

BBX MINERALS LIMITED

ACN 089 221 634

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2016

Chairman's Letter to Shareholders

BBX has continued to fully fund its exploration activities and significantly advance its understanding of the complex Juma East mineralisation despite the protracted downturn in commodity prices and ongoing weak capital markets. Since discovering that gold at Juma East occurs in a rare, but not unique form which is not amenable to conventional analytical techniques the Company has taken giant steps towards unlocking this "invisible" gold. A number of alternative techniques have been pursued in parallel, producing spectacular, although currently inconsistent results indicating that high grade gold and PGM mineralisation is present over significant widths within the large Guida mineralised system. The Company is continuing to work in conjunction with Brazilian, Australian and North American researchers in its endeavours to consistently analyse and recover precious metals at Juma East, and possibly in other analogous mineralised terrains.

Initial geochemical surveys at the Ema and Três Estados prospects have outlined large, coherent gold in soil anomalies within a suite of mafic rocks associated with major regional structures. Following further sampling currently in progress reconnaissance drill testing is planned for late-2016 and early-2017.

BBX has further expanded its tenement holdings in the Apui region through successful applications for additional exploration licences at Juma East and Ema, further strengthening the Company's dominant land position in this potential exciting new mineral province.

BBX has continued to fully fund its activities through a series of successful pro rata rights issues, reflecting the current shareholders' support for the Company's strategy. The Company received an unsolicited takeover bid from its major shareholder, which two of the Directors advised shareholders to reject, given the potential exploration upside and results to date. The bid closed on 21 October 2016. Drake Private Investments, remains a strong supporter of the Company's board and management.

I would again like to thank my fellow directors Will Dix and Alastair Smith for their valuable contributions during the year, and in particular would like to thank CEO Jeff McKenzie and Exploration Manager Antonio de Castro for their unstinting efforts. I sincerely regret Mr. Smith's recent decision to advise the Board that he intends to step down from the BBX board, and wish him well in his ongoing endeavours. A suitable replacement for Mr. Smith is currently being actively sought.

With a final breakthrough in fully unlocking the precious metals at Juma East imminent, the Company is poised to move forward as a highly successful mineral explorer and emerging producer.



Mike Schmulian
Chairman

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Directors

Michael Schmulian (Chairman)
Jeff McKenzie (appointed 26/10/2016)
William Dix
Alastair Smith (resigned 26/10/2016)

Secretary

Simon Robertson

Registered Office

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WA Australia 6005
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Share Registry

Automic Registry Services
Level 1, 7 Ventnor Avenue
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Auditor

LNP Audit and Assurance
L 14, 309 Kent Street
Sydney NSW 2000.

Stock Exchange

Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

ASX Code

BBX (fully paid ordinary shares)

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Directors' Report

The directors present their report, together with the financial statements of the Group, comprising BBX Minerals Limited (BBX or the Company) and its controlled entities (the Group or the consolidated entity), for the financial year ended 30 June 2016.

Directors

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

Name, Qualifications	Shares and Options	Experience, Special Responsibilities
<p>Michael Schmulian Non- Executive Chairman Appointed 12 April 2011 BSc (Hons) University of Witwatersrand MSc University of Leicester Fellow of AusIMM</p> <p>No other Current directorships. No former directorships in last 3 years</p>	<p>7,765,600 fully paid ordinary shares. 3,000,000 management Options at \$0.05 expiring 24 November 2017 120,000 Options at \$0.0125 expiring 1 March 2018 2,000,000 management Options at \$0.03 expiring 19 April 2017 2,000,000 management Options at \$0.037 expiring 19 April 2020 75,000 Options at \$0.05 expiring 18 May 2018</p>	<p>Mr Schmulian is a geologist with over 40 years of mining and exploration experience. His experience includes 24 years in Brazil where he established a strong network in the industry. He is a former Brazil Country Manager for Western Mining Corporation, South America brownfields Exploration Manager for Anglo Gold Ashanti and Executive Director of ASX listed Mundo Minerals, responsible for establishing the Company's Engenho gold mine.</p>
<p>William Dix Non Executive Director Appointed 10 October 2012</p> <p>BSc, MSc Geology, Monash University Member of AusIMM</p> <p>Other Current directorships; Managing Director Consolidated Zinc Limited, Non Executive Director Credo Resources Ltd. No former directorships in last 3 years</p>	<p>181,368 fully paid ordinary shares 1,000,000 fully paid ordinary shares held by Wreckt Pty Ltd 3,000,000 management Options at \$0.05 expiring 24 November 2017 20,152 Options at \$0.0125 expiring 1 March 2018 2,000,000 management Options at \$0.03 expiring 19 April 2017 2,000,000 management Options at \$0.03.7 expiring 19 April 2020</p>	<p>Mr Dix is a geologist with over 18 years' experience in gold, base metals and uranium. In previous roles he has led successful growing gold and base metal resources at companies including Lion Ore Mining International. At Lion Ore Mr Dix was part of the team that discovered the Waterloo Nickel Mine and delineated the 2-million-ounce Thunder Box Gold project. He has a proven track record of successful project and team management and also extensive capital raising, mergers, acquisitions and divestments.</p>
<p>Alastair Smith Non Executive Director Appointed 15 April 2013</p> <p>BCom MCom CA Managing Director Focus Capital Partners Los Angeles Other Current directorships Blackwood Equities (NSW) Pty Ltd Yardie (WA) Pty Ltd No former directorships in last 3 years</p>	<p>18,000 fully paid ordinary shares 3,000,000 Management options @ \$0.05 expiring 24 November 2017</p> <p>2,000 options @ \$0.0125 expiring 1 March 2018 Mr Smith has an interest in 5,000,000 shares in the name of; Yardie (WA) Pty Ltd as Trustee for the AW Smith Family Trust and 1,457,600 options @ \$0.0125 expiring 1 March 2018</p>	<p>Mr Smith is director of Blackwood Equities (NSW) Pty Ltd a Sydney based boutique equity capital markets and brokerage firm and Managing Director of Focus Capital Partners based in Los Angeles. For 8 years prior to joining Blackwood's, Mr Smith worked for 2 large Australian based resource focused stock broking firms and a global accounting firm in both London and Australia.</p>

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

Company Secretary

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

Principal activity, and significant changes in nature of activities

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

Operating Result

The operating result of the group was a consolidated loss of \$1,034,163 for the year ended 30 June 2016 (2015: loss of \$853,065)

Review of Exploration Operations

On 21 July 2015 BBX announced it had commenced an Induced Polarisation (IP) programme to fine tune its drilling programme on its Plato and Guida tenements at its Juma East project. BBX also announced that visits by potential drilling companies to the Guida and Plato sites had been completed and that proposals were expected to be received by the end of July 2015 with BBX expecting to award the tender early August 2015. Construction of the exploration camp was expected to be finished on schedule.

On 13 August 2015 BBX announced details of its IP survey:

- Positive induced polarization (IP) survey results at Plato further enhanced the potential to discover economic gold and copper mineralisation in the disseminated and stockwork sulphide zone (high chargeability zones) commonly associated with varying degrees of silicification (high resistivity) hosted by breccia pipes and/or rhyolite domes.
- A new broad zone (over 100m east-west) with abundant quartz stockwork and low sulphidation textures was discovered on the eastern side of IP line 2 at Plato, controlled by a N65W-trending fault zone, dipping 70NE.
- The IP survey at Guida revealed the two main interpreted feeder zones (high resistivity signature) for the overlying widespread silicified hydraulic breccia with low sulphidation textures and gold, controlled by N45W splays off the N65W fault zone, generating drill targets for potential bonanza gold lodes.

On 31 August 2015 BBX announced that its 100% owned subsidiary Mineração BBX do Brasil Ltda had accepted a tender from Energold Perfurações Ltda, owned by Energold Drilling Corp of Canada (TSX- V: EGD) to drill its Guida and Plato prospects at Juma East. Following the completion of the Induced Polarisation (IP) programme BBX had finalised the locations of its proposed drill holes and completed the base camp construction and widening of the access road to facilitate mobilisation of the drilling equipment.

BBX also agreed to issue the following shares to Energold; on mobilisation a total of 117,187 shares, on demobilisation a total of 117,187 shares and 914 shares per metre drilled, to be issued on completion of the drilling programme. In January 2016 BBX issued a total of 1,511,650 shares to Energold following completion of the programme.

On 15 September 2015 BBX announced that its 100% owned subsidiary Mineração BBX do Brasil Ltda had commenced drilling 6 targets at its Juma East project.

During October 2015 BBX advised it had completed its initial two drill holes, JED-001 and JED-002, testing interpreted breccia pipes 3 and 1 at the Plato regional target, respectively. JED 001 was drilled to a depth of 180.80 metres, intersecting 64.9 metres of breccia and argillic alteration from surface followed by 55.3 metres of silica alteration containing fine to very fine visible gold to 120.2m down-hole. Based on its magnetic signature the interpreted dimensions of the cone-shaped pipe 3 are approximately 500 m E-W by 300 m N-S

On 12th October 2015 BBX advised that visual inspection noted gold in the uncut core at various depths in addition to a finely-disseminated unidentified silver-coloured ductile mineral, tentatively identified as a gold-palladium alloy known to occur in the region.

The intensity of the mineralisation increases with depth, accompanied by fine-grained magnetite and very occasional arsenopyrite and pyrite.

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JED 001 – down hole depths with disseminated visible gold

65.06m	87.08m	118.10 m
66.82m	93.10m	118.60 m
70.20m	97.40m	118.80 m
78.71m	112.30m as film in fractures	
84.17m	115.52 m	

On 26 October 2015 BBX announced it had successfully completed drilling its second hole (JED-002) at Juma East to a depth of 300 metres, targeting gold and/or copper mineralisation in breccia pipe 1, in the Plato regional target. JED-002 is located approximately 2km north of JED-001.

On 7th December 2015 BBX Minerals updated the market on the reason for the trading halt on 13 November 2015 and BBX's subsequent request for the voluntary suspension of its shares from 17 November 2015. BBX advised that it had received initial partial and incomplete assay results for hole JED-001, testing breccia pipe 3 in the Plato regional target, Juma East. Due to a series of significant and complex inconsistencies in these results the Company initiated additional and more detailed analytical and mineralogical work on hole JED-001, using separate laboratories in both Brazil and Canada.

In view of the fact that the assay results were incomplete the Company considered a voluntary suspension of trading in its securities appropriate to avoid potential trading in BBX securities on an uninformed basis. The Company advised that it expected the voluntary suspension to remain in place until the release of a market update following completion of the additional analytical and mineralogical work on hole JED-001.

In December 2015 BBX successfully completed its 6-hole drilling programme at Juma East. JED-003, located 439 metres east of JED-002 within breccia pipe 1 was drilled to a depth of 292.8 metres. JED-004, 005 and 006, testing low-sulphidation style epithermal mineralisation at the Guida prospect, were completed at 224.96 metres, 101.84 metres and 299.80 metres, respectively.

On 23 December 2015 BBX announced assay results for JED001-004. Gold assay results received for hole JED-001, including those for the interval 66.45m to 121.70m, where visible gold had previously been identified were all extremely low, with a maximum value of 0.1g/t. No significant results were returned for a suite of 36 elements including precious and base metals. Similarly, no significant results were returned for holes JED-002 to 004. However, a yellow metallic mineral identified as gold was observed in hole 4, mainly over the interval 211 - 224.96m, within a highly siliceous rock containing zones of vuggy silica. Saw cuttings from this interval were panned, the yellow mineral collected, part of the concentrate amalgamated with mercury, and a gold-like metallic disc recovered. The disc was scanned using an SEM (scanning electron microscope) at the New Steel-CTSS laboratory, outside Rio de Janeiro, revealing a gold content in the range of 44-71% Au over the bulk of the sample. A silver coloured portion revealed a gold content of around 20%, with significant levels of niobium and rubidium. The same rock type, containing occasional specks of the yellow mineral was also intersected over the interval 200 - 299.40m in hole JED-006, passing directly under JED-004.

Subsequent to receiving results for JED-001 a series of additional tests was carried out in an attempt to reconcile these results with the fact that gold was visibly identified in the core and also panned from the diamond saw cuttings as part of the core processing. A sample of the saw cuttings was submitted to the SGS-Geosol laboratory in Belo Horizonte for confirmatory analysis and mineralogical identification. The SGS mineralogist, Itelino Braga microscopically confirmed the presence of coarse gold in this sample which was divided into three components, a heavy fraction, a light fraction and a magnetic fraction. Each of these fractions was subsequently analysed by fire assay, returning relatively low gold values. The heavy fraction, weighing only 2.51g and containing 11 gold grains, assayed only 0.81g/t. In addition, selected bulk residues were resubmitted to two laboratories, Intertek and SGS-Geosol for further complete analysis using a 48-hour cyanide leach. Results received from Intertek

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returned values below the detection limit of 0.01g/t, with a maximum value of 0.02g/t from SGS-Geosol. Gravity concentration using a Falcon concentrator was carried out on the pulverised residues from the interval 66.45m to 121.70m, totalling 9.069kg. The resulting concentrate was separated into a magnetic fraction, weighing 49g and a non-magnetic fraction, weighing 170g. These fractions returned respective gold assay results of 1.30g/t and 2.17g/t. The resultant gravity recoverable gold is equivalent to an initial gold head grade of 0.048g/t. Five selected quarter-core samples from holes JED-001 (2 samples) and JED-003 (3 samples) were submitted to the Acme laboratory in Vancouver. No significant results were returned.

In conclusion, BBX advised that it was endeavouring to develop a full understanding of the current analytical issues prior to prioritising targets for ongoing testing. A variety of potential target styles remain to be tested, including geochemical anomalies along the Guida-Boia Velha trend and zones of high chargeability IP anomalism with no associated magnetic response at Plato.

On 1 February 2016 BBX announced initial results from amalgamation tests on the interval 210.33 metres to 224.96 metres at the base of hole JED-004, testing the Guida target, Juma East. The hole terminated at 224.96 metres within a zone of strong silica alteration where minor fine visible gold had previously been identified. Amalgamation of the 820g bulk sample at the Nomos laboratory, Rio de Janeiro resulted in a metallic button, weighing 0.0039 grams, representing a precious metal grade, based on metal actually recovered, of 4.76g/t. from this 13.66m interval, where very low levels of Au had previously been reported via fire assay. The button was scanned using a scanning electron microscope (SEM), indicating a composition of approximately 85.4% gold and 14.6% platinum group metals (PGM's). The fire assays for the individual samples over this interval had returned only trace precious metal values.

On 23 March 2016 BBX announced a significant step forward in the development of a routine analytical method for the Juma East style of mineralisation. A bulk sample covering the interval 210.33 metres to 224.96 metres at the base of hole JED-004 returned 4.58g/t Au from fire assay following a pre-treatment step involving intense oxidation.

On 11th April 2016 BBX announced amalgamation results from the interval 180.00m to 299.44m of hole JED-006, testing the Guida target located within the highly prospective 10km-long Guida-Boia Velha structural trend. The interval tested represented the bottom 119.44m of the hole. Thirty-nine 4-metre composite samples and one 3.44m composite were amalgamated, using 1kg of pulverised sample for each amalgamation, and the gold precipitated and weighed. The lowermost 47.44m returned a composite grade of 1.03g/t within an overall 119.44m intersection of 0.73g/t. JED-006 passed immediately below hole JED-004 where amalgamation results of 13.66 metres at 4.06g/t were previously obtained and confirmed by fire assay after pre-treatment.

On 23rd May 2016 BBX announced that ongoing testwork had confirmed the reliability of the previously announced analytical technique comprising a pre-oxidation step conducted at the Nomos laboratory, Rio de Janeiro followed by fire assay at the Intertek laboratory, Parauapebas. A series of tests conducted on the composite from the 13.66m interval at the bottom of JED-004 included a replica of the previously reported pre-oxidation/fire assay methodology, returning a result of 3.70g/t Au and 0.16g/t Pd.

BBX also announced the planned commencement of geological mapping and soil sampling over the areas of old gold workings at Ema and Tres Estados to define targets for a planned drilling programme in the second half of 2016. Additional soil sampling is also planned at Juma East along the Guida/Boia Velha trend during the third quarter of 2016.

Exploration Leases

On 21 July 2015 BBX announced that its 100% owned subsidiary Mineracao BBX do Brasil Ltda, and Raquel Correia da Silva (Seller) had agreed to a reduction by 50 percent in BBX's lease commitments on its Juma East project.

Under the revised agreements only a further \$25,000 was payable in 2015 for BBX's Boia Velha lease (DNPM 880.117/2008) resulting in a significant reduction in lease commitments for 2015 while undertaking the drilling programme at Juma East. Under the revised agreements BBX can still exit any lease without any further lease commitments.

On 28th September 2015 BBX also advised that on 24th September 2015 DNPM had granted BBX the following exploration licences.

- Ema (DNPM ref 880.107/2008)
- Tres Estados (DNPM ref 880.090/2008)

The exploration licences are valid for 3 years with the right to be extended for another 3 years at BBXs request. The tenement areas are located approximately 30km and 60km from Apui with year round access via an unsealed road. BBX also advised the completion of an evaluation of all the company's tenements in order to rationalise ground holdings, retaining only tenements with the potential to deliver an economic mineral discovery in the near term.

On 29th April 2016 BBX announced it had renegotiated a lease payment of USD100,000 due to Antonio Tavares Rocas on 15 May 2016 as follows:

- A payment of USD25,000 payable on 15 November 2016 with the balance of USD 75,000 due 15 November 2017.

Pombos Sale

BBX also announced on 29th April 2016 it had signed a sales and purchase agreement for its Pombos tenement (DNPM number 880.094/2014) with Cooperative Extrativista Mineral Dos Garimpeiros de Apui- Cemga. The payment terms are as follows:

1. USD10,000 payable 6 months after granting of the exploration licence by DNPM (Ministry of Mines)
2. USD10,000 12 months after granting of the exploration licence
3. USD10,000 18 months after granting of the exploration licence.

BBX will receive a 3% net smelter return on all production, with BBX transferring the title to the buyer on granting of the exploration licence. Any breach of the terms or non- payment by the buyer will result in cancellation of the contract and the tenement reverting back to BBX. The exploration licence was granted 30 March 2016.

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

Tenement Interest	Area (Ha)	Percentage ownership
DNPM Permit Number 7124/2013 880.115/2008 Location Brazil (Juma East)	9492.79	100% Exploration Licence
DNPM Permit Number 7125/2013 - 880.116/2008 Location Brazil (Juma East)	10,000	100% Exploration Licence
DNPM Permit Number 7126/2013 - 880.117/2008 Location Brazil (Juma East)	9641.77	100% Exploration Licence
DNPM Permit Number 7127/2013 – 880.129/2008 Location Brazil (Juma East)	9307.47	100% Exploration Licence
DNPM Permit Number – 880.151/2014 Location Brazil (Juma East)	662.15	100% Application for Exploration Licence
DNPM Permit Number - 880.107/08 Location Brazil (Ema)	9839.91	100% Exploration Licences
DNPM Permit Number - 880.090.08 Location Brazil (Tres Estados)	8172.25	100% Exploration Licences
DNPM Number 880.070/2007 Location Brazil	Eldorado do Juma	75% Option held
DNPM Number 80.152/2012 Location Brazil (Under application)	Eldorado do Juma	75% Option held

Competent Person Statement

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

End of exploration report

Review of Corporate Activities

On 7th October 2015 BBX announced that it had raised \$398,000 through a private placement of 14,880,000 fully paid ordinary shares at an issue price of A\$0.01 cents per Placement Share to raise \$148,800 and a loan facility to raise \$250,000 (Transaction).

The loan facility provided by Drake Private Investments LLC was, subject to shareholder approval which was subsequently obtained at the Company's AGM, repayable through the issue of 25,000,000 convertible notes. The convertible notes have a face value of A\$0.01 each and maturity date on 31 December 2016.

The convertible notes are interest free, convertible at any time by the holder on the basis of one fully paid ordinary share per note. BBX also issued Drake with 12,500,000 attaching options exercisable at A\$0.0125 and expiring on 1 March 2018 on the basis of 1 option for every 2 shares issued.

On 9 February 2016 BBX Minerals Limited announced that it had received commitments to raise \$882,925 via a two Tranche Placement of 35,317,000 shares to Sophisticated and Institutional Investors at \$0.025 per share. The Company received applications for \$780,425 for Tranche 1, its maximum under its 7.1 capacity. The offer included 1 free attaching option for each 4 shares issued with an exercise price of \$0.05 per option expiring two years from the date of issue. The funds raised were allocated to continued analysis and testing of existing drill core of JED001-006, as well as further advancement of the exploration programme at Juma East.

The Placement was divided into 2 Tranches. Tranche 1 consisted of 31,217,000 fully paid ordinary shares at \$0.025 with 1 free attaching option for every four shares to raise \$780,425 before costs. The options have an exercise price of \$0.05 with a 2-year expiry. The shares were issued under the BBX's available Listing Rule 7.1 capacity. The attaching options were subject to shareholder approval.

The Company received Shareholder approval on 19th April 2016 to place a further 4,100,000 shares, with one free attaching option for each four shares issued on the same terms as issued to Investors in Tranche 1, to Directors and Senior Management of the Company and unrelated sophisticated investors. A total of 3,100,000 shares were issued raising \$77,500 bringing total proceeds from the Tranche 1 Placement and Tranche 2 Placement to \$857,925. Shareholders also approved the issue of incentive options to Directors and senior management.

Review of Financial Activities and Position

The net assets of the Group have increased by \$660,039 from \$914,348 at 30 June 2015 to \$1,574,387 at 30 June 2016. This increase is largely due to the following factors;

- Exploration and evaluation assets increased from \$959,928 to \$1,807,726 as a result of the drilling programme undertaken by BBX on the Juma East project.
- Further equity of \$398,000 raised on 7 October 2015 and \$857,925 on 9 February 2016 to further fund exploration activity.

Going concern

The Group incurred a loss after tax in the year from continuing operations of \$1,034,163 (2015 loss: \$403,371). The Group has current assets of \$264,467 (2015: \$284,197) while current liabilities amounts to \$554,440 (2015: \$383,339). The Group's ability to meet its operational obligations is principally contingent on capital raising and proceeds from sale of its Eldorado do Juma project and sale of Pombos project which is expected to be within the next 12 months. In the event that the sale transaction is delayed, the Group's continuance as a going concern will be dependent on its ability to sell its assets and negotiate terms with creditors. This gives rise to a material uncertainty in relation to the Group's ability to realise its assets and settle

its liabilities at the amounts stated in the financial report. The directors consider the Group to be a going concern based on the following assumptions, which the directors consider reasonable:

1. The Group continues to carefully manage expenditures, particularly head office expenses;
2. The directors anticipate a successful completion of the sale of other projects, which are expected to provide the Group with additional cash inflows;
3. During the year, the company raised \$1,255,925. The directors believe that future capital raisings can be undertaken to finance operations as required;
4. The directors and management also have the option of exercising in the money options to raise capital; and
5. On 6 September 2016, the company received an on-market takeover bid from one of the major shareholders for all ordinary shares in the capital of BBX at \$0.045 per share. Since this announcement, the company's share price on the market has increased to \$0.047 as at 12 September 2016.

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

Dividends paid or recommended

The Group did not declare or pay any dividend for the year ended 30 June 2016 (2015: \$Nil).

Events after the reporting date

Exploration and Assays

On 2nd September 2016 BBX announced that ongoing test work had resulted in significantly higher grades from the bottom 49.44m (250.00 – 299.44m) of hole JED-006, where a composite grade of 1.03g/t from amalgamation had previously been obtained. Following the success of pre-treatment test work undertaken on the 13.66m interval at the bottom of hole JED-004, which had returned 4.58g/t and subsequently 3.70g/t Au and 0.16g/t Pd by fire assay and 4.06g/t by amalgamation a variant of the pre-treatment method termed oxi8B was eventually settled on by the Company and used to test a homogenised composite sample from the bottom 49.44m of JED 006.

A single 250g pulverised sample yielded a fire assay result of 24.76g/t Au (mean of five 50g fire assay results), whilst other lower, but nonetheless high grade results were obtained from repeat tests using the oxi8B technique and minor variations thereof. Additional tests were conducted involving re-grinding of the pre-prepared sample prior to fire assay and metallic screen (screen fire) analysis (table 1) to evaluate the possibility of coarse gold being precipitated in the pre-treatment step. The latter test indicated that only 20% of the gold was in the coarser (+150 micron) fraction. The Company advised it had conducted wide-ranging experimental work testing a variety of methods in an endeavour to resolve the issue of why the samples had previously failed to produce a result by fire assay. Research undertaken enabled BBX to initially settle on methods named Oxi1A and Oxi8A to undertake routine assay results. However, as further improvements were made to the methods the processes were renamed Oxi1B and Oxi8B with the most consistent of these being Oxi8B. The other experimental methods utilised are no longer used and have been discarded. Under the specific Oxi8B method, a single homogenised bulk composite sample from the JED006 interval was subjected to treatment with acid and water at a variety of temperatures and time periods at the Nomos laboratory, Rio de Janeiro, followed by fire assay at the Intertek laboratory, Parauapebas. A total of 26 samples have been analysed using the Oxi1B and Oxi8B methods and variations thereof (see table 1 and appendix, table 2), with standards and blanks being submitted as a quality control check. BBX also commented that all quoted grades for oxi1B and oxi8B are as received from the Intertek laboratory, without correction for the dilution effect of approximately 22% resulting

from the addition of reagents in the pre-treatment step. True grades of the original samples are therefore approximately 22% higher than those quoted.

A highly significant result of 10.62g/t was also obtained from a cyanide bulk leach following oxi8B pre-treatment, indicating that the gold occurs in a form readily recoverable by conventional cyanidation. An alternative irradiation pre-treatment method termed JMA has produced elevated PGM values of 9.71g/t platinum and 9.91g/t palladium, plus 15.27g/t gold, all by fire assay. A series of tests undertaken using the oxi8B pre-treatment method on 4m composite samples over the interval 142 – 299.44m and the JMA method over the interval 250 – 299.44m returned only trace levels of gold. These tests were carried out using larger-scale equipment generating conditions which differed from those used in the original test work, due to the scale up effect from single-sample experimental work to batch-scale testing. Repetition of these tests in an effort to precisely replicate the conditions used in the single-sample tests produced values of 51.59g/t (mean of two assays) for the 250-299.44m bulk sample, 4m@107.11g/t from 258.00m and 4.2m @37.37g/t from 277.80m.

In addition, results were received for neutron activation (NA) analysis of two samples from the JED 006 49.44m composite, submitted to ALS laboratories in Canada. Analysis of an untreated sample failed to produce significant precious metal values whilst NA results for a sample treated by the JMA irradiation technique yielded 13.00 g/t Au, 5.90 g/t Pt and 5.30 g/t Pd. Samples pre-treated by the oxi8b method have yet to be analysed by NA.

Although results continue to be inconsistent, including negative results for a repeat test on the 49.44m composite and for a number of the 4m (approximate) composites it is the company's belief that the erratic nature of the results obtained to date is principally a function of the effectiveness of the pre-treatment method in consistently unlocking precious metals. The homogeneous nature of the geology and intensity and style of alteration within the lower portion of JED 006 reinforces the belief that gold is likely to be distributed relatively evenly throughout this 49.44m interval. The company is continuing to refine the methodology to ensure that the levels of all precious metals present in the Juma East mineralisation can be measured on a reliable basis.

BBX also advised completion of initial 200m x 40m soil sampling and reconnaissance geological mapping programmes over restricted portions of the Ema and Tres Estados prospects, located 30km and 60km SE of Apui, respectively. Results for both surveys outlined well-defined gold in soil anomalies associated with mafic intrusives and local garimpeiro workings.

Ongoing work will focus on extending the Ema and Tres Estados soil grids and defining targets for drill testing within the next 2-3 months. At Guida, infill soil sampling will be conducted to assist in designing an ongoing drill programme to fully test the highly prospective Guida-Boia Velha trend.

BBX also announced that the DNPM (Mines Dept) had published the results of a bid process conducted in relation to two previously relinquished tenements east of Juma East totalling 9998 ha and one 9034 ha tenement east of Ema. BBX has been declared the winner of both bids, adding significantly to BBX's ground holdings over the most favourable geological terrain in the underexplored Apui region.

In addition, the DNPM has granted a 3-year extension to the four exploration permits currently held at Juma East.

On market takeover bid

On the 6th September 2016 BBX received an unconditional cash on-market takeover bid from 38.51% shareholder Drake Private Investments LLC at \$0.045 cents per share. The bidder's statement was lodged on 6th September 2016 with an offer date of 20th September 2016, the bid closing on 21 October 2016 unless extended or withdrawn by Drake.

On 6th September 2016 BBX responded with an announcement to shareholders to "take no action" until the company releases its target's statement due on 12 September 2016.

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On 19th September 2016 BBX advised shareholders that the Australian Securities and Investments Commission ("ASIC") had granted BBX an extension of time by which BBX must lodge its Target's Statement with ASX and ASIC and dispatch the Target's Statement to shareholders.

The effect of the extension of time is that:

- (1) BBX will provide its Target's Statement to ASIC and the ASX on or before Monday 3 October 2016; and
- (2) the Target's Statement will be sent by BBX to BBX shareholders on or before Tuesday 4 October 2016.

Future developments and results

BBX will continue to progress the development of its Juma East, Ema and Tres Estados projects in Brazil. BBX is continuing to refine the assay technique for the complex Juma East mineralisation and extending the soil sampling programme Ema and Tres Estados following the positive results obtained in the initial programmes. BBX will then assess all assay and geological information with a view to undertake a targeted drilling programme in late 2016 and 2017.

The Group does not at present generate cash from its operations. The Group will require further funding to meet its corporate expenses and exploration activities. The sale of the Eldorado do Juma asset and the Pombos tenement is expected to assist the group to meet these costs.

Environmental regulations

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

Meetings of directors

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

Number of meetings:	Eligible to attend	Attended
Alistair Smith	10	9
Michael Schmulian	10	10
Will Dix	10	10

The directors also meet informally between meetings.

Indemnification and Insurance of Directors and Officers

During the financial year, the company paid a premium of \$10,120 (2015: \$10,375) exclusive of GST, in respect of a contract insuring the directors of the company, the company secretary and all executive officers of the Group against a liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Options

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

Grant Date	Date of Expiry	Exercise Price	Number under Option
31 July 2014 (unlisted)	1 July 2017	\$0.05	6,000,000
25 November 2014 (unlisted)	24 November 2017	\$0.05	16,900,000
1 May 2015 (unlisted)	1 March 2018	\$0.0125	33,547,146
19 April 2016 (unlisted)	19 April 2018	\$0.05	7,804,250
19 April 2016 (unlisted)	19 April 2017	\$0.03	10,750,000
19 April 2016 (unlisted)	19 April 2020	\$0.037	10,750,000
18 May 2016 (unlisted)	18 May 2018	\$0.05	75,000
Total			85,826,396

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

During the year ended 30 June 2016 3,791,000 ordinary shares of BBX Minerals Limited were issued on the exercise of options granted.

Exercise Date	Date of Expiry	Exercise Price	Number of Options Exercised
27 October 2015	1 March 2018	\$0.0125	250,000
5 November 2015	1 March 2018	\$0.0125	654,500
5 November 2015	30 March 2016	\$0.05	625,000
19 January 2016	24 November 2017	\$0.05	100,000
19 January 2016	1 March 2018	\$0.0125	1,011,500
22 February 2016	1 March 2018	\$0.0125	1,150,000
Total			3,791,000

Remuneration report

Remuneration policy

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

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

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

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Service Agreements

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

- Payment for services is capped at USD750 per day or USD15,000 per month plus reasonable expenses.
- The payment is based pro rata on hours worked per day based on a 20 day month
- Either party may terminate the agreement with 3 months' notice
- Both Parties have entered into a strict confidentiality agreement

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

Key Management Personnel Remuneration for the year ended 30 June 2016

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

30 June 2016	Directors Fees 1	Management Fees 2	Share Based Payments 3	Options Issued 4	Total Remuneration
Michael Schmulian	24,000	-	4,978	44,224	73,202
William Dix	24,000	-	4,978	44,224	73,202
Alastair Smith	24,000	-	4,978	44,224	73,202
Jeff Mckenzie	-	203,418	9,956	44,224	257,598
Total	72,000	203,418	24,890	176,896	477,204

- 1 All Directors fees are expensed relating to the 2015-16 financial year, however the Directors have only taken \$12,000 of their fees payable for the year and the balance has been accrued to assist the Company to utilise its cash on its exploration programme. Refer to note 6 (a) for further details.
- 2 Mr Mckenzie has requested only \$77,500 of the fees due be paid to him, to assist the company to utilise its cash on its exploration programme. Refer to note 6(a) for further details.
- 3 The share based payment relates to options issued to directors and management on 25 November 2014 17,000,000 @ 5 cents with an expiry date of 24 November 2017 that were amortised over the 3-year period of the options.
- 4 *Options/rights granted as remuneration*
The Company received shareholder approval at a General Meeting held on 19 April 2016 to issue 4,000,000 Incentive Options to each of the Directors, Messrs Michael Schmulian, Alastair Smith and William Dix and Key Management, Jeff McKenzie, Exploration Consultant Antonio de Castro 4,000,000 options and Company Secretary Simon Robertson 750,000 options or any of their nominees in two tranches as follows:
 - Tranche 1 – 2,000,000 Incentive Options each vesting on grant; which are included in the remuneration table; and
 - Tranche 2 - 2,000,000 Incentive Options each vesting on an announcement of a maiden JORC resource of Min 250k ounces at a minimum 2gt/t by 31 March 2017 or on the lodgment of a bidder's statement.

These options were valued using Black Scholes with the below assumptions:

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	Unlisted Options – Tranche 1
Number of options in series	10,750,000
Grant date share price	\$0.027
Exercise price	\$0.037
Expected volatility	140%
Option Life	4 year ²
Dividend Yield	0.00%
Interest Rate	2.07

	Unlisted Options – Tranche 2
Number of options in series	10,750,000
Grant date share price	\$0.027
Exercise price	\$0.03
Expected volatility	140%
Option Life	1 year
Dividend Yield	0.00%
Interest Rate	2.07

30 June 2015	Directors Fees	Management Fees	Share/Option Based Payments	Total Remuneration
Michael Schmulian	18,000	-	4,978	22,978
William Dix	21,273	-	4,978	26,251
Alastair Smith	18,000	-	4,978	22,978
Jeff McKenzie	-	144,237	9,956	154,193
	57,273	144,237	24,890	226,400

On 25 November 2015 the Company received shareholder approval to issue shares in lieu of Directors and Management fees relating to the 2015 financial year as follows:

Person	Number of Shares in lieu of fees	Fees, exchanged at \$0.012 per share
Michael Schmulian	1,000,000	\$12,000
William Dix	1,000,000	\$12,000
Alastair Smith	1,000,000	\$12,000
Jeff Mckenzie	2,500,000	\$30,000

Directors and Key Management Options

2016	Balance at start of year	Granted during year as remuneration	Grant from rights /placement issues	Exercised /expired during year	Net other Change	Balance at end of year	Value of options granted as remuneration
Mike Schmulian	3,000,000	4,000,000	75,000	-	120,000	7,195,000	44,224
Will Dix	3,020,152	4,000,000	-	-	-	7,020,152	44,224
Alastair Smith	11,334,600	4,000,000		(6,875,000) (1)	(4,000,000) (2)	4,459,600	44,224 (2)
Jeff McKenzie	7,880,400	4,000,000	-	(1,860,400)	(120,000)	9,900,000	44,224

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(1) Mr Alastair Smith had a beneficial Interest in 6,875,000 options in the name of Blackwood Equities (NSW) Pty Ltd and 1,457,600 held in the name of Yardie (WA) Pty Ltd as trustee for the AW Smith Family Trust. The 6,875,000 options expired on 30 March 2016.

(2) Mr Smith's 4,000,000 management options were issued to a related party

Cash Performance –Related bonuses

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

End of Remuneration Report.

Non-audit services

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

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2016 has been received and can be found on page 17 of the financial report.

Proceedings on Behalf of the Company

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

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors dated 30 September 2016.



Michael Schmulian
Chairman
Perth
30 September 2016

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

As lead auditor of BBX Minerals Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

Lachlan Nielson Partners Pty Limited



Anthony Rose
Director

Sydney, 30 September 2016

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Statement of Profit or Loss and Other Comprehensive Income

	Note	Consolidated Group	
		2016	2015
		\$	\$
Royalties Received		-	8,904
Other income	1	3,484	131,503
		<u>3,484</u>	<u>140,407</u>
Depreciation and amortisation expense		(4,505)	(3,947)
Administration Expense		(604,398)	(381,573)
Foreign exchange gain/(loss)		295	(935)
Legal and professional fees		(23,677)	(13,655)
Mining and exploration expenses		(23,901)	(265)
Share Based Payments		(284,464)	(64,262)
Directors fees		(72,000)	(57,273)
Royalty Expense		-	(6,233)
Other expenses		(24,997)	(15,635)
Loss from continuing operations before income tax		(1,034,163)	(403,371)
Income tax expense		-	-
Loss from continuing operations for the year		(1,034,163)	(403,371)
Profit/(loss) from discontinued operations	2	-	(449,694)
Tax on profit from discontinued operations		-	-
Profit/(loss) from discontinued operations after income tax		(1,034,163)	(449,694)
Loss after Income Tax		(1,034,163)	(853,065)
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translating foreign operations		36,494	(142,814)
Total comprehensive income/(loss) for the year		(997,669)	(995,879)
Attributable to ordinary shareholders			
Loss per share	9		
From continuing and discontinued operations			
Basic earnings per share (cents per share)		(0.48)	(0.66)
Diluted earnings per share (cents per share)		(0.48)	(0.66)
From continuing operations			
Basic earnings per share (cents per share)		(0.48)	(0.31)
Diluted earnings per share (cents per share)		(0.48)	(0.31)

This statement should be read with the accompanying notes

BBX Minerals Limited
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Statement of Financial Position

	Note	Consolidated Group	
		2016	2015
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		247,967	246,227
Trade and other receivables	3	16,500	37,970
TOTAL CURRENT ASSETS		264,467	284,197
NON-CURRENT ASSETS			
Plant and equipment	4	14,443	11,787
Trade and other receivables	3	87,098	86,682
Exploration & evaluation assets	5	1,807,726	959,928
TOTAL NON-CURRENT ASSETS		1,909,267	1,058,397
TOTAL ASSETS		2,173,734	1,342,594
CURRENT LIABILITIES			
Trade and other payables	6	554,440	383,339
TOTAL CURRENT LIABILITIES		554,440	383,339
NON-CURRENT LIABILITIES			
Trade and other payables	6	44,907	44,907
TOTAL NON-CURRENT LIABILITIES		44,907	44,907
TOTAL LIABILITIES		599,347	428,246
NET ASSETS		1,574,387	914,348
EQUITY			
Issued capital	7	15,942,361	14,786,384
Accumulated losses		(15,036,148)	(14,001,985)
Other reserves	8	697,993	196,262
Foreign currency translation reserve		(29,819)	(66,313)
TOTAL EQUITY		1,574,387	914,348

This statement should be read with the accompanying notes

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Statement of Cash Flows

	Note	Consolidated Group	
		2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and royalties received		3,145	28,226
Payments to suppliers and employees		(430,162)	(341,479)
Payments for exploration and evaluation		(23,901)	(265)
Net cash used in operating activities	13	(450,918)	(313,518)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration & evaluation assets		(832,682)	(676,068)
Net proceeds from sale of exploration & evaluation assets		-	449,694
Purchase of property, plant and equipment		(7,542)	(765)
Net cash used in investing activities		(840,224)	(227,139)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares, options, etc.		1,041,300	591,261
Proceeds from issue of convertible notes		250,000	-
Cost of capital raising		(35,172)	(30,609)
Net cash provided by financing activities		1,256,128	560,652
Net increase in cash and cash equivalents held		(35,014)	19,995
Cash and cash equivalents at beginning of financial year		246,227	285,259
Exchange rate changes on the balance of cash held in foreign currencies		36,754	(59,027)
Cash and cash equivalents at end of financial year		247,967	246,227

This statement should be read with the accompanying notes

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Statement of Changes in Equity

Consolidated Group	Note	Share Capital Ordinary	Accumulated Losses	Foreign Exchange Reserve	Other Reserves	Total
		\$	\$	\$	\$	\$
Balance at 1.7.2014		14,203,732	(13,148,920)	76,501	154,000	1,285,313
Profit/(loss) attributable to members of parent entity		-	(853,065)	(142,814)	-	(995,879)
Shares issued during the year		613,261	-	-	-	613,261
Options issued during the year		-	-	-	42,262	42,262
Capital raising costs		(30,609)	-	-	-	(30,609)
Balance at 30.06.2015		14,786,384	(14,001,985)	(66,313)	196,262	914,348
Profit/(loss) attributable to members of parent entity		-	(1,034,163)	36,494	-	(997,669)
Shares issued during the year		1,093,842	-	-	-	1,093,842
Options issued during the year		-	-	-	279,964	279,964
Options exercised		74,575	-	-	(5,500)	69,075
Convertible notes issued		-	-	-	250,000	250,000
Convertibles notes converted to shares		22,733	-	-	(22,733)	-
Capital raising costs		(35,173)	-	-	-	(35,173)
Balance at 30.6.2016		15,942,361	(15,036,148)	(29,819)	697,993	1,574,387

This statement should be read with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

a. Basis of Preparation

BBX Minerals Limited is a for-profit listed public company domiciled in Australia.

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

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

Principles of Consolidation

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

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

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

b. Business Combinations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

c. Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

d. Segment Reporting

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

e. Income Tax

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

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

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

Deferred tax is not provided for the following:

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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

f. Revenue recognition

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

Interest is recognised on the accruals basis.

Royalty income which is generally earned based upon a percentage of sales is recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

g. Goods and Services Tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

h. Plant and Equipment

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

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

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

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

i. Financial Instruments

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

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

Financial Assets

Financial assets are divided into the following categories:

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

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

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

NOTES TO THE FINANCIAL STATEMENTS

Loans and receivables

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

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

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

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

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

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

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

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

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

Financial liabilities

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

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

j. Impairment of non-financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

k. Cash and cash equivalents

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

l. Employee benefits

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

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

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

m. Loss per share

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

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

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

n. Share capital

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

o. Equity-settled compensation

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

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

NOTES TO THE FINANCIAL STATEMENTS

p. Foreign currency transactions and balances

Functional and presentation currency

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

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

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

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

q. Exploration and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. As the asset is not available for use it is not depreciated or amortised.

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

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

r. Critical accounting estimates and judgements

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

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

Key estimates – share based payments

Equity-settled share awards are recognised as an expense based on their fair value at date of grant. The fair value of equity-settled share options is estimated through the use of option valuation models – which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life – and is expensed over the vesting period.

Some of the inputs used, such as the expected option life, are not market observable and are based on estimates derived from available data, such as employee exercise behaviour. The models utilised, such as the binomial option pricing model, are intended to value options traded in active markets. The share options issued by the Group, however, have a number of features that make them incomparable to such traded options. Using different

NOTES TO THE FINANCIAL STATEMENTS

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

Key judgments – going concern – refer note 1. s.

Key judgments – doubtful debts provision

Included in trade and other receivables is loan receivable from Cooper Juma amounting to \$87,098 (2015: \$86,682). The directors are of the opinion that no impairment on the loan balance is necessary as at the date of this report. Refer to note 3 to the financial statements for details.

Key judgments - exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$1,807,726 (2015: \$959,928).

s. Going concern

The Group incurred a loss after tax in the year from continuing operations of \$1,034,163 (2015 loss: \$403,371). The Group has current assets of \$264,467 (2015: \$284,197) while current liabilities amounts to \$554,440 (2015: \$383,339). The Group's ability to meet its operational obligations is principally contingent on capital raising and proceeds from sale of its Eldorado do Juma project and sale of Pombos project which is expected to be within the next 12 months. In the event that the sale transaction is delayed, the Group's continuance as a going concern, will be dependent on its ability to sell its assets and negotiate terms with creditors. This gives rise to a material uncertainty in relation to the Group's ability to realise its assets and settle its liabilities at the amounts stated in the financial report. The directors consider the Group to be a going concern based on the following assumptions, which the directors consider reasonable:

1. The Group continues to carefully manage expenditures, particularly head office expenses;
2. The directors anticipate a successful completion of the sale of other projects, which are expected to provide the Group with additional cash inflows;
3. During the year, the company raised \$1,255,925. The directors believe that future capital raising's can be undertaken to finance operations as required;
4. The directors and management also have the option of exercising in the money options to also raise capital; and
5. On 6 September 2016, the company received on-market takeover bid from one of the major shareholders for all ordinary shares in the capital of BBX at \$0.045 per share. Since this announcement, the company's share price on the market has increased to \$0.047 as at 12 September 2016.

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

t. Adoption of new and revised accounting standards

The Group has adopted all new standards and interpretations which became mandatorily effective during the period. There has been no significant impact on the reported financial position or performance of the Group on adoption.

NOTES TO THE FINANCIAL STATEMENTS

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

Standard	Group effective date	Requirements	Impact
AASB 9 Financial Instruments and amending standards	30 June 2018	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics test. All investment in equity instruments using AASB 9 are to be measured at fair value.	It is not expected that these changes will have material impact for the majority of entities.
AASB 15 Revenue from contracts with customers and amending standards	30 June 2018	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.	Changes in revenue recognition may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact is yet to be quantified.
AASB 2016 -5 Amendments to Australian Accounting Standards – Clarification and Measurement of Share Based Payments	30 June 2018	AASB 2016 -5 addresses the accounting for the vesting and non-vesting conditions on the measurement of cash-settled share-based payments; the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	It is not expected that these changes will have material impact on the Group.

1. REVENUE FROM CONTINUING OPERATIONS

	Consolidated Group	
	2016	2015
	\$	\$
<i>Other revenue</i>		
Interest received	3,484	19,322
Write-off of payables	-	112,181
	3,484	131,503

NOTES TO THE FINANCIAL STATEMENTS

2. DISCONTINUED OPERATIONS

	Consolidated Group	
	2016	2015
Net loss on disposal of capitalised exploration asset		
Sale of Chapada Project	-	(449,694)
Carrying value of exploration asset at date of sale	-	-
Loss on disposal of exploration asset	-	(449,694)
Income tax expense	-	-
Loss on disposal of exploration asset after tax	-	(449,694)

The net cash flows of the discontinued operations, which have been incorporated into the statement of cash flows, are as follows:

	Consolidated Group	
	2016	2015
	\$	\$
Net cash inflow/(outflow) from investing activities	-	449,694
Net cash increase in cash generated by discontinued operation	-	449,694

3. TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2016	2015
	\$	\$
<i>CURRENT</i>		
Trade and other receivables	16,500	37,970
<i>NON-CURRENT</i>		
Loans to CooperJuma – related party	87,098	86,682

The loans to CooperJuma attracting interest at a rate of 1% per month commenced on October 2013 and were repayable in September 2014. However, BBX was aware that CooperJuma was not in a position to repay the loans in September 2014 as production had not commenced at Eldorado do Juma as no mining licence had been issued. BBX has subsequently agreed that the loan may be repaid once production commences at Eldorado do Juma, with the interest continuing to be accrued at a rate of 1% per month on the balance until repaid in full.

The Directors are of the opinion that no impairment provision on the loans is necessary at this point based on the terms and conditions of the definitive sales and purchase agreement for Eldorado do Juma. However, the Directors will continuously review and assess the recoverability of the loans.

NOTES TO THE FINANCIAL STATEMENTS

4. PLANT AND EQUIPMENT

	Motor Vehicles	Office Equipment	Total
	\$	\$	\$
Year ended 30 June 2015			
Opening net book balance	14,408	3,026	17,434
Additions	-	765	765
Foreign exchange effect	(1,996)	(469)	(2,465)
Depreciation charge	(3,593)	(354)	(3,947)
Net book balance	<u>8,819</u>	<u>2,968</u>	<u>11,787</u>
As at 30 June 2015			
Cost or fair value	16,536	3,316	19,852
Accumulated depreciation	(7,717)	(348)	(8,065)
Net book value	<u>8,819</u>	<u>2,968</u>	<u>11,787</u>
Year ended 30 June 2016			
Opening net book balance	8,819	2,968	11,787
Additions	6,331	1,211	7,542
Foreign exchange	(359)	(22)	(381)
Depreciation charge	(4,268)	(237)	(4,505)
Net book balance	<u>10,523</u>	<u>3,920</u>	<u>14,443</u>
As at 30 June 2016			
Cost or fair value	22,846	4,727	27,573
Accumulated depreciation	(12,323)	(807)	(13,130)
Net book value	<u>10,523</u>	<u>3,920</u>	<u>14,443</u>

NOTES TO THE FINANCIAL STATEMENTS

5. EXPLORATION AND EVALUATION ASSETS

	Consolidated Group	
	2016	2015
	\$	\$
Recoverable within 12 months	-	-
Recoverable after 12 months	1,807,726	959,928
	<u>1,807,726</u>	<u>959,928</u>

Exploration Licenses are carried at cost of acquisition less impairment losses. There were no impairment losses recognised in the year. The directors view is as the Company is continuing to explore its Juma East, Ema and Tres Estados tenements and further exploration costs will be incurred as the Company continues its drilling and exploration programme, no assessment could be made on whether to impair any assets until the end of the drilling or exploration programmes.

	Consolidated Group	
	2016	
	\$	
Balance at beginning of the year	959,928	
Expenditure incurred on existing assets	847,798	
Balance at end of the year	<u>1,807,726</u>	
	<u>2015</u>	
	\$	
Balance at beginning of the year	283,860	
Expenditure incurred on existing assets	676,068	
Balance at end of the year	<u>959,928</u>	

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

6. TRADE AND OTHER PAYABLES

	Consolidated Group	
	2016	2015
	\$	\$
<i>CURRENT</i>		
Unsecured liabilities		
Trade payables	117,754	78,014
Other payables and accruals (a)	436,686	305,325
	<u>554,440</u>	<u>383,339</u>
<i>NON-CURRENT</i>		
Unsecured liabilities	<u>44,907</u>	<u>44,907</u>

(a) \$412,186 is payable to key management personnel (2015:\$278,419) in relation to directors fees and management fees.

NOTES TO THE FINANCIAL STATEMENTS

7. ISSUED AND PAID-UP CAPITAL

	2016 No	2015 No	2016 \$	2015 \$
Ordinary shares fully paid	246,253,208	179,780,308	15,942,361	14,786,384

Movements in ordinary share capital:

Date	Details	Number of shares	Issue Price	\$
30 June 2014	Shares issued	118,454,232		14,203,732
1 May 2015	Shares issued	60,126,076	0.0100	601,261
29 June 2015	Shares issued	1,200,000	0.0100	12,000
	Less: Transaction costs arising on issue	-	-	(30,609)
30 June 2015	Balance	179,780,308	-	14,786,384
20 July 2015	Shares issued	3,000,000	0.0100	30,000
9 September 2015	Shares issued to advisors	1,000,000	0.0100	10,000
6 October 2015	Shares issued	14,880,000	0.0100	148,800
27 October 2015	Options converted to shares	250,000	0.0125	3,125
5 November 2015	Options converted to shares	654,500	0.0125	8,181
5 November 2015	Options converted to shares	625,000	0.0500	31,250
25 November 2015	Shares issued to key management personnel in lieu of payment	8,500,000	0.0120	102,000
19 January 2016	Options converted to shares	1,011,500	0.0125	12,644
19 January 2016	Options converted to shares	100,000	0.0500	5,000
19 January 2016	Shares issued to supplier in lieu of payment	1,511,650	0.0100	15,117
16 February 2016	Shares issued	31,217,000	0.0250	780,425
23 February 2016	Options converted to shares	1,150,000	0.0125	14,375
8 March 2016	Conversion of Convertible Note	2,273,250	0.0100	22,732
18 May 2016	Share issued	300,000	0.0250	7,500
	Less: Transaction costs arising on issue	-	-	(35,174)
30 June 2016	Balance	246,253,208	-	15,942,361

8. OTHER RESERVES

	Consolidated Group	
	2016 \$	2015 \$
Option Reserve	470,725	196,262
Convertible Note	227,268	-
	697,993	196,262

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NOTES TO THE FINANCIAL STATEMENTS

Option Reserve	2016	2015	2016	2015
	No	No	\$	\$
Balance at the beginning of the financial period	55,831,521	17,500,000	196,262	154,000
Issue of 6,000,000 unlisted options to consultants exercisable at \$0.05 each on or before 1 July 2017	-	6,000,000	14,053	14,053
Issue of 17,000,000 unlisted options to consultants and directors exercisable at \$0.05 each on or before 24 November 2017	-	17,000,000	28,209	28,209
Issue of 15,331,521 unlisted options to shareholders from rights issue @ \$0.0125 each exercisable on or before 1 March 2018	-	15,331,521	-	-
Issue of 750,000 unlisted options @\$0.0125 each exercisable on or before 1 March 2018	750,000	-	-	-
Issue of 250,000 unlisted options @\$0.0125 each exercisable on or before 1 March 2018	250,000	-	-	-
Issue of 7,500,000 unlisted options @\$0.0125 each exercisable on or before 1 March 2018	7,500,000	-	-	-
Issue of 3,720,000 unlisted options @\$0.0125 each exercisable on or before 1 March 2018	3,720,000	-	-	-
Exercise of 250,000 options @ \$0.0125	(250,000)	-	-	-
Exercise of 654,500 options @ \$0.0125	(654,500)	-	-	-
Exercise of 625,000 options @ \$0.05 cents	(625,000)	-	-	-
Exercise of 100,000 options @ \$0.05 cents	(100,000)	-	-	-
Exercise of 1,011,500 options @ \$0.0125	(1,011,500)	-	-	-
Exercise of 1,150,000 options @ \$0.0125	(1,150,000)	-	-	-
Issue of 7,925,000 unlisted options @\$0.0125 exercisable on or before 1 March 2018	7,925,000	-	-	-
Expiry of unlisted options @ \$0.05 on 30 March 2016	(16,875,000)	-	(5,500)	-
Issue of 7,804,250 unlisted options to shareholders exercisable at \$0.05 cents on or before 19 April 2018	7,804,250	-	-	-
Issue of 1,136,625 unlisted options @\$0.0125 exercisable on or before 1 March 2018 (convertible note)	1,136,625	-	-	-
Issue of 10,750,000 unlisted options to consultants, management and directors exercisable at \$0.03 each on or before 19 April 2017 (a)	10,750,000	-	-	-
Issue of 10,750,000 unlisted options to consultants, management and directors exercisable at \$0.03.7 each on or before 19 April 2020	10,750,000	-	237,701	-
Issue of 75,000 unlisted options to shareholders exercisable at \$0.05 each on or before 18 May 2018	75,000	-	-	-
Balance at the end of the financial period	85,826,396	55,831,521	470,725	196,262

NOTES TO THE FINANCIAL STATEMENTS

The fair value of the share options granted is estimated as at the date of grant using a Black-Scholes Model taking into account the terms and conditions upon which the options were granted. Expected volatility is estimated using the Black-Scholes option pricing model applying the following inputs:

	2016	2015
Dividend yield (%)	0%	0%
Expected volatility (%)	140%	140%
Risk free interest rate (%)	2.07%	2.72%
Expected life of the option (years)	1.00	3.00
Option exercise price (\$)	\$0.03	\$0.05
Share price at grant date (\$)	\$0.027	\$0.007

Convertible Notes	2016	2015	2016	2015
	No	No	\$	\$
Balance at the beginning of the financial period	-	-	-	-
Issue of Convertible note to Drake Private Investments LLC	25,000,000	-	250,000	-
2,273,250 ordinary shares on conversion of convertible notes with face value of \$0.01	(2,273,250)	-	(22,732)	-
Balance at the end of the financial period	<u>22,726,750</u>	<u>-</u>	<u>227,268</u>	<u>-</u>

The significant terms of the unsecured convertible notes are as follows.

The Convertible Notes shall:

- (a) have a face value of \$0.01 each;
- (b) be paid for in full on application;
- (c) not bear interest; and
- (d) convert to fully paid ordinary shares in the capital of the Company.

Each Note Holder by accepting an issue of Convertible Notes:

- (e) agrees to be bound by these conditions; and
- (f) acknowledges that it has contractual rights against the Company as set out in these conditions.

The Convertible Notes:

- (g) constitute unsecured obligations of the Company;
- (h) do not (until conversion or repayment) confer on Note Holders any right as a member or shareholder of the Company, including voting rights; and
- (i) confer on Note Holders a right to be given copies of all documents sent by the Company to shareholders (whether in connection with a general meeting of Shareholders or otherwise).

The Convertible Notes mature on 31 December 2016.

Repayment through the issue of Shares

- (j) The Note Holder may at any time elect to convert an aggregate number of Convertible Notes to Shares, on the basis of one Share for each Convertible Note converted plus 1 attaching option @\$0.0125cents expiring on or before 1 March 2018 for every 2 shares issued.
- (k) At the maturity date all outstanding Convertible Notes will convert to shares, on the basis of one share for each Convertible Note converted plus 1 attaching option @\$0.0125cents expiring on or before 1 March 2018 for every 2 shares issued.

NOTES TO THE FINANCIAL STATEMENTS

9. LOSS PER SHARE

	Consolidated Group	
	2016	2015
	Cents	Cents
Basic loss per share		
From continuing operations	(0.48)	(0.31)
From discontinued operation	-	(0.35)
Total basic earnings per share	(0.48)	(0.66)
Diluted loss per share		
From continuing operations	(0.48)	(0.31)
From discontinued operation	-	(0.35)
Total basic earnings per share attributable to the ordinary equity holders of the company	(0.48)	(0.66)

Reconciliation of earnings used to calculate loss per share

The earnings and weighted average number of shares used in the calculation of basic earnings per share as follows:

Basic earnings per share

Loss attributable to the ordinary equity holders of the company:

Loss from continuing operations	(1,034,163)	(403,371)
Loss from sale of discontinued operation	-	(449,694)
Loss attributable to the shareholders of the company	(1,034,163)	(853,065)
Weighted average number of ordinary shares for the purposes of basic earnings per share	214,209,898	128,341,258

Diluted earnings per share

Loss attributable to the ordinary equity holders of the company:

Loss from continuing operations	(1,034,163)	(403,371)
Loss from sale of discontinued operation	-	(449,694)
Loss attributable to the shareholders of the company	(1,034,163)	(853,065)
Weighted average number of ordinary shares for the purposes of basic e.p.s - does not include options which are antidilutive	214,209,898	128,341,258

10. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned
Subsidiaries of BBX Minerals Ltd:		
BBX Peru	Peru	100%
BBX Lucanas	Peru	100%
BBX Brazil	Brazil	100%
Minorte Extração de Mineração Ltda	Brazil	100%
Comin Gold	Brazil	75%

NOTES TO THE FINANCIAL STATEMENTS

11. RELATED PARTIES

Directors and Key Management Personnel

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

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

<i>Loans receivable:</i>	2016	2015
	\$	\$
Loans to Cooper Juma (Note 3)	87,098	86,682
Other Payables		
Related party payables (Note 6 (a))	412,186	278,419
<i>Options issued under Share based payments:</i>		
Paid to directors	14,934	14,934
Paid to key management/consultants	9,956	9,956
Company Secretary/Exploration Manager	17,372	17,372
Total	42,262	42,262

The share based payments relate to 3,000,000 options each issued to Directors on 24 November 2014, 6,000,000 to key management on 24 November 2014 and 2,000,000 issued to the Company Secretary on 24 November 2014. A further 6,000,000 options were issued to the Company's Exploration Manager on 1 July 2014. The value of the options issued to directors and key management are shown in the director's remuneration section. The options issued have been amortised over 3 years.

NOTES TO THE FINANCIAL STATEMENTS

12. 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

2016	Brazil	Australia	Total
	\$	\$	\$
Segment Revenue	339	3,145	3,484
Depreciation	4,505	-	4,505
Loss after income tax (a)	(114,331)	(919,832)	(1,034,163)
Segment total assets (b)	1,935,336	238,398	2,173,734
Segment total liabilities (c)	38,283	561,064	599,347
Net cash inflows /(outflows) from operating activities	(114,331)	(336,587)	(450,918)
Net cash inflows /(outflows) from investing activities	(840,224)	-	(840,224)
Net cash inflows /(outflows) from financing activities	-	1,256,128	1,256,128

2015	Brazil	Australia	Total
	\$	\$	\$
Segment Revenue	27,087	113,320	140,407
Depreciation	3,947	-	3,947
Loss after income tax (a)	(536,168)	(316,897)	(853,065)
Segment total assets (b)	994,069	348,524	1,342,593
Segment total liabilities (c)	67,407	360,839	428,246
Net cash inflows /(outflows) from operating activities	(68,875)	(244,643)	(313,518)
Net cash inflows /(outflows) from investing activities	(227,139)	-	(227,139)
Net cash inflows /(outflows) from financing activities	-	560,652	560,652

(a) Profit / (loss) after tax

Reconciliation of loss after tax to the consolidated loss for the year is as follows:

	Consolidated Group	
	2016	2015
	\$	\$
Loss after tax	(1,034,163)	(403,371)
Profit from discontinued operations	-	(449,694)
Profit/(loss) for the year	(1,034,163)	(853,065)

(b) Segment assets

Reportable segment assets are reconciled to total assets as follows:

Segment assets	2,173,734	1,342,593
Total assets per the statement of financial position	2,173,734	1,342,593

(c) Segment liabilities

Reportable segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	599,347	428,246
Total liabilities per the statement of financial position	599,347	428,246

NOTES TO THE FINANCIAL STATEMENTS

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

	Consolidated Group	
	2016	2015
	\$	\$
Net loss after income tax	(1,034,163)	(853,065)
Shares issued to key management personnel in lieu of payment	102,000	-
Share based payments	284,464	64,262
Depreciation & amortisation	4,505	3,947
Proceeds from sale of assets included in investing activities	-	(449,694)
Realised foreign exchange gain	(295)	(83,784)
Changes in operating assets and liabilities:		
<i>(Increase)/Decrease in assets:</i>		
(Increase) /Decrease prepayments	-	12,624
(Increase) /Decrease current receivables	21,470	981,581
<i>Increase/(Decrease in liabilities:</i>		
Increase/ (Decrease) in trade payables	171,101	10,611
Net cash flow from operating activities	<u>(450,918)</u>	<u>(313,518)</u>

14. AUDITORS' REMUNERATION

	Consolidated Group	
	2016	2015
	\$	\$
Audit and review of financial statements:		
Auditors of BBX Minerals Limited – LNP Audit and Assurance		
Remuneration for audit or review of financial statements	43,500	41,000
Other services remuneration:	-	-
Total auditor's remuneration	<u>43,500</u>	<u>41,000</u>

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL RISK MANAGEMENT

Capital Risk Management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern. In order to maintain or adjust the capital structure, the Group may issue new shares or return capital to shareholders.

The Group's strategy, unchanged from the prior year, is to maintain a sufficient level of cash to meet its obligations, as and when any debts are due, and to meet any investment commitments.

There are no externally imposed capital requirements for the Group.

The Groups financial instruments consist of deposits with banks, accounts receivable and payable and loans to and from subsidiaries.

	Consolidated Group	
	2016	2015
	\$	\$
Financial Assets		
Cash and cash equivalents	247,967	246,227
Trade and other receivables	16,500	124,652
Total Financial Assets	264,467	370,879
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables	554,440	383,339
Total Financial Liabilities	554,440	383,339

Financial Risk Management Policies

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

Specific Financial Risk Exposures and Management

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

a. Liquidity Risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Consolidated group financial liability maturity analysis due for repayment;

	Within 1 Year		1 to 5 Years		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Trade and other payables	554,440	383,339	44,907	44,907	599,347	428,246
Total expected outflows	554,440	383,339	44,907	44,907	599,347	428,246

b. Interest Rate Risk

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

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

c. Foreign Exchange Risk

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

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

Sensitivity analysis

A strengthening of the AUD, as indicated below, against the BRL at 30 June 2016 would have increase/(decreased) equity and profit or loss by the amounts shown below. The analysis is based on foreign currency exchange rate variances that the Group considered reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

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

	Strengthening		Weakening	
	Equity	Profit or loss	Equity	Profit or loss
30-Jun-16				
BRL (10% strengthening)	190,571	16,798	(190,571)	(16,798)
30-Jun-15				
BRL (10% strengthening)	94,033	55,643	(94,033)	(55,643)

NOTES TO THE FINANCIAL STATEMENTS

16. PARENT ENTITY FINANCIAL INFORMATION

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

	Parent	
	2016	2015
	\$	\$
Balance Sheet		
Current Assets	238,393	245,264
Non- Current Assets	3,242,714	2,297,742
Total Assets	<u>3,481,107</u>	<u>2,543,006</u>
Current Liabilities	516,155	315,930
Non-Current Liabilities	44,907	44,907
Total Liabilities	<u>561,062</u>	<u>360,837</u>
Net assets	<u>2,920,045</u>	<u>2,182,169</u>
Shareholder Equity		
Issued capital	15,942,361	14,786,384
Reserves	697,993	196,262
Accumulated Losses	(13,720,309)	(12,800,477)
	<u>2,920,045</u>	<u>2,182,169</u>
Statement of Comprehensive Income		
Total loss	(919,832)	(316,897)
Total comprehensive loss	<u>(919,832)</u>	<u>(316,897)</u>

NOTES TO THE FINANCIAL STATEMENTS

17. SUBSEQUENT EVENTS

Exploration and Assays

On 2nd September 2016 BBX announced that ongoing test work had resulted in significantly higher grades from the bottom 49.44m (250.00 – 299.44m) of hole JED-006, where a composite grade of 1.03g/t from amalgamation had previously been obtained. Following the success of pre-treatment test work undertaken on the 13.66m interval at the bottom of hole JED-004, which had returned 4.58g/t and subsequently 3.70g/t Au and 0.16g/t Pd by fire assay and 4.06g/t by amalgamation a variant of the pre-treatment method termed oxi8B was eventually settled on by the Company and used to test a homogenised composite sample from the bottom 49.44m of JED 006.

A single 250g pulverised sample yielded a fire assay result of 24.76g/t Au (mean of five 50g fire assay results), whilst other lower, but nonetheless high grade results were obtained from repeat tests using the oxi8B technique and minor variations thereof. Additional tests were conducted involving re-grinding of the pre-prepared sample prior to fire assay and metallic screen (screen fire) analysis (table 1) to evaluate the possibility of coarse gold being precipitated in the pre-treatment step. The latter test indicated that only 20% of the gold was in the coarser (+150 micron) fraction. The Company advised it had conducted wide-ranging experimental work testing a variety of methods in an endeavour to resolve the issue of why the samples had previously failed to produce a result by fire assay. Research undertaken enabled BBX to initially settle on methods named Oxi1A and Oxi8A to undertake routine assay results. However, as further improvements were made to the methods the processes were renamed Oxi1B and Oxi8B with the most consistent of these being Oxi8B. The other experimental methods utilised are no longer used and have been discarded. Under the specific Oxi8B method, a single homogenised bulk composite sample from the JED006 interval was subjected to treatment with acid and water at a variety of temperatures and time periods at the Nomos laboratory, Rio de Janeiro, followed by fire assay at the Intertek laboratory, Parauapebas. A total of 26 samples have been analysed using the Oxi1B and Oxi8B methods and variations thereof (see table 1 and appendix, table 2), with standards and blanks being submitted as a quality control check. BBX also commented that all quoted grades for oxi1B and oxi8B are as received from the Intertek laboratory, without correction for the dilution effect of approximately 22% resulting from the addition of reagents in the pre-treatment step. True grades of the original samples are therefore approximately 22% higher than those quoted.

A highly significant result of 10.62g/t was also obtained from a cyanide bulk leach following oxi8B pre-treatment, indicating that the gold occurs in a form readily recoverable by conventional cyanidation. An alternative irradiation pre-treatment method termed JMA has produced elevated PGM values of 9.71g/t platinum and 9.91g/t palladium, plus 15.27g/t gold, all by fire assay. A series of tests undertaken using the oxi8B pre-treatment method on 4m composite samples over the interval 142 – 299.44m and the JMA method over the interval 250 – 299.44m returned only trace levels of gold. These tests were carried out using larger-scale equipment generating conditions which differed from those used in the original test work, due to the scale up effect from single-sample experimental work to batch-scale testing. Repetition of these tests in an effort to precisely replicate the conditions used in the single-sample tests produced values of 51.59g/t (mean of two assays) for the 250-299.44m bulk sample, 4m@107.11g/t from 258.00m and 4.2m @37.37g/t from 277.80m.

In addition, results were received for neutron activation (NA) analysis of two samples from the JED 006 49.44m composite, submitted to ALS laboratories in Canada. Analysis of an untreated sample failed to produce significant precious metal values whilst NA results for a sample treated by the JMA irradiation technique yielded 13.00 g/t Au, 5.90 g/t Pt and 5.30 g/t Pd. Samples pre-treated by the oxi8b method have yet to be analysed by NA.

Although results continue to be inconsistent, including negative results for a repeat test on the 49.44m composite and for a number of the 4m (approximate) composites it is the company's belief that the erratic nature of the results obtained to date is principally a function of the effectiveness of the pre-treatment method in consistently unlocking precious metals. The homogeneous nature of the geology and intensity and style of alteration within the lower portion of JED 006 reinforces the belief that gold is likely to be distributed relatively evenly throughout this 49.44m interval. The company is continuing to refine the methodology to ensure that the levels of all precious metals present in the Juma East mineralisation can be measured on a reliable basis.

NOTES TO THE FINANCIAL STATEMENTS

BBX also advised completion of initial 200m x 40m soil sampling and reconnaissance geological mapping programmes over restricted portions of the Ema and Tres Estados prospects, located 30km and 60km SE of Apui, respectively. Results for both surveys outlined well-defined gold in soil anomalies associated with mafic intrusives and local garimpeiro workings.

Ongoing work will focus on extending the Ema and Tres Estados soil grids and defining targets for drill testing within the next 2-3 months. At Guida, infill soil sampling will be conducted to assist in designing an ongoing drill programme to fully test the highly prospective Guida-Boia Velha trend.

BBX also announced that the DNPM (Mines Dept) had published the results of a bid process conducted in relation to two previously relinquished tenements east of Juma East totalling 9998 ha and one 9034 ha tenement east of Ema. BBX has been declared the winner of both bids, adding significantly to BBX's ground holdings over the most favourable geological terrain in the underexplored Apui region.

In addition, the DNPM has granted a 3-year extension to the four exploration permits currently held at Juma East.

On market takeover bid

On the 6th September 2016 BBX received an unconditional cash on market takeover bid from 38.51% shareholder Drake Private Investments LLC at \$0.045 cents per share. The bidders statement was lodged on 6th September 2016 with an offer date of 20th September 2016 and the bid closing on 21 October 2016 unless extended or withdrawn by Drake.

On 6th September 2016 BBX responded with an announcement to shareholders to "take no action" until the company releases its target statement which was again stated to the market on 12 September 2016.

On 19th September 2016 BBX advised shareholders that the Australian Securities and Investments Commission ("ASIC") has granted BBX an extension of time by which BBX must lodge its Target's Statement with ASX and ASIC and dispatch its Target's Statement to shareholders, in response to the takeover offer made by Drake Private Investments LLC ("Drake").

The effect of the extension of time is that:

- (1) BBX will provide its Target's Statement to ASIC and the ASX on or before Monday 3 October 2016; and
- (2) the Target's Statement will be sent by BBX to BBX shareholders on or before Tuesday 4 October 2016.

NOTES TO THE FINANCIAL STATEMENTS

18. CONTINGENT LIABILITIES

The Group has following contingent liabilities at 30 June 2016. BBX can exit any of the leases on EMA, Juma East and Tres Estados without any further commitments.

Lease	Reference	Amount	Due Date
Juma East Project			
Guida/Plato	DNPM 880.129/2008	USD25,000	15 November 2016
		USD100,000	15 May 2017,18,19
		USD75,000	15 November 2017
Boia Velha	DNPM 880.117/2008	USD 50,000	15 August 2017,18,19,20
Pintado	DNPM 880.115/2008	USD 50,000	15 February 2017,18,19,20
Pepita	DNPM 880.116/2008	USD 50,000	15 February 2017,18,19,20
EMA Project			
Tres Estados	DNPM 880.090/2008	USD 10,000	30 September 2016
		USD 10,000	15 May 2017
		USD 20,000	15 May 2018,19,20,21
Ema	DNPM 880.107/2008	USD 10,000	30 September 2016
		USD 10,000	15 May 2017
		USD 20,000	15 May 2018,19,20,21

19. COMMITMENTS

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

20. TAX LOSSES

The parent entity has tax losses of \$1,580,612 as at 30 June 2015. The benefit relating to these and the current year losses has not been recognised as it is not probable that the benefit will be utilised in the near future.

DIRECTORS DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 18 to 45 are in accordance with the Corporations Act 2001 and:
 1. comply with Accounting Standards and the Corporations Regulations 2001; and
 2. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the company;
2. the Chief Executive Officer has declared that:
 1. The financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
 2. The financial statements and notes for the financial year comply with the Accounting Standards, and;
 - (c) The financial statements and notes for the financial year give a true and fair view;
1. 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
30 September 2016
Perth

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BBX MINERALS LIMITED

Scope

Report on the Financial Report

We have audited the accompanying financial report of BBX Minerals Limited comprising the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control relevant as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud and error. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101; *Presentation of Financial Statements* that the financial statements comply with the *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

LNP Audit and Assurance

Auditors Report (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BBX Minerals Limited, would be in the same terms if given to the directors at the time of this audit report.

Audit Opinion

In our opinion,

- (a) the financial report of BBX Minerals Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company and the consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and with the *Corporations Regulations 2001*;
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Significant Uncertainty Regarding Going Concern

Without modification to our opinion expressed above, attention is drawn to the Note 1(s) of the consolidated financial report, which sets out the basis on which the directors believe that the Group will be able to continue as a going.

The Group incurred a loss after tax in the year from continuing operations of \$1,034,163 (2015 loss: \$403,371). The Group has current assets of \$264,467 (2015: \$284,197) while current liabilities amounts to \$554,440 (2015: \$383,339). The Group's ability to meet its operational obligations is principally contingent on capital raising and proceeds from sale of its Eldorado do Juma project and sale of Pombos project which is expected to be within the next 12 months. In the event that the sale transaction is delayed, the Group's continuance as a going concern, will be dependent on its ability to sell its assets and negotiate terms with creditors. This gives rise to a material uncertainty in relation to the Group's ability to realise its assets and settle its liabilities at the amounts stated in the financial report.

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.

Corporate Governance Statement

For the Year Ended 30 June 2016

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

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

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

This Statement was approved by the Board of Directors and is current as at 27 October 2016.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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

The Company has complied with this recommendation.

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

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

The Company has complied with this recommendation.

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

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

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

The Company has complied with this recommendation.

The Company has in place written agreements with each Director.

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

The Company has complied with this recommendation.

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

ASX Recommendation 1.5: a listed entity should:

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

The Company partly complies with this recommendation.

Corporate Governance Statement

For the Year Ended 30 June 2016

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

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

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

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

The Company has complied with this recommendation.

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

A performance review was undertaken during the reporting period.

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

The Company has partly complied with this recommendation.

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

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

The Company has only one executive, the Chief Executive Officer (CEO). A formal appraisal meeting to review the CEO's performance was not conducted during the year however the Board received a report at each of its meetings from the CEO of activities being undertaken and as such constantly monitored the CEO's performance.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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

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

The Company has not complied with this recommendation.

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

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

The Company has complied with this recommendation.

Corporate Governance Statement

For the Year Ended 30 June 2016

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

Strategic expertise - ability to identify and critically assess strategic opportunities and threats and develop strategies.

Specific Industry knowledge – members of the Board have geological, mining, metallurgical or engineering qualifications and/or a broad background and experience in the resources sector including exploration, permitting, mineral resource evaluation, project development and mining

International experience – members of the Board have an understanding the complexities of operating in foreign jurisdictions, particularly developing countries, including a basic knowledge of the general corporate, mining, fiscal and labour laws and regulations.

Accounting and finance - members of the Board have either specific qualifications and experience in accounting and finance or the ability to read and comprehend the company's accounts, financial material presented to the board, financial reporting requirements and an understanding of corporate finance.

Risk management - Identify and monitor risks to which the Company is, or has the potential to be exposed to.

Experience with financial markets - Experience in working in or raising funds from the equity or capital markets.

Investor relations - Experience in identifying and establishing relationships with Shareholders, potential investors, institutions and equity analysts.

Government relations - Experience in dealing with relevant Government authorities to ministerial or director level.

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

The Company has complied with this recommendation.

All members of the Board are considered to be independent directors.

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

Mr Jeff McKenzie was appointed a director on 26 October 2016. Mr. Alastair Smith Resigned as a director on 26 October 2016.

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

The Company has complied with this recommendation.

During the year ended 30 June 2016 all members of the Board are considered to be independent directors. With the change of directors on 26 October 2016 the majority of the Board remains independent.

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

The Company has complied with this recommendation.

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

Mr Jeff Mckenzie is Chief Executive Officer of the Company.

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

The Company has complied with this recommendation.

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

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

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

The Company has complied with this recommendation.

Corporate Governance Statement

For the Year Ended 30 June 2016

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

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

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

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

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

The Company has not complied with this recommendation.

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

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

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

The Company partly complies with this recommendation.

The Board has received the assurance required by ASX Recommendation 4.2 in respect of the financial statements for the half year ended 31 December 2015 and the full year ended 30 June 2016. From the Chief Executive Officer. The Company does not presently have a Chief Financial Officer (or equivalent) appointed. Given the size and nature of the Company's operations the Board has not received the assurance in respect of the quarterly cash flow statements believing that the provision of the assurance for the half and full year financial statements is sufficient.

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

The Company has complied with this recommendation.

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

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

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

The Company has complied with this recommendation.

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

Corporate Governance Statement

For the Year Ended 30 June 2016

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

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

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

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

The Company has complied with this recommendation.

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

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

The Company has complied with this recommendation.

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

Contact with the Company can be made via email addresses provided on the website for the CEO and the Company Secretary.

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

The Company has complied with this recommendation.

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

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

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

The Company has complied with this recommendation.

Contact with the Company can be made via email addresses provided on the website for the CEO and the Company Secretary.

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

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

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

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

Corporate Governance Statement

For the Year Ended 30 June 2016

The Company has not complied with this recommendation.

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

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

The Company has complied with this recommendation.

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

The Board conducted a review during the reporting period.

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

The Company has not complied with this recommendation.

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

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

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

The Company has complied with this recommendation.

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

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

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

The current operations of the Company are subject to laws and regulations in Brazil concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

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

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

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

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

The Company has not complied with this recommendation.

Corporate Governance Statement

For the Year Ended 30 June 2016

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

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

The Company has complied with this recommendation.

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

Executives of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their employment agreements with the Company and potentially the ability to participate in bonus arrangements and may, subject to shareholder approval, if appropriate, be granted equity based remuneration.

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

The Company has complied with this recommendation.

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

Additional Information

For the Year Ended 30 June 2016

Additional information included in accordance with the Listing Rules of ASX Limited.

1. SECURITY HOLDER INFORMATION

(a) Shareholders

The twenty largest shareholders hold 80.23% of the total issued ordinary shares in the Company as at 26 October 2016.

Holders Name	No Ord Shares	%
NATIONAL NOMINEES LTD	106,438,828	35.31
TOBY CHANDLER	25,005,000	8.29
DRAKE PRIVATE INVESTMENTS LLC	18,224,068	6.05
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD -Custodian account	17,420,002	5.78
ANDY IGO - <ADE Super Fund a/c>	14,000,000	4.64
KARL PAGE INVESTMENTS PTY LTD < The Karl Page Family a/c>	7,733,000	2.57
LAUREN PAGE INVESTMENTS PTY LTD <The Lauren Page Family a/c>	7,542,267	2.50
DRAKE PRIVATE INVESTMENTS LLC	7,111,327	2.36
DRAKE PRIVATE INVESTMENTS LLC	5,000,000	1.66
MICHAEL LEON SCHMULIAN	4,592,000	1.59
DRAKE PRIVATE INVESTMENTS LLC	4,273,999	1.42
ANTONIO DE CASTRO	4,000,000	1.33
JEFFREY ROBERT MCKENZIE	3,573,081	1.19
MICHAEL LEON SCHMULIAN	3,173,600	1.05
PERSHING AUSTRALIA NOMINEES PTY LTD	3,000,000	1.00
DRAKE PRIVATE INVESTMENTS LLC	2,596,113	0.86
MS VIVIENNE MADELEINE MAYA	2,250,000	0.75
DRAKE PRIVATE INVESTMENTS LLC	2,001,521	0.66
CLAYTON DAVID JAMES THOM	2,000,000	0.66
MR HAMISH DOUGLAS ORRICK	1,931,000	0.64
	241,865,806	80.23

Distribution of shareholders at 26 October 2016

Holdings Ranges	Holders	Total Units	%
1-1,000	137	69,045	0.02
1,001-5,000	192	588,694	0.20
5,001-10,000	89	762,356	0.25
10,001-100,000	327	12,178,526	4.04
100,001 and over	127	287,850,455	95.49
Totals	872	301,449,076	100.00

Number of holders of unmarketable parcels – Ordinary shares

Unmarketable Parcels – 658

Additional Information
For the Year Ended 30 June 2016

(b) Unquoted options

Options \$0.05 Expiring 1 July 2017

Total number on Issue 6,000,000

Holdings Ranges	Holders	Total Units	%
100,001 and over	1	6,000,000	100.00
Totals	1	6,000,000	100.00

Holders of more than 20% of the number on Issue

Antonio De Castro 6,000,000

Options \$0.03 Expiring 19 April 2017

Total number on Issue 2,750,000

Holdings Ranges	Holders	Total Units	%
100,001 and over	2	2,750,000	100.00
Totals	2	2,750,000	100.00

Holders of more than 20% of the number on Issue

Willian Robert Dix 2,000,000
 Robward Pty Ltd 750,000

Options \$0.05 Expiring 24 November 2017

Total number on Issue 6,000,000

Holdings Ranges	Holders	Total Units	%
100,001 and over	5	16,900,000	100.00
Totals	5	16,900,000	100.00

Holders of more than 20% of the number on Issue

Jeff McKenzie 5,900,000

BBX Minerals Limited

Additional Information

For the Year Ended 30 June 2016

Options \$0.0125 Expiring 1 March 2018

Total number on Issue			34,643,521	
Holdings Ranges	Holders	Total Units	%	
1-1,000	10	4,642		0.01
1,001-5,000	8	21,721		0.06
5,001-10,000	1	5,216		0.02
10,001-100,000	14	1,056,752		3.12
100,001 and over	11	32,751,000		96.78
Totals	44	34,643,521	100.00	

Holder of more than 20% of the number on Issue

Drake Private Investments LLC	20,000,000
National Nominees Limited	7,500,000

Options \$0.05 Expiring 19 April 2018

Total number on Issue			7,804,250	
Holdings Ranges	Holders	Total Units	%	
75,000 and over	10	7,804,250		100.00
Totals	10	7,804,250	100.00	

Holder of more than 20% of the number on Issue

Drake Private LLC	2,644,250
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Options \$0.05 Expiring 18 May 2018

Total number on Issue			75,000	
Holdings Ranges	Holders	Total Units	%	
75,000 and over	1	75,000		100.00
Totals	1	75,000	100.00	

Holder of more than 20% of the number on Issue

Michael Leon Schmulian	75,000
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BBX Minerals Limited

Additional Information

For the Year Ended 30 June 2016

Options \$0.05 Expiring 13 July 2018

Total number on Issue 700,000

Holdings Ranges	Holders	Total Units	%
75,000 and over	3	700,000	100.00
Totals	3	700,000	100.00

Holders of more than 20% of the number on Issue

Jeff Mckenzie 500,000

Options \$0.037 Expiring 19 April 2020

Total number on Issue 4,750,000

Holdings Ranges	Holders	Total Units	%
75,000 and over	3	4,750,000	100.00
Totals	3	4,750,000	100.00

Holders of more than 20% of the number on Issue

Constance M Smith 2,000,000
William Robert Dix 2,000,000

(c) Substantial Shareholders as at 26 October 2016

The Company's register of substantial shareholders shows the following:

Drake Private Investments LLC 149,760,323

2. VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every ordinary Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote for any Share held by the Shareholder. In the case of an equality of votes, the chairperson has a casting vote.

A poll may be demanded by the chairperson of the meeting, any 5 Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

Additional Information

For the Year Ended 30 June 2016

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

3. ON-MARKET BUY BACK

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