# BBX MINERALS LIMITED

ACN 089 221 634

# ANNUAL REPORT

# FOR THE YEAR ENDED

# 30 JUNE 2019

BBX Minerals Limited
Annual Report
For the year ended 30 June 2019
Contents

Corporate Directory

**Directors**
Michael Schmulian (Chairman)
Jeff McKenzie
William Dix

**Secretary**
Simon Robertson

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Facsimile +61 8 6210 1153

**Share Registry**
Automic Registry Services
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Perth WA 6000
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**Auditor**
LNP Audit and Assurance Pty Ltd
L 14, 309 Kent Street
Sydney NSW 2000.

**Stock Exchange**
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

**ASX Code**
BBX (fully paid ordinary shares)

**Chairman's Letter to Shareholders**

BBX has continued to refine both its proprietary recovery and analytical techniques for the complex style of mineralisation encountered in the Apui region. In conjunction with its Australian and North American-based team of consultants the Company has considerably advanced its understanding of the nature of the mineralisation and the processes required to unlock and recover the various precious metals. The Company has expanded its Brazilian team through the hiring of three highly experienced analytical chemists and has considerably upgraded its analytical and metallurgical testing facilities in Brazil.

BBX has focused its recent efforts on the development of a relatively simple technique to extract and measure the levels of precious metals in the rocks at Ema and Três Estados, to be applied as a routine analytical technique. A number of methods have been extensively tested and the Company is in the final stages of perfecting a technique which will enable commencement of routine analysis of all drill holes completed to date.

The Company has been granted a trial mining licence at Ema, entitling it to mine up to 50,000 tonnes per annum, and has continued to advance the application process for trial mining at Três Estados. The granting of the Ema licence will enable escalation of pilot plant testing and subsequent upgrading of the process to commercial scale production in the medium term.

BBX has continued to fully fund its activities through a placement to existing shareholders and a small group of sophisticated investors and is now seeking to expand its investor base as it raises additional funds to accelerate its assay programme, conduct additional drilling and commence pilot plant testing.

I would again like to thank my fellow directors Will Dix and CEO Jeff McKenzie and Exploration Manager Antonio de Castro for their ongoing strong support. Jeff and Antonio have continued to work unstintingly in ensuring that the Company remains on track in its transition through exploration into future production.

With the ongoing progress the Company is making in fully unlocking the precious metals at Ema and Três Estados. BBX is poised to advance into larger-scale pilot plant testing during the coming year, followed by commercial scale production in the foreseeable future.

**Yours Sincerely**

**Mike Schmulian**
**Chairman**

## Directors Report

The directors present their report, together with the financial statements of the Group, comprising BBX Minerals Limited (BBX or the Company) and its controlled entities (the Group or the consolidated entity), for the financial year ended 30 June 2019.

### Directors

Information on each person who has been a director during the year and to the date of this report is as follows.

| Name, Qualifications | Shares and Options | Experience, Special Responsibilities |
|---|---|---|
| Michael Schmulian<br>Non- Executive Chairman<br>Appointed 12 April 2011<br>BSc (Hons) University of Witwatersrand<br>MSc University of Leicester<br>Fellow of AusIMM<br><br>No other Current directorships.<br>No former directorships in last 3 years | 12,264,769 fully paid ordinary shares. | Mr Schmulian is a geologist with over 40 years of mining and exploration experience. His experience includes 24 years in Brazil where he established a strong network in the industry. He is a former Brazil Country Manager for Western Mining Corporation, South America brownfields Exploration Manager for Anglo Gold Ashanti and Executive Director of ASX listed Mundo Minerals, responsible for establishing the Company's Engenho gold mine. |
| William Dix<br>Non- Executive Director<br>Appointed 10 October 2012<br><br>BSc, MSc Geology, Monash University<br>Member of AusIMM<br>Managing Director Todd River Resources<br>Former director of Consolidated Zinc, resigned January 2018 | 5,201,520 fully paid ordinary shares<br><br>700,000 fully paid ordinary shares held by Wreckt Pty Ltd<br><br>2,000,000 management Options at $0.037 expiring 19 April 2020 | Mr Dix is a geologist with over 20 years' experience in gold, base metals and uranium. In previous roles he has led successful growing gold and base metal resources at companies including Lion Ore Mining International. At Lion Ore Mr Dix was part of the team that discovered the Waterloo Nickel Mine and delineated the 2-million-ounce Thunder Box Gold project. He has a proven track record of successful project and team management and also extensive capital raising, mergers, acquisitions and divestments. |
| Jeff McKenzie<br>Chief Executive Officer /Executive Director<br>Appointed as director 26th October 2016<br><br>No other current directorship<br><br>No former directorships in last 3 years | 10,488,081 fully paid ordinary shares<br><br>20,000 shares in the name of Jeffrey & Heather McKenzie | Former Banker with ANZ Banking Group for 33 years roles including General Manager Beijing Branch China, Regional Head North Asia Commodity and International Trade. Chief Executive of PISG Group Beijing the largest private iron ore importer into China and owner of a 4mio tons steel mill. Mr McKenzie has considerable commodity and financial experience including undertaking a JV with Vale of Brazil in China to build a 5mio ton pellet plant. Initiating a USD2.5bio takeover of China Oriental Group (HK Listed) for PISG. |

**Directors Report**

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

**Company Secretary**

Simon Robertson gained a Bachelor of Business from Curtin University in Western Australia and Master of Applied Finance from Macquarie University in New South Wales. He is a member of Chartered Accountants Australia and New Zealand and Governance Institute of Australia. Mr Robertson has experience as a Company Secretary and involved in management of the ASX listing process and general accounting for public companies and preparation of financial statements.

**Principal activity, and significant changes in nature of activities**

The principal activity of the Group during the financial year was exploration and development of mining assets in Brazil. There were no significant changes in the nature of the Group's principal activity during the financial year.

**Operating Result**

The group result was a loss of $1,433,139 for the year ended 30 June 2019 (2018: loss $2,208,832)

**Review of Exploration Operations**

On 20th August 2018 BBX announced that it had conducted further metallurgical testwork at the Marcelo da Silva Pinto M.E. facility. Seven tests (14 smelts) were conducted on 5kg samples from two metre intervals from hole TERC-007, located approximately 200m from hole TERC-003 using the same flux components as previously used for holes for TERC-003, TERC-005 and TERC 006. Sufficient material was available from 0 to 4 metres in TERC-007 for BBX to conduct a 5kg smelt, the first such test from the near-surface weathering profile. Samples from TERC-007 were selected principally from those two metre intervals with the highest weight of recovered RC sample to ensure that sufficient material could be retained for additional testwork.

After collection, the samples were sealed and transported directly to the Nomos laboratory in Rio de Janeiro for preparation and subsequently to the nearby Marcelo facility for treatment. 5kg of each sample was riffle split and smelted with a specific flux and a copper collector to form a copper-rich bar. Each bar was divided into four equal parts, one of which was dissolved in nitric acid and silver precipitated from the solution. The resultant precipitate and the gold-rich undissolved residue was fused to form a metallic button which was analysed by fire assay using a gravimetric finish. The other three quarters of each copper bar have been retained for additional testwork. The process was repeated on the slag for each fusion which was ground, re-fused and a second copper bar produced.

**Directors report**

| Hole no. | Depth (m) | | | Flux | Au (g/t) | Ag (g/t) | Rock type | Comments |
|---|---|---|---|---|---|---|---|---|
| | From | To | | | | | | |
| TERC-007 | 0 | 4 | Rock<br>Slag<br>Total | A | 0.10<br>6.26<br>**6.36** | 5.86<br>21.57<br>**27.43** | Soil/saprolite | |
| | 18 | 20 | Rock<br>Slag<br>Total | A | 15.42<br>15.84<br>**31.26** | 36.14<br>57.69<br>**93.83** | Fresh dolerite | |
| | 20 | 22 | Rock<br>Slag<br>Total | A | 1.77<br>21.00<br>**22.77** | 8.14<br>56.30<br>**64.44** | Fresh dolerite | |
| | 26 | 28 | Rock<br>Slag<br>Total | A | 0.25<br>12.31<br>**12.56** | 10.42<br>70.92<br>**81. 34** | Fresh dolerite | |
| | 32 | 34 | Rock<br>Slag<br>Total | A | 1.06<br>215.10<br>**216.16** | 1.39<br>881.01<br>**882.40** | Fresh dolerite | |
| | 32 | 34 | Rock<br>Slag<br>Total | B | 0.61<br>69.94<br>**70.55** | 4.61<br>296.32<br>**300.93** | Fresh dolerite | Check smelt (flux B) |
| | 34 | 36 | Rock<br>Slag<br>Total | A | 0.61<br>9.28<br>**9.89** | 3.45<br>29.86<br>**33.31** | Fresh dolerite | |

Results for metallurgical extraction test from RC drill hole TERC-007

On 1 October 2018 BBX advised it had conducted further metallurgical testwork at the Marcelo da Silva Pinto M.E. facility (Marcelo), using the same process as that reported on 20 August 2018 for RC holes TERC-006 and TERC-007 (Três Estados). Eleven tests (22 smelts) were conducted on 5kg samples from two metre intervals from Três Estados RC holes TERC-007, TERC-008 and TERC-009 and Ema diamond holes EMD-008, EMD-010 and EMD-011 using the same flux components as utilised in previous drill hole testing. TERC-008 and TERC-009 are located approximately 800 metres from TERC-003 and 007 while the diamond drill holes at Ema are located in the region of old garimpeiro workings where BBX conducted channel sampling.

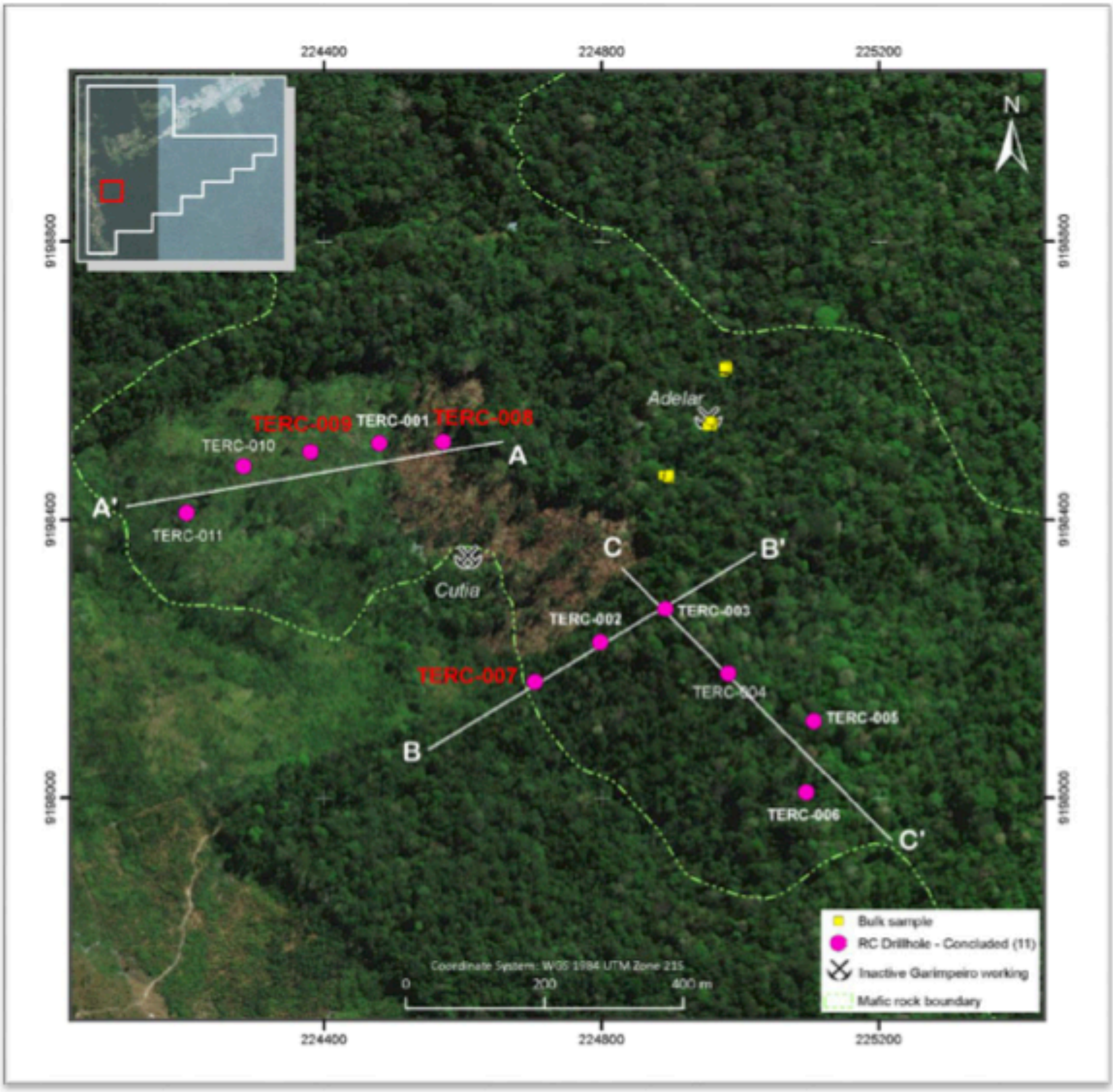
The Ema diamond hole samples were all sourced from quartz-porphyry saprolite (weathered rock), representing the first testwork conducted on this rock type. As the flux mix utilised was developed specifically for testing the mafic intrusives at Três Estados and Ema, BBX believed that the results obtained for the felsic rocks from the Ema diamond drilling may be sub-optimal.

**Directors report**

<table>
<tr><th rowspan="2">Hole no.</th><th colspan="2">Depth (m)</th><th rowspan="2"></th><th rowspan="2">Flux</th><th rowspan="2">Au (g/t)</th><th rowspan="2">Ag (g/t)</th><th rowspan="2">Rock type</th><th rowspan="2">Comments</th></tr>
<tr><th>From</th><th>To</th></tr>
<tr><td rowspan="2">TERC-007</td><td>38</td><td>39</td><td>Rock<br>Slag<br>Total</td><td>A</td><td>3.39<br>9.78<br>13.17</td><td>3.32<br>6.30<br>9.62</td><td>Fresh dolerite</td><td></td></tr>
<tr><td>40</td><td>42</td><td>Rock<br>Slag<br>Total</td><td>A</td><td>3.56<br>5.65<br>9.21</td><td>0.53<br>1.41<br>1.94</td><td>Fresh dolerite</td><td></td></tr>
<tr><td>TERC-008</td><td>6</td><td>8</td><td>Rock<br>Slag<br>Total</td><td>A</td><td>0.59<br>39.28<br>39.86</td><td>4.89<br>0.13<br>5.02</td><td>Dolerite saprolite</td><td></td></tr>
<tr><td rowspan="3">TERC-009</td><td>24</td><td>26</td><td>Rock<br>Slag<br>Total</td><td>A</td><td>3.84<br>3.43<br>7.27</td><td>278.82<br>10.71<br>289.53</td><td>Fresh dolerite</td><td></td></tr>
<tr><td>27</td><td>28</td><td>Rock<br>Slag<br>Total</td><td>A</td><td>2.52<br>34.03<br>36.55</td><td>32.66<br>3.50<br>36.16</td><td>Fresh dolerite</td><td></td></tr>
<tr><td>28</td><td>29</td><td>Rock<br>Slag<br>Total</td><td>A</td><td>10.18<br>14.68<br>24.86</td><td>67.77<br>0.76<br>68.53</td><td>Fresh dolerite</td><td></td></tr>
<tr><td rowspan="2">EMD-008</td><td>10</td><td>14</td><td>Rock<br>Slag<br>Total</td><td>A</td><td>4.02<br>14.32<br>18.34</td><td>10.67<br>12.85<br>23.52</td><td>Qtz-porphyry saprolite</td><td>7.28g/t Pd also extracted</td></tr>
<tr><td>14</td><td>18</td><td>Rock<br>Slag<br>Total</td><td>A</td><td>1.52<br>6.00<br>7.52</td><td>14.47<br>8.88<br>23.35</td><td>Qtz-porphyry saprolite</td><td></td></tr>
<tr><td rowspan="2">EMD-010</td><td>4</td><td>8</td><td>Rock<br>Slag<br>Total</td><td>A</td><td>0.87<br>16.49<br>17.36</td><td>0.16<br>15.46<br>15.62</td><td>Qtz-porphyry saprolite</td><td>3.03g/t Pd also extracted</td></tr>
<tr><td>8</td><td>12</td><td>Rock<br>Slag<br>Total</td><td>A</td><td>4.31<br>1.88<br>6.19</td><td>3.80<br>16.52<br>20.32</td><td>Qtz-porphyry saprolite</td><td></td></tr>
<tr><td>EMD-011</td><td>2</td><td>6</td><td>Rock<br>Slag<br>Total</td><td>A</td><td>1.14<br>22.37<br>23.51</td><td>7.88<br>2164.60<br>2172.48</td><td>Qtz-porphyry saprolite</td><td></td></tr>
</table>

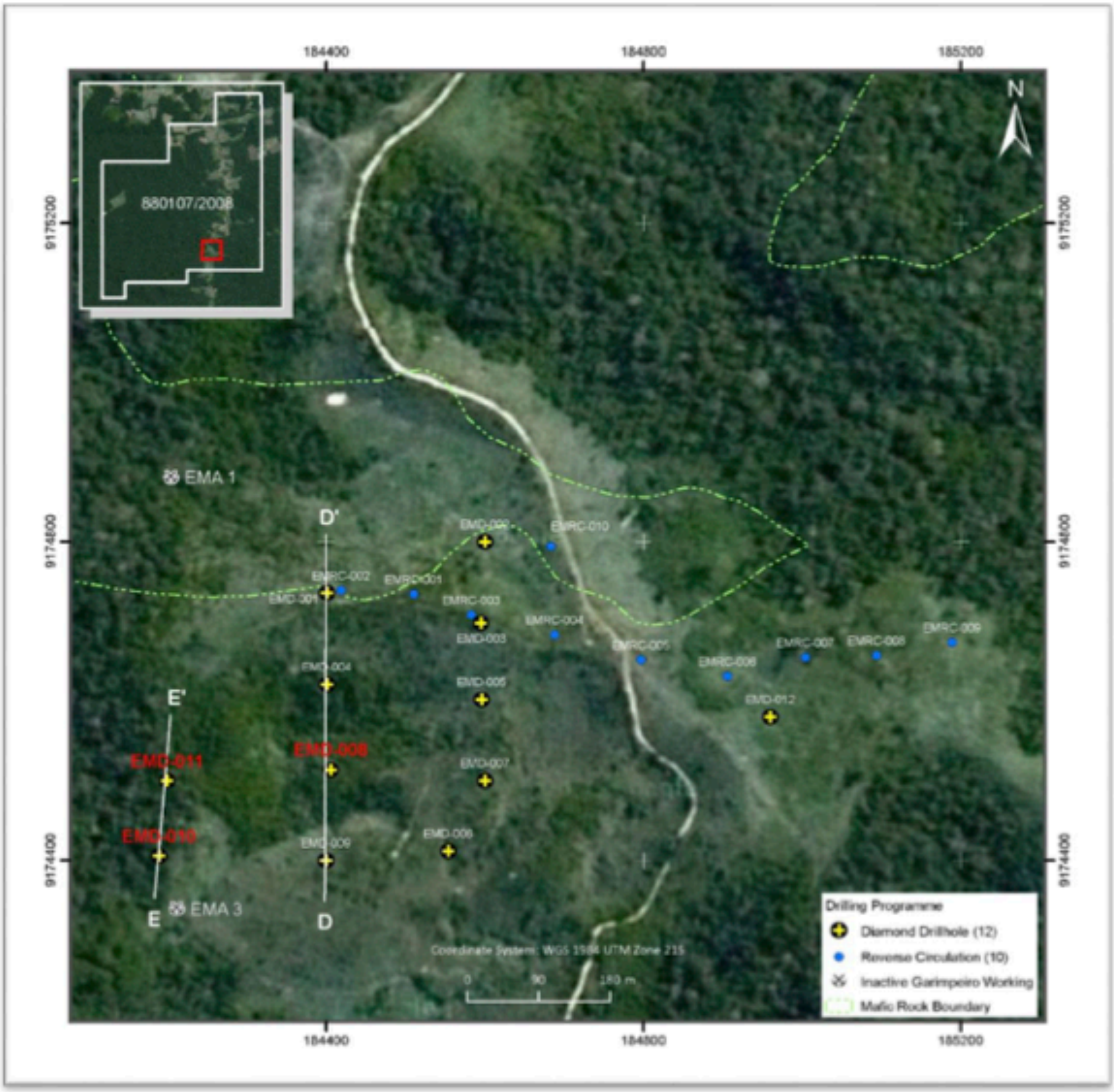
Results of metallurgical test results on Três Estados RC holes and Ema diamond holes.

**Directors Report**




Três Estados RC drill hole location map.

**Directors Report**




Ema drill hole location map

On 26 November 2018 BBX advised that following the successful extraction of 7.28g/t palladium from Ema diamond drill hole EMD-008 (10-14m) and 3.03g/t palladium from EMD-010 (4-8m) an additional smelt without a collector metal was conducted on a 5kg sample from the EMD-011 2-6m interval. The resulting slag was assayed by standard fire assay with an AA finish, yielding significant levels of palladium. The slag was then refused with a copper collector, approximately three-quarters of the collector bar treated by electrolysis and 77g of anodic mud recovered. A 50g aliquot of the anodic mud was fire assayed with a gravimetric finish, yielding gold, silver and PGM buttons after partition. The PGM button was subsequently dissolved and read on the AA to obtain grades for Pd and Pt.

**Directors Report**

| Hole | Interval | Au (g/t) | Ag (g/t) | Pt (g/t) | Pd (g/t) | Comments |
|---|---|---|---|---|---|---|
| EMD-011 | 2-6m | 12.95 | | 9.11 | 104.58 | Fire assay (FA) of initial slag, AA finish |
| | | 79.51 | 534.40 | | | FA of anodic mud, 2nd smelt, grav. finish (Au, Ag buttons) |
| | | 0.27 | | 10.25 | 35.23 | FA of anodic mud, 2nd smelt, AA finish (PGM button) |

Fire assay results of slag from fusion without collector metal followed by extraction in second smelt

BBX commented that the results obtained indicate that the initial smelt unlocked only a portion of the gold, reflected in the significantly higher gold levels recovered into the collector in the resmelt, whilst in the case of Pd, extraction into the collector was incomplete.

BBX also advised that it had continued its programme of metallurgical testing of drill hole samples, using the same process as that reported on 1 October 2018 for Três Estados and Ema RC and diamond drill holes. 18 tests (36 smelts) were conducted on 5kg samples from two metre intervals from Três Estados RC hole TERC-002, 003, 006 and 007 and Ema diamond hole EMD-011, using the same flux components as utilised in previous drill hole testing.

BBX stated that, with regards to results released on both 1 October and 26 November 2018, as the style and controls of mineralisation were not fully understood no extrapolation of extraction grades or correlation between drill holes could be inferred.

In many cases where two collector smelts were carried out, the precious metals were recovered dominantly in the second smelt due to incomplete collection in the first smelt. The complex precious metals association is broken down in the first smelt, releasing the bulk of the precious metals into the slag to enable recovery into the collector metal in the second smelt.

| Hole no. | Depth (m) | | | Flux | Au (g/t) | Ag (g/t) | Rock type | Comments |
|---|---|---|---|---|---|---|---|---|
| | From | To | | | | | | |
| TERC-002 | 28 | 30 | Rock<br>Slag<br>Total | A | 0.16<br>4.37<br>**4.53** | 1.51<br>5.35<br>**6.86** | Fresh dolerite | |
| | 30 | 32 | Rock<br>Slag<br>Total | A | 0.19<br>0.46<br>**0.65** | 34.01<br>5.52<br>**39.53** | Fresh dolerite | |
| | 32 | 34 | Rock<br>Slag<br>Total | A | 0.05<br>1.63<br>**1.68** | 0.71<br>18.92<br>**19.63** | Fresh dolerite | |
| | 34 | 36 | Rock<br>Slag<br>Total | A | 0.99<br>1.12<br>**2.11** | 25.78<br>6.93<br>**32.71** | Fresh dolerite | |
| | 38 | 39 | Rock<br>Slag<br>Total | A | 0.32<br>0.13<br>**0.45** | 8.49<br>7.22<br>**15.71** | Fresh dolerite | |
| | 41 | 42 | Rock<br>Slag<br>Total | A | 0.91<br>0.65<br>**1.56** | 20.92<br>105.46<br>**126.38** | Fresh dolerite | |
| | 44 | 46 | Rock<br>Slag<br>Total | A | 0.31<br>3.17<br>**3.48** | 47.26<br>8.02<br>**55.28** | Fresh dolerite | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 46 | 48 | Rock<br>Slag<br>Total | A | 0.46<br>55.81<br>**56.27** | 1.69<br>11.86<br>**13.55** | Fresh dolerite | |
| TERC 003 | 20 | 22 | Rock<br>Slag<br>Total | A | 5.45<br>1.93<br>**7.38** | | Fresh dolerite | |
| | 24 | 26 | Rock<br>Slag<br>Total | A | 25.47<br>1.26<br>**26.73** | | Fresh dolerite | Result of additional test on same interval |
| | 30 | 32 | Rock<br>Slag<br>Total | A | 5.33<br>2.20<br>**7.53** | | Fresh dolerite | |
| | 32 | 34 | Rock<br>Slag<br>Total | A | 1.68<br>5.48<br>**7.18** | | Fresh dolerite | |
| TERC-006 | 32 | 33 | Rock<br>Slag<br>Total | A | 1.10<br>0.80<br>**1.90** | | Fresh dolerite | |
| TERC -007 | 16 | 18 | Rock<br>Slag<br>Total | A | 0.76<br>0.73<br>**1.49** | 1.43<br>73.95<br>**74.95** | Fresh dolerite | |
| | 28 | 30 | Rock<br>Slag<br>Total | A | 0.61<br>3.26<br>**3.87** | 0.20<br>25.01<br>**25.21** | Fresh dolerite | |
| EMD-011 | 6 | 10 | Rock<br>Slag<br>Total | A | 2.12<br>14.61<br>**16.73** | 16.81<br>3.45<br>**20.26** | Qtz-porphyry saprolite | |
| | 22 | 24 | Rock<br>Slag<br>Total | A | 81.11<br>2.00<br>**83.11** | 168.39<br>10.38<br>**178.77** | Qtz-porphyry saprolite | |
| | 56 | 58 | Rock<br>Slag<br>Total | A | 0.66<br>0.80<br>**1.46** | 77.98<br>6.91<br>**84.19** | Fresh qtz-porphyry | |

Results of metallurgical test results on Três Estados RC holes and Ema diamond holes

On 29th March 2019 BBX announced that it had received permitting approvals from both IPHAN (national heritage agency) and IPAAM (state environmental authority) for the Company's archaeological study and environmental licence applications.

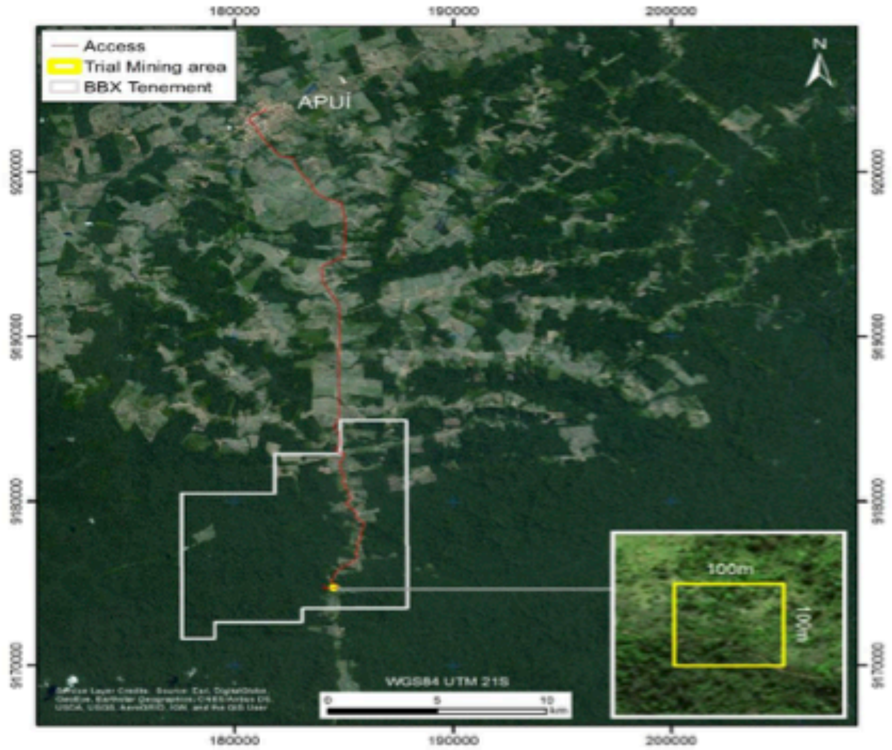
BBX advised it had submitted these approvals to the ANM (formerly DNPM) to enable the granting of trial mining licences for its Ema and Três Estados tenements. The granting of a trial mining licence will entitle BBX to mine up to 50,000 tonnes of ore per annum at each tenement, subject to renewal on an annual basis.

**Directors report.**

On 11 June 2019 BBX announced the formal granting of the Ema trial mining licence, gazetted in the Amazonas state Government Gazette on 7 June 2019. The licence is valid until 3 March 2020 and can be renewed on an annual basis.

The Ema tenement is located approximately 30km's from the regional centre of Apui (population 20,000) with direct access to the trial mining area via a well-maintained gravel road (see figure 1). The trial mining licence allows BBX to mine 50,000 tonnes per annum, excluding overburden.

The Company is continuing to work with the authorities to finalise the granting of the Três Estados trial mining licence.




Location of Ema trial mining licence

**Directors report**

**Exploration Leases**
**Current Tenement Interests** – all owned by Mineracao BBX do Brasil Ltda (100% BBX Minerals Limited).

| All Tenements Owned by BBX Minerals Ltd | Area (Ha) | Percentage ownership |
|---|---|---|
| DNPM Permit Number 880.151/2014 Location Brazil (Juma East) | 662.15 | 100% Application for Exploration Licence |
| DNPM Permit Number 880.129/2008 Location Brazil (Juma East) | 1374 | 100% Exploration Licence |
| DNPM Permit Number 880.185/16 Location Brazil (Juma East) | 980 | 100% Exploration License |
| DNPM Permit Number 880.107/08 Location Brazil (Ema) | 9839.91 | 100% Exploration Licence |
| DNPM Permit 880.184/16 Location Brazil (Ema) | 9034 | 100% Exploration License |
| DNPM Permit Number 880.090.08 Location Brazil (Tres Estados) | 8172.25 | 100% Exploration Licence |
| DNPM Permit Number 880.186/2014 Location Brazil (Pombos) | 6998 | 100% Exploration Licence |

**Competent Person Statement**
The information in this report relates to exploration results is based on, and fairly represents, information and supporting documentation prepared by Mr. Antonio de Castro who is a Member of the Australasian Institute of Mining and Metallurgy. BBX´s Consulting Geologist Mr. Castro has sufficient experience which is relevant to the style of mineralization and the type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Castro consents to the inclusion in the report of the matters based on his information.

**End of exploration report**

**Review of Corporate Activities**
On 11 October 2018 BBX Minerals announced that Ediberto Brito had been hired as Senior Chemist and Laboratory Manager from Troy Resources where he was Laboratory Manager at Troy´s Guyana operation. Mr Brito assumed responsibility for the Company's laboratory at the Marcelo facility coordinating the Company´s metallurgical testwork programme.

On the 19th December 2018 BBX announced it had received commitments to raise a minimum of $1,000,000 via a placement to existing sophisticated and institutional investors at 15 cents per share. BBX also advised it would issue free attaching options on the basis of 1 option for every 2 new shares at an exercise price of 20 cents, with a maturity date of 20 December 2020.

**Directors Report**

The final amount raised from the placement was $1,037,750, with BBX issuing 6,918,333 new shares and 3,459,167 unlisted options under the Company´s existing 15% capacity, with the placement being finalised on 8 January 2019

On 30 April 2019 BBX advised that a compensation claim submitted to the Government of Brazil for approximately R$3,000,000 (A$1,111,000) relating to the expenditure incurred by BBX in the tenement areas impacted by the creation of the Acari National Park was not contested by the Government is currently under judicial review.

**Review of Financial Activities and Position**

The net assets of the Group have reduced by $120,385 from $2,097,311 at 30 June 2018 to $1,976,926 at 30 June 2019. This decrease has been impacted by the following factors:

- Increase in other payables of $442,981 for shares for consultant services and for joint venture partners costs not yet issued.
- Reduction in current assets by $542,203.
- An Increase in exploration expenditure held of $900,937.

**Going concern**

The Group incurred a loss after tax in the year from continuing operations of $1,433,139 (2018 loss: $2,208,832). The Group has current assets of $515,445 (2018: $1,057,648) while current liabilities amounting to $1,065,565 (2018: $478,726). The Group's ability to meet its operational obligations are principally contingent on capital raising, and the potential to undertake trial mining at Ema and Tres Estados following the granting of the trial mining licence at Ema, with Tres Estados expected to be approved in due course. In the event that the trial mining projects at Ema and Tres Estados are delayed, the Group's continuance as a going concern will be dependent on its ability to sell its assets and negotiate terms with creditors. This gives rise to uncertainty in relation to the Group's ability to realise its assets and settle its liabilities at the amounts stated in the financial report. The directors consider the Group to be a going concern based on the following assumptions, which the directors consider reasonable:

1. The Group continues to carefully manage expenditures, particularly head office expenses;
2. During the year, the company raised $1,037,750 before costs, and the directors believe that future capital raisings can be undertaken to finance operations as and when required, and
3. The Company will seek to commence trial mining at Ema following the trial mining licence approval, with Tres Estados expected to be approved in due course and on completion of a pilot plant which is expected to be completed by second quarter in 2020.

Accordingly, the financial report is prepared on a going concern basis. No adjustments have been made to the financial report relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that may be necessary should the Group not continue as a going concern.

**Dividends paid or recommended**

The Group did not declare or pay any dividend for the year ended 30 June 2019 (2018: $Nil).

**Directors Report**

**Events after the reporting date**

**Corporate**

On the 23rd July 2019 BBX announced it had received commitments to raise $1,000,000 via a placement to existing sophisticated and institutional investors at 20 cents per share. Drake Special Situations LLC participated in the placement.

BBX will be issuing a total of 5,000,000 new shares under the Company´s existing 15% capacity, with the placement to Drake subject to shareholder approval. The funds will be used for working capital purposes associated with finalising the development of the assay technique, completing development of the metallurgical extraction process for Três Estados and Ema mineralisation, the design of a small pilot plant and for infill and extension drilling at Ema and Três Estados.

On 31 July 2019 BBX advised that it had appointed João Antônio Vilar da Silva as senior chemist Mr Vilar da Silva has over 30 years' experience with BP Minerals, New Steel and Vale and will be responsible for the continued development of the Company´s extraction and assay techniques

**Future developments and results**

BBX will continue to progress the development of Ema and Tres Estados projects in Brazil through a drilling and pilot plant programme, through trial mining at Ema and after approval of the Company's trial mining licence at Três Estados which is expected in due course. BBX also continues to review of its Juma East tenements following the creation of the Acari National park.

BBX is continuing to refine an assay method and continues to enhance its extraction techniques for the complex mineralisation. Additional metallurgical tests results were announced for holes TERC 002,003, 006, 007,008 and 009 at Tres Estados and EMD 008, 010 and 011 following completion of a 37-hole drilling programme at Tres Estados and Ema from September to December 2017.

The Group does not at present generate cash from its operations. The Group may require further funding to meet its corporate expenses and exploration and future mining activities. The approval of a trial mining licence at Ema will enable BBX to mine up to 50,000 tonnes of ore per annum, with the trial mining licence approval for Tre Estados expected in due course. When mining is commenced this is expected to assist the group to generate cash flows to meet these costs.

**Environmental regulations**

The Group's operations are not subject to environmental regulations under the laws of the Commonwealth and States of Australia. However, in Brazil the Group is subject to the environmental regulations of Brazil and must obtain environmental license approvals where the exploration and mining activities will impact on the tenement area.

**Meetings of directors**

During the financial year the attendances by the directors at meetings were as follows.

| Number of meetings: | Eligible to attend | Attended |
|---|---|---|
| Michael Schmulian | 5 | **5** |
| William Dix | 5 | **5** |
| Jeff McKenzie | 5 | **5** |

The directors also meet informally between meetings.

**Indemnification and Insurance of Directors and Officers**

During the year the Company has paid a premium in respect of a contract to insure the directors of the Company (as named above) and the Company Secretary against liabilities incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

**Options**

At balance date, the unissued ordinary shares of BBX Minerals Limited under option are as follows:

| Grant Date | Date of Expiry | Exercise Price | Number under Option |
|---|---|---|---|
| 19 April 2016 (unlisted) | 19 April 2020 | $0.037 | 4,750,000 |
| 20 December 2018(unlisted) | 20 December 2020 | $0.20 | 3,459,166 |
| Total | | | 8,209,166 |

Option holders do not have any rights to participate in any issues of shares or other interests in the Group or any other entity. For details of options issued to directors and other key management personnel as remuneration, refer to the remuneration report.

No options were exercised during the financial year.

**Remuneration Report**

*Remuneration policy*
The remuneration policy of BBX Minerals Limited has been designed to align key objectives with shareholder and business objectives based on key performance areas affecting the Group's financial results. The Board of BBX Minerals Limited believes the remuneration policy to be appropriate.

The Board may approve incentives, bonuses and options to executives from time to time. The remuneration policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Remuneration paid is valued at the cost to the Group and expensed. The Board establishes and monitors the remuneration of the Chief Executive Officer.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. Independent external advice may be sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. The current maximum is $150,000. Please refer to the Company´s Corporate Governance Statement on BBX´s website, www.bbxminerals.com.au/corporate-responsibility/

*Service Agreements*

Jeff Mckenzie entered into a services agreement with BBX Minerals Limited on 13th August 2012.

1. Payment for services is capped at USD750 per day or USD15,000 per month plus reasonable expenses.
2. The payment is based pro rata on hours worked per day based on a 20- day month.
3. Either party may terminate the agreement with 3 months' notice.
4. Both Parties have entered into a strict confidentiality agreement.
5. Mr McKenzie does not receive a fee in his capacity as an executive director.

On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

*Key Management Personnel Remuneration for the year ended 30 June 2019*

The following benefits and payments were made in respect to the financial year.

| 30 June 2019 | Directors Fees [1] | Management Fees [2] | Options Issued | Total Remuneration |
|---|---|---|---|---|
| Michael Schmulian | 48,000 | - | - | 48,000 |
| William Dix | 48,000 | - | - | 48,000 |
| Jeff Mckenzie | - | 179,346 | - | 179,346 |
| **Total** | **96,000** | **179,346** | **-** | **275,346** |

[1] All Directors fees are expensed relating to 30 June 2019 financial year.

[2] Mr Mckenzie has requested only $110,000 of the management fees due be paid to him, to assist the company to utilise its cash on its exploration programme. Refer to note 4(a) for further details.

| 30 June 2018 | Directors Fees | Management Fees | Options Issued | Total Remuneration |
|---|---|---|---|---|
| Michael Schmulian | 48,000 | - | - | 48,000 |
| William Dix | 48,000 | - | - | 48,000 |
| Jeff McKenzie | - | 206,327 | - | 206,327 |
| **Total** | **96,000** | **206,327** | **-** | **302,327** |

**Remuneration Report**

*Key management personnel shareholding and share movement*

The number of ordinary shares in the company during the 2019 financial year held by each of the key management personnel, including their related parties is set out below:

| 2019 | Balance at start of year | Granted during year as remuneration | Options Exercised | Sold on/off Market | Purchased on/off Market | Net other Change | Balance at end of year |
|---|---|---|---|---|---|---|---|
| Mike Schmulian | 12,264,769 | - | - | - | - | - | 12,264,769 |
| William Dix | 5,901,520 | - | - | - | - | - | 5,901,520 |
| Jeff McKenzie) | 10,618,081 | - | - | (125,000) | 15,000 | - | 10,508,081 |
| Total | 28,799,370 | - | | (125,000) | - | - | 28,674,370 |

*Directors and Key Management Options*

The number of options in the company during the 2019 financial year held by each of the key management personnel, including their related parties is set out below:

| 2019 | Balance at start of year | Granted during year as remuneration | Grant from rights / placements issue | Exercised/expired during the year | Net other Change | Balance at end of year |
|---|---|---|---|---|---|---|
| Mike Schmulian | Nil | - | - | | - | - |
| William Dix | 2,000,000 | - | - | | - | 2,000,000 |
| Jeff McKenzie | Nil | - | - | | - | - |

*Cash Performance –Related bonuses*

No bonuses were granted during the financial year to management personnel.

**End of Remuneration Report.**

**Non-audit services**

No non-audit related services were provided by the auditors during the year.

**Auditor's independence declaration**

In 2018, approval was granted for Anthony Stuart Rose, acting on behalf of LNP Audit and Assurance, to play a significant role in the audit of the company for a further 2 successive years as the directors are satisfied that the approved extension is consistent with maintaining the quality and independence of the audit provided to the Group and will not give rise to any conflict of interest.

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2019 has been received and can be found on page 19 of the financial report.

**Proceedings on Behalf of the Company**

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

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors dated 17 September 2019.

Michael Schmulian
Chairman
Perth
20 September 2019

LNP Audit + Assurance

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## AUDITOR'S INDEPENDENCE DECLARATION
## UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
## TO THE DIRECTORS OF BBX MINERALS LIMITED

As lead auditor of BBX Minerals Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

2. no contraventions of any applicable code of professional conduct in relation to the audit.

**LNP Audit and Assurance Pty Ltd**

**Anthony Rose**
**Director**
**Sydney, 20 September 2019**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

| | Note | Consolidated Group | |
|---|---|---|---|
| | | 2019 | 2018 |
| | | $ | $ |
| Other income | | 2,044 | 14,318 |
| Total income | | 2,044 | 14,318 |
| | | | |
| Depreciation and amortisation | | (6,641) | (7,629) |
| Administration | | (516,572) | (533,092) |
| Legal and professional fees | | (61,515) | (168,100) |
| Share based payments | 4(b), 6 | (554,054) | - |
| Directors fees | | (96,000) | (96,000) |
| Impairment of exploration & evaluation assets | 3 | (65,831) | (1,364,193) |
| Other expenses | | (134,570) | (54,136) |
| **Loss from continuing operations before income tax** | | **(1,433,139)** | **(2,208,832)** |
| Income tax expense | | - | - |
| **Loss from continuing operations for the year** | | **(1,433,139)** | **(2,208,832)** |
| | | | |
| **Other comprehensive loss** | | | |
| *Items that may be reclassified to profit or loss* | | - | - |
| Exchange differences on translating foreign operations | | 172,860 | (261,805) |
| **Total comprehensive loss for the year attributable to ordinary shareholders** | | **(1,260,279)** | **(2,470,637)** |
| | | | |
| **Loss per share from continuing operations** | 7 | | |
| | | | |
| Basic earnings per share (cents per share) | | (0.36) | (0.59) |
| Diluted earnings per share (cents per share) | | (0.36) | (0.59) |

This statement should be read with the accompanying notes

**Consolidated Statement of Financial Position**

| | Note | Consolidated Group | |
|---|---|---|---|
| | | 2019 | 2018 |
| | | $ | $ |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | | 177,540 | 761,590 |
| Trade and other receivables | | 337,905 | 296,058 |
| TOTAL CURRENT ASSETS | | 515,445 | 1,057,648 |
| **NON-CURRENT ASSETS** | | | |
| Plant and equipment | 2 | 77,911 | 18,242 |
| Exploration & evaluation assets | 3 | 2,449,135 | 1,500,147 |
| TOTAL NON-CURRENT ASSETS | | 2,527,046 | 1,518,389 |
| **TOTAL ASSETS** | | **3,042,491** | **2,576,037** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 4 | 1,065,565 | 478,726 |
| TOTAL CURRENT LIABILITIES | | 1,065,565 | 478,726 |
| **TOTAL NON-CURRENT LIABILITIES** | | - | - |
| **TOTAL LIABILITIES** | | **1,065,565** | **478,726** |
| **NET ASSETS** | | **1,976,926** | **2,097,311** |
| **EQUITY** | | | |
| Issued capital | 5 | 22,365,485 | 21,225,591 |
| Accumulated losses | | (20,566,604) | (19,133,465) |
| Other reserves | 6 | 512,987 | 512,987 |
| Foreign currency translation reserve | | (334,942) | (507,082) |
| **TOTAL EQUITY** | | **1,976,926** | **2,097,311** |

This statement should be read with the accompanying notes

**Consolidated Statement of Cash Flows**

| | Note | Consolidated Group | |
|---|---|---|---|
| | | 2019 | 2018 |
| | | $ | $ |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Interest received | | 2,044 | 3,124 |
| Payments to suppliers and employees | | (685,922) | (1,176,059) |
| Payments for exploration and evaluation | | - | 11,194) |
| Purchase of property, plant and equipment | | (63,935) | (17,282) |
| Net cash used in operating activities | 11 | (747,813) | (1,179,023) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for exploration & evaluation assets | | (900,937) | (1,572,290) |
| Net cash used in investing activities | | (900,937) | (1,572,290) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issues of shares, net | | 1,028,821 | 2,375,082 |
| Net cash provided by financing activities | | 1,028,821 | 2,375,082 |
| Net decrease in cash and cash equivalents held | | (619,929) | (376,231) |
| Cash and cash equivalents at beginning of financial year | | 761,590 | 1,201,265 |
| Exchange rate changes on the balance of cash held in foreign currencies | | 35,879 | (63,444) |
| Cash and cash equivalents at end of financial year | | 177,540 | 761,590 |

This statement should be read with the accompanying notes

**Consolidated Statement of Changes in Equity**

| Consolidated Group | Note | Share Capital Ordinary | Accumulated Losses | Foreign Exchange Reserve | Other Reserves | Total |
|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ |
| **Balance at 30.6.2017** | | **18,850,509** | **(16,924,633)** | **(245,997)** | **512,987** | **2,192,866** |
| Loss attributable to members of parent entity | | - | (2,208,832) | (261,805) | - | (2,470,637) |
| Shares issued during the year | | 989,841 | - | - | - | 989,841 |
| Options exercised | | 1,393,633 | - | - | - | 1,393,633 |
| Capital raising costs | | (8,392) | - | - | - | (8,392) |
| **Balance at 30.6.2018** | | **21,225,591** | **(19,133,465)** | **(507,802)** | **512,987** | **2,097,311** |
| Loss attributable to members of parent entity | | - | (1,433,139) | 172,860 | - | (1,260,279) |
| Shares issued during the year | | 1,148,823 | - | - | - | 1,148,823 |
| Capital raising costs | | (8,929) | - | - | - | (8,929) |
| **Balance at 30.6.2019** | | **22,365,485** | **(20,566,604)** | **(334,942)** | **512,987** | **1,976,926** |

This statement should be read with the accompanying notes

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Corporate Information**

BBX Minerals Limited (The Company) is a for-profit listed public company incorporated and domiciled in Australia. The Financial statements for the year ended 30 June 2019 comprises the Company and its controlled entities (the Group). The principal activity of the Group is exploration and development of mining assets in Brazil. The consolidated financial statements were authorised for issue by the Directors on 17 September 2019.

**1. Significant Accounting Policies**

**a. Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated. The financial statements are based on historical costs.

**b. Principles of Consolidation**

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Subsidiaries are all entities over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. The Group did not have any investment in associates or joint ventures at 30 June 2019.

**c. Business Combinations**

Business combinations are accounted for by applying the acquisition method, which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity. The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date. This is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the assets, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**d. Comparative Amounts**

Comparatives are consistent with prior years, unless otherwise stated.

**e. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board.

**f. Income Tax**

The tax expense recognised in the statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

**g. Revenue and other income**

**Revenue from contracts with customers**

*For current year*

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group did not enter into any contract with customers and did not generate any revenue from contracts with customers during the year either. Accordingly, there was no impact on the current year financial statements.

**Other income**

Other income is recognised on an accrual basis when the Group is entitled to it.

*For comparative year*

Revenue is measured at the fair value of the consideration received or receivable.

Interest is recognised on an accruals basis.

**h. Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**i. Plant and Equipment**

All plant and equipment is stated at historical cost less depreciation. All repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows. Motor Vehicles, Office equipment, Computers – 3-5 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

**j. Financial Instruments**

*For Current year*

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

*Financial assets*

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*Classification*

On initial recognition, the Group classifies its financial assets at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.
Assets measured at amortised cost are financial assets where the business model is to hold assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.
Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

*Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost. When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.
Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the cash flows expected to be received. This is applied using a probability weighted approach.
Impairment of trade and other receivables have been determined using the simplified approach in accordance with AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

*For comparative year*

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs

*Financial Assets*

Financial assets are divided into the following categories:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however an assessment is made on a case-by-case basis.

The Group's trade and most other receivables fall into this category of financial instruments.

*Financial liabilities*

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

The Group's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

**k. Impairment of non-financial assets**

At the end of each reporting period, the Group determines whether there is an evidence of an impairment indicator for non-financial assets. Where this indicator exists the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**l. Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**m. Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on applicable corporate bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

**n. Loss per share**

The Group presents basic and diluted earnings per share information for its ordinary shares.

Basic earnings/losses per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings/losses per share adjusts the basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**o. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

**p. Equity-settled compensation**

The Group operates equity-settled share-based payment share and option schemes. The fair value of the equity to which recipients become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options which are expected to vest. Revisions to the prior period estimate are recognised in profit or loss and equity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**q. Foreign currency transactions and balances**

*Functional and presentation currency*

The functional and presentation currency of the group is Australian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in the Statement of Profit and Loss and Other Comprehensive Income, except for differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

**r. Exploration and development 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 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. As the asset is not available for use it is not depreciated or amortised.

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

**s. Critical accounting estimates and judgements**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

*Key estimates – share based payments*

Equity-settled share awards are recognised as an expense based on their fair value at date of grant. The fair value of equity-settled share options is estimated through the use of option valuation models – which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life – and is expensed over the vesting period.
Some of the inputs used, such as the expected option life, are not market observable and are based on estimates derived from available data, such as employee exercise behaviour. The models utilised, such as the binomial option pricing model, are intended to value options traded in active markets. The share options issued by the Group, however, have a number of features that make them incomparable to such traded options. Using different

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

input estimates or models could produce different option values, which would result in the recognition of a higher or lower expense.

*Key judgments – going concern – refer Note 1 t.*

*Key judgments - exploration and evaluation expenditure*

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded, unless there is a risk of losing the right to tenements to the local authority, or the tenements are in the process of being sold or relinquished voluntarily. At 30 June 2019, the directors assessed the exploration expenditure and decided to impair the same by $65,831. Capitalised exploration expenditure is carried at the end of the reporting period at $2,449,135 (2018: $1,500,147).

**t. Going concern**

The Group incurred a loss after tax in the year from continuing operations of $1,433,139 (2018 loss: $2,208,832). The Group has current assets of $515,445 (2018: $1,057,648) while current liabilities amount to $1,065,565 (2018: $478,726). The Group's ability to meet its operational obligations are principally contingent on capital raising, and the potential to undertake trial mining at Ema and Tres Estados following the granting of the trial mining licence at Ema, with Tres Estados expected to be approved in due course. In the event that the trial mining projects at Ema and Tres Estados are delayed, the Group's continuance as a going concern will be dependent on its ability to sell its assets and negotiate terms with creditors. This gives rise to uncertainty in relation to the Group's ability to realise its assets and settle its liabilities at the amounts stated in the financial report. The directors consider the Group to be a going concern based on the following assumptions, which the directors consider reasonable:

1. The Group continues to carefully manage expenditures, particularly head office expenses;
2. During the year, the company raised $1,037,750, before costs, and the directors believe that future capital raisings can be undertaken to finance operations as and when required, and
3. The Company will seek to commence trial mining at Ema following the trial mining licence approval, with Tres Estados expected to be approved in due course and on completion of a pilot plant which is expected to be completed by second quarter in 2020.

Accordingly, the financial report is prepared on a going concern basis. No adjustments have been made to the financial report relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that maybe necessary should the Group not continue as a going concern.

**u. Change in Accounting Policy**

The Group adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant and effective for the current year. The application of these Standards has not had a material impact on the reported financial position or performance of the Group.

*AASB 15 Revenue from Contracts with Customers*

AASB 15 introduces a five- step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The Standard did not have a material impact on the transactions and balances recognised in the financial statements. The Group did not generate any revenue from contracts with customers during the year. Any new contracts with customers entered into will be assessed individually as they occur.

*AASB 9 Financial Instruments*

AASB 9 sets out new requirements for the classification and measurement of financial assets and liabilities and include forward-looking expected loss impairment model. This standard replaces AASB 139 Financial Instruments: Recognition and Measurement. The adoption of AASB 9 did not have a significant effect on the Group's accounting policy relating to financial liabilities. Trade receivables is the only financial asset that has been impacted by the adoption of the standard, specifically the measurement basis for the impairment of trade receivables which is now based on expected credit loss (ECL). When determining the credit risk for trade receivables, the Group uses quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward looking information. Given the prudent approach to estimating losses on receivables in accordance with the previous standards, the Group did not need to adjust the estimated recoverability of trade receivables on transition to AASB 9.

*AASB 2016 -5 Amendments to Australian Accounting Standards – Clarification and Measurement of Share Based Payments*

AASB 2016 -5 addresses the accounting for the vesting and non-vesting conditions on the measurement of cash-settled share-based payments; the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The adoption of this standard did not have a material impact on the Group.

**(v) New accounting standards and interpretations not yet adopted**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements of the relevant standards issued not yet effective, and their impact on the Group:

| | | |
|---|---|---|
| AASB 16<br>Leases | This standard is effective for reporting period beginning on or after 1 January 2019. The Group will apply AASB 16 for the annual period beginning 1 July 2019.<br>The requirements of this standards will cause the majority of leases to be capitalised onto the statement of financial position. There are exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease.<br>Mineral Extraction leases are not covered by this standard and continue to be accounted for under AASB 6 Exploration for and the Evaluation of Mineral Resources. | It is expected that these changes will not have material impact on the Group.<br>The group has not entered into any long term lease contract. |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

## 2. PLANT AND EQUIPMENT

| | $ |
|---|---|
| **Year ended 30 June 2019** | |
| Opening net book balance | 18,242 |
| Additions | 63,935 |
| Foreign exchange | 2,375 |
| Depreciation charge | (6,641) |
| Net book balance | 77,911 |
| **As at 30 June 2019** | |
| Cost or fair value | 108,239 |
| Accumulated depreciation | (30,328) |
| Net book value | 77,911 |
| **Year ended 30 June 2018** | |
| Opening net book balance | 10,891 |
| Additions | 17,282 |
| Foreign exchange | (2,302) |
| Depreciation charge | (7,629) |
| Net book balance | 18,242 |
| **As at 30 June 2018** | |
| Cost or fair value | 40,390 |
| Accumulated depreciation | (22,148) |
| Net book value | 18,242 |

## 3. EXPLORATION AND EVALUATION ASSETS

| | Consolidated Group | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| Recoverable within 12 months | - | - |
| Recoverable after 12 months | 2,449,135 | 1,500,147 |
| | 2,449,135 | 1,500,147 |

Exploration Licenses are carried at cost of acquisition less impairment losses. The Directors have continued to review the carrying value of all exploration tenements. The Directors have taken a conservative approach to the value of the project and continue to impair 100% of the Juma East tenements which amounts to $65,831 as at 30 June 2019. As the Company is continuing to explore its Ema and Tres Estados tenements and further exploration costs will be incurred, as the Company continues its drilling exploration and metallurgical testing programmes, no assessment could be made on whether to impair any assets relating to Ema and Tres Estados until the end of the overall exploration programme.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**3. EXPLORATION AND EVALUATION ASSETS (cont'd)**

| Exploration and evaluation | Consolidated Group |
|---|---|
| | **2019** |
| | **$** |
| Balance at beginning of the year | 1,500,147 |
| Impairment of exploration and evaluation | (65,831) |
| Foreign exchange | 113,882 |
| Expenditure incurred on existing assets | 900,937 |
| Balance at end of the year | 2,449,135 |

| | **2018** |
|---|---|
| | **$** |
| Balance at beginning of the year | 1,488,109 |
| Impairment of exploration and evaluation | (1,364,193) |
| Foreign exchange | (196,059) |
| Expenditure incurred on existing assets | 1,572,290 |
| Balance at end of the year | 1,500,147 |

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The recoverable amount of development expenditure is determined as the higher of its fair value less costs to sell and its value in use.

**4. TRADE AND OTHER PAYABLES**

| | | Consolidated Group |
|---|---|---|
| *CURRENT* | **2019** | **2018** |
| Unsecured liabilities | **$** | **$** |
| Trade payables | 47,585 | 29,790 |
| Other payables and accruals (a) | 574,999 | 448,936 |
| Shares not issued (b) | 442,981 | - |
| | 1,065,565 | 478,726 |

(a) $516,954 is payable to Jeff McKenzie (2018: $399,628) in relation to management fees and $25,200 payable to directors as director's fees. Amount payable to Jeff McKenzie increased by $117,326 of which $47,980 was due to USD/AUD exchange rate movements.

(b) Subsequent to 30 June 2019 shares were issued to consultants and a joint venture partner for services provided during the financial year. This amount has been presented as share based payment expense in the statement of profit or loss and other comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. ISSUED AND PAID-UP CAPITAL

| | 2019 | 2018 | 2019 | 2018 |
|---|---|---|---|---|
| | No | No | $ | $ |
| Ordinary shares fully paid | 404,276,192 | 396,617,369 | 22,365,485 | 21,225,591 |

Movements in ordinary share capital:

| Date | Details | Number of shares | Issue Price | $ |
|---|---|---|---|---|
| 1 July 2017 | Balance | 339,355,333 | - | 18,850,509 |
| 25 August 2017 | Options converted to shares | 2,644,250 | 0.0500 | 132,213 |
| 25 August 2017 | Options converted to shares | 27,500,000 | 0.0125 | 343,750 |
| 29 November 2017 | Options converted to shares | 13,430,000 | 0.0500 | 671,500 |
| 25 January 2018 | Options converted to shares | 75,000 | 0.0500 | 3,750 |
| 15 February 2018 | Options converted to shares | 2462,272 | 0.0125 | 30,778 |
| 15 February 2018 | Options converted to shares | 350,000 | 0.0500 | 17,500 |
| 5 March 2018 | Options converted to shares | 1,891,396 | 0.0125 | 23,642 |
| 13 April 2018 | Options converted to shares | 2,710,000 | 0.0500 | 135,500 |
| 17 May 2018 | Shares issued | 1,977,779 | 0.1800 | 356,000 |
| 25 May 2018 | Options converted to shares | 700,000 | 0.0500 | 35,000 |
| 25 May 2018 | Shares issued | 3,521,339 | 0.1800 | 633,841 |
| | Less: Transaction costs arising on issue | | | (8,392) |
| 30 June 2018 | Balance | 396,617,369 | - | 21,225,591 |

| Date | Details | Number of shares | Issue Price | $ |
|---|---|---|---|---|
| 1 July 2018 | Balance | 396,617,369 | - | 21,225,591 |
| 24 December 2018 | Shares issued | 3,796,667 | 0.15 | 569,500 |
| 6 December 2018 | Shares issued to consultants | 740,489 | 0.15 | 111,073 |
| 8 January 2019 | Shares issued | 3,121,667 | 0.15 | 468,250 |
| | Less: Transaction costs | | | (8,929) |
| 30 June 2019 | Balance | 404,276,192 | - | 22,365,485 |

### 6. OTHER RESERVES

| | Consolidated Group | |
|---|---|---|
| | 2019 | 2018 |
| | $ | $ |
| Option Reserve | 512,987 | 512,987 |
| | 512,987 | 512,987 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**6. OTHER RESERVES (cont'd)**

| **Option Reserve** | **2019** | **2018** | **2019** | **2018** |
|---|---|---|---|---|
| | **No** | **No** | **$** | **$** |
| Balance at the beginning of the financial year | 4,750,000 | 56,555,181 | 512,987 | 512,987 |
| Exercise of options @ $0.0125 | - | (31,853,668) | - | - |
| Exercise of options @ $0.05 cents | - | (19,909,250) | - | - |
| Issue of unlisted options to shareholders exercisable at $0.20 each on or before 20 December 2020) | 3,459,166 | - | - | - |
| Expiration of options @ $0.0125 expiring 1 March 2018 | - | (42,263) | - | - |
| Balance at the end of the financial year | 8,209,166 | 4,750,000 | 512,987 | 512,987 |

The fair value of the share options granted is estimated as at the date of grant using a Black-Scholes Model taking into account the terms and conditions upon which the options were granted. Expected volatility is estimated using the Black-Scholes option pricing model. No share options were granted during the year ended 30 June 2019.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7. LOSS PER SHARE

| | Consolidated Group | |
|---|---|---|
| | **2019** | **2018** |
| | **Cents** | **Cents** |
| **Basic loss per share** | | |
| From continuing operations | (0.36) | (0.59) |
| Total basic earning earnings per share | (0.36) | (0.59) |
| **Diluted loss per share** | | |
| From continuing operations | (0.36) | (0.59) |
| Total basic earning earnings per share attributable to the ordinary equity holders of the company | (0.36) | (0.59) |
| | | |
| **Reconciliation of earnings used to calculate loss per share** | | |
| The earnings and weighted average number of shares used in the calculation of basic earnings per share as follows: | | |
| *Basic earnings per share* | | |
| Loss attributable to the ordinary equity holders of the company: | | |
| Loss from continuing operations | (1,433,140) | (2,208,832 |
| Loss attributable to the shareholders of the company | (1,433,140) | (2,208,832) |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 400,470,417 | 375,624,330 |
| | | |
| *Diluted earnings per share* | | |
| Loss attributable to the ordinary equity holders of the company: | | |
| Loss from continuing operations | (1,433,140) | (2,208,832 |
| Loss attributable to the shareholders of the company | (1,433,140) | (2,208,832) |
| Weighted average number of ordinary shares for the purposes of basic earnings per share – does not include options which are antidilutive | 400,470,417 | 375,624,330 |

### 8. CONTROLLED ENTITIES

| | Country of Incorporation | Percentage Owned |
|---|---|---|
| Subsidiaries of BBX Minerals Ltd: | | |
| BBX Peru | Peru | 100% |
| BBX Lucanas | Peru | 100% |
| BBX Brazil | Brazil | 100% |
| Minorte Extração de Mineração Ltda | Brazil | 100% |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9. RELATED PARTIES

**Directors and Key Management Personnel**

The Directors of BBX are considered the key management personnel of the consolidated economic entity. The director's and key management remuneration and equity holdings have been disclosed in the director's report attached to the financial statements.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related Parties:

| | 2019 | 2018 |
|---|---|---|
| Other Payables | $ | $ |
| Related party payables (Note 5 (a)) | 542,154 | 411,828 |
| Total | 542,154 | 411,828 |

### 10. SEGMENT INFORMATION

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

| **2019** | **Brazil** | **Australia** | **Total** |
|---|---|---|---|
| | **$** | **$** | **$** |
| Segment Revenue | - | 2,044 | 2,044 |
| Depreciation | 6,641 | - | 6,641 |
| **Loss after income tax (a)** | (192,208) | (1,240,932) | (1,433,140) |
| **Segment total assets (b)** | 2,789,610 | 252,881 | 3,042,491 |
| **Segment total liabilities (c)** | 43,011 | 1,022,554 | 1,065,565 |
| | | | |
| Net cash outflows from operating activities | (138,576) | (500,302) | (683,878) |
| Net cash outflows from investing activities | (964,872) | - | (964,872) |
| Net cash inflows from financing activities | - | 1,028,821 | 1,028,821 |

| **2018** | **Brazil** | **Australia** | **Total** |
|---|---|---|---|
| | **$** | **$** | **$** |
| Segment Revenue | 11,194 | 3,124 | 14,318 |
| Depreciation | 7,629 | - | 7,629 |
| **Loss after income tax (a)** | (1,567,884) | (640,948) | (2,208,832) |
| **Segment total assets (b)** | 1,844,714 | 731,323 | 2,576,037 |
| **Segment total liabilities (c)** | 16,679 | 462,047 | 478,726 |
| | | | |
| Net cash outflows from operating activities | (448,005) | (713,736) | (1,161,741) |
| Net cash outflows from investing activities | (1,589,572) | - | (1,589,572) |
| Net cash inflows from financing activities | - | 2,375,080 | 2,375,080 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10. SEGMENT INFORMATION (Continued)

| (a) Loss after tax | Consolidated Group | |
|---|---|---|
| Reconciliation of loss after tax to the consolidated loss for the year is as follows: | 2019<br>$ | 2018<br>$ |
| Loss after tax for the year | (1,433,140) | (2,208,832) |
| Loss for the year | (1,433,140) | (2,208,832) |
| **(b) Segment assets** | | |
| Reportable segment assets are reconciled to total assets as follows: | | |
| Segment assets | 3,042,491 | 2,576,037 |
| Total assets per the statement of financial position | 3,042,491 | 2,576,037 |
| **(c) Segment liabilities** | | |
| Reportable segment liabilities are reconciled to total liabilities as follows: | | |
| Segment liabilities | 1,065,565 | 478,726 |
| Total liabilities per the statement of financial position | 1,065,565 | 478,726 |

### 11. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | Consolidated Group | |
|---|---|---|
| | 2019<br>$ | 2018<br>$ |
| Net loss after income tax | (1,433,140) | (2,208,832) |
| Share based payments | 554,054 | - |
| Depreciation & amortisation | 6,641 | 7,629 |
| Loan receivable written off | - | - |
| Impairment of exploration | 65,831 | 1,364,193 |
| Foreign exchange loss | 20,725 | - |
| *(Increase)/Decrease in operating assets and liabilities:* | | |
| (Increase) /Decrease current receivables | (41,847) | (227,294) |
| Increase/(Decrease in plant and equipment | (63,935) | (17,282) |
| Increase/ (Decrease) in trade payables | 143,858 | (97,437) |
| Net cash outflow from operating activities | (747,813) | (1,179,023) |

### 12. AUDITORS' REMUNERATION

| | Consolidated Group | |
|---|---|---|
| | 2019 | 2018 |
| Amounts received or due and receivable by the company's auditors for: | $ | $ |
| - Audit or review of financial report of the company | 58,000 | 56,000 |
| - Other services | - | - |
| Total auditor's remuneration | 58,000 | 56,000 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**13. FINANCIAL RISK MANAGEMENT**

**Capital Risk Management**

The Group's objective when managing capital is to safeguard its ability to continue as a going concern. In order to maintain or adjust the capital structure, the Group may issue new shares or return capital to shareholders.
The Group's strategy, unchanged from the prior year, is to maintain a sufficient level of cash to meet its obligations, as and when any debts are due, and to meet any investment commitments.
There are no externally imposed capital requirements for the Group.
The Groups financial instruments consist of deposits with banks, accounts receivable and payable and loans to and from subsidiaries.

| | Consolidated Group | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| **Financial Assets** | | |
| Cash and cash equivalents | 177,540 | 761,590 |
| Trade and other receivables | 337,905 | 296,058 |
| **Total Financial Assets** | 515,445 | 1,057,648 |
| **Financial Liabilities** | | |
| Financial liabilities at amortised cost | | |
| Trade and other payables | 1,065,565 | 478,726 |
| **Total Financial Liabilities** | 1,065,565 | 478,726 |

**Financial Risk Management Policies**

The overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimizing potential adverse effects on financial performance. Its functions include the review of liquidity, foreign exchange and interest rate risk policies and future cash flow requirements.

**Specific Financial Risk Exposures and Management**

The main risks the Group is exposed to through financial instruments are liquidity risk, foreign exchange risk and market risk consisting of interest rate risk.

**a. Liquidity Risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources; and
- managing credit risk related to financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Cash flow realised from financial assets reflect management's expectation as to timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**13. FINANCIAL RISK MANAGEMENT (Continued)**

**Consolidated group financial liability maturity analysis due for repayment;**

| | Within 1 Year | | 1 to 5 Years | | Total | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ | $ | $ |
| Trade and other payables | 1,065,565 | 478,726 | - | - | 1,065,565 | 478,726 |
| Total expected outflows | 1,065,565 | 478,726 | - | - | 1,065,565 | 478,726 |

**b. Interest Rate Risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The group is exposed to interest rate risk from funds held on deposit. The effect of a +/- 2% change in interest rates would not be material.

**c. Foreign Exchange Risk**

The Group has foreign operations and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the Brazilian Real (BRL).

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in the currency that is not the entity's functional currency. The risk is measured using the sensitivity analysis.

**Sensitivity analysis**

A strengthening of the AUD, as indicated below, against the BRL at 30 June 2019 would have increase/(decreased) equity and profit or loss by the amounts shown below. The analysis is based on foreign currency exchange rate variances that the Group considered reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

The following table details the Group's sensitivity to a 10% increase and decrease in the AUD against the BRL. The 10% represents management's assessment of the reasonable possible change in foreign exchange rates. A positive number indicates an increase in profit or equity where the AUD strengthens 10% against the BRL.

| | Strengthening | | Weakening | |
|---|---|---|---|---|
| | Equity | Profit or loss | Equity | Profit or loss |
| **30-Jun-19** | | | | |
| BRL (10% movement) | **536,932** | **341,032** | **(536,932)** | **(341,032)** |
| **30-Jun-18** | | | | |
| BRL (10% movement) | **184,873** | **156,788** | **(184,873)** | **(156,788)** |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**14. PARENT ENTITY FINANCIAL INFORMATION**

The individual financial statements for the parent entity show the following aggregate amounts:

| | Parent | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| **Balance Sheet** | | |
| Current Assets | 149,621 | 834,583 |
| Non- Current Assets | 7,862,118 | 6,395,380 |
| Total Assets | 8,011,739 | 7,229,963 |
| | | |
| Current Liabilities | 579,573 | 462,047 |
| Non-Current Liabilities | - | - |
| Total Liabilities | 579,573 | 462,047 |
| **Net assets** | 7,432,166 | 6,767,916 |
| | | |
| **Shareholder Equity** | | |
| Issued capital | 22,365,485 | 21,225,591 |
| Reserves | 512,987 | 512,987 |
| Accumulated Losses | (15,446,306) | (14,970,662) |
| | 7,432,166 | 6,767,916 |

| | Parent | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| **Statement of Other Comprehensive Income** | | |
| Total loss | (475,644) | (640,947) |
| Total comprehensive loss | (475,644) | (640,947) |

**15. SUBSEQUENT EVENTS**

On the 23rd July 2019 BBX announced it had received commitments to raise $1,000,000 via a placement to existing sophisticated and institutional investors at 20 cents per share. Drake Special Situations LLC participated in the placement.

BBX will be issuing a total of 5,000,000 new shares under the Company´s existing 15% capacity, with the placement to Drake subject to shareholder approval. The funds will be used for general working capital purposes associated with finalising the development of the assay technique, completing development of the metallurgical extraction process for Três Estados and Ema mineralisation, the design of a small pilot plant and for infill and extension drilling at Ema and Três Estados.

On 31 July 2019 BBX advised that it had appointed João Antônio Vilar da Silva as senior chemist Mr Vilar da Silva has over 30 years' experience with BP Minerals, New Steel and Vale and will be responsible for the continued development of the Company´s extraction and assay techniques

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

## 16. COMMITMENTS AND CONTINGENCIES

The Group has following contingent liabilities at 30 June 2019. BBX can exit any of the leases on EMA, Juma East and Tres Estados without any further commitments.

| Lease | Reference | Amount | Due Date |
|---|---|---|---|
| **EMA Project** | | | |
| Tres Estados | DNPM 880.090/2008 | USD 20,000 | 15 February, ,20,21 |
| | | | |
| Ema | DNPM 880.107/2008 | USD 20,000 | 15 February, ,20,21 |
| | | | |

Further expenditure for exploration and mining is at the discretion of the directors of the company.

## 17. TAX LOSSES

The parent entity has tax losses of $1,580,612 as at 30 June 2019. The benefit relating to these and the current year losses has not been recognised as it is not probable that the benefit will be utilised in the near future.

## DIRECTORS DECLARATION

The directors of the Company declare that, in the opinion of the directors:

1. the financial statements and notes, as set out on pages 20 to 43 are in accordance with the Corporations Act 2001 and:

   (i) comply with Australian Accounting Standards and the Corporations Regulations 2001; and

   (ii) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Company and the Group;

2. There are reasonable grounds to believe that the company and the group will be able to pay its debts as and when they become due and payable.

3. Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Chief Executive Officer has declared that:

a. The financial records of the Company and the Group for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;

b. The financial statements and notes for the financial year comply with the Accounting Standards, and;

(c) The financial statements and notes for the financial year give a true and fair view;

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

On behalf of the Directors

**Michael Schmulian**
**Chairman**
20 September 2019
Perth

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# INDEPENDENT AUDIT REPORT
# TO THE MEMBERS OF BBX MINERALS LIMITED

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of BBX Minerals Limited (the Company), and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Company.

In our opinion the accompanying financial report of BBX Minerals Limited and its controlled entities is in accordance with the Corporations Act 2001, including:

a) Giving a true and fair view of the Group's consolidated financial position as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

b) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## INDEPENDENT AUDIT REPORT (CONTINUED)

| Key Audit Matter | How our audit addressed the matter |
|---|---|
| ***Exploration costs***<br>The groups balance sheet includes exploration expenditure of $2,764,814. The assessment of the recoverability and impairment accordingly of these assets incorporates significant judgement in respect of factors such as strategy to recover them, future production prospects and levels, commodity prices, operating and capital availability and costs and economic assumptions such as discount, inflation and foreign exchange rates and changes to regulatory frameworks of the jurisdiction governing the industry in which the Group is carrying out its exploration activities. Impairment charges of exploration expenditure recorded during the year amounted to $65,830. | Our procedures included:<br>• Testing the design and operation of internal controls over the evaluation of these assets including those to determine any impairments;<br>• Considering the Group's accounting policy in relation to these assets and potential impairment thereof;<br>• Evaluating the Group's assumptions and estimates used to determine the recoverable amount of assets, including those relating to method of recovery, cost, capital expenditure, discount rates and foreign exchange rates;<br>• Validating the mathematical accuracy of cashflow models and agreeing relevant data to underlying information and assumptions; and<br>• Assessing the adequacy of the Group's disclosures in respect of asset carrying values and impairment testing. |

### Material Uncertainty Relating to Going Concern

Without modification to our opinion expressed above attention is drawn to Note 1(t) of the financial report, which sets out the basis on which the directors believe that the Group will be able to continue as a going concern. The Group incurred a loss after tax in the year from continuing operations of $1,433,139 (2018 loss: $2,208,832). The Group has current assets of $515,445 (2018: $1,057,648) while current liabilities amounts to $1,065,565 (2018: $478,726). These conditions along with other matters set out in Note 1(t) indicate that a material uncertainty exists that may cast significant doubt in relation to the Group's ability to continue as a going concern.

No adjustments have been made to the financial report relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that may be necessary should the Group not continue as a going concern.

### Other Information

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDIT REPORT (CONTINUED)

## Directors' Responsibilities

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## INDEPENDENT AUDIT REPORT (CONTINUED)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 17 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of BBX Minerals Limited for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

The engagement partner on the audit resulting in this independent auditor's report is Anthony Rose.

**LNP Audit and Assurance Pty Ltd**

**Anthony Rose**
**Director**

**Sydney, 20 September 2019**

The Board of Directors of BBX Minerals Limited (the "Company") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

This statement sets out the main corporate governance practices in place throughout the financial year in accordance with 3rd edition of the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

Further information about the Company's corporate governance practices is set out on the Company's website at www.bbxminerals.com.au.

This Statement was approved by the Board of Directors and is current as at 20 September 2019

**PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

**ASX Recommendation 1.1: a listed entity should establish the functions reserved to the board and those delegated to senior executives and disclose those functions**

The Board has adopted a formal charter that details the respective board and management functions and responsibilities. A copy of this board charter is available in the corporate governance section of the Company's website at www.bbxminerals.com.au..

**ASX Recommendation 1.2: a listed entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director and provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director**

The Company did not elect any new Directors during the year.

Information in relation to Directors seeking reappointment is set out in the Directors report and Notice of Annual General Meeting.

**ASX Recommendation 1.3: a listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.**

The Company has in place written agreements with each Director.

**ASX Recommendation 1.4: the company secretary of a listed company should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.**

The Board Charter provides for the Company Secretary to be accountable directly to the board through the Chair.

**ASX Recommendation 1.5: a listed entity should:**

- **have a diversity policy which includes the requirement for the board to set measurable objectives for achieving gender diversity and assess annually the objectives and the entity's progress to achieving them;**
- **disclose the policy or a summary of it;**
- **disclose the measurable objectives and progress towards achieving them; and**
- **disclose the respective proportions of men and women on the board and at each level of management and the company as a whole**

The Company has adopted a Diversity Policy which is available in the corporate governance section of the Company's website at www.bbxminerals.com.au.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The Company currently has a very small number of employees which does not include any women employees and it has no women on the Board.

**ASX Recommendation 1.6: a listed entity should disclose the process for evaluating the performance of the board, its committees and individual directors and whether a performance evaluation was carried out during the reporting period in accordance with that process.**

The Company has adopted a self-evaluation process to measure its own performance and the performance of its committees during each financial year. The chairperson is also responsible for conducting an annual review of overall board performance during a regular meeting of the board.

A performance review was undertaken during the reporting period.

**ASX Recommendation 1.7: a listed entity should have and disclose a process for periodically evaluating the performance of its senior executives and disclose in relation to each reporting period where a performance evaluation was undertaken in accordance with a process**.

Arrangements put in place by the Board to monitor the performance of the Company's executives include:

- a review by the Board of the Company's financial performance; and
- appraisal meetings incorporating analysis of key performance indicators with each individual as required

The Company has only one executive, the Chief Executive Officer (Executive Director). A formal appraisal meeting to review the Chief Executive /Executive Director performance was not conducted during the year as the Chairman and the CEO maintain a very close working relationship and the CEO was able to review the CEO performance on that basis.

**PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

**ASX Recommendation 2.1: The board of a listed entity should establish a nomination committee:**

- **with at least three members the majority of which are independent directors**
- **chaired by an independent Director; and**
- **disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings**

Given the present size and complexity of the Company the Board has not constituted a Nomination Committee with the full Board carrying out the role of a Nomination Committee.

**ASX Recommendation 2.2: a listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership**

The Board has established a skill matrix. On a collective basis the Board has the following skills:

**Strategic expertise** - ability to identify and critically assess strategic opportunities and threats and develop strategies.
**Specific Industry knowledge** – members of the Board have geological, mining, metallurgical or engineering qualifications and/or a broad background and experience in the resources sector including exploration, permitting, mineral resource evaluation, project development and mining
**International experience** – members of the Board have an understanding the complexities of operating in foreign jurisdictions, particularly developing countries, including a basic knowledge of the general corporate, mining, fiscal and labour laws and regulations.
**Accounting and finance** - members of the Board have experience in accounting and finance or the ability to read and comprehend the company's accounts, financial material presented to the board, financial reporting requirements and an understanding of corporate finance.
**Risk management** - Identify and monitor risks to which the Company is or has the potential to be exposed to.
**Experience with financial markets** - Experience in working in or raising funds from the equity or capital markets.
**Investor relations** - Experience in identifying and establishing relationships with Shareholders, potential investors, institutions and equity analysts.
**Government relations** - Experience in dealing with relevant Government authorities.

**ASX Recommendation 2.3: a listed entity should disclose the names of the directors considered by the board to be independent directors and provide details in relation to the length of service of each Director**

Mr Schmulian and Mr Dix are considered to be independent directors. As Chief Executive /Executive Director Mr McKenzie is not considered to be an independent director.

The appointment date of Directors is set out in the Directors Report forming part of the Annual Financial Statements.

**ASX Recommendation 2.4: the majority of the board of a listed entity should be independent directors**

The majority of the Board are considered to be independent directors.

**ASX Recommendation 2.5: The Chair of a listed entity should be an independent director and, in particular, should not be the same person as the Managing Director of the entity**

The Chairman, Michael Schmulian, is considered to be an independent Director.

Mr Jeff Mckenzie is Chief Executive /Executive Director of the Company.

**ASX Recommendation 2.6: a listed entity should have a program for inducting new directors and provide appropriate professional development opportunities**

The Board is responsible for providing new directors with an induction to the Company and for the program for providing adequate professional development opportunities for directors and management.

**PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

**ASX Recommendation 3.1: a listed entity should establish a code of conduct and disclose the code or a summary of the code.**

The Company has established a code of conduct which requires all business affairs to be conducted legally, ethically and with integrity.

A copy of the Company's code of conduct is available in the corporate governance section of the Company's website at www.bbxminerals.com.au..

**PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

**ASX Recommendation 4.1: The Board of a listed entity should establish an audit committee:**

- **with at least three members, all of whom are non-executive directors and a majority of which are independent directors**
- **chaired by an independent Director; and**
- **disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings**

Given the present size and complexity of the Company the Board has not constituted an Audit Committee with the full Board carrying out the role of an Audit Committee.

The qualifications of the members of the Board are set out in the Directors report forming part of the Annual Financial Statements.

**ASX Recommendation 4.2: The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its Chief Executive /Executive Director and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.**

The Board has received the assurance required by ASX Recommendation 4.2 in respect of the financial statements for the half year ended 31 December 2018 and the full year ended 30 June 2019 from the Chief Executive /Executive Director. The Company does not presently have a Chief Financial Officer (or equivalent) appointed. Given the size and nature of the Company's operations the Board has not received the assurance in respect of the quarterly cash flow statements believing that the provision of the assurance for the half and full year financial statements is sufficient.

**ASX Recommendation 4.3: a listed entity should ensure that the external auditor attends its Annual General Meeting and is available to answer questions from security holders relevant to the audit.**

The external auditor attends the Annual General Meeting and is available to answer questions from shareholders relevant to the audit and financial statements. The external auditor will also be allowed a reasonable opportunity to answer written questions submitted by shareholders to the auditor as permitted under the Corporations Act.

**PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

**ASX Recommendation 5.1: a listed entity should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.**

The Company has established a continuous disclosure policy which is designed to guide compliance with ASX Listing Rule disclosure requirements and to ensure that all Directors, senior executives and employees of the Company understand their responsibilities under the policy. The Chief Executive /Executive Director and Company Secretary act as the Company's Disclosure Officers who are responsible for implementing and administering this policy. The Disclosure Officers are responsible for all communication with ASX and for making decisions on what should be disclosed publicly under this policy.

In accordance with the Company's continuous disclosure policy, all information provided to ASX for release to the market is posted to its website at www.bbxminerals.com.au. after ASX confirms an announcement has been made.

A copy of the continuous disclosure policy is available in the corporate governance section of the Company's website at www.bbxminerals.com.au..

**PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

**ASX Recommendation 6.1: a listed entity should provide information about itself and its governance to investors via its website**

The Company's website at www.bbxminerals.com.au. contains information about the Company's projects, Directors and management and the Company's corporate governance practices, policies and charters. All ASX announcements made to the market, including annual and half year financial results are posted on the website as soon as they have been released by the ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report and copies of all investor presentations are posted on the website.

**ASX Recommendation 6.2: a listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors**

The Company's Chief Executive /Executive Director and Chairman are the Company's main contact for investors and potential investors and make themselves available to discuss the Company's activities when requested together with other Directors as required. In addition to announcements made in accordance with its continuous disclosure obligations the Company, from time to time, prepares and releases general investor updates about the Company.

Contact with the Company can be made via email addresses provided on the website for the Chief Executive /Executive Director and the Company Secretary.

**ASX Recommendation 6.3: a listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders**

The Company encourages participation of shareholders at any general meetings and its Annual General Meeting each year. Shareholders are encouraged to lodge direct votes or proxies subject to the adoption of satisfactory authentication procedures if they are unable to attend the meeting.

The full text of all notices of meetings and explanatory material are posted on the Company's website at www.bbxminerals.com.au..

**ASX Recommendation 6.4: a listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically**.

Contact with the Company can be made via email addresses provided on the website for the Chief Executive /Executive Director and the Company Secretary.

The Company's share register provides a facility whereby investors can provide email addresses to receive correspondence from the Company electronically and investors can contact the share register via telephone, facsimile or email.

**PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

**ASX Recommendation 4.1: The Board of a listed entity should have a committee to oversee risk:**

- **with at least three members, all of whom are non-executive directors and a majority of which are independent directors**
- **chaired by an independent Director; and**
- **disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings**

Given the present size and complexity of the Company the Board has not constituted a Risk Committee with the full Board responsible for risk management.

**ASX Recommendation 7.2: The Board or a committee of the Board, of a listed entity should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose in relation to each reporting period whether such a review was undertaken**

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and design of risk management is delegated to the appropriate level of management within the Company with the Chief Executive /Executive Director being responsible to the Board for the risk management and control framework.

The Board conducted a review during the reporting period.

**ASX Recommendation 7.3: a listed entity should disclose if it has an internal audit function and if it does not have an internal audit function that fact and the processes it employs for evaluating and continually improving the effectiveness of risk management and internal control processes**

Given the Company's current size and level of operations it does not have an internal audit function.

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and design of risk management is delegated to the appropriate level of management within the Company with the Chief Executive /Executive Director being responsible to the Board for the risk management and control framework.

**ASX Recommendation 7.4: a listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does how it manages or intends to manage those risks.**

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle.

There will a requirement in the future for the Company to raise additional funding to pursue its business objectives. The Company's ability to raise capital may be effected by these economic risks.

The Company has in place risk management procedures and processes to identify, manage and minimise its exposure to these economic risks where appropriate

The current operations of the Company are subject to laws and regulations in Brazil 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 proceed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Board currently considers that the Company does not have any material exposure to social sustainability risk. The Company's Corporate Code of Conduct outlines the Company's commitment to integrity and fair dealing in its business affairs. The code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behavior expected from employees when dealing with stakeholders.

**PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

**ASX Recommendation 8.1: The board of a listed entity should establish a remuneration committee:**

- **with at least three members the majority of which are independent directors**
- **chaired by an independent Director; and**
- **disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings**

Given the present size and complexity of the Company the Board has not constituted a Remuneration Committee.

**ASX Recommendation 8.2: a listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives**

Directors are paid a fixed annual fee for their service to the Company as a Non-Executive Director. Non-Executive Directors may, subject to shareholder approval, be granted equity-based remuneration.

Details of Mr McKenzie service contract is included in the Company's remuneration report. Mr McKenzie may, subject to shareholder approval, be granted equity-based remuneration.

**ASX Recommendation 8.3: a listed entity which has an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme and disclose the policy or a summary of that policy.**

A participant in an equity-based remuneration plan operated by the Company must not enter into a transaction (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the equity based remuneration plan.

Additional Information included in accordance with the Listing Rules of ASX Limited

## 1. SECURITY HOLDER INFORMATION

(a) Shareholders

The twenty largest shareholders hold 81.99 % of the total issued ordinary shares in the Company as at 12 September 2019.

| Position | Holder Name | Holding | % IC |
|---|---|---|---|
| 1 | NATIONAL PHILANTHROPIC TRUST | 196,255,000 | 47.75% |
| 2 | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 37,147,775 | 9.04% |
| 3 | AJ IGO PTY LTD <ADE SUPERANNUATION FUND A/C> | 25,000,450 | 6.08% |
| 4 | CITICORP NOMINEES PTY LIMITED | 12,781,252 | 3.11% |
| 5 | KARL PAGE INVESTMENTS PTY LTD <THE KARL PAGE FAMILY A/C> | 9,253,001 | 2.25% |
| 6 | MR ANDREW JOHN IGO | 7,800,001 | 1.90% |
| 7 | ANTONIO EDUARDO MONTEIRO DE CASTRO | 6,623,508 | 1.61% |
| 8 | JEFF MCKENZIE | 6,400,000 | 1.56% |
| 9 | MICHAEL LEON SCHMULIAN | 4,736,919 | 1.15% |
| 10 | MICHAEL LEON SCHMULIAN | 4,159,250 | 1.01% |
| 11 | ANTONIO DE CASTRO | 4,000,000 | 0.97% |
| 12 | JEFFREY ROBERT MCKENZIE | 3,458,081 | 0.84% |
| 13 | MR MICHAEL GLADWIN-GROVE & MRS JANE LOUISE GLADWIN-GROVE <GLADGROVE S/F A/C> | 3,380,000 | 0.82% |
| 14 | MICHAEL LEON SCHMULIAN | 3,248,600 | 0.79% |
| 15 | MR WILLIAM DIX | 3,020,152 | 0.73% |
| 16 | DRAKE SPECIAL SITUATIONS LLC | 2,956,667 | 0.72% |
| 17 | ALASTAIR SMITH | 2,500,000 | 0.61% |
| 18 | SIMON ROBERTSON | 2,000,000 | 0.49% |
| 18 | WILLIAM ROBERT DIX | 2,000,000 | 0.49% |
| 19 | CROWE CRYPT HOLDINGS PTY LTD <ROBERT LIDBURY SMSF A/C> | 1,705,897 | 0.42% |
| 20 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2 | 1,604,817 | 0.39% |
| | **Total** | **340,031,370** | **82.74%** |
| | **Total issued capital - selected security class(es)** | **410,976,693** | **100.00%** |

**Distribution of Shareholders as at 12 September 2019.**

| Holding Ranges | Holders | Total Units | % Issued Share Capital |
|---|---|---|---|
| 1 - 1,000 | 155 | 69,462 | 0.02% |
| 1,001 - 5,000 | 239 | 747,245 | 0.18% |
| 5,001 - 10,000 | 91 | 777,592 | 0.19% |
| 10,001 - 100,000 | 309 | 12,387,796 | 3.01% |
| 100,001 - 9,999,999,999 | 168 | 396,994,598 | 96.60% |
| **Totals** | **962** | **410,976,693** | **100.00%** |

**Number of holders of unmarketable parcels – Ordinary shares**
Unmarketable parcels 216 totalling 169,659 shares

**Substantial Shareholders as at 12 September 2019.**

The Company's register of substantial shareholders shows the following

| Name | Number of Shares |
|---|---|
| National Philanthropic Trust | 196,255,000 |
| BNP Paribas Nominees Pty Ltd IB AU Noms Retail Client Account | 37,147,775 |
| AJ Igo Pty Ltd ADE Superannuation Fund account | 25,000,450 |

**(b) Unquoted options**

**BBXOPT5 - UNLISTED OPTIONS EXP 19/04/2020 @ $0.037**
**12 September 2019**

| Holding Ranges | Holders | Total Units |
|---|---|---|
| 100,001 - 9,999,999,999 | 3 | 4,750,000 |
| **Totals** | **3** | **4,750,000** |

Holders of more than 20% of the number on issue

W Dix 42.11%
C Smith 42.11%

**BBXOPT9 - UNLISTED OPTIONS EXP 19/04/2020 @ $0.037**
**12 September 2019**

| Holding Ranges | Holders | Total Units |
|---|---|---|
| 0 - 9,999,999,999 | 14 | 3,459,166 |
| **Totals** | **14** | **3,459,166** |

Holders of more than 20% of the number on issue

Drake Special Situations LLC 42.74%

## 2. VOTING RIGHTS

The voting rights of the ordinary shares are as follows

Subject to any rights or restrictions at the time being attached to any classes of shares, at a general meeting of the Company on a show of hands, every ordinary Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote for any Share held by the Shareholder. In the case of an equality of votes, the chairperson has the casting vote.
A poll may be demanded by the chairperson of the meeting, any 5 Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

There are no voting rights attached to any of the options that the Company currently has on issue. Upon exercise of these options. The shares issued will have the same voting rights as existing shares.

## 3. ON- MARKET BUY BACK

There is currently no on-market buyback program in operation.