



**BBX HOLDINGS LIMITED**

**TO BE RENAMED BBX MINERALS LTD**

ABN 82 089 221 634

## Prospectus

For the Offer of 11,250,000 Shares at an issue price of 20 cents each to raise \$2,250,000 with one free attached Option for every two Shares allotted exercisable at \$0.25 on or before 30 June 2014.

ASX Code: BBX

Underwriter - Arthur Phillip Pty Limited

This Prospectus provides important information about the Company. You should read the entire document including the Application Form. If you have any questions about the Shares and Options being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the Shares and Options offered under this Prospectus is highly speculative.

### **Important Notice**

This Prospectus is dated 13 December 2011 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application will be made to ASX within 7 days after the date of this Prospectus for the quotation of the Shares the subject of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This document may not be distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy securities in the United States. Any securities described in this document have not been and will not be, registered under the US Securities Act 1993 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act 1993 and applicable US state securities law.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

### **Consolidation**

All references to securities in this Prospectus are, unless otherwise stated, made on the basis that the 1:2 Consolidation, for which Shareholder approval is being sought at the Shareholder Meeting to be held on 22 December 2011, has taken effect.

### **Changes in nature and scale of activities and re-compliance with Chapters 1 and 2 of the Listing Rules**

At the Shareholder Meeting the Company will be seeking Shareholder approval for a change in the nature and scale of its activities. In the event Shareholder approval is obtained, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

The Company will be suspended from official quotation from the time of the Shareholder Meeting and will not be

reinstated until ASX approves the Company's re-compliance with Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-quotation on the ASX. In the event the Company does not receive conditional approval for re-quotation on ASX then the Company will not proceed with the Offer and will repay all application monies received.

### **Web Site - Electronic Prospectus**

A copy of this Prospectus is available and can be downloaded from the website of the Underwriter at [www.arthurphillip.com.au](http://www.arthurphillip.com.au). Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

### **Mineralisation Estimates**

The information contained in the Independent Geologists' Report at section 11 was compiled by Intigold Pty Ltd and ADC Consultoria Técnica Geológica Ltda. Mr Dylan Jeffriess from Intigold Pty Ltd is member of the Australasian Institute of Geoscientists (AIG). Mr Antonio E. M. de Castro from ADC Consultoria Técnica Geológica Ltda is a member of Australasian Institute of Mining and Metallurgy (AusIMM). All information of this type is expressed in terms of the JORC Code. Intigold Pty Ltd and ADC Consultoria Técnica Geológica Ltda have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a competent person as defined in the JORC Code.

### **Definitions**

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

## Table of Contents

1	TIMETABLE TO THE OFFER .....	2
2	KEY OFFER STATISTICS AND CAPITAL STRUCTURE .....	2
3	CHAIRMAN'S LETTER .....	3
4	INVESTMENT OVERVIEW .....	4
5	KEY RISKS.....	8
6	COMPANY AND PROJECT OVERVIEW.....	10
7	RISK FACTORS .....	19
8	DIRECTORS AND CORPORATE GOVERNANCE .....	24
9	DETAILS OF THE OFFER .....	28
10	INVESTIGATING ACCOUNTANTS' REPORT.....	38
11	INDEPENDENT GEOLOGISTS' REPORT.....	55
12	INDEPENDENT SOLICITOR'S REPORT.....	99
13	ADDITIONAL INFORMATION .....	120
14	DIRECTORS' RESPONSIBILITY AND CONSENT .....	123
15	GLOSSARY .....	124

## Corporate Directory

### Directors

Mr Paul Lewis Page (Chairman)  
Mr Michael Leon Schmulian (Director)  
Mr Michael Hogg (Director)  
Mr Philip Suriano (Director)

### Company Secretary

Ms Sylvie Majella Dimarco

### Registered and Business Office

#### Australia

Level 33, Colonial Centre  
52 Martin Place  
Sydney, New South Wales, 2000  
Tel: + 612 9227 8900  
Fax: + 612 9227 8901

#### Brazil

Av. Jornalista Ricardo Marinho, 360  
Ed. Cosmopolitan - Sala 113  
CEP: 22631-350  
Barra da Tijuca - Rio de Janeiro - RJ - Brasil

Website: [www.bbxminerals.com.au](http://www.bbxminerals.com.au)

### Share Registry

Boardroom Pty Limited  
Level 7, 207 Kent Street  
Sydney, New South Wales, 2000

### Independent Geologist

Intigold Pty Ltd  
19 Wood St  
Fremantle 6160, WA

ADC Consultoria Técnica Geológica Ltda  
Rua Dr. Otavio Kelly, 59  
CEP: 22631-35020511-280  
Tijuca - Rio de Janeiro - RJ - Brasil

### Investigating Accountant

Bentleys Audit & Corporate (WA) Pty Ltd  
Level 1, 12 Kings Park Road  
West Perth, WA 6005

### Solicitors to the Offer

Kings Park Corporate Lawyers  
Suite 8, 8 Clive Street  
West Perth, Western Australia, 6005

### Independent Solicitor's Report

FFA Legal  
Av. Jornalista Ricardo Marinho, 360  
Ed. Cosmopolitan - Sala 113  
CEP: 22631-350  
Barra da Tijuca - Rio de Janeiro - RJ - Brasil

### Underwriter

Arthur Phillip Pty Ltd

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## 1 TIMETABLE TO THE OFFER

Opening Date of the Offer	13 December 2011
Shareholder Meeting to approve the issue of securities under the Offer <sup>2</sup>	22 December 2011
Closing Date of the Offer <sup>1</sup>	24 February 2012
Allotment of Shares under this Prospectus	27 February 2012
Quotation of Shares on ASX <sup>3</sup>	6 March 2012

**Notes:**

<sup>1</sup> Prospective investors are encouraged to apply as soon as possible after the Offer opens, as the Company reserves the right to close the Offer early or later as indicated above without prior notice.

<sup>2</sup> Shareholder approval is being sought for, among other things to approve the issue of Shares and Options under this offer. For more details see section 6.7.

<sup>3</sup> Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules.

The above dates are all indicative only, and may change without notice.

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## 2 KEY OFFER STATISTICS AND CAPITAL STRUCTURE

**Shares**

Shares on issue post Consolidation<sup>1</sup> 64,546,361

Shares offered under this Prospectus 11,250,000

**Shares on issue following the Offer<sup>2</sup> 75,796,361**

**Options**

Options offered under this Prospectus on a 1 for 2 basis 5,625,000

Options to brokers and their nominees<sup>3</sup> 5,625,000

Options to Bacchus Strategic Developments<sup>3</sup> 7,500,000

Total Options on issue following the Offer 18,750,000

**Offer**

Full amount to be raised under the Offer \$2,250,000

Undiluted market capitalisation at the Offer issue price \$15,153,872

**Notes:**

<sup>1</sup> At the Shareholder Meeting the Company will seek Shareholder approval to consolidate the Company's Shares on issue on a 1:2 basis.

<sup>2</sup> In addition, at the Shareholder Meeting the Company will seek Shareholder approval:

(a) to issue 625,000 Shares to Michael Schmulian or his nominees; and

(b) to issue up to 20 million Shares to clients of Arthur Phillip Pty Ltd at an issue price of at least 80% of the 5 day VWAP over the last 5 days on which sales in the securities were recorded before the day on which the issue is made or, if there is a prospectus relating to the issue, over the last 5 days on which sales in Shares were recorded before the date the prospectus is signed.

<sup>3</sup> In addition, at the Shareholder Meeting the Company will seek Shareholder approval to issue:

(a) up to 5,625,000 Options to brokers and their nominees in relation to the Offer; and

(b) 7,500,000 Options to Bacchus Strategic Developments or its nominees.

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### 3 CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Board I am pleased to invite you to become a Shareholder in BBX Holdings Limited (to be renamed BBX Minerals Ltd).

The Company's strategy is to create Shareholder value by the acquisition, exploration and development of quality resource projects in Brazil and Peru. The Company is focused on building a balanced portfolio of projects that will provide a combination of near term cash flow with sustainable profits and substantial exploration potential.

Both Brazil and Peru are considered mining friendly countries, largely under explored and with low sovereign risk. The Company has brought together a skilled and experienced executive team who has operational and technical experience in the exploration and development of resource projects and strong relationships with leading people and companies in the mining sector. Consequently BBX is very well positioned to acquire and develop high potential opportunities that should create significant Shareholder value.

The Company has signed option agreements over the Chapada Gold Project and Ouro Belo Tin-Indium Projects and we intend (subject to due diligence and approvals in relation to the Chapada Project) to proceed with the agreements once Shareholder approval has been received at the Shareholder Meeting to be held on 22 December 2011. The Company is also in the advanced stages of the review of a number of highly prospective mineral properties in South America, which may lead to further project acquisitions in the near term.

The Chapada Project offers excellent potential for open-cut ore over the area of previous rudimentary underground mining, particularly in the southern portion of the mineralised trend where only limited garimpeiro activity has taken place. In addition, the property offers a potential high-grade underground mining opportunity below the old workings and down the interpreted plunge direction to the north. Once BBX has completed satisfactory due diligence and received necessary approvals, it is proposed to exercise the option and systematically drill-test the property via a program of shallow RAB or RC drilling and deeper diamond drilling.

The Ouro Belo Project is an early stage exploration property where previous informal mining, university research and junior company exploration work has identified multiple occurrences of tin +/- indium and possible polymetallic and precious metal style mineralization. The project represents a strategic landholding in a known tin province.

With this Offer the Company is seeking to raise \$2,250,000. The funds will be used to complete the acquisition (including due diligence), drill test the Chapada Project and test the potential of the Ouro Belo Project for a shallow target body of tin and indium mineralization.

Details of the Offer and information about the Projects are contained in the Prospectus. All investors should be aware of the speculative nature of mineral exploration and development. There are also specific risks associated with investing in the Company (see section 7). Please carefully consider this Prospectus and seek professional advice, if necessary, to make an informed decision. I look forward to welcoming you as a Shareholder.

Yours faithfully



Mr Paul Page  
Chairman

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## 4 INVESTMENT OVERVIEW

This information is a selective overview only. Prospective investors should read the Prospectus in full, including the experts' reports in this Prospectus before deciding to invest in Shares and Options.

Question	Response	Where to find more information
Who is issuing this Prospectus?	BBX Holdings Limited to be renamed BBX Minerals Ltd ( <i>BBX</i> or the <i>Company</i> )	Section 6
Who is BBX and what does it do?	<p>BBX currently owns a franchise barter business. It is seeking Shareholder approval to change its business activities to that of a resource exploration and development company with projects in South America.</p> <p>The Company has entered option agreements to acquire interests in the following resource exploration projects:</p> <ul style="list-style-type: none"><li>• Ouro Belo (earning up to 75%) - an early stage exploration project in the Goias Tin Province of Brazil, where previous informal mining, university research and junior company exploration work has identified multiple occurrences of tin +/- indium and possible polymetallic and precious metal style mineralization.</li><li>• Chapada Project (earning up to 80%) - an early stage exploration project in the Tocantins Tectonic Province of Brazil, where mining has been carried out by informal miners since 1985 via approximately 40 vertical shafts, ranging in depth from 60 to 130m. Treatment of hand-selected material by rudimentary gravity recovery methods has yielded an estimated 300,000 ounces of gold at a mean grade of &gt;20g/t.</li></ul> <p>Exploration conducted initially by Anglo American Corp. and subsequently by Iamgold Ltd. and Rio Gameleira Ltda. (Iamgold-Anglogold Ashanti JV) comprises 37 diamond drill holes within and immediately below the garimpeiro workings and a programme of shallow RC drilling along the northern extension of the main</p>	Section 6

Question	Response	Where to find more information
	<p>mineralised zone.</p> <p>The Company will also look to create Shareholder value by the acquisition, exploration and development of quality South American resource projects.</p>	
<p>What are the benefits of investing in the Company?</p>	<p>The benefits of investing in the Company include the following:</p> <ul style="list-style-type: none"> <li>• An experienced Board and management team.</li> <li>• Options over two early stage exploration projects considered prospective for minerals.</li> <li>• A well-defined strategy to explore and develop the Projects.</li> </ul>	<p>Section 6</p>
<p>Independent Geologists' Report</p>	<p>The Company has engaged ADC Consultoria Técnica Geológica Ltda and IntiGold Pty Ltd to prepare an Independent Geologists' Report on the Projects.</p>	<p>Section 11</p>
<p>Independent Solicitor's Report</p>	<p>The Company has engaged FFA Legal to prepare a legal report on the Projects.</p>	<p>Section 12</p>
<p>What is the financial position of the Company?</p>	<p>This Prospectus contains financial information including a pro forma balance sheet which is set out in the Investigating Accountants' Report.</p>	<p>Section 10</p>
<p>Who are the Directors of the Company?</p>	<p>The Directors of the Company are:</p> <ul style="list-style-type: none"> <li>• Paul Page (Executive Chairman);</li> <li>• Michael Hogg (Non-Executive Director);</li> <li>• Philip Suriano (Non-Executive Director); and</li> <li>• Michael Schmulian (Non-Executive Director).</li> </ul>	<p>Section 8</p>
<p>What benefits are being paid to Directors?</p>	<p>The Directors are paid directors' fees for operating the Company.</p> <p>As executive chairman, Mr Page will be paid \$36,000 per annum and each of Mr Hogg, Mr Schmulian and Mr Suriano will be paid \$24,000 per annum each inclusive of statutory superannuation.</p> <p>In addition to their Director's fee, both Mr Page and Mr Schmulian will be paid in accordance with their</p>	<p>Section 8.2 Section 8.3</p>

Question	Response	Where to find more information
	executive service agreements.	
What important contracts has the Company entered into?	<p>The Company is a party to the following contracts material to the Offer:</p> <ul style="list-style-type: none"> <li>• Chapada Project Option Agreement;</li> <li>• Ouro Belo Project Option Agreement; and</li> <li>• Underwriting Agreement with Arthur Phillip Pty Limited.</li> </ul> <p>Summaries of the key terms of these contracts are included in this Prospectus.</p>	Section 8.2 Section 9.10
What is being offered?	<p>11,250,000 Shares at an issue price of \$0.20 with one free attached Option for every two Shares allotted exercisable at \$0.25 on or before 30 June 2014 are being offered under this Prospectus. The Shares being offered under this Prospectus represents approximately 14.8% of the Shares on issue (on an undiluted basis) at the completion of the Offer.</p>	Section 9.1
How will the proceeds of the Offer be used?	<p>The Company intends to use its current funds and the funds raised from the Offer broadly as follows:</p> <ul style="list-style-type: none"> <li>• \$800,000 - Acquisition of a 51% interest in the Chapada project.</li> <li>• \$1,320,000 - Two year exploration budget for the Projects.</li> <li>• \$500,000 - Two year corporate administration costs.</li> <li>• \$237,000- Costs of the Offer.</li> <li>• \$143,000 - General working capital.</li> </ul> <p>This is a statement of the Company's intentions as at the date of this Prospectus.</p>	Section 9.4



Question	Response	Where to find more information
Is the Offer underwritten?	The Offer is underwritten by Arthur Phillip Pty Limited, subject to the full amount of the Offer being sub-underwritten. As at the date of this Prospectus, a sub-underwriting commitment for \$1.5 million has been received from Bacchus Strategic Developments.	Section 9.5
Will the Company pay dividends?	The Company's focus will be on generating capital growth. The Company has no immediate intention to declare or distribute dividends. Payment of future dividends will depend on matters such as the future profitability and financial position of the Company.	Section 6.11
Where will the Shares be quoted?	The Shares will be traded on the ASX under the symbol "BBX".	Section 9.10
How do I apply for securities under the Offer?	Applications can be made by completing an Application Form and sending it to the Company.	Section 9.5
When will I know if my Application was successful?	A holding statement confirming your allocation under the Offer will be sent to you if your Application is successful. Holding statements are expected to be issued on about 27 February 2012.	Section 9.9
How can I obtain further advice?	By speaking to your accountant, stockbroker or other professional advisor.	

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## 5 KEY RISKS

An investment in the Shares and Options offered under this Prospectus is highly speculative as the Company is a resource exploration and development company with a focus on projects in South America.

There are a number of risks associated with investing in the share market generally and in the Company specifically. The following is a summary of the key risks that may affect the financial position of the Company, the value of an investment in the Company, as well as the Company's operations. Full details of these risks are set out in section 7 of this Prospectus.

Please consider the risks described below and the information contained in other sections this Prospectus. You should also consider consulting with your professional advisers before deciding whether or not to apply for the Shares and Options.

Risk	Summary	Reference
Re-quotation of Shares on ASX following re-admission to the Official List	Following Shareholders approving the Resolutions, the Company's Shares will not be tradable on ASX until the Company meets all of the requirements of ASX for re-quotation on ASX. There is a risk that this may be delayed or potentially not occur at all.  Application moneys will be returned if the Company is not re-admitted within 3 months of the date of this Prospectus.	7.1(a)
Acquisition risk	There can be no guarantee that any new project may result in any return for the Company and its Shareholders.	7.1(b)
Lack of approval for the final report presented on the Chapada Gold Project	There is a risk that the Director of the National Mineral Production Department will not approve the final report presented on Chapada Gold Project. This risk is, however, reduced and can be controlled, if BBX can demonstrate the technical and economic feasibility through a market study, test results, and its capacity to develop a mining project.	7.1(c)
Access to the mineral properties	Landowners may impose difficulties by preventing access to the mineral properties, however, BBX can apply for a judicial order to be able to access the area, by paying rent to the landowner as determined by the Court.	7.1(d)

Risk	Summary	Reference
Lack of an environmental license	In order to perform its mining activities BBX must comply with Brazilian environmental legislation which may include applying for an environmental license. In some cases the environmental agency takes a long time to provide the environmental license which may prevent BBX from performing its activities.	7.1(e)
Sovereign risk	The Ouro Belo Project and the Chapada Project are located in Brazil and the Company will be subject to the risks associated with operating in that country, including various levels of political and economic risks and uncertainties.	Section 7.1(f)
Legal risks associated with operating in South America	The laws and regulations of South America may not be as advanced and certain as Australian laws and regulations, which may lead to difficulties in obtaining effective legal redress with respect to the Company's rights, lack of proper process; and inconsistencies between various laws.	Section 7.1(g)
Exploration success	Shareholders should understand that mineral exploration and development are high-risk undertakings.	Section 7.1(i)

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## 6 COMPANY AND PROJECT OVERVIEW

### 6.1 Introduction and change of nature and activities

BBX is a public company which has been listed on ASX since 10 August 2005.

Prior to early 2010, BBX operated a barter trading business, which facilitated cashless trading of goods and services between member businesses. On 22 January 2010 Shareholders approved the sale of a number of the Company's subsidiaries, and its sole operating asset subsequently became the barter exchange franchise operating in the Sydney area.

At the time Shareholders were advised that if the Company identified investment opportunities that would result in a change to the nature or scale of the Company's activities, Shareholder approval for the acquisition or investment would be required under Listing Rule 11.1 and that ASX may require the Company to satisfy the requirements of Chapters 1 and 2 of the Listing Rules as though it was applying to be listed on ASX for the first time, during which time the Company's securities may be suspended from quotation.

Following the sale of the majority of its commercial barter exchange business, the Company undertook a strategic review. As a result the Directors have approved a change of the Company's activities to resources exploration and development.

Consistent with this, the Company has reviewed numerous potential projects during the past 12 months and has entered into agreements under which it has the option to acquire the following:

- (a) up to a 75% interest in Ouro Belo tin-indium Project in Goias, Brazil; and
- (b) up to an 80% interest in the Chapada gold Project in Tocantins, Central Brazil.

BBX now intends to divest its interest in the Sydney franchise and has sought, at the Shareholder Meeting, approval to formally make the transition to a resource company.

### 6.2 The Company's proposed objectives

Assuming Shareholders approve the change of nature and scale of activities, the objectives of the Company will be to:

- (a) undertake exploration for the Ouro Belo Project, and if economic mineralisations are discovered to exploit such discoveries;
- (b) complete due diligence on the Chapada Project and if satisfactory exercise the option; and
- (c) pursue new projects and acquisitions in the resources sector in various jurisdictions, predominately South America.

### 6.3 Ouro Belo Project

On 11 April 2011 BBX announced that it had entered into an option agreement with Crusader (*Ouro Belo Option Agreement*) under which BBX has the option to acquire:

- (a) a 51% interest in the Ouro Belo Project by sole funding expenditure of \$250,000 during the period ending 12 months from the end of the due diligence period; and
- (b) subject to earning a 51% interest in the Ouro Belo Project, the Company may acquire a further 24% interest by sole funding expenditure of \$400,000 during the period ending 24 months from the end of the due diligence period.

In consideration for the option, BBX has issued Crusader 2 million Shares.

Acquisition of the 51% interest is conditional upon:

- (a) BBX completing due diligence to its satisfaction (which has occurred); and
- (b) BBX's Shareholders approving a change in the nature and scale of BBX's activities (which is being sought at the Shareholder Meeting) and it being readmitted to the Official List of ASX.

#### **Joint venture agreement**

Upon BBX acquiring either a 51% or 75% in the Ouro Belo Project, the parties will enter into an exploration joint venture agreement (or incorporated joint venture agreement as the case may be) on the terms and conditions customarily found in an agreement of that kind subject to, among other things, the following principles:

- (a) BBX will manage the joint venture vehicle, subject to the direction of a management committee. Voting rights in the management committee will reflect BBX's and Crusader's participating interests in the joint venture vehicle;
- (b) Crusader's deemed expenditure will be calculated on the basis that the joint venture assets are currently worth \$860,000; and
- (c) a party diluting to below 10% will have its interest converted into a 2% net smelter royalty.

#### **Background**

The Ouro Belo Project represents an early staged exploration property where previous informal mining, university research and junior company exploration work has identified multiple occurrences of tin +/- indium and possible polymetallic and precious metal style mineralization.

The project covers an area of approximately 97 square kilometres in the Goias Tin Province, located in the northeast of Goias State, 300 kilometres north of the federal capital of Brazilia.

Exploration to date consists of sampling and mapping of garimpo workings, analysis of published academic studies, surface geochemistry, mapping and shallow RC drilling. The area has a history of garimpeiro (prospector) mining for the tin mineral cassiterite. The garimpeiro (local informal miners) workings appear to have targeted principally cassiterite bearing alluvial wash deposits locally occurring downhill from the mineralised griesen outcrops.

On 31 October 2011 the Company announced that it had completed due diligence on the Ouro Belo Project to its satisfaction.

## Tin in Brazil

Entering into an agreement over the Ouro Belo Project is the initiation of a strategic move by BBX to build a regional mineral portfolio in Brazil.

Brazil was a significant tin producer during the 1980s primarily from alluvial mining in the north of the country. Very limited hardrock exploration has occurred at Ouro Belo, other than opportunistic garimpeiro mining. The recent global increase in demand is yet to be reflected as increased production or exploration activity in Brazil.

The Goias Tin Belt is recognised as having granites of the right character for tin mineralisation and BBX believes that Ouro Belo provides the company with a first mover opportunity for tin in Brazil, particularly for hardrock mineralisation.

BBX is also attracted to tin as a strategic commodity by its simple metallurgy, typically grinding followed by gravity separation. As a consequence, tin mining generally has low capital costs and potentially provides a quicker path to production.

BBX is also interested in Ouro Belo because of the high abundances of indium, a rare and emerging metal used in electronic displays (mobile phones, plasma screens etc.), semi-conductors and solar cells.

## Reported Results

Crusader previously conducted a program of mapping and surface sampling to determine to extent on the Sn-In bearing greisens. The program confirmed numerous high concentrations of mineralisation with the best being 777ppm In and 4.99% Sn which were present in veins within the greisens. In total, 237 samples were collected, highlights include:

MNRK068, 4.99% Sn, 70.6 ppm In

MNRK227 0.17% Sn, 127 ppm In

MNRK277 0.99% Sn, 20.8 ppm In

MNRK299 0.68% Sn, 83.8 ppm In

A program of 15 RC drillholes for a total of 1,001 meters established the broadly anomalous character of the greisens for tin and indium (reported 17 September 2008). A zone of Sn-In mineralisation was identified in two adjacent drillholes of 27m @ 577ppm Sn, 8.6 ppm In (MRNC010) and 32m @ 670 ppm Sn, 8.4ppm In (MRNC011). The mineralisation within the main zone remains open along strike and at depth.

## 6.4 Chapada Project

On 27 October 2011 BXX announced that it had entered into an option agreement with Mundo (*Chapada Option Agreement*). Under the Chapada Option Agreement BBX has paid an option fee of \$50,000 for the right to acquire Mundo's 51% interest in the Chapada Project Joint Venture, as well as, the right to acquire up to 80% of the Chapada Project pursuant to the terms of the Joint Venture Agreement between Mundo (51%) and Rio Gameleira (49%). Rio Gameleira is a partnership between Anglo Ashanti Gold and IAMGOLD. BBX will pay the following consideration:

- (a) \$800,000, of which \$450,000 is payable upon exercise of the option and a further \$350,000 is payable by 31 July 2012, to acquire Mundo's 51% interest; and

- (b) BBX funding, to completion, a feasibility study with a minimum JORC resource of 350,000 oz's Au equivalent, to acquire up to an 80% interest.

The option may be exercised prior to 31 January 2012 (with certain rights to extend), during which time BBX will conduct technical, legal and environmental due diligence and seek approval from the joint venture partner Rio Gameleira.

Mundo has been notified by Rio Gameleira of their intention not to invoke their pre-emptive rights in relation to the proposed sale. Rio Gameleira have advised that, subject to internal approval, they may invoke the "tag-along" provisions contained in the Tocantins Joint Venture agreement to also sell their 49 per cent interest in the Chapada concession to BBX.

### **Background**

The 7,000ha tenement covering the historic Chapada gold workings is located approximately 200km south of Palmas, the capital of Tocantins state, on the outskirts of the town of Chapada de Natividade.

Access from Palmas is by the sealed TO-050 state highway. Palmas is served by twice-daily one-hour commercial flights from the Brazilian capital, Brasília.

The climate in the region is tropical, covered by savannah-style vegetation. Land use is dominantly for cattle ranching and local corn and soya cultivation.

The town of Chapada de Natividade provides basic services, including grid power and workforce accommodation. The regional centre, Natividade (pop. 10,000) is located 20km from the project by sealed road. Natividade offers a full range of services including hotel accommodation, hospitals, banks and schools. There is a strong mining culture in the region and it is anticipated that a local workforce will be readily available.

Topography is relatively flat and low-lying, approximately 320m above sea level.

### **Geological setting**

The Chapada deposit is located in the Goiás Massif within the Tocantins Tectonic Province which separates the Amazon and São Francisco cratons in central Brazil. The deposit is hosted in a small outlier in the Natividade-Almas-Dianopolis-Conceição greenstone belt of Paleoproterozoic, or possible Archean age.

The mineralisation, comprising generally coarse free gold locally associated with disseminated arsenopyrite and graphite is hosted in quartz-biotite-sericite-(garnet) schists extensively intruded by sheared and dismembered pegmatite dykes. The mineralisation, located within a prominent sub-vertical shear zone occurs in quartz veinlets and zones of silicification varying from 0.2m to 4m in width within a 5-10m wide envelope, along a strike length of approximately 700m.

Structural analysis suggests that the mineralisation plunges flatly to the north, opening up potential for untapped mineralisation at relatively shallow depths to the north of the current mining activity.

### **History and exploration results**

Mining has been carried out by informal miners (garimpeiros) since 1985 via approximately 40 vertical shafts, ranging in depth from 60 to 130m. Water inflows and an extensive collapse in 2008 have hampered mining activities, with only 4-5 shafts currently

active. Treatment of hand-selected material by rudimentary gravity recovery methods has yielded an estimated 300,000 ounces of gold at a mean grade of >20g/t.

Exploration conducted initially by Anglo American Corp. and subsequently by Iamgold Ltd. and Rio Gameleira Ltda. (Iamgold-Anglogold Ashanti JV) comprises 37 diamond drill holes within and immediately below the garimpeiro workings and a programme of shallow RC drilling along the northern extension of the main mineralised zone.

Diamond drill hole locations are shown in figure 1 and assay results in table 1.

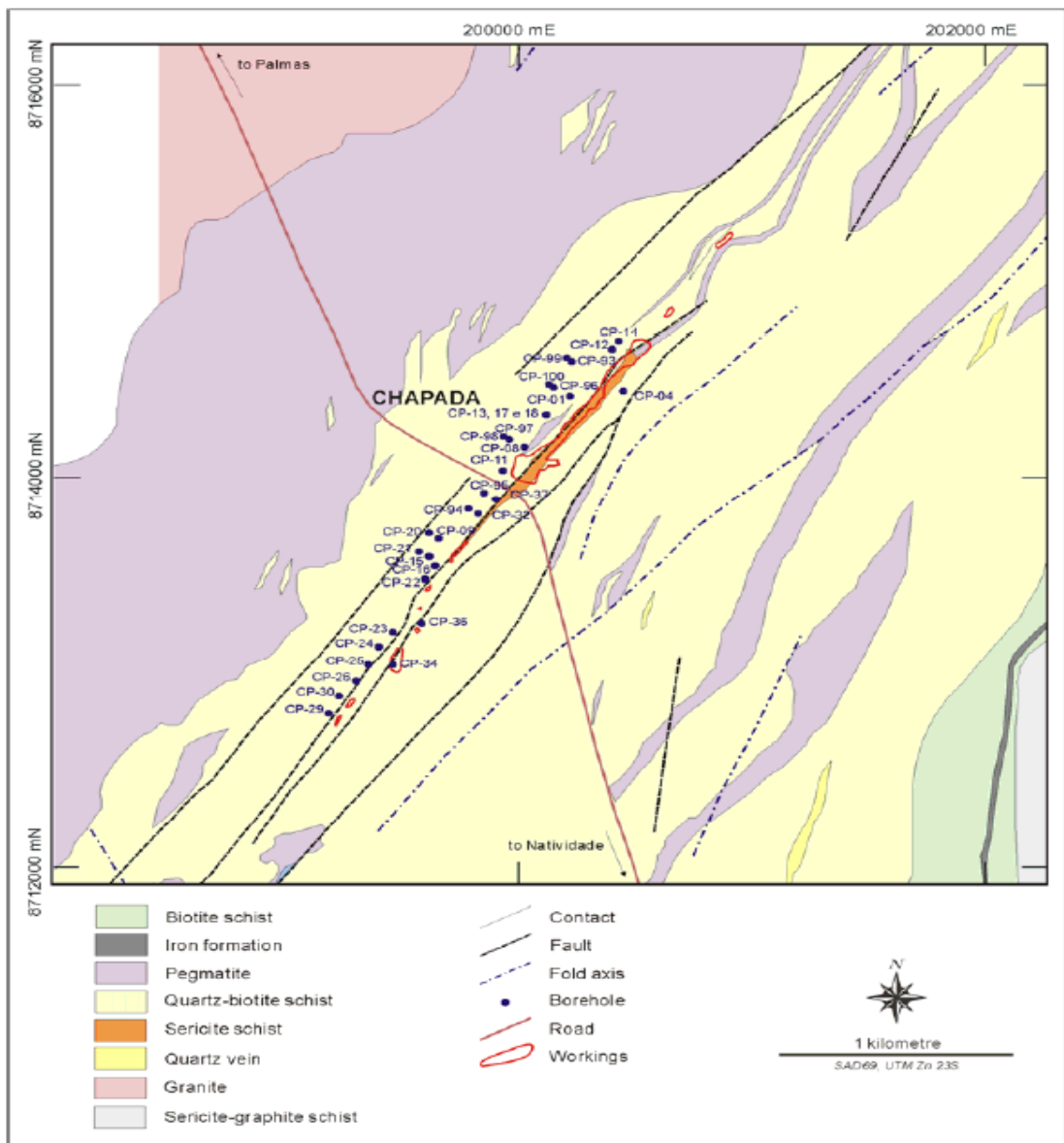


Figure 1 - Geology and gold occurrences at the Chapada prospect



Hole ID	Location	From (m)	To (m)	Width (m)	g/t Au
CP-04	Main Chapada Zone	163.30	164.46	1.16	2.24
		217.34	218.36	1.02	2.17
CP-08	Main Chapada Zone	118.00	119.21	1.21	6.56
		147.38	149.64	2.26	1.08
CP-12	Main Chapada Zone	111.00	112.00	1.00	1.30
CP-13	Main Chapada Zone including	138.92	140.19	1.27	2.25
		144.62	146.00	1.38	1.72
		162.33	170.35	8.02	1.85
		162.33	163.54	1.21	2.26
CP-14	Main Chapada Zone	168.36	170.35	1.99	5.56
		81.81	82.81	1.00	1.04
		127.10	130.00	2.90	1.25
CP-17	Main Chapada Zone	133.00	135.00	2.00	2.21
		136.15	137.30	1.15	1.21
		142.50	144.10	1.60	1.08
CP-18	Main Chapada Zone including	154.93	155.44	0.51	1.51
		167.85	173.10	5.25	2.01
CP-09	Chapada South	171.10	173.10	2.00	3.33
		89.9	119.1	29.12	1.01
		89.9	96.1	6.22	1.23
CP-15	Chapada South	104.6	108.8	4.20	2.50
		80.0	81.0	1.00	1.95
CP-16	Chapada South	119.9	122.2	2.25	2.53
		78.90	82.90	4.00	1.15
CP-20	Chapada South	137.6	139.0	1.40	2.6
		143.8	147.42	3.62	1.82
CP-21	Chapada South	104.4	105.6	1.20	2.7
		120.2	133.95	13.77	1.19
		148.96	150.10	1.14	1.37
CP-22	Chapada South	36.6	38.9	2.30	1.40
		48.50	49.50	1.00	1.16
		57.8	59.6	1.80	1.55
		65.15	67.00	1.85	16.57
CP-25	Chapada South	60.70	64.42	3.72	1.27
		76.65	77.98	1.33	2.18
CP-28	Chapada South	76.48	78.30	1.82	1.85
CP-31	Chapada South including and	72.8	88.5	15.6	2.70
		80.0	82.6	2.60	8.80
		82.6	85.6	3.00	3.90
CP-33	Chapada South	70.50	71.62	1.12	1.45
		96.95	101.13	4.18	1.13
CP-34	Chapada South	75.34	80.73	5.39	1.11
CP-35	Chapada South including	125.92	139.02	13.10	1.18
		125.92	126.94	1.02	7.88
CP-36	Chapada South	78.38	80.86	2.48	5.29
CP-37	Chapada South including	60.49	64.09	3.60	2.49
		61.10	61.50	0.40	17.30

Table 1. Diamond drill assay results >1g/t

Due to the highly spotty nature of the coarse gold mineralisation the drill assays should be regarded as indicative only. A number of intersections containing coarse visible gold returned assay results of only 1-6g/t, the portion of the core containing the visible gold having been retained and the other half submitted for analysis. Similarly, a number of drill holes which failed to intersect significant mineralisation intersected sections of the deposit which, in subsequent garimpeiro mining activities yielded grades in excess of 20g/t.

### Metallurgical test work

Results of initial metallurgical test work show gravity recoveries in excess of 80% and combined gravity plus cyanide leach recoveries of 96%.

### Treatment options

In the light of the apparent relatively high historic recovery rates obtained by garimpeiros using highly rudimentary gravity methods and gravity recoveries in excess of 80% in exploratory test work, a low-cost gravity-only treatment route may be feasible. A treatment plant could either be built on site or a possible toll treatment opportunity be pursued at a 2Mtpa plant under consideration to be built by Rio Novo Inc., 60 km to the west at Almas.

### Tenement status

Iamgold filed a positive Final Exploration Report at the DNPM (Brazilian Mines Department) in 2002 as part of the process of converting the existing exploration tenement into a Mining Right. This report still awaits DNPM approval. It is anticipated that this approval will be granted once the DNPM is formally requested to expedite the process.

## 6.5 New projects and acquisitions

The Board will seek to assess other global resource investment opportunities in various jurisdictions to create additional Shareholder value.

If and when a viable investment opportunity is identified, the Board may elect to acquire or exploit such opportunity by way of acquisition, joint-venture or earn-in arrangement which may involve the payment of consideration in cash, equity or a combination of both.

The Board will assess the suitability of investment opportunities by utilising their experience in evaluating projects. There are uncertainties and risks in the process of identifying and acquiring new and suitable projects.

## 6.6 Proposed exploration budget

The Company proposes to implement a focused and cost effective exploration program over a two-year period on the Chapada and Ouro Belo projects, summarised as follows:

Activity	Year 1 (\$)	Year 2 (\$)
Chapada - acquisition cost	800,000	Nil
Ouro Belo exploration	250,000	400,000
Chapada exploration	320,000	350,000
<b>Total</b>	<b>1,370,000</b>	<b>750,000</b>

This table is a statement of current intentions as at the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the way funds will be applied. The Board reserves the right to vary the way funds are applied on this basis.

## 6.7 Capital Structure

At the close of the Offer, the capital structure of the Company will be:

### Shares

Shares currently on issue (pre-Consolidation)	129,092,722
Shares on issue post Consolidation <sup>1</sup>	64,546,361
Shares offered under this Prospectus	11,250,000
<b>Shares on issue following the Offer<sup>2</sup></b>	<b>75,796,361</b>

### Options

Options currently on issue	Nil
Options offered under this Prospectus	5,625,000
Options to brokers and their nominees <sup>3</sup>	5,625,000
Options to Bacchus Strategic Developments <sup>3</sup>	7,500,000
Total Options on issue following the Offer	18,750,000

### Offer

Full amount to be raised under the Offer	\$2,250,000
Undiluted market capitalisation at the Offer issue price	\$15,159,272

### Notes:

- <sup>1</sup> At the Shareholder Meeting the Company will seek Shareholder approval to consolidate the Shares on issue on a 1:2 basis.
- <sup>2</sup> In addition to these Shares, at the Shareholder Meeting the Company will seek Shareholder approval:
  - (a) to issue 625,000 Shares to Michael Schmulian or his nominees; and
  - (b) to issue up to 20 million Shares to clients of Arthur Phillip Pty Ltd at an issue price of at least 80% of the 5 day VWAP over the last 5 days on which sales in the securities were recorded before the day on which the issue is made or, if there is a prospectus relating to the issue, over the last 5 days on which sales in Shares were recorded before the date the prospectus is signed.
- <sup>3</sup> In addition to these Options, at the Shareholder Meeting the Company will seek Shareholder approval:
  - (a) to issue up to 5,625,000 Options to brokers and their nominees in relation to raising under this Prospectus; and
  - (b) to issue 7,500,000 Options to Bacchus Strategic Developments or its nominees.

## 6.8 Existing Shareholders

The following Shareholders are substantial Shareholders of the Company:

Shareholder	Number of Shares (post-Consolidation)	%
Richard Poole	12,488,273	19.35
Brovest Pty Ltd <Page Super Fund A/C>, an entity associated with Paul Page	11,422,501	17.70
Yardie (WA) Pty Ltd <AW Family A/C>	4,500,000	6.97
143 Pty Ltd <JF Pearce Family A/C>	3,525,000	5.46
<b>Total</b>	<b>31,935,774</b>	<b>49.48</b>

Bacchus Strategic Developments, an entity associated with Mr Poole, has agreed to sub-underwrite up to 7,500,000 Shares. Assuming it subscribes for its full obligation, the acquisition will result in Mr Poole's voting power increasing from 19.35% to 26.37%.

## 6.9 No Prospective Financial Forecasts

The Directors have considered the matters outlined in ASIC Regulatory Guide 170. Given that the Company is a resource exploration company and the highly speculative nature of exploration and development and any subsequent production, the Company considers that it is unable to provide potential investors with any reliable revenue, profit or cash flow projections or forecasts.

## 6.10 Company tax status and financial year

The Company will be taxed in Australia as a public company. The financial year of the Company ends on 30 June annually.

## 6.11 Dividend policy

The Company does not intend to pay dividends on securities for the year ending 2012.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances in relation to the payment of dividends, or the franking credits attached to such dividends, can be given.

## 6.12 Litigation

Legal proceedings may arise from time to time in the course of the Company's business. As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

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## 7 RISK FACTORS

An investment in the Shares the subject of this Prospectus is highly speculative as the Company is a resource exploration company. Please consider the risks described below and the information contained in other sections this Prospectus. You should also consider consulting with your professional advisers before deciding whether or not to apply for the Shares.

The following is a list of the material risks that may affect the financial position of the Company, the value of an investment in the Company, as well as the Company's operations.

### 7.1 Company and industry risks

The below list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The below factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

(a) Re-quotations of Shares on ASX following re-admission to the Official List

The proposed change in nature and scale of the Company's activities to that of a resource company require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List.

Following Shareholders approving the Resolutions, the Company's Shares will not be tradable on ASX until the Company meets all of the requirements of ASX for re-quotations on ASX. There is a risk that this may be delayed or potentially not occur at all.

(b) Acquisition risk

The Company's proposed objectives involve the acquisition and development of resource projects at various stages of development. The Directors of the Company will use their expertise and experience in the resources sector to assess the value and merit of potential projects that are likely to provide returns for Shareholders. However, there can be no guarantee that any new project may result in any return for the Company and its Shareholders.

(c) Lack of approval for the final report presented on Chapada Gold Project

The approval of the final report presented on Chapada Gold Project tenement may be denied if the Director of the National Mineral Production Department (*DNPM*) considers that the activities performed during the exploration authorisation period are insufficient and if there is no technical and economic feasibility for the development of the mining activities. However, this risk is reduced and can be controlled, because the holder of the title can demonstrate the technical and economic feasibility through a market study, test results, and the holder's capacity to develop a mining project (by informing the DNPM of its equipment, machinery, qualified people and infrastructure).

(d) Access risk

Difficulties imposed by landowners may prevent access to the mineral properties.

These difficulties can take a period of time to be solved.

In this situation the tenement holder can apply for a judicial order to be able to access the area, by paying rent to the landowner as determined by the Court.

The difficulties imposed by the landowners can be used by the holder to apply for an extension of the title before the DNPM.

(e) Environmental license risk

In order to perform its mining activities the holder must comply with the environmental legislation which may include the need to apply for an environmental license. In some cases the environmental agency takes a long time to provide the environmental license preventing the mineral title holder from performing its activities. The lack of the license due to environmental agency delay can be used by the holder to apply for an extension of the title before the DNPM.

The Company has received advice from FFA Legal that the local authorities in the Goias and the Tocantins State are supportive of exploration and mine activities, and that there are unlikely to be any serious restrictions or opposition to BBX's activities over the Projects.

(f) Sovereign risk

The Ouro Belo Project and the Chapada Project are located in Brazil and the Company will be subject to the risks associated with operating in that country, including various levels of political and economic risks and uncertainties. These risks and uncertainties include, but are not limited to, economic, social or political instability or change, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risk of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership.

(g) Legal risks associated with operating in South America

The Company's acquisitions and operations will most likely be subject to the jurisdiction that the relevant project is located in. The laws and regulations of such jurisdictions are not as advanced and certain as Australian laws and regulations, with the following potential consequences:

- (i) difficulties in obtaining effective and appropriate legal redress with respect to the Company's rights and obligations, including over title to assets.
- (ii) lack of proper process, which may lead to greater potential discretion by various governmental departments, at both local and national level.
- (iii) inconsistencies between various laws, which may lead to delay and unpredictable outcomes.

(h) Title

Interests in mineral rights in Brazil are governed by Brazilian legislation. A mining right is for an open ended term, provided certain requirements are met, including lodgment of reports, payment of royalties and compliance with environmental licence conditions and environmental legislation. A company could lose title to or its interest in a mining permit if these requirements are not met.

(i) Exploration success

Shareholders should understand that mineral exploration and development are high-risk undertakings.

There can be no assurances that exploration of the Ouro Belo Project or the Chapada Project will result in the discovery of an economic tin-indium or gold deposit. Even if an apparently viable deposit is identified there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to permitting requirements, availability of appropriate exploration equipment, seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents and many other factors beyond the control of the Company.

(j) Commodity Price Volatility and Exchange Rate Risks

Commodity price volatility impacts both upon the value of the Company's projects and the potential revenue (if any) derived from those projects. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. These factors include supply and demand fluctuations, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in foreign currencies, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between foreign currencies and the Australian dollar as determined in international markets.

(k) Regulatory

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

(l) Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

(m) Environmental

The operations and proposed activities of the Company are subject to Brazilian local and national laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(n) Competition risk

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(o) Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(p) Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(q) Conflicts of interest

Certain Directors are also directors and officers of other companies engaged in mineral exploration and development and mineral property acquisitions. Accordingly, mineral exploration opportunities or prospects of which these Directors become aware may not necessarily be made available to the Company. Although these Directors have been advised of their fiduciary duties to the Company, there exist actual and potential conflicts of interest among these persons and situations could arise in which their obligations to, or interests in, other companies could detract from their efforts on behalf of the Company.

## 7.2 General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.



(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realize their investment.

(c) Economic risk

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

(d) Legislative

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

(e) Legal Proceedings

Legal proceedings may arise from time to time in the course of the business of the Company. As at the date of this Prospectus, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

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## **8 DIRECTORS AND CORPORATE GOVERNANCE**

### **8.1 Directors**

The Company is managed by the Board of Directors. The Board comprises four Directors.

#### **Mr Paul Lewis Page (Executive Chairman)**

Mr Page commenced his career as an accountant with KPMG specialising in managing businesses under administration. He left KPMG in 1992 to commence a career in stockbroking and equity capital markets. Mr Page has twenty years' experience in equity capital markets and merchant banking and has an extensive understanding of the financial, industrial and resources sectors.

#### **Mr Michael Hogg (Non-Executive Director)**

Mr Hogg is the former Australian Chief Executive Officer of The Cobra Group Pty Ltd, which is part of direct sales organisation with over 10,000 sales representatives in 20 countries worldwide. He is also non-executive director of ASX listed companies Australian Power and Gas Limited and First Folio Limited.

#### **Mr Michael Leon Schmulian (Non-Executive Director)**

Mr Schmulian is a geologist with almost 40 years of mining and exploration experience and is based in Rio de Janeiro, Brazil. His experience includes 21 years in Brazil where he has established a strong network of contacts throughout the industry. He is the former Brazil Country Manager for Western Mining Corporation charged with managing the implementation and operations of two gold mines, South America brownfields Exploration Manager for AngloGold Ashanti and was Executive Director of ASX listed Mundo Minerals Limited, responsible for establishing Mundo in Brazil and Peru and bringing the company's Engenho Gold Mine into production. Mr Schmulian is currently COO of ASX listing Crusader and is a Fellow of the Aus.IMM.

#### **Mr Philip Suriano (Non-Executive Director)**

Mr Suriano began his career in corporate banking with the Commonwealth Bank. Mr Suriano spent 16 years in senior positions within the Australian media industry. Mr Suriano has gained wide knowledge and experience to give him a strong background in operations, sales and marketing. For the past 8 years Mr Suriano has been working with Arthur Phillip, a boutique investment house where he is Division Director, Equity Capital Markets. Mr Suriano is also a director of ASX listed junior resources companies Adavale Resources Limited and Resource and Exploration Group Limited.

### **8.2 Service and other agreements between the Company and Directors**

Mr Paul Page was appointed as Executive Director of BBX effective 2 September 2010 with an unspecified term.

Mr Michael Schmulian was appointed as Executive Director of BBX effective 12 April 2011 with an unspecified term.

Mr Page (through his controlled entity Brovest Pty Ltd (ACN 064 409 285)) and Mr Schmulian each have an executive service contract with BBX on the following terms:

- (a) **Remuneration and Benefits:** The executive will be paid A\$1,500 per day plus

GST (inclusive of statutory superannuation contributions). The executive will also be reimbursed for all expenses reasonably incurred for the benefit of BBX during his employment.

- (b) **Termination:** Either BBX or the executive may terminate the executive service contract by providing 60 days written notice to the other party.
- (c) **Other provisions:** the executive service contracts also include standard provisions dealing with duties, confidentiality, intellectual property and insurance.

### 8.3 Remuneration received by the Directors and their related entities

The Directors are paid the following remuneration by the Company:

Director	Role	Director's Fees per annum (inclusive of statutory superannuation)	Other	Benefits in the previous 2 years prior to the date of this Prospectus
Mr Paul Page	Executive Chairman	\$36,000	In addition to his Director's fee, Mr Page will be paid in accordance with his executive service agreement outlined above.	\$155,100
Mr Michael Hogg	Non-executive Director	\$24,000	None.	\$19,333
Mr Michael Schmulian	Non-executive Director	\$24,000	In addition to his Director's fee, Mr Schmulian will be paid in accordance with his executive service agreement outlined above.	\$14,067
Mr Philip Suriano	Non-executive Director	\$24,000	None.	\$5,200

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

### 8.4 Securities held by the Directors

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company as set out below.

Director	Shares (Post Consolidation)	Options
Mr Paul Page	11,422,501	Nil
Mr Michael Hogg	Nil	Nil
Mr Michael Schmulian	1,175,000	Nil <sup>1</sup>
Mr Philip Suriano	1,500,000	Nil

**Note**

<sup>1</sup> The Company has agreed to issue 625,000 Shares to Mr Schmulian, subject to Shareholder approval to be obtained at the Shareholder Meeting.

The Company anticipates that these Shares will be held in escrow and will not be available for trading for 2 years after the Company is listed.

The Directors are not required to hold any Shares in the Company under the Constitution.

**8.5 Mr Page's relationship with the Underwriter**

Mr Page is a director and responsible executive of the Underwriter. Mr Page neither controls nor has a financial interest in the Underwriter, and will not receive a financial benefit as a result of the underwriting (other than in his capacity as a Shareholder of BBX).

**8.6 No other Directors Interests**

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last two years before the date of lodgment of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:

- (d) to a Director or proposed Director to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

**8.7 Corporate governance**

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of all stakeholders. To fulfill this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Company has developed a number of corporate governance policies which it will continue to adopt following its change of nature and scale. A summary of the Company's corporate governance policies is included in the Company's 2011 Annual Report which was announced to ASX on 13 October 2011.

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## **9 DETAILS OF THE OFFER**

### **9.1 Shares offered for subscription**

By this Prospectus the Company offers for subscription up to 11,250,000 Shares with one free attached Option for every two Shares allotted to raise \$2,250,000.

All Shares offered under this Prospectus will rank equally with existing Shares. The rights and liabilities of the Shares offered under this Prospectus are summarised at section 9.14. The rights and liabilities of the Options offered under this Prospectus are summarized at section 9.15.

The details of how to apply for Shares and Options are set out at section 9.6.

### **9.2 Offer period**

The Offer opens on 13 December 2011 and is intended to close on 24 February 2012.

### **9.3 Shareholder approval and minimum subscription**

The Offer is conditional upon approval by Shareholders at a meeting to be held on 22 December 2011, the Company being re-admitted to the Official List following re-compliance with Chapters 1 and 2 of the Listing Rules, and the minimum subscription under the Offer of \$2,250,000 raised. The Company will not issue any Shares or Options pursuant to this Prospectus until these conditions are satisfied.

Should either Shareholders not approve the Offer or the minimum subscription not be reached within 4 months from the date of this Prospectus, the Company will either repay the Application moneys to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and be repaid their Application moneys. No interest will be paid on these moneys.

### **9.4 Use of proceeds and fund**

The Company intends to use its current funds of approximately \$512,000 cash on hand as at the date of this Prospectus and the funds raised from the Offer broadly as follows:

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<b>Funds available</b>	
Cash on hand	\$512,000
Funds from this Offer	\$2,250,000
<b>Total funds available</b>	<b>\$2,762,000</b>

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### Application of proceeds

Ouro Belo - stage 1 exploration budget to earn 51%	\$250,000
Chapada - acquisition cost	\$800,000
Chapada - stage 1 exploration budget	\$320,000
Two year corporate administration costs	\$500,000
Costs of the Offer <sup>2</sup>	\$237,000
General working capital, including project due diligence <sup>3</sup>	\$643,000
<b>Total</b>	<b>\$2,750,000</b>

#### Notes:

- <sup>1</sup> The two year budgets for the Ouro Belo Project and the Chapada Projects are itemised and commented upon in the Independent Geologists' Report at section 11.
- <sup>2</sup> The costs of the Offer include fundraising fees of 6% on moneys raised being \$135,000 see section 9.4 for details.
- <sup>3</sup> The Company will consider investment opportunities in the resources sector (in gold, tin and other commodities) throughout South America. There are currently a number of other opportunities under review that may be agreed and announced in the coming months.

This table is a statement of current intentions as at the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the way funds will be applied. The Board reserves the right to vary the way funds are applied on this basis.

On successful completion of the Offer, the Company will have enough working capital to carry out the objectives stated in this Prospectus.

### 9.5 Underwriter

The Company has appointed Arthur Phillip Pty Limited as the Underwriter to the Offer under the terms of the Underwriting Agreement.

The Offer is fully underwritten in accordance with the terms of the Underwriting Agreement. The Underwriter will be paid a fee for underwriting the Offer of 6% plus GST underwriting fee of the total underwritten amount plus up to 5,625,000 Options exercisable at \$0.25 expiring 30 June 2014.

The Underwriting Agreement provides for the appointment of sub-underwriters. Fees payable to the sub-underwriters are at the discretion of the Underwriter. The Company is not responsible for any payment of fees to sub-underwriters.

The Underwriting Agreement is conditional upon, amongst other things, the Underwriter entering into sub-underwriting agreements for all of the securities offered under this Prospectus. As at the date of this Prospectus, a sub-underwriting commitment for \$1.5 million has been received from Bacchus Strategic Developments.

The Underwriting Agreement may terminate if, amongst other things, the S&P/ASX 200 Index of ASX closes at a level that is 10% or more below the level at market close on 5 December 2011 for at least two consecutive business days before the settlement date (currently 30 January 2012).

## 9.6 Application for securities

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the Shares offered by this Prospectus before deciding to apply for Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

An Application for Shares and Options can only be made on the Application Form contained at the back of this Prospectus. The Application Form must be completed in accordance with the instructions set out on the Application Form.

Applications must be for a minimum of 10,000 Shares and 5,000 Options (being minimum application moneys of \$2,000), and thereafter in multiples of 1,000 Shares and 500 Options (\$200).

The Application Form must be accompanied by a cheque in Australian dollars, for the full amount of your application moneys. Cheques must be made payable to "**BBX Holdings Limited - Share Offer Account**" and should be crossed "**Not Negotiable**".

Application Forms must not be circulated to prospective investors unless accompanied by a copy of this Prospectus.

Completed Application Forms and accompanying cheques must be received by no later than 5.00 pm (WST) on the Closing Date by the Share Registry:

By Post to:	By Delivery to:
BBX Holdings Limited c/- Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 Australia	BBX Holdings Limited c/- Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2001 Australia

The Company reserves the right to extend the Offer or close the Offer early without notice. Applicants are therefore urged to lodge their Application Form as soon as possible.

An original, completed and lodged Application Form, together with a cheque for the application moneys, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

If the Application Form is not completed correctly, or if the accompanying payment of the application moneys is for the wrong amount, it may still be treated as valid. The Directors' decision as to whether to treat the Application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be



treated as having applied for more Shares than is indicated by the amount of the cheque for the application moneys.

No brokerage or stamp duty is payable by Applicants in respect of Applications for Shares under this Prospectus.

#### **9.7 Applicants outside Australia**

The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of the Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities law. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed to enable them to subscribe for Shares.

The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

#### **9.8 Application Money held in Trust**

All application moneys will be deposited into a separate bank account of the Company and held in trust for Applicants until the Shares are issued or application moneys returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

#### **9.9 Allocation and Allotment of Shares**

The Company reserves the right to reject any Application or to allocate to any Applicant fewer Shares and Options than the number applied for. The Company also reserves the right to reject or aggregate multiple applications in determining final allocations.

In the event an Application is not accepted or accepted in part only, the relevant portion of the application moneys will be returned to Applicants, without interest.

The Company reserves the right not to proceed with the Offer or any part of it at any time before the allocation of the Shares and Options to Applicants. If the Offer or any part of it is cancelled, all application moneys, or the relevant application moneys will be refunded.

The Company also reserves the right to close the Offer or any part of it early, or extend the Offer or any part of it, or accept late Applications Forms either generally or in particular cases.

The allotment of Shares and Options to Applicants will occur as soon as practicable after Application Forms and application moneys have been received for the minimum subscription of Shares being offered, following which statements of shareholding will be dispatched. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their statement of shareholding will do so at their own risk.

#### **9.10 Brokers**

The Underwriter will be responsible for brokerage and/or handling fees for Applications accepted by the Company on Application Forms bearing the stamp of member firms of ASX or licensed financial advisors.

#### **9.11 ASX Listing**

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the Shares offered by this Prospectus on ASX. If ASX does not grant permission for the quotation of the Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all Application Moneys without interest.

A decision by ASX to grant official quotation of the Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the Shares. ASX and its officers take no responsibility as to the contents of this Prospectus. Quotation, if granted, of the Shares offered by this Prospectus will commence as soon as practicable after statements of holdings of the Shares are dispatched.

#### **9.12 CHESS**

The Company will apply to participate in the Clearing House Electronic Subregister System (*CHESS*). CHESS is operated by ASX Settlement Pty Ltd (*ASPL*), a wholly owned subsidiary of ASX.

Under CHESS, the Company will not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASPL will send a CHESS statement.

#### **9.13 Restricted securities**

The ASX may classify certain securities as being subject to the restricted securities provisions of the Listing Rules. In particular, Directors, other related parties and promoters may receive escrow on securities held by them for up to 24 months from the date of quotation of the Company's Shares on ASX.

The Company has agreed to:

- (a) issue 625,000 Shares to Mr Schmulian; and
- (b) grant 7,500,000 Options to Bucchus Strategic Developments and up to 5,625,000 Options to brokers and their nominees in relation to the Offer,

subject to Shareholder approval to be sought at the Shareholder Meeting. The Company anticipates that these securities will be held in escrow and will not be available for trading for 2 years after the Company is re-admitted to the Official List.

None of the Shares offered under this Prospectus will be treated as restricted securities and will be freely transferable from their date of allotment.

The Company has no voluntary escrow arrangements in place.

## 9.14 Rights and liabilities attaching to Shares

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

### (a) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. The person who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid on the relevant share bears to the total issue price of the share. Voting may be in person or by proxy, attorney or representative.

### (b) Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share bears to the total issue price of the share. All Shares currently on issue and the shares to be issued under this Prospectus are fully paid Shares.

### (c) Future Issues of Securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

### (d) Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any recognized or electronic system established or recognized by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

### (e) Meetings and Notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Election of Directors

There must be a minimum of 3 Directors. At every annual general meeting one third of the Directors (rounded down if necessary, to the nearest whole number) must retire from office. Any other Director who, if they do not retire, will at the conclusion of the meeting have been in office for 3 or more years and for 3 or more annual general meetings since he or she was last elected to office must also retire. These retirement rules do not apply to certain appointments including the managing director.

(g) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(h) Winding Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the shareholders:

- (i) divide the assets of the Company among the members in kind;
- (ii) determine how the division is to be carried out as between the members or difference classes of members. .

(i) Shareholder Liability

As the Shares under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(j) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(k) Listing Rules

If the Company is re-admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

## 9.15 Option Terms

Pursuant to the Notice of Meeting the Company is seeking Shareholder approval to issue of:

- (a) up to 5,625,000 Options to brokers and their nominees who assist with raising funds under this Prospectus; and
- (b) 7,500,000 Options to Bacchus Strategic Developments or its nominees.

The Options will be subject to the following terms.

- (a) Each Option entitles the holder to one Share.
- (b) The exercise price of the Options is 25 cents each.
- (c) The expiry date of the Options is 30 June 2014.
- (d) The Options may be exercised at any time prior to the expiry date, in whole or in part, upon payment of the exercise price per Option.
- (e) The Options are transferable and may be quoted.
- (f) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (**Notice of Exercise**). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- (g) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX within 7 business days after the date of issue of all Shares pursuant to the exercise of Options to be admitted to quotation.
- (h) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised except in the event of a bonus issue. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (i) If from time to time on or prior to the expiry date the Company makes a bonus issue of securities to holders of Shares in the Company (Bonus Issue), then upon exercise of his or her Options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have

been issued to him or her under that Bonus Issue if the Options had been exercised before the record date for the Bonus Issue.

- (j) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.

The Company intends to apply to the ASX for the quotation of the Options issued pursuant to this Prospectus.

#### **9.16 Offer of Options to the Underwriter, Bacchus Strategic Developments, brokers, AFSL holders and their nominees**

The Company under this Prospectus and subject to Shareholder approval to be sought at the Shareholder Meeting offers:

- (a) up to 5.625 million Options to certain brokers and AFSL holders and their nominees who assist with the raising of funds under this Prospectus or their nominees;
- (b) 7.5 million Options to Bacchus Strategic Developments or its nominees in consideration for assisting with corporate transactions; and
- (c) up to 5.625 million free attached Options to the Underwriter or its nominees in accordance with the terms of the Underwriting Agreement (see section 9.5 for details).

Such Options have no issue price and a Black - Scholes value of \$0.0699 each.

The Company will send the recipient a Prospectus and personalised application form for the Options offered. To accept the offer, the recipient must complete the Application Form and return it to the Company by the date specified on the Application Form.

#### **9.17 Expenses of the Offer**

The total estimated expenses of this Prospectus are estimated to be \$237,000, consisting of the following:

<b>Cost</b>	<b>(\$)</b>
Brokers' fees <sup>1</sup>	135,000
Independent geologists' report	10,000
Investigating accountants' report	8,000
Legal fees	30,000
Prospectus design and printing	5,000
ASIC and ASX fees	52,000
Other	2,000
<b>Total</b>	<b>237,000</b>

These expenses have or will be paid by the Company.

**Notes:**

- <sup>1</sup> The Company, offers at the board's discretion, up to 5.625 million Options to certain brokers and AFSL holders (or their nominees) who assist with the raising of funds under this Prospectus. The table above reflects the cash expenses and does not include the cost of these Options.

**Bentleys Audit & Corporate  
(WA) Pty Ltd**

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CW:1BBXH01:C

8 December 2011

The Directors

BBX Holdings Limited

C/- Arthur Phillip Pty Ltd

Level 33, Colonial Centre

52 Martin Place

SYDNEY NSW 2000

Dear Sirs

## **Investigating Accountant's Report – BBX Holdings Limited To Be Renamed BBX Minerals Limited**

### **Introduction**

This report has been prepared at the request of the Directors of BBX Holdings Limited ("BBX" or "the Company"), for inclusion in a Prospectus to be lodged with the Australian Securities and Investment Commission ("ASIC") on or around 8 December 2011 ("Prospectus"), relating to the proposed issue of 11,250,000 ordinary shares at an issue price of \$0.20 each to raise \$2,250,000. The Company is also offering investors one (1) free attaching Option for every two (2) Shares allotted exercisable at \$0.25 on or before 30 June 2014 pursuant to the Prospectus.

The offer is underwritten and the minimum subscription level is \$2,250,000.

The Offer is conditional upon approval by Shareholders at a meeting to be held on 22 December 2011, the Company being re-admitted to the Official List following re-compliance with Chapters 1 and 2 of the Listing Rules, and the minimum subscription under the Offer of \$2,250,000 raised. The Company will not issue any Shares or Options pursuant to this Prospectus until these conditions are satisfied.

### **Basis Of Preparation**

The report has been prepared to provide investors with information on historical results and the financial position of BBX, and to provide investors with a pro forma Statement of Financial Position and pro forma Statement of Comprehensive Income of BBX as at 30 September 2011 adjusted to include funds raised by the Prospectus and the completion of exploration interest acquisitions and other transactions as referred to in Note 2 of Appendix 2.



This Report does not address the rights attaching to the Shares or options to be issued in accordance with the Prospectus, the risks associated with the investment, nor form the basis of an Expert's opinion with respect to a valuation of the Company or a valuation of the Share issue price of \$0.20 per share to the public.

Bentleys has not been requested to consider the prospects for BBX nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so. Bentleys accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Section 7 of the Prospectus.

## Background

BBX is a public company which has been listed on ASX since 10 August 2005.

Prior to early 2010, BBX operated a barter trading business, which facilitated cashless trading of goods and services between member businesses. On 22 January 2010 Shareholders approved the sale of a number of the Company's subsidiaries, and its sole operating asset subsequently became the barter exchange franchise operating in the Sydney area.

Following the sale of the majority of its commercial barter exchange business, the Company undertook a strategic review. As a result the Directors have approved a change of the Company's activities to resources exploration and development.

The Company has entered into agreements under which it has the option to acquire the following:

- (a) up to a 75% interest in Ouro Belo tin-indium Project in Goias, Brazil; and
- (b) up to an 80% interest in the Chapada gold Project in Tocantins, Central Brazil.

For further details of the Company refer to the Company and Project Overview in Section 6 of this Prospectus.

## Scope of Report

Bentleys has been requested to:

- (a) report whether anything has come to our attention which would cause us to believe that the historical financial information disclosed in the appendices to this report is not fairly presented in accordance with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by BBX, and
- (b) report whether anything has come to our attention which would cause us to believe that the pro forma financial information disclosed in the appendices to this report is not presented fairly in accordance with the basis of preparation and assumptions set out therein and with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by BBX.

BBX has prepared, and is responsible for, the historical and pro forma financial information included in the appendices to this report.

## Scope of Review

Bentleys has not audited the financial statements of BBX as at 30 September 2011. We have conducted our review of the historical financial information in accordance with Australian Auditing Standard ASRE 2405 "Review of Historical Financial Information Other Than a Financial Report". We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- (i) enquiry of directors, management and others;
- (ii) analytical procedures on the historical information;
- (iii) a review of work papers, accounting records and other documents; and
- (iv) comparison of consistency in application of the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by BBX.

The review procedures were substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards.

Having regard to the nature of the review, which provides less assurance than an audit, and to the nature of the historical and pro forma financial information, this report does not express an audit opinion on the historical and pro forma financial information included in the appendices to this report.

## Valuation of Exploration Interests

The principal assets of BBX will be its exploration interests.

The assets have been included at cost in the pro forma Statement of Financial Position. We have not performed our own valuation of the exploration interests. We are unable to form a view on whether the carrying values of the interests are fairly stated.

## Opinions

- (a) Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the historical financial information, as set out in the appendices of this report is not presented fairly in accordance with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by BBX.

- (b) Pro Forma Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma financial information, as set out in the appendices of this report is not presented fairly in accordance with the basis of preparation in the appendices and assumptions set out therein and with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by BBX.

### Subsequent Events

To the best of Bentleys' knowledge and belief, there have been no material items, transactions or events subsequent to 30 September 2011 not otherwise disclosed in this report or its appendices that have come to our attention during the course of our review which would cause the information included in this report to be misleading or deceptive.

### Independence

Bentleys does not have any interest in the outcome of the listing of the shares, other than in connection with the preparation of this report for which normal professional fees will be received. Bentleys were not involved in the preparation of any part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Bentleys consents to the inclusion of this report in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully



**BENTLEYS**  
Chartered Accountants



**CHRIS WATTS**  
Director

## Appendix 1 – Historical and Pro-Forma Financial Information

### Statement of Comprehensive Income

	Note	Reviewed Actual For the Period 30 September 2011 \$	Reviewed Pro forma For the Period 30 September 2011 \$
Interest income		6,875	6,875
Accounting fees		(2,156)	(2,156)
Auditor remuneration		(11,825)	(11,825)
Consultancy fees		(28,662)	(28,662)
Directors fees		(43,500)	(43,500)
Legal and professional fees		(13,660)	(13,660)
Registry costs		(3,751)	(3,751)
Rent		(3,200)	(3,200)
Share based payments	2(e), 2(f), 2(g)	-	(1,042,166)
Travelling and trade promotion expenses		(18,388)	(18,388)
Other expenses		(33,095)	(33,095)
<b>Loss before income tax</b>		<b>(151,362)</b>	<b>(1,193,528)</b>
Income tax expense		-	-
<b>Loss after income tax</b>		<b>(151,362)</b>	<b>(1,193,528)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive Income for the period</b>		<b>(151,362)</b>	<b>(1,193,528)</b>

## Statement of Financial Position

		Reviewed Actual	Reviewed Pro forma
	Note	30 September 2011	30 September 2011
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	526,008	1,689,008
Trade and other receivables	4	100,881	100,881
Financial assets	5	165,922	165,922
<b>TOTAL CURRENT ASSETS</b>		<b>792,811</b>	<b>1,955,811</b>
<b>NON CURRENT ASSETS</b>			
Plant and equipment		2,304	2,304
Exploration expenditure	6	150,000	1,000,000
<b>TOTAL NON CURRENT ASSETS</b>		<b>152,304</b>	<b>1,002,304</b>
<b>TOTAL ASSETS</b>		<b>945,115</b>	<b>2,958,115</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	134,294	134,294
<b>TOTAL CURRENT LIABILITIES</b>		<b>134,294</b>	<b>134,294</b>
<b>NON CURRENT LIABILITIES</b>			
Trade and other payables	7	220,254	220,254
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>220,254</b>	<b>220,254</b>
<b>TOTAL LIABILITIES</b>		<b>354,548</b>	<b>354,548</b>
<b>NET ASSETS</b>		<b>590,567</b>	<b>2,603,567</b>
<b>EQUITY</b>			
Issued capital	8	11,382,864	13,520,864
Option reserve	9	-	917,166
Accumulated losses	10	(10,792,297)	(11,834,463)
<b>TOTAL EQUITY</b>		<b>590,567</b>	<b>2,603,567</b>

## Appendix 2 – Notes to and Forming Part of the Financial Statements

### 1. Summary of significant accounting policies

#### (a) Basis of Accounting

The financial statements have been prepared in accordance with the measurement and recognition (but not the disclosure) requirements of Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001.

The financial statements have been prepared on an accruals basis, are based on historical cost and except where stated do not take into account changing money values or current valuations of selected non-current assets, financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

The preparation of the Statement of Comprehensive Income and Statement of Financial Position requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Statement of Comprehensive Income and Statement of Financial Position are disclosed where appropriate.

The financial information has been prepared on the basis of a going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Statement of Comprehensive Income for the period ended 30 September 2011 and the Statement of Financial Position as at 30 September 2011 are in accordance with the Company's reviewed financial position at that date. The pro forma Statement of Comprehensive Income for the period ended 30 September 2011 and the pro forma Statement of Financial Position as at 30 September 2011 represents the reviewed financial result and position and adjusted for the transactions discussed in Note 2 to this report. The Statement of Comprehensive Income and Statement of Financial Position should be read in conjunction with the notes set out in this report.

#### (b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BBX as at 30 September 2011 and the results of all subsidiaries for the period then ended. BBX and its subsidiaries together are referred to in this report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer note 1(f)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of BBX.

**(c) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

**(d) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividend received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

All revenue is stated net of the amount of goods and services tax (GST).

**(e) Income Tax**

The income tax expense for the period comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date.

Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense is charged directly to equity instead of the Statement of Comprehensive Income when the tax relates to items that are credited directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**(f) Business Combinations**

The acquisition method of accounting is used to account for all business combinations. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to the former owners of the acquiree and the equity issued by the acquirer, and the amount of any non controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Costs directly attributable to the acquisition are expensed.



If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non controlling shareholders' interest. The excess of the cost of acquisition over the fair value of the Consolidated Entity's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Consolidated Entity's share of the fair value of the identifiable net assets acquired, the difference is recognised directly in the Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired.

Any contingent consideration to be transferred by the acquiree will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

**(g) Impairment of Assets**

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(h) Exploration and Evaluation Expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

## **(i) Investments & Financial Instruments**

### ***Recognition and de-recognition***

Regular purchases and sales of financial assets are recognised on trade-date being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Income as gains and losses from investment securities.

### ***Classification and Subsequent Measurement***

#### **(i) Financial assets at fair value through profit or loss**

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

#### **(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

#### **(iii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

#### **(iv) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

**(v) Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

***Fair Value***

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

***Impairment***

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income

**(j) Trade Creditors**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(k) Issued Capital**

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(l) Employee Benefits**

**(i) *Wages and salaries, annual leave and sick leave***

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

**(ii) *Long service leave***

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**(m) Provisions**

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**(n) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables in the statement of financial position are shown inclusive of GST.

**(o) Foreign Currency Transaction and Balances**

***Functional and presentation currency***

The functional currency of each of the Company's entities 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 Company's functional and presentation currency.

***Transaction 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 period-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 the Statement of Comprehensive Income, 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 equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the Statement of Comprehensive Income.

### **Group companies**

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

- (i) assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- (ii) income and expenses are translated at average exchange rates for the period; and
- (iii) 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 Consolidated Entity's foreign currency translation reserve in the Statement of Financial Position. These differences are recognised in the Statement of Comprehensive Income in the period in which the operation is disposed.

## **2. Actual and Proposed Transactions to Arrive at the Pro-Forma Financial Information**

The pro-forma financial information has been included for illustrative purposes to reflect the position of BBX on the assumption that the following transactions had occurred as at 30 September 2011:

- (a) Consolidate existing capital on a 1 for 2 basis such that the 129,092,722 ordinary shares on issue will be consolidated to 64,546,361 ordinary shares;
- (b) The issue of 11,250,000 ordinary shares at \$0.20 each pursuant to the Prospectus, with 5,625,000 free attaching options exercisable at \$0.25 each on or before 30 June 2014 granted for every 2 shares issued ;
- (c) The payment of expenses of the public issue totalling an estimated \$237,000 excluding GST and expensed against equity;
- (d) The payment \$850,000 to Mundo Minerals Limited ("Mundo Minerals") to acquire the Chapada Project pursuant to the terms of the Option Agreement;
- (e) The Company issue 5,625,000 unlisted options exercisable at \$0.25 on or before 30 June 2014, for nil consideration to the brokers of BBX valued under the Black and Scholes model at \$ 393,071;
- (f) The Company issue 7,500,000 unlisted options exercisable at \$0.25 on or before 30 June 2014, for nil consideration to Bacchus Strategic Developments ("Bacchus") valued under the Black and Scholes model at \$ 524,095; And
- (g) The issue of 625,000 ordinary shares at \$0.20 each to Mr Michael Schmulian pursuant to the general meeting.

		Reviewed Actual 30 September 2011 \$	Reviewed Pro forma 30 September 2011 \$
<b>3. Cash and cash equivalents</b>			
Cash at Bank		526,008	526,008
Issue of 11,250,000 ordinary shares pursuant to the Prospectus	2(b)	-	2,250,000
Prospectus issue costs	2(c)	-	(237,000)
Payment to Mundo Minerals	2(d)	-	(850,000)
		526,008	1,689,008
<b>4. Trade and other receivables</b>			
Trade and other receivables		100,881	100,881
<b>5. Financial assets</b>			
Available-for-sale financial assets		165,922	165,922
<b>6. Exploration expenditure</b>			
Exploration expenditure at cost		150,000	150,000
Payment to Mundo Minerals	2(d)	-	850,000
		150,000	1,000,000
<b>7. Trade and other payables</b>			
<b>CURRENT</b>			
Trade and other payables		134,294	134,294
<b>NON CURRENT</b>			
Other related parties		220,254	220,254
<b>8. Issued capital</b>			
Balance at 30 September 2011		11,382,864	11,382,864
Issue of 11,250,000 ordinary shares pursuant to the Prospectus	2(b)	-	2,250,000
Prospectus issue costs	2(c)	-	(237,000)
Issue of 625,000 ordinary shares to Mr Michael Schmulian at \$0.20 each	2(g)		125,000
		11,382,864	13,520,864

		Reviewed Actual 30 September 2011 \$	Reviewed Pro forma 30 September 2011 \$
	Note	No.	No.
<b>a. Ordinary shares</b>			
Balance at 30 September 2011		129,092,722	129,092,722
Consolidate existing capital on a one for two basis	2(a)	-	(64,546,361)
Issue of 11,250,000 ordinary shares pursuant to the Prospectus	2(b)	-	11,250,000
Issue of 625,000 ordinary shares to Mr Michael Schmulian at \$0.20 each	2(g)	-	625,000
		129,092,722	76,421,361
<b>9. Option reserve</b>			
Balance at 30 September 2011		-	-
Issue of 5,625,000 free attaching options exercisable at \$0.25 each on or before 30 June 2014	2(b)	-	-
Issue of 5,625,000 unlisted options to brokers	2(e)	-	393,071
Issue of 7,500,000 unlisted options to Bacchus	2(f)	-	524,095
		-	917,166
<b>a. Options</b>			
Balance at 30 September 2011		-	-
Issue of 5,625,000 free attaching options exercisable at \$0.25 each on or before 30 June 2014	2(b)	-	5,625,000
Issue of 5,625,000 unlisted options to brokers	2(e)	-	5,625,000
Issue of 7,500,000 unlisted options to Bacchus	2(f)	-	7,500,000
		-	18,750,000
<b>10. Accumulated losses</b>			
Opening balance		(10,640,935)	(10,640,935)
Current period loss		(151,362)	(1,068,528)
		(10,792,297)	(11,709,463)
<b>11. Related Parties</b>			

Refer to Section 8 of the prospectus for details of related party transactions and shareholdings.

## **12. Commitments**

### **(a) Exploration**

The Company will have minimum obligations pursuant to the terms and conditions of the exploration licences in the forthcoming year as disclosed in the Prospectus. These obligations are capable of being varied from time to time, in order to maintain current rights of tenure to mining tenements.

## **13. Contingent Assets and Liabilities**

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in this Prospectus.

## **14. Subsequent Events**

At the date of this report there have been no material events subsequent to balance date that we are aware of, other than those disclosed in this Prospectus.



**BBX Holdings Limited**  
**INDEPENDANT GEOLOGIST'S REPORT**  
**OURO BELO PROJECT**  
**Goiás Tin Province**  
**Northeastern Goiás State**  
**Central Brazil**

Approximate Geographic Coordinates  
13° 22' 43" N 46° 58' 42"W

Prepared for BBX Holding Limited  
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28<sup>th</sup> November 2011

## CONTENTS

<u>Summary</u> .....	58
<u>1.0 Introduction</u> .....	58
<u>1.1 Terms of Reference</u> .....	58
<u>1.2 Qualifications, Experience and Independence</u> .....	59
<u>1.3 Sources of Information</u> .....	59
<u>2.0 Property description and location</u> .....	60
<u>2.1 Project Location</u> .....	60
<u>2.2 Project Description and Mining Licences</u> .....	61
<u>2.3 Mining Law - Brazil</u> .....	62
<u>3.0 Access, climate, local resources, Infrastructure and physiography</u> .....	64
<u>4.0 Local Mining History</u> .....	65
<u>5.0 Geological Setting</u> .....	66
<u>6.0 Deposit Types and Mineralisation</u> .....	67
<u>7.0 Exploration</u> .....	70
<u>7.1 Geological Mapping</u> .....	70
<u>7.2 Surface Geochemistry</u> .....	71
<u>7.2.1 Rock Sampling</u> .....	71
<u>7.2.2 NITRON XRF Surveying</u> .....	73
<u>7.3 Drilling</u> .....	73
<u>8.0 Bedrock Magnetic Susceptibility Survey</u> .....	75
<u>9.0 Data verification</u> .....	76
<u>10.0 Adjacent Properties</u> .....	77
<u>11.0 Conclusions</u> .....	77
<u>12.0 Proposed Work Programs</u> .....	78
<u>13.0 Proposed Work Programs Budget</u> .....	80
<u>14.0 Consents</u> .....	80
<u>15.0 References</u> .....	81

## LIST OF FIGURES

<a href="#">Figure 1. Ouro Belo Project Location Map</a> .....	61
<a href="#">Figure 2. Ouro Belo Project - Regional Geology and Tenement Location Map</a> .....	64
<a href="#"><b>Figure 3. SE Tocantins Province (Brasília Belt) Tectonic and Principal Tin Sub-Province Location Map (modified from Marini et al 1992 &amp; Pimentel &amp; Botelho, 2001).</b></a> .....	66
<a href="#">Figure 4. Detailed geological map of tin bearing area if the Mangabeira massif (from Moura et al 2007)</a> .....	68
<a href="#">Figure 5. Manga Prospect Geology and Previous Exploration Work Map (Scale = 1:4000).</a> .....	72
<a href="#">Figure 6. NITON XRF Thematic map (Sn) – Manga Prospect</a> .....	74
<a href="#">Figure 7. Magnetic Susceptibility Map – Manga Prospect</a> .....	76
<a href="#">Figure 8. Manga Prospect Area - proposed NITON and ground magnetic work plan. Insert: survey areas superimposed on regional aeromagnetic data.</a> .....	78
<a href="#">Figure 9. Garimpo Mocambo (Imgazeira) Area - proposed NITON and ground magnetic work plan. Insert: survey areas superimposed on regional aeromagnetic data highlighting possible prospective roof zone setting.</a> .....	79

## LIST OF TABLES

Table 1: Crusader Resources Ltd – Mineral Tenement Summary (source DNPM – June 2011).
Table 2: Historical tin production to 1990 - North Eastern Goiás (from Smakman 2009).
Table 3: Significant rockchip results returned from sampling at the Manga prospect.
Table 4: Drilling highlights returned from 2008 RC program – Manga Prospect (after Smakman 2009)
Table 5: Comparison table for submitted ORES standard and certified ORES values (Lab method used was 4 acid digest ICPMS).
Table 6: Summary Budget: 2011-2012 work program at Ouro Belo.

## LIST OF PHOTOS

Photo 1: Panorama looking west from Manga Prospect towards east and Garimpo Imgazeira.
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## **Summary**

The Ouro Belo project represents a strategic landholding with potential to host tin ± Indium and possibly gold, basemetal and phosphate deposit types. The multi-commodity deposit type potential is directly related to the range of geological domains present within the immediate project area that formed in differing geological environments and time periods. Work completed to date has identified multiple areas of alluvial tin ± gold that were worked by garimpos during the 1970's – 1980's and at least two tin ± indium hard rock source areas while the potential for structurally hosted gold and sedimentary phosphate deposits still has not been adequately tested. Tin mineralisation throughout the project area has been demonstrated to be spatially associated with a series of "A type" granite intrusives. At the Manga prospect surface sampling and a maiden drilling program intersected sub-economic tin ± indium mineralisation over an approximately 350m x 150m area however, further work is still required to close off extensions and access additional untested targets. Additionally, only limited reconnaissance style work has been completed over areas outside of the Manga prospect such as Serra do Mocambo (Imgazeira) plus areas along trend including; Serra do Pedra Blanca, Serra do Mendes, Serra do Campos Belos and Serra Bahado should be reviewed/monitored as potential applications/acquisitions.

Recommended further work to be completed within the next 6-12 months at the Ouro Belo project includes:

- NITON XRF surveying - Manga prospect extensions and Mocambo (Imgazeira) garimpos,
- Ground magnetic surveying - Manga prospect and Mocambo (Imgazeira) garimpos,
- Power auger program – Manga prospect south,
- Mapping/sampling - Mocambo (Imgazeira) garimpos and potential phosphate bearing areas,
- Tertiary Regolith and provenance study – regional/project wide,
- Structural Study – regional/project wide,
- Review/monitor Serra do Pedra Blanca, Serra do Mendes, Serra do Campos Belos and Serra Bahado garimpos,
- Review current ground holdings and stake any additional ground covering potential intrusive roof zones and/or mineral occurrence localities,
- Trial Heavy Metal Concentrate (HMC) sampling program for use in trying to discriminate Au bearing drainages and target areas with potential gold deposit styles.

## **1.0 Introduction**

### **1.1 Terms of Reference**

At the request of the Directors of BBX Holdings Limited ("BBX"), IntiGold Pty Ltd ("IntiGold") has been commissioned to prepare an Independent Geologist's Report (IGR) for on the Ouro Belo project located in the northeast regional of the Goiás State, central Brazil (Figure 1) for inclusion in a prospectus to be issued by BBX dated on or about 8 December 2011 for the issue of 11.25m fully paid ordinary shares at A\$0.20 to raise A\$2.25m ("Prospectus"). IntiGold

understands that BBX has reached an agreement with a third party vendor, Crusader Resources Ltd, to earn an interest in the Ouro Belo project by meeting a series of agreed earn-in milestones as announced to the ASX on the 11<sup>th</sup> of April, 2011.

The IGR has been compiled in accordance with the requirements and recommendations of the VALMIN Code (2005) which sets out the principles and matters which should be taken into account when preparing expert reports on mineral assets under the Corporations Law, and the JORC Code (2004) which sets out the requirements for reporting Exploration Results, Mineral Resources and Ore Reserves.

BBX Holdings Limited is currently a private ASX listed company focused on the acquisition, exploration and potential development of small scale mineral properties (subject to shareholder approval). BBX's registered address is Level 33, 52 Martin Place, Sydney NSW 2000, Australia.

### **1.2 Qualifications, Experience and Independence**

IntiGold is an independent, privately owned consulting firm that has been providing services to the exploration and mineral industry since 2008.

The author of the IGR is Dylan J. Jeffriess who is a Director of IntiGold. Mr Jeffriess holds a BSc (Hons) degree from Monash University, Australia, and is a Member of the Australasian Institute of Geoscientists (MAIG). He has worked as a geologist for a continuous period of 18 years with a range of mining/exploration companies and as an independent consultant with experience in planning and managing exploration programs, generating and evaluating projects. He has experience in a wide range of geological terrains, deposit styles and commodities, including base and precious metals, uranium, REE's and coal. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a competent person as defined in the JORC code.

At the time of writing this report neither IntiGold nor the author of this report had any material interest in BBX nor the mineral properties that are the subject of this report. The relationship between IntiGold and BBX is solely one of professional association between client and independent consultant.

This report is prepared in return for professional fees based upon agreed commercial rates in no way contingent on the results of the report.

### **1.3 Sources of Information**

The information within this report is based on information provided by: 1) BBX and includes technical reports and data provided by the vendor (Crusader Resources Ltd), 2) public domain reports and technical information or 3) field data directly collected by the author during a field visit. Internal and public domain reports and other sources of information are referenced where applicable in the text and in the **References** section. While BBX has informed IntiGold that it has provided it with all material and available information that it holds that is relevant to the project being reported on and that, to the best of its knowledge and understanding such information is accurate and true the author is aware that data specifically relating to downhole

laboratory assay results associated with the 2008 Manga prospect were not available during the preparation of this report.

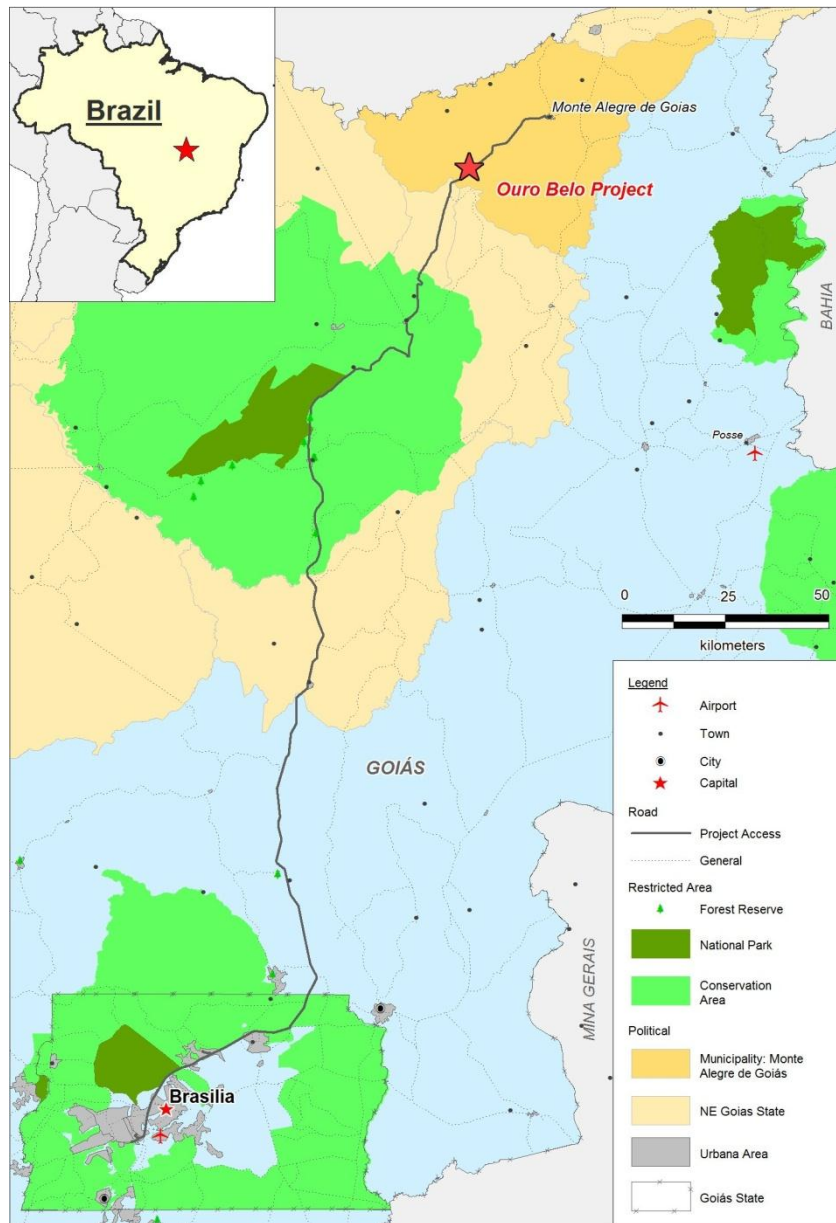
IntiGold has not attempted and is not required to establish the legal status of the tenements within the project areas but understands that all the tenements are or have been at a granted stage.

The author undertook a field visit to the project area during the period 18<sup>th</sup> – 23<sup>rd</sup> June 2011. While drill collars and associated drill spoil were verified/observed during the field visit no drilling samples were available for inspection during the visit.

## **2.0 Property description and location**

### **2.1 Project Location**

The Ouro Belo project area is located in the northeast regional of the Goiás State, central Brazil. The nearest township is Monte Alegre de Goiás which is located approximately 20 km to the NE whilst the state and federal capital, Brasilia, is located approximately 280km to the SSW (figure 1).



**Figure 1. Ouro Belo Project Location Map**

## **2.2 Project Description and Mining Licences**

The Ouro Belo project consists of 11 exploration licences which cover an area of approximately 25,000 hectares (table 1 & figure 2). Licences are at various stages of maturity and consist of four licence applications (requerimento de Pesquisa), three approved licences (autorização de pesquisa) and four licences currently undergoing relinquishment (disponibilidade).

The Ouro Belo tenements are 100% owned by Crusader do Brasil Mineracao and Cascar Brasil Mineração Ltda, which are both wholly owned subsidiaries of Crusader Resources Ltd.

**Table 1: Crusader Resources Ltd – Exploration Licence Summary (source DNPM – Nov 2011)**

Process	Number	Year	Area (Ha)	Stage	Holder
860274/2007	860274	2007	1849.94	AUTORIZAÇÃO DE PESQUISA	Crusader do Brasil Mineração Ltda
860275/2007	860275	2007	1814.23	DISPONIBILIDADE	Crusader do Brasil Mineração Ltda
860564/2011	860564	2011	1043.7	REQUERIMENTO DE PESQUISA	Cascar Brasil Mineração Ltda
860565/2011	860565	2011	1718.9	REQUERIMENTO DE PESQUISA	Cascar Brasil Mineração Ltda
860566/2011	860566	2011	1589.42	REQUERIMENTO DE PESQUISA	Cascar Brasil Mineração Ltda
860567/2011	860567	2011	1729.03	REQUERIMENTO DE PESQUISA	Cascar Brasil Mineração Ltda
860848/2007	860848	2007	2000	DISPONIBILIDADE	Crusader do Brasil Mineração Ltda
860849/2007	860849	2007	1847.99	DISPONIBILIDADE	Crusader do Brasil Mineração Ltda
860850/2007	860850	2007	1833.87	AUTORIZAÇÃO DE PESQUISA	Crusader do Brasil Mineração Ltda
860855/2007	860855	2007	1944.51	AUTORIZAÇÃO DE PESQUISA	Crusader do Brasil Mineração Ltda
860945/2007	860945	2007	1922.25	DISPONIBILIDADE	Crusader do Brasil Mineração Ltda

### **2.3 Mining Law - Brazil**

The main source of mining legislation in Brazil is the Federal Mining Code (Feb. 1967), updated by Law No. 9314 (1995), and supported by the 1988 Federal Constitution. The following is a summary of key points relating specifically to exploration/Mining activities:

- Mining legislation may only be enacted by the General Assembly.
- Surface rights and Mineral rights (sub-surface rights) are administered separately (with rare exceptions); Mineral rights are the jurisdiction of the Federal Union.
- Mineral exploration may only be carried out by Brazilian citizens, or legal entities incorporated in Brazil, under authorization by the federal government.
- Mining activities may only be conducted by legal entities incorporated in Brazil.
- There are no restrictions on foreign participation in these legal entities.
- The mining concession holder has ownership of the minerals extracted.
- Landowners, Municipal, State, and Federal governments are entitled to a royalty, which varies from 1% to 3% Gross Overriding Royalty (GOR) depending on the mineral and state.
- Mining activities are subject to environmental licensing (State and Federal).
- Holders of mining concessions are legally obligated to restore areas degraded by mining, in accordance with a plan previously approved by the respective environmental departments.
- The mining laws are administered by the National Dept. of Mineral Production (DNPM) which has an office in each state capitol. Each state office reports back to the DNPM in Brasilia.
- The website <http://sigmine.dnpm.gov.br/> displays the exploration and mining concession disposition by state and is typically up to date within 24hrs. This is generally deemed to be an excellent system.
- Mining in Brazil is governed in a fashion similar to any other business (excepting the royalty structure) and is subject to similar ('normal') taxation. Previous expenditures on a mineral property may be written off. Taxes vary from state to state but are typically approximately 30%.



### *Exploration Concession Process*

- Exploration Licences range from 1 to 3 years in duration, and may be renewed once to extend for 1 to 3 years subject to the judgment of the DNPM inspector.
- There are no expenditure commitments; however work needs to be completed over the areas to extend tenure beyond the preliminary 3 year period.
- Exploration Licences are granted on a 'first come first serve' basis. A licence is exclusive once granted.
- Applications are submitted into a map-based system at the DNPM office at the state capitol.
- There may be a considerable time period between the application for a licence and the granting of it, depending upon which state holds the property. Other entities may apply to supersede an application, but the first application submitted will receive the licence ('first come first serve' basis). Time considerations on the licence begin on the day of application.
- The size of a granted licence may vary from 50 hectares (ha) to 10000 ha, subject to which state issues it; most states permit a maximum 2000 ha, but some of the more remote states permit 10000 ha. Licences may take any shape bordered by right angled corners.
- The application must state the primary mineral or minerals exploration programs are focused toward, if exploration discovers a separate economic commodity, the DNPM must be notified and this information will be noted on the title.
- Annual rates for the tenements are calculated based on the area and the first term is US\$1.03 per ha, with a subsequent US\$ 1.55 per ha annual fee in the second term.
- The licensee must submit an exploration plan, time line, and budget to the DNPM; there are no other required work or expenditure commitments.
- Each licence requires a yearly report demonstrating data, interpretations, and expenditures.
- The law guarantees access to the exploration licence on any land whether surface rights are publically or privately held.
- The holder of the exploration licence must compensate the surface owner for occupation and any losses caused by the work.
- There is no legal framework for compensation, and at the exploration stage of mining each case will be treated on an individual basis.
- The renewal of a licence requires the licensee to have met with reporting requirements by presenting works conducted during the first 3 years and describing the necessity for an extension of the licence including the submittal of a new work plan and budget.
- Licences may be transferred subject to DNPM approval.
- A final report is due at the end of the term or on relinquishment.
- Most state DNPM offices DO NOT have a data library system that gives access to previous work. A new holder of an exploration licence can request access to previous work.
- A formal database showing past holdings does not exist.
- Once an exploration licence is relinquished the DNPM puts the licence up for auction ("Disponibilidade"). The concession is given to the party that presents the most aggressive exploration plan providing it has the apparent financial and technical means to conduct this work.
- If a period of 6 months passes without a bid on a concession that land becomes open.
- There may be very rare exceptions wherein the ministry permits an exploration title to remain intact for more than 6 years.

- There may be other departmental restrictions (State or Federal) placed on the access to sub-surface titles if the government has planned other uses for the land, be they environmental or industrial.

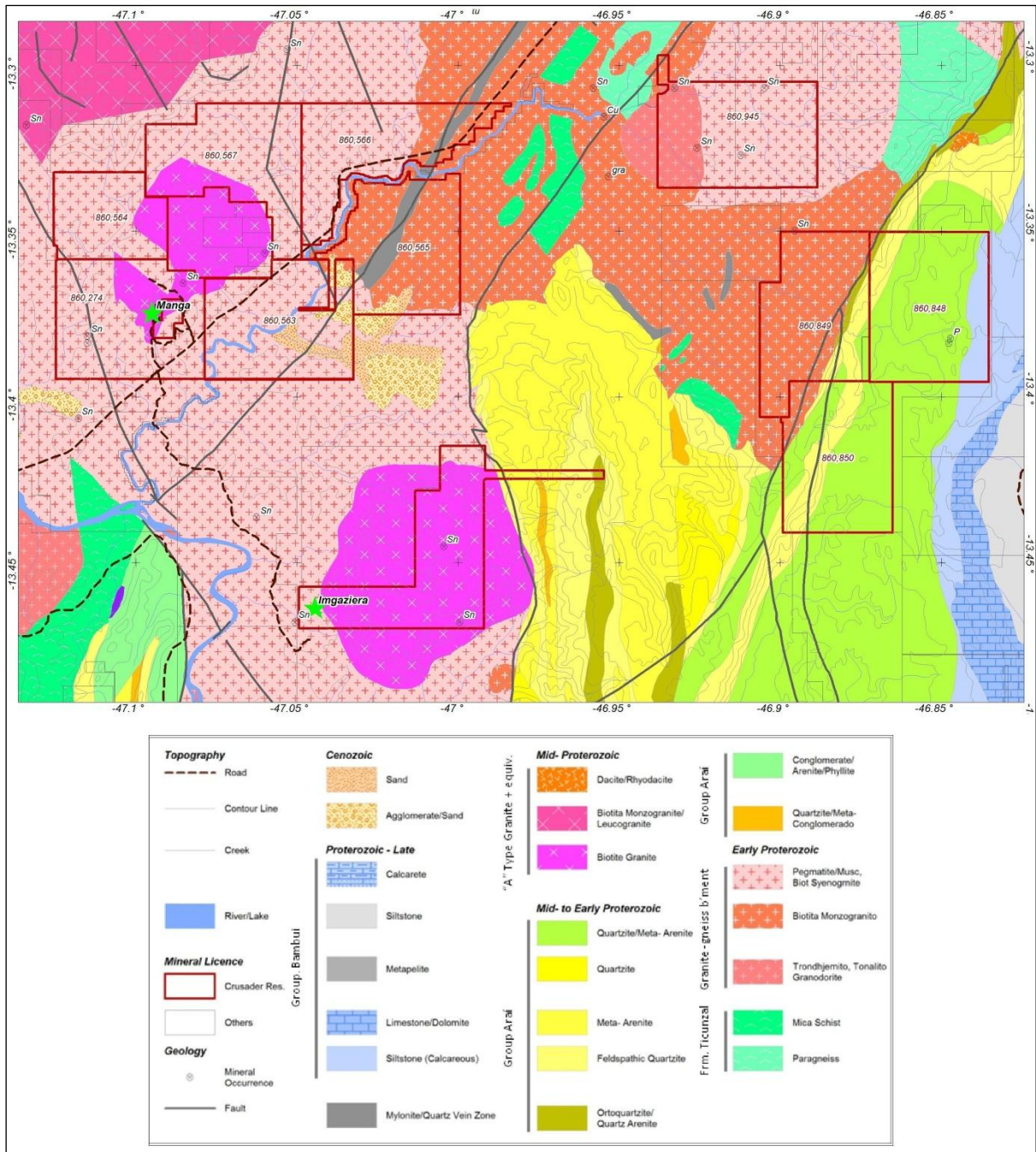


Figure 2. Ouro Belo Project - Regional Geology and Tenement Location Map

### 3.0 Access, climate, local resources, Infrastructure and physiography

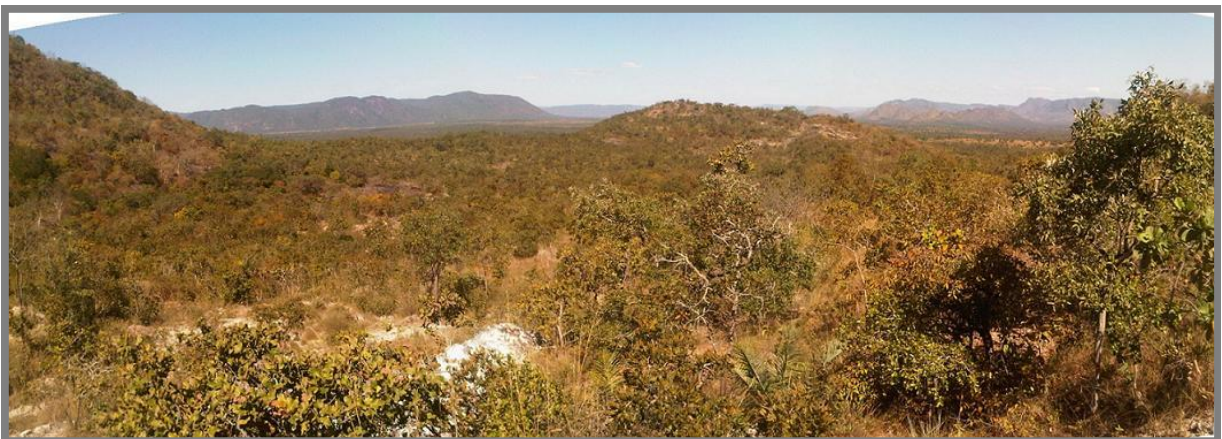
The Ouro Belo project is located in the northeast region of the Goiás State, central Brazil. The nearest township is Monte Alegre de Goiás which is located approximately 20 km to the NE whilst the state and federal capital, Brasilia, is located approximately 280km to the SSW (figures 1 & 2). Monte Alegre de Goiás and the surrounding rural region have a population of approximately 7000 people. The town is serviced by its own municipal council and provides a

small hospital, fixed line telephone and high speed internet services. The local economy is based on cattle raising however, unemployment in the area is significant. Several pousadas (small hotels) or houses are available to rent within the township.

The tenement areas are accessed by federal highway BR-010 which bisects the project, then by a series of secondary gravel roads and farm tracks (Figure 2). Farms tracks (often locked by padlock and chain) are generally not well maintained and a four wheel drive vehicle is often necessary.

Terrain in the Ouro Belo tenements is comprised typically of undulating hills, with rocky ranges occurring on the west and eastern boundaries of the tenement block (photo 1). The Parana River cuts the project area, and running creeks with bridge crossings are common. Project weather is typically tropical savannah with a variable to extreme summer rainy season from September to April and a mild to hot winter form May to August.

Vegetation generally consists of sparse small trees and frequent interspersed shrubs and herbaceous plants.



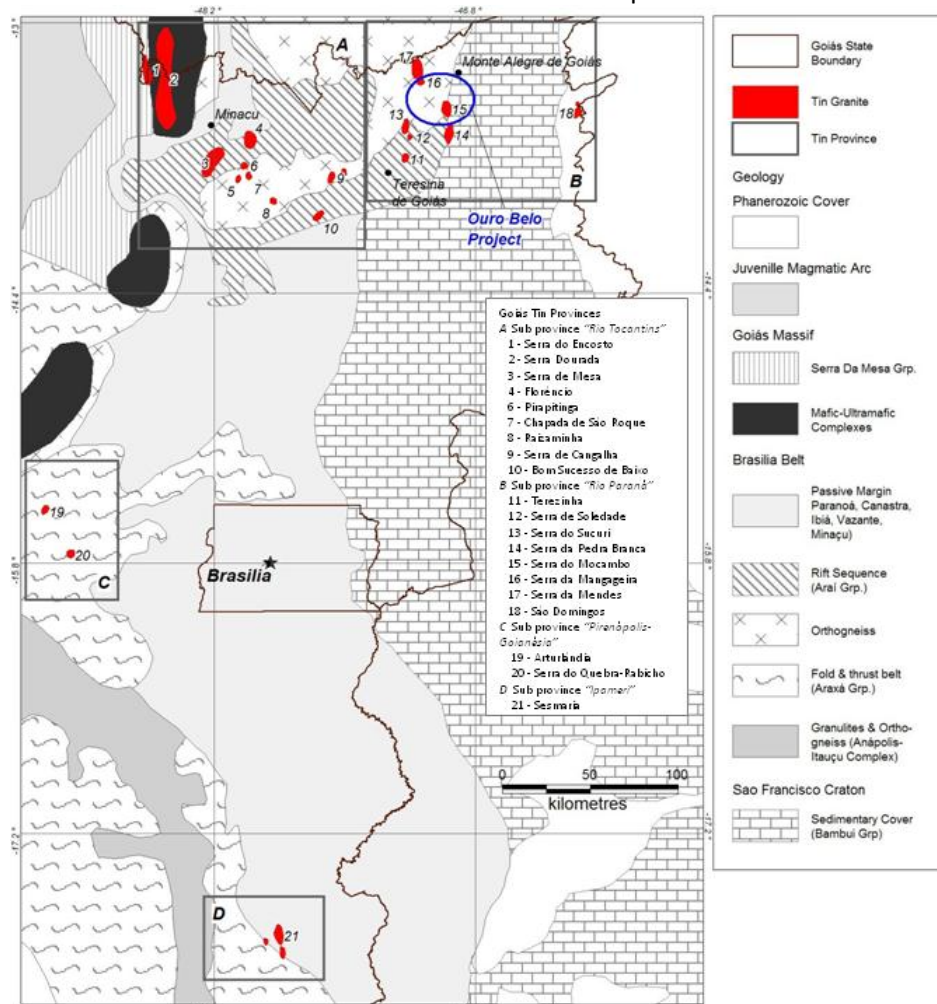
**Photo 1: Typical terrain within the Ouro Belo Project. View from Manga Prospect looking to the southeast.**

#### **4.0 Local Mining History**

Monte Alegre de Goiás was originally founded as a potential gold mining area with the first settlers arriving from São Paulo in about 1769. Although no significant alluvial or hardrock gold deposits were developed the area was intermittently subjected to artisanal mining until a tin rush which occurred during the 1980's and early 1990s. During this period four principal regional tin sub-provinces were identified (Rio Tocantins, Rio Paranã, Pirenópolis-Goianésia and Ipameri) with significant historical production returned from deposits located within the north-eastern Goiás area (figure 3, table 2).

During the period 2000-2003 a regional airborne magnetic and radiometric survey was completed over the northeast Goiás region and Belo Ouro project area by the Brazilian government. In 2007 Crusader Resources Ltd staked the Ouro Belo project and began a program of surface exploration consisting of mapping and rockchip/channel sampling. Following the return of encouraging results a maiden program of 15 RC drill holes was completed at the tin-indium bearing Manga prospect.

Following the drilling program minor reconnaissance sampling over the remaining areas of the project area with a focus on Sn-Au mineralisation were completed.



**Figure 3. SE Tocantins Province (Brasília Belt) Tectonic and Principal Tin Sub-Province Location Map (modified from Marini et al 1992 & Pimentel & Botelho, 2001).**

**Table 2: Historical tin production to 1990 - North Eastern Goiás (after Smakman 2009)**

Deposit Name	Production	Contents	Tenor	Reserves	
	(m3)	(kg)	(g Sn/m3)	Known	Estimated
Cavalcante	14,013,318	23,869,275	1 703	24,347,419	151,671,181
Ipameri	104,100	623,975	5,993		
Minacu	348,480	204,209	585	368,641	215,136
Monte Alegre de Goiás	231,073	37,433	161	110,825	4,436,792
Nova Roma	2,018,339	932,472	461	5,220,267	4,124,894
Uruaçu	1,364,795	1,241,422	909	1,976,559	1,260,694

## 5.0 Geological Setting

The Ouro Belo project is located within the north-eastern part of the Tocantins Province of central Brazil which represented a large Meso-Neoproterozoic orogen developed between the Amazon, São Francisco/ Congo and Paraná (or Rio de la Plata) continental blocks (figure 3). The north-eastern part of the Tocantins Province is composed dominantly by a large sequence of Brasília Belt supracrustals which unconformably overly a series of older Araí Group, Ticunzal

Formation and granite-gneiss basement rocks. A series of “A type” intrusives occur in this area and in part are interpreted as comagmatic plutonic equivalents of the Araí volcanics. These intrusives, on the basis of distinct field, structural, petrographic and geochemical characteristics, have been used to define two local tin-bearing sub-provinces: (i) the Rio Paranã Sub-Province (RPS) in the east and (ii) the Rio Tocantins Sub-Province (RTS) in the west (figure 3). The Ouro Belo project is located within the Rio Paranã Sub-Province and is spatially associated with multiple examples of these variably fractionated and altered “A type” intrusive granite bodies including the Mangabeira massif (see section 7.0).

Pimentel & Botelho, (2001) reported eight small <15km diameter “A” type intrusive plutons commonly showing sub-volcanic textures as defining the RPS while the RTS was defined as containing nine generally larger more elongated N-S orientated dome-like “A” type intrusive plutons. In the RPS, two distinct families of granite intrusions had been identified and referred to as the G1 and G2 granites. Those of the G1 family, identified only in the RPS, are older (U-Pb zircon age of 1.77 Ga) and coeval, with the Araí rhyolites while the G2 granites are younger (1.6-1.5 Ga – U-Pb zircon and Pb-Pb ages) showed more metaluminous to peraluminous characters. Tin and indium deposits and occurrences were shown to be dominantly associated with the G2 granites.

## **6.0 Deposit Types and Mineralisation**

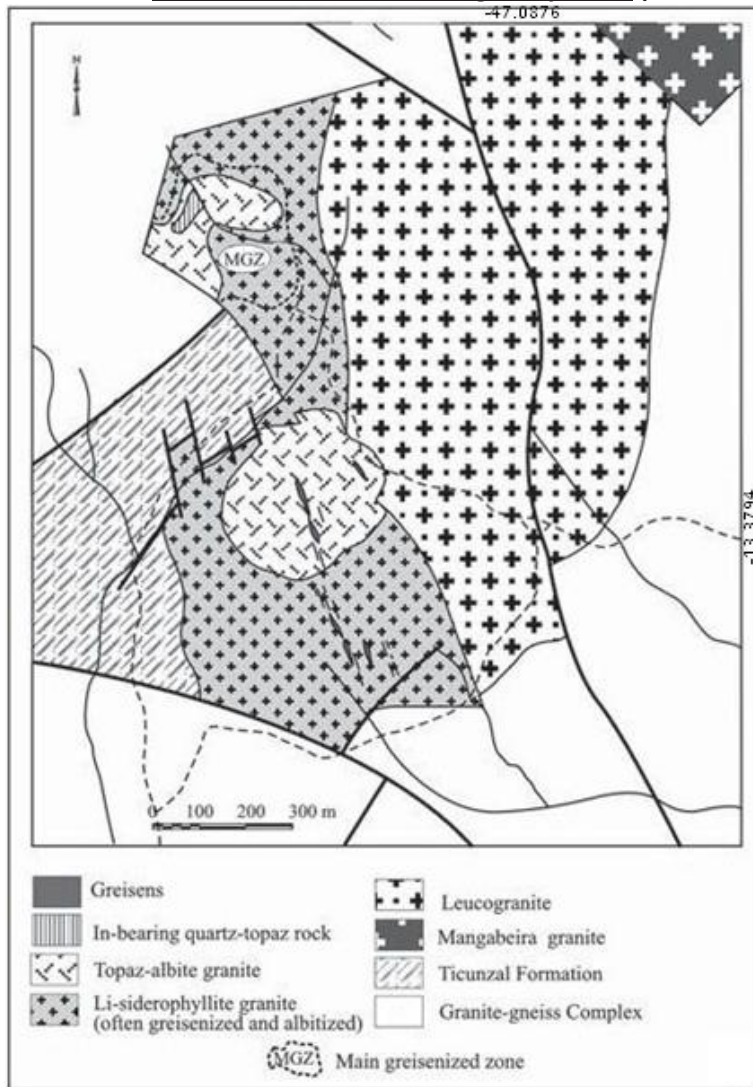
The Ouro Belo project and surrounds have been recognised as having the potential to host the following types of mineral deposit:

- Primary tin - indium bearing greisens e.g. (Manga),
- Reduced intrusion related gold systems e.g. (Mina Auromina, Buraco do Ouro),
- Sedimentary phosphate,
- Alluvial tin ± gold placers e.g. (Mendez, Mangabeira, Mocambo, Pedra Blanca) and
- Base-metal tin bearing veins.

### **6.1 Primary tin - indium bearing greisen**

As previously described the Rio Paranã Sub-Province hosts multiple primary tin occurrences of which the Mangabeira massif, occurring inside the Ouro Belo project, represents one of the better studied examples. The Mangabeira massif forms a small pluton, approximately 3 km<sup>2</sup> in area, where more evolved and locally mineralized rocks have been identified along the western border (figure 4; Freitas 2000; Moura & Botelho, 2000; Moura et. al., 2007). Studies by Moura et. al., (2007) reported the presence of at least two small topaz–albite bearing granite intrusive bodies locally containing tin ± Indium mineralization. At the southern body tin mineralisation was reportedly restricted to a small zone of greisen ± veining which contained indium contents up to 0.3 wt% directly associated with cassiterite. From the same zone Botelho (1992) and Freitas (2000) described genthelvite restricted to a greisen composed of quartz, topaz, helvite and either zinnwaldite or Li-bearing phengite. At the northern intrusive body, also named the Main Greisenized Zone, Sn–In mineralization reportedly was associated with the following rock types: 1) evolved biotite granite, 2) topaz–albite granite, 3) quartz–topaz rock, 4) metasomatized granites and 5) greisens. In this area tin mineralization is mainly hosted by either Li-bearing phengite – quartz and/or topaz – zinnwaldite greisens while Indium minerals are associated with In-rich cassiterite or the minerals scorodite, sphalerite, stannites, diginite, enargite and chalcopyrite (Botelho 1992, Moura 1993, Botelho & Moura 1998).

6.2 Reduced intrusion related gold systems (extract from Haggeman and Petersen 2007)



**Figure 4. Detailed geological map of tin bearing area of the Mangabeira massif (from Moura et al 2007)**

tourmaline, and/or graphite. In outcrop these rocks are strongly deformed, in places mylonitized.

Hydrothermal alteration and mineralisation at the Auromina deposit represents a Au-base metal rich (Zn-Pb) end-member style of reduced intrusion related gold mineralization in the area. The Auromina mine is developed on a quartz reef where gold and other metals are mostly located within quartz veins and disseminated within wallrocks. The reefs are located at the contact between the Auromina granite 2 and graphite-bearing metasedimentary rocks and controlled by a north-northeast trending and steeply west-northwest dipping shear zone. The laminated and locally brecciated veins and hydrothermal altered wallrocks contain galena, sphalerite, pyrite, pyrrotite and arsenopyrite with minor native gold, electrum (up to 25 wt% Ag) and silver. Gold occurs as free gold  $\pm$  galena in fractures within quartz or as inclusions within arsenopyrite. Gold mineralization was accompanied by contemporaneous hydrothermal alteration of the wallrocks, comprising silicification, sulfidation, sericitization, chloritization,

Reduced intrusion related gold mineralization in the Cavalcante Campos Belos area (Tin Province NE Goiás) is interpreted to be controlled by:

- peraluminous, thorium and potassium rich two-mica granites,
- graphite-bearing metasedimentary rocks,
- north-northeast and north-northwest trending brittle-ductile shear zones.

The 2.1 Ga Auromina 2 granite is the second oldest granite out of a total of 6 granite types of the Auromina Granite Suite, is characterised by biotite and phengite bearing monzogranite to granodiorite and forms the host to gold mineralisation at the Auromina mine. Host Paleoproterozoic (prior to 2.1 Ga) metasedimentary rocks of the Ticunzal Formation are phengite-biotite schists locally rich in chlorite,

and carbonatization. The temperature of gold mineralization and hydrothermal alteration is estimated to be between 300°C and 400°C.

The Auromina mine was first developed in 1953, abandoned approximately a year later and then again exploited from the mid-1980's to 1992. The open pit and underground mine reached a depth of about 120m, with a strike length of the ore shoot of about 400m. The width of the open pit is approximately 30m. The main quartz reef is on average about 1m wide, reports gold grades of up to 70g/t and an average grade of about 15g/t Au.

The geological setting (intrusion of granites in graphite-bearing metasedimentary rocks within a tin-belt), magma geochemistry (peraluminous, reduced, low fO<sub>2</sub>, ilmenite-graphite bearing) as well as the characteristics of the hydrothermal alteration (restricted alteration halos) and mineralization (Au-Cu-Pb-Zn-As-Ag) at the Auromina deposit is consistent with reduced intrusion-related gold mineralization worldwide.

Deposits within the region that are interpreted represent this style of mineralisation are:

- Mina Buraco do Ouro – gold-palladium (Au-Pd) with 0.1Moz Au production,
- Mina Aurumina – gold-zinc-lead (Au-Zn-Pb) with 0.05Moz Au production,
- various other unnamed garimpo's located mainly to the North of Monte Alegre.

### **6.3 Alluvial tin ± gold? placers**

Tin production from the Rio Paranã Sub-Province took place principally during the periods 70's and 80's by artisan miners, who mined alluvial deposits, buried colluvial deposits and weathered mineralized bedrock. Limited follow-up drilling programs were carried out by Brazilian companies revealing primary tin deposits in locations such as the Pedra Branca and Monte Alegre. While pilot open pit mining operations were started activities were significantly reduced/abandoned in 1985 following a strong decline in international tin-metal prices

Gold also was apparently recovered in small amounts with cassiterite at garimpos in the Imgazeira group however, it was not considered to be present at levels economic to support stand alone operations (Crispin, 2008).

### **6.4 Sedimentary phosphate**

Two phosphate occurrences have been documented by the Brazilian Geological Survey (CPRM) on the eastern side of the Crusader do Brasil, Ouro Belo tenements (figure 2). Both occurrences are described as being of sedimentary origin and associated with the minerals magnesite and apatite however, no information was given regarding the potential size or grade.

Crusader Resources Ltd inferred that sedimentary hosted phosphate deposit potential could be present within the project area as either:

- Low grade variant - suitable to upgrading by flotation or
- High grade pods - providing direct shipping ore before investment in flotation is required.

A nearby phosphate mine operated by Itaphos is located approximately 50km to the North of the tenement area. At this operation ore is present as >25% P<sub>2</sub>O<sub>5</sub> "oolitic" sedimentary rock

or as phosphate rich overburden (weathered phosphate rock?). Undetermined levels of uranium are also suggested to be present within the phosphate ores.

### **6.5 Base-metal tin bearing veins**

Minor occurrences of iron-malachite bearing vein material associated with zones of shearing located within metasediments surrounding granite intrusives were observed by Crusader geologists during reconnaissance prospecting over the Garimpo Imgazeira areas (Crispin, 2008). Shear structures were reported by local garimpeiros to have been mined over an approximately 5m width and contained sulphides including tin. Potential was interpreted for the shear zones to extend under overburden and for other shear repeats to exist within the local area.

## **7.0 Exploration**

### **7.1 Geological Mapping**

Geological mapping has been undertaken principally at the Manga prospect by university researchers and Crusader Resources Limited prior to licences being granted. Additionally, a program of confirmation mapping was undertaken by the author during the site visit to the Manga prospect (figure 5). According to Moura et al., 2007 tin ± indium mineralisation was associated with: 1) a southern topaz–albite granite body and 2) a larger northern outcrop of the topaz–albite granite body (named the Main Greisenized Zone) containing evolved biotite granite, topaz–albite granite, quartz–topaz rock, metasomatized granites/greisens.

Moura et. al. (2007) described the dominant rock in the Main Greisenized Zone as a pink equigranular granite, composed of quartz (30%), microcline (30–35%) and pure albite (30–35%). Where greisenized, the granite becomes richer in phengite (10%) and contains topaz, monazite, fluorite and cassiterite. The topaz–albite granite according to Moura et. al. (2007) intrudes the biotite granite and is composed of quartz (30–35%), microcline (20%), albite (20–25%), magmatic topaz (5–20%) and zinnwaldite (10%) but cassiterite is only rarely encountered. Autometasomatism of this granite developed a zinnwaldite greisen, which contains quartz, zinnwaldite, topaz, cassiterite and monazite in different proportions (Moura & Botelho 2000). The quartz–topaz rock is white, massive, composed mainly of quartz, topaz, zinnwaldite, arsenopyrite, cassiterite and secondary minerals including native copper, scorodite, malachite, digenite, chalcocite, enargite, bornite and covellite. Potentially economic concentrations of indium (up to 1 wt%) were reported as occurring predominantly in the quartz–topaz rock, but also in greisen and albitized biotite granite Moura et. al. (2007).

At the Garimpo Imgazeira area a series of variably kaolinite – sericite altered granite intrusive bodies exposed via a series of abandoned garimpo pits, excavation trenches or as stream outcrops were observed by the author and Crispin, (2008). Although no visible tin mineralisation was identified during the author’s visit widespread evidence for the processing of alluvials and weathered bedrock material presumably by garimpeiros for heavy minerals was locally observed.



## **7.2 Surface Geochemistry**

### **7.2.1 Rock Sampling**

An initial program of rockchip sampling ( $n=100$ ) and subsequent follow-up programs including channel sampling ( $n=137$ ) were reportedly undertaken by Crusader Resources Ltd at the Manga and Imgazeria prospect areas during the period 2007-2008 (Crispin, 2008; Smakman, 2009). Results of sampling from the Manga prospect highlighted a >400m x 100m area of altered intrusives returning moderate to strongly elevated values of Sn with sporadic correlations of Cu, In, As, W while sampling at Imgazeria also return moderately elevated values in Sn, Pb, Cu and Zn. Significant rockchip results returned from the Manga prospect are presented in table 3.

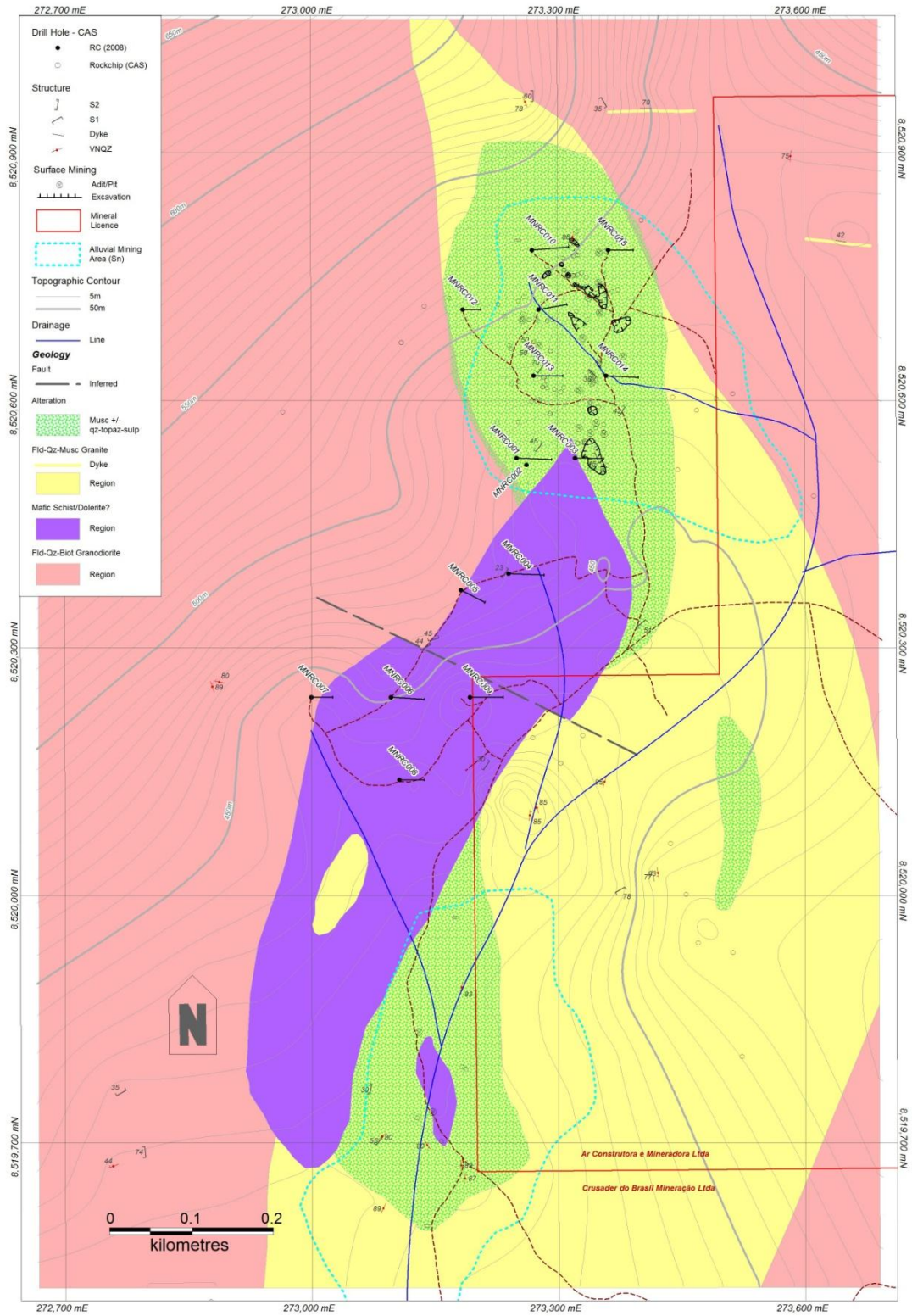


Figure 5. Manga Prospect Geology and Previous Exploration Work Map (Scale = 1:4000).

**Table 3: Significant rockchip results returned from sampling at the Manga prospect.**

sample	East_SAD69 Zone 23S	North_SAD69 Zone 23S	Date	Sn ppm	In ppm	Ag ppm	Cu ppm	Pb ppm	W ppm	Zn ppm
MNRK004	273455	8520001	Apr-07	1935	8	0.1	2	14	73	399
MNRK009	273323	8520708	Apr-07	1040	1	0.2	35	137	43	115
MNRK013	273274	8520699	Apr-07	1110	73	0.7	119	22	33	169
MNRK017	273228	8520716	Apr-07	1.40%	151	2.2	145	17	121	126
MNRK029	273330	8520755	Apr-07	4733	39	7.6	4901	78	40	3283
MNRK030	273335	8520749	Apr-07	1.10%	44	15.8	43	30	136	176
MNRK032	273110	8520670	Apr-07	2732	3	0.4	13	7	653	9
MNRK033	273110	8520670	May-07	1.58%	777	6.0	1950	30	1151	111
MNRK067	273252	8520574	May-07	4.70%	71	ND	10	150	2750	4.2%
MNRK074	273284	8520618	May-07	5150	9	ND	60	50	20	250
MNRK085	273325	8520776	May-07	1290	39	ND	180	60	50	400
MNRK158	273283	8520628	Jul-07	1130	21	ND	70	110	10	250
MNRK164	273283	8520628	Jul-07	1380	7	ND	60	40	20	300
MNRK250	273308	8520758	Jul-07	2910	1	ND	80	20	35	750
MNRK269	273308	8520758	Jul-07	9090	21	ND	70	50	240	400
MNRK277	273320	8520775	Jul-07	1340	40	ND	1740	70	1050	900
MNRK302	273321	8520540	Jul-07	6280	84	ND	1920	70	390	1250
MNRK324	273308	8520758	Jul-07	2910	67	ND	80	60	295	200
MNRK336	273320	8520775	Jul-07	8500	20	ND	80	60	205	350

ND = Not detected

### 7.2.2 NITRON XRF Surveying

A Niton XRF soil survey consisting of 217 sampled points was completed over the Manga Prospect by Crusader Resources Ltd in March 2008. The survey was completed on an approximate E – W 100m spaced grid array with sample stations spaced at approximately 20m intervals. Results for selected elements successfully defined areas of potential mineralisation and/or discriminating different lithological rock types present within the prospect area. Northern or Main Greisenized Zone displayed elevated values in tin (figure 6), copper, mercury and rubidium while the central mafic schist unit assigned to the Ticunzal Formation returned elevated Iron and Manganese.

### 7.3 Drilling

In April 2008 a maiden reverse circulation drilling program consisting of 15 drill holes for a total of 1001m was undertaken by Crusader Resources Ltd at the Manga Prospect. Holes were drilled on an E – W fence type of pattern with approximately nine targeting the Northern Main Mineralised Greisen Zone where important garimpiero workings are locally present. The remaining six holes were drilled south of the Main Mineralised Greisen Zone and intersecting a sterile mafic schist unit inferred to correlate with the older Ticunzal Formation (figure 5).

Overall, drill holes which tested the Northern Main Mineralised Greisen Zone intersected variably anomalous levels of tin and indium and defined a broadly anomalous zone measuring ~300m x ~150m which remains open along strike and at depth. Highlights of drill results are presented in Table 4.

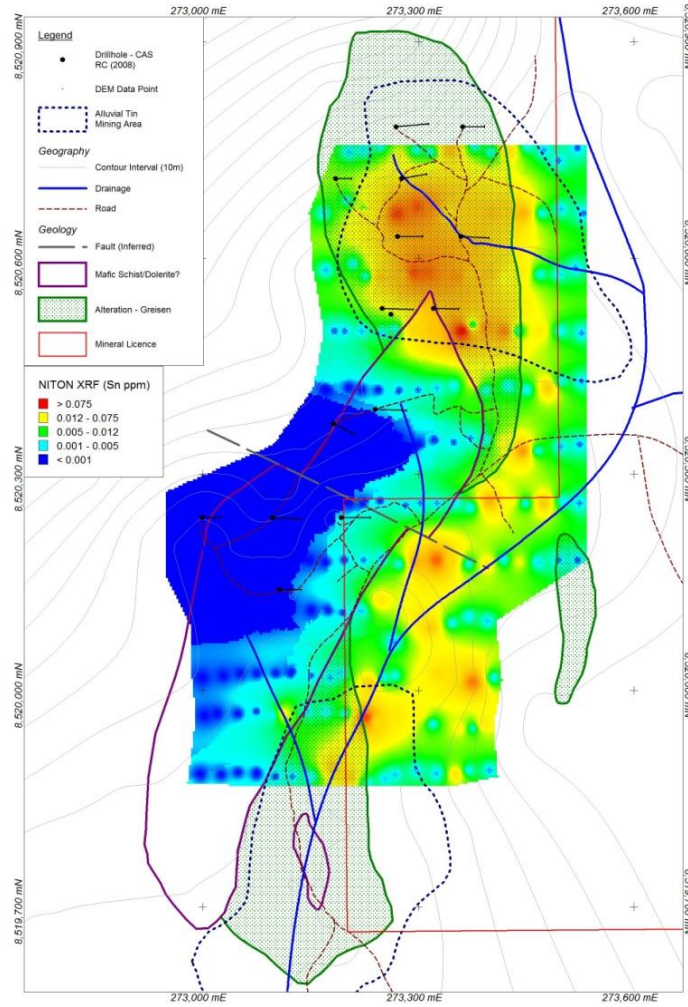


Figure 6. NITON XRF Thematic map (Sn) – Manga Prospect

Table 4: Drilling highlights returned from 2008 RC program – Manga Prospect (after Smakman 2009)

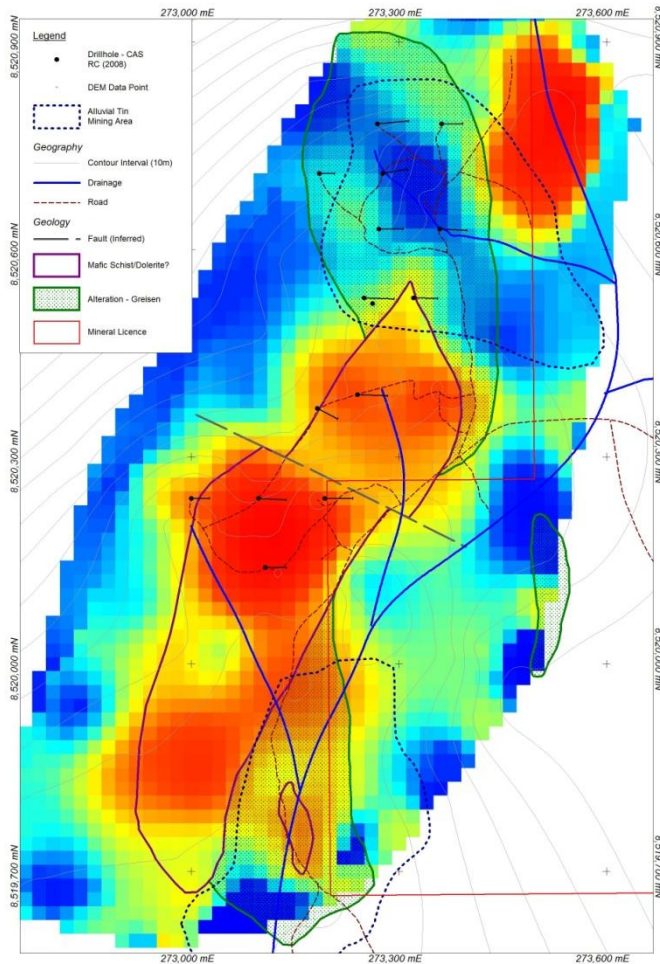
Hole #	Easting SAD69 23S	Northing SAD69 23S	From Depth (metres)	Interval (metres)	Sn† (ppm)	In† (ppm)
MNRC001	273250	8520530	41	1	1290	
MNRC001			44	1	1190	11
MNRC002	273262	8520522	22	1	2810	44
MNRC003	273321	8520530	13	2		18
Including MNRC003			13	1	3570	
MNRC003			15	1	4680	
MNRC003			21	1	3960	
MNRC004	273240	8520390	No Significant Assays			
MNRC005	273182	8520370	No Significant Assays			
MNRC006	273097	8520240	76	2		27
MNRC007	273000	8520240	No Significant Assays			
MNRC008	273107	8520140	No Significant Assays			
MNRC009	273193	8520240	No Significant Assays			
MNRC010	273269	8520782	23	2		51
MNRC010			28	2		26
MNRC010			37	2		13
MNRC010			48	1	2620	103
MNRC010			60	1	11	
MNRC010						

MNRC010			67	1	1240	11
MNRC010			70	1		11
MNRC010			72	1	1330	16
MNRC011			0	4		82
Including			0	2	1840	
MNRC011			19	1	1380	
MNRC011			34	1		20
MNRC011			36	1		30
MNRC011			38	1		28
MNRC011			42	1		34
MNRC011			44	1		13
MNRC011			45	1	1500	
MNRC011			57	1	1820	
MNRC011			63	1		25
MNRC011			67	1		16
MNRC012			10	2	2025	
Including			10	1		31
MNRC012			15	1	1210	
MNRC012			20	1		10
MNRC013	273271	8520630	<i>No Significant Assays</i>			
MNRC014			3	2		18
MNRC014			7	2	1265	
MNRC014			48	1	1330	
MNRC014			57	1		12
MNRC014			59	1		13
MNRC014			65	1	3740	
MNRC015	273362	8520782	14	1		11
† Cut-off 1,000ppm tin over 1 meter						
‡ Cut-off 10ppm indium over 1 meter						

## 8.0 Bedrock Magnetic Susceptibility Survey

A total of 111 selective magnetic susceptibility measurements were recorded during the authors site visit to the Manga prospect to assist in a reconnaissance mapping. Measurements were taken using a digital SM-30 magnetic susceptibility meter produced by ZH Instruments capable of measuring rocks up to  $1 \times 10^{-7}$  SI units. Raw measurements were then gridded as a basic 2D thematic image and used for cross checking with field observations (figure 7). In summary no significant field magnetism was returned in association with tin mineralisation or hosting altered granites however, elevated values were returned from:

- 1) A central mafic schist unit inferred as being assigned to the Ticunzal Formation which constantly returned values 1 to 2 orders of magnitude higher than background and



**Figure 7. Magnetic Susceptibility Map – Manga Prospect**

23<sup>rd</sup> of June, 2011. In essence all of the work sites and technical observations reported by Crusader Resources Ltd were recorded within acceptable limits. No in-laboratory data verification was undertaken however, presumably normal laboratory QA/QC protocol was undertaken at the SGS Geosol (Brazil/Canada) or Ultratrace (Australia) used during Crusader Resources Ltd sample analysis.

A total of 5 check samples were collected from the property during the site visit with two types of sample obtained:

- Three representative grab chip samples from areas of known mineralisation located at the Manga prospect (100308, 100309 & 100312),
- Two representative grab samples from an altered granite with undetermined mineralisation levels located at the Garimpo Imgazeira area (100310-100311),
- Additionally a certified standard was included within the submitted sample batch and report values within acceptable confidence limits (table 5).

2) local mafic biotite rich phases associated with an a leucogranite intrusive locate adjacent to the Main Northern Greisen Zone.

Selective magnetic susceptibility measurements were also recorded from bedrock occurrences encountered in the Garimpo Imgazeira area. Results, similarly to the Manga prospect area, returned low values in altered/unaltered granites and gneissic intrusives but significantly higher values in mica schist units.

## **9.0 Data verification**

The data verification include the confirmation of the existence of work sites such as drill holes and historic surface “Garimpo” workings as well as procedures to test the reliability of the project database, in particular tin analytical results.

The confirmation of existence of work sites was done by D. Jeffries during his site visit from the 18<sup>th</sup> –

**Table 5: comparison table for submitted ORES standard and certified ORES values (Lab method used was 4 acid digest ICPMS)**

SAMPLE	Ag ppm	As ppm	Bi ppm	Cu ppm	In ppm	Mo ppm	Pb ppm	Sn ppm	Zn ppm
Field Standard No. 100313	1.00	174	340	1555	10.9	1.64	26.0	>500	1760
Certified Value	1.03	149	318	1529	10.7	1.68	26.7	1755	1706

## 10.0 Adjacent Properties

*Pedra Branca* - The company Empresa de Desenvolvimento em Mineração e Participações (EDMP) controls exploration licences over the Pedra Branca Sn, (Nb/Ta, CaF & LREE) project which is located approximately 25km SE of Ouro Belo (figure 3). At this project tin mineralisation is interpreted to be associated with a large granite cupola and occurs as fracture/fault controlled disseminations or veining associated with greisen alteration. Mineralisation is reported as fluorite bearing and hosted by; albite /Li-mica rich granite, greisens and quartz veins. Four principal target areas known as: Placha, Bacia, Manchão dos Baianos have been defined and exploration programs consisting of soil sampling and trenching have reportedly outlined new drill targets. A resource of 15,000t @0.12g/t Sn was defined from historic drilling at the Plancha Prospect.

*Mina Auromina* – is located approximately 20km south of the Ouro Belo project and has been previously described in section 6.2.

## 11.0 Conclusions

The Ouro Belo project represents a strategic landholding with potential to host tin ± Indium and possibly gold, basemetal and phosphate deposit types. The multi-commodity deposit type potential is directly related to the range of geological domains present within the immediate project area that include;

- Achaean to Upper Proterozoic granitoid and gneissic basement,
- Early Proterozoic mica and graphitic schists,
- Mid Proterozoic intra-continental rift sequences consisting of bimodal metasedimentary and metavolcanic rocks with intraplate granites,
- Mid - Late Proterozoic Meta-sedimentary rocks,
- Tertiary basalts and sediments,
- Recent colluvial and alluvial sediments.

Regional exploration methodologies used to date specifically targeting tin and to a lesser extent gold appear to have largely focussed on areas of known historic garimpo mining activity. This methodology has been good at fast tracking areas of interest however, associated hard rock sources have not always been identified around these areas. As a result a new possibly more systematic approach might be required to identify these source areas and produce some of the next deposit discoveries within the area.

A mix of erosionally recessive (granite-gneiss basement) and resistive bedrock types (“A” type granites, Araí and Bambuí Groups) are present throughout the project area. Generally, areas

with recessive bedrock types area composed of older basement and as a consequence tend to form lowlands areas which are commonly covered/filled by transported cover (sometimes placer bearing). As such exploration programs should be aware of the potential residual vs transported nature of local surface environments and any contamination effects associated with local garimpo activities. Also, superimposition of deposit styles should be considered i.e. (are tin placers with gold sourced from tin-gold bearing deposits or spatially overlapping tin bearing and gold bearing deposit styles).

## 12.0 Proposed Work Programs

It is recommended that the following work programs be undertaken at the Ouro Belo project:

*Manga Prospect (figure 8):*

- Continuation of NITON XRF survey to the north and south aimed at: 1) closing off the Main Northern Greisen Zone and 2) testing for the presence of new dilational zone target over the Southern Zone which also spatially correlates with a large source unexplained alluvial tin garimpo,
- Following on from the magnetic susceptibility trial undertake a ground magnetic survey over the entire prospect area,
- Evaluate the use of power auger program over the Southern Zone where bedrock is less well exposed,
- Rationalise the bedrock source area for southern alluvial tin garimpo area.
- Rationalise the bedrock source of garimpo area located approximately 1.0km SE of the Main Northern Greisen Zone.

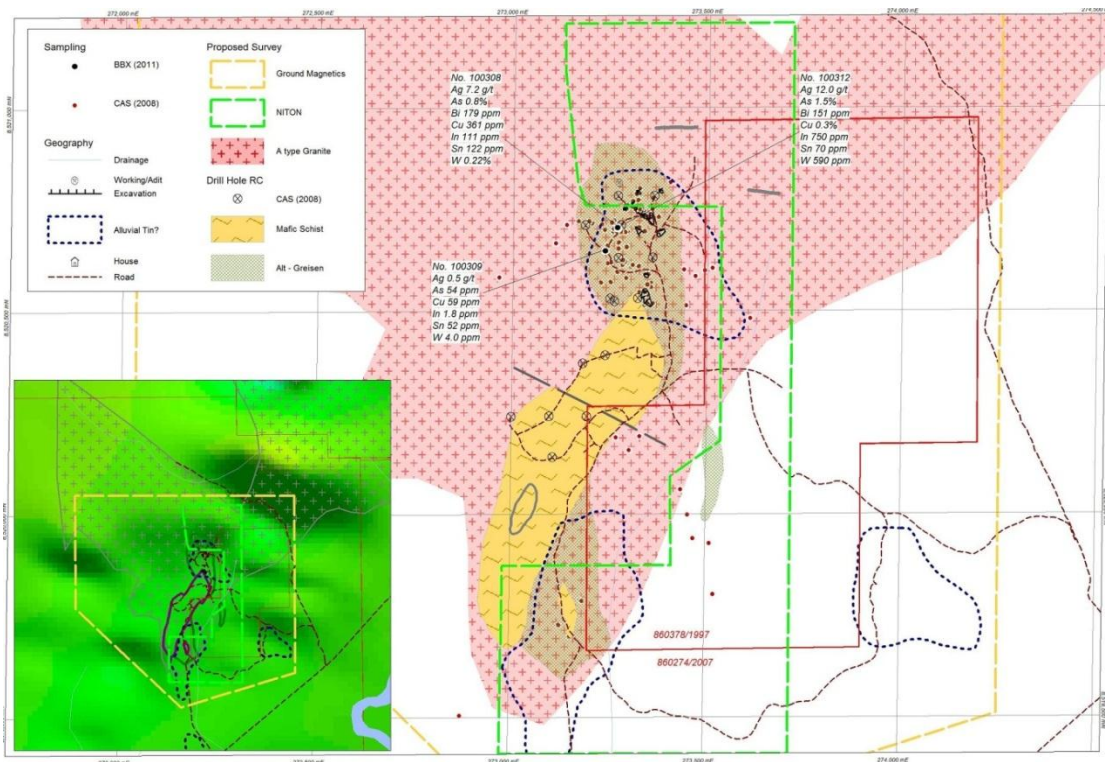
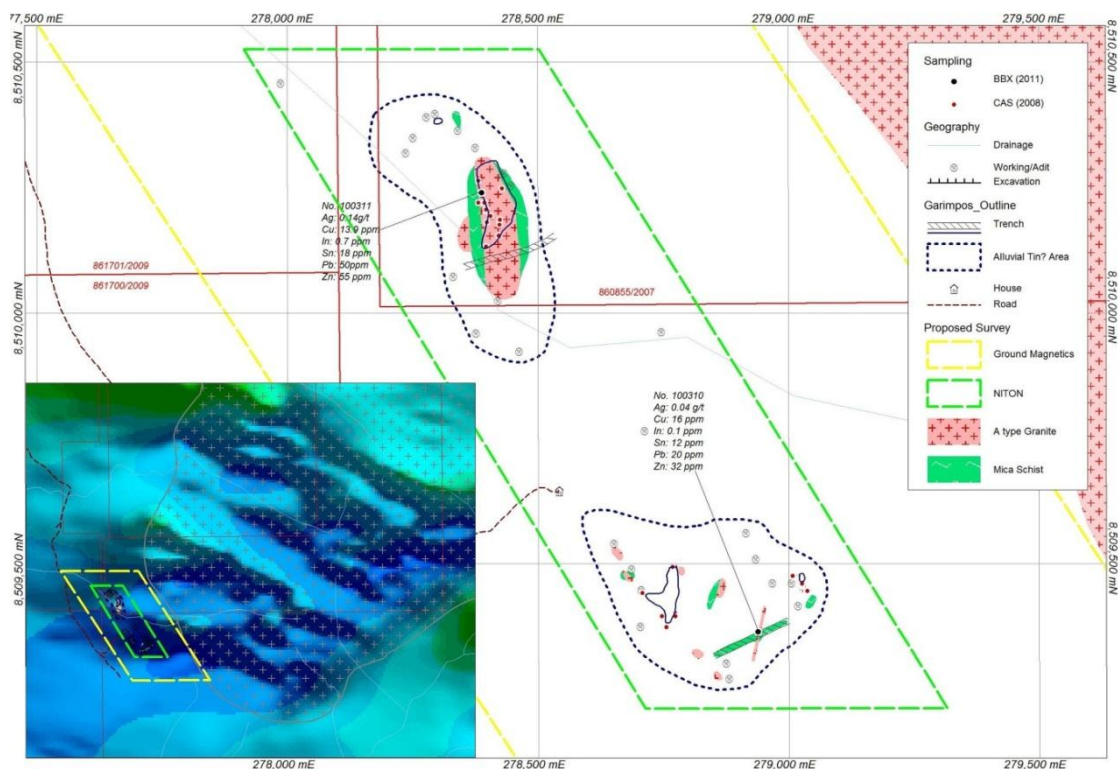


Figure 8. Manga Prospect Area - proposed NITON and ground magnetic work plan. Insert: survey areas superimposed on regional aeromagnetic data.



*Mocambo (Imgazeira – figure 9):*

- Stake vacant ground to the south of the 860855/2007 which covers the Manchão, Bomba d Água garimpos and the possible buried extension of main “A-type” granite intrusive located to the east,
- Complete parallel mapping and NITRON XRF survey over greater Manchão, Bomba d Água, João Bamburrado garimpo area,
- Undertake a ground magnetic survey over Manchão, Bomba d Água, João Bamburrado garimpos area aimed at better defining new and previously identified granite intrusive bodies and the possible buried extension of main “A-type” pluton located to the east,
- Rationalise hard rock source material for local garimpo mining.



**Figure 9. Garimpo Mocambo (Imgazeira) Area - proposed NITON and ground magnetic work plan. Insert: survey areas superimposed on regional aeromagnetic data highlighting possible prospective roof zone setting.**

*Phosphate Targets:*

- Ground truth, map and sample potential phosphate bearing areas.

*Regional:*

- Compile existing and identify any new garimpo sites,
- Complete a tertiary regolith and provenance study using detailed remote sensing imagery e.g. (SPOT/World View 2) ,
- Use heavy metal concentrate sampling to help discriminate Au bearing drainages and identify areas with potential for Reduced intrusion related gold systems,

- reviewed/monitor additional garimpo sites located along trend from Ouro Belo project e.g. (Serra do Pedra Blanca, Serra do Mendes, Serra do Campos Belos and Serra Banhado),
- Using aeromagnetic and ground magnetic data complete structural interpretation of project area.

### 13.0 Proposed Work Programs Budget

Summary budget for recommended work programs is given in the table 6.

**Table 6: Summary Budget: 2011-2012 work program at Ouro Belo.**

<i>ITEM</i>	<i>TIME (DAY)</i>	<i>COST (AUS\$)</i>
NITON XRF PROGRAM	17	AUD 7,955.00
MAPPING/SAMPLING	28	AUD 32,825.00
GROUND MAGNETICS	13	AUD 11,755.00
AUGER PROGRAM	14	AUD 16,200.00
MAPPING/SAMPLING - PHOSPHATES	10	AUD 18,760.00
STUDY - REGIONAL INTERP	4	AUD 8,150.00
HMC PROGRAM	14	AUD 12,200.00
PROJECT REVIEW	2	AUD 1,200.00
<b>TOTAL</b>	<b>102</b>	<b>AUD 109,045.00</b>

### 14.0 Consents

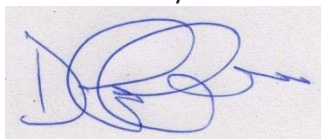
This report is provided solely for the benefit of BBX and the directors of BBX in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document without our prior written consent.

IntiGold consents to being named in the Prospectus as the authors of this report.

IntiGold has given, and has not before the lodgement of this Prospectus, withdrawn its consent to the inclusion of this report in the Prospectus.

IntiGold will be paid normal and usual professional fees for the preparation of this report and related matters, as set out elsewhere in the Prospectus.

Yours faithfully



Dylan J. Jeffriess, MSc(Hons), MAIG, SEG

## 15.0 References

This report contains statements attributable to third persons. These statements are made in, or based on statements made in previous geological reports that are publicly available from either a government department or the ASX. The authors of these previous reports have not consented to the statements' use in this report, and these statements are included in accordance with ASIC Class Order [CO 07/428] *Consent to quote: Citing trading data and geological reports in disclosure documents and PDS.*

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### **Glossary of Technical Terms and Abbreviations**

Achaean	A geological eon that is older than 2500 million years.
Albite	Sodium rich plagioclase feldspar
Alluvial	Transported and deposited by water.
Arsenopyrite	Iron arsenic sulphide (FeAsS).
Artisanal	Independent small scale generally using hand tools

Basalt	A fine-grained basic volcanic rock.
Basement	Generally refers to older rocks, often metamorphosed, underlying younger sedimentary and volcanic rocks.
Basemetal	Generally a metal inferior in value to the precious metals, e.g. copper, lead, zinc, nickel
Biotite	Common phyllosilicate mineral within the mica group
Bornite	Copper iron sulphide mineral (Cu <sub>5</sub> FeS <sub>4</sub> ).
Breccia	rock composed of broken fragments
Carbonatization	Introduction of carbonate rocks to replace others
Cassiterite	Tin oxide mineral, SnO <sub>2</sub>
Chalcocite	Secondary copper sulphide mineral (Cu <sub>2</sub> S)
Chalcopyrite	Copper iron sulphide mineral CuFeS <sub>2</sub> )
Chloritization	Introduction, production, replacement, or conversion into chlorite
Colluvial	loose bodies of sediment that have been transported by gravity
Comagmatic	Products of a single magmatic source
Covellite	Copper sulphide mineral (CuS).
Digenite	Copper sulphide mineral (Cu <sub>9</sub> S <sub>5</sub> ).
Disseminated	Mineralisation distributed throughout a rock.
Proterozoic	Geological age after Achaean, approximately 570 to 2400 million years ago.
Enargite	Copper arsenic sulfosalt mineral (Cu <sub>3</sub> AsS <sub>4</sub> ).
Flotation	Recovery process separating hydrophobic materials from hydrophilic
Galena	lead sulphide mineral (Pb <sub>2</sub> S)
Garimpos	Often remote informal mining
Garimpeiros	Informal/Illegal miner
Greisen	highly altered granitic rock or pegmatite
Indium	Rare, very soft, malleable and easily fusible metal
Mafic	Description of an igneous rock that mainly consists of dark coloured ferromagnesian minerals.
Malachite	Copper carbonate mineral (Cu <sub>2</sub> CO <sub>3</sub> (OH) <sub>2</sub> ).
Massif	Area of the earth's crust bound by faults/flexures
Metasedimentary	Metamorphosed sedimentary rock
Metasomatized	Chemical composition of a rock is changed by interaction with fluids
Microcline	Potassium-rich alkali feldspar
Mylonite	Fine grained deformed rock
Overburden	Surface material lying over area of interest
Phengite	Potassium bearing mica
Pyrite	Iron sulphide (FeS <sub>2</sub> ).
Pyrrhotite	Iron sulphide mineral
Regolith	Loose, heterogeneous material covering solid rock
Schist	Metamorphic rock containing high amounts of lamellar minerals.
Scorodite	Hydrated iron arsenate mineral commonly found in hydrothermal deposits
Sericite	Phyllosilicate mineral commonly formed during alteration
Shear zone	Tabular to sheet like zone of highly strained rocks

Silicification	Introduction of or replacement by silica
Sphalerite	Zinc iron sulphide mineral.
Stannite	Copper, iron, tin bearing sulphide mineral (Cu <sub>2</sub> FeSnS <sub>4</sub> ).
Sub-volcanic	Igneous rock that originates at medium to shallow depths within the crust
Tertiary	A period in the Cainozoic era from 65 million years to 1.6 million years ago.
Unconformably	Lack of parallelism between rock strata in sequential contact, caused by a time break in sedimentation.
Wallrock	Rock that constitutes the wall of an area undergoing geologic activity
Zinnwaldite	Potassium lithium iron aluminium silicate hydroxide fluoride silicate mineral in the mica group

### **Chemical Symbols**

Ag	Silver
As	Arsenic
Au	Gold
CaF	Calcium Fluoride
Cu	Copper
Eu	Europium
fO <sub>2</sub>	Oxygen Fugacity
In	Indium
LREE	Light Rare Earth Element
Li	Lithium
Pb	Lead
Rb	Rubidium
REE's	Rare Earth Elements
Sn	Tin
W	Tungsten
U	Uranium
Zn	Zinc

### **Abbreviations**

g/t	Grams per tonne
Ma/Ga	Million Years/ Billion Years
QA/QC	Quality Assurance/Quality Control
t	Ton

### **Units of Concentration**

ppm/ppb	parts per million/parts per billion
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# Chapada Project, Tocantins, Brazil

BBX HOLDINGS LIMITED

## Independent Geological Report



Antonio E. M de Castro (B.Sc. (Hons.)), MAusIMM

Rio de Janeiro, November 25th , 2011

## **Executive Summary**

The Chapada Gold Deposit in the Tocantins state, Brazil has been operating by rudimentary mining methods almost continuously since the 18<sup>th</sup> Century with its peak around 1745, firstly mined by the famous Bandeirantes and more recently by the so called Garimpeiros.

The ore shoots contain mainly free gold errantly distributed similar to the Bendigo Goldfields in Australia, and structurally controlled on flat plunging ore shoots. All the past exploration work conducted in the galleries and diamond drilling conducted along the Chapada deposit were not able to provide an average ore grade to clarify and/or justify the historical gold produced by the Garimpeiros and the estimated grade of 20 g/ton mined by them; it has proven only its geometry. The last assessment of this prospect was conducted in July/2006, by Snowden on behalf of Mundo Minerals and presented in a Geological Independent Report.

The project is located in a traditional gold producing region with good access and infrastructure, and the property is covered by a current exploration lease with the final exploration report presented to DNPM on February/2002 and still waiting for formal approval.

The Chapada gold prospect represents an attractive, high in-situ value, moderate tonnage underground mining opportunity with a small open pit operation in the early days. Simple mining and treatment methodology significantly reduce the technical risk. The major uncertainty is the average gold grade of the deposit and the continuity of the mineralization at depth. A planned drilling program is designed to address this issue, and if successful will confirm the project as a low risk, low capex, high margin investment opportunity.

The principal risk associated with the project is the uncertainty of the gold average grade and its continuity as well as the presence of sub parallel additional flat lying shoots down-dip. This is being addressed through a planned surface RC drilling program, at high density spacing in the center of the deposit which, if positive, should confirm the average gold grade at levels to sustain a mining operation.

## 1 Introduction

The author was approached by the Directors of BBX Holdings Limited (“BBX”) to conduct an Independent Geological Report for the Chapada Gold project in the State of Tocantins, Center-west Brazil for inclusion in a prospectus to be issued by BBX dated on or about 8 December 2011 for the issue of 11.25m fully paid ordinary shares at A\$0.20 to raise A\$2.25m (“Prospectus”). The purpose of this report is to provide an independent assessment of the Chapada Gold project and BBX’s proposed exploration programs within it.

BBX has signed an option agreement to purchase 51% of Chapada. The author conducted a site visit accompanied by Mr. Michael L. Schmulian of BBX.

The author based his assessment on the site visit and review of the database provided by the vendors Mundo Minerals Limited. The author notes that no additional work has been conducted on this property since the Independent Geological Report conducted by Snowden in July 2006. BBX has agreed to indemnify the author from any liability arising from its reliance upon inaccurate or incomplete information provided.

The author has not independently verified the ownership and current standing of the Chapada project and is not qualified to make representations in this report.

The property comprises a current 7,000ha exploration lease (860.232/1990) which had being explored by IAMGOLD and subsequently by Rio Gameraeria Geologica Ltda (joint venture between IAMGold and Anglo Ashanti). The final exploration report was lodged at the DNPM in February 2002 on behalf of Anglo American Brazil Ltda. The DNPM has not accessed it yet.

The Chapada gold project is located in the Parabens Farm, in the municipality of Natividade and Chapada de Natividade, in the Tocantins State; it is immediately north of the Natividade City, around 10 km from the center of it in close proximity of the southeast end of the Chapada de Natividade town which was populated by the garimpeiros’s families (currently some houses are just on the edge of the old open pit boundary).

Access can be made from Palmas, the State’s capital, via the state highway, TO-050, for a distance of 220 km, on bitumen road (figure 1). Palmas is a modern capital with regular commercial flights to the major centers in Brazil. Site infrastructure is good; the grid power crosses the property and there is plenty of water in a nearby creek for the future treatment facility. A number of buildings in town are available for use as future office, accommodation and mess; the workshop facilities would have to be built next to the treatment plant. There is strong mining tradition in the region and it is anticipated that a qualified workforce will be readily available.



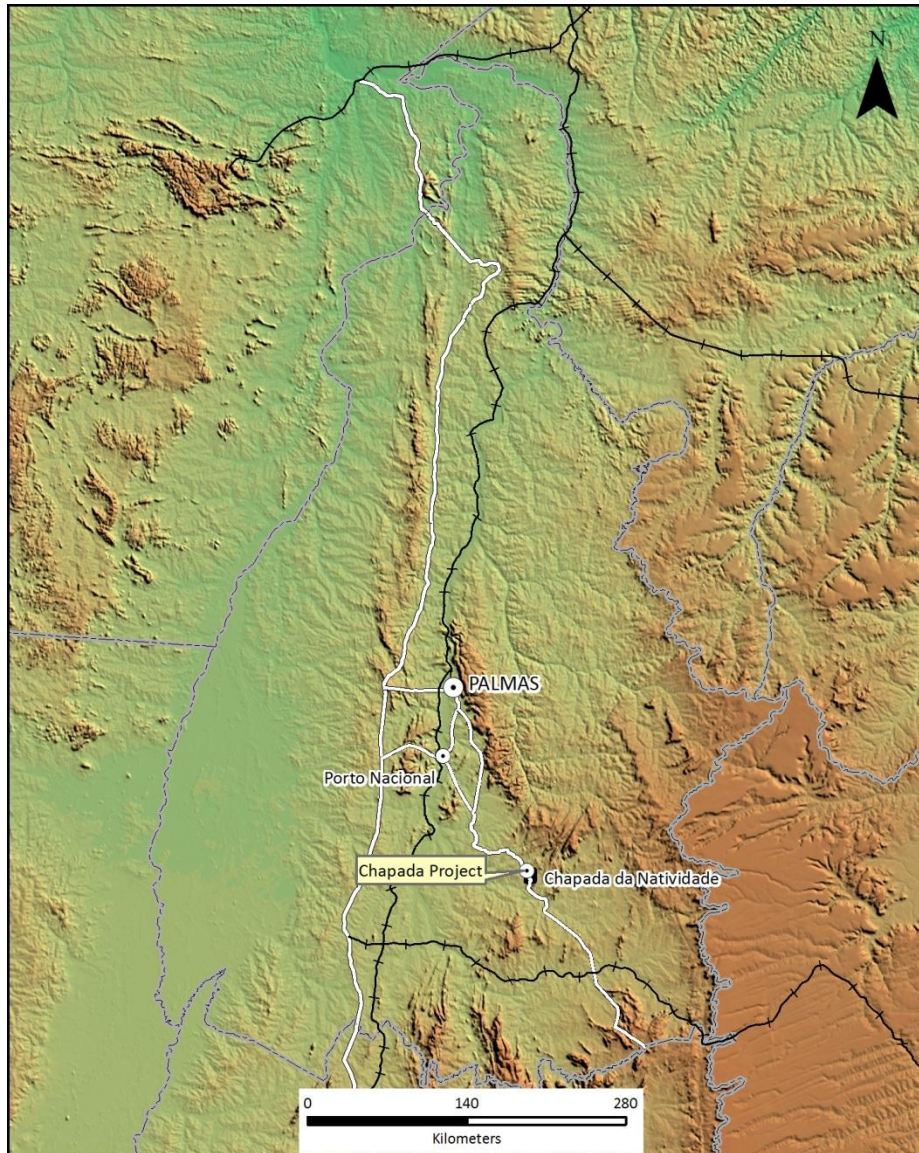


Figure 1. Location and access to Chapada Project

## 2 Exploration and Mining History

The Chapada gold district has been exploited since the 18<sup>th</sup> century when Portuguese Bandeirantes discovered gold in the region. Regional mapping surveys by the Brazilian Government in the mid-1970s recognized the area as a prospective greenstone belt environment.

CVRD acquired a large holding over the entire belt in the early-1980s exploring for base metals and gold. In 1986, CVRD entered into a joint venture with the Goias State mining company, Metago, who managed exploration throughout the belt.

Subsequent exploration led to the discovery of the Paiol gold deposit, north of Chapada. In 1988, the State of Tocantins was created resulting in the expulsion of Metago. After a hiatus in activity, the Paiol deposit was returned to CVRD in 1991.

Anglo American Corporation commenced a gold and base metal exploration program over the region in 1990, which covered selected targets within the Conceição-Almas greenstone belt. Work completed included reconnaissance geological mapping and geochemical sampling, in addition to 2,700 m of scout drilling over 5 target areas.

IAMGOLD started exploring the region in 1999, completing regional geological reconnaissance survey and sampling of selected garimpos. In the second half of 1999, the joint venture company Rio Gameleira was formed between Iamgold and AngloGold. Regional stream sediment and geochemical surveys, airborne magnetic and radiometric geophysical survey were completed.

A large amount of exploration work has been completed by Rio Gameleira at Chapada prospect since 2001. This work has included geological mapping, geochemical sampling, underground sampling, an airborne electromagnetic (“EM”) geophysical survey and diamond drilling.

The diamond drilling, which evaluated the main line of garimpos and immediate strike and depth extensions, was carried out in three separate phases for a total of 6,969 m in 38 holes. Most of the holes were drilled at angles of between 50o and 60o towards the southeast (figure 2)

The first phase of drilling was designed to test the main line of garimpos to a vertical depth of around 120 m. Despite some encouraging drill hole intersections, the program generally failed to replicate the grades obtained from previous underground sampling. The significant (>1 g/t Au) drill intersections are summarized in Table1.

Table 1 Summary of significant drill intersections from the Chapada prospect					
Hole ID	Location	From (m)	To (m)	Width (m)	g/t Au
CP-04	Main Chapada Zone	163.30	164.46	1.16	2.24
		217.34	218.36	1.02	2.17
CP-08	Main Chapada Zone	118.00	119.21	1.21	6.56
		147.38	149.64	2.26	1.08
CP-12	Main Chapada Zone	111.00	112.00	1.00	1.30
CP-13	Main Chapada Zone including	138.92	140.19	1.27	2.25
		144.62	146.00	1.38	1.72
		162.33	170.35	8.02	1.85
		162.33	163.54	1.21	2.26
		168.36	170.35	1.99	5.56
CP-14	Main Chapada Zone	81.81	82.81	1.00	1.04
		127.10	130.00	2.90	1.25
		133.00	135.00	2.00	2.21
CP-17	Main Chapada Zone	136.15	137.30	1.15	1.21
		142.50	144.10	1.60	1.08

		154.93	155.44	0.51	1.51
CP-18	Main Chapada Zone	167.85	173.10	5.25	2.01
	including	171.10	173.10	2.00	3.33
	Chapada South	89.90	119.10	29.12	1.01
CP-09	including	89.90	96.10	6.22	1.23
		104.60	108.80	4.20	2.50
CP-15	Chapada South	80.00	81.00	1.00	1.95
		119.90	122.20	2.25	2.53
CP-16	Chapada South	78.90	82.90	4.00	1.15
CP-20	Chapada South	137.60	139.00	1.40	2.60
		143.80	147.42	3.62	1.82
		104.40	105.60	1.20	2.70
CP-21	Chapada South	120.20	133.95	13.77	1.19
		148.96	150.10	1.14	1.37
		36.60	38.90	2.30	1.40
CP-22	Chapada South	48.50	49.50	1.00	1.16
		57.80	59.60	1.80	1.55
		65.15	67.00	1.85	16.57
CP-25	Chapada South	60.70	64.42	3.72	1.27
		76.65	77.98	1.33	2.18
CP-28	Chapada South	76.48	78.30	1.82	1.85
	Chapada South	72.80	88.50	15.60	2.70
CP-31	including	80.00	82.60	2.60	8.80
	and	82.60	85.60	3.00	3.90
CP-33	Chapada South	70.50	71.62	1.12	1.45
		96.95	101.13	4.18	1.13
CP-34	Chapada South	75.34	80.73	5.39	1.11
CP-35	Chapada South	125.92	139.02	13.10	1.18
	including	125.92	126.94	1.02	7.88
CP-36	Chapada South	78.38	80.86	2.48	5.29
CP-37	Chapada South	60.49	64.09	3.60	2.49
	including	61.10	61.50	0.40	17.30

The second phase of drilling assessed the southern strike potential of the main line, where fewer garimpos are evident. Several encouraging intersections were recorded indicating potential for a small open pittable gold deposit (table 1). Further infill drilling will be required to confirm the continuity of the gold mineralization between these intersections.

The third phase of drilling comprised a series of deeper holes targeting the depth extensions to the significant intersections recorded from the first phase of drilling. Despite intersecting the host structure, most of the holes failed to encounter any high grade gold mineralization (table 1).

The results from the three phases of drilling led Rio Gameleira to conclude that the mineralization at Chapada may be confined to a shallow plunging shoot. The immediate

potential therefore resides along the southern strike extension of the main line of garimpos. This zone is located outside of the town site on private land and away from the main areas of garimpeiro activity (figure 2).

Preliminary metallurgical test work completed on a representative sample of the Chapada mineralization returned favourable recoveries from gravimetric concentration (over 80%) and cyanidation, with a total gold recovery of around 95%.

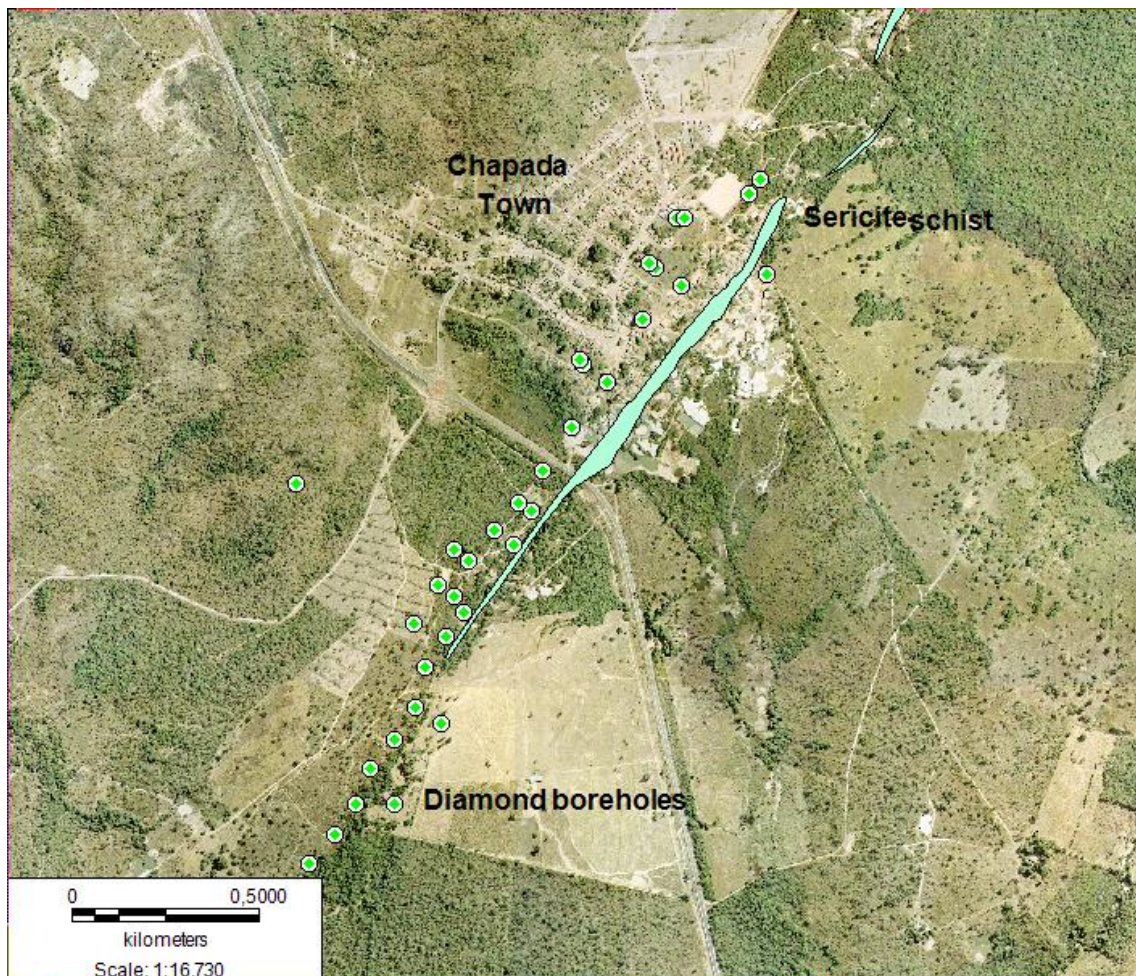


Figure2. The air photo of Chapada de Natividade with the boreholes collar position and the sericite schist associated to the gold lode

### 3 Geology

The Chapada gold deposit, which is located in the Natividade greenstone belt, is hosted by a sequence of metasedimentary rocks (quartz-biotite-sericite schists) intruded by sub-vertical pegmatite dykes along northeast directed shears and faults (figure 3).

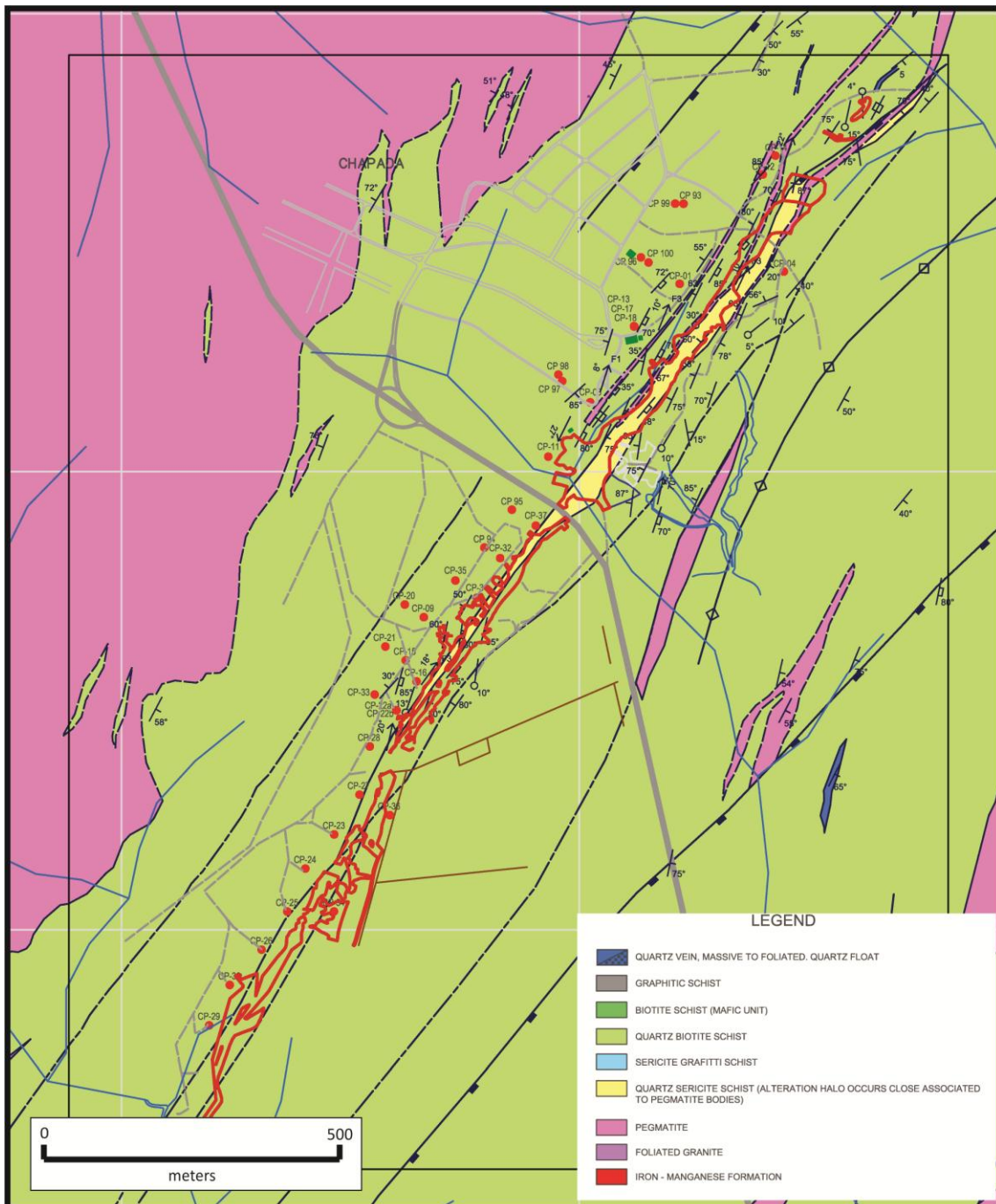


Figure 3. Geology and the old workings limits at the Chapada prospect (after Rio Gameleira)

Numerous garimpos have been developed to the immediate east of the Chapada townsite, mainly concentrated along a northeast trending zone over a strike length of around 700m. This zone has been worked by the garimpeiros since 1985. Rio Gameleira (IAMGOLD) has estimated gold production since that time to be in the order of 300,000 oz at an average grade exceeding 20 g/t Au based on the production records of the local cooperative that runs the mining operation and is responsible for the royalty payments to the landowners.

The main zone of garimpos comprises at least 41 vertical shafts (figure 4) which extended to depths of 110 m below surface, approximately 15 of these shafts were active in

2006 and only 10 remain active, with four in the zone south of the state paved road and six north of the road. Sporadic garimpos were also documented along strike of this zone.

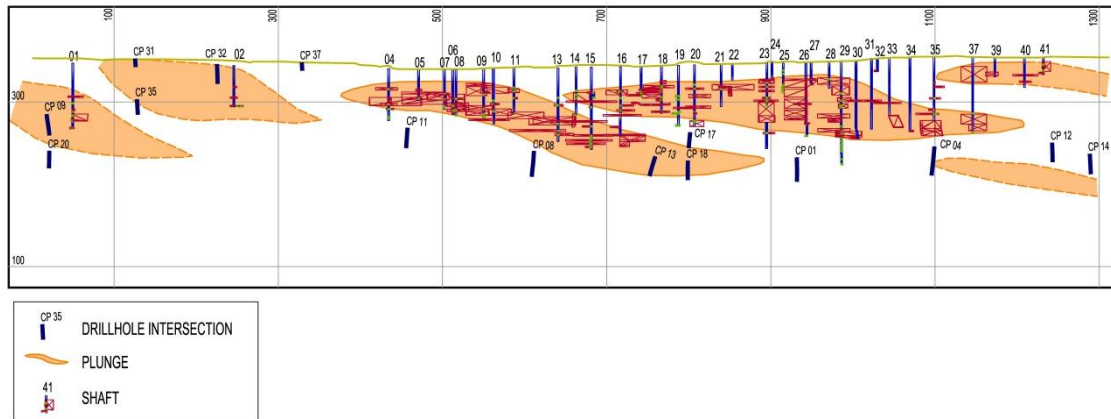


Figure 4. Longitudinal section with the shafts and the boreholes intersections of the mineralized lithology.

The gold mineralization at Chapada is associated with zones of strong silicified biotite-sericite schist hosting quartz veinlets (figure 5) and disseminated arsenopyrite mineralization developed along north-northeast trending, in a sub-vertical shear zones which have been intruded by pegmatite bodies. Gold is found in both free form and associated with the arsenopyrite mineralization. The width of the ore shoots being exploited in the garimpos range between 0.2 m to 4 m.



Figure 5. Typical quartz veinlets with free gold within the silicified zone of the biotite-sericite-schist

A regional structure can be described as formed by the shallow dipping Sn-1 foliation (mean dip of 33° towards 270°). Pegmatites (and more rarely leucogranite) veins can sometimes be seen, parallel to Sn-1 foliation planes. This seems to be representative of an early N-trending set of structures from the greenstone belt.

Sn-1 is affected by open to tight folds with NE-trending axial surfaces and shallow-plunging (02°) axes towards SW. The folds are asymmetric, with longer W-dipping limbs. These folds become tighter and there is reorientation and transposition of Sn-1 by the younger Sn foliation planes, related to NE- to N-trending transcurrent shear zones. These fold axes are at an angle circa 20° with the trend of the Chapada lineament. Close to the lineaments, these axes are progressively rotated towards parallelism with the shear zones. NE-trending folds may be genetically related to NE-trending transcurrent zones.

The lineaments define an array of anastomosing transpressive dextral NE- N- trending shear zone. Two of these deformation zones, referred as the Chapada and Mato Preto lineaments, concentrate mining works. A third one referred as the T32 lineament was detected in one of the works and for the present knowledge bears no gold mining works along its length.

A steep NE-trending roughly 100m thick deformation zone comprises the Chapada deposit lineament. Close to its borders, earlier planar fabrics are progressively reoriented and transposed. Tight folds and fold nullions can be found along this zone. Within the shear zone, in deformation pods, the earlier, shallow-dipping planar fabrics can still be seen.

The shear zone is characterized by extensive development of planar fabrics (Sn) composed of S, C and C' planes. Sn is associated to a shallow-dipping intersection lineation (Li), which has a close orientation coincidence with the stretching (Lx) and mineral (Lm) lineations. This linear fabric is generated by the intersection between Sn and Sn-1.

Common rock types along this shear zone are biotite quartz-schists and quartz biotite-schist with variable amounts of muscovite, chlorite and graphite. These schists are intruded by a number of cm to m thick concordant pegmatite veins.

Extensive mm to m thick quartz veins are characteristic of this shear zone. The veins may exhibit a banding generated by very thin (mm-thick) slices of the host rock. The larger (~0.5 to 2 m thick) veins are surrounded by zone composed by 1 to 5 cm thick sheeted quartz veinlets interlayered within biotite quartz-schist bands and lenses that may be 2 m to 8 m thick and forming an anastomosing zone as observed in the underground works (figure 6).



Figure 6. photo of the underground work showing the anastomosing and complex folding of the silicified biotite-sericite schist and the quartz veins which represents the main ore zone with the coarse gold errantly distributed.

#### **4 Resource Potential**

The estimated resource presented in the final exploration report to DNPM is not JORC-compliant. Subsequent drilling was conducted however no JORC-compliant resource for the Chapada gold deposit has been calculated at this stage.

The drilling information gathered to date is sufficient to delineate the main ore body geometry, but not yet the ore shoots and therefore additional drilling information is required to delineate them as well as the likely ore grade of the deposit, to allow for the estimation of a JORC compliant resource.

BBX proposes a drilling programme, comprising an initial row of RC holes 50m apart designed to intersect the orebody approximately 40m to 80m below the current surface, which is deemed appropriate and, if successful, would build the required confidence on the grade distribution allowing to proceed with the required JORC resource estimation.



## 5 Mining considerations

Mining has being restricted to rudimentary methods (figure 7) with vertical shafts right on top of the ore zone, which were used by lamgold's technicians to conduct underground sampling (figure 8) of the zones mined by the garimperios, during the evaluation phase.

Due to the relatively steep dip of the deposit,a shallow open pit and subsequently long-hole stoping are the most suitable mining methods. Ground conditions are extremely favourable and would indicate an extraction rate of over 90%.

The relatively simple geometry of the deposit, the sharp contacts between the ore and host rocks and easy visual identification of the ore greatly facilitate mining and grade control. It is envisaged that dilution rates of below 10% should be easily achievable.



Figure 7. Procedure to access the underground works through the garimpeiro shaft

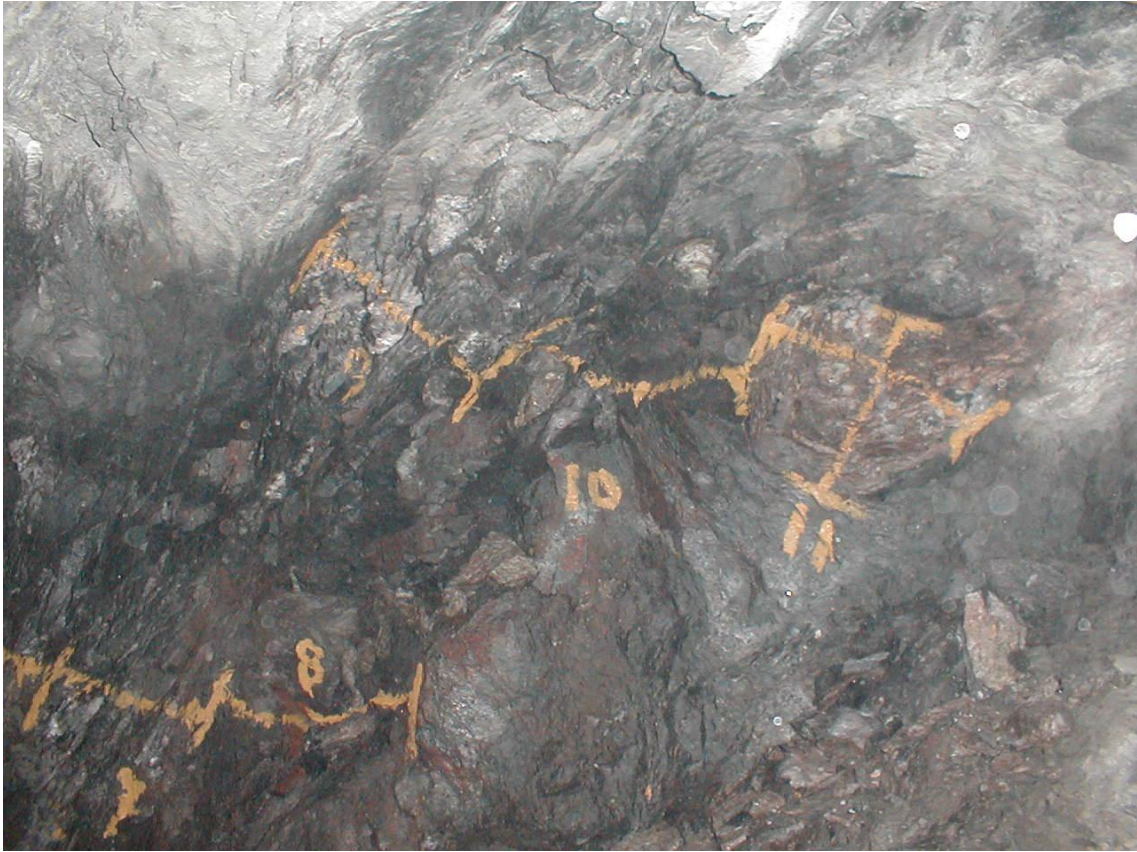


Figure 8. chip sampling of the stopes

## 6 Independence

The author of this report, Mr. Antonio de Castro is the principal and a partner of the independent firm ADC Consultoria Técnica Geológica Ltda based in Rio de Janeiro – Brazil, a geologist with 30 years experience including 19 years in the former Western Mining, providing a comprehensive range of specialist technical services to the mining industry including technical audits, project reviews, valuations, independent expert reports, project management plans and corporate advice.

Mr Antonio E. M. de Castro from ADC Consultoria Técnica Geológica Ltda is a member of Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a competent person as defined in the JORC Code.

This report has been prepared independently and in accordance with the VALMIN and JORC Codes.

ADC Consultoria Técnica Geológica Ltda or their affiliates, associates or subsidiaries, or the author do not hold any interest in BBX, its associated parties, or in the mineral property which is the subject of this report. Fees for the preparation of this report and related matters, as set out elsewhere in the Prospectus, are being charged at normal and professional rates,

whilst expenses are being reimbursed at cost. Payments of fees and expenses are in no way contingent upon the conclusions drawn in this report.

## 7 Consents

This report is provided solely for the benefit of BBX and the directors of BBX in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document without our prior written consent.

ADC Consultoria Tecnica Geologica Ltda consents to being named in the Prospectus as the authors of this report.

ADC Consultoria Tecnica Geologica Ltda has given, and has not before the lodgement of this Prospectus, withdrawn its consent to the inclusion of this report in the Prospectus.

Yours faithfully

X

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Antonio E.M. de Castro (B.Sc. (Hons.))  
ADC Consultoria Tecnica Geologica Ltda

## 8 References

This report contains statements attributable to third persons. These statements are made in, or based on statements made in previous geological reports that are publicly available from either a government department or the ASX. The authors of these previous reports have not consented to the statements' use in this report, and these statements are included in accordance with ASIC Class Order [CO 07/428] *Consent to quote: Citing trading data and geological reports in disclosure documents and PDS.*

Internal Report on the Structure of the Chapada Area, Tocantins – April 2001 – A.V.Correa Neto

Relatório Final de Pesquisa for the DNPM 860.232/1990 (NV-5)–2002 – C.A.S. Barbosa

Internal Report on Tocantins Visit – July 2004 – Rod Holcombe

Independent Technical Report of the Mineral Assets of Minto Minerals Limited – July 2006 – Snowden Mining Industry Consultants Pty

The Chapada's database compiled by Mundo Minerals Limited



## 12 INDEPENDENT SOLICITOR'S REPORT

Rio de Janeiro, November 30<sup>th</sup>, 2011.

To  
The Directors  
BBX Holdings Limited  
Level 33, 52 Martin Place, Sydney NSW 2000

At.: Mr. Paul Page

Ref.: Legal Opinion on Ouro Belo and Chapada Au Projects

Dear Sirs,

This letter has been requested for inclusion in a prospectus to be issued by BBX Holdings Limited (“Company”) dated on or about 8 December 2011 for the issue of 11.25m fully paid ordinary shares at A\$0.20 and 5.625m free attached options to raise A\$2.25m (“Prospectus”).

This report relates to, and confirms the status of, the Mineral Rights held by Crusader do Brasil Mineração Ltda., Cascar Brasil Mineração Ltda. and Rio Gameleira Prospecção e Geologia Ltda., comprised by DNPM files no. 860.274/2007, 860.563/2011, 860.564/2011, 860.565/2011, 860.566/2011, 860.567/2011 and 860.232/1990, located in the States of Goiás and Tocantins, Brazil, hereinafter referred to as “Mineral Rights”.

### **1 SUMMARY**

After the analysis of status of the Mineral Rights in the aspects that we consider indispensable for this purpose, we consider that:

- a) The Mineral Rights are duly supported and in good standing, without any defect that affects its validity, except otherwise provided herein;
- b) The Mineral Rights are not located within any Environmental Conservation Unit;
- c) We are not aware up to now of any restrictions from landowners in regard the conduction of mining research activities on the area of the Mineral Rights; and
- d) There are no taxes or other governmental charges payable under the laws of the Federative Republic of Brazil or to any governmental authority of or in the Federative Republic of Brazil in respect of any amount payable under the Mineral Right.



The evaluation was made according to the provisions of the Federal Constitution, the Mining Code (Decree Law No. 227 of February 28<sup>th</sup>, 1967) and its corresponding Regulation (Decree No. 62,934 of July 2<sup>nd</sup>, 1968) and other rules that govern the mining activity.

In connection with the opinions hereinafter expressed, we have considered such questions of law and examined such public and corporate records, certificates and other documents and concluded such other examinations and obtained and relied on such information from officers of the Company as we have considered necessary for the purposes of the opinions herein below stated. In such examinations, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as certified, conformed, photo static or facsimile copies.

For the purposes of the opinions expressed herein, we made the following assumptions:

(i) all signatures are genuine, all documents submitted to us as originals are authentic and all documents submitted to us as copies conform to authentic original documents; and

(ii) all facts set forth in official public records and certificates and other documents supplied by public officials or otherwise conveyed to us public officials are complete, true and accurate.

We've conducted the assessment and analysis of the Mineral Rights in accordance with the rules and principles that regulate the mining activity in Brazil and have relied exclusively on the following:

a) The information contained on the electronic records of DNPM's website assuming it is accurate and up to date;

b) The information contained on the mining processes 860.274/2007, 860.563/2011, 860.564/2011, 860.565/2011, 860.566/2011 and 860.567/2011, that we've had access to before the office of the National Department of Mineral Production – DNPM in the State of Goiás assuming it is accurate and up to date.

In conducting our review we have not made any due diligence or investigation regarding the corporate records of the Companies which hold the Mineral Rights.



## **2 BRAZILIAN MINE LEGAL SYSTEM**

### **1. MINERAL LEGISLATION**

#### **1.1. Applicable legislation**

Mining activities in Brazil are regulated by:

- Decree-Law No. 227, dated 28 February 1967 - Mining Code
- Decree No. 62934, dated 2 July 1968 - Mining Code Regulation
- Law No. 6567, dated 24 September 1978
- Law No. 7805, dated 18 July 1989

#### **1.2. Introduction**

In Brazil, mineral resources are property of the Federal Government. The ores and other mineral resources constitute property distinct from the surface property. Exploration and mining activities can be executed by private entities, through an authorization or a concession granted by the Federal Government, thereby offering to the concessionaire the guarantee of ownership of the mining product.

The Mining Code and its Regulation provide for the rights related to mineral resources, the legal regimes for their exploration and development, and also establish the norms on government inspection of the mineral industry. Furthermore, said Code and its Regulation establish, among other things, the concept and classification of mines, exploration, mining, surface owner rights, sanctions, and cancellation.

##### **1.2.1. Legal Regimes for the Exploration and Development of Mineral Substances**

Pursuant to the provisions set forth in the Mining Code and its Regulation, the exploration and development regimes of the mineral substances in Brazil are:

- (a) Concession Regime:** This system entails the operations aiming at the industrial development of the deposit, from the extraction of the mineral substance to its processing. Work under the concession regime depends upon an ordinance of the Executive Secretary to the Ministry of Mines and Energy (MME);
- (b) Authorization Regime:** This system refers to the work required for the definition of the deposit, its evaluation and the feasibility of economic development. Work under the authorization regime depends upon the issuance of a mineral exploration license granted by the Director of the National Mineral Production Department (DNPM);
- (c) Licensing Regime:** This system refers to the development of certain mineral substances which will be used immediately in the construction industry, for instance, clay used for the manufacturing of red ceramics and limestone used to correct the soil in agriculture. Work under this regime depends on the issuance of a specific license, to be



granted by the authority of the municipality where the deposit is located, as well as on its registration with the DNPM.

(d) **Garimpeira (alluvial) Mining Regime:** This system serves for the immediate development of the mineral deposit that in virtue of its nature, dimension, location and economic utilization, can be exploited immediately, independent from previous exploration work. Work under this regime depends on a permission to be granted by the Director of the DNPM; and

(e) **Monopoly Regime:** This system results from special laws and implies in direct or indirect execution by the Federal Government.

As to the above indicated five legal regimes for the development of mineral substances, the authorization and concession regimes are applied to the organized and large size mining ventures, respectively aiming at: (i) the exploration work, in the first stage; and (ii) the economic development of the deposit (mining), in the second stage.

It should be mentioned that the legal regimes for the development of mineral substances listed above are not applicable to federal, state and municipal agencies of the direct administration, nor to the independent agencies, for extraction of mineral substances that will be used immediately in the construction industry. In this case, the interested party must arrange for registration of the extraction at the DNPM. The substances explored in such cases must be exclusively used in public works directly executed by such interested party, and its trade is prohibited.

### 1.3. Exploration Phase

Under Brazilian law, mineral exploration means the performance of the work required for defining and evaluating the deposit, and determining the feasibility of its economic exploitation.

#### 1.3.1. Application

In order to obtain a mineral exploration license, the interested party must present an application addressed to the DNPM, containing the following information and documentation:

- (a) individuals: name and proof of Brazilian nationality, marital status, occupation, domicile and number of enrolment with the Individual Taxpayers' Registry of the Ministry of Finance (CPF/MF). Companies: corporate name, number of registration of the company's articles of association/by-laws at the proper commercial registry, head office address and number of enrolment with the National Registry of Legal Entities (CNPJ);
- (b) proof that the corresponding fees have been paid;
- (c) designation of the substances to be prospected;
- (d) indication of the superficial extension of the area object of the request, expressed in hectares, and the municipality and state where the property is located;





- (e) memorandum containing the description of the area object of the request;
- (f) plan of location of the area, indicating the graphic definition and the main cartographic elements of the area; and
- (g) prospecting work plan, including the budget and the schedule for the performance of the work.

Non-presentation of the documents listed above will cause prompt dismissal of the application by the DNPM. The applicant will be entitled to complete any missing information or documentation within 60 days from the publishing of the notice to meet such requirements by the DNPM. A fee must be paid by the applicant presenting the application to the DNPM.

### **1.3.2. Priority Rights**

The applicant of a mineral exploration license, whose application is related to an area considered as free, shall be granted the priority in obtaining the respective title. Therefore, the first application presented to the DNPM for a certain area shall constitute, in general, a priority right. The area will be considered as free when:

- (i) the area is not bound to any other exploration license, license registration, mining concession, mine manifest, aerial geological recognizance permission, or any extraction registration by the federal, state and municipal agencies of the direct administration or by independent governmental agencies;
- (ii) the area is not the object of a previous application for an exploration license, or in cases where there is a previous application, such previous application is subject to prompt dismissal;
- (iii) the area is not the object of a previous license registration request, or if tied to a license, the registration of such license will be requested within 30 days of its issuance date;
- (iv) the area is not the object of a previous extraction registration request filed by any federal, state and municipal agencies of the direct administration or by independent agencies;
- (v) the area is not tied to a request for renewal of an exploration license, presented in time and pending approval;
- (vi) the area is not tied to an exploration license with a final report presented in time and pending approval; and
- (vii) the area is not bound to an exploration license with a final report approved and the legal right to request the mining concession still in force.

In the event of partial interference in the area requested and provided that exploration in the remaining area will be justified and considered as technically and economically feasible by the DNPM, the applicant shall be previously consulted to determine if said applicant would be interested in readjusting the application for the remaining area. If the request was dismissed due to the unavailability of the requested area, the applicant shall not be entitled to any claim.



### **1.3.3. Size of Area**

The exploration licenses are limited to the following maximum areas:

- (i) 2,000 hectares for deposits of metalliferous mineral substances, mineral fertilizers, coal, diamond, bituminous and pyrobituminous rocks, turf and salt-gem;
- (ii) 50 hectares for deposits of sands, gravels and grits for the immediate use in the construction industry; rocks and mineral substances for paving blocks, curbstones, gutters, posts and the like; clay used to manufacture ceramics; rocks, stamped for immediate use in construction industry and limestone used as soil corrective element in agriculture; mineral waters, bottled and drinking waters; sands for industrial use; feldspar; gems (except diamonds); ornamental stones and micas;
- (iii) 1,000 hectares for deposits of mineral external rocks and other substances not indicated in items (i) and (ii) above;
- (iv) 10,000 hectares for deposits of minerals indicated in item (i) above for areas located in the *Amazônia Legal*; and
- (v) 5 (five) hectares for deposits of mineral substances for the immediate use in the construction industry, which extraction will be carried out by the federal, state and municipal agencies of the direct administration or by independent agencies.

### **1.3.4. Duration**

The mineral exploration license shall be valid and legally in force for a minimum of one year and a maximum of three years from the date of its issuance. Said license can be successively renewed at the discretion of the DNPM, upon the request of the titleholder. The exploration license shall be valid for two years in the cases of prospecting of mineral substances indicated in item 1.3.3 (ii) above. For exploration of other substances, the license shall be valid for three years.

In order to renew the license, the DNPM shall take into consideration the development of the work performed. The request for renewal of the license must be presented 60 days prior to the expiration date of the original license or the previous renewed license. As to the renewal request, a report must be presented of the work already carried out, indicating the results achieved, as well as reasons justifying continued work. The renewal of the license does not depend on the publication of a new license, but only on the publication of the decision to renew.

### **1.3.5. Report**

The holder of an exploration license must provide any information requested by the DNPM. At the end of the work and within the validity period of the exploration license, the holder must present a final report to the DNPM containing geological and technological studies related to the size of the deposit, as well as demonstrative analysis of the technical and economic feasibility of the exploitation. Such report must be prepared under technical responsibility of a legally qualified professional and must also contain:



- (i) information on the area, means of access and communication;
- (ii) plan of the geological survey;
- (iii) description of the main aspects of the deposit;
- (iv) quality of the mineral substance and definition of the deposit;
- (v) genesis of the deposit, as well as its qualification and comparison to similar deposits;
- (vi) report of the industrialization assays;
- (vii) demonstration of the economic feasibility of the deposit; and
- (viii) necessary information for the calculation of the reserve, such as the density, area, volume and content.

The final exploration report must be presented independent from the results of the work and shall conclude for the feasibility or non-feasibility of the exploitation development, or for the non-existence of the deposit. The holder of an exploration license who does not present a final report within the date established by the regulations will be fined. Nevertheless, the exemption from presentation of the report is permitted in certain cases of license relinquishment by the titleholder. The DNPM must confirm the relinquishment, provided it happened in one of the two following instances:

- (i) at any time, if the titleholder has not been successful at entering the area, despite all the efforts made, including judicial means; or
- (ii) before one-third (1/3) of the term of duration of the exploration license has passed.

### **1.3.6. Obligations**

The titleholder of an exploration license shall be obliged to:

- (i) perform work only within the area specified in the authorization;
- (ii) respect the rights of third parties, indemnifying them for damage and losses caused;
- (iii) communicate to the DNPM the discovery of a mineral substance not included in the authorization;
- (iv) remove the substances extracted from the area object of the license for analysis and industrial experiments only with prior authorization of the DNPM (Utilization Bill) and in accordance with the applicable environmental legislation;
- (v) start the work within 60 days of the date of the publication of the license in the Official Gazette of the Federal Executive or as from the judicial ingress in the area to be explored;
- (vi) not interrupt the work without justification for more than three consecutive months or for more than 120 non-consecutive days;
- (vii) compensate the surface owner or possessor for the occupation of the land and for damage or loss caused by the work; and
- (viii) present a final prospecting report.

Besides the fee to be paid for obtaining the mineral exploration license, the titleholder must also pay to the DNPM an annual fee per each hectare. The fee is



established at progressive values, considering the substance, place and size of the area, among other conditions.

### **1.3.7. Rights**

The titleholder of an exploration license may execute the respective work and necessary auxiliary services, as well as work on land of private or public domain included in the area indicated on the exploration title. The titleholder shall be assured the right of free passage on the private property, including the soil and subsoil in the title area, as well as in neighboring areas, for performance of the respective work.

The titleholder of a set of exploration licenses for the same mineral substance in neighboring or close areas shall be entitled and authorized to present a single research plan and final report, involving and covering the whole set.

### **1.3.8. Transferability**

The mineral exploration license is a title that can be assigned, totally or partially, to anyone who is in condition to execute the work under such license in accordance with the applicable legislation. The applications for exploration licenses are also transferable, once the respective priority right is assured. The transfer of the license must be communicated to the DNPM for approval and registration. It will only be legally valid after such procedure is complete.

### **1.3.9. Sanctions**

Failure to comply with the obligations derived from exploration licenses, depending on the seriousness of the infraction, shall result in the following sanctions imposed by the DNPM: warning, fine or forfeiture.

### **1.3.10. Utilization Bill**

It is possible to extract mineral substances before the mining concession is granted, by means of a Utilization Bill. Extraction may only occur if the interested party has obtained a proper environmental license, and has entered into an agreement with the surface owner as to the extraction work.

## **1.4. Mining Concession**

### **1.4.1. Application**

Application for a mining concession is made by the holder of an exploration permit. The application must contain details of:

- (i) the development plan; and



- (ii) finance to conduct the development

The concession will not be granted if mining is considered harmful to the public or if the Government considers that it compromises interests which are more relevant than industrial exploitation. In the latter case, the holder of the exploration license is entitled to be indemnified by the Government for the expenses incurred with prospecting work, if the final report has been approved.

#### **1.4.2. Requirements**

The mining concession shall only be granted when:

- (i) the area has already been prospected and mining is considered technically and economically feasible by the DNPM;
- (ii) the respective final prospecting report has already been presented and approved by the DNPM;
- (iii) the mining area to be exploited has been considered technically and economically feasible by the DNPM and adequate for the extraction and processing of the deposits, duly observing the limits of the area indicated in the exploration license; and
- (iv) the competent environmental agency has issued the corresponding environmental license.

#### **1.4.3. Size of Area**

The applicant must specify the size of the area required for mining within the area granted for exploration. The DNPM has the unconditional authority and power to establish the size of the mining area.

#### **1.4.4. Duration**

Brazilian mineral legislation does not establish the duration of mining concessions. The concessions remain in force until the complete exhaustion of the deposit.

#### **1.4.5 Transferability**

The mining concessions are personal titles. They can be assigned, totally or partially, and are granted by the Executive Secretary to the Ministry of Mines and Energy to companies that wish to operate in mineral business activities.

#### **1.4.6. Rights**

The holder of a mining concession:

- (i) has the exclusive right to execute the mining work for the mineral substances



specified and indicated in the concession title and within the authorized area. However, if another substance is found in the authorized area, the titleholder may request an addendum to the concession, so that the new substance is also included in the concession.

(ii) has the right to temporarily suspend mining work.

(iii) may obtain easements on the property where the mine is located, as well as on bordering and neighboring properties, with prior indemnification.

(iv) may divide the concession into 2 or more distinct concessions, provided that it is not harmful to the development of the deposit.

#### **1.4.7. Obligations**

The titleholder of the mining concession has the following obligations:

- (i) to start the mining work as per the development plan, within six months from the date of the publication of the concession in the Official Gazette of the Republic;
- (ii) to execute the work in accordance with the development plan approved by the DNPM;
- (iii) to extract solely the substances indicated in the concession;
- (iv) to communicate to the DNPM the discovery of a mineral substance not included in the concession title;
- (v) to carry out the work in accordance with regulatory norms;
- (vi) to offer the management of the work to a duly qualified technician;
- (vii) not to make it difficult nor impossible to use and exploit the deposit in the future;
- (viii) to be responsible for the damage and loss caused to third parties, resulting from the mining work;
- (ix) to promote and improve safe and healthy lodgings at the location;
- (x) to avoid deviation of water and to drain the amount that can cause harm and loss to neighbors;
- (xi) to avoid air or water pollution resulting from the mining work;
- (xii) to protect and preserve the water sources, as well as to use them according to the technical instructions and requirements when dealing with mineral water deposits;
- (xiii) to observe and comply with all the provisions of the inspection entities;
- (xiv) not to interrupt the mineral activities without notice to the DNPM;
- (xv) to keep the mine in good condition when temporarily suspending the mining work; and
- (xvi) to restore the areas degraded by the mining work.
- (xvii) advise of the discovery of radioactive minerals.

#### **1.4.8. Sanctions**

Failure to comply with requirements may result in warning, fines or forfeiture



being imposed by the DNPM. Forfeiture must be precedent by an administrative proceeding. A request for reconsideration can be made to the Executive Secretary to the Ministry of Mines and Energy against the decisions of the Ministry of Mines and Energy or to the courts.

#### **1.4.9. Security of Tenure**

After the completion of prospecting work in accordance with the legal provisions and after the approval of the final report by the DNPM, the titleholder shall have the exclusive right to request a mining concession for the area. In this case, the concession can only be refused if the mining work is considered harmful to the public or compromises interests that are more relevant than industrial exploitation.

After the filing of the application for the mining concession and after the approval of the mine's development plan by the DNPM, the mining concession cannot be refused by the Government. Once the mining concession has been granted and all the legal requirements and provisions duly observed, the concession cannot be cancelled.

## **2. ENVIRONMENTAL PROTECTION LEGISLATION**

### **2.1. Introduction**

The Brazilian Federal Constitution reserves a special chapter on environmental protection. The federal, state and municipal governments and also the government of the Federal District of Brazil are empowered and obliged to defend and protect the environment.

Law No. 9605 of February 12, 1998, defines environmental crimes and infractions, as well as establishes liability and applicable sanctions. The main features of such law are:

- (i) the establishment of high monetary penalties;
- (ii) the extension of liability for environmental damage to directors, auditors, managers and attorneys-in-fact;
- (iii) the disregard of the legal entity by a Court of Law whenever it is an obstacle to payment of environmental damages, if agents of the company were aware of criminal conduct and did not attempt to hinder it.

### **2.2. Mining Requirements**

Brazilian environment legislation provides that any mineral activity shall be subject to:

- licensing;



- environment impact assessment; and
- restoration of degraded areas.

Companies which carry on activities considered as potentially polluting or utilizing natural resources, such as mining, shall be registered with Brazilian Environmental and Renewable Natural Resources Institute - IBAMA.

### **2.3. Licenses**

A preliminary license must be obtained prior to the planning stage. An Environmental Impact Assessment (EIA) must be executed, and the respective Environmental Impact Report (RIMA) must also be produced at this time. The EIA/RIMA must be submitted for approval by the competent environmental agency, together with a plan for recovery of degraded areas.

At the development stage, the installation license may only be obtained after an Environmental Control Plan (PCA) is presented to the competent environmental agency.

At the mining stage, another license must be obtained, namely the operation license. It is issued by the competent environmental agency after the satisfactory implementation of the PCA.

## **3. COMPENSATION AND ROYALTIES**

### **3.1. Rent, Compensation and Participation**

#### **3.1.1. Exploration Phase**

The holder of an exploration license must pay the surface owner or the squatter of the area object of the exploration license, rent for occupation of the land and compensation for any damage and loss caused or that may be caused as a result of the exploration work.

The payment cannot exceed the maximum net income from the area occupied for exploration. Compensation for damage caused cannot exceed the assessed value of the property actually occupied. However, in the event the damages caused by the exploration activities should turn the land impracticable for agricultural or breeding activities, compensation may reach the assessed value of the property.

#### **3.1.2. Mining Phase**

With regard to the concession and licensing regimes, the landowner is assured the right to participate in the results of the mining work. The value of such participation has been set at 50% on the total amount due and payable to the states, municipalities and the Federal District, as royalties for the exploitation of the mineral resources.





Therefore, the value is calculated on the net income from the sale of the mineral product obtained after the last stage of processing and before its industrialization. Payment to the surface owner of the percentage in the mining results must be done on a monthly basis pledged separately from the property. The surface owner, however, may waive such participation, as well as assign or pledge the right of receiving installments in the future.

### **3.2. Royalties (Financial Compensation for the Exploitation of Mineral Resources)**

The Federal Constitution has established that the states, municipalities, Federal District and the bodies of the direct administration of the Union (DNPM and IBAMA) are entitled to a percentage of the results of exploitation of mineral resources, or, alternatively, to receive royalties (“financial compensation”) for said exploitation. In light of the above, financial compensation has been created, and deemed to be a public price payable by the titleholders of mining concessions for the exploitation of mineral resources. Said compensation has been set at a maximum of 3% on the net income from the sale proceeds of the mineral product obtained after the last stage of processing and before its industrialization.

When assessing the net sales, the following deductions are permitted:

- Tax on Financial Transactions – IOF is payable on gold as a financial asset;
- Tax on Distribution of Goods and Services – ICMS;
- Social Security Financing Contribution - COFINS, and contribution to the Profit Participation Program – PIS, assessed on income ensuing from sales of the mineral output; and
- insurance and freight charges.

The following different participation percentages have been established for the mineral substances:

- (i) aluminum, manganese, salt-gem and potassium ores - 3%;
- (ii) iron, fertilizers, coal and other mineral substances - 2%;
- (iii) precious colored stones and gems that can be polished, carbonized stones and precious metals - 0.2%; and
- (iv) gold - 1%, garimpeiros are exempted.

Financial compensation is distributed as follows:

- 23% to the states (or the Federal District) where mining activities are performed;
- 65% to the municipality where mining activities are performed;
- 12% to DNPM, which shall give 2% of its share to IBAMA.



## **BRIEF HISTORY AND STANDING OF THE MINERAL RIGHTS**

### **I. Tenement no. 860.274/2007 – Holder: CRUSADER DO BRASIL MINERAÇÃO LTDA.**

The application was presented to DNPM on March 05<sup>th</sup>, 2007 by Crusader do Brasil Mineração Ltda. for exploration of Gold in the City of Monte Alegre de Goiás, State of Goiás.

The Exploration Permit was granted on April 23<sup>rd</sup>, 2007 for a period of three years, for an area of 1.849,94 hectares. The beginning of the activities was properly informed on May 25<sup>th</sup>, 2007.

The Annual Fees per Hectare (TAH's) for the three years have been properly paid.

In order to have the permit renewed a partial report was presented on February 22<sup>nd</sup>, 2010 and the Exploration Permit was renewed for three additional years on September 20<sup>th</sup>, 2011. The restart of the activities has not been informed and DNPM may impose a fine in the amount of R\$ 225,13 (two hundred and twenty five Reais and thirteen cents).

The TAH's for the three additional years shall be paid until January 31<sup>st</sup>, 2012, January 31<sup>st</sup>, 2013 and January 31<sup>st</sup>, 2014 respectively in the current amount of R\$ 6.252,80 (six thousand, two hundred and fifty two Reais and eighty cents) each according to DNPM's Ordinance no. 691/2011.

In order to be able to apply for the Mining Concession a final report shall be presented until September 20<sup>th</sup>, 2014.

### **II. Tenement no. 860.563/2011 – Holder: CASCAR BRASIL MINERAÇÃO LTDA.**

The application was presented to DNPM on March 31<sup>st</sup>, 2011 by Cascar Brasil Mineração Ltda. for exploration of Gold in the City of Monte Alegre de Goiás, State of Goiás, for an initial area of 1.814,10 hectares.

The Exploration Permit has not been granted yet.

### **III. Tenement no. 860.564/2011 – Holder: CASCAR BRASIL MINERAÇÃO LTDA.**



The application was presented to DNPM on March 31<sup>st</sup>, 2011 by Cascar Brasil Mineração Ltda. for exploration of Gold in the City of Monte Alegre de Goiás, State of Goiás.

The Exploration Permit was granted on June 22<sup>nd</sup>, 2011 for a period of three years, for an area of 1.043,70 hectares. The beginning of the activities was properly informed on July 04<sup>th</sup>, 2011.

The Annual Fee per Hectare (TAH) for the first has been properly paid and the TAH's for the second and third years shall be paid until July 31<sup>st</sup>, 2012 and July 31<sup>st</sup>, 2013 respectively in the current amount of R\$ 2.327,45 (two thousand, three hundred and twenty seven Reais and forty five cents) each according to DNPM's Ordinance no. 691/2011.

In order to have the permit renewed, a partial report shall be presented until April 22<sup>nd</sup>, 2014.

**IV. Tenement no. 860.565/2011 – Holder: CASCAR BRASIL MINERAÇÃO LTDA.**

The application was presented to DNPM on March 31<sup>st</sup>, 2011 by Cascar Brasil Mineração Ltda. for exploration of Gold in the City of Monte Alegre de Goiás, State of Goiás, for an initial area of 1.718,90 hectares.

The Exploration Permit has not been granted yet.

**V. Tenement no. Tenement no. 860.566/2011 – Holder: CASCAR BRASIL MINERAÇÃO LTDA.**

The application was presented to DNPM on March 31<sup>st</sup>, 2011 by Cascar Brasil Mineração Ltda. for exploration of Gold in the City of Monte Alegre de Goiás, State of Goiás.

The Exploration Permit was granted on June 22<sup>nd</sup>, 2011 for a period of three years, for an area of 1.589,42 hectares. The beginning of the activities was properly informed on July 04<sup>th</sup>, 2011.

The Annual Fee per Hectare (TAH) for the first has been properly paid and the TAH's for the second and third years shall be paid until July 31<sup>st</sup>, 2012 and July 31<sup>st</sup>, 2013 respectively in the current amount of R\$ 3.544,41 (three thousand, five hundred and forty four Reais and forty one cents) each according to DNPM's Ordinance no. 691/2011.



In order to have the permit renewed, a partial report shall be presented until April 22<sup>nd</sup>, 2014.

**VI. Tenement no. 860.567/2011 – Holder: CASCAR BRASIL MINERAÇÃO LTDA.**

The application was presented to DNPM on March 31<sup>st</sup>, 2011 by Cascar Brasil Mineração Ltda. for exploration of Gold in the City of Monte Alegre de Goiás, State of Goiás, for an initial area of 1.729,03 hectares.

The Exploration Permit has not been granted yet.

**VII. Tenement no. 860.232/1990 – Holder: Rio Gameleira Prospecção e Geologia Ltda.**

The application was presented to DNPM on May 11<sup>th</sup>, 1990 by Anglo American Brasil Ltda. for exploration of Gold in the City of Natividade, State of Tocantins. The Exploration Permit was granted on June 19<sup>th</sup>, 1995 for a period of three years, for an area of 7000,00 hectares. The beginning of the activities was properly informed on July 04<sup>th</sup>, 1995.

c) The Annual Fees per Hectare (TAH's) for the three years have been fully paid.

d)

In order to have the permit renewed a partial report was presented on April 17<sup>th</sup>, 1998 and the Exploration Permit was renewed for two additional years on February 08<sup>th</sup>, 2000. The restart of the activities was properly informed on March 15<sup>th</sup>, 2000.

The TAH's for the two additional years have been properly paid.

A final report was presented on February 08<sup>th</sup>, 2002 but DNPM did not approve it yet.

An exigency was published on June 26<sup>th</sup>, 2003 and dully accomplished on August 14<sup>th</sup>, 2003.

Another exigency was published on December 04<sup>th</sup>, 2003 and dully accomplished on February 02<sup>nd</sup>, 2004.

On July 09<sup>th</sup>, 2004 DNPM approved the assignment of the mineral right to Rio Gameleira Prospecção e Geologia Ltda. applied on June 04<sup>th</sup>, 2003.



#### **4 ASSUMPTIONS AND QUALIFICATIONS**

We are practicing law in the Federative Republic of Brazil and do not purport to be experts on the laws of any other jurisdiction and we therefore express no opinion as to the laws of any jurisdiction other than Brazilian law. This opinion is also based upon the laws of the Federative Republic of Brazil in effect at the date hereof and is given only as to the circumstances existing on the date hereof and known to us.

Our opinion is based on, and subject to, the assumptions and qualifications set out below and as otherwise specified elsewhere in this legal opinion. We have relied upon information provided by third parties, including government departments and have relied upon that information being accurate, complete and up to date as at the date of its receipt. We express no opinion on any compliance not disclosed on the face of the searches conducted for the purposes of this Report.

#### **5 CONSENTS**

This report is provided solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document without our prior written consent.

FFA consents to being named in the Prospectus as the authors of this report.

FFA has given, and has not before the lodgement of this Prospectus, withdrawn its consent to the inclusion of this report in the Prospectus.

FFA will be paid normal and usual professional fees for the preparation of this report and related matters, as set out elsewhere in the Prospectus.

Yours faithfully,

Luis Mauricio Ferraiuoli de Azevedo  
Partner



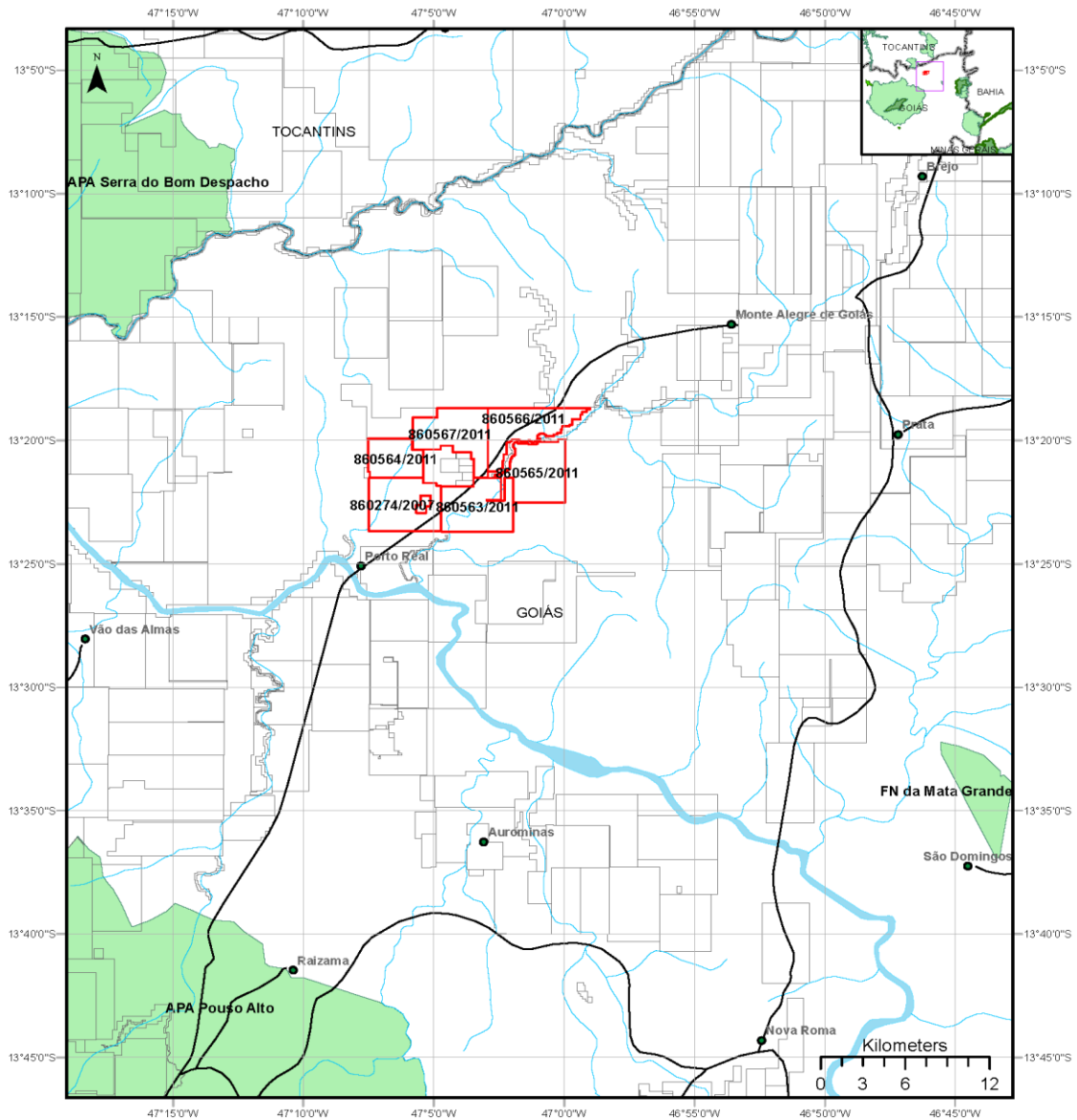
**ATTACHMENT I – MINERAL RIGHTS**

Mineral Right	Application date	Commencement date	Expiry date	Holder	Area (hectares)	Dealings/interest	Annual expenditure	Other comments
860.274/2007	March 5, 2007	April 23, 2007	September 20, 2014	Crusader do Brasil Mineração Ltda	1,849.94	None	R\$ 6.252,80	
860.563/2011	March 31, 2011	Not yet granted	-	Cascar Brasil Mineração Ltda	1,814.10	None	R\$ 4.045,44 (expected)	
860.564/2011	March 31, 2011	June 22, 2011	June 22, 2014	Cascar Brasil Mineração Ltda	1,043.70	None	R\$ 2.327,45	
860.565/2011	March 31, 2011	Not yet granted	-	Cascar Brasil Mineração Ltda	1,718.90	None	R\$ 3.833,15 (expected)	
860.566/2011	March 31, 2011	June 22, 2011	June 22, 2014	Cascar Brasil Mineração Ltda	1,589.42	None	R\$ 3.544,41	
860.567/2011	March 31,	Not yet granted	-	Cascar Brasil	1,729.03	None	R\$ 3.855,74	



	2011			Mineração Ltda			(expected)	
860.232/1990	May 11, 1990	June 19, 1995	February 8, 2002.	Rio Gameleira Prospecção e Geologia Ltda	7000.00	None	N/A	Final report presented on February 8, 2002, but DNPM has not approved it yet.

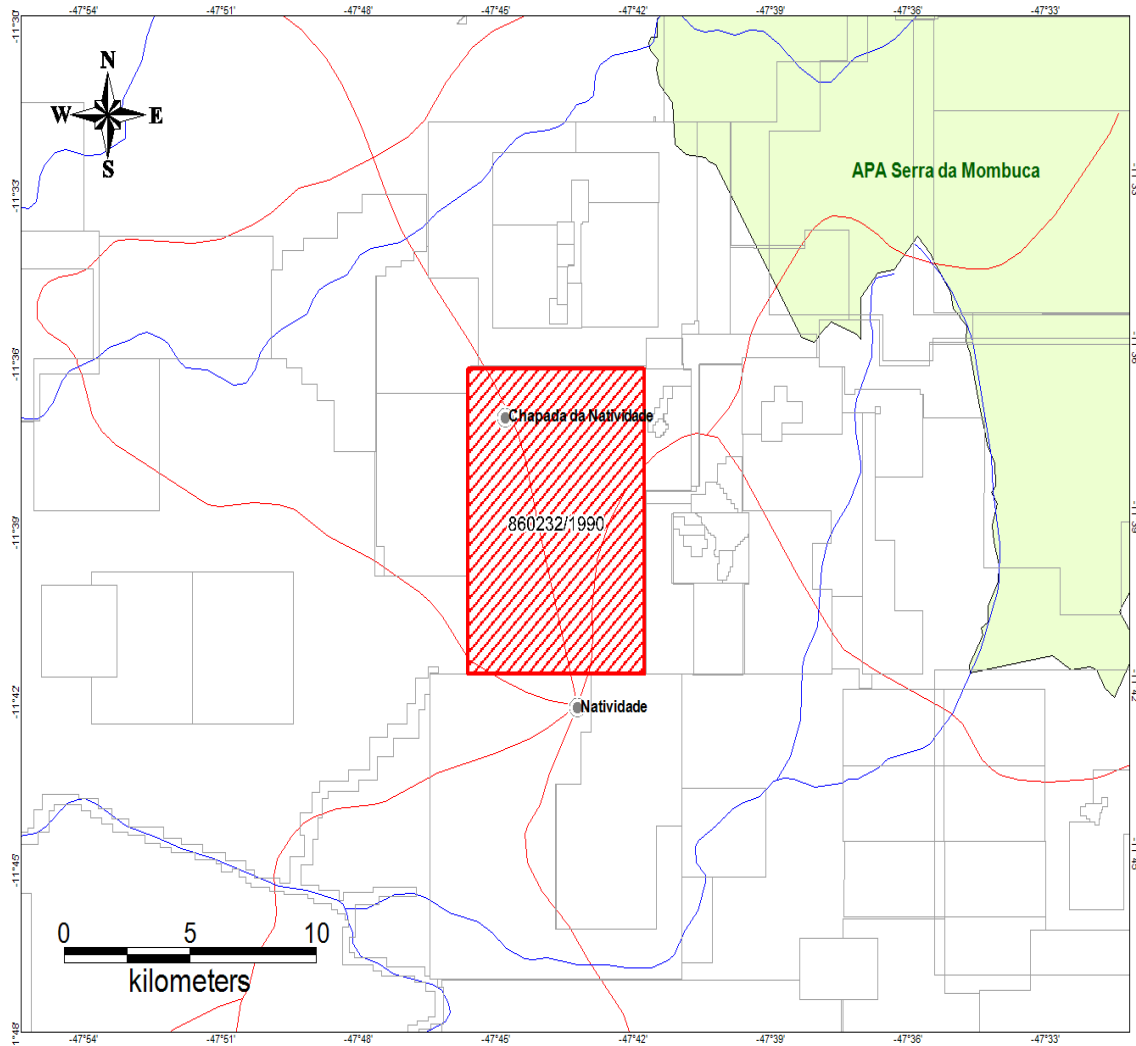
## ATTACHMENT II



Legenda:	
	Localidades
	Estradas
	Hidrografia
	Hidrografia
	SIGMINE BRASIL
	Limites Estaduais
	Due Diligence BBX
	UC Uso Sustentável
	UC Proteção Integral
	Reserva Particular do Patrimônio Nacional



### ATTACHMENT III



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## **13 ADDITIONAL INFORMATION**

### **13.1 Continuous Disclosure Obligations**

The Company is a "disclosing entity" (as defined in the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares offered under this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

In determining what information this Prospectus must contain for the purposes of section 710 of the Corporations Act, the Company has had regard to the information previously announced to ASX. Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus

### **13.2 ASIC class order**

As a result of ASIC Class Order 00/843, this Prospectus is not subject to the minimum seven day exposure period ordinarily required under section 727(3) of the Corporations Act for a prospectus.

### **13.3 Privacy**

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisors, and to ASX and regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

#### 13.4 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to take independent financial advice about the taxation and any other consequences of investing in the Company.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to taxation and any other consequences of investing in the Company.

#### 13.5 Interests of experts and advisors

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Kings Park Corporate Lawyers has acted as solicitors to the Offer. In respect of this work, the Company will pay approximately \$25,000 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates. Kings Park Corporate Lawyers has been paid fees of approximately \$15,000 in the 2 years prior to the date of this Prospectus for other legal services.

FFA Legal has prepared the Independent Solicitor's Report in this Prospectus. In respect of this work, the Company has paid \$10,000 and will pay another \$5,000. FFA Legal has received \$15,980 in the 2 years prior to the date of this Prospectus for other legal services..

ADC Consultoria Técnica Geológica Ltda has prepared the Independent Geologists' Report for the Chapada Project in this Prospectus. In respect of this work, the Company will pay approximately \$5,000. ADC Consultoria Técnica Geológica Ltda has not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus.

Intigold Pty Ltd has prepared the Independent Geologists' Report for the Ouro Belo Project in this Prospectus. In respect of this work, the Company will pay approximately \$5,000. Intigold Pty Ltd has received \$20,769 in the 2 years prior to the date of this Prospectus for other legal services.

Bentleys Audit & Corporate (WA) Pty Ltd has prepared the Investigating Accountants' Report in this Prospectus. In respect of this work, the Company will pay approximately \$8,000. Bentleys Audit & Corporate (WA) Pty Ltd has not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus.

Arthur Phillip Pty Limited (a company of which Mr Paul Page is a director and responsible executive) are underwriters to the Offer and will receive a fee of 6% and will be responsible for payments to sub underwriters and brokers. Arthur Phillip Pty Limited has received \$29,609 in fees for services to the Company in the 2 years prior to the date of this Prospectus.

## 13.6 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgment of this Prospectus with ASIC withdrawn their written consent:
  - (i) to be named in the Prospectus in the form and context which it is named; and
  - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below;
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

Name	Role	Statement/Report
ADC Consultoria Técnica Geológica Ltda	Independent Geologist - Chapada Project	Independent Geologists' Report, section 6.3 and any other references in the Prospectus
IntiGold Pty Ltd	Independent Geologists - Ouro Belo Project	Independent Geologists' Report, section 6.4 and any other references in the Prospectus
Bentleys Audit & Corporate (WA) Pty Ltd	Investigating Accountant	Investigating Accountants' Report
Kings Park Corporate Lawyers	Lawyers to the offer	Nil
FFA Legal	Lawyers	Solicitors' report on the Tenements
Boardroom Pty Limited	Share Registry	Nil

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**14 DIRECTORS' RESPONSIBILITY AND CONSENT**

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgment of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of the Shares pursuant to this Prospectus.

Each Director has consented to the lodgment of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 13 December 2011



.....  
Signed for and on behalf of  
BBX Holdings Limited by  
Mr Paul Page

Where the following terms are used in this Prospectus they have the following meanings:

<b>AFSL</b>	Australian Financial Services Licence.
<b>Applicant</b>	a person who submits a valid Application Form pursuant to this Prospectus.
<b>Application</b>	a valid application made on an Application Form to subscribe for Shares and Options pursuant to this Prospectus.
<b>Application Form</b>	the application form attached to this Prospectus.
<b>ASIC</b>	the Australian Securities & Investments Commission.
<b>ASX</b>	the ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
<b>Board</b>	the board of Directors.
<b>Bacchus Strategic Developments</b>	Bacchus Strategic Developments Group Pty Ltd (ACN 099 034 447).
<b>Closing Date</b>	the closing date for receipt of Application Forms under this Prospectus, estimated to be 5.00pm WST on 24 February 2012 or an amended time as set by the Board.
<b>Chapada Option Agreement</b>	has the meaning given in section 6.4 of this Prospectus.
<b>Chapada Project</b>	the project described in section 6.4 of this Prospectus.
<b>Company or BBX</b>	BBX Holdings Limited ABN 82 089 221 634 to be rename BBX Minerals Limited.
<b>Consolidation</b>	the consolidation of the issued Shares of the Company existing at the date of this notice on a 1 for 2 basis (rounded up to the nearest whole number), which consolidation is proposed to become effective on the date the resolution is passed at the Shareholder Meeting.
<b>Constitution</b>	the constitution of the Company.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Crusader</b>	Crusader Resources Limited (ACN 106 641 963) and its wholly owned subsidiaries.
<b>Director</b>	a director of the Company.
<b>DNPM</b>	the Director of the National Mineral Production Department, Brazil.
<b>FFA Legal</b>	FFA Legal of Av. Jornalista Ricardo Marinho, 360, Ed. Cosmopolitan - Sala 113, CEP: 22631-350, Barra da Tijuca - Rio de Janeiro - RJ - Brasil
<b>Independent Geologist</b>	ADC Consultoria Técnica Geológica Ltda and IntiGold Pty Ltd.

<b>JORC Code</b>	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
<b>Listing Rules</b>	the listing rules of the ASX.
<b>Mundo</b>	Mundo Minerals Limited (ACN 117 790 897) and its wholly owned subsidiary Mundo Mineracao Ltda.
<b>Notice of Meeting</b>	the notice of meeting for the Shareholder Meeting to be held on 22 December 2011.
<b>Offer</b>	an invitation made in this Prospectus to subscribe for Shares and Options.
<b>Official List</b>	the official list of the ASX.
<b>Opening Date</b>	13 December 2011.
<b>Options</b>	an option to subscribed for a Share in the Company on the terms outlined in section 9.15 of this Prospectus.
<b>Ouro Belo Option Agreement</b>	has the meaning given in section 6.3 of this Prospectus.
<b>Ouro Belo Project</b>	the project described in section 6.3 of this Prospectus.
<b>Projects</b>	a project in which the Company has an interest including the Chapada Project and the Ouro Belo Project.
<b>Prospectus</b>	this prospectus and includes the electronic prospectus.
<b>Rio Gameleira</b>	Rio Gameleira Prospeccao e Geologia Ltda.
<b>Resolutions</b>	the resolutions proposed at the Shareholder Meeting.
<b>Share</b>	a fully paid ordinary share in the Company.
<b>Shareholder</b>	the registered holder of Shares in the Company.
<b>Shareholder Meeting</b>	the general meeting of Shareholders to be held on 22 December 2011, to consider, amongst other things, a change in nature and scale of the Company's activities.
<b>Share Registry</b>	Boardroom Pty Limited (ACN 003 209 836).
<b>Underwriter</b>	Arthur Phillips Pty Limited (ABN 55 100 908 101) (a company of which Mr Paul Page is a director and responsible executive).
<b>Underwriting Agreement</b>	the underwriting agreement between the Underwriter and the Company as described in section 9.5 of this Prospectus.
<b>\$, A\$ or Dollars</b>	Australian dollars unless otherwise stated.

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# Application Form

This Application Form relates to the issue of Shares in BBX Holdings Limited at 20 cents per Share with one free attached Option for every two Shares allotted pursuant to a Prospectus dated 13 December 2011. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares and Options of the Company and it is advisable to read this document before applying for Shares and Options. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if available) and an Application Form, on request and without charge.

Number of Shares applied for: .....	Brokers Stamp
Application moneys at 20 cents per Share: \$ .....	

Title - Given Names/Company Name .....	Surname/ACN .....
Joint applicants or account designation ..... .....	

Postal Address.....			
City/Town .....	State.....	Postcode.....	

Contact Name .....	Daytime Contact No. ....
Email contact .....	

CHESS Details PID .....	PID .....	
Tax File No/Exemption Category		
Applicant 1	Applicant 2	Applicant 3
.....	.....	.....

Payment Details			
Drawer	Bank	Branch	Amount
.....	.....	.....	.....
.....	.....	.....	.....

Declaration	
By lodging this Application Form and a cheque for the application money the Applicant hereby:	
(a)	applies for the number of Shares specified in the Application Form or such lesser number as may be allocated by the Directors;
(b)	agrees to be bound by the Constitution of the Company; and
(c)	authorises the Directors to complete or amend this Application Form where necessary to correct any errors or omissions.

## Instructions

1. Enter the number of Shares you wish to apply for. Applications must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.
2. Enter the total amount of application moneys payable. To calculate this amount, multiply the number of Shares you are applying for by the issue price for each Share.
3. Enter the full name(s) of all legal entities that are to be recorded as the registered holders.
4. Enter the postal address for all communications from the Company.
5. Enter the name and telephone number of the person who should be contacted if there are any questions with respect to this application.
6. If you are CHESS sponsored, enter your Participant Identification Number (PID) and Holder Identification Number (HIN), otherwise leave this box blank and a Shareholder Reference Number (SRN) will be allocated to you on issue.
7. Enter the tax file number(s) of the Applicant(s) - this is not mandatory.
8. Unless otherwise agreed by the Company, payment must be made to "**BBX Holdings Limited - Share Offer Account**" by cheque drawn or payable on a bank within Australia, crossed "**Not Negotiable**" and be in Australian dollars. Receipt of payment will not be acknowledged.
9. This Application Form does not need to be signed. Return of this Application Form with the required application moneys will constitute acceptance of that number of Shares stated on this form.

If you have received an Application Form without a complete and unaltered copy of this Prospectus, please contact the Company who will send you, free of charge, either a printed or electronic version of this Prospectus (or both).

## Correct Forms of Registrable Title

Note that only legal entities are allowed to hold securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below:

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Trusts	Mr John David Brown <John David Brown A/C>	John Brown Family Trust
Deceased Estates	Mr John David Brown <Est John David Brown A/C>	John Brown <Deceased>
Partnerships	Mr John David Brown and Mr Michael James Brown	John Brown & Son
Clubs/Unincorporated Bodies	Mr John David Brown <ABC Tennis Association A/C>	Brown Investment Club or ABC Tennis Association
Super Funds	John Brown Pty Ltd <Super Fund A/C>	John Brown Superannuation Fund

## Privacy Act

The Application Form accompanying this Prospectus requires you to provide information that may be personal information for the purposes of the *Privacy Act 1988* (Cth). The Company (and its share registry on behalf of the Company) may collect, hold and use that person information in order to assess your Application, service your needs as a Shareholder and provide facilities and services that you request and to administer the Company.

## Payment Details

Please note that if an Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept an Application Form, and how to construe, amend or complete it, shall be final. An Application Form will not be treated as having offered to subscribe for more Shares than is indicated by the amount of the accompanying cheque. Please deliver the completed Application Form accompanied by a cheque for the application moneys at any time prior to closing date to the Company:

By Post to:	By Delivery to:
BBX Holdings Limited c/- Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 Australia	BBX Holdings Limited c/- Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2001 Australia

Applications must be received by the Closing Date.

Please telephone the Company on (02) 9227 8900 if you have any questions with respect to this Application form.

Applications are for Shares as detailed in the Prospectus dated 13 December 2011.