

BBX Minerals Limited

ABN 82 089 221 634

Interim Report - 31 December 2020

Directors	Michael Schmulian (Chairman) Andre Douchane William Dix
Company secretary	Eryn Kestel
Registered office	Level 1 9 Bowman Street South Perth WA 6151
Share register	Atomic Registry Services Level 2, 267 St Georges Terrace Perth WA 6000 T: +61 8 9324 2099 F: +61 8 9321 2337
Auditor	LNP Audit and Assurance Pty Ltd Level 14, 309 Kent Street Sydney NSW 2000
Stock exchange listing	BBX Minerals Limited shares are listed on the Australian Securities Exchange (ASX code: BBX)
Website	www.bbxminerals.com

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The Directors present their report, together with the financial statements, on the consolidated entity consisting of BBX Minerals Limited (the "Company" or "parent entity") and the entities it controlled (the "Group" or the "consolidated entity") at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were Directors of BBX Minerals Limited during and up to the date of this report, unless otherwise stated:

Mr Michael Schmulian
Mr Andre Douchane
Mr William Dix
Mr Jeff McKenzie (resigned 30 September 2020)

Nature of operations and principal activities

The principal activities of the Group during the financial period were exploration and development of mining assets in Brazil. There were no significant changes in the nature of these activities during the period.

Review of operations

The loss for the Group for the half year ended 31 December 2020 after providing for income tax amounted to \$649,307 (31 December 2019: \$1,062,789). The reduction in loss compared to the same period last year is primarily due to an overall reduction in administration costs as well as lower share-based payments.

Operations

Activities for BBX Minerals during the half year ended 31 December 2020 were focused on the continued development and enhancement of BBX's analytical and extraction techniques for gold and PGM's at the Três Estados and Ema Projects. Furthermore, BBX commenced its planned 2,500m diamond drilling program during the period.

Overall, the Group operated in Brazil on a restricted basis as a result of the ongoing Covid-19 pandemic.

Exploration

As announced on 26 October 2020, BBX commenced its planned 2,500m diamond drilling program at Ema and Três Estados, commencing at the eastern end of the Três Estados project.

On 16 December 2020 the Company reported that the drilling program was proceeding on schedule with the completion of 8 holes totalling 565.56 metres in the eastern and central portion of the Três Estados property (see figure 1). All holes intersected mafic intrusives as anticipated. Detailed logging and sampling of all holes commenced in early 2021. The drilling crew left site on 12 December 2020 and returned on 11 January 2021.

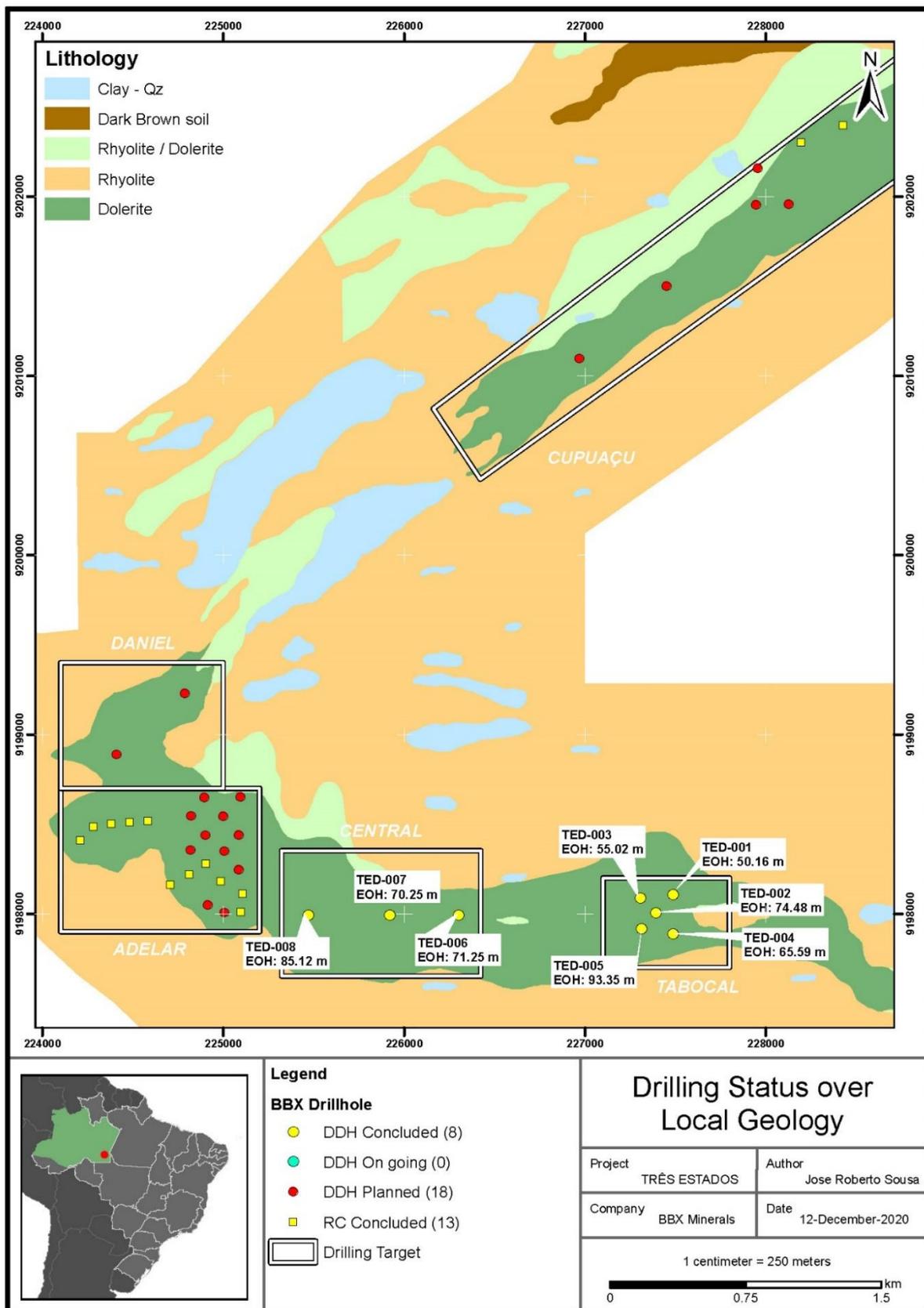


Fig 1. Três Estados drill program status

Metallurgical test work and engineering design

BBX entered into an agreement with the highly regarded São Paulo state technology institute, IPT, to assist in the final development of a robust analytical method, utilising ICP-MS, a technology not available to BBX at its facilities in Rio de Janeiro. A 2kg surface bulk sample comprising roughly egg-sized rock fragments was collected by the BBX field team from an outcrop measuring approximately 2m x 2m, centered on coordinates 9174960N 184140E (denominated EMB-06, see fig. 1), and submitted to IPT for sample preparation and analysis.

Following crushing, pulverisation and homogenization of the entire sample and fine-tuning of the digestion methodology, building on concepts developed by BBX for this style of mineralisation, IPT assayed eleven aliquots of the homogenised bulk sample by ICP-MS, following a multi-acid digestion using high-purity acids, assisted by microwave radiation. The results display a level of precision regarded as satisfactory for routine analytical work (table 1) (95% confidence level, Student's t-test). A full list of results is given in table 2, showing, in the case of gold, a range of values within 80% and 120% of the mean of 7.12g/t.

The Company will evaluate this assay method, exclusive to BBX, for future assaying of surface and drillhole samples from both Ema and Três Estados, in conjunction with BBX's ongoing in-house testing of several potential assay techniques.

Element	Grade	
	ng.g-1 (ppb) (as reported by IPT)	g/t
Ru	1.1+/-0.4	
Rh	20+/-3	
Pd	301+/-20	0.301
Ag	232+/-49	0.232
Os	<0.3	
Ir	60+/-8	
Pt	235+/-24	0.235
Au	7120+/-607	7.120

Table 1. EMB-006 mean precious metal grades and 95% confidence intervals

Replicates	Ru	Rh	Pd	Ag	Os	Ir	Pt	Au
1	1.3	23	278	239	< 0.3	63	243	8753
2	1.4	19	303	83	< 0.3	60	225	8107
3	1.9	28	282	307	< 0.3	69	268	7171
4	0.9	17	291	135	< 0.3	62	243	8708
5	1.7	27	292	329	< 0.3	61	251	7180
6	0.8	18	292	264	< 0.3	65	253	7644
7	0.4	17	290	255	< 0.3	72	278	7660
8	1.9	15	322	207	< 0.3	53	210	5611
9	0.4	18	300	253	< 0.3	52	210	6341
10	1.4	19	305	241	< 0.3	51	209	5617
11	0.6	19	356	238	< 0.3	48	191	5526
Mean	1.1	20	301	232	< 0.3	60	235	7120

Table 2. EMB-006 individual assay results

On 16 December 2020, BBX announced that it had signed a contract with IPT to conduct metallurgical test work and pilot plant testing on a 3-tonne sample of mineralised rock from the Ema prospect. Testing commenced following receipt of the sample on 19 January 2021.

BBX is continuing the development of its in-house analytical and related extraction technique in conjunction with both IPT and a leading commercial laboratory. This work is aimed at maximising the extraction of other precious metals in addition to gold. BBX's preferred method involves a two-stage acid digestion followed by precipitation of metals from solution.

SEM shots (see media release dated 16 December 2020) of selected mineral grains within the precipitate show the presence of gold, silver, platinum, palladium, osmium, iridium, ruthenium and rhodium within a matrix rich in fluorine, chlorine, carbon, and sulphur. These results, from tests conducted on a second 2kg surface sample of mafic intrusive denominated EMB-006, taken from the same location as the sample previously submitted to IPT (see media release dated September 7, 2020) (fig. 2) are qualitative only and should be regarded as purely indicative. BBX continues to work on the isolation and precise measurement of the individual metals, in conjunction with IPT.

The engineering design of a metallurgical test plant by Onix Engineering has been re-initiated.

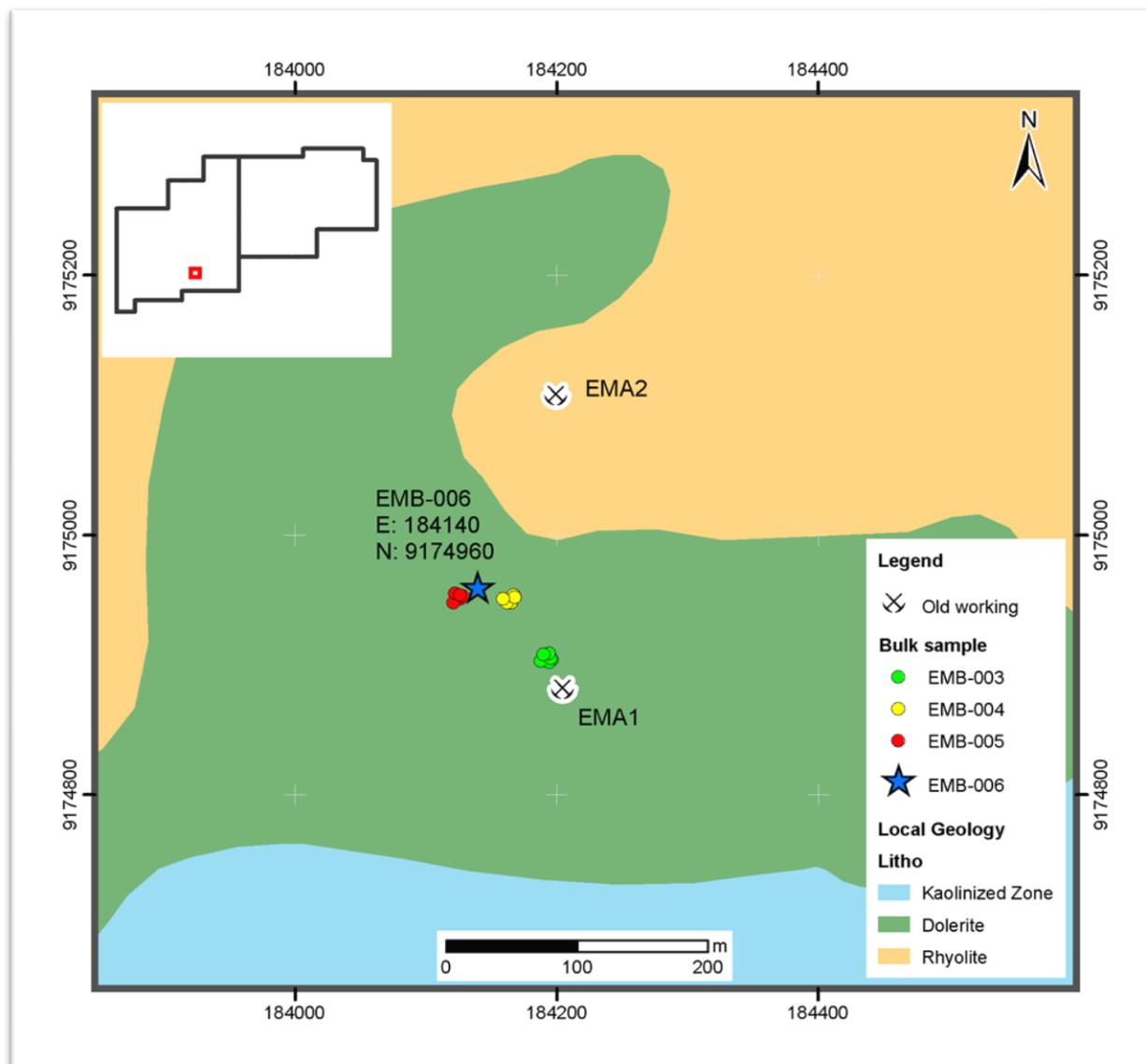


Fig. 2. EMB-006 sample location

Corporate Activities

On 9 July 2020, BBX announced the appointment of highly experienced chemical engineer Edmar Medeiros as Technical Manager, charged with coordinating the finalisation of the assay method and process route, pilot plant design and test work and subsequent feasibility studies, engineering and project implementation for Ema and Tres Estados.

On 30 September 2020, Executive Director and former CEO Jeff McKenzie announced his retirement for personal reasons.

Financial Activities

The Company ended the half year to 31 December 2020 in a strong cash position of \$1.913 million. Moreover, as of 31 December 2020, the Company had \$10.688 million available under its financing facilities. The Company continues to operate a lean organisational structure with strong focus on cashflow.

Shareholders approved the increase of the Drake Special Solutions LLC convertible note facility to \$6 million at the General Meeting held on 17 July 2020.

On 11 September 2020, a capital call notice was issued to LDA Capital (LDA) against the standby equity funding facility for 965,000 ordinary shares at an issue price of \$0.207 (being 90% of an average 30-day VWAP) raising \$199,755. The shares were issued under the Company's 7.1 placement capacity. A second call notice was issued to LDA on 26 October 2020 for 4,100,000 ordinary shares at an issue price of \$0.4042 (being 90% of an average 30-day VWAP) raising \$1,657,220. The shares were issued under the Company's 7.1 placement capacity.

During the half year, a total of 7,054,166 options were exercised, raising a total of \$1,205,582.

Current Tenement Interest

All Tenements Owned by BBX Minerals Ltd	Area (Ha)	Percentage ownership
DNPM Permit Number 880.107/08 Location Brazil (Ema)	9,839.91	100% Exploration Licence
DNPM Permit 880.184/16 Location Brazil (Ema)	9,034	100% Exploration Licence
DNPM Permit Number 880.090.08 Location Brazil (Tres Estados)	8,172.25	100% Exploration Licence
DNPM Permit Number 880.186/2014 Location Brazil (Juma East)	6,998	100% Exploration Licence

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Group during the financial period.

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Matters subsequent to the end of the financial period

On 20 January 2021, the Company reported consistent results of 3.42g/t rhodium from 5 separate tests conducted on the EMB-006 sample (fig 2). As previously announced (see media release of 15 December 2020), BBX has detected the presence of multiple platinum group metals ("PGM's") in a concentrate derived from acid leaching of a surface bulk sample of mafic intrusive from the Ema project. Five lead buttons produced from fusion of this concentrate, from five separate tests of the same bulk sample, were submitted to IPT for analysis by ICP-MS. The tests revealed the presence of consistent and highly significant levels of rhodium (Rh) in all five samples (mean of 3.42 g/t Rh), in addition to an average of 44.19 g/t silver.

On 22 January 2021, BBX Minerals announced the appointment of Mr Ramon Soares to the role of Chief Financial Officer, effective 1 March 2021. The appointment is a full-time role, positioned in Perth, Western Australia. Mr Soares is currently based in Singapore and will relocate to Perth as Covid restrictions allow later this year.

On 25 January 2021, the Company issued 4,600,000 shares to LDA Capital LLC as follows:

- 600,000 shares issued following the exercise of 600,000 options at \$0.15 each; and
- 4,000,000 fully paid ordinary shares issued as collateral shares pursuant to the put option agreement.

On 8 March 2021, the Company announced that it had accepted an offer of USD 1 million from Engegold Mineração Ltda for the purchase of the 3% royalty the Company holds over production from the Chapada project in the Brazilian state of Tocantins (see media release of 2 July 2013). The payment will be made in three equal monthly instalments.

Rio Gameleira Prospecção e Geologia Ltda (50:50 AngloGoldAshanti and IAMGold) retains an underlying royalty entitlement of 2.1% over the project, payable by BBX, which the Company may purchase for AUD768,627.50. BBX has entered into discussions with the shareholders of Rio Gameleira regarding a renegotiation of the buyout terms, including the possibility of payment in BBX shares.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Michael Schmulian', with a horizontal line underneath.

Michael Schmulian
Chairman

12 March 2021

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 half-year ended 31 December 2020, 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 review; and
2. no contraventions of any applicable code of professional conduct in relation to the review.

LNP Audit and Assurance Pty Ltd



Archana Kumar
Director

Sydney 12 March 2021

BBX Minerals Limited
Statement of profit or loss and other comprehensive income
For the period ended 31 December 2020



	Consolidated	
	Dec 2020	Dec 2019
	\$	\$
Revenue		
Other income	119	190
Expenses		
Depreciation and amortisation expense	(3,512)	(5,503)
Finance costs	(58,171)	-
Administration	(195,061)	(517,351)
Directors fees & employment costs	(141,566)	(48,000)
Share based payments	(235,604)	(478,750)
Other expenses	(15,512)	(13,375)
Loss before income tax expense	(649,307)	(1,062,789)
Income tax expense	-	-
Loss after income tax expense for the period attributable to the members of BBX Minerals Limited	(649,307)	(1,062,789)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(192,605)	(141,445)
Other comprehensive income for the period, net of tax	(192,605)	(141,445)
Total comprehensive income for the period attributable to the members of BBX Minerals Limited	(841,912)	(1,204,234)
	Cents	Cents
Basic earnings per share	(0.15)	(0.26)
Diluted earnings per share	(0.15)	(0.26)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

BBX Minerals Limited
Statement of financial position
As at 31 December 2020



		Consolidated	
	Note	Dec 2020	June 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,912,558	152,109
Trade and other receivables		269,864	208,017
Total current assets		<u>2,182,422</u>	<u>360,126</u>
Non-current assets			
Plant and equipment		43,995	48,024
Exploration and evaluation	4	<u>3,027,679</u>	<u>2,570,430</u>
Total non-current assets		<u>3,071,674</u>	<u>2,618,454</u>
Total assets		<u>5,254,096</u>	<u>2,978,580</u>
Liabilities			
Current liabilities			
Trade and other payables		153,043	656,165
Borrowings	5	<u>1,585,274</u>	<u>1,154,115</u>
Total current liabilities		<u>1,738,317</u>	<u>1,810,280</u>
Non-current liabilities			
Borrowings	5	<u>-</u>	<u>80,000</u>
Total non-current liabilities		<u>-</u>	<u>80,000</u>
Total liabilities		<u>1,738,317</u>	<u>1,890,280</u>
Net assets		<u>3,515,779</u>	<u>1,088,300</u>
Equity			
Issued capital	6	27,560,828	24,263,910
Reserves	7	103,857	323,989
Accumulated losses		<u>(24,148,906)</u>	<u>(23,499,599)</u>
Total equity		<u>3,515,779</u>	<u>1,088,300</u>

The above statement of financial position should be read in conjunction with the accompanying notes

BBX Minerals Limited
Statement of changes in equity
For the period ended 31 December 2020



Consolidated	Issued capital \$	Foreign exchange reserve \$	Other reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	22,365,485	(334,942)	512,987	(20,566,604)	1,976,926
Loss after income tax expense for the period	-	-	-	(1,062,789)	(1,062,789)
Other comprehensive income for the period, net of tax	-	(141,445)	-	-	(141,445)
Total comprehensive income for the period	-	(141,445)	-	(1,062,789)	(1,204,234)
Issue of share capital, net of costs	1,752,275	-	-	-	1,752,275
Share-based payments	-	-	81,350	-	81,350
Balance at 31 December 2019	<u>24,117,760</u>	<u>(476,387)</u>	<u>594,337</u>	<u>(21,629,393)</u>	<u>2,606,317</u>
Consolidated	Issued capital \$	Foreign Exchange reserve \$	Other reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	24,263,910	(1,413,980)	1,737,969	(23,499,599)	1,088,300
Loss after income tax expense for the period	-	-	-	(649,307)	(649,307)
Other comprehensive income for the period, net of tax	-	(192,605)	-	-	(192,605)
Total comprehensive income for the period	-	(192,605)	-	(649,307)	(841,912)
Issue of share capital, net of costs (note 6)	1,828,204	-	-	-	1,828,204
Share-based payments	-	-	235,604	-	235,604
Unlisted options exercised (note 6)	1,468,714	-	(263,131)	-	1,205,583
Balance at 31 December 2020	<u>27,560,828</u>	<u>(1,606,585)</u>	<u>1,710,442</u>	<u>(24,148,906)</u>	<u>3,515,779</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

BBX Minerals Limited
Statement of cash flows
For the period ended 31 December 2020



	Note	Consolidated	
		Dec 2020 \$	Dec 2019 \$
Cash flows from operating activities			
Payments to suppliers and employees		(915,724)	(531,102)
Interest received		119	190
Interest and other finance costs paid		(2,519)	-
Net cash used in operating activities		<u>(918,124)</u>	<u>(530,912)</u>
Cash flows from investing activities			
Payments for plant and equipment		(2,407)	-
Payments for exploration and evaluation assets	4	(632,207)	(666,220)
Net cash used in investing activities		<u>(634,614)</u>	<u>(666,220)</u>
Cash flows from financing activities			
Proceeds from issue of shares	6	2,902,558	1,000,000
Proceeds from issue of convertible note		455,507	500,000
Share issue transaction costs		(28,771)	(68,225)
Net cash from financing activities		<u>3,329,294</u>	<u>1,431,775</u>
Net increase in cash and cash equivalents		1,776,556	234,643
Cash and cash equivalents at the beginning of the financial period		152,109	177,540
Effects of exchange rate changes on cash and cash equivalents		(16,107)	(29,968)
Cash and cash equivalents at the end of the financial period		<u><u>1,912,558</u></u>	<u><u>382,215</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover BBX Minerals Limited as a Group consisting of BBX Minerals Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is BBX Minerals Limited's functional and presentation currency.

BBX Minerals Limited is a for profit listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the Group's operations and its principal activities are included in the Directors' report.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 10 March 2021.

Note 2. Significant accounting policies

The condensed consolidated financial statements for the half-year ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

The half year financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, it is recommended these half year financial statements are to be read in conjunction with the annual report of BBX for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the ASX listing rules and the Corporations Act 2001.

New or amended Accounting Standards and Interpretations adopted

The principal accounting policies adopted in the preparation of half year financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020.

Any new or amended Accounting Standards or Interpretations issued but not yet effective have not been early adopted by the Group.

Going concern

The half-year financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Group has incurred a loss after tax for the half year ended 31 December 2020 of \$649,307 (2019: \$1,062,789) and has net cash outflows from operating activities of \$918,124 (2019: \$539,912). As at 31 December 2020, the Group held cash of \$1,912,558 (30 June 2020: \$152,109) and had net current assets of \$444,105 (30 June 2020: deficit \$1,450,154).

The directors believe that as at the date of this report the Group will be able to meet its financial obligations as and when they fall due and that the basis of preparation of financial statements on a going concern basis is appropriate based on the following assumptions, which the directors consider reasonable:

- There are sufficient funds to meet the Group's minimum expenditure requirements at balance date. The company continues to carefully manage expenditures, particularly Brazil operation costs and head office expenses.
- Availability of additional funding through issue of further shares, if considered necessary. During the period, the company raised \$1,205,583 from exercise of options.
- The company has a convertible note facility with Drake Special Solutions LLC of \$6 million of which \$1,585,274 has been drawn down as at balance date.
- The company has a standby equity funding facility with LDA Capital of \$8 million of which \$1.9 million has been drawn down as at balance date.

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. Judgement about the future is based on information available at the date of this report. Subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made.

Note 3. Operating segments

Identification of reportable operating segments

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

Operating segment information

Consolidated - Dec 2020	Brazil \$	Australia \$	Total \$
Depreciation and amortisation	(3,512)	-	(3,512)
Other income	-	119	119
Other expenses	(55,120)	(590,794)	(645,914)
Loss before income tax expense	(58,632)	(590,675)	(649,307)
Income tax expense	-	-	-
Loss after income tax expense	(58,632)	(590,675)	(649,307)

Assets

Total segment assets	3,467,502	1,786,594	5,254,096
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Liabilities

Total segment liabilities	86,428	1,651,889	1,738,317
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Consolidated - Dec 2019	Brazil \$	Australia \$	Total \$
Depreciation and amortisation	(5,503)	-	(5,503)
Other income	5	185	190
Other expenses	(86,586)	(970,890)	(1,057,476)
Loss before income tax expense	(92,084)	(970,705)	(1,062,789)
Income tax expense	-	-	-
Loss after income tax expense	(92,084)	(970,705)	(1,062,789)

Consolidated - June 2020

Assets

Total segment assets	2,851,344	127,236	2,978,580
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Liabilities

Total segment liabilities	33,999	1,856,281	1,890,280
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Note 4. Exploration and evaluation

	Consolidated	
	Dec 2020	June 2020
	\$	\$
<i>Non-current assets</i>		
Exploration and evaluation - at cost	3,027,679	2,570,430

Note 4. Exploration and evaluation (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

Consolidated	\$
Balance at 1 July 2020	2,570,430
Expenditure during the period	632,207
Exchange differences	<u>(174,958)</u>
Balance at 31 December 2020	<u><u>3,027,679</u></u>

Note 5. Borrowings

Current liabilities

Bank overdraft	-	39,737
Convertible note facility (a)	1,585,274	1,034,378
Commitment fee payable	<u>-</u>	<u>80,000</u>
	<u>1,585,274</u>	<u>1,154,115</u>

Non-current liabilities

Commitment fee payable	<u>-</u>	<u>80,000</u>
	<u>1,585,274</u>	<u>1,234,115</u>

(a) Convertible note facility reconciliation

Balance 1 July	1,034,378	-
Draw down from convertible note facility	495,244	1,004,483
Interest expense	<u>55,652</u>	<u>29,895</u>
Balance	<u>1,585,274</u>	<u>1,034,378</u>

Note 6. Issued capital

	Consolidated			
	Dec 2020	June 2020	Dec 2020	June 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>429,460,859</u>	<u>417,341,693</u>	<u>27,560,828</u>	<u>24,263,910</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	417,341,693		24,263,910
Capital call under facility with LDA Capital	11 September 2020	965,000	\$0.21	199,755
Unlisted option conversion	17 September 2020	2,105,000	\$0.15	315,750
Unlisted option conversion	5 October 2020	233,333	\$0.20	46,666
Capital call under facility with LDA Capital	26 October 2020	4,100,000	\$0.40	1,657,220
Unlisted option conversion	26 October 2020	16,667	\$0.20	3,333
Unlisted option conversion	30 October 2020	1,000,000	\$0.15	150,000
Unlisted option conversion	1 December 2020	500,000	\$0.15	75,000
Unlisted option conversion	1 December 2020	575,000	\$0.20	115,000
Unlisted option conversion	21 December 2020	500,000	\$0.15	75,000
Unlisted option conversion	21 December 2020	2,124,166	\$0.20	424,833
Transfer from reserve		-	\$0.00	263,131
Capital raising costs		-	\$0.00	<u>(28,770)</u>
Balance	31 December 2020	<u>429,460,859</u>		<u>27,560,828</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

Note 7. Reserves

	Consolidated	
	Dec 2020	June 2020
	\$	\$
Foreign currency reserve	(1,606,585)	(1,413,980)
Share-based payments reserve	531,528	295,924
Option reserve	<u>1,178,914</u>	<u>1,442,045</u>
	<u>103,857</u>	<u>323,989</u>

Note 7. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial period are set out below:

Consolidated	Foreign currency reserve \$	Share based payments reserve \$	Option reserve \$	Total \$
Balance at 1 July 2019	(334,942)	-	512,987	178,045
Foreign currency translation	(1,079,038)	-	-	(1,079,038)
Performance rights	-	295,924	-	295,924
Unlisted options - LDA Funding facility cost	-	-	929,058	929,058
Balance at 1 July 2020	(1,413,980)	295,924	1,442,045	323,989
Foreign currency translation	(192,605)	-	-	(192,605)
Performance rights (note 8 (a))	-	235,604	-	235,604
Conversion of LDA unlisted options	-	-	(263,131)	(263,131)
Balance at 31 December 2020	<u>(1,606,585)</u>	<u>531,528</u>	<u>1,178,914</u>	<u>103,857</u>

Note 8. Share-based payments

(a) Performance Rights

On 23 October 2019 (grant date), the CEO, Mr Douchane of the company was issued with 6,000,000 performance rights at no cost on commencement of his employment.

The performance rights issued are subject to satisfaction of the following vesting conditions:

- 2,000,000 vest on a minimum capital raise of \$2,000,000 from new investors, the shares to be issued on 31 December 2021, or at a later date at employee's discretion.
- 2,000,000 vest on public release of JORC compliant assay results of all existing drill hole samples, the shares to be issued on 31 December 2022, or at a later date at employee's discretion.
- 2,000,000 vest on initiation of pilot plant testing, the shares to be issued on 31 December 2022, or at a later date at employee's discretion.

At balance date the Directors have assessed that it is probable that all vesting conditions will be met and accordingly, \$216,933 (June 2020: \$295,924) has been expensed as share-based payments in relation to these rights in the statement of profit or loss and other comprehensive income for the period. The performance rights were valued at 19.87 cents per rights issued, based on the Company's 5-day VWAP at grant date. This was deemed to be the fair value of the rights issued at grant date and the expense will be recognised over the vesting period of the rights.

A further 2,000,000 performance rights were negotiated to Mr Douchane on 1 December 2020, following shareholder approval at the Company's 2020 AGM.

The performance rights issued are subject to satisfaction of the following vesting conditions:

- 2,000,000 vest on commencement of construction of a mine and treatment plant treating a minimum of 400 tonnes per day, the shares to be issued on 31 December 2022, or at a later date at employee's discretion.

At balance date the Directors have assessed that it is probable that all vesting conditions will be met and accordingly, \$18,671 has been expensed as share-based payments in relation to these rights in the statement of profit or loss and other comprehensive income for the year. The performance rights were valued at 31 cents per rights issued, based on the Company's 5-day VWAP at grant date. This was deemed to be the fair value of the rights issued at grant date and the expense will be recognised over the vesting period of the rights.

Note 9. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	Dec 2020	Dec 2019
	\$	\$
Directors fees and employee expenses	141,566	48,000
Consulting fees	6,000	76,517
Share-based payments issued to CEO	235,604	478,750
	<u>383,170</u>	<u>603,267</u>

Note 10. Commitments & contingencies

(a) The Group has following contingent liabilities at reporting date. 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 2021
Ema	DNPM 880.107/2008	USD 20,000	15 February 2021

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

(b) BBX received formal advice in March 2020 that the judge in the Company’s case for compensation for losses resulting from the creation of the Acari National, ruled in favour of BBX. The courts will now review all back-up documentation to determine the amount of compensation to be granted. BBX initially claimed BRL3.107m (approx. A\$1.0m) in compensation, an amount fully backed up by supporting documentation. The State retains the right to appeal the judge’s ruling. This matter is still in progress at the date of this report.

Note 11. Events after the reporting period

On 20 January 2021, the Company reported consistent results of 3.42g/t rhodium from 5 separate tests conducted on the EMB-006 sample (fig 2). As previously announced (see media release of 15 December 2020), BBX has detected the presence of multiple platinum group metals (“PGM’s”) in a concentrate derived from acid leaching of a surface bulk sample of mafic intrusive from the Ema project. Five lead buttons produced from fusion of this concentrate, from five separate tests of the same bulk sample, were submitted to IPT for analysis by ICP-MS. The tests revealed the presence of consistent and highly significant levels of rhodium (Rh) in all five samples (mean of 3.42 g/t Rh), in addition to an average of 44.19 g/t silver.

On 22 January 2021, BBX Minerals announced the appointment of Mr Ramon Soares to the role of Chief Financial Officer, effective 1 March 2021. The appointment is a full-time role, positioned in Perth, Western Australia. Mr Soares is currently based in Singapore and will relocate to Perth as Covid restrictions allow later this year.

On 25 January 2021, the Company issued 4,600,000 shares to LDA Capital LLC as follows:

- 600,000 shares issued following the exercise of 600,000 options at \$0.15 each; and
- 4,000,000 fully paid ordinary shares issued as collateral shares pursuant to the put option agreement.

Note 11. Events after the reporting period (continued)

On 8 March 2021, the Company announced that it had accepted an offer of USD 1 million from Engegold Mineração Ltda for the purchase of the 3% royalty the Company holds over production from the Chapada project in the Brazilian state of Tocantins (see media release of 2 July 2013). The payment will be made in three equal monthly instalments.

Rio Gameleira Prospecção e Geologia Ltda (50:50 AngloGoldAshanti and IAMGold) retains an underlying royalty entitlement of 2.1% over the project, payable by BBX, which the Company may purchase for AUD768,627.50. BBX has entered into discussions with the shareholders of Rio Gameleira regarding a renegotiation of the buyout terms, including the possibility of payment in BBX shares.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial period ended on that date; and
 - (ii) Complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Michael Schmulian', written over a horizontal line.

Michael Schmulian
Chairman

12 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BBX MINERALS LIMITED

REPORT ON THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the half-year financial report of BBX Minerals Limited and its controlled entities, (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of BBX Minerals Limited and Its controlled entities does not comply with the Corporation Act 2001 including:

- (a) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standards 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performance by the Independent Auditor of the Entity*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Review of the half year Financial Report* 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* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporation Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which indicates that the Group incurred a net loss of \$649,307 during the half year ended 31 December 2020 and, as at that date, the Groups' net cash outflows from operating activities was \$918,124. These events or conditions, along with other matters set out in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REVIEW REPORT (cont'd)

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.

Responsibility of the Directors for the half year Financial Report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the half year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

LNP Audit and Assurance Pty Ltd



Archana Kumar
Director

Sydney, 12 March 2021