

Interim Financial Report

For the half-year ended 31 December 2016



Minbos
Resources
Limited

ABN 93 141 175 493

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Corporate Directory

Directors & Officers

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

Mr Lindsay Reed - Chief Executive Officer
Mr Stef Weber - Chief Financial Officer & Company Secretary

Registered Office

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Subiaco WA 6008

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

Principal Place of Business

Suite 1, 245 Churchill Avenue
Subiaco WA 6008

PO Box 162
Subiaco WA 6904

Domicile and Country of Incorporation

Australia

Australian Company Number

ACN 141 175 493

Australian Business Number

ABN 93 141 175 493

Bankers

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

Auditors

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

Share Registry

Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000
Website: www.automic.com.au

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Miligan street
Perth WA 6000
Website: www.steinpag.com.au

Securities Exchange

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

Directors' Report

The Directors submit their half year report of the '**Consolidated Entity**' or '**Group**', being Minbos Resources Limited ('**Minbos**' or '**Company**') and its Controlled entities, for the half year ended 31 December 2016 ('**Period**').

1. BOARD OF DIRECTORS

The Directors of the Company at any time during or since the end of the Period are as follows.

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

2. REVIEW OF OPERATIONS

(a) GROUP OVERVIEW

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

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

The Company's strategy is to specifically target the exploration and development of low cost fertiliser-based commodities in order to tap into the growing global demand for fertilisers. Phosphate is an essential component in certain agricultural fertilisers, with the market supported by the increasing global demand for food and bio-fuel products. For more information, visit www.minbos.com.

(b) HIGHLIGHTS & SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The highlights and significant changes in state of affairs during and subsequent to the end of the half year include:

Merger with Angolan JV Partner - On completion of the merger with Petril, Minbos will own 100% of the Cabinda Project and also two other phosphate projects in Angola - a majority interest in the Lucunga project which is a joint venture with minority partner Haifa Chemicals and Pedro de Feitico (100%). Since announcing the transaction in early December the Company has substantially advanced the binding definitive agreement, due diligence and the independent export report.

Exercise of options raises \$3.85 million - Minbos' largest shareholder Green Services Innovation exercised their 385 million options in December at 1cent per option, leading to proceeds of \$3.85 million. The exercise option price represented a 61% premium to the 20 day VWAP at time of exercise. In terms of the merger agreement, Petril shareholders can match these exercised options by subscribing for new shares at an issue price of 1 cent per share after completion of the merger.

Bankable Feasibility Study (BFS) for Cabinda Project – During the period under review Minbos continued to progress Stage 1 of the BFS for the Cabinda Project. Stage 1 requires the completion of a trade-off study to select the optimal beneficiation route for the Cabinda Project.

Directors' Report

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

In August 2016 the Company appointed Prime Resources for the Environmental and Social Impact Assessment. Prime Resources completed the Environmental and Social Baseline Report for the Cabinda Project Desktop Study in 2012.

Market Study on the Cabinda Project - CRU was engaged during the period to complete a market development study based on the likely product specifications from each process. The primary objectives of the study will be to confirm target customers that will obtain the best "value in use" from the Cabinda product. The key product differentiation in the market will be a relative high P₂O₅ grade and low cadmium impurities. The secondary objective of the study is to provide an estimate of the relative value of the two products for internal evaluation in the Trade-Off-Study.

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

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

(c) PROJECTS

Minbos holds a significant concession area of circa 400,000 ha in the Congo Basin running from Cabinda, Angola to Western DRC. Minbos's key project in Africa is the high value Cabinda Phosphate Project which is a resource of 391 MT @ 9.2% P₂O₅ being a mixture of high and low grade tonnage and with substantial exploration upside. Minbos's other projects include the Western Australia Phosphate Project (100% interest) which has two mining tenements prospective for phosphate.

➤ RESOURCES

Minbos has delineated a substantial resource of 449.8Mt @ 9.9% P₂O₅. Within this resource, two high grade projects have been identified at the Cacata and Chivovo Deposits. A summary of JORC resources is shown in **Table 1** below.

Table 1: Mineral Resource Estimate as at 31 December 2016
(There has been no change in the half year)

Deposit	Category	Tonnes (Mt)	Grade (% P ₂ O ₅)	Cut-Off (% P ₂ O ₅)
Cabinda, Angola				
Cacata	Measured	5.0	23.0	5.0
	Indicated	10.2	25.3	5.0
	Inferred	11.8	8.8	5.0
Mongo Tando	Indicated	24.8	11.5	5.0
	Inferred	184.0	8.0	5.0
Chivovo	Indicated	6.5	20.5	5.0
Chibuete	Inferred	149.0	8.3	5.0
Total		391.3	9.2	5.0
Kanzi, DRC				
Kanzi	Indicated	58.5	14.2	5.0
Grand Total		449.8	9.9	5.0

Directors' Report

➤ CABINDA PROJECT

Overview

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

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

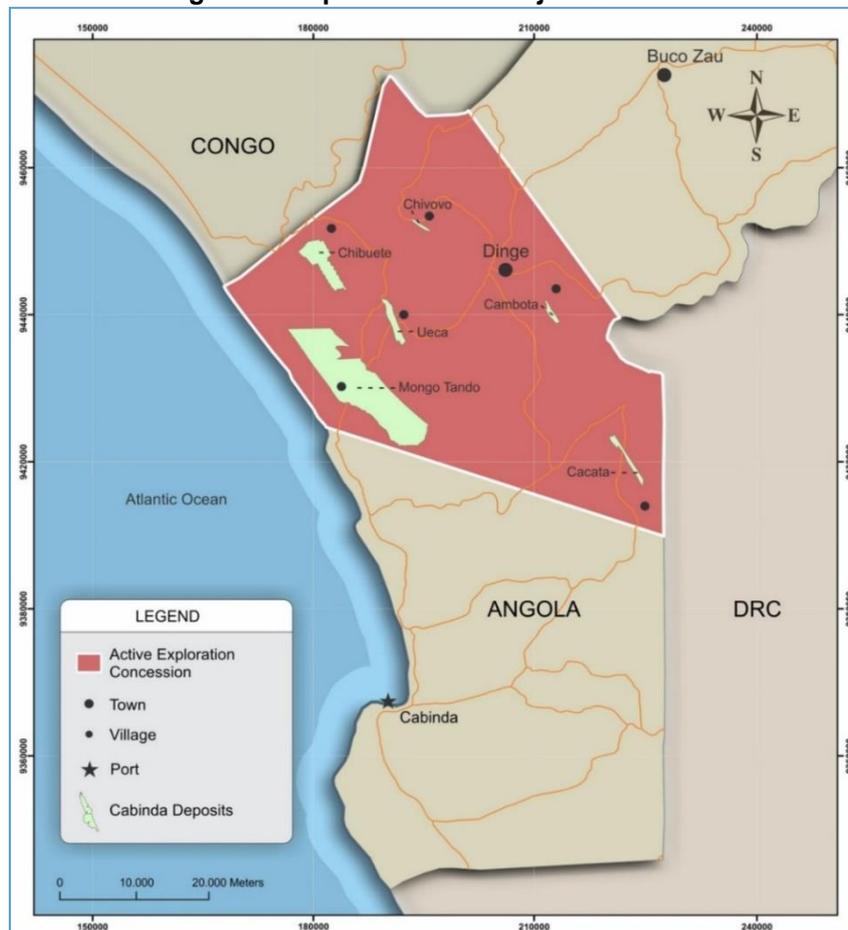
Minbos commenced a BFS on the Cabinda Project in 2016. Stage 1 of the BFS will be completed in Quarter 1 2017 which includes the selection of the preferred beneficiation route and shipping logistics i.e. to feed into stage 2 of the BFS. Critical path activities for Stage 2 of the BFS are also underway including, ESIA, hydrological and geotechnical studies.

The BFS scope was divided into two stages. Stage 1 is the completion a Trade-Off study to select the beneficiation route that will optimise the whole of resource outcome for the Cacata deposit. The Trade-Off study compares the following 800,000tpa production scenarios:

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

Early indications are that either treatment route will deliver substantial capital and performance improvement over the 2012 Desktop Study. The preferred beneficiation route from the Trade-Off-Study will be taken forward into Stage 2 of the BFS. The timing on completing the BFS will be dependent on the chosen beneficiation route. It is expected the inclusion of a tailings dam and process water supply in the wet beneficiation flowsheet would extend the time to complete the BFS. The Cabinda project licences are shown in figure 1 below.

Figure 1: Map of Cabinda Project Licences



Directors' Report

Port facilities

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

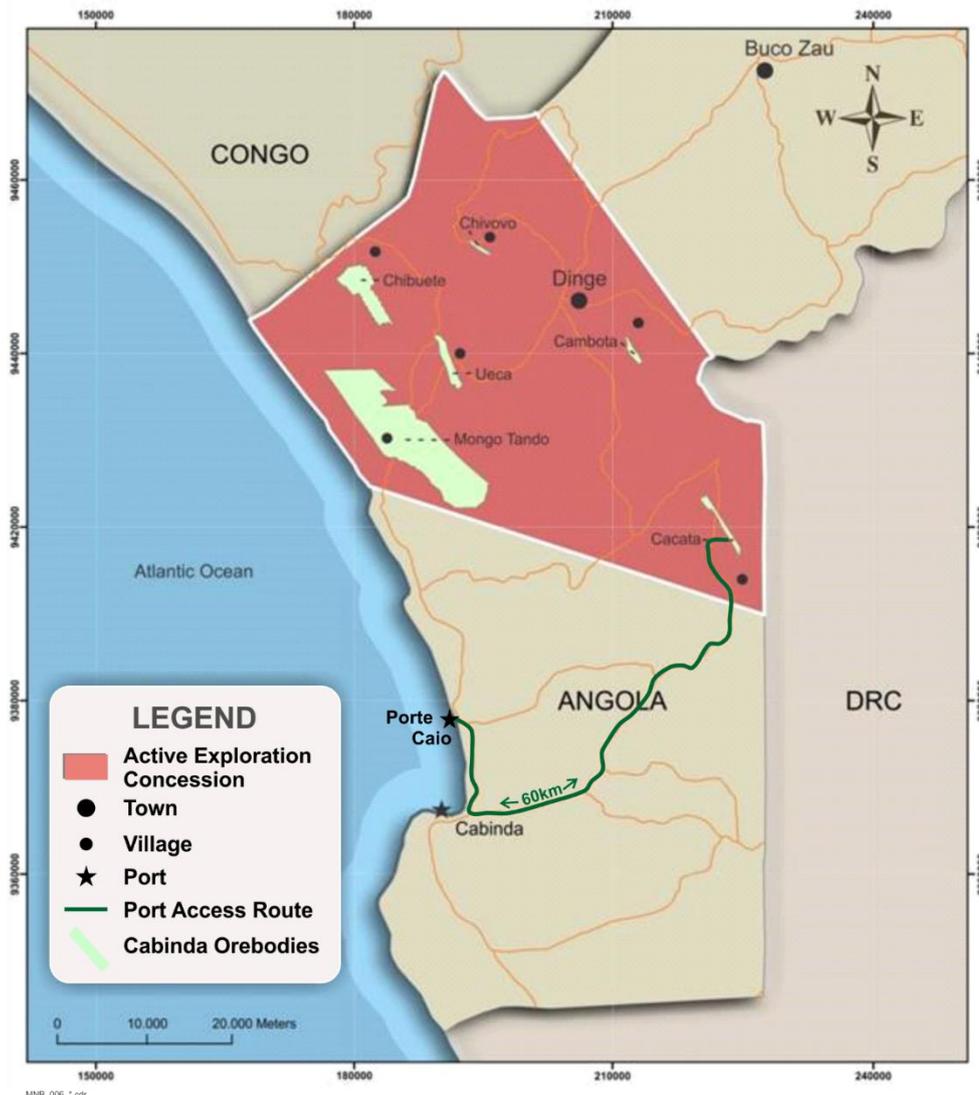
In July 2015 the Company entered into a non-binding Letter of Intent (LOI) with Porto de Caio to secure port access for the Cabinda project. The LOI provides Minbos with initial port capacity to export no less than 800,000 tons of rock phosphate per annum. The parties have agreed to enter into a formal binding port services agreement which will include the following:

- Term – Minimum of 10 years with an option to extend for a further 10 years.
- Volume – No less than 800,000 tons per annum of rock phosphate being exported.
- Berth capacity for approximately 26 vessels per year.
- Wharf area to accommodate all of Minbos' storage and equipment requirements.
- Minbos being allocated 5 hectares of working area in the Port of Caio Industrial area.

In the December quarter Ausenco completed its evaluation of Porto de Caio and concluded that a rotating container system offers the most economic and flexible solution for Cacata. Porto de Caio continue to target the first quay availability before the end of 2017.

A visit to Pointe Noire was conducted during the December quarter and with a view to using it as an interim solution if Porto de Caio is delayed. Given the strong progress at Porto de Caio it was decided to defer further investigation of this option.

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



Directors' Report

➤ DRC –KANZI PROJECT

The Kanzi project in the DRC exploration licences and applications cover an area of approximately 200,000 hectares. Minbos will continue its efforts to sell its interest in the Kanzi Project. Minimum expenditure will be incurred on the Kanzi Project until it is sold. As at 31 December the licences were still held by Allamanda and has not been transferred to the Joint Venture entity Phosphalux SPRL. The Kanzi Project licences expired subsequent to the end of the reporting period in early February.

Competent Person's Statement Ms Kathleen Body

The information in this half year report that relates to the Exploration Results and Phosphate Resources, Production Targets and Cost Estimation was extracted from Minbos's ASX announcement dated 6 June 2012, 16 October 2013 and 5 December 2013 respectively entitled "Minbos announces resource upgrade for the Cabinda licenses in Angola" and "Cabinda Resource Additional Information" and the Minbos Annual Report for the years ended 30 June 2014, 30 June 2015 and 30 June 2016 and Half Year Reports for the periods ended 31 December 2014 and 31 December 2015 which are available to view on the Company's website at www.minbos.com.

The information in this report has been reviewed and approved for release by Ms Kathleen Body, Pr.Sci.Nat, who has over 20 years' experience in mineral exploration and mineral resource estimation. Ms Body is a Principal Consultant and Director of Red Bush Geoservices (Pty) Ltd and contracted to Minbos. Ms Body is registered with the South African Council for Natural Scientific Professions (SACNASP) as a Professional Natural Scientist. She has sufficient experience in relation to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined by the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code 2012 Edition). Ms Body has consented to inclusion of this information in the form and context in which it appears.

Minbos confirms that: a) it is not aware of any new information or data that materially affects the information included in the original ASX announcements; and 30 June 2016 Annual Report b) all material assumptions and technical parameters underpinning the Phosphate Resource, Production Target and related financial information derived from the Production Target included in the ASX announcements and 30 June 2016 Annual Report continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this announcement have not been materially modified from the original ASX announcements and 30 June 2016 Annual Report.

3. FINANCIAL PERFORMANCE & FINANCIAL POSITION

The financial results of the Group for the half year ended 31 December 2016 are:

	31-Dec-16	30-Jun-16	% Change
Cash and cash equivalents (\$)	4,325,382	1,606,934	169%
Net assets (\$)	19,767,660	16,467,988	20%

	31-Dec-16	31-Dec-15	% Change
Revenue (\$)	18,513	279	6535%
Net loss after tax (\$)	(1,139,749)	(724,987)	(57%)
Loss per share (\$) *	(0.001)	(0.001)	(46%)

* Rounded to 3 decimal places.

Directors' Report

4. SUBSEQUENT EVENTS

On 27 January 2017 the Company advised that 178,372,482 of the performance rights that the Company has on issue expired. The Company will request shareholder approval to issue replacement performance rights with an extended expiry date. The replacement performance rights will be subject to completion of the merger between Minbos and Petril Phosphates Limited.

On 30 January 2017 the Company appointed Mike Erwin as General Manager Marketing and Sales effective 1 February 2017. Mr Erwin has an in-depth knowledge and understanding of the global phosphate industry. He has more than 30 years' experience in global senior management roles in Australia, New Zealand, USA and the Middle East. Most recently Mike acted as General Manager for fertilizer trading companies in the Middle East. Prior to that he was General Manager Business Development and Marketing for Minemakers (now Avenira). Mike was an owner and CEO of a marketing and logistics agent for international fertilizer commodity companies, including the largest global marketer of bulk sulfuric acid to the fertilizer and mining industries, and a West African Rock Phosphate producer.

There have not been any significant events, other than those stated above, that have arisen since 31 December 2016 and up to the date of this report that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

5. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Independence Declaration by the lead auditor under Section 307C is included on page 10 to these half year financial statements.

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



Peter Wall
Non-Executive Chairman
Perth, 10 March 2017

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

As lead auditor for the review of Minbos Resources Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 10 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	31-Dec-16 \$	31-Dec-15 \$
Revenue from continuing operations		18,513	279
Administration expenses		(289,016)	(188,909)
Depreciation expense		(2,297)	(4,587)
Exploration expenditure Cabinda project		(277,647)	(129,668)
Foreign exchange (loss) / gain		(10,867)	337
Impairment of exploration and evaluation expenditure	6	(16,651)	(22,753)
Profit from sale of plant and equipment		-	3,099
Personnel expenses and director fees		(298,080)	(269,007)
Share-based payments	8	(178,631)	(39,804)
Share of net loss from associate	5	(85,073)	(73,974)
Loss from continuing operations before income tax		(1,139,749)	(724,987)
Income tax expense		-	-
Loss from continuing operations after income tax		(1,139,749)	(724,987)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		416,932	766,360
Other comprehensive income for the period, net of tax		416,932	766,360
Total comprehensive (loss) / income for the period		(722,817)	41,373
Loss for the period attributable to the owners of Minbos Resources Limited		(1,139,749)	(724,987)
Total comprehensive (loss) / income for the period attributable to the owners of Minbos Resources Limited		(722,817)	41,373
Loss per share attributable to ordinary equity holders			
- Basic loss per share		(0.001)	(0.001)
- Diluted loss per share		(0.001)	(0.001)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Notes	31-Dec-16	30-Jun-16
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		4,325,382	1,606,934
Trade and other receivables		103,947	29,269
Other financial assets	4	-	335,981
Total current assets		4,429,329	1,972,184
Non-current assets			
Plant and equipment		17,363	2,465
Investment in associate	5	19,427,790	18,538,704
Exploration and evaluation expenditure	6	34,852	34,229
Total non-current assets		19,480,005	18,575,398
Total assets		23,909,334	20,547,582
LIABILITIES			
Current liabilities			
Trade and other payables		146,721	104,281
Provisions		59,316	39,676
Total current liabilities		206,037	143,957
Non-current liabilities			
Deferred tax liabilities		3,935,637	3,935,637
Total non-current liabilities		3,935,637	3,935,637
Total liabilities		4,141,674	4,079,594
Net assets		19,767,660	16,467,988
EQUITY			
Issued capital	7	37,078,599	33,240,544
Reserves	8	5,330,956	6,915,025
Accumulated losses	9	(22,641,895)	(23,687,581)
Total equity		19,767,660	16,467,988

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Notes	31-Dec-16	31-Dec-15
		\$	\$
Cash flows from operating activities			
Payment to suppliers and employees		(639,270)	(99,366)
Interest received		17,687	279
Net cash outflow from operating activities		(621,583)	(99,087)
Cash flows from investing activities			
Payment for plant and equipment		(17,195)	3,099
Payment for exploration and evaluation expenditure		(260,241)	(82,274)
Net cash outflow from investing activities		(277,436)	(79,175)
Cash flows from financing activities			
Proceeds from the issue of shares, net of costs	7	3,849,580	-
Loan to associate	5	(557,227)	-
Loan repayment from Joint Venture Partner Petril Projects Ltd	10(b)	324,745	-
Net cash inflow from financing activities		3,617,098	-
Net increase / (decrease) in cash and cash equivalents		2,718,079	(178,262)
Cash and cash equivalents at the beginning of the period		1,606,934	192,872
Effect of exchange rate fluctuations on cash held		369	1,505
Cash and cash equivalents at the end of the period		4,325,382	16,115

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. REPORTING ENTITY

Minbos Resources Limited (referred to as '**Minbos**' or the '**Company**' or '**Parent Entity**') is a company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of this report. The consolidated financial statements of the Company as at and for the half year ended 31 December 2016 (the '**Period**') 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.

The financial report of Minbos Resources Limited for the Period was authorised for issue in accordance with a resolution of the directors on 9 March 2017.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of compliance

This interim general purpose financial report for the half year reporting period ended 31 December 2016 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Standard IAS 34 *Interim Financial Reporting*.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, financing and investing activities of the Company as the full financial report. Accordingly this half year financial report is to be read in conjunction with the annual financial statements for the year ended 30 June 2016 and considered together with any public announcements made by the Company during the Period and up to the date of this report in accordance with the continuous disclosure obligations of the ASX Listing Rules.

Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of the historical financial information included in this report have been set out below.

(a) Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

(b) Accounting policies

The accounting policies and methods of computation adopted in the preparation of this financial report for the Period under review are consistent with those adopted in the annual financial statements for the year ended 30 June 2016.

(c) Impact of standards issued but not yet applied by the entity

Other than AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle there were no new standards issued since 30 June 2016 that have not been applied by Minbos Resources Limited.

The 30 June 2016 annual report disclosed that Minbos Resources Limited anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of these standards issued but not yet applied, and this remains the assessment as at 31 December 2016.

Notes to the Consolidated Financial Statements

(d) Going Concern

For the year ended 31 December 2016 the group recorded a loss of \$1,139,749 and had net cash outflows from operating activities of \$621,583 and net working capital of \$4,223,292. Furthermore the directors have prepared a cash flow forecast which indicates that the entity has sufficient funds to continue to further develop its Cabinda project through its associate entity.

Given the Groups cash position and commitments per note 12, management have assessed the going concern assumption. Based on the assessment performed management believe the going concern assumption is appropriate as we are able to meet commitments and obligations as and when they fall due.

3. 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 and loss, net assets and total assets for the operating segment are reflected in the primary statements forming this financial report.

4. OTHER FINANCIAL ASSETS

	31-Dec-16	30-Jun-16
	\$	\$
CURRENT		
Loan to Mongo Tando Limited	-	335,981
	-	335,981

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

5. INVESTMENT IN ASSOCIATE

As part of the acquisition of Tunan Mining Limited in the 2011 financial year, Minbos acquired a 50% interest in Mongo Tando Limited, a company incorporated in the British Virgin Isles. By virtue of holding less than 50% of the voting rights, Minbos do not have control of the entity and has therefore been accounted as an investment in an associate.

(a) Movements in carrying amounts

	31-Dec-16	30-Jun-16
	\$	\$
Equity contributed	13,961,709	13,629,850
Loan advanced	5,466,081	4,908,854
Carrying amount of the investment in associate	19,427,790	18,538,704
<u>Movement reconciliation</u>		
Balance at the beginning of the period	18,538,704	17,781,195
Exchange differences	416,932	565,368
Share of net loss in associate	(85,073)	(137,414)
Loan to associate (refer note 10(a))	557,227	329,555
Balance at the end of the period	19,427,790	18,538,704

Notes to the Consolidated Financial Statements

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

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

The issue of the licences were preceded by Minbos and its 50% Joint Venture Partner Petril Phosphates Ltd (JV partners) signing 2 Mining Investment Agreements in December 2014 with the Angolan Ministry of Mines and Geology (MGM).

The signed contracts with MGM also covers the mining phase of the Cabinda project. On completion of the Environmental Impact and Economic Viability Study the issue of a mining licence can be requested. The mining licence will be valid for thirty five years, renewable for successive periods of ten years.

6. EXPLORATION AND EVALUATION EXPENDITURE

	31-Dec-16	30-Jun-16
	\$	\$
Carrying amount of exploration and evaluation expenditure	34,852	34,229
<u>Movement reconciliation</u>		
Balance at the beginning of the period	34,229	33,629
Additions - Kanzi project and Australian tenements	17,274	41,057
Impairment - Kanzi project (i)	(16,651)	(40,457)
Balance at the end of the period	34,852	34,229

- (i) At 31 December 2016, Allamanda continued to hold the Kanzi Joint Venture licences, accordingly the Group has impaired the exploration expenditure incurred during the period until the licences are transferred to the Joint Venture entity, Phosphalux SPRL. The Kanzi Project licences expired subsequent to the end of the reporting period in early February.

7. ISSUED CAPITAL

(a) Issued and fully paid

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

(b) Movement reconciliation

ORDINARY SHARES	Date	Quantity	Issue price	\$
Balance 30 June 2016		2,073,547,651		33,240,544
Issue of shares via exercise of options (i)	7/12/2016	384,958,009	0.01	3,849,580
Equity costs	-	-	-	(11,525)
Balance 31 December 2016		2,458,505,660		37,078,599

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

Notes to the Consolidated Financial Statements

8. RESERVES

	31-Dec-16		30-Jun-16	
	\$	No.	\$	No.
Share-based payment & option reserve	395,125	237,829,976	2,401,929	934,454,650
Employee share plan reserve	459,184	-	453,381	-
Foreign currency translation reserve	4,476,647	-	4,059,715	-
	5,330,956	237,829,976	6,915,025	934,454,650

	31-Dec-16	30-Jun-16
	\$	\$
Movement reconciliation		
Share-based payment & option reserve		
Balance at the beginning of the period	2,401,929	2,185,435
Accounting for performance rights	178,631	216,494
Transfer to accumulated losses for options expired	(2,185,435)	-
Balance at the end of the period	395,125	2,401,929
Employee share plan reserve		
Balance at the beginning of the period	453,381	409,640
Equity settled share-based payment transactions	5,803	43,741
Balance at the end of the period	459,184	453,381
Foreign currency translation reserve		
Balance at the beginning of the period	4,059,715	3,494,461
Effect of translation of foreign currency operations to group presentation currency	416,932	565,254
Balance at the end of the period	4,476,647	4,059,715

9. ACCUMULATED LOSSES

	31-Dec-16	30-Jun-16
	\$	\$
Balance at the beginning of the period	(23,687,581)	(22,033,527)
Net loss in current period	(1,139,749)	(1,654,054)
Transfer from option reserve	2,185,435	-
Balance at the end of the period	(22,641,895)	(23,687,581)

Notes to the Consolidated Financial Statements

10. RELATED PARTIES

(a) Loans to Associate

	31-Dec-16	30-Jun-16
	\$	\$
Balance at the beginning of the period	4,908,854	4,579,299
Loans advances	557,227	329,555
Loan repayments made	-	-
Interest charged	-	-
Interest paid	-	-
Balance at the end of the period	5,466,081	4,908,854

The loans to the Associate are unsecured interest-free loans for the purpose of obtaining the required working capital for the establishment and ongoing operation of the Cabinda Project in Angola. Petril, the ultimate 50% holder in the Associate, along with Minbos' ultimate 50% holding in the Associate, each contribute in equal portions loans receivable.

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

(b) Loans to Joint Venture Partner Petril Projects Ltd

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

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

(c) Transactions with other related parties

The following transactions occurred with related parties:

	31-Dec-16	30-Jun-16
	\$	\$
Legal services - Steinpreis Paganin Lawyers & Consultants (i) (a firm in which Peter Wall is a partner)	54,651	39,767
Agreements with strategic Angolan partner - Sofosa (ii) Company in which Domingos Catulich is a shareholder and Director		
- Support and services on the Cabinda Project	119,183	249,223
- Performance rights	178,631	216,494

(i) Of this balance, \$6,425 was outstanding and a payable at 31 December 2016 (No balance was outstanding and a payable at 30 June 2016).

Notes to the Consolidated Financial Statements

- (ii) During the 2015 financial year, Minbos concluded agreements with Sofosa to advance and progress the Cabinda project, a Company which Mr Catulich (Non-Executive Director) is a shareholder and Director. Sofosa will provide support and services on the Cabinda project for a payment of US\$15,000 per month retrospective from 1 July 2014. In addition, the agreements outline that Sofosa will be issued with two separate classes of performance rights that can convert up to a total of 237,829,976 fully paid ordinary shares in Minbos.

The first class of performance rights can convert to a total of 178,372,482 fully paid ordinary shares (75% of 237,829,976 shares) subject to Sofosa satisfying performance milestones within 24 months from the date of the agreement. The second class of performance rights can convert to a total of 59,457,494 fully paid ordinary shares (25% of 237,829,976 shares) subject to Minbos receiving a licence to Mine on the Cabinda project within 36 months from the date the agreements were executed and pursuant to Sofosa's assistance. The performance rights were approved on 20 November 2015 at the Company's Annual General Meeting and accordingly a \$178,631 expense has been recognised for the period ended 31 December 2016.

During the period the Company incurred fees from Sofosa of \$119,183 (US\$90,000), of which \$40,322 was outstanding and payable at 31 December 2016.

11. DIVIDENDS

No dividends have been paid or declared since the start of the financial period, and none are recommended.

12. COMMITMENTS

Cabinda Project: During the 30 June 2016 financial year the BFS for the Cabinda project commenced and during the period the Company entered into contractual arrangements with Ausenco, Prime Resources and CRU. The expenditure commitment for these contracts and other BFS costs are dependent on results of Phase 1 of the BFS (Trade-Off studies) which will determine the best treatment routes to develop the Cacata deposit that forms part of the Cabinda project. The remaining commitments on phase 1 of the BFS at 31 December 2016 is USD 0.7m (100% basis) (Minbos 50% share USD 0.35m).

Kanzi Project: In the current and prior periods, there is no minimum commitments in relation to the Kanzi project in the DRC.

13. CONTINGENCIES

There have been no material changes in contingent liabilities or contingent assets since the last annual reporting date.

14. SUBSEQUENT EVENTS

On 27 January 2017 the Company advised that 178,372,482 of the performance rights that the Company has on issue expired. The Company will request shareholder approval to issue replacement performance rights with an extended expiry date. The replacement performance rights will be subject to completion of the merger between Minbos and Petril Phosphates Limited.

On 30 January 2017 the Company appointed Mike Erwin as General Manager Marketing and Sales effective 1 February 2017. Mr Erwin has an in-depth knowledge and understanding of the global phosphate industry. He has more than 30 years' experience in global senior management roles in Australia, New Zealand, USA and the Middle East. Most recently Mike acted as General Manager for fertilizer trading companies in the Middle East. Prior to that he was General Manager Business Development and Marketing for Minemakers now Aveniria). Mike was an owner and CEO of a marketing and logistics agent for international fertilizer commodity companies, including the largest global marketer of bulk sulfuric acid to the fertilizer and mining industries, and a West African Rock Phosphate producer.

There have not been any significant events, other than those stated above, that have arisen since 31 December 2016 and up to the date of this report that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Directors' Declaration

The Directors of the company declare that:

- (a) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, and:
- (i) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and its performance for the half year ended on that date.
 - (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.
- (b) In the Director's 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.

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



Peter Wall
Non-Executive Chairman
Perth, 10 March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Minbos Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Minbos Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Minbos Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Minbos Resources Limited is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink. The word 'BDO' is written in a simple, blocky font. Below it, the name 'J Prue' is written in a cursive, handwritten style.

Jarrad Prue

Director

Perth, 10 March 2017