**ASX Announcement**
31 July 2018

# QUARTERLY ACTIVITIES, CASH FLOW REPORTS FOR THE QUARTER 1 APRIL 2018 TO 30 JUNE 2018

## Activities Report for the quarter ended 30th June 2018

Activities for **BBX Minerals Limited (ASX Code: BBX)** during the quarter focused on continuing to progress development of reliable analytical and extraction techniques for gold and PGM's at the Company´s Três Estados and Ema projects. The Company released results of pyrometallurgical tests conducted on Três Estados RC drill hole samples.

On 30th April 2018 the Company announced results of ongoing metallurgical testing from RC drill samples from the Três Estados prospect as part of its pilot testing programme. The Company advised it had conducted further metallurgical testwork at the Marcelo da Silva Pinto M.E. facility (Marcelo), using a similar process to that reported on March 14th 2018 for the Tabocal (Três Estados) surface bulk sample. Eighteen tests (36 smelts) were conducted on 5kg samples from two metre intervals from holes TERC-003 and 005, located approximately 300m apart, using two different combinations of flux components (table 1, flux A and flux B). Three of the tests were conducted on samples subjected to a 14-day pre-leach step and the remaining tests on unleached samples. Samples were selected principally from two metre intervals with the highest weight of recovered RC sample to ensure that sufficient material could be retained for additional testwork.

BBX confirmed it plans to continue testing the RC and diamond drill samples from all drill holes where sufficient weight of recovered sample exists to complete a 5kg smelt from 2 metre intervals. Where there is insufficient weight of sample to undertake a 5kg smelt it may be necessary to extend the length of the sample by either 1 or 2 metres to achieve a 5kg smelt.

After collection, the samples were sealed and transported directly to the Nomos laboratory in Rio de Janeiro for preparation and subsequently to the nearby Marcelo facility for treatment. 5kg of each sample were riffle split and smelted with a specific flux and a copper collector to form a copper-rich bar. Each bar was divided into four equal parts, one of which was dissolved in nitric acid and silver precipitated from the solution. The resultant precipitate and the gold-rich undissolved residue was fused to form a metallic button which was analysed by fire assay using a gravimetric or AA finish. The other three quarters of each copper bar have been retained for additional testwork. The

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process was repeated on the slag for each fusion which was ground, re-fused and a second copper bar produced.

The results from the two fusions, summarised in table 1 display a high degree of variability which BBX believes to be a function of both the smelt conditions, including furnace temperature and smelt duration and the subsequent precious metal recovery process rather than grade variations within the drill holes. This is reflected in the two results obtained for the interval 14 to 16m in TERC-003 where two quarters of the same collector bar ("a" and "b") were treated using different extraction techniques, and in the repeat fusions for the interval 16m to 18m (see table 1). In a number of cases higher gold levels were extracted from the re smelt than from the original smelt, further reflecting the susceptibility of the process to subtle variations in test conditions.

Silver metal was added to the smelt for both flux A and flux B to test whether the addition of silver would aid the extraction of gold into the copper bar. In all cases where silver was added the levels of silver recovered were below the quantity of silver added. The results of the three smelts without the addition of silver are included in table 1.

| Hole no. | Depth (m) | | | Flux | Au (g/t) | Ag (g/t) | Rock type | Comments |
|---|---|---|---|---|---|---|---|---|
| | From | To | | | | | | |
| TERC-003 | 6 | 8 | Rock | A | 168.76 | | Saprolite | 14-day pre-leach |
| | | | Slag | | 0.96 | | | |
| | | | **Total** | | **169.72** | | | |
| | 10 | 12 | Rock | A2 | 6.05 | 168.64 | Fresh dolerite | 14-day pre-leach |
| | | | Slag | | 3.38 | 181.20 | | No silver added |
| | | | **Total** | | **9.43** | **349.84** | | |
| | 14 | 16 | Rock | A | 11.78 | | Fresh dolerite | ¼ bar 1 - extraction a |
| | | | Rock | | 94.55 | | | ¼ bar 2 - extraction b |
| | | | Slag | | 8.92 | | | |
| | | | **Total a** | | **20.70** | | | |
| | | | **Total b** | | **103.47** | | | |
| | 16 | 18 | Rock | A | 2.99 | | Fresh dolerite | |
| | | | Slag | | 10.48 | | | |
| | | | **Total** | | **13.47** | | | |
| | 16 | 18 | Rock | A | 9.89 | | Fresh dolerite | |
| | | | Slag | | 37.08 | | | |
| | | | **Total** | | **46.97** | | | |
| | 24 | 26 | Rock | A | 13.10 | | Fresh dolerite | |
| | | | Slag | | 0.64 | | | |
| | | | **Total** | | **13.74** | | | |
| | 34 | 36 | Rock | B | 7.06 | | Fresh dolerite | |
| | | | Slag | | 14.06 | | | |
| | | | **Total** | | **21.12** | | | |

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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 48 | 50 | Rock<br>Slag<br>**Total** | A | 0.01<br>11.99<br>**12.00** | | Fresh dolerite | |
| | 48 | 50 | Rock<br>Slag<br>**Total** | A2 | 6.83<br>7.79<br>**14.62** | 130.30<br>434.77<br>**565.07** | Fresh dolerite | 14-day pre-leach<br>No silver added |
| TERC-005 | 10 | 12 | Rock<br>Slag<br>**Total** | B | 1.07<br>3.26<br>**4.33** | | Weathered dolerite | |
| | 12 | 14 | Rock<br>Slag<br>**Total** | B | 6.05<br>1.67<br>**7.72** | | Fresh dolerite | |
| | 14 | 16 | Rock<br>Slag<br>**Total** | B | 0.00<br>8.20<br>**8.20** | | Fresh dolerite | |
| | 18 | 20 | Rock<br>Slag<br>**Total** | B | 0.00<br>1.61<br>**1.61** | | Fresh dolerite | |
| | 22 | 24 | Rock<br>Slag<br>**Total** | B | 20.17<br>5.23<br>**24.40** | | Fresh dolerite | |
| | 24 | 26 | Rock<br>Slag<br>**Total** | B | 5.55<br>66.59<br>**72.14** | | Fresh dolerite | |
| | 26 | 28 | Rock<br>Slag<br>**Total** | B2 | 4.52<br>1.11<br>**5.63** | 481.64<br>7.41<br>**489.05** | Fresh dolerite | No silver added |
| | 32 | 34 | Rock<br>Slag<br>**Total** | B | 0.00<br>7.45<br>**7.45** | | Fresh dolerite | |
| | 34 | 36 | Rock<br>Slag<br>**Total** | B | 0.00<br>6.91<br>**6.91** | | Fresh dolerite | |

Table 1. Results for metallurgical extraction tests from RC drill holes TERC-003 and TERC-005.

BBX also advised that it continues to undertake extensive development/test work with laboratories in Brazil and Australia and with consultants in Australia, Brazil, Canada and the UK, focusing on refinement of a reliable, routine analytical technique. In parallel, as results from ongoing pilot scale testing are received and analysed adjustments to the smelting and extraction processes will be made to maximise precious metal recovery into the collector bar and facilitate subsequent extraction of gold and silver from the collector metal

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BBX also confirmed it had submitted a response to the DNPM (Mines Dept.) in respect of the four items which required resolution or clarification within 60 days. The four items are as follows:

1) Presentation of the relevant environmental licences

2) Presentation of the certificate of the Registered Mining Engineer authorised to utilise explosives

3) Presentation of the design of the tailings disposal system, signed off by a qualified engineer

4) Clarification of the proposed destination of any accessory precious metals (silver, platinum and other PGM´s)

It was also advised that BBX had requested an extension to the period for submittal of the environmental licence (item 1).

On the 14th June 2018 BBX announced that it had conducted further metallurgical testwork at the Marcelo da Silva Pinto M.E. facility (Marcelo), using a similar process to that reported on April 30th 2018 for the RC holes TERC-003 and TERC-005 (Três Estados). 7 tests (14 smelts) were conducted on 5kg samples from two metre intervals from hole TERC-006, located approximately 200m from hole TERC-005 using the same flux components as for TERC-003 and TERC-005.

The results from the two fusions are summarised in table 2. While the results still display variability which BBX believes to be a function of both the smelt and precious metal recovery conditions, progress has been made in recovering a majority of the gold in the first smelt, with an average initial recovery rate of 87%, as summarised in table 2.

Silver metal was added to the smelt in flux A to test whether this would aid the extraction of gold into the copper bar. In all but two cases the levels of silver recovered were below the quantity of silver added.

| Hole No. | Depth (m) | | | Flux | Au (g/t) | Ag (g/t) | Rock Type |
|---|---|---|---|---|---|---|---|
| | From | To | | | | | |
| TERC-006 | 10 | 12 | Rock | A | 12.66 | | Fresh dolerite |
| | | | Slag | | 3.62 | | |
| | | | **Total** | | **16.28** | | |
| | 12 | 14 | Rock | A | 47.05 | | Fresh dolerite |
| | | | Slag | | 1.61 | | |
| | | | **Total** | | **48.66** | | |
| | 18 | 20 | Rock | A | 7.35 | | Fresh dolerite |

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| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Slag | | 1.12 | | |
| | | | **Total** | | **8.48** | | |
| | 20 | 22 | Rock | A | 31.42 | 1395 | Fresh dolerite |
| | | | Slag | | 4.93 | 498 | |
| | | | **Total** | | **36.35** | **1893** | |
| | 22 | 24 | Rock | A | 33.13 | | Fresh dolerite |
| | | | Slag | | 1.14 | | |
| | | | **Total** | | **34.27** | | |
| | 24 | 26 | Rock | A | 8.96 | 60.02 | Fresh dolerite |
| | | | Slag | | 2.66 | 3.98 | |
| | | | **Total** | | **11.62** | **64.00** | |
| | 30 | 32 | Rock | A | 1.07 | | Fresh dolerite |
| | | | Slag | | 1.10 | | |
| | | | **Total** | | **2.17** | | |

Table 2. Results for metallurgical extraction tests from RC drill hole TERC-006.

BBX also advised it had undertaken several tests using electrowinning to recover precious metals from the copper collector bars as an alternative to dissolving the bars in nitric acid. The anodic mud was fused to form a metallic button which was analysed by fire assay using a gravimetric finish.

Two tests were conducted on a second quarter of previously tested copper bars to enable results from the two methods to be directly compared. The results indicate an increase of between 19 and 25% over the nitric acid dissolution method (see table 3)

| Test | Nitric acid dissolution Au (g/t) | Electrowinning Au (g/t ) | Difference (g/t) | Percentage increase (%) |
|---|---|---|---|---|
| T411-1 (results announced 14 March 2018) | 114.27 | 136.24 | +21.97 | 19.22 |
| T408-Cu 1/Cu1e (results announced 14 March 2018) | 58.40 | 72.81 | +14.41 | 24.67 |

Table 3. Electrowinning test results

Electrolysis testing has commenced on samples from holes TERC-003, 005 and 006 to enable a more significant comparison to be undertaken between nitric precipitation and electrowinning results.

BBX advised it had been requested by IPAAM (state environmental authority) to obtain clearance from IPHAN (national heritage authority) that BBX`s tenements do not contain

any historical sites. BBX has provided all the requested documentation to IPHAN, including detailed maps showing the location of its tenements and is currently awaiting a formal response. BBX has been informally advised that the closest historical site is located approximately 174km from its tenements.

On 31st May and 1st June 2018, the DNPM (Ministry of Mines) accompanied by the Company's Exploration Manager inspected BBX's proposed trial mining areas at Tres Estados and Ema. The inspection is required prior to the issuance of a trial mining licence and will expedite the release of the licences once BBX receives environmental clearance from IPAAM.

**Assay Methodology**

The Company has previously advised that the complex style of mineralisation encountered on its tenements does not respond to conventual analytical techniques. (see announcements dated 13th December 2015, 1st February 2016, 2nd September 2016, 22nd August 2017 and 28th August 2017)

As a result, BBX continues to work on the refinement of a practical and repeatable analytical method suitable for assaying large volumes of routine drill samples (refer announcements dated 12th March 2018 and 30th April 2018 and ASX clarifications dated 22nd August 2017 and 28th August 2017) that can reliably reproduce the levels of precious metals currently being extracted from drill holes through BBX's proprietary smelting methodology.

In parallel the Company is also simultaneously undertaking metallurgical test work on two metre intervals from both RC and diamond drill holes from Tres Estados and Ema to provide a reliable estimate of the recoverable precious metal contents down-hole pending finalisation of the assay method. BBX has to date released precious metal contents of two metre sections from holes TERC-003, 005, and 006 at Tres Estados from intervals where sufficient sample is available to undertake 5kg smelts. These results provide a reliable estimate of the level of extractable precious metals under the current smelting protocol.

BBX is currently undertaking smelts of two metre sections of Tres Estados holes TERC-007, 008, 009, 010 and 011 where sufficient sample is available for 5kg smelts, followed by two metre smelts of the diamond drill holes located at Ema. Until an assay method/protocol is finalised BBX will continue to conduct metallurgical test work on drill holes and release the results when available.

The Company continues to work with laboratories in Brazil, Australia and Canada and consultants located in Australia, Brazil, UK, USA and Canada to finalise an assay protocol

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## Corporate

On 15th May 2018 BBX announced that it had received commitments to raise a minimum of $965,000 via a placement of a minimum of 5,361,111 shares to existing sophisticated and institutional investors at 18 cents per share, and through the early exercise of 700,000 options by management to raise a further $35,000 with the placement being completed by 28th May 2018.

BBX advised funds raised will be used to finalise the Company's metallurgical testing and extraction techniques for the Três Estados and Ema RC and diamond drill samples, ongoing development of an analytical technique and construction of a larger test furnace and ancillary equipment. The Placement was strongly supported by the Company's largest shareholders with Drake Private Investments LLC again demonstrating their significant ongoing support.

During the June quarter BBX relinquished 3 tenements located at Juma East, that were impacted by the Acari National Park (refer announcement dated 3rd July 2017).
.
On 14th June 2018 BBX announced the appointment of Dr. Hugh Abercrombie and Ms. Meg LeVier as consultants and technical advisors to its joint venture with Lomhara Tech, Ireland. Dr Abercrombie and Ms LeVier will assist in generating a better understanding of the nature of BBX's complex precious metal mineralisation, through to finalisation of a commercial extraction process.

Dr. Hugh Abercrombie is a professional geochemist and geologist with 40 years´ experience in the research, mining and environmental sectors. He began his career as a research scientist with the Geological Survey of Canada before pursuing opportunities in precious/base metals exploration and development in the junior mining sector. Dr. Abercrombie is an expert in the analysis and interpretation of geo-analytical data, including electron imaging. He is the inventor of a US patent for recovery of natural nanoclusters.

Meg Le Vier has been an analytical and process chemist in the mining industry for over 30 years. She has extensive experience in mining operations at Magma Copper and as Chief Chemist for BHP and Newmont Mining Corporation in mineral research laboratories with primary focus in metallurgical process support and method development for characterisation of gold, copper, and PGM ores. She is currently a consultant to various mining and engineering companies. She holds a B.S. degree in Chemistry from the University of Arizona.

**For more information:**

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The information in this announcement that relates to exploration results is extracted from the announcements titled "Exploration Update" dated 30th April 2018 and 14th June 2018 which is available to view at www.bbxminerals.com.au / www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

## Current Tenement Interests

| All Tenements Owned by BBX Minerals Ltd | Area (Ha) | Percentage ownership |
|---|---|---|
| DNPM Permit Number 880.151/2014 Location Brazil (Juma East) | 662.15 | 100% Application for Exploration Licence |
| DNPM Permit Number 880.185/16 Location Brazil (Juma East) | 980 | 100% Exploration License |
| DNPM Permit Number 880.107/08 Location Brazil (Ema) | 9839.91 | 100% Exploration Licence |
| DNPM Permit 880.184/16 Location Brazil (Ema) | 9034 | 100% Exploration License |
| DNPM Permit Number 880.090.08 Location Brazil (Tres Estados) | 8172.25 | 100% Exploration Licence |
| DNPM Permit Number 880.094/2014 Location Brazil (Pombos) | 1000.36 | 100% Exploration Licence |

## About BBX Minerals Ltd

BBX Minerals Limited (ASX: BBX) is a mineral exploration and mining company listed on the Australian Securities Exchange. Its major focus is Brazil, mainly in the southern Amazon, a region BBX believes is vastly underexplored with high potential for the discovery of world class gold and copper deposits.

BBX´s key assets are the Três Estados and Ema gold prospects in the Apuí region, Amazonas State. The company has 58.1km$^2$ of exploration tenements within the Colider Group, a prospective geological environment for epithermal gold and Cu-Au porphyry deposits. The region is under-explored and has the potential to provide BBX with a pipeline of high-growth, greenfields gold discoveries.

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*+Rule 5.5*

# Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

| **Name of entity** | |
|---|---|
| BBX MINERALS LIMITED | |
| **ABN** | **Quarter ended ("current quarter")** |
| 82 089 221 634 | 30 JUNE 2018 |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (12..months) $A'000** |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | - | - |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (278) | (1,803) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (75) | (388) |
| | (e) administration and corporate costs | (116) | (595) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 1 | 4 |
| 1.5 | Interest and other costs of finance paid | (1) | (2) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Research and development refunds | - | - |
| 1.8 | Other (provide details if material) | - | - |
| **1.9** | **Net cash from / (used in) operating activities** | **(469)** | **(2,784)** |

| **2.** | **Cash flows from investing activities** | | |
|---|---|---|---|
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | - | (12) |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (12..months) $A'000** |
|---|---|---|---|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| **2.6** | **Net cash from / (used in) investing activities** | **-** | **(12)** |

| **3.** | **Cash flows from financing activities** | | |
|---|---|---|---|
| 3.1 | Proceeds from issues of shares | 990 | 990 |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | 109 | 1,394 |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | (8) | (8) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| **3.10** | **Net cash from / (used in) financing activities** | **1,091** | **2,376** |

| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
|---|---|---|---|
| 4.1 | Cash and cash equivalents at beginning of period | 144 | 1,201 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (469) | (2,784) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | (12) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 1,091 | 2,376 |
| 4.5 | Effect of movement in exchange rates on cash held | (4) | (19) |
| **4.6** | **Cash and cash equivalents at end of period** | **762** | **762** |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter $A'000 | Previous quarter $A'000 |
|---|---|---|---|
| 5.1 | Bank balances | 762 | 144 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **762** | **144** |

| 6. | Payments to directors of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | 75 |
| 6.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

6.1 Payment for directors fees

| 7. | Payments to related entities of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 7.1 | Aggregate amount of payments to these parties included in item 1.2 | - |
| 7.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

| **8.** | **Financing facilities available**<br>*Add notes as necessary for an understanding of the position* | **Total facility amount at quarter end $A'000** | **Amount drawn at quarter end $A'000** |
|---|---|---|---|
| 8.1 | Loan facilities | 40 | - |
| 8.2 | Credit standby arrangements | - | - |
| 8.3 | Other (please specify) | - | - |

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

| |
|---|
| |

| **9.** | **Estimated cash outflows for next quarter** | **$A'000** |
|---|---|---|
| 9.1 | Exploration and evaluation | 200 |
| 9.2 | Development | - |
| 9.3 | Production | - |
| 9.4 | Staff costs | 60 |
| 9.5 | Administration and corporate costs | 100 |
| 9.6 | Other (provide details if material) | - |
| **9.7** | **Total estimated cash outflows** | **360** |

| **10.** | **Changes in tenements (items 2.1(b) and 2.2(b) above)** | **Tenement reference and location** | **Nature of interest** | **Interest at beginning of quarter** | **Interest at end of quarter** |
|---|---|---|---|---|---|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | DMPM 880.115/2008 Brazil | Exploration licence | 100% | Nil |
| | | DMPN 880.116/2008 | Exploration licence | 100% | Nil |
| | | DNPM 880.129/2008 | Exploration Licence | 100% | Nil |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | | | | |

## Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....Date: 31 July 2018.....
(Director/)

Print name: ...Jeff McKenzie.....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.