

BBX MINERALS LIMITED

ACN 089 221 634

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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

This interim Financial Report should be read in conjunction with the company's most recent annual financial report for the year ended 30 June 2018.

Corporate Directory

Half Year-Ended 31 December 2018

Directors

Michael Schmulian (Chairman)

William Dix

Jeff McKenzie

Secretary

Simon Robertson

Registered Office

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Share Registry

Automic Registry Services

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Auditor

LNP Audit and Assurance

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Sydney NSW 2000

Securities Exchange

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152-158 St Georges Terrace

PERTH WA 6000

ASX Code

BBX (fully paid ordinary shares)

BBX Minerals Limited

Directors' Report

Half-Year Ended 31 December 2018

The directors of BBX Minerals Limited submit the consolidated financial report of BBX Minerals Limited ("BBX") and its controlled entities ("the Group") for the half-year ended 31 December 2018.

Directors

The names of directors who held office during or since the end of the half-year are:

Mr Michael Schmulian

Mr William Dix

Mr Jeff McKenzie

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

Review of Operations

The consolidated total comprehensive loss of the group for the half-year after income tax was \$222,931 (December 2017: \$1,523,750).

Project Announcements

On 20 August 2018 BBX announced that it had conducted further metallurgical testwork at the Marcelo da Silva Pinto M.E. facility (Marcelo), using the same process announced on 30 April 2018 and 14 June 2018 for RC holes TERC-003, TERC-005 and TERC-006 (Três Estados). Seven tests (14 smelts) were conducted on 5kg samples from two metre intervals from hole TERC-007, located approximately 200m from hole TERC-003 using the same flux components as previously used for holes for TERC-003, TERC-005 and TERC 006. Sufficient material was available from 0 to 4 metres in TERC-007 for BBX to conduct a 5kg smelt, the first such test from the near-surface weathering profile. Samples from TERC-007 were selected principally from those two metre intervals with the highest weight of recovered RC sample to ensure that sufficient material could be retained for additional testwork. After collection, the samples were sealed and transported directly to the Nomos laboratory in Rio de Janeiro for preparation and subsequently to the nearby Marcelo facility for treatment. 5kg of each sample was riffle split and smelted with a specific flux and a copper collector to form a copper-rich bar. Each bar was divided into four equal parts, one of which was dissolved in nitric acid and silver precipitated from the solution. The resultant precipitate and the gold-rich undissolved residue was fused to form a metallic button which was analysed by fire assay using a gravimetric finish. The other three quarters of each copper bar have been retained for additional testwork. The process was repeated on the slag for each fusion which was ground, re-fused and a second copper bar produced.

Directors' Report

Half-Year Ended 31 December 2018

Hole no.	Depth (m)			Flux	Au (g/t)	Ag (g/t)	Rock type	Comments
	From	To						
TERC-007	0	4	Rock Slag Total	A	0.10 6.26 6.36	5.86 21.57 27.43	Soil/saprolite	
	18	20	Rock Slag Total	A	15.42 15.84 31.26	36.14 57.69 93.83	Fresh dolerite	
	20	22	Rock Slag Total	A	1.77 21.00 22.77	8.14 56.30 64.44	Fresh dolerite	
	26	28	Rock Slag Total	A	0.25 12.31 12.56	10.42 70.92 81.34	Fresh dolerite	
	32	34	Rock Slag Total	A	1.06 215.10 216.16	1.39 881.01 882.40	Fresh dolerite	
	32	34	Rock Slag Total	B	0.61 69.94 70.55	4.61 296.32 300.93	Fresh dolerite	Check smelt (flux B)
	34	36	Rock Slag Total	A	0.61 9.28 9.89	3.45 29.86 33.31	Fresh dolerite	

Table 1. Metallurgical extraction results for TERC-007

On 28 September 2018 BBX announced eleven tests (22 smelts) were conducted on 5kg samples from two metre intervals from Três Estados RC holes TERC-007, TERC-008 and TERC-009 and Ema diamond holes EMD-008, EMD-010 and EMD-011 using the same flux components and processes as utilised in previous drill hole testing. BBX advised that, as the style and controls of mineralisation are currently not fully understood no extrapolation of extraction grades or correlation between drill holes can be inferred. TERC-008 and TERC-009 are located approximately 800 metres from TERC-003 and 007 while the diamond drill holes at Ema are located in the region of old garimpeiro workings where BBX conducted channel sampling. The Ema diamond hole samples were all sourced from quartz-porphry saprolite (weathered rock), representing the first testwork conducted on this rock type. As the flux mix utilised was developed specifically for testing the mafic intrusives at Três Estados and Ema it is believed that the results obtained for the felsic rocks from the Ema diamond drilling may be sub-optimal.

All metallic buttons were closely inspected and where indications of the presence of PGM's was suspected the buttons were dissolved and read on the AA in preference to a gravimetric finish. The other three quarters of each copper bar have been retained for additional testwork. The process was repeated on the slag for each fusion which was ground, re-fused and a second copper bar produced.

Directors' Report

Half-Year Ended 31 December 2018

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

Table 2. Metallurgical extraction results for Três Estados RC holes and Ema diamond holes

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

TERC-008 and TERC-009 are located approximately 800 metres from TERC-003 and 007 while the diamond drill holes at Ema are located in the region of old garimpeiro workings where BBX conducted channel sampling.

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

Directors' Report

Half-Year Ended 31 December 2018

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

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

Table 3. Metallurgical extraction results for saprolite from EMD-011

BBX also advised that it had continued its programme of metallurgical testing of drill hole samples, using the same process as that reported on 1 October 2018 for Três Estados and Ema RC and diamond drill holes. 18 tests (36 smelts) were conducted on 5kg samples from two metre intervals from Três Estados RC hole TERC-002, 003, 006 and 007 and Ema diamond hole EMD-011, using the same flux components as utilised in previous drill hole testing. BBX stated that, with regards to results released on both 1 October and 26 November 2018, as the style and controls of mineralisation were not fully understood no extrapolation of extraction grades or correlation between drill holes could be inferred.

Hole no.	Depth (m)		Flux	Au (g/t)	Ag (g/t)	Rock type	Comments
	From	To					
TERC-002	28	30	Rock Slag Total	A 0.16 4.37 4.53	1.51 5.35 6.86	Fresh dolerite	
	30	32	Rock Slag Total	A 0.19 0.46 0.65	34.01 5.52 39.53	Fresh dolerite	
	32	34	Rock Slag Total	A 0.05 1.63 1.68	0.71 18.92 19.63	Fresh dolerite	
	34	36	Rock Slag Total	A 0.99 1.12 2.11	25.78 6.93 32.71	Fresh dolerite	
	38	39	Rock Slag Total	A 0.32 0.13 0.45	8.49 7.22 15.71	Fresh dolerite	
	41	42	Rock Slag Total	A 0.91 0.65 1.56	20.92 105.46 126.38	Fresh dolerite	
	44	46	Rock Slag Total	A 0.31 3.17 3.48	47.26 8.02 55.28	Fresh dolerite	
	46	48	Rock Slag Total	A 0.46 55.81 56.27	1.69 11.86 13.55	Fresh dolerite	
TERC 003	20	22	Rock Slag Total	A 5.45 1.93 7.38		Fresh dolerite	

Directors' Report

Half-Year Ended 31 December 2018

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

Table 4. Metallurgical extraction results for Três Estados RC holes and Ema diamond hole EMD-011

Trial Mining Application (IPHAN)

On 1 October 2018 BBX advised it had engaged Inuma Arqueologia to undertake the archaeological study required for IPHAN (national heritage agency) sign off, and on 26 November 2018 the Company advised that the study had commenced on both the Ema and Três Estados tenements.

The study has now been completed and the final report has been submitted to IPHAN for approval.

On 26 November 2018 BBX also advised that at the request of IPAAM, BBX had engaged Trevisan Florestal to review and ensure compliance with the forestry reserve requirements on its Três Estados tenement. This review has been completed and approved by IPAAM.

Corporate

On 11 October 2018 BBX Minerals announced that Ediberto Brito had been hired as Senior Chemist and Laboratory Manager. Mr. Brito was previously Laboratory Manager at Troy Resource's Guyana operations. Mr Brito assumed responsibility for the Company's laboratory at the Marcelo facility, coordinating the Company's metallurgical testwork programme.

On the 19 December 2018 BBX announced it had received commitments to raise a minimum of \$1,000,000 via a placement to existing sophisticated and institutional investors at 15 cents per share. BBX also advised it would

BBX Minerals Limited

Directors' Report

Half-Year Ended 31 December 2018

issue free attaching options on the basis of 1 option for every 2 new shares at an exercise price of 20 cents, with a maturity date of 20 December 2020.

The final amount raised from the placement was \$1,037,750, with BBX issuing 6,918,333 new shares and 3,459,167 unlisted options under the Company's existing 15% capacity.

The funds raised will be used for general working capital purposes associated with finalising the development of a metallurgical extraction process for the Três Estados and Ema projects, ongoing analytical technique development, finalisation of the trial mining licences and planning for the design and construction of a semi-commercial pilot plant.

The placement was strongly supported by the Company's top five shareholders with Drake Special Situations LLC again demonstrating their significant ongoing support.

Exploration Tenements

BBX submitted detailed reports to the DNPM (Ministry of Mining) on exploration and evaluation of its Ema and Tres Estados tenements at the end of the initial 3-year exploration licence (tenement details below). Following a review of these reports the DNPM extended BBX's exploration tenements for a further 3 years. Confirmation of the extensions was published/gazetted on 22 October 2018.

880.090/2008-MINERAÇÃO BBX DO BRASIL LTDA.- ALVARÁ N°10.384/2015

880.107/2008-MINERAÇÃO BBX DO BRASIL LTDA.-ALVARÁ N°10.385/2015

Current Tenement Interests

<u>All Tenements Owned by BBX Minerals Ltd</u>	<u>Area (Ha)</u>	<u>Percentage ownership</u>
DNPM Permit Number 880.151/2014 Location Brazil (Juma East)	662.15	100% Application for Exploration Licence
DNPM Permit Number 880.185/16 Location Brazil (Juma East)	980	100% Exploration License
DNPM Permit Number 880.107/08 Location Brazil (Ema)	9839.91	100% Exploration Licence
DNPM Permit 880.184/16 Location Brazil (Ema)	9034	100% Exploration License
DNPM Permit Number 880.090.08 Location Brazil (Tres Estados)	8172.25	100% Exploration Licence
DNPM Permit Number 880.094/2014 Location Brazil (Pombos)	1000.36	100% Exploration Licence

Directors' Report

Half-Year Ended 31 December 2018

Competent Person's Statement

The information in this announcement that relates to exploration results is extracted from the announcements titled "Exploration Update" dated 20 August 2018, 28 September 2018 and 26 November 2018 which are available to view at www.bbxminerals.com.au / www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Subsequent Events

On 5 March 2019 BBX advised that the Company has focused its attention over the past three months on refining and simplifying its analytical technique for use as a routine method for assaying exploration samples, on ensuring completion and submission of the archaeological study report to IPHAN (national heritage agency) and finalisation of compliance with the forestry reserve requirements on its Três Estados tenement.

BBX devoted considerable resources in December 2018 to ensure that the timeline for both the archaeological study and forestry reserve requirements were achieved. The Company worked closely with consultant groups Inuma Arqueologia and Trevisan Florestal to enable compliance with the archaeological study and forestry reserve requirements, respectively. The company will continue to work with both IPHAN and IPAAM (state environmental authority) in an endeavour to streamline the environmental approval process.

As BBX indicated in its December 2018 quarterly report the forestry reserve approval has been received and the archaeological study has been submitted to IPHAN for approval. These are key approvals required to enable ANM (formerly DNPM) to issue the trial mining licence.

Following the Company's 26 November 2018 announcement BBX commenced a review of all metallurgical tests undertaken to date to enable the understanding gained to be translated into a consistent and simple assay method. The review focused on the effect of varying flux composition, collector metal, smelt conditions and cupellation and partition methodology to assist in the development of a reliable assay method.

Tests on 25g samples of Ema surface dolerite and quartz-porphyry drill hole material commenced in late January 2019, utilising the preferred smelt conditions and cupellation and partitioning methodology. Five flux combinations and various combinations of copper lead and silver as collector are being used. All tests utilise basic fire-assay principles involving fusion of a 25g sample with a specific flux and collector metal, cupellation of the resultant collector button to form a precious metal prill, subsequent parting of the prill and weighing of the resultant gold, and, where obtained, silver and palladium buttons. Where silver is added as a collector the weight of added silver is subtracted in calculating the final silver grade.

The objective of these tests is purely to compare results utilising various flux and collector parameters and assess the precision of each method. The results will enable the optimum parameters to be selected for use in a set of confirmatory tests, incorporating QA/QC materials, prior to commencing routine analysis of all drill-hole samples. It is envisaged that assaying of drill-hole samples will commence in late-March, initially at a rate of 5-10 samples per day. Additional equipment is currently being sourced to enable sample throughput to be increased in April - May

In parallel, refinement of the metallurgical extraction process has continued, including testing of leaching by cyanidation after an initial roasting step.

This document is available to view on www.bbxminerals.com.au and www.asx.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements.

BBX Minerals Limited

Directors' Report

Half-Year Ended 31 December 2018

Auditor's Independence Declaration

A copy of the auditor's independence declaration under s.307C of the *Corporations Act 2001* is set out on page 10 of the half-year ended financial report.

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

On behalf of the Directors

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

Michael Schmulian

Chairman

12 March 2019

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

As lead auditor for the review of BBX Minerals Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

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

LNP Audit and Assurance Pty Ltd



Anthony Rose
Director

Melbourne, 12 March 2019

BBX Minerals Limited

Condensed consolidated statement of profit or loss and other comprehensive income For the half-year ended 31 December 2018

	Note	Dec 2018 \$	Dec 2017 \$
Continuing operations			
Other revenue		178,296	2,546
Administration costs		(344,664)	(395,965)
Depreciation		(2,394)	(4,443)
Directors Fees		(48,000)	(36,000)
Impairment of Exploration & evaluation assets		-	(1,011,648)
Consultancy expenses	4	(111,073)	-
Loss before income tax		(327,835)	(1,445,510)
Income tax expense		-	-
Loss from continuing operations after income tax expense		(327,835)	(1,445,510)
Other comprehensive loss			
Exchange differences on translating foreign operations		104,904	(78,240)
Total comprehensive loss for the year attributable to shareholders		(222,931)	(1,523,750)
Earnings per share – loss from continuing operations			
Basic earnings per share (cents per share)		(0.08)	(0.40)
Diluted earnings per share (cents per share)		(0.08)	(0.40)
Earnings per share – attributable to ordinary shareholders			
Basic earnings per share (cents per share)		(0.08)	(0.40)
Diluted earnings per share (cents per share)		(0.08)	(0.40)

These financial statements should be read with the accompanying notes

BBX Minerals Limited

Condensed consolidated statement of financial position As at 31 December 2018

	Note	31 Dec 2018	30 June 2018
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		608,596	761,590
Trade and other receivables		376,303	296,058
TOTAL CURRENT ASSETS		984,899	1,057,648
NON-CURRENT ASSETS			
Property, plant and equipment		16,726	18,242
Exploration & evaluation assets		2,075,454	1,500,147
TOTAL NON-CURRENT ASSETS		2,092,180	1,518,389
TOTAL ASSETS		3,077,079	2,576,037
CURRENT LIABILITIES			
Trade and other payables		514,053	478,726
TOTAL CURRENT LIABILITIES		514,053	478,726
TOTAL LIABILITIES		514,053	478,726
NET ASSETS		2,563,026	2,097,311
EQUITY			
Issued capital	4	21,914,237	21,225,591
Accumulated losses		(19,461,300)	(19,133,465)
Other reserves	5	512,987	512,987
Foreign currency translation reserve		(402,898)	(507,802)
TOTAL EQUITY		2,563,026	2,097,311

These financial statements should be read with the accompanying notes

BBX Minerals Limited

Condensed consolidated statement of cash flows For the half-year ended 31 December 2018

	31 December 2018 \$	31 December 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(437,583)	(744,739)
Interest received	955	2,546
Net cash used in operating activities	<u>(436,628)</u>	<u>(742,193)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation, net	(307,265)	(974,862)
Payment for plant and equipment	-	(15,622)
Net cash used in investing activities	<u>(307,265)</u>	<u>(990,484)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	577,572	1,147,463
Net cash provided by financing activities	<u>577,572</u>	<u>1,147,463</u>
Net decrease in cash held	(166,321)	(585,214)
Cash at beginning of financial period	761,590	1,201,265
Exchange rate changes on the balance of cash held in foreign currencies	13,327	(19,553)
Cash at end of financial period	<u><u>608,596</u></u>	<u><u>596,498</u></u>

These financial statements should be read with the accompanying notes

BBX Minerals Limited

Condensed consolidated statement of changes in equity For the half-year ended 31 December 2018

	Share Capital Ordinary	Accumulated Losses	Foreign Exchange Reserve	Other Reserves	Total
	\$	\$	\$	\$	\$
Balance at 1.7.2017	18,850,509	(16,924,633)	(245,997)	512,987	2,192,866
Options exercised	1,147,463	-	-	-	1,147,463
Loss attributable to members of parent entity	-	(1,445,510)	(78,240)	-	(1,523,750)
Balance at 31.12.2017	19,997,972	(18,370,143)	(324,237)	512,987	1,816,579
Balance at 1.7.2018	21,225,591	(19,133,465)	(507,802)	512,987	2,097,311
Shares issued (net of costs)	688,646	-	-	-	688,646
Loss attributable to members of parent entity	-	(327,835)	104,904	-	(222,931)
Balance at 31.12.2018	21,914,237	(19,461,300)	(402,898)	512,987	2,563,026

These financial statements should be read with the accompanying notes

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2018

1. SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

BBX Minerals Limited (The Company) is a for profit listed public company incorporated and domiciled in Australia. The financial report for the half year ended 31 December 2018 comprises the company and its controlled entities (the Group). The principal activity of the Group is exploration and development of mining assets in Brazil.

Basis of Preparation

The general purpose condensed consolidated interim financial report of the Group for the half-year ended 31 December 2018 has been prepared in accordance with the requirements of AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and are presented in Australian Dollars (\$AUD) which is the functional currency of the parent company.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by BBX Minerals Ltd during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

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

(a) New and amended standards adopted by the group

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

AASB 15 Revenue from Contracts with Customers

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

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

AASB 9 Financial Instruments

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

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

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

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2018

(b) Impact of standards issued but not yet applied by the entity

AASB 16 *Leases* will cause the majority of leases to be capitalised onto the statement of financial position. There are exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Mineral Extraction leases are not covered by this standard and continue to be accounted for under AASB 6 *Exploration for and the Evaluation of Mineral Resources*. This standard is applicable to periods commencing after 1 January 2019, and the group has not quantified the effect at this time.

(c) Going concern

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

The Group incurred a total comprehensive loss after tax for the half year of \$222,931 (2017: \$1,523,750), and as at balance date, held cash of \$608,596 (30 June 2018: \$761,590) and had current liabilities of \$514,053 (30 June 2018: \$478,726).

The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the Group to continue to successfully raise additional share capital.

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

- The Group has raised funds and will continue to raise funds as and when it is required. In light of the Group's current exploration projects, the Directors believe that any additional capital required can be raised in the market; and
- The Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.
- The Group expects the trial mining licence to be issued in 2019 which will enable the commencement of trial mining resulting in the ability of the group to generate cash.

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

(d) Principles of consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of the parent, BBX Minerals Limited, and all of its subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of subsidiaries is provided in Note 6.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the group from the date on which control is obtained by the group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

(e) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

Key judgments - exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors have made an assessment at 31 December 2018 and believe that no impairment is required since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$2,075,454 (June 2018: \$1,500,147). This will be reviewed by the directors again at 30 June 2019 for impairment.

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2018

2. SEGMENT INFORMATION

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

31 December 2018	Brazil	Australia	Total
	\$	\$	\$
Segment Revenue	177,341	955	178,296
Depreciation expense	2,394	-	2,394
Loss after income tax	(64,581)	(263,254)	(327,835)
Segment total assets	2,455,585	621,494	3,077,079
Segment total liabilities	19,224	494,829	514,053

30 June 2018	Brazil	Australia	Total
	\$	\$	\$
Segment Revenue	11,194	3,124	14,318
Depreciation expense	7,629	-	7,629
Loss after income tax	(1,567,884)	(640,948)	(2,208,832)
Segment total assets	1,844,714	731,323	2,576,037
Segment total liabilities	16,679	462,047	478,726

3. KEY MANAGEMENT PERSONNEL

	31 Dec 2018	31 Dec 2017
	\$	\$
Directors' fees	48,000	36,000
Consulting fees	94,400	109,107
	<hr/>	<hr/>
	142,400	145,107

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

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2018

4. ISSUED AND PAID-UP CAPITAL

	31 Dec 2018	30 Jun 2018	31 Dec 2018	30 Jun 2018
	Shares	Shares	\$	\$
Ordinary shares				
Ordinary shares fully paid	401,154,525	396,617,369	21,914,237	21,225,591

Movements in ordinary share capital:

Date	Details	Number of shares	Issue Price	\$
1 July 2018	Opening balance	396,617,369	-	21,225,591
6 December 2018	Share based payment	740,489	0.15	111,073
24 December 2018	Issued capital	3,796,667	0.15	569,500
27 December 2018	Share subscriptions prepaid	-	-	12,750
	Capital raising costs	-	-	(4,677)
31 December 2018	Balance	401,154,525	-	21,914,237

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. Share based payment was made to consultants in Brazil.

5. OTHER RESERVES

	31 Dec 2018	30 Jun 2018	31 Dec 2018	30 Jun 2018
	Number	Number	\$	\$
Option Reserve				
Balance at beginning of the period	4,750,000	56,555,181	512,987	512,987
Exercise of options @ \$0.0125	-	(31,853,668)	-	-
Exercise of options @ \$0.05	-	(19,909,250)	-	-
Expiration of options @ \$0.0125 expiring 1 March 2018	-	(42,263)	-	-
Issue of unlisted options exercisable at \$0.20	1,893,333	-	-	-
Balance at the end of the period	6,643,333	4,750,000	512,987	512,987
Total other reserves				
Balance at beginning of the period			512,987	512,987
Balance at the end of the period			512,987	512,987

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2018

6. CONTROLLED ENTITIES

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

7. COMMITMENTS and CONTINGENCIES

Juma East Gold Project

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

Lease	Reference	Amount	Due Date
Juma East Project			
Guida/Plato	DNPM 880.129/2008	USD 14,000	15 May 2019, 2020, 2021
EMA Project			
Tres Estados	DNPM 880.090/2008	USD 20,000	15 February 2019, 2020, 2021
Ema	DNPM 880.107/2008	USD 20,000	15 February 2019, 2020, 2021

8. SUBSEQUENT EVENTS

On 5 March 2019 BBX advised that the Company has focused its attention over the past three months on refining and simplifying its analytical technique for use as a routine method for assaying exploration samples, on ensuring completion and submission of the archaeological study report to IPHAN (national heritage agency) and finalisation of compliance with the forestry reserve requirements on its Três Estados tenement.

BBX devoted considerable resources in December 2018 to ensure that the timeline for both the archaeological study and forestry reserve requirements were achieved. The Company worked closely with consultant groups Inuma Arqueologia and Trevisan Florestal to enable compliance with the archaeological study and forestry reserve requirements, respectively. The company will continue to work with both IPHAN and IPAAM (state environmental authority) in an endeavour to streamline the environmental approval process.

As BBX indicated in its December 2018 quarterly report the forestry reserve approval has been received and the archaeological study has been submitted to IPHAN for approval. These are key approvals required to enable ANM (formerly DNPM) to issue the trial mining licence.

Following the Company's 26 November 2018 announcement BBX commenced a review of all metallurgical tests undertaken to date to enable the understanding gained to be translated into a consistent and simple assay method. The review focused on the effect of varying flux composition, collector metal, smelt conditions and cupellation and partition methodology to assist in the development of a reliable assay method.

Tests on 25g samples of Ema surface dolerite and quartz-porphyry drill hole material commenced in late January 2019, utilising the preferred smelt conditions and cupellation and partitioning methodology. Five flux combinations and various combinations of copper lead and silver as collector are being used. All tests utilise basic fire-assay principles involving fusion of a 25g sample with a specific flux and collector metal, cupellation of the resultant collector button to form a precious metal prill, subsequent parting of the prill and weighing of the resultant gold, and, where obtained, silver and palladium buttons. Where silver is added as a collector the weight of added silver is subtracted in calculating the final silver grade.

BBX Minerals Limited

Notes to condensed consolidated financial statements For the half-year ended 31 December 2018

The objective of these tests is purely to compare results utilising various flux and collector parameters and assess the precision of each method. The results will enable the optimum parameters to be selected for use in a set of confirmatory tests, incorporating QA/QC materials, prior to commencing routine analysis of all drill-hole samples. It is envisaged that assaying of drill-hole samples will commence in late-March, initially at a rate of 5-10 samples per day. Additional equipment is currently being sourced to enable sample throughput to be increased in April - May

In parallel, refinement of the metallurgical extraction process has continued, including testing of leaching by cyanidation after an initial roasting step.

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

BBX Minerals Limited

Directors Declaration

For the half-year ended 31 December 2018

The directors of the Company declare that:

1. the consolidated financial statements and notes, as set out on pages 11 to 20 are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standards AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the financial position as at 31 December 2018 and its performance for the half-year ended on that date of the company;
3. in the directors' opinion, there are reasonable grounds to believe that the company 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

12 March 2019

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of BBX Minerals Limited and controlled entities ('the Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2018, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information notes and the directors' declaration.

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

- i. giving a true and fair view of the entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- ii. complying with AASB 134 *Interim Financial Reporting and the Corporation Regulations 2001*.

Material Uncertainty Relating to Going Concern

We draw attention to Note 1(c) of the condensed consolidated half-year financial report, which indicates that the Group incurred a net loss after income tax of \$222,931 (2017: \$1,523,750), and as at balance date, held cash of \$608,596 (30 June 2018: \$761,590) and has current liabilities of \$514,053 (30 June 2018: \$478,726). These events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Director's Responsibility for the Half-Year Financial Report

The directors of BBX Minerals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatements, whether due to fraud or error.

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the BBX Minerals Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the BBX Minerals Limited and controlled entities for the half-year ended 31 December 2018 included on the website of BBX Minerals Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

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

LNP Audit and Assurance Pty Ltd



Tony Rose

Director

Melbourne, 12 March 2019