



BMG RESOURCES LIMITED

ACN 107 118 673

**Consolidated Interim Financial Report
For the Half Year Ended
31 December 2021**

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CORPORATE DIRECTORY

DIRECTORS

Gregory Hancock Non-Executive Chairman

Bruce McCracken Managing Director

John Prineas Non-Executive Director

John Dawson Non-Executive Director

COMPANY SECRETARY

Sean Meakin

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SHARE REGISTRY

Automic Group

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HOME EXCHANGE

Australian Securities Exchange Ltd

Central Park

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PERTH WA 6000

ASX Code: BMG

SOLICITORS

Blackwall Legal

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140 St Georges Terrace

PERTH WA 6000

BANKERS

St George Bank

Level 3, Brookfield Tower 2

123 St Georges Terrace

PERTH WA 6000

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report of BMG Resources Limited (the Company; ASX: BMG), being the Company and its subsidiaries ('Group' or 'Consolidated Entity'), for the half year ended 31 December 2021 and the auditor's review report thereon.

DIRECTORS

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

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

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

OPERATIONS REPORT

During the six months to 31 December 2021, BMG was focused on advancing its three highly prospective gold exploration projects in Tier 1 mining jurisdictions – the Abercromby Gold Project in Wiluna, the Invincible Gold Project in the Central Pilbara and the South Boddington Gold Project in the Boddington region of Western Australia.

BMG was primarily focused on the Abercromby Project during the reporting period. Abercromby is located on the Wiluna Greenstone Belt, one of Western Australia's most significant gold-producing regions with a gold endowment of +40Moz Au – second only to Kalgoorlie globally in terms of historic production.

The geology at Abercromby is very favourable for gold mineralisation, with historic drilling having intersected multiple thick intervals of high-grade gold mineralisation to confirm the presence of a large high-grade gold system.

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

Abercromby

During the reporting period, BMG commenced a major drilling exploration campaign at Abercromby, with about 6,750m of reverse circulation (RC) and diamond drilling (DD) undertaken across 24 holes. The program was designed to further test the nature and continuity of known high-grade gold mineralisation at the Capital Prospect.

Prior to the commencement of this campaign, drilling to-date had recognised a number of gold zones or lodes at Capital with multiple thick high-grade gold intersections.

The RC component of the program was completed in October 2021 for 4,095m of drilling, with the DD component completed in the new year.

Some of the RC holes failed to reach depth due to water ingress and were completed in the new year as part of the DD program. Circa. 2,600m of DD was completed in March 2022 across 10 holes, including five tails to complete the previous RC drilling that didn't reach target depth, and deeper holes targeting high-grade depth and strike extensions.

DIRECTORS' REPORT

Assay results for the DD are currently being processed, however visual indications of key alteration zones intersected look very encouraging.

First laboratory RC assays, based on 4m composite RC assays, were reported in October, while the definitive 1m RC assays were reported on 25 January 2022, subsequent to the reporting period.

Selected results on a hole-by-hole basis for the returned 1m sampling assays are shown below:

- 6m @ 19.8g/t from 83m (21ABRC007), incl 1m @ 100.39g/t from 83m
- 34m @ 1.26g/t Au from 143m (21ABRC007)
- 5m @ 3.97g/t Au from 238m (21ABRC007)
- 60m @ 1.46g/t Au from 127m (21ABRC005), incl 19m @ 2.87g/t from 159m
- 50m @ 1.08g/t Au from 101m (21ABRC003), incl 4m @ 8.61g/t from 123m
- 33m @ 1.38g/t Au from 233m (21ABRC004), incl 12m @ 2.47g/t from 250m
- 35m @ 1.07g/t Au from 19m (21ABRC019), incl 13m @ 1.98g/t from 39m
- 2m @ 6.47g/t from 80m (21ABRC019)
- 25m @ 1.15g/t Au from 218m (21ABRC006), incl 9m @ 1.99g/t from 223m

All holes drilled at the Capital Prospect intersected gold mineralisation and confirmed significant extensions of the known mineralisation, inclusive of extremely high grades. These results reinforced the Company's belief in the strong potential to deliver a significant, high-grade gold resource at Abercromby.

The program also identified a new eastern lode not previously intersected by historical drilling, opening up an area for a sizeable extension of the potential resource envelope at Capital.

Step-out drilling to the north of the Capital Prospect continued to intersect gold mineralisation, providing encouragement that the high-grade mineralisation at Capital extends continuously for a further 500m to the Capital North Prospect – suggesting a much larger mineral system.

BMG also secured an aircore rig to undertake a major aircore drill program of about 10,300m at Abercromby targeting high priority structures identified by sub-audio magnetics to the south of the Capital prospect. This program was completed in March 2022 (across 130 holes), subsequent to the end of the reporting period.

Invincible

The Invincible Project, on Exploration Licence E45/4553, is located in the emerging gold district of Central Pilbara and immediately along strike from, and hosted by the same stratigraphy as, Calidus Resources' (ASX: CAI) 1.5Moz Au resource, which is currently being developed.

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.

Reconnaissance field work and mapping to validate recently generated targets, together with further geochemical sampling to scope the extent of the existing anomalies and investigate new target areas is progressing.

Once this data has been compiled, the Company will finalise planning of a maiden drill program for Invincible and, subject to any unforeseen delays caused by the COVID-19 pandemic, will seek to commence drilling during calendar 2022.

DIRECTORS' REPORT

South Boddington

Located 150km south-east of Perth and along strike from Newmont's giant Boddington gold deposit (+40Moz Au), the South Boddington Project area comprises ground that is located within the Saddleback Greenstone Belt which also hosts the Boddington gold mine. Much of the belt remains unexplored or underexplored, providing the opportunity to identify additional gold deposits.

South Boddington consists of applications for two exploration licences (E70/4225 and E70/4590) which are interpreted to host similar stratigraphy to Boddington. During the reporting period, the Company continued to progress the tenement application process.

Treasure Project, Cyprus

At the end of the reporting period BMG retained its 30% interest in the Treasure Project in Cyprus, which is prospective for Cu, Au, Ni and Co. The Treasure Project's operator, New Cyprus Copper Company Limited, is a wholly owned subsidiary of Caerus Mineral Resources PLC (LON:CMRS) (Caerus), and is the majority shareholder in the JV and is responsible for maintaining and progressing the project.

On 19 March 2022 Caerus' will earn an additional 20% interest in the Treasure Project, and BMG will receive value in Caerus shares for any amount below the required exploration expenditure of circa £933k in the preceding 12 month period. Following the transfer of this 20% interest, the parties will then have rights to exercise the \$2m put/ call option over BMG's remaining 10% in the JV (ie, BMG will receive A\$2m for its remaining 10% stake if either of the call or put options are exercised). Caerus will have 1 month to exercise the call option, and if Caerus does not exercise the call option, BMG will have 1 month to exercise the put option. If neither Caerus nor BMG exercise their options, BMG will retain a 2% net smelter royalty until the payment of \$2m has been achieved.

Corporate

On 12 July 2021 the Company announced that it had secured commitments to raise \$4.0 million (before costs) through a private placement of shares. The funds raised are to fund drilling and exploration campaigns at the Company's 100% owned gold projects at Western Australia

Shares were issued in July and August 2021, with those shares issued in August 2021 being issued after the receipt of shareholder approval at a General Meeting.

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The Consolidated Entity's loss after providing for income tax for the half year ended 31 December 2021 amounted to \$670,375 (December 2020: loss \$420,754).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in the state of affairs of the Group during the reporting period.

DIRECTORS' REPORT

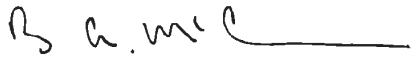
EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

AUDITORS INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8 for the half year ended 31 December 2021.

Signed in accordance with a resolution of the Board of Directors



Bruce McCracken
Managing Director

Dated at Perth, Western Australia, this 16th day of March 2022

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

As lead auditor for the review of BMG Resources Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 16 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

		31 December 2021	31 December 2020
	Notes	\$	\$
Interest Received		130	176
Government Incentive		-	21,645
Corporate and administration expenses		(35,536)	(70,071)
Accounting & audit fee		(26,586)	(28,353)
Depreciation and amortisation expenses		(675)	(342)
Director Remuneration		(172,980)	(165,096)
Administration services fee		(72,000)	(72,000)
Share Based Payment Expenses	3	(297,752)	(101,008)
Other expenses from ordinary activities		(64,976)	(535)
Exchange (loss) from Ordinary Activities		-	(55)
Impairment Expenses		-	(5,115)
(LOSS) BEFORE INCOME TAX		(670,375)	(420,754)
Income tax expense		-	-
(LOSS) FOR THE PERIOD AFTER TAX		(670,375)	(420,754)
(Loss) is attributable to:			
Owners of BMG Resources Limited		(670,375)	(420,754)
NET (LOSS) FOR THE PERIOD		(670,375)	(420,754)
Other Comprehensive (Loss)		-	(22,695)
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD		(670,375)	(443,449)
Basic (loss) per share (cents per share)	8	(0.22)	(0.30)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	31 December 2021 \$	30 June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents	4	3,101,298	889,252
Prepayments		19,685	-
Other receivables		76,968	12,663
TOTAL CURRENT ASSETS		3,197,951	901,915
NON-CURRENT ASSETS			
Property, Plant and Equipment		2,832	345
Exploration and Evaluation Assets	5	15,101,040	13,477,492
TOTAL NON-CURRENT ASSETS		15,103,872	13,477,837
TOTAL ASSETS		18,301,823	14,379,752
CURRENT LIABILITIES			
Trade and other payables		675,883	130,258
Employee benefits payable		74,822	68,342
TOTAL CURRENT LIABILITIES		750,705	198,600
TOTAL LIABILITIES		750,705	198,600
NET ASSETS		17,551,118	14,181,152
EQUITY			
Contributed equity	6	61,093,360	57,458,271
Reserves	7	2,517,507	2,112,255
Accumulated (Loss)		(46,059,749)	(45,389,374)
TOTAL EQUITY		17,551,118	14,181,152

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	Notes	Issued Capital Ordinary Shares	Accumulated Losses	Share Based Payment Reserve	Shares/ Options Reserve	Total Reserves	Total
		\$	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2021		57,458,271	(45,389,374)	1,797,803	314,452	2,112,255	14,181,152
(Loss) for the half year		-	(670,375)	-	-	-	(670,375)
Total comprehensive loss for the period		-	(670,375)	-	-	-	(670,375)
Transactions with owners in their capacity as owners:							
Capital Raising	4	4,000,000	-	-	-	-	4,000,000
Share based payment -in favour of Directors, technical and management team	3	-	-	297,752	-	297,752	297,752
Less Capital Raising Costs	6	(364,911)	-	107,500	-	107,500	(257,411)
BALANCE AT 31 DECEMBER 2021		61,093,360	(46,059,749)	2,203,055	314,452	2,517,507	17,551,118

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

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

	Notes	Issued Capital Ordinary Shares	Accumulated Losses	Share Based Payment Reserve	Options Reserve	Foreign Currency Reserve	Total Reserves	Total
		\$	\$	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2020		44,071,599	(44,295,471)	22,186	314,452	22,695	359,333	135,461
(Loss) for the half year		-	(420,754)	-	-	-	-	(420,754)
Other comprehensive (loss)								
Disposal of foreign operation		-	-	-	-	(22,695)	(22,695)	(22,695)
Total comprehensive loss for the period		-	(420,754)	-	-	(22,695)	(22,695)	(443,449)
Transactions with owners in their capacity as owners:								
Issue of shares for services		150,000	-	-	-	-	-	150,000
Capital Raising	6	4,000,000	-	-	-	-	-	4,000,000
Consideration for acquisition of Oracle Mining		9,433,527	-	1,400,000	-	-	1,400,000	10,833,527
Share based payment to Directors		-	-	101,008	-	-	101,008	101,008
Less Capital Raising Costs	6	(196,855)	-	-	-	-	-	(196,855)
BALANCE AT 31 DECEMBER 2020		57,458,271	(44,716,225)	1,523,194	314,452	-	1,837,646	14,579,692

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Notes	HALF YEAR	
		31 December 2021 \$	31 December 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(394,532)	(570,610)
Government incentive received		-	33,670
Interest received		130	175
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES		(394,402)	(536,765)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant and Equipment		(3,160)	-
Payments for Exploration and Evaluation activity		(1,132,981)	(894,960)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(1,136,141)	(894,960)
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of Oracle Mining Limited, net of cash acquired		-	575
Repayment of borrowings		-	(450,106)
Proceeds from share issue	6	4,000,000	3,740,000
Transaction costs related to issues of shares	6	(257,411)	(206,319)
NET CASH INFLOW FROM FINANCING ACTIVITIES		3,742,589	3,084,150
NET INCREASE IN CASH HELD		2,212,046	1,652,425
Cash and cash equivalents at the beginning of period		889,252	273,390
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	4	3,101,298	1,925,815

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2021, together with any public announcements made during the half year ended 31 December 2021 in accordance with the continuous disclosure requirements arising under Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year.

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

This half year financial report was approved by the Board of Directors on 16 March 2022.

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

(b) Changes in and adoption of new accounting policies

The Group's accounting policies are consistent with the policies adopted for the previous financial year, except for with respect to:

- other financial assets (being financial assets other than Cash and Cash equivalents held by the Group);
- derivatives; and
- current assets held for sale

Financial Assets

Classification

The Group classifies its financial assets as subsequently measured at fair value through profit or loss (FVPL) based on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group presently has no financial assets subsequently measured at other than FVPL.

Recognition and derecognition

A financial asset is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Measurement

At initial recognition, the group measures a financial asset at its fair value, plus in the case of a financial asset not a fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the profit or loss.

The Group's financial assets are debt instruments, subsequent measurement depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Groups financial assets are subsequently measured at fair value through profit or loss

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

Current assets held for sale

Current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

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. Share based payments

Issue of Share Options to Joint Lead Managers for Company capital raising

As disclosed at note 6, in July and August 2021 the Company completed a capital raising to raise \$4M (before costs) to support major exploration at its 100% owned WA Gold Projects. The capital raising was completed via a Placement to Institutional and Sophisticated investors, an issue 80,000,000 Ordinary shares at \$0.05 per share. Argonaut Securities Pty Ltd and Taylor Collison Limited were the joint lead managers (JLM's) for the Placement.

Pursuant to the terms of the mandate with the JLM's, in the event that the capital raising was completed, BMG agreed to issue a total of 6,000,000 Share Options to the JLM's with an exercise price equal to a 100% premium to the offer price and a term of two years. The issue of the Options was subject to shareholder approval which was provided at the Company's General Meeting held on 23 August 2021. Following shareholder approval each JLM was issued 3,000,000 Share Options on 27 August 2021.

The Options are valued based on the Company's share price on 23 August 2021, the date of shareholder approval, the Options are valued using Black-Scholes Option Pricing methodology with inputs as provided in the table below.

Inputs used in determining valuation	Vesting Conditions	Vest upon issue
	Number of Options	6,000,000
	Underlying Share Price	\$0.050
	Exercise Price	\$0.10
	Expected volatility	100%
	Expiry Date / Years	31 August 2023 / 2 years
	Expected Dividends	Nil
	Risk free rate	0.14%
Total Value of Options in tranche		\$107,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

				Movement	
Grant Date	Exercise Price	Expiry Date	Number as at 1 July 2021	Issued	Number as at 31 December 2021
23 August 2021	\$0.010	31/08/2023	-	6,000,000	6,000,000
Total			-	6,000,000	6,000,000
Weighted Average Exercise Price			-	\$0.010	\$0.010

At the end of the reporting period all of the Options in the above table have vested and are exercisable. No Options were forfeited, exercised or expired during the period

Weighted average remaining contractual life of Options outstanding at the end of the reporting period: 1.67 years (30 June 2021: N/A).

The Company is unable to estimate reliably the fair value of the services received and accordingly the Company has measured the value of the services received, and corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

The fair value of the Options issued to the Joint Lead Managers was recognised as capital raising costs within equity, as the Options were provided for services in connection with the issue of equity instruments. As there were no future vesting conditions, the full value of these Options has been recognised in the reporting period to 31 December 2021.

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	Share based payment reserve			Contributed equity
		1 July 2021	Current period expense	31 December 2021	
Performance Rights					
28,000,000 Performance Rights	\$2,896,800	\$375,617	\$297,752	\$673,369	-
	\$2,896,800	\$375,617	\$297,752	\$673,369	-
Vendors of Oracle acquisition					
13,333,333 Performance Shares	\$1,400,000	\$1,400,000	-	\$1,400,000	-
Share Options					
300,000 Share Options	\$22,186	\$22,186	-	\$22,186	-
6,000,000 Share Options (Lead Manager Options)	\$107,500	-	-	\$107,500	\$107,500
		\$1,797,803	\$297,752	\$2,203,055	\$107,500

Share based payment expense relates to Performance Rights held by the Company's Chairman and Managing Director, and Performance Rights held by Technical and Management team individuals. In the comparative reporting period, the Performance Rights held by the Directors were approved by shareholders on 5 October 2020 and issued on 13 October 2021, accordingly a substantially smaller proportion of the value of the rights was recognised as an expense in that period.

The Rights held by Technical and Management team individuals were issued in February 2021 and accordingly no proportion of the value of those Rights was recognised an expense in the comparative period.

Full disclosure pertaining to the Performance Rights is provided in the Company's 2021 Annual Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CASH AND CASH EQUIVALENTS

	31 December 2021 (\$)	30 June 2021 (\$)
Cash at bank and in hand	3,101,298	889,252
	3,101,298	889,252

During the reporting period the Company raised \$4m (before costs) through a capital raising via the issue of Ordinary Shares to Institutional and Sophisticated investors. Further detail on the capital raising is provided at note 6 below. This increase in Cash was offset by exploration activity incurred by the Group.

5. EXPLORATION AND EVALUATION ASSETS

The below reconciliation is the cost attributed to the Group's Abercromby and Invincible projects.

	Balance at the start of the period	Expenditure in the period	Balance at the end of the period
<u>Exploration activity</u>			
Abercromby Project	\$8,526,729	\$1,575,841	\$10,102,570
Invincible Project	\$4,950,762	\$47,708	\$4,998,470
Total	\$13,477,491	\$1,623,549	\$15,101,040

For the Abercromby project, expenditure in the period substantially represents the cost of Reverse Circulation and Diamond Drilling activity completed until the end of the reporting period at the project site.

For the Invincible project, expenditure in the period substantially represents the cost of Geological consultants engaged by the Company.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. CONTRIBUTED EQUITY

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

	31 December 2021			30 June 2021		
	No. of shares	Issue price (\$)	\$	No. of shares	Issue price (\$)	\$
Start of the period (pre 10-1 share consolidation)	239,991,658	-	57,458,271	671,483,899		44,071,599
10:1 Share Consolidation (effective 9 October 2020)	-		-	(604,335,358)		-
Start of period (post 10-1 share consolidation)	239,991,658	-	57,458,271	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 to settle third party debt obligation	-	-	-	5,200,000	\$0.05	260,000
Issue of shares for cash consideration	80,000,000	\$0.05	4,000,000	54,800,000	\$0.05	2,740,000
Issue of shares under Share Purchase Plan	-	-	-	20,000,000	\$0.05	1,000,000
	80,000,000	\$0.05	4,000,000	80,000,000	\$0.05	4,000,000 [#]
Settlement of Liabilities						
Issue of shares to Mr Paul Askins	-	-	-	3,000,000	\$0.05	150,000
Cost of Shares Issued	-	-	(364,911)	-	-	(196,855)
Balance at the end of the period	319,991,658	-	61,093,360	239,991,658	-	57,458,271

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On 12 July 2021 the Company announced that it had raised \$4M for major exploration at its 100% Owned WA Gold Projects via a placement to Institutional and Sophisticated investors. Pursuant to the announcement, \$3M was raised through the shares using the Company's available placement capacities under ASX listing rule 7.1 ad 7.1A, with the remaining shares issued subject to shareholder approval, which was received by the Company on 23 August 2021.

Included within the \$4M was the issue of a total of \$200,000 of shares to non-executive directors, Mr John Prineas and Mr John Dawson, or their related entities. Mr John Prineas and Mr John Dawson are substantial shareholders of the Company. Further disclosure is provided at note 9 below.

In relation to the current reporting period, Costs of Shares Issued includes the value of 6,000,000 Share Options issued the Joint Lead Managers of the placement, collectively valued at \$107,500. Accordingly, the value of Costs of Share issued which were settled in cash amounted to \$257,411. Disclosure on the value of these Options is provided at note 3.

Detail on the transactions which occurred in the comparative period above is provided in the Company's Annual Report for the year ended 30 June 2021 which was provided to the ASX on 30 September 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. RESERVES

	Share Based Payment Reserve (\$)	Options Reserve (\$)	Total (\$)
Balance as at 1 July 2021	1,797,803	314,452	2,112,255
Share Based Payment - 28,000,000 Performance Rights	297,752	-	297,752
Share based payment – share options for capital raising	107,500	-	107,500
Balance as at 31 December 2021	2,203,055	314,452	2,517,507

(a) Share Based Payment Reserve

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

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

(b) Options Reserve

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

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

8. LOSS PER SHARE

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

	31 December 2021	31 December 2020
(a) Reconciliation of loss used in calculating loss per share		
Net (loss) used in calculating basic loss per share	\$(670,375)	\$(420,754)
(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	307,532,218	141,763,886
Calculated Basic (Loss) per share (cents per share)	(0.22)	(0.30)

Effect of anti-dilutive securities: Share Options are not considered dilutive as the Options are out of the money as at 31 December 2021.

Equity instruments issued during the reporting period and which could potentially dilute basic earnings per share in the future are 6,000,000 Options over Ordinary Shares, each exercisable at \$0.10 on or before 31 August 2023. These Options were issued on 27 August 2021. Refer to note 3 for further disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

John Prineas

On 23 August 2021, shareholders approved the issue of 2,000,000 Ordinary Shares to Mr Prineas, at a price of \$0.05 per share, the same price at which the Company issued 76,000,000 Ordinary Shares to non-related party investors during the reporting period. The shares were issued on 27 August 2021.

John Dawson

On 23 August 2021, shareholders approved the issue of 2,000,000 Ordinary Shares to Impulzive Pty Ltd as trustee for the Dawson Superannuation Fund ('Impulzive'), of which Mr Dawson is a beneficiary, at a price of \$0.05 per share, the same price at which the Company issued 76,000,000 Ordinary Shares to non-related party investors during the reporting period. The shares were issued on 27 August 2021.

10. INVESTMENT IN ASSOCIATE

BMG has a 30% interest in Treasure Development Limited ('TDC'), a joint venture company incorporated in Cyprus (30 June 2021: 30% interest). The remaining 70% of shares are held by New Cyprus Copper Company Limited ('New Cyprus'), the operator of the joint venture for the 'Treasure Project', and wholly owned subsidiary of Caerus Mineral Resources PLC ('Caerus').

Caerus has earn-in rights for an additional 20% interest in the Treasure Project, with a \$2m put/ call option for the remaining 10% in the JV. Caerus must spend a minimum of £933k on exploration by 19 March 2022, with any shortfall to be paid to BMG in Caerus shares. Caerus then has 1 month to exercise the call option over the remaining 10%. If Caerus does not exercise the call option, BMG then has 1 month to exercise the put option. If neither Caerus nor BMG exercise the options, BMG will retain a 2% net smelter royalty until the payment of \$2m has been achieved.

The put option is a derivative financial asset held by the Group. Pursuant to the Group's accounting policy disclosed at note 1(b) above, this asset is measured at fair value through profit or loss, notwithstanding, management has assessed this financial asset to have a negligible value and accordingly no value is recognised in the Group's Consolidated Statement of Profit or Loss and Other Comprehensive Income or on the Consolidated Statement of Financial Position for the reporting period ended and as at 31 December 2021.

The Group's interest in TDC is a Current asset classified as held for sale, and pursuant to the Group's accounting policy for such assets, is measured at the lower of the carrying amount of the asset and its fair value less costs to sell. As the asset has a nil value on the Group's Consolidated Statement of Financial Position this asset is measured appropriately (30 June 2021: Nil).

11. COMMITMENTS

There are no changes to the Group's commitments since 30 June 2021.

12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

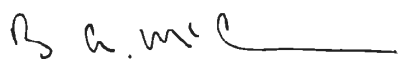
DIRECTORS DECLARATION

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

1. The financial statements and notes set out on pages 9 to 21, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated financial position as at 31 December 2021 and the performance for the half year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

On behalf of the Board



Bruce McCracken

Managing Director

Dated at Perth, Western Australia, this 16th day of March 2022.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BMG Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of BMG Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

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

Neil Smith

Director

Perth, 16 March 2022