

BBX MINERALS LIMITED

ACN 089 221 634

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

This financial report covers the consolidated entity consisting of BBX Minerals Limited and its controlled entities.

This interim Financial Report should be read in conjunction with the company's most recent annual financial report for the year ended 30 June 2019.

Corporate Directory

Half Year-Ended 31 December 2019

Directors

Michael Schmulian (Chairman)

William Dix

Jeff McKenzie

Andre Douchane appointed 21 October 2019

Secretary

Simon Robertson

Registered Office

50 Angove Street North Perth

WA Australia 6006

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Facsimile +61 8 6210 1153

Share Registry

Automic Registry Services

Level 2, 267 St George Terrace

Perth WA 6000

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Auditor

LNP Audit and Assurance Pty Ltd

Level 14, 309 Kent Street

Sydney NSW 2000

Securities Exchange

Australian Securities Exchange

152-158 St Georges Terrace

PERTH WA 6000

ASX Code

BBX (fully paid ordinary shares)

BBX Minerals Limited

Directors' Report

Half-Year Ended 31 December 2019

The directors present their report on BBX Minerals Limited ("BBX") and its controlled entities ("the Group") for the half-year ended 31 December 2019.

Directors

The following persons were directors of BBX during and up to the date of this report:

Mr Michael Schmulian

Mr William Dix

Mr Jeff McKenzie

Andre Douchane appointed 21 October 2019

Review of Operations

The total operating loss of the group after income tax for the half-year ended 31 December 2019 amounted to \$1,062,789 (December 2018: \$327,835 loss). The increased loss is due to increase in expense compared to the same period previous year. The increase in expenses were note for share based payments during the period \$478,750 (refer to note 7 for further details) and increase in international travel.

Project Announcements

Trial Mining Licence – Três Estados

BBX continues to work with State and Federal authorities to finalise the approval of the trial mining licence at Três Estados. The Federal Lands Department have now advised that they have no objection to the trial mining licence being issued for Três Estados.

Corporate

BBX advised on 1 July 2019 that it would issue a total of 1,847,419 fully paid ordinary shares in payment for consultancy and joint venture services provided during previous financial year, 108,613 shares will be issued for consultancy services relating to the Company's metallurgical extraction technique and potential production method, 104,370 shares will be issued for joint venture costs incurred. 1,634,436 shares will be issued to the Company's Brazilian consultants and refinery partner for ongoing services being provided. BBX advised that under an agreement with its Brazilian consultants and refinery partner BRL1,000,000 (approximately AUD357,000) was required to be paid to finalise intellectual property agreements relating to BBX's proprietary processes. The consultants requested payment of the amount due in BBX shares.

On 23 July 2019 BBX advised that it had received commitments to raise a minimum of \$1,000,000 via a placement of a minimum of 5,000,000 new shares to existing sophisticated and institutional investors at 20 cents per share. The Company will also seek shareholder approval for Drake Special Situations LLC to participate in the placment by subscribing for 415,000 new shares on the same terms and conditions as other placees. The funds raised will be used for general working capital purposes associated with finalising the development of the assay technique and metallurgical extraction process for the Três Estados and Ema mineralisation, complete the design of a small pilot plant and for additional infill and extension drilling at Ema and Três Estados.

On 21 October 2019 BBX announced the appointment of André Douchane as CEO and Executive Director. André is a highly experienced mining executive with over 40 years of experience in North and South America, including COO, CEO and Chairman roles with a number of mid-tier and junior mining companies including Round Mountain, Battle Mountain Gold, Franco-Nevada, North American Palladium and Starfield Resources.

On 8 November 2019 and 25 November 2019 BBX clarified and updated details of newly-appointed CEO Andre Douchane's contract, including amended vesting conditions of performance rights issued to Mr Douchane.

On the 12 November 2019 the company advised that its general meeting had approved the adoption of a new constitution.

On 19 December 2019 BBX announced details of a convertible note facility with Drake Special Situations LLC up to a maximum of \$2 million subject to shareholder approval. The facility will be used for general working capital and to enable the development and construction of a metallurgical test plant in Rio de Janeiro.

Directors' Report
Half-Year Ended 31 December 2019

The convertible note facility terms are:

- The Company to repay the convertible note facility by cash or through the issue of fully paid ordinary shares at the lender's election;
- Convertible note conversion is subject shareholder approval;
- Maturity Date is 24 months from execution date;
- Initial advance of \$500,000 with further advances of up to \$1,500,000;
- Interest rate of 8% per annum payable at maturity;
- Conversion Price to be the lower of:
 - a. the 5-day VWAP for the trading of shares on ASX ending on the day prior to a conversion election; or
 - b. 14.5 cents

Exploration Tenements

Current Tenement Interests

<u>All Tenements Owned by BBX Minerals Ltd</u>	<u>Area (Ha)</u>	<u>Percentage ownership</u>
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 880.094/2014 Location Brazil (Pombos)	1000.36	100% Exploration Licence

Dividends

No dividend has been declared or paid by BBX during the half year ended 31 December 2019.

Subsequent Events

On 30 January 2020 BBX provided a strategy update. BBX advised that the company continued to undertake an extensive testing programme to fine tune its preferred extraction technique for the complex style of mineralisation identified at Ema and Três Estados. Significant progress was made in defining a process route incorporating both pyrometallurgical and hydrometallurgical techniques.

BBX commented that it is now confident that the understanding it has gained from the testing programme will enable an engineering study to be initiated in Q1 2020 to define the optimal process flow sheet and generate a conceptual design and cost estimate for a test plant to treat both weathered and unweathered rock from both projects. Two suitably qualified engineering companies in Brazil and the USA have been approached to submit proposals to conduct the study. BBX expects the study to be completed in 6-8 weeks after selection of the engineering company.

Directors' Report
Half-Year Ended 31 December 2019

Subsequent Events (cont'd)

The test plant will be designed with a high degree of flexibility to enable key operating parameters to be adjusted to optimise metal recovery and operating cost. Feed for the plant will initially be trucked from the Ema trial mining area. The test plant results will be used in the design of a future full-scale commercial production plant. The Company plans to locate the test plant at its testing facility near Rio de Janeiro where its analytical facilities will be further upgraded to assist in its development of a robust analytical method, based on the same basic principles as the recovery process. As a result of the Company's decision to progress to a scoping study and conceptual design for its metallurgical test plant the joint venture with Irish-registered AuRER Limited (formerly Lomhara Tech Limited) has been reviewed by both companies. The companies have concluded that the joint development of a process route suitable for extracting high levels of precious metals from both companies' mineral properties has now reached a point at which each company may independently finalise its individual processing methodology, and the joint venture has therefore been dissolved. BBX will retain access to key international consultants previously employed through the joint venture.

On 21 February 2020 BBX announced the appointment of Belo Horizonte-based engineering group Onix Engenharia e Consultoria Ltda ("Onix") to conduct an engineering study for a metallurgical test plant to be built in Rio de Janeiro. The study, which will comprise a conceptual plant design and capital and operating cost estimates is expected to take 10-12 weeks. The expected timeframe has been extended from the previous estimate of 6-8 weeks due to the need to obtain quotes for pieces of equipment with unique specifications, not readily available as off-the-shelf items.

The plant will be designed to fully test and optimise the Company's preferred extraction technique for the complex style of mineralisation identified at Ema and Três Estados. Onix's extensive experience in designing and building treatment plants in Brazil will be invaluable in developing a plant concept which fully addresses BBX's treatment process.

Auditor's Independence Declaration

A copy of the auditor's independence declaration under s.307C of the *Corporations Act 2001* is set out on page 5 of the half-year ended financial report.

This report is signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Michael Schmulian

Chairman

13 March 2020

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

As lead auditor for the review of BBX Minerals Limited for the half-year ended 31 December 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 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
Melbourne, 13 March 2020

BBX Minerals Limited

Condensed consolidated statement of profit or loss and other comprehensive income For the half-year ended 31 December 2019

	Note	Dec 2019 \$	Dec 2018 \$
Continuing operations			
Other revenue		190	178,296
Administration costs		(530,726)	(344,664)
Depreciation and amortisation		(5,503)	(2,394)
Directors Fees		(48,000)	(48,000)
Share based payments	7	(478,750)	(111,073)
Loss before income tax		(1,062,789)	(327,835)
Income tax expense		-	-
Loss from continuing operations after income tax expense		(1,062,789)	(327,835)
Other comprehensive loss			
Exchange differences on translating foreign operations		(141,445)	104,904
Total comprehensive loss for the year attributable to shareholders		(1,204,234)	(222,931)
Earnings per share – loss from continuing operations			
Basic earnings per share (cents per share)		(0.26)	(0.08)
Diluted earnings per share (cents per share)		(0.26)	(0.08)
Earnings per share – attributable to ordinary shareholders			
Basic earnings per share (cents per share)		(0.26)	(0.08)
Diluted earnings per share (cents per share)		(0.26)	(0.08)

These financial statements should be read with the accompanying notes

BBX Minerals Limited

Condensed consolidated statement of financial position As at 31 December 2019

	Note	31 Dec 2019	30 June 2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		382,215	177,540
Trade and other receivables		311,099	337,905
TOTAL CURRENT ASSETS		693,314	515,445
NON-CURRENT ASSETS			
Property, plant and equipment		69,102	77,911
Exploration & evaluation assets		2,996,212	2,449,135
TOTAL NON-CURRENT ASSETS		3,065,314	2,527,046
TOTAL ASSETS		3,758,628	3,042,491
CURRENT LIABILITIES			
Trade and other payables		650,780	1,065,565
Financial Liabilities	4	501,531	-
TOTAL CURRENT LIABILITIES		1,152,311	1,065,565
TOTAL LIABILITIES		1,152,311	1,065,565
NET ASSETS		2,606,317	1,976,926
EQUITY			
Issued capital	5	24,117,760	22,365,485
Accumulated losses		(21,629,393)	(20,566,604)
Other reserves	6	594,337	512,987
Foreign currency translation reserve		(476,387)	(334,942)
TOTAL EQUITY		2,606,317	1,976,926

These financial statements should be read with the accompanying notes

BBX Minerals Limited

Condensed consolidated statement of cash flows For the half-year ended 31 December 2019

	31 December 2019 \$	31 December 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(531,102)	(437,583)
Interest received	190	955
Net cash used in operating activities	<u>(530,912)</u>	<u>(436,628)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation assets, net	(666,220)	(307,265)
Net cash used in investing activities	<u>(666,220)</u>	<u>(307,265)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,000,000	577,572
Payments for capital raising costs	(68,225)	-
Proceeds from issue of convertible note	500,000	-
Net cash provided by financing activities	<u>1,431,775</u>	<u>577,572</u>
Net increase/ (decrease) in cash held	234,643	(166,321)
Cash at beginning of financial period	177,540	761,590
Exchange rate changes on the balance of cash held in foreign currencies	(29,968)	13,327
Cash at end of financial period	<u><u>382,215</u></u>	<u><u>608,596</u></u>

These financial statements should be read with the accompanying notes

BBX Minerals Limited

Condensed consolidated statement of changes in equity For the half-year ended 31 December 2019

	Share Capital Ordinary	Accumulated Losses	Foreign Exchange Reserve	Other Reserves	Total
	\$	\$	\$	\$	\$
Balance at 1.7.2018	21,225,591	(19,133,465)	(507,802)	512,987	2,097,311
Shares issued (net of costs)	688,646	-	-	-	688,646
Loss attributable to members of parent entity	-	(327,835)	104,904	-	(222,931)
Balance at 31.12.2018	21,914,237	(19,461,300)	(402,898)	512,987	2,563,026
Balance at 1.7.2019	22,365,485	(20,566,604)	(334,942)	512,987	1,976,926
Shares issued (net of costs)	1,752,275	-	-	-	1,752,275
Loss attributable to members of parent entity	-	(1,062,789)	(141,445)	-	(1,204,234)
Performance rights issued	-	-	-	81,350	81,350
Balance at 31.12.2019	24,117,760	(21,629,393)	(476,387)	594,337	2,606,317

These financial statements should be read with the accompanying notes

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2019

1. SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

BBX Minerals Limited (The Company) is a for profit listed public company incorporated and domiciled in Australia. The financial report for the half year ended 31 December 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 interim financial statements were authorised for issue on 13 March 2020.

Basis of Preparation

The general purpose condensed consolidated interim financial report of the Group for the half-year ended 31 December 2019 has been prepared in accordance with the applicable accounting standards including the requirements of AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001*, and other mandatory requirements and are presented in Australian Dollars (\$AUD) which is the functional currency of the parent company.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by BBX Minerals Ltd during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

(a) New and amended standards adopted by the group

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 reporting period. The application of these Standards has not had a material impact on the reported financial position or performance of the Group.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 July 2019 for the Group. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets. A liability corresponding to the capitalised right-of-use asset lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The group has not entered into any long-term lease contracts. Therefore, the group considers that there are no material impact to the financial report for the half year ended 31 December 2019 upon adoption of AASB 16.

(b) Impact of standards issued but not yet effective

Certain new and revised Standards and Interpretations have been published that are not mandatory for the half year ended 31 December 2019 reporting period. The group does not intend to adopt the standards before the effective date.

(c) 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 incurred a total operating loss after tax for the half year ended 31 December 2019 of \$1,062,789 (2018: \$327,835), and as at balance date, held cash of \$382,215 (30 June 2019: \$177,540) and had current liabilities of \$1,152,311 (30 June 2019: \$1,065,565). The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the Group to continue to successfully raise additional share capital and call upon \$1,500,000 from the convertible note facility available.

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2019

(c) Going concern (cont'd)

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- The Group has raised funds from the market and through its convertible note facility during the year amounting to \$931,775, net of cost and \$500,000, respectively, and will continue to raise funds as and when it is required. In light of the Group's current exploration projects, the Directors believe that any additional capital required can be raised in the market;
- The Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable; and
- The Group expects that the granting of trial mining licence will enable the commencement of trial mining resulting in the ability of the group to generate cash.

The financial statements have been prepared on the basis that the Group can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business.

(d) Critical accounting estimates and judgments

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.

(i) Key judgments – going concern - note 1(c)

(ii) 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 have made an assessment at 31 December 2019 and believe that no impairment is required since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$2,996,212 (June 2019: \$2,449,135). This will be reviewed by the directors again at 30 June 2020 for impairment.

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2019

2. Segment Information

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.

31 December 2019	Brazil	Australia	Total
	\$	\$	\$
Segment Revenue	5	185	190
Depreciation expense	5,503	-	5,503
Loss after income tax	(92,084)	(970,705)	(1,062,789)
Segment total assets	3,376,609	382,019	3,758,628
Segment total liabilities	20,460	1,131,851	1,152,311

30 June 2019	Brazil	Australia	Total
	\$	\$	\$
Segment Revenue	-	2,044	2,044
Depreciation expense	6,641	-	6,641
Loss after income tax	(192,208)	(1,240,932)	(1,433,140)
Segment total assets	2,789,610	252,881	3,042,491
Segment total liabilities	43,011	1,022,554	1,065,565

3. Key Management Personnel

	31 Dec 2019	31 Dec 2018
	\$	\$
Directors' fees	48,000	48,000
Consulting fees	76,517	94,400
	<hr/>	<hr/>
	124,517	142,400

Remuneration arrangements of key management personnel are disclosed in the latest annual financial report.

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2019

	31 Dec 2019	30 Jun 2019
	\$	\$
4. Financial Liabilities		
Draw down from convertible note facility	500,000	-
Interest expense	1,531	-
	501,531	-

The company announced on the 19 December 2019 that it had secured a convertible note facility up to a maximum of \$2 million with major shareholder Drake Special Situations LLC (lender, Drake), subject to company's shareholder approval. \$500,000 received from the lender under this facility during the period has been classified as current liability in the statement of financial position at 31 December 2019. The shareholders' approval was subsequently obtained in February 2020.

Terms of the convertible note are:

- The Company to repay the convertible note facility by cash or through the issue of fully paid ordinary shares at the lender's election.
- Maturity date - 24 months from execution date.
- Initial advance of \$500,000 with further advances of up to \$1,500,000.
- Interest rate of 8% per annum payable at maturity.
- Conversion price to be the lower of:
 - a) The 5-day VWAP for the trading of shares on ASX ending on the day prior to a Conversion Election; or
 - b) 14.5 cents

5. Issued and Paid-Up Capital

	31 Dec 2019	30 Jun 2019	31 Dec 2019	30 Jun 2019
	Shares	Shares	\$	\$
Ordinary shares				
Ordinary shares fully paid	413,391,693	404,276,192	24,117,760	22,365,485

Movements in ordinary share capital:

Date	Details	Number of shares	Issue Price	\$
1 July 2019	Opening balance	404,276,192	-	22,365,485
30 July 2019	Share based payment	2,115,501	0.2000	423,100
30 July 2019	Issued capital	4,585,000	0.2000	917,000
23 October 2019	Share based payment (note 7 (a))	2,000,000	0.1987	397,400
12 November 2019	Issued Capital	415,000	0.2000	83,000
	Capital raising costs	-	-	(68,225)
31 December 2018	Balance	413,391,693	-	24,117,760

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. Share based payments were made to consultants in Brazil and to the CEO Andre Douchane.

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2019

6. Other Reserves

	31 Dec 2019	30 Jun 2019	31 Dec 2019	30 Jun 2019
	Number	Number	\$	\$
Option Reserve				
Balance at beginning of the period	8,209,166	4,750,000	512,987	512,987
Issue of unlisted options exercisable at \$0.20 exercisable on or before 20 December 2020	-	3,459,166	-	-
Balance at the end of the period	8,206,166	8,209,166	512,987	512,987

	31 Dec 2019	30 Jun 2019	31 Dec 2019	30 Jun 2019
	Number	Number	\$	\$
Performance Rights Reserve				
Balance at beginning of the period	-	-	-	-
Issue of performance rights	6,000,000	-	81,350	-
Balance at the end of the period	6,000,000	-	81,350	-

	31 Dec 2019	30 Jun 2019
	\$	\$
Total other reserves		
Option reserve	512,987	512,987
Performance rights reserve	81,350	-
	594,337	512,987

7. Share Based Payments

(a) Shares Issued

On 23 October 2019 (issue date) Andre Douchane, the Chief Executive Officer (CEO) of the company was issued 2,000,000 ordinary shares at no cost on commencement of his employment. \$397,400 has been expensed as share-based payments in relation to these shares in the statement of profit or loss and other comprehensive income for the period. These shares were valued at 19.87 cents per share being the 5 day VWAP on issue date.

(b) Performance Rights

On 23 October 2019 (grant date), the CEO of the company was issued with 6,000,000 performance rights at not 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; and
- 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.

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2019

7. Share Based Payments (cont'd)

At balance date the Directors have assessed that it is probable that all vesting conditions will be met and accordingly, \$81,350 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, which was based on the 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.

8. Controlled Entities

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

9. Commitments and Contingencies

Juma East Gold Project

BBX has transferred two Juma East tenements back to Raquel Correia da Silva. However, these tenements will remain in BBX's name until the transfer is affected by the DNPM. BBX can exit the tenements without any further commitments.

Lease	Reference	Amount	Due Date
Juma East Project			
Guida/Plato	DNPM 880.129/2008	USD 14,000	15 May, 2020, 2021
EMA Project			
Tres Estados	DNPM 880.090/2008	USD 20,000	15 April 2020, 2021
Ema	DNPM 880.107/2008	USD 20,000	15 April 2020, 2021

10. Subsequent Events

On 30 January 2020 BBX provided a strategy update. BBX advised that the company continued to undertake an extensive testing programme to fine tune its preferred extraction technique for the complex style of mineralisation identified at Ema and Três Estados. Significant progress was made in defining a process route incorporating both pyrometallurgical and hydrometallurgical techniques

BBX commented that it is now confident that the understanding it has gained from the testing programme will enable an engineering study to be initiated in Q1 2020 to define the optimal process flow sheet and generate a conceptual design and cost estimate for a test plant to treat both weathered and unweathered rock from both projects. Two suitably qualified engineering companies in Brazil and the USA have been approached to submit proposals to conduct the study. BBX expects the study to be completed in 6-8 weeks after selection of the engineering company. The test plant will be designed with a high degree of flexibility to enable key operating parameters to be adjusted to optimise metal recovery and operating cost. Feed for the plant will initially be trucked from the Ema trial mining area. The test plant results will be used in the design of a future full-scale commercial production plant. The Company plans to locate the test plant at its testing facility near Rio de Janeiro where its analytical facilities will be further upgraded to assist in its development of a robust analytical method, based on the same basic principles as the recovery process

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2019

10. Subsequent Events (cont'd)

As a result of the Company's decision to progress to a scoping study and conceptual design for its metallurgical test plant the joint venture with Irish-registered AuRER Limited (formerly Lomhara Tech Limited) has been reviewed by both companies. The companies have concluded that the joint development of a process route suitable for extracting high levels of precious metals from both companies' mineral properties has now reached a point at which each company may independently finalise its individual processing methodology, and the joint venture has therefore been dissolved. BBX will retain access to key international consultants previously employed through the joint venture.

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The plant will be designed to fully test and optimise the Company's preferred extraction technique for the complex style of mineralisation identified at Ema and Três Estados. Onix's extensive experience in designing and building treatment plants in Brazil will be invaluable in developing a plant concept which fully addresses BBX's treatment process.

This document is available to view on www.bbxminerals.com.au and www.asx.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from those included in the original announcements.

BBX Minerals Limited

Directors Declaration

For the half-year ended 31 December 2019

The directors of the Company declare that:

1. the consolidated financial statements and notes, as set out on pages 6 to 16 are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standards AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the financial position as at 31 December 2019 and its performance for the half-year ended on that date of the Group;
3. in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Michael Schmulian

Chairman

13 March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BBX MINERALS LIMITED Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of BBX Minerals Limited and controlled entities ('the Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2019, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information notes 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 half-year financial report of BBX Minerals Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- ii. complying with AASB 134 *Interim Financial Reporting and the Corporation Regulations 2001*.

Material Uncertainty Relating to Going Concern

We draw attention to Note 1(c) of the condensed consolidated half-year financial report, which indicates that the Group incurred a net loss after income tax of \$1,062,789 (2018: \$327,835), and as at balance date, held cash of \$382,215 (30 June 2019: \$177,540) and has current liabilities of \$1,152,311 (30 June 2019: \$1,065,565). These events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Director's Responsibility for the Half-Year Financial Report

The directors of BBX Minerals Limited 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 controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatements, whether due to fraud or error.

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2018 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*. As the auditor of the BBX Minerals Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the BBX Minerals Limited and controlled entities for the half-year ended 31 December 2019 included on the website of BBX Minerals Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

LNP Audit and Assurance Pty Ltd



Archana Kumar

Director

Melbourne, 13 March 2020