



BBX MINERALS LTD

ACN 089 221 634

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 2.30 pm (WST)
DATE: Friday, 17 July 2020
PLACE: Level 1
50 Angove Street
NORTH PERTH WA 6006

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Eryn Kestel on +61 8 9364 2387.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 2.30 pm (WST) on Friday, 17 July 2020 at:

Level 1
50 Angove Street
NORTH PERTH WA 6006

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 2.30 pm (WST) on Wednesday, 15 July 2020.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL TO ISSUE CONVERTIBLE SECURITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue the Convertible Security to Drake Special Situations LLC (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Drake Special Situations LLC (or its nominee), and any associates of those persons, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company). However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. EXPLANATORY STATEMENT

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of Meeting which is provided to supply Shareholders with information to make an informed decision regarding the Resolution set out in this Notice of Meeting.

Dated: 10 June 2020

By order of the Board



**Eryn Kestel
Company Secretary**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution.

1. BACKGROUND TO CONVERTING LOAN AGREEMENT VARIATION

1.1 General

As announced by the Company on 19 December 2019, the Company has entered into a unsecured converting loan agreement with Drake Special Situations LLC (**Drake**), the Company's major shareholder, on 17 December 2019 (**Execution Date**) pursuant to which Drake agreed to provide a convertible loan facility for up to a maximum of AUD\$2 million (the **Converting Loan Agreement**).

Pursuant to the original terms of the Converting Loan Agreement:

- (a) Drake is to advance \$500,000 under the Converting Loan Agreement within 5 business days of the Execution Date (**Initial Loan**); and
- (b) Drake may, at its election, provide further advances of up to \$1.5 million under the Converting Loan Agreement at any time during the 24-month term (**Further Advances**).

On 17 December 2019, Drake advanced the Initial Loan to the Company.

A summary of the material terms and conditions of the Converting Loan Agreement is set out in

Schedule 1.

1.2 Events since December 2019

In accordance with the Converting Loan Agreement, the Company convened and held a general meeting of Shareholders on 26 February 2020, at which shareholder approval pursuant to ASX Listing Rule 10.11 was received for the Converting Loan Agreement, and the issuing of a convertible security in relation to the sum of the Initial Loan.

Drake made payment of an initial Further Advance of \$250,000 on 12 March 2020.

As announced on 8 April 2020, the Company and Drake agreed to vary the terms of the Converting Loan Agreement to increase the loan facility up to AUD\$6 million (by increasing the definition of Further Advances), and to vary the conversion price of the Converting Loan Agreement.

The Company and Drake subsequently agreed a formal letter variation deed in relation to the Converting Loan Agreement, which was executed by the Company on 13 May 2020 (**Variation**). The Variation also places negative financial covenants on the Company, which requires that any other lender to the Company shall not be repaid in priority to Drake.

Finally, on 19 May 2020, Drake advanced an additional Further Advance of \$250,000 to the Company. Accordingly, the current balance of the monies drawn down under the Converting Loan Agreement is AUD\$1 million, excluding accrued interest (**Outstanding Amount**).

1.3 Accrued Interest

As at 31 May 2020, interest has accrued on the Outstanding Amount as follows:

- (a) Initial Loan (\$500,000 on 17 December 2019): \$18,301.36 accrued to 31 May 2020;
- (b) Further Advance (\$250,000 on 12 March 2020): \$4,365.71 accrued to 31 May 2020; and
- (c) Further Advance (\$250,000 on 19 May 2020): \$636.90 accrued to 31 May 2020.

Total accrued interest to 31 May 2020 is \$23,303.97.

1.4 The Variation

A summary of the material terms and conditions of the Variation is set out in Schedule 2.

The Company confirms the two (2) fundamental variations to the Converting Loan Agreement as implemented by the Variation are that:

- (a) the converting loan facility limit is increased from AUD\$2 million to AUD\$6 million (by increasing the definition of Further Advances); and
- (b) Shares issued on conversion of the Convertible Loan Agreement (as varied) are to be issued at a deemed issue price of the lower of:
 - (i) (a 10% discount to the price paid for Shares in the most recent capital raising undertaken by the Company prior to Drake providing notice of its election to convert some or all of the Converting Loan Agreement;
 - (ii) (a 10% discount to the 5-day volume weighted average price for the trading of Shares on ASX ending on the day prior to Drake providing notice of its election to convert some or all of the Converting Loan Agreement; and
 - (iii) 8.0 cents (\$0.08).

1.5 Conversion under the Converting Loan Agreement

Under the Converting Loan Agreement (as varied by the Variation), subject to the Company obtaining the necessary Shareholder approvals, Drake may elect to convert some or all of the Initial Loan, and any Further Advances made, plus interest accrued into Shares (**Conversion Rights**).

Conversion of Initial Loan

Pursuant to the original terms of the Converting Loan Agreement, the Company was required to convene a general meeting within 45 days of the Execution Date for the purposes of obtaining Shareholder approval to deem the Initial Loan a convertible security (**Convertible Security**).

The Company sought Shareholder approval to deem the Initial Loan a convertible security (ie to issue the Convertible Security) at the Company's general meeting held 26 February 2020.

Following receipt of the Shareholder approval obtained on 26 February 2020:

- (a) the Initial Loan converted from a debt instrument to a convertible security;
- (b) Drake may exercise Conversion Rights in respect of the Initial Loan; and
- (c) the Company may repay the Initial Loan by way of issue of Shares.

1.6 Resolution 1 and the ASX Listing Rules

Under Chapter 19 of the ASX Listing Rules, the Converting Loan Agreement is considered to be a "convertible security" and therefore the agreement to provide funding requires approval under ASX Listing Rule 10.11.

Following both the execution of the Variation, and the advance of the additional Further Advance, the Company is seeking fresh shareholder approval to deem the Converting Loan Agreement, as a whole, a convertible security, in the same manner as the Convertible Security was approved in relation to the Initial Loan.

Resolution 1 of this Meeting accordingly seeks Shareholder approval for the:

- (a) Variation, and the variation to the terms of the Convertible Loan Agreement; and
- (b) variation of the Convertible Security to contemplate the Converting Loan Agreement (as a whole), comprising the:
 - (i) Outstanding Amount;
 - (ii) any Further Advances; and
 - (iii) any interest accrued on the Outstanding Amount or the Further Advances,

in accordance with ASX Listing Rule 10.11.

Conversion of more than 3% voting interest in the Company

Shareholders should note that the Company will be required to seek Shareholder approval under the Corporations Act if and when:

- (a) a conversion event occurs;
- (b) part or all of the Convertible Security (as varied by approval at this Meeting) is to be converted into Shares; and
- (c) such conversion event results in Drake being issued Shares such that Drake's voting power in the Company is more than 3 percentage points higher than they had 6 months before the issue of those Shares pursuant to the conversion event.

1.7 Purpose of Resolution 1

The purpose of Resolution 1 is to re-seek Shareholder approval to convert the Converting Loan Agreement from a debt instrument to a convertible security only.

Should Shareholders approve Resolution 1, the Company will be able to issue to Drake (or its nominee):

- (a) the Convertible Security as varied by the Variation and contemplating the Converting Loan Agreement (as a whole) (ie to deem the Outstanding Amount, together with any Further Advances, and any interest accrued on the Outstanding Amount or the Further Advances, as a convertible security); and
- (b) Shares if and when any part or all of the Convertible Security is to be converted in accordance with the terms of the Converting Loan Agreement, without the need to seek further Shareholder approval for the Convertible Loan Agreement (as varied by the Variation) at the time of the conversion event.

Accordingly, Shareholders should note that approval of Resolution 1 will not result in the Company issuing Shares unless a conversion event subsequently occurs in accordance with the terms of the Converting Loan Agreement (as varied by the Variation).

If and when a conversion event occurs and part or all of the Convertible Security is to be converted into Shares, the Company will rely on ASX Listing Rule 10.12 (Exception 7) to issue the Shares without obtaining further Shareholder approval.

ASX Listing Rule 10.12 (Exception 7) operates as an exception to ASX Listing Rule 10.11 (summarised in Section 2.2 below), which provides that where an entity obtains shareholder approval to issue convertible securities pursuant to ASX Listing Rule 10.11, the entity is not required to obtain further shareholder approval to issue securities resulting from the conversion of those convertible securities.

1.8 Use of Funds

As set out above, as at the date of this Notice, Drake has advanced a total of AUD\$1 million to the Company pursuant to the Converting Loan Agreement.

Funds received to date under the Converting Loan Agreement are being used to advance exploration on projects of the Company and its subsidiaries (specifically, to finalise the development of a routine assay method and to enable the development and construction of a metallurgical test plant in Rio de Janeiro), improving the value of the assets of the Company and its subsidiaries and general working capital.

1.9 Relationship of Drake

ASX Listing Rule 10.11 provides that an entity must not issue or agree to issue equity securities to (amongst other specified persons) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the entity, without shareholder approval.

Drake currently holds a relevant interest in 199,626,667 Shares, which represents 47.60% of the total issued share capital of the Company as at the date of this Notice. Accordingly, Shareholder approval is required for the purposes of ASX Listing Rule 10.11 to allow the Company to issue securities to Drake (or its nominee).

2. RESOLUTION 1 – APPROVAL TO ISSUE CONVERTIBLE SECURITY

2.1 General

Resolution 1 re-seeks Shareholder approval for the issue of the Convertible Security (to the value of the Converting Loan Agreement (as a whole) for the purposes set out in Sections 1.5 and 1.7 above.

2.2 ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, an entity must not issue or agree to issue equity securities to any of the following persons without the approval of its shareholders:

- (a) a related party;
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the entity;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the entity and who has nominated a director to the board of the entity (in the case of a trust, to the board of the responsible entity of the trust) pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of a person referred to in paragraphs (a) to (c) above; or
- (e) a person whose relationship with the entity or a person referred to in paragraphs (a) to (d) above is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders.

It is the view of the Board that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is being sought for the purposes of ASX Listing Rule 10.11 to allow the Company to issue to Drake (or its nominee):

- (a) the Convertible Security as varied by the Variation and contemplating the Converting Loan Agreement (as a whole) (ie to deem the Outstanding Amount, together with any Further Advances, and any interest accrued on the Outstanding Amount or the Further Advances, as a convertible security); and
- (b) the Shares to be issued on conversion of the Convertible Security (as varied by the Variation) (**Conversion Shares**).

2.3 Technical Information required by ASX Listing Rule 14.1A

The effect of Resolution 1 will be to allow the Company to issue the Convertible Security during the period of 1 month after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

In addition, any Conversion Shares issued on conversion of the Convertible Security will also be issued without using the Company's 15% annual placement capacity.

As set out in Section 1.7 above, if Resolution 1 is passed:

- (a) the Company may issue the Convertible Security to Drake (or its nominee) (ie to deem the Converting Loan Agreement (as a whole), as a convertible security);
- (b) Drake may exercise Conversion Rights in respect of the Convertible Loan Agreement (as a whole): being the
 - (i) Outstanding Amount;

- (ii) any Further Advances Drake provides; and
 - (iii) any interest accrued on the Outstanding Amount or the Further Advances.
- (c) the Company may repay the Converting Loan Agreement by way of issue of Conversion Shares; and
 - (d) the Convertible Security will be carried as a security in the Company's capital structure.

In the event that Resolution 1 is not passed:

- (a) the Company will not be able to issue the Convertible Security to Drake:
- (b) Drake may not exercise Conversion Rights in respect of any of the Converting Loan Agreement (as a whole); and
- (c) the Company may not repay any of the Converting Loan Agreement by way of issue of Conversion Shares.

2.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 1:

- (a) the Convertible Security and any Conversion Shares issued on conversion of the Convertible Security, will be issued to Drake Special Situations LLC (or its nominee);
- (b) Drake is a substantial shareholder of the Company, holding 47.60% of the total issued share capital of the Company (ie a 30%+ holder in the Company);
- (c) the maximum number of equity securities to be issued to Drake is one Convertible Security with a maximum face value of AUD\$6 million (ie the value of the whole Converting Loan Agreement);
- (d) The maximum number of Conversion Shares to be issued on conversion of the Convertible Security is currently unknown and will be determined in accordance with the conversion formula provided for under the Converting Loan Agreement (as varied by the Variation) set out in Schedule 2;

the Convertible Security will be issued pursuant to the terms and conditions of the Converting Loan Agreement (as varied by the Variation). A summary of the material terms and conditions of the Converting Loan Agreement is set out in

- (e) Schedule 1, and a summary of the material terms and conditions of the Variation is set out in Schedule 2;
- (f) any Conversion Shares issued on conversion of the varied Convertible Security will be issued on the same terms and conditions as the Company's existing Shares (and will rank pari passu with all existing Shares);
- (g) the Convertible Security will be issued no later than one (1) month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended

that issue of the Convertible Security will occur immediately following the Meeting;

- (h) the Convertible Security is being issued with a maximum face value of AUD\$6 million (ie the value of the Converting Loan Agreement (as a whole)) in consideration for the execution and entry into the Converting Loan Agreement by Drake;
- (i) the purpose of the issue of the Convertible Security is to deem the Converting Loan Agreement (as a whole), a convertible security; and
- (j) funds raised from this issue are intended to be used as set out in Section 1.8 above.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Convertible Security, nor for any Conversion Shares issued on conversion of the Convertible Security, as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Convertible Security, and any Conversion Shares issued on conversion of the Convertible Security will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

3. DILUTION

3.1 General

As set out in Section 2.4 above, the maximum number of Conversion Shares to be issued on conversion of the Convertible Security is currently unknown and will be determined in accordance with the conversion formula provided for under the Converting Loan Agreement (as varied by the Variation) as set out in Schedule 2.

As at the date of this Notice of Meeting, the issued share capital of the Company is 417,341,693 Shares. The capital structure of the Company will be affected as a result of the issue of Shares if part or all of the Convertible Security and any interest accrued is converted into Shares in accordance with the terms of the Converting Loan Agreement (as varied).

Accordingly, Shareholders will experience a dilutionary effect as their interest in the Company will be reduced as a result of the issue of any Conversion Shares (and any Shares issued on conversion of interest accrued) upon a conversion event occurring.

The actual effect on the capital structure of the Company will depend on the applicable Issue Price (defined in Schedule 2) and the amount of the:

- (a) Outstanding Amount;
- (b) any Further Advances; and
- (c) any interest accrued on the Outstanding Amount or the Further Advances,

to be converted into Shares.

3.2 Worked Dilution Examples

Set out below are worked examples of the dilutionary effect to existing Shareholders based on an assumed Issue Price of \$0.04, \$0.06 and \$0.08 and

assuming that either 100%, 75%, 50% or 25% of the Convertible Security (as varied) is converted into Shares, in addition to the following assumptions:

- (a) the full \$6 million value of the Converting Loan Agreement is advanced to the Company;
- (b) no interest accrued is converted into Shares; and
- (c) no other Shares are issued, whether as a result of the exercise of an option, the vesting of a performance right or otherwise, prior to the relevant conversion event occurring.

3.3 Worked examples for accrued interest

Each worked example below also includes the 'worst case' potential dilution effect of accrued interest being converted into Shares, with the following assumptions:

- (a) the interest dilution effect relates solely to accrued interest, and is in addition to the dilution effect of the Convertible Security;
- (b) 100% of the funds available under the Converting Loan Agreement (as varied by the Variation), being \$6 million, was drawn down by the Company on the Execution Date;
- (c) no funds were repaid by the Company at any time during the entire length of the Converting Loan Agreement, as varied, being four (4) years from the Execution Date; and
- (d) accordingly, the interest payable by the Company to repay Drake under the Converting Loan Agreement totals \$1.92 million (calculated in accordance with item (e) of Schedule 1).

The Company confirms that this 'worst case' accrued interest position is an example only. The Company is not able to predict:

- (e) if and when, or at all, it will drawdown any Further Advances;
- (f) if and when, or at all, it will repay any of the Converting Loan Agreement in cash (including any accrued interest as at the date of repayment); or
- (g) the total amount of accrued interest which may be payable by the Company during the term of the Converting Loan Agreement,

and accordingly Shareholders should note that the accrued interest set out in the worked examples below is an example of the worst case scenario, adopting the assumptions set out in 3.3 (a) – (d) above.

Issue Price - \$0.04

Issue Price	Percentage converted (of \$6m)	Number of Conversion Shares issued	Current Issued Share Capital	Total Issued Share Capital	Dilution effect on existing Shareholders
\$0.04	100%	150,000,000	417,341,693	567,341,693	35.94%
\$0.04	75%	12,500,000	417,341,693	529,841,693	26.96%
\$0.04	50%	5,000,000	417,341,693	492,341,693	17.97%

\$0.04	25%	37,500,000	417,341,693	454,841,693	8.99%
\$0.04	16.67% (Outstanding Amount)	25,000,000	417,341,693	442,341,693	5.99%
Potential dilution effect of accrued interest – assuming \$1.92 million in interest					
\$0.04	100%	48,000,000	417,341,693	465,341,693	11.50%

Issue Price - \$0.06

Issue Price	Percentage converted (of \$6m)	Number of Conversion Shares issued	Current Issued Share Capital	Total Issued Share Capital	Dilution effect on existing Shareholders
\$0.06	100%	100,000,000	417,341,693	517,341,693	23.96%
\$0.06	75%	75,000,000	417,341,693	492,341,693	17.97%
\$0.06	50%	50,000,000	417,341,693	467,341,693	11.98%
\$0.06	25%	25,000,000	417,341,693	442,341,693	5.99%
\$0.06	16.67% (Outstanding Amount)	16,666,667	417,341,693	434,008,360	3.99%
Potential dilution effect of accrued interest – assuming \$1.92 million in interest					
\$0.06	100%	32,000,000	417,341,693	449,341,693	7.67%

Issue Price - \$0.08

Issue Price	Percentage converted (of \$6m)	Number of Conversion Shares issued	Current Issued Share Capital	Total Issued Share Capital	Dilution effect on existing Shareholders
\$0.08	100%	75,000,000	417,341,693	492,341,693	17.97%
\$0.08	75%	6,250,000	417,341,693	3,591,693	13.48%
\$0.08	50%	7,500,000	417,341,693	54,841,693	8.99%
\$0.08	25%	18,750,000	417,341,693	436,091,693	4.49%
\$0.08	16.67% (Outstanding Amount)	12,500,000	417,341,693	429,841,693.00	3.00%
Potential dilution effect of accrued interest – assuming \$1.92 million in interest					
\$0.08	100%	24,000,000	417,341,693	441,341,693	5.75%

Note: the above tables are based on the total number of Shares on issue in the capital of the Company as at the date of this Notice and are subject to rounding.

Shareholders should note that there is no limitation upon the maximum number of Conversion Shares that may be issued to Drake (or its nominee) in the event that part or all of the Convertible Security (as varied) is converted. Additionally, Drake

may provide over the term of the Loan Agreement, some or all of the Further Advances.

Accordingly, the conversion of part or all of the Convertible Security may be highly dilutive to existing Shareholders if the market price of Shares falls substantially prior to a conversion event occurring.

Accordingly, the Company notes that the above workings are an example only and that the actual Issue Price may vary. This will result in the maximum number of Conversion Shares to be issued and the dilution percentage to also differ.

GLOSSARY

\$ means Australian dollars.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules and **Listing Rules** means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

Company or **BBX** means BBX Minerals Ltd (ACN 089 221 634)

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

Directors means the current directors of the Company.

Drake means Drake Special Situations LLC.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolution means the resolution set out in the Notice.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF CONVERTING LOAN AGREEMENT

A summary of the material terms and conditions of the Converting Loan Agreement (prior to the Variation) is set out below:

(a) **Loans**

Drake:

- (i) is to advance the Initial Loan, being \$500,000, within 5 business days of the Execution Date; and
- (ii) may, at its election, provide Further Advances of up to \$1.5 million at any time during the 24-month term commencing on the Execution Date (**Term**).

Note: as set out in Section 1.1, Drake advanced the Initial Loan of \$500,000 on 17 December 2019.

(b) **Shareholder Approval**

Pursuant to the original terms of the Converting Loan Agreement, the Company was required to convene a general meeting within 45 days of the Execution Date for the purposes of obtaining Shareholder approval to deem the Initial Loan a convertible security.

(c) **Repayment Date**

The Initial Loan is repayable on or before expiration of the Term (**Repayment Date**).

(d) **Repayment Method**

The Company may repay the Initial Loan at any time prior to expiration of the Term either by:

- (i) wholly by bank cheque; or
- (ii) subject to Drake exercising Conversion Rights and the Company obtaining Shareholder approval, by issue of Shares.

(e) **Interest**

Interest will accrue on the Initial Loan at a rate of at 8% per annum calculated at daily rests on the Initial Loan (or such part as may be owing from time to time) from the date of advance of the Initial Loan until the Initial Loan is repaid in full. Interest will be payable in arrears on the Repayment Date.

(f) **Conversion Rights**

Drake may at any time give a notice in writing to the Company electing to exercise Conversion Rights in respect of some or all of the Initial Loan, plus any interest accrued in respect of the Initial Loan, at the Issue Price (**Conversion Notice**). Drake may withdraw a Conversion Notice at any time prior to the Shares being issued the subject of the Conversion Notice.

(g) **Conversion Rate**

The number of Shares to be issued pursuant to a Conversion Notice will be that number of Shares which in value will be equivalent to the amount of the Initial Loan (plus any accrued interest) to be converted pursuant to that relevant Conversion Notice at the Issue Price.

The applicable issue price (**Issue Price**) will be the lower of:

- (i) the price paid for Shares in the most recent capital raising undertaken by the Company prior to the exercise of the Conversion Rights or where the most recent capital raising undertaken by the Company was by way of an alternative financing (for example, a convertible loan, a convertible bond or debenture or an equity line facility), the effective price that otherwise would be paid for Shares arising pursuant to, or in accordance with the terms of, the alternative financing, prior to the exercise of the Conversion Rights;
- (ii) the 5-day volume weighted average price for the trading of Shares on ASX ending on the day prior to the exercise of the Conversion Rights; and
- (iii) 14.5 cents, which is the closing price of Shares on the ASX at the time when Drake provided the Converting Loan Agreement to the Company.

(h) **Shares issued on Conversion**

Conversion Shares issued on conversion of the Convertible Security will be issued on the same terms and conditions as the Company's existing Shares (and will rank pari passu with all existing Shares).

SCHEDULE 2 – TERMS AND CONDITIONS OF VARIATION

The material terms and conditions of the Variation (dated 13 May 2020) are set out below. Terms defined in the original Converting Loan Agreement and set out in the body of this Notice or in Schedule 1 have the same meanings in this Schedule 2.

Other than set out below, the terms and conditions of the Converting Loan Agreement as set out in Schedule 1 are unchanged.

(a) **Loans**

The Company expressly acknowledges with Drake that Drake:

- (i) advanced the Initial Loan, being \$500,000 on 17 December 2019;
- (ii) advanced a Further Advance of \$250,000 on 12 March 2019; and
- (iii) has increased the overall facility limit from AUD\$2 million to AUD\$6 million.

Accordingly, the definition of “**Initial Loan**” is amended to read \$750,000, and the definition of “**Further Advances**” is amended to read \$5,250,000.

(b) **Conversion Price**

The number of Shares to be issued pursuant to a Conversion Notice will be that number of Shares which in value will be equivalent to the amount of the Initial Loan (plus any accrued interest) to be converted pursuant to that relevant Conversion Notice at the Issue Price.

The applicable Issue Price will be the lower of:

- (i) a ten percent (10%) discount to the price paid for Shares in the most recent capital raising undertaken by the Company prior to the exercise of the Conversion Rights or where the most recent capital raising undertaken by the Company was by way of an alternative financing (for example, a convertible loan, a convertible bond or debenture or an equity line facility), the effective price that otherwise would be paid for Shares arising pursuant to, or in accordance with the terms of, the alternative financing, prior to the exercise of the Conversion Rights;
- (ii) a ten percent (10%) discount to the 5-day volume weighted average price for the trading of Shares on ASX ending on the day prior to the exercise of the Conversion Rights; and
- (iii) 8.0 cents (\$0.08).

(c) **Term**

The Term of the Converting Loan Agreement may be extended (at Drake's election) for an additional two (2) years, such that the term of the loan is a 48-month term commencing on the Execution Date.

(d) **Drake to have priority**

The Company has agreed that Drake shall be afforded priority lender status, in relation to the Converting Loan Agreement (as varied by the Variation). The

Company has accordingly agreed that during the Term, no other debts will be paid in priority to Drake and the Converting Loan Agreement, and the Company will use all reasonable endeavours to ensure that Drake's priority is not infringed during the Term.

(e) **Permitted debts**

Despite the obligation of priority described in (d) above, the Company is not prevented from incurring and repaying on normal terms operational debts of less than AUD\$200,000 where such debts are incurred in the ordinary course of business.

(f) **Negative undertakings**

The Variation includes standard financial negative undertakings which prevent the Company (without Drake's consent) from granting security interests over its assets, entering into guarantee arrangements, disposing of major assets or granting financial accommodation to any other party.