

BBX MINERALS LIMITED

ACN 008 719 015

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

This financial report covers the consolidated entity consisting of BBX Minerals Limited and its controlled entities.

This interim Financial Report should be read in conjunction with the company's most recent annual financial report for the period 30 June 2013.

BBX Minerals Limited

Corporate Directory

Half Year-Ended 31 December 2013

Directors

Michael Hogg (resigned 23 July 2013)

Michael Schmulian (Chairman)

William Dix

Alastair Smith

Secretary

Simon Robertson

Registered Office

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Facsimile +61 8 6210 1153

Share Registry

Boardroom Pty Limited

Level 7, 207 Kent Street

Sydney NSW 2000

Auditor

Lachlan Nielson Partners Pty Ltd

Level 18, 201 Kent Street

Sydney NSW 2000

Stock Exchange

Australian Securities Exchange

20 Bridge Street

SYDNEY NSW 2000

ASX Code

BBX (fully paid ordinary shares)

BBX Minerals Limited

Directors' Report

Half-Year Ended 31 December 2013

The directors of BBX Minerals Limited submit the consolidated financial report of BBX Minerals Limited ("BBX") and its controlled entities ("the Group") for the half-year ended 31 December 2013.

In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows.

Directors

The names of directors who held office during or since the end of the half-year are:

Mr Michael Schmulian

Mr William Dix

Mr Alastair Smith

Mr Michael Hogg (resigned on 23 July 2013)

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The consolidated total comprehensive income (loss) of the group for the half-year after income tax was \$518,088 (December 2012: \$692,543).

The loss from ordinary activities after income tax expense includes the following items of revenue and expense that are relevant in explaining the financial performance of the entity.

	Half-year Ended 31 Dec 2013	Half-year Ended 31 Dec 2012
	\$	\$
Loss from continuing operations	(358,129)	(664,817)
Profit from discontinued operations	44,591	-
Total comprehensive loss attributable to shareholders	(518,088)	(692,543)

Project Announcements

BBX has released various announcements on its Chapada, Eldorado do Juma and Juma East projects. Highlights of these are as follows:

Chapada Project

BBX announced the sale of its Chapada project on 27th September 2013 to Engep Engenharia E Pavimentacao Ltda for R\$3.4 million (A\$1.6 million (exchange rate 2.12 BRL: AUD) inclusive of contingent consideration of R\$1,200,000 (A\$566,000) and a 3% net smelter return royalty is also payable to BBX from the Chapada project, of which 2.1 % is payable to Rio Gameleira Prospeccao e Geologia Ltda, plus 3% of the total sale consideration should the buyers sell the Chapada project to a third party.

To date, payments of R\$100,000 (A\$48,000) in September 2013, R\$300,000 (A\$142,000) on 27th September 2013 and R\$600,000 (A\$284,000) on 12th December 2013 have been received from Engep Engenharia E Pavimentacao Ltda under the acquisition agreement.

BBX's obligation to pay Mundo Mineracao Ltda A\$110,000 (due 5 days after the publication in the Official Gazette of the approval by the DNPM (Brazilian Mines Department) of the transference of the Chapada Prospect to BBX under its previous announced option to purchase 51% of the Chapada Project) remains unaffected by the transaction.

BBX Minerals Limited

Directors' Report

Half-Year Ended 31 December 2013

Eldorado do Juma

On 8th August 2013 BBX completed a systematic auger drilling and sampling programme of the tailings at the Eldorado do Juma prospect under the Garimpeiro exploration license PLG 880007/2007, with the objective of evaluating the economics of retreating the tailings to produce early cash flows. A total of 153 auger holes was drilled, totalling 1,020 meters on a 40m x 40m grid, generally sampling 3 meter composites. BBX announced the results of its auger drilling and channel sampling program at Eldorado do Juma on 29th November 2013.

A total of 403 samples including standards, blanks, and duplicates was sealed on site and transported to the ACME laboratory in Itaituba. Subsequently a total of 116 concentrated samples was then prepared and sent to ACME in Santiago Chile, for metallic screen as saying. Despite the overall low average grades in the auger drilling, the results show that local higher grade zones within the tailings dams may have potential for future low cost gravity re-treatment. A follow-up sampling program to fully evaluate the higher grade zones is currently being planned.

BBX and their legal advisors FFA Legal are continuing the process to convert the PLG License 880007/2007 to an exploration license and subsequently transfer this license to the BBX controlled entity, Comin Gold (75% BBX and 25% Cooperjuma). BBX are unable at present to indicate a timeframe as to when the license will be transferred.

BBX anticipates the granting of the environmental permit by the State environmental agency IPAAM, to enable the tailings located at Galo and Jacare to be auger drilled within 90-120 days. Channel and chip sampling of adjacent mineralised structures will also be conducted. The metallic screen methodology subsequently used at Eldorado do Juma will be used to test the tailings.

Juma East

The DNPM transferred 4 exploration licenses to BBX Minerals 100% subsidiary MINERAÇÃO BBX DO BRASIL LTDA, which were granted to Raquel Correia da Silva, covering Juma East tenements, over which BBX Minerals held an option to purchase, which has been exercised. The permits transferred were as follows:

- DNPM Permit Number 7124/2013 - 880.115/2008 Raquel Correia da Silver Assignee Mineracao BBX do Brasil Ltda
- DNPM Permit Number 7125/2013 - 880.116/2008 Raquel Correia da Silver Assignee Mineracao BBX do Brasil Ltda
- DNPM Permit Number 7126/2013 - 880.117/2008 Raquel Correia da Silver Assignee Mineracao BBX do Brasil Ltda
- DNPM Permit Number 7126/2013 - 880.129/2008 Raquel Correia da Silver Assignee Mineracao BBX do Brasil Ltda

The tenements cover an area of 38,448 hectares, with some Garimpeiro activity on the Juma East tenements.

The Juma East project is located in a geological setting favourable for low sulphidation epithermal mineralisation in prospective metasediments and metavolcanics of the Iriri and Colider Groups. Field work was to commence on Juma East in November – December 2013.

BBX Minerals Limited

Directors' Report
Half-Year Ended 31 December 2013

Auditor's Declaration

A copy of the auditor's independence declaration under s.307C of the *Corporations Act 2001* is set out on page 5 of the half-year ended financial report.

This report is signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

No Person has applied for leave of the court to bring proceedings on behalf of the Company for all or part of those proceedings.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Michael Schmulian', with a long horizontal flourish extending to the right.

Michael Schmulian
Chairman
Dated: 14th March 2014

AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BBX MINERALS LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2013, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Lachlan Nielson Partners Pty Limited



Tony Rose
Director

Dated 14th March 2014

Sydney

Condensed consolidated statement of comprehensive income

For the half-year ended 31 December 2013

	Consolidated Group	
	Half-year ended	
	2013	2012
	\$	\$
Continuing operations		
Other revenue	4,752	10,323
Administration & Professional costs	(171,221)	(455,867)
Bonus	-	(50,000)
Depreciation	(1,903)	(270)
Directors Fees	(37,200)	(42,515)
Mining & Exploration expense	(144,275)	(76,080)
Other expenses	(8,282)	(50,408)
(Loss) before income tax	(358,129)	(664,817)
Income tax expense / (benefit)	-	-
(Loss) from continuing operations after income tax	(358,129)	(664,817)
Profit from discontinued operations	44,591	-
Tax on profit from discontinued operations	-	-
Profit from discontinued operations after income tax	44,591	-
Other comprehensive income/(loss)		
Exchange differences on translating foreign Operations	(204,550)	(27,726)
Total comprehensive (loss) for the year attributable to shareholders	(518,088)	(692,543)
Earnings per share – loss from continuing operations		
Basic earnings per share (cents per share)	(0.31)	(0.87)
Diluted earnings per share (cents per share)	(0.31)	(0.87)
Earnings per share – attributable to ordinary shareholders		
Basic earnings per share (cents per share)	(0.45)	(0.91)
Diluted earnings per share (cents per share)	(0.45)	(0.91)

These financial statements should be read with the accompanying notes

Condensed consolidated statement of financial position

As at 31 December 2013

	Note	Consolidated Group	
		31 Dec 2013	30 June 2013
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		290,641	378,668
Receivables		575,964	72,672
Exploration & evaluation assets - held for resale		-	1,036,126
TOTAL CURRENT ASSETS		866,605	1,487,466
NON-CURRENT ASSETS			
Property, plant and equipment		17,429	19,332
Receivables		167,978	-
TOTAL NON-CURRENT ASSETS		185,407	19,332
TOTAL ASSETS		1,052,012	1,506,798
CURRENT LIABILITIES			
Trade and other payables		211,603	286,824
TOTAL CURRENT LIABILITIES		211,603	286,824
NON-CURRENT LIABILITIES			
Trade and other payables		44,907	44,907
TOTAL NON-CURRENT LIABILITIES		44,907	44,907
TOTAL LIABILITIES		256,510	331,731
NET ASSETS		795,502	1,175,067
EQUITY			
Issued capital		13,844,665	13,846,315
Accumulated losses		(13,942,626)	(13,424,538)
Options reserve		762,400	762,400
Foreign currency translation reserve		131,063	(9,110)
TOTAL EQUITY		795,502	1,175,067

These financial statements should be read with the accompanying notes

Condensed consolidated statement of cash flows
For the half-year ended 31 December 2013

	Consolidated Group	
	Half-year ended	
	31 Dec	31 Dec
	2013	2012
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(529,719)	(555,302)
Interest received	1,781	10,323
Net cash provided by (used in) operating activities	<u>(527,938)</u>	<u>(544,979)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	-	(174,657)
Proceeds from sale of exploration and evaluation	474,462	-
Payment for mine assets	-	(267,087)
Return of Capital	-	41,013
Net cash provided by (used in) investing activities	<u>474,462</u>	<u>(400,731)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Other (Cost of Capital Raising)	(34,551)	-
Net cash provided by (used in) financing activities	<u>(34,551)</u>	<u>-</u>
Net increase in cash held	(88,027)	(945,710)
Cash at beginning of financial year	378,668	1,200,648
Exchange rate changes on the balance of cash held in foreign currencies	-	(4,818)
Cash at end of financial year	<u><u>290,641</u></u>	<u><u>250,120</u></u>

These financial statements should be read with the accompanying notes

Condensed consolidated statement of changes in equity

For the half-year ended 31 December 2013

Consolidated Group	Note	Share Capital Ordinary	Accum- ulated Losses	Foreign Exchange Reserve	Option Reserve	Total
		\$	\$	\$	\$	\$
Balance at 1.7.2012		13,198,429	(12,146,242)	993	608,400	1,661,580
(Loss) attributable to members of parent entity		-	(692,543)	(36,183)	-	(728,726)
Balance at 31.12.2012		13,198,429	(12,838,785)	(35,190)	608,400	932,654
Balance at 1.7.2013		13,846,315	(13,424,538)	(9,110)	762,400	1,175,067
(Loss) attributable to members of parent entity		-	(518,088)	140,173	-	(377,915)
Shares issued during the year		-	-	-	-	-
Capital raising costs		(1,650)	-	-	-	(1,650)
Balance at 31.12.2013		13,844,665	(13,942,626)	131,063	762,400	795,502

These financial statements should be read with the accompanying notes

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2013

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with international Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes or disclosures of the type normally included in an annual financial report. The half-year financial report should be read in conjunction with the most recent annual financial report.

(b) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical costs, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and method of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the group's 2013 annual financial report for the financial year ended 30 June 2013, except for the Standards and Interpretations described below. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. New and revised Standards and amendments thereof and Interpretation effective for the current half-year that are relevant to the Group are:

- AASB 10: Consolidated Financial Statements;
- AASB 11: Joint Arrangements;
- AASB 12: Disclosure of Interests in Other Entities;
- AASB 127: Separate Financial Statements (August 2011);
- AASB 128: Investments in Associates and Joint Ventures;
- AASB 13: Fair Value Measurement;
- AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards;
- AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle; and
- AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by BBX Minerals Limited (the parent entity) and the results of all its controlled entities. BBX Minerals Limited and its controlled entities together are referred to in this financial report as the group or the consolidated entity. A list of controlled entities is provided in Note 7.

The assets, liabilities and results of controlled entities are consolidated into the financial statements from the date on which control is obtained by the Group, and is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of controlled entities have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in controlled entities not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in controlled entities and are entitled to a proportionate share of the controlled entity's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2013

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(d) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(i) Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

(ii) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2013

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.
- When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(e) Foreign currency translation

(i) Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

(iii) Foreign Operations

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and exchange rates during the period, or approximated to this using average exchange rates; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position via other comprehensive income. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed.

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2013

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(f) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or relating to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(g) Critical Accounting Estimates and Judgements

(i) Impairment Testing

The directors evaluate estimates and judgments incorporated into the financial report based on historical and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Critical estimates and judgments relating to the impairment testing of assets of the Group are as follows:

(ii) Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

(iii) Going concern.

Refer note 1 (h) below for details.

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2013

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(h) Going concern

The half-year financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a total comprehensive loss after tax for the half year of \$518,088 (2012: \$692,543), and as at balance date, held cash of \$290,641 (2012: \$250,120) and had current liabilities of \$211,603 (2012: \$448,442).

The ability of the Company to continue to pay its debts as and when they fall due is dependent upon the Company successfully raising additional share capital and ultimately developing one of its mineral properties.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- The Directors have an appropriate plan to raise additional funds as and when it is required. In light of the Group's current exploration projects, the Directors believe that any additional capital required can be raised in the market; and
- The Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.
- The Directors have available the fixed payment receivable of R\$1,200,000 (A\$566,000) due from Engep Engenharia E Pavimentacao that can be utilised to fund further exploration activities as acquisition payments are received, or potential to discount this receivable. The Directors are also aware that the title of the mineral right will be transferred within 1 week and that will enable the DNPM to issue a trial mining licence which will trigger the contingent portion of the acquisition payment of R\$1,200,000 (A\$566,000) to become payable.

The accounts have been prepared on the basis that the Company can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business.

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2013

2. PROFIT FROM ORDINARY ACTIVITIES

Consolidated Group	
Half-year Ended 31 December 2013	Half-year Ended 31 December 2012
\$	\$

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Discontinued operations:

Revenue from sale of Chapada Project	1,080,717	-
Carrying value of capitalised exploration site at date of sale	(1,036,126)	-
Net gain on the disposal of capitalised exploration expenditure	44,591	-

Of the revenue of \$1,080,717, \$474,462 was received during the period and \$575,926 will be receivable at the period end.

All other significant revenue and expense items for periods are disclosed on the face of the statement of comprehensive income.

3. DISCONTINUED OPERATIONS

On 2 July 2013, BBX Minerals had announced that it had entered into a Letter of Intent for the Sale of BBX's 100% interest in the Chapada Project for a consideration of R\$3.4 million (Approximately A\$1.6 million) out of which R\$1.2 million (Approximately A\$566,000) is contingent on the DNPM granting of a trial mining licence to the buyer. As at 31 Dec 2013, BBX has received R\$1.0 million (Approximately A\$474,462) with the remaining portion recognised a receivable at period end.

Financial information relating to the discontinued operations for the reporting period is set out below. The profit or loss on is shown in note 2 above.

31 Dec 2013	31 Dec 2012
\$	\$

The net cash flows of the discontinued division, which have been incorporated into the statement of cash flows, are as follows:

Net cash inflow/(outflow) from operating activities	-	-
Net cash inflow/(outflow) from investing activities	474,462	(174,657)
Net cash inflow/(outflow) from financing activities	-	-
Net cash increase/(decrease) in cash generated by the discontinued division	474,462	(174,657)

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2013

4. SEGMENT INFORMATION

The Company has identified its operating segments based on internal reports that are reviewed by the Board and management. The Company operated in one business segment during the year, being mineral exploration and in two geographical areas, being Australia and Brazil.

2013	Brazil	Australia	Total
	\$	\$	\$
Segment Revenue	48,134	1,209	49,343
(Loss) after income tax	(239,483)	(74,055)	(313,538)
Segment total assets	866,385	185,627	1,052,012
Segment total liabilities	(37,968)	(218,542)	(256,510)

2012	Brazil	Australia	Total
	\$	\$	\$
Segment Revenue	-	10,323	10,323
Loss after income tax	(299,410)	(393,134)	(692,544)
Segment total assets	1,120,039	306,164	1,426,203
Segment total liabilities	(111,694)	(381,656)	(493,350)

5. KEY MANAGEMENT PERSONNEL

	2013	2012
	\$	\$
Director's fees	37,200	42,515
Bonus	-	50,000
	<u>37,200</u>	<u>92,515</u>

Remuneration arrangements of key personnel are disclosed in the annual financial report.

6. ISSUED AND PAID-UP CAPITAL

	2013 Shares	2012 Shares	2013 \$	2012 \$
a. Ordinary shares				
Ordinary shares fully paid	114,454,232	76,421,352	13,844,665	13,198,429

b. Movements in ordinary share capital:

Date	Details	Number of shares	Issue Price	\$
30 June 2013	Opening Balance	114,454,232	-	13,846,315
2 July 2013	Less: Transaction costs arising on share issue	-	-	(1,650)
31 December 2013	Balance	<u>114,454,232</u>	<u>-</u>	<u>13,844,665</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2013

7. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)*
Subsidiaries of BBX Minerals Ltd:		
BBX Peru	Peru	100%
BBX Lucanas	Peru	100%
BBX Brazil	Brazil	100%
Minorte Extração de Mineração Ltda	Brazil	100%
Comin Gold	Brazil	75%

8. COMMITMENTS and CONTINGENCIES

Juma East Gold Project

As at 31 Dec 2013, BBX Minerals via its wholly owned subsidiary MINERAÇÃO BBX DO BRASIL LTDA (BBX Brazil) holds an option to purchase 100% of the Juma East Project from Raquel Correia da Silva, by paying a total of US\$500,000 for each tenement over a 6 year period, plus expenditure commitments, with payments for each tenement as follows:

- a) US\$10,000 five working days after publication of granting the exploration license – payment of US\$40,000 in total was paid on 10th August 2013
- b) Guida lease – 880.129 / 2008 – US\$30,000 is now due on 15th February 2014 (Paid)
Pintado lease – 880.115 / 2008 – US\$30,000 is now due on 15th May 2014
Boia Velha lease – 880.117 / 2008 – US\$30,000 is now due on 15th August 2014
Pepita lease – 880.116 / 2008 – US\$30,000 is now due on 15th August 2014
- c) US\$50,000 - 12 months after publication of conditional transfer of title to BBX
- d) US\$100,000 - 24 months after publication of conditional transfer of title to BBX
- e) US\$100,000 - 36 months after publication of conditional transfer of title to BBX
- f) US\$100,000 - 48 months after publication of conditional transfer of title to BBX
- g) US\$100,000 - 60 months after publication of conditional transfer of title to BBX

BBX can relinquish any of the leases at any time without any further payment or expenditure commitments.

9. SUBSEQUENT EVENTS

BBX announced on 8 January 2014 a 90 day environmental approval to drill Jacare and Galo tailings. BBX also announced that it had renegotiated the acquisition payments for Juma East.

On 20/1/2014 BBX announced initial exploration results from Juma East (Guida):

- BBX has identified widespread silica textures and silicification alteration typical of low sulphidation epithermal gold systems at the Guida target.
- Presence of high mercury values in rocks (620 ppb) and soil (183 ppb) usual in areas with geothermal activity.
- Visible gold identified in the saprolite of the silica lattice-bladed rocks and in soils around Guida old workings.
- Assay results indicate around 0.50 g/t of Au in the soils and saprolite at Guida

On 23 January 2014 BBX announced that the mineral right had been transferred to BBX which triggered the final payment to Mundo Mineracao Ltda of A\$10,000.

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2013

9. SUBSEQUENT EVENTS (CONTINUED)

On 3 February 2014, BBX announced it had settled its obligation to pay Mundo Mineracao Ltda by a payment of A\$30,000 and issuing 4,000,000 BBX shares @ 0.02 cents per share, and issued a cleansing prospectus on February 2014 for 1,000 shares @ 2 cents for the above Mundo Mineracao Ltda share issue. No shares offered under the prospectus were accepted.

On 7 March 2014, BBX announced a further exploration update from additional field work undertaken Juma East.

- As (arsenic), V (vanadium), Cr (chrome), Hg (mercury), Ga (gallium), Sb (antimony), Mo (molybdenum) typical of alkalic-low sulphidation epithermal gold-silver (Au-Ag) systems identified over extensive area (1.5km x 1.5km).
- Anomalous gold in soils identified intermittently over 1.5 km east/west and 500 meters north/south with gold values from 0.20 g/t to 1.53 g/t.
- Presence of anomalous values for mercury and gallium in the soils supports the concept of a totally preserved epithermal Au-Ag system.
- 2.23 g/t Au over 2 vertical meters in colluvium material.
- Major structures identified in radar and satellite images suggests a rift low sulphidation epithermal Au-Ag system style for the gold mineralisation at Guida.

**Directors Declaration
For the half-year ended 31 December 2013**

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 6 to 18 are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standards AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the financial position as at 31 December 2013 and of the performance for the half-year ended on that date of the company;
3. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors



Michael Schmulian
Chairman
Dated: 14th March 2014



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BBX MINERALS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of BBX Minerals Limited and controlled entities ('the consolidated company'), which comprises the consolidated condensed statement of financial position as at 31 December 2013, consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors' of BBX Minerals Limited 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 controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatements, 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 an 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the BBX Minerals Limited and controlled entities financial position as at 31 December 2013 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 the Limited and controlled entities, 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the BBX Minerals Limited and controlled entities for the half-year ended 31 December 2013 included on the website of BBX Minerals Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 BBX Minerals Limited and controlled entities 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 2013 and of its performance for the half-year ended on that date; and
- ii. complying with AASB 134 *Interim Financial Reporting and the Corporation Regulations 2001*.

Going Concern

Without qualifying our conclusion, we draw attention to Note 1(h) in the financial report, which indicates that the company incurred a net loss of \$518,088 for the six months to 31 December 2013, and as of that date, held cash of \$290,641 and had current liabilities of \$211,603. These conditions, along with other matters as set forth in Note 1(h), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Lachlan Nielson Partners Pty Limited

Anthony Rose
Director

Sydney, 14th March 2014