

**BBX MINERALS LIMITED**

ACN 089 221 634

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**30 JUNE 2020**

BBX Minerals Limited  
Annual Financial Report  
For the year ended 30 June 2020  
Contents

Corporate Directory	1
Chairman's Letter to Shareholders	2
Directors' Report	3
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	51
Independent Audit Report	52
Corporate Governance Statement	57
Shareholder Information	77

BBX Minerals Limited  
Annual Financial Report  
For the year ended 30 June 2020  
Corporate Directory

**Directors**

Michael Schmulian (Chairman)  
Andre Douchane  
Jeff McKenzie  
William Dix

**Secretary**

Eryn Kestel

**Registered Office**

Level 1 9 Bowman Street  
South Perth WA Australia 6151  
Telephone 61 8 6555 2955  
Fax 61 8 6210 1153

**Share Registry**

Automic Registry Services  
Level 2, 267 St George Terrace  
Perth WA 6000  
Telephone: +61 8 9324 2099  
Facsimile: +61 8 9321 2337

**Auditor**

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

**Stock Exchange**

Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

**ASX Code**

BBX (fully paid ordinary shares)

## Chairman's Letter to Shareholders

Despite the restrictions enforced by the ongoing COVID-19 pandemic in Brazil, BBX has made excellent progress in refining both its proprietary recovery and analytical techniques for the complex style of mineralisation encountered in the Apui region. Whilst at all times prioritizing the health and safety of its workforce and consultants the Company has been able to make significant advances in perfecting a relatively simple technique to measure the levels of precious metals in the rocks at Ema and Três Estados, to be applied as a routine analytical method.

Results have recently been received from analytical test work conducted by IPT, the prominent São Paulo state research institute, on an Ema surface bulk sample of mafic intrusive. Using a multi-acid digestion and ICP-MS the sample returned an average grade of 7.12g/t Au, 0.30g/t Pd and 0.23g/t Pt from eleven separate assays, with a high level of precision. This method, which displays a significantly higher level of repeatability than the techniques extensively tested over the past two years will be adopted for ongoing assaying of the mafic intrusives which occur over an extensive area at both projects. Testing of the method on drill samples of other rock types, both weathered and unweathered, is currently in progress. The Company continues to advance its in-house test work programme to fine tune its multi-step hydrometallurgical extraction process aimed at maximising recovery of all precious metals. Pilot plant design and subsequent construction, currently on hold due to COVID-19 restrictions, is set to re-commence immediately after all restrictions are lifted.

BBX was extremely fortunate to attract seasoned mining executive, André Douchane as the Company's new CEO, and has recently employed experienced Chemical Engineer, Edmar Medeiros as Technical Manager. These key additions to the executive and management team are already bearing fruit and will greatly assist in implementing and executing the Company's development and operational strategy. We also welcome new company secretary, Eryn Kestel, who has replaced the long-standing Simon Robertson who stepped down to pursue new interests.

Canadian drilling company Energold Drilling Corporation has been contracted to carry out a 2500m diamond drilling programme at both Ema and Três Estados, designed to infill and extend the previously drill-tested areas and conduct reconnaissance drilling over a number of untested areas at both projects. It is anticipated that initial assay results from previous drilling will be received in the 4<sup>th</sup> quarter of 2020, followed by results from the new programme, enabling a maiden mineral resource to be released in 2021.

BBX has put into place two key funding facilities in recent months, a \$6 million convertible note with loyal major shareholder Drake Special Solutions LLC and an equity facility of up to \$8 million with LDA Capital LLC. These facilities will ensure that the Company remains fully funded as it progresses through additional drilling, pilot plant testing and feasibility studies. In addition to André and Edmar I would again like to thank fellow directors Jeff McKenzie and Will Dix and Exploration Manager Antonio de Castro for their ongoing strong support. Jeff and Antonio's unstinting efforts over the years have ensured that the Company continues its transition through exploration into future production.

Whilst 2020 has been a difficult year world-wide BBX is set to emerge in an extremely strong position, with funding in place, an experienced and committed team and a clear strategy to move forward into pilot plant testing, trial mining and full-scale project implementation.

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 2020.

### Directors

Information on each person who has been a director during or since the end of the financial year 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>	12,264,769 fully paid ordinary shares.	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 former Executive Director of Mundo Minerals Limited, responsible for establishing the Company's Engenho gold mine.
<p>Andre Douchane Chief Executive and Director Appointed 21 October 2019</p> <p>BSc Mining Engineering New Mexico Institute of Mining 1972 Executive MBA Kellogg School of Management</p> <p>Director Hanstone Gold Corp. Appointed 19 August 2020</p>	<p>2,000,000 fully paid ordinary shares 6,000,000 performance rights 2,000,000 performance rights subject to shareholder approval</p>	Mr Douchane is a highly experienced mining executive with over 40 years' experience in North and South America, including COO, CEO and Chairman roles with a number of mid-tier and junior mining companies including Round Mountain, Battle Mountain Gold, Franco-Nevada, North American Palladium and Starfield Resources.
<p>William Dix Non- Executive Director Appointed 10 October 2012</p> <p>BSc, MSc Geology, Monash University Member of AusIMM Managing Director Todd River Resources Former director of Consolidated Zinc, resigned January 2018</p>	<p>6,401,520 fully paid ordinary shares</p> <p>200,000 fully paid ordinary shares held by Wreckt Pty Ltd</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.

**Directors' Report (cont'd)**

<p>Jeff McKenzie Executive Director (Appointed 22 October 2020)</p> <p>Chief Executive Officer -resigned 21 October 2019 Appointed as director 26<sup>th</sup> October 2016</p> <p>Alternate Director FE Investments Group Limited Appointed 4 September 2019</p>	<p>10,498,081 fully paid ordinary shares</p> <p>20,000 fully paid ordinary shares in the name of Jeffrey &amp; Heather McKenzie</p>	<p>Mr McKenzie is a former Banker with ANZ Banking Group for 33 years roles including General Manager Beijing Branch China, Regional Head North Asia Commodity and International Trade.</p> <p>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>
---	---	--

**Company Secretary**

Eryn Kestel appointed 1 May 2020

Ms Kestel holds a Business degree majoring in accounting and is a Certified Practicing Accountant. She has an established career in business gained through many years of experience and holds the position of Company Secretary for several ASX listed entities.

Simon Robertson resigned 1 May 2020.

Simon 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.

**Nature of operations and principal activities**

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

**Operating Result**

The Group incurred an operating loss after tax of \$2,932,995 for the year ended 30 June 2020 (2019: loss \$1,433,139).

## **Directors' Report (cont'd)**

### **Review of Exploration Operations**

#### **Trial Mining Licence – Três Estados.**

BBX continues to work with State and Federal authorities to finalise the approval of the trial mining licence at Três Estados. Under Federal law landowners in the Amazon region are entitled to clear a maximum of 20% of the native vegetation on their property. The owner of the property on which the Três Estados pending trial mining licence is located has cleared more than the permitted 20% and BBX is working with both State and Federal authorities to ensure that BBX is not jointly implicated in this infraction. Advice has been received from the Federal Lands Department that they have no objection to the trial mining licence being issued for Três Estados. Trial mining license for Três Estados has not been issued as at the date of this report.

#### **Analytical and Extraction Methodology**

BBX continued over the last 12 months to advance the development of its proprietary analytical and extraction techniques for the complex style of mineralisation encountered in the Apui region. The tightly interlocked gold/silver/PGM particles which have been identified throughout the mineralised rock require initial unlocking and separation prior to analysis or extraction. A variety of unlocking techniques and subsequent analytical approaches have been fully evaluated in order to ascertain the most representative combination of methodologies. Each of the individual techniques is effective principally for a specific precious metal and work continues on fine-tuning a multi-step process which will form the basis of a complete assay technique.

In early 2020 a market update confirmed that the Company continued to undertake an extensive testing programme to fine tune its preferred extraction technique for the complex style of mineralisation identified at Ema and Três Estados, with significant progress made in defining a process route incorporating both pyrometallurgical and hydrometallurgical techniques.

Belo Horizonte-based engineering group Onix Engenharia e Consultoria Ltda ("Onix") was appointed in February 2020 to conduct the engineering study for a metallurgical test plant to be built in Rio de Janeiro. The study, which will comprise a conceptual plant design and capital and operating cost estimates is expected to take 10-12 weeks. The plant will be designed to fully test and optimise the Company's preferred extraction technique to treat both weathered and unweathered rock from both projects. The test plant results will serve as the basis for the design of a future full-scale commercial treatment plant.

The joint venture with Irish-registered AuRER Limited (formerly Lomhara Tech Limited) has been reviewed by both companies with a conclusion that each company may independently finalise its individual processing methodology, and the joint venture has therefore been dissolved. BBX advised that it will retain access to key international consultants previously employed through the joint venture.

Following initial lockdown measures implemented by the Rio de Janeiro state government, BBX initiated a partial 15-day suspension of its analytical and process development activities, effective 30 March 2020. After relaxation of restrictions test work recommenced on a reduced basis in late April. All necessary measures have been taken to ensure the safety of the Company's employees and consultants, including the use of masks at all times and social distancing at BBX's metallurgical testing facilities. The design/engineering studies initiated in Q1 2020 to define the optimal process flow sheet and generate a conceptual design and cost estimate for a test plant have been suspended due to the implementation of lockdown measures in greater Belo Horizonte, where the engineering contractor Onix Engenharia are located. BBX remains hopeful that restrictions will be eased soon to allow the engineering design work to recommence.

## Directors' Report (cont'd)

### Exploration Leases

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

<u>All Tenements Owned by BBX Minerals Ltd</u>	<u>Area (Ha)</u>	<u>Percentage ownership</u>
DNPM Permit Number 880.107/08 Location Brazil (Ema)	9839.91	100% Exploration Licence
DNPM Permit 880.184/16 Location Brazil (Ema)	9034	100% Exploration License
DNPM Permit Number 880.090.08 Location Brazil (Tres Estados)	8172.25	100% Exploration Licence
DNPM Permit Number 880.186/2014 Location Brazil (Juma East)	6998	100% Exploration Licence

### End of exploration report

### Review of Corporate Activities

A total of 2,115,501 fully paid ordinary shares in payment for consultancy and joint venture services provided to BBX were issued in July 2019. Under the agreement with its Brazilian consultants and refinery partner BRL1,000,000 (approximately AUD357,000) was required to be paid to finalise intellectual property agreements relating to BBX's proprietary processes. The consultants requested payment of the amount due in shares.

Commitments were received in July 2019 to raise a minimum of \$1,000,000 via a placement of a minimum of 5,000,000 new shares to existing sophisticated and institutional investors at 20 cents per share. The Company sought shareholder approval for Drake Special Situations to participate in the placement by subscribing for 415,000 new shares on the same terms and conditions as other placees. The funds raised were used for general working capital purposes.

André Douchane was appointed CEO and an Executive Director on 21 October 2019. André has over 40 years of experience in North and South America, including COO, CEO and Chairman roles with a number of mid-tier and junior mining companies including Round Mountain, Battle Mountain Gold, Franco-Nevada, North American Palladium and Starfield Resources.

BBX received formal advice in March 2020 that the judge in the Company's case for compensation for losses resulting from the creation of the Acari National, ruled in favour of BBX. The courts will now review all back-up documentation to determine the amount of compensation to be granted. BBX initially claimed BRL3.107m (approx. A\$1.0m) in compensation, an amount fully backed up by supporting documentation. The State retains the right to appeal the judge's ruling. This matter is still in progress at the date of this report.



## Directors' Report (cont'd)

### Funding

In December 2019 a converting loan/note facility was arranged with Drake Special Situations LLC up to a maximum of \$2,000,000 subject to shareholder approval. However, this was further amended in April 2020 to increase the previously announced convertible note facility to \$6,000,000. The funds are to be used for general working capital and to enable the development/construction of the metallurgical test plant in Rio de Janeiro, subject to shareholder approval. Shareholders voted to approve the facility on 17 July 2020. Refer to note 5(a) for convertible note key terms. \$1,004,483 was drawn down from this facility at 30 June 2020.

On 16 June 2020 a standby equity funding facility of \$8,000,000 was also arranged with US-based institutional investment group LDA Capital (LDA). The facility can be drawn at the discretion of the Company and will be used to advance the Company's construction of a metallurgical test plant and subsequent project development. The Company has executed a Put Option Agreement (POA) with LDA which will provide flexibility for the Company to access additional capital as required at the Company's election. The facility enables the Company to raise capital by issuing shares to LDA over the next 3 years from date of signing the agreement. As per the agreement, 14,500,000 options were issued to LDA on 17 June 2020. Refer to note 5(b) for funding facility key terms.

No drawdown was made from this funding facility as at 30 June 2020.

### Review of Financial Activities and Position

The net assets of the Group have reduced by \$888,626 from \$1,976,926 at 30 June 2019 to \$1,088,300 at 30 June 2020. This decrease in net assets is mainly attributable to draw down of \$1,004,483 under the convertible note facility for general working capital purposes and to further the development program in Brazil.

### Going concern

The Group incurred a loss after tax in the year from continuing operations of \$2,932,995 (2019 loss: \$1,433,139). The Group has current assets of \$360,126 (2019: \$515,445) and current liabilities amounting to \$1,810,280 (2019: \$1,065,565). The Group's ability to meet its operational obligations are principally contingent on capital raising or funding its operations via two finance facilities in place totalling \$14 million and the potential to undertake trial mining at Ema and Tres Estados following the granting of the trial mining licence at Ema, with Três Estados expected to be approved in due course. In the event that the trial mining projects at Ema and Três Estados are delayed, the Group's continuance as a going concern will be dependent on its ability to utilise the finance facilities or to sell its assets and negotiate terms with creditors. This gives rise to 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 Brazil operations costs and head office expenses.
2. During the year, the company raised \$1,146,150 before costs, and the directors believe that future capital raisings can be undertaken to finance operations as and when required.
3. The group negotiated two finance facilities totalling A\$14 million, a convertible note facility with Drake Special Solutions LLC of \$6 million and a standby equity finance facility with LDA Capital of \$8 million.

## Directors' Report (cont'd)

4. The Company will seek to commence trial mining at Ema following the trial mining licence approval, with Três Estados expected to be approved in due course and on completion of a pilot plant which has been delayed due to the implications of COVID 19.

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.

Judgement about the future is based on information available at the date of this report. Subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made.

## Dividends paid or recommended

The Group did not declare or pay any dividend for the year ended 30 June 2020 (2019: \$Nil).

## Events after the reporting date

On 9 July 2020, BBX announced the appointment of highly experienced chemical engineer Mr Edmar Medeiros as Technical Manager, charged with coordinating the finalisation of the assay method and process route, pilot plant testing and subsequent project implementation.

On 7 September 2020 BBX provided a further market update with the following highlights:

- Consistent and repeatable analytical assay method developed in conjunction with São Paulo State Research Institute, IPT.
- Mean result of 7.12g/t Au from 11 consecutive tests.
- 2500m diamond drilling contract signed with Canadian drilling company Energold for infill and reconnaissance drilling; and
- A total of 50 holes to be drilled at Ema and Três Estados.

## Analytical testwork

BBX announced consistent and repeatable analytical test results from testwork conducted on an Ema surface bulk sample of outcropping unweathered hydrothermally altered dolerite by the highly regarded São Paulo state research institute, IPT.

Following extensive testing of a variety of potential analytical techniques for gold, silver and PGM's for mineralised rock from BBX's Ema and Três Estados properties the Company entered into an agreement with IPT to assist in the final development of a robust analytical method, utilising ICP-MS, a technology not available to BBX at its facilities in Rio de Janeiro. A 2kg surface bulk sample comprising roughly egg-sized rock fragments was collected by the BBX field team on 30 May from an outcrop measuring approximately 2m x 2m, centered on coordinates 9174960N 184140E (denominated EMB-06,) and submitted to IPT for sample preparation and analysis. The selected sample area is located between two previously tested 10m x 10m areas of outcrop. The sampled outcrop of hydrothermally altered dolerite is visually indistinguishable from mafic intrusives occurring over a broad area at Ema and Três Estados.

Following crushing, pulverisation and homogenization of the entire sample and fine-tuning of the digestion methodology, building on concepts developed by BBX for this style of mineralisation, IPT assayed eleven aliquots of the homogenised bulk sample by ICP-MS, following a multi-acid digestion using high-purity acids, assisted by microwave radiation. The results display a level of precision regarded as satisfactory for routine analytical work

**Directors' Report (cont'd)**

(table 1) (95% confidence level, Student's t-test). A full list of results is given in appendix 1, showing, in the case of gold, a range of values within 80% and 120% of the mean of 7.12g/t.

The Company plans to adopt this assay method, exclusive to BBX, for future assaying of surface and drill-hole samples of unweathered hydrothermally altered dolerites from both Ema and Três Estados, thereby enabling routine exploration to be conducted over broad areas at both projects.

To test its applicability for other sample matrices, eleven drill-hole samples selected from both Ema and Três Estados from both mafic and felsic rock types displaying various degrees of weathering have been submitted to IPT for analysis in triplicate. It is anticipated that results from these tests will be available in the coming weeks.

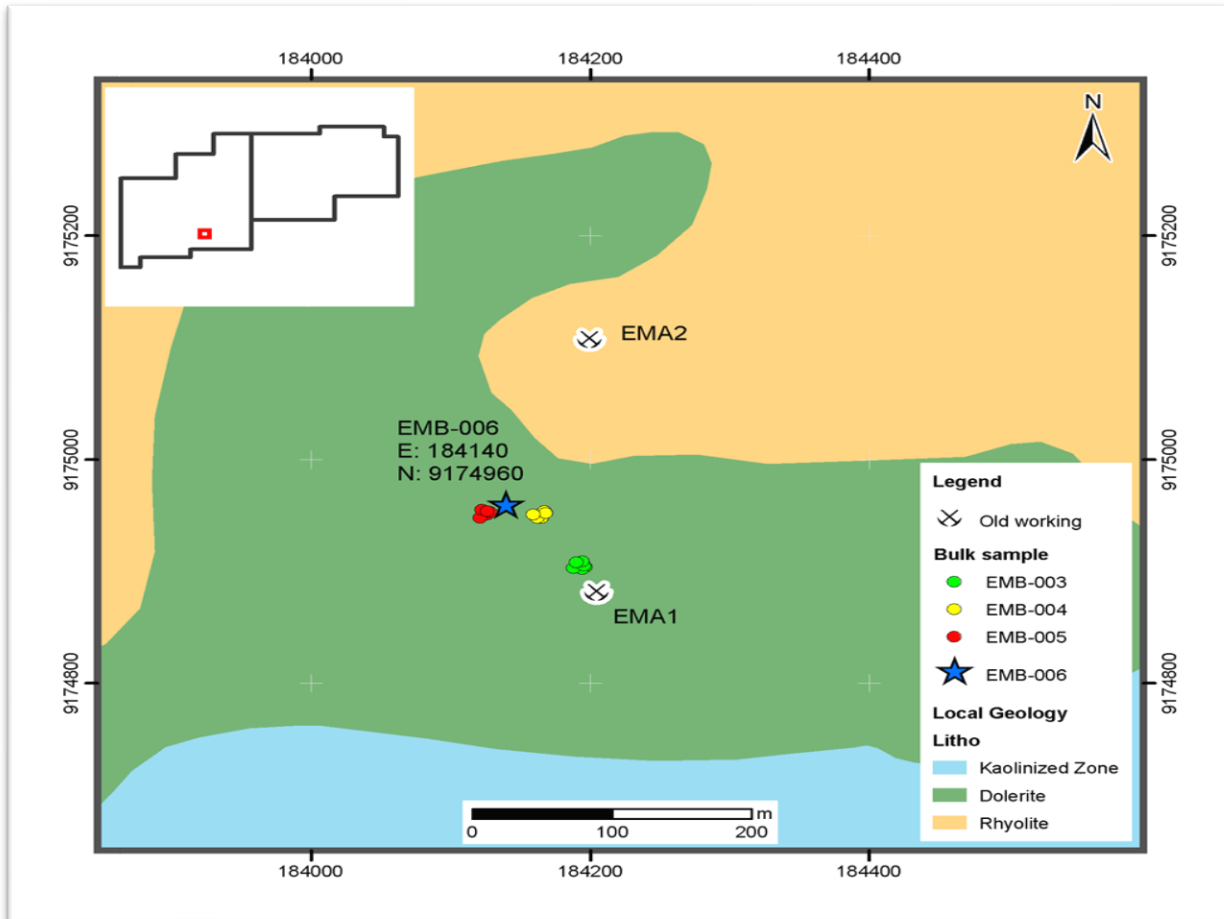
The Company continues to advance the development of its multi-step process route designed to maximise recovery of all precious metals. Due to ongoing partial restrictions resulting from the COVID-19 pandemic, engineering design work for a proposed metallurgical test plant remains suspended.

Element	Grade	
	ng.g <sup>-1</sup> (ppb)*	g/t
Ru	1.1+/-0.4	
Rh	20+/-3	
Pd	301+/-20	0.301
Ag	232+/-49	0.232
Os	<0.3	
Ir	60+/-8	
Pt	235+/-24	0.235
Au	7120+/-607	7.120

\*as reported by IPT

Table 1. EMB-006 mean precious metal grades and 95% confidence intervals

Directors' Report (cont'd)

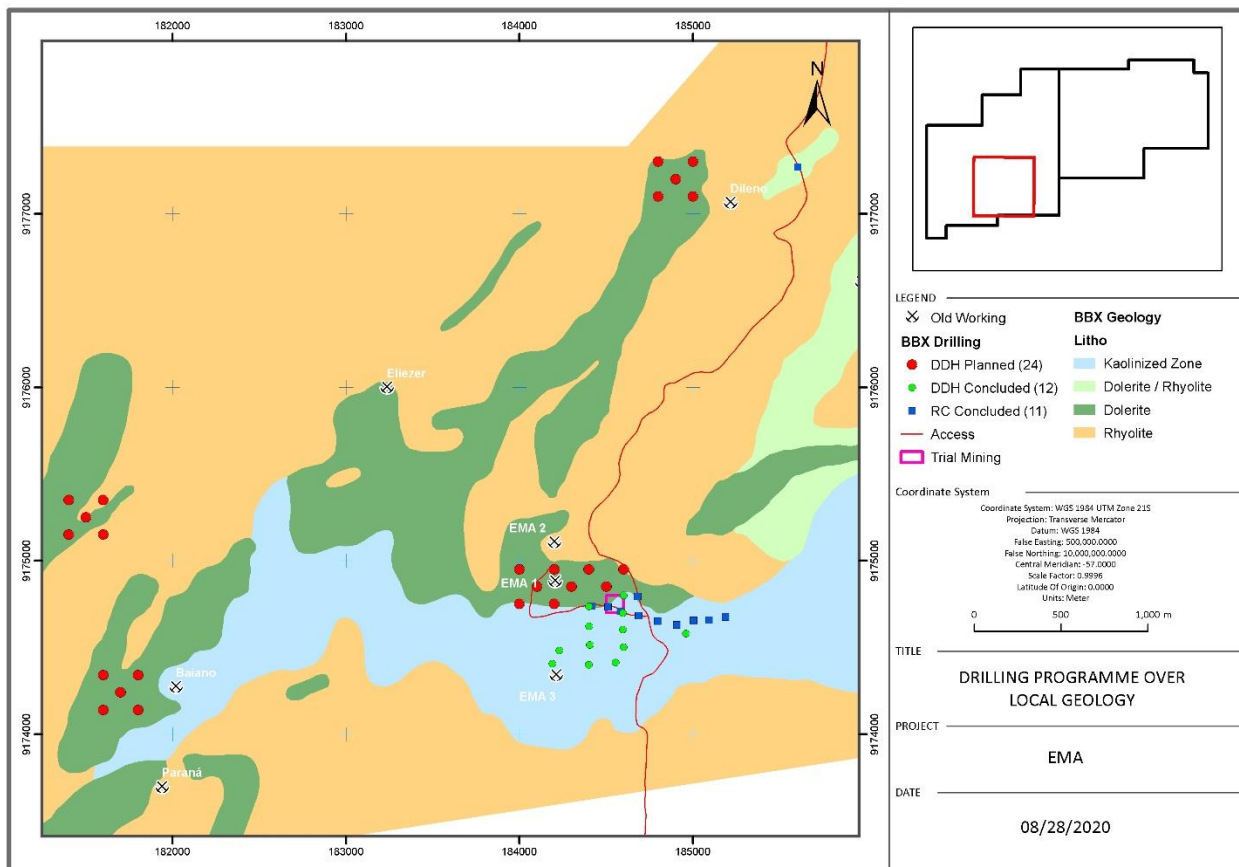


Location of EMB-006 surface sample

**Directors' Report (cont'd)**

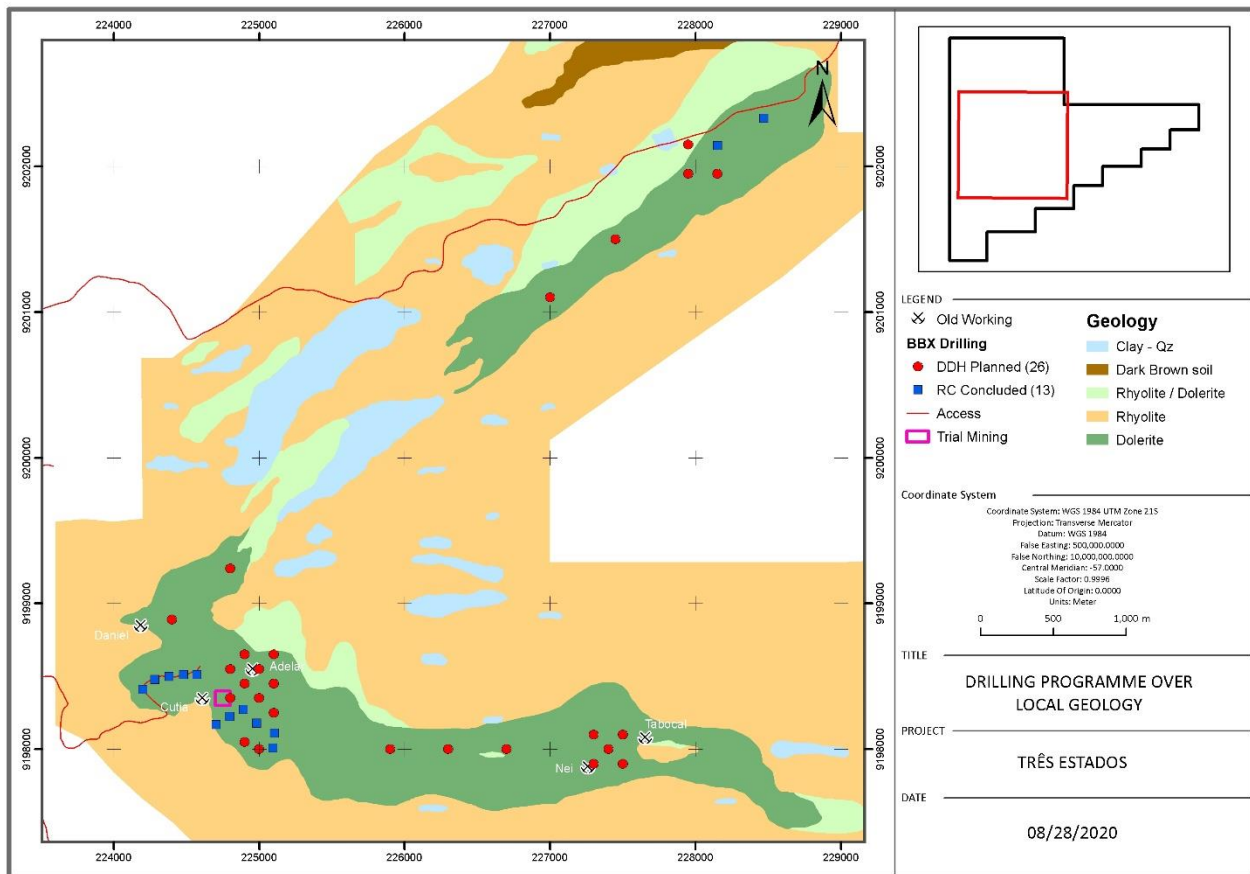
**Drilling programme**

The Company announced that it has signed a contract for a 2500m diamond drill programme with Canadian drilling contractor Energold Drilling Corp. The programme, scheduled to commence at the end of September, comprises a total of 50 drill holes with an average depth of 50 meters, at both Ema and Três Estados, designed to infill and extend the previously drill-tested areas and conduct reconnaissance drilling over a number of untested areas at both projects.

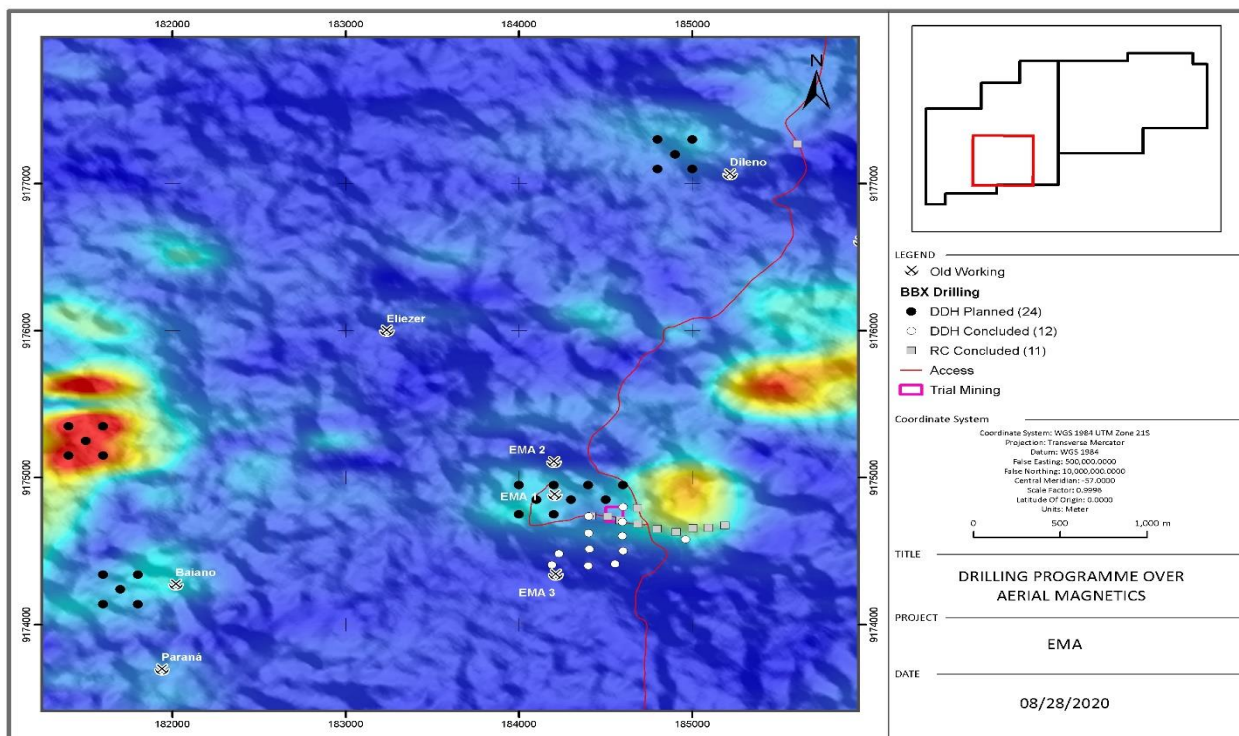


Proposed Ema drilling programme

Directors' Report (cont'd)

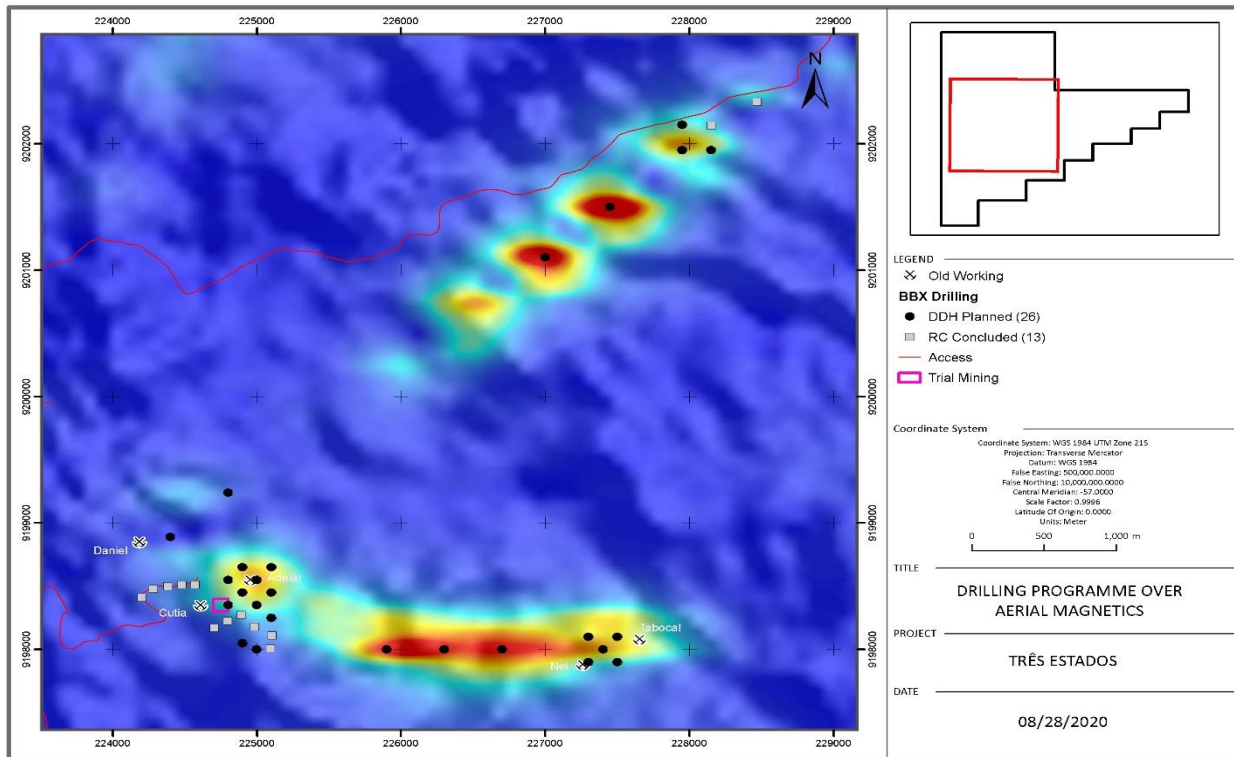


Proposed Trés Estados drilling programme



Proposed Ema drilling programme over aerial magnetics (analytical signal)

**Directors' Report (cont'd)**



Proposed Três Estados drilling programme over aerial magnetics (analytical signal)

On 11 September 2020, the company made a capital call under the Standby Equity funding facility. As a result, 965,000 ordinary shares were issued to LDA Capital at \$0.2070 per share.

On 17 September 2020, 2,105,000 ordinary shares were issued to LDA Capital at \$0.15 per share as a result of LDA Capital exercising 2,105,000 options (out of 14,500,000 options) granted under the Standby Equity funding facility.

**Future developments and results**

BBX will continue to progress the development of Ema and Três Estados projects in Brazil through a drilling and pilot plant programme, and through trial mining at Ema and after approval of the Company's trial mining licence, at Três Estados. This approval process has been delayed due to Covid 19 restrictions. BBX continued to review its Juma East tenements following the creation of the Acari National park and has now retained only tenement permit no 880/186/2014 at Juma East.

BBX will continue to refine an assay method and enhance its extraction techniques for the complex mineralisation. Further updates are included in the subsequent announcements section relating to BBX assay methods and latest results.

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 at Ema will enable BBX to mine up to 50,000 tonnes of ore per annum, with the trial mining licence approval for Três Estados expected once Covid 19 issues allow government and state departments to return to normal operations. When mining and treatment commence this is expected to assist the Group in generating cash flows to meet its costs.

## Directors' Report (cont'd)

### 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 Group is subject to the environmental regulations of Brazil and must obtain environmental 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	6	6
Andre Douchane	5	5
William Dix	6	6
Jeff McKenzie	6	6

The directors also meet informally between formal meetings.

### Indemnification and Insurance of Directors and Officers

During the year the Company paid a premium in respect of a contract to insure the directors of the Company (as named above) and the Company Secretary against liabilities incurred as such a director, secretary or executive officer, to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of

the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, 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
20 December 2018 (unlisted)	20 December 2020	\$0.20	3,459,166
17 June 2020 (unlisted)	20 June 2023	\$0.15	14,500,000
Total			17,959,166

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.

The following options were exercised during the year

Grant Date	Date of Expiry	Exercise Price	Number Exercised	Value
19 April 2016	19 April 2020	\$0.037	3,950,000	\$146,150



## 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.bbxminerals.com.au/corporate-responsibility/](http://www.bbxminerals.com.au/corporate-responsibility/)

### *Service Agreements*

Andre Douchane (CEO) entered into a service agreement with BBX Minerals Limited on 21 October 2019 which was further amended on 25 November 2019 with the following terms and conditions:

1. Fixed remuneration USD\$96,000 pa (inclusive of salary and superannuation).
2. Two million (2m) fully paid ordinary shares at no cost issued on the commencement of Mr Douchane's employment.
3. Two million (2m) performance rights to vest on a minimum capital raise of A\$2m from new investors, the shares to be issued on 31 December 2021 or at a later date at employees discretion.
4. Two million (2m) performance rights to vest on public release of JORC compliant assay results of all existing drill hole samples, the shares to be issued on 31 December 2022, or at a later date at employee's discretion.
5. 2m performance rights to vest on initiation of pilot plant testing, the shares to be issued on 31 December 2022, or at a later date at employee's discretion.
6. 2m performance rights to be issued on 31 December 2023, or at a later date at employee's discretion (these performance rights have not been issued and are subject to shareholder approval at the Company's 2020 AGM).
7. No fixed term with resignation subject to two months' notice.
8. Both parties have entered into a strict confidentiality agreement.
9. Mr Douchane does not receive a fee in his capacity as an executive director.

Jeff Mckenzie (Executive Director) does not have an Executive Director service agreement with BBX Minerals Limited, although Mr Mckenzie has signed the Company's director service agreement.

1. Any payments received by Mr Mckenzie are deducted from Mr McKenzie's outstanding accrued fees payable.
2. Mr Mckenzie does not receive any fees in his capacity as an executive director

### Remuneration Report (cont'd)

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 2020

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

30 June 2020	Directors Fees	Salary	Management Fees	Performance Rights	Total Remuneration
Michael Schmulian	48,000	-	-	-	48,000
Andre Douchane	-	92,726	-	295,924	388,650
William Dix	48,000	-	-	-	48,000
Jeff Mckenzie	-	-	54,691	-	54,691
<b>Total</b>	<b>96,000</b>	<b>92,726</b>	<b>54,691</b>	<b>295,924</b>	<b>539,341</b>

Mr Douchane is paid in USD with the salary payable from the start of his employment being USD64,000 (AUD \$92,726), for the year ended 30 June 2020.

To date Mr Douchane has only taken USD 38,000 in salary with the balance of USD26,000 payable to him as at 30 June 2020.

Mr Mckenzie is paid in USD. USD37,748 (\$54,691) in fees were charged from 1 July 2019 to 21 October 2019 when he stepped down from his role as the CEO of the company. No fees have been received by Mr McKenzie in his capacity as an Executive Director from 22 October 2019 to 30 June 2020. \$25,309 has been paid by the Company to Mr McKenzie for the year ended 30 June 2020 to reduce Mr McKenzie fees payable. Please refer note 4(a) for further details.

30 June 2019	Directors Fees	Management Fees	Options Issued	Total Remuneration
Michael Schmulian	48,000	-	-	48,000
William Dix	48,000	-	-	48,000
Jeff Mckenzie	-	179,346	-	179,346
<b>Total</b>	<b>96,000</b>	<b>179,346</b>	<b>-</b>	<b>275,346</b>

#### Key management personnel shareholding and share movement

The number of ordinary shares in the company during the 2020 financial year held by each of the key management personnel, including their related parties is set out below:

30 June 2020	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
Michael Schmulian	12,264,769	-	-	-	-	-	12,264,769
Andre Douchane		2,000,000					2,000,000
William Dix	5,901,520	-	1,200,000	(500,000 )	-	-	6,601,520
Jeff McKenzie	10,508,081	-	-		10,000	-	10,518,081
<b>Total</b>	<b>28,674,370</b>	<b>2,000,000</b>	<b>1,200,000</b>	<b>(500,000 )</b>	<b>10,000</b>	<b>-</b>	<b>31,384,370</b>

### Remuneration Report (cont'd)

Mr McKenzie holds 20,000 shares in the name of Jeff and Heather McKenzie

Mr Dix holds 200,000 shares in the name of Wreckt Pty Limited

#### Directors and Key Management Options

The number of options in the company during the 2020 financial year held by each of the key management personnel, including their related parties is set out below:

2020	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
Michael Schmulian	-	-	-		-	-
William Dix	2,000,000	-	-	(2,000,000)	-	-
Jeff McKenzie	-	-	-		-	-

#### Cash Performance –Related bonuses

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

#### Performance Rights

BBX granted the following performance rights to Mr Andre Douchane under his employment contract. At balance date, the unissued performance rights are as follows:

Grant Date	Date of Expiry	Number of Performance Rights
21 October 2019 (i)	31 December 2021	2,000,000
21 October 2019 (ii)	31 December 2022	2,000,000
21 October 2019 (iii)	31 December 2022	2,000,000
25 November 2019 (iv)	31 December 2023	2,000,000
Total		8,000,000

#### The vesting conditions are as follows

- (i) 2,000,000 performance rights to vest on a minimum capital raise of A\$2m from new investors, the shares to be issued on 31 December 2021 or at a later date at employee's discretion.
- (ii) 2,000,000 performance rights to vest on public release of JORC compliant assay results of all existing drill hole samples, the shares to be issued on 31 December 2022, or at a later date at employee's discretion.
- (iii) 2,000,000 performance rights to vest on initiation of pilot plant testing, the shares to be issued on 31 December 2022, or at a later date at employee's discretion.
- (iv) 2,000,000 performance rights to be issued on 31 December 2023, or at a later date at employee's discretion subject to shareholder approval at the company's 2020 AGM.

#### End of Remuneration Report.

**Non-audit services**

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

**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2020 has been received and can be found on page 19 of the financial report.

**Proceedings on Behalf of the Company**

BBX Minerals Ltd has taken a case for compensation for losses resulting from the creation of the Acari National Park. The court has ruled in favour of BBX. The courts will now review all back-up documentation to determine the amount of compensation to be granted. BBX initially claimed BRL3.107m (approx. AUD1.0m) in compensation, an amount fully backed up by supporting documentation. The State has appealed the judge's ruling.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors dated 22 September 2020.



Michael Schmulian  
Chairman  
Perth 22 September 2020

ABN 65 155 188 837

L14 309 Kent Street Sydney NSW 2000  
+61 2 9290 8515

L24 570 Bourke Street Melbourne VIC 3000  
+61 3 8658 5928

L14 167 Eagle Street Brisbane QLD 4000  
+61 7 3607 6379

[www.lnpaudit.com](http://www.lnpaudit.com)

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 2020, 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 Pty Ltd



Archana Kumar

Director

Sydney, 22 September 2020

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	2020 \$	2019 \$
Other income		238	2,044
Total income		238	2,044
Depreciation and amortisation		(10,058)	(6,641)
Administration expenses		(529,915)	(516,572)
Legal and professional fees		(131,994)	(61,515)
Share based payments	8	(1,622,382)	(554,054)
Directors fees and employment expenses		(154,044)	(96,000)
Impairment of exploration & evaluation assets	3	(87,730)	(65,831)
Finance costs expenses		(202,916)	-
Other expenses		(194,194)	(134,570)
<b>Loss from continuing operations before income tax</b>		<b>(2,932,995)</b>	<b>(1,433,139)</b>
Income tax expense		-	-
<b>Loss from continuing operations for the year</b>		<b>(2,932,995)</b>	<b>(1,433,139)</b>
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translating foreign operations		(1,079,038)	172,860
<b>Total comprehensive loss for the year attributable to ordinary shareholders</b>		<b>(4,012,033)</b>	<b>(1,260,279)</b>
<b>Loss per share from continuing operations</b>			
	9		
Basic earnings per share (cents per share)		(0.71)	(0.36)
Diluted earnings per share (cents per share)		(0.71)	(0.36)

This statement should be read with the accompanying notes

**Consolidated Statement of Financial Position**

	Note	2020	2019
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		152,109	177,540
Trade and other receivables		208,017	337,905
<b>TOTAL CURRENT ASSETS</b>		<b>360,126</b>	<b>515,445</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	2	48,024	77,911
Exploration & evaluation assets	3	2,570,430	2,449,135
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,618,454</b>	<b>2,527,046</b>
<b>TOTAL ASSETS</b>		<b>2,978,580</b>	<b>3,042,491</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	656,165	1,065,565
Financial liabilities	5	1,154,115	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,810,280</b>	<b>1,065,565</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	5	80,000	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>80,000</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1,890,280</b>	<b>1,065,565</b>
<b>NET ASSETS</b>		<b>1,088,300</b>	<b>1,976,926</b>
<b>EQUITY</b>			
Issued capital	6	24,263,910	22,365,485
Accumulated losses		(23,499,599)	(20,566,604)
Other reserves	7	1,737,969	512,987
Foreign currency translation reserve		(1,413,980)	(334,942)
<b>TOTAL EQUITY</b>		<b>1,088,300</b>	<b>1,976,926</b>

This statement should be read with the accompanying notes

**Consolidated Statement of Cash Flows**

	Note	2020	2019
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		238	2,044
Payments to suppliers and employees		(820,035)	(685,922)
Interest and borrowing costs paid		(13,021)	-
Purchase of property, plant and equipment		-	(63,935)
Net cash used in operating activities	13	<u>(832,818)</u>	<u>(747,813)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for exploration & evaluation assets		<u>(1,074,153)</u>	<u>(900,937)</u>
Net cash used in investing activities		<u>(1,074,153)</u>	<u>(900,937)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issues of shares, net of costs		1,077,925	1,028,821
Proceeds from borrowings		<u>1,044,220</u>	-
Net cash provided by financing activities		<u>2,122,145</u>	<u>1,028,821</u>
Net increase/(decrease) in cash and cash equivalents held		215,174	(619,929)
Cash and cash equivalents at beginning of financial year		177,540	761,590
Exchange rate changes on the balance of cash held in foreign currencies		<u>(240,605)</u>	<u>35,879</u>
Cash and cash equivalents at end of financial year		<u>152,109</u>	<u>177,540</u>

This statement should be read with the accompanying notes



BBX Minerals Limited  
Annual Financial Report  
For the year ended 30 June 2020

**Consolidated Statement of Changes in Equity**

	Note	Share Capital Ordinary	Accumulated Losses	Foreign Exchange Reserve	Other Reserves	Total
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>		<b>21,225,591</b>	<b>(19,133,465)</b>	<b>(507,802)</b>	<b>512,987</b>	<b>2,097,311</b>
Loss attributable to members of parent entity		-	(1,433,139)	172,860	-	(1,260,279)
Shares issued during the year		1,148,823	-	-	-	1,148,823
Capital raising costs		(8,929)	-	-	-	(8,929)
<b>Balance at 30 June 2019</b>		<b>22,365,485</b>	<b>(20,566,604)</b>	<b>(334,942)</b>	<b>512,987</b>	<b>1,976,926</b>
<b>Balance at 1 July 2019</b>		<b>22,365,485</b>	<b>(20,566,604)</b>	<b>(334,942)</b>	<b>512,987</b>	<b>1,976,926</b>
Loss attributable to members of parent entity		-	(2,932,995)	(1,079,038)	-	(4,012,033)
Shares issued during the year		1,966,650	-	-	-	1,966,650
Capital raising costs		(68,225)	-	-	-	(68,225)
Options issued	8	-	-	-	929,058	929,058
Performance rights recognised	8	-	-	-	295,924	295,924
<b>Balance at 30 June 2020</b>		<b>24,263,910</b>	<b>(23,499,599)</b>	<b>(1,413,980)</b>	<b>1,737,969</b>	<b>1,088,300</b>

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 2020 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 17 September 2019.

### 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 2020.

#### 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 and other income

#### Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows: (i) Identifying the contract with a customer; (ii) Identifying the performance obligations; (iii) Determining the transaction price; (iv) Allocating the transaction price to the performance obligations; and (iv) Recognising revenue when/as performance obligation(s) are satisfied.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The Group did not enter into any contract with customers and did not generate any revenue from contracts with customers during the year either. Accordingly, there was no impact on the current year financial statements.

### **Other income**

Other income is recognised on an accrual basis when the Group is entitled to it.

Interest is recognised on an accruals basis.

### **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 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 (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### *Financial assets*

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Classification*

On initial recognition, the Group classifies its financial assets at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets. Assets measured at amortised cost are financial assets where the business model is to hold assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### j. Financial Instruments (cont'd)

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

#### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost. When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the cash flows expected to be received. This is applied using a probability weighted approach.

Impairment of trade and other receivables have been determined using the simplified approach in accordance with AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

#### *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 comprise 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 evaluation 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 black scholes option pricing model, are intended to value options traded in active markets. The share options issued by the

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Group, however, have a number of features that make them incomparable to such traded options. Using different 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. On 30 June 2020, the directors assessed the exploration expenditure and decided to impair \$87,730 relating to Juma East. Capitalised exploration expenditure is carried at the end of the reporting period at \$2,570,430 (2019: \$2,449,135).

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### **t. Going concern**

The Group incurred a loss after tax in the year from continuing operations of \$2,932,995 (2019 loss: \$1,433,139). The Group has current assets of \$360,126 (2019: \$515,445) and current liabilities amounting to \$1,810,280 (2019: \$1,065,565). The Group's ability to meet its operational obligations are principally contingent on capital raising or funding its operations via two finance facilities in place totalling \$14 million and the potential to undertake trial mining at Ema and Tres Estados following the granting of the trial mining licence at Ema, with Tres Estados expected to be approved in due course. In the event that the trial mining projects at Ema and Tres Estados are delayed, the Group's continuance as a going concern will be dependent on its ability to utilise the finance facilities or to sell its assets and negotiate terms with creditors. This gives rise to 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 Brazil operations costs and head office expenses.
2. During the year, the company raised \$1,146,150 before costs, and the directors believe that future capital raisings can be undertaken to finance operations as and when required.
3. The group negotiating two finance facilities totalling A\$14 million, a convertible note facility with Drake Special Solutions LLC of \$6 million and a standby equity finance facility with LDA Capital of \$8 million;



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### t. Going concern (cont'd)

4. The Company will seek to commence trial mining at Ema following the trial mining licence approval, with Tres Estados expected to be approved in due course and on completion of a pilot plant, delayed due to the implications of Covid 19.

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.

Judgement about the future is based on information available at the date of this report. Subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made.

### u. Change in Accounting Policy

The Group adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant and effective for the current year as follows:

#### *AASB 16 Leases*

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. The group has not entered into any lease contracts, accordingly, the impact on the group financial report is nil.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**2. PLANT AND EQUIPMENT**

	\$
<b>Year ended 30 June 2020</b>	
Opening net book balance	77,911
Disposals	(65)
Foreign exchange	(19,764)
Depreciation charge	(10,058)
Net book value	<u>48,024</u>
<b>As at 30 June 2020</b>	
Cost or fair value	77,870
Accumulated depreciation	<u>(29,846)</u>
Net book value	<u>48,024</u>
<b>Year ended 30 June 2019</b>	
Opening net book balance	18,242
Additions	63,935
Foreign exchange	2,375
Depreciation charge	(6,641)
Net book value	<u>77,911</u>
<b>As at 30 June 2019</b>	
Cost or fair value	108,239
Accumulated depreciation	<u>(30,328)</u>
Net book value	<u>77,911</u>

**3. EXPLORATION AND EVALUATION ASSETS**

	2020	2019
	\$	\$
Recoverable within 12 months	-	-
Recoverable after 12 months	2,570,430	2,449,135
	<u>2,570,430</u>	<u>2,449,135</u>

Exploration Licenses are carried at cost of acquisition less impairment losses. The Directors have continued to review the carrying value of all exploration tenements. Based on directors' assessment, \$87,730 of Brazilian Government tenement rental/lease costs capitalised during the year on Juma East has been written off at 30 June 2020. The Group is continuing to explore its Ema and Tres Estados tenements and further exploration costs will be incurred on these tenements in the future. As the Group continues its drilling, exploration and metallurgical testing programmes on Ema and Tres Estados, based on directors' assessment no impairment on these two tenements is required at 30 June 2020.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**3. EXPLORATION AND EVALUATION ASSETS (cont'd)**

Exploration and evaluation

	<b>2020</b>
	<b>\$</b>
Balance at beginning of the year	2,449,135
Impairment of exploration and evaluation	(87,730)
Effect of foreign exchange	(865,128)
Expenditure incurred on existing assets	1,074,153
Balance at end of the year	<u>2,570,430</u>

	<b>2019</b>
	<b>\$</b>
Balance at beginning of the year	1,500,147
Impairment of exploration and evaluation	(65,831)
Effect of foreign exchange	113,882
Expenditure incurred on existing assets	900,937
Balance at end of the year	<u>2,449,135</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.

**4. TRADE AND OTHER PAYABLES**

<i>CURRENT</i>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Unsecured liabilities		
Trade payables	112,560	47,585
Other payables and accruals (a)	543,605	574,999
Shares not issued (b)	-	442,981
	<u>656,165</u>	<u>1,065,565</u>

- (a) \$469,769 is payable to Jeff McKenzie (2019: \$516,954) in relation to management fees and \$25,200 payable to directors as director's fees. Amount payable to Jeff McKenzie has decreased due to payments of \$25,294 made during the year and by \$21,891 through USD/AUD exchange rate movements.
- (b) Amounts owing to consultants and a joint venture partner for services provided during the previous financial year was settled through issue of shares during the year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**5. FINANCIAL LIABILITIES**

<i>CURRENT</i>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Bank overdraft	39,737	-
Convertible note facility (a)	1,034,378	-
Commitment fee (b)	80,000	-
	<u>1,154,115</u>	<u>-</u>

<i>NON-CURRENT</i>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Commitment fee (b)	80,000	-
	<u>80,000</u>	<u>-</u>

(a) The Company has a \$6,000,000 convertible note facility with Drake Special Solutions LLC with the following terms:

- Election: The Company to repay the loan/convertible note facility by cash or through the issue of fully paid ordinary shares at the lender's election
- Shareholder Approval: Convertible Note conversion is subject to shareholder approval
- Maturity Date: 24 months from execution date
- Face Value: Advances of up to \$6,000,000
- Interest: 8% per annum payable at maturity
- Conversion price: the lower of:
  - i. A 10% discount to the recent raising price.
  - ii. A 10% discounts to the 5-day VWAP for the trading of share on ASX ending on the day prior to a conversion election; or
  - iii. 8 cents

CONVERTIBLE NOTE FACILITY	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Draw down from convertible note facility	1,004,483	-
Interest expense	29,895	-
	<u>1,034,378</u>	<u>-</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. FINANCIAL LIABILITIES (Cont'd)

(b) On 16 June 2020 the Company announced that an \$8,000,00 standby equity funding facility has been arranged with US-based institutional investment group LDA Capital (LDA). The facility enables the Company to raise equity by issuing shares to LDA over the next 3 years under the following key terms:

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

If shares are subscribed for under the Put Option Agreement the purchase price per share will be equal to 90% of the higher of:

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

The pricing period starts from the trading day immediately after a capital call date and ends on the trading day which is 30 consecutive trading days after the capital call date. If an adjustment event occurs (no trading or trading below the MAP) the number of trading days comprising the VWAP will be reduced by the number of adjustment event days, thereby potentially reducing the VWAP period to less than 30 consecutive trading days.

### 6. ISSUED AND PAID-UP CAPITAL

	2020 No	2019 No	2020 \$	2019 \$
Ordinary shares fully paid	417,341,693	404,276,192	24,263,910	22,365,485

Movements in ordinary share capital:

Date	Details	Number of shares	Issue Price	\$
1 July 2019	Balance	404,276,192	-	22,365,485
30 July 2019	Shares issued to consultants	2,115,501	0.200	423,100
30 July 2019	Shares issued	4,585,000	0.200	917,000
23 October 2019	Shares issued to employees	2,000,000	0.199	397,400
12 November 2019	Shares issued	415,000	0.200	83,000
21 April 2020	Options converted to shares	3,950,000	0.037	146,150
	Less: Transaction costs arising on issue			(68,225)
30 June 2020	Balance	417,341,693	-	24,263,910

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. ISSUED AND PAID-UP CAPITAL (cont'd)

Date	Details	Number of shares	Issue Price	\$
1 July 2018	Balance	396,617,369	-	21,225,591
24 December 2018	Shares issued	3,796,667	0.150	569,500
6 December 2018	Shares issued to consultants	740,489	0.150	111,073
8 January 2019	Shares issued	3,121,667	0.150	468,250
	Less: Transaction costs			(8,929)
30 June 2019	Balance	404,276,192	-	22,365,485

### 7. OTHER RESERVES

	2020	2019
	\$	\$
Performance rights reserve	295,924	-
Option reserve	1,442,045	512,987
	1,737,969	512,987

	2020	2019	2020	2019
	No	No	\$	\$
<b>Performance Rights Reserve</b>				
Balance at the beginning of the financial year	-	-	-	-
Issue of performance rights	6,000,000	-	295,924	-
Balance at the end of the financial year	6,000,000	-	295,924	-

	2020	2019	2020	2019
	No	No	\$	\$
<b>Option Reserve</b>				
Balance at the beginning of the financial year	8,209,166	4,750,000	512,987	512,987
Exercise of options @ \$0.037	(3,950,000)	-	-	-
Expiration of options @ \$0.037 expiring 19 April 2020	(800,000)	-	-	-
Issue of unlisted options to LDA exercisable at \$0.15 expiring 17 June 2023	14,500,000	-	929,058	-
Issue of unlisted options to shareholders exercisable at \$0.20 each on or before 20 December 2020)	-	3,459,166	-	-
Balance at the end of the financial year	17,959,166	8,209,166	1,442,045	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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8. SHARE BASED PAYMENTS

#### *(a) Shares Issued*

On 23 October 2019 (issue date) Andre Douchane, the Chief Executive Officer (CEO) of the company was issued 2,000,000 ordinary shares at no cost on commencement of his employment. \$397,400 has been expensed as share-based payments in relation to these shares in the statement of profit or loss and other comprehensive income for the year ended 30 June 2020. These shares were valued at 19.87 cents per share being the 5-day VWAP on issue date.

#### *(b) Performance Rights*

On 23 October 2019 (grant date), the CEO of the company was issued with 6,000,000 performance rights at no cost on commencement of his employment. A further 2,000,000 performance rights were negotiated with Mr Douchane on 25 November 2019, are subject to shareholder approval at the Company's 2020 AGM.

The performance rights issued are subject to satisfaction of the following vesting conditions:

- 2,000,000 vest on a minimum capital raise of \$2,000,000 from new investors, the shares to be issued on 31 December 2021, or at a later date at employee's discretion.
- 2,000,000 vest on public release of JORC compliant assay results of all existing drill hole samples, the shares to be issued on 31 December 2022, or at a later date at employee's discretion: and
- 2,000,000 vest on initiation of pilot plant testing, the shares to be issued on 31 December 2022, or at a later date at employee's discretion.
- 2,000,000 performance rights to be issued on 31 December 2023, or at a later date at Employee's discretion (These performance rights have not been issued and are subject to shareholder approval at the 2020 AGM)

At balance date the Directors have assessed that it is probable that all vesting conditions will be met and accordingly, \$295,924 has been expensed as share-based payments in relation to these rights in the statement of profit or loss and other comprehensive income for the year. The performance rights were valued at 19.87 cents per rights issued, based on the Company's 5-day VWAP at grant date. This was deemed to be the fair value of the rights issued at grant date and the expense will be recognised over the vesting period of the rights. The performance rights subject to shareholder approval have not been issued or expensed until shareholder approval is received.

#### *(c) Options*

14,500,000 options (equity funding facility cost) exercisable at \$0.15 with an expiry date of 17 June 2023 (valued at \$0.064), were issued to LDA Capital as part of the \$8m standby equity funding facility. Upon signing the Put Option Agreement on 16 June 2020, it provided BBX the flexibility to draw down capital as required at their election and accordingly, the funding facility cost was deemed to have vested on the date the options were granted. As such, \$929,058 which is the total fair value of the options granted at that date was expensed in the profit and loss statement for the year ended 30 June 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8. SHARE BASED PAYMENTS (cont'd)

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

	<u>Unlisted options</u>
Number of options in series	14,500,000
Grant date share price	\$0.11
Exercise price	\$0.15
Expected volatility	105%
Option life	3 years
Dividend yield	0.00%
Interest rate	0.26%
Vesting	Immediately

### 9. LOSS PER SHARE

	<b>2020</b>	<b>2019</b>
	<b>Cents</b>	<b>Cents</b>
<b>Basic loss per share</b>		
From continuing operations	(0.71)	(0.36)
Total basic earning earnings per share	(0.71)	(0.36)
<b>Diluted loss per share</b>		
From continuing operations	(0.71)	(0.36)
Total basic earning earnings per share attributable to the ordinary equity holders of the company	(0.71)	(0.36)

#### 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	(2,932,995)	(1,433,140)
Loss attributable to the shareholders of the company	(2,932,995)	(1,433,140)
Weighted average number of ordinary shares for the purposes of basic earnings per share	412,816,447	400,470,417

##### *Diluted earnings per share*

Loss attributable to the ordinary equity holders of the company:

Loss from continuing operations	(2,932,995)	(1,433,140)
Loss attributable to the shareholders of the company	(2,932,995)	(1,433,140)
Weighted average number of ordinary shares for the purposes of basic earnings per share – does not include options which are antidilutive	412,816,447	400,470,417



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10. CONTROLLED ENTITIES

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

### 11. RELATED PARTIES

#### Directors and Key Management Personnel

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

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

	2020	2019
	\$	\$
Other Payables		
Related party payables (Note 4 (a))	494,969	542,154
Total	<u>494,969</u>	<u>542,154</u>

### 12. SEGMENT INFORMATION

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

2020	Brazil	Australia	Total
	\$	\$	\$
Segment Revenue	-	238	238
Depreciation	10,058	-	10,058
<b>Loss after income tax (a)</b>	<b>(275,788)</b>	<b>(2,657,207)</b>	<b>(2,932,995)</b>
<b>Segment total assets (b)</b>	<b>2,851,344</b>	<b>127,236</b>	<b>2,978,580</b>
<b>Segment total liabilities (c)</b>	<b>33,999</b>	<b>1,856,281</b>	<b>1,890,280</b>
Net cash outflows from operating activities	190,604	(1,023,422)	(832,818)
Net cash outflows from investing activities	(1,074,153)	-	(1,074,153)
Net cash inflows from financing activities	-	2,122,145	2,122,145

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**12. SEGMENT INFORMATION (Cont'd)**

2019	Brazil	Australia	Total
	\$	\$	\$
Segment Revenue	-	2,044	2,044
Depreciation	6,641	-	6,641
<b>Loss after income tax (a)</b>	(192,208)	(1,240,932)	(1,433,140)
<b>Segment total assets (b)</b>	2,789,610	252,881	3,042,491
<b>Segment total liabilities (c)</b>	43,011	1,022,554	1,065,565
Net cash outflows from operating activities	(138,576)	(500,302)	(683,878)
Net cash outflows from investing activities	(964,872)	-	(964,872)
Net cash inflows from financing activities	-	1,028,821	1,028,821

**(a) Loss after tax**

Reconciliation of loss after tax to the consolidated loss for the year is as follows:	2020	2019
	\$	\$
Loss after tax for the year	(2,932,995)	(1,433,140)
Loss for the year	(2,932,995)	(1,433,140)

**(b) Segment assets**

Reportable segment assets are reconciled to total assets as follows:

Segment assets	2,978,580	3,042,491
Total assets per the statement of financial position	2,978,580	3,042,491

**(c) Segment liabilities**

Reportable segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	1,890,280	1,065,565
Total liabilities per the statement of financial position	1,890,280	1,065,565

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2020	2019
	\$	\$
Net loss after income tax	(2,932,995)	(1,433,140)
Share based payments	1,602,502	554,054
Depreciation & amortisation	10,058	6,641
Convertible note interest	29,895	-
Disposal of property, plant and equipment	65	-
Impairment of exploration	119,214	65,831
Foreign exchange loss	14,974	20,725
Option fee	160,000	-
<i>(Increase)/Decrease in operating assets and liabilities:</i>		
(Increase) /Decrease current receivables	129,888	(41,847)
Increase/(Decrease in plant and equipment	-	(63,935)
Increase/ (Decrease) in trade payables	33,581	143,858
Net cash outflow from operating activities	<u>(823,818)</u>	<u>(747,813)</u>

### 14. AUDITORS' REMUNERATION

	2020	2019
	\$	\$
Amounts received or due and receivable by the company's auditors for:		
- Audit or review of financial report of the company	61,000	58,000
- Other services	-	-
Total auditor's remuneration	<u>61,000</u>	<u>58,000</u>

### 15. FINANCIAL RISK MANAGEMENT

#### Capital Risk Management

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

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

There are no externally imposed capital requirements for the Group.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**15. FINANCIAL RISK MANAGEMENT (cont'd)**

	2020	2019
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	152,109	177,540
Trade and other receivables	208,017	337,905
<b>Total Financial Assets</b>	<u>360,126</u>	<u>515,445</u>
<b>Financial Liabilities</b>		
Financial liabilities at amortised cost	1,234,115	-
Trade and other payables	656,165	1,065,565
<b>Total Financial Liabilities</b>	<u>1,890,280</u>	<u>1,065,565</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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15. FINANCIAL RISK MANAGEMENT (Continued)

#### Consolidated group financial liability maturity analysis due for repayment.

	Within 1 Year		1 to 5 Years		Total	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Trade and other payables	656,165	1,065,565	-	-	656,165	1,065,565
Financial Liabilities	1,154,115	-	80,000	-	1,234,115	-
Total expected outflows	1,810,280	1,065,565	80,000	-	1,890,280	1,065,565

#### 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 2020 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
<b>30-Jun-20</b>				
BRL (10% movement)	525,115	478,800	(525,115)	(478,800)
<b>30-Jun-19</b>				
BRL (10% movement)	536,932	341,032	(536,932)	(341,032)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16. PARENT ENTITY FINANCIAL INFORMATION

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

	Parent	
	2020	2019
	\$	\$
<b>Balance Sheet</b>		
Current Assets	130,817	188,478
Non- Current Assets	8,862,126	7,862,118
Total Assets	8,992,943	8,050,596
Current Liabilities	1,779,866	618,430
Non-Current Liabilities	80,000	-
Total Liabilities	1,859,866	618,430
<b>Net assets</b>	7,133,077	7,432,166
<b>Shareholder Equity</b>		
Issued capital	24,263,910	22,365,485
Reserves	1,737,969	512,987
Accumulated Losses	(18,868,802)	(15,446,306)
	7,133,077	7,432,166
<b>Statement of Other Comprehensive Income</b>		
Total loss	(2,657,207)	(475,644)
Total comprehensive loss	(2,657,207)	(475,644)

### 17. SUBSEQUENT EVENTS

On 9 July 2020, BBX announced the appointment of highly experienced chemical engineer Mr Edmar Medeiros as Technical Manager, charged with coordinating the finalisation of the assay method and process route, pilot plant testing and subsequent project implementation.

On 7 September 2020 BBX provided a further market update with the following highlights:

- Consistent and repeatable analytical assay method developed in conjunction with São Paulo State Research Institute, IPT.
- Mean result of 7.12g/t Au from 11 consecutive tests.
- 2500m diamond drilling contract signed with Canadian drilling company Energold for infill and reconnaissance drilling; and
- A total of 50 holes to be drilled at Ema and Três Estados

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17. SUBSEQUENT EVENTS (cont'd)

#### Analytical testwork

BBX announced consistent and repeatable analytical test results from testwork conducted on an Ema surface bulk sample of outcropping unweathered hydrothermally altered dolerite by the highly regarded São Paulo state research institute, IPT.

Following extensive testing of a variety of potential analytical techniques for gold, silver and PGM's for mineralised rock from BBX's Ema and Três Estados properties the Company entered into an agreement with IPT to assist in the final development of a robust analytical method, utilising ICP-MS, a technology not available to BBX at its facilities in Rio de Janeiro. A 2kg surface bulk sample comprising roughly egg-sized rock fragments was collected by the BBX field team on 30 May from an outcrop measuring approximately 2m x 2m, centered on coordinates 9174960N 184140E (denominated EMB-06,) and submitted to IPT for sample preparation and analysis. The selected sample area is located between two previously tested 10m x 10m areas of outcrop. The sampled outcrop of hydrothermally altered dolerite is visually indistinguishable from mafic intrusives occurring over a broad area at Ema and Três Estados.

Following crushing, pulverisation and homogenization of the entire sample and fine-tuning of the digestion methodology, building on concepts developed by BBX for this style of mineralisation, IPT assayed eleven aliquots of the homogenised bulk sample by ICP-MS, following a multi-acid digestion using high-purity acids, assisted by microwave radiation. The results display a level of precision regarded as satisfactory for routine analytical work (table 1) (95% confidence level, Student's t-test). A full list of results is given in appendix 1, showing, in the case of gold, a range of values within 80% and 120% of the mean of 7.12g/t.

The Company plans to adopt this assay method, exclusive to BBX, for future assaying of surface and drill-hole samples of unweathered hydrothermally altered dolerites from both Ema and Três Estados, thereby enabling routine exploration to be conducted over broad areas at both projects

To test its applicability for other sample matrices, eleven drill-hole samples selected from both Ema and Três Estados from both mafic and felsic rock types displaying various degrees of weathering will be submitted to IPT for analysis in triplicate. It is anticipated that results from these tests will be available in the coming weeks.

The Company continues to advance the development of its multi-step process route designed to maximise recovery of all precious metals. Due to ongoing partial restrictions resulting from the COVID-19 pandemic, engineering design work for a proposed metallurgical test plant remains suspended.

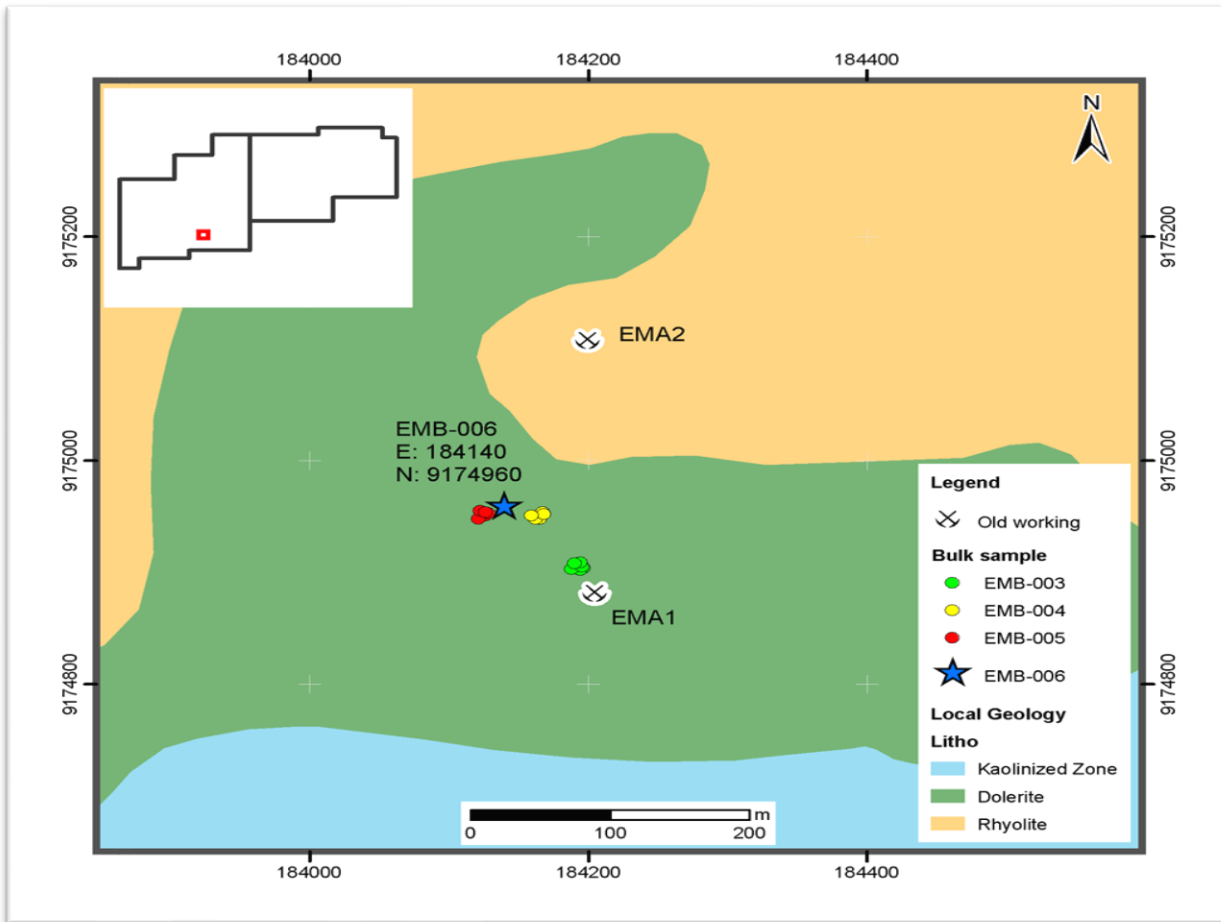
Element	Grade	
	ng.g <sup>-1</sup> (ppb)*	g/t
Ru	1.1+/-0.4	
Rh	20+/-3	
Pd	301+/-20	0.301
Ag	232+/-49	0.232
Os	<0.3	
Ir	60+/-8	
Pt	235+/-24	0.235
Au	7120+/-607	7.120

\*as reported by IPT

Table 1. EMB-006 mean precious metal grades and 95% confidence interval

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**17. SUBSEQUENT EVENTS (cont'd)**



Location of EMB-006 surface sample

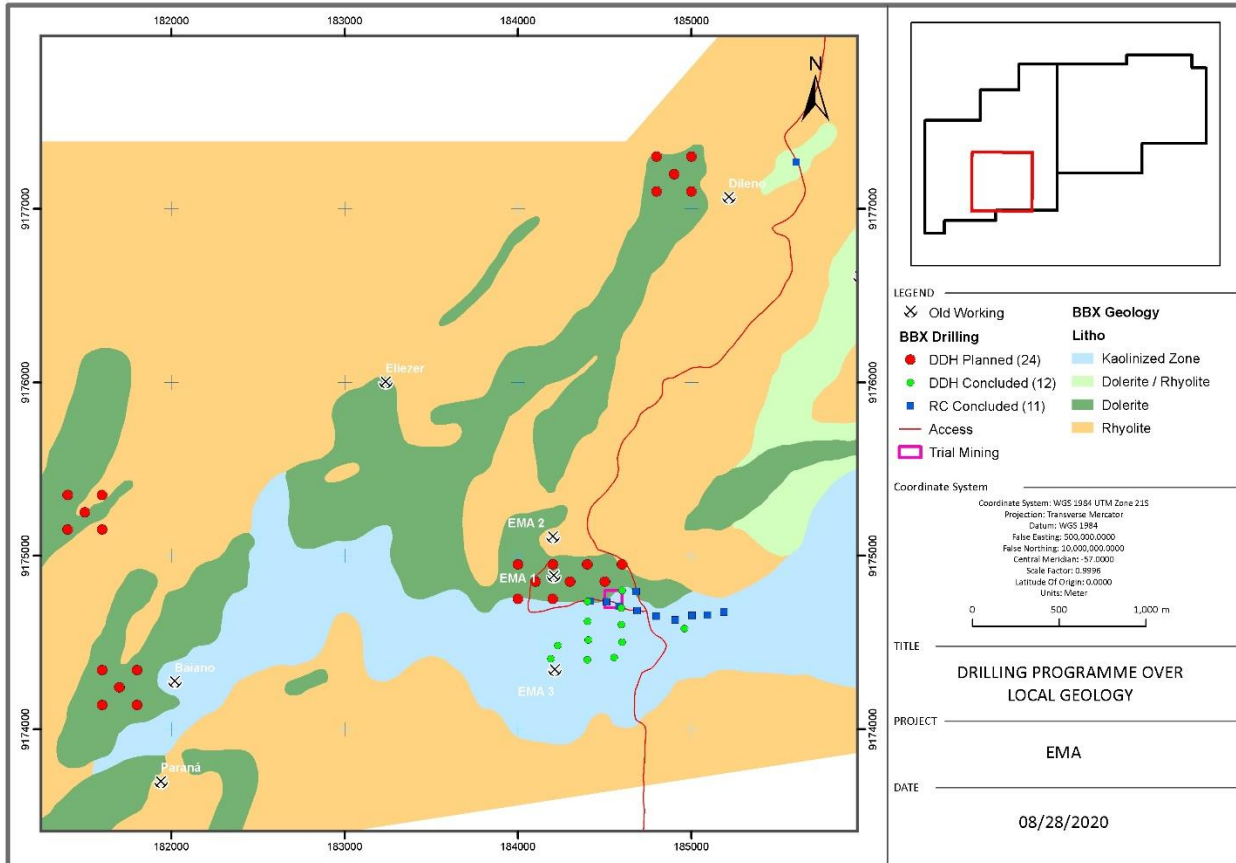
**Drilling programme**

The Company is pleased to announce that it has signed a contract for a 2500m diamond drill programme with Canadian drilling contractor Energold Drilling Corp. The programme, scheduled to commence at the end of September, comprises a total of 50 drill holes with an average depth of 50 meters, at both Ema and Três Estados, designed to infill and extend the previously drill-tested areas and conduct reconnaissance drilling over a number of untested areas at both projects.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

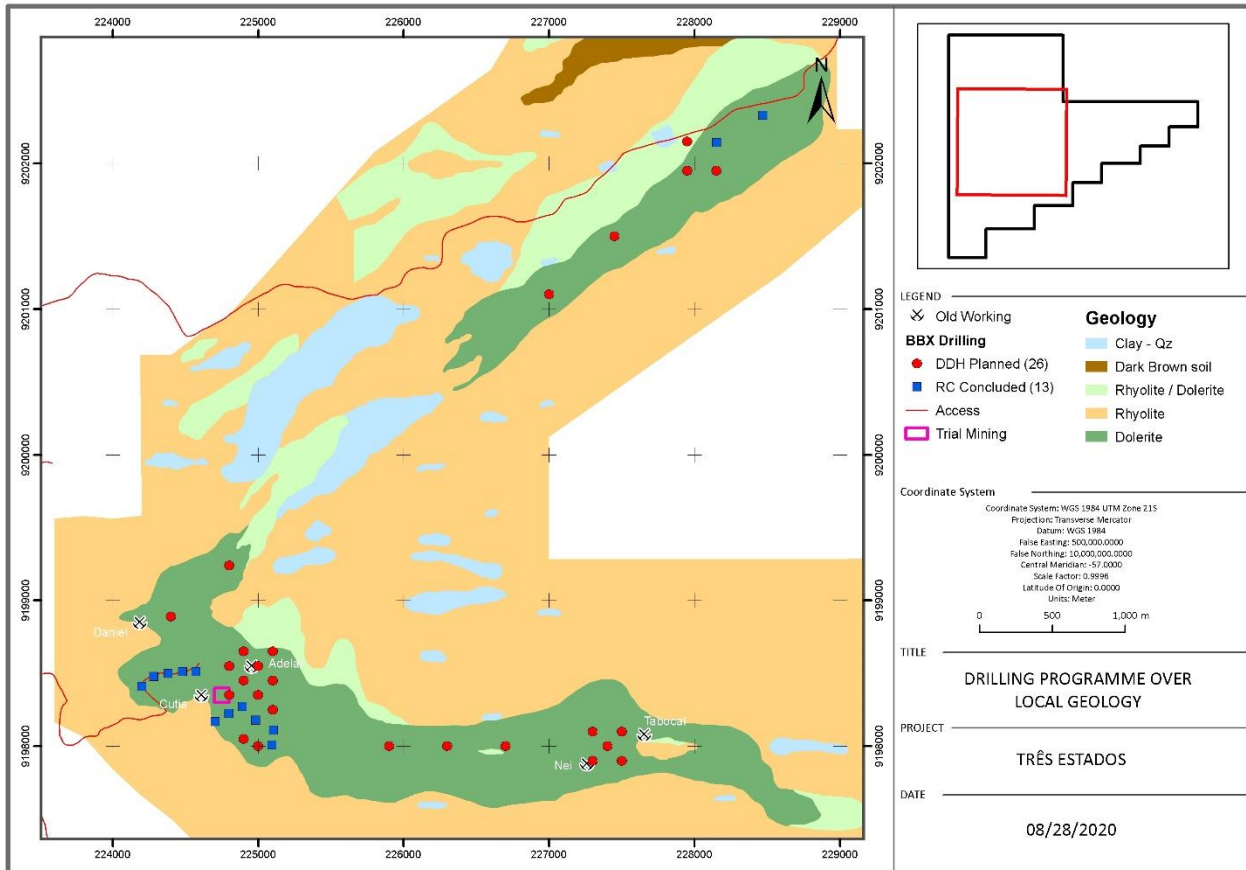
**17. SUBSEQUENT EVENTS (cont'd)**



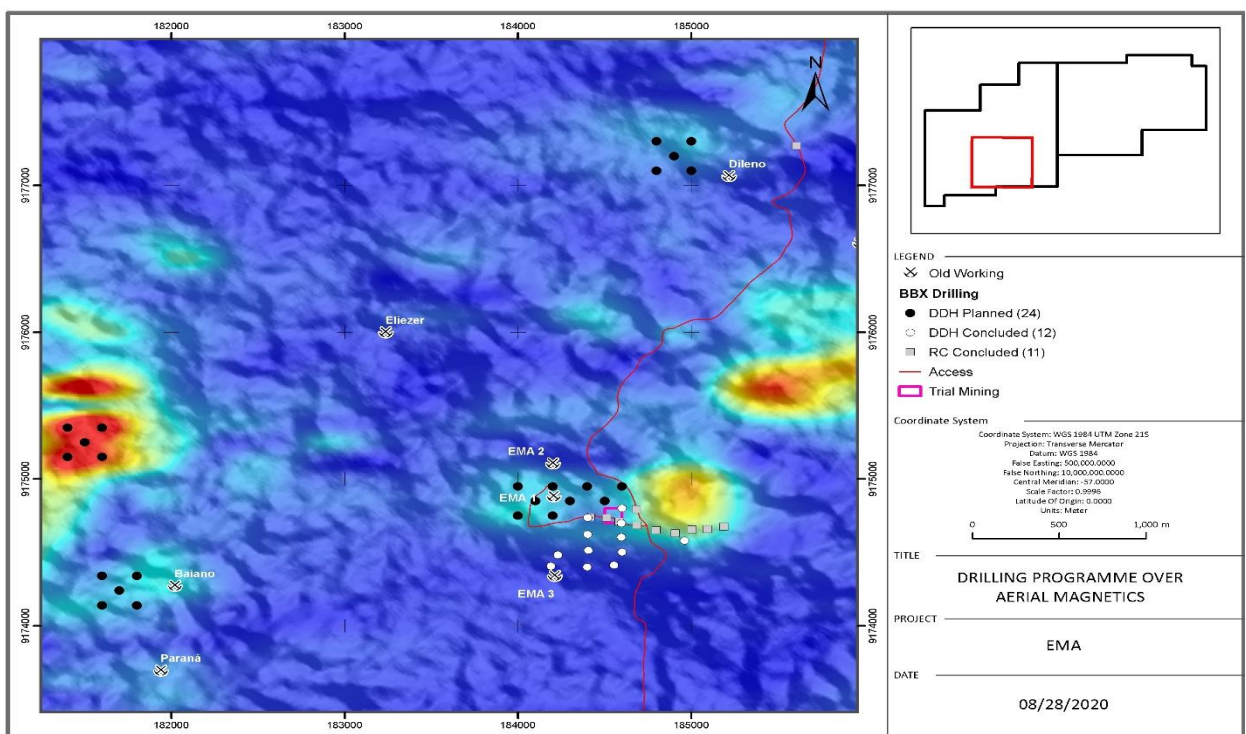
Proposed Ema drilling programme

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. SUBSEQUENT EVENTS (cont'd)



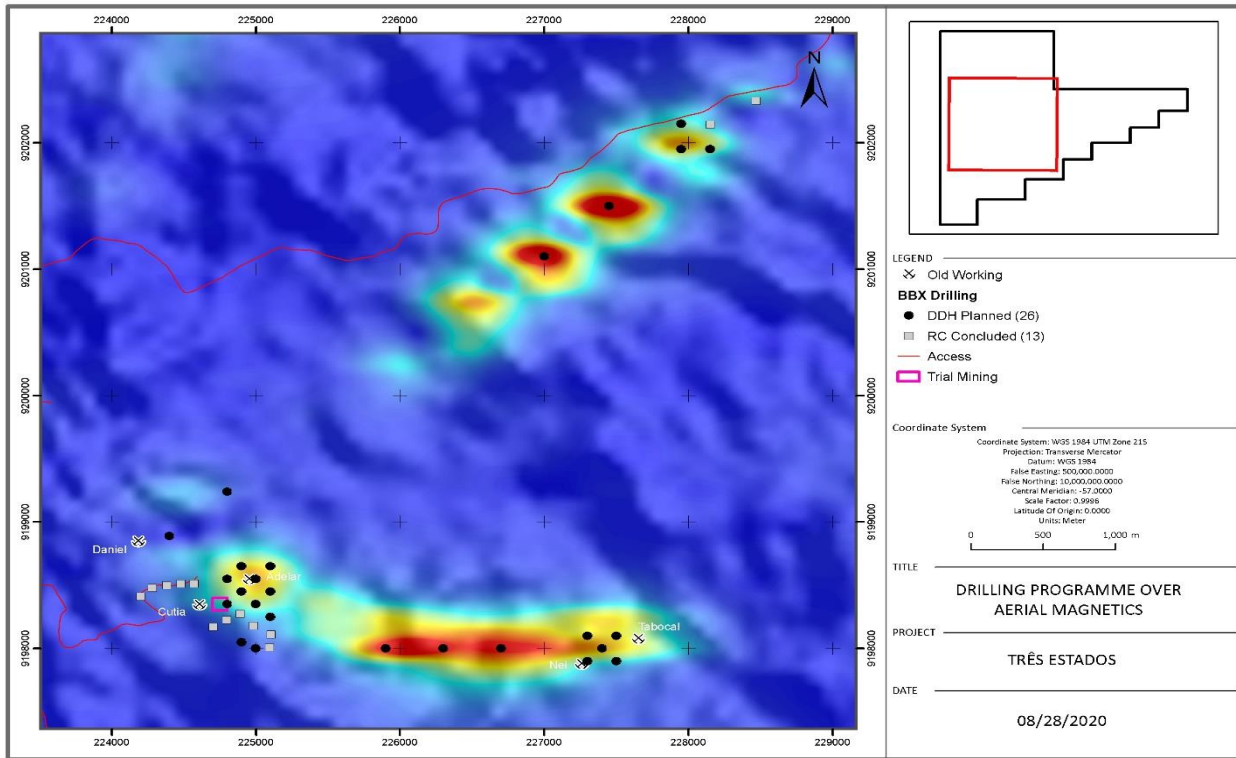
Proposed Trés Estados drill programme



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**17. SUBSEQUENT EVENTS (cont'd)**

Proposed Ema drilling programme over aerial magnetics (analytical signal)



Proposed Três Estados drilling programme over aerial magnetics (analytical signal)

On 11 September 2020, the company made a capital call under the Standby Equity funding facility. As a result, 965,000 ordinary shares were issued to LDA Capital at \$0.2070 per share.

On 17 September 2020, 2,105,000 ordinary shares were issued to LDA Capital at \$0.15 per share as a result of LDA Capital exercising 2,105,000 options (out of 14,500,000 options) granted under the Standby Equity funding facility.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**18. COMMITMENTS AND CONTINGENCIES**

(a) The Group has following contingent liabilities at 30 June 2020. BBX can exit any of the leases on EMA, Juma East and Tres Estados without any further commitments.

Lease	Reference	Amount	Due Date
<b>EMA Project</b>			
Tres Estados	DNPM 880.090/2008	USD 20,000	15 February 2021
Ema	DNPM 880.107/2008	USD 20,000	15 February 2021

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

(b) BBX received formal advice in March 2020 that the judge in the Company’s case for compensation for losses resulting from the creation of the Acari National, ruled in favour of BBX. The courts will now review all back-up documentation to determine the amount of compensation to be granted. BBX initially claimed BRL3.107m (approx. A\$1.0m) in compensation, an amount fully backed up by supporting documentation. The State retains the right to appeal the judge’s ruling. This matter is still in progress at the date of this report.

**19. TAX LOSSES**

The parent entity has tax losses of \$1,580,612 as at 30 June 2020. 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 20 to 50 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 2020 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  
22 September 2020  
Perth

## INDEPENDENT AUDITOR'S 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), and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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, and notes to the financial statements, including a summary of significant accounting policies and the Directors' Declaration.

In our opinion the accompanying financial report of BBX Minerals Limited and its controlled entities is in accordance with the Corporations Act 2001, including:

- a) Giving a true and fair view of the Group's consolidated financial position as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### 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 Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (including independence standards) (the Code) that are relevant to our audit of the financial report in Australia. 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.

#### 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 \$2,932,995 (2019 loss: \$1,433,139). The Group has current assets of \$360,126 (2019: \$515,445) and current liabilities amounted to \$1,810,280 (2019: \$1,065,565). 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.

### 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><b>Exploration and evaluation expenditure – Note 3</b></p> <p>The Group recognises capitalised exploration and evaluation in accordance with <i>AASB 6 Exploration and Evaluation of Mineral Resources</i>.</p> <p>As at 30 June 2020, the Group held exploration and evaluation assets amounting to \$2,570,430.</p> <p>This is a key audit matter due to the inherent subjectivity involved and the number of assumptions made when assessing the recoverability of capitalised costs. The assessment of the recoverability and impairment 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 \$87,730.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Considering the Group's accounting policy in relation to these assets and potential impairment thereof;</li> <li>• Obtaining from management a reconciliation of exploration and evaluation expenditure and agreeing to general ledger,</li> <li>• Vouching a sample of expenditure to ensure they meet the recognition criteria under AASB6;</li> <li>• Confirming whether tenement rights to the areas of interest remained current at balance date;</li> <li>• Obtaining an understanding of the status of ongoing exploration programmes for the respective areas of interest, including reviewing future budgeted expenditure;</li> <li>• 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;</li> <li>• Validating the mathematical accuracy of cashflow models and agreeing relevant data to underlying information and assumptions; and</li> <li>• Assessing appropriateness and adequacy of the related disclosures within the financial statements.</li> </ul>



Key Audit Matter	How our audit addressed the matter
<p><b>Share based payments – Note 8</b></p> <p>For the year ended 30 June 2020, the Group recognised share-based payments expenses totalling \$1,622,382.</p> <p>Accounting for share-based payment transactions requires judgement in determining the fair value of equity instruments on grant date and assessing the vesting period over which the share-based payment expense should be recognised. There is also judgement in assessing the likelihood and timing of specific performance hurdles being met.</p> <p>The measurement and recognition of share based payment transactions was deemed to be a key audit matter due to the level of judgement involved, the magnitude of the share based payment expenses and the contribution of share based payment expenses to the overall remuneration received by key management personnel.</p>	<p>Our procedures in relation to assessing the measurement and recognition of share-based payment transactions included amongst others:</p> <ul style="list-style-type: none"> <li>• For grants of new options during the year: <ul style="list-style-type: none"> <li>- Obtaining formal documents detailing the relevant terms and conditions of the grants;</li> <li>- Assessing the calculation of the fair value of the options on grant date;</li> <li>- Assessing whether the assumptions that any applicable performance conditions will be met is consistent with management forecast.</li> </ul> </li> <li>• Recalculating the expense for the year ended 30 June 2020 based on the grant date fair value, the Group’s assumptions for the expected number of options or performance rights to vest, and the vesting period, with reference to the terms and conditions stated in the relevant documentation, and management forecasts</li> <li>• Assessing the accuracy and completeness of the related disclosures in the financial statements, in light of the requirements of Australian Accounting Standards.</li> </ul>

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Group annual report for the year ended 30 June 2020 but does not include the financial report and the auditor’s report thereon. 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 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.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001, and for such internal control 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, actions taken to eliminate threats or safeguards applied.

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.

#### 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 2020.

In our opinion, the Remuneration Report of BBX Minerals Limited for the year ended 30 June 2020, 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.

LNP Audit and Assurance Pty Ltd



Archana Kumar  
Director

Sydney, 22 September 2020

**BBX Minerals Limited**  
**2020 CORPORATE GOVERNANCE STATEMENT**  
**Pursuant to ASX Listing Rule 4.10.3**

---

This Corporate Governance Statement (**CGS**) is provided by the Board of BBX Minerals Limited (ASX:BBX) (**the Company**) pursuant to ASX Listing Rule 4.10.3 and reports against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations' 3<sup>rd</sup> Edition and supplements the Appendix 4G which, together with the CGS is lodged with the ASX.

The CGS incorporates the disclosures required by the Recommendations under the headings of the eight core principles as they applied for the financial year ended 30 June 2020 and the Company's adherence to these principles.

The Company maintains information about its Corporate Governance Policies on the Company's website at [www.bbxminerals.com.au](http://www.bbxminerals.com.au)

It is noted the current version of the ASX Corporate Governance Council's Principles and Recommendations (the 4th Edition) was released on 27 February 2019 and took effect for a listed entity's first full financial year commencing on or after 1 January 2020. Given the Company has a 30 June balance date, the Board will measure governance practices against the 4th Edition for the financial year from 1 July 2020 to 30 June 2021.

The Company's governance framework is recorded in various policies, charters and processes, many of which are discussed below. These are reviewed and approved at regular intervals by the Board to ensure they continue to meet the high standards required by the Board and reflect regulatory changes and developments in corporate governance practices. The Company has integrated the governance policies into Company operations and monitors compliance with the policies

BBX Minerals Limited  
Annual Report  
For the year ended 30 June 2020  
Corporate Governance Statement

<b>Corporate Governance Recommendation</b>		<b>Is the Recommendation followed</b>
<b>Principle 1 Lay solid foundations for management and oversight</b>		
1.1	Disclose roles and responsibilities of board and management	<b>Yes</b>
1.2	Undertake appropriate checks before appointing or electing a person as director	<b>Yes</b>
1.3	Written agreement with each director and senior executive	<b>Yes</b>
1.4	Company Secretary accountable directly to Board	<b>Yes</b>
1.5	Diversity Policy disclosures reported	<b>Yes</b>
1.6	Board performance evaluation undertaken	<b>Yes</b>
1.7	Senior executive performance evaluation undertaken	<b>Yes</b>
<b>Principle 2 Structure the Board to add value</b>		
2.1	Nomination committee requirements met	<b>No</b>
2.2	Board skills matrix disclosed	<b>Yes</b>
2.3	Director Independence and tenure disclosed	<b>Yes</b>
2.4	Majority of the board are independent directors	<b>Yes</b>
2.5	Chair of the board is an independent director and not the same person as the MD	<b>Yes</b>
2.6	Director induction and ongoing training program	<b>Yes</b>
<b>Principle 3 Act ethically and responsibly</b>		
3.1	Code of conduct available on website	<b>Yes</b>
<b>Principle 4 Safeguard integrity in corporate reporting</b>		
4.1	Audit committee requirements met	<b>No</b>
4.2	MD and CFO financial statement declarations received	<b>Yes</b>
4.3	External auditors attend AGM and available to answer questions from securityholders	<b>Yes</b>
<b>Principle 5 Make timely and balanced disclosure</b>		
5.1	Continuous Disclosure Policy available on website	<b>Yes</b>
<b>Principle 6 Respect the rights of securityholders</b>		
6.1	Corporate and governance information available on website	<b>Yes</b>
6.2	Investor relations program	<b>Yes</b>
6.3	Processes to facilitate and encourage participation at securityholder meetings	<b>Yes</b>
6.4	Electronic securityholder communications functionality	<b>Yes</b>
<b>Principle 7 Recognise and manage risk</b>		
7.1	Risk committee requirements met	<b>No</b>
7.2	Annual review of risk management framework	<b>Yes</b>
7.3	No internal audit function but internal control processes in place	<b>Yes</b>
7.4	Disclosure of material exposure to and management of economic, environmental and social sustainability risk	<b>Yes</b>
<b>Principle 8 Remunerate fairly and responsibly</b>		
8.1	Remuneration committee requirements	<b>No</b>
8.2	Remuneration practices disclosed	<b>Yes</b>
8.3	Remuneration Policy disclosures regarding equity based remuneration	<b>Yes</b>

<b>Principle 1</b>	<b>Lay solid foundations for management and oversight</b>
<p>1.1 The Company should disclose</p> <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of the board and management; and</li> <li>(b) those matters expressly reserved to the board and those delegated to management</li> </ul>	<p>Establish and disclose the respective roles and responsibilities of the board and management and how their performance is monitored and evaluated</p> <p>The BBX Board is elected by the Company's shareholders and is responsible for the oversight, supervision and direction of the business.</p> <p>The Board's primary role is to act in a manner that Directors believe is in the best interests of the Company, thereby enhancing the long-term value of the Company.</p> <p>To this end, the Board has adopted a charter which articulates the roles and responsibilities of the Board, ensuring the Board functions in an effective manner consistent with corporate governance best practice.</p> <p>A copy of this Board Charter is available in the corporate governance section of the Company's website at <a href="http://www.bbxminerals.com.au">www.bbxminerals.com.au</a></p> <p>The role of management is to take responsibility for implementing the strategic objectives of the Board and managing the day-to-day operations of the Company in accordance with the delegated authority of the Board to the Chief Executive Officer as outlined in the Board Charter.</p> <p>BBX has a Chief Executive Officer and management team which ensures the Company is appropriately administered and managed.</p>
<p>1.2 The Company should</p> <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director; and</li> <li>(b) provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	<p>Director appointments are preceded by a rigorous appointment process that is overseen by the Board, including checks to ascertain and verify a potential candidate's education, qualifications, experience the ability to make independent judgement and the ability to commit to the time to fulfil the responsibilities as a BBX director.</p> <p>The Board undertakes such checks it considers appropriate to verify a potential candidates' character, criminal record and bankruptcy history.</p> <p>As a Director is appointed by ordinary resolution of the shareholders, the Company ensures all material information relevant to a shareholder's decision whether to elector re-elect a director, is provided to shareholders in the Company's Notice of Annual General Meeting.</p> <p>Furthermore, the Directors' Report within the Company's Annual Report provides fulsome information on all Directors who have served the Company within the financial year.</p> <p>The Company elected one (1) new Director, being the Chief Executive Officer during the financial year.</p>

BBX Minerals Limited  
Annual Report  
For the year ended 30 June 2020  
Corporate Governance Statement

<p>1.3 The Company should have a written agreement with each director and senior executive setting out the terms of their appointment</p>	<p>There are formal letters of appointment in place with all non-executive Directors, setting out the key terms and conditions of their appointments including - obligations, responsibilities, time commitment, remuneration and a requirement to disclose interests that may affect independence. New Directors participate in an informal induction program led by the Chief Executive Officer designed to provide an overview of BBX, its operations and the environment and markets in which the Company operates.</p> <p>The services of Chief Executive Officer and management team are maintained under contracts of employment and consultants under consultancy services agreements. The Executive Director does not have a contract.</p> <p>BBX has indemnified and arranged insurance for all current and former Directors and executives of the Company, thereby protecting the Directors and executives against any liabilities that arise against any party, when they carry out their normal duties.</p>
<p>1.4 The Company Secretary should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board</p>	<p>The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.</p> <p>Each Director of the Company can communicate directly with the Company Secretary and vice versa.</p> <p>The qualifications and experience of the Company Secretary is set out in the Directors' Report of the Annual Report and the responsibilities of the Company Secretary are set out in the Board Charter.</p> <p>The appointment and removal of the Company Secretary is by Board resolution.</p>
<p>1.5 The Company should:</p> <p>(a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them.</p> <p>(b) Disclose that policy or a summary of it; and</p> <p>(c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the Company's diversity</p>	<p>The Company is committed to an inclusive workplace that embraces and promotes diversity by providing opportunities that focus on equal opportunity and to this end has adopted a Diversity Policy.</p> <p>The BBX Diversity Policy is the framework for diversity and inclusion initiatives at BBX and addresses the practical aspects of achieving a diverse and inclusive workplace, the Company's processes for review and progress towards achieving diversity and inclusion.</p> <p>A copy of the BBX Diversity Policy can be found on the Company's website at <a href="http://www.bbxminerals.com.au">www.bbxminerals.com.au</a></p> <p><b>Not in compliance</b></p> <p>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.</p>

BBX Minerals Limited  
Annual Report  
For the year ended 30 June 2020  
Corporate Governance Statement

<p>policy and its progress towards achieving them, and either</p> <ul style="list-style-type: none"> <li>The respective proportions of men and women on the board, in senior executive positions and across the whole organization; or</li> <li>The most recent “Gender Equity Indicators” as defined in the Workplace Gender Equality Act.</li> </ul>	<p>There are currently no specific measurable objectives in the form of targets regarding the proportion of females to be employed at the Board or key management personnel level.</p> <p>The Company provides the following information regarding the proportion of gender diversity as at 30 June 2020:</p> <table border="1" data-bbox="698 400 1935 636"> <thead> <tr> <th>Representation</th> <th>Portion of Females / Total Number</th> <th>Portion of Females / Total Number</th> </tr> <tr> <td></td> <th>2020</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td><b>Board</b></td> <td><b>0 / 0</b></td> <td><b>0 / 0</b></td> </tr> <tr> <td><b>Key management personnel</b></td> <td><b>0 / 0</b></td> <td><b>0 / 0</b></td> </tr> <tr> <td><b>Employees</b></td> <td><b>2 / 7</b></td> <td><b>1 / 6</b></td> </tr> <tr> <td><b>Contract service provider</b></td> <td><b>1 / 1</b></td> <td><b>0 / 0</b></td> </tr> </tbody> </table> <p>The Company is not a “relevant employer” under the Workplace Gender Equality Act 2012(Cth) because it is not a registered higher education provider or an employer of 100 or more employees in Australia. The Company is not part of the S&amp;P/ASX 300 Index at the commencement of the reporting period</p>	Representation	Portion of Females / Total Number	Portion of Females / Total Number		2020	2019	<b>Board</b>	<b>0 / 0</b>	<b>0 / 0</b>	<b>Key management personnel</b>	<b>0 / 0</b>	<b>0 / 0</b>	<b>Employees</b>	<b>2 / 7</b>	<b>1 / 6</b>	<b>Contract service provider</b>	<b>1 / 1</b>	<b>0 / 0</b>
Representation	Portion of Females / Total Number	Portion of Females / Total Number																	
	2020	2019																	
<b>Board</b>	<b>0 / 0</b>	<b>0 / 0</b>																	
<b>Key management personnel</b>	<b>0 / 0</b>	<b>0 / 0</b>																	
<b>Employees</b>	<b>2 / 7</b>	<b>1 / 6</b>																	
<b>Contract service provider</b>	<b>1 / 1</b>	<b>0 / 0</b>																	
<p>1.6 The Company should</p> <p>(a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Board has adopted a policy for evaluating the performance of the Board and Directors, a copy of which is available on its website.</p> <p>The process of evaluation and self-assessment takes the form of a questionnaire completed by each of the directors. Following collation, the results and the adequacy and appropriateness of the self-assessment process are considered and discussed by the directors at the next Board meeting, and follow-up actions will be determined.</p> <p>The Chairman of the Board is responsible for performing the collation and review of individual directors’ responses and presents the results to the Board for discussion and action.</p> <p>In 2020, the Board performed the annual evaluation process in accordance with the process described above.</p>																		
<p>1.7 The Company should</p> <p>(a) Have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process</p>	<p>The measures that have been put into place by the BBX Board to monitor the performance of the Company’s Chief Executive and management team include:</p> <ul style="list-style-type: none"> <li>A review by the Board of the Company’s financial performance; and</li> <li>Appraisal meetings incorporating analysis of key performance indicators with each executive as required</li> </ul> <p>For the majority of the financial year, BBX had two executives, the Chief Executive Officer and Executive Director. Formal appraisal meeting to review the Chief Executive Officer and Executive Director were not conducted during the financial year as the Chairman maintains a close working relationship with both Executives and the Chairman was able to review their performance on that basis.</p>																		

<b>Principle 2</b>	<b>Structure the board to add value</b>
<p>2.1 The Company should</p> <p>(a) Have a nomination committee</p> <ul style="list-style-type: none"> <li>• With a least three (3) members, a majority of who are independent directors.</li> <li>• Chaired by an independent director</li> </ul> <p>And discloses:</p> <ul style="list-style-type: none"> <li>• The charter of the committee.</li> <li>• The members of the committee; and</li> <li>• The number of times the committee met throughout the period and the individual attendance of the members at those meetings</li> <li>• If the Company has no nomination committee, there must be disclosure of that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience independent and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	<p><i>The board should be of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</i></p> <p><b>No, not in compliance</b></p> <p>Given the current size and complexity of the Company, the Board in its entirety, acts as a Nomination Committee and there is no need to further subdivide the Board. A separate Nomination Committee is an unnecessary measure now for BBX.</p> <p>BBX has not established a Board-approved Charter that sets out the delegations and responsibilities of the Committee.</p>
<p>2.2 The Company should have and disclose a board skills matrix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The BBX Board consists of four Directors with a wide range of skills, experience and points of view and is structured together with the management of Director succession to ensure its composition continues to:</p> <ul style="list-style-type: none"> <li>• Include Directors who, collectively, have a mix of skills, knowledge, experience and diversity to meet and discharge the Board's responsibilities; and</li> <li>• Retain a balance between long-serving Directors with experience and knowledge of the exploration and mining sector and the Company's business and history and new Directors who bring fresh perspectives and insights.</li> </ul> <p>The skills determined as relevant by the Board are:</p>



**Corporate finance and capital investment:** proven experience in assessing capital projects, investments and merger and acquisition opportunities, and their financing and performance.

**Financial:** proven financial qualifications (such as a degree in commerce, finance, accounting, CA, CPA) and/or former CFO role with the ability to analyse key financial statements, critically assess the Company's financial performance, and contribute to strategic financial planning.

**Exploration:** broad range of experience in exploration, geological, mining, refining, development, production, distribution, metallurgy, processing and environmental, joint venture experience, engineering product marketing and commercial.

**Positioning and crisis management:** ability to contribute to the positioning of the Company to assist in high level communications and crisis management, lateral thinker, pro-active, public and private sector experience.

**Executive management:** experience at an executive level including the ability to appoint and evaluate the CEO and oversee strategic, human resource management together with industry knowledge.

**Corporate governance:** understanding and experience in best practice corporate governance particularly as it relates to an exploration and mining company and an ability to apply that to continually improve the Company's corporate governance.

**Legal compliance:** knowledge of relevant laws and regulatory frameworks, and an ability to identify and oversee the Company's management of its legal and contractual obligations and compliance management.

**Risk management:** ability to identify key risks to the Company in a wide range of areas (including cash resources, exploration, governance, information technology, reputation, capital investment, OH&S), and monitor risk management frameworks and systems

**Strategy and policy development:** ability to think strategically, identify and critically assess strategic opportunities and threats to the Company and develop strategies in response and ability to identify key issues for the Company and develop appropriate policy parameters within which the Company should operate.

**Representation and shareholder relations:** ability to effectively represent the Company and build constructive relationships with identified shareholders for the overall benefit of the Company.

**Remuneration:** remuneration committee membership or management experience in relation to remuneration, including incentive programs, superannuation and the legislation and contractual framework governing remuneration.

How these skills translate to the current Board is as follows:

Skills	Number of Directors
Corporate finance and capital investment	4 – the entire Board
Financial	3
Exploration	3

BBX Minerals Limited  
 Annual Report  
 For the year ended 30 June 2020  
 Corporate Governance Statement

<b>Positioning and crisis management</b>	4 – the entire Board
<b>Executive management</b>	4 – the entire Board
<b>Corporate governance</b>	4 – the entire Board
<b>Legal compliance</b>	4 – the entire Board
<b>Risk management</b>	4 – the entire Board
<b>Representation and shareholder relations</b>	4 – the entire Board
<b>Remuneration</b>	3
<b>Strategy and policy development</b>	4 – the entire Board

The detailed Skills Matrix which explains the above further is located within the Board Charter. Furthermore, detailed biographies are set out in the Directors' Report of the Company's Annual Reports.

Collectively, the Board has an extensive range of commercial skills, knowledge, experience and diversity to meet and discharge the Board's responsibilities.

BBX Minerals Limited  
Annual Report  
For the year ended 30 June 2020  
Corporate Governance Statement

- 2.3 The Company should disclose:
- (a) The names of the directors considered by the board to be independent.
  - (b) If a director has an interest, position, association or relationship that might cause doubts about the independence of a director but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and explanation of why the board is of that opinion; and
  - (c) The length of service of each director

At any one time, at least a majority of the Board should be considered to be independent under the ASX Listing Rules and the Corporations Act.

Independent Directors means they are not substantial shareholders or recent former executives of BBX and they are free of any direct or indirect interests or relationships that could reasonably interfere with the exercise of their judgement.

The status of each BBX Director in light of the definition of Independence is as follows:

Director	Position on the Board	Term in Office	Non-Executive	Independent
Michael SCHMULIAN	Non-Executive Chairman	12 April 2011	Yes	Yes
André DOUCHANE	Chief Executive Officer	21 October 2019	No	No
Jeffrey MCKENZIE	Executive Director	26 October 2016	No	No
William DIX	Non-Executive Director	10 October 2012	Yes	Yes

A review of the independence criteria detailed in Recommendation 2.3 of the Recommendations in relation to each director is made on a regular basis and when appropriate.

Tenure of more than 10 years is a factor that the ASX recognises can impact upon Director independence.

The Non-Executive Independent Chairman, Mr Michael Schmulian and Non-Executive Director, Mr William Dix are approaching their 10 year anniversary with BBX but the Company is of the opinion their tenures as directors does not compromise their ability to bring independent judgement to Board decisions. Both have significant experience and continue to bring independent contribution to Board processes.

- 2.4 A majority of the board should be independent directors

The BBX Board is comprised of 4 Directors – Messrs Schmulian and Dix are considered to be independent Directors but as Chief Executive Officer and Executive Director, Messrs Douchane and McKenzie are not considered to be independent Directors.

In considering whether a Director is independent, the Board has regard to and considers all the circumstances including the history of the relationship between the Director and the Company.

The Directors are required on an ongoing basis to disclose relevant personal interests and conflicts of interest which may in turn trigger a review of a Director's independent status.

- 2.5 The chair of the board should be an independent director and, in particular should not be the same person as the CEO.

The roles of the Chairman and Chief Executive Officer are exercised by different persons. The Chairman, Mr Schmulian has been appointed from amongst the independent Directors because he is independent.

Mr Douchane is the Chief Executive Officer and is not considered to be independent.

BBX Minerals Limited  
Annual Report  
For the year ended 30 June 2020  
Corporate Governance Statement

<p>2.6 The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>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.</p> <p>Current Board policy is for the cost of approved professional development activities to be fully paid for by the Company</p> <p>1 new Director was appointed during the 2019/2020 year, Mr Andre Douchane as Chief Executive Officer in October 2019.</p>
---	---

<b>Principle 3:</b>	<b><i>Act ethically and responsibly</i></b>
<p>3.1 The Company should:</p> <ul style="list-style-type: none"> <li>(a) Have a code of conduct for its directors, senior executives and employees; and</li> <li>(b) That disclose that code or a summary of it.</li> </ul>	<p>The Company should act ethically and responsibly</p> <p>BBX expects its Directors, Executives, employees and contractors to maintain high standards of ethical conduct and to act legally, ethically and with integrity and in a manner that is consistent with the Company's policies. These policies include the following:</p> <p><b>Code of Conduct</b></p> <p>The Board has adopted a Code of Conduct, which is a formal statement acknowledging the commitment of the Board, Executives, employees and contractors to maintain the highest standards in day-to-day behaviour and decision making at the Company. The Code of Conduct describes the certain "base line" behaviours and responsibilities that are expected when working BBX.</p> <p>The Code of Conduct draws together and summaries other Company policies (Shareholder Communications Strategy, the Securities Trading Policy, and the Continuous Disclosure Policy) and standards that expand on and supports the Code.</p> <p>A copy of the Code is available from the Company's website from within the corporate governance section at <a href="http://www.bbxminerals.com.au">www.bbxminerals.com.au</a></p>

Principle 4:	<b><i>Safeguard integrity in corporate reporting</i></b>
<p>4.1 The Company should:</p> <p>(a) Have an audit committee</p> <ul style="list-style-type: none"> <li>• With a least three (3) members, all of whom are non-executive directors and the majority of who are independent directors.</li> <li>• Chaired by an independent director who is not the chair of the board</li> </ul> <p>And discloses:</p> <ul style="list-style-type: none"> <li>• The charter of the committee.</li> <li>• The relevant qualifications and experience of the members of the committee; and</li> <li>• The number of times the committee met throughout the period and the individual attendance of the members at those meetings</li> </ul> <p>(b) If the Company has no audit committee, there must be disclosure of that fact and the processes it employs to independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Company should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting</p> <p><b>No, not in compliance</b></p> <p>Given the current size and complexity of the Company, the Board in its entirety, acts as an Audit Committee and there is no need to further subdivide the Board. A separate Audit Committee is an unnecessary measure now for BBX.</p> <p>The Board monitors the form and content of the Company's financial statements and maintains an overview of the Company's internal financial control and risk management systems.</p> <p>BBX has not established a Board-approved Charter that sets out the delegations and responsibilities of the Committee.</p> <p><u>Financial Reporting</u></p> <p>The Board monitors the Company's compliance with internal financial and associated risk controls and reviews the financial performance of the Company. This is achieved through the Board receiving regular updates at scheduled Board Meetings as to the financial "health" of the Company.</p> <p><u>External Auditor</u></p> <p>The Company's policy is to appoint external auditors who clearly demonstrate independence. The performance of the external auditor is reviewed annually by the Board. The auditors have a policy of rotating the partner at least every five years. The external auditor is invited to attend the Annual General Meeting to be available to answer Shareholder questions about the conduct of the audit and the preparation and content of the audit reports.</p>
<p>4.2 Before the board approves the financial statements for a financial period, it should receive from its CEO and CFO a declaration that, in their opinion the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and gives a true and fair</p>	<p>As part of the preparation of the Annual and Interim Financial Reports, the Board receives a signed written declaration of assurance prepared in accordance with Section 295A of the Corporations Act and ASX recommendation 4.2 from the Executive Director (BBX did not appoint for the financial year a Chief Financial Officer (or equivalent)).</p> <p>The assurance confirms the financial reports are complete, present a true and fair view in all material respects of the financial position and performance of the Company, are in accordance with relevant accounting standards and the report preparation has been derived from a sound system of risk management and internal control, which is operating effectively.</p>

BBX Minerals Limited  
 Annual Report  
 For the year ended 30 June 2020  
 Corporate Governance Statement

<p>view of the financial position and performance of the Company which has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>No assurance is provided in respect of the quarterly cash flow statements believing the provision of the assurance for the Annual and Interim Financial Reports to be sufficient.</p> <p>The declaration is an important tool used by BBX as part of the Company's Risk Management Policy.</p>
<p>4.3 The external auditors are to attend the Company's AGM and are available to answer questions from shareholders relevant to the audit.</p>	<p>Section 249K of the Corporations Act requires a Company to give its auditor Notices of Meetings and section 250RA requires an auditor to attend a listed company's Annual General Meeting or arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and be able to answer questions about the audit.</p> <p>The Company's external auditor is duly represented at the Company's Annual General Meeting and is available to answer questions from shareholders concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.</p> <p>The Auditor's presence is made known to Shareholders during the Meeting and Shareholders are provided with an opportunity to put forward questions to the external auditor.</p>

<b>Principle 5:</b>	<b><i>Make timely and balanced disclosure</i></b>
<p>5.1 The Company should</p> <ul style="list-style-type: none"> <li>(a) Have a written policy for complying with its Continuous disclosure obligations under the Listing Rules; and</li> <li>(b) Disclose that policy or a summary of it</li> </ul>	<p>The Company should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities</p> <p>The Board is committed to the promotion of investor confidence by timely, balanced, accurate and meaningful reporting of financial and non-financial information. As a listed entity it is imperative for the Board to ensure the market is kept informed about the Company and to ensure its listed securities are fairly valued by the market.</p> <p>The integrity of the Company's financial reporting and disclosures is supported through a number of mechanisms, one being continuous disclosure.</p> <p>BBX has a Board-approved Continuous Disclosure Policy, which is available in the Corporate Governance section of the Company's website at <a href="http://www.bbxminerals.com.au">www.bbxminerals.com.au</a> which sets out procedures that in place to make sure all material information is identified, reported for review and where required, disclosed in a timely manner in accordance with the ASX Listing Rules and best practices.</p> <p>Under the Policy, management are required to escalate any potential information/matters which is not subject to the exceptions in Rule 3.1A of the ASX Listing Rules and which a reasonable person would expect to have a material effect on the price or value of BBX's securities to the Executive Director. The entire Board is ultimately responsible for approving the form and content of material information that is disclosed. The Company Secretary then coordinates disclosure to the market.</p> <p>The Chief Executive and the Company Secretary are responsible for the regular review of the Company's affairs and the monitoring of information in the market about BBX to release information to the extent necessary to prevent development of a false market for BBX Securities.</p> <p>Where the ASX contacts the Company, for example in the event of unusual share price fluctuations, communications are managed by the Company Secretary with reference to the Chief Executive and Chairman.</p> <p>All market disclosures made to the ASX are available on the Company's website.</p>



<b>Principle 6</b>	<b><i>Respect the rights of Shareholders</i></b>
	The Company should respect the rights of its shareholders by providing them with appropriate information and facilities to allow them to exercise those rights effectively
6.1 The Company should provide information about itself and its governance to investors via its website.	<p>BBX seeks to continually improve the functionality of its website.</p> <p>The Company provides information about its history, strategy, vision, values, addresses, Board of Directors, portfolio of assets, corporate governance, financial performance, strategy and prospects on the Company's comprehensive website <a href="http://www.bbxminerals.com.au">www.bbxminerals.com.au</a> together with periodic mailings and email broadcasts in relation to notices of meeting. At all times, BBX tries to ensure the information provided is balanced, current and easy to understand.</p> <p>BBX has established corporate governance policies designed to establish "best practices" which are adhered to by all involved in the Company which will lead to generating sustainable growth in total shareholder return. The Corporate Governance page on the Company's webpage provides access to the charters, policies and yearly corporate governance statement as well as access links to all of the charters and policies.</p>
6.2 The Company should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>The Company's Chairman, and Chief Executive Officer are the Company's main contacts for investors and potential investors, making themselves available to discuss the Company's activities.</p> <p>When needed, the Company prepares and releases investor updates.</p> <p>The Chief Executive coordinates an active program to maintain dialogue with institutional investors and the major shareholder through meetings and presentations</p> <p>If the Company seeks additional equity capital, the Board will ensure it considers the interests of existing shareholder and where that is reasonable and in the best interests of the Company, permit shareholders to participate on a pro-rata basis.</p>
6.3 The Company should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders.	<p>In accordance with the Corporations Act 2001, the Company's Constitution and the ASX Listing Rules, BBX refers major decisions that may change the nature of the Company to shareholders for approval. Voting at shareholder meetings is based on 1 share, 1 vote as voting is conducted by poll.</p> <p>The Board encourages active participation by shareholders at the meetings and shareholders may present questions during the Meeting.</p> <p>At each annual general meeting the Board ensures:</p> <ul style="list-style-type: none"> <li>• consistent with best practice, the external auditor is available to answer questions from shareholders.</li> <li>• a summary of Company developments is provided at the meeting, to encourage shareholders to participate; and</li> <li>• appropriate time is set aside whereby shareholders may present questions during the Meeting</li> </ul>
6.4 The Company should give shareholders the option to receive communications from and send communications to the Company and its share registry electronically.	<p>BBX seeks to continually improve its online and electronic communications.</p> <p>The Company encourages shareholders to provide email addresses to enable the receipt of shareholder communications by electronic means in the interests of the environment and constraining costs.</p>

	<p>In an endeavour to drive this objective the Company provides security holders the option to receive communications from, and to send communications to, the Company electronically.</p> <p>BBX's register of shareholders is maintained by Automic Group. Shareholders with internet access can view and update their holding, change their address details or elect to receive Company communications by logging on to the Registry's website and accessing the Investor Centre.</p> <p>Contact with the Company can be made via email addresses provided on the website for the Chief Executive Officer.</p>
--	---

<b>Principle 7:</b>	<b>Recognise and Manage Risk</b>
	The Company should establish a sound risk management framework and periodically review the effectiveness of that framework
<p>7.1 The Company should:</p> <p>(a) Have a committee or committees to oversee risk, each of which</p> <ul style="list-style-type: none"> <li>• Has at least three (3) members, a majority of who are independent directors; and</li> <li>• Chaired by an independent director</li> </ul> <p>And discloses:</p> <ul style="list-style-type: none"> <li>• The charter of the committee.</li> <li>• The members of the committee; and</li> <li>• The number of times the committee met throughout the period and the individual attendance of the members at those meetings</li> </ul> <p>(b) If the Company has no risk committee or committees, that satisfy (a) above, disclose that fact and the processes it employs to oversee the Company's risk management framework.</p>	<p><b>No, not in compliance</b></p> <p>Given the current size and complexity of the Company, a separate Committee to oversee risk is an unnecessary measure at the moment for BBX – the Board as structured provides the transparency, focus and independent judgement needed to oversee the Company's risk matters.</p> <p>BBX has not established a Board-approved Charter that sets out the delegations and responsibilities of the Committee.</p> <p>The identification and effective management of BBX's risks are a priority of the Board. The Board is responsible for overseeing and approving risk management strategy and policies as well as ensuring the effective audit, risk management and compliance systems are in places. The Board received appropriate information on material risks and the way these are being managed from the Chief Executive Officer.</p> <p>The Chairman, being located in Brazil undertakes regular site visits and inspections to better understand and monitor site-based risks.</p>
<p>7.2 The board or a Committee of the board should:</p> <p>(a) Review the Company's risk management framework at least annually to satisfy itself that, it continues to be sound; and</p> <p>(b) Discloses, in relation to each reporting period, whether such a review has been taken.</p>	<p>The Company manages risks in accordance with its risk profile, ensuring all risks inherent in mineral exploration and production activities are identified, measured and then managed or kept as low as reasonably practicable. The Chief Executive Officer is responsible to the Board for the risk management and control framework.</p> <p>The Board recognises there are inherent risks associated with the Company's operations and the Board endeavours to mitigate such risks by continually reviewing the activities of the Company to identify key business and operational risks and ensuring that they are appropriately assessed and managed.</p> <p>The Board conducted a review during the financial year and are satisfied the risk management and control framework continues to be sound.</p>

BBX Minerals Limited  
Annual Report  
For the year ended 30 June 2020  
Corporate Governance Statement

<p>7.3 The Company should disclose:</p> <p>(a) If it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p><b>No, not in compliance</b></p>
<p>7.4 The Company 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.</p>	<p>BBX is a diverse business that is exposed to a range of financial, operational and environmental risks inherent in operating in the mining industry in a foreign country, therefore risk management and control is ingrained in BBX's strategic and operational activities.</p> <p>There will be a requirement in the future for the Company to raise additional funding to pursue its business objectives. There is a high risk the ability for BBX to raise capital funds may be affected by financial and economic risks, the Board mitigates these risks by utilizing transfer tools of standby equity funding facility with a US-based institutional investment group and a converting loan facility with the major shareholder and insurances.</p> <p>The current operations of BBX are subject to laws and regulations in Brazil and must be mindful of these in every decision concerning exploration activities.</p> <p>The exploration and potential mining activities of BBX may have an impact on the environment, particularly if activities are ramped up and mine development proceed, in this regard, the Board ensure all Company activities are conducted to the highest standards of Brazilian environmental obligations, including compliance with all environmental laws.</p> <p>The health, safety and wellbeing of the Brazilian and other foreign on-site personnel is important to the Company. BBX has established systems which minimis exposure to health and safety risks and are designed to achieve compliance with applicable Brazilian legislation, relevant industry and Company standards.</p> <p>BBX has a Board approved Code of Conduct for all directors, officers, employees, consultants, contractors and associates. This Code outlines the Board's commitment to integrity, equal opportunity and fair dealings in all the Company's business affairs and outlines the minimum standard of behaviour expected when associating with public officials, 3<sup>rd</sup> parties, potential investors and shareholders.</p> <p>The Board believes BBX does not have any material exposure to social sustainability risk.</p>

<p><b>Principle 8</b></p>	<p><b><i>Remunerate fairly and responsibly</i></b></p>
	<p>The Company should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for Shareholders.</p>
<p>8.1 The Board should</p> <p>(a) Have a remuneration committee which</p> <ul style="list-style-type: none"> <li>• Has at least three (3) members, a majority of who are independent directors.</li> <li>• Chaired by an independent director</li> </ul> <p>And discloses:</p> <ul style="list-style-type: none"> <li>• The charter of the committee.</li> <li>• The members of the committee; and</li> <li>• The number of times the committee met throughout the period and the individual attendance of the members at those meetings</li> </ul> <p>(b) If the Company has no remuneration committee disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p><b>No, not in compliance</b></p> <p>The Company does not have a separate remuneration committee as recommended; remuneration matters are monitored by the Board in its entirety, which display a strong business acumen.</p> <p>BBX has not established a Board-approved Charter that sets out the delegations and responsibilities of the Committee.</p> <p>The Constitution stipulates that the aggregate remuneration available for division amongst the non-executive directors is determined by the shareholders in meeting. The amount approved or some part of it, is divided among the non-executive directors as determined by the Board.</p> <p>The Company maintains a Directors and Officers Policy. An indemnity agreement has been entered into between the Company and each of the directors of the Company. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities to the extent permitted by law.</p>
<p>8.2 The Company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Non-Executive Directors are remunerated in the form of Directors fees, including a higher level of fees for the Chairman of the Board to reflect the additional time and responsibilities that the position requires.</p> <p>BBX reviews the level of Directors fees every couple of years to ensure the fees remain aligned to the market. This has the benefit of ensuring the Company can attract and retain Directors of the calibre and skill set required to direct and lead in accordance with the strategic plans.</p> <p>BBX Non-Executive Director fees are approved by shareholders, no proposal for an increase was presented to shareholders at the Company's 2018 and 2019 Annual General Meetings and given the impact of Covid-19 on both Brazil and Australia an increase in Directors fees in 2020 would not, in any event be appropriate. However, when a proposal for an increase in fees is appropriately presented to shareholder, a "catch up" may be required.</p>

BBX Minerals Limited  
 Annual Report  
 For the year ended 30 June 2020  
 Corporate Governance Statement

	<p>No Non-Executive Director is entitled to remuneration from the Company other than by way of Director fees and reasonable reimbursement of expenses incurred in the course of performing duties or exercising their roles as a Director and they do not participate in any incentive plans, and do not receive any retirement benefits.</p> <p>For more information on Non-Executive Director Fees paid during the most recent financial year, refer to the most recent Annual Report.</p> <p><b>Chief Executive Remuneration</b>        BBX is committed to a fair and reasonable remuneration framework for the executives. Details of the remuneration arrangements with the BBX's Chief Executive Officer are set out in the most recent Annual Report, which is available on the Company's website.</p> <p>The information provided in the Remuneration Report is audited as required by Section 308(3C) of the Corporations Act 2001.</p>
<p>8.3 The Company if it has an equity-based remuneration scheme should</p> <p>(a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) Disclose that policy or a summary of it</p>	<p>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.</p> <p>The Company's Securities Trading Policy prohibits participants from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested scheme entitlement.</p> <p>A copy of the Securities Trading Policy is on the Company's webpage.</p>

Additional Information included in accordance with the Listing Rules of ASX Limited

## 1. SECURITY HOLDER INFORMATION

### (a) Shareholders

The twenty largest shareholders hold 81.99 % of the total issued ordinary shares in the Company as at 15 September 2020.

Position	Holder Name	Holding	% IC
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	196,315,000	46.93%
2	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	26,027,639	6.22%
3	AJ IGO PTY LTD <ADE SUPERANNUATION FUND A/C>	24,000,000	5.74%
4	CITICORP NOMINEES PTY LIMITED	15,143,146	3.62%
5	MR ANDREW JOHN IGO	8,150,001	1.95%
6	ANTONIO EDUARDO MONTEIRO DE CASTRO	6,623,508	1.58%
7	MR WILLIAM DIX	6,401,520	1.53%
8	KARL PAGE INVESTMENTS PTY LTD <THE KARL PAGE FAMILY A/C>	5,000,000	1.20%
9	MICHAEL LEON SCHMULIAN	4,736,919	1.13%
10	MICHAEL LEON SCHMULIAN	4,159,250	0.99%
11	ANTONIO DE CASTRO	4,000,000	0.96%
12	JEFF MCKENZIE	3,650,000	0.87%
13	JEFFREY ROBERT MCKENZIE	3,458,081	0.83%
14	MICHAEL LEON SCHMULIAN	3,248,600	0.78%
15	MR MICHAEL GLADWIN-GROVE & MRS JANE LOUISE GLADWIN-GROVE <GLADGROVE S/F A/C>	3,009,151	0.72%
16	DRAKE SPECIAL SITUATIONS LLC	2,956,667	0.71%
17	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	2,802,650	0.67%
18	ALASTAIR SMITH	2,500,000	0.60%
19	MR ROBERT LESLIE DAHL & MRS MERRIL ANNE DAHL <SWAINSHILL SUPER FUND A/C>	2,315,000	0.55%
20	CONSTANCE M SMITH	2,000,000	0.48%
20	SIMON ROBERTSON	2,000,000	0.48%
20	ANDRE DOUCHANE	2,000,000	0.48%
	Total	330,497,132	79.01%
	Total issued capital - selected security class(es)	418,306,693	100.00%

**Distribution of Shareholders as at 15 September 2020**

**Security Class: BBX - ORDINARY FULLY PAID SHARES**

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	151	65,064	0.02%
above 1,000 up to and including 5,000	257	801,906	0.19%
above 5,000 up to and including 10,000	119	1,007,288	0.24%
above 10,000 up to and including 100,000	357	13,979,913	3.34%
above 100,000	183	402,452,522	96.21%
<b>Totals</b>	<b>1,067</b>	<b>418,306,693</b>	<b>100.00%</b>

**Number of holders of unmarketable parcels – Ordinary shares**

Unmarketable parcels 164 totalling 79,983 shares

**Substantial Shareholders as at 15 September 2019.**

The Company's register of substantial shareholders shows the following

Name	Number of Shares
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	196,315,000
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	26,027,639
AJ IGO PTY LTD <ADE SUPERANNUATION FUND A/C>	24,000,000

**(b) Unquoted options**

**BBXOPT9 - UNLISTED OPTIONS EXP 20/12/2020 @ \$0.20**

**12 September 2019**

Holding Ranges	Holders	Total Units
0 - 9,999,999,999	14	3,459,166
<b>Totals</b>	<b>14</b>	<b>3,459,166</b>

Holders of more than 20% of the number on issue  
Drake Special Situations LLC 42.74%

**BBXOPT10 - UNLISTED OPTIONS EXP 17/6/2023 @ \$0.15**

**12 September 2019**

Holding Ranges	Holders	Total Units
0 - 9,999,999,999	1	14,500,000
<b>Totals</b>	<b>1</b>	<b>14,500,000</b>

Holders of more than 20% of the number on issue  
LDA Capital LLC

**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.