



ASX Announcement

31 July 2020

QUARTERLY ACTIVITIES, CASH FLOW REPORTS FOR THE QUARTER 1 APRIL 2020 TO 30 JUNE 2020

Activities Report for the quarter ended 30 JUNE 2020

Activities for **BBX Minerals Limited (ASX Code: BBX)** (“BBX” or “the Company”) during the quarter focused on the continued development and enhancement of the Company’s analytical and extraction techniques for gold and PGM’s at the Três Estados and Ema projects, and on defining and finalising a metallurgical process route.

BBX continues to operate in Brazil on a reduced basis during the ongoing COVID-19 epidemic. All necessary measures are being taken to ensure the safety of the Company’s employees and consultants, including the use of masks at all times and social distancing at BBX’s metallurgical testing facilities. Two members of the Company’s consultancy team have continued to conduct ongoing confirmatory testing of the Company’s proprietary analytical technique during the suspension period. As circumstances allow and government restrictions are eased additional members of the Company’s team are recommencing employment

The design/engineering studies initiated in Q1 2020 to define the optimal process flow sheet and generate a conceptual design and cost estimate for a test plant remain suspended due to the implementation of lockdown measures in greater Belo Horizonte, where the engineering contractor Onix Engenharia are located. BBX remains hopeful that restrictions will be eased over the next 1- 2 months to allow the engineering design work to recommence.

On 8th April 2020, BBX announced that agreement had been reached with Drake Special Solutions LLC to increase the previously announced convertible note facility to A\$6 million (\$6,000,000). The funds are to be used for general working capital and to enable the continued development/construction of the metallurgical test plant in Rio de Janeiro, subject to shareholder approval.

A summary of terms is as follows:

- Election: The Company to repay the loan/convertible note facility by cash or through the issue of fully paid ordinary shares at the lender’s election.
- Shareholder Approval: Convertible Note conversion is subject to shareholder approval

- Maturity Date: 24 months from execution date
- Face Value: Initial advance of \$500,000 with further advances of up to \$6,000,000
- Interest: 8% per annum payable at maturity
- Conversion Price: The lower of:
 - a. A 10% discount to the recent raising price
 - b. A 10% discount to the 5-day VWAP for the trading of shares on ASX ending on the day prior to a conversion election;
 - or
 - c. 8 cents

On 16 June 2020 BBX announced that an \$8,000,000 standby equity funding facility has been arranged with US-based institutional investment group LDA Capital (LDA). The facility can be drawn at the discretion of the Company and will be used to advance the Company's construction of a metallurgical test plant and subsequent project development. The Company has executed a Put Option agreement (POA) with LDA which will provide flexibility for the Company to access additional equity as required at the Company's election. The facility enables the Company to raise equity by issuing shares to LDA over the next 3 years under the following key terms:

- Term: 36 months
- Put option of up to \$8 million at Company's election
- The number of shares subject to a put option for a period is a maximum of 10 times the average daily number of the Company's shares traded on the ASX during a 15-day period before its exercise.
- 14.5 million unlisted options issued by the Company to LDA with a 3-year term exercisable at \$0.15 cents. The options were issued under the Company's existing 7.1 placement capacity.
- A commitment fee of 2% (A\$160,000) is payable by applying 20% of each put option towards its payment with at least A\$80,000 payable within 6 months, with any balance due payable after 12 months.
- LDA can hold a maximum of 9.95 percent of BBX Minerals' shares.
- Any placement to LDA is expected to be issued under the Company's 7.1 capacity.

Clarification was provided on 1 July 2020 relating to the LDA facility, confirming that if shares are subscribed for under the Put Option Agreement (POA) the purchase price per share will be equal to 90% of the higher of:

- VWAP of the Company's shares during the pricing period, adjusted for an adjustment event; and
- a minimum price set by the Company (MAP).

The pricing period starts from the trading day immediately after a capital call date and ends on the trading day which is 30 consecutive trading days after the capital call date. If an adjustment event occurs (no trading or trading below the MAP) the number of trading days comprising the VWAP

will be reduced by the number of adjustment event days, thereby potentially reducing the VWAP period to less than 30 consecutive trading days.

Subsequent Events

On the 9 July BBX announced the appointment of highly experienced chemical engineer Mr Edmar Medeiros as Technical Manager, charged with coordinating the finalisation of the assay method and process route, pilot plant testing and subsequent project implementation.

On 17 July 2020 shareholders voted in favour of increasing the convertible note facility provided by Drake Special Solutions LLC to \$6,000,000

Payments set out in Section 6.1 of the Appendix 5B are for Directors' salaries and fees.

Exploration and evaluation expenditure during the quarter was \$181,000

Authorised by the board of BBX Minerals Ltd

For more information:

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Current Tenement Interests

<u>All Tenements Owned by BBX Minerals Ltd</u>	<u>Area (Ha)</u>	<u>Percentage ownership</u>
DNPM Permit Number 880.186/16 Location Brazil (Juma East)	6998	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

About BBX Minerals Ltd

BBX Minerals Limited (ASX: BBX) is a mineral exploration and technology development company listed on the Australian Securities Exchange. Its major focus is Brazil, mainly in the southern Amazon, a region BBX believes is vastly underexplored with high potential for the discovery of world class gold and copper deposits.

BBX's key assets are the Três Estados and Ema gold prospects in the Apuí region, Amazonas State. The company has 58.1km² of exploration tenements within the Colider Group, a prospective geological environment for precious metals deposits. The region is under-explored and has the potential to provide BBX with a pipeline of high-growth, greenfields gold and PGM discoveries.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

BBX MINERALS LIMITED

ABN

82 089 221 634

Quarter ended ("current quarter")

30 JUNE 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(66)	(211)
(e) administration and corporate costs	(98)	(708)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(11)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(165)	(930)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(181)	(1,206)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(181)	(1,206)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,000
3.2	Proceeds from issue of convertible debt securities	246	1,004
3.3	Proceeds from exercise of options	146	146
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(68)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	392	2,082

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	79	178
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(165)	(930)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(181)	(1,206)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	392	2,082

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(12)	(11)
4.6	Cash and cash equivalents at end of period	113	113

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	113	79
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	113	79

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

38

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	40	-
7.2 Credit standby arrangements	6000	1000
7.3 Other (please specify)		-
7.4 Total financing facilities	6,040	1000

7.5 **Unused financing facilities available at quarter end** 5,040

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Converting loan Facility with Drake Special Solutions LLC at 8% for 24months – Initial advances to date of \$1000k with additional advances up to \$6m. Facility repayable by cash or via issue of fully paid ordinary shares subject to shareholder approval.

Stand by Equity Put Option facility with LDA Capital LLC totalling \$8m over 3 years priced at 90% of the higher of.

- VWAP of the Company's shares during the pricing period, adjusted for an adjustment event and
- a minimum price set by the Company (MAP).

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(165)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(181)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(346)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	113
8.5 Unused finance facilities available at quarter end (Item 7.5)	5040
8.6 Total available funding (Item 8.4 + Item 8.5)	5153
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	14.89

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2020

Authorised by: **The Board of Directors**
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.