480	$ 494,906	$ 113,576			4,000,000	

Directors' Report

Table 3: Value of options granted yet to vest.

Of the options issued to Key Management Personnel, it is only the Class C options that remain unvested as at 30 June 2012. They do not vest until 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	Class A options	2010	100%	-	30/06/2011	-
	Class B options	2010	100%	-	30/06/2012	-
	Class C options	2010	-	-	30/06/2013	55,402
Faldi Ismail (i)	Class A options	2010	100%	-	30/06/2011	-
David Reeves	Class A options	2010	100%	-	30/06/2011	-
John Ciganek	Class A options	2010	100%	-	30/06/2011	-
Domingoes Catulichi	Class A options	2010	100%	-	30/06/2011	-
Robert McCrae	Class A options	2010	100%	-	30/06/2011	-
	Class B options	2010	100%	-	30/06/2012	-
	Class C options	2010	-	-	30/06/2013	55,402
						110,804

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

I Adoption of Remuneration Report by Shareholders

The adoption of the Remuneration Report for the financial year ended 30 June 2011 was put to the shareholders of the Company at the Annual General Meeting of held 30 November 2011. All proxies received were in favour of the resolution and 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	13/10/2013	$0.20	4,000,000
Class B Options	13/10/2013	$0.30	2,000,000
Class C Options	13/10/2013	$0.50	2,000,000
Broker Options	13/10/2013	$0.20	6,000,000
Employee Options	18/04/2014	$0.20	500,000
Consultancy Options	18/04/2014	$0.50	100,000
Consultancy Options	30/04/2014	$0.25	3,000,000
			17,600,000

Directors' Report

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 year.

14. PROCEEDINGS ON BEHALF OF THE COMPANY

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

15. INDEMNIFYING OFFICERS

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

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

16. LIKELY DEVELOPMENTS

As disclosed in the Quarterly Activities Reports for the three months ended 30 June 2012 (lodged 31 July 2012 on the ASX Company Announcements Platform), the likely developments of the Company are anticipated to be as follows:

Kanzi Prospect

- Commencement of BFS Activities – Metallurgical test work and environmental work.

Cabinda Project

- Cacata resource estimate update; and
- Commencement of a bankable feasibility study on the Cacata prospect within the Cabinda project area.

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.

Directors' Report

18. NON-AUDIT SERVICES

The Board of Directors advises that non-audit services were provided by the Company's auditors during the financial year. During the financial year the following non-audit services were provided by related entities of BDO Audit (WA) Pty Ltd.

Non-Audit Services	**30-Jun-12**	30-Jun-11
Remuneration for other services	**$**	$
BDO Corporate Finance (WA) Pty Ltd - Investigating accountant's report	**-**	22,249
BDO Corporate Tax (WA) Pty Ltd - Transfer pricing advice	**26,178**	-
Total Non-Audit Services	**26,178**	22,249

19. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 38 and forms part of the Directors' Report for the financial year ended 30 June 2012.

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

Mr Peter Richards
Executive Chairman
Thursday, 6 September 2012

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Fax: +8 6382 4601
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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

6 September 2012

The Directors
Minbos Resources Limited
108 Outram Street
WEST PERTH WA 6005

Dear Sirs,

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 2012, 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

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

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.	***Lay solid foundations for management and oversight***	
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.	At present the only senior executives of the Company, who are not Directors, are the Chief Executive Officer ("CEO") and the Company Secretary. The evaluation of the performance of the CEO is assessed annually (or on an as needed basis) and in accordance with the terms and conditions of the employment agreement entered into by the Company with the CEO. 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.
1.3	Companies should provide the information indicated in the *Guide to reporting on Principle 1*.	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).
2.	***Structure the board to add value***	
2.1	A majority of the board should be independent directors.	Mr Ciganek was deemed to be independent as at 30 June 2012 however, with effect from 4 July 2012, entered into a consultancy mandate deeming him no longer to be independent. As at the date of signing this report, none of the Board are independent directors. Please refer to Point

Corporate Governance Statement

		2.1a below for further explanation.
2.2	The chair should be an independent director.	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.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The Chief Executive Officer role is not being fulfilled by the Executive Chairman.

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 Catulichi are substantial shareholders holding more than 5% of the shares in the Company, therefore deeming them to be not independent.

Mr Ciganek was independent as at 30 June 2012, however, at the date of signing of this report, Mr Ciganek is no longer deemed to be independent. On 4 July 2012, 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 shall receive a monthly retainer of A$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. For further information refer to Note 28: Subsequent Events.

Corporate Governance Statement

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 is 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.

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 not yet developed a formal process for performance evaluation at this time, however, 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. Although no formal process has been adopted, 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 *Guide to reporting on Principle 2*.	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	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • 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.	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: 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	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The	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

Corporate Governance Statement

	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.	committed to providing a diverse workplace that embraces and promotes diversity. Minbos Resources Limited is an equal opportunity employer and welcomes people from different backgrounds. Full details of the Company's diversity policy can be found on the Company website – www.minbos.com
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 and Financial Accountant is currently fulfilled by Mrs Tanya Woolley. Mrs Woolley is engaged by the Board through consultancy company, Blue Horse Corporate Pty Ltd.
3.5	Companies should provide the information indicated in the *Guide to reporting on Principle 3*.	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.	***Safeguard integrity in financial reporting***	
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	The audit committee should be structured so that it: • 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.	Matters typically dealt with the Audit Committee are currently dealt with the Board of Directors. 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. 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.
4.3	The audit committee should have a formal charter.	No charter has been developed, as there is no audit committee due to the role currently being fulfilled by the Board. The Board however, has a formal charter and code

Corporate Governance Statement

		of conduct in place, as disclosed in the Corporate Governance Plan available on the Company's website.
4.4	Companies should provide the information indicated in the *Guide to reporting on Principle 4*.	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.
5.	***Make timely and balanced disclosure***	
5.1	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.	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. 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.
5.2	Companies should provide the information indicated in *Guide to Reporting on Principle 5.*	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.
6.	***Respect the rights of shareholders***	
6.1	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.	Pursuant to Principle 6, the Company's objective is to ensure effective communication with its shareholders at all time. 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.
6.2	Companies should provide the information indicated in the *Guide to reporting on Principle 6*.	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.
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	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

Corporate Governance Statement

	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.	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 Chief Executive Officer and Executive Chairman 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 *Guide to Reporting on Principle 7.*	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.
8.	***Remunerate fairly and responsibly***	
8.1	The Board should establish a remuneration committee.	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. The remuneration philosophy, structure and approvals process is explained in detail in Section 12 of the audited Remuneration Report contained within the Directors' Report.
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent director • has at least three members	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. 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.

Corporate Governance Statement

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 *Guide to reporting on Principle 8*.	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 Comprehensive Income

	Notes	30-Jun-12 $	30-Jun-11 $
Revenue from continuing operations	6	**93,572**	116,043
Share-based payments	22	**(557,319)**	(523,563)
Personnel expenses	7	**(702,075)**	(484,460)
Administration fees	7	**(1,826,035)**	(1,002,195)
Foreign exchange loss		**27,188**	(350,482)
Finance costs		**(17,910)**	(1,609)
Exploration and evaluation written off	14	**(6,743,199)**	-
Share of net loss from associate	13	**(1,344,039)**	(234,985)
Loss from continuing operations before income tax		**(11,069,817)**	(2,481,251)
Income tax benefit	8	**1,949,078**	-
Loss from continuing operations after income tax		**(9,120,739)**	(2,481,251)
Other comprehensive income			
Exchange differences on translation of foreign operation		**(150,709)**	114,240
Other comprehensive income/(loss) for the year, net of tax		**(150,709)**	114,240
Total comprehensive loss for the year		**(9,271,448)**	(2,367,011)
Loss for the year is attributable to the owners of Minbos Resources Limited		**(9,120,739)**	(2,481,251)
Total comprehensive loss for the year is attributable to the owners of Minbos Resources Limited		**(9,271,448)**	(2,367,011)
Loss per share attributable to ordinary equity holders			
- Basic loss per share	9	**(0.11)**	(0.05)
- Diluted loss per share	9	**(0.11)**	(0.05)

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Notes	30-Jun-12 $	30-Jun-11 $
ASSETS			
Current assets			
Cash and cash equivalents	10	2,081,985	3,254,882
Trade and other receivables	11	329,089	345,940
Total current assets		2,411,074	3,600,822
Non-current assets			
Property, plant & equipment	12	182,929	188,785
Investments in associate	13	9,665,655	11,009,694
Exploration and evaluation expenditure	14	-	6,168,652
Other financial assets	15	4,149,762	1,610,495
Total non-current assets		13,998,346	18,977,626
Total assets		16,409,420	22,578,448
LIABILITIES			
Current liabilities			
Trade and other payables	16	92,398	172,986
Provisions	17	11,408	-
Total current liabilities		103,806	172,986
Non-current liabilities			
Deferred tax liabilities	8(c)	3,935,637	5,884,715
Total non-current liabilities		3,935,637	5,884,715
Total liabilities		4,039,443	6,057,701
Net assets		12,369,977	16,520,747
EQUITY			
Contributed Equity	18	22,907,859	18,344,500
Reserves	19	1,134,413	727,803
Accumulated losses	20	(11,672,295)	(2,551,556)
Total equity		12,369,977	16,520,747

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

Consolidated Statement of Changes in Equity

	Contributed Equity $	Share-based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
At 1 July 2011	**18,344,500**	**613,563**	**114,240**	**(2,551,556)**	**16,520,747**
Comprehensive income:					
Loss for the period	**-**	**-**	**-**	**(9,120,739)**	**(9,120,739)**
Other comprehensive loss for the period	**-**	**-**	**(150,709)**	**-**	**(150,709)**
Total comprehensive loss for the period	**-**	**-**	**(150,709)**	**(9,120,739)**	**(9,271,448)**
Transactions with owners in their capacity as owners:					
Issue of share capital	**4,879,350**	**-**	**-**	**-**	**4,879,350**
Capital raising costs	**(315,991)**	**-**	**-**	**-**	**(315,991)**
Share-based payments	**-**	**557,319**	**-**	**-**	**557,319**
At 30 June 2012	**22,907,859**	**1,170,882**	**(36,469)**	**(11,672,295)**	**12,369,977**

	Contributed Equity $	Share-based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
As 1 July 2010	962,300	-	-	(70,305)	891,995
Comprehensive income:					
Loss for the period	-	-	-	(2,481,251)	(2,481,251)
Other comprehensive income for the period	-	-	114,240	-	114,240
Total comprehensive income / (Loss) for the period	-	-	114,240	(2,481,251)	(2,367,011)
Transactions with owners in their capacity as owners:					
Issue of share capital	18,000,000	-	-	-	18,000,000
Capital raising costs	(617,800)	-	-	-	(617,800)
Share-based payments	-	613,563	-	-	613,563
At 30 June 2011	18,344,500	613,563	114,240	(2,551,556)	16,520,747

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

Consolidated Statement of Cash Flows

	Note	30-Jun-12 $	30-Jun-11 $
Cash flows from operating activities			
Payment to suppliers and employees		**(2,515,957)**	(1,954,246)
Interest received		**88,411**	116,043
Interest paid		**(41)**	(88)
Other revenue		**3,090**	-
Net cash outflow from operating activities	**10**	**(2,424,497)**	(1,838,291)
Cash flows from investing activities			
Payment for plant and equipment		**(42,646)**	(207,846)
Payment for exploration and evaluation expenditure		**(574,548)**	(1,358,769)
Cash acquired as part of acquisition of subsidiary		**-**	62,811
Net cash outflow from investing activities		**(617,194)**	(1,503,804)
Cash flows from financing activities			
Proceeds from the issue of shares, net of issue costs		**4,563,359**	7,382,200
Loan to associate		**(2,562,692)**	(1,610,495)
Net cash inflow from financing activities		**2,000,667**	5,771,705
Net (decrease) / increase in cash and cash equivalents		**(1,041,024)**	2,429,610
Cash and cash equivalents at the beginning of the year		**3,254,882**	825,272
Effect of exchange rate fluctuations on cash held		**(131,873)**	-
Cash and cash equivalents at the end of the year	**10**	**2,081,985**	3,254,882

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 is 108 Outram Street, West Perth, WA 6005. The address of the Company's representative office in Johannesburg is 42 Kyalami Boulevard, Kyalami Business Park, Kyalami, Johannesburg, South Africa. The consolidated financial statements of the Company as at and for the year ended 30 June 2012 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

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report of the Consolidated Entity also complies with IFRSs and interpretations adopted by the International Accounting Standards Board.

Separate financial statements for Minbos Resources Limited, as an individual entity, are no longer presented as a consequence of a change to the Corporations Act 2001. Financial information for Minbos Resources Limited as an individual entity is included in Note 24: Parent Entity.

The financial report was authorised for issue by the Directors on 6 September 2012.

(b) 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.

(c) New and amended standards adopted by the Company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(d) Early adoption of standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

(e) 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 ($9,120,739) and incurred net cash outflows from operating and investing activities of ($3,041,691).

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. The Directors believe that the consolidated entity will continue as a going concern. As a

Notes to the Consolidated Financial Statements

result the financial report has been prepared on a going concern basis. However should the consolidated entity be unsuccessful in undertaking additional raisings the consolidated entity may not be able to continue as a going concern. 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.

(f) Use of 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 Consolidated Entity.

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.

(ii) Note 14: Exploration and evaluation expenditure - The Group's accounting policy for exploration and evaluation is set out in note 3(e). 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.

(iii) Note 22: Share-based payments - The Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes option pricing model and/or the Binomial 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.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Consolidated Entity, being Minbos Resources Limited ("Company" or "Parent Entity") and its subsidiaries as defined in AASB 127: Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

Notes to the Consolidated Financial Statements

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. Acquisitions of entities are accounted for using the acquisition method of accounting.
In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests' in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position respectively. Total comprehensive income is attributable to the owners of Minbos Resources Limited and non-controlling interests even if this results in the non-controlling interests having a debit balance.

Investments in subsidiaries are accounted for at cost in the financial report of Minbos Resources Limited.

(ii) Transactions eliminated on consolidation

All intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Consolidated Entity's interest in the entity with adjustments made to the 'Investment in Associates' and 'Share of Associates Net Profit' accounts.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised as the contributed assets are consumed or sold by the associate or, if not consumed or sold by the associate, when the Consolidated Entity's interest in such entity is disposed of.

(iii) Changes in ownership interests

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

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

If the ownership 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) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the reporting period. The revenues and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Australian dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on retranslation are recognised directly in other comprehensive income via the foreign currency translation reserve (FCTR), as a separate component of equity.

(iii) Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related effective hedges are taken to translation reserve and released into the Consolidated Statement of Comprehensive Income upon disposal. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss, as part of the gain or loss on sale where applicable.

(c) 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)

Notes to the Consolidated Financial Statements

has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost it considered an indicator that the assets are impaired.

(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.

(d) Property, plant and equipment

(i) Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (i)).

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 Consolidated Entity recognises in the carrying amount of an item of property, 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 Consolidated Entity and the cost of the item can be measured reliably. All other costs are recognised in the Consolidated Statement of Comprehensive Income as an expense as incurred.

(iii) Depreciation
With the exception of freehold land and mineral property and development assets, depreciation is charged to the Consolidated Statement of Comprehensive Income using a diminishing value method over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Mineral property and development assets are depreciated on the units of production basis over the life of the economically recoverable reserves.

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

- Plant and equipment 2.5 to 10 years

Notes to the Consolidated Financial Statements

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

(e) Exploration and development expenditure

(i) Exploration and evaluation expenditure

Exploration and evaluation costs, 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 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.

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 property, plant and equipment.

(ii) Development expenditure

Development costs are accumulated in respect of each separate area of interest. Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.
When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated cost in respect of that area is written off in the financial period the decision is made. Each area of interest is reviewed at the end of each accounting period and accumulated cost written off to the extent that they will not be recoverable in the future. Impairment of assets is discussed in Note 3(i).
Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward exploration and development costs are amortised on a units of production basis over the life of economically recoverable reserves.
Development assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy 3(i)). For the purposes of impairment testing, development assets are allocated to cash-generating units to which the development activity relates. The cash generating unit shall not be larger than the area of interest.

(f) 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 Consolidated Entity's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows.

Notes to the Consolidated Financial Statements

(g) Trade and other receivables
Trade and other receivables are recorded at amounts due less any allowance for doubtful debts.

(h) 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 (see note 3(c)(iii)).

(i) Impairment
The carrying amounts of the Consolidated Entity's assets, other than exploration assets (see accounting policy (e)), and deferred tax assets, are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting period.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(i) Calculation of recoverable amount
The recoverable amount of the Consolidated Entity's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each reporting date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to

Notes to the Consolidated Financial Statements

the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss in respect of goodwill is not reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) 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.

(k) 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.

Notes to the Consolidated Financial Statements

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

(m) Employee benefits

(i) Share-based payment transactions
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. 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.

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

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

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

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

(o) Trade and other payables
Trade and other payables are non-interest bearing liabilities stated at cost and settled within 30 days.

Notes to the Consolidated Financial Statements

(p) 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.

(q) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Net financial income

Net financial income comprise interest payable on borrowings calculated using the effective interest method, interest income on funds invested, dividend income and foreign exchange gains and losses.

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

Management fees – The right of the Company to receive the management fee must exist.

(r) 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.

Notes to the Consolidated Financial Statements

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

(s) Segment reporting

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

(t) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(u) 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. These standards are not expected to have a material impact on the Group.

AASB	REF	DESCRIPTION
AASB 9	(v)	Financial Instruments*
AASB 10	(i)	Consolidated Financial Statements
AASB 11	(i)	Joint Arrangements
AASB 12	(i)	Disclosure of Interests in Other Entities
AASB 13	(i)	Fair Value Measurement
AASB 119	(i)	Employee Benefits
AASB 127	(i)	Separate Financial Statements
AASB 128	(i)	Investments in Associates and Joint Ventures
AASB 1053	(ii)	Application of Tiers of Australian Accounting Standards
AASB 2010-7	(i)	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]
AASB 2011-4	(ii)	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements[AASB 124]
AASB 2011-6	(ii)	Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131

Notes to the Consolidated Financial Statements

AASB	REF	DESCRIPTION
AASB 2011-7	(ii)	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17
AASB 2011-9	(iii)	Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]
AASB 2011-10	(i)	Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14
AASB 2011-12	(i)	Amendments to Australian Accounting Standards arising from Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine.

(i) Applies to annual reporting periods beginning on or after 1 January 2013.
(ii) Annual reporting periods beginning on or after 1 July 2013.
(iii) Annual reporting periods beginning on or after 1 July 2012.
(iv) Annual reporting periods beginning on or after 1 January 2012.
(v) Annual reporting periods beginning on or after 1 January 2015.

4. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash, short-term deposits, receivables, and payables. At the reporting date, the Group had the following mix of financial assets and liabilities:

	30-Jun-12	30-Jun-11
	$	$
Financial assets		
Cash and cash equivalents	**2,081,985**	3,254,882
Trade and other receivables	**329,089**	345,940
Other financial assets	**4,149,762**	1,610,495
	6,560,836	5,211,317
Financial liabilities		
Trade and other payables	**92,398**	172,986
	92,398	172,986
Net exposure	**6,468,438**	5,038,331

Risk exposures and responses

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. 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. Primary responsibility for identification and control of financial risks rests with the Board of Directors because, due to the size of the Group, there is currently no audit committee.

Notes to the Consolidated Financial Statements

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash at bank held with variable interest rates. The Group does not rely on the generation of interest on cash at bank to provide working capital and as a result does not consider this to be material to the Group and have therefore not undertaken any further analysis of exposure other than the analysis in the table below:

	Weighted Average Interest Rate	**30-Jun-12**	Weighted Average Interest Rate	30-Jun-11
	%	**$**	%	$
Financial assets				
Cash and cash equivalents	**3.27%**	**2,081,985**	3.58%	3,254,882

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 2012, 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-12	30-Jun-11	**30-Jun-12**	30-Jun-11
	$	$	**$**	$
Judgements of reasonably possible movements:				
+ 3.0% (300 basis points)	**43,722**	68,353	**-**	-
- 1.0% (100 basis points)	**(14,574)**	(22,784)	**-**	-

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.

Foreign currency risk

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 and net investments in foreign operations.

Notes to the Consolidated Financial Statements

The Group's exposure to foreign currency risk at the reporting date were as follows:

	30-Jun-12		30-Jun-11	
	USD	**ZAR**	USD	ZAR
	$	**R**	$	R
Financial Assets				
Cash and cash equivalents	**222,217**	**194,368**	66,599	606,145
Trade and other receivables	**57,733**	**868,988**	-	377,662
Other financial assets	**-**	**-**	719,878	-
	279,950	**1,063,356**	786,477	983,807
Financial Liabilities				
Trade and other payables	**27,407**	**44,713**	19,226	64,849
	27,407	**44,713**	19,226	64,849
Net exposure	**252,543**	**1,018,643**	767,251	918,958

At 30 June 2012, 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-12	30-Jun-11	**30-Jun-12**	30-Jun-11
	$	$	**$**	$
Judgements of reasonably possible movements:				
AUD/USD +10%	**17,678**	53,708	**-**	-
AUD/USD - 10%	**(17,678)**	(53,708)	**-**	-
AUD/ZAR +10%	**71,305**	64,327	**-**	-
AUD/ZAR - 10%	**(71,305)**	(64,327)	**-**	-

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.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities as and when they fall due. The Group manages liquidity risk by continually monitoring cash reserves and cash flow forecasts to ensure that financial commitments can be met as and when they fall due.

Notes to the Consolidated Financial Statements

The table below reflects the respective undiscounted cash flows for financial liabilities existing at 30 June 2012. The risk implied from the values shown in the table below reflects outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in the Group's on-going operations such as property, plant, equipment and investments of working capital.

30-Jun-12	**<6 months $**	**>6 - 12 months $**	**> 12 months $**	**Total Contractual Cash Flows $**	**Carrying Amount $**
Contractual maturities of financial liabilities					
Trade and other payables	**92,398**	**-**	**-**	**92,398**	**92,398**
Net exposure	**92,398**	**-**	**-**	**92,398**	**92,398**
30-Jun-11					
Contractual maturities of financial liabilities					
Trade and other payables	172,986	-	-	172,986	172,986
Net exposure	172,986	-	-	172,986	172,986

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.

(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 A- and BBB from Standards and Poor's, respectively, to be sufficient in the management of credit risk with regards to these funds.

(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.

Notes to the Consolidated Financial Statements

Cash at bank and short-term bank deposits:

	30-Jun-12	30-Jun-11
	$	$
Standard & Poors rating		
A-	**1,840,157**	3,108,364
BBB	**241,828**	146,518
	2,081,985	3,254,882

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. During the year the Group only held financial instruments that are not traded in active markets. Fair values have been determined for measurement purposes to approximate the cost of the financial instrument. The Company's Investment in Associate, Mongo Tando Limited, is classified as a level 3 financial asset. Level 3 financial assets are measured with inputs that are not based on observable market data.

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-12	30-Jun-11
	$	$
Other Revenue		
Interest revenue	**90,482**	116,043
Other Income	**3,090**	-
	93,572	116,043

7. EXPENSES

	30-Jun-12	30-Jun-11
	$	$
Personnel expenses		
Wages and salaries	**251,574**	195,318
Directors fees and other benefits	**280,510**	289,142
Other employee expenses	**169,991**	-
	702,075	484,460
Administration expenses		
Consulting expenses	**561,955**	275,603
Depreciation expense	**53,091**	19,061
Compliance and regulatory expenses	**175,790**	132,936
Travel and accomodation expenses	**440,617**	120,206
Other administration expenses	**594,582**	454,389
	1,826,035	1,002,195

Notes to the Consolidated Financial Statements

8. INCOME TAX EXPENSE

(a) Income tax expense

	30-Jun-12	30-Jun-11
	$	$
The components of income tax expense comprise:		
Current income tax	**-**	-
Deferred income tax	**(1,949,078)**	-
Income tax expense / (benefit) reported in income statement	**(1,949,078)**	-

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

	30-Jun-12	30-Jun-11
	$	$
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	**(11,069,915)**	(2,481,251)
At the entity's Australian statutory income tax rate of 30% (2011: 30%)	**(556,764)**	(428,353)
At the entity's Angolan statutory income tax rate of 40% (2011: 40%)	**(721,897)**	(82,245)
At the entity's DCR statutory income tax rate of 30% (2011: 30%)	**(1,715,135)**	(48,990)
At the entity's South African statutory income tax rate of 28% (2011: 28%)	**(360,084)**	(81,592)
Adjusted for tax effect of the following amounts:		
Non-deductible / (deductible) expenditure	**1,515,615**	332,158
Over-provision in prior year	**(487,269)**	-
Income tax benefits not brought to account	**376,457**	309,022
Income tax expense / (benefit)	**(1,949,078)**	-

(c) Recognised deferred tax assets and liabilities

	30-Jun-12	30-Jun-11
	$	$
Deferred tax liabilities		
Investment in associate		
Opening balance	**3,935,637**	-
Recognised on business combination	**-**	3,935,637
Charged / (credited) to income	**-**	-
Closing balance	**3,935,637**	3,935,637
Exploration expenditure		
Opening balance	**1,949,078**	-
Recognised on business combination	**-**	1,949,078
Charged / (credited) to income	**(1,949,078)**	-
Closing balance	**-**	1,949,078
Total deferred tax liability recognised	**3,935,637**	5,884,715

Notes to the Consolidated Financial Statements

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

The directors estimate that the potential deferred tax assets and liabilities carried forward but not brought to account at year end at the Australian corporate tax rate of 30% are made up as follows:	**30-Jun-12**	30-Jun-11
	$	$
On income tax account:		
Carried forward tax losses	**661,010**	235,876
Deductible temporary differences	**52,021**	100,699
Unrecognised deferred tax assets	**713,031**	336,575

The Group has Australian carried forward tax losses of $2,203,368 (tax effected at 30%, $661,010) as at 30 June 2012 (2011: $786,250 (tax effected at 30%, $235,876)). 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 2012 was based on the loss attributable to ordinary shareholders of ($9,120,739) (2011: $2,481,251) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2012 of 84,442,526 (2011: 53,236,301) calculated as follows:

	30-Jun-12	30-Jun-11
Net loss attributable to the ordinary equity holders of the Group ($)	**(9,120,739)**	(2,481,251)
Weighted average number of ordinary shares for basis per share (No)	**84,442,526**	53,236,301
Continuing operations		
- Basic loss per share (cents)	**(0.11)**	(0.05)

(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-12	30-Jun-11
	$	$
Cash at bank and in hand	**1,050,477**	3,224,882
Short-term deposit	**1,031,508**	30,000
	2,081,985	3,254,882

(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-12	30-Jun-11
	$	$
Loss for the financial year	**(9,120,739)**	(2,481,251)
Adjustments for:		
Depreciation	**53,091**	19,061
Foreign currency translation	**-**	114,240
Share based payments (refer Note 22)	**557,319**	613,563
Non-cash consideration shares (vendor)	**-**	10,000,000
Investment in Associate	**1,344,039**	(11,009,694)
Exploration and evaluation written off	**6,743,199**	-
Exploration and evaluation	**-**	(4,872,694)
Deferred tax liabilities	**(1,949,078)**	5,884,715
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	**10,420**	(143,252)
(Increase)/decrease in prepayments	**6,432**	-
Increase/(decrease) in trade and other payables	**(80,588)**	37,021
Increase/(decrease) in provisions	**11,408**	-
Net cash used in operating activities	**(2,424,497)**	(1,838,291)

There were no non-cash financing and investing cash flows that occurred during the financial year ended 30 June 2012.

Notes to the Consolidated Financial Statements

11. TRADE AND OTHER RECEIVABLES

	30-Jun-12	30-Jun-11
	$	$
Trade receivables (a)	**106,782**	110,262
Other costs receivable (b)	**129,024**	62,760
Taxes receivable	**17,058**	92,332
Accrued interest	**2,071**	-
Prepayments (c)	**71,153**	30,011
Deposits	**3,001**	50,575
	329,089	345,940

(a) Trade receivables
Of this amount at reporting date, $91,974 (2011: $105,642) relates to transactions with key management personnel as detailed in Note 28: Key Management Personnel Disclosures.

(b) Other costs receivable
Other costs receivables relate to employee advances at the subsidiary level. Of this amount receivable at reporting date, $87,164 (2011: $40,606) relates to transactions with key management personnel as detailed in Note 28: Key Management Personnel Disclosures.

(c) Prepayments
This amount relates to prepaid rent for the Agrim SPRL office located in the Democratic Republic of Congo.

(d) Impaired receivables and receivables past due
None of the 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.

None of the current receivables are impaired or past due but not impaired.

Notes to the Consolidated Financial Statements

12. PROPERTY, PLANT & EQUIPMENT

	Motor Vehicles	**Computer Equipment**	**Furniture & Fittings**	**TOTAL**
	$	**$**	**$**	**$**
Year ended 30 June 2012				
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**

	Motor Vehicles	Computer Equipment	Furniture & Fittings	TOTAL
	$	$	$	$
Year ended 30 June 2011				
Opening net book amount	-	-	-	-
Additions	183,985	12,803	11,058	207,846
Depreciation charge	(17,402)	(1,324)	(335)	(19,061)
Closing net book amount	166,583	11,479	10,723	188,785
At 30 June 2011				
Cost	183,985	12,803	11,058	207,846
Accumulated depreciation	(17,402)	(1,324)	(335)	(19,061)
Net book amount	166,583	11,479	10,723	188,785

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

	30-Jun-12	30-Jun-11
	$	$
Carrying amount at the beginning of the financial year	**11,009,694**	-
Share of fair value increment on purchase of Tunan Mining Ltd	**-**	11,244,679
Share of loss in associate	**(1,344,039)**	(234,985)
Carrying amount at the end of the period	**9,665,655**	11,009,694

(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-12**	**50%**	**2,477,034**	**(4,214,865)**	**-**	**(1,344,039)**
Mongo Tando Limited	30-Jun-11	50%	2,521,871	(3,309,454)	-	(234,985)

(c) Contingent liabilities of the associate

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

14. EXPLORATION AND EVALUATION EXPENDITURE

	30-Jun-12	30-Jun-11
	$	$
Carrying amount of exploration and evaluation expenditure	**-**	6,168,652
Movement reconciliation		
Balance at the beginning of the financial year	**6,168,652**	-
Acquisition (i)	**-**	4,872,694
Additions	**621,200**	1,295,958
Foreign exchange translation	**(46,653)**	-
Exploration and evaluation written off (ii)	**(6,743,199)**	-
Balance at the end of the financial year	**-**	6,168,652

Notes to the Consolidated Financial Statements

(i) On 13 October 2010 the Company acquired 100% ownership of Tunan Mining Limited BVI and its controlled entities. On acquisition the Company recognised $4,872,694 exploration expenditure attributable to the fair value attributed to tenements acquired as part of the business combination (inclusive of deferred tax liability uplift). Refer to Note 23: Business Combination.

(ii) During the financial year ended 30 June 2012, rights to tenure surrounding the concessions located within the Democratic Republic of Congo ("DRC") remained unresolved. As a result the Company felt that it would be prudent to write-off the level of exploration and evaluation assets as at 30 June 2012.

Subsequent to year end, the issue surrounding rights to tenure became obsolete as the Company announced the signing of a Joint Venture agreement ("JV") with Allamanda Trading SPRL ("Allamanda") for the exploration and development of a new package of licences located within the DRC. Minbos, through its 100% owned subsidiary Agrim SPRL, holds a 65% interest in the JV company, Phosphalux SPRL ("Phosphalux JV"), which is a special purpose DRC registered company that owns the Kanzi mining permit and several exploration licences. Details of the DRC licences and their work status are disclosed within the Review of Operations section contained within this Annual Report.

The exploration and evaluation written off has been disclosed as a separate line item in the Consolidated Statement of Comprehensive Income.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitations, or alternatives, sales of the area of interest.

15. OTHER FINANCIAL ASSETS

	30-Jun-12	30-Jun-11
	$	$
Loan to Mongo Tando Limited	**4,149,762**	1,610,495

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

	30-Jun-12	30-Jun-11
	$	$
Trade creditors	**57,572**	138,266
Other creditors	**10,602**	-
Accruals	**20,485**	34,720
Taxes payable	**3,739**	-
	92,398	172,986

Notes to the Consolidated Financial Statements

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.

17. PROVISIONS

	30-Jun-12	30-Jun-11
	$	$
Provision for annual leave	**11,408**	-

18. CONTRIBUTED EQUITY

(a) Issued and fully paid

	30-Jun-12		30-Jun-11	
	$	**No.**	$	No.
Ordinary shares	**20,907,859**	**110,676,250**	11,344,500	68,250,000
Performance shares	**2,000,000**	**10,000,000**	7,000,000	35,000,000
	22,907,859	**120,676,250**	18,344,500	103,250,000

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 in share capital

ORDINARY SHARES	**Date**	**Quantity**	**Issue price**	**$**
Balance 30 June 2010		13,250,000		962,300
Initial Public Offering	7/10/2010	40,000,000	0.20	8,000,000
Share raising costs	-	-	-	(617,800)
Shares issued to Vendor (i)	13/10/2010	15,000,000	0.20	3,000,000
Balance 30 June 2011		**68,250,000**		**11,344,500**
Placement shares (ii)	**7/11/2011**	**9,637,500**	**0.28**	**2,698,500**
Share raising costs	**-**	**-**	**-**	**(234,271)**
Non-Renounceable Rights Issue (iii)	**1/12/2011**	**3,100,300**	**0.28**	**868,084**
Non-Renounceable Rights Issue (Shortfall) (iii)	**8/12/2011**	**4,688,450**	**0.28**	**1,312,766**
Share raising costs	**-**	**-**	**-**	**(81,720)**
Performance A Shares (iv)	**12/04/2012**	**25,000,000**	**0.20**	**5,000,000**
Balance 30 June 2012		**110,676,250**		**20,907,859**

Notes to the Consolidated Financial Statements

(i) Vendor Shares are escrowed until 18/10/2012.

(ii) 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.

(iii) On 31 October 2011 the Company issued an Offer Document for a Non-Renounceable Rights Issue ("NRRI") 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.

(iv) 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% P_2O_5 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.

PERFORMANCE SHARES	Date	Quantity	Issue price	$
Balance 30 June 2010		-		-
Performance A Shares (i)	13/10/2010	25,000,000	0.20	5,000,000
Performance B Shares (ii)	13/10/2010	10,000,000	0.20	2,000,000
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**

(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% P_2O_5 within 18 months. Performance A Shares are escrowed until 18/10/2012. These shares converted into fully paid ordinary shares on 12 April 2012, refer (b)(iv) above.

(ii) The Class B Performance Shares shall convert to Ordinary Shares upon the delineation of a JORC compliant "indicated" resource within the DRC project area with greater than 25mt of greater than 12.5% P_2O_5 within 24 months. The Class B Performance shares are escrowed until 18/10/2012.

(c) Options on issue

Class	Date of Expiry	Exercise Price	Number Under Option
Class A Options	**13/10/2013**	**$0.20**	**4,000,000**
Class B Options	**13/10/2013**	**$0.30**	**2,000,000**
Class C Options	**13/10/2013**	**$0.50**	**2,000,000**
Broker Options	**13/10/2013**	**$0.20**	**6,000,000**
Employee Options	**18/04/2014**	**$0.20**	**500,000**
Consultancy Options	**18/04/2014**	**$0.50**	**100,000**
Consultancy Options	**30/04/2014**	**$0.25**	**3,000,000**
			17,600,000

Information relating to options issued as share-based payments is set out in Note 22 and options issued to Key Management Personnel are set out in Note 28.

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.

19. RESERVES

(a) Reserves

	30-Jun-12	30-Jun-11
	$	$
Share-based payments reserve	**1,170,882**	613,563
Foreign currency translation reserve	**(36,469)**	114,240
	1,134,413	727,803

(b) Reconciliation of movement in reserves

	30-Jun-12	30-Jun-11
	$	$
Share-based payments reserve		
Balance at the beginning of the financial year	**613,563**	-
Equity settled share-based payment transactions	**557,319**	613,563
Balance at the end of the financial year	**1,170,882**	613,563
Foreign currency translation reserve		
Balance at the beginning of the financial year	**114,240**	-
Effect of translation of foreign currency operations to group presentation currency	**(150,709)**	114,240
Balance at the end of the financial year	**(36,469)**	114,240

(c) 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.

Translation reserve

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

Notes to the Consolidated Financial Statements

20. ACCUMULATED LOSSES

Movement in accumulated losses

	30-Jun-12	30-Jun-11
	$	$
At 1 July	**(2,551,556)**	(70,305)
Net loss in current year	**(9,120,739)**	(2,481,251)
At 30 June	**(11,672,295)**	(2,551,556)

21. DIVIDENDS

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

22. SHARE-BASED PAYMENTS

(a) Fair value of options granted during the year

On 26 March 2012, the Company entered into a corporate mandate with CPS Securities ("CPS") whereby CPS was appointed as corporate advisor to the Company. Under this agreement, the Company issued 3,000,000 (three million) unlisted, consultancy options at a purchase price of $0.00001 per option. The Consultancy Options were not issued under an Employee Option Plan but instead under the Company's 15% Facility.

The principal terms of these issued options are as follows:

a) 2,000,000 exercisable at $0.25 each on or before 30 December 2014, vesting immediately; and

b) 1,000,000 exercisable at $0.25 each on or before 30 December 2014. Vesting when the Company achieves one of either the following:

(i) a share price of $0.50 per share (based on a 30 day VWAP) or;
(ii) a market capitalisation of AU$100 million (based on a 30 day VWAP)

Due to the terms and conditions attached to the options and given that the corporate mandate is an open-ended contract, placing a direct fair value on the consultancy options could not be determined. As such, the Company independently measured the fair value of the options granted by adopting a Black-Scholes option pricing on the two million options; and a Binomial option pricing model on the one million options.

With regards to the two million options, due to the terms and conditions attached to these options, the Company adopted a Black-Scholes option pricing model. With regards to the one million options, due to the vesting conditions being dependent on certain market conditions being achieved, the Company adopted a Binomial option pricing model.

The model inputs under the Black-Scholes option pricing model and the Binomial option pricing model are shown in the Table below:

Notes to the Consolidated Financial Statements

Black & Scholes option pricing model	
Date of Grant	26/03/2012
Type of Option	Consultant
ESOP or Other	15% Facility
Number of options granted	2,000,000
Dividend yield	0%
Share price at date of grant	$0.23
Exercise price	$0.25
Volatility	80%
Risk free rate	3.68%
Expiration period	2.76 years
Expiry date	30/12/2014
Black-Scholes valuation	$0.109
Total fair value of options	$218,000

Binomial option pricing model	
Date of Grant	26/03/2012
Date of Expiry	30/12/2014
Strike (Exercise) Price	0.25
Underlying Asset Price (at date of issue)	0.23
Risk Free Interest Rate (at date of issue)	3.68%
Volatility (up to date of issue)	80%
Years to Expiry	2.76
Number of Option(s)	1,000,000
Dividend Yield	0%
Employee Exit Rate	0%
Exercise Multiple	99999.00
Iterations (for simulation)	50,000
Trinomial Steps	100
Binomial valuation	$0.098
Total fair value of options	$98,000

(b) Recognised share-based payment expense

The total expense recognised for Directors, Employees and Consultants for the 2012 and 2011 financial years are as follows:

As at 30 June 2012	**Value recognised during year ($)**	**Value to be recognised in future years ($)**
Key Management Personnel		
Class A options	-	-
Class B options	42,181	-
Class C options	55,477	15,916
	97,658	15,916
Employee options	129,128	32,811
Consultant options	14,533	11,594
Consultant options	316,000	-
	557,319	**60,321**

As at 30 June 2011	Value recognised during year ($)	Value to be recognised in future years ($)
Key Management Personnel		
Class A options	351,045	-
Class B options	104,449	42,181
Class C options	39,410	71,393
	494,904	113,574
Broker options	90,000	-
Employee options	25,759	161,939
Consultant options	2,899	26,127
	613,562	301,640

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 2012 and 30 June 2011:

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 and exercisable at the end of the year	Vested but not yet exercisable at end of the year
As at 30 June 2012										
Class A Options	**13/10/2010**	**13/10/2013**	**$0.20**	**4,000,000**	**-**	**-**	**-**	**4,000,000**	**-**	**4,000,000**
Class B Options	**13/10/2010**	**13/10/2013**	**$0.30**	**2,000,000**	**-**	**-**	**-**	**2,000,000**	**-**	**2,000,000**
Class C Options	**13/10/2010**	**13/10/2013**	**$0.50**	**2,000,000**	**-**	**-**	**-**	**2,000,000**	**-**	**-**
Broker Options	**13/10/2010**	**13/10/2013**	**$0.20**	**6,000,000**	**-**	**-**	**-**	**6,000,000**	**-**	**6,000,000**
Employee Options	**18/04/2011**	**18/04/2014**	**$0.20**	**500,000**	**-**	**-**	**-**	**500,000**	**-**	**-**
Consultancy Options	**18/04/2011**	**18/04/2014**	**$0.50**	**100,000**	**-**	**-**	**-**	**100,000**	**-**	**-**
Consultancy Options	**21/05/2012**	**30/12/2014**	**$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**	**-**	**-**
As at 30 June 2011										
Class A Options	13/10/2010	13/10/2013	$0.20	-	4,000,000	-	-	4,000,000	-	4,000,000
Class B Options	13/10/2010	13/10/2013	$0.30	-	2,000,000	-	-	2,000,000	-	-
Class C Options	13/10/2010	13/10/2013	$0.50	-	2,000,000	-	-	2,000,000	-	-
Broker Options	13/10/2010	13/10/2013	$0.20	-	6,000,000	-	-	6,000,000	-	6,000,000
Employee Options	18/04/2011	18/04/2014	$0.20	-	500,000	-	-	500,000	-	-
Consultancy Options	18/04/2011	18/04/2014	$0.50	-	100,000	-	-	100,000	-	-
				-	14,600,000	-	-	14,600,000	-	10,000,000
Weighted average exercise price				-	$0.26	-	-	$0.26	-	-

Notes to the Consolidated Financial Statements

23. BUSINESS COMBINATION

Prior Period:

On 13 October 2010, in accordance with the Notice of Meeting dated 7 May 2010, the Company completed the purchase of 100% of Tunan Mining Ltd BVI and its controlled entities with the issue of 15,000,000 Ordinary Shares, 25,000,000 Class Performance A Shares, and 10,000,000 Class B Performance Shares.

At 30 June 2011, the Tunan Mining Group acquisition was accounted for provisionally. Provisional accounting is no longer adopted by the Company; there have been no adjustments made nor any independent valuations obtained for the assets acquired and liabilities assumed.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration comprises:	$
Equity instruments issued **	3,000,000
Contingent consideration ***	7,000,000
Total purchase consideration	**10,000,000**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value $
Cash and cash equivalents	62,811
Exploration and evaluation expenditure	4,872,694
Investment in associate	11,244,679
Trade and other receivables	323,999
Property, plant and equiment	6,771
Trade and other payables	(626,239)
Deferred tax liabilities	(5,884,715)
Net identifiable assets acquired	**10,000,000**

** The equity portion of the purchase consideration comprises 15 million ordinary shares in Minbos Resources Limited at $0.20 per share.

*** The equity portion of the contingent consideration comprises 35 million performance shares in Minbos Resources Limited at $0.20 per share. The terms of the performance shares are discussed in Note 18: Contributed Equity.

During the financial year ended 30 June 2012 the acquired business contributed to the group a net loss of $1,344,039, and a net loss of $234,985 to the group for the period 13 October 2010 to 30 June 2011.

Notes to the Consolidated Financial Statements

24. PARENT ENTITY

	30-Jun-12	30-Jun-11
	$	$
Current Assets	**1,934,841**	3,318,356
Non-Current Assets	**18,849,975**	14,310,277
Total Assets	**20,784,816**	17,628,633
Current Liabilities	**60,104**	168,718
Non-Current Liabilities	**3,935,637**	5,884,715
Total Liabilities	**3,995,741**	6,053,433
Net Assets	**16,789,075**	11,575,200
Contributed equity	**22,907,859**	18,344,500
Reserves	**1,170,882**	613,563
Accumulated losses	**(7,289,666)**	(7,382,863)
Total Equity	**16,789,075**	11,575,200
Profit/(loss) for the year	**93,197**	(7,312,558)
Other comprehensive loss for the year	**-**	-
Total comprehensive profit/(loss) for the year	**93,197**	(7,312,558)
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 2012.

25. COMMITMENTS

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

	30-Jun-12	30-Jun-11
	$	$
Within one year	**275,020**	471,916
After one year but not more than five years	-	263,756
After more than five years	-	-
Total minimum commitment	**275,020**	735,672

The above commitments relate to the minimum exploration spend on the Cabinda project. There is no minimum commitment in relation to the DRC project.

Notes to the Consolidated Financial Statements

26. CONTINGENCIES

There have been no material changes in contingent liabilities or contingent assets since the last annual reporting date. There are no commitments as at 30 June 2012.

27. SUBSEQUENT EVENTS

a) Kanzi Licences (DRC) - signing of joint venture agreement

On 1 August 2012 the Company announced the signing of a Joint Venture agreement (JV) 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"). The JV company, Phosphalux SPRL ("Phosphalux JV"), is a special purpose DRC registered company that owns the Kanzi mining permit and several exploration licences, of which Minbos, through its 100% owned subsidiary Agrim SPRL, holds a 65% interest in Phosphalux JV.

As part of the transaction, Minbos will issue 2,600,000 shares, pay a fee of USD $162,500 and provide initial funding of $600,000 to Allamanda to earn its interest in the Phosphalux JV. In addition, it will pay a sales revenue royalty of 3% to Allamanda who will in turn be responsible for any government royalty payments for the entire project and will pay a once off fee in 12 months of USD0.05 per tonne of contained phosphate for Indicated Resources grading greater than 20% P_2O_5 capped at a maximum of USD $1,000,000. This option provides Minbos, via Phosphalux JV, with the exclusive right to explore and develop the remaining concessions owned by Allamanda at a time determined by Minbos.

b) Eversprings Partners Consultancy Manadate

On 4 July 2012, 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 shall receive a monthly retainer of A$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 Directors are not aware of any other matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

Notes to the Consolidated Financial Statements

28. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	30-Jun-12	30-Jun-11
	$	$
Short-term employee benefits	**458,000**	330,500
Equity compensation benefits	**97,658**	494,906
	555,658	825,406

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-12	Balance at 1/07/2011	Granted as compensation	Exercised	Other changes	Balance at 30/06/2012	Vested and exercisable	Vested but not exercisable	Unvested
Directors								
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 Catulichi	**500,000**	**-**	**-**	**-**	**500,000**	**-**	**500,000**	**-**
	5,650,000	**-**	**-**	**(1,150,000)**	**4,500,000**	**-**	**3,500,000**	**1,000,000**
Key Management Personnel								
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.

30-Jun-11	Balance at 1/07/2010	Granted as compensation	Exercised	Other changes	Balance at 30/06/2011	Vested and exercisable	Vested but not exercisable	Unvested
Directors								
Peter Richards	-	3,000,000	-	-	3,000,000	-	1,000,000	2,000,000
David Reeves	-	500,000	-	-	500,000	-	500,000	-
John Ciganek	-	500,000	-	-	500,000	-	500,000	-
Faldi Ismail (i)	-	500,000	-	650,000	1,150,000	-	1,150,000	-
Domingos Catulichi	-	500,000	-	-	500,000	-	500,000	-
	-	5,000,000	-	650,000	5,650,000	-	3,650,000	2,000,000
Key Management Personnel								
Robert McCrae	-	3,000,000	-	-	3,000,000	-	1,000,000	2,000,000
	-	8,000,000	-	650,000	8,650,000	-	4,650,000	4,000,000

(i) On 13 October 2010, Mr Ismail received 650,000 Broker Options issued at $0.20 each, exercisable on or before 13 October 2013.

Notes to the Consolidated Financial Statements

(ii) Share Holdings

30-Jun-12	**Balance at 1/07/2011**	**Granted as remuneration**	**On exercise of options**	**Off Market Transfer**	**Net change other**	**Balance at 30/06/2012**
Directors						
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 Catulichi	**17,640,000**	**-**	**-**	**-**	**-**	**17,640,000**
	32,566,667	**-**	**-**	**-**	**(630,514)**	**31,936,153**
Key Management Personnel						
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.

30-Jun-11	Balance at 1/07/2010	Granted as remuneration	On exercise of options	Off Market Transfer	Net change other	Balance at 30/06/2011
Directors						
Peter Richards	-	-	-	-	300,000	300,000
David Reeves	-	-	-	-	12,026,667	12,026,667
John Ciganek	-	-	-	-	500,000	500,000
Faldi Ismail	-	-	-	-	2,100,000	2,100,000
Domingos Catulichi	-	-	-	-	17,640,000	17,640,000
	-	-	-	-	32,566,667	32,566,667
Key Management Personnel						
Robert McCrae	-	-	-	-	-	-
	-	-	-	-	32,566,667	32,566,667

(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) Aggregates for key management personnel

	Balance at the start of the year	**Net movement**	**Interest paid and payable for the year**	**Interest not charged**	**Balance at the end of the year**	**Number in the group at end of the year**
30-Jun-12	**146,955**	**31,679**	**-**	**8,931**	**178,634**	**2**
30-Jun-11	-	146,955	-	2,698	146,955	2

Advances payable by the director and key management personnel at the end of the current year are non-interest bearing and will be offset against future director fees and salaries.

Notes to the Consolidated Financial Statements

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

	Name	Balance at the start of the year	Net movement	Interest paid and payable for the year	Interest not charged	Balance at the end of the year	Highest indebtedness during the year
30-Jun-12	**Mr McCrae**	**135,000**	**34,527**	**-**	**8,476**	**169,527**	**169,527**
30-Jun-11	Mr McCrae	-	135,000	-	2,250	135,000	180,000

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.

No write-downs or allowances from doubtful receivables have been recognised in relation to any loans made to key management personnel.

There were no other loans made to any other key management personnel during the year ended 30 June 2012 (2011: nil).

(d) Other transactions with key management personnel

There were no other transactions with key management personnel during the year ended 30 June 2012 (2011: nil).

29. 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 2011financial 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 licenses.

(b) Subsidiary companies

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

(c) Key management personnel

Details of transactions with key management personnel are disclosed in Note 28: Key Management Personnel Disclosures.

Notes to the Consolidated Financial Statements

(d) Loans to Associate

	30-Jun-12	30-Jun-11
	$	$
Beginning of the year	**1,610,495**	-
Loans advanced	**2,539,267**	1,610,495
Loan repayments made	-	-
Interest charged	-	-
Interest paid	-	-
End of the year	**4,149,762**	1,610,495

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.

30. SUBSIDIARIES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Minbos Resources Limited owns the following subsidiaries:

100% of Tunan Mining Limited, a company incorporated in the British Virgin Islands. Through Tunan Mining Limited, the Company has the following ownership as at 30 June 2012:

Name of entity	Country of incorporation	Class of shares	Ownership interest 30/06/2012	Ownership interest 30/06/2011
Parent entity				
Minbos Resources Ltd	Australia	Ordinary and Preference		
Subsidiary (direct)				
Tunan Mining Limited	Bristish Virgin Isles (BVI)	Ordinary	100%	100%
Subsidiaries (indirect – direct subsidiaries of Tunan Mining Limited)				
SOFOSA (i)	Angola	Ordinary	100%	100%
Mongo Tando Limited (i)	Bristish Virgin Isles (BVI)	Ordinary	50%	50%
Mongo Tando Limitada (i)	Angola	Ordinary	50%	50%
Tunan Mining Pty Ltd	South Africa	Ordinary	100%	100%
RDC Phosphate SPRL DRC	Democratic Republic of Congo	Ordinary	100%	100%
Agrim SPRL DRC	Democratic Republic of Congo	Ordinary	100%	100%

(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 license ("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.

31. AUDITOR'S REMUNERATION

	30-Jun-12	30-Jun-11
	$	$
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	**48,715**	46,349
(ii) Other services in relation to the entity and any other entity in the Group		
– Investigating accountant's report	**-**	22,249
Total auditor remuneration	**48,715**	68,598
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	**26,353**	15,735
Total auditor remuneration	**26,353**	15,735
Amounts received or due and receivable by related BDO Audit (WA) Pty Ltd entities for:		
(i) Taxation services	**-**	853
(ii) Transfer pricing advice	**26,178**	
Total auditor remuneration	**26,178**	853

Directors' Declaration

MINBOS RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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 2012 and of its performance for the year ended on that date.

2 In the Directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3 The consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

4 The Directors have been given the declarations by the chief executive officer required by section 295A of the Corporations Act 2001.

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

Mr Peter Richards
Executive Chairman
Thursday, 6 September 2012

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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 2012, the consolidated statement of 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.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

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 positions as at 30 June 2012 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2 (a).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 (e) in the financial report, which indicates that the consolidated entity incurred a net loss of $9,120,739 during the year ended 30 June 2012. This condition, along with other matters as set forth in Note 2 (e), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report of the directors' report for the year ended 30 June 2012. 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 2012 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch
Director

Perth, Western Australia
Dated this 6th day of September 2012

Shareholder Information

The following additional information was applicable as at 4 September 2012.

1. Fully paid ordinary shares

- There are a total of 113,276,250 ordinary fully paid shares on issue, 68,769,250 of which are listed on the ASX, with the balance of 44,507,000 being restricted securities (escrowed until 18 October 2012).
- The number of holders of fully paid ordinary shares is 545.
- Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company.
- There are no shares subject to voluntary escrow.
- There are no preference shares on issue.
- Distribution of fully paid ordinary shareholders is as follows:

Spread of holdings	Holders	Securities	% of Issued Capital
NIL holding			
1 - 1,000	14	362	0.00%
1,001 - 5,000	46	136,798	0.12%
5,001 - 10,000	56	447,290	0.39%
10,001 - 100,000	304	12,750,665	11.26%
100,001 -	125	99,941,135	88.23%
Total on register	545	113,276,250	100.00%

2. 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 34 shareholders who hold less than a marketable parcel of shares.
- The number of fully paid ordinary shareholdings held in less than marketable parcels is 33,544.

3. Substantial shareholders of ordinary fully paid shares

The Substantial Shareholders of the Company are:

Position	Holder name	Securities	% of issued
1	CHIKAPA COMERCIO AND INDUSTRIA LDA	17,640,000	15.57%
2	MR DAVID REEVES	9,961,700	8.79%
3	JCJ INVESTMENTS SA	9,780,000	8.63%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LITMITED	5,724,558	5.05%

4. Voting Rights

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

(a) each shareholder is entitled to vote and may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

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

Shareholder Information

5. 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:

Position	Holder name	Securities	% of issued
1	CHIKAPA COMERCIO AND INDUSTRIA LDA	17,640,000	15.57%
2	MR DAVID REEVES	9,961,700	8.79%
3	JCJ INVESTMENTS SA	9,780,000	8.63%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LITMITED	5,724,558	5.05%
5	INTER ALLIANCE SPRL	2,300,000	2.03%
6	ROMFAL SIFAT PTY LTD	2,000,000	1.77%
7	MCLAREN INVESTMENTS LIMITED	2,000,000	1.77%
8	MR MICHAEL FOSTER BLACK AND MRS LYNETTE ROBIN BLACK	1,800,000	1.59%
9	MR DAMIAN PETER BLACK AND MR ANDREW JAMES BLACK	1,678,000	1.48%
10	MR ATHANASIOS LEKKAS	1,662,500	1.47%
11	MR GARY PADMORE	1,440,000	1.27%
12	BRIJOHN NOMINEES PTY LTD	1,327,000	1.17%
13	MAGNUM CAPITAL PTY LTD	1,300,000	1.15%
14	PHEAKES PTY LTD	1,288,430	1.14%
15	MR IAN PETER RICHARDS AND MRS CAROL RICHARDS	1,192,786	1.05%
16	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,159,916	1.02%
17	MR ROBERT JOHN PETERS AND MRS SANDRA LILLIAN PETERS	1,035,000	0.91%
18	MR JULIAN PETERS	1,020,317	0.90%
19	NATIONAL NOMINEES LTD	1,017,169	0.90%
20	SURFBOARD PTY LTD	1,000,000	0.88%
		66,327,376	58.54%

6. Performance Shares

There are 10,000,000 Class B Performance Shares on issue that shall convert to Ordinary Shares upon the delineation of a JORC compliant "indicated" resource within the DRC project area with greater than 25mt of greater than 12.5% P_2O_5 within 24 months. The Class B Performance shares are escrowed until 18/10/2012.

7. Options

The following options over unissued ordinary shares are on issue:

Class	Date of Expiry	Exercise Price	Number Under Option	Escrow Date
Class A Options	13/10/2013	$0.20	4,000,000	18/10/2012
Class B Options	13/10/2013	$0.30	2,000,000	18/10/2012
Class C Options	13/10/2013	$0.50	2,000,000	18/10/2012
Broker Options	13/10/2013	$0.20	6,000,000	18/10/2012
Employee Options	18/04/2014	$0.20	500,000	1/10/2012
Consultancy Options	18/04/2014	$0.50	100,000	1/04/2013
Consultancy Options	30/04/2014	$0.25	3,000,000	See Note 22a
			17,600,000	

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.