



BMG RESOURCES LIMITED

ACN 107 118 673

**Consolidated Interim Financial Report
For the Half Year Ended
31 December 2020**

CONTENTS

	Page
Corporate Directory	3
Directors' Report	4
Auditor's Independence Declaration	8
Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14
Directors Declaration	36
Independent Auditor's Review Report	37

CORPORATE DIRECTORY

DIRECTORS

Gregory Hancock Non-Executive Chairman

Bruce McCracken Managing Director

John Prineas Non-Executive Director

John Dawson Non-Executive Director

COMPANY SECRETARY

Sean Meakin

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SHARE REGISTRY

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BANKERS

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PERTH WA 6000

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report of BMG Resources Limited (the Company; ASX: BMG), being the Company and its subsidiaries ('Group' or 'Consolidated Entity'), for the half year ended 31 December 2020 and the auditor's review report thereon.

DIRECTORS

The names and details of the Directors in office during the half year and until the date of this report are set out below.

- Greg Hancock (Non-Executive Chairman)
- Bruce McCracken (Managing Director)
- John Prineas (Non-Executive Director, appointed 13 October 2020)
- John Dawson (Non-Executive Director, appointed 13 October 2020)
- Simon Trevisan (Non-Executive Director, resigned 13 October 2020)
- Malcolm Castle (Non-Executive Director, resigned 13 October 2020)

All Directors have been in office for the entire period, unless otherwise stated.

OPERATIONS REPORT

During the six months to 31 December 2020, BMG was focused on advancing its portfolio of highly prospective Western Australian gold projects after completing the 100% acquisition of Oracle Mining Limited (Oracle) and its subsidiaries.

The completion of the transaction followed the initial announcement of the transaction in August 2020 (refer ASX announcement on 17 August 2020 "Transformational Acquisition: BMG to Acquire Three Outstanding Western Australian Gold Projects").

The three gold projects acquired are the Abercromby and Invincible gold projects, located in the Wiluna district and the Central Pilbara regions of Western Australia respectively, and the South Boddington Project (under application) located along strike from Newmont's (NYSE: NEM) giant Boddington deposit (+40Moz) in the same greenstone belt.

The Oracle Acquisition was subject to requisite approval from BMG shareholders at a General Meeting, held on 5 October 2020, and other conditions precedent including a 10:1 share capital consolidation and the completion of a \$4 million capital raising via a \$3m Placement to professional and sophisticated investors and a \$1m Share Purchase Plan for BMG shareholders. Consideration for the Oracle Acquisition was the issue of 89,843,117 fully paid ordinary shares in the company and 13,333,333 performance shares.

Following completion of the acquisition, BMG launched exploration initiatives at Abercromby and Invincible. A 5,000m reverse circulation (RC) and diamond drilling program was planned for Abercromby with 2,880m drilled in Phase 1 of the program during the reporting period, while at Invincible, an ultra-detailed high resolution aeromagnetic and radiometric survey of project area was undertaken.

DIRECTORS' REPORT

Abercromby

Drilling at Abercromby was undertaken in December 2020, marking the first time in over 15 years that gold-focused drilling had been undertaken at the project.

The 5,000m drilling program was designed to test the nature and continuity of known gold mineralisation at the Capital Prospect, where gold mineralisation and anomalism has been established by historical drilling over a footprint of 1,000m X 300m.

As reported in December 2020, preliminary observations of drill samples were highly encouraging. A number of drill holes intersected intervals of intense hydrothermal alteration with breccias containing quartzcarbonate-sericite veining with sulphides. This kind of mineralogy is known to be associated with gold mineralisation intersected elsewhere within the Abercromby project area.

A number of drill holes also intersected the basalt-gabbro contact, which is believed to be the lithological contact that acts as a control on gold mineralisation at Abercromby. Importantly, the zones of alteration encountered by drilling show a close association with this lithological contact. This is a significant geological finding that will assist in further targeting of gold mineralisation and resource definition drilling.

Subsequent to the end of the reporting period, BMG announced that all assay results from the drill program had been received. A total of 13 drill holes was completed by BMG with 635m of diamond and 2,246m of RC drilling. A further eight planned drill holes were not completed because of time constraints but will be added to this year's drill campaign.

Assays for the drill program have confirmed broad gold zones at Abercromby with very wide intersections of gold mineralisation including multiple intervals of bonanza grades, the selected results of which can be found below:

- 26m @ 6.07 g/t Au from 192m, including 7m @ 21.22 g/t Au from 192m (20ABRC0004)
- 16m @ 3.64 g/t Au from 82m, including 3m @ 14.38 g/t Au from 83m (20ABRC0004)
- 33m @ 1.7 g/t Au from 127m, including 3m @ 15.29 g/t Au from 157m (20ABRC0008)
- 37m @ 2.58 g/t Au from 144m including 8m @ 8.1 g/t Au from 173m (20ABRC0010)
- 5m @ 5.86 g/t Au from 42m including 2m @ 10.83 g/t Au from 42m (20ABRC0010)
- 8m @ 2.72 g/t Au from 32m and 2m @ 4.37 g/t Au from 107m (20ABRC0003)
- 59m @ 0.86 g/t Au from 156m, including 7m @ 3.33 g/t Au from 173m (20ABRC0006)
- 2.7m @ 6.54 g/t Au from 215.3m (20ABRC0003)
- 12m @ 2.56 g/t Au from 25m including 2m @ 4.87 g/t Au from 25m (20ABRC0001)

Invincible

At Invincible, the Company undertook an ultra-detailed high resolution aeromagnetic and radiometric survey of its Invincible project area (E45/4553), which is located immediately along strike from, and hosted in the same stratigraphy, as Calidus Resources' (ASX:CAI) 1.5Moz Au resource which is in development.

DIRECTORS' REPORT

The aerial survey work comprised approximately 5,000 line km in total. The Company finalised the processing results of the geophysical survey subsequent to the end of the reporting period and announced in February 2021 that it had identified multiple exploration targets.

Reconnaissance field work and mapping to validate recently generated targets are currently being planned, together with further geochemical sampling to scope the extent of the existing anomalies and investigate new target areas. Once this data has been compiled, the Company will finalise planning for a proposed 2021 drill program.

Corporate

On 13 October 2020 BMG Resources Limited completed the acquisition of Oracle Mining Limited, including 100% owned subsidiaries Delphi Resources Pty Ltd and South Boddington Gold Pty Ltd ('Oracle acquisition'). Consideration for the acquisition was the issue of 89,843,117 fully paid ordinary shares in the Company and 13,333,333 performance shares.

Contemporaneously with the acquisition, the Company completed a capital raising via a Share Purchase Plan and a Placement to Professional and Sophisticated Investors, the Company raised \$4,000,000 (before costs), for the issue of 80,000,000 ordinary shares.

On 13 October 2020, as contemplated prior to completion of the Oracle acquisition, non-executive directors John Prineas and John Dawson were appointed to the Board, with Mr Simon Trevisan and Mr Malcolm Castle resigning from the Board.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the half year comprised of mineral resource exploration and development.

OPERATING RESULTS

The Consolidated Entity's loss after providing for income tax for the half year ended 31 December 2020 amounted to \$420,754 (December 2019: loss \$647,934).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the reporting period the Company acquired three highly prospective Western Australian gold projects after completing the 100% acquisition of their previous owner, Oracle Mining Limited (Oracle).

The Company's focus is now on undertaking exploration activities at these projects.

Further disclosure on the projects acquired including activities completed to date are disclosed elsewhere in this report and in company announcements provided to the ASX.

DIRECTORS' REPORT

EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 9 February 2021, the Company issued a total of 8,000,000 Performance Rights to key members of its technical and administrative team.

Vesting conditions attached to these Performance Rights are consistent with those of the Performance Rights issued during the reporting period to the Company's Chairman and Managing Director, disclosed at note 5 of the financial report.

There were no other material matters or circumstances that have arisen since the reporting date.

AUDITORS INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8 for the half year ended 31 December 2020.

Signed in accordance with a resolution of the Board of Directors



Gregory Hancock

Non-Executive Chairman

Dated at Perth, Western Australia, this 16th day of March 2021

AUDITORS INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF BMG RESOURCES LIMITED

As lead auditor for the review of BMG Resources Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of BMG Resources Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Neil Smith', is written over a light grey rectangular box.

Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 16 March 2020

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Notes	31 December 2020 \$	31 December 2019 \$
Interest Received		176	3,172
Government Incentive		21,645	-
Corporate and administration expenses		(70,071)	(125,341)
Accounting & audit fee		(28,352)	(17,105)
Depreciation and amortisation expenses		(342)	(342)
Director Remuneration		(165,096)	(156,675)
Administration services fee		(72,000)	(104,000)
Share Based Payment Expenses	5	(101,008)	(127,903)
Other expenses from ordinary activities		(535)	(105,490)
Exchange gain/(loss) from Ordinary Activities		(55)	(14,250)
Impairment Expenses		(5,115)	-
(LOSS) BEFORE INCOME TAX		(420,754)	(647,934)
Income tax expense		-	-
(LOSS) FOR THE HALF YEAR AFTER TAX		(420,754)	(647,934)
(Loss) is attributable to:			
Owners of BMG Resources Limited		(420,754)	(647,934)
NET (LOSS) FOR THE HALF YEAR		(420,754)	(647,934)
Other Comprehensive Profit/(Loss)		(22,695)	(10,602)
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD		(443,449)	(658,536)
Basic (loss) per share (cents per share)	11	(0.30)	(0.11)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income are to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	31 December 2020 \$	30 June 2020 \$
CURRENT ASSETS			
Cash and cash equivalents	6	1,925,815	273,390
Trade and other receivables		111,113	18,523
TOTAL CURRENT ASSETS		2,036,928	1,291,913
NON-CURRENT ASSETS			
Property, Plant and Equipment		684	1,027
Exploration and Evaluation Assets	7	13,279,373	-
TOTAL NON-CURRENT ASSETS		13,280,057	1,027
TOTAL ASSETS		15,316,985	292,940
CURRENT LIABILITIES			
Trade and other payables	8	669,241	96,706
Employee benefits payable		68,052	60,776
TOTAL CURRENT LIABILITIES		737,293	157,479
TOTAL LIABILITIES		737,293	157,479
NET ASSETS		14,579,692	135,461
EQUITY			
Contributed equity	9	57,458,271	44,071,599
Reserves	10	1,837,646	359,333
Accumulated (Loss)		(44,716,225)	(44,295,471)
TOTAL EQUITY		14,579,692	135,461

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Notes	Issued Capital Ordinary	Accumulated Losses	Share Based Payment Reserve	Shares/ Options Reserve	Foreign Currency Reserve	Total Reserves	Total
		\$	\$	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2020		44,071,599	(44,295,471)	22,186	314,452	22,695	359,333	135,461
(Loss) for the half year		-	(420,754)	-	-	-	-	(420,754)
Other comprehensive (loss)								
Disposal of foreign operation		-	-	-	-	(22,695)	(22,695)	(22,695)
Total comprehensive loss for the period		-	(420,754)	-	-	(22,695)	(22,695)	(443,449)
Transactions with owners in their capacity as owners:								
Issue of shares for services	5	150,000	-	-	-	-	-	150,000
Capital Raising	9	4,000,000	-	-	-	-	-	4,000,000
Consideration for acquisition of Oracle Mining	4	9,433,527	-	1,400,000	-	-	1,400,000	10,833,527
Share based payment to Directors	5	-	-	101,008	-	-	101,008	101,008
Less Capital Raising Costs	9	(196,855)	-	-	-	-	-	(196,855)
BALANCE AT 31 DECEMBER 2020		57,458,271	(44,716,225)	1,523,194	314,452	-	1,837,646	14,579,692

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Notes	Issued Capital Ordinary	Accumulated Losses	Share Based Payment Reserve	Options Reserve	Foreign Currency Reserve	Total Reserves	Total
		\$	\$	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2019		43,582,596	(42,112,737)	130,450	-	57	130,507	1,600,366
(Loss) for the half year		-	(647,934)	-	-	-	-	(647,934)
Other comprehensive loss		-	-	-	-	(10,602)	(10,602)	(10,602)
Total comprehensive loss for the period		-	(647,934)	-	-	(10,602)	(10,602)	(658,536)
Transactions with owners in their capacity as owners:								
Issue of shares for services	5	113,500	-	-	-	-	-	113,500
Issue of Options to Investors	3	-	-	-	314,452	-	314,452	314,452
Share based payment to Directors	5	236,167	-	(108,264)	-	-	(108,264)	127,903
Less Capital Raising Costs	9	(23,870)	-	-	-	-	-	(23,870)
BALANCE AT 31 DECEMBER 2019		43,908,393	(42,760,671)	22,186	314,452	(10,545)	326,093	1,473,815

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

		HALF YEAR	
	Notes	31 December 2020 \$	31 December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(570,610)	(442,435)
Government incentive		33,670	-
Interest received		175	3,172
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES		(536,765)	(439,263)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation activity		(894,960)	(1,018,023)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(894,960)	(1,018,023)
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of Oracle Mining Limited, net of cash acquired	4	575	-
Repayment of borrowings	4	(450,106)	-
Net proceeds from issue of Options	10	-	314,452
Proceeds from share issue	9	3,740,000	-
Transaction costs related to issues of shares	9	(206,319)	(6,371)
NET CASH INFLOW FROM FINANCING ACTIVITIES		3,084,150	308,081
NET INCREASE/(DECREASE) IN CASH HELD		1,652,425	(1,149,205)
Cash and cash equivalents at the beginning of period		273,390	1,551,720
Foreign currency translation		-	(10,629)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	6	1,925,815	391,886

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated interim financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretation and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Company and its subsidiaries ('Consolidated Entity' or 'Group'). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the consolidated entity.

It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2020, together with any public announcements made during the half year ended 31 December 2020 in accordance with the continuous disclosure requirements arising under Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period with the exception of the below accounting policies disclosed at note 1(b).

All amounts are presented in Australian dollars, unless otherwise noted.

This half year financial report was approved by the Board of Directors on 16 March 2021.

For the purpose of preparing the interim financial report, the half year has been treated as a discrete reporting period.

(a) Going Concern

The Directors are satisfied that the going concern assumption has been appropriately applied in preparing the financial statements and the historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the period ended 31 December 2020 the Group made a loss of \$420,754 (2019: loss of \$647,934) and had cash outflows from operating activities of \$536,765 (2019: cash outflows from operating activities of \$439,263).

The Directors believe that there are reasonable grounds that the Group entity will continue as a going concern, after consideration of the following factors:

- As at 12 March 2021, the Group had \$1,311,915 Cash and cash equivalents on hand.
- The Directors have prepared a cash flow forecast for the period to March 2022 ('forecast period'). Excluding the impact of discretionary cash outflows relating to exploration activity, the Group forecasts to have cash and cash equivalents on hand at 31 March 2022, regardless of whether a capital raising is completed in the intervening period.

However, the Directors contemplate that further exploration activity will be undertaken over the forecast period, and to complete a substantive exploration program will require additional capital. These conditions indicate a material uncertainty that may cast doubt on the Group's ability to continue as a going concern and therefore it may be unable to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Should the Group entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustment relating to the recoverability and classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the group not be able to continue as a going concern.

(b) Changes in and adoption of new accounting policies

The Group's accounting policies are consistent with the policies adopted for the previous financial year, except for with respect to accounting for acquisition transactions. Further, the Group's accounting policy with respect to share-based payments has been expanded with the Company's updated policy being disclosed below.

i. Acquisition transactions

When an acquisition transaction is completed, the Group is required to consider whether the acquisition is a business acquisition or the acquisition of an asset or group of assets that do not constitute a business.

There are substantial differences between accounting for a business acquisition and accounting for the acquisition of an asset or group of assets.

Consideration transferred for the acquisition of a subsidiary, whether a business acquisition or otherwise may include:

- Acquisition date fair values of the assets transferred by the acquirer;
- Liabilities incurred by the acquirer to former owners of the acquiree; and
- Equity instruments issued by the acquirer

For an asset acquisition:

- Assets and liabilities acquired are assigned a carrying value based on relative fair values. The fair value of the consideration provided for the acquisition will be allocated to assets and liabilities of the asset, or group of assets, being acquired;
- No deferred tax will arise in relation to acquired assets and liabilities;
- No goodwill will be recorded on the Statement of Financial Position, nor will bargain purchase gain be recorded in the statement of profit or loss and other comprehensive income;
- Consideration paid in the form of equity instruments is a share-based payment measured by reference to value of the equity instruments issued where the fair value of the acquired assets cannot be determined as is the case for early-stage exploration assets; and
- Transaction costs incurred are capitalised.

ii. Share based payments

Share based payments may be provided by the Group for the acquisition of goods or services, or to incentivise employees (including Key Management Personnel) or other service providers to the Group.

For equity settled share-based payment transactions, the value of goods or services received, and the corresponding increase in equity is measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the fair value of the goods or services received cannot be estimated reliably, they are measured,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

and a corresponding increase in equity recognised, indirectly, by reference to the fair value of the equity instruments granted.

The grant date fair value of share-based payments granted to employees (including Key Management Personnel) is recognised as a share-based payment expense, with a corresponding increase in equity, over the period that the payments are estimated to vest. Share based payments awarded to employees (including Key Management Personnel) and consultants is measured at the fair value of the services received by reference to the fair value of equity instruments granted.

Where share-based payment awards are granted to employees (including key management personnel) or other service providers with vesting conditions other than market conditions (such as a target share price upon vesting (or exercisability)), the total amount recognised as an expense will reflect the actual number of equity instruments which ultimately vest to the recipient.

Where share-based payments awarded to employees (including key management personnel) or other service providers vest upon the satisfaction of market conditions, the market conditions are taken into account when estimating the fair value of the equity instruments granted. For such awards, where all other vesting conditions are satisfied, the group recognises the goods or services received, irrespective of whether the market conditions are satisfied.

Share-based payment arrangements in which the Consolidated Entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Consolidated Entity.

(c) Significant accounting judgements and key estimates

The preparation of the half year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half year financial report, the significant judgements made by management in applying the Group's accounting policies. In addition to 'the impact of Coronavirus (COVID-19) pandemic and 'Impairment of Exploration and Evaluation Assets' which were identified as key sources of estimation and uncertainty applying to the annual financial statements as at and for the year ended 30 June 2020, the following additional significant of area of estimation uncertainty and critical judgement is identified:

Asset acquisition

The Group has determined that the acquisition of Oracle Mining Limited (changed to Oracle Mining Pty Ltd on 8 January 2021) is not deemed a business acquisition. The transaction has been accounted for as an asset acquisition. In assessing the requirements of AASB3 Business Combinations, the Group has determined that the assets acquired do not constitute a business.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under IAS 12 applies. No goodwill will arise on the acquisition and transactions costs of the acquisition are included in the capitalised cost of the asset.

The net assets acquired are disclosed in note 4.

Share Based Payments

In light of transactions which have occurred during this reporting period, expanded disclosure is provided below in relation to accounting for the Group's share-based payments which requires estimation and critical judgements to be applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Share based payments are valued at fair value at the date that the awards are required to be measured. For share-based payments issued which do not require shareholder approval, this date is the date that the parties agree to the award. For share-based payments which require shareholder approval, the award is measured at the date that shareholder approval is received.

Share based payments are issued as payment for services provided to the Company, to Key Management Personnel of the Company, and may be issued as consideration for an asset acquisition

For Share based payments for services, the value of the share-based payment is measured by reference to the value of services received evidenced by the receipt of an invoice from the supplier.

For share based payments issued to Key Management Personnel, the fair value of the award granted is a function of the value of the Company's share price on measurement date and the number of Shares, Performance Rights and Options issued.

For Options, the Black-Scholes Option pricing methodology is used, inputs used to determine the fair value include share price on measurement date, exercise price of the instrument, expected volatility and risk-free interest rate.

For Performance Rights (with vesting conditions other than market-based conditions), the number of Rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised in the share-based payment reserve is based on the number of Rights which eventually vest.

For Performance Rights (with market based vesting conditions, such as a target share price), the value of the Rights is recognised in the share-based payments reserve over the shorter of the period to which the Rights vest or the period to which the Rights will otherwise expire.

For Performance Shares issued as consideration for asset acquisitions (including those with vesting conditions other than market-based conditions), the value of the Shares is recognised in the share-based payments reserve when the asset acquisition is completed.

2. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of components of the Group that are regularly reviewed by the Chief Operating Decision Maker (CODM) in order to allocate resources to the segment and to assess its performance. The Chief Operating Decision Maker of the Group is the Board of Directors. One segment is identified, being the Western Australian gold exploration activity. The Group's principal activity is gold exploration.

This segment has been determined on the basis of geography and the nature of activities, being exploration activity in Western Australia.

(a) Segment Performance

Half year ended 31 December 2020

Exploration (Western Australia) (\$)	
Revenue	-
Segment Operating (Loss)	(1,905)
Material item within Segment Operating (Loss)	nil

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of segment loss to consolidated net loss.

	Note	(\$)
Segment Operating (Loss)		(1,905)
Interest Income		175
Government Incentives		21,645
Share based payments	5	(101,008)
Directors Remuneration		(165,096)
Administration Services Fee		(72,000)
Corporate and Administration		(70,071)
Adjustment to Foreign Currency Reserve		22,693
Other expenses		(55,187)
Result, (loss) before income tax		(420,754)

For the reporting period to 31 December 2019, one segment was identified, being Chilean exploration activity. Disclosure in relation to that segment is provide in the interim financial report for the period ended 31 December 2019.

(a) Segment Assets and Liabilities

31 December 2020

	Exploration (Western Australia) (\$)	Unallocated (\$)	Total Consolidated Entity (\$)
Assets			
Cash and Cash at Bank	-	1,925,815	1,925,815
Statutory Receivables	-	111,113	111,113
Current assets	-	2,036,928	2,036,928
Property, Plant and Equipment	-	684	684
Exploration and Evaluation Assets	13,279,373	-	13,279,373
Non-Current assets	13,279,373	684	13,280,057
Total Assets	13,279,373	2,037,612	15,316,985
Liabilities			
Trade and Other Payables	635,082	102,211	737,293
Current Liabilities	635,082	102,211	737,293
Total Liabilities	635,082	102,211	737,293
Net Assets	12,644,291	1,935,401	14,579,692

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. REVIEW OF OPERATIONS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The Group's loss result for the period has reduced relative to the prior comparative period, this has predominantly resulted from reduced corporate and administrative expenses, and other expenses from ordinary activities.

Consolidated Statement of Financial Position

The Groups' net asset position has increased significantly, from \$135,461 to \$14,579,692.

The increase in net assets is predominantly due to an increase in the Groups' cash and cash equivalents on hand, arising from the completion of a capital raising during the period; and an increase in the Groups' Exploration and Evaluation Assets, arising from the acquisition of Oracle Mining Limited, which was completed on 13 October 2020.

Further disclosure on capital raised during the period and the acquisition of Oracle Mining Limited is provided at notes 9 and 4 respectively.

Consolidated Statement of Changes in Equity

The Groups' issued capital has increased as a result of the completion of capital raising activities, including a Placement and a Share Purchase Plan, and due to issue of Ordinary Shares and Performance Shares to acquire 100% of issued capital of unlisted public company, Oracle Mining Limited.

Consolidated Statement of Cash Flows

The Group's cash flows for the period included:

- Outflows for exploration and evaluation activity including settlement of the \$650,000 (Oracle Sale agreement, note 4) and \$50,000 (cash component of debt to Paul Askins, note 4).
- Outflows for the settlement of loans as set-out at note 4.
- An inflow from the issue of shares for the completion of a Placement and Share Purchase Plan (note 9).

4. Acquisition of Oracle Mining Limited

On 17 August 2020, BMG announced that it had entered into a binding agreement to acquire three gold projects in Western Australian Gold districts through the acquisition of Oracle Mining Limited.

Subsequently, on 13 October 2020, following the receipt of shareholder approval, BMG acquired 100% of the shares on issue of Oracle Mining Limited ("Oracle"), an unlisted public company, including its 100% owned subsidiaries Delphi Resources Pty Ltd ("Delphi Resources") and South Boddington Gold Pty Ltd ("South Boddington") ("Acquisition", "The Oracle group of companies").

Consideration for the acquisition was 89,843,117 fully paid ordinary shares and 13,333,333 Performance Shares in BMG Resources Limited.

The three gold projects comprise the Abercromby Gold project in the Wiluna district, Invincible Gold project in the Central Pilbara and the South Boddington Gold project in the Boddington district.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Material assets of the Oracle group of companies comprised of:

- An agreement ('Oracle Sale agreement') to purchase the rights to all minerals other than uranium and thorium in mining leases M53/1095 and M53/336. These tenements form the Abercromby Gold project, located approximately 30km from Wiluna in the northern Goldfields of Western Australia.

Oracle was required to pay \$650,000 for the acquisition of the right to explore for, mine, develop, process and sell any minerals other than Uranium. This amount was subsequently paid, following the completion of the Acquisition.

- Exploration Licence E45/4553, held by Delphi Resources. This license was acquired for a cash payment of A\$400,000 and was acquired prior to the completion of the Acquisition. The Invincible project is comprised within this tenement.

At time of completion of the Acquisition, there were no assets held by South Boddington other than applications for Western Australian Exploration Licences E70/4225 and E70/4590.

Material liabilities of the Oracle group of companies comprised:

Loans:

- A debt repayable to an un-related party for a total amount of \$550,000. This debt was subsequently settled via a cash payment of \$290,000 and via the issue of 5,200,000 Ordinary shares at \$0.05 per share (\$260,000) to participate in the Company's placement to Professional and Sophisticated investors which was completed on 13 October 2020.
- A debt repayable to Zeus Private Equity Pty Ltd for a total amount of \$160,107. This debt was subsequently settled via a cash payment.

These liabilities included loan establishment fees amounting to \$85,000. Collectively, the loans were settled via cash payments amounting to \$365,107, plus establishment fees paid.

Liability for the acquisition of mining leases

- A debt payable to MPI Nickel Pty Ltd to purchase the rights to all minerals other than uranium and thorium in mining leases M53/1095 and M53/336, for \$650,000, as noted above.

Liability for the provision of services

- A debt in favour of Mr Paul Askins arising from the provision of consultancy services in favour of the South Boddington project, for an amount of \$200,000, to be settled via a combination of cash (\$50,000) and shares (\$150,000). See note 5 on details for settlement of the debt.

The board of BMG has concluded that the acquisition of the Oracle group of companies is an Asset Acquisition and is accounted for accordingly. The acquisition of an asset through the issue of equity instruments is accounted for as a share-based payment ('Oracle Acquisition Share based payment').

The value of the Oracle Acquisition Share based payment is measured at fair value of the equity instruments issued by BMG Resources Limited, calculated on the date when the Acquisition was completed, 13th October 2020 as the fair value of the asset acquired could not be reliably determined. The Shares and Performance Shares are valued at \$0.105 (on a post 10:1 consolidation basis) the Company's closing share price on 13 October 2020, therefore giving the shares of Oracle a total fair value of \$10,833,527.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Further disclosure on the Oracle acquisition Share based payment is provided at note 5, Share based payments.

	Number of Equity Instruments	Value
Consideration payable		
Ordinary Shares	89,843,117	\$9,433,527
Performance Shares	13,333,333	\$1,400,000
Total		\$10,833,527
Transaction costs incurred		\$278,418
Total purchase price, including capitalised transaction costs		\$11,111,945

The fair values of the assets and liabilities assumed were as disclosed below. No portion of the consideration paid for the acquisition was in the form of cash, and accordingly, the acquisition resulted in an increase in Cash and Cash equivalents of \$575.

Assets	
Cash and Cash equivalents	\$575
Exploration and Evaluation Assets	\$12,782,655
Other Receivables	\$89,761
Total	\$12,872,011
Liabilities	
Trade and Other Payables	(\$1,050,939)
Borrowings	(\$710,107)
Total	(\$1,761,046)
Net Assets Acquired	\$11,111,945

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Share based payments

Share based payments relating to BMG subsidiary company Oracle Mining Limited

Acquisition of Oracle Mining Limited by BMG

As disclosed at note 4 ("Acquisition of Oracle Mining Limited"), On 13 October 2020, following the receipt of shareholder approval, BMG acquired 100% of the shares on issue of Oracle Mining Limited ("Oracle"), an unlisted public company, including its 100% owned subsidiaries Delphi Resources Pty Ltd ("Delphi Resources") and South Boddington Gold Pty Ltd ("South Boddington") ("Acquisition", "The Oracle group of companies").

Consideration for the acquisition is valued as at the date when BMG Resources Limited acquired the shares of Oracle, 13th October 2020. The closing share price of BMG Shares on this date was \$0.105 per share, accordingly the Ordinary Shares issued had a collective value of \$9,433,527, being 89,843,117 shares at \$0.105 per share. The value of these shares is recognised within Exploration and Evaluation assets and Contributed equity, refer to notes 7 and 9 respectively for further disclosure.

The Performance Shares will only vest upon achievement of the vesting conditions disclosed below

	Number of Performance Shares	Milestone
Performance Shares	6,666,667	The Company reporting a 250,000-ounce gold Mineral Resource on any Oracle Project, with a minimum cut-off grade of 0.5g/t gold in accordance with the JORC Code in respect of any Project before 5 October 2025.
	6,666,666	The Company reporting a 500,000-ounce gold Mineral Resource with a minimum cut-off grade of 0.5g/t gold in accordance with the JORC Code in respect of any Project before 5 October 2025.

Each Performance Share which vests will convert into one fully paid ordinary share in the Company. The Performance Shares have a collective value of \$1,400,000, being 13,333,333 Performance Shares at \$0.105 each. The value of these shares is recognised within Exploration and Evaluation assets (refer to note 7) and Share based payment reserve as disclosed in the table below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Provision of consultancy services to Oracle Mining Limited

On 1 July 2018, Oracle's 100% owned subsidiary, South Boddington Gold Pty Ltd entered into an agreement for the provision of consultancy services in favour of the South Boddington project, for an amount of \$200,000.

The terms of the agreement provided for the \$200,000 fee to be settled in the following manner, within 30 days of an initial public offering of the securities of Oracle on the ASX; or the sale of any of the shares or assets of Oracle to a company that is listed on the ASX:

A) \$50,000 in cash

B) \$150,000 in shares of the listed entity at the same price as the first capital raising upon the IPO of Oracle.

In addition to the \$50,000 payable in cash, the fair value of this share-based payment, being \$150,000, evidenced by an invoice issued to Oracle Mining Limited was recorded as expense in the financial statements of Oracle prior to its acquisition by BMG on 13 October 2020.

On the day of completion of the transaction, the group settled the debt payable for the provision of the services in the manner required under the agreement, being the payment of \$50,000 and the issue of \$150,000 of shares in BMG (3,000,000 shares at \$0.05 per share).

Issue of Performance Rights pursuant to Employee Share Scheme

On 5 October 2020, shareholders approved the award of Performance Rights to the Company's Chairman and Managing Director. The terms of these Performance Rights are set-out below:

For each of the four tranches described below, the Company's Chairman was awarded 2,000,000 Performance Rights and the Company's Managing Director was awarded 3,000,000 Performance Rights. Subject to the Performance Rights in any or all of the Tranches vesting, the holder will be entitled to receive one fully paid ordinary share in the Company for every Performance Right which vest. In the below disclosure, End date is the date which is 5 years from the date on which shareholders approved the award of the Performance Rights, being 5 October 2025.

Tranche 1

The vesting condition applicable to this Tranche of Performance Rights is the Company reporting a 250,000-ounce gold Mineral Resource on any Oracle Project with a minimum cut-off grade of 0.5g/t gold in accordance with the JORC Code in respect of any Project before the End Date.

Each Performance Right within this Tranche 1 is valued at \$0.11, being the price of one BMG share on the date that shareholders approved the issue of the Performance Rights, the total value of the Performance Rights in this tranche is therefore \$550,000.

Tranche 2

The vesting condition applicable to this Tranche of Performance Rights is the Company reporting a 500,000-ounce gold Mineral Resource on any Oracle Project with a minimum cut-off grade of 0.5g/t gold in accordance with the JORC Code in respect of any Project before the End Date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Each Performance Right within this Tranche 2 is valued at \$0.11, being the price of one BMG share on the date that shareholders approved the issue of the Performance Rights, the total value of the Performance Rights in this tranche is therefore \$550,000.

Tranche 3

The vesting condition applicable to this Tranche of Performance Rights is the Company's shares achieving a VWAP of at least \$0.15 per share (post-Consolidation) for at least 15 business days.

Each Performance Right within this Tranche 3 is valued at \$0.1050, the fair value of these rights was determined using the Up and In Trinomial model using inputs disclosed below. The total value of the Performance Rights in this tranche is therefore \$525,000.

Tranche 4

The vesting condition applicable to this Tranche of Performance Rights is the Company's shares achieving a VWAP of at least \$0.25 per share (post-Consolidation) for at least 15 business days.

Each Performance Right within this Tranche 4 is valued at \$0.0990, the fair value of these rights was determined using the Up and In Trinomial model using inputs disclosed below. The total value of the Performance Rights in this tranche is therefore \$495,000.

	Tranche 3	Tranche 4
Valuation methodology	Up and In Trinomial	Up and In Trinomial
Valuation date	5 October 2020	5 October 2020
Expiry date	5 October 2025	5 October 2025
Life of the Rights (years)	5.00	5.00
Underlying share price	\$0.110	\$0.110
Risk-free rate	0.32%	0.32%
Volatility	100%	100%
Exercise price	Nil	Nil
Dividend yield	Nil	Nil
Value per Right	\$0.105	\$0.0990

The Performance Rights in all the Tranches vest over a maximum period of 5 years from the date that shareholders approved the award. Any Performance Rights which have not vested by that time will lapse.

For Tranches 1 and 2, the value of expense recognised in the reporting period is a function of the value of each tranche, the likelihood at the end of the reporting period that the Performance Rights will vest, and the vesting period passed since the grant date of the awards. The total value recognised as an expense in the share-based payment reserve will reflect the actual number of equity instruments which ultimately vest to the recipient.

For Tranches 3 and 4, the full value of the Performance Rights, calculated at grant date, disclosed above, will be recognised as an expense over the shorter of the length of time to which: the Performance Rights vest; are expected to vest; or to the date of their expiry, being 5 October 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In relation to each Tranche, the Performance Rights will either vest in their entirety or be forfeited in their entirety

					Movement				
Tranche	Vesting Condition	Grant Year	Recipient	Number as at 1 July 2020	Issued	Vested and Settled	Lapsed	Number as at 31 December 2020	Expense in Period (\$)
Tranche 1	(1)	2021	Bruce McCracken	-	3,000,000	-	-	3,000,000	15,723
			Greg Hancock	-	2,000,000	-	-	2,000,000	10,482
Tranche 2	(2)	2021	Bruce McCracken	-	3,000,000	-	-	3,000,000	15,723
			Greg Hancock	-	2,000,000	-	-	2,000,000	10,482
Tranche 3	(3)	2021	Bruce McCracken	-	3,000,000	-	-	3,000,000	15,008
			Greg Hancock	-	2,000,000	-	-	2,000,000	10,005
Tranche 4	(4)	2021	Bruce McCracken	-	3,000,000	-	-	3,000,000	14,151
			Greg Hancock	-	2,000,000	-	-	2,000,000	9,434
				-	20,000,000	-	-	20,000,000	\$101,008

- (1) The Company reporting a 250,000-ounce gold Mineral Resource on any Oracle Project with a minimum cut-off grade of 0.5g/t gold in accordance with the JORC Code in respect of any Project before 5 October 2025.
- (2) The Company reporting a 500,000-ounce gold Mineral Resource on any Oracle Project with a minimum cut-off grade of 0.5g/t gold in accordance with the JORC Code in respect of any Project before 5 October 2025.
- (3) VWAP of at least \$0.15 per share (post-Consolidation) for at least 15 business days.
- (4) VWAP of at least \$0.25 per share (post-Consolidation) for at least 15 business days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A summary of the Group's share-based payments, including a reconciliation of the Group's share-based payments at the end of the reporting period is provided below.

	Total value	Exploration and Evaluation assets	Value in reserve at 1 July 2020	Expense in current period	Contributed equity	Balance in share-based payment reserve
Mr Bruce McCracken						
12,000,000 Performance Rights	\$1,272,000	-	-	\$60,605	-	\$60,605
Mr Greg Hancock						
8,000,000 Performance Rights	\$848,000	-	-	\$40,403	-	\$40,403
	\$2,120,000			\$101,008		\$101,008
Vendors of Oracle acquisition						
89,843,117 Ordinary Shares	\$9,433,527	\$9,433,527	-	-	\$9,433,527	-
13,333,333 Performance Shares	\$1,400,000	\$1,400,000	-	-	-	\$1,400,000
Mr Paul Askins						
3,000,000 Ordinary Shares	\$150,000*	-	-	-	\$150,000	-
Mr Malcolm Castle						
150,000 Share Options	\$11,093	-	\$11,093	-	-	\$11,093
Mr Peter Munachen						
150,000 Share Options	\$11,093	-	\$11,093	-	-	\$11,093
		\$10,833,527	\$22,186	\$101,008	\$9,583,527	\$1,523,194

*A debt of Oracle Mining Limited at the date of its acquisition by BMG Resources Limited. Calculated in accordance with Group's accounting policy for asset acquisition transactions, this value is recognised within Exploration and Evaluation assets at the date of completion of the acquisition, 13th October 2020.

Share based payments relating to prior reporting periods.

Transactions relating to share based payments settled in the comparative reporting period, being the period to 31 December 2019 are described in the Group's financial report for the years ended 30 June 2020 and 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. CASH AND CASH EQUIVALENTS

	31 December 2020 (\$)	30 June 2020 (\$)
Cash at bank and in hand	1,925,815	273,390
	1,925,815	273,390

An increase in the Group's cash balance resulted from the issue of shares to new and existing shareholders.

7. EXPLORATION AND EVALUATION ASSETS

The below reconciliation is the cost attributed to the Group's Abercromby and Invincible projects which were acquired on 13th October 2020 on completion of the acquisition of Oracle Mining Limited.

In determining the values ascribed to the projects upon their acquisition, the fair value of the Exploration and Evaluation asset acquired (\$12,782,655) is allocated to the projects using the relative proportion of the project costs recognised by Oracle as at acquisition date.

	Balance at the start of the period	Acquisition of Oracle Group of Companies	Subsequent expenditure in the period	Balance at the end of the period
<u>Exploration activity</u>				
Abercromby Project	-	\$7,913,291	\$437,482	\$8,350,773
Invincible Project	-	\$4,869,364	\$59,236	\$4,928,600
Total	-	\$12,782,655	\$496,718	\$13,279,373

For the Abercromby project, subsequent expenditure in the period substantially represents the cost of initial drilling activity completed at the project site.

For the Invincible project, subsequent expenditure in the period substantially represents the cost of the ultra-high resolution aeromagnetic and radiometric geophysical survey undertaken over the project area.

To the end of the reporting period no cost has been capitalised in relation to the Group's South Boddington Gold project.

In the financial year to 30 June 2020, the Group's Exploration and Evaluation investment pertained to activity in Chile. Prior to the end of that financial year, with effect on 24 May 2020, the Company impaired its investment relating to Chilean exploration activities to nil value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Balance at 1 July 2019	Exploration expenditure incurred	Impairment recognised	Balance at 30 June 2020
Exploration activity				
Chilean Lithium Joint Venture	\$529,159	\$669,575	(\$1,198,734)	-
Total	\$529,159	\$669,575	(\$1,198,734)	-

8. TRADE AND OTHER PAYABLES

	31 December 2020 (\$)	30 June 2020 (\$)
Trade creditors and accruals	669,241	30,703
Administration Services fees payable	-	36,000
Accrued Directors fees	-	30,000
	669,241	96,703

Trade and Other Payables includes amounts owing for completion of Exploration activity performed at the Group's Abercromby project site, and an estimate of the stamp duty anticipated to be paid in relation to the Oracle acquisition

Trade and Other Payables acquired by the Group upon the acquisition of the Oracle group of Companies included the following:

<i>Acquired in Oracle acquisition</i>	Note	Acquired balance (\$)
Liability in favour of Paul Askins	4	205,000
Liability related to Abercromby project tenements M53/1095 and M53/336	4	715,000
Trade creditors and accruals		130,939
		1,050,939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. CONTRIBUTED EQUITY

A reconciliation of the movement in capital for the entity can be found in the Consolidated Statement of Changes in Equity.

	Note	31 December 2020			30 June 2020		
		No. of shares	Issue price (\$)	\$	No. of shares	Issue price (\$)	\$
Balance at the start of the period (pre 10-1 share consolidation)		671,483,899		44,071,599	557,732,376	-	43,582,596
10:1 Share Consolidation (effective 9 October 2020)		(604,335,358)		-	N/A	N/A	N/A
Balance of shares at start of period (post 10-1 share consolidation)		67,148,541		44,071,599	N/A	N/A	N/A
Acquisition of Oracle Mining Ltd							
Issue of Consideration Shares		89,843,117	\$0.105	9,433,527	-	-	-
Capital Raising							
Issue of Shares under Placement to professional and sophisticated investors:							
Issue of shares to settle third party debt obligation	4	5,200,000	\$0.05	260,000	-	-	-
Issue of shares for cash consideration		54,800,000	\$0.05	2,740,000	86,334,856*	\$0.002*	172,670*
		60,000,000	\$0.05	3,000,000	86,334,856*	\$0.002*	172,670*
Issue of shares under Share Purchase Plan		20,000,000	\$0.05	1,000,000	-	-	-
		80,000,000	\$0.05	4,000,000 [#]	86,334,856*	\$0.002	172,670*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Note	31 December 2020			30 June 2020		
		No. of shares	Issue price (\$)	\$	No. of shares	Issue price (\$)	\$
Settlement of Liabilities							
Issue of shares to Mr Paul Askins	4	3,000,000	\$0.05	150,000	-	-	-
Issue of shares to Tribis Pty Ltd		-	-	-	8,000,000 ^{^*}	\$0.012*	96,000*
Issue of shares for professional services		-	-	-	1,250,000 ^{^*}	\$0.014*	17,500*
		-	-	-	9,250,000*	-	113,500*
Share based payments (related parties)							
Issue of shares to Related Parties		-	-	-	8,166,667 ^{^*}	\$0.013*	106,167*
Issue of shares to Managing Director (settlement of Performance Rights)		-	-	-	10,000,000 ^{^*}	\$0.013*	130,000*
		-	-	-	18,166,667*	-	236,167*
Cost of Share Issue		-	-	(196,855) ^{&}	-	-	(33,334)*
Balance at the end of the period		239,991,658	-	57,458,271	671,483,899*	-	44,071,599*

Cash received for issue of shares amounted to \$3,740,000, being the above \$4,000,000 less \$260,000 settled, at the direction of the counterparty, through the issue of 5,200,000 ordinary shares at \$0.05 per share.

& Amount of cash paid in the current year, \$206,319, includes \$9,464 incurred in the year to 30 June 2020.

*stated on a pre-consolidation basis.

[^]Full disclosure is provided in the Group's Annual Report for the year ended 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The holder of Ordinary Shares is entitled to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary Shares have no par value and the Company does not have a limited amount of authorised capital.

Performance Rights and Performance Shares

On 13 October 2020, the Company issued 12,000,000 Performance Rights to its Managing Director, Mr Bruce McCracken, and 8,000,000 to its Chairman, Mr Greg Hancock. Refer to note 5 above for full disclosure.

On 13 October 2020, the Company issued 13,333,333 Performance Shares to the vendors from whom the Company acquired 100% of the issued capital of Oracle Mining Limited. Refer to note 5 above for full disclosure.

10. RESERVES

	Share Based Payment Reserve (\$)	Options Reserve (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
Balance as at 1 July 2020	22,186	314,452	22,695	359,333
Share Based Payment, Bruce McCracken	60,605	-	-	60,605
Share Based Payment, Greg Hancock	40,403	-	-	40,403
Share Based Payment, issue of Performance Shares for acquisition of Oracle Mining Limited	1,400,000	-	-	1,400,000
Foreign Currency translation adjustment	-	-	(22,695)	(22,695)
Balance as at 31 December 2020	1,523,194	314,452	-	1,837,646

(a) Share Based Payment Reserve

This reserve is used to record the value of the share options provided to employees, related parties and consultants in exchange for services.

This reserve also includes the value of the 13,333,333 Performance Shares which were issued to the vendors of Oracle Mining Limited when it was acquired on 13 October 2020. These shares are valued at \$0.105 each, being the closing price of a BMG Resources Limited share on 13 October 2020, the date when BMG obtained control of Oracle.

(b) Options Reserve

The Options reserve is used to recognise the net amount of funds received by the Group during the 6-month reporting period to 31 December 2019 for the issue 346,502,263 BMGOB Options to investors for net proceeds after costs of \$314,452.

All of the BMGOB Options expired unexercised at 31 December 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(c) Foreign Currency Translation Reserve

The foreign currency reserve was used to record foreign currency differences arising from the translation of financial information of the Group's Chilean subsidiary, BMG Resources Chile SpA, which had a functional currency of the United States Dollar.

On 16 December 2020, BMG Resources Chile SpA was liquidated, with the accumulated balance of this reserve then transferred to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

11. LOSS PER SHARE

The following reflects the net (loss) and share data used in the calculations of basic loss per share:

	31 December 2020	31 December 2019
(a) Reconciliation of earnings to profit or loss		
Net (loss) used in calculating basic loss per share	(\$420,754)	(\$647,934)
(b) Weighted average number of ordinary shares outstanding during the half year		
Weighted average number of ordinary shares used in calculating basic loss per share	141,763,886	57,160,441
Calculated Basic (Loss) per share (cents per share)	(0.30)	(0.11)

Note: for comparative purposes the weighted average number of shares used in calculating the loss per share for the reporting period to 31 December 2019 has been adjusted to reflect the 10:1 consolidation of shares which occurred on 13 October 2020.

Effect of dilutive securities: Share Options are not considered dilutive as the Options are out of the money as at 31 December 2020.

12. RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

Bruce McCracken

On 5 October 2020, shareholders approved the issue of 12,000,000 Performance Rights to Mr Bruce McCracken. The Performance Rights were then issued on 13 October 2020. Further disclosure on these Performance Rights is provided at note 5 above.

Greg Hancock

On 5 October 2020, shareholders approved the issue of 8,000,000 Performance Rights to Mr Greg Hancock. The Performance Rights were then issued on 13 October 2020. Further disclosure on these Performance Rights is provided at note 5 above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

John Prineas

Acquisition of Oracle Mining Limited

Mr Prineas was appointed as a director of BMG Resources Limited on 13 October 2020, coinciding with the completion of the acquisition of the Oracle group of Companies.

Mr Prineas was a vendor to the transaction, holding 48% of the issued capital of Oracle Mining Limited.

On completion of the transaction Mr Prineas received 43,124,696 Ordinary Shares (BMG) and 6,400,000 Performance Shares.

Settlement of Loan

At the time of its acquisition by BMG, Oracle Mining Limited was party to a loan agreement with Zeus Private Equity Pty Limited, of which Mr Prineas is the sole director.

The loan, which was interest free was settled by BMG via a cash payment of \$160,107 on 13 October 2020. The settlement sum included payment of a \$35,000 establishment fee and the amount of principal outstanding of \$125,107.

Royalties

Mr Prineas is a shareholder of Gold Growth Pty Ltd. Gold Growth holds a royalty in relation the Group's three gold projects in Western Australia. Further detail on these royalties is disclosed at note 13 below.

John Dawson

Acquisition of Oracle Mining Limited

Mr Dawson was appointed as a director of BMG Resources Limited on 13 October 2020, coinciding with the completion of the acquisition of the Oracle group of Companies.

Impulzive Pty Ltd as trustee for the Dawson Superannuation Fund ('Impulzive'), of which Mr Dawson is a beneficiary, was a vendor to the transaction, holding 24% of the issued capital of Oracle Mining Limited.

On completion of the transaction Impulzive received 21,562,348 Ordinary Shares (BMG) and 3,200,000 Performance Shares.

Royalties

Mr Dawson is a shareholder of Gold Growth Pty Ltd. Gold Growth holds a royalty in relation the Group's three gold projects in Western Australia. Further detail on these royalties is disclosed at note 13 below.

Tribis Pty Ltd

The Group is party to an Administration Services Agreement with Tribis Pty Ltd which provides administration services to the Group on the terms and conditions set out in the agreement.

The terms of this Administration Services Agreement for the period to 31 December 2020 were consistent with the terms for the year to 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Tribis Pty Ltd is a related party of Mr Simon Trevisan. Mr Trevisan was a director of BMG Resources Limited from 15 April 2016 until his retirement from the Board on 13 October 2020, coinciding with the acquisition of the Oracle group of Companies.

13. CONTINGENT LIABILITIES

The Group had contingent liabilities at 31 December 2020 in respect of:

Royalties

The financial impact to the Group of the below royalties has not been included as consideration for the acquisition Oracle Mining Limited on 13th October 2020. The value of the royalties are contingent in nature and cannot be reliably measured at the date of acquisition because they are dependent on future events not wholly within the control of the entity.

Abercromby Project

Outokumpu Mining Australia Pty Ltd is entitled to a royalty of US\$0.04 per pound of payable nickel or nickel equivalent produced, and 2% of gold mined and removed from those Abercromby Project tenements held by Nova Energy Pty Ltd. The tenements are M53/1095 and M53/336.

A 1% net smelter return is held by Gold Growth Pty Ltd in regard to the net proceeds of any mineral production at the Project.

Invincible Project

A 2% net smelter return is held by Gold Growth Pty Ltd in regard to the net proceeds of any mineral production at the Project.

South Boddington Project

Geotech International Limited holds a 1% net smelter royalty in regard to the net proceeds of any mineral production from exploration licence E70/4225 (when granted).

Gold Growth Pty Ltd holds a 2% net smelter royalty in regard to the net proceeds of any mineral production from E70/4590 (when granted), and a 1% net smelter royalty in regard to the net proceeds of any mineral production from E70/4225 (when granted).

14. COMMITMENTS

There are no changes to the Group's commitments since 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. INTERESTS IN OTHER ENTITIES

Name of Entity	Place of incorporation	Ownership Interest		Principal Activities
		31 December 2020	30 June 2020	
Oracle Mining Pty Ltd (acquired as Oracle Mining Limited, converted to a Pty Ltd company on 8 January 2021)	Australia	100%	-	Abercromby Gold Project Holding Company for Delphi Resources Pty Ltd and South Boddington Gold Pty Ltd
Delphi Resources Pty Ltd	Australia	100%	-	Invincible Project
South Boddington Gold Pty Ltd	Australia	100%	-	South Boddington Project
Treasure Development Limited	Cyprus	30%	30%	Free carried interest in Treasure Project (Cyprus). This project is operated by New Cyprus Copper Company Limited.
BMG Resources Chile SpA	Chile	-	100%	Exploration activities in Chile

16. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 9 February 2021, the Company issued a total of 8,000,000 Performance Rights to key members of its technical and administrative team.

Vesting conditions attached to these Performance Rights are consistent with those of the Performance Rights issued during the reporting period to the Company's Chairman and Managing Director, disclosed at note 5 of the financial report.

There were no other material matters or circumstances that have arisen since the reporting date.

DIRECTORS DECLARATION

In the opinion of the Directors of BMG Resources Limited ("the Company"):

1. The financial statements and notes set out on pages 9 to 35, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated financial position as at 31 December 2020 and the performance for the half year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

On behalf of the Board



Gregory Hancock

Non-Executive Chairman

Dated at Perth, Western Australia, this 16th day of March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BMG Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of BMG Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2020 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.

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.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Neil Smith', is written over a faint, larger 'BDO' logo.

Neil Smith
Director

Perth, 16 March 2021