



## ASX Announcement

28 July 2017

# QUARTERLY ACTIVITIES, CASH FLOW REPORTS FOR THE QUARTER 1 APRIL 2017 TO 30 JUNE 2017.

## Activities Report for the quarter ended 30 JUNE 2017

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 Tres Estados and Ema projects and on finalising funding for the Company's planned drilling programme.

On 18<sup>th</sup> April 2017 BBX Minerals announced that it had received commitments to raise a total of \$1,319,668 via both a Placement of 20,267,857 shares to existing sophisticated and institutional investors at 5.6 cents per share, to raise \$1,135,000, and through the early exercise of 5,763,400 options to raise a further \$184,668. The funds raised will be used to continue developing and enhancing the Company's mineral assay and extraction techniques from the existing drill core from Juma East and from surface sampling at Tres Estados and Ema. The Company advised that it expected the placement and exercise of options to be settled progressively with anticipated completion by 21 April 2017.

The Placement was strongly supported by the Company's Board of Directors through the early exercising of options. The Company's largest shareholder, Drake Private Investments LLC, also demonstrated their significant ongoing support via the placement.

BBX also announced that it expected to commence a drilling programme at Três Estados and Ema in late June 2017, once environmental approval had been received. On approval of the environmental licence BBX will conduct a 2000 metre drilling programme of 40-50 metre holes, commencing at Ema which offers better access for an RC rig.

BBX also announced that the Company's land holding position in the Apui region had been strengthened further with the granting of two additional exploration licences. The tenements, east of Juma East and Ema are located in favourable geological settings representing potential extensions of areas of known mineralisation. BBX also advised that the sale of the Pombos tenement failed to close and the tenement has now returned to BBX's ownership.

On 10<sup>th</sup> May 2017 BBX announced it had raised an additional \$87,000 to take the amount raised to \$1,396,668 via a total placement of 21,642,856 shares to existing investors at 5.6 cents per share to raise \$1,212,000, and through the early exercise of 5,763,400, options which raised \$184,668.

BBX also advised that it had signed a strategic consultancy agreement with Dr Willer Pos, director and partner of WHPos Ltda and principal of e-Reciclar, a small precious metals refiner located in Nova

Lima, Minas Gerais. Dr Pos, who holds a PhD in Environmental Chemistry from Georgia Tech., USA was the former President of the Minas Gerais State Environmental Agency, FEAM and Director of Sustainable Development of Anglo-American Plc's Gold and Iron ore Division.

On 1 June 2017 BBX announced exceptional results of initial metallurgical testing from the Company's Três Estados Project. The Company advised that hydrometallurgical test work was conducted at e-Recicla Ltda and pyrometallurgical extraction tests at Marcelo da Silva Pinto M.E, an external precious metals refinery in São Gonçalo, Rio de Janeiro. The tests were conducted on homogenised 5kg and 15kg sub-samples, respectively, taken from the same bulk sample from the Company's Três Estados prospect.

A 260kg surface sample of unweathered mineralised gabbro, collected from an area of approximately 110m x 200m at the Adelar garimpo was crushed to minus 1mm and homogenised with sub-samples submitted to both refineries for a series of metal extraction tests. The random bulk sample was collected from the same general location as TER 048 for which assay results of 54g/t Au, 25g/t Pd and 18g/t Pt were previously announced on 27 February 2017, utilising BBX's T95 analytical method.

A two-stage sequential leach process was utilised on the 5kg sample to extract the precious metals. This process recovered two metal buttons with 2 grams of silver being added in the first extraction to enhance the production of a button weighing 3.2733g. The second leach stage produced a button weighing 0.4088g. Analysis of the buttons by AAS (atomic absorption spectrometry) after dissolution in acid showed a combined precious metal content equivalent to **102.18 g/t gold, 62.32g/t platinum, 36.72g/t palladium and 135.20g/t silver.**

Under the pyrometallurgical method two 15kg samples were smelted with two proprietary fluxes and a copper collector. After cupellation, buttons weighing 6.9467g and 10.4836g were obtained which were then dissolved and assayed by AAS, with resultant grades of 466g/t Ag and 4.70g/t Au (flux A) and 666g/t Ag and 1.53g/t Au (flux B). In addition, fire assay analysis of the slag after smelting revealed values (converted to original sample weight) of 7.29g/t and 10.83g/t Au, respectively, indicating that significant levels of gold were not being recovered into the metallic buttons.

BBX also announced that the Minas Gerais Federation of Industry research institute CETEC had been engaged under the supervision of Dr Willer Pos to further enhance and optimise the extraction process and recover additional gold, PGM's and silver in parallel with ongoing test work at the Nomos laboratory, and at both external refineries.

On 19<sup>th</sup> June 2017 BBX announced that following highly encouraging initial results, the Company had advanced its pyrometallurgical extraction process at the Marcelo da Silva Pinto M.E. facility on the Tres Estados bulk sample to further improve metal recoveries, including recovery of platinum and palladium. Three additional tests were conducted, yielding gold and silver-rich buttons which were dissolved and analysed by AAS, yielding gold results of 8.32g/t Au, 25.00g/t Au and 41.40g/t Au, back calculated to original sample weight, compared with pyrometallurgical results of 4.70g/t Au and 1.53g/t Au announced on 1 June 2017. The second and third tests incorporated a pre-oxidation step prior to smelting, previously not utilised. Due to the target of enhancing gold recovery, minor adjustments in the extraction method resulted in lower silver values in tests 1 and 3 than those announced on 1 June 2017.

BBX also advised that a contract had been signed with Marcelo da Silva Pinto M.E. to conduct pilot plant testing on up to 20 tonnes per month on a revenue sharing basis. This pilot plant testing will

commence immediately the Company is satisfied with the treatment process. This enables the Company to develop a better understanding of issues related to scaling up production based on the pyrometallurgical technique, in parallel with ongoing development work on the alternative hydrometallurgical process at the e-Reciclar and CETEC facilities in Belo Horizonte and at Nomos in Rio de Janeiro. Additional results have yet to be received from this testwork. BBX does not currently have access to pilot-scale testing facilities for the hydrometallurgical process where work is continuing at a laboratory scale.

BBX also confirmed that highly regarded Belo Horizonte consultant, Reinaldo Magalhães had been contracted to manage the application process for trial mining licences at Três Estados and Ema. A trial mining licence enables the Company to mine up to 50,000 tonnes per annum from each project area.

BBX also updated the information regarding the Company's proposed drilling programme, advising that following a site inspection by the state environmental authority, IPAAN, which was scheduled for late June, BBX anticipated that the environmental licences required for drilling would be issued within 3-4 weeks. A combined reconnaissance RC and diamond drilling programme will then be initiated at both Três Estados and Ema. The programme of 1500 to 2000m comprising dominantly 40-50m holes and occasional deeper holes is designed to test both gold-in-soil anomalies and areas of known garimpeiro activity. Note that although gold is known to occur within the regolith (weathering environment) the fresh rock does not respond to conventional analytical techniques and is not amenable to garimpeiro extraction methods.

### **Subsequent Events**

On the 3<sup>rd</sup> July BBX announced the initial results of preliminary metallurgical testing from the Company's Ema Project. BBX advised that the Company is currently focusing its activities on advancing its metallurgical extraction process at the Marcelo da Silva Pinto M.E. facility (Marcelo), using both hydrometallurgical and pyrometallurgical methods. An initial test conducted on the 150kg Ema bulk sample collected over an area of 100m x 40m using a two-step hydrometallurgical process yielded two gold/silver-rich buttons also containing copper and tin from the same 1 kg sample. The buttons were dissolved and analysed by AAS, yielding a combined gold result of 58.16g/t

An additional 300kg surface bulk sample of fresh gabbro has been collected from the Tres Estados prospect from the same area as the previous bulk sample. Crushing, milling and homogenisation of the sample is in progress prior to commencement of ongoing hydrometallurgical and pyrometallurgical testwork.

### **Juma East**

On 28 June 2017, the DNPM (Mines Dept.) published a brief notification in the Government Gazette advising that the company would be required to take certain actions with respect to the Boia Velha and Guida tenements at Juma East. BBX then received a formal request by the DNPM on June 30, 2017 to relinquish the Boia Velha tenement and accept a significant reduction to the area of the Guida tenement due to the impact of the Acari National Park, one of a number of National Parks created by Presidential decree by the former impeached president Dilma Roussef, on May 11, 2016, the former president's last day in office. BBX had not previously been advised of the creation of this park which

was apparently also unknown to the DNPM who renewed the above leases for a further 3-year term in September 2016 and charged annual tenement fees for 2017, paid by BBX on January 31, 2017.

BBX has appealed this decision and has also been made aware that the entire Amazonas State Federal parliamentary block, with the support of the Ministry of Mines is drafting a parliamentary bill proposing the re-classification of a portion of the National Park, including the area occupied by the two BBX tenements to a lower level of conservation unit which permits mining activities. BBX further advised that due to its current focus on the Três Estados and Ema prospects, where high grade mineralisation is exposed at surface, BBX currently had no plans to initiate exploration at Boia Velha or re-initiate exploration at Guida, where mineralisation was previously identified at depths of 200m to 300m in holes JED-004 and JED-006. Hole JED-001, where mineralisation was intersected at shallower depths is located outside the park boundary.

BBX confirmed it is currently conducting a full review of its tenement portfolio including the two southern tenements at Juma East, where reconnaissance exploration has failed to identify potential for significant near-surface mineralisation. In order to retain these tenements and the Boia Velha lease BBX would need to meet significant minimum work commitment requirements within the next 12 months, which may not be justified.

The Company highlighted that that the Três Estados and Ema properties are located approximately 60km south of the park boundary in a region of private land ownership, **not subject to the threat of any future creation of National Parks or high-level conservation areas**. The Company also stated that BBX and its legal advisors are continuing to develop a full understanding of the implications of the action taken by the former president and the Company will ensure that the market is fully informed of any developments.

**For more information:**

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Current Tenements Interests

| <u>All Tenements Owned by BBX Minerals Ltd</u>                                | <u>Area (Ha)</u> | <u>Percentage ownership</u>                     |
|---|------------------|---|
| DNPM Permit Number 7124/2013<br>- 880.115/2008<br>Location Brazil (Juma East) | 9492.79          | 100%<br>Exploration Licences                    |
| DNPM Permit Number 7125/2013<br>- 880.116/2008<br>Location Brazil (Juma East) | 10,000           | 100%<br>Exploration Licences                    |
| DNPM Permit Number 7126/2013<br>- 880.117/2008<br>Location Brazil (Juma East) | 9641.77          | 100%<br>Exploration Licences                    |
| DNPM Permit Number 7127/2013<br>880.129/2008<br>Location Brazil (Juma East)   | 9307.47          | 100%<br>Exploration Licences                    |
| DNPM Permit Number<br>880.151/2014<br>Location Brazil (Juma East)             | 662.15           | 100%<br>Application for Exploration<br>Licences |
| DNPM Permit Number 880.185/16<br>Location Brazil (Juma East)                  | 980              | 100% Exploration License                        |
| DNPM Permit Number 880.107/08<br>Location Brazil (Ema)                        | 9839.91          | 100%<br>Exploration Licences                    |
| DNPM Permit 880.184/16<br>Location Brazil (Ema)                               | 9034             | 100% Exploration license                        |
| DNPM Permit Number 880.090.08<br>Location Brazil (Tres Estados)               | 8172.25          | 100%<br>Exploration Licences                    |
| DNPM Permit Number<br>880.094/2014<br>Location Brazil (Pombos)                | 1000.36          | 100%<br>Application for Exploration<br>Licences |

The information in this announcement that relates to exploration results is extracted from the announcements titled “Exploration Update” dated 1 June and 19 June 2017 which is available to view at [www.bbxminerals.com.au/](http://www.bbxminerals.com.au/) [www.asx.com.au](http://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.

### **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 asset is the Juma East Gold Project in the Apuí region – Amazonas State. The company has 58.1km<sup>2</sup> 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.

## 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

82 089 221 634

### Quarter ended ("current quarter")

30 JUNE 2017

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date<br>(12..months)<br>\$A'000 |
|---|----------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                            |   |
| 1.1 Receipts from customers                               | -                          | -                                       |
| 1.2 Payments for  |                            |   |
| (a) exploration & evaluation                              | (420)                      | (1,000)                                 |
| (b) development   | -                          | -                                       |
| (c) production  | -                          | -                                       |
| (d) staff costs   | (105)                      | (156)                                   |
| (e) administration and corporate costs                    | (136)                      | (549)                                   |
| 1.3 Dividends received (see note 3)                       | -                          | -                                       |
| 1.4 Interest received                                     | 1                          | 2                                       |
| 1.5 Interest and other costs of finance paid              | -                          | -                                       |
| 1.6 Income taxes paid                                     | -                          | -                                       |
| 1.7 Research and development refunds                      | -                          | -                                       |
| 1.8 Other (provide details if material)                   | -                          | -                                       |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(660)</b>               | <b>(1,703)</b>                          |

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

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12..months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| 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)                   | -                                  | -  |
| <b>2.6 Net cash from / (used in) investing activities</b> | <b>-</b>                           | <b>-</b>   |

|   |              |              |
|---|--------------|--------------|
| <b>3. Cash flows from financing activities</b>                                  |              |              |
| 3.1 Proceeds from issues of shares  | 1,212        | 1,397        |
| 3.2 Proceeds from issue of convertible notes                                    | -            | -            |
| 3.3 Proceeds from exercise of share options                                     | 685          | 1,285        |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | (2)          | (2)          |
| 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)   | -            | -            |
| <b>3.10 Net cash from / (used in) financing activities</b>                      | <b>1,895</b> | <b>2,680</b> |

|   |              |              |
|---|--------------|--------------|
| <b>4. Net increase / (decrease) in cash and cash equivalents for the period</b> |              |              |
| 4.1 Cash and cash equivalents at beginning of period                            | (32)         | 248          |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | (660)        | (1,703)      |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above)             | -            | -            |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above)            | 1,895        | 2,680        |
| 4.5 Effect of movement in exchange rates on cash held                           | (2)          | (24)         |
| <b>4.6 Cash and cash equivalents at end of period</b>                           | <b>1,201</b> | <b>1,201</b> |



| 5. <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Bank balances  | 1,201                      | 6                           |
| 5.2 Call deposits  | -                          | -                           |
| 5.3 Bank overdrafts  | -                          | (38)                        |
| 5.4 Other (provide details)  | -                          | -                           |
| <b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>   | <b>1,201</b>               | <b>(32)</b>                 |

| 6. <b>Payments to directors of the entity and their associates</b>                                       | Current quarter<br>\$A'000 |
|--|----------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2                                   | 105                        |
| 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. <b>Payments to related entities of the entity and their associates</b>                                | Current quarter<br>\$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 |                            |

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

| <b>8. Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | <b>Total facility amount<br/>at quarter end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
|--|---|--|
| 8.1 Loan facilities  | 40  | 5  |
| 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. |   |  |

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| <b>9. Estimated cash outflows for next quarter</b> | <b>\$A'000</b> |
|--|----------------|
| 9.1 Exploration and evaluation                     | 350            |
| 9.2 Development                                    | -              |
| 9.3 Production                                     | -              |
| 9.4 Staff costs                                    | 40             |
| 9.5 Administration and corporate costs             | 70             |
| 9.6 Other (provide details if material)            | -              |
| <b>9.7 Total estimated cash outflows</b>           | <b>460</b>     |

| <b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>                            | <b>Tenement reference and location</b> | <b>Nature of interest</b> | <b>Interest at beginning of quarter</b> | <b>Interest at end of quarter</b> |
|--|--|---------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | Brazil<br>880.070/2007                 | Option                    | 75%                                     | Nil                               |
|  | 880.152/2012                           | Option                    | 75%                                     | Nil                               |
|  | 880.069/2013                           | Option                    | 75%                                     | 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: .28 July 2017

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.