

BBX MINERALS LIMITED - SUPPLEMENTARY TARGET'S STATEMENT

Important Information

Date and nature of this document

This Supplementary Target's Statement is dated 19 October 2016.

This document is a supplementary Target's Statement and it is supplementary to the Target's Statement dated 3 October 2016. It is to be read together with the Target's Statement.

It is given under section 644 of the Corporations Act by BBX Minerals Ltd in response to the Supplementary Bidder's Statement dated 13 October 2016 and served on BBX by Drake Private Investments LLC ("**Drake**") on that date.

ASIC disclaimer

A copy of this Supplementary Target's Statement has been lodged with the Australian Securities and Investments Commission on 19 October 2016. Neither the Australian Securities and Investments Commission nor any of its officers take any responsibility for the content of this Target's Statement.

No account of personal circumstances

The recommendations of the BBX Directors obtained in this Supplementary Target's Statement do not take into account the individual investment objectives, financial situation or particular needs of each BBX Shareholder. You may wish to seek independent professional advice before making a decision as to whether to accept or not to accept the Offer.

Defined terms

Terms which are defined in the Target's Statement have the same meaning when used in this Supplementary Target's Statement.

Unless the contrary intention appears, the context requires otherwise or words are defined in Section 8 of the Target's Statement, words and phrases in this Supplementary Target's Statement have the same meaning and interpretation as in the Corporations Act.

KEY POINTS

- On 13 October 2016 Drake increased its offer to \$0.046 (4.6 cents) cash for each BBX share.
- Drake's Offer will close on 21 October 2016 at 4pm Sydney time (unless either Drake extends its offer in response to a superior offer or there is an automatic extension of the offer period because Drake's "voting power" in BBX increases to more than 50% in the last 7 days of the offer period).
- Since the Bid was announced BBX has raised \$358,014 through the exercise of options. These funds will be used to further advance BBX's exploration activities (as outlined in the Company's target's statement), meet the costs of the Bid and for general working capital.
- On 19 October 2016 BBX provided the following market update:

Tres Estados Prospect

Stage 2 of the Três Estados soil sampling programme, immediately north of the previously defined anomaly has been completed and the samples submitted for analysis. Extension of the reconnaissance geological mapping (see **Figure 1** below) shows a close association between the mapped mafic bodies, regional magnetic features and the initially identified gold in soil anomaly (see media release of September 20, 2016).

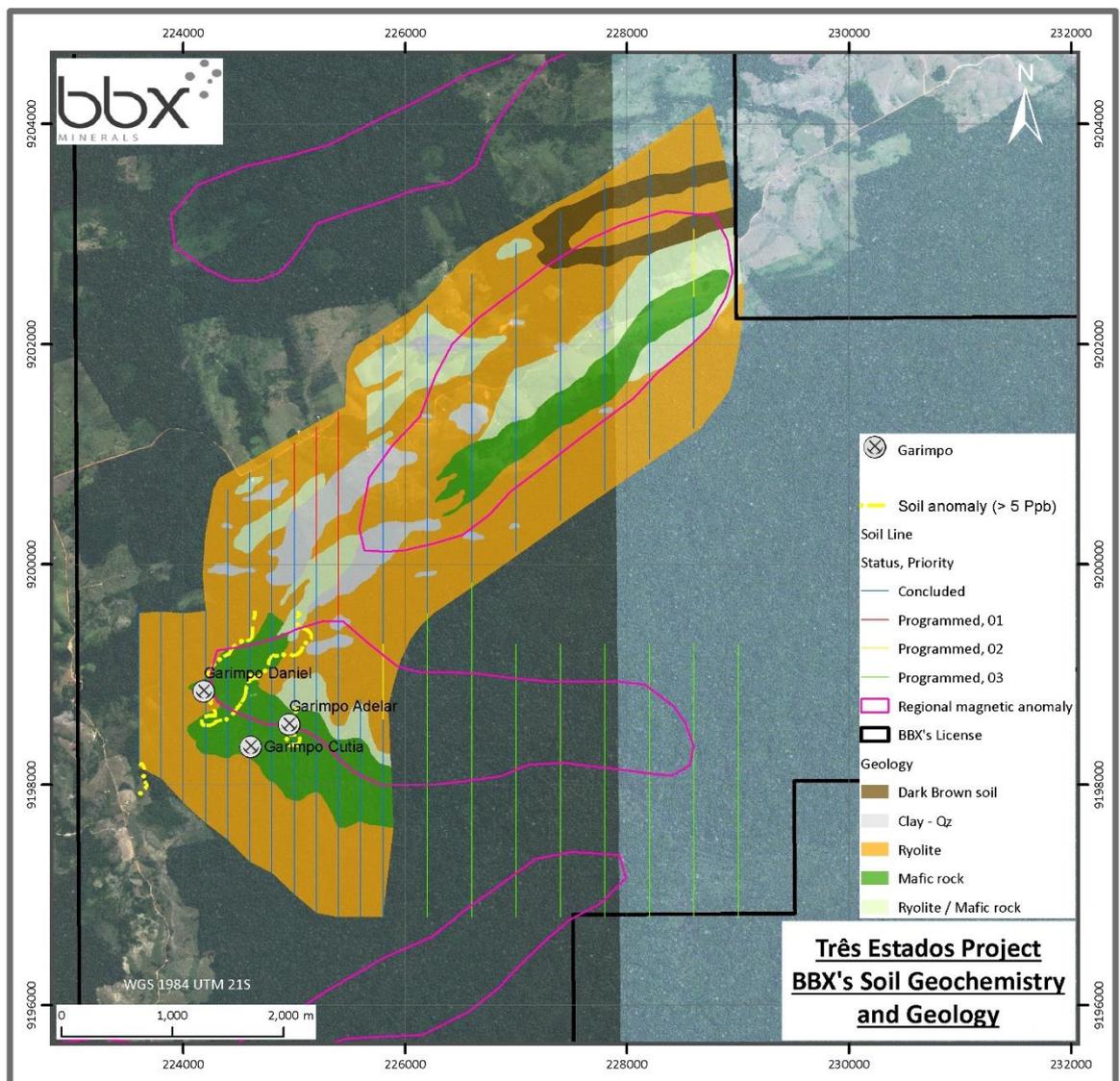


Figure 1. Três Estados geology map showing soil grids and magnetic anomalies.

Application has been submitted for an environmental permit to commence air core drilling in the current quarter. The Company expects to be able to commence drilling in December 2016, with the aim of completing up to 1,550 metres of drilling (approximately 15 holes to 100 metres' depth)

- BBX is continuing its test work programme in an endeavour to develop consistent and reliable analytical and recovery techniques for precious metals in the complex Juma East mineralisation. The Company is focusing on its Oxi8b method and a fusion method currently being developed. To this end the Company is in the process of acquiring a small induction furnace, which will also enable in-house fire assaying to be conducted. The Company will also take SEM (scanning electron microscope) shots of individual grains of the pre-treated ore to identify the presence of gold, platinum and palladium prior to fire assaying.
- Drake has, in its Supplementary Bidders Statement, queried BBX's reliance on the statement in the Independent Technical Valuation Report dated 29 September 2016 that there is a "...moderate to high likelihood that a significant gold discovery could be made via systemic ongoing exploration within the Juma East project..." **BUT AT THE SAME TIME** Drake increased its bid offer on 13 October 2016 to \$0.046 (4.6 cents) cash.
- Furthermore, from the date Drake's bid commenced until the last recorded ASX sale on 18 October 2016 Drake has only acquired a small number of shares under the bid, being approximately 3,700,000 shares or 1.3% of shares on issue.
- BBX's Directors Michael Schmulian and Will Dix **CONTINUE TO** recommend that, in the absence of a superior offer, you **REJECT** the Offer, because:
 - the Offer still does not take into account the moderate to high likelihood that a significant gold discovery could be made by BBX via systematic ongoing exploration within the Juma East project, as referred to in the Independent Technical Valuation Report dated 29 September 2016.
- BBX's Director Alastair Smith **CONTINUES TO** make no recommendation in relation to the Offer, for the reasons set out in Section 1 of the Target's Statement.

Authorisation:

Dated: 19 October 2016



Will Dix, being a director of BBX Minerals Ltd authorised to sign this Supplementary Target's Statement pursuant to a resolution of the Directors of BBX Minerals Ltd passed on 19 October 2016.