

BBX MINERALS LIMITED

ACN 089 221 634

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2018

BBX Minerals Limited
Annual Financial Report
For the year ended 30 June 2018
Contents

Corporate Directory	1
Chairman's Letter to Shareholders	2
Directors' Report	3
Review of Operations	4
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	19
Consolidated Statement of Profit or Loss and Other Comprehensive Income	20
Consolidated Statement of Financial Position	21
Consolidated Statement of Cash Flows	22
Consolidated Statement of Changes in Equity	23
Notes to the Consolidated Financial Statements	24
Directors' Declaration	45
Independent Audit Report	46
Corporate Governance Statement	51
Shareholder Information	59

BBX Minerals Limited
Annual Financial Report
For the year ended 30 June 2018
Corporate Directory

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Jeff McKenzie
Will Dix

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Simon Robertson

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BBX (fully paid ordinary shares)

Chairman's Letter to Shareholders

BBX has continued to make significant progress in both advancing its understanding of the complex style of mineralisation encountered in the Apui region and developing a viable precious metal extraction process. In association with Ireland-based Lomhara Limited, BBX has gained access to a team of international consultants with extensive experience in recovering precious metals which do not respond to conventional analytical and extraction methods. Input from the consultant team has enabled BBX to focus its efforts on perfecting an extraction technique with the highest probability of success. The high levels of precious metals encountered on BBX's tenements occur in a form largely unknown to the mainstream mining community which has understandably caused a degree of skepticism within the industry and the public at large. BBX will continue to preserve its intellectual property whilst at the same time meeting its continuous disclosure obligations and maintaining its shareholders fully informed on all issues.

BBX has continued to test variations of its extraction technique through pilot-plant metallurgical testing of bulk surface samples from the Ema and Três Estados prospects and on RC drill chips from drilling at Três Estados, part of a successful 2000 metre RC and diamond drilling programme completed in late 2017 on both properties. Results from testing a number of Três Estados drill holes indicate the presence of recoverable mineralisation over a broad area in both weathered and fresh rock. BBX established a full-time presence at the Marcelo da Silva Pinto ME refinery outside Rio de Janeiro in March 2018 and has assisted the refinery management in significantly upgrading the facility in anticipation of the commencement of larger scale pilot plant testing in the current financial year.

BBX has continued to advance the application process for trial mining licences at Ema and Três Estados. It is anticipated that the licences will be granted in the coming months, enabling escalation of the scale of pilot plant testing and subsequent upgrading of the process to commercial scale production in the medium term. BBX has rationalised its tenement holdings by relinquishing tenements in the Juma East block, enabling the Company to focus its efforts on the high-priority Ema and Três Estados properties.

BBX has continued to fully fund its activities through a placement to sophisticated investors and the exercising of in-the-money options by key shareholders, including directors and management. The increase in BBX's share price has continued to be a key factor in encouraging the exercising of options. BBX's major shareholders, including majority shareholder Drake Special Structures LLC remain highly supportive of the Company's ongoing strategy and operating philosophy.

I would again like to thank my fellow directors Will Dix and CEO Jeff McKenzie and Exploration Manager Antonio de Castro for their ongoing strong support. Jeff and Antonio have continued to work unstintingly in ensuring that the Company remains on track in its transition through exploration into future production.

With the ongoing progress the Company is making in fully unlocking the precious metals at Ema and Três Estados, BBX is poised to advance into larger-scale pilot plant testing during the coming year, followed by commercial scale production in the foreseeable future.

Yours Sincerely



Mike Schmulian
Chairman

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 2018.

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>12,264,769 fully paid ordinary shares.</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>Former director of Consolidated Zinc, resigned January 2018</p>	<p>5,201,520 fully paid ordinary shares</p> <p>700,000 fully paid ordinary shares held by Wreckt Pty Ltd</p> <p>2,000,000 management Options at \$0.037 expiring 19 April 2020</p>	<p>Mr Dix is a geologist with over 20 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>Jeff McKenzie Chief Executive Officer /Executive Director Appointed as director 26th October 2016</p> <p>No other current directorship</p> <p>No former directorships in last 3 years</p>	<p>10,598,081 fully paid ordinary shares</p> <p>20,000 shares in the name of Jeffrey & Heather McKenzie</p>	<p>Former Banker with ANZ Banking Group for 33 years roles including General Manager Beijing Branch China, Regional Head North Asia Commodity and International Trade. Chief Executive of PISG Group Beijing the largest private iron ore importer into China and owner of a 4mio tons steel mill. Mr McKenzie has considerable commodity and financial experience including undertaking a JV with Vale of Brazil in China to build a 5mio ton pellet plant. Initiating a USD2.5bio takeover of China Oriental Group (HK Listed) for PISG.</p>

Directors Report

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 Chartered Accountants Australia and New Zealand and Governance Institute of Australia. Mr Robertson has experience as a Company Secretary and involved in management of the ASX listing process and 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 was 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 group result was a loss of \$2,208,832 for the year ended 30 June 2018 (2017: loss of \$1,888,485)

Review of Exploration Operations

On 3rd July 2017 BBX announced that the Company was focusing its activities on advancing its metallurgical extraction process at the Marcelo da Silva Pinto M.E. facility (Marcelo), using both hydrometallurgical and pyrometallurgical methods. An initial test had been conducted on the 150kg Ema bulk sample collected over an area of 100m x 40m using a two-step hydrometallurgical process yielded two gold/silver-rich buttons, also containing copper and tin, from the same 1 kg sample. The buttons were dissolved and analysed by AAS, yielding a combined gold result of 58.16g/t.

	Au (g/t)	Ag (g/t)	Pd (g/t)	Pt (g/t)	Sn (g/t)	Cu (%)
Leach 1	40.00	326.08	0.42	0.18	103.40	0.13
Leach 2	18.16	116.27	0.55	0.25	0.00	0.09
Total	58.16	442.35	0.97	0.43	103.40	0.22

Results of hydrometallurgical test on Ema bulk sample (back-calculated to original sample weight)

On 9 January 2018 the company announced the results of six follow-up pyrometallurgical tests conducted at the Marcelo facility using the same process as that reported on August 14, 2017 for a 150kg Ema bulk sample collected over an area of 100m x 40m. Testing was conducted on three smaller bulk samples collected over areas measuring 10m x 10m within the previously reported bulk sample areas at both Ema and Três Estados.

The Company's Exploration Manager remotely defined the co-ordinates of each 10m x 10m area which were then marked out in the field by the by the Company's on-site senior geologist. Individual sub-samples were collected from each outcrop within the 10m x 10m area without bias or regard for the visual appearance of the rock being sampled. The six bulk samples weighed approximately 5-7 kg each and comprised sub-samples from 5 to 8 locations. The sub-samples either comprised an individual rock weighing approximately 1-1.5kg or, in a few cases, a series of smaller chips taken over a radius of approximately 50cm. After collection the samples were logged in detail sealed and transported directly to SGS in Belo Horizonte for preparation. After crushing and pulverisation to -150 mesh the samples were riffle split into five 5kg samples and one 4kg sample. The samples were air-freighted to the manager of the Marcelo facility in Rio de Janeiro for treatment.

Directors Report

Each 5kg sample, with the exception of EMB-004 where 4kg was used due to insufficient sample were pre-leached for 30 days and smelted with a copper collector. Prior to smelting the furnace's existing lining was totally removed and replaced with a new aluminium refractory liner. The slag was then crushed, ground and re-smelted (again, after re-lining of the furnace) and the copper collector from both the original smelt and re-smelt dissolved together in nitric acid and precious metals precipitated from the solution. The resultant precipitate and the undissolved residue were fused to form metallic buttons which were analysed by fire assay using a gravimetric finish.

All six tests yielded gold buttons, the three Ema buttons producing an average grade of 68.2 g/t gold and 2099.4 g/t silver, including 122g/t Au from a single bulk sample.

Sample no.	Sample wt. (kg)	Button wt.(g)	Au (g/t)	Ag (g/t)
EMB-003	5.0	9.3589	34.64	1677.5
EMB-004	4.0	13.0563	47.76	2905.1
EMB-005	5.0	9.9760	122.02	1715.6
TEB-004	5.0	5.7154	8.98	840.7
TEB-005	5.0	5.1032	8.36	958.4
TEB-006	5.0	5.4702	15.88	967.4

Results for the six Ema (EMB) and Três Estados (TEB) 10m x 10m surface bulk samples

On 14th March 2018 the Company announced results for pyrometallurgical tests conducted at the Marcelo facility on a bulk surface outcrop sample from the Tabocal prospect approximately 2.7km east of the previously sampled areas at the Três Estados Project. A similar process was used to that reported on January 9, 2018 for Ema and Três Estados bulk samples, but without a pre-leach step and varying the flux mix in the initial fusion. Four tests were conducted on 5kg sub-samples using different combinations of flux components on a homogenised 150kg bulk sample taken from fresh (unweathered) outcropping dolerite (previously classified as gabbro), displaying intense hydrothermal alteration.

Test no.	Flux components	Au (g/t)	Ag (g/t)
TB-T411-1	- rock	114.27	202.88
	- slag	92.41	809.87
	Total	206.88	1012.75
TB-T411-2	- rock	33.00	180.15
	- slag	20.70	61.74
	Total	53.70	241.89
TB-T408-Cu-1	rock	29.79	-
	slag	28.61	-
	Total	58.40	-
TB-T408-Cu-2	- rock	2.31	-
	- slag	12.06	-
	Total	14.37	-

Results from four metallurgical tests of the Tabocal surface bulk samples, back calculated to the original sample weight.

BBX further advised that it is now believed that the pre-leach step used in previous tests may enhance the extraction of precious metals, and that the current results, without a pre-leach, may therefore represent only partial extraction values.

Directors Report

On 30th April 2018 the Company announced results of ongoing metallurgical testing from RC drill samples from the Três Estados prospect as part of its pilot testing programme. The Company advised it had conducted further metallurgical testwork at the Marcelo facility using a similar process to that reported on March 14th, 2018 for the Tabocal (Três Estados) surface bulk sample. Eighteen tests (36 smelts) were conducted on 5kg samples from two metre intervals from holes TERC-003 and 005, located approximately 300m apart, using two different combinations of flux components (table 1, flux A and flux B). Three of the tests were conducted on samples subjected to a 14-day pre-leach step and the remaining tests on unleached samples.

The results from the two fusions, summarised in the table below display a high degree of variability which BBX believes to be a function of both the smelt conditions, including furnace temperature and smelt duration and the subsequent precious metal recovery process rather than grade variations within the drill holes.

Hole no.	Depth (m)			Flux	Au (g/t)	Ag (g/t)	Rock type	Comments
	From	To						
TERC-003	6	8	Rock Slag Total	A	168.76 0.96 169.72		Saprolite	14-day pre-leach
	10	12	Rock Slag Total	A2	6.05 3.38 9.43	168.64 181.20 349.84	Fresh dolerite	14-day pre-leach No silver added
	14	16	Rock Rock Slag Total a Total b	A	11.78 94.55 8.92 20.70 103.47		Fresh dolerite	¼ bar 1 - extraction a ¼ bar 2 - extraction b
	16	18	Rock Slag Total	A	2.99 10.48 13.47		Fresh dolerite	
	16	18	Rock Slag Total	A	9.89 37.08 46.97		Fresh dolerite	
	24	26	Rock Slag Total	A	13.10 0.64 13.74		Fresh dolerite	
	34	36	Rock Slag Total	B	7.06 14.06 21.12		Fresh dolerite	
	48	50	Rock Slag Total	A	0.01 11.99 12.00		Fresh dolerite	
	48	50	Rock Slag Total	A2	6.83 7.79 14.62	130.30 434.77 565.07	Fresh dolerite	14-day pre-leach No silver added

Directors Report

TERC-005	10	12	Rock Slag Total	B	1.07 3.26 4.33		Weathered dolerite	
	12	14	Rock Slag Total	B	6.05 1.67 7.72		Fresh dolerite	
	14	16	Rock Slag Total	B	0.00 8.20 8.20		Fresh dolerite	
	18	20	Rock Slag Total	B	0.00 1.61 1.61		Fresh dolerite	
	22	24	Rock Slag Total	B	20.17 5.23 24.40		Fresh dolerite	
	24	26	Rock Slag Total	B	5.55 66.59 72.14		Fresh dolerite	
	26	28	Rock Slag Total	B2	4.52 1.11 5.63	481.64 7.41 489.05	Fresh dolerite	No silver added
	32	34	Rock Slag Total	B	0.00 7.45 7.45		Fresh dolerite	
	34	36	Rock Slag Total	B	0.00 6.91 6.91		Fresh dolerite	

Results for metallurgical extraction tests from RC drill holes TERC-003 and TERC-005.

BBX also advised that it continues to undertake extensive development/test work with laboratories in Brazil and Australia and with consultants in Australia, Brazil, Canada and the UK, focusing on refinement of a reliable, routine analytical technique.

On the 14th June 2018 BBX announced that it had conducted further metallurgical testwork at the Marcelo facility using a similar process to that reported on April 30th, 2018 for the RC holes TERC-003 and TERC-005 (Três Estados). 7 tests (14 smelts) were conducted on 5kg samples from two metre intervals from hole TERC-006, located approximately 200m from hole TERC-005 using the same flux components as for TERC-003 and TERC-005.

Silver metal was added to the smelt in flux A to test whether this would aid the extraction of gold into the copper bar. In all but two cases the levels of silver recovered were below the quantity of silver added.

Directors Report

Hole No.	Depth (m)			Flux	Au (g/t)	Ag (g/t)	Rock Type
	From	To					
TERC-006	10	12	Rock Slag Total	A	12.66 3.62 16.28		Fresh dolerite
	12	14	Rock Slag Total	A	47.05 1.61 48.66		Fresh dolerite
	18	20	Rock Slag Total	A	7.35 1.12 8.48		Fresh dolerite
	20	22	Rock Slag Total	A	31.42 4.93 36.35	1395 498 1893	Fresh dolerite
	22	24	Rock Slag Total	A	33.13 1.14 34.27		Fresh dolerite
	24	26	Rock Slag Total	A	8.96 2.66 11.62	60.02 3.98 64.00	Fresh dolerite
	30	32	Rock Slag Total	A	1.07 1.10 2.17		Fresh dolerite

Results for metallurgical extraction tests from RC drill hole TERC-006.

BBX also advised it had undertaken several tests using electrowinning to recover precious metals from the copper collector bars as an alternative to dissolving the bars in nitric acid. The anodic mud was fused to form a metallic button which was analysed by fire assay using a gravimetric finish. Two tests were conducted on a second quarter of previously tested copper bars to enable results from the two methods to be directly compared. The results indicate an increase of between 19 and 25% over the nitric acid dissolution method.

Test	Nitric acid dissolution Au (g/t)	Electrowinning Au (g/t)	Difference (g/t)	Percentage increase (%)
T411-1 (results announced 14 March 2018)	114.27	136.24	+21.97	19.22
T408-Cu 1/Cu1e (results announced 14 March 2018)	58.40	72.81	+14.41	24.67

Electrowinning test results

Directors Report

Drilling Programme

On 20 September 2017 BBX announced that it had commenced reverse circulation (RC) drilling at the Três Estados prospect in late August. Drilling progress was hampered by the extreme hardness of the fresh dolerite and by local high groundwater pressure. BBX advised that 7 holes, totalling 285m had been completed. The Company advised that hole TERC-001 had been halted at the base of weathering at a depth of 24m due to technical problems and would be re-initiated in due course. All holes intersected from 4 to 24 metres of soil and saprolite (weathered bedrock) followed by fresh dolerite. Two styles of dolerite were identified, a medium-grained dolerite/gabbro similar to that mapped and sampled from outcrops in the region and a finer-grained, darker, magnetite-rich dolerite. BBX advised that after the expected completion of RC drilling at Três Estados in approximately 2 weeks, the rig was slated to move to the Ema prospect. The commencement of diamond drilling, on an approximate 100m x 100m grid was awaiting the receipt of the environmental licence whilst the RC programme continued on 100m centres along available access roads. Holes were planned to a depth of 40-50 metres with a minimum of one diamond hole at each prospect to be drilled to a depth of 100 metres.



RC drilling on Tres Estados



RC hole samples Tres Estados

On 26th October 2017 BBX announced it had completed its reverse circulation (RC) drilling programme at the Três Estados and Ema prospects. Twenty-five holes totalling 930 metres were drilled at both projects. A thicker than anticipated weathering profile was encountered at both projects, particularly at Ema where the bulk of the holes were terminated within kaolinized saprolite (weathered rock). Fresh rock, where encountered, was in all cases a fine to medium-grained dolerite gabbro, similar to that mapped and sampled in surface outcrops.

BBX also advised it had commenced diamond drilling at Ema in areas outside the forest which do not require environmental approval. Initial drilling focused on areas tested by the RC programme, with the objective of penetrating the thick kaolinitic weathered zone to test the underlying fresh rock. The base of the kaolinitic zone is known to host coarse gold mineralisation, traditionally mined by garimpeiros.

Directors Report

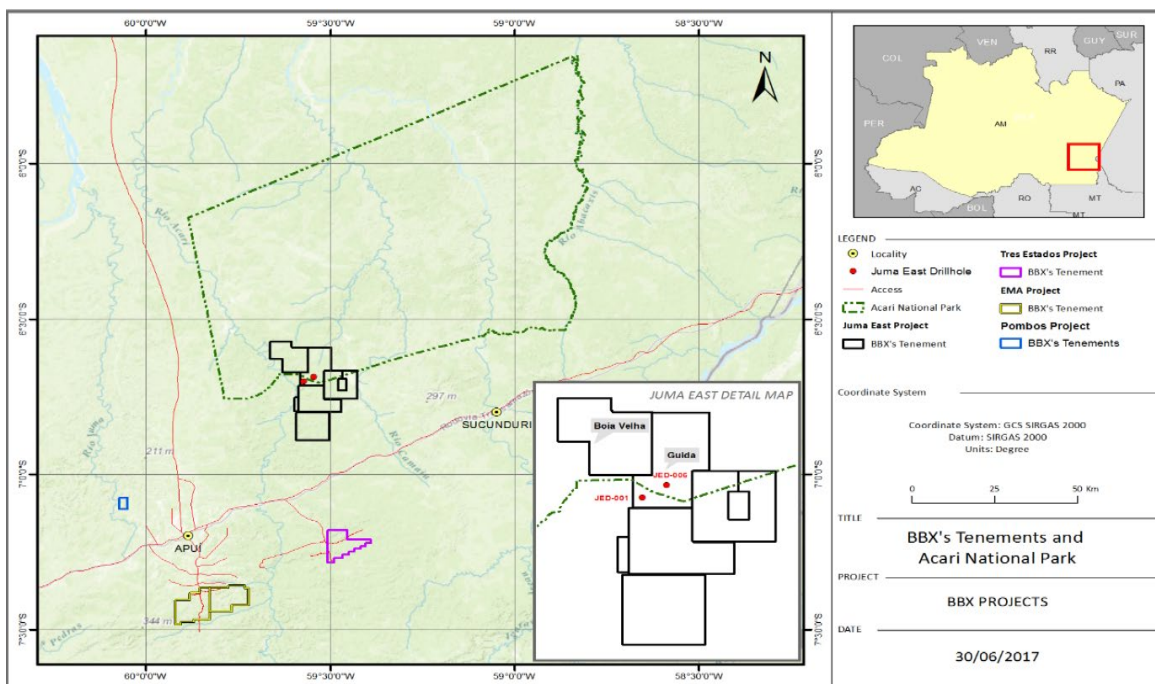
On 21 November 2017 BBX announced it had completed 5 diamond drill holes, totalling 525.5 metres at the Ema prospect in areas that do not require environmental approval. All five holes passed through a zone of intense lateritic weathering, comprising largely kaolin and lesser quartz, into an unweathered, hydrothermally altered igneous rock containing rounded glassy quartz grains and feldspars largely altered to kaolin.

Exploration Leases

BBX advised on the 3rd July 2017, that on 28 June 2017, the DNPM (Mines Dept.) published a brief notification in the Government Gazette advising that the company would be required to take certain actions with respect to the Boia Velha and Guida tenements at Juma East. BBX received a formal request by the DNPM on June 30, 2017 to relinquish the Boia Velha tenement and accept a significant reduction to the area of the Guida tenement due to the impact of the Acari National Park (see below), one of a number of National Parks created by Presidential decree by the former impeached president Dilma Roussef, on May 11, 2016, the former president’s last day in office. BBX confirmed it had not previously been advised of the creation of this park which was apparently also unknown to the DNPM who renewed the leases for a further 3-year term in September 2016 and charged annual tenement fees for 2017, paid by BBX on January 31, 2017.

BBX also commented that due to its current focus on the Três Estados and Ema prospects, where high grade mineralisation is exposed at surface, it has no plans to initiate exploration at Boia Velha or re-initiate exploration at Guida, where mineralisation was previously identified at depths of 200m to 300m in holes JED-004 and JED-006. Hole JED-001, where mineralisation was intersected at shallower depths is located outside the park boundary.

BBX stated that the Três Estados and Ema properties are located approximately 60km south of the park boundary in a region of private land ownership, not subject to the threat of any future creation of National Parks or high-level conservation areas.



BBX tenement holdings and the Acari National Park

Directors Report

On 14th March 2018 BBX advised that IPAAM (Amazonas state environmental authority) had granted two-year, renewable independent exploration environmental licences for Ema and Três Estados. BBX further advised it had been requested by IPAAM (state environmental authority) to obtain clearance from IPHAN (national heritage authority) that BBX's tenements do not contain any historical sites. BBX has provided all the requested documentation to IPHAN, including detailed maps showing the location of its tenements and is currently awaiting a formal response. BBX has been informally advised that the closest historical site is located approximately 174km from its tenements.

On 31st May and 1st June 2018, the DNPM (Ministry of Mines) accompanied by the Company's Exploration Manager inspected BBX's proposed trial mining areas at Tres Estados and Ema. The inspection is required prior to the issuance of a trial mining licence and will expedite the release of the licences once BBX receives environmental clearance from IPAAM.

During the June quarter 2018, BBX relinquished 3 tenements located at Juma East, that were impacted by the Acari National Park.

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

Tenement Interest	Area (Ha)	Percentage ownership
DNPM Permit Number – 880.151/2014 Location Brazil (Juma East)	662.15	100% Application for Exploration Licence
DNPM Permit Number – 880.185/2016 Location Brazil (Juma East)	980	100% exploration license
DNPM Permit Number - 880.107/08 Location Brazil (Ema)	9839.91	100% Exploration Licences
DNPM Permit Number – 880.184/2016 Location Brazil (Ema)	9034	100% Exploration Licences
DNPM Permit Number - 880.090.08 Location Brazil (Tres Estados)	8172.25	100% Exploration Licences
DNPM Permit Number - 880.094/2014 Location Brazil (Pombos)	1000.36	100% Exploration Licence

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

Directors Report

Review of Corporate Activities

BBX, following a request from the ASX to enter into a trading halt on 21st August 2017, responded to the ASX queries regarding its 14 August 2017 announcement on 22 August 2017. A further ASX query relating to BBX's initial response was provided to the ASX on 28 August 2017. Following further discussions with the ASX the company advised on 20th September that its securities would remain in suspension until either the receipt of assays results for six 10x10m bulk assay sample tests or initial drilling results from Três Estados. (announced 9th January 2018).

On 20 September 2017 BBX announced the appointment of Dr. Hercules Neves as a consultant and technical advisor.

On 26th October BBX also advised it had signed a Technical Co-operation Agreement with the unlisted Republic of Ireland-based technology and exploration company, Lómhara Tech Limited (Lómhara).

Lomhara, who holds interests in two exploration properties in the US and research facilities in Colorado, North Carolina and Melbourne has for a number of years been developing technologies for recovering high levels of precious metals from ores which don't respond to conventional analytical techniques. This agreement will provide BBX with direct access to key Lómhara consultants in Australia and the USA.

On 15th May 2018 BBX announced that it had received commitments to raise a minimum of \$965,000 via a placement of a minimum of 5,361,111 shares to existing sophisticated and institutional investors at 18 cents per share, and through the early exercise of 700,000 options by management to raise a further \$35,000 with the placement being completed by 28th May 2018. BBX advised funds raised will be used to finalise the Company's metallurgical testing and extraction techniques for the Três Estados and Ema RC and diamond drill samples, ongoing development of an analytical technique and construction of a larger test furnace and ancillary equipment. The Placement was strongly supported by the Company's largest shareholders with Drake Private Investments LLC again demonstrating their significant ongoing support.

On 14th June 2018 BBX announced the appointment of Dr. Hugh Abercrombie and Ms. Meg LeVier as consultants and technical advisors to its joint venture with Lomhara Tech. Dr Abercrombie and Ms LeVier will assist in generating a better understanding of the nature of BBX's complex precious metal mineralisation, through to finalisation of a commercial extraction process.

Review of Financial Activities and Position

The net assets of the Group have reduced by \$95,575 from \$2,192,886 at 30 June 2017 to \$2,097,311 at 30 June 2018. This decrease has been impacted by the following factors:

- Reduction in exploration assets to \$1,500,147 due to impairment of \$1,364,193 attributed to Juma East.
- Reduction in current assets by \$212,381.
- The raising of additional equity of \$989,841 and \$1,393,633 raised through the conversion of options to ordinary shares to further fund exploration activity.

Directors Report

Going concern

The Group incurred a loss after tax in the year from continuing operations of \$2,208,832 (2017 loss: \$1,888,485). The Group has current assets of \$1,057,648 (2017: \$1,270,029) while current liabilities amount to \$478,726 (2017: \$576,163). The Group's ability to meet its operational obligations is principally contingent on capital raising, and potential to undertake trial mining at Ema and Tres Estados which is expected to begin within the next 12 months. In the event that the trial mining project at Ema and Tres Estados 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 some 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. During the year, the company raised \$2,383,474. The directors believe that future capital raisings can be undertaken to finance operations as required and
3. The Company will seek to commence trial mining on receipt of all approvals from IPAAM and DNPM following the request by IPHAN for an archaeological report. The company expects to generate cash flows following the commencement of the trial mining.

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 2018 (2017: \$Nil).

Events after the reporting date

On 20 August 2018 the company announced results of ongoing metallurgical testing from RC drill samples from the Company's Três Estados prospect as part of its pilot testing programme (refer announcements dated 14th March 2018, 30th April 2018 and 4 June 2018). The Company conducted further metallurgical testwork at the Marcelo facility using a similar process to that reported 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. Where sufficient material exists from holes TERC-008, 009, 011,012 and 013 and Ema diamond drill holes similar intervals will be tested. Confirmation of extensive near-surface mineralisation will facilitate the planned trial mining operation.

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.

The results from the two fusions, summarised below continue to display variability which BBX believes may be a function of both the smelt and precious metal recovery conditions.

A check smelt conducted on the 32-34 metre interval of TERC 007 using a different flux mix (flux B), and a slightly modified methodology yielded a result of 70.55g/t. No silver metal or silver compound was added to flux A in the smelts relating to hole TERC-007.

Directors Report

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	

Results for metallurgical extraction test from RC drill hole TERC-007

A delayed result for a 5kg smelt for TERC 006 (announced 14th June 2018) for the interval 26-28 metres is shown in the table below.

Hole No.	Depth (m)			Flux	Au (g/t)	Ag (g/t)	Rock Type
	From	To					
TERC-006	26	28	Rock Slag Total	A	37.40 2.27 39.67		Fresh dolerite

Results for metallurgical extraction test from RC drill hole TERC-006.

Silver metal was added to the smelt in flux A in this sample (TERC-006, 26-28 metres) to test whether this would aid the extraction of gold into the copper bar. The levels of silver recovered for this sample were below the quantity of silver added. BBX also announced that it has commenced testing three types of furnace that could potentially be utilised in the Company's pilot/semi commercial trial mining plant. The furnaces being tested utilise proven technology aimed at duplicating the current smelting method with enhanced control of smelt conditions. BBX also advised that a larger electrowinning cell has been commissioned, and that it has been requested by IPHAN to provide an archaeological report on its trial mining area. BBX is currently contracting an archaeologist with extensive local knowledge to complete the report for final submission to IPHAN.

Directors Report

Future developments and results

BBX will continue to progress the development of Ema and Tres Estados projects in Brazil through a drilling and metallurgical testing programme. BBX has also undertaken a review of its Juma East tenements following the creation of the Acari National park.

BBX is continuing to refine and develop assay and extraction techniques for the complex mineralisation with initial metallurgical tests results being announced for holes TERC 003, 005, 006 and 007 at Tres Estados following completion of a 37-hole drilling programme at Tres Estados and Ema from September to December 2017. BBX also has applied for a trial mining licence at Tres Estados and Ema to mine up to 50,000 tonnes of ore at each tenement which is expected to generate cash flows for the company.

The Group does not at present generate cash from its operations. The Group may require further funding to meet its corporate expenses and exploration and future mining activities. The approval of a trial mining licence for Tres Estados and Ema to enable BBX to mine up to 50,000 tonnes of ore per annum is expected to assist the group to generate cash flows to meet these costs.

Environmental regulations

The Group's operations are not subject to 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 and mining activities will impact on the tenement 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
Michael Schmulian	4	4
Will Dix	4	4
Jeff McKenzie	4	4

The directors also meet informally between meetings.

Indemnification and Insurance of Directors and Officers

During the financial year, the company paid a premium of \$20,054 (2017: \$7,589) 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
19 April 2016 (unlisted)	19 April 2020	\$0.037	4,750,000
Total			4,750,000

Directors Report

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 2018 ordinary shares of BBX Minerals Limited were issued on the exercise of options granted as follows:

Issue Date	Date of Expiry	Exercise Price	Number of Options Exercised
25 August 2017	1 March 2018	\$0.0125	27,500,000
25 August 2017	19 April 2018	\$0.05	2,644,250
29 November 2017	24 November 2017	\$0.05	13,430,000
15 December 2017	1 March 2018	\$0.0125	2,462,272
25 January 2018	18 May 2018	\$0.05	75,000
15 February 2018	19 April 2018	\$0.05	350,000
15 February 2018	1 March 2018	\$0.0125	2,462,272
5 March 2018	1 March 2018	\$0.0125	1,891,396
13 April 2018	19 April 2018	\$0.05	2,710,000
25 May 2018	13 July 2018	\$0.05	700,000
Total			54,225,190

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 the Company's Corporate Governance Statement on BBX's website, www.bbx.minerals.com.au/corporate-responsibility

Service Agreements

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

1. Payment for services is capped at USD750 per day or USD15,000 per month plus reasonable expenses.
2. The payment is based pro rata on hours worked per day based on a 20- day month.

BBX Minerals Limited
Annual Financial Report
For the year ended 30 June 2018

3. Either party may terminate the agreement with 3 months' notice.
4. Both Parties have entered into a strict confidentiality agreement.
5. Mr McKenzie does not receive a fee in his capacity as an executive director.

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 2018

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

30 June 2018	Directors Fees 1	Management Fees 2	Share Based Payments 3	Options Issued	Total Remuneration
Michael Schmulian	48,000	-	-	-	48,000
William Dix	48,000	-	-	-	48,000
Jeff Mckenzie	-	206,327	-	-	206,327
Total	96,000	206,327	-	-	302,327

- 1 All Directors fees are expensed relating to 30 June 2018 financial year.
- 2 Mr Mckenzie has requested only \$91,000 of the management fees due be paid to him, to assist the company to utilise its cash on its exploration programme. Refer to note 5(a) for further details.

Remuneration Report

30 June 2017	Directors Fees	Management Fees	Share Based Payments 1	Options Issued	Total Remuneration
Michael Schmulian	24,000	-	4,978	-	28,978
William Dix	24,000	-	4,978	-	28,978
Alastair Smith (resigned 26 October 2016)	12,000	-	4,978	-	16,978
Jeff McKenzie	-	196,655	9,956	-	206,611
Total	60,000	196,655	24,890	-	281,545

- 1 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.

Key management personnel shareholding and share movement

The number of ordinary shares in the company during the 2018 financial year held by each of the key management personnel, including their related parties is set out below:

2018	Balance at start of year	Granted during year as remuneration	Options Exercised	Sold on/off Market	Purchased on/off Market	Net other Change	Balance at end of year
Mike Schmulian	9,622,519	-	3,075,000	(432,750)	-	-	12,264,769

BBX Minerals Limited
Annual Financial Report
For the year ended 30 June 2018

Will Dix	3,181,368	-	3,020,152	(300,000)	-	-	5,901,520
Jeff McKenzie	4,688,081	-	5,930,000	-	-	-	10,618,081
Total	17,491,968	-	12,025,152	(732,750)	-	-	28,784,370

Directors and Key Management Options

The number of options in the company during the 2018 financial year held by each of the key management personnel, including their related parties is set out below:

2018	Balance at start of year	Granted during year as remuneration	Grant from rights/placements issue	Exercised/expired during the year	Net other Change	Balance at end of year
Mike Schmulian	3,075,000	-	-	3,075,000	-	-
Will Dix	5,020,152	-	-	3,020,152	-	2,000,000
Jeff McKenzie	5,930,000	-	-	5,930,000	-	-

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.

Approval was granted for Anthony Stuart Rose, acting on behalf of LNP Audit and Assurance, to play a significant role in the audit of the company for a further 2 successive years as the directors are satisfied that the approved extension is consistent with maintaining the quality of the audit provided to the Group and will not give rise to any conflict of interest.

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 2018 has been received and can be found on page 18 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 August 2018.



Michael Schmulian
Chairman
Perth
30 August 2018

**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 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 audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

LNP Audit and Assurance



Anthony Rose

Director

Sydney, 31 August 2018

BBX Minerals Limited
Annual Financial Report
For the year ended 30 June 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Consolidated Group	
		2018	2017
		\$	\$
Other income	2	14,318	47,239
		<u>14,318</u>	<u>47,239</u>
Depreciation and amortisation expense		(7,629)	(5,139)
Administration expense		(533,092)	(481,954)
Legal and professional fees		(168,100)	(88,393)
Mining and exploration expenses		-	(11,997)
Share based payments		-	(42,262)
Directors fees		(96,000)	(60,000)
Impairment of exploration & evaluation assets	4	(1,364,193)	(1,110,195)
Loan receivable – write off		-	(82,470)
Other expenses		(54,136)	(53,314)
Loss from continuing operations before income tax		(2,208,832)	(1,888,485)
Income tax expense		-	-
Loss from continuing operations for the year		(2,208,832)	(1,888,485)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss</i>		-	-
Exchange differences on translating foreign operations		(261,805)	(216,178)
Total comprehensive loss for the year		(2,470,637)	(2,104,663)
Attributable to ordinary shareholders		(2,470,637)	(2,104,663)
Loss per share	8		
From continuing operations			
Basic earnings per share (cents per share)		(0.59)	(0.64)
Diluted earnings per share (cents per share)		(0.59)	(0.64)

This statement should be read with the accompanying notes

BBX Minerals Limited
Annual Financial Report
For the year ended 30 June 2018

Consolidated Statement of Financial Position

	Note	Consolidated Group	
		2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		761,590	1,201,265
Trade and other receivables		296,058	68,764
TOTAL CURRENT ASSETS		1,057,648	1,270,029
NON-CURRENT ASSETS			
Plant and equipment	3	18,242	10,891
Exploration & evaluation assets	4	1,500,147	1,488,109
TOTAL NON-CURRENT ASSETS		1,518,389	1,499,000
TOTAL ASSETS		2,576,037	2,769,029
CURRENT LIABILITIES			
Trade and other payables	5	478,726	576,163
TOTAL CURRENT LIABILITIES		478,726	576,163
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		478,726	576,163
NET ASSETS		2,097,311	2,192,866
EQUITY			
Issued capital	6	21,225,591	18,850,509
Accumulated losses		(19,133,465)	(16,924,633)
Other reserves	7	512,987	512,987
Foreign currency translation reserve		(507,802)	(245,997)
TOTAL EQUITY		2,097,311	2,192,866

This statement should be read with the accompanying notes

BBX Minerals Limited
Annual Financial Report
For the year ended 30 June 2018

Consolidated Statement of Cash Flows

	Note	Consolidated Group	
		2018	2017
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		3,124	2,332
Payments to suppliers and employees		(1,176,059)	(713,907)
Payments for exploration and evaluation, net		11,194	(11,997)
Net cash used in operating activities	12	<u>(1,161,741)</u>	<u>(723,572)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration & evaluation assets		(1,572,290)	(874,876)
Purchase of property, plant and equipment		(17,282)	(2,247)
Net cash used in investing activities		<u>(1,589,572)</u>	<u>(877,123)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares, options, etc.		2,383,474	2,682,630
Cost of capital raising		(8,392)	(1,750)
Net cash provided by financing activities		<u>2,375,082</u>	<u>2,680,880</u>
Net (decrease)/increase in cash and cash equivalents held		(376,231)	1,080,185
Cash and cash equivalents at beginning of financial year		1,201,265	247,967
Exchange rate changes on the balance of cash held in foreign currencies		(63,444)	(126,887)
Cash and cash equivalents at end of financial year		<u><u>761,590</u></u>	<u><u>1,201,265</u></u>

This statement should be read with the accompanying notes

BBX Minerals Limited
Annual Financial Report
For the year ended 30 June 2018

Consolidated Statement of Changes in Equity

Consolidated Group	Note	Share Capital Ordinary	Accumulated Losses	Foreign Exchange Reserve	Other Reserves	Total
		\$	\$	\$	\$	\$
Balance at 30.6.2016		15,942,361	(15,036,148)	(29,819)	697,993	1,574,387
Loss attributable to members of parent entity		-	(1,888,485)	(216,178)	-	(2,104,663)
Shares issued during the year		1,396,948	-	-	-	1,396,948
Options expense during the year		-	-	-	42,262	42,262
Options exercised		1,285,682	-	-	-	1,285,682
Convertibles notes converted to shares		227,268	-	-	(227,268)	-
Capital raising costs		(1,750)	-	-	-	(1,750)
Balance at 30.6.2017		18,850,509	(16,924,633)	(245,997)	512,987	2,192,866
Loss attributable to members of parent entity		-	(2,208,832)	(261,805)	-	(2,470,637)
Shares issued during the year		989,841	-	-	-	989,841
Options exercised		1,393,633	-	-	-	1,393,633
Capital raising costs		(8,392)	-	-	-	(8,392)
Balance at 30.6.2018		21,225,591	(19,133,465)	(507,802)	512,987	2,097,311

This statement should be read with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Corporate Information

BBX Minerals Limited (The Company) is a for-profit listed public company incorporated and domiciled in Australia. The Financial statements for the year ended 30 June 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. The consolidated financial statements were authorised for issue by the Directors on 28 August 2018.

1. Significant Accounting Policies

a. Basis of Preparation

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.

b. 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 or joint ventures at 30 June 2018.

c. 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 CONSOLIDATED FINANCIAL STATEMENTS

d. Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

e. 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.

f. 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.

g. 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. The Group did not earn any royalty income during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

h. 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.

i. 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.

j. 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.

NOTES TO THE CONSOLIDATED 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 trade and other payables, which are measured at amortised cost using the effective interest rate method.

k. 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 CONSOLIDATED FINANCIAL STATEMENTS

l. 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.

m. 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.

n. 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.

o. 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.

p. 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 CONSOLIDATED FINANCIAL STATEMENTS

q. 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.

r. 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.

s. 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 CONSOLIDATED 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 t.

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, unless there is a risk of losing the right to tenements to the local authority, or the tenements are in the process of being sold or relinquished voluntarily. At 30 June 2018, the directors assessed the exploration expenditure and decided to impair the same by \$1,364,193. Capitalised exploration expenditure is carried at the end of the reporting period at \$1,500,147 (2016: \$1,488,109).

t. Going concern

The Group incurred a loss after tax in the year from continuing operations of \$2,208,832 (2017 loss: \$1,888,485). The Group has current assets of \$1,057,648 (2017: \$1,270,029) while current liabilities amounts to \$478,726 (2017: \$576,163). The Group's ability to meet its operational obligations is principally contingent on capital raising, and the Company commencing trial mining on receipt of all approvals from IPAAM and DNPM following the request by IPHAN for an archaeological report. In the event that trial mining project at Ema and Tres Estados is delayed, the Group's continuance as a going concern will be dependent on its ability to raise equity and or 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. During the year, the company raised \$2,383,474. The directors believe that future capital raisings can be undertaken to finance operations as required; and
3. The Company will seek to commence trial mining on receipt of all approvals from IPAAM and DNPM following the request by IPHAN for an archaeological report. The company expects to generate cash flows following the commencement of the trial mining.

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.

u. (i) Adoption of new and revised accounting standards

The Group has adopted all new standards and interpretations which became mandatorily effective for year ended 30 June 2018. There has been no significant impact on the reported financial position or performance of the Group on adoption.

(ii) New accounting standards and interpretations not yet adopted

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Standard	Requirements	Impact
AASB 9 Financial Instruments and amending standards	<p>This standard is effective for reporting period beginning on or after 1 January 2018. The Group will apply AASB 9 for the annual period beginning 1 July 2018.</p> <p>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.</p>	<p>Based on the Groups's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.</p>
AASB 15 Revenue from contracts with customers and amending standards	<p>This standard is effective for reporting period beginning on or after 1 January 2018. The Group will apply AASB 15 for the annual period beginning 1 July 2018.</p> <p>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.</p>	<p>The Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019. The Group did not generate any revenue from contracts with customers. Any new contracts with customers entered into will be assessed individually as the occur.</p>
AASB 2016 -5 Amendments to Australian Accounting Standards – Clarification and Measurement of Share Based Payments	<p>effective for reporting period beginning on or after 1 January 2018. The Group will apply these amendments for the annual period beginning 1 July 2018.</p> <p>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.</p>	<p>It is expected that these changes will not have material impact on the Group.</p>
AASB 16 Leases	<p>This standard is effective for reporting period beginning on or after 1 January 2019. The Group will apply AASB 16 for the annual period beginning 1 July 2019.</p> <p>The requirements of this standards 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.</p> <p>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.</p>	<p>It is expected that these changes will not have material impact on the Group.</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. REVENUE FROM CONTINUING OPERATIONS

	Consolidated Group	
	2018	2017
	\$	\$
<i>Other revenue</i>		
Interest received	3,124	2,332
Write-off of payables	-	44,907
Other income	11,194	-
	14,318	47,239
	14,318	47,239

3. PLANT AND EQUIPMENT

	Motor Vehicles	Office Equipment	Total
	\$	\$	\$
Year ended 30 June 2018			
Opening net book balance	5,637	5,254	10,891
Additions	10,383	6,899	17,282
Foreign exchange	(1,227)	(1,075)	(2,302)
Depreciation charge	(5,056)	(2,573)	(7,629)
Net book balance	9,737	8,505	18,242
	9,737	8,505	18,242
As at 30 June 2018			
Cost or fair value	28,393	11,997	40,390
Accumulated depreciation	(18,656)	(3,492)	(22,148)
Net book value	9,737	8,505	18,242
	9,737	8,505	18,242
Year ended 30 June 2017			
Opening net book balance	10,523	3,920	14,443
Additions	-	2,247	2,247
Foreign exchange	(365)	(295)	(660)
Depreciation charge	(4,521)	(618)	(5,139)
Net book balance	5,637	5,254	10,891
	5,637	5,254	10,891
As at 30 June 2017			
Cost or fair value	21,632	6,607	28,239
Accumulated depreciation	(15,995)	(1,353)	(17,348)
Net book value	5,637	5,254	10,891
	5,637	5,254	10,891

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. EXPLORATION AND EVALUATION ASSETS

	Consolidated Group	
	2018	2017
	\$	\$
Recoverable within 12 months	-	-
Recoverable after 12 months	1,500,147	1,488,109
	<u>1,500,147</u>	<u>1,488,109</u>

Exploration Licenses are carried at cost of acquisition less impairment losses. The Directors have reviewed the carrying value of the exploration of the Juma East tenements following the advice received from the DNPM of the creation of the Acari National Park and a request to relinquish 100% of Boia Velha tenement and 86% of the Guida tenement. The Directors have taken a conservative approach to the value of the project and impaired 100% of the Juma East exploration costs for all the tenements that the company has released amounting to \$1,364,193 as at 30 June 2018 thereby writing off all exploration expenditure for Boia Velha and Guida, and two tenements that have been released at Juma East. As the Company is continuing to explore its Ema and Tres Estados tenements and further exploration costs will be incurred, as the Company continues its drilling exploration and metallurgical testing programmes, no assessment could be made on whether to impair any assets relating to Ema and Tres Estados until the end of the overall exploration programme.

	Consolidated Group
	2018
	\$
Balance at beginning of the year	1,488,109
Impairment of exploration and evaluation	(1,364,193)
Foreign exchange	(196,059)
Expenditure incurred on existing assets	1,572,290
Balance at end of the year	<u><u>1,500,147</u></u>
	2017
	\$
Balance at beginning of the year	1,807,726
Impairment of exploration and evaluation	(1,110,195)
Foreign exchange	(84,298)
Expenditure incurred on existing assets	874,876
Balance at end of the year	<u><u>1,488,109</u></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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. TRADE AND OTHER PAYABLES

	Consolidated Group	
	2018	2017
	\$	\$
<i>CURRENT</i>		
Unsecured liabilities		
Trade payables	29,790	69,789
Other payables and accruals (a)	448,936	506,374
	478,726	576,163

(a) \$399,628 is payable to Jeff McKenzie (2017: \$479,863) in relation to management fees and \$12,000 payable to a director as directors fees.

6. ISSUED AND PAID-UP CAPITAL

	2018	2017	2018	2017
	No	No	\$	\$
Ordinary shares fully paid	396,617,369	339,355,333	21,225,591	18,850,509

Movements in ordinary share capital:

Date	Details	Number of shares	Issue Price	\$
1 July 2016	Balance	246,253,208	-	15,942,361
14 July 2016	Shares issued	2,800,000	0.0250	70,000
19 August 2016	Shares issued	4,597,928	0.0250	114,948
19 August 2016	Conversion of convertible note	22,726,750	0.0100	227,268
12 September 2016	Options converted to shares	750,000	0.0125	9,375
5 October 2016	Options converted to shares	967,000	0.0125	12,087
5 October 2016	Options converted to shares	2,500,000	0.0300	75,000
10 October 2016	Options converted to shares	8,550,000	0.0125	106,875
10 October 2016	Options converted to shares	500,000	0.0300	15,000
14 October 2016	Options converted to shares	454,190	0.0125	5,677
14 October 2016	Options converted to shares	2,000,000	0.0300	60,000
20 October 2016	Options converted to shares	2,000,000	0.0370	74,000
21 October 2016	Options converted to shares	350,000	0.0125	4,375
21 October 2016	Options converted to shares	3,000,000	0.0300	90,000
21 October 2016	Options converted to shares	4,000,000	0.0370	148,000
19 April 2017	Options converted to shares	1,293,400	0.0125	16,168
19 April 2017	Options converted to shares	2,750,000	0.0300	82,500
19 April 2017	Options converted to shares	970,000	0.0500	48,500
19 April 2017	Shares issued	18,950,000	0.0560	1,061,200
27 April 2017	Options converted to shares	750,000	0.0500	37,500
27 April 2017	Shares issued	1,367,857	0.0560	76,600
10 May 2017	Shares issued	1,325,000	0.0560	74,200
20 June 2017	Options converted to shares	250,000	0.0125	3,125
20 June 2017	Options converted to shares	3,850,000	0.0500	192,500
28 June 2017	Options converted to shares	400,000	0.0125	5,000

BBX Minerals Limited
Annual Financial Report
For the year ended 30 June 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 June 2017	Options converted to shares	6,000,000	0.0500	300,000
	Less: Transaction costs arising on issue	-	-	(1,750)
30 June 2017	Balance	339,355,333	-	18,850,509

Date	Details	Number of shares	Issue Price	\$
1 July 2017	Balance	339,355,333	-	18,850,509
25 August 2017	Options converted to shares	2,644,250	0.0500	132,213
25 August 2017	Options converted to shares	27,500,000	0.0125	343,750
29 November 2017	Options converted to shares	13,430,000	0.0500	671,500
25 January 2018	Options converted to shares	75,000	0.0500	3,750
15 February 2018	Options converted to shares	2462,272	0.0125	30,778
15 February 2018	Options converted to shares	350,000	0.0500	17,500
5 March 2018	Options converted to shares	1,891,396	0.0125	23,642
13 April 2018	Options converted to shares	2,710,000	0.0500	135,500
17 May 2018	Shares issued	1,977,779	0.1800	356,000
25 May 2018	Options converted to shares	700,000	0.0500	35,000
25 May 2018	Shares issued	3,521,339	0.1800	633,841
	Less: Transaction costs arising on issue			(8,392)
30 June 2018	Balance	396,617,369	-	21,225,591

7. OTHER RESERVES

	Consolidated Group	
	2018	2017
	\$	\$
Option Reserve	512,987	512,987
	512,987	512,987

Option Reserve	2018	2017	2018	2017
	No	No	\$	\$
Balance at the beginning of the financial period	56,555,181	85,826,396	512,987	470,725
Issue of 17,000,000 unlisted options to consultants and directors exercisable at \$0.05 each on or before 24 November 2017	-	-	-	42,262
Exercise of options @ \$0.0125	(31,853,668)	(13,014,590)	-	-
Exercise of options @ \$0.05 cents	(19,909,250)	(11,570,000)	-	-
Issue of 700,000 unlisted options to shareholders exercisable at \$0.05 each on or before 13 July 2018 (convertible notes)	-	700,000	-	-
	-	11,363,375	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Other Reserves (continued)

Issue of 11,363,375 unlisted options exercisable at \$0.0125 unlisted

Exercise of options @ \$0.03	-	(10,750,000)	-	-
Exercise of options @ \$0.037	-	(6,000,000)	-	-
Expiration of options @ \$0.0125 expiring 1 March 2018	(42,263)	-	-	-
Balance at the end of the financial period	4,750,000	56,555,181	512,987	512,987

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. No share options were granted during the year ended 30 June 2018.

Convertible Notes	2018	2017	2018	2017
	No	No	\$	\$
Balance at the beginning of the financial period				
Issue of Convertible note to Drake Private Investments LLC	-	22,726,750	-	227,268
22,726,750 ordinary shares on conversion of convertible notes with face value of \$0.01	-	(22,726,750)	-	(227,268)
Balance at the end of the financial period	-	-	-	-

8. LOSS PER SHARE

	Consolidated Group	
	2018	2017
	Cents	Cents
Basic loss per share		
From continuing operations	(0.59)	(0.64)
Total basic earnings per share	(0.59)	(0.64)
Diluted loss per share		
From continuing operations	(0.59)	(0.64)
Total basic earnings per share attributable to the ordinary equity holders of the company	(0.59)	(0.64)

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	(2,208,832)	(1,888,485)
Loss attributable to the shareholders of the company	(2,208,832)	(1,888,485)
Weighted average number of ordinary shares for the purposes of basic earnings per share	375,624,330	295,825,119

Diluted earnings per share

Loss attributable to the ordinary equity holders of the company:

Loss from continuing operations	(2,208,832)	(1,888,485)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. LOSS PER SHARE (continued)

Loss attributable to the shareholders of the company	(2,208,832)	(1,888,485)
Weighted average number of ordinary shares for the purposes of basic e.p.s - does not include options which are antidilutive	375,624,330	295,825,119

9. 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%

10. 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:

	2018	2017
	\$	\$
Other Payables		
Related party payables (Note 5 (a))	411,828	478,863
<i>Options issued under Share based payments:</i>		
Paid to directors	-	14,934
Paid to Executive Director /CEO	-	9,956
Company Secretary/Exploration Manager	-	17,372
Total	-	42,262

The share-based payments in previous years 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 CONSOLIDATED FINANCIAL STATEMENTS

11. 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

2018	Brazil	Australia	Total
	\$	\$	\$
Segment Revenue	11,194	3,124	14,318
Depreciation	7,629	-	7,629
Loss after income tax (a)	(1,567,884)	(640,948)	(2,208,832)
Segment total assets (b)	1,844,714	731,323	2,576,037
Segment total liabilities (c)	16,679	462,047	478,726
Net cash inflows /(outflows) from operating activities	(448,005)	(713,736)	(1,161,741)
Net cash inflows /(outflows) from investing activities	(1,589,572)	-	(1,589,572)
Net cash inflows /(outflows) from financing activities	-	2,375,080	2,375,080

2017	Brazil	Australia	Total
	\$	\$	\$
Segment Revenue	-	47,239	47,239
Depreciation	5,139	-	5,139
Loss after income tax (a)	(1,323,987)	(564,498)	(1,888,485)
Segment total assets (b)	1,611,099	1,157,930	2,769,029
Segment total liabilities (c)	38,374	537,789	576,163
Net cash inflows /(outflows) from operating activities	(86,415)	(637,157)	(723,572)
Net cash inflows /(outflows) from investing activities	(877,123)	-	(877,123)
Net cash inflows /(outflows) from financing activities	-	2,680,880	2,680,880

(a) Profit / (loss) after tax

	Consolidated Group	
	2018	2017
	\$	\$
Reconciliation of loss after tax to the consolidated loss for the year is as follows:		
Loss after tax for the year	(2,208,832)	(1,888,485)
Loss for the year	(2,208,832)	(1,888,485)

(b) Segment assets

Reportable segment assets are reconciled to total assets as follows:

Segment assets	2,576,037	2,769,029
Total assets per the statement of financial position	2,576,037	2,769,029

(c) Segment liabilities

Reportable segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	478,726	576,163
Total liabilities per the statement of financial position	478,726	576,163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Consolidated Group	
	2018	2017
	\$	\$
Net loss after income tax	(2,208,832)	(1,888,485)
Payables write-off	-	(44,907)
Share based payments	-	42,262
Depreciation & amortisation	7,629	5,139
Loan receivable written off	-	82,470
Impairment of exploration	1,364,193	1,110,195
Realised foreign exchange gain	-	295
Changes in operating assets and liabilities:		
<i>(Increase)/Decrease in assets:</i>		
(Increase) /Decrease current receivables	(227,294)	(52,264)
<i>Increase/(Decrease in liabilities:</i>		
Increase/ (Decrease) in trade payables	(97,437)	21,723
Net cash flow from operating activities	1,161,741	(723,572)

13. AUDITORS' REMUNERATION

	Consolidated Group	
	2018	2017
	\$	\$
Amounts received or due and receivable by the company's auditors for:		
- Audit or review of financial report of the company	56,000	49,000
- Other services remuneration:	-	-
Total auditor's remuneration	56,000	49,000

14. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Consolidated Group	
	2018	2017
	\$	\$
Financial Assets		
Cash and cash equivalents	761,590	1,201,265
Trade and other receivables	296,058	68,764
Total Financial Assets	<u>1,057,648</u>	<u>1,270,029</u>
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables	478,726	576,163
Total Financial Liabilities	<u>478,726</u>	<u>576,163</u>

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.

Consolidated group financial liability maturity analysis due for repayment;

	Within 1 Year		1 to 5 Years		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Trade and other payables	478,726	576,163	-	-	478,726	576,163
Total expected outflows	<u>478,726</u>	<u>576,163</u>	<u>-</u>	<u>-</u>	<u>478,726</u>	<u>576,163</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2018 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-18				
BRL (10% movement)	184,873	156,788	(184,873)	(156,788)
30-Jun-17				
BRL (10% movement)	282,045	95,057	(282,042)	(8,641)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. PARENT ENTITY FINANCIAL INFORMATION

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

	Parent	
	2018	2017
	\$	\$
Balance Sheet		
Current Assets	834,583	1,157,930
Non- Current Assets	6,395,380	4,413,640
Total Assets	7,229,963	5,571,570
Current Liabilities	462,047	537,78
Non-Current Liabilities	-	
Total Liabilities	462,047	537,788
Net assets	6,767,916	5,033,782
Shareholder Equity		
Issued capital	21,225,591	18,850,509
Reserves	512,987	512,988
Accumulated Losses	(14,970,662)	(14,329,715)
	6,767,916	5,033,782
Statement of Other Comprehensive Income		
Total loss	(640,947)	(609,406)
Total comprehensive loss	(640,947)	(609,406)

16. SUBSEQUENT EVENTS

On 20 August 2018 announced results of ongoing metallurgical testing from RC drill samples from the Company's Três Estados prospect as part of its pilot testing programme (refer announcements dated 14th March 2018, 30th April 2018 and 4 June 2018). The Company conducted further metallurgical testwork at the Marcelo facility using a similar process to that reported on April 30 2018 and June 14 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. Where sufficient material exists from holes TERC-008, 009, 010 and 011 and Ema diamond drill holes similar intervals will be tested. Confirmation of extensive near-surface mineralisation will facilitate the planned trial mining operation.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The results from the two fusions, summarised below continue to display variability which BBX believes may be a function of both the smelt and precious metal recovery conditions.

A check smelt conducted on the 32-34 metre interval of TERC 007 using a different flux mix (flux B), and a slightly modified methodology yielded a result of 70.55g/t. No silver metal or silver compound was added to flux A in the smelts relating to hole TERC-007.

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	

Results for metallurgical extraction test from RC drill hole TERC-007

A delayed result for a 5kg smelt for TERC 006 (announced 14th June 2018) for the interval 26-28 metres is shown in the table below.

Hole No.	Depth (m)			Flux	Au (g/t)	Ag (g/t)	Rock Type
	From	To					
TERC-006	26	28	Rock Slag Total	A	37.40 2.27 39.67		Fresh dolerite

Results for metallurgical extraction test from RC drill hole TERC-006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Silver metal was added to the smelt in flux A in this sample (TERC-006, 26-28 metres) to test whether this would aid the extraction of gold into the copper bar. The levels of silver recovered for this sample were below the quantity of silver added. BBX also announced that it has commenced testing three types of furnace that could potentially be utilised in the Company’s pilot/semi commercial trial mining plant. The furnaces being tested utilise proven technology aimed at duplicating the current smelting method with enhanced control of smelt conditions. BBX also advised that a larger electrowinning cell has been commissioned, and that it has been requested by IPHAN to provide an archaeological report on its trial mining area. BBX is currently contracting an archaeologist with extensive local knowledge to complete the report for final submission to IPHAN.

17. CONTINGENT LIABILITIES

The Group has following contingent liabilities at 30 June 2018. BBX can exit any of the leases on EMA, Juma East and Tres Estados without any further commitments.

Lease	Reference	Amount	Due Date
EMA Project			
Tres Estados	DNPM 880.090/2008	USD 20,000	15 February,19,20,21
Ema	DNPM 880.107/2008	USD 20,000	15 February,19,20,21

18. COMMITMENTS

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

19. TAX LOSSES

The parent entity has tax losses of \$1,580,612 as at 30 June 2018. 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, in the opinion of the directors:

1. the financial statements and notes, as set out on pages 19 to 43 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Company and the Group;
2. There are reasonable grounds to believe that the company and the group will be able to pay its debts as and when they become due and payable.
3. Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Chief Executive Officer has declared that:

- a. The financial records of the Company and the Group for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
- b. 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;

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

On behalf of the Directors



Michael Schmulian
Chairman
31 August 2018
Perth

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BBX MINERALS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BBX Minerals Limited (the Company), including its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Company.

In our opinion:

- (a) the accompanying financial report of BBX Minerals Limited is in accordance with the Corporations Act 2001, including:
 - i) Giving a true and fair view of the Group's consolidated financial position as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and
 - ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Key Audit Matter	How our audit addressed the matter
<p>Exploration costs</p> <p>The groups balance sheet includes exploration expenditure of \$1,500,147. The assessment of the recoverability and impairment accordingly of these assets incorporates significant judgement in respect of factors such as strategy to recover them, future production prospects and levels, commodity prices, operating and capital availability and costs and economic assumptions such as discount, inflation and foreign exchange rates and changes to regulatory frameworks of the jurisdiction governing the industry in which the Group is carrying out its exploration activities. Impairment charges of exploration expenditure recorded during the year amounted to \$1,364,193.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Testing the design and operation of internal controls over the evaluation of these assets including those to determine any impairments; • Considering the Group's accounting policy in relation to these assets and potential impairment thereof; • Evaluating the Group's assumptions and estimates used to determine the recoverable amount of assets, including those relating to method of recovery, cost, capital expenditure, discount rates and foreign exchange rates; • Validating the mathematical accuracy of cashflow models and agreeing relevant data to underlying information and assumptions; and • Assessing the adequacy of the Group's disclosures in respect of asset carrying values and impairment testing.

Material Uncertainty Relating to Going Concern

Without modification to our opinion expressed above attention is drawn to Note 1(t) of the financial report, which sets out the basis on which the directors believe that the Group will be able to continue as a going concern. The Group incurred a loss after tax in the year from continuing operations of \$2,208,832 (2017 loss: \$1,888,485). The Group has current assets of \$1,057,648 (2017: \$1,270,029) while current liabilities amounts to \$478,726 (2017: \$576,163). These conditions along with other matters set out in Note 1(t) indicate that a material uncertainty exists that may cast significant doubt in relation to the Group's ability to continue as a going concern.

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.

Other information

The Directors are responsible for the other information. The other information comprises the information to be included in the Annual Report to Shareholders for the year ended 30 June 2018 (Annual Report), which is not included the financial report for the year ended 30 June 2018 (Financial Report) and our auditors report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement of the other information, we are required to report that matter.

Directors' Responsibilities

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 as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

LNP Audit and Assurance

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 17 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of BBX Minerals Limited for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

The engagement partner on the audit resulting in this independent auditor's report is Anthony Rose.

LNP Audit and Assurance



Anthony Rose
Director

Sydney, 31 August 2018

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 15 October 2018.

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 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.

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 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 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 (Executive Director). A formal appraisal meeting to review the Chief Executive /Executive Director performance was conducted during the year as part of the performance review of the Board.

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.

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 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.

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.

Mr Schmulian and Mr Dix are considered to be independent directors. As Chief Executive /Executive Director Mr McKenzie is not considered to be an independent director.

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

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

The Company has complied with this recommendation.

The majority of the Board are considered to be independent directors.

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 Managing Director 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 /Executive Director 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.

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 Chief Executive /Executive Director 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 2017 and the full year ended 30 June 2018. From the Chief Executive

/Executive Director. 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 Chief Executive /Executive Director 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.

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 Chief Executive /Executive Director 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 Chief Executive /Executive Director 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 Chief Executive /Executive Director 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

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 Chief Executive /Executive Director 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 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 Chief Executive /Executive Director 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.

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.

Details of Mr McKenzie service contract is included in the Company's remuneration report. Mr McKenzie may, subject to shareholder approval, 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 included in accordance with the Listing Rules of ASX Limited

1. SECURITY HOLDER INFORMATION

(a) Shareholders

The twenty largest shareholders hold 86.08 % of the total issued ordinary shares in the Company as at 9 October 2018.

Position	Holder Name	Holding	% IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	196,279,000	49.49%
2	MR TOBY ROBERT SECRETAN CHANDLER	27,835,000	7.02%
3	AJ IGO PTY LTD <ADE SUPERANNUATION FUND A/C>	26,041,286	6.57%
4	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	15,723,670	3.96%
5	CITICORP NOMINEES PTY LIMITED	12,105,335	3.05%
6	KARL PAGE INVESTMENTS PTY LTD <THE KARL PAGE FAMILY A/C>	9,253,001	2.33%
7	MR ANDREW JOHN IGO	6,750,001	1.70%
8	ANTONIO EDUARDO MONTEIRO DE CASTRO	6,700,000	1.69%
9	JEFF MCKENZIE	6,400,000	1.61%
10	MICHAEL LEON SCHMULIAN	4,736,919	1.19%
11	MICHAEL LEON SCHMULIAN	4,159,250	1.05%
12	ANTONIO DE CASTRO	4,000,000	1.01%
13	JEFFREY ROBERT MCKENZIE	3,573,081	0.90%
14	MICHAEL LEON SCHMULIAN	3,248,600	0.82%
15	MR WILLIAM DIX	3,020,152	0.76%
16	ALASTAIR SMITH	2,500,000	0.63%
17	SIMON ROBERTSON	2,000,000	0.50%
17	WILLIAM ROBERT DIX	2,000,000	0.50%
18	CROWE CRYPT HOLDINGS PTY LTD <ROBERT LIDBURY SMSF A/C>	1,716,397	0.43%
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,562,415	0.39%
20	MR ROBERT ORMONDE LIDBURY	1,484,100	0.37%
	Total	341,088,207	86.00%
	Total issued capital - selected security class(es)	396,617,369	100.00%

Distribution of Shareholders as at 9 October 2018.

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	150	69,547	0.02%
1,001 - 5,000	226	710,936	0.18%
5,001 - 10,000	96	816,513	0.21%
10,001 - 100,000	299	11,253,387	2.84%
100,001 - 9,999,999,999	132	383,766,986	96.76%
Totals	903	396,617,369	100.00%

Number of holders of unmarketable parcels – Ordinary shares

Unmarketable parcels 237 totalling 235,999 shares

Substantial Shareholders as at 9 October 2018.

The Company's register of substantial shareholders shows the following

Name	Number of Shares
Drake Special Situations LLC	196,265,000
T Chandler	27,835,000
AJ Igo Pty Ltd	26,041,286

(b) Unquoted options

BBXOPT5 - UNLISTED OPTIONS EXP 19/04/2020 @ \$0.037

22-Sep-2017

Holding Ranges	Holders	Total Units
100,001 - 9,999,999,999	3	4,750,000
Totals	3	4,750,000

Holders of more than 20% of the number on issue

W Dix 42.11%
C Smith 42.11%

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 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 the 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.

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 shares.

3. ON- MARKET BUY BACK

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