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Luke Dawson

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Senior Associate | Corporate Advisory and
Governance<<http://www.hopgoodganim.com.au/Contact-Card/Corporate-Advisory-and-Gove>

l.dawson@hopgoodganim.com.au<<mailto:l.dawson@hopgoodganim.com.au>>

T: +61 7 3024 0412

F: +61 7 3024 0512

Level 8, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000

PO Box 7822, Waterfront Place Qld 4001

www.hopgoodganim.com.au<<http://www.hopgoodganim.com.au>> | Email
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LAWYERS

6 September 2016

Australian Securities Exchange
Company Announcement Platform
By facsimile: 1300 135 638

Our ref: 1689959 - Luke Dawson

BRISBANE

Level 8, Waterfront Place
1 Eagle Street
Brisbane Qld 4000 Australia

P0 Box 7822, Waterfront Place
Brisbane Qld 4001 Australia

ABN: 54 105 489 661

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Dear Sir/Madam

Drake Private Investments LLC - On-Market Takeover Bid for BBX Minerals Limited ACN 089 221 634 – Bidder’s Statement and Form 603

We are the solicitors for Drake Private Investments LLC (**Drake** or **Company**).

The Company has today announced an on-market takeover bid for all of the fully paid ordinary shares in **BBX Minerals Limited ACN 089 221 634 (BBX)** which are not already held by Drake (or its Associates) under Part 6.5 of the *Corporations Act 2001* (Cth) (**Corporations Act**) (**Takeover Bid**).

Please find **attached**:

- (a) in accordance with item 3 of Section 635(1) of the Corporations Act, a copy of the Bidder’s Statement dated 6 September 2016 in connection with the Takeover Bid; and
- (b) in accordance with Section 671B(1)(c) of the Corporations Act, an ASIC Form 603 “Notice of initial substantial holder” for Drake.

THIS COVERING LETTER (COMPRISING THE FIRST PAGE ONLY OF THIS FACSIMILE) IS NOT FOR RELEASE TO THE MARKET.

Yours faithfully

HopgoodGanim Lawyers

Contact: Luke Dawson
Senior Associate
T 07 3024 0412
F 07 3024 0512
E l.dawson@hopgoodganim.com.au

BRISBANE

T +61 7 3024 0000
F +61 7 3024 0300

Partner responsible: Brian Moller

PERTH

T +61 8 9211 8111
F +61 8 9221 9100

www.hopgoodganim.com.au

DRAKE PRIVATE INVESTMENTS LLC

BIDDER'S STATEMENT

ACCEPT

**THE UNCONDITIONAL
CASH OFFER**

BY

DRAKE PRIVATE INVESTMENTS LLC

TO ACQUIRE ALL OF YOUR ORDINARY SHARES
IN

BBX MINERALS LIMITED

(ACN 089 221 634)

FOR

A\$0.045 CASH PER SHARE

Australian Legal Adviser



HopgoodGanim

LAWYERS

Broker

Morgans IN ALLIANCE WITH **CIMB**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE
ATTENTION**

It should be read in its entirety

If you are in doubt about how to deal with this document, you should consult your legal, financial or other professional advisor immediately. Morgans Financial Limited will stand in the Relevant Market (ie ASX and Chi-X) from 6 September 2016. The Offer Period will commence officially on 20 September 2016 and will end on 21 October 2016, unless extended.

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IMPORTANT DATES

| | |
|--|---|
| Announcement Date of Offer: | 6 September 2016 |
| Lodgement Date: | 6 September 2016 |
| Bidder's Statement Date: | 6 September 2016 |
| BBX Shareholders able to sell BBX Shares to Drake: | 6 September 2016 |
| Date of Offer: | 20 September 2016 |
| Offer Period commences: | 20 September 2016 |
| Offer Period ends (unless extended):* | 4.00pm (Sydney Time) on 21 October 2016 |

* Drake may extend the Offer Period in accordance with the Corporations Act.

1. Important Information and Notices

1.1 Important Notices

This Bidder's Statement relates to an on-market, unconditional cash offer from Drake Private Investments LLC (**Drake**), to acquire all the Shares in BBX Minerals Limited ACN 089 221 634 (**BBX or Target or Company**).

This document is the Bidder's Statement given by Drake to BBX under Part 6.5 of Chapter 6 of the Corporations Act and in compliance with the requirements of Sections 636 and 637 of the Corporations Act, in relation to the Offer contained in Section 5 of this Bidder's Statement.

1.2 Australian Securities and Investments Commission

A copy of this Bidder's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 6 September 2016. Neither ASIC nor any of its officers takes any responsibility for the content of this Bidder's Statement.

1.3 Date of the Offer

This Bidder's Statement is dated 6 September 2016. It includes an Offer to be made on 20 September 2016 (**Offer Date**) in Section 5 of this document.

1.4 Investment Decision

This Bidder's Statement does not take into account the individual investment objectives, financial situation and particular needs of each BBX Shareholder. You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your BBX Shares.

1.5 Defined Terms

Defined terms used in this Bidder's Statement and Offer are capitalised and are defined in Section 12.

1.6 Disclaimer as to Information

All of the information concerning BBX contained in this Bidder's Statement has been obtained from publicly available sources including public documents filed by BBX or information published by BBX on its website. Neither Drake nor any of its advisers assume any responsibility for the accuracy or completeness of this information. None of the information in this Bidder's Statement relating to BBX has been verified by Drake's board or independently verified by Drake or its respective directors for the purposes of this Bidder's Statement. Accordingly, subject to the Corporations Act, Drake does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on BBX in this Bidder's Statement should not be considered comprehensive. In addition, the Corporations Act requires the directors of BBX to provide a Target's Statement to Shareholders in response to this Bidder's Statement, setting out certain material information concerning BBX.

1.7 Forward-looking statements

This Bidder's Statement includes both historical and forward-looking statements in connection with Drake and BBX, including statements of current intention or expectation (which includes those in Section 8 of this Bidder's Statement). As such forward-looking statements relate to future matters, they are subject to various inherent risks and uncertainties. Actual events or

results may differ materially from the events or results expressed or implied by any forward-looking statements. None of Drake, any of Drake's directors or officers, any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes, or should be taken as making, any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statements, or any events or results expressed or implied in any forward-looking statement, except to the extent that it is required by law. The forward-looking statements contained in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement. Subject to any obligations under the law or the ASX Listing Rules, Drake does not give any undertaking to update or revise any forward-looking statements after the date of this Bidder's Statement to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

1.8 Offers outside Australia

The distribution of this Bidder's Statement and the making of the Offer may in certain jurisdictions be restricted by law or regulation. The Offer is not being made, directly or indirectly, in or into, and will not be capable of acceptance from, any jurisdiction in which the making of the Offer, or acceptance of the Offer, would not be in compliance with the laws of that jurisdiction. Persons who come into possession of this Bidder's Statement should inform themselves of, and observe, any of those restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any of these jurisdictions. Drake does not assume any responsibility for any violation by any person of any of these restrictions.

1.9 Important notice to BBX Shareholders in USA

The Offer is made for the Shares of an Australian-registered company. It is important that Shareholders in the USA understand that the Offer is subject to disclosure requirements in Australia that are quite different to those in the USA.

1.10 Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Bidder's Statement.

1.11 Privacy

Drake will collect personal information about BBX Shareholders for the purposes of making the Offer. The Corporations Act requires the names and addresses of BBX Shareholders to be held in a public register. Drake will share that personal information with its advisers and services providers only to the extent necessary for purposes relating to the Offer. Drake may be required to disclose such personal information to regulators, such as ASIC.

1.12 Information regarding the Broker to the Offer

Morgans Financial Limited ABN 010 669 726 AFSL 235410, an ASX and Chi-X market participant, is the Broker to the Offer.

2. Letter to Shareholders

Dear Fellow BBX Shareholder,

On-Market Cash Offer to acquire your BBX Shares

I am pleased to enclose this unconditional cash offer to acquire all of your BBX Minerals Limited (**BBX**) Shares via an on-market takeover bid. **Drake Private Investments LLC (Drake)** is offering \$0.045 cash for every BBX Share held (**Offer**).

As at the date of the Bidder's Statement, Drake already owns 106,424,928 BBX Shares (or 38.51% of BBX's issued Shares) through a nominee company, National Nominees Limited.¹ The Offer values BBX at approximately A\$12.4 million.²

Drake has appointed Morgans Financial Limited to act as its on-market broker. The \$0.045 cash Offer allows BBX's Shareholders to realise immediate value for their Shares in a volatile equity market. The Offer represents an attractive premium of 21.6% to the closing share price of \$0.037 on 5 September 2016 and a 23.5% premium to the volume weighted average share price over the previous 90 Trading Days from and including 3 May 2016.³

As an on-market bid, the Offer is free of all conditions and provides you with a straightforward cash exit for your BBX Shares allowing you to realise your cash proceeds in two ASX trading days (that is, on a T+2 Basis).

Drake is a New York based global macro fund led by Anthony Faillace, the co-founder of Drake Management LLC. The fund invests in a wide range of assets, including interest rates, currencies, futures and equities. Over the last two years Drake has greatly increased its investment in the resource industry with investments in both Australia and Canada.

Details of the Offer are set out in this Bidder's Statement. I encourage you to read it carefully and then accept the Offer as soon as possible upon the Offer Period commencing on 20 September 2016. To accept the Offer, please follow the instructions in Section 4 of this Bidder's Statement. The Offer is open for you to accept until 21 October 2016, unless it is extended.

Yours sincerely,



Scott Riley - Portfolio Manager and Director
Drake Private Investments LLC

¹ Source: BBX ASX Announcement "Change in substantial holding DPI" released on ASX on 24 August 2016 and BBX ASX Announcement "Appendix 3B" released on ASX on 22 August 2016 in compliance with ASIC Class Order [CO 13/521].

² Calculated on the basis of 276,377,886 Shares multiplied by the Offer Price of \$0.045.

³ Source: Iress market data, as at 6 September 2016 in compliance with ASIC Corporations (Consents to Statements) Instrument 2016/72.

3. Why you should accept the Offer

Reason 1 Drake's Offer gives you the certainty of cash in uncertain times

The Offer is unconditional. You can accept immediately by instructing your broker to sell your shares. You will receive cash payment within 2 Trading Days (i.e. on a T+2 Basis) in accordance with market practice. The Offer allows BBX Shareholders to realise certain value for their Shares in a volatile equity market.

Reason 2 You can receive an attractive premium in cash for your BBX Shares

The Offer of \$0.045 cash per BBX Share represents a premium to recent trading prices. The Offer price represents:⁴

- a 21.6% premium to the closing share price of \$0.037 on 5 September 2016; and
- a 23.5% premium to the volume weighted average share price over the previous 90 Trading Days from and including 3 May 2016.⁵

Reason 3 You will avoid the potential adverse implications of remaining as a minority shareholder of BBX

Drake already has a relevant interest in 38.51% of BBX Shares.⁶

The Offer is free of all conditions and in particular, there is no minimum acceptance condition. This means that there is a reasonable likelihood that Drake will be successful in increasing its stake in BBX. Any increase, especially if material, will likely lead to a decrease in the trading liquidity and reduced free float of BBX Shares on the ASX. As a result, certain investors may no longer wish to hold BBX Shares as part of their investment portfolios, which may also have a negative impact on the price of BBX Shares. Accordingly, the market for BBX Shares may become significantly less liquid or active.

If you remain a BBX Shareholder you will not receive the consideration offered by Drake under the Offer (unless Drake becomes entitled to compulsorily acquire your Shares, in which case you will receive the Offer Consideration later than the BBX Shareholders who choose to accept the Offer).

ACCEPT THE OFFER

In view of these circumstances, Drake considers its Offer to be highly attractive and compelling.

The closing date of the Offer is 21 October 2016 (unless extended).

Further details of the Offer and how you can accept are included in section 5.8 of this Bidder's Statement.

If you choose not to accept this Offer, you should consult your Broker or legal, financial or other professional adviser to ascertain the impact that the above outcome may have on you and on the value of your BBX Shares.

⁴ Source: Iress market data, as at 6 September 2016 in compliance with ASIC Corporations (Consents to Statements) Instrument 2016/72.

⁵ Source: Iress market data, as at 6 September 2016 in compliance with ASIC Corporations (Consents to Statements) Instrument 2016/72.

⁶ Refer to footnote 1.

4. Summary of the Offer and frequently asked questions

This summary of the Offer provides a general overview only and should be read together with the detailed information set out in this Bidder's Statement.

| | |
|--|---|
| What is the Offer? | Drake is making an Offer to acquire your Shares in BBX. The Offer consideration is A\$0.045 cash for each BBX Share. |
| Acquisitions prior to the Offer Period | From the commencement of trading following the lodgement of this Bidder's Statement on the Announcement Date until the Date of the Offer (unless withdrawn in accordance with the Corporations Act), Morgans Financial Limited will "stand in the market" to acquire on behalf of Drake all BBX Shares offered to it at the Offer Price of A\$0.045 cash. |
| When can I sell my BBX Shares to Drake? | As noted above, you can sell some or all of your Shares on-market to Drake immediately and receive cash proceeds within two trading days (T+2). Drake's Broker, Morgans Financial Limited, will "stand in the market" on behalf of Drake and purchase BBX Shares offered to it at the Offer Price from the Announcement Date of 6 September 2016 until 21 October 2016, the date the Offer is scheduled to close (unless extended or withdrawn in accordance with the Corporations Act). To accept the Offer, you should follow the instructions set out in Section 5.8 of this Bidder's Statement. |
| What is the Offer Price? | Drake is offering a cash amount of A\$0.045 for each of your BBX Shares. |
| What are the Key Dates of the Offer? | Announcement Date of Offer: 6 September 2016 Bidder's Statement lodged with ASIC and ASX: 6 September 2016 Date of Offer: 20 September 2016 Close of Offer: 4pm (Sydney time) on 21 October 2016 (unless extended or withdrawn). |
| If I accept the Offer, when will I be paid? | The usual rules for settlement of transactions which occur on-market will apply in respect of Drake's purchase of BBX Shares on-market. This means that once you have sold your Shares, you will be paid within 2 days (i.e. T+2), as per normal market practice. |
| Is the Offer subject to any conditions? | No - the Offer is an unconditional cash offer. |
| How do I accept the Offer? | Because the Offer is an on-market offer, acceptance of the Offer is only available by selling your Shares to Drake on-market before the end of the Offer Period, as part of normal market trading. You are not required to complete any particular form to accept the Offer. To accept the Offer: <ul style="list-style-type: none"> • for CHESS Holdings of BBX Shares, instruct your stockbroker or CHESS Controlling Participant to sell the BBX Shares on your behalf before the end of the Offer Period; • for Issuer Sponsored Holdings of BBX Shares, you may sell your BBX Shares through a stockbroker of your choice before the end of the Offer Period; • for Controlling Participants, acceptance of the Offer must be initiated in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer |

| | |
|---|---|
| | <p>Period.</p> <p>Beneficial owners whose BBX Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in accepting the Offer.</p> |
| When does the Offer Close? | <p>The Offer is scheduled to close at 4.00pm (Sydney Time) on 21 October 2016, unless extended in accordance with the Corporations Act. Drake will give BBX Shareholders a written notice of any extension to the Offer Period in accordance with the Corporations Act.</p> <p>The Offer Period will be automatically extended by law if Drake's voting power in BBX increases to more than 50% during the last 7 days of the Offer Period. In this case, the Offer Period will end on the 14th day after Drake's voting power increases to more than 50%.</p> <p>Drake may extend the Offer Period in its discretion at any time prior to the last 5 Trading Days of the Offer Period, or in certain limited circumstances at any time prior to the end of the Offer Period (subject to compliance with the law).</p> |
| Where do I go for further information about the Offer? | <p>If you have any questions about the Offer or how to accept the Offer, please consult your financial, legal or other professional adviser.</p> <p>For questions regarding your holding of Shares in BBX, please call the BBX share registry, Automic Registry Services on +61 8 9324 2099.</p> |
| Will I need to pay stamp duty or brokerage fees if I accept the Offer? | <p>The Offer is taking place by way of an on-market takeover bid. BBX Shareholders who accept the Offer may only do so through Brokers or Controlling Participants who are members of ASX. You should ask your broker or Controlling Participant if any brokerage or other fees or charges will apply. Any such fees or charges will be the sole responsibility of accepting BBX Shareholders.</p> <p>Drake will bear its own brokerage (if any) on transfers of BBX Shares acquired through acceptances of the Offer.</p> <p>No stamp duty or GST will be payable by you on the transfer of your BBX Shares pursuant to the Offer (other than GST payable to your broker or Controlling Participant in respect of brokerage or other fees or charges charged to you).</p> |
| What are the taxation implications if I accept the Offer? | <p>A general summary of the Australian taxation consequences for BBX Shareholders who accept the Offer is detailed in Section 10 of this Bidder's Statement. This summary is expressed in general terms only and is not intended to provide taxation advice for your specific circumstances. BBX Shareholders should seek their own independent taxation advice in relation to the Offer.</p> |
| What happens if I do not accept the Offer? | <p>If you do not accept the Offer, you will continue to hold your BBX Shares and be exposed to the risks associated with BBX's future funding uncertainties and other risks associated with maintaining your investment in BBX.</p> <p>If Drake acquires a Relevant Interest in 90% of BBX Shares under the Offer, Drake intends to proceed to compulsorily acquire the outstanding BBX Shares. If your BBX Shares are compulsorily acquired by Drake in this manner, it will be on the same terms as the Offer. However, you will receive the Offer Consideration later than the BBX Shareholders who choose to accept the Offer.</p> <p>If Drake does not become entitled to compulsorily acquire your BBX Shares under the Corporations Act, depending on the number of BBX Shares acquired by Drake, you may be a minority BBX Shareholder.</p> <p>Refer to Section 8 of this Bidder's Statement for details regarding Drake's intentions with respect to BBX and its business.</p> |

5. Offer and Terms

This Section contains the Offer and the terms of the Offer by Drake to acquire all of your BBX Shares.

5.1 The Offer - On-Market Takeover Bid

As disclosed to ASX by its formal written announcement dated 6 September 2016 (**Announcement**), Drake will make the Offer under an on-market Bid to buy all BBX Shares that exist or will exist at any time during the Offer Period at the Offer Price. A copy of the Announcement is set out in Annexure 1 to this Bidder's Statement.

This Offer does not extend to the Convertible Notes or any BBX Options. However, any BBX Shares that are issued and subsequently quoted on ASX arising from the exercise of existing BBX Options or Convertible Notes prior to the end of the Offer Period may be sold to Drake pursuant to the Offer. Details of the number of BBX Options and Convertible Notes on issue are contained in Section 7.4.

5.2 Offer and Offer Price

The Bidder hereby offers to acquire all of your BBX Shares together with all Rights attaching to them for a consideration of A\$0.045 for each BBX Share, on the terms and conditions set out in this Offer.

5.3 How the Offers will be made

The Offers will be made on behalf of Drake by Morgans Financial Limited, through the ASX during the Offer Period. The Offer Period will commence at the start of trade on ASX on 2016.

It is also the intention of the Bidder to acquire BBX Shares offered on-market at the Offer Price from the time of the Announcement on 6 September 2016 until the Date of the Offer (unless withdrawn in accordance with the Corporations Act).

5.4 Persons to whom the Offer is made

The Offer is to all the holders of all of the BBX Shares to which Drake (or its associates) is not already entitled.

5.5 Offers to all holders of Shares

Offers on terms and conditions identical to those contained in this Offer will be dispatched to all holders of Shares, registered as such in the register of members of BBX on the trading day nominated in Drake's request to BBX for BBX to provide Shareholder's name and address details.

The Offer will also extend to any person who is able during the Offer Period to give good title to a parcel of BBX Shares.

5.6 Offer Period

Unless withdrawn or extended in accordance with the Corporations Act, this Offer will remain open for acceptance by you during the period commencing on the Offer Date and ending at 4.00pm (Sydney Time) on 21 October 2016. The period during which this Offer remains open for acceptance is referred to in this Bidder's Statement as the "**Offer Period**".

5.7 Extension of the Offer Period

Drake may, in its discretion and in accordance with the Corporations Act, extend the Offer Period. The Offer Period will be automatically extended by law if Drake's voting power in BBX increases to more than 50% during the last 7 days of the Offer Period. In this case, the Offer Period will end on the 14th day after Drake's voting power increases to more than 50%. Drake may extend the Offer Period in its discretion at any time prior to the last 5 Trading Days of the Offer Period, or in certain limited circumstances at any time prior to the end of the Offer Period (subject to compliance with the law).

5.8 How to accept

Each Offer may be accepted during normal trading on ASX during the Offer Period. A Shareholder may only accept the Offer during the Offer Period by selling all or some of their BBX Shares on-market to Drake through Drake's Broker.

Beneficial owners of Shares whose BBX Shares are registered in the name of a market participant or Participant, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in accepting the Offer.

- ***Issuer Sponsored Holdings of BBX Shares (Security holder reference number (SRN) beginning with "I")***
To sell your BBX Shares to Drake you may instruct any broker to initiate acceptance of the Offer.
- ***CHESS Sponsored Holdings of BBX Shares (Holder identification number (HIN) beginning with "X")***
To sell your BBX Shares to Drake you must instruct your Controlling Participant to initiate acceptance.
- ***For brokers and Controlling Participants***
To sell your BBX Shares to Drake you must initiate acceptance in accordance with the requirements of the ASX Settlement and Operating Rules.

For the avoidance of any doubt, you are not required to complete a form to accept the Offer.

5.9 Payment of sale price for your BBX Shares

The usual rules for settlement of transactions occurring on-market on ASX will apply in respect of Drake's purchase of BBX Shares on-market pursuant to the Offer. This means that, on accepting the on-market Offer, a Shareholder will receive payment on a normal T+2 Basis.

5.10 Brokerage and other costs

As the Offer will be on-market, offers will be made only in the ordinary course of trade on ASX, accepting Shareholders may only accept the Offer through Brokers who are members of ASX.

Any brokerage charged by such Brokers will be the sole responsibility of the accepting Shareholder.

Drake will bear its own brokerage, if any, on transfers of BBX Shares acquired through acceptances of the Offer.

No stamp duty or Goods and Services Tax (GST) will be payable on the transfer of your BBX Shares pursuant to the Offer (other than GST payable to your broker in respect of brokerage fees charged to you).

5.11 Withdrawal of Offer

Drake may withdraw the Offer in respect of unaccepted Offers at any time:

- with the written consent of ASIC and subject to the conditions (if any) specified in such consent; or
- where a Prescribed Occurrence occurs, if at the time of the Prescribed Occurrence, Drake's voting power is at or below 50%; or
- upon the occurrence of an Insolvency Event in relation to BBX (regardless of Drake's voting power in BBX).

Notice of withdrawal of the Offer must be given by Drake to the ASX.

6. Information about Drake

6.1 Corporate background

The Bidder is **Drake Private Investments LLC**, a company formed in the state of Delaware in the United States of America.

Drake was founded in 2004 by Anthony Faillace and its Investment Advisor is Drake Management LLC which was co-founded by Anthony in May 2001. As Chief Investment Officer of Drake Management LLC, he heads the firm's Investment Committee. Anthony is also a portfolio manager specializing in global interest rate products and relative value strategies.

6.2 The Directors

Anthony Faillace: Anthony is co-founder and chief investment officer of Drake Management, a hedge fund firm. Anthony was formerly a managing director and senior portfolio manager at BlackRock, Inc., in New York. At BlackRock, Anthony was a key member of the international team, responsible for managing non-US fixed income assets, comprised of a number of traditional global bond portfolios and the international strategies in The Obsidian Funds, BlackRock's multi-strategy fixed income hedge fund.

Promoted to managing director in December 2000, Anthony joined BlackRock as a director in December 1999 after spending five years at PIMCO. While at PIMCO, Anthony was a key member of the international fixed income team and led the firm's discussions on international and emerging markets at the important annual secular forum strategy sessions.

Anthony also co-authored *Inflation-Protected Bonds: Understanding Structures and Implementing Strategies* (Fabozzi: 1996), the first of its kind on US inflation-linked securities, and the international fixed income section of *Managing Bond Portfolios* (Fabozzi: 1998). In addition to his investment management experience, Anthony worked as an investment analyst in the municipal bond group at the First Boston Corporation in New York. He holds an MBA from the J.L. Kellogg School at Northwestern University, a bachelor's degree in economics from the University of Texas at Austin, where he graduated with high honors, and studied international economics at the Institut D'Etudes Politiques of the University of Paris.

Scott Riley: As Portfolio Manager, Scott specializes in global interest rates, currencies and private equity investments. Scott is also responsible for all trade execution within the Company.

Prior to joining Drake in 2003, Scott worked for over five years with Bear, Stearns & Co. in both New York and Los Angeles in the derivatives group, where he helped transact on a wide variety of derivative transactions.

Scott holds a bachelor of science degree in business administration with a major in finance from the McDonough School of Business at Georgetown University.

7. Information about BBX

7.1 General Overview

BBX is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, BBX is subject to the Listing Rules, which require continuous disclosure of any information BBX has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The ASX website lists all announcements issued by BBX. These documents are available in electronic form from www.asx.com.au (ASX:BBX). In addition, BBX is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by BBX may be obtained from, or inspected at, an ASIC office.

7.2 Information on BBX

All of the information concerning BBX contained in this Bidder's Statement has been obtained from publicly available sources including public documents filed by BBX or information published by BBX on its website.

7.3 BBX's Share price history

The last sale price of BBX Shares on ASX on 5 September 2016, the previous day on which BBX Shares were traded on ASX before the Announcement Date was \$0.037.⁷

The highest and lowest sale prices during the 90 Trading Days immediately before 6 September 2016 were:⁸

- (a) Highest - \$0.065 on 2 September 2016;
- (b) Lowest - \$0.012 on 1 June 2016.

7.4 BBX securities on issue

Based on documents lodged by BBX with ASX, the total number of securities in each class in BBX at the date of this Bidder's Statement is as follows:

| Class | Number |
|--|-------------|
| BBX Fully Paid Ordinary Shares | 276,377,886 |
| Unlisted Options exercisable at \$0.05 on or before 1 July 2017 | 6,000,000 |
| Unlisted Options exercisable at \$0.05 on or before 24 November 2017 | 16,900,000 |
| Unlisted Options exercisable at \$0.0125 on or before 1 March 2018 | 44,910,521* |
| Unlisted Options exercisable at \$0.05 on or before 19 April 2018 | 7,804,250 |
| Unlisted Options exercisable at \$0.03 on or before 19 April 2017 (subject to vesting condition – refer Notice of Meeting lodged on ASX on 21/03/2016) | 10,750,000 |

⁷ Source: Iress market data, as at 6 September 2016 in compliance with ASIC Corporations (Consents to Statements) Instrument 2016/72.

⁸ Source: Iress market data, as at 6 September 2016 in compliance with ASIC Corporations (Consents to Statements) Instrument 2016/72.

| | |
|--|------------|
| Unlisted Options exercisable at \$0.037 on or before 19 April 2020 | 10,750,000 |
| Unlisted Options exercisable at \$0.05 on or before 18 May 2018 | 75,000 |
| Unlisted Options exercisable at \$0.05 on or before 13 July 2018 | 700,000 |

Note:

**This includes 27,500,000 options held by Drake*

7.5 Interests of Drake - Relevant interests and voting power in BBX Shares

As at the date of this Bidder's Statement and the date immediately before the first Offer was sent, Drake had a Relevant Interest in 106,424,928 BBX Shares, held by Drake and its Associates, giving Drake a voting power of 106,424,928 votes or 38.51% of BBX's issued ordinary shares.⁹

The above percentages assume that no Options are exercised (which would be dilutive to Drake's total Relevant Interest in BBX Shares) and BBX does not issue any additional Shares.

Drake also holds 27,500,000 Unlisted Options exercisable at \$0.0125 on or before 1 March 2018.

7.6 Recent acquisitions by Drake – pre-bid dealings

Other than as disclosed in this Bidder's Statement in respect of the Convertible Notes and the Drake Share Placement (refer to section 7.7 below), during the 4 months preceding the date of this Bidder's Statement, neither Drake nor any of its associates have provided (or agreed to provide) consideration for BBX Shares under a purchase or other agreement.

During the four months prior to the date of this Bidder's Statement, neither Drake nor any associate of Drake gave, offered to give, or agreed to give another person a benefit which was likely to induce the other person, or an associate of the other person, to:

- (a) accept an Offer under the Bid; or
- (b) dispose of BBX Shares,

that was not offered to all holders of BBX Shares under the Offer.

7.7 Other dealings between Drake and BBX

(a) Drake Share Placement

On 8 August 2016, BBX Shareholders approved the issue of 4,597,928 Shares to Drake to raise approximately \$115,000 (**Drake Share Placement**).¹⁰

The Drake Share Placement Shares were issued to Drake on 19 August 2016 and the BBX Shares were issued at an issue price of \$0.025 per Share.¹¹

(b) Convertible Notes

As set out in the Notice of Meeting, BBX borrowed \$250,000 from Drake on 7 October 2015. On 25 November 2015, BBX's Shareholders approved the repayment of this loan through the issue of 25,000,000 Convertible Notes.

⁹ Refer to footnote 1.

¹⁰ Source: BBX ASX Announcement "Notice of General Meeting/Proxy Form" released on ASX on 6 July 2016 and BBX ASX Announcement "Results of Meeting" released on ASX on 8 August 2016 in compliance with ASIC Class Order [CO 13/521].

¹¹ Source: BBX ASX Announcement "Appendix 3B" released on ASX on 22 August 2016.

On 8 March 2016, Drake converted 2,273,250 Convertible Notes (resulting in the issue of 2,273,250 Shares and 1,136,625 Unlisted Options exercisable at \$0.0125 and expiring on 1 March 2018).

On 8 August 2016, BBX Shareholders approved the conversion of the remaining 22,726,750 Convertible Notes,¹² with such Convertible Notes subsequently converted by Drake on 19 August 2016 resulting in the issue to Drake of 22,726,750 Shares and 11,363,375 Unlisted Options.¹³

¹² Source: BBX ASX Announcement "Notice of General Meeting/Proxy Form" released on ASX on 6 July 2016 and BBX ASX Announcement "Results of Meeting" released on ASX on 8 August 2016 in compliance with ASIC Class Order [CO 13/521].

¹³ Source: BBX ASX Announcement "Appendix 3B" released on ASX on 22 August 2016.

8. The intentions of Drake in relation to BBX

8.1 Intentions on conclusion of the Offer

This Section 8 sets out the Bidder's intentions in relation to the following:

- (a) the continuation of the business of BBX;
- (b) any major changes to the business of BBX and any redeployment of the fixed assets of BBX; and
- (c) the future employment of the present employees of BBX.

These intentions are based on the information concerning BBX, its business and the general business environment, which is known to the Bidder at the time of the preparation of this Bidder's Statement.

Final decisions will only be reached by the Bidder in light of actual information and circumstances that may become available at the relevant time. Accordingly, the statements set out in this Section 8 are statements of current intention only, which may change as new information becomes available or circumstances change.

8.2 Rationale for the Offer

The proposed acquisition of BBX Shares is to increase Drake's equity interest in BBX and, in turn, its participation in the junior resource exploration and development industry. The Offer represents a continuation of Drake's strategy to strengthen its global base in interests (at both a direct and indirect equity basis) in junior resource exploration and development companies.

8.3 Business, assets and employees

Other than as set out in the balance of this Section 8, it is the present intention of Drake:

- (a) to continue the businesses of BBX;
- (b) not to make any major changes to the businesses of BBX and not to redeploy any major fixed assets of BBX; and
- (c) subject to the completion of its review referred to in Section 8.4 below, to maintain employment of BBX's existing employees.

8.4 Intentions upon acquisition of 90% or more of BBX Shares

This Section 8.4 sets out Drake's intentions if it acquires 90% or more of the BBX Shares and it is entitled to proceed to compulsory acquisition of the outstanding BBX Shares.

In that circumstance, Drake's current intentions would be as set out below.

(a) Corporate matters

Drake intends to:

- (1) proceed with compulsory acquisition of the outstanding BBX Shares in accordance with the provisions of Chapter 6A of the Corporations Act;
- (2) negotiate for the acquisition, buy-out or cancellation of (or alternate arrangement in relation to) any other marketable securities in BBX to which Drake (or its Associates) are not otherwise entitled to; and

- (3) arrange for BBX to be removed from the official list of ASX.¹⁴

Drake does not currently intend to replace or remove any members of the Board of Directors of BBX. Drake may however appoint its own additional nominees to the Board.

(b) **Administration functions**

Drake intends to amalgamate the administrative functions of Drake and BBX, such as finance and accounting, company secretarial, risk management, as well as those functions involved in setting overall planning and control of the combined operations of Drake and BBX, with a view to eliminating duplication of tasks.

(c) **General operational review and employees**

If Drake acquires 90% or more of the BBX Shares, Drake will conduct a broad-based review of BBX's structure and operations to identify areas for improvement and subsequently to establish a plan to achieve that. The review will apply quantitative and qualitative factors to measure performance and identify areas, which may be improved, and should be finalised within three months of the successful completion of the Offer.

Drake has no specific intentions in relation to this review but it is likely that the review will focus on (but not be limited to):

- (1) examining the opportunities to apply best practices to BBX's business;
- (2) examining the potential to utilise and/or develop further, BBX's capacity to supplement Drake's existing business;
- (3) identifying other areas of potential profit improvement by taking advantage of Drake's scale and current systems of operation and any other synergies that may be generated following successful completion of the Offer; and
- (4) improving capital management through more selective capital expenditure and working capital criteria.

Through this review, Drake expects to identify those profitable and non-profitable operations within BBX business units.

As a result of this review, there may be a need for the roles of some BBX employees to change, as well as a need for redundancies in certain circumstances.

However, at present Drake is not anticipating the need to implement any significant changes to work practices (requiring fewer employees) or reorganisation of human resources or operations generally. Drake will not be in a position to gauge the full nature, timing, extent or incidence of such reorganisation until it has completed its review.

Drake will seek, wherever possible or practicable, to allocate alternative responsibilities to any employees currently employed with BBX and whose employment will no longer be required (if any) as a result of this centralisation of administration functions or generally. However, Drake considers that it may not be feasible to allocate alternative responsibilities to many of the BBX employees whose responsibilities would be duplicated following a successful acquisition or whose roles are not required, following Drake's review of the BBX businesses. In such circumstances, Drake expects that

¹⁴ To the extent that Drake is able to do so – Shareholders should be aware of the limitations placed on Drake in respect of procuring the removal of BBX from the official list of ASX (refer to ASX Guidance Note 33).

such employees would be made redundant (through voluntary redundancy schemes if possible) and would be paid their full entitlements.

(d) **Specific operational intentions**

Drake intends to review and rationalise BBX's operations and assimilate BBX's business operations and tenements into Drake's current business structures and exploration and development intentions, in line with Drake's strategic commercial objectives

(e) **Divestment policy**

At present, Drake is not intending on divesting any assets or contracts of BBX until it has conducted its review on gaining control of BBX. Drake intends to divest or otherwise exit non-performing assets and contracts of BBX that it identifies in its review.

8.5 Intentions if 50.1% but less than 90% ownership is assumed

If Drake acquires in excess of 50.1% of BBX Shares but less than 90% of BBX Shares:

- (a) Drake would review the composition of the board of directors of BBX. However Drake does not currently intend to replace or remove any members of the Board of Directors of BBX. Drake may appoint its own additional nominees to the Board;
- (b) Drake would continue with BBX's exploration activities and may seek further opportunities in the resource sector;
- (c) Drake would conduct a review of BBX's business, assets and operations to identify the most effective means of exploring and developing BBX's projects; and
- (d) Drake would review the future employment of the present employees of BBX after the close of the Offer, having regard to its specific plans for BBX's business and upon completing a review of the business, assets and operations of BBX. At the date of this Bidder's Statement, Drake anticipates no forced redundancies of BBX's employees.

It would be for the board of directors of BBX to determine the extent to which the above intentions are implemented (if at all). Those intentions may only be implemented in accordance with the applicable legal and regulatory requirements (including the provisions of the Corporations Act, the Listing Rules and BBX's constitution). The directors of BBX may only implement those intentions if they consider them to be in the best interests of Shareholders.

8.6 Intentions if less than 50.1% ownership is assumed

Drake's intentions if it acquires less than 50.1% of Shares would be to gain a more detailed understanding of all the businesses, assets and operations of BBX to evaluate performance, profitability and prospects of BBX in light of the information then available to Drake.

8.7 Possible delisting of the Company

Under the Listing Rules, a listed company must maintain a spread of holdings which in ASX's opinion is sufficient to ensure that there is an orderly and liquid market in its securities. ASX may suspend and eventually delist a company which does not meet its spread requirements.

Therefore depending upon the extent of Shareholders' acceptances of the Offer, it is possible that, following Drake's Bid, ASX could seek to delist BBX.

Should ASX seek to delist BBX on this basis, Drake does not currently intend to oppose such delisting.

8.8 The Options

The Offer does not extend to Options on issue other than to the extent that those securities are exercised and quoted by ASX prior to the close of the Offer Period.

Drake will make offers for any Shares which are issued and quoted by ASX as a result of any Options being exercised prior to the expiry of the Offer Period.

Details of the Options which may be exercised or converted prior to the close of the Offer Period are set out in Section 7.4 above.

Drake recognises that the exercise of Options after the expiry of the Offer Period will dilute Drake's shareholding in BBX. The ability of Drake to give effect to its intentions outlined in this Section 8 may be affected by the dilutionary effect on Drake's shareholding of the Options being exercised.

8.9 Limitations on Intentions

The Bidder would only make a decision on the above matters after obtaining the appropriate legal and financial advice. The Bidder's intentions must be read as being subject to the BBX Board, having regard to the interests of all BBX Shareholders and would therefore be subject to its obligations to comply with the applicable provisions of the Corporations Act, Listing Rules and the law generally.

9. Provision of cash consideration

9.1 Form of consideration

The consideration for the acquisition of your BBX Shares under the Offer is to be satisfied wholly by payment in cash in Australian dollars.

9.2 Maximum consideration payable

The maximum amount of cash which would be payable by Drake under the Offer if acceptances are received for all BBX Shares on issue as at the date of this Bidder's Statement, that are not held by Drake or its Associates (assuming that none of the Options or Convertible Notes are exercised) is approximately \$7.64 million (i.e. 169,952,958 x \$0.045) plus brokerage.

If the holders of all 70,389,771 Options not held by Drake exercise those Options and accept the Offer in respect of all Shares issued as a result of the exercise of those Options, an additional amount of approximately \$3.16 million (ie 70,389,771 x \$0.045) will be payable by Drake under the Offer.

The total cash consideration payable by Drake as described in this section excludes any brokerage payable by Drake to Morgans Financial Limited.

9.3 Source of funds

Drake has existing cash reserves (held in United States dollars) of in excess of the maximum consideration which would be payable by Drake under the Offer if acceptances are received for all BBX Shares, and all Options and Convertible Notes are exercised or converted (as the case may be) in time for the consequent Shareholders to accept the Offer, together with all associated transaction costs.

The existing cash reserves of Drake are immediately available and not subject to security interests or rights of set off, and are not required or committed for other arrangements.

Drake intends to fund the Offer solely through these existing cash reserves (that is, all funding amounts will come from amounts held by Drake). Having regard to the arrangements and matters detailed in this Section 9, Drake is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to satisfy its payment obligations under the Offer (notwithstanding any variation in the exchange rate that may occur between the United States dollar and the Australian dollar).

9.4 Form and timing of payment

Acceptance of the Offer is only available by selling your Shares on-market to Morgans Financial Limited. Once you have sold your Shares in accordance with market practice, you will be paid within 2 days (i.e. on a T+2 Basis).

10. Tax considerations

10.1 General

The following is a summary of the principal Australian tax consequences generally applicable to Shareholders who dispose of their Shares under the Offer for cash consideration.

These consequences will depend on the individual circumstances of Shareholders. You should make your own inquiries and seek independent professional advice on your circumstances.

The comments set out below are relevant only to those Shareholders who hold their Shares as capital assets for the purpose of investment and who do not (or would not) hold those Shares in connection with the conduct of a business (that is, on revenue account). These comments relate to BBX Shares only and not to options or other rights held over BBX Shares. Certain Shareholders (such as those engaged in a business of trading or investment, those who acquired their Shares for the purpose of resale at a profit or those which are banks, insurance companies, tax exempt organisations, superannuation funds, or persons who acquired their Shares in the course of their employment with BBX) will or may be subject to special or different tax consequences specific to their circumstances.

The following outline is based upon Australian taxation law and practice in effect as at the date of this Bidder's Statement. The outline does not otherwise take into account or anticipate changes in the law, whether by judicial decision or legislative action, nor does it take into account tax legislation of countries other than Australia. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of any particular Shareholder.

The outline does not constitute tax advice. Shareholders should seek independent professional advice regarding the taxation consequences of disposing of Shares in the light of their own particular circumstances.

10.2 Australian-resident Shareholders

If you accept the Offer, you will be treated as having disposed of your Shares. If you held them on capital account and you dispose of them, such a disposal is likely to constitute a CGT event for CGT purposes. Australian resident Shareholders may make a capital gain or capital loss on the disposal of their Shares under the Offer.

In general, the capital gain or loss on the disposal of a Share under the Offer is the difference between the value of the capital proceeds (i.e. the cash consideration received from Drake) and the cost base of the Share. The cost base of Shares is generally their cost of acquisition or deemed cost of acquisition. Certain other amounts associated with acquisition and disposal, such as brokerage or stamp duty, may be added to the cost base. The capital gain or loss will be calculated on the basis of the difference between the capital proceeds and the reduced cost base of the Share.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Capital gains made during an income year are reduced by any capital losses made during that same income year. This may be reduced further by capital losses carried forward from prior years. A 'CGT Discount' may be available to further reduce the taxable gain for certain Shareholders (see further below). The remaining net capital gain is included as assessable income in your income tax return and is subject to income tax at your marginal tax rate in the year in which you dispose of the shares. A net capital loss may be carried forward to be offset against future capital gains (not against other income for income tax purposes).

A Shareholder who is an individual, complying superannuation entity or trustee of a trust may be eligible for a 'CGT Discount' if they acquired (or are deemed to have acquired) their Shares

at least 12 months before the time they accept the Offer (excluding the day of acquisition and the day of disposal). The CGT Discount is not available to companies, nor does it apply to Shares owned (or deemed to be owned) for less than the relevant 12 month period.

The above comments do not apply to Shareholders who buy and sell shares in the ordinary course of business. In those circumstances, any gain will generally be taxed as ordinary income.

Shareholders should seek their own advice as to the tax consequences of disposing of their Shares, in particular as to the availability of the discount capital gains tax concession.

10.3 Non-resident Shareholders

Shareholders who are not resident in Australia for tax purposes should also consider the tax consequences under the laws of their country of residence, as well as under Australian law, of the disposal of Shares under the Offer. In Australia, the CGT rules only apply to non-residents of Australia in relation to 'taxable Australian property'. Shares held by a Shareholder who is not an Australian resident for tax purposes will be taxable Australian property only if:

- (a) the shares are an indirect Australian real property interest; or
- (b) the shares were used at any time by the Shareholder in carrying on a business through a permanent establishment in Australia; or
- (c) the shares were included under a CGT deferral election when the shareholder ceased to be an Australian resident.

Shares will generally not constitute an indirect Australian real property interest unless more than 50% of the market value of BBX's assets is attributable to Australian real property, and the shareholding represents at least 10% (including associate interests) of either the total shares or voting right or distribution rights.

From 8 May 2012, a Shareholder who is an individual or a trustee of a trust and not a resident of Australia for tax purposes should consider the application of a "CGT discount" on the disposal of Shares. The CGT discount percentage applicable will be dependent on whether the Shares were held before or after 8 May 2012, the number days the Shareholder was a resident of Australia for tax purposes and the number days the Shareholder was not a resident of Australia for tax purposes.

10.4 Stamp duty and GST

Any stamp duty payable pursuant to the Offer will be the liability of Drake and will be paid by Drake. Shareholders may be charged GST on costs (such as advisor fees) that relate to their participation in the Offer. Shareholders may be entitled to input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

11. Additional information

11.1 Power to withdraw

Drake may only withdraw unaccepted Offers made under this Bid if a Prescribed Occurrence takes place during the Offer Period, but only if Drake's voting power in BBX, at the time of the Prescribed Occurrence is at or below 50%.

Drake may also immediately withdraw unaccepted Offers made under this Bid upon the occurrence of an Insolvency Event (regardless of the level of Drake's voting power in BBX) at the time that Insolvency Event occurs.

11.2 Effect of withdrawal

This Offer shall be incapable of acceptance if withdrawn.

11.3 Extension of Offer Period

Drake may vary this Offer by extending the Offer Period, in accordance with Section 649C of the Corporations Act. The Offer may also be extended at law by the operation of the Corporations Act.

11.4 Variation

Drake reserves the right to vary this Offer in accordance with the provisions of Section 649A of the Corporations Act.

11.5 Regulatory and other approvals

There are no regulatory approvals that Drake is required to obtain before acquiring BBX Shares under the Offer.

11.6 No escalation agreements

Neither Drake nor any associate of Drake has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

11.7 Consents

Directors

The Bidder's Statement contains statements made by or statements based on statements made by Drake and its directors. Drake and its directors have consented to the inclusion of:

- (a) each statement made by Drake or the directors; and
- (b) each statement which is based on a statement made by Drake or the directors,

in the form and context in which the statement appears, and have not withdrawn their consent.

HopgoodGanim Lawyers

HopgoodGanim Lawyers has given, and has not withdrawn, its written consent to be named as the Legal Adviser of Drake in the form and context in which it is named to be included in this Bidder's Statement. To the maximum extent permitted by law, HopgoodGanim Lawyers expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name.

Morgans Financial Limited

Morgans Financial Limited has given, and has not withdrawn, its written consent to be named as the Broker for Drake in the form and context in which it is named in this Bidder's Statement. Morgans Financial Limited has not made, or purported to make, any statement in the Bidder's Statement or any statement on which a statement in the Bidder's Statement is based. To the maximum extent permitted by law, Morgans Financial Limited expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name.

11.8 ASIC modifications and exemptions

Drake has relied on the modification to section 636(3) of the Corporations Act set out in ASIC Class Order [CO 13/521] to include, without obtaining specific consent, statements which are made in, or based on, statements made in documents lodged with ASIC or ASX. Under the terms of ASIC Class Order [CO 13/521], the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement. A list of all such documents is set out below:

BBX's announcements lodged with the ASX:

| Date lodged | Announcement |
|--------------------|--------------------------------------|
| 24/08/2016 | Change in substantial holding DPI |
| 22/08/2016 | Appendix 3B |
| 08/08/2016 | Results of Meeting |
| 14/07/2016 | Appendix 3B |
| 06/07/2016 | Notice of General Meeting/Proxy Form |
| 10/03/2016 | Change in substantial holding DPI |

No person who has made any of these statements has consented to the statement being included in or accompanying this Bidder's Statement in the form and context in which it is included. Drake will within 2 business days of a request made during the Offer Period, provide a copy of the above documents free of charge to any holder of bid class securities free of charge pursuant to ASIC Class Order [CO 13/521]. Please contact Drake at drakeops@drakemanagement.com.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Bidder's Statement contains security price trading data sourced from Iress Market Data without its consent.

Drake has not obtained from ASIC any other modifications or exemptions from the Corporations Act in relation to the Offer.

11.9 Other material information

Except as disclosed in this Bidder's Statement, there is no other material information known to Drake which is material to the making of the decision by a BBX Shareholder as to whether to accept the Offer.

The Corporations Act only requires that Drake discloses information which is as up to date as is reasonable in the circumstances. Further, Drake is not required to disclose information in this Bidder's Statement if it would be unreasonable to require Drake to do so because the information had previously been disclosed to Shareholders.

11.10 Costs and expenses

All costs and expenses of the preparation and circulation of this Bidder's Statement and the Offer, and all transfer duty payable on transfer of your BBX Shares will be paid by the Bidder.

Details on the brokerage payable on acceptance of this Offer are contained in Section 5.10.

11.11 Governing law

This Bidder's Statement and Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in Queensland and Commonwealth Law.

11.12 Approval

This Bidder's Statement has been approved by a resolution of the directors of Drake.

12. Definitions and interpretation

12.1 Defined Terms

In this Offer, the following words have these meanings unless the contrary intention or the context otherwise requires:

Announcement Date means the date on which the Offer was announced to ASX by Drake, as stated in the "Important Dates" section of this Bidder's Statement;

ASIC means Australian Securities & Investments Commission;

ASX Settlement Operating Rules means the settlement and operating rules of the ASX in force from time to time;

ASX means ASX Limited;

BBX means BBX Minerals Limited ACN 089 221 634;

BBX Shares or **Shares** means the issued fully paid ordinary shares in the capital of BBX and includes all Rights attaching to them and the term **BBX Share** or **Share** shall have a corresponding meaning;

BBX's Statement or **Target's Statement** means the Target's Statement to be issued by BBX in response to this Bidder's Statement as required under the Corporations Act;

Bid means Drake's takeover bid under Chapter 6 the *Corporations Act*, constituted by Drake's Offer to acquire all of the Shares in BBX pursuant to this Bidder's Statement;

Bidder or **Drake** means Drake Private Investments LLC;

Bidder's Statement or **Statement** means this document, being the statement of Bidder under Part 6.5 Division 2 of the Corporations Act relating to the Offer;

Board of BBX or **BBX Board** means the board of directors of BBX;

Broker means a member organisation admitted to participate in the CHESSE under the ASX Settlement Operating Rules;

Business Day means a day on which banks are open for business in Brisbane excluding a Saturday, Sunday or public holiday;

CGT means Capital Gains Tax;

CHESSE means Clearing House Electronic Subregister System, which provides for the electronic transfer of securities in Australia;

CHESSE Holding has the meaning set out in the ASX Settlement Operating Rules;

Chi-X Australia means Chi-X Australia Pty Ltd ACN 129 584 667;

Chi-X Market means the market operated by Chi-X Australia under Australian Market Licence (Chi-X Australia Pty Ltd) 2011;

Controlling Participant shall have the meaning set out in the ASX Settlement Operating Rules;

Convertible Notes or **BBX Notes** means those convertible notes issued by BBX with a face value of \$0.01 maturing on 31 December 2016 on the terms set out in Schedule 2 of the Notice of Meeting;

Corporations Act means the *Corporations Act 2001* (Cth);

Drake Share Placement has the meaning given to that term in Section 7.7(a) of this Bidder's Statement;

General Meeting means the BBX General Meeting convened by the Notice of Meeting ;

Insolvency Event means any of the following events:

- (a) the appointment of a liquidator or provisional liquidator of BBX or of a Subsidiary of BBX;
- (b) a court makes an order for the winding up of BBX or of a Subsidiary of BBX;
- (c) an administrator of BBX, or of a Subsidiary of BBX, being appointed under Section 436A, 436B or 436C of the Corporations Act;
- (d) BBX or a Subsidiary of BBX executing a deed of company arrangement; or
- (e) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of BBX or of a Subsidiary of BBX;

Issuer Sponsored Holding means a holding of BBX Shares on BBX's issuer sponsored sub-register;

Listing Rules or **ASX Listing Rules** means the listing rules of ASX;

Market means the market operated by the ASX under Australian Market Licence (Australian Stock Exchange Limited) 2002;

Notice of Meeting means the BBX Notice of General Meeting in respect of the general meeting of BBX to be held on 8 August 2016;

Offer means Drake's offer to acquire BBX Shares as contained in Section 5 of this Bidder's Statement;

Offer Date means 20 September 2016;

Offer Period means the period during which the Offer will remain open for acceptance in accordance with Section 5 of this Bidder's Statement;

Options or **BBX Options** means options exercisable for Shares;

Participant has the meaning ascribed in the ASX Settlement Operating Rules;

Prescribed Occurrence means any of the following events:

- (a) BBX converts all or any of its shares into a larger or smaller number of shares;
- (b) BBX or a Subsidiary of BBX resolves to reduce its share capital in any way;
- (c) BBX or a Subsidiary of BBX:
 - (1) enters into a buy-back agreement; or

- (2) resolves to approve the terms of a buy-back agreement under Section 257C(1) or Section 257D(1) of the Corporations Act;
- (d) BBX or a Subsidiary of BBX issues shares (other than shares issued through the exercise of the outstanding options, refer to Section 7.4), or grants an option over its shares or agrees to make such an issue or grant such an option;
- (e) BBX or a Subsidiary of BBX issues, or agrees to issue, convertible notes;
- (f) BBX or a Subsidiary of BBX disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) BBX or a Subsidiary of BBX charges, or agrees to charge, the whole or a substantial part, of its business or property;
- (h) BBX or a Subsidiary of BBX resolves that it be wound up;

Relevant Interest has the meaning given to that term in the Corporations Act;

Relevant Market means the Chi-X Market or Market (or both, as the context requires);

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from BBX Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared or paid by BBX or any of its subsidiaries;

Shareholders means the holders of Shares;

Subsidiary shall have the meaning ascribed to it in the Corporations Act;

T+2 Basis means that settlement occurs on the second Trading Day after the date of the transaction in accordance with ASX practice;

Trading Day has the meaning given to it in the Listing Rules;

Target's Statement shall have the meaning given to it in the Corporations Act;

Unlisted Option means an Option that is not quoted on ASX; and

US\$ means United States Dollar.

12.2 Interpretation

- (a) Terms used in this Bidder's Statement and Offer have the meaning (if any) given to them in Chapter 6 of the Corporations Act unless that meaning is inconsistent with the context in which the term is used.
- (b) In this Offer:
 - (1) headings are for convenience of reference only and do not affect the meaning of the sections they introduce;and unless the context otherwise requires:
 - (2) the singular includes the plural and vice versa;
 - (3) words importing any gender include all other genders;

- (4) references to persons include corporations;
- (5) appendices and annexure to this Offer form part of this Offer;
- (6) references to paragraphs are to paragraphs in this Offer; and
- (7) references to "dollar" or "\$" are references to Australian currency.

For and on behalf of Drake Private Investments LLC

A handwritten signature in black ink, appearing to read 'Scott Riley', written over a horizontal dotted line.

Scott Riley

Corporate Directory

Directors

Anthony Faillace

Scott Riley

Registered Office

954 Lexington Ave
#149 New York, NY 10021

Australian Legal Advisers

HopgoodGanim Lawyers
Level 8 Waterfront Place
1 Eagle Street
BRISBANE QLD 4000

Broker

Morgans Financial Limited
Level 29
123 Eagle Street
BRISBANE QLD 4000

ANNEXURES

Annexure 1 – Drake Bid Announcement

Company Announcements Office
 ASX Limited
 Exchange Centre
 20 Bridge Street
 Sydney NSW 2000

6 September 2016

ASX ANNOUNCEMENT

For Immediate Release

Drake Private Investments LLC on-market takeover bid for all ordinary shares in the capital of BBX Minerals Limited ACN 089 221 634

In accordance with rule 6.1.1 of the ASIC Market Integrity Rules (ASX Market) 2010, Morgans Financial Limited (the "**Bidder's Broker**") announces that the Bidder's Broker will, on behalf of Drake Private Investments LLC ("**Bidder**"), pursuant to section 635 of the *Corporations Act 2001* (Cth) ("**Corporations Act**") offer to acquire on-market at a price of \$0.045 per share ("**Offer Price**"), all of the fully paid ordinary shares in the capital of BBX Minerals Limited ACN 089 221 634 ("**BBX**") which are listed for quotation on the official list of the Australian Securities Exchange ("**ASX**") that exist or will exist including as a result of the exercise of existing options or performance rights at any time during the Offer Period (as defined below) ("**BBX Shares**" and "**Offer**").

From the date and time of this announcement and ending at close of trading on ASX on 21 September 2016 (unless the Offer is withdrawn or extended in accordance with the Corporations Act), the Bidder's Broker (on behalf of the Bidder) will accept at the Offer Price every BBX Share offered to the Bidder's Broker on market, up to a maximum of 276,377,886 BBX Shares (being all the BBX Shares currently on issue – noting that the Bidder already holds 106,424,928 BBX Shares) plus any additional BBX Shares which are issued during the Offer Period.

Terms of the Offer

As the Offer is an on-market bid, it is unconditional and payment of the consideration will be by way of cash.

The key features of the Offer are:

- it is an on-market, unconditional offer of \$0.045 per BBX Share;

Morgans Financial Limited

Level 29 123 Eagle Street Brisbane QLD 4000 | GPO Box 202 Brisbane QLD 4001 Australia

Telephone +61 7 3334 4888 Facsimile +61 7 3831 0593 www.morgans.com.au

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- the Bidder's Broker will accept BBX Shares offered to it on-market from today at the Offer Price until the conclusion of the Offer Period; and
- the Offer Period may be extended and the Offer Price may be increased in accordance with the Corporations Act.

Acquisition from Announcement

Bidder has appointed the Bidder's Broker to purchase all BBX Shares that exist or will exist from today until the conclusion of the Offer Period on its behalf on market during the official trading days ("**Trading Days**") of ASX. The Bidder's Broker has been instructed to purchase, at the Offer Price, every BBX Share offered for sale during the Trading Days in the period from the date of this announcement until the end of the Offer Period subject to the Corporations Act.

Settlement and Brokerage

Payment for BBX Shares sold to Bidder under the Offer will be made on a T+2 settlement basis in accordance with the usual ASX Settlement Operating Rules for ASX trading.

The Offer will only be capable of acceptance by BBX shareholders ("**BBX Shareholders**") selling through brokers which are participating organisations of ASX. All BBX Shares to be purchased by Bidder under the Offer will be purchased on-market only during Trading Days.

Any brokerage charged by brokers acting for BBX Shareholders wishing to sell their BBX Shares will be the sole responsibility of those BBX Shareholders.

Offer Period

The Bidder's Broker will stand in the market on behalf of Bidder and accept BBX Shares offered to it at the Offer Price from the date of this announcement. However, the Offer will be made during the period commencing 20 September 2016 (being the first trading day after the end of 14 days after the date of this announcement) and ending on 21 October 2016 ("**Offer Period**") unless extended by Bidder pursuant to the Corporations Act.

Bidder reserves the right to withdraw unaccepted Offers in the circumstances permitted by, and in accordance with, Part 6.7 of the Corporations Act, at any time before the end of the Offer Period.

Bidder's Statement

In accordance with section 635 of the Corporations Act, a Bidder's Statement will be served on BBX and lodged with each of the ASX and ASIC today. A copy of the Bidder's Statement will also be sent to BBX Shareholders before commencement of the Offer Period.

BBX Shares

The BBX Shares which are the subject of the Offer are all fully paid ordinary shares in the capital of BBX, which are on issue at the date of the Bidder's Statement and such other shares which are issued before the end of the Offer Period. Immediately before making this announcement:

- in so far as Bidder is aware, there are 276,377,886 BBX Shares on issue, all of which are quoted on ASX;
- Bidder and its associates have a relevant interest in 106,424,928 BBX Shares, which represents approximately 38.51% of BBX's issued capital.

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Signed for and on behalf of Morgans Financial Limited



John Polinelli
Director, Corporate Advisory

Morgans Financial Limited

Level 29 123 Eagle Street Brisbane QLD 4000 | GPO Box 202 Brisbane QLD 4001 Australia

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