

BBX MINERALS LIMITED

ACN 089 221 634

Annual Report

FOR THE YEAR ENDED

30 JUNE 2017

BBX Minerals Limited
Annual Report
For the year ended 30 June 2017
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BBX Minerals Limited
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Corporate Directory

Directors

Michael Schmulian (Chairman)
Jeff McKenzie (Appointed 26th October 2016)
Will Dix
Alastair Smith (Resigned 26th October 2016)

Secretary

Simon Robertson

Registered Office

Suite 1 Level 1 35 Havelock Street West Perth
WA Australia 6005
Telephone +61 8 6555 2955
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Share Registry

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

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

Stock Exchange

Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

ASX Code

BBX (fully paid ordinary shares)

Dear Shareholder

Despite occasional frustrations the past year has been an extremely rewarding one for BBX. The Company has further advanced its understanding of the complex style of mineralisation encountered in the Apui region and has made significant strides forward in developing a viable extraction process. The high levels of precious metals encountered on BBX's tenements occur in a form largely unknown to the mainstream mining community, which has understandably caused a degree of scepticism within the industry and the public at large. BBX will continue to preserve its intellectual property whilst at the same time meeting its continuous disclosure obligations by maintaining that its shareholders are fully informed on all issues.

BBX continues to pursue a number of extraction techniques, focusing on bulk surface samples from the Ema and Três Estados prospects, in an endeavour to optimize the beneficiation process for these complex ores. An agreement signed with the Marcelo da Silva Pinto ME refinery outside Rio de Janeiro provides for the future pilot plant treatment of up to 20 tonnes per month of BBX mineralised rock. Drilling is scheduled to commence at both Ema and Três Estados in the second half of 2017 with the objective of establishing the extent of the mineralised systems within the extensive outcropping mafic intrusive bodies.

BBX has initiated the application process for trial mining licences at Ema and Três Estados in advance of the likely commencement of pilot scale production in the coming months, with the expectation of scaling up the process to commercial scale production in the medium term.

Two tenements at Juma East, one in its entirety and one in part have been impacted by the proclamation of a national park. BBX is awaiting the result of an appeal lodged against the park's creation on the grounds that due process was not followed.

BBX has continued to fully fund its activities through placements to sophisticated investors and the continual exercising of in-the-money options by key shareholders, including directors and management. The steady and at times spectacular increase in BBX's share price has been a key factor in encouraging the exercising of options, a reflection of the significant advances the Company has made over the past year. BBX's majority shareholder, Drake Private Investment LLC, who increased its participation to 48.68% through an on-market takeover bid early in the financial year remains highly supportive of the Company's ongoing strategy and operating philosophy.

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

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

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Mike Schmulian', with a long horizontal flourish extending to the right.

Mike Schmulian
Chairman

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Director's 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 2017.

Directors

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

Name, Qualifications	Shares and Options	Experience, Special Responsibilities
<p>Michael Schmulian Non- Executive Chairman Appointed 12 April 2011 BSc (Hons) University of Witwatersrand MSc University of Leicester Fellow of AusIMM</p> <p>No other Current directorships. No former directorships in last 3 years</p>	<p>9,622,519 fully paid ordinary shares.</p> <p>3,000,000 management Options at \$0.05 expiring 24 November 2017</p> <p>75,000 Options at \$0.05 expiring 18 May 2018</p>	<p>Mr Schmulian is a geologist with over 40 years of mining and exploration experience. His experience includes 24 years in Brazil where he established a strong network in the industry. He is a former Brazil Country Manager for Western Mining Corporation, South America brownfields Exploration Manager for Anglo Gold Ashanti and Executive Director of ASX listed Mundo Minerals, responsible for establishing the Company's Engenho gold mine.</p>
<p>William Dix Non- Executive Director Appointed 10 October 2012</p> <p>BSc, MSc Geology, Monash University Member of AusIMM</p> <p>Other Current directorships; Managing Director Consolidated Zinc Limited, Non- Executive Director Credo Resources Ltd. No former directorships in last 3 years</p>	<p>2,181,368 fully paid ordinary shares</p> <p>1,000,000 fully paid ordinary shares held by Wreckt Pty Ltd</p> <p>3,000,000 management Options at \$0.05 expiring 24 November 2017</p> <p>20,152 Options at \$0.0125 expiring 1 March 2018</p> <p>2,000,000 management Options at \$0.037 expiring 19 April 2020</p>	<p>Mr Dix is a geologist with over 18 years' experience in gold, base metals and uranium. In previous roles he has led successful growing gold and base metal resources at companies including Lion Ore Mining International. At Lion Ore Mr Dix was part of the team that discovered the Waterloo Nickel Mine and delineated the 2-million-ounce Thunder Box Gold project. He has a proven track record of successful project and team management and also extensive capital raising, mergers, acquisitions and divestments.</p>
<p>Jeff McKenzie Chief Executive Officer /Executive Director Appointed as director 26th October 2016 No former directorships in last 3 years</p>	<p>4,668,081 fully paid ordinary shares</p> <p>5,430,000 options @ \$0.05cents expiring 24 November 2017</p> <p>500,000 options @\$0.05cents expiring 13th July 2018</p> <p>20,000 shares in the name of Jeffrey & Heather McKenzie</p>	<p>Former Banker with ANZ Banking Group for 33 years roles including General Manager Beijing Branch China, Regional Head North Asia Commodity and International Trade. Chief Executive of PISG Group Beijing the largest private iron ore importer into China and owner of a 4mio tons steel mill.</p> <p>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</p>

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Director's Report

		takeover of China Oriental Group (HK Listed) for PISG
Alastair Smith (resigned 26 th October 2016) Non- Executive Director Appointed 15 April 2013 BCom MCom CA Managing Director Focus Capital Partners Los Angeles Other Current directorships Blackwood Equities (NSW) Pty Ltd Yardie (WA) Pty Ltd No former directorships in last 3 years		Resigned on 26 October 2016

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

Company Secretary

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

Principal activity, and significant changes in nature of activities

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

Operating Result

The group result was a loss of \$1,888,485 for the year ended 30 June 2017 (2016: loss of \$1,034,163)

Review of Exploration Operations

On 2nd September 2016 BBX announced that ongoing test work had resulted in significantly higher grades from the bottom 49.44m (250.00 – 299.44m) of hole JED-006, where a composite grade of 1.03g/t from amalgamation had previously been obtained. Following the success of pre-treatment test work undertaken on the 13.66m interval at the bottom of hole JED-004, which had returned 4.58g/t and subsequently 3.70g/t Au and 0.16g/t Pd by fire assay and 4.06g/t by amalgamation a variant of the pre-treatment method termed oxi8B was eventually settled on by the Company and used to test a homogenised composite sample from the bottom 49.44m of JED 006. A single 250g pulverised sample yielded a fire assay result of 24.76g/t Au (mean of five 50g fire assay results), whilst other lower, but nonetheless high-grade results were obtained from repeat tests using the oxi8B technique and minor variations thereof. Additional tests were conducted involving re-grinding of the pre-prepared sample prior to fire assay and metallic screen (screen fire) analysis to evaluate the possibility of coarse gold being precipitated in the pre-treatment step. The latter test indicated that only 20% of the gold was in the coarser (+150 micron) fraction. The Company advised it had conducted wide-ranging experimental work testing a variety of methods in an endeavour to resolve the issue of why the samples had previously failed to produce a result by fire assay. Research undertaken enabled BBX to initially settle on methods named Oxi1A and Oxi8A to undertake routine assay results. However, as further improvements were made to the methods the processes were renamed Oxi1B and Oxi8B with the most consistent of these being Oxi8B. The other experimental methods utilised were no longer used and had been discarded. Under the specific Oxi8B method, a single homogenised bulk composite sample from the JED006 interval was subjected to treatment with acid and water at a variety of temperatures and time periods at the Nomos laboratory, Rio de Janeiro, followed by fire assay at the Intertek laboratory, Parauapebas. A total of 26 samples have been analysed using the Oxi1B and Oxi8B methods and variations thereof with standards and blanks being submitted as a quality control check. BBX also commented that all quoted grades for oxi1B and oxi8B are as received from the Intertek laboratory, without correction for the dilution effect of approximately 22%.

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

In addition, results were received for neutron activation (NA) analysis of two samples from the JED 006 49.44m composite, submitted to ALS laboratories in Canada. Analysis of an untreated sample failed to produce significant precious metal values whilst NA results for a sample treated by the JMA irradiation technique yielded 13.00 g/t Au, 5.90 g/t Pt and 5.30 g/t Pd. Although results continue to be inconsistent, including negative results for a repeat test on the 49.44m composite and for a number of the 4m (approximate) composites it is the company's belief that the erratic nature of the results obtained to date is principally a function of the effectiveness of the pre-treatment method in consistently unlocking precious metals. The homogeneous nature of the geology and intensity and style of alteration within the lower portion of JED 006 reinforces the belief that gold is likely to be distributed relatively evenly throughout this 49.44m interval.

BBX also advised completion of an initial 200m x 40m soil sampling and reconnaissance geological mapping programmes over restricted portions of the Ema and Tres Estados prospects, located 30km and 60km SE of Apui,

respectively. Results for both surveys outlined well-defined gold in soil anomalies associated with mafic intrusives and local garimpeiro workings. BBX advised that ongoing work would focus on extending the Ema and Tres Estados soil grids and defining targets for drill testing. At Guida, infill soil sampling will be conducted to assist in designing an ongoing drill programme to fully test the highly prospective Guida-Boia Velha trend.

On 28th February 2017 BBX announced that over the past five months BBX had developed a repeatable fusion (fire assay) method which has enabled the Company to unlock elevated Au, Pt and Pd values from its projects in the Apui region, thereby providing a consistent analytical technique for the complex mineralisation. BBX advised that the previously announced "Oxi8b" extraction method yielded significant gold results, confirmed by independent laboratories. However, results were inconsistent and the method did not effectively unlock the elevated platinum and palladium values which were routinely seen on SEM (scanning electron microscope) scans.

BBX commented that over the five months prior to 28th February 2017, laboratory research had led to the development of a fire assay method using a flux mix termed "T95" in conjunction with a nickel collector rather than the standard litharge (lead oxide) fusion commonly used in fire assays. This method had yielded consistent, repeatable gold results and had also enabled the unlocking of significantly higher Pt and Pd values, in line with levels estimated from numerous SEM scans conducted by the Company. The bulk of the tests had been carried out on a composite sample from the bottom 49.44m of hole JED 006, with additional tests having been conducted on a 55.25m composite sample from hole JED-001, a 13.66m composite from JED-004 and bulk rock-chip samples taken from *garimpos* (artisanal workings) at Tres Estados and Ema. Precious metals had been precipitated from the solutions retained after dissolution of the nickel buttons and subsequent AA analysis, by the simple addition of aluminium, thereby confirming the presence of precious metals in the samples analysed. After cupellation, a prill (precious metal button) weighing 0.0762g was recovered from 25 litres of solution, representing approximately 2.5kg of original sample, including blanks and standards and a number of unsuccessful experimental nickel fusions with other fluxes, indicating a bulk recovered precious metal grade of approximately 30.48g/t. SEM shots of the prill reveal a high level of inhomogeneity, with local elevated levels of silver, plus significant gold, platinum, osmium and iridium

To ensure a very high standard of QA/QC BBX advised the following strict protocols had been established.

1. Every fusion was conducted using a fresh crucible
2. A certified standard and two blanks were included in every batch of 8-10 samples
3. A "Chinese wall" has been established between the staff preparing the samples and conducting the fusions and the staff charged with dissolving the buttons and analysing the solution

On 1 June 2017 BBX announced exceptional results of initial metallurgical testing from the Company's Três Estados Project. The Company advised that hydrometallurgical test work was conducted at e-Recicla Ltda, a precious metals refinery in Belo Horizonte and pyrometallurgical extraction tests at Marcelo da Silva Pinto M.E, an external precious metals refinery in São Gonçalo, Rio de Janeiro. The tests were conducted on homogenised 5kg and 15kg sub-samples, respectively, taken from the same bulk sample from the Company's Três Estados prospect.

A 260kg surface sample of unweathered mineralised gabbro, collected from an area of approximately 110m x 200m at the Adelar garimpo was crushed to minus 1mm and homogenised with sub-samples submitted to both refineries for a series of metal extraction tests. The random bulk sample was collected from the same general location as TER 048 for which assay results of 54g/t Au, 25g/t Pd and 18g/t Pt were previously announced on 27 February 2017, utilising BBX's T95 analytical method.

A two-stage sequential leach process was utilised on the 5kg sample to extract the precious metals. This process recovered two metal buttons with 2 grams of silver being added in the first extraction to enhance the production

of a button weighing 3.2733g. The second leach stage produced a button weighing 0.4088g. Analysis of the buttons by AAS (atomic absorption spectrometry) after dissolution in acid showed a combined precious metal content equivalent to 102.18 g/t gold, 62.32g/t platinum, 36.72g/t palladium and 135.20g/t silver.

Under the pyrometallurgical method two 15kg samples were smelted with two proprietary fluxes and a copper collector. After cupellation, buttons weighing 6.9467g and 10.4836g were obtained which were then dissolved and assayed by AAS, with resultant grades of 466g/t Ag and 4.70g/t Au (flux A) and 666g/t Ag and 1.53g/t Au (flux B). In addition, fire assay analysis of the slag after smelting revealed values (converted to original sample weight) of 7.29g/t and 10.83g/t Au, respectively, indicating that significant levels of gold were not being recovered into the metallic buttons.

On 19th June 2017 BBX announced that following highly encouraging initial results, the Company had advanced its pyrometallurgical extraction process at the Marcelo da Silva Pinto M.E. facility on the Tres Estados bulk sample to further improve metal recoveries, including recovery of platinum and palladium. Three additional tests were conducted, yielding gold and silver-rich buttons which were dissolved and analysed by AAS, yielding gold results of 8.32g/t Au, 25.00g/t Au and 41.40g/t Au, back calculated to original sample weight, compared with pyrometallurgical results of 4.70g/t Au and 1.53g/t Au announced on 1 June 2017. The second and third tests incorporated a pre-oxidation step prior to smelting, previously not utilised. Due to the target of enhancing gold recovery, minor adjustments in the extraction method resulted in lower silver values in tests 1 and 3 than those announced on 1 June 2017.

BBX also advised that a contract had been signed with Marcelo da Silva Pinto M.E. on 19 June 2017 to conduct pilot plant testing on up to 20 tonnes per month on a revenue sharing basis. This pilot plant testing will commence immediately after the Company is satisfied with the treatment process. This enables the Company to develop a better understanding of issues related to scaling up production based on the pyrometallurgical technique, in parallel with ongoing development work on the alternative hydrometallurgical process at the e-Reciclar and CETEC facilities in Belo Horizonte and at Nomos in Rio de Janeiro. Additional results have yet to be received from this test work. BBX does not currently have access to pilot-scale testing facilities for the hydrometallurgical process where work is continuing at a laboratory scale. BBX also confirmed that highly regarded Belo Horizonte consultant, Reinaldo Magalhães had been contracted to manage the application process for trial mining licences at Três Estados and Ema. A trial mining licence enables the Company to mine up to 50,000 tonnes per annum from each project area.

Drilling Programme

On 1 June 2017 BBX also provided an update regarding the Company's proposed drilling programme, advising that following a site inspection by the state environmental authority, IPAAN, which was at that stage scheduled for late June, BBX anticipated that the environmental licences required for drilling would be issued within 3-4 weeks. A combined reconnaissance RC and diamond drilling programme will then be initiated at both Três Estados and Ema. The programme of 1500 to 2000m comprising dominantly 40-50m holes and occasional deeper holes is designed to test both gold-in-soil anomalies and areas of known garimpeiro activity.

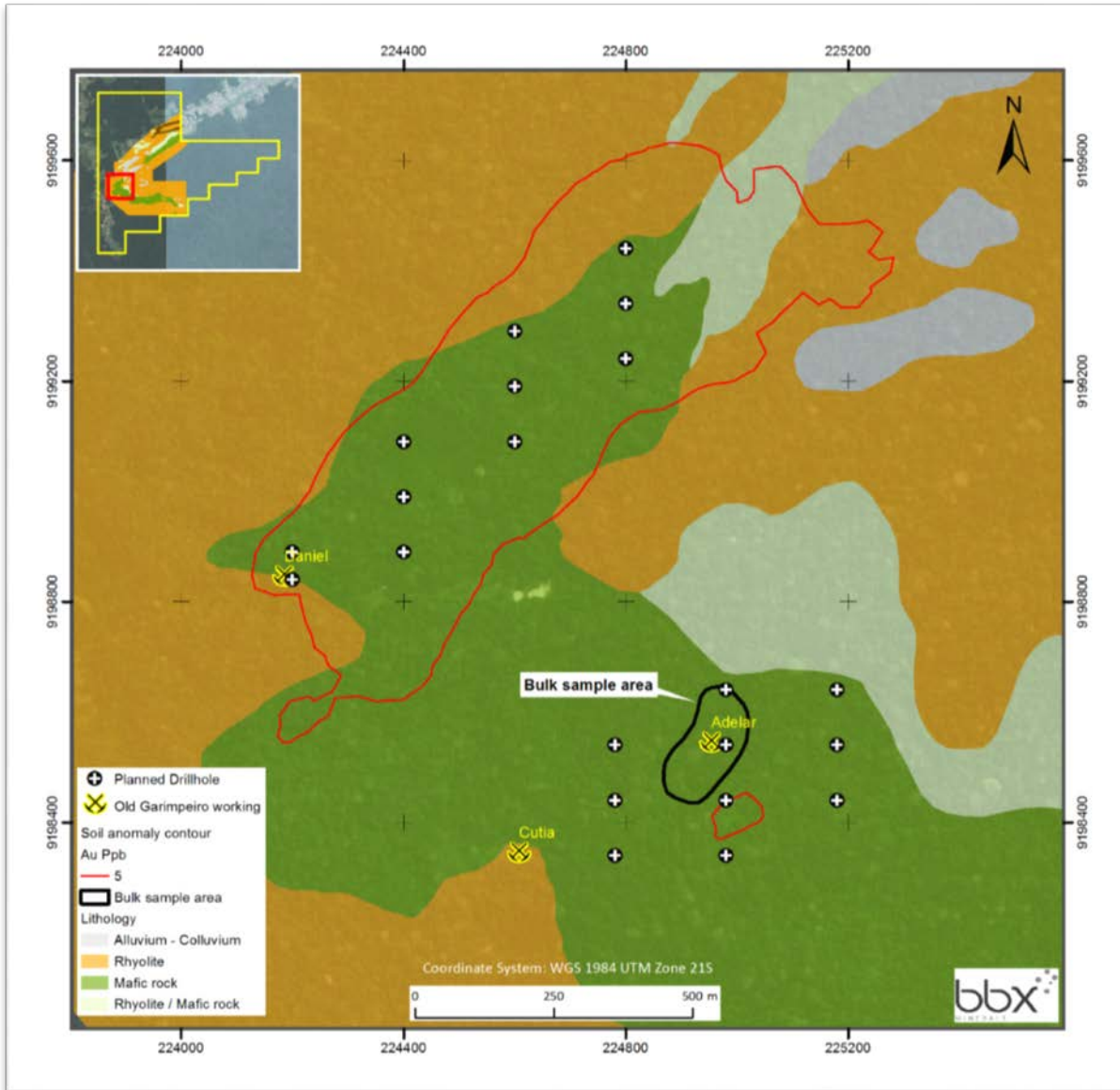


Figure 1: Três Estados geological map showing planned drillhole locations, geochemical anomalies and bulk sample location

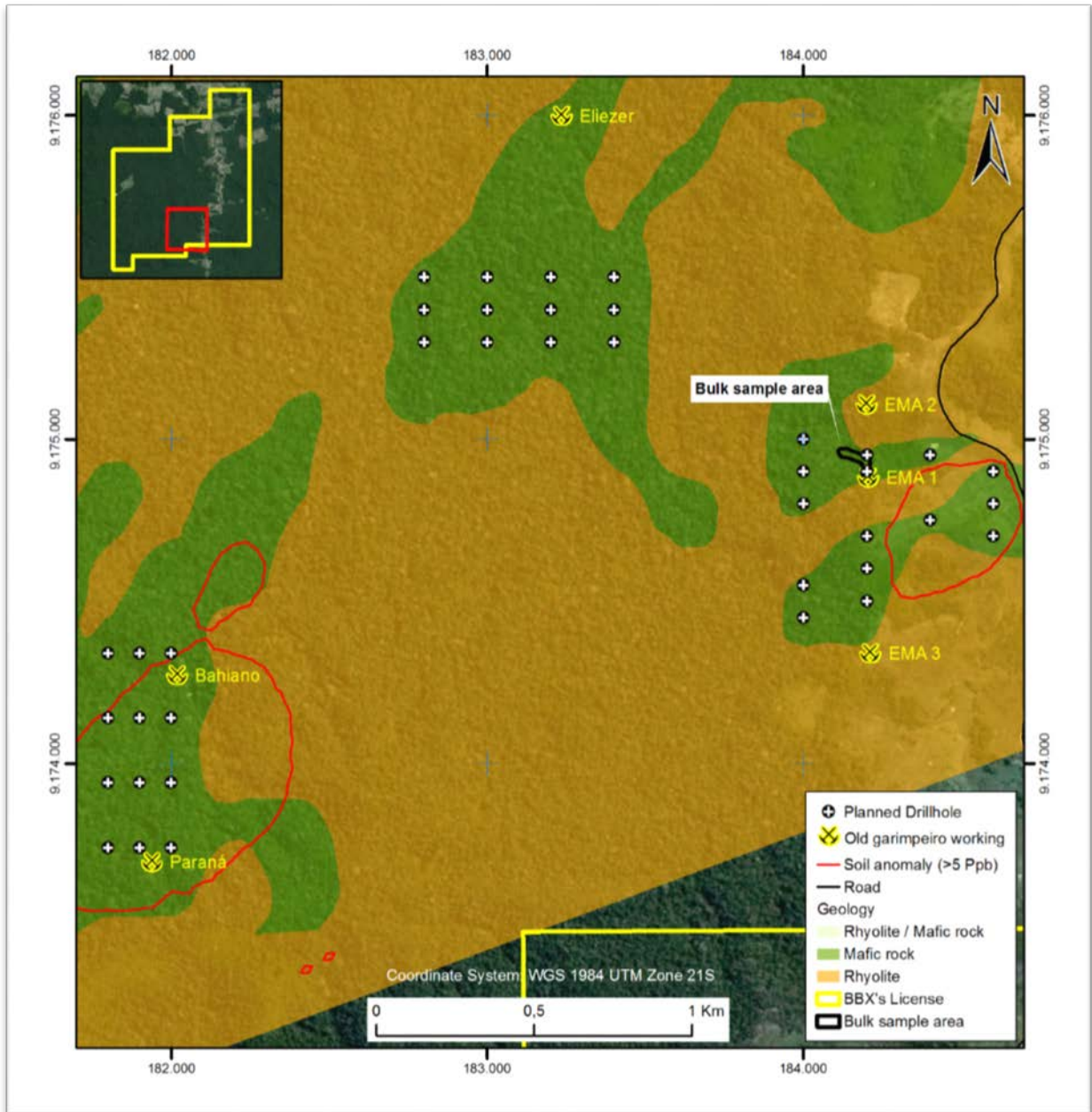


Figure2: Ema geological map showing planned drillhole locations, geochemical anomalies and bulk sample location

Exploration Leases

On 21 September 2016 BBX announced that the DNPM (Mines Dept.) had published the results of a bid process conducted in relation to two previously relinquished tenements east of Juma East totalling 9998 ha and one 9034 ha tenement east of Ema. BBX has been declared the winner of both bids, adding significantly to BBX's ground holdings over the most favourable geological terrain in the underexplored Apui region.

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

Tenement Interest	Area (Ha)	Percentage ownership
DNPM Permit Number 7124/2013 880.115/2008 Location Brazil (Juma East)	9492.79	100% Exploration Licence
DNPM Permit Number 7125/2013 - 880.116/2008 Location Brazil (Juma East)	10,000	100% Exploration Licence
DNPM Permit Number 7126/2013 - 880.117/2008 Location Brazil (Juma East)	9641.77	100% Exploration Licence
DNPM Permit Number 7127/2013 – 880.129/2008 Location Brazil (Juma East)	9307.47	100% Exploration Licence
DNPM Permit Number – 880.151/2014 Location Brazil (Juma East)	662.15	100% Application for Exploration Licence
DNPM Permit Number – 880.185/2016 Location Brazil (Juma East)	980	100% exploration license
DNPM Permit Number - 880.107/08 Location Brazil (Ema)	9839.91	100% Exploration Licences
DNPM Permit Number – 880.185/2016 Location Brazil (Ema)	9034	100% Exploration Licences
DNPM Permit Number - 880.090.08 Location Brazil (Tres Estados)	8172.25	100% Exploration Licences
DNPM Permit Number - 880.094/2014 Location Brazil (Pombos)	1000.36	100% Application for Exploration Licence

Competent Person Statement

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

End of exploration report

Review of Corporate Activities

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

On 6th September 2016 BBX responded with an announcement to shareholders to "take no action" until the company releases its target's statement due on 12 September 2016. On 19th September 2016 BBX advised shareholders that the Australian Securities and Investments Commission ("ASIC") had granted BBX an extension of time by which BBX must lodge its target's statement with ASX and ASIC and dispatch the target's statement to shareholders.

The effect of the extension of time was that:

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

On 3rd October 2016, two of BBX Directors responded with a reject recommendation while one director offered no recommendation.

On the 13th October Drake raised its offer to \$0.046 cents per share under a supplementary bidder's statement. BBX responded on 19th October 2016 with two Directors responding with a reject recommendation while one director offered no recommendation.

The takeover concluded on 21 October 2016 with Drake announcing that acceptances were received for 43,335,395 shares giving Drake a 49.68% interest.

On 26th October 2016 BBX announced appointment of Mr Jeff McKenzie the Company's Chief Executive Officer as an executive Director of the Company effective 26 October 2016 following the resignation of Mr Alistair Smith.

On 18 April 2017 BBX announced it had received commitments to raise \$1,319,668 via a Placement of 20,267,857 shares to existing sophisticated and institutional investors at 5.6 cents per share to raise \$1,135,000, and through the early exercise of 5,763,400, options to raise a further \$184,668. The funds raised will be used to continue developing and enhancing the Company's mineral assay and extraction techniques from the existing drill core of JED001-006, and from surface sampling of Tres Estados and Ema. The placement was strongly supported by the Company's Board of Directors through the exercising of options. The Company's largest shareholder, Drake Private Investments LLC, demonstrated their significant ongoing support via the placement.

On 10 May 2017 BBX announced it has raised an additional \$87,000 to take the amount raised to \$1,396,668 via a total placement of 21,642,856 shares to existing investors at 5.6 cents per share to raise \$1,212,000, and through the early exercise of 5,763,400, options which raised \$184,668. BBX also announced that it had signed a strategic consultancy agreement with Dr Willer Pos, director and partner of WHPos Ltda and principal of e-Reciclar, a small precious metals refiner. Dr Pos, holds a PhD in Environmental Chemistry from Georgia Tech USA, was the former President of the Minas Gerais State Environmental Agency, FEAM and Director of Sustainable Development of Anglo-American Plc's Gold and Iron Division. Dr Pos will provide assistance into further

developing extraction techniques for precious metals from BBX's projects in the Apui region and assist in environmental and permitting matters.

Review of Financial Activities and Position

The net assets of the Group have increased by \$618,479 from \$1,574,387 at 30 June 2016 to \$2,192,866 at 30 June 2017. This increase has been impacted by the following factors;

- Further equity of \$2,682,630 raised to further fund exploration activity.
- Reduction in exploration assets to \$1,488,109 due to impairment of \$1,110,195 attributed to Juma East.

Going concern

The Group incurred a loss after tax in the year from continuing operations of \$1,888,485 (2016 loss: \$1,034,163). The Group has current assets of \$1,270,029 (2016: \$264,467) while current liabilities amount to \$576,163 (2016: \$554,440). The Group's ability to meet its operational obligations is principally contingent on capital raising, and potential to undertake trial mining at Ema and Tres Estados which is expected to begin within the next 12 months. In the event that the trial mining project at Ema and Tres Estados is delayed, the Group's continuance as a going concern will be dependent on its ability to sell its assets and negotiate terms with creditors. This gives rise to some uncertainty in relation to the Group's ability to realise its assets and settle its liabilities at the amounts stated in the financial report. The directors consider the Group to be a going concern based on the following assumptions, which the directors consider reasonable:

1. The Group continues to carefully manage expenditures, particularly head office expenses;
2. During the year, the company raised \$2,682,630. The directors believe that future capital raisings can be undertaken to finance operations as required as key supporting shareholders also hold substantial in the money options
3. The directors and management also have the option of exercising in the money options to raise capital;
4. The Company expects to commence trial mining in 2nd quarter of 2018, which is expected to immediately generate positive cash flows.

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

Dividends paid or recommended

The Group did not declare or pay any dividend for the year ended 30 June 2017 (2016: \$Nil).

Events after the reporting date

On the 3rd July BBX announced the initial results of preliminary metallurgical testing from the Company's Ema Project. BBX advised that the Company is currently focusing its activities on advancing its metallurgical extraction process at the Marcelo da Silva Pinto M.E. facility (Marcelo), using both hydrometallurgical and pyrometallurgical methods. An initial test conducted on the 150kg Ema bulk sample collected over an area of 100m x 40m using a two-step hydrometallurgical process yielded two gold/silver-rich buttons also containing copper and tin from the same 1 kg sample. The buttons were dissolved and analysed by AAS, yielding a combined gold result of 58.16g/t

An additional 300kg surface bulk sample of fresh gabbro has been collected from the Tres Estados prospect from the same area as the previous bulk sample. Crushing, milling and homogenisation of the sample is in progress prior to commencement of ongoing hydrometallurgical and pyrometallurgical test work.

Juma East

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

BBX has appealed this decision and has also been made aware that the entire Amazonas State Federal parliamentary block, with the support of the Ministry of Mines is drafting a parliamentary bill proposing the re-classification of a portion of the National Park, including the area occupied by the two BBX tenements to a lower level of conservation unit which permits mining activities. BBX further advised that due to its current focus on the Três Estados and Ema prospects, where high grade mineralisation is exposed at surface, BBX currently had no plans to initiate exploration at Boia Velha or re-initiate exploration at Guida, where mineralisation was previously identified at depths of 200m to 300m in holes JED-004 and JED-006. Hole JED-001, where mineralisation was intersected at shallower depths is located outside the park boundary.

BBX confirmed it is currently conducting a full review of its tenement portfolio including the two southern tenements at Juma East, where reconnaissance exploration has failed to identify potential for significant near-surface mineralisation. In order to retain these tenements and the Boia Velha lease BBX would need to meet significant minimum work commitment requirements within the next 12 months, which may not be justified. The Company highlighted that the Três Estados and Ema properties are located approximately 60km south of the park boundary in a region of private land ownership, not subject to the threat of any future creation of National Parks or high-level conservation areas. BBX also stated that BBX and its legal advisors are continuing to develop a full understanding of the implications of the action taken by the former president and the Company will ensure that the market is fully informed of any developments.

Future developments and results

BBX will continue to progress the development of Ema and Tres Estados projects in Brazil and is undertaking a review of its Juma East tenements following the creation of the Acari National park. BBX is continuing to refine and develop assay and extraction techniques for the complex Tres Estados and Ema mineralisation. BBX will be undertaking a drilling programme at Tres Estados and Ema by November 2017 following the positive results announced to date. BBX is in the process of applying for a trial mining licence at Tres Estados and Ema to mine up to 50,000 tonnes of ore at each tenement which is expected to generate positive cash flow for the company.

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

Environmental regulations

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

Meetings of directors

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

Number of meetings:	Eligible to attend	Attended
Michael Schmulian	5	5
Will Dix	5	5
Jeff McKenzie	2	2
Alastair Smith	3	3

The directors also meet informally between meetings.

Indemnification and Insurance of Directors and Officers

During the financial year, the company paid a premium of \$7,589 (2016: \$10,120) exclusive of GST, in respect of a contract insuring the directors of the company, the company secretary and all executive officers of the Group against a liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Options

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

Grant Date	Date of Expiry	Exercise Price	Number under Option
25 November 2014 (unlisted)	24 November 2017	\$0.05	13,430,000
1 May 2015 (unlisted)	1 March 2018	\$0.0125	31,895,931
19 April 2016 (unlisted)	19 April 2018	\$0.05	5,704,250
19 April 2016 (unlisted)	19 April 2020	\$0.037	4,750,000
18 May 2016 (unlisted)	18 May 2018	\$0.05	75,000
13 July 2016	13 July 2018	\$0.05	700,000
Total			56,555,181

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

During the year ended 30 June 2017 ordinary shares of BBX Minerals Limited were issued on the exercise of options granted as follows:

Exercise Date	Date of Expiry	Exercise Price	Number of Options Exercised
13 September 2016	1 March 2018	\$0.0125	750,000
6 October 2016	1 March 2018	\$0.0125	967,000
6 October 2016	19 April 2017	\$0.03	2,500,000
11 October 2016	1 March 2018	\$0.0125	8,550,000
11 October 2016	19 April 2018	\$0.05	500,000

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14 October 2016	1 March 2018	\$0.0125	454,190
14 October 2016	19 April 2017	\$0.03	2,000,000
20 October 2016	19 April 2020	\$0.037	2,000,000
21 October 2016	1 March 2018	\$0.0125	350,000
21 October 2016	19 April 2017	\$0.03	2,000,000
21 October 2016	19 April 2020	\$0.037	2,000,000
21 October 2016	19 April 2017	\$0.03	1,000,000
21 October 2016	19 April 2020	\$0.037	2,000,000
20 April 2017	1 March 2018	\$0.0125	1,293,400
20 April 2017	19 April 2018	\$0.05	550,000
20 April 2017	1 July 2017	\$0.05	420,000
20 April 2017	19 April 2017	\$0.03	2,750,000
28 April 2017	24 November 2017	\$0.05	500,000
28 April 2017	19 April 2018	\$0.05	250,000
20 June 2017	1 March 2018	\$0.0125	250,000
20 June 2017	19 April 2018	\$0.05	1,300,000
20 June 2017	24 November 2017	\$0.05	2,550,000
28 June 2017	1 March 2018	\$0.0125	400,000
28 June 2017	1 July 2017	\$0.05	6,000,000
Total			41,334,590

Remuneration report

Remuneration policy

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

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

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

Service Agreements

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

- ☐ Payment for services is capped at USD750 per day or USD15,000 per month plus reasonable expenses.
- ☐ The payment is based pro rata on hours worked per day based on a 20- day month.
- ☐ Either party may terminate the agreement with 3 months' notice.
- ☐ Both Parties have entered into a strict confidentiality agreement.
- ☐ Mr McKenzie does not receive a fee in his capacity as an executive director.

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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 2017

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

30 June 2017	Directors Fees 1	Management Fees 2	Share Based Payments 3	Options Issued	Total Remuneration
Michael Schmulian	24,000	-	4,978	-	28,978
William Dix	24,000	-	4,978	-	28,978
Alastair Smith	12,000	-	4,978	-	16,978
Jeff Mckenzie	-	196,655	9,956	-	206,611
Total	60,000	196,655	24,890	-	281,545

- 1 All Directors fees are expensed relating to 30 June 2017 financial year.
- 2 Mr Mckenzie has requested only \$72,000 of the fees due be paid to him, to assist the company to utilise its cash on its exploration programme. Refer to note 6(a) for further details.
- 3 The share based payment relates to options issued to directors and management on 25 November 2014 17,000,000 @ 5 cents with an expiry date of 24 November 2017 that were amortised over the 3-year period of the options.

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

Key management personnel shareholding and share movement

The number of ordinary shares in the company during the 2017 financial year held by each of the key management personnel, including their related parties is set out below:

2017	Balance at start of year 1/7/2016	Granted during year as remuneration	Options Exercised	Sold on Market	Purchased on Market	Net other Change	Balance at end of year 30/6/2017
Mike Schmulian	7,765,600	-	4,120,000	(2,263,081)	-	-	9,622,519
Will Dix	1,181,368	-	2,000,000		-	-	3,181,368
Alastair Smith (resigned 26 October 2016)	13,136,400	-	-	(13,118,400)	-	(18,000)	-
Jeff McKenzie (appointed 26 October 2016)	4,173,081	-	470,000	-	25,000	-	4,668,081

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 Director's Report

Directors and Key Management Options

The number of options in the company during the 2017 financial year held by each of the key management personnel, including their related parties is set out below:

2017	Balance at start of year	Granted during year as remuneration	Grant from rights /placement issues	Exercised /expired during year	Net other Change	Balance at end of year	Value of options granted as remuneration
Mike Schmulian	7,195,000	-	-	(4,120,000)	-	3,075,000	-
Will Dix	7,020,152	-	-	(2,000,000)	-	5,020,152	-
Alastair Smith (resigned 26 October 2016)	4,459,600	-	-	(3,000,000)	(1,495,600)	-	-
Jeff McKenzie (Appointed 26 October 2016)	9,900,000	-	-	(3,970,000)	-	5,930,000	-

Cash Performance –Related bonuses

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

End of Remuneration Report.

Non-audit services

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

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2017 has been received and can be found on page 17 of the financial report.

Proceedings on Behalf of the Company

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

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors dated 11 August 2017.



Michael Schmulian
 Chairman
 Perth
 11 August 2017

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**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 2017, I declare that, to the best of my knowledge and belief, there have been:

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

Lachlan Nielson Partners Pty Limited



Anthony Rose
Director

Sydney, 11 August 2017

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Statement of Profit or Loss and Other Comprehensive Income

	Note	Consolidated Group	
		2017	2016
		\$	\$
Other income	1	47,239	3,484
		<u>47,239</u>	<u>3,484</u>
Depreciation and amortisation expense		(5,139)	(4,505)
Administration expense		(481,954)	(604,398)
Legal and professional fees		(88,393)	(23,677)
Mining and exploration expenses		(11,997)	(23,901)
Share based payments		(42,262)	(284,464)
Directors fees		(60,000)	(72,000)
Impairment of exploration & evaluation assets	4	(1,110,195)	-
Loan receivable – write off	2	(82,470)	-
Other expenses		(53,314)	(24,702)
Loss from continuing operations before income tax		(1,888,485)	(1,034,163)
Income tax expense		-	-
Loss from continuing operations for the year		(1,888,485)	(1,034,163)
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translating foreign operations		(216,178)	36,494
Total comprehensive loss for the year		(2,104,663)	(997,669)
Attributable to ordinary shareholders		(2,104,663)	(997,669)
Loss per share	8		
From continuing operations			
Basic earnings per share (cents per share)		(0.64)	(0.48)
Diluted earnings per share (cents per share)		(0.64)	(0.48)

This statement should be read with the accompanying notes

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Statement of Financial Position

	Note	Consolidated Group	
		2017	2016
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		1,201,265	247,967
Trade and other receivables	2	68,764	16,500
TOTAL CURRENT ASSETS		1,270,029	264,467
NON-CURRENT ASSETS			
Plant and equipment	3	10,891	14,443
Trade and other receivables	2	-	87,098
Exploration & evaluation assets	4	1,488,109	1,807,726
TOTAL NON-CURRENT ASSETS		1,499,000	1,909,267
TOTAL ASSETS		2,769,029	2,173,734
CURRENT LIABILITIES			
Trade and other payables	5	576,163	554,440
TOTAL CURRENT LIABILITIES		576,163	554,440
NON-CURRENT LIABILITIES			
Trade and other payables	5	-	44,907
TOTAL NON-CURRENT LIABILITIES		-	44,907
TOTAL LIABILITIES		576,163	599,347
NET ASSETS		2,192,866	1,574,387
EQUITY			
Issued capital	6	18,850,509	15,942,361
Accumulated losses		(16,924,633)	(15,036,148)
Other reserves	7	512,988	697,993
Foreign currency translation reserve		(245,997)	(29,819)
TOTAL EQUITY		2,192,866	1,574,387

This statement should be read with the accompanying notes

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Statement of Cash Flows

	Note	Consolidated Group	
		2017	2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest and royalties received		2,332	3,145
Payments to suppliers and employees		(713,907)	(430,162)
Payments for exploration and evaluation		(11,997)	-
Net cash used in operating activities	12	<u>(723,572)</u>	<u>(450,918)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration & evaluation assets		(874,876)	(832,682)
Purchase of property, plant and equipment		(2,247)	(7,542)
Net cash used in investing activities		<u>(877,123)</u>	<u>(840,224)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares, options, etc.		2,682,630	1,041,300
Proceeds from issue of convertible notes		-	250,000
Cost of capital raising		(1,750)	(35,172)
Net cash provided by financing activities		<u>2,680,880</u>	<u>1,256,128</u>
Net increase in cash and cash equivalents held		1,080,185	(35,014)
Cash and cash equivalents at beginning of financial year		247,967	246,227
Exchange rate changes on the balance of cash held in foreign currencies		(126,887)	36,754
Cash and cash equivalents at end of financial year		<u><u>1,201,265</u></u>	<u><u>247,967</u></u>

This statement should be read with the accompanying notes

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Statement of Changes in Equity

Consolidated Group	Note	Share Capital Ordinary	Accumulated Losses	Foreign Exchange Reserve	Other Reserves	Total
		\$	\$	\$	\$	\$
Balance at 01.7.2015		14,786,384	(14,001,985)	(66,313)	196,262	914,348
Profit/(loss) attributable to members of parent entity		-	(1,034,163)	36,494	-	(997,669)
Shares issued during the year		1,093,842	-	-	-	1,093,842
Options issued during the year		-	-	-	279,964	279,964
Options exercised		74,575	-	-	(5,500)	69,075
Convertible notes issued		-	-	-	250,000	250,000
Convertibles notes converted to shares		22,733	-	-	(22,733)	-
Capital raising costs		(35,173)	-	-	-	(35,173)
Balance at 30.6.2016		15,942,361	(15,036,148)	(29,819)	697,993	1,574,387
Loss attributable to members of parent entity		-	(1,888,485)	(216,178)	-	(2,104,663)
Shares issued during the year		1,396,948	-	-	-	1,396,948
Options expense during the year		-	-	-	42,262	42,262
Options exercised		1,285,682	-	-	-	1,285,682
Convertibles notes converted to shares		227,268	-	-	(227,268)	-
Capital raising costs		(1,750)	-	-	-	(1,750)
Balance at 30.6.2017		18,850,509	(16,924,633)	(245,997)	512,987	2,192,866

This statement should be read with the accompanying notes

NOTES TO THE 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 2017 comprises the Company and its controlled entities (the Group). The consolidated financial statements were authorised for issue by the Directors on 11 August 2017.

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. (i) Principles of Consolidation

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

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

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

b (ii) Business Combinations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

c. Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

d. Segment Reporting

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

e. Income Tax

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

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

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

Deferred tax is not provided for the following:

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

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

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

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

f. Revenue recognition

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

Interest is recognised on the accruals basis.

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

NOTES TO THE FINANCIAL STATEMENTS

g. Goods and Services Tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

h. Plant and Equipment

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

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

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

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

i. Financial Instruments

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

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

Financial Assets

Financial assets are divided into the following categories:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Loans and receivables

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

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

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

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

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

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

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

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

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

Financial liabilities

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

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

j. Impairment of non-financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

k. Cash and cash equivalents

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

l. Employee benefits

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

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

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

m. Loss per share

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

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

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

n. Share capital

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

o. Equity-settled compensation

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

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

NOTES TO THE FINANCIAL STATEMENTS

p. Foreign currency transactions and balances

Functional and presentation currency

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

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

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

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

q. Exploration and development expenditure

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

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

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

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

r. Critical accounting estimates and judgements

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

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

Key estimates – share based payments

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

Key judgments – going concern – refer Note 1 s.

Key judgments – doubtful debts provision

Amount receivable from Cooper Juma and amounting to \$82,470 (2016: \$87,098), movement due to fluctuation in foreign exchange, has been written off during the year as the directors are of the opinion that the loan is no longer recoverable. Refer to note 2 to the financial statements for details.

Key judgments - exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded, unless there is a risk of losing the right to tenements to the local authority, or the tenements are in the process of being sold or relinquished voluntarily. At 30 June 2017, the directors assessed the exploration expenditure and decided to impair the same by \$1,110,195. Capitalised exploration expenditure is carried at the end of the reporting period at \$1,488,109 (2016: \$1,807,726).

s. Going concern

The Group incurred a loss after tax in the year from continuing operations of \$1,888,485 (2016 loss: \$1,034,163). The Group has current assets of \$1,270,029 (2016: \$264,467) while current liabilities amounts to \$576,163 (2016: \$554,440). The Group's ability to meet its operational obligations is principally contingent on capital raising, and potential to undertake trial mining at Ema and Tres Estados which is expected to begin within the next 12 months. In the event that trial mining project at Ema and Tres Estados is delayed, the Group's continuance as a going concern will be dependent on its ability to sell its assets and negotiate terms with creditors. This gives rise to a material uncertainty in relation to the Group's ability to realise its assets and settle its liabilities at the amounts stated in the financial report. The directors consider the Group to be a going concern based on the following assumptions, which the directors consider reasonable:

1. The Group continues to carefully manage expenditures, particularly head office expenses;
2. During the year, the company raised \$2,682,630. The directors believe that future capital raisings can be undertaken to finance operations as required as key supporting shareholders also hold substantial in the money options
3. The directors and management also have the option of exercising in the money options to raise capital;
4. The Company expects to commence trial mining in 2nd quarter of 2018, which is expected to immediately generate positive cash flows.

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

t. Adoption of new and revised accounting standards

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

1. REVENUE FROM CONTINUING OPERATIONS

	Consolidated Group	
	2017	2016
	\$	\$
<i>Other revenue</i>		
Interest received	2,332	3,484
Write-off of payables	44,907	-
	47,239	3,484

NOTES TO THE FINANCIAL STATEMENTS

2. TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2017	2016
	\$	\$
<i>CURRENT</i>		
Trade and other receivables	68,764	16,500
<i>NON-CURRENT</i>		
Loans to CooperJuma – related party (a)	-	87,098

(a) Based on director's review at 30 June 2017, loan receivable from Cooper Juma outstanding from October 2013 was no longer considered recoverable and accordingly has been written off.

3. PLANT AND EQUIPMENT

	Motor Vehicles	Office Equipment	Total
	\$	\$	\$
Year ended 30 June 2017			
Opening net book balance	10,523	3,920	14,443
Additions	-	2,247	2,247
Foreign exchange	(365)	(295)	(660)
Depreciation charge	(4,521)	(618)	(5,139)
Net book balance	5,637	5,254	10,891
As at 30 June 2017			
Cost or fair value	21,632	6,607	28,239
Accumulated depreciation	(15,995)	(1,353)	(17,348)
Net book value	5,637	5,254	10,891
Year ended 30 June 2016			
Opening net book balance	8,819	2,968	11,787
Additions	6,331	1,211	7,542
Foreign exchange	(359)	(22)	(381)
Depreciation charge	(4,268)	(237)	(4,505)
Net book balance	10,523	3,920	14,443
As at 30 June 2016			
Cost or fair value	22,846	4,727	27,573
Accumulated depreciation	(12,323)	(807)	(13,130)
Net book value	10,523	3,920	14,443

NOTES TO THE FINANCIAL STATEMENTS

4. EXPLORATION AND EVALUATION ASSETS

	Consolidated Group	
	2017	2016
	\$	\$
Recoverable within 12 months	-	-
Recoverable after 12 months	1,488,109	1,807,726
	<u>1,488,109</u>	<u>1,807,726</u>

Exploration Licenses are carried at cost of acquisition less impairment losses. The Directors have reviewed the carrying value of the exploration of the Juma East tenements following the advice received from the DNPM of the creation of the Acari National Park and a request to relinquish 100% of Boia Velha tenement and 86% of the Guida tenement. Whilst an appeal has been lodged with the local authority to re-consider their request, the Directors have taken a conservative approach to the value of the project and impaired 50% of the Juma East exploration costs. Depending on the outcome of BBX's appeal against the reduction in the tenements, the Directors will further review the balance of the Juma East tenement prior to 31 December 2017. As the Company is continuing to explore its Ema and Tres Estados tenements and further exploration costs will be incurred, as the Company continues its drilling and exploration programme, no assessment could be made on whether to impair any assets relating to Ema and Tres Estados until the end of the drilling or exploration programmes.

Exploration and evaluation	Consolidated Group	
	2017	
	\$	
Balance at beginning of the year	1,807,726	
Impairment of exploration and evaluation	(1,110,195)	
Foreign exchange	(84,298)	
Expenditure incurred on existing assets	874,876	
Balance at end of the year	<u>1,488,109</u>	
	<u>1,488,109</u>	
	2016	
	\$	
Balance at beginning of the year	959,928	
Expenditure incurred on existing assets	847,798	
Balance at end of the year	<u>1,807,726</u>	
	<u>1,807,726</u>	

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

NOTES TO THE FINANCIAL STATEMENTS

5. TRADE AND OTHER PAYABLES

	Consolidated Group	
	2017	2016
	\$	\$
<i>CURRENT</i>		
Unsecured liabilities		
Trade payables	69,789	117,754
Other payables and accruals (a)	506,374	436,686
	576,163	554,440
<i>NON-CURRENT</i>		
Unsecured liabilities	-	44,907

(a) \$479,863 is payable to Jeff McKenzie (2016: \$412,186) in relation to management fees.

6. ISSUED AND PAID-UP CAPITAL

	2017	2016	2017	2016
	No	No	\$	\$
Ordinary shares fully paid	339,355,333	246,253,208	18,850,509	15,942,361

Movements in ordinary share capital:

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

NOTES TO THE FINANCIAL STATEMENTS

Date	Details	Number of shares	Issue Price	\$
1 July 2016	Balance	246,253,208	-	15,942,361
14 July 2016	Shares issued	2,800,000	0.0250	70,000
19 August 2016	Shares issued	4,597,928	0.0250	114,948
19 August 2016	Conversion of convertible note	22,726,750	0.0100	227,268
12 September 2016	Options converted to shares	750,000	0.0125	9,375
5 October 2016	Options converted to shares	967,000	0.0125	12,087
5 October 2016	Options converted to shares	2,500,000	0.0300	75,000
10 October 2016	Options converted to shares	8,550,000	0.0125	106,875
10 October 2016	Options converted to shares	500,000	0.0300	15,000
14 October 2016	Options converted to shares	454,190	0.0125	5,677
14 October 2016	Options converted to shares	2,000,000	0.0300	60,000
20 October 2016	Options converted to shares	2,000,000	0.0370	74,000
21 October 2016	Options converted to shares	350,000	0.0125	4,375
21 October 2016	Options converted to shares	3,000,000	0.0300	90,000
21 October 2016	Options converted to shares	4,000,000	0.0370	148,000
19 April 2017	Options converted to shares	1,293,400	0.0125	16,168
19 April 2017	Options converted to shares	2,750,000	0.0300	82,500
19 April 2017	Options converted to shares	970,000	0.0500	48,500
19 April 2017	Shares issued	18,950,000	0.0560	1,061,200
27 April 2017	Options converted to shares	750,000	0.0500	37,500
27 April 2017	Shares issued	1,367,857	0.0560	76,600
10 May 2017	Shares issued	1,325,000	0.0560	74,200
20 June 2017	Options converted to shares	250,000	0.0125	3,125
20 June 2017	Options converted to shares	3,850,000	0.0500	192,500
28 June 2017	Options converted to shares	400,000	0.0125	5,000
28 June 2017	Options converted to shares	6,000,000	0.0500	300,000
	Less: Transaction costs arising on issue	-	-	(1,750)
30 June 2017	Balance	339,355,333	-	18,850,509

7. OTHER RESERVES

	Consolidated Group	
	2017	2016
	\$	\$
Option Reserve	512,987	470,725
Convertible Note	-	227,268
	<u>512,987</u>	<u>697,993</u>

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Option Reserve	2017	2016	2017	2016
	No	No	\$	\$
Balance at the beginning of the financial period	85,826,396	55,831,521	470,725	196,262
Issue of 6,000,000 unlisted options to consultants exercisable at \$0.05 each on or before 1 July 2017	-	-	-	14,053
Issue of 17,000,000 unlisted options to consultants and directors exercisable at \$0.05 each on or before 24 November 2017	-	-	42,262	28,209
Issue of 750,000 unlisted options @\$0.0125 each exercisable on or before 1 March 2018	-	750,000	-	-
Issue of 250,000 unlisted options @\$0.0125 each exercisable on or before 1 March 2018	-	250,000	-	-
Issue of 7,500,000 unlisted options @\$0.0125 each exercisable on or before 1 March 2018	-	7,500,000	-	-
Issue of 3,720,000 unlisted options @\$0.0125 each exercisable on or before 1 March 2018	-	3,720,000	-	-
Exercise of options @ \$0.0125	(13,014,590)	(3,066,000)	-	-
Exercise of options @ \$0.05 cents	(11,570,000)	(725,000)	-	-
Issue of 7,925,000 unlisted options @\$0.0125 exercisable on or before 1 March 2018	-	7,925,000	-	-
Expiry of unlisted options @ \$0.05 on 30 March 2016	-	(16,875,000)	-	(5,500)-
Issue of 7,804,250 unlisted options to shareholders exercisable at \$0.05 cents on or before 19 April 2018	-	7,804,250	-	-
Issue of 1,136,625 unlisted options @\$0.0125 exercisable on or before 1 March 2018 (convertible note)	-	1,136,625	-	-
Issue of 10,750,000 unlisted options to consultants, management and directors exercisable at \$0.03 each on or before 19 April 2017 (a)	-	10,750,000	-	-
Issue of 10,750,000 unlisted options to consultants, management and directors exercisable at \$0.037 each on or before 19 April 2020	-	10,750,000	-	237,701
Issue of 75,000 unlisted options to shareholders exercisable at \$0.05 each on or before 18 May 2018	-	75,000	-	-
Issue of 700,000 unlisted options to shareholders exercisable at \$0.05 each on or before 13 July 2018 (convertible notes)	700,000	-	-	-
Issue of 11,363,375 unlisted options exercisable at \$0.0125 unlisted	11,363,375	-	-	-
Exercise of options @ \$0.03	(10,750,000)	-	-	-
Exercise of options @ \$0.037	(6,000,000)	-	-	-
Balance at the end of the financial period	56,555,181	85,826,396	512,987	470,725

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

NOTES TO THE FINANCIAL STATEMENTS

	<u>2017</u>	<u>2016</u>
Dividend yield (%)	-	0%
Expected volatility (%)	-	140%
Risk free interest rate (%)	-	2.07%
Expected life of the option (years)	-	1.00
Option exercise price (\$)	-	\$0.03
Share price at grant date (\$)	-	\$0.027

Convertible Notes	2017	2016	2017	2016
	No	No	\$	\$
Balance at the beginning of the financial period				
Issue of Convertible note to Drake Private Investments LLC	22,726,750	25,000,000	227,268	250,000
2,273,250 ordinary shares on conversion of convertible notes with face value of \$0.01	-	(2,273,250)	-	(22,732)
22,726,750 ordinary shares on conversion of convertible notes with face value of \$0.01	(22,726,750)	-	(227,268)	-
Balance at the end of the financial period	<u>-</u>	<u>22,726,750</u>	<u>-</u>	<u>227,268</u>

The 25,000,000 convertible notes issued had a face value of \$0.01 each had a maturity date of 31 December 2016. These were issued as payment for the \$250,000 loan provided. As at balance date, all convertible notes have been converted to ordinary shares.

8. LOSS PER SHARE

	Consolidated Group	
	2017	2016
	Cents	Cents
Basic loss per share		
From continuing operations	(0.64)	(0.48)
Total basic earnings per share	(0.64)	(0.48)
Diluted loss per share		
From continuing operations	(0.64)	(0.48)
Total basic earnings per share attributable to the ordinary equity holders of the company	(0.64)	(0.48)

Reconciliation of earnings used to calculate loss per share

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

Basic earnings per share

Loss attributable to the ordinary equity holders of the company:		
Loss from continuing operations	(1,888,485)	(1,034,163)
Loss attributable to the shareholders of the company	(1,888,485)	(1,034,163)
Weighted average number of ordinary shares for the purposes of basic earnings per share	295,825,119	214,209,898

NOTES TO THE FINANCIAL STATEMENTS

8. LOSS PER SHARE (cont'd)

Diluted earnings per share

Loss attributable to the ordinary equity holders of the company:

Loss from continuing operations	(1,888,485)	(1,034,163)
Loss attributable to the shareholders of the company	(1,888,485)	(1,034,163)
Weighted average number of ordinary shares for the purposes of basic e.p.s - does not include options which are antidilutive	295,825,119	214,209,898

9. CONTROLLED ENTITIES

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

10. RELATED PARTIES

Directors and Key Management Personnel

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

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

<i>Loans receivable:</i>	2017	2016
	\$	\$
Loans to Cooper Juma (Note 2)	-	87,098
Other Payables		
Related party payables (Note 5 (a))	478,863	412,186
<i>Options issued under Share based payments:</i>		
Paid to directors	14,934	14,934
Paid to Executive Director /CEO	9,956	9,956
Company Secretary/Exploration Manager	17,372	17,372
Total	42,262	42,262

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

NOTES TO THE FINANCIAL STATEMENTS

11. SEGMENT INFORMATION

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

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

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

(a) Profit / (loss) after tax

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

	Consolidated Group	
	2017	2016
	\$	\$
Loss after tax for the year	(1,888,485)	(1,034,163)
Loss for the year	(1,888,485)	(1,034,163)

(b) Segment assets

Reportable segment assets are reconciled to total assets as follows:

Segment assets	2,769,029	2,173,734
Total assets per the statement of financial position	2,769,029	2,173,734

(c) Segment liabilities

Reportable segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	576,163	599,347
Total liabilities per the statement of financial position	576,163	599,347

NOTES TO THE FINANCIAL STATEMENTS

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

	Consolidated Group	
	2017	2016
	\$	\$
Net loss after income tax	(1,888,485)	(1,034,163)
Shares issued to key management personnel in lieu of payment	-	102,000
Share based payments	42,262	284,464
Depreciation & amortisation	5,139	4,505
Write-off payables	(44,907)	-
Loan receivable written off	82,470	-
Impairment of exploration	1,110,195	-
Realised foreign exchange gain	295	(295)
Changes in operating assets and liabilities:		
<i>(Increase)/Decrease in assets:</i>		
(Increase) /Decrease current receivables	(52,264)	21,470
<i>Increase/(Decrease in liabilities:</i>		
Increase/ (Decrease) in trade payables	21,723	171,101
Net cash flow from operating activities	<u>(723,572)</u>	<u>(450,918)</u>

13. AUDITORS' REMUNERATION

	Consolidated Group	
	2017	2016
	\$	\$
Audit and review of financial statements:		
Auditors of BBX Minerals Limited – LNP Audit and Assurance		
Remuneration for audit or review of financial statements	49,000	43,500
Other services remuneration:	-	-
Total auditor's remuneration	<u>49,000</u>	<u>43,500</u>

NOTES TO THE FINANCIAL STATEMENTS

14. FINANCIAL RISK MANAGEMENT

Capital Risk Management

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

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

There are no externally imposed capital requirements for the Group.

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

	Consolidated Group	
	2017	2016
	\$	\$
Financial Assets		
Cash and cash equivalents	1,201,265	247,967
Trade and other receivables	68,764	16,500
Total Financial Assets	1,270,029	264,467
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables	576,163	554,440
Total Financial Liabilities	576,163	554,440

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

NOTES TO THE FINANCIAL STATEMENTS

be rolled forward.

Consolidated group financial liability maturity analysis due for repayment;

	Within 1 Year		1 to 5 Years		Total	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Trade and other payables	576,163	554,440	-	-	576,163	554,440
Total expected outflows	576,163	554,440	-	-	576,163	554,440

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 2017 would have increase/(decreased) equity and profit or loss by the amounts shown below. The analysis is based on foreign currency exchange rate variances that the Group considered reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

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

	Strengthening		Weakening	
	Equity	Profit or loss	Equity	Profit or loss
30-Jun-17				
BRL (10% movement)	282,045	95,057	(282,042)	(8,641)
30-Jun-16				
BRL (10% movement)	190,571	16,798	(190,571)	(16,798)

NOTES TO THE FINANCIAL STATEMENTS

15. PARENT ENTITY FINANCIAL INFORMATION

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

	Parent	
	2017	2016
	\$	\$
Balance Sheet		
Current Assets	1,157,930	238,393
Non- Current Assets	4,413,640	3,242,714
Total Assets	5,571,570	3,481,107
Current Liabilities	537,78	516,155
Non-Current Liabilities	-	44,907
Total Liabilities	537,788	561,062
Net assets	5,033,782	2,920,045
Shareholder Equity		
Issued capital	18,850,509	15,942,361
Reserves	512,988	697,993
Accumulated Losses	(14,329,715)	(13,720,309)
	5,033,782	2,920,045
Statement of Comprehensive Income		
Total loss	(609,406)	(919,832)
Total comprehensive loss	(609,406)	(919,832)

NOTES TO THE FINANCIAL STATEMENTS

16. SUBSEQUENT EVENTS

On the 3rd July BBX announced the initial results of preliminary metallurgical testing from the Company's Ema Project. BBX advised that the Company is currently focusing its activities on advancing its metallurgical extraction process at the Marcelo da Silva Pinto M.E. facility (Marcelo), using both hydrometallurgical and pyrometallurgical methods. An initial test conducted on the 150kg Ema bulk sample collected over an area of 100m x 40m using a two-step hydrometallurgical process yielded two gold/silver-rich buttons also containing copper and tin from the same 1 kg sample. The buttons were dissolved and analysed by AAS, yielding a combined gold result of 58.16g/t

An additional 300kg surface bulk sample of fresh gabbro has been collected from the Tres Estados prospect from the same area as the previous bulk sample. Crushing, milling and homogenisation of the sample is in progress prior to commencement of ongoing hydrometallurgical and pyrometallurgical test work.

Juma East

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

BBX has appealed this decision and has also been made aware that the entire Amazonas State Federal parliamentary block, with the support of the Ministry of Mines is drafting a parliamentary bill proposing the re-classification of a portion of the National Park, including the area occupied by the two BBX tenements to a lower level of conservation unit which permits mining activities. BBX further advised that due to its current focus on the Três Estados and Ema prospects, where high grade mineralisation is exposed at surface, BBX currently had no plans to initiate exploration at Boia Velha or re-initiate exploration at Guida, where mineralisation was previously identified at depths of 200m to 300m in holes JED-004 and JED-006. Hole JED-001, where mineralisation was intersected at shallower depths is located outside the park boundary.

BBX confirmed it is currently conducting a full review of its tenement portfolio including the two southern tenements at Juma East, where reconnaissance exploration has failed to identify potential for significant near-surface mineralisation. In order to retain these tenements and the Boia Velha lease BBX would need to meet significant minimum work commitment requirements within the next 12 months, which may not be justified. The Company highlighted that the Três Estados and Ema properties are located approximately 60km south of the park boundary in a region of private land ownership, not subject to the threat of any future creation of National Parks or high-level conservation areas. BBX also stated that BBX and its legal advisors are continuing to develop a full understanding of the implications of the action taken by the former president and the Company will ensure that the market is fully informed of any developments.

NOTES TO THE FINANCIAL STATEMENTS

17. CONTINGENT LIABILITIES

The Group has following contingent liabilities at 30 June 2017. BBX can exit any of the leases on EMA, Juma East and Tres Estados without any further commitments.

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

- Lease payment originally due 15 February 2017 of USD50,000 each for DNPM 880.115/2008 and DNPM 880.116/2008 have been renegotiated to four payments of USD12,500 for each tenement commencing May 2017.
- Lease Payments under DNPM 880.129/2008 and DNPM 880.117/2008 have been suspended pending the outcome of the appeal by BBX on the impact on the tenements by the creation of the Acari National Park

18. COMMITMENTS

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

19. TAX LOSSES

The parent entity has tax losses of \$1,580,612 as at 30 June 2016. The benefit relating to these and the current year losses has not been recognised as it is not probable that the benefit will be utilised in the near future.

DIRECTORS DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 19 to 44 are in accordance with the Corporations Act 2001 and:
 1. comply with Accounting Standards and the Corporations Regulations 2001; and
 2. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the company;
2. the Chief Executive Officer has declared that:
 1. The financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
 2. The financial statements and notes for the financial year comply with the Accounting Standards, and;
(c) The financial statements and notes for the financial year give a true and fair view;
1. in the directors' opinion, there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Michael Schmulian
Chairman
11 August 2017
Perth

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BBX MINERALS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BBX Minerals Limited (the Company), including its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Company.

In our opinion:

- (a) the accompanying financial report of BBX Minerals Limited is in accordance with the Corporations Act 2001, including:
 - i) Giving a true and fair view of the Group's consolidated financial position as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and
 - ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed the matter
<p>Exploration costs</p> <p>The groups balance sheet includes exploration expenditure of \$1,488,149. The assessment of the recoverability and impairment accordingly of these assets incorporates significant judgement in respect of factors such as strategy to recover them, future production prospects and levels, commodity prices, operating and capital availability and costs and economic assumptions such as discount, inflation and foreign exchange rates and changes to regulatory frameworks of the jurisdiction governing the industry in which the Group is carrying out its exploration activities.</p> <p>The impairment charges of exploration expenditure recorded during the year amounted to \$1,110,195.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Testing the design and operation of internal controls over valuation of these assets including those to determine any impairments; • Evaluating the Group’s assumptions and estimates used to determine the recoverable amount of assets, including those relating to method of recovery, cost, capital expenditure, discount rates and foreign exchange rates; • Validating the mathematical accuracy of cashflow models and agreeing relevant data to underlying information and assumptions; and • Assessing the adequacy of the Group’s disclosures in respect of asset carrying values and impairment testing.
<p>Related party transactions – share based payments</p> <p>The Group rewards management and directors with share option rights for their service. AASB Share based payments requires the options to be fair valued and recognised over the vesting period.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Obtaining the board minutes meeting to verify that adequate shareholders and board approval have been obtained for • Reviewing the option rights valuation to ensure that the valuation technique used is a generally accepted valuation methodology and incorporates all factors and assumptions that knowledgeable, willing market participants would consider in setting the price.

Material Uncertainty Relating to Going Concern

Without modification to our opinion expressed above attention is drawn to the Note 1(s) of the consolidated financial report, which sets out the basis on which the directors believe that the Group will be able to continue as a going. The Group incurred a loss after tax in the year from continuing operations of \$1,888,485 (2016 loss: \$1,034,163). The Group has current assets of \$1,270,029 (2016: \$264,467) while current liabilities amounts to \$576,163 (2016: \$554,440). The Group’s ability to meet

its operational obligations are principally contingent on capital raising, and the potential to undertake trial mining at Ema and Tres Estados which is expected to begin within the next 12 months. In the event that the trial mining project at Ema and Tres Estados is delayed, the Group's continuance as a going concern will be dependent on its ability to sell its assets and negotiate terms with creditors. This gives rise to a material uncertainty in relation to the Group's ability to realise its assets and settle its liabilities at the amounts stated in the financial report.

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

Other information

The Directors are responsible for the other information. The other information comprises the information to be included in the Annual Report to Shareholders for the year ended 30 June 2017 (Annual Report), which is not included in the financial report for the year ended 30 June 2017 (Financial Report) and our auditors report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

Directors' Responsibilities

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material

if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public

disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 2017.

In our opinion, the Remuneration Report of BBX Minerals Limited for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

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

Lachlan Nielson Partners Pty Limited



Anthony Rose
Director

Sydney, 11 August 2017

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

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

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

This Statement was approved by the Board of Directors and is current as at 22 September 2017.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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

The Company has complied with this recommendation.

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

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

The Company has partly complied with this recommendation.

Mr Jeff McKenzie, the Company’s Chief Executive was appointed an Executive Director during the year. As Mr McKenzie was already employed by the Company no checks were undertaken prior to his appointment. Information in relation to Mr McKenzie is set out in the Directors report.

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

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

The Company has complied with this recommendation.

The Company has in place written agreements with each Director.

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

The Company has complied with this recommendation.

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

ASX Recommendation 1.5: a listed entity should:

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

The Company partly complies with this recommendation.

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

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

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

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

The Company has complied with this recommendation.

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

A performance review was undertaken during the reporting period.

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

The Company has complied with this recommendation.

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

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

Prior to his appointment as a Director, the Company had only one executive, the Chief Executive Officer (Executive Director). A formal appraisal meeting to review the Chief Executive /Executive Director performance was not conducted during the year however the Board received a report at each of its meetings from the Chief Executive /Executive Director of activities being undertaken and as such constantly monitored the Chief Executive /Executive Director performance.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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

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

The Company has not complied with this recommendation.

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

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

The Company has complied with this recommendation.

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

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

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

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

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

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

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

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

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

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

The Company has complied with this recommendation.

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

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

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

The Company has complied with this recommendation.

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

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

The Company has complied with this recommendation.

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

Mr Jeff McKenzie is Chief Executive /Executive Director of the Company.

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

The Company has complied with this recommendation.

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

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

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

The Company has complied with this recommendation.

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

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

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

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

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

The Company has not complied with this recommendation.

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

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

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

The Company partly complies with this recommendation.

The Board has received the assurance required by ASX Recommendation 4.2 in respect of the financial statements for the half year ended 31 December 2016 and the full year ended 30 June 2017. From the Chief Executive /Executive Director. The Company does not presently have a Chief Financial Officer (or equivalent) appointed. Given the size and nature of the Company's operations the Board has not received the assurance in respect of the quarterly cash flow statements believing that the provision of the assurance for the half and full year financial statements is sufficient.

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

The Company has complied with this recommendation.

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

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

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

The Company has complied with this recommendation.

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

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

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

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

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

The Company has complied with this recommendation.

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

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

The Company has complied with this recommendation.

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

Contact with the Company can be made via email addresses provided on the website for the Chief Executive /Executive Director and the Company Secretary.

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

The Company has complied with this recommendation.

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

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

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

The Company has complied with this recommendation.

Contact with the Company can be made via email addresses provided on the website for the Chief Executive /Executive Director and the Company Secretary.

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

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

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

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

The Company has not complied with this recommendation.

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

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

The Company has complied with this recommendation.

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

The Board conducted a review during the reporting period.

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

The Company has complied with this recommendation.

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

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

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

The Company has complied with this recommendation.

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

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

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

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

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

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

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

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

The Company has not complied with this recommendation.

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

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

The Company has complied with this recommendation.

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

Details of Mr McKenzie service contract is included in the Company's remuneration report. Mr McKenzie may, subject to shareholder approval, be granted equity based remuneration.

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

The Company has complied with this recommendation.

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

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

1. SECURITY HOLDER INFORMATION

(a) Shareholders

The twenty largest shareholders hold 86.76 % of the total issued ordinary shares in the Company as at 22 September 2017.

Position	Holder Name	Holding	% IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	170,891,466	46.25%
2	MR TOBY ROBERT SECRETAN CHANDLER	27,650,928	7.48%
3	AJ IGO PTY LTD <ADE SUPERANNUATION FUND A/C>	26,041,286	7.05%
4	DRAKE PRIVATE INVESTMENTS LLC	20,000,000	5.41%
5	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	15,795,418	4.27%
6	KARL PAGE INVESTMENTS PTY LTD <THE KARL PAGE FAMILY A/C>	9,253,001	2.50%
7	ANTONIO EDUARDO MONTEIRO DE CASTRO	6,700,000	1.81%
8	MR ANDREW JOHN IGO	6,000,001	1.62%
9	CITICORP NOMINEES PTY LIMITED	5,566,114	1.51%
10	MICHAEL LEON SCHMULIAN	4,592,000	1.24%
11	ANTONIO DE CASTRO	4,000,000	1.08%
12	JEFFREY ROBERT MCKENZIE	3,573,081	0.97%
13	MICHAEL LEON SCHMULIAN	3,173,600	0.86%
14	LAUREN PAGE INVESTMENTS PTY LTD <THE LAUREN PAGE FAMILY A/C>	2,700,000	0.73%
15	DRAKE PRIVATE INVESTMENTS LLC	2,644,250	0.72%
16	ALASTAIR SMITH	2,500,000	0.68%
17	MS VIVIENNE MADELEINE MAYA	2,250,000	0.61%
18	CLAYTON DAVID JAMES THOM	2,000,000	0.54%
18	WILLIAM ROBERT DIX	2,000,000	0.54%
19	MICHAEL LEON SCHMULIAN	1,736,919	0.47%
20	ENERGOLD DRILLING CORP	1,511,650	0.41%
	Total	320,579,714	86.76%
	Total issued capital -	369,499,583	100.00%

Distribution of Shareholders as at 22 September 2017.

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	145	69,962	0.02%
1,001 - 5,000	231	711,304	0.19%
5,001 - 10,000	99	846,979	0.23%
10,001 - 100,000	322	12,276,729	3.32%
100,001 - 9,999,999,999	111	355,594,609	96.24%
Totals	908	369,499,583	100.00%

Number of holders of unmarketable parcels – Ordinary shares

Unmarketable parcels 241 totalling 252,824 shares

Domicile of shareholders

Security Code	Security Name	Location	Investors	Holdings	% IC
BBX	ORDINARY FULLY PAID SHARES	Australia	851	318,859,717	86.30%
BBX	ORDINARY FULLY PAID SHARES	ACT	11	370,260	0.10%
BBX	ORDINARY FULLY PAID SHARES	NSW	484	253,262,736	68.54%
BBX	ORDINARY FULLY PAID SHARES	NT	3	174,000	0.05%
BBX	ORDINARY FULLY PAID SHARES	QLD	85	33,753,983	9.14%
BBX	ORDINARY FULLY PAID SHARES	SA	35	2,693,811	0.73%
BBX	ORDINARY FULLY PAID SHARES	TAS	7	1,389,016	0.38%
BBX	ORDINARY FULLY PAID SHARES	VIC	92	11,970,145	3.24%
BBX	ORDINARY FULLY PAID SHARES	WA	134	15,245,766	4.13%
BBX	ORDINARY FULLY PAID SHARES	Brazil	7	11,218,400	3.04%
BBX	ORDINARY FULLY PAID SHARES	Canada	1	1,511,650	0.41%
BBX	ORDINARY FULLY PAID SHARES	France	2	816	0.00%
BBX	ORDINARY FULLY PAID SHARES	New Zealand	30	7,998,549	2.16%
BBX	ORDINARY FULLY PAID SHARES	Philippines	1	125,000	0.03%
BBX	ORDINARY FULLY PAID SHARES	United Arab Emirates	2	610,000	0.17%
BBX	ORDINARY FULLY PAID SHARES	United States	14	29,175,451	7.90%
Totals			908	369,499,583	100.00%

Substantial Shareholders as at 22 September 2017.

The Company's register of substantial shareholders shows the following

Name	Number of Shares
Drake Private Investments LLC	193,511,716
T Chandler	27,650,928
AJ Igo Pty Ltd	26,041,286

(b) Unquoted options

BBXOPT1 - UNLISTED OPTIONS EXP 24/11/2017 @ \$0.05

22-Sep-2017

Holding Ranges	Holders	Total Units
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	-	-
100,001 - 9,999,999,999	4	13,430,000
Totals	4	13,430,000

Holders of more than 20% of the number on issue

J McKenzie	40.43%
W Dix	22.34%
ML Schmulian	22.34%

BBXOPT2 – UNLISTED OPTIONS EXP 01/03/2018 @ \$0.0125

22-Sep-2017

Holding Ranges	Holders	Total Units
1 - 1,000	10	4,642
1,001 - 5,000	8	21,721
5,001 - 10,000	1	5,216
10,001 - 100,000	9	606,752
100,001 - 9,999,999,999	6	3,757,600
Totals	34	4,395,931

Holders of more than 20% of the number on issue

Yardie (WA) Pty Ltd	33.16%
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BBXOPT3 - UNLISTED OPTIONS EXP 19/04/2018 @ \$0.05
22-Sep-2017

Holding Ranges	Holders	Total Units
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	2	175,000
100,001 - 9,999,999,999	8	2,885,000
Totals	10	3,060,000

Holders of more than 20% of the number on issue

T Chandler 24.02%

BBXOPT5 - UNLISTED OPTIONS EXP 19/04/2020 @ \$0.037
22-Sep-2017

Holding Ranges	Holders	Total Units
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	-	-
100,001 - 9,999,999,999	3	4,750,000
Totals	3	4,750,000

Holders of more than 20% of the number on issue

W Dix 42.11%

C Smith 42.11%

BBXOPT6 - UNLISTED OPTIONS EXP 18/05/2018 @ \$0.05
22-Sep-2017

Holding Ranges	Holders	Total Units
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	1	75,000
100,001 - 9,999,999,999	-	-
Totals	1	75,000

Holders of more than 20% of the number on issue

M L Schmulian 100%

BBXOPT7 - UNLISTED OPTIONS EXP 13/07/2018 @ \$0.05

22 September 2017

Holding Ranges	Holders	Total Units
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	2	200,000
100,001 - 9,999,999,999	1	500,000
Totals	3	700,000

Holders of more than 20% of the number on issue

J McKenzie 71.43%%

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.