

BMG RESOURCES LIMITED
ANNUAL REPORT - 30 JUNE 2021

CONTENTS

	Page
CORPORATE DIRECTORY	2
CHAIRMANS REPORT	3
MANAGING DIRECTORS REPORT	5
OPERATIONAL REPORT	7
DIRECTORS' REPORT	15
CORPORATE GOVERNANCE STATEMENT	36
AUDITOR'S INDEPENDENCE DECLARATION	37
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	38
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	39
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	40
CONSOLIDATED STATEMENT OF CASH FLOWS	42
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	43
DIRECTORS' DECLARATION	84
INDEPENDENT AUDIT REPORT	85
ASX ADDITIONAL INFORMATION	90
SCHEDULE OF MINING TENEMENTS AND INTERESTS	93

CORPORATE DIRECTORY

DIRECTORS

Greg Hancock (Chairman)
Bruce McCracken (Managing Director)
John Prineas (Non-Executive Director)
John Dawson (Non-Executive Director)

COMPANY SECRETARY

Sean Meakin

REGISTERED AND PRINCIPAL OFFICE

Level 14
225 St Georges Terrace
PERTH WA 6000

Telephone: (08) 9424 9390
Facsimile: (08) 9321 5932
Website: www.bmgl.com.au
Email: enquiry@bmgl.com.au

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

SHARE REGISTRY

Automic Group
Level 2, 267 St Georges Terrace
PERTH WA 6000

Telephone: 1300 288 664 (within Australia)
+61 (0) 2 96985414 (international)

HOME EXCHANGE

Australian Securities Exchange Ltd
Central Park
152-158 St Georges Terrace
PERTH WA 6000
ASX Code: BMG

SOLICITOR

Blackwall Legal
Level 26
140 St Georges Terrace
PERTH WA 6000

BANKER

St George Bank
Level 3, Brookfield Place Tower 2
123 St Georges Terrace
PERTH WA 6000

CHAIRMAN'S REPORT

Dear shareholder,

The 2021 financial year was a transformational period for BMG, having completed the acquisition of our three Western Australian gold projects; Abercromby in the Wiluna district, Invincible in the Central Pilbara and South Boddington in the Saddleback greenstone belt near the well-known Boddington Gold Mine.

Towards the end of FY20, the BMG board evaluated a range of new investment opportunities, with an active focus on those that could strengthen our exposure to commodities with favourable market dynamics in attractive jurisdictions. Oracle Mining and its three high-growth gold projects were a perfect fit for our company pedigree. We completed the transaction and the accompanying \$4 million capital raising and share purchase plan on 13 October and 5 October 2020, respectively.

The decision to re-focus our efforts on our newly acquired Western Australian gold projects aligned the company with our strategic goals of delivering shareholder value through gold ounces and growth potential.

As a Perth-based company, gold is an outstanding commodity to be in for many reasons. The exploration and mining of gold is well understood and supported in Western Australia, and I believe we have three excellent projects that will deliver strong shareholder value driven by drilling results, along with the robust planning and studies that underpin profitable mining operations.

The combination of the three gold projects in our portfolio gives us world-class exposure to the metal, and we finished the financial year with the highly prospective follow-up drilling campaign at Abercromby, a pipeline of considerable newsflow and the potential for early resource development.

In Western Australia, we are incredibly lucky to remain relatively unaffected by COVID-19, and BMG has not experienced any material disruptions to our operations. That being said, the health and safety of our team remains of utmost importance. We are dedicated to maintaining the focus and discipline necessary to keep our staff and contractors safe, and our works program operational.

During FY21, we completed:

- \$4 million capital raising comprising a \$3 million placement and \$1 million share purchase plan
- Transformational strategic acquisition of the Abercromby, Invincible and South Boddington gold projects through the purchase of Oracle Mining
- 3,000m maiden RC and diamond drilling program at the Abercromby Gold Project
- Aeromagnetic and radiometric survey at the Invincible Gold Project
- Identification of multiple high-priority targets at both Abercromby and Invincible gold projects

The cornerstone asset of the Oracle transaction is the Abercromby Gold Project in the Wiluna region. Wiluna is one of Western Australia's most significant gold producing regions, second in the world only to Kalgoorlie in terms of gold production. The high-grade discovery at Abercromby is underexplored and remained in the portfolio of a base metals explorer, underdeveloped for more than 15 years. Numerous high-grade gold intersections have been made, and shallow mineralisation supports the potential for open pit mining.

When we acquired Abercromby, it was drill-ready with the potential for a fast track to resource definition. Since then, we have commenced systematic exploration of the Project, and the results to date are very encouraging.

The scale potential of the Invincible Gold Project was also another exciting aspect of the Oracle acquisition. Invincible sits on strategic and underexplored ground that hosts several small historic mines in the Central Pilbara, and is along strike from Calidus Resources' 1.5Moz deposit.

Artisanal workings recovered gold at very high grades historically and support the potential for systematic modern exploration to generate a significant discovery at the project.

CHAIRMAN'S REPORT

And, rounding out our acquisitions, the South Boddington Gold Project presents an outstanding opportunity for BMG to make a significant new gold discovery in the underexplored areas of the world-class Saddleback greenstone gold belt. The project is located just 150km south-east of Perth and along strike from Newmont's giant Boddington gold deposit. Boddington South sits in elephant country, and major gold deposits are typically situated within gold camps that host multiple deposits.

Since 30 June, BMG continues with our systematic exploration plans. On 12 July 2021, we completed a \$4 million capital raising through a private placement to further fund exploration drilling campaigns, including the follow-up drilling at the Abercromby Project which is well underway.

It is an exciting time to be a gold explorer in Western Australia, and we are delighted to be drilling at Abercromby. Exploration investment and confidence are at an all-time high, and the gold price remains strong with macro conditions favourable for a sustained high gold price.

In closing, I would like to take this opportunity to thank all of our employees and contractors for their hard work during the year and, of course, all of our shareholders for their ongoing support, trust and confidence in our management and our projects.



Mr Greg Hancock

Chairman

BMG Resources Ltd

Dated at Perth, Western Australia, this 30th September 2021

MANAGING DIRECTOR'S REPORT

Dear shareholder,

Following the acquisition of Oracle Mining, our main focus for FY21 was further enhancing the value of our newly acquired portfolio of assets, beginning with exploration at our most advanced project, Abercromby.

Exploration was funded by the successful \$4 million capital raising via share purchase plan offer (SPP) and shortfall SSP offer to raise up to \$1 million, and a placement to professional and sophisticated investors to raise up to \$3 million.

In December 2020, we kicked off our maiden 3,000m (Reverse Circulation) RC and diamond drilling program at Abercromby which was designed to test the nature and continuity of known mineralisation at the Capital Prospect.

The first batch of assays from Abercromby showed bonanza gold grades, which were exceptional early-stage results from the exploration push – just four months after acquiring the Project. Initial results indicated that the mineralised intervals fell in, or very close to, the spatial positions predicted by BMG's mineralisation model.

Results from the first batch of assays confirmed gold mineralisation across broad shear zones with high-grade shoots including:

- 26m @ 6.07gpt Au from 192m, including 7m @ 21.22gpt Au from 192m (20ABRC0004)
- 33m @ 1.7gpt Au from 127m, including 3m @ 15.29gpt Au from 157m (20ABRC0008)

The final batch of assays confirmed gold mineralisation across broad zones and down-dip continuity that remained open.

These were outstanding results for a relatively small drill program at a project that had been in our possession for less than six months. The results demonstrate the quality of the Abercromby mineral system, and intersections display width and grade that supports the presence of a significant volume of gold mineralisation.

The preliminary metallurgical test work on samples from the recent holes confirmed the nature of the Abercromby gold as free-milling and that the gold is not associated with high sulphide content, and is therefore amenable to conventional carbon-in-leach (CIL) processing.

At the Invincible Project, we undertook a ~5,000 line km ultra-high resolution aeromagnetic and radiometric geophysical survey of the entire Project area that identified multiple exploration targets.

This was the first time that detailed geophysical data had been acquired for Invincible, and we were pleased to see the results highlight the strong prospectivity for gold mineralisation across the Project area.

Artisanal workings recovered gold at very high grades historically and support the potential for systematic modern exploration to generate a significant discovery at the Project.

With very limited historic drilling at Invincible, the targets identified represent an excellent opportunity to explore for a new high-grade gold discovery in an emerging major WA gold region.

As the 2022 financial year commenced, BMG completed a \$4 million capital raise through a private placement to fund follow-up drill campaigns at Abercromby and Invincible.

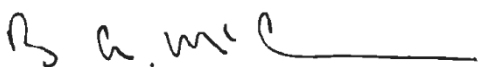
At Abercromby, we completed a high-resolution sub-audio magnetic (SAM) ground geophysical survey over the northern 3km of the Abercromby mineralised corridor, designed to complement the existing project database.

The SAM further highlighted the potential for considerable growth of the mineralised footprint at Abercromby and, in late July, we commenced a 6,000m major drilling campaign across 20+ diamond drill and RC holes to follow up these results, and the 2020 maiden drilling campaign.

MANAGING DIRECTOR'S REPORT

We also look forward to commencing the maiden drilling program at the Invincible Project. Reconnaissance field work and mapping to validate targets generated by aeromagnetic and radiometric surveys are 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 of the maiden drill program for Invincible and will seek to commence drilling during 1Q calendar 2022.

The 2022 financial year is shaping up to be another promising year for gold exploration in WA, and we are very excited to be back drilling at Abercromby. Our management team is experienced, our balance sheet is strong, and we look forward to bolstering our understanding of the mineralisation at both Abercromby and Invincible.



Mr Bruce McCracken

Managing Director

BMG Resources Ltd

Dated at Perth, Western Australia, this 30th September 2021

OPERATIONAL REPORT

The 2021 financial year was a transformational period for BMG, having successfully completed the acquisition of Oracle Mining and taking ownership of our outstanding portfolio of Western Australian gold projects that are progressing in line with our strategy.

With our projects in-hand in October 2020, BMG wasted no time beginning exploration work at the Abercromby and Invincible gold projects.



Figure 1 - Location of BMG's WA Gold Projects

The Abercromby Project

BMG holds 100% of the Abercromby Project, which comprises the gold and other mineral rights (ex-uranium and thorium) of two granted mining leases (M53/1095 and M53/336).

OPERATIONAL REPORT

The Project is located in the Wiluna Belt – Australia’s second most prolific gold region, and one that has produced more than 40Moz of gold to date.

The geology at Abercromby is very favourable for gold mineralisation, with high-grade gold interpreted to be hosted in dolerite sill associated with granophyric zone – similar to gold deposits at St Ives and across the Kalgoorlie Golden Mile.

Prior to Oracle’s ownership, Abercromby sat dormant in the portfolio of a base metals major for more than 15 years. Extensive areas of Abercromby remain unexplored and offer outstanding potential for more discoveries and increasing scale.

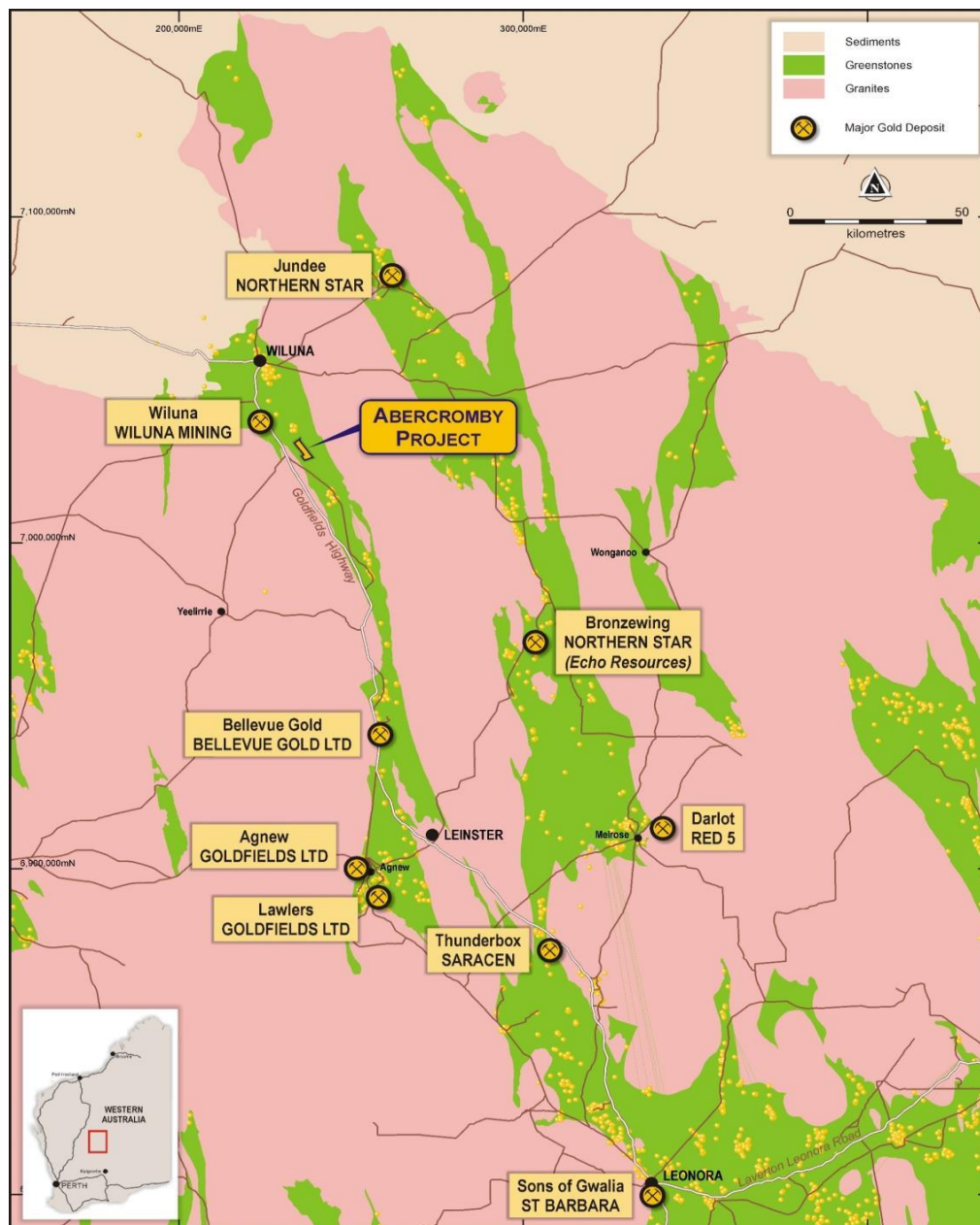


Figure 2 – Location of BMG’s Abercromby Gold Project, Wiluna.

In December 2020, just two months after completing the acquisition, BMG commenced a maiden 3,000m reverse circulation (RC) and diamond drilling campaign to test the nature and continuity of known mineralisation at the Capital Prospect at Abercromby.

This was BMG’s first chance to assess the validity of historic work, much of which was completed in the mid to late 1990s and early 2000’s.

OPERATIONAL REPORT

Preliminary observations were highly encouraging, with a number of holes intersecting intervals of intense hydrothermal alteration with breccias containing quartz-carbonate-sericite veining with sulphides. This kind of mineralogy is associated with gold mineralisation intersected elsewhere within the Abercromby Project area.

A number of drill holes also intersected the basalt-gabbro contact, which we believe 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 significant geological finding will assist in further targeting of gold mineralisation and resource definition drilling.

A total of 13 drill holes were 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 were added to a major follow-up drill campaign, which commenced subsequent to the end of the reporting period and is ongoing at the time of writing.

BMG received initial assays in late January 2021 and final assays in March 2021.

These initial assays confirmed broad gold zones at Abercromby with very wide intersections of gold mineralisation including multiple intervals of bonanza grades.

Final assays confirmed gold mineralisation across broad zones and down-dip continuity that remains open, including very wide intersections of gold mineralisation often containing thick, high-grade intervals including:

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

While some holes were terminated early due to water ingress or core loss, the majority of holes reached their planned positions and tested the target areas, and the drill results added to the understanding of the nature and continuity of known mineralisation at the Capital Prospect. Another favourable takeaway was that, in general, mineralisation was intersected in or very near to the positions predicted by our mineralisation model, justifying its effectiveness.

OPERATIONAL REPORT

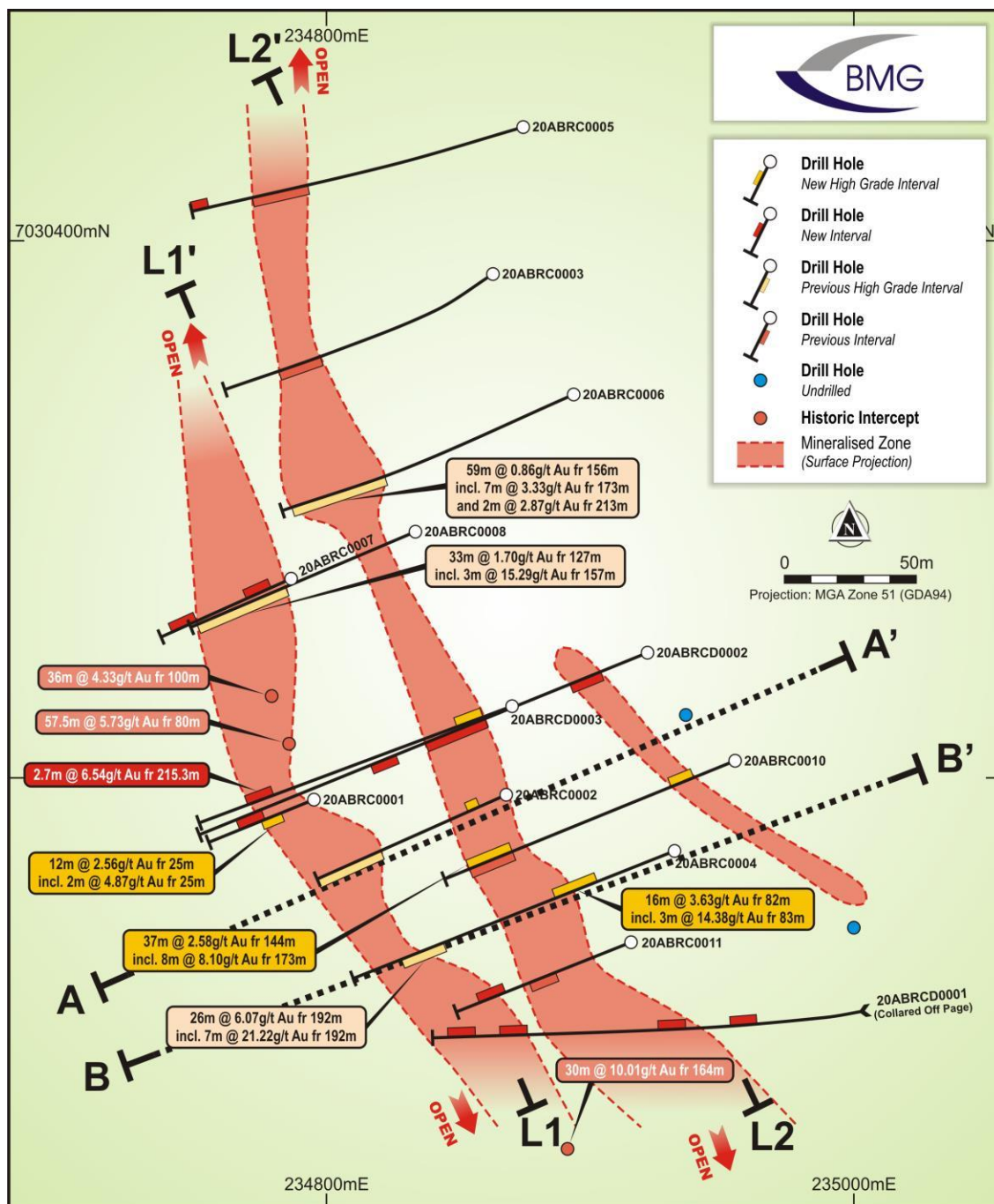


Figure 3 - Map Plan view of BMG's maiden drilling, with positions of reported intercepts

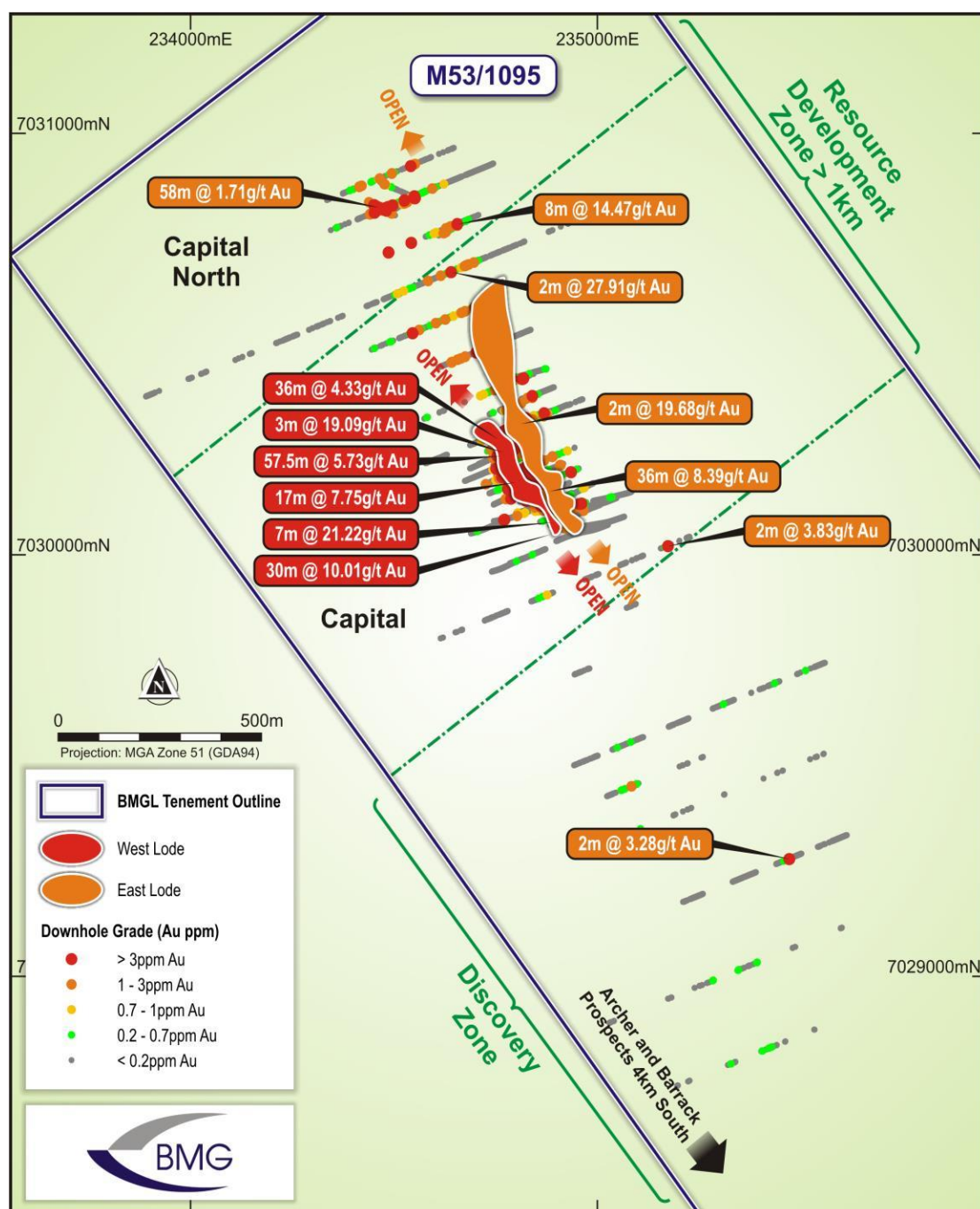


Figure 4 – Mineralised envelope at Capital and Capital North, with significant exploration potential

Following the final assays, BMG conducted preliminary metallurgical test work on six samples of approximately 25kg each from the maiden drill program at Abercromby.

Samples were taken from across the weathering profile – from shallower oxidized zones and deeper fresh rock zones – as well as across varying grade ranges.

Importantly, the highest recoveries of 98% came from the higher-grade fresh rock samples.

Each of the six samples were homogenised, split, and pulverised. A representative 1kg sample from each was then combined with 1kg of water, and subjected to accelerated cyanide leach for 24hrs (the 'Leachwell' process).

OPERATIONAL REPORT

After 24 hrs, the tail portion of each sample was filtered, and both the solution and tail analysed for gold. The relative grade split between mass weighted solution and solid grades yields the leach recovery percent.

These results confirmed the nature of the Abercromby gold as free-milling, and that the gold is not associated with high sulphide content – and is therefore amenable to conventional carbon-in-leach (CIL) processing.

While not a replacement for in-depth metallurgical test work, Leachwell is considered a reliable proxy for indicating amenability of gold ores to conventional CIL processing, and the results are in line with the visual drill hole logging which showed the higher-grade gold intervals were not associated with high sulphide content.

BMG also completed a sub-audio magnetic survey that provided high-resolution mapping of the structures in the northern part of the Project area, which are the controls on gold mineralisation.

As mentioned, BMG launched a major drilling campaign at Abercromby in July, comprising about 6,000m of planned drilling across over 20 diamond and RC holes, with the program designed to further test the nature and continuity of known high-grade gold mineralisation at the Capital Prospect.

Twenty-five RC holes have been completed (or partially completed with DDH tails to come) at the time of writing, with geological logging of these initial holes having indicated that drilling intersected multiple intervals of intense hydrothermal alteration characterised by quartz-carbonate-sericite veining and with minor sulphides.

The Company is presently awaiting receipt of laboratory assays to confirm the extent of any gold mineralisation intersected, while drilling of the remaining DDH holes will progress in October 2021.

Invincible Project

The Invincible Project, comprising Exploration Licence E45/4553, is located in the emerging Central Pilbara gold district and immediately along strike from, and hosted by the same stratigraphy as, Calidus Resources' 1.5Moz Au resource.

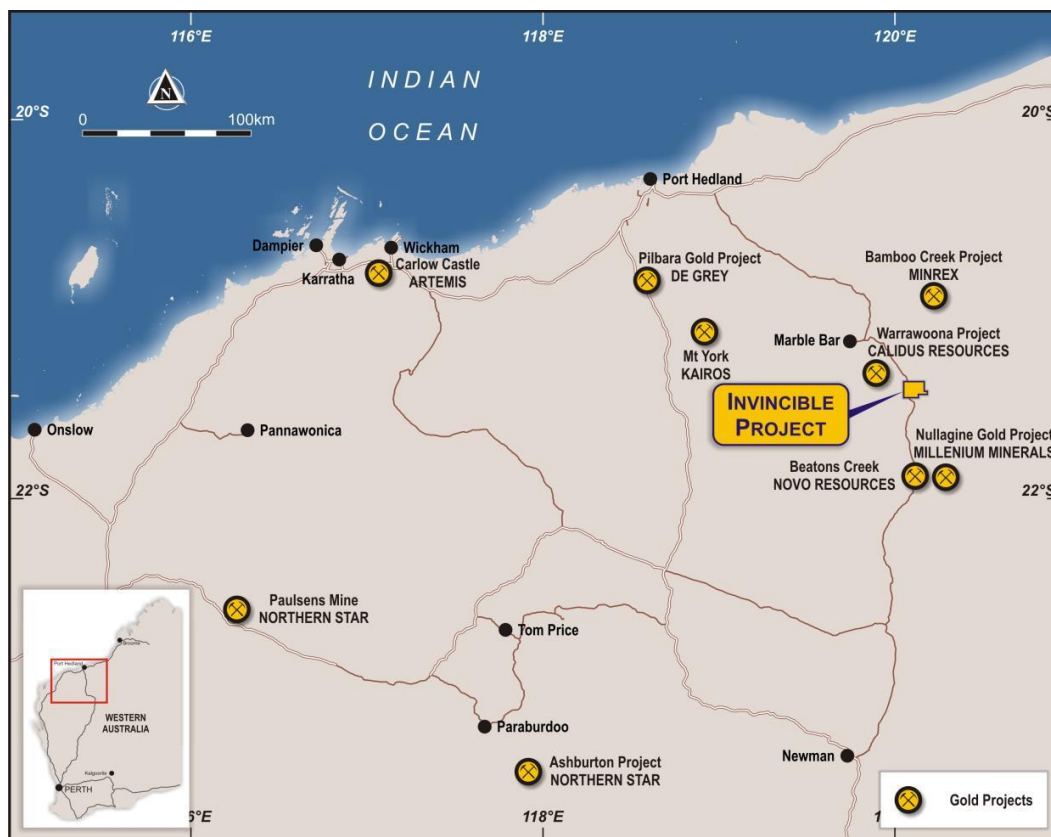


Figure 5 – Location of BMGs' Invincible Gold Project, Pilbara

OPERATIONAL REPORT

Invincible hosts more than 12.5km of the Warrawoona Shear Zone – the mineralised trend that hosts Calidus' gold resource and which is mostly comprised in the Klondyke deposit, as well as other prospective structures.

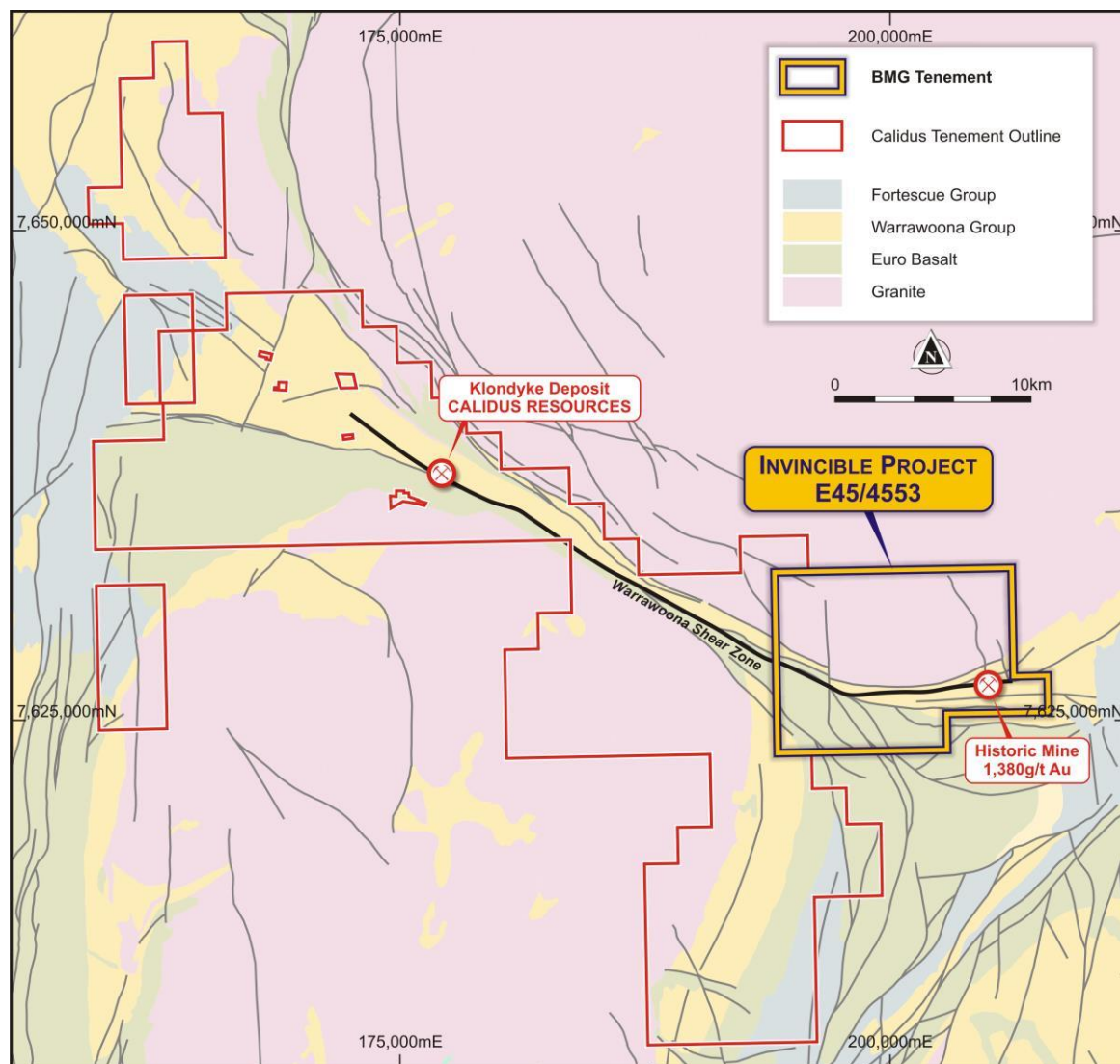


Figure 6 – Location of BMGs' Invincible Gold Project tenement

In December 2020, BMG completed an ultra-high resolution aeromagnetic and radiometric survey comprising approximately 5,000 line kilometres which, in addition to aeromagnetic and radiometric data, also produced a digital terrain model.

Results from the survey have been integrated with existing Project data – notably geochemical and geological data – to generate multiple high-priority targets for gold exploration. Radiometric data, particularly ratios for K:Th (potassium:thorium), were used to delineate zones of anomalism.

The potassium channel was used to discern the gneiss structure that defines the Yandicoogina Gold Mining Centre (YGMC) mineralisation to the east of Invincible and which is interpreted to continue into the Invincible Project area. Targets have been generated by combinations of overlaps of:

- Magnetic low
- Magnetic high
- K:Th anomalism
- K anomalism

OPERATIONAL REPORT

Importantly, there is strong correlation between anomalous geophysical responses and existing soil geochemistry data – particularly at the known prospect areas of Pryces East Find, Pryces West Find and House Creek 3 where artisanal mining recovered high-grade gold.

This is the first time that detailed geophysical data has been acquired for Invincible and we are very pleased to see results highlighting the strong prospectivity for gold mineralisation across the Project area.

These new targets represent an excellent opportunity to explore for a new gold discovery in a major emerging gold region of Western Australia. BMG is planning for its initial drilling campaign in early 2022.

South Boddington

The South Boddington Project presents an outstanding opportunity for BMG to make a significant new gold discovery in the underexplored areas of a world-class gold belt, located just 150km south-east of Perth and along strike from the giant Boddington (+40Moz) gold deposit within the Saddleback Greenstone Belt.

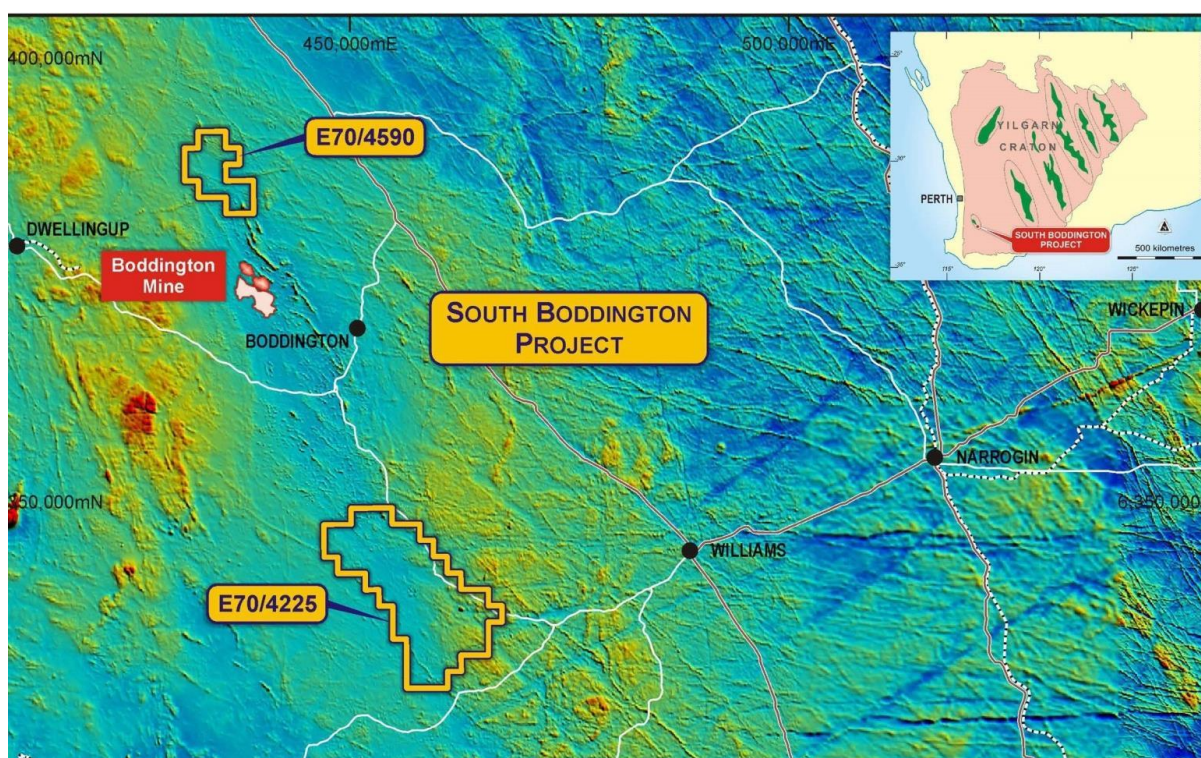


Figure 7 – Location of BMGs' South Boddington Gold Project, Boddington

Two exploration licences are in the application stage and are interpreted to host similar stratigraphy to Boddington, which hosts Newmont's Boddington Gold Mine (NYSE: NEM).

Major gold deposits are typically situated within gold camps that host multiple deposits, and recent magnetic survey of the Boddington region showed that the magnetic lows in the project area are similar to the magnetic lows over the Boddington mine. This further supports the potential for a large-scale gold discovery at South Boddington.

Much of the Saddleback Greenstone Belt remains unexplored or under-explored, and BMG believes there is an outstanding opportunity to make a significant gold discovery in this world-class gold mining region.

Treasure Project, Cyprus

BMG continues to retain its 30% free-carried interest in the Treasure Base and Precious Metals Project's operator, New Cyprus Copper Company Limited (a subsidiary of Caerus Mineral Resources PLC), which is the majority shareholder and is responsible for maintaining and progressing the Project.

DIRECTORS' REPORT

Your directors present their report on the Consolidated Entity (referred to hereafter as the **Group**) consisting of BMG Resources Limited (**BMG or the Company**), being the Company and its subsidiaries (**Consolidated Entity**), at the end of, or during, the year ended 30 June 2021 and the Auditor's report thereon.

DIRECTORS

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

- Greg Hancock (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, retired 13 October 2020)
- Malcolm Castle (Non-Executive Director, retired 13 October 2020)

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The Consolidated Entity's loss after providing for income tax for the year ended 30 June 2021 amounted to \$1,093,903 (2020: loss of \$2,182,734).

DIVIDENDS PAID OR RECOMMENDED

The Directors' of the Company do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2021.

REVIEW OF OPERATIONS

The Consolidated Entity's operations are discussed in the Operational Report from page 7.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

The Company's primary focus is now on progressing 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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Completion of Capital Raising

On 12 July 2021, the Company announced that it had raised \$4.0 million for major exploration at its 100% owned WA Gold Projects.

The capital raising which was completed via the issue of 80,000,000 ordinary shares at an issue price of \$0.05 was completed in two tranches, with the issue of shares under the second tranche being subject to shareholder approval. Shareholder approval was received at the Company's General Meeting on 23 August 2021 with the Tranche two shares issued on 27 August 2021.

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

LIKELY DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Directors are of the opinion that further information as to the likely developments in operations of the Consolidated Entity and the expected results of those operations, would be speculative and prejudicial to the interests of the Group and its Shareholders at this point in time.

ENVIRONMENTAL REGULATION

The Board believe that the Consolidated Entity has adequate systems in place for the management of environmental requirements and is not aware of any breach of environmental requirements as they apply to the Consolidated Entity.

National Greenhouse and Energy Reporting Act 2007

This is an Act to provide for the reporting and dissemination of information related to greenhouse gas emissions, greenhouse gas projects, energy production and energy consumption, and for other purposes. The Consolidated Entity is not subject to the *National Greenhouse and Energy Reporting Act 2007*.

DIRECTORS' REPORT

BOARD OF DIRECTORS

Greg Hancock – BA(Econs); B Ed (Hons) F Fin – Non-Executive Chairman

Experience and Expertise

Mr Hancock has over 25 years' experience in capital markets practicing in the area of Corporate Finance. He has extensive experience in both Australia and the United Kingdom. In this time, he has specialised in mining and natural resources and has a background in the finance and management of small companies. Mr Hancock is currently a director of ASX listed companies Ausquest Ltd, where he serves as Chairman, and King Island Scheelite Limited and Golden State Mining Limited as a non-executive director. Mr Hancock is Chairman of LSE listed Cobra Resources Plc.

Mr. Hancock has been a director of BMG Resources Limited since 6 February 2017.

Other Current Directorships

Non-Executive Chairman of Ausquest Ltd
Non-Executive Chairman of Cobra Resources Plc
Non-Executive Director of Golden State Mining Limited
Non-Executive Director of King Island Scheelite Limited

Former Directorships in last 3 years

Non-Executive Director of Strata-X Energy Ltd (retired 17 March 2021)

Special Responsibilities

Chairman of the Board
Member of the Nomination and Remuneration Committee
Member of the Audit and Risk Committee

Interests in Equity Instruments

2,000,000 Performance Rights (Tranche 1, BMGAB)
2,000,000 Performance Rights (Tranche 2, BMGAC)
2,000,000 Performance Rights (Tranche 3, BMGAD)
2,000,000 Performance Rights (Tranche 4, BMGAE)

Bruce Alexander McCracken B Com, LLB, MBA, GAICD – Managing Director

Experience and Expertise

Mr McCracken is an experienced business executive having spent over 25 years working across a broad range of industries based in Perth, Melbourne and Sydney.

Prior to joining BMG Resources Limited Mr McCracken worked in the Corporate sector as a Senior Executive, an Investment Banker in specialist corporate advisory and project finance roles, and has also practiced as a Banking and Finance Solicitor. During his time as an Investment Banker Mr McCracken worked across a broad range of corporate and financial advisory assignments, primarily in the diversified industrials and mining and resources sectors.

Mr McCracken holds Bachelor of Commerce and Bachelor of Laws degrees from the University of Western Australia, an MBA from Melbourne Business School and is a graduate of the Australian Institute of Company Directors.

Other Current Directorships

None

Former Directorships in last 3 years

Director of AssetOwl Limited (retired 23 April 2019)

Special Responsibilities

Managing Director

DIRECTORS' REPORT

Interests in Equity Instruments	5,876,671 Ordinary shares
	3,000,000 Performance Rights (Tranche 1, BMGAB)
	3,000,000 Performance Rights (Tranche 2, BMGAC)
	3,000,000 Performance Rights (Tranche 3, BMGAD)
	3,000,000 Performance Rights (Tranche 4, BMGAE)

John Prineas B Econ, LLB, F Fin – Director– appointed 13 October 2020

Experience and Expertise	Mr Prineas has over 30 years' experience in the resources, banking and legal sectors. In 1994, joined the global German bank Dresdner Bank AG (now Commerzbank AG) in Sydney and served over the next 10 years as General Counsel, Chief Operating Officer and Country Head with a focus on project and acquisition finance for resources and infrastructure projects. Founder, Executive Chairman and shareholder of St George Mining Limited (ASX: SGQ) which completed an IPO in November 2010 and is now recognised as a successful explorer and emerging nickel company.
---------------------------------	---

Other Current Directorships	Executive Chairman of St George Mining Limited
------------------------------------	--

Former Directorships in last 3 years	none
---	------

Special Responsibilities	Chairman of the Nomination and Remuneration Committee (appointed 13 October 2020)
	Member of the Audit and Risk Committee (appointed 13 October 2020)

Interests in Equity Instruments	45,824,696 Ordinary shares
	3,200,000 Performance shares (BMGAF)
	3,200,000 Performance shares (BMGAG)

John Dawson B Com, MBA, INSEAD – Director– appointed 13 October 2020

Experience and Expertise	Mr Dawson has extensive experience in the finance and mining sectors, having occupied senior roles with global investment banks including Goldman Sachs and Dresdner Kleinwort Wasserstein. At Goldman Sachs, John was a Managing Director of FICC (Fixed Income, Currency and Commodities) for Australia. At Dresdner Kleinwort Wasserstein, John was Global Head of Commodities as well as Country Head for Australia. John has been a non-executive director of St George Mining Limited (ASX: SGQ) since January 2019.
---------------------------------	--

Other Current Directorships	Non-Executive Director of St George Mining Limited
------------------------------------	--

Former Directorships in last 3 years	none
---	------

Special Responsibilities	Chairman of the Audit and Risk Committee (appointed 13 October 2020)
	Member of the Nomination and Remuneration Committee (appointed 13 October 2020)

Interests in Equity Instruments	31,362,348 Ordinary shares
	1,600,000 Performance shares (BMGAF)
	1,600,000 Performance shares (BMGAG)

DIRECTORS' REPORT

Simon Trevisan B Econ, LLB (Hons), MBT – Director – retired 13 October 2020

Experience and Expertise

Simon Trevisan is the managing director of Tribis Pty Ltd, and its property arm, Iris Residential Pty Ltd. He has significant experience in public and private investments, corporate finance, and management of large public and private businesses.

Mr Trevisan has been responsible for the funding and management of a number of public companies, and substantial private and public real estate and infrastructure investments. His experience includes the establishment and listing of Mediterranean Oil & Gas plc, an AIM-listed oil and gas company with production and a substantial oil discovery in Italy, the successful listing of Ausgold Ltd and AssetOwl Ltd, and the relisting of Brazilian Metals Group Ltd amongst other ASX-traded companies. He is the Chairman of AssetOwl Ltd.

Mr Trevisan holds a Bachelor of Economics and a Bachelor of Laws from the University of Western Australia, and a Masters Degree in Business and Technology from the University of New South Wales. Before becoming a full-time executive with Tribis, Mr Trevisan practiced as a solicitor with Allens Arthur Robinson Legal Group firm, Parker and Parker, in the corporate and natural resources divisions.

He is currently the Chairman of ASX-listed company AssetOwl Limited, and a Director of unlisted Company Zeta Petroleum plc. He is also on the board of St George's College Foundation.

Former Directorships in last 3 years

Non-Executive Director of Neurotech International Limited (retired 16 April 2019)

Special Responsibilities

Chairman of the Nomination and Remuneration Committee (retired 13 October 2020)
Chairman of the Audit and Risk Committee (retired 13 October 2020)

Malcolm John Castle B.Sc. (Hons), GCertAppFin (Sec Inst), MAusIMM – Director – retired 13 October 2020

Experience and Expertise

Mr Castle has over 40 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an Exploration Geologist. He has wide experience in a number of commodities including iron ore, gold, base metals, uranium and mineral sands. He has been responsible for project discovery through to feasibility study and development in Indonesia and the Pilbara in Western Australia and technical audits in many countries.

Mr Castle was a founding member and permanent employee of Fortescue Metals Group as Technical Services Manager for expansion projects and was an integral member of the team developing the definitive feasibility study for start-up projects at Cloudbreak and Christmas Creek. Mr Castle is Chief Geologist for the Tribis Group.

Mr Castle completed a Bachelor's Degree in Applied Geology with the University of New South Wales in 1965 and was awarded a B.Sc (Hons) degree. He completed postgraduate studies with the Securities Institute of Australia in 2001 and was awarded a Graduate Certificate in Applied Finance and Investment in 2004. He is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has the appropriate relevant experience and qualifications to be an 'Expert' and 'Competent Person' under the Australian Valmin and JORC Codes respectively.

Former Directorships in last 3 years

None

Special Responsibilities

Member of the Nomination and Remuneration Committee (retired 13 October 2020)

DIRECTORS' REPORT

COMPANY SECRETARY

Sean Meakin B. Bus (Acc), B. IT (Info Sys), CA, AGIA

Experience and Expertise

Mr Meakin has a Bachelor of Business degree majoring in Accounting, and a Bachelor of Information Technology degree majoring in Information Systems from Charles Darwin University. Mr Meakin is a Chartered Accountant and an associate of the Governance Institute of Australia.

Mr Meakin was appointed as Company Secretary of the Company in March 2018, he is also the Company Secretary of AssetOwl Limited (ASX: AO1) and joint Company Secretary of Zeta Petroleum PLC.

Mr Meakin works closely with the Company's finance team for the preparation of Company's annual report and half yearly financial report.

DIRECTORS' REPORT

DIRECTORS' MEETINGS

During the financial year, 6 Board of Directors' Meetings and 2 Audit and Risk Committee meetings, and 1 Nomination and Remuneration committee meetings were held. Attendances by each Director during the year were as follows:

	Board of Directors' Meetings		Audit and Risk Committee Meetings		Nomination and Remuneration Committee meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Greg Hancock	6	6	2	2	1	1
Bruce McCracken	6	6	-	-	-	-
John Prineas	5	5	1	1	1	1
John Dawson	5	5	1	1	1	1
Simon Trevisan	1	1	1	1	-	-
Malcolm Castle	1	1	-	-	-	-

REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company and the Consolidated Entity and has been audited in accordance with the requirements by section 308(3C) of the *Corporations Act 2001* and the Corporations Regulations 2001.

For the purposes of this report, Key Management Personnel of the Consolidated Entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Consolidated Entity, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

KEY MANAGEMENT PERSONNEL DISCLOSED IN THE REPORT

Names and positions held of Parent Entity Directors in office at any time during the financial year are:

Greg Hancock	(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, retired 13 October 2020)
Malcolm Castle	(Non-executive Director, retired 13 October 2020)

There were no Key Management Personnel of the entity at any time during the financial year other than Directors of the Company.

Remuneration Governance

The Remuneration and Nomination Committee provides assistance to the Board with respect to the following:

- (a) Remuneration policies and practices;

DIRECTORS' REPORT

- (b) Remuneration of the Executive Officer and Executive Directors;
- (c) Composition of the Board; and
- (d) Performance Management of the Board and of the Executive Officer.

Use of Remuneration Consultants

During the year, the Company has not required or used any remuneration consultants for the purpose of soliciting advice in relation to the remuneration of members of the Group's Key Management Personnel.

Membership and Composition

The minimum number of members required on the Committee is two Directors. At least one member of the Committee must be a Non-Executive Director of the Board.

The Chair of the Committee is to be a Non-Executive Director, nominated by the Board, who may be the Chairman of the Board.

The Secretary of the Committee shall be the Company Secretary or such other person as nominated by the Board.

Executive Remuneration Policy and Framework

The Remuneration and Nomination Committee is to review and make recommendations regarding the following:

- (a) strategies in relation to Executive remuneration policies;
- (b) compensation arrangements for the Managing Director, Non-Executive Directors and other Senior Executives as appropriate;
- (c) performance related incentive policies;
- (d) the Company's recruitment, retention and termination policies;
- (e) the composition of the Board having regard to the skills/experience desired and skills/experience represented;
- (f) the appointment of Board members;
- (g) the evaluation of the performance of the Managing Director;
- (h) consideration of potential candidates to act as Directors; and
- (i) succession planning for Board members.

Processes

The Committee shall meet as frequently as required to undertake its role effectively and properly. A quorum for the Committee meeting is when at least two members are present. Any relevant employees may be invited to attend the Committee meetings.

The issues discussed at each Committee meeting as well as the Minutes of each meeting are reported at the next Board Meeting. The Committee Chair shall report the Committee's recommendations to the Board after each meeting.

The Committee reviews, and may recommend to the Board, any necessary actions and/or changes it considers appropriate. The Committee may undertake any other special duties as requested by the Board.

DIRECTORS' REPORT

Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of Key Management Personnel for the economic entity is as follows:

The remuneration structure for Key Management Personnel is based on a number of factors, including length of service and the particular experience of the individual concerned. The contracts for service between the Group and Key Management Personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. There is no scheme to provide retirement benefits, other than statutory superannuation.

The Nomination and Remuneration Committee determines the proportion of fixed and variable compensation for each Key Management Personnel.

Executive and Non-Executive Director Remuneration Policy

On appointment to the Board, all Executive and Non-Executive Directors enter into an agreement with the Company. The letter of appointment summarises the Board's policies and terms, including remuneration. Non-Executive Directors do not receive additional fees for chairing or participating on Board committees. Directors do not receive retirement allowances.

Please see the table below for the details of the nature and amount of remuneration payable to Non-Executive Directors of the Group.

	From 1 July 2021	13 October 2020 – 30 June 2021	1 July 2020– 13 October 2020
Base fees			
Chairman	\$5,000 per month	\$5,000 per month	\$5,000 per month
Non-Executive Directors	\$3,000 per month	\$3,000 per month	\$2,500 per month

The amounts above are exclusive of superannuation. There were no other additional fees paid to the Non-Executive Chairman and Non-Executive Directors for participating as members of the committees of the board.

The Company's Non-Executive Chairman was awarded 8,000,000 Performance Rights during the year. The value of these Performance Rights, determined in accordance with accounting standards, is disclosed in the table below. Each Performance Right is valued at, or by incorporating as a valuation input, the price of an Ordinary Share in the Company at the date that shareholders approved the award, 5 October 2020, being \$0.11 per share. Further detail on these Performance Rights is included within the table below, on page 28 and on page 30.

Tranche	Number of Rights	Value	Benefit realised during the year
One	2,000,000	\$220,000	Nil
Two	2,000,000	\$220,000	Nil
Three	2,000,000	\$210,000	Nil
Four	2,000,000	\$198,000	Nil

Vesting conditions of the Performance Rights pertain to the level of resources which may be reported on any of the Group's 100% owned Gold Projects and the Company's share price. The vesting conditions for these Performance Rights are set-out on page 28 below.

Mr Hancock will only realise benefit from these Performance Rights if they vest prior to 5 October 2025.

DIRECTORS' REPORT

Remuneration arrangement with Managing Director

Managing Director – Bruce McCracken	
Fixed Remuneration	\$180,000 per annum, plus applicable superannuation.
Contract Duration	The Executive Services Agreement has no pre-determined end date and will continue until it is terminated in accordance with this Agreement.
Notice period for Termination	6 months

Performance based remuneration

On 5 October 2020, shareholders approved the award of 12,000,000 Performance Rights to Mr McCracken. These Performance Rights are in four equal tranches of 3,000,000 Rights with vesting conditions pertaining to the level of resources which may be reported on any of the Group's 100% owned Gold Projects and the Company's share price. The vesting conditions for these Performance Rights are set-out on page 28 below.

The value of these Performance Rights, determined in accordance with accounting standards, is disclosed in the table below.

Tranche	Number of Rights	Value	Benefit realised during the year
One	3,000,000	\$330,000	Nil
Two	3,000,000	\$330,000	Nil
Three	3,000,000	\$315,000	Nil
Four	3,000,000	\$297,000	Nil

Each Performance Right is valued at, or by incorporating as a valuation input, the price of an Ordinary Share in the Company at the date that shareholders approved the award, 5 October 2020, being \$0.11 per share.

During the year, Mr McCracken realised no value from these Performance Rights as the vesting conditions attaching to these Performance Rights were not met during the year. If any or all of the Performance Rights vest, the value of shares which Mr McCracken receives will be equal to the number of Performance Rights which vest multiplied by the Company's share price at the time.

Mr McCracken will only realise benefit from these Performance Rights if they vest prior to 5 October 2025.

Company Performance, Shareholder Wealth and Director and Executive Remuneration

The Remuneration Policy has been tailored to increase goal congruence between Shareholders, Directors and Executives.

Each year the Board reviews directors remuneration to balance the need to pay appropriate fees to its directors while balancing the needs of the Company's shareholders.

The Company has an employee incentive scheme for the award of share-based payments, including Shares, Options and Performance Rights, the Board may exercise its discretion to award such payments to encourage the alignment of personal interest and shareholder interests.

DIRECTORS' REPORT

Voting and comments made at the Group's 2020 Annual General Meeting

The Company received 99.86% of "yes" votes on its Remuneration Report for the 2020 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Consequences of Group Performance on Shareholder wealth

An analysis of the Group's performance over the five financial years to 30 June 2021 is provided below:

	2021	2020	2019	2018	2017
Net profit/(loss) attributable to owners of BMG Resources Limited	\$(1,093,903)	\$(2,182,734)	\$(1,022,246)	\$(301,773)	\$102,994
Share price					
Share Price at 30 June:	\$0.049	\$0.050*	\$0.12*	\$0.13*	\$0.10*
\$ increase / (decrease)	\$(0.001)	\$(0.07)*	\$(0.01)*	\$0.03*	\$0.00*
Basic profit/(loss) per share (cents per share)	(0.57)	(3.74)*	(2.18)*	(0.78)*	0.44*
Diluted loss per share (cents per share)	N/A	N/A	N/A	N/A	N/A

*reflective of the 10:1 share consolidation which took effect on 5 October 2020.

DIRECTORS' REPORT

Details of Remuneration

2021 Key Management Person	Short-term Benefits		Post-employment benefits	Share-based payment		
	Salary (\$)	Leave entitlements (\$)	Superannuation (\$)	Performance Rights (\$)	Total (\$)	Performance Related (%)*
DIRECTORS						
Greg Hancock ¹	60,000	-	-	124,460 ¹	184,460	67.47%
Bruce McCracken ¹	180,000	6,664	17,100	186,690 ¹	390,454	47.81%
John Prineas ²	25,839	-	2,454	-	28,293	Nil
John Dawson ²	25,839	-	2,454	-	28,293	Nil
Simon Trevisan ^{3,4}	8,569	-	-	-	8,569	Nil
Malcolm Castle ⁴	8,569	-	-	-	8,569	Nil
TOTAL	308,816	6,664	22,008	311,150	648,638	47.97%

- For Performance Rights with non-market based vesting conditions (Tranches 1 and 2), the share-based payment remuneration is the portion of the value of Performance Rights recognised in this financial year considering management's assessment of the anticipated likelihood that the performance will vest, and the period of time over which the Rights may vest. For Performance Rights with market based vesting conditions (Tranches 3 and 4), the share-based payment remuneration is the portion of the value of Performance Rights recognised in this financial year considers management's assessment of the period of time over which the Rights may vest. Irrespective of whether these particular Performance Rights vest, the full value of these Performance Rights will be reflected as remuneration of the recipients.
The value recognised as an expense is calculated in accordance with AASB 2 *Share Based Payments*. No portion of the 'Performance Rights' vested during the financial year, so the value disclosed in the table was not received by the recipients. In the event that all four tranches of Performance Rights vest, then the recipient will receive the full benefit of the underlying Performance Rights. Refer to disclosure on page 33 provided under "Voluntary Information: Remuneration Received" for further details.
- Messrs Prineas and Dawson were appointed as directors of the Company on 13 October 2020.
- Mr Simon Trevisan was paid through an associated company Albuquerque Trevisan Pty Ltd.
- Messrs Trevisan and Castle were directors of the Company from 1 July 2020 to 13 October 2020.

*For each applicable line in the above table, this % is calculated by dividing the share-based payment expense relating to the Performance Rights over the total remuneration.

DIRECTORS' REPORT

2020 Key Management Person	Short-term Benefits		Post-employment benefits	Share-based payment		
	Salary (\$)	Leave entitlements (\$)	Superannuation (\$)	Performance Rights (\$)	Total (\$)	Performance Related (%)*
DIRECTORS						
Greg Hancock	60,000	-	-	-	60,000	-
Bruce McCracken ¹	180,000	16,835	17,100	127,903	341,838	37.42%
Simon Trevisan ²	30,000	-	-	-	30,000	-
Malcolm Castle	30,000	-	-	-	30,000	-
TOTAL	300,000	16,835	17,100	127,903	461,838	27.69%

- Mr McCracken received remuneration \$15,000 per month from 1 July 2019.
The share-based payment 'Performance Rights' is the value of 10,000,000 performance rights issued to Mr McCracken in June 2019. These Performance Rights vested during the 2020 financial year and were settled on 22 November 2019. The value recognised is calculated in accordance with *AASB 2 Share Based Payments*.
- Mr Simon Trevisan was paid through an associated company Albuquerque Trevisan Pty Ltd.

*For each applicable line in the above table, this % is calculated by dividing the share-based payment expense relating to the Performance Rights over the total remuneration.

DIRECTORS' REPORT

TERMS AND CONDITIONS OF SHARE BASED PAYMENTS AFFECTING REMUNERATION IN THE CURRENT FINANCIAL YEAR

Performance Rights

Following shareholder approval in October 2020, Share-based payments were awarded to the Group's Chairman and Managing Director, who were awarded 8,000,000 and 12,000,000 Performance Rights respectively. For each recipient, the Rights are structured in four equal tranches, with vesting conditions pertaining to the level of resources which may be reported on any of the Group's 100% owned Gold Projects and increase of the Company's share price. The vesting conditions for these Performance Rights are set-out below:

Tranche	Vesting Conditions
One	The Company reporting a 250,000-ounce gold Mineral Resource on any Oracle Project ¹ 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.
Two	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.
Three	VWAP of at least \$0.15 per share (post 10 to 1 consolidation) for at least 15 business days before 5 October 2025.
Four	VWAP of at least \$0.25 per share (post 10 to 1 consolidation) for at least 15 business days before 5 October 2025.

¹Being those three projects described on page 31 below.

	Chairman	Managing Director	Value of rights	Chairman	Managing Director
Tranche	Number of Performance Rights			Value of Rights recognised as remuneration in the financial year	
One	2,000,000	3,000,000	\$550,000	\$32,289	\$48,434
Two	2,000,000	3,000,000	\$550,000	\$32,289	\$48,434
Three	2,000,000	3,000,000	\$525,000	\$30,821	\$46,232
Four	2,000,000	3,000,000	\$495,000	\$29,060	\$43,590
	8,000,000	12,000,000	\$2,120,000	\$124,459	\$186,690

DIRECTORS' REPORT

Equity Instruments Disclosure Relating to Key Management Personnel

Shares

Number of shares held by Parent Entity Directors and other Key Management Personnel of the Group, including their personally related parties, are set out below.

	Balance at the start of the year	Effect of Consolidation ⁶	Balance at the start of the year	Acquisition of Oracle Mining Pty Ltd	Participation in Share Purchase Plan	Share Placement	Other	Balance at the end of the year
Greg Hancock	-	-	-	-	-	-	-	-
Bruce McCracken ¹	36,766,708	(33,089,997)	3,676,671	-	200,000 ⁵	2,000,000	-	5,876,671
John Prineas ²	5,000,000	(4,500,000)	500,000	43,124,696	200,000 ⁵	-	-	43,824,696
John Dawson ³	20,000,000	(18,000,000)	2,000,000	21,562,348	200,000 ⁵	5,600,000	-	29,362,348
Simon Trevisan ⁴	86,566,978	(77,910,279)	8,656,699	-	300,000 ⁵	-	(8,956,699)	-
Malcolm Castle ⁴	7,540,076	(6,876,068)	754,008	-	-	-	(754,008)	-

- 1 Relevant interest in 5,858,671 shares as a beneficiary of the McCracken Family Trust and 18,000 shares directly held.
Mr McCracken acquired 2,000,000 via a placement, refer to page 32 below for further disclosure.
- 2 Mr Prineas acquired 43,124,696 in his capacity as a vendor in the acquisition of 100% of the issued capital of Oracle Mining Pty Ltd which was completed on 13 October 2021. Refer to disclosure from page 31 for further details.
- 3 29,362,348 shares held by Impulzive Pty Ltd as trustee of the Dawson Superannuation Fund of which Mr Dawson is a director and beneficiary.
Mr Dawson acquired 21,562,348 in his capacity as a vendor in the acquisition of 100% of the issued capital of Oracle Mining Pty Ltd which was completed on 13 October 2021. Refer to disclosure from page 31 for further details.
Mr Dawson acquired 5,600,000 via a placement, refer to page 32 below for further disclosure.
- 4 Messrs Trevisan and Castle retired as directors of the Company on 13 October 2020 and accordingly, details of their interests in shares of the Company are removed from the above table.
- 5 Company Directors, or entities which they have an interest, participated in the Company's Share Purchase Plan which was announced on 28 August 2020 where shareholders could acquire up to 200,000 shares at a subscription price of \$0.05 per share.
- 6 The Company completed a share consolidation during the reporting period, whereby shares in the Company were consolidated by a factor of 10:1.

DIRECTORS' REPORT

Options

At the commencement of the reporting period 150,000* Share Options were held by then Non-Executive Director Mr Malcolm Castle. These Options were still held on 13 October 2020, being the date of Mr Castle's resignation from the Board.

	Balance at the start of the year	Other	Balance at the end of the year
Malcolm Castle	150,000	(150,000)	-

No other party who was a member of the Company's Key Management Personnel during the year held share Options at any time during the year.

Mr Castle retired as a director of the Company on 13 October 2020 and accordingly, details of his interests in Options of the Company are removed from the above table.

*stated on a post 10:1 consolidation basis.

Performance Rights

The number of Performance Rights held by the Company's Chairman, Mr Greg Hancock, and Managing Director, Mr Bruce McCracken is set out below:

	Balance at the start of the year	Awarded during the Year	Balance at the end of the year	Vested
Greg Hancock				
Tranche 1	-	2,000,000	2,000,000	Nil
Tranche 2	-	2,000,000	2,000,000	Nil
Tranche 3	-	2,000,000	2,000,000	Nil
Tranche 4	-	2,000,000	2,000,000	Nil
Bruce McCracken				
Tranche 1	-	3,000,000	3,000,000	Nil
Tranche 2	-	3,000,000	3,000,000	Nil
Tranche 3	-	3,000,000	3,000,000	Nil
Tranche 4	-	3,000,000	3,000,000	Nil

Disclosure on these Performance Rights is provided on pages 23, 24 and 28 above.

Performance Shares

Performance Shares are held by Non-Executive Directors Messrs John Prineas and John Dawson. These Performance Shares were acquired by Messrs Prineas and Dawson in their capacity as vendors in the transaction whereby BMG Resources Limited acquired 100% of the share capital of Oracle Mining Pty Ltd in October 2020.

	Balance at the start of the year	Acquisition of Oracle Mining Pty Ltd	Balance at the end of the year	Vested
John Prineas				
Tranche 1	-	3,200,000	3,200,000	Nil
Tranche 2	-	3,200,000	3,200,000	Nil

DIRECTORS' REPORT

	Balance at the start of the year	Acquisition of Oracle Mining Pty Ltd	Balance at the end of the year	Vested
John Dawson				
Tranche 1	-	1,600,000	1,600,000	Nil
Tranche 2	-	1,600,000	1,600,000	Nil

Disclosure on these Performance Shares is provided below within 'Other Transactions with Key Management Personnel – Transactions relating to the acquisition of Oracle Mining Pty Ltd'.

Loans to/from Key Management Personnel

There were no loans to individuals or directors of the Company during the year ended 30 June 2021.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Transactions with the Company

A number of Key Management Personnel or their related parties hold positions in other Entities that result in them having control or significant influence over the financial or operating policies of those Entities. A number of those Entities transacted with the Company during the year. The terms and conditions of those transactions were no more favorable than those available or, which might reasonably be expected to be available, on similar transactions to unrelated Entities on an arm's length basis.

Transactions relating to the acquisition of Oracle Mining Pty Ltd

Acquisition

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.

On 13 October 2020, BMG Resources Limited 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.

Upon completion of the acquisition Non-Executive Directors Mr John Prineas and John Dawson were appointed to the Board of BMG. Messrs John Prineas and John Dawson were shareholders of Oracle Mining Limited, holding 48% and 24% of the shares of its shares on issue, respectively.

As Consideration for the acquisition of Oracle, Mr Prineas received 43,124,696 Ordinary Shares in the Company and 6,400,000 Performance Shares. The total value of Ordinary Shares and Performance Shares acquired by Mr Prineas was \$4,528,093 and \$672,000 respectively.

As Consideration for the acquisition of Oracle, Mr Dawson received 21,562,348 Ordinary Shares in the Company and 3,200,000 Performance Shares. The total value of Ordinary Shares and Performance Shares acquired by Mr Dawson was \$2,264,047 and \$336,000 respectively.

DIRECTORS' REPORT

The Shares and Performance Shares are valued at the BMG's share price on 13th October 2020, being the date at the acquisition of Oracle was completed, the closing price of a BMG share on this date was \$0.105.

In respect of the Performance Shares, they will only vest upon achievement of the vesting conditions disclosed below:

Tranche	Number of Performance Shares	Milestone
Tranche 1	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.
Tranche 2	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 gold projects are subject to Royalties arrangements with counterparties including Gold Growth Pty Ltd, of which BMG non-executive directors Messrs John Prineas and John Dawson are shareholders.

- In relation to the Abercromby Project, 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.
- In relation to the 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.
- In relation to the South Boddington Project, 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).

Settlement of Loan with entity related to Mr John Prineas

Contemporaneously with the acquisition of Oracle, the Group settled a debt owed to Zeus Private Equity Pty Ltd by Oracle Mining Limited at the time of Oracle's acquisition by BMG. Settlement of this debt included repayment of the principal amount of the loan, \$125,107 and settlement of an establishment fee payable, of \$35,000.

John Prineas is a director and shareholder of Zeus Private Equity Pty Ltd.

Director participation in capital raisings

In August 2020, the Company announced a capital raising to raise \$3m from sophisticated investors. Following the receipt of shareholder approval which was received on 5 October 2020:

- A company related to Non-Executive Director Mr John Dawson, Impulzive Pty Ltd, acquired 5,600,000 Ordinary Shares for cash consideration of \$280,000;
- BMG's Managing Director Mr Bruce McCracken acquired 2,000,000 Ordinary Shares for cash consideration of \$100,000.

DIRECTORS' REPORT

Administration Services Agreement with Tribis Pty Ltd

Tribis Pty Ltd, a company associated with former non-executive director Simon Trevisan provides office space, office equipment, supplies, company secretarial and administration services in connection with the operations of the Company and amounts are payable on a monthly basis.

Corporate administration services include those services necessary for the proper administration of a small public company, including:

- (a) administrative, management, corporate, advisory and other similar services;
- (b) management of third party professional and expert services including legal and audit and investment banking, independent technical expert and other services;
- (c) head office support services including provision of office space for the Company's Managing Director, shared access to Tribis' office IT and telecommunications equipment and access to third party-provided communications systems and support;
- (d) company secretarial, administrative support, accounting, payroll, business analysis and recruitment and employee administration services;
- (e) provision of registered office for BMG and its subsidiaries;
- (f) provision of Company Secretary; and
- (g) such other administration services as may be requested from time to time by the Board and as agreed by Tribis.

The Company has agreed to pay a monthly fee to Tribis plus reasonable reimbursements each month for certain costs, expenses and liabilities incurred and/or paid by Tribis on behalf of the Company during that month. The monthly fee has been subject to reductions over time.

With effect from 1 July 2018 the Company paid a fee for administrative services of \$12,000 per month.

From 1 July 2020 until 13 April 2021, being 6 months after Mr Trevisan's resignation from the Board, Tribis was a related party of the Company due to Mr Trevisan's position as its Managing Director and substantial shareholder.

This is the end of the Audited Remuneration Report.

VOLUNTARY INFORMATION: REMUNERATION RECEIVED

The amounts disclosed below as KMP remuneration reflect the actual benefits received by each KMP during the reporting period. The remuneration values disclosed below have been determined as follows:

Fixed remuneration

Fixed remuneration includes base salaries received and payments made to superannuation funds. Fixed remuneration excludes any accruals of annual or long-service leave.

Long-term incentives

Long-term incentives are those Performance Rights awarded to Non-Executive Chairman Mr Greg Hancock and Managing Director Mr Bruce Hancock. For the recipients to receive benefit from these Performance Rights pre-determined vesting conditions must be achieved, over a period which is anticipated to be a period longer than 12 months from the date of the award of the Performance Rights.

Performance Rights awarded are valued at the Company's closing share price on the date of shareholder approval.

DIRECTORS' REPORT

Remuneration received during the 2021 financial year reporting period

	Fixed Remuneration	Vested LTI	Total Value
B McCracken – Managing Director	\$197,100	Nil	\$197,100
G Hancock - Non-Executive Chairman	\$60,000	Nil	\$60,000
Other Non-Executive Directors	\$73,724	Nil	\$73,724
Total	\$330,824	Nil	\$330,824

The amounts disclosed above are not the same as the remuneration expensed in relation to each KMP in accordance with the accounting standards (\$620,022 for 2021).

Basis for disclosure:

The directors believe that the remuneration received is more relevant to users for the following reasons:

- The statutory remuneration expensed is based on historic cost and does not reflect the value of the equity instruments when they are actually received by the KMPs.
- The statutory remuneration shows benefits before they are actually received by the KMPs.
- Where Options or Performance Rights do not vest because a market-based performance condition is not satisfied (e.g.: an increase in the Company's share price), the company must still recognise the full amount of expenses even though the KMPs will never receive any benefits.
- Share-based payment awards are treated differently under the accounting standards depending on whether the performance conditions are market conditions (no reversal of expense) or non-market conditions (reversal of expense where shares fail to vest), even though the benefit received by the KMP is the same (nil where equity instruments fail to vest).

The information in this section has been audited together with the rest of the remuneration report.

SHARES UNDER OPTION

Unissued ordinary shares of BMG Resources Limited under option at the date of this report are as follows:

Grant Date	Expiry Date	Issue price of Shares	Number under option
2 August 2019	31 January 2022	\$0.25	300,000
			300,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

These options were issued to former Non-Executive Directors Mr Malcolm Castle and Mr Peter Munachen, 150,000 each.

DIRECTORS' REPORT

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Entity or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

INDEMNIFYING DIRECTORS AND OFFICERS

The Company has made an Agreement to indemnify all the Directors and Officers of the Company against all losses or liabilities incurred by each Director and Officer in their capacities as Directors and Officers of the Company. During the year ended 30 June 2021, the Company paid insurance premiums in respect of Directors and Officers Liability Insurance for Directors and Officers of the Company. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of the Entity and related joint venture companies to the extent permitted by the *Corporations Act 2001*. On 17 November 2020, the Company paid an insurance premium of \$8,747 covering the period 22 October 2020 to 30 April 2021 and on 10 May 2021, the Company paid a premium of \$19,990 covering the period 30 April 2021 to 30 April 2022 (2020: \$10,540 paid on 29 May 2020 covering the period 30 April 2020 to 30 April 2021).

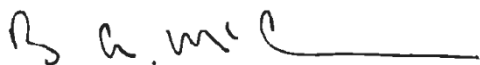
NON-AUDIT SERVICES

There were no non-audit services provided by the Auditor of the Group, BDO Audit (WA) Pty Ltd or its related practices during the year.

AUDITORS INDEPENDENCE DECLARATION

The Auditors Independence Declaration for the year ended 30 June 2021 has been received and can be found on page 37.

Signed in accordance with a resolution of the Board of Directors.



Bruce McCracken

Managing Director

Dated at Perth, Western Australia, this 30th September 2021.

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the overall Corporate Governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administering its corporate governance structures to promote integrity and responsible decision making.

The Company's corporate governance structures, policies and procedures are described in its Corporate Governance Statement which is available on the Company's website at

<http://www.bmgil.com.au/corporate/corporate-governance.html>

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

As lead auditor of BMG Resources Limited for the year ended 30 June 2021, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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



Neil Smith
Director

BDO Audit (WA) Pty Ltd
Perth, 30 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	30 June 2021 (\$)	30 June 2020 (\$)
Other Income	4	176	3,511
Government Grants	4	21,645	36,075
Director remuneration	5	(337,488)	(373,066)
Administration services fee	19	(144,000)	(168,000)
Share based payment expense	6	(375,617)	(127,903)
Depreciation and amortisation expense		(681)	(681)
Accounting & audit fee		(52,621)	(35,206)
Corporate and administration expenses		(114,013)	(188,780)
Other expenses from ordinary activities		(86,134)	(115,701)
Exchange (loss) from ordinary activities		(55)	(14,249)
Impairment Expense	10	(5,115)	(1,198,734)
(LOSS) BEFORE INCOME TAX		(1,093,903)	(2,182,734)
Income tax expense	7	-	-
(LOSS) AFTER INCOME TAX		(1,093,903)	(2,182,734)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		(22,695)	22,638
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR		(1,116,598)	(2,160,096)
Total comprehensive (loss) for the year is:			
Attributable to the owners of BMG Resources Limited		(1,116,598)	(2,160,096)
Basic (loss) per share (cents per share)	18	(0.57)	(3.74)*

*re-stated to reflect the 10:1 share consolidation which took effect on 9 October 2020.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	30 June 2021 (\$)	30 June 2020 (\$)
CURRENT ASSETS			
Cash and cash equivalents	8	889,252	273,390
Other receivables	9	12,663	18,523
TOTAL CURRENT ASSETS		901,915	291,913
NON-CURRENT ASSETS			
Property, Plant & Equipment		345	1,027
Exploration and Evaluation Assets	10	13,477,492	-
TOTAL NON-CURRENT ASSETS		13,477,837	1,027
TOTAL ASSETS		14,379,752	292,940
CURRENT LIABILITIES			
Trade and other payables	11	130,258	96,703
Employee benefits payable	12	68,342	60,776
TOTAL CURRENT LIABILITIES		198,600	157,479
TOTAL LIABILITIES		198,600	157,479
NET ASSETS		14,181,152	135,461
EQUITY			
Contributed equity	14	57,458,271	44,071,599
Reserves	15	2,112,255	359,333
Accumulated Losses	16	(45,389,374)	(44,295,471)
TOTAL EQUITY		14,181,152	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 YEAR ENDED 30 JUNE 2021

	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 year		-	(1,093,903)	-	-	-	-	(1,093,903)
Other comprehensive (loss)								
Exchange difference on translation of foreign operations		-	-	-	-	(22,695)	(22,695)	(22,695)
Total comprehensive loss for the period		-	(1,093,903)	-	-	(22,695)	(22,695)	(1,116,598)
Transactions with owners in their capacity as owners:								
Issue of shares for services ⁽¹⁾	3	150,000	-	-	-	-	-	150,000
Capital Raising	14	4,000,000	-	-	-	-	-	4,000,000
Consideration for acquisition of Oracle Mining Limited	3	9,433,527	-	1,400,000	-	-	1,400,000	10,833,527
Share based payments	6	-	-	375,617	-	-	375,617	375,617
Less Capital Raising Costs	14	(196,855)	-	-	-	-	-	(196,855)
BALANCE AT 30 JUNE 2021		57,458,271	(45,389,374)	1,797,803	314,452	-	2,112,255	14,181,151

(1) Services were provided to Oracle Mining Limited prior to its acquisition by BMG Resources Limited on 13 October 2020. Shares issued are BMG shares.

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 YEAR ENDED 30 JUNE 2020

	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
Total (Loss) for the year		-	(2,182,734)	-	-	-	-	(2,182,734)
Other comprehensive (loss)								
Exchange difference on translation of foreign operations						22,638	22,638	22,638
Total comprehensive loss for the period		-	(2,182,734)	-	-	22,638	22,638	(2,160,096)
Transactions with owners in their capacity as owners:								
Issue of shares for services	14	113,500	-	-	-	-	-	113,500
Issue of Options to Investors	15	-	-	-	314,452	-	314,452	314,452
Share based payment awards to related parties		236,167	-	(108,264)	-	-	(108,264)	127,903
Issue of shares to investors	14	172,670	-	-	-	-	-	172,670
Capital raising costs	14	(33,334)	-	-	-	-	-	(33,334)
BALANCE AT 30 June 2020		44,071,599	(44,295,471)	22,186	314,452	22,695	359,333	135,461

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 YEAR ENDED 30 JUNE 2021

	Notes	30 JUNE 2021 \$	30 JUNE 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(871,774)	(707,688)
Government incentive		33,670	24,050
Interest received		176	3,511
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	17	(837,928)	(680,127)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation activity		(1,630,358)	(1,099,328)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(1,630,358)	(1,099,328)
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of Oracle Mining Limited, net of cash acquired	3	575	-
Repayment of borrowings	3	(450,106)	-
Net proceeds from issue of Options	15	-	314,452
Proceeds from share issue	14	3,740,000	172,670
Transaction costs related to issues of shares	14	(206,319)	(8,691)
NET CASH INFLOW FROM FINANCING ACTIVITIES		3,084,150	478,431
NET INCREASE/(DECREASE) IN CASH HELD		615,862	(1,301,024)
Cash and cash equivalents at the beginning of the year		273,390	1,551,720
Foreign currency translation		-	22,694
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	8	889,252	273,390

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

The primary accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) General Information

BMG Resources Limited is a Company domiciled in Australia. BMG Resources Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Consolidated Financial Report of the Company as at and for the year ended 30 June 2021 comprises the Company and its subsidiaries (together referred to as the '**Group**' or '**Consolidated Entity**').

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

(b) Basis of Preparation

Statement of Compliance

The Consolidated Financial Statements are general purpose Financial Statements for the reporting year ended 30 June 2021 and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, Interpretations and the *Corporations Act 2001*. BMG Resources Limited is a for profit entity for the purpose of preparing the Financial Statements.

Compliance with IFRS

The Consolidated Financial Statements of BMG Resources Limited Group also comply with the International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB).

The Board of Directors have prepared the financial report on a going concern basis, any additional funding that may be required is anticipated to be obtainable and will allow the Group to continue to fund its operations and further develop their mineral exploration and evaluation assets during the twelve-month period from the date of this financial report.

The Financial Statements were approved by the Board of Directors on 30th September 2021.

Historical cost convention

The financial report has been prepared on an accrual basis and is based on historical costs *modified* by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

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

(c) Principles of Consolidation

The Consolidated Financial Statements incorporate the assets and liabilities of all the subsidiaries that BMG Resources Limited ('the **Parent Entity**') has the power to control. A subsidiary is controlled when the Parent Company is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power to direct the activities of the subsidiary, and determine the financial and operating policies of the subsidiary. All inter-company balances and transactions between entities within the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Consolidated Entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries

Subsidiaries are all entities controlled by the Consolidated Entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Consolidated Entity.

In the Consolidated Entity's Financial Statements, investments in subsidiaries are carried at cost. The Financial Statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

In preparing the Consolidated Financial Statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from inter-entity transactions have been eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The investments in subsidiaries held by BMG Resources Limited are accounted for at cost in the separate Financial Statements of the Company less any impairment charges. The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

(d) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(e) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For an asset acquisition:

- Assets and liabilities acquired are assigned a carrying value based on relative 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 a 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, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(f) Other standards not yet applicable

A number of other standards, amendments to standards and interpretations issued by the AASB which are not materially applicable to the Group have not been applied in preparing these consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following relevant standards and interpretations have been issued by the Australian Accounting Standards Board (AASB) but are not yet effective for the year ending 30 June 2021:

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 2021-2 (issued March 2021)	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	<p>Only ‘material’ accounting policy information must be disclosed in the financial statements, i.e. if it relates to material transactions, other events or conditions and:</p> <ul style="list-style-type: none"> The entity has changed its accounting policy during the period There are one or more accounting policy options in Accounting Standards The accounting policy was developed applying the hierarchy in AASB 108 because there is no specific IFRS dealing with the transaction Significant judgement was required in applying the accounting policy <p>The accounting is complex, e.g. more than one IFRS applies to the transaction.</p>	Annual reporting periods beginning on or after 1 January 2023	Disclosure impact only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(g) Significant accounting judgements and key estimates

The preparation of the Financial Statements requires Management to make judgments, estimates and assumptions that affect the reported amounts in the Financial Statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the Financial Statements are outlined below:

Impact of Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Impairment of Exploration and Evaluation Assets

The ultimate recoupment of the value of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively sale, of the underlying mineral exploration properties. The consolidated Group undertakes at least on an annual basis, a comprehensive review for indicators of impairment of those assets. Judgement is applied in determining whether an indicator of impairment exists. Should an indicator of impairment exist, there is significant estimation and judgement is also required in determining the inputs and assumptions used in determining the recoverable amounts.

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 combination. 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.

In determining when an acquisition is determined to be an asset acquisition and not a business, significant judgment is required to assess whether the assets acquired constitute a business in accordance with AASB 3. Under AASB 3 a business is an integrated set of activities and assets that is capable of being conducted or managed for the purposes of providing a return, and consists of inputs and processes which, when applied to those inputs has the ability to create outputs. Judgement is also required in determining whether the transaction constitutes a reverse acquisition. Judgement is also required in determining who is the acquirer and the acquiree.

The net assets acquired are disclosed in note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Share Based Payments

Judgement is exercised in assessing the likelihood that vesting conditions attached to Share Based Payment awards will be achieved, and accordingly, that the awards will vest. Judgement is also applied in anticipating the time frame over which the awards may vest. Subsequent re-assessments of one or either of these considerations may have a material impact in the level of expense recognised in future reporting periods.

Valuation of share-based payment awards is a material source of estimation as valuation of share payment awards involves the use of inputs including those not externally verifiable, including volatility.

(h) Foreign Currency

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Australian dollars (A\$), which is BMG Resources Limited's functional and presentation currency.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Consolidated Statement of Financial Position date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of foreign operations

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is translated at the average exchange rates for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of the foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation will be recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(i) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(j) Other Income

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Further disclosure on government grants received or receivable is provided at note 4.

Interest

Interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(k) Cash and Cash Equivalents

'Cash and cash equivalents' includes cash at bank and in hand, deposits held at call with financial institutions, other short-term highly liquid deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(l) Trade and Other Receivables

Trade and Other receivables represent amounts expected to be received from the Australian Taxation office, being Goods and Services Tax (GST) for expenditure incurred by the Group.

(m) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Consolidated Entity. Trade accounts payable are normally settled within 60 days.

(n) Employee Benefits

Short-term Employee Benefit Obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Short Term employee benefit liabilities are included within employee benefits payable on the Consolidated Statement of Financial Position.

Other long-term Employee Benefit Obligations

Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expect future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The obligations are presented as current liabilities in the Consolidated Statement of Financial Position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following's dates:

- when the Group can no longer withdraw the offer of those benefits; and
- when the Group recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of termination benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(o) Exploration and Evaluation Expenditure

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

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Exploration and evaluation expenditure incurred by the group is accumulated for each area of interest and recorded as an asset if:

- A. the rights to tenure of the area of interest are current; and
- B. at least one of the following conditions is also met:
 - i. the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
 - ii. exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

For each area of interest, expenditure incurred is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. A provision for unsuccessful exploration and evaluation is created against each area of interest by means of a charge to the Statement of Profit or Loss and Other Comprehensive Income.

The recoverable amount of each area of interest is determined on a bi-annual basis and the provision recorded in respect of that area adjusted so that the net carrying amount does not exceed the recoverable amount. For areas of interest that are not considered to have any commercial value, or where exploration rights are no longer current, the capitalised amounts are written off against the provision and any remaining amounts are charged against profit. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(p) Impairment

Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(q) Income Tax Expenses or Benefit

The income tax expense or benefit (revenue) for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the Financial Statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit. Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities, associates and interests in joint ventures where the Parent Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not be reversed in the foreseeable future. Current and deferred tax balances relating to amounts recognised directly in equity.

BMG Resources Limited and its resident subsidiaries have unused tax losses. However, no deferred tax balances have been recognised, as it is considered that asset recognition criteria have not been met at this time.

(r) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(t) Earnings or Loss per share

Basic earnings or loss per share are calculated by dividing the net profit or loss attributable to members of the Parent Entity for the reporting period by the weighted average number of ordinary shares of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In the event of consolidation or subdivision of the Company's ordinary shares ('Capital Reconstruction'), for financial reporting purposes the Basic earnings or loss per share for the comparative reporting period is proportionately adjusted to reflect the effect of the Capital Reconstruction occurring in the current reporting period.

Potential ordinary shares, including Performance Shares and Performance Rights which have not vested, and share options which are 'out of the money' are not taken into account when calculating earnings or loss per share.

(u) Fair Value

Determination of Fair Values

A number of the Consolidated Entity's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

Trade and Other Receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

2. SEGMENT INFORMATION

The Group operates in one reportable segment being Western Australian gold exploration activity. The Chief Operating Decision Maker ('CODM') of the Group is the Board of Directors, which reviews the performance of the entity on a consolidated basis - encompassing corporate activities of the Group and its exploration activities pertaining to its Western Australian gold projects. As a result, no reconciliation is required because the information as presented to CODM is used to make strategic decisions.

Management has determined based on reports reviewed by the Board of Directors and used to make strategic decisions, that the Group operates in one single reportable geographical segment being Australia. As a result, no additional segment information is provided.

3. 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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).
- 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, a total of \$450,107.

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 6 for further details on 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.

Further disclosure on the Oracle acquisition Share based payment is provided at note 6, Share based payments.

	Number of Equity Instruments	Value
Consideration payable		
Ordinary Shares	89,843,117	\$9,433,527
Performance Shares ⁽¹⁾	13,333,333	\$1,400,000
Total		\$10,833,527
Transaction costs incurred		\$42,957
Total purchase price, including capitalised transaction costs		\$10,876,484

(1) Milestones attaching to these Performance Shares are disclosed on page 56 at note 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	\$12,547,194
Other Receivables	\$89,761
Total	\$12,637,530
Liabilities	
Trade and Other Payables	(\$1,050,939)
Borrowings	(\$710,107)
Total	(\$1,761,046)
Net Assets Acquired	\$10,876,484

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER INCOME

	2021 (\$)	2020 (\$)
Government Grant	21,645	36,075
Interest received	176	3,511
	21,821	39,586

The Group benefited from two Government Grants in the financial year.

Boosting Cash Flow for Employers and Additional Cash Flow Boost

In the comparative reporting period, the 2020 financial year, the Group benefited from two Commonwealth Government grants, being Boosting Cash Flow for Employers payments and Additional Cash flow boost, grant income recognised in that financial year was \$24,050 and \$7,215 respectively, with the latter amount being received in the 2021 financial year.

The Group was entitled to receive the Boosting Cash Flow for Employers payments because it derived income in the 2018-19 financial year of less than \$50 million, and it made eligible payments, including payment of salary and wages.

As the company received Boosting Cash Flow for Employers payments it was also entitled to receive Additional Cash flow boost, which was a total amount of \$28,860. Of this \$28,860, \$21,645 was recognised as grant income in the 2021 financial year with \$7,215 having been recognised in the 2020 financial year.

5. DIRECTOR REMUNERATION

	2021 (\$)	2020 (\$)
Directors' remuneration	337,488	373,066
	337,488	373,066

Director remuneration includes all fees paid, or payable to the Company's directors for their services during the year.

Further disclosure on director remuneration is provided on pages 21 to 33 of the remuneration report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. SHARE BASED PAYMENTS

Share based payments relating to Asset Acquisition

Acquisition of Oracle Mining Limited by BMG

As disclosed at note 3 ("Acquisition of Oracle Mining Limited"), in October 2020, BMG acquired 100% of the shares on issue of Oracle Mining Limited ("Oracle"). 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 10 and 14 respectively for further disclosure.

The 13,333,333 Performance Shares issued as the second component of the consideration for the acquisition 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. It is expected that the performance milestones attached to the Performance Shares will be satisfied within the required time frames. The value of these Performance Shares is recognised within Exploration and Evaluation assets (refer to note 10) and Share based payment reserve as disclosed in the table on page 61 below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Provision of consultancy services to Oracle Mining Limited

Prior to being acquired by BMG, Oracle's 100% owned subsidiary, South Boddington Gold Pty Ltd entered into an agreement with Mr Paul Askins 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.

On the day of completion of the transaction, BMG 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).

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 an expense in the financial statements of Oracle prior to its acquisition by BMG on 13 October 2020.

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.

On 9 February 2021 the Company issued 8,000,000 Performance Rights to members of its technical and management team. The vesting conditions applicable to these Performance Rights are consistent with the vesting conditions of those Performance Rights awarded to the Company's Chairman and Managing Director.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 vests. In the below vesting condition descriptions, End date is the date which is 5 years from the date on which shareholders approved the award of the Performance Rights to the Company Chairman and Managing Director, 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.

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.

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.

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.

	Awarded to Chairman and Managing Director			Awarded to Technical and Management Team		
	Number of Rights	Value of one Right	Total value of Rights	Number of Rights	Value of one Right	Total value of Rights
'Tranche 1'	5,000,000	\$0.11	\$550,000	3,800,000	\$0.0970	\$368,600
'Tranche 2'	5,000,000	\$0.11	\$550,000	3,800,000	\$0.0970	\$368,600
'Tranche 3'	5,000,000	\$0.1050	\$525,000	-	-	-
'Tranche 4'	5,000,000	\$0.0990	\$495,000	400,000	\$0.0990	\$39,600
Total	20,000,000			8,000,000		

Valuation of Tranche 1 and Tranche 2 Performance Rights

Performance Rights awarded to related parties, which includes the Chairman and Managing Director, are subject to shareholder approval. The Performance Rights awarded to these individuals are valued at \$0.11 each, being the Company's share price at the date on which shareholder approval was provided.

Shareholder approval was not required for those Tranche 1 and Tranche 2 Performance Rights awarded to Technical and Management team individuals, these Performance Rights are valued at \$0.0970 each, being the Company's share price at the date on which the Company and the recipient agreed to the award.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Valuation of Tranche 3 and Tranche 4 Performance Rights

Performance Rights awarded to related parties, which includes the Chairman and Managing Director, are subject to shareholder approval, the fair value of these rights was determined using the Up and In Trinomial model using inputs disclosed below, accordingly, the Performance Rights are valued at \$0.1050 and \$0.0990 respectively.

Tranche 4 Performance Rights issued on 9 February 2021 to a member of the Technical and Management team collective, are also valued at \$0.0990, the fair value of these rights was determined using the Up and In Trinomial model using inputs disclosed below:

	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	\$0.1050	\$0.0990

The Performance Rights in all tranches vest over a maximum period of 5 years from the date that shareholders approved the award of the Performance Rights in favour of the Company Chairman and Managing Director. Any Performance Rights which have not vested by that time will lapse. In relation to each tranche, the Performance Rights will either vest in their entirety or be forfeited in their entirety.

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 value of the Performance Rights, calculated at grant date, disclosed above in the table on page 58, will be recognised as an expense over the shorter of the length of time to which: the Performance Rights vest or to the date of their expiry, being 5 October 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Tranche	Vesting Condition	Grant Year	Number as at 1 July 2020	Movement			Number as at 30 June 2021	Expense in Period
				Issued	Vested and Settled	Lapsed		
One	(1)	2021	-	8,800,000	-	-	8,800,000	\$111,314
Two	(2)	2021	-	8,800,000	-	-	8,800,000	\$111,313
Three	(3)	2021	-	5,000,000	-	-	5,000,000	\$77,054
Four	(4)	2021	-	5,400,000	-	-	5,400,000	\$75,936
			-	28,000,000	-	-	28,000,000	\$375,617

- (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
Performance Rights issued in current period						
28,000,000 Performance Rights	\$2,896,800	-	-	\$375,617	-	\$375,617
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	\$375,617	\$9,583,527	\$1,797,803

*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.

In the year to 30 June 2020, a share-based payment expense of \$127,903 is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

In the year ended 30 June 2019, the Company's Managing Director Mr Bruce McCracken was awarded 2,000,000* Performance Rights. These Performance Rights were issued in three tranches, with vesting conditions pertaining to the Chilean Lithium Joint Venture which the Company was a party to at the time of the Share Based Payment being awarded.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Performance Rights in Tranche 1 (1,000,000* Performance Rights, collectively valued at \$130,000) vested on 18th November 2019 and consequentially, Mr McCracken was issued 1,000,000* Ordinary Shares on 22nd November 2019 to settle these Performance Rights. The \$2,097 not recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the 2020 financial year had been previously recognised in the year to 30 June 2019.

The Performance Rights in the remaining two tranches did not vest, and in accordance with Group's accounting policy, no share-based payment expense was recognised.

In the year to 30 June 2020, the Company settled two further share-based payment awards. Following the receipt of shareholder approval on 2 August 2019, the Company issued 666,667* shares to Managing Director Mr Bruce McCracken. This share-based payment was awarded to Mr McCracken in the year ended 30 June 2019 for past services provided to the Company as its Managing Director for which no cash consideration was paid. Mr McCracken agreed with the Company to receive nil cash remuneration from the Company from 1 July 2016, while the Company sought a new project, the Company recommenced remunerating Mr McCracken from 1 July 2018.

These shares had a collective value of \$86,667, with each share valued at \$0.13*, the price of a share in the Company on the date of shareholder approval, being 2 August 2019.

Following the receipt of shareholder approval on 2 August 2019, the Company issued 150,000* shares to then Non-Executive Director Mr Malcolm Castle. This share-based payment was awarded to Mr Castle to acknowledge the service of Mr Castle to the Company during the two and half year period from 1 July 2016 until 31 December 2018 when he provided services to the Company for no cash remuneration.

These shares had a collective value of \$19,500, with each share valued at \$0.13, the price of a share in the Company on the date of shareholder approval, being 2 August 2019.

	(\$)	Number of Shares
Settlement of Performance Rights	130,000	1,000,000*
Shares issued to Managing Director	86,667	666,667*
Shares issued to Non-Executive Director	19,500	150,000*
Total	\$236,167	1,816,667*

*(stated on a post 10:1 consolidation basis)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX

	2021 (\$)	2020 (\$)
Income tax benefit		
Tax Rate	27.5%	27.5%
The potential tax benefit in respect of tax losses not brought into account has been calculated at 27.5%.		
Numerical reconciliation between tax expenses and pre-tax net loss		
Income tax benefit at the beginning of the year	-	-
(Loss) before income tax expense	(1,093,903)	(2,182,733)
Income tax benefit/(expenses) calculated at rates noted above	(300,823)	(600,252)
Tax effect on amounts which are not tax deductible	109,463	396,370
Tax effect on non-assessable income	(15,586)	(9,921)
Tax effect on timing differences	2,670	15,604
Tax effect on deductible exploration costs	(255,832)	-
Tax effect on deductible capital raising costs/other	(55,404)	(45,332)
Deferred tax asset on tax losses not brought to account	515,512	243,531
Net deferred tax assets not brought to account		
Unused tax losses	13,696,482	11,830,294
Timing differences	80,851	71,140
Other capital expenditure – non equity	143,749	217,872
Capital raising cost in equity	254,470	180,068
Tax at 27.5% (2020: 27.5%)	3,898,277	3,382,328

The benefit for tax losses will only be obtained if:

- the Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Company continues to comply with the conditions for deductibility imposed by Law; and
- no changes in tax legislation adversely affect the ability of the Company to realise these benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. CASH AND CASH EQUIVALENTS

	2021 (\$)	2020 (\$)
Cash at bank and in hand	889,252	273,390
	889,252	273,390

(a) Reconciliation to cash at the end of the year

	2021 (\$)	2020 (\$)
The above figures are reconciled to cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows as follows:		
Balances as above	889,252	273,390
Balances per Statement of Cash Flows	889,252	273,390

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in Note 13. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above. The Consolidated Entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are discussed in Note 13.

(c) Subsequent event

On 12 July 2021 the Company announced that it had secured commitments to raise \$4m (before costs) via a placement to Institutional and Sophisticated investors, at \$0.05 per share. The capital raising was completed in two tranches, which shares issued on 20th July 2021, and following shareholder approval, the remaining shares issued on 27th August 2021.

As at 29 September 2021, the Company has cash and cash equivalents on hand of \$4,048,456.

9. OTHER RECEIVABLES

	2021 (\$)	2020 (\$)
Government Grants Receivable	-	12,025
GST receivable	12,663	5,494
Other Receivables	-	1,004
	12,663	18,523

10. 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 (\$12,547,194) is allocated to the projects using the relative proportion of the project costs recognised by Oracle as at acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Current Reporting period disclosure

	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
Exploration activity				
Abercromby Project	-	\$7,779,032	\$747,697	\$8,526,729
Invincible Project	-	\$4,768,162	\$182,600	\$4,950,762
Total	-	\$12,547,194	\$930,297	\$13,477,491

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 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.

Comparative Reporting period (2020 financial year) disclosure

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.

	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)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE AND OTHER PAYABLES

	2021 (\$)	2020 (\$)
Trade creditors and accruals	128,121	30,703
Administration Services fees payable	-	36,000
Accrued Directors fees	2,137	30,000
	130,258	96,703

(a) Risk exposure

Information about the Group's exposure to risk in relation to trade creditors and other payables is provided in Note 13.

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	3	205,000*
Liability related to Abercromby project tenements M53/1095 and M53/336	3	715,000*
Trade creditors and accruals		130,939*
		1,050,939

*including GST where applicable

12. EMPLOYEE BENEFITS PAYABLE

	2021 (\$)	2020 (\$)
Provisions for Annual Leave and Long Service Leave	62,630	55,966
Employee Statutory Obligations	5,712	4,810
	68,342	60,776

13. FINANCIAL RISK MANAGEMENT

(a) Overview

The Company and the Consolidated Entity have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's and Consolidated Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital.

The Group's Risk Management Framework is supported by the Board, Management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the Company's and Consolidated Entity's Risk Management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Strategy and Policy. Management is responsible for monitoring appropriate processes and controls that are in place to effectively and efficiently manage risk. The Audit and Risk Committee is responsible for identifying, monitoring and managing significant business risks faced by the Company and Consolidated Entity and considering the effectiveness of its internal control system. Management and the Audit and Risk Committee report to the Board.

The Board has established an overall Risk Management Policy which sets out the Company's and Group's system of risk oversight, management of material business risks and internal control.

The Group holds the following financial instruments:

	2021 (\$)	2020 (\$)
Financial assets		
Cash and cash equivalents	889,252	273,390
	889,252	273,390
Financial liabilities		
Trade and other payables	130,258	96,703
Employee benefits payable (Employee contractual obligations)	62,630	55,966
	192,888	152,669

(b) Financial Risk Management Objectives

The overall financial Risk Management Strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

(c) Credit Risk

Credit risk is the risk of financial loss to the Group if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, deposits with banks and financial institutions. The Consolidated Entity does not hold any credit derivatives to offset its credit exposure.

	2021 (\$)	2020 (\$)
Cash at bank and short-term bank deposits		
Cash at bank	889,252	273,390
	889,252	273,390

Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2021 (\$)	2020 (\$)
Cash and cash equivalents	889,252	273,390
Total	889,252	273,390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(d) Liquidity Risk

Liquidity risk arises from the financial liabilities of the Group and its ability to settle these liabilities as and when they fall due.

Ultimate responsibility for Liquidity Risk Management rests with the Board of Directors. The Board has determined an appropriate Liquidity Risk Management Framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Contractual maturities of financial liabilities

	Less than 6 months	Total	Carrying Amount
Group – as at 30 June 2021	\$	\$	\$
Trade payables and other payables	130,258	130,258	130,258
Employee benefits payable	62,630	62,630	62,630
Total	192,888	192,888	192,888
Group – as at 30 June 2020	\$	\$	\$
Trade payables and other payables	96,703	96,703	96,703
Employee benefits payable	55,966	55,966	55,966
Total	152,669	152,669	152,669

(e) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and commodity prices and affect the Group's income or the value of its holdings of financial instruments. The objective of Market Risk Management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Interest Rate Risk

The Group's exposure to interest rates relates to its cash and cash equivalents. The Group manages market risk by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2021 (\$)	2020 (\$)
Financial Assets	889,252	273,390
	889,252	273,390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group manages its interest rate risk by monitoring available interest rates while maintaining an overriding position of security whereby the majority of cash and cash equivalents are held in AA-rated bank accounts.

At 30 June 2021, the Group had Cash and Cash Equivalents on hand of \$889,252, the Group earns nil interest on these funds, and accordingly the weighted average effective interest rate is nil (30 June 2020: the Group had Cash and Cash Equivalents on hand of \$273,390, the weighted average effective interest rate earned on these funds was 0.63%).

Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 25 basis points in interest rates at 30 June 2021 would have had nil impact on equity and profit or loss (30 June 2020: A change of 25 basis points in interest rates would have increased or decreased the Group's profit or loss by \$431).

The Board assessed a 25-basis point movement as being reasonably possible based on forward treasury rate projections. This analysis assumes that all other variables remain constant.

(f) Capital Management

When managing capital, the Board's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to Shareholders and benefits for other Stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels whilst this position has not changed.

The Group has no formal financing and gearing policy or criteria during the year. This position has not changed from the previous year.

(g) Fair value measurements

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flow. There are currently no assets and liabilities which require fair valuing under the measurement hierarchy. Due to their short-term nature, the carrying amounts of the current payables is assumed to approximate their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. CONTRIBUTED EQUITY

Ordinary Shares

2021	No. of shares	Issue price (\$)	\$
	No. of shares	Issue price (\$)	\$
Balance at the start of the year (pre 10-1 share consolidation)	671,483,899		44,071,599
10:1 Share Consolidation (effective 9 October 2020)	(604,335,358)		-
Balance of shares at start of period (post 10-1 share consolidation)	67,148,541		44,071,599
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	5,200,000	\$0.05	260,000
Issue of shares for cash consideration	54,800,000	\$0.05	2,740,000
	60,000,000	\$0.05	3,000,000
Issue of shares under Share Purchase Plan	20,000,000	\$0.05	1,000,000
	80,000,000	\$0.05	4,000,000¹
Settlement of Liabilities			
Issue of shares to Mr Paul Askins	3,000,000	\$0.05	150,000
Cost of Share Issue			(196,855) ²
Balance at the end of the year	239,991,658	-	57,458,271

¹ 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.

² Amount of cash paid in the current year, \$206,319, includes \$9,464 incurred in the year to 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2020	No. of shares	Issue price (\$)	\$
Balance at the start of the year (pre 10:1 share consolidation)	557,732,376	-	43,582,596
Capital Raising			
Issue of shares for cash consideration	86,334,856 ¹	\$0.002 ¹	172,670
	86,334,856¹	\$0.002¹	172,670
Settlement of Liabilities			
Issue of shares to Tribis Pty Ltd	8,000,000 ^{1,4}	\$0.012 ¹	96,000
Issue of shares for professional services	1,250,000 ^{1,3}	\$0.014 ¹	17,500
	9,250,000*	-	113,500
Share based payments			
Issue of shares to Related Parties	8,166,667 ^{1,2}	\$0.013 ¹	106,167
Issue of shares to Managing Director (settlement of Performance Rights)	10,000,000 ^{1,2}	\$0.013 ¹	130,000
	18,166,667¹	-	236,167
Cost of Share Issue			(33,334)
Balance at the end of the year	671,483,899¹	-	44,071,599

¹stated on a pre-10:1-consolidation basis

²Refer to disclosure at note 6 above for further information

³Refer to disclosure at note 17 below for further information

⁴Refer to disclosure at note 19 below for further information

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.

Issue of shares for capital raising

On 11 June 2020, the Company issued 86,334,856 fully paid ordinary shares to unrelated qualified sophisticated and professional investors under the Company's Listing Rule 7.1 placement capacity.

Performance Rights and Performance Shares

On 13 October 2020, the Company issued 12,000,000 Performance Rights for its Managing Director, Mr Bruce McCracken, and 8,000,000 for its Chairman, Mr Greg Hancock. Refer to note 6 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 6 above for full disclosure.

On 9 February 2021, the Company issued 8,000,000 Performance Rights for members of its technical and management team, but who are not Key Management Personnel. Refer to note 6 above for full disclosure.

15. 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, issue of 28,000,000 Performance Rights	375,617	-	-	375,617
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 30 June 2021	1,797,803	314,452	-	2,112,255

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Share Based Payment Reserve (\$)	Options Reserve (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
Balance as at 1 July 2019	130,450	-	57	130,507
Share Based Payment, B. McCracken, vesting of Performance Rights	127,903	-	-	127,903
Settlement of B. McCracken vested Performance Rights	(130,000)	-	-	(130,000)
Share Based Payment, M. Castle, 1,500,000 shares	(19,500)	-	-	(19,500)
Share Based Payment, B. McCracken, 6,666,666 shares	(86,667)	-	-	(86,667)
Issue of Options to Investors (net of costs)	-	314,452	-	314,452
Foreign Currency translation adjustment	-	-	22,638	22,638
Balance as at 30 June 2020	22,186	314,452	22,695	359,333

(a) Share Based Payment Reserve

This reserve is used to record the value of the share based payment awards 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. ACCUMULATED LOSSES

	2021 (\$)	2020 (\$)
Accumulated (loss) at the beginning of the year	(44,295,471)	(42,112,737)
Net (loss) attributable to shareholders	(1,093,903)	(2,182,734)
Accumulated (loss) at end of the year	(45,389,374)	(44,295,471)

17. CASH FLOW INFORMATION

	2021 (\$)	2020 (\$)
Reconciliation of cash flow from operating activities with the loss from continuing operations after income tax:		
Net (Loss) after Income Tax	(1,093,903)	(2,182,734)
Depreciation	681	681
Share based payment expense	375,617	127,903
Settlement of Administrative Services Fees liability via issue of shares	-	96,000
Impairment of Exploration and Evaluation Asset	-	1,251,352
Net exchange differences	-	14,249
Changes in assets & liabilities		
(Increase)/Decrease in other receivables	80,812	(124)
Increase/(Decrease) in trade and other payables	(208,701)	(43,420)
Increase in Employee Benefits payable	7,566	55,966
Cash flow (used in) Operating Activities	(837,928)	(680,127)

Non-cash Financing Activities:

On 13 October 2020 the Company:

- issued 89,843,117 fully paid ordinary shares and 13,333,333 Performance Shares to acquire 100% of the issued capital of Oracle Mining Pty Ltd.
- issued 3,000,000 fully paid ordinary shares, of total value \$150,000, to Mr Paul Askins in part settlement of a debt owed by Oracle at the time of the company's acquisition.
- issued 5,200,000 fully paid ordinary shares, of total value \$260,000, to an un-related party in part settlement of a debt owed by Oracle at the time of the company's acquisition.

Further detail on this acquisition is disclosed at note 3 above

The Company awarded - and in relation to the 2020 year settled - share-based payments in the 2021 and 2020 financial years, refer to note 6 for further disclosure.

In the 2020 year the Group settled a debt owed to Tribis Pty Ltd via the issue of Ordinary Shares. Refer to note 19 below for further disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In the 2020 financial year, on 12 August 2019 the Company issued 1,250,000 fully paid ordinary shares to Harshell Investments Pty Ltd for the provision of corporate advisory services in connection with the issue of the 346,502,263 BMGOB Options in August 2019, and which subsequently expired on 31 December 2019. Accordingly, no cash was received for the issue of these Shares.

18. LOSS PER SHARE

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

	30 June 2021	30 June 2020
(a) Reconciliation of earnings to profit or loss		
Net (loss) used in calculating basic loss per share	(\$1,093,903)	(\$2,182,734)
(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	190,607,920	583,325,386
Effect of 10:1 consolidation on 13 October 2020	-	(524,992,847)
Weighted average number of ordinary shares used in calculating basic loss per share	190,607,920	58,332,539
Calculated Basic (Loss) per share (cents per share)	(0.57)	(3.74)*

*Basic loss per share (cents per share) pre 10:1 consolidation was 0.37.

Equity instruments on issue at 30 June 2021 which could potentially dilute basic earnings per share in the future:

- 300,000 Share Options are not included in calculating loss per share as the Options are out of the money as at 30 June 2021.
- The 28,000,000 Performance Rights are not included in calculating loss per share as no portion of the Performance Rights have vested during the year.
- The 13,333,333 Performance Shares are not included in calculating loss per share as no portion of the Performance Rights have vested during the year.

Ordinary Shares or Potential Ordinary Share issued after the end of the reporting period.

- On 20 July 2021 and 27 August 2021 BMG issued a total of 80,000,000 Ordinary Shares, to raise \$4,000,000 before costs ('Placement').
- On 27 August 2021 BMG issued a total of 6,000,000 Options over Ordinary Shares, each exercisable at \$0.10 on or before 31 August 2023, these Options were issued to the Joint Lead Managers of the Placement, Argonaut Securities Pty Ltd and Taylor Collison Limited, as part of their fees for the services in respect of the Placement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. RELATED PARTY TRANSACTIONS

Key Management Personnel Compensation

The Remuneration of the Company's directors is disclosed below, there are no key management personnel other than the Company's Directors.

	2021 (\$)	2020 (\$)
Short-term employee benefits	315,480	316,835
Post-employment benefits	22,008	17,100
Share-based payments	311,150	127,903
	648,638	461,838

Detailed remuneration disclosures are provided in the Remuneration Report on pages 21 to 33.

Transactions with Key Management Personnel

Related Party Transactions within the 2021 Financial Year.

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 6 above.

In August 2020, the Company announced a capital raising to raise \$3m from sophisticated investors. Following the receipt of shareholder approval on 5 October 2020 BMG Managing Director, Mr Bruce McCracken acquired 2,000,000 Ordinary Shares for cash consideration of \$100,000.

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 6 above.

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 Mining Limited and its subsidiaries.

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. Vesting conditions for these Performance Shares is provided on page 56 above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 20 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.

Participation in capital raising

In August 2020, the Company announced a capital raising to raise \$3m from sophisticated investors. Following the receipt of shareholder approval on 5 October 2020 a company related to Non-Executive Director Mr John Dawson, Impulzive Pty Ltd, acquired 5,600,000 Ordinary Shares for cash consideration of \$280,000.

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 20 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.

Full disclosure on the nature of the services provided under this administration services agreement is provided with the remuneration report of the directors report on page 33 above. For these services, Tribis is paid a fee of \$12,000 per month, plus GST. Accordingly, fees paid for the year ended 30 June 2021 amounted to \$144,000.

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

At the commencement of the financial year, Tribis was owed fees of \$36,000, this debt was settled via a cash payment on 14 October 2021, further disclosure on this debt is provided below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Related Party Transactions within the 2020 Financial Year.

Share Based Payment transactions with related parties

On 2 August 2019 shareholders approved the issue of Shares, Options and Performance Rights ('Equity Instruments') to related parties, including some of its directors and former director Mr Peter Munachen which had been awarded in the 2019 financial year. Subsequently, on 8 August 2019 the Equity Instruments, they were then issued, further detail is provided at note 6.

Administration Services Agreement with Tribis Pty Ltd / Issue of Shares

As disclosed above, The Group is party to an Administration Services Agreement with Tribis Pty Ltd.

On 8 August 2019, BMG Resources Limited issued 8,000,000 Ordinary Shares (pre 10:1 share consolidation) to Tribis Pty Ltd, in lieu of a cash payment for the value of administrative services provided during the period 1 July 2018 to 31 December 2018, being a debt of \$72,000, equal to 6 months' fees at \$12,000 per month.

On 2 August 2019, being the date when shareholders approved the issue of shares to Tribis to settle this debt, the Company's share price was \$0.012 (pre 10:1 share consolidation), and accordingly the value of consideration deemed to have been provided for these administration services for the year to 30 June 2020 is deemed to be \$168,000, accordingly the value recognised on the Consolidated Statement of Profit or Loss and Other Comprehensive Income represents:

	2020
Fees payable for 12 months to 30 June 2020 (settled in cash)	\$144,000
Incremental expense for 6-month to 31 December 2018 ¹	\$24,000
Total	\$168,000

¹ This incremental expense arises solely as a result of the increase in share price between 23 December 2018 and 2 August 2019, the former date is when the board (excluding Simon Trevisan) resolved, subject to shareholder approval, to settle the \$72,000 fees through the issue of 8,000,000 shares (\$0.009 per share) and the latter date is when shareholders approved the issue of the shares (\$0.012 per share).

Consistent with Interpretation 19, when a debt, which was not originally intended to be settled through the issue of shares is subsequently settled in this manner, any increase or decrease in the value of the consideration provided relative to the value of the original consideration agreed is recognised in the financial year in which the shares are issued. Accordingly, though the debt relates to the 2019 financial year, the additional value of the consideration paid, \$24,000, is recognised in the 2020 financial year.

Full detail on these equity instruments and the reasoning for their issue is provided in the Group's 2019 Annual Financial Report (announced 30 September 2019) and the notice of meeting dispatched on 2 July 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Issue of 'BMGOB' Options

During the year ended 30 June 2020, the Company issued 34,650,227 Options to investors who held BMGOA options on or before 30 June 2019 which expired on 30 June 2019, for a price of \$0.010 per Option.

These Options, which had an ASX code of BMGOB were issued with an exercise price of \$0.20, and were exercisable on or before 31 December 2019.

Company directors, or their related parties - Mr Simon Trevisan, Mr Bruce McCracken and Mr Malcolm Castle - held BMGOA Options and were therefore entitled to acquire BMGOB Options on the same terms as all other holders of BMGOA Options.

- A related entity of Mr Bruce McCracken acquired 500,000 BMGOB Options for consideration of \$5,000
- Tribis Pty Ltd, a related party of Mr Simon Trevisan, acquired 3,677,336 BMGOB Options for consideration of \$36,773.

All BMGOB Options expired unexercised on 31 December 2019.

20. CONTINGENT LIABILITIES

The Group had contingent liabilities at 30 June 2021 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. REMUNERATION OF AUDITOR

During the year the following fees were paid or payable for services provided by the Auditor of the Entity and its related parties.

	2021(\$)	2020 (\$)
Audit and Other Assurance Services		
BDO Audit (WA) Pty Ltd		
Audit and Review of Financial Statements	35,150	26,300
Review of pro-forma statement of financial position for inclusion in a prospectus	1,125	-
Total remuneration for Audit and Other Assurance Services	36,275	26,300

No other services were provided by the auditor of the parent company (BDO Audit (WA) Pty Ltd), its related practices or non-related audit firms in the relation to the 2021 nor 2020 financial year.

22. COMMITMENTS

Management Fees Commitment

Tribis Pty Ltd provides corporate administration services to the Company for a monthly fee of \$12,000 plus reasonable reimbursements for certain costs, expenses and liabilities incurred and/or paid by Tribis on behalf of the Company during that month.

Tribis was a related party of the Company during the year, by virtue of Mr Simon Trevisan, a Non-Executive Director of the Company until 13 October 2020, being the Managing Director.

	2021 (\$)	2020 (\$)
Not later than one year	108,000	144,000
TOTAL	108,000	144,000

The current administration services agreement was entered into with Tribis on 25 August 2020, the term of this agreement was an initial period of 12 months from the commencement date, 30 September 2020, and thereafter the agreement can be terminated on 6 months written notice from either party. Accordingly, the commitment above, at 30 June 2021, is calculated as \$108,000, being 9 months at \$12,000 per month.

The Company has no commitments of any other nature as at 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. INTERESTS IN OTHER ENTITIES

Name of Entity	Place of incorporation	Ownership Interest		Principal Activities
		30 June 2021	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 Gold Project
South Boddington Gold Pty Ltd*	Australia	100%	-	South Boddington Gold 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 until 24 May 2020 when BMG ceased its investment in Chile

*These companies were acquired on 13 October 2020 upon the acquisition of 100% of the share capital of Oracle Mining Pty Ltd. Delphi Resources Pty Ltd and South Boddington Gold Pty Ltd were 100% owned subsidiaries of Oracle at the time of its acquisition and accordingly are now 100% owned subsidiaries of BMG Resources Limited.

24. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 12 July 2021, the Company announced that it had raised \$4.0 million for major exploration at its 100% owned WA Gold Projects.

The capital raising which was completed via the issue of 80,000,000 shares at an issue price of \$0.05 was completed in two tranches, with the issue of shares under the second being tranche being subject to shareholder approval. Shareholder approval was received at the Company's General Meeting on 23 August 2021 with the Tranche two shares issued on 27 August 2021.

This capital raising included the placement of 2,000,000 ordinary shares to an entity related to Non-Executive Director Mr John Prineas and 2,000,000 ordinary shares to an entity related to Non-Executive Director Mr John Dawson. The shares were issued following the receipt of shareholder approval the General Meeting held on 23 August 2021.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. PARENT ENTITY INFORMATION

The following details information related to the Parent Entity, BMG Resources Limited, as at 30 June 2021. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2021 (\$)	2020 (\$)
Current assets	901,916	288,301
Non-current assets	13,488,495	1,027
Total Assets	14,390,411	289,328
Current liabilities	(198,600)	(156,728)
Total Liabilities	(198,600)	(156,728)
Net Assets	14,191,809	132,600
Contributed equity	57,458,271	44,071,599
Retained earnings/(accumulated losses)	(45,868,274)	(44,263,299)
Reserve	2,601,812	324,300
Total Equity	14,191,809	132,600
(Loss) for the year	(1,115,417)	(2,150,562)
Total Comprehensive (Loss) for the Year	(1,115,417)	(2,150,562)

Retained Earnings/(Accumulated Losses) reconciliation

	2021 (\$)	2020 (\$)
Balance at beginning of year	(44,263,299)	(42,112,737)
Current year loss	(1,115,417)	(2,150,562)
Balance at end of year	(45,378,716)	(44,263,299)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reserves reconciliation

	2021 (\$)	2020 (\$)
Balance at beginning of year	324,300	130,450
Issue of Performance Shares ⁽¹⁾	1,400,000	-
Issue of Options to Investors	-	314,452
Foreign currency reserve movement	12,338	(12,338)
Net share-based payment reserve transactions, transfer (from) / to	375,617	(108,264)
Balance at end of year	2,112,255	324,300

(1) Issue of 13,333,333 Performance Shares as part of Consideration for acquisition of Oracle Mining Limited on 13 October 2020.

There are no other separate commitments and contingencies for parent entity as at 30 June 2021.

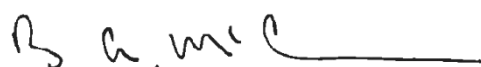
DIRECTORS' DECLARATION

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

- (a) the Financial Statements and Notes set out on pages 38 to 83, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of their performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and other mandatory professional reporting requirements.
- (b) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 1; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Financial Officer for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the Directors.



Bruce McCracken

Managing Director

Dated at Perth, Western Australia, this 30th September 2021.

INDEPENDENT AUDITOR'S REPORT

To the members of BMG Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BMG Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Acquisition of Oracle Mining Limited

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the reporting period, BMG Resources acquired 100% of the shares of Oracle Mining Limited as disclosed within Note 1(e) and 3.</p> <p>There is a significant level of judgement involved in determining whether the acquisition meets the definition of a business combination or an asset acquisition in accordance with the accounting standards.</p> <p>As a result, we have determined that this is a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Reviewing the sale and purchase agreement in relation to the acquisition; • Reviewing management's assessment of the accounting for the acquisition of Oracle Mining Limited as an asset acquisition; • Reviewing the valuation of the consideration transferred, being shares and performance shares; • Reviewing the assets and liabilities acquired and agreeing material balances to supporting documentation; • Reviewing the accounting treatment applied with reference to AASB 2 <i>Share Based Payment</i>; and • Assessing the adequacy of the related disclosure in Note 1(e) and 3.

Accounting for Exploration and Evaluation Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 30 June 2021 the Company held a significant carrying value of capitalised exploration and evaluation expenditure as disclosed in Note 1(o) and 10.</p> <p>As the carrying value of these exploration and evaluation assets represent a significant asset of the Company, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining whether there are any indications of impairment of exploration expenditure in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves exist; • Verifying, on a sample basis, evaluation expenditure capitalised during the year for compliance with recognition and measurement criteria of AASB 6; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 1(o) and 10.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 33 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of BMG Resources Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to be 'Neil Smith', written over a small, faint BDO logo.

Neil Smith

Director

Perth, 30 September 2021

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 17 September 2021.

(a) Distribution of equity securities

Holding	Shares Number of Holders
1 - 1,000	403
1,001 - 5,000	136
5,001 - 10,000	101
10,001 - 100,000	314
100,001 and over	344
	1,298

There were 557 holders of less than a marketable parcel of ordinary shares.

(b) Top twenty shareholders

The names of the twenty largest holders of quoted equity securities are listed below:

	Name	Ordinary Shares	
		Number held	Percentage of Shares
1	MR JOHN PRINEAS	43,824,696	13.70%
2	IMPULZIVE PTY LTD	31,362,348	9.80%
3	ST BARNABAS INVESTMENTS PTY LTD	24,781,174	7.74%
4	BNP PARIBAS NOMINEES PTY LTD	14,268,425	4.46%
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	10,000,002	3.13%
6	TRIBIS PTY LTD	8,837,365	2.76%
7	MR MALIK MOHAMMED EASAH	7,550,000	2.36%
8	MR BRUCE MCCracken	5,858,671	1.83%
9	AIGLE ROYAL SUPERANNUATION PTY LTD	5,400,000	1.69%
10	MISS SARAH SHIPWAY	3,593,724	1.12%
11	OCEANIC CAPITAL PTY LTD	3,500,000	1.09%
12	TENBAGGA RESOURCES FUND PTY LTD	3,500,000	1.09%
13	MR PAUL WINSTON ASKINS	3,000,000	0.94%
14	SILK-ROADS WORLDWIDE LOGISTICS AUSTRALIA PTY LTD	2,648,515	0.83%
15	MR GEOFFREY JAMES HARRIS	2,300,000	0.72%
16	STATE ONE NOMINEES PTY LTD	2,150,000	0.67%
17	BNP PARIBAS NOMS PTY LTD	2,000,000	0.63%
18	ZEUS PRIVATE EQUITY PTY LTD	2,000,000	0.63%
19	MR RICHARD THOMAS HAYWARD DALY & MRS SARAH KAY DALY	1,980,690	0.62%
20	MISS SHUTONG MO	1,932,825	0.60%
		180,488,435	56.41%

ASX ADDITIONAL INFORMATION

(c) Substantial Shareholders

The names of Substantial Shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares	Percentage of Shares
JOHN PRINEAS	45,824,696	14.32%
IMPULZIVE PTY LTD <Dawson Superannuation A/C>	31,362,348	9.80%
DAVID MICHAEL	26,363,261	8.24%

(d) Voting rights

- (i) All ordinary shares (whether fully paid or not) carry one vote per share without restriction.
- (ii) There are no voting rights attached to options on issue.
- (iii) There are no voting rights attached to the Performance Shares on issue.
- (iv) There are no voting rights attached to the Performance Rights on issue.

(e) Unlisted Options Unquoted equity securities

- (i) There are 6,300,000 Unlisted Options on issue (BMGAA), held by four holders.

Holder	Number held	Percentage held
Argonaut Investments Pty Limited <Argonaut Invest No 3 A/C>	3,000,000	48%
Taycol Nominees Pty Ltd <211 A/C>	3,000,000	48%
<i>Balance (two holders)</i>	300,000	4%

- (ii) 8,800,000 Performance Rights (Tranche 1)(ASX: BMGAB) issued under an employee incentive scheme, held by five holders. Two people hold more than 20% of the Performance Rights.
- (iii) 8,800,000 Performance Rights (Tranche 2)(ASX: BMGAC) issued under an employee incentive scheme, held by five holders. Two people hold more than 20% of the Performance Rights.
- (iv) 5,000,000 Performance Rights (Tranche 3)(ASX: BMGAD) issued under an employee incentive scheme, held by two holders who each hold more than 20% of the Performance Rights.
- (v) 5,400,000 Performance Rights (Tranche 4)(ASX: BMGAE) issued under an employee incentive scheme, held by three holders. Two people hold more than 20% of the Performance Rights.

ASX ADDITIONAL INFORMATION

- (a) 6,666,667 Performance Shares (Tranche 1)(ASX: BMGAF) issued as part consideration for the acquisition of Oracle Mining Pty Ltd, held by four holders.

Holder	Number held	Percentage held
John Prineas	3,200,000	48%
Impulzive Pty Ltd <Dawson Superannuation A/C>	1,600,000	24%
St Barnabas Investments Pty Ltd <The Melvista Family A/C>	1,600,000	24%
Balance	266,667	4%

- (b) 6,666,666 Performance Shares (Tranche 2)(ASX: BMGAG) issued as part consideration for the acquisition of Oracle Mining Pty Ltd, held by four holders.

Holder	Number held	Percentage held
John Prineas	3,200,000	48%
Impulzive Pty Ltd <Dawson Superannuation A/C>	1,600,000	24%
St Barnabas Investments Pty Ltd <The Melvista Family A/C>	1,600,000	24%
Balance	266,666	4%

(f) Securities subject to voluntary escrow

There are 44,921,559 on issue which are subject to voluntary escrow. The escrow period ends on 13 October 2021.

SCHEDULE OF MINING TENEMENTS AND INTERESTS

Abercromby Gold Project

Tenement ID	Registered Holder	Project / Location	Interest (%)
<u>M53/1095</u>	<u>Nova Energy Pty Ltd⁽¹⁾</u>	<u>Abercromby</u>	<u>100</u>
<u>M53/336</u>	<u>Nova Energy Pty Ltd⁽¹⁾</u>	<u>Abercromby</u>	<u>100</u>

⁽¹⁾ BMG holds the non-uranium and thorium mineral rights associated with mining leases M53/1095 and M53/336. Nova Energy is a wholly owned subsidiary of Toro Energy Limited.

Invincible Gold Project

Tenement ID	Registered Holder	Project / Location	Interest (%)
<u>E45/4553</u>	<u>Delphi Resources Pty Ltd⁽²⁾</u>	<u>Invincible</u>	<u>100</u>

⁽²⁾ Delphi Resources Pty Ltd is a wholly owned subsidiary of BMG Resources Limited.

Treasure Project

Tenement ID	Registered Holder	Project / Location	Interest (%)
AE4654	<u>Treasure Development Limited⁽³⁾</u>	<u>Treasure Project</u>	<u>30</u>
AE4653	<u>Treasure Development Limited⁽³⁾</u>	<u>Treasure Project</u>	<u>30</u>
AE4812	<u>Treasure Development Limited⁽³⁾</u>	<u>Treasure Project</u>	<u>30</u>
AE4813	<u>Treasure Development Limited⁽³⁾</u>	<u>Treasure Project</u>	<u>30</u>
AE4674	<u>Treasure Development Limited⁽³⁾</u>	<u>Treasure Project</u>	<u>30</u>
AE4607	<u>Treasure Development Limited⁽³⁾</u>	<u>Treasure Project</u>	<u>30</u>
AE4608	<u>Treasure Development Limited⁽³⁾</u>	<u>Treasure Project</u>	<u>30</u>
AE4649	<u>Treasure Development Limited⁽³⁾</u>	<u>Treasure Project</u>	<u>30</u>
AE4591	<u>Treasure Development Limited⁽³⁾</u>	<u>Treasure Project</u>	<u>30</u>

⁽³⁾ Treasure Development Limited is the joint venture company of which BMG owns 30%, the remaining 70% is owned by New Cyprus Copper Company Limited (a subsidiary of Caerus Mineral Resources PLC), the operator of the JV.