

# **BBX HOLDINGS LIMITED**

**ABN 82 089 221 634**

## **Notice of General Meeting and Explanatory Memorandum**

**For a General Meeting of the Company to be held  
at the offices of Arthur Phillip Pty Limited,  
Level 33, Colonial Centre, 52 Martin Place, Sydney, NSW  
on 22 December 2011 at 10am (EST)**

This notice of General Meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

Please contact the Company Secretary on (02) 9227 8900 or [info@bbxminerals.com.au](mailto:info@bbxminerals.com.au) if you wish to discuss any matter concerning the Meeting.

**BBX HOLDINGS LIMITED**  
**ABN 82 089 221 634**  
**NOTICE OF GENERAL MEETING**

Notice is hereby given that a General Meeting of the Shareholders of BBX Holdings Limited will be held at the offices of Arthur Phillip Pty Limited, Level 33, Colonial Centre, 52 Martin Place, Sydney, NSW on 22 December 2011 at 10 am (Eastern Standard Time) (*Meeting*).

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form part of this Notice of Meeting.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than 48 hours prior to the Meeting.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in the Glossary of the Explanatory Memorandum.

**AGENDA**

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**1 RESOLUTION 1 - CHANGE TO NATURE AND SCALE OF ACTIVITIES**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“Subject to the passing of all Resolutions, for the purposes of Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of the Company’s activities, as set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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**2 RESOLUTION 2 - CHANGE OF COMPANY NAME**

To consider, and if thought fit, to pass with or without amendment the following as a special resolution:

*“Subject to the passing of all Resolutions, for the purposes of section 157(1) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed from BBX Holdings Limited to “BBX Minerals Limited”.”*

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**3 RESOLUTION 3 - CONSOLIDATION OF CAPITAL**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“Subject to the passing of all Resolutions, for the purposes of Section 254H of the Corporations Act, Listing Rule 2.1 Condition 2 and for all other purposes, the issued capital of the Company be consolidated on the basis that every two (2) Shares be consolidated into one (1) Share; and where this consolidation results in a fraction of a Share being held by a Shareholder, the Directors be authorised to round that fraction up to the nearest whole Share, with the Consolidation taking effect as described in the Explanatory Memorandum.”*

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**4 RESOLUTION 4 - ISSUE OF SECURITIES TO RAISE \$2.25 MILLION**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“Subject to the passing of all Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 11.25 million Shares (on a post Consolidation basis) at an issue price of \$0.20 each with 1 free Option for every 2 Shares subscribed for to clients of Arthur Phillip Pty Ltd on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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**5 RESOLUTION 5 - PARTICIPATION BY MICHAEL SCHMULIAN IN PLACEMENT**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“Subject to the passing of all Resolutions, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve Mr Michael Leon Schmulian, or his nominees, participating in the issue of securities the subject of Resolution 4 on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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**6 RESOLUTION 6 - ISSUE OF OPTIONS TO BROKERS**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“Subject to the passing of all Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 5.625 million Options (on a post Consolidation basis) to brokers and their nominees in relation to the placement the subject of Resolution 4 on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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**7 RESOLUTION 7 - ISSUE OF SECURITIES**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“Subject to the passing of all Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 20 million Shares (on a post Consolidation basis) to clients of Arthur Phillip Pty Ltd at an issue price of at least 80% of the 5 day VWAP over the last 5 days on which sales in the securities were recorded before the day on which the issue is made or, if there is a prospectus relating to the issue, over the last 5 days on which sales in Shares were recorded before the date the prospectus is signed, on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

## **8 RESOLUTION 8 - ISSUE OF SECURITIES TO MICHAEL SCHMULIAN**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“Subject to the passing of all Resolutions, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 625,000 Shares (on a post Consolidation basis) to Michael Schmulian or his nominees on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

## **9 RESOLUTION 9 - ISSUE OF OPTIONS TO BACCHUS STRATEGIC DEVELOPMENTS**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“Subject to the passing of all Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 7.5 million Options (on a post Consolidation basis) to Bacchus Strategic Developments or its nominees on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

## **10 VOTING PROHIBITION AND EXCLUSION STATEMENTS**

### **Listing Rule 14.11**

Under Listing Rule 14.11, the Company will disregard any votes cast on the following Resolutions by the following persons:

<b>Resolution</b>	<b>Persons excluded from voting</b>
Resolution 1 - Change to nature and scale of activities	The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any

	associates of those persons.
Resolutions 4, 6 and 7 - Issue of Securities	The Company will disregard any votes cast on each of these Resolutions by a person who may participate in the proposed issue or any person who may obtain a benefit if the relevant Resolution is passed other than in their capacity as a holder of ordinary securities, and associates of those persons.
Resolutions 5 and 8- Issue of Securities to Mr Schmulian	The Company will disregard any votes cast on these Resolutions by Mr Schmulian or his nominees and associates of those persons.
Resolution 9 - Issue of options to Bacchus Strategic Developments	The Company will disregard any votes cast on this Resolution by Bacchus Strategic Developments and their nominees, and associates of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for the person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board of Directors



**Mr Paul Page**  
 Director  
 BBX Holdings Limited  
 18 November 2011

**BBX HOLDINGS LIMITED**  
**ABN 82 089 221 634**  
**EXPLANATORY MEMORANDUM**

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**1 INTRODUCTION**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the offices of Arthur Phillip Pty Limited, Level 33, Colonial Centre, 52 Martin Place, Sydney, NSW on 22 December 2011 at 10am EST. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

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A Proxy Form is located at the end of Explanatory Memorandum.

Please contact the Company Secretary on (02) 9227 8900 or [info@bbxminerals.com.au](mailto:info@bbxminerals.com.au) if you wish to discuss any matter concerning the Meeting.

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**2 ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

**2.1 Proxies**

All Shareholders are invited and encouraged to attend the Meeting. If a Shareholder is unable to attend in person, they can appoint a representative (or “proxy”) to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Company in accordance

with the instructions on the Proxy Form. The Company encourages Shareholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 10am (EST) on 20 December 2011. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form may be lodged in the following ways:

BY MAIL	BY FAX	BY HAND
Share Registry - Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 Australia	+61 2 9290 9655	Share Registry - Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2001 Australia

Shareholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

## 2.2 Corporate representatives

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Company's share registry (Share Registry - Boardroom Pty Limited).

## 2.3 Eligibility to vote

The Directors have determined that, for the purposes of voting at the Meeting, Shareholders are those persons who are the registered holders of Shares at 5pm (EST) on 20 December.

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# 3 OVERVIEW OF THE PROPOSED CHANGE OF NATURE AND SCALE

## 3.1 Background

BBX is a public company which has been listed on ASX since 10 August 2005.

Prior to early 2010, BBX operated a barter trading business, which facilitated cashless trading of goods and services between member businesses.

On 22 January 2010 Shareholders approved the sale of a number of the Company's subsidiaries, and its sole operating asset subsequently became the barter exchange franchise operating in the Sydney area.

At the time Shareholders were advised that if the Company identified investment opportunities that would result in a change to the nature or scale of the Company's activities, Shareholder approval for the acquisition or investment would be required under Listing Rule 11.1 and that ASX may require the Company to satisfy the requirements of Chapters 1 and 2 of the Listing Rules as though it was applying to be listed on ASX for the first time, during which time the Company's securities may be suspended from quotation.

### **3.2 Overview of change of nature and scale of the Company's activities, and the Company's Proposed Transactions**

Following the sale of the majority of its commercial barter exchange business, the Company undertook a strategic review. As a result the Directors have approved a change of the Company's activities to resources exploration and development.

BBX now intends to divest its interest in the Sydney franchise and BBX now seeks Shareholder approval to formally make the transition to a resource company.

Consistent with this, the Company has reviewed numerous potential projects during the past 12 months and has entered into agreements under which it has the option to acquire the following:

- (a) up to a 75% interest in Ouro Belo tin-indium project in Goias, Brazil; and
- (b) up to an 80% interest in the Chapada gold project in Tocantins, Central Brazil,

*(Proposed Transactions).*

### **3.3 Ouro Belo Project**

On 11 April 2011 BBX announced that it has entered into an option agreement with Crusader Resources (*Ouro Belo Option Agreement*) under which BBX has the right to acquire:

- (a) a 51% interest in the Ouro Belo Project by sole funding expenditure of \$250,000 during the period ending 12 months from the end of the due diligence period; and
- (b) subject to BBX earning a 51% interest in the Ouro Belo Project, a further 24% interest by sole funding expenditure of \$400,000 during the period ending 24 months from the end of the due diligence period.

The Ouro Belo Project represents an early staged exploration property where previous informal mining, university research and junior company exploration work has identified multiple occurrences of tin +/- indium and possible polymetallic and precious metal style mineralization.

The project covers an area of approximately 97 square kilometres in the Goias Tin Province, located in the northeast of Goias State, 300 kilometres north of the federal capital of Brazilia.

Exploration to date consists of sampling and mapping of garimpo workings, analysis of published academic studies, surface geochemistry, mapping and shallow RC drilling. The area has a history of garimpeiro (prospector) mining for the tin mineral cassiterite. The garimpeiro (local informal miners) workings have targeted both the hard rock and weathered areas to a maximum depth of 4 meters as well as the alluvial wash downhill from the griesen outcrop.



On 31 October 2011 the Company announced that it had completed due diligence on the Ouro Belo Project to its satisfaction.

### **Tin in Brazil**

Entering into an agreement over the Ouro Belo Project is the initiation of a strategic move by BBX to build a regional mineral portfolio in Brazil.

Brazil was a significant tin producer during the 1980s primarily from alluvial mining in the north of the country. Very limited hardrock exploration has occurred at Ouro Belo, other than opportunistic garimpeiro mining. The recent global increase in demand is yet to be reflected as increased production or exploration activity in Brazil.

The Goias Tin Belt is recognised as having granites of the right character for tin mineralisation and BBX believes that Ouro Belo provides the company with a first mover opportunity for tin in Brazil, particularly for hardrock mineralisation.

BBX is also attracted to tin as a strategic commodity by its simple metallurgy, typically grinding followed by gravity separation. As a consequence, tin mining generally has low capital costs and potentially provides a quicker path to production.

BBX is also interested in Ouro Belo because of the high abundances of indium, a rare and emerging metal used in electronic displays (mobile phones, plasma screens etc.), semi-conductors and solar cells.

### **Reported Results**

Crusader Resources previously conducted a program of mapping and surface sampling to determine to extent on the Sn-In bearing greisens. The program confirmed numerous high concentrations of mineralisation with the best being 777ppm In and 4.99% Sn which were present in veins within the greisens. In total, 100 samples were collected, highlights include:

MNRK068, 4.99% Sn, 70.6 ppm In

MNRK227 0.17% Sn, 127 ppm In

MNRK277 0.99% Sn, 20.8 ppm In

MNRK299 0.68% Sn, 83.8 ppm In

A program of 15 RC drillholes for a total of 1,001 meters established the broadly anomalous character of the greisens for tin and indium (reported 17 September 2008). A zone of Sn-In mineralisation was identified in two adjacent drillholes of 27m @ 577ppm Sn, 8.6 ppm In (MRNC010) and 32m @ 670 ppm Sn, 8.4ppm In (MRNC011). The mineralisation within the main zone remains open along strike and at depth.

### **3.4 Chapada Project**

On 27 October 2011 BBX announced that it has entered into an option agreement with Mundo Minerals Limited (*Chapada Option Agreement*). Under the Chapada Option Agreement BBX has

paid an option fee of \$50,000 for the right to acquire Mundo's 51% interest in the Chapada Project Joint Venture, as well as, the right to acquire up to 80% of the Chapada Project pursuant to the terms of the Joint Venture Agreement between Mundo (51%) and Rio Gameleira (49%). Rio Gameleira is a partnership between Anglo Ashanti Gold and IAMGOLD. BBX will pay the following consideration:

- (a) \$800,000, of which \$450,000 is payable upon exercise of the option and a further \$350,000 is payable by 31 July 2012, to acquire Mundo's 51% interest; and
- (b) BBX funding, to completion, a feasibility study with a minimum JORC resource of 350,000 oz's Au equivalent, to acquire up to an 80% interest.

The option may be exercised prior to 31 January 2012 (with certain rights to extend), during which time BBX will conduct technical, legal and environmental due diligence and seek approval from the joint venture partner Rio Gameleira.

### **Background**

The 7000ha tenement covering the historic Chapada gold workings is located approximately 200km south of Palmas, the capital of Tocantins state, on the outskirts of the town of Chapada de Natividade.

Access from Palmas is by the sealed TO-050 state highway. Palmas is served by twice-daily one-hour commercial flights from the Brazilian capital, Brasília.

The climate in the region is tropical, covered by savannah-style vegetation. Land use is dominantly for cattle ranching and local corn and soya cultivation.

The town of Chapada de Natividade provides basic services, including grid power and workforce accommodation. The regional centre, Natividade (pop. 10,000) is located 20km from the project by sealed road. Natividade offers a full range of services including hotel accommodation, hospitals, banks and schools. There is a strong mining culture in the region and it is anticipated that a local workforce will be readily available.

Topography is relatively flat and low-lying, approximately 320m above sea level.

### **Geological setting**

The Chapada deposit is located in the Goiás Massif within the Tocantins Tectonic Province which separates the Amazon and São Francisco cratons in central Brazil. The deposit is hosted in a small outlier in the Natividade-Almas-Dianopolis-Conceição greenstone belt of Paleoproterozoic, or possible Archean age.

The mineralisation, comprising generally coarse free gold locally associated with disseminated arsenopyrite and graphite is hosted in quartz-biotite-sericite-(garnet) schists extensively intruded by sheared and dismembered pegmatite dykes. The mineralisation, located within a prominent sub-vertical shear zone occurs in quartz veinlets and zones of silicification varying from 0.2m to 4m in width within a 5-10m wide envelope, along a strike length of approximately 700m.

Structural analysis suggests that the mineralisation plunges flatly to the north, opening up potential for untapped mineralisation at relatively shallow depths to the north of the current mining activity.

### **History and exploration results**

Mining has been carried out by informal miners (garimpeiros) since 1985 via approximately 40 vertical shafts, ranging in depth from 60 to 130m. Water inflows and an extensive collapse in 2008 have hampered mining activities, with only 4-5 shafts currently active. Treatment of hand-selected material by rudimentary gravity recovery methods has yielded an estimated 300,000 ounces of gold at a mean grade of >20g/t.

Exploration conducted initially by Anglo American Corp. and subsequently by lamgold Ltd. and Rio Gameleira Ltda. (lamgold-Anglogold Ashanti JV) comprises 37 diamond drill holes within and immediately below the garimpeiro workings and a programme of shallow RC drilling along the northern extension of the main mineralised zone.

Diamond drill hole locations are shown in figure 1 and assay results in table 1.

Due to the highly spotty nature of the coarse gold mineralisation the drill assays should be regarded as indicative only. A number of intersections containing coarse visible gold returned assay results of only 1-6g/t, the portion of the core containing the visible gold having been retained and the other half submitted for analysis. Similarly, a number of drill holes which failed to intersect significant mineralisation intersected sections of the deposit which, in subsequent garimpeiro mining activities yielded grades in excess of 20g/t.

### **Metallurgical test work**

Results of initial metallurgical test work show gravity recoveries in excess of 80% and combined gravity plus cyanide leach recoveries of 96%.

### **Treatment options**

In the light of the apparent relatively high historic recovery rates obtained by garimpeiros using highly rudimentary gravity methods and gravity recoveries in excess of 80% in exploratory test work, a low-cost gravity-only treatment route may be feasible. A treatment plant could either be built on site or a possible toll treatment opportunity be pursued at a 2Mtpa plant under consideration to be built by Rio Novo Inc., 60 km to the west at Almas.

### **Tenement status**

lamgold filed a positive Final Exploration Report at the DNPM (Brazilian Mines Department) in 2002 as part of the process of converting the existing exploration tenement into a Mining Right. This report still awaits DNPM approval. It is anticipated that this approval will be granted once the DNPM is formally requested to expedite the process.

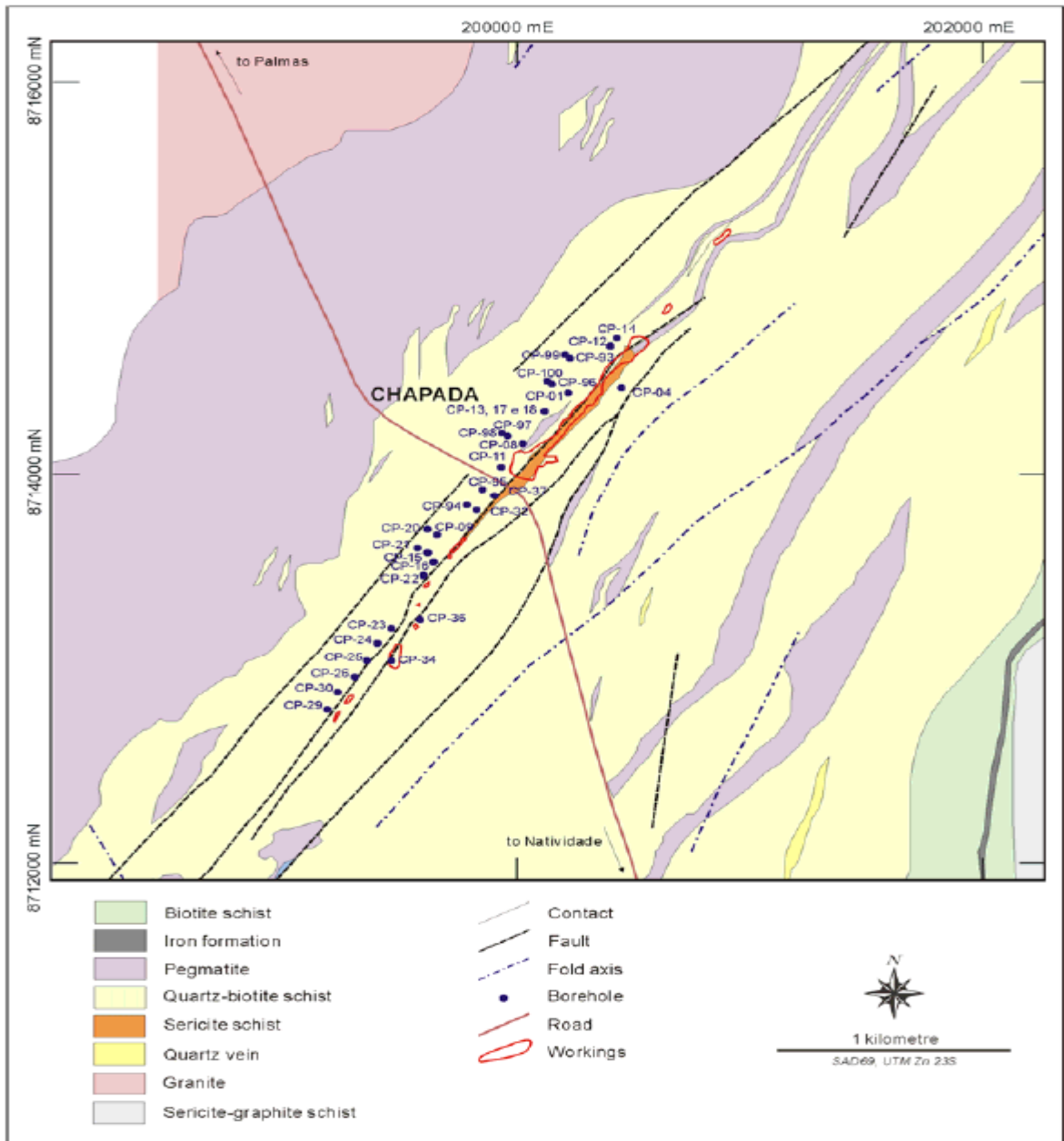


Figure 1 - Geology and gold occurrences at the Chapada prospect

Hole ID	Location	From (m)	To (m)	Width (m)	g/t Au
CP-04	Main Chapada Zone	163.30	164.46	1.16	2.24
		217.34	218.36	1.02	2.17
CP-08	Main Chapada Zone	118.00	119.21	1.21	6.56
		147.38	149.64	2.26	1.08
CP-12	Main Chapada Zone	111.00	112.00	1.00	1.30
CP-13	Main Chapada Zone  including	138.92	140.19	1.27	2.25
		144.62	146.00	1.38	1.72
		162.33	170.35	8.02	1.85
		162.33	163.54	1.21	2.26
CP-14	Main Chapada Zone	168.36	170.35	1.99	5.56
		81.81	82.81	1.00	1.04
		127.10	130.00	2.90	1.25
CP-17	Main Chapada Zone	133.00	135.00	2.00	2.21
		136.15	137.30	1.15	1.21
		142.50	144.10	1.60	1.08
CP-18	Main Chapada Zone including	154.93	155.44	0.51	1.51
		167.85	173.10	5.25	2.01
CP-09	Chapada South	171.10	173.10	2.00	3.33
		89.9	119.1	29.12	1.01
		89.9	96.1	6.22	1.23
CP-15	Chapada South	104.6	108.8	4.20	2.50
		80.0	81.0	1.00	1.95
CP-16	Chapada South	119.9	122.2	2.25	2.53
		78.90	82.90	4.00	1.15
CP-20	Chapada South	137.6	139.0	1.40	2.6
		143.8	147.42	3.62	1.82
CP-21	Chapada South	104.4	105.6	1.20	2.7
		120.2	133.95	13.77	1.19
		148.96	150.10	1.14	1.37
CP-22	Chapada South	36.6	38.9	2.30	1.40
		48.50	49.50	1.00	1.16
		57.8	59.6	1.80	1.55
		65.15	67.00	1.85	16.57
CP-25	Chapada South	60.70	64.42	3.72	1.27
		76.65	77.98	1.33	2.18
CP-28	Chapada South	76.48	78.30	1.82	1.85
CP-31	Chapada South including and	72.8	88.5	15.6	2.70
		80.0	82.6	2.60	8.80
		82.6	85.6	3.00	3.90
CP-33	Chapada South	70.50	71.62	1.12	1.45
		96.95	101.13	4.18	1.13
CP-34	Chapada South	75.34	80.73	5.39	1.11
CP-35	Chapada South including	125.92	139.02	13.10	1.18
		125.92	126.94	1.02	7.88
CP-36	Chapada South	78.38	80.86	2.48	5.29
CP-37	Chapada South including	60.49	64.09	3.60	2.49
		61.10	61.50	0.40	17.30

Table 1. Diamond drill assay results >1g/t

## Disclaimer

Information in this Notice concerning the Chapada Project was sourced from prior work undertaken by Mundo. At the time of this Notice, BBX is yet to independently verify this information, however it has no reason to believe the information supplied is not accurate and reliable.

### 3.5 Purpose of Capital Raisings

The purpose of the Capital Raisings contained in Resolutions 4 and 7 is to:

- (a) increase the number of BBX Shareholders;
- (b) fund the Company's ongoing operations following completion of the Proposed Transactions;
- (c) meet the administration costs of the Company and the expenses of the recapitalization of the Company; and
- (d) fund the acquisition, exploration and development of mineral projects in South America.

The proposed budget for the acquisition and exploration programs on the Ouro Belo and Chapada projects are as follows:

Ouro Belo - stage 1 exploration budget to earn 51% \$250,000;

Chapada - acquisition cost \$800,000;

Chapada - stage 1 exploration budget \$320,000.

The balance of the funds will be used for general working capital and potentially further acquisitions.

### 3.6 Proposed timetable

An indicative timetable of events relating to the Proposed Transactions and associated Capital Raisings is outlined below. The timetable is indicative only and is subject to change.

Date of General Meeting	22 December 2011
Trading of Shares will be suspended pending re-admission to ASX	
Issue of Shares and Options under Resolution 4	22 December 2011
Option exercised under the Ouro Belo Option Agreement <sup>1</sup>	22 December 2011
Expected date for re-quotations on ASX	12 January 2012
Option exercised under the Chapada Option Agreement <sup>2</sup>	January 2012

Issue of shares under Resolution 7	No later than 3 months after the Meeting
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**Notes:**

- <sup>1</sup> BBX has announced that it has completed due diligence to its satisfaction over the Ouro Belo project, and exercise of the option remains subject only to Shareholder approval.
- <sup>2</sup> The exercise of the option remains subject to completion of due diligence to BBX's satisfaction and Rio Gameleira waiving its pre-emptive rights over the 51% interest to be acquired by BBX.

**3.7 Pro forma balance sheet**

An unaudited pro forma balance sheet of the Company following completion of the Proposed Transactions is set out in annexure A of this Explanatory Statement.

**3.8 Consolidation and pro forma capital structure**

A condition of the Company's re-admission to the Official List is that the issue or sale price of its Shares is at least \$0.20. So that the issue price under the capital raising the subject of Resolution 4 is \$0.20, the Company must consolidate its current Share capital on a 1 for 2 basis.

The capital structure of the Company following the change in nature and scale, the Capital Raisings and completion of the Consolidation is set out below (each on a post Consolidation basis):

<b>Shares</b>	
Shares currently on issue	64,546,361
Maximum number of Shares to be issued under Resolution 4	11,250,000
Maximum number of Shares to be issued under Resolution 7	20,000,000
Shares to be issued to Mr Schmulian under Resolution 8	625,000
<b>Total Shares</b>	<b>96,421,361</b>
<b>Options</b>	
Options currently on issue <sup>1</sup>	Nil
Options to be issued under Resolution 4	5,625,000
Options to be issued under Resolution 6	5,625,000

Options to be issued to Bacchus under Resolution 9	7,500,000
<b>Total Options</b>	<b>18,750,000</b>

**Notes:**

<sup>1</sup> The Company has agreed, subject to Shareholder approval, to issue 2 million options to Mr Schmulian and 10 million options to Bacchus. These agreements will be terminated. See sections 11.1 and 12.1 for details.

**3.9 Impact of change of nature and scale of the Company's activities and the Proposed Transactions on the Company**

The change of nature will result in the Company pursuing resource exploration and development opportunities and divesting its commercial barter exchange franchise.

The exercise of the options pursuant to the Option Agreements will result in the Company acquiring:

- (a) a 51% interest in the Chapada Project; and
- (b) the right to acquire up to a 75% interest in the Ouro Belo Project and up to an 80% interest in the Chapada Project, subject to sole funding obligations.

The Proposed Transactions will result in various advantages and disadvantages to the Company which Shareholders should consider prior to exercising their vote.

**3.10 Advantages**

The Directors consider that the key advantages to the Company of the change of the Company's business activities and the Proposed Transactions are as follows:

- (a) the resources sector provides multiple opportunities which have the potential to add significant shareholder value;
- (b) the outlook for commodity prices is favourable;
- (c) the Company is in a position to acquire two mineral exploration projects which the Directors consider have potential to add significant shareholder value;
- (d) the existing BBX barter card business has been operating at a significant loss since listing in 2005, is small in scale with limited potential, and not ideally suited for listed company;
- (e) the Proposed Transactions provides an opportunity for the Company to diversity its current business operations; and
- (f) members of the Board have extensive experience in mineral exploration in South America.



### 3.11 Disadvantages

The Directors consider that the key disadvantages to the Company of the change of the Company's business activities and the Proposed Transactions are as follows:

- (a) commodity price and volatility risk;
- (b) there may be difficulty in delivering a sustainable business model;
- (c) the Company will be changing the nature and scale of its activities to become a company focused on resource exploration and development projects in South America, which may not be consistent with the objectives of all Shareholders;
- (d) there are many risk factors associated with the change in nature (see section 3.12) including acquisition, exploration, funding and sovereign risks;
- (e) the Ouro Belo and Chapada Projects are early stage projects, and there is no guarantee that exploration will result in the discovery of economically mineable mineral resources; and
- (f) the proposed project timelines may not proceed as expected.

### 3.12 Risks

- (a) Re-quotations of Shares on ASX following re-admission to the Official List

The proposed change in nature and scale of the Company's activities to that of a resource company require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List.

Following Shareholders approving the Resolutions, the Company's Shares will not be tradable on ASX until the Company meets all of the requirements of ASX for re-quotations on ASX. There is a risk that this may be delayed or potentially not occur at all.

- (b) Exercise of Chapada Option

Acquisition of the Chapada Project is conditional upon (amongst other things):

- (i) BBX being satisfied (to its satisfaction) of due diligence on the project; and
- (ii) Rio Gameleira formally waiving a pre-emptive right over the interest to be acquired by BBX,

by no later than 31 January 2012 (with certain rights to extend).

These conditions are yet to be satisfied. Whilst BBX believes that they will be, no such assurance is given. Shareholder approval of the change of nature and scale of activities will apply, notwithstanding that the option over the Chapada Project may not be exercised.

- (c) Acquisition risk

The Company's proposed objectives involve the acquisition and development of resource projects at various stages of development. The Directors of the Company will use their expertise and experience in the resources sector to assess the value and merit of potential projects that are likely to provide returns for Shareholders. However, there can be no guarantee that any new project may result in any return for the Company and its Shareholders.

(d) Sovereign risk

The Ouro Belo Project and the Chapada Project are located in Brazil and the Company will be subject to the risks associated with operating in that country, including various levels of political and economic risks and uncertainties. These risks and uncertainties include, but are not limited to, economic, social or political instability or change, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risk of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership.

(e) Legal risks associated with operating in South America

The Company's acquisitions and operations will most likely be subject to the jurisdiction that the relevant project is located in. The laws and regulations of such jurisdictions are not as advanced and certain as Australian laws and regulations, with the following potential consequences:

- (iii) Difficulties in obtaining effective and appropriate legal redress with respect to the Company's rights and obligations, including over title to assets.
- (iv) Lack of proper process, which may lead to greater potential discretion by various governmental departments, at both local and national level.
- (v) Inconsistencies between various laws, which may lead to delay and unpredictable outcomes.

(f) Title

Interests in mineral rights in Brazil are governed by Brazilian legislation. A mining right is for an open ended term, provided certain requirements are met, including lodgment of reports, payment of royalties and compliance with environmental licence conditions and environmental legislation. A company could lose title to or its interest in a mining permit if these requirements are not met.

(g) Exploration success

Shareholders should understand that mineral exploration and development are high-risk undertakings.

There can be no assurances that exploration of the Ouro Belo Project or the Chapada Project will result in the discovery of an economic tin-indium or gold deposit. Even if an apparently viable deposit is identified there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to permitting requirements, availability of appropriate exploration equipment, seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents and many other factors beyond the control of the Company.

(h) Commodity Price Volatility and Exchange Rate Risks

Commodity price volatility impacts both upon the value of the Company's projects and the potential revenue (if any) derived from those projects. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. These factors include supply and demand fluctuations, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in foreign currencies, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between foreign currencies and the Australian dollar as determined in international markets.

(i) Regulatory

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

(j) Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

(k) Environmental

The operations and proposed activities of the Company are subject to Brazilian local and national laws and regulation 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 proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(l) Competition risk

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(m) Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(n) Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(o) Conflicts of interest

Certain Directors are also directors and officers of other companies engaged in mineral exploration and development and mineral property acquisitions. Accordingly, mineral exploration opportunities or prospects of which these Directors become aware may not necessarily be made available to the Company. Although these Directors have been advised of their fiduciary duties to the Company, there exist actual and potential conflicts of interest among these persons and situations could arise in which their obligations to, or interests in, other companies could detract from their efforts on behalf of the Company.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

### **3.13 Competent person statement**

The information in this Notice which relates to exploration results is based on information compiled by Mr Michael Schmulian, who is a member of the Australian Institute of Geoscientists. All information of this type is expressed in terms of the JORC Code. Mr Schmulian is a non-

executive Director of the Company. Mr Schmulian has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a competent person as defined in the JORC Code.

### **3.14 Conditionality of Resolutions**

Each of the Resolutions outlined in this Notice are inter-conditional, meaning that in order for the matters the subject of each individual resolution to be passed and implemented, all of the remaining Resolutions must also be passed by Shareholders.

### **3.15 Plans for the Company if Resolution 1 is not passed**

If Resolution 1 is not passed, the Company will continue to:

- (a) hold its loss making Sydney barter trading franchise;
- (b) consider raising additional capital to fund this trading; and
- (c) consider alternative business and investment opportunity which the Directors consider will be beneficial to Shareholders.

In addition, the Company will likely remain suspended from trading on ASX until such time as it completes an alternative transaction and satisfies the requires of Chapter 1 and 2 of the Listing Rules together with any other conditions that ASX may impose prior to re-instating the Company to trading.

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## **4 RESOLUTION 1 - CHANGE OF NATURE AND SCALE OF ACTIVITIES**

### **4.1 Background**

The proposed change in the Company's activities to a resource exploration and development company and exercise of the Option Agreement for the Ouro Belo Project amount to a change in the Company's nature and scale of activities, and the Company is required to seek Shareholder approval. Assuming Shareholders approve Resolution 1, the Company must comply with Chapters 1 and 2 of the Listing Rules.

### **4.2 Re-compliance with Chapters 1 and 2 of the Listing Rules**

Listing Rule 11.1 provides that where a company proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX before it makes the change. Listing Rule 11.1.2 gives ASX the authority to require the company to get the approval of its shareholders before making the change to the nature or scale of its activities.

ASX has notified the Company that, prior to changing the nature and scale of the business of the Company, it must procure the approval of Shareholders. The change in the nature of the Company will be affected by the Company exercising the option to acquire a 51% interest in the Ouro Belo Project or by acquiring other resource exploration and/or development projects. In accordance with Listing Rule 11.1.3, the Company must re-comply with the admission

requirements set out in Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the Official List of ASX.

Therefore, in order to comply with Listing Rule 11.1.2, Shareholders are being asked to approve Resolution 1 to approve the change in the nature and scale of the business of the Company.

Details of the new business to be acquired by the Company and the proposed changes to the Company's objectives, activities and operations are set out throughout this Explanatory Statement.

#### **4.3 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

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## **5 RESOLUTION 2 - CHANGE OF COMPANY NAME**

### **5.1 Introduction**

The Board proposes this change of name on the basis that it more accurately reflects the current focus of the Company.

### **5.2 Directors recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

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## **6 RESOLUTION 3 - CONSOLIDATION OF CAPITAL**

### **6.1 Introduction**

The Directors are seeking Shareholder approval to consolidate the number of Shares on issue on a 1 for 2 basis. The Consolidation is required so that the Company can comply with Chapters 1 and 2 of the Listing Rules and obtain re-quotation its Shares on the Official List of ASX.

Section 254H of the Corporations Act provides that company may, by a resolution passed in a general meeting of shareholders, convert all or any of its shares into a larger or smaller number of shares.

If this Resolution is passed, the number of Shares on issue will be reduced from 129,092,722 to approximately 64,546,361 (subject to rounding, see section 6.3), with effect from the as soon as practicable following the Meeting).

As from the effective date of the Resolution (being the date of the General Meeting), all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of post-consolidation Shares. After the Consolidation becomes effective, the Company will arrange for new holdings statements to be issued to Shareholders.

### **6.2 Capital structure**

The Company's capital structure (both currently and following the Consolidation and Capital Raisings) is set out in section 3.8.

### **6.3 Fractional entitlements and taxation**

Fractional entitlements, which will occur where a Shareholder holds an odd number of Shares which cannot be evenly divided by 2, will be rounded down to the nearest whole Share.

Whilst the Company does not believe that there are any tax consequences as a result of the Consolidation, Shareholders are advised to seek their own advice. The Company does not accept any responsibility for the consequences to individuals as a result of the Consolidation.

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## **7 RESOLUTION 4 -ISSUE OF SECURITIES TO RAISE \$2.25M**

### **7.1 Introduction**

Resolution 4 seeks Shareholder approval to issue of up to 11.25 million Shares at an issue price of \$0.20 and 5.625 million free attaching Options (both on a post Consolidation basis) to raise \$2.25 million.

Listing Rule 7.1 limits the number of securities a company can issue in a 12 month period to 15% of its issued share capital, except for certain issues, including where first approved by Shareholders. The effect of passing Resolution 4 will be to allow the Directors to issue securities in accordance with the Resolution without those securities being included in the 15% limit.

### **7.2 Information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- The maximum number of securities to be issued is 11.25 million Shares and 5.625 million Options (both on a post Consolidation basis).
- The securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same day.
- The issue price for each Share will be \$0.20 with one free attaching Option for every 2 Shares subscribed for.
- The Shares will be fully paid ordinary Shares in the capital of the Company and on the same terms and conditions as the Company's existing Shares. The Options have an exercise price of \$0.25, and expiry date of 30 June 2014 and otherwise on the terms set out in annexure B.
- The securities will be allotted to clients of Arthur Phillip Pty Limited who are not related parties of the Company.
- The intended use of the funds raised (including by the exercise of Options) is acquisition, exploration and development of mineral projects in South America and working capital.

- A voting exclusion statement is included in the Notice.

### **7.3 Directors' recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 4. This will allow the Company to issue securities and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

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## **8 RESOLUTION 5 - PARTICIPATION BY MICHAEL SCHMULIAN IN PLACEMENT**

### **8.1 Introduction**

Mr Michael Schmulian, a Director of the Company, or his nominee intends to participate in the placement the subject of Resolution 4. His participation will be on the same terms as other investors in the placement. As Mr Schmulian is a related party of the Company, Shareholder approval is required for him to participate in the placement.

### **8.2 Requirement for Shareholder approval - Listing Rule 10.11**

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities to a related party. If shareholder approval is obtained under Listing 10.11, shareholder approval is not required under Listing Rule 7.1 and the proposed issue will be included in 15% annual limit permitted by Listing Rule 7.1.

### **8.3 Information required by Listing Rule 10.13**

For the purposes of Listing Rule 10.13, the following information is provided about the proposed issue:

- The securities will be issued to Mr Michael Schmulian, a Director of the Company, or his nominee.
- The maximum number of securities to be issued is 750,000 Shares and 375,000 Options (both on a post Consolidation basis).
- The securities will be issued no later than 1 month after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date.
- The issue price is \$0.20 per Share with one free attaching Option for every 2 Shares subscribed for.
- The Shares to be issued will be fully paid ordinary Shares in the capital of the Company on the same terms and conditions as the Company's existing Shares. The Options have an exercise price of \$0.25, and expiry date of 30 June 2014 and otherwise on the terms set out in annexure B.
- A voting exclusion statement is included in the Notice.
- The intended use of the funds raised (including by the exercise of the Options) is



acquisition, exploration and development of mineral projects in South America and working capital.

#### **8.4 Directors' recommendation**

The Directors (other than Mr Schmulian) recommend that Shareholders approve the issue. It will allow Mr Schmulian to participate in the placement.

Mr Schmulian declines to make a recommendation to Shareholders in relation to Resolution 5 as he has a material personal interest in the outcome of the Resolution.

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## **9 RESOLUTION 6 - ISSUE OF OPTIONS TO BROKERS**

### **9.1 Introduction**

Resolution 6 seeks Shareholder approval to issue up to 5.625 million Options (on a post Consolidation basis) to brokers or their nominees who assisted with the capital raising the subject of Resolution 4.

The effect of passing Resolution 6 will be to allow the Directors to issue securities in accordance with the Resolution without those securities being included in the Company's 15% limit under Listing Rule 7.1.

### **9.2 Information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- The maximum number of securities to be issued is 5,625,000 Options (on a post Consolidation basis).
- The securities will be issued no later than 3 months after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date.
- The Options will be issued to brokers or their nominees who assisted with the capital raising the subject of Resolution 4 and will not have an issue price. The Options will not be issued to related parties of the Company.
- The Options will have an exercise price of \$0.25, an expiry date of 30 June 2014 and otherwise on the terms set out in annexure B.
- No funds will be raised by the issue of the Options. Funds raised from the exercise of the Options will be used as general working capital.
- A voting exclusion statement is included in the Notice.

### **9.3 Directors' recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 6. This will allow the Company to issue securities and raise funds whilst preserving the Company's 15%

annual limit permitted by Listing Rule 7.1.

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## **10 RESOLUTION 7 - ISSUE OF SECURITIES**

### **10.1 Introduction**

Resolution 7 seeks Shareholder approval to issue up to 20 million Shares (on a post Consolidation basis) at an issue price of at least 80% of VWAP over the last 5 days on which sales in the securities were recorded before the day on which the issue was made or, if there is a prospectus relating to the issue, over the last 5 days on which sales in Shares were recorded before the date the prospectus is signed.

The effect of passing Resolution 7 will give the Directors flexibility to issue further securities in accordance with the Resolution without those securities being included in the Company's 15% limit under Listing Rule 7.1. Whether the Directors choose to issue further securities will depend upon market conditions and the circumstances of the Company.

### **10.2 Information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- The maximum number of securities to be issued is 20 million Shares (on a post Consolidation basis).
- The securities will be issued no later than 3 months after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date.
- The issue price will be at least 80% of VWAP over the last 5 days on which sales in the securities were recorded before the day on which the issue is made or, if there is a prospectus relating to the issue, over the last 5 days on which sales in Shares were recorded before the date the prospectus is signed.
- The securities will be allotted to clients of Arthur Phillip Pty Limited who are not related parties of the Company.
- The Shares to be issued will be fully paid ordinary Shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares.
- The use (or intended use) of the funds raised is the acquisition, exploration and development of mineral projects in South America and working capital.
- A voting exclusion statement is included in the Notice.

### **10.3 Directors' recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 7. This will allow the Company to issue securities and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

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## **11 RESOLUTION 8 - ISSUE OF SECURITIES TO MICHAEL SCHMULIAN**

### **11.1 Introduction**

On 12 April 2011 the Company announced that it had agreed to issue 2 million options (with an exercise price of \$0.5 and an expiry date of 30 June 2014; with 1 million options to vest after 12 months and the balance to vest after 24 months) to Mr Schmulian, in recognition of his value and experience. The issue was subject to Shareholder approval.

A resolution seeking Shareholder approval for the issue of 2 million options to Mr Schmulian was included in the business for the Company's annual general meeting (to be held on 11 November 2011).

However and to facilitate the Company's proposed relisting for the purposes of Chapters 1 and 2 of the Listing Rules:

- (a) Mr Schmulian has released the Company of the obligation to issue the 2 million options (which was subject to Shareholder approval in any event);
- (b) the resolution seeking shareholder approval for the issue of the 2 million options was withdrawn from consideration at the Company's annual general meeting; and
- (c) subject to Shareholder approval, the Company will issue Mr Schmulian or his nominees 625,000 Shares (on a post Consolidation basis).

Resolution 8 seeks Shareholder approval to issue 625,000 Shares (on a post Consolidation basis). The issue is in recognition of, and reward for, the work Mr Schmulian has undertaken over the last 18 months in sourcing projects for the Company. The issue will also incentivise Mr Schmulian to pursue further projects which enhance Shareholder value.

The Shares will be escrowed for 24 months from the later of issue or following reinstatement of the Company to official quotation.

As Mr Schmulian is a related party of the Company, Shareholder approval is required for the purposes of Chapter 2E of the Corporations Act (section 208) and ASX Listing Rule 10.11 to issue securities to him.

### **11.2 Requirement for Shareholder approval**

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities to a related party. If shareholder approval is obtained under Listing 10.11, shareholder approval is not required under Listing Rule 7.1 and the proposed issue will not be included in 15% annual limit permitted by Listing Rule 7.1.

### **11.3 Chapter 2E of the Corporations Act - Related Party Transactions**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Schmulian is a related party of the Company.

This Resolution provides for the issue of securities to a related party, which is a financial benefit requiring Shareholder approval in the absence of a specified exception applying.

#### **11.4 Information required by Chapter 2E of the Corporations Act**

For the purpose of Chapter 2E of the Corporations Act the following information is provided.

- (a) The related party to whom the resolutions would permit the financial benefit to be given

The related party is Mr Schmulian or his nominee.

- (b) The nature of the financial benefit

The financial benefit proposed to be given is the issue of 625,000 Shares (on a post Consolidation basis).

- (c) Directors recommendation and basis of financial benefit

The purpose of the issue of Shares is to reward Mr Schmulian for his work in securing projects for the Company and to provide an incentive to provide dedicated and ongoing commitment and effort to the Company.

The Directors (apart from Mr Schmulian) consider that the particular number of Shares to be issued to Mr Schmulian is reasonable and appropriate to adequately reward and incentivise Mr Schmulian to provide dedicated and ongoing commitment and effort to the Company. They recommend that Shareholders approve the Resolution.

Mr Schmulian abstains from making a recommendation to Shareholders as to the Resolution as he has an interest in the outcome of the Resolution.

- (d) Total remuneration package of Mr Schmulian

The current remuneration package of Mr Schmulian is \$24,000 per annum including superannuation.

- (e) Existing relevant interests

At the date of this Notice, Mr Schmulian and his associates have a relevant interest in 2,350,000 Shares (on a pre-Consolidation basis).

- (f) Dilution

Passing the Resolution will result in 625,000 Shares (on a post Consolidation basis) being issued, with the effect of diluting existing Shareholders' interests by approximately half

of one percent based on the total number of Shares on issue being 96,421,361 (see section 3.8 for details on the Company's capital structure).

(g) Trading history

The highest, lowest and the latest closing price of the Shares trading on the ASX over the last 12 months are as follows:

	Price	Date
Highest price	\$0.11	18 November 2011
Lowest price	\$0.01	4 November 2010
Latest price	\$0.11	18 November 2011

(h) Valuation of financial benefit

Based upon the most recent market price and assuming Shareholders approve the Consolidation, the Shares proposed to be issued to Mr Schmulian have a total value of \$118,750.

As set out in Resolution 4, the Company is currently proposing a capital raising at \$0.20 (on a post-Consolidation basis). Applying this issue price, the Shares proposed to be issued to Mr Schmulian have a total value of \$125,000.

**11.5 Requirement for Shareholder approval - Listing Rule 10.11**

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities to a related party. If shareholder approval is obtained under Listing 10.11, shareholder approval is not required under Listing Rule 7.1 and the proposed issue will be included in 15% annual limit permitted by Listing Rule 7.1.

**11.6 Information required by Listing Rule 10.13**

For the purposes of Listing Rule 10.13, the following information is provided about the proposed issue:

- The Shares will be issued to Mr Michael Schmulian, a Director of the Company.
- The maximum number of securities to be issued is 625,000 (on a post Consolidation basis).
- The securities will be issued no later than 1 month after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date.
- The Shares are issued to reward Mr Schmulian for his work in securing projects for the Company and to provide an incentive to provide dedicated and ongoing commitment

and effort to the Company. No funds will be raised from the issue.

- The Shares to be issued will be fully paid ordinary Shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares.
- A voting exclusion statement is included in the Notice.

#### 11.7 Directors' recommendation

The Directors (other than Mr Schmulian) recommend that Shareholders approve the issue. It will allow the Company to adequately reward and incentivize Mr Schmulian whilst preserving the Company's limited cash reserves.

Mr Schmulian declines to make a recommendation to Shareholders in relation to Resolution 8 as he has a material personal interest in the outcome of the Resolution.

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## 12 RESOLUTION 9 - ISSUE OF OPTIONS TO BACCHUS STRATEGIC DEVELOPMENTS

### 12.1 Introduction

On 31 May 2011 the Company announced that it had agreed to issue 10 million performance options (5 million options with an exercise price of \$0.13 and 5 million options with an exercise price of \$0.15) to Bacchus Strategic Developments (*Bacchus*), in consideration for assisting with corporate transactions. The issue was subject to Shareholder approval.

A resolution seeking Shareholder approval for the issue of the 10 million options was included in the business for the Company's annual general meeting (to be held on 11 November 2011). However and to facilitate the Company's proposed relisting for the purposes of Chapters 1 and 2 of the Listing Rules:

- (a) Bacchus has released the Company of the obligation to issue the 10 million performance options (which was subject to Shareholder approval in any event);
- (b) the resolution seeking Shareholder approval for the issue of the 10 million performance options was withdrawn from consideration at the Company's annual general meeting; and
- (c) subject to Shareholder approval, the Company will issue Bacchus or its nominees 7.5 million Options, vesting as follows:
  - (i) 3.75 million Options vest if and when the weighted volume average price the Company's Shares is \$0.20 or greater for 30 days; and
  - (ii) 3.75 million Options vest if and when the weighted volume average price the Company's Shares is \$0.30 or greater for 30 days.

Resolution 9 seeks Shareholder approval for the issue of 7.5 million Options. The effect of passing the Resolution will be to allow the Directors to issue securities in accordance with the Resolution without those securities being included in the Company's 15% limit under Listing Rule

7.1.

## **12.2 Information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- The maximum number of securities to be issued is 7.5 million Options (on a post Consolidation basis).
- The securities will be issued no later than 3 months after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date.
- The Options will be issued to Bacchus or its nominees.
- The Options will have an exercise price of \$0.25, an expiry date of 30 June 2014 and otherwise on the terms set out in annexure B. The Options will vest in the manner set out in section 12.1 above.
- No funds will be raised by the issue of the Options. Funds raised from the exercise of the Options will be used as general working capital.
- A voting exclusion statement is included in the Notice.

## **12.3 Directors' recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 9. This will allow the Company to satisfy its obligation to issue 7.5 million Options to Bacchus whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

## SCHEDULE 1 - DEFINITIONS

In this Notice and Explanatory Memorandum:

<b>ASX</b>	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
<b>Board</b>	means the board of Directors.
<b>Bacchus</b>	Bacchus Strategic Developments Group Pty Ltd (ACN 099 034 447).
<b>Capital Raisings</b>	the capital raising outlined in Resolutions 4 and 7.
<b>Chairman</b>	means the Chairman of the Company.
<b>Chapada Project</b>	means the Chapada project described in section 3.4.
<b>Chapada Option Agreement</b>	has the meaning given in section 3.4.
<b>Consolidation</b>	means the consolidation of the issued Shares of the Company existing at the date of this notice on a 1 for 2 basis (rounded up to the nearest whole number), which consolidation is proposed to become effective on the date the resolution is passed.
<b>Company or BBX</b>	means BBX Holding Limited (ABN 82 089 221 634) to be renamed BBX Minerals Limited.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth) as amended.
<b>Crusader Resources</b>	means Crusader Resources Limited (ACN 94 106 641 963).
<b>Director</b>	means a director of the Company.
<b>Joint Venture Agreement</b>	means the joint venture agreement between Mundo and Rio Gameleira concerning the Chapada Project.
<b>Listing Rules</b>	means the listing rules of the ASX.
<b>Meeting or General Meeting</b>	means the meeting of Shareholders as outlined in this Notice.
<b>Mundo</b>	means Mundo Minerals Limited (ABN 97 117 790 897).
<b>Notice</b>	means this notice of meeting.



<b>Official List</b>	means the official list of ASX.
<b>Option</b>	means an option to be issued a Share on the terms in Annexure B.
<b>Option Agreements</b>	means the Ouro Belo Option Agreement and the Chapada Option Agreement.
<b>Ouro Belo Option Agreement</b>	has the meaning given in section 3.3.
<b>Proposed Transactions</b>	has the meaning given in section 3.2.
<b>Rio Gameleira</b>	means Rio Gameleira Prospeccao e Geologia Ltda.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a holder of a Share.
<b>VWAP</b>	means the volume weighted average price of trades of the relevant security on the ASX.

## ANNEXURE A - PRO FORMA BALANCE SHEET AS AT 30 SEPTEMBER 2011

	Consolidated Group		
	30-Sep		30-Sep
	2011		2011
	\$000		\$000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	613	2,250	2,613
Financial assets	166		166
<b>TOTAL CURRENT ASSETS</b>	<b>779</b>	<b>2,250</b>	<b>3,029</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2	-	2
	150	-	150
<b>TOTAL NON-CURRENT ASSETS</b>	<b>152</b>	<b>-</b>	<b>152</b>
<b>TOTAL ASSETS</b>	<b>931</b>	<b>-</b>	<b>3,181</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	93	-	93
<b>TOTAL CURRENT LIABILITIES</b>	<b>93</b>	<b>-</b>	<b>93</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	220	-	220
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>220</b>	<b>-</b>	<b>220</b>
<b>TOTAL LIABILITIES</b>	<b>313</b>	<b>-</b>	<b>313</b>
<b>NET ASSETS</b>	<b>618</b>	<b>-</b>	<b>2,868</b>
<b>EQUITY</b>			
Issued capital	11,383	2,250	13,633
Accumulated losses	(10,765)		(10,765)
Parent interest	618	2,250	2,868
<b>TOTAL EQUITY</b>	<b>618</b>	<b>2,250</b>	<b>2,868</b>

## ANNEXURE B - TERMS OF OPTIONS

- 1 Each Option entitles the holder to one Share.
- 2 The exercise price of the Options is 25 cents each.
- 3 The expiry date of the Options is 30 June 2014.
- 4 The Options may be exercised at any time prior to the expiry date, in whole or in part, upon payment of the exercise price per Option.
- 5 The Options are transferable and may be quoted.
- 6 The Company will provide to each Option holder a notice that is to be completed when exercising the Options (**Notice of Exercise**). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- 7 All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX within 7 business days after the date of issue of all Shares pursuant to the exercise of Options to be admitted to quotation.
- 8 There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised except in the event of a bonus issue. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- 9 If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company (**Bonus Issue**), then upon exercise of his or her Options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the Options had been exercised before the record date for the Bonus Issue.
- 10 In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.