

# **BBX MINERALS LIMITED**

ACN 089 221 634

## **FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

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

This interim Financial Report should be read in conjunction with the company's most recent annual financial report for the year ended 30 June 2017.

# **Corporate Directory**

## **Half Year-Ended 31 December 2017**

### **Directors**

Michael Schmulian (Chairman)

William Dix

Jeff McKenzie

### **Secretary**

Simon Robertson

### **Registered Office**

Suite 1 Level 1 35 Havelock Street West Perth

WA Australia 6005

Telephone +61 8 6555 2955

Facsimile +61 8 6210 1153

### **Share Registry**

Automic Registry Services

Level 2, 267 St George Terrace

Perth WA 6000

Telephone +61 8 9324 2099

Facsimile +61 8 9321 2337

### **Auditor**

LNP Audit and Assurance

Level 14, 309 Kent Street

Sydney NSW 2000

### **Securities Exchange**

Australian Securities Exchange

152-158 St Georges Terrace

PERTH WA 6000

### **ASX Code**

BBX (fully paid ordinary shares)

**Directors' Report**  
**Half-Year Ended 31 December 2017**

The directors of BBX Minerals Limited submit the consolidated financial report of BBX Minerals Limited (“BBX”) and its controlled entities (“the Group”) for the half-year ended 31 December 2017.

**Directors**

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

Mr Michael Schmulian

Mr William Dix

Mr Jeff McKenzie

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

**Review of Operations**

The consolidated total comprehensive loss of the group for the half-year after income tax was \$1,523,750 (December 2016: \$433,161).

**Project Announcements**

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

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

Table 1. Results of hydrometallurgical test on Ema bulk sample (back-calculated to original sample weight)

On 20 September 2017 BBX announced that it had commenced reverse circulation (RC) drilling at the Três Estados prospect in late August.



RC drill rig at Três Estados



One metre RC chip samples from hole TERC 02 showing fresh gabbro from 13m.

**Directors' Report**  
**Half-Year Ended 31 December 2017**

On 26<sup>th</sup> October 2017 BBX announced it had completed its reverse circulation (RC) drilling programme at the Três Estados and Ema prospects. Twenty-five holes totalling 930 metres were drilled at both projects. A thicker than anticipated weathering profile was encountered at both projects, particularly at Ema where the bulk of the holes were terminated within kaolinized saprolite (weathered rock). Fresh rock, where encountered, was in all cases a fine to medium-grained gabbro, similar to that mapped and sampled in surface outcrops. BBX advised that assaying of the Três Estados samples has been initiated and results would be released immediately as they became available.

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

On 28<sup>th</sup> November 2017 BBX announced that prior to commencing the diamond drilling programme the Company had conducted two reconnaissance channel samples, 2m in length, within a 500m x 250m area totally disturbed by garimpeiro activity dating back to the 1980's, known as Ema 3. These workings are located in a deep erosional feature at the base of the weathering profile within saprolite comprising kaolin and rounded glassy quartz grains. The channel samples were analysed by metallic screen fire assay as pan concentration had revealed the presence of minor coarse gold. The bulk of the gold grains identified in the analytical process were, however, fine to ultrafine.

Results were 2m @ 0.48g/t and 2m @ 1.95g/t (incl. 1m @ 3.44g/t) for EMCN001 and 002, respectively (see table 1).

The presence of gold mineralisation in this material has previously been referred to in announcements of June 10, 2015 and October 26, 2017. This zone, at the base of weathering, has been tested in all seven diamond holes drilled to date and represents a separate target to the fresh gabbro from which gold has previously been extracted from surface bulk samples.

Channel ID	Sample ID	From (m)	To (m)	Easting*	Northing*	RL (m)	Au (g/t)
EMCN-001	EMC-0001	0.00	1.00	184096	9174504	147	0.17
EMCN-001	EMC-0002	1.00	2.00				0.80
EMCN-002	EMC-0003	0.00	1.00	184343	9174550	148	3.44
EMCN-002	EMC-0004	1.00	2.00				0.46

Table 2. Ema 3 channel sample results

**Tenements**

BBX also advised on the 3<sup>rd</sup> July 2017 that on 28 June 2017 the DNPM (Mines Dept.) published a brief notification in the Government Gazette advising that the company would be required to take certain actions with respect to the Boia Velha and Guida tenements at Juma East. BBX received a formal request by the DNPM on 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 (see fig. 2), one of a number of National Parks created by Presidential decree by the former impeached president Dilma Roussef, on May 11, 2016, the former president's last day in office. BBX confirmed it had not previously been advised of the creation of this park which was apparently also unknown to the DNPM who renewed the leases for a further 3-year term in September 2016 and charged annual tenement fees for 2017, paid by BBX on January 31, 2017. BBX advised that it intended to appeal this decision and confirmed that it has also been made aware that the entire Amazonas State Federal parliamentary block, with the support of the Ministry of Mines were 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. As a result, the company has on a prudent basis impaired the affected Juma East areas during 30 June 2017 financial year and further \$1,011,648 during half year ended 31 December 2017.

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

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

Directors' Report  
 Half-Year Ended 31 December 2017

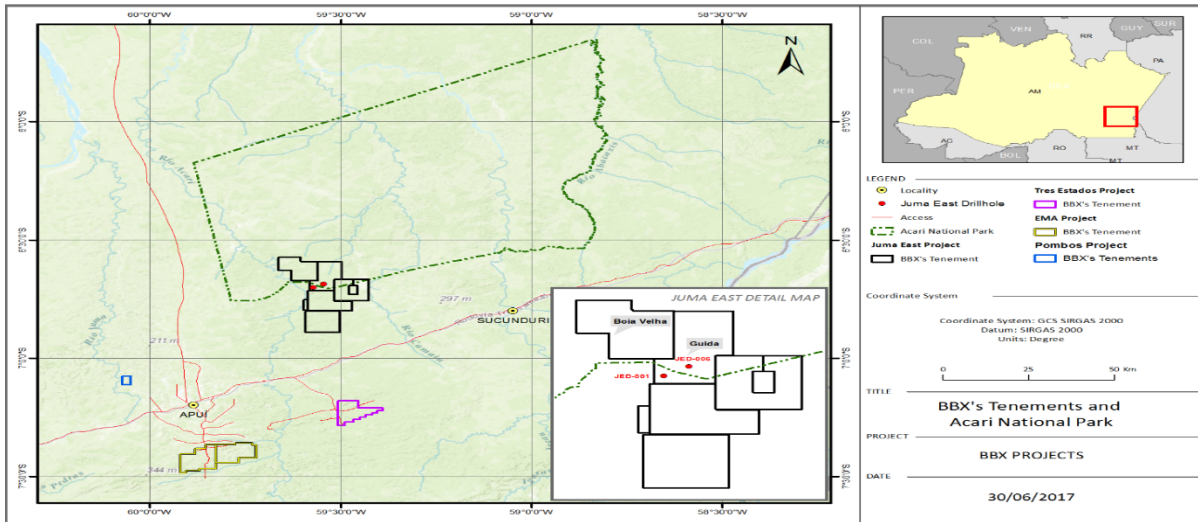


Fig. 1. BBX tenement holdings and the Acari National Park

**Corporate**

On 20 September 2017 BBX announced the appointment of Dr. Hercules Neves as a consultant and technical advisor. Dr. Neves will assist in generating a better understanding of the nature of the precious metals occurring on BBX's tenements, and ultimately in developing a commercial extraction process.

On 26<sup>th</sup> October BBX also advised it had signed a Technical Co-operation Agreement with the unlisted Republic of Ireland-based technology and exploration company, Lómhara Tech Limited (Lómhara). Lomhara, who holds interests in two exploration properties in the US and research facilities in Colorado, North Carolina and Melbourne has for a number of years been developing technologies for recovering high levels of precious metals from ores which don't respond to conventional analytical techniques. This agreement will provide BBX with direct access to key Lómhara consultants in Australia and the USA.

## BBX Minerals Limited

### Directors' Report

Half-Year Ended 31 December 2017

#### Current Tenement Interests

All Tenements Owned by BBX Minerals Ltd	Area (Ha)	Percentage ownership
DNPM Permit Number 7124/2013 - 880.115/2008 Location Brazil (Juma East) Transferred back to Raquel Correia da Silva awaiting DNPM to effect transfer	9,492.79	100% Exploration Licences
DNPM Permit Number 7125/2013 - 880.116/2008 Location Brazil (Juma East) Transferred back to Raquel Correia da Silva awaiting DNPM to effect transfer	10,000	100% Exploration Licences
DNPM Permit Number 7126/2013 - 880.117/2008 Location Brazil (Juma East) Tenement fully impacted by creation of Acari National Part	9,641.77	100% Exploration Licences
DNPM Permit Number 7127/2013 880.129/2008 Location Brazil (Juma East) Tenement partly impacted by creation of Acari National Part	9,307.47	100% Exploration Licences
DNPM Permit Number 880.151/2014 Location Brazil (Juma East)	662.15	100% Exploration Licences
DNPM Permit Number 880.185/16 Location Brazil (Juma East)	980	100% Exploration License
DNPM Permit Number 880.186/16 Location Brazil (Juma East)	9,018	Application for Exploration License
DNPM Permit Number 880.107/08 Location Brazil (Ema)	9,839.91	100% Exploration Licences
DNPM Permit 880.184/16 Location Brazil (Ema)	9,034	100% Exploration license
DNPM Permit Number 880.090.08 Location Brazil (Tres Estados)	8,172.25	100% Exploration Licences
DNPM Permit Number 880.094/2014 Location Brazil (Pombos)	1,000.36	100% Exploration Licences

#### Subsequent Events

On 9<sup>th</sup> January 2018 BBX announced that it had conducted further metallurgical testwork at the Marcelo da Silva Pinto M.E. facility (Marcelo), using the same process as that reported on 14 August for the 150kg Ema bulk sample collected over an area of 100m x 40m. On this occasion testing was conducted on three smaller bulk samples collected over areas measuring 10m x 10m within the previously reported bulk sample areas at both Ema and Três Estados (announcement of 20 September 2017).

The Company's Exploration Manager remotely defined the co-ordinates of each 10m x 10m area to be sampled within the previously sampled 100m x 40 area at Ema and 200m x 100m area at Tres Estados. Each area was then marked out by the Company's on-site senior geologist and individual sub-samples broken off and collected from each outcrop within the 10m x 10m area without bias or regard for the visual appearance of the rock being sampled. The six bulk samples weighed approximately 5-

## **Directors' Report**

### **Half-Year Ended 31 December 2017**

7 kg each and comprised sub-samples from 5 to 8 locations. These sub-samples either comprised an individual rock weighing approximately 1-1.5kg or, in a few cases, a series of smaller chips taken over a radius of approximately 50cm.

After collection the samples were logged in detail, sealed and transported directly to SGS in Belo Horizonte for preparation. After crushing and pulverisation to -150 mesh the samples were riffle split into five 5kg samples and one 4kg sample. The samples were air-freighted to the manager of the Marcelo facility in Rio de Janeiro for treatment.

Each 5kg sample, with the exception of EMB-004 where 4kg was used due to insufficient sample was pre-leached for 30 days and smelted with a copper collector. Prior to smelting the furnace's existing lining was totally removed and replaced with a new aluminium refractory liner. The slag was then crushed, ground and re-smelted (again, after re-lining of the furnace) and the copper collector from both the original smelt and re-smelt dissolved together in nitric acid and precious metals precipitated from the solution. The resultant precipitate was fused to form metallic buttons which were analysed by fire assay using a gravimetric finish. Results are summarised in table 3 below.

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

Table 3. Fire assay results for the six Ema (EMB) and Três Estados (TEB) 10m x 10m surface bulk samples

BBX focused on the recovery of gold and silver rather than PGM's using this extraction process as the procedure was designed to replicate that of the 14<sup>th</sup> August announcement. Additional work is in progress in both Brazil and Australia to further fine tune and streamline the extraction process. All metallurgical test results should therefore be considered as partial extraction results, reflecting the efficiency of the test methodology rather than representing absolute precious metal values in the samples.



Photograph of gold buttons recovered after cupellation of Ema and Tres Estados bulk samples

BBX also advised it had completed 12 diamond drill holes, totalling 960m at Ema in areas outside the forest where an environmental licence is not required. All holes drilled to date intersected strongly altered quartz porphyry (kaolin-hematite alteration; see announcement of 23 November,2017). BBX advised that the current phase of drilling had been concluded and that drilling would re-commence following granting of the environmental licence, enabling additional holes to be drilled within the forest.

Samples from both the completed RC drilling programme and the current diamond drilling programme are currently being prepared at the SGS laboratory in Belo Horizonte. BBX prioritised the completion of the six 10m x 10m extraction tests over the drill assays given that there are approximately 1,000 assays to be completed. Commencement of analysis of the drill samples, using BBX proprietary techniques is currently awaiting the finalisation of fine-tuning of the assay methodology by BBX's consultants in Brazil and Australia. Initial results are expected in February-March 2018.

## BBX Minerals Limited

# Directors' Report

## Half-Year Ended 31 December 2017

On 16 February 2018, the company issued 350,000 shares as a result of conversion of options exercisable on or before 19 April 2018 at exercise price of \$0.05 per option and 2,462,272 shares as a result of conversion of options exercisable at \$0.0125 on or before 1 March 2018.

### Competent Person's Statement

The information in this announcement that relates to exploration results is extracted from the announcements titled "Exploration Update" dated 3 July 2017, 26 October 2017, 28 November 2017 and 9 January 2018 which are available to view at [www.bbxminerals.com.au/](http://www.bbxminerals.com.au/) [www.asx.com.au](http://www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration under s.307C of the *Corporations Act 2001* is set out on page 8 of the half-year ended financial report.

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

On behalf of the Directors



Michael Schmulian

Chairman

22 February 2018



# *LNP Audit and Assurance*

ABN 65 155 188 837

L14 309 Kent St Sydney NSW 2000

T +61 2 9290 8515

L24 570 Bourke Street Melbourne VIC 3000

T +61 3 8658 5928

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

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

As lead auditor of BBX Minerals Limited for the half year ended 31 December 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.

**LNP Audit and Assurance**



**Anthony Rose  
Director**

**Dated 22 February 2018**

## BBX Minerals Limited

### Condensed consolidated statement of profit or loss and other comprehensive income For the half-year ended 31 December 2017

	2017	2016
	\$	\$
<b>Continuing operations</b>		
Other revenue	2,546	967
Administration costs	(395,965)	(363,580)
Depreciation	(4,443)	(2,520)
Directors Fees	(36,000)	(32,000)
Mining & Exploration expense	-	(9,798)
Impairment of Exploration & evaluation assets	(1,011,648)	-
Share Based Payments	-	(21,131)
<b>Loss before income tax</b>	<b>(1,445,510)</b>	<b>(428,062)</b>
Income tax expense	-	-
<b>Loss from continuing operations after income tax expense</b>	<b>(1,445,510)</b>	<b>(428,062)</b>
<b>Other comprehensive loss</b>		
Exchange differences on translating foreign operations	(78,240)	(5,099)
<b>Total comprehensive loss for the year attributable to shareholders</b>	<b>(1,523,750)</b>	<b>(433,161)</b>
<b>Earnings per share – loss from continuing operations</b>		
Basic earnings per share (cents per share)	(0.40)	(0.15)
Diluted earnings per share (cents per share)	(0.40)	(0.15)
<b>Earnings per share – attributable to ordinary shareholders</b>		
Basic earnings per share (cents per share)	(0.40)	(0.15)
Diluted earnings per share (cents per share)	(0.40)	(0.15)

These financial statements should be read with the accompanying notes

## BBX Minerals Limited

### Condensed consolidated statement of financial position As at 31 December 2017

	Note	31 Dec 2017	30 June 2017
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		596,498	1,201,265
Trade and other receivables		308,964	68,764
<b>TOTAL CURRENT ASSETS</b>		<b>905,462</b>	<b>1,270,029</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		21,410	10,891
Exploration & evaluation assets		1,393,310	1,488,109
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,414,720</b>	<b>1,499,000</b>
<b>TOTAL ASSETS</b>		<b>2,320,182</b>	<b>2,769,029</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		503,603	576,163
<b>TOTAL CURRENT LIABILITIES</b>		<b>503,603</b>	<b>576,163</b>
<b>TOTAL LIABILITIES</b>		<b>503,603</b>	<b>576,163</b>
<b>NET ASSETS</b>		<b>1,816,579</b>	<b>2,192,866</b>
<b>EQUITY</b>			
Issued capital	4(a)	19,997,972	18,850,509
Accumulated losses		(18,370,143)	(16,924,633)
Other reserves	5(b)	512,987	512,987
Foreign currency translation reserve		(324,237)	(245,997)
<b>TOTAL EQUITY</b>		<b>1,816,579</b>	<b>2,192,866</b>

These financial statements should be read with the accompanying notes

## BBX Minerals Limited

### Condensed consolidated statement of cash flows For the half-year ended 31 December 2017

	31 December 2017 \$	31 December 2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(744,739)	(400,732)
Interest received	2,546	967
Net cash used in operating activities	<u>(742,193)</u>	<u>(399,765)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration and evaluation	(974,862)	(412,665)
Payment for plant and equipment	(15,622)	(966)
Net cash used in investing activities	<u>(990,484)</u>	<u>(413,631)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	1,147,463	785,324
Net cash provided by financing activities	<u>1,147,463</u>	<u>785,324</u>
Net increase / (decrease) in cash held	(585,214)	(28,072)
Cash at beginning of financial year	1,201,265	247,967
Exchange rate changes on the balance of cash held in foreign currencies	(19,553)	(7,850)
Cash at end of financial year	<u><u>596,498</u></u>	<u><u>212,045</u></u>

These financial statements should be read with the accompanying notes

## BBX Minerals Limited

### Condensed consolidated statement of changes in equity For the half-year ended 31 December 2017

	Share Capital Ordinary	Accumulated Losses	Foreign Exchange Reserve	Other Reserves	Total
	\$	\$	\$	\$	\$
<b>Balance at 1.7.2016</b>	15,942,361	(15,036,148)	(29,819)	697,993	1,574,387
Options issued	-	-	-	21,131	21,131
Shares issued (net of costs)	785,338	-	-	-	785,338
Notes converted	227,268	-	-	(227,268)	-
Loss attributable to members of parent entity	-	(428,062)	(5,099)	-	(433,161)
<b>Balance at 31.12.2016</b>	16,954,967	(15,464,210)	(34,918)	491,856	1,947,695
<b>Balance at 1.7.2017</b>	18,850,509	(16,924,633)	(245,997)	512,987	2,192,866
Options exercised	1,147,463	-	-	-	1,147,463
Loss attributable to members of parent entity	-	(1,445,510)	(78,240)	-	(1,523,750)
<b>Balance at 31.12.2017</b>	19,997,972	(18,370,143)	(324,237)	512,987	1,816,579

These financial statements should be read with the accompanying notes

## **BBX Minerals Limited**

### **Notes to condensed consolidated financial statements For the half-year ended 31 December 2017**

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

##### **Corporate Information**

BBX Minerals Limited (The Company) is a for profit listed public company incorporated and domiciled in Australia. The financial report for the half year ended 31 December 2017 comprises the company and its controlled entities (the Group). The principal activity of the Group is exploration and development of mining assets in Brazil and South America.

##### **Basis of Preparation**

The general purpose condensed consolidated interim financial report of the Group for the half-year ended 31 December 2017 has been prepared in accordance with the requirements of AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and are presented in Australian Dollars (\$AUD) which is the functional currency of the parent company.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by BBX Minerals Ltd during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

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

##### **(a) New and amended standards adopted by the group**

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

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

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is applicable to financial periods commencing after 1 January 2018. The standard may affect the group's accounting for its available-for-sale financial assets, since it only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. The standard also affects the accounting for financial liabilities that are designated at fair value through profit or loss but the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

AASB 15 *Revenue from Contracts with Customers* introduces a methodology for revenue recognition with the core principle being to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard is applicable to financial periods commencing after 1 January 2018. The changes in revenue recognition requirements may cause changes to the timing and amounts of revenue recorded in the financial statements as well as additional disclosures. The impact of the change on the group is not likely to be material, as historically the group has had little revenue.

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

## **BBX Minerals Limited**

### **Notes to condensed consolidated financial statements For the half-year ended 31 December 2017**

#### **(c) Going concern**

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

The Group incurred a total comprehensive loss after tax for the half year of \$1,523,750 (2016: \$433,161), and as at balance date, held cash of \$596,498 (30 June 2017: \$1,201,265) and had current liabilities of \$503,603 (30 June 2017: \$576,163).

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

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

- The Group expects to generate cash from trial mining which is expected to commence in February-March 2018
- The Group has raised funds and will continue to raise funds as and when it is required. In light of the Group's current exploration projects, the Directors believe that any additional capital required can be raised in the market; and
- The Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

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

#### **(d) Principles of consolidation**

The consolidated financial statements incorporate all the assets, liabilities and results of the parent, BBX Minerals Limited, and all of its subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is provided in Note 6.

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

#### **(e) Critical accounting estimates and judgments**

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

#### **Key judgments - exploration and evaluation expenditure**

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$1,393,310 (June 2017: \$1,488,109).

## BBX Minerals Limited

### Notes to condensed consolidated financial statements For the half-year ended 31 December 2017

#### 2. SEGMENT INFORMATION

The Company has identified its operating segments based on internal reports that are reviewed by the Board and management in assessing performance and determining allocation of resources. The Company operates as a single segment which is mineral exploration in a single geographic area being South America.

#### 3. KEY MANAGEMENT PERSONNEL

	31 Dec 2017	31 Dec 2016
	\$	\$
Directors' fees	36,000	32,000
	<u>36,000</u>	<u>32,000</u>

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

#### 4. ISSUED AND PAID-UP CAPITAL

	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	Shares	Shares	\$	\$
<b>Ordinary shares</b>				
Ordinary shares fully paid	382,929,583	339,355,333	19,997,972	18,850,509
<b>Movements in ordinary share capital:</b>				

Date	Details	Number of shares	Issue Price	\$
1 July 2017	Opening balance	339,355,333	-	18,850,509
25 August 2017	Options converted	2,644,250	0.0500	132,213
25 August 2017	Options converted	27,500,000	0.0125	343,750
29 November 2017	Options converted	13,430,000	0.0500	671,500
31 December 2017	Balance	<u>382,929,583</u>	<u>-</u>	<u>19,997,972</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.



## BBX Minerals Limited

### Notes to condensed consolidated financial statements For the half-year ended 31 December 2017

#### 5. OTHER RESERVES

	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	Number	Number	\$	\$
<b>Option Reserve</b>				
Balance at beginning of the period	56,555,181	85,826,396	512,987	470,725
Issue of 17,000,000 unlisted options to consultants and directors exercisable at \$0.05 each on or before 24 November 2017	-	-	-	42,262
Exercise of options @ \$0.0125	(27,500,000)	(13,014,590)	-	-
Exercise of options @ \$0.05	(16,074,250)	(11,570,000)	-	-
Issue of 700,000 unlisted options to shareholders exercisable @ \$0.05 each on or before 13 July 2018	-	700,000	-	-
Issue of 11,363,375 unlisted options exercisable at \$0.0125	-	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 period	12,980,931	56,555,181	512,987	512,987
<b>Note reserve</b>				
Balance at beginning of the period	-	22,726,750	-	227,267
Conversion of 22,726,750 Notes to Ordinary shares on 19 August 2016	-	(22,276,750)	-	(227,267)
Balance at the end of the period	-	-	-	-
<b>Total other reserves</b>				
Balance at beginning of the period			512,987	512,987
Balance at the end of the period			512,987	512,987

## BBX Minerals Limited

### Notes to condensed consolidated financial statements For the half-year ended 31 December 2017

#### 6. CONTROLLED ENTITIES

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

#### 7. COMMITMENTS and CONTINGENCIES

##### Juma East Gold Project

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

Lease	Reference	Amount	Due Date
<b>Juma East Project</b>			
Guida/Plato	DNPM 880.129/2008	USD 14,000	15 May,2018,19 20, 21
<b>EMA Project</b>			
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

#### 8. SUBSEQUENT EVENTS

On 9<sup>th</sup> January 2018 BBX announced that it had conducted further metallurgical testwork at the Marcelo da Silva Pinto M.E. facility (Marcelo), using the same process as that reported on August 14 for the 150kg Ema bulk sample collected over an area of 100m x 40m. On this occasion testing was conducted on three smaller bulk samples collected over areas measuring 10m x 10m within the previously reported bulk sample areas at both Ema and Três Estados (announcement of September 20, 2017).

The Company's Exploration Manager remotely defined the co-ordinates of each 10m x 10m area to be sampled within the previously sampled 100m x 40 area at Ema and 200m x 100m area at Três Estados. Each area was then marked out by the Company's on-site senior geologist and individual sub-samples broken off and collected from each outcrop within the 10m x 10m area without bias or regard for the visual appearance of the rock being sampled. The six bulk samples weighed approximately 5-7 kg each and comprised sub-samples from 5 to 8 locations. These sub-samples either comprised an individual rock weighing approximately 1-1.5kg or, in a few cases, a series of smaller chips taken over a radius of approximately 50cm.

After collection the samples were logged in detail, sealed and transported directly to SGS in Belo Horizonte for preparation. After crushing and pulverisation to -150 mesh the samples were riffle split into five 5kg samples and one 4kg sample. The samples were air-freighted to the manager of the Marcelo facility in Rio de Janeiro for treatment.

Each 5kg sample, with the exception of EMB-004 where 4kg was used due to insufficient sample was pre-leached for 30 days and smelted with a copper collector. Prior to smelting the furnace's existing lining was totally removed and replaced with a new aluminium refractory liner. The slag was then crushed, ground and re-smelted (again, after re-lining of the furnace) and the copper collector from both the original smelt and re-smelt dissolved together in nitric acid and precious metals precipitated from the solution. The resultant precipitate was fused to form metallic buttons which were analysed by fire assay using a gravimetric finish. Results are summarised in table 1 below.

## BBX Minerals Limited

### Notes to condensed consolidated financial statements For the half-year ended 31 December 2017

Table 1. Fire assay results for the six Ema (EMB) and Três Estados (TEB) 10m x 10m surface bulk samples

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

BBX focused on the recovery of gold and silver rather than PGM's using this extraction process as the procedure was designed to replicate that of the 14<sup>th</sup> August announcement. Additional work is in progress in both Brazil and Australia to further fine tune and streamline the extraction process. All metallurgical test results should therefore be considered as partial extraction results, reflecting the efficiency of the test methodology rather than representing absolute precious metal values in the samples.

BBX also advised it had completed 12 diamond drill holes, totalling 960m at Ema in areas outside the forest where an environmental licence is not required. All holes drilled to date intersected strongly altered quartz porphyry (kaolin-hematite alteration; see announcement of 23 November 2017). BBX advised that the current phase of drilling had been concluded and that drilling would re-commence following granting of the environmental licence, enabling additional holes to be drilled within the forest.

Samples from both the completed RC drilling programme and the current diamond drilling programme are currently being prepared at the SGS laboratory in Belo Horizonte. BBX prioritised the completion of the six 10m x 10m extraction tests over the drill assays given that there are approximately 1000 assays to be completed. Commencement of analysis of the drill samples, using BBX proprietary techniques is currently awaiting the finalisation of fine-tuning of the assay methodology by BBX's consultants in Brazil and Australia. Initial results are expected in February-March 2018.

On 16 February 2018, the company issued 350,000 shares as a result of conversion of options exercisable on or before 19 April 2018 at exercise price of \$0.05 per option and 2,462,272 shares as a result of conversion of options exercisable at \$0.0125 on or before 1 March 2018.

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

## **BBX Minerals Limited**

### **Directors Declaration**

**For the half-year ended 31 December 2017**

The directors of the Company declare that:

1. the consolidated financial statements and notes, as set out on pages 9 to 18 are in accordance with the Corporations Act 2001 including:
  - (a) complying with Accounting Standards AASB 134: Interim Financial Reporting; and
  - (b) give a true and fair view of the financial position as at 31 December 2017 and its performance for the half-year ended on that date of the company;
3. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Michael Schmulian

Chairman

22 February 2018

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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of BBX Minerals Limited and controlled entities ('the consolidated company'), which comprises the consolidated condensed statement of financial position as at 31 December 2017, consolidated condensed statement profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information notes and the directors' declaration.

### Director's Responsibility for the Half-Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of BBX Minerals Limited and controlled entities financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BBX Minerals Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the BBX Minerals Limited and controlled entities for the half-year ended 31 December 2017 included on the website of BBX Minerals Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

## Independence

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

## Conclusion

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

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- ii. complying with AASB 134 *Interim Financial Reporting and the Corporation Regulations 2001*.

## Significant Uncertainty Regarding Going Concern

We draw attention to Note 1(c) of the consolidated financial report, which indicates that the Group incurred a loss before taxation of \$1,523,750 (2016: \$433,161) during the half year ended 31 December 2017 and as at balance date held cash of \$596,498 (30 June 2017: \$1,201,265) and had current liabilities of \$503,603 (30 June 2017: \$576,163). These conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## LNP Audit and Assurance



**Anthony Rose**

**Director**

**Sydney, 22 February 2018**