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BMG RESOURCES LIMITED
ANNUAL REPORT - 30 JUNE 2022

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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

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AUDITORS

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
PERTH WA 6000

SHARE REGISTRY

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

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+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,

I am delighted to present you with the BMG's annual report for the 2022 financial year.

The year was underpinned by two major, highly successful drilling campaigns at our 100% owned Abercromby gold project, located within the Wiluna-Greenstone belt in WA.

In 2020, the board made a strategic decision in to refocus Company efforts on WA gold exploration through the acquisition of our three projects – Abercromby, Invincible and South Boddington. This decision has crystallised in the delineation of the high-grade Capital prospect within the Abercromby project area – where BMG is pursuing a Maiden Resource.

Western Australian gold exploration represents an outstanding investment case for many reasons. The exploration and mining of gold is well understood and supported in Western Australia and, for BMG, our projects have the potential to deliver sustained shareholder value driven by drilling results, along with the robust planning and studies that underpin profitable mining operations.

BMG was again fortunate to remain relatively unaffected by COVID-19, and did not experienced any material disruptions to our operations. That being said, the health and safety of our team remains of utmost importance.

In July 2021, BMG raised \$4 million through a private placement to fund the Company's second exploration push at Abercromby, and site works at Invincible and South Boddington.

At Abercromby, the second major drilling campaign included 24 RC holes over ~4095 metres, five diamond tails and five stand-alone diamond holes over ~2,600 metres. An additional 10,300 metres of aircore drilling was completed to follow up geophysical studies that confirmed further targets at Capital and Capital South.

The RC drilling phase commenced in July and was completed in mid-October. Initial assays showed that all completed RC holes intersected gold mineralisation. Importantly, the results confirmed significant extensions of the known mineralisation, while also identifying a new eastern lode that had not been previously intersected by historical drilling.

This opened up Capital to a sizeable extension of the potential resource envelope – while step out drilling to the north of Capital continued to intersect gold mineralisation.

Diamond drilling commenced mid-October and continued throughout the new year period, concluding in late February.

Industry-wide delays resulted in significantly slower assay turnaround times and, in late January, final assays from the RC program confirmed wide, continuous zones of gold mineralisation – with individual assays of over 100g/t returned.

Diamond drilling assays were returned late-April, proving the campaign to be highly successful.

The program more than doubled the likely size of the Capital deposit, intersecting extremely high-grade gold in fresh rock. Importantly, the results proved the system fertile at depth and increased the known strike of the main Capital mineralisation to about 550m, which remains open to the north and south.

The company wasted no time preparing to return to Capital and in June, commenced its third major drilling program to lay the foundations for a maiden Resource.


CHAIRMAN'S REPORT

The program included ~3,800 metres of infill and extensional diamond drilling to focus on Resource definition at Capital, and ~5,700 metres of aircore drilling to the south of Capital to follow up drilling of three large gold anomalies – Archer, Barrack and Capital South and to further test the regional targets identified through geophysical surveys.

Following the announcement of the third campaign, BMG raised \$2.5 million through a placement to institutional and sophisticated investors and commenced the further drilling programs. This air-core program was completed in late June and the results added further confirmation of the regional potential at Abercromby with large areas of gold anomalism providing potential for repetitions of the high grade Capital deposit. The diamond program was completed in early September and the results are currently pending.

It is an exciting time to be a gold explorer in Western Australia, and we are delighted by the extraordinary potential uncovered at Abercromby. The new financial year is off to a promising start, and BMG looks forward to updating the market as and when results become available.

I would like to conclude by thanking our board and management team, including Managing Director Bruce McCracken, and all of our employees and contractors for their hard work. Most importantly, I would like to thank our shareholders for their ongoing trust and support.



Mr Greg Hancock

Chairman

BMG Resources Ltd

Dated at Perth, Western Australia, this 30th September 2022

OPERATIONAL REPORT

BMG is the 100% owner of three Western Australian gold projects, Abercromby, Invincible and Boddington South, located in Tier 1 and emerging Western Australian gold districts –Figure 1.



Figure 1 – Location of the BMG's WA Gold Projects

During, and subsequent to the reporting period, BMG's exploration activities primarily focused on its most advanced project, Abercromby. Following two highly successful drilling campaigns conducted in the reporting period, the Capital Prospect has emerged as a significant high-grade gold discovery, where BMG is targeting a maiden Mineral Resource.

OPERATIONAL REPORT

Abercromby Gold Project

The Abercromby Gold Project is located in the world-class Agnew-Wiluna greenstone belt, one of Australia's most productive gold-producing regions (+40Moz), and second only to Kalgoorlie globally in terms of production. Abercromby sat dormant in the portfolio of a base metals company while gold majors developed the gold mines that now hem it, Figure 2.

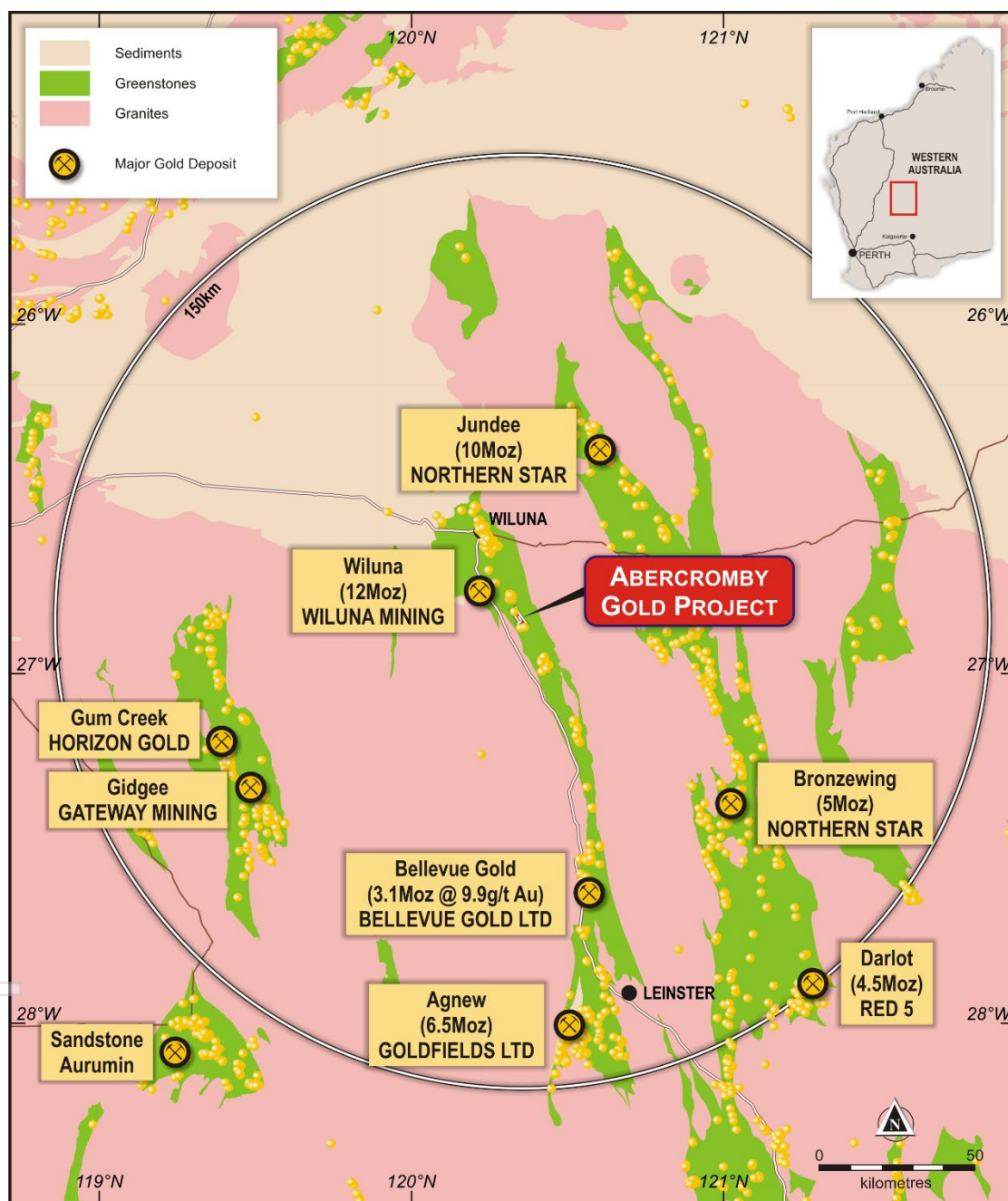


Figure 2 – Regional location of the Abercromby Gold Project

BMG pursued a dual strategy of diamond and RC drilling at the Capital Discovery and testing of regional targets with aircore drilling to the south of Capital – building on the exploration success of the previous year. In addition, sub-audio magnetic (SAM) surveys were completed over the majority of the project area to identify and prioritize quality structural targets.

OPERATIONAL REPORT

Exploration activities continued in mid-July 2021 with the completion of an initial SAM that provided high-resolution mapping of the structures in the northern part of the project area. The survey highlighted the presence of link structures that, when compared with the already drilled mineralised areas at Capital and Capital North, indicated a repetitive pattern to the south of Capital.

Information collected from the SAM survey improved BMG's confidence in its geological and structural model for Abercromby, and substantially assisted in identifying high-priority targets and the planning of drilling programs.

Capital Exploration (Second major drill program at Abercromby)

In late July, BMG commenced its second major drilling campaign at Abercromby, a combined RC and diamond drilling program including 24 RC holes over ~4095 metres and 10 diamond holes over ~2,600 metres.

The campaign, focused on the Capital Discovery, was designed to test the down-dip continuity of previous drill results, test extensions to the lodes already identified, further define shoot control for multiple high-grade gold intercepts and test the depth continuity of the mineralisation with deeper diamond drilling.

RC drilling commenced in July and concluded in October, with first RC assays, based on four metre composites, received in mid-October. These initial assays returned multiple intervals of thick, high-grade gold. Importantly, all holes completed at Capital intersected gold mineralisation and confirmed significant extensions of the known mineralisation, underlining the need for further testing and exploration.

The definitive 1m RC assays from the Capital drilling (received in January) included:

- **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**

These RC results built upon the preliminary 4m composite and were more significant due to their higher level of sample quality and collection rigour.

The results confirmed extensions to multiple high-grade mineralised zones at the Capital Prospect – one of the primary goals for the program.

The 10 hole ~2,600 metre diamond drilling commenced in late October and consisted of five diamond tails to complete reverse circulation drilling that did not reach target depths, and five deeper holes targeting high-grade depth and strike extensions. The diamond drilling was completed in late February.

Assays for the diamond drilling program were received in late-April, and continued to define high-grade gold at Capital – both at depth and along strike.

Selected results included:

- **31m @ 6.18g/t Au from 162m (20ABRC0002), incl 1m @ 181.94g/t Au from 191m, and part of a broader 77m @ 2.99g/t Au from 116m**
- **10m @ 11.71g/t Au from 295m (21ABDD004), incl 1.17m @ 23.84g/t Au from 295.4m and 2m @ 44.54g/t Au from 304m**
- **13.8m @ 6.56g/t Au from 446m (21ABDD003), incl 1m @ 86.02g/t Au from 446m**
- **24m @ 1.97g/t Au from 101m (21ABRC003)**
- **7.4m @ 2.47g/t Au from 294m (21ABRC005)**
- **5m @ 3.97g/t Au from 238m (21ABRC007)**
- **26m @ 1.35g/t Au from 219m and 42.8m @ 0.75g/t from 329m, incl 3m @ 4.47g/t from 365m (21ABRC008)**
- **39m @ 1.35 g/t Au from 205m incl 5.4m @ 2.64g/t Au from 228.6m (21ABDD001)**
- **60.8m @ 0.63g/t Au from 123.2m (21ABDD002)**

OPERATIONAL REPORT

The second drill campaign was very successful. When combined with previous drilling at Capital, a significant zone of high-grade mineralisation is delineated across two primary lodes – the East lode and the West lode, which remain open to the North, to the South, and at depth, Figures 3-8.

Prior to the program, the extent of known mineralisation at the main Capital Prospect was confined to a footprint of ~ 300m x 100m, with the deepest intersection of mineralisation of 2.2m @ 12.2g/t from 272.5m, some 230m below surface.

BMG's program intersected extremely high-grade gold in fresh rock, more than doubling the down dip extent of the mineralised system to at least 520m below surface, and increasing the known strike of the main Capital mineralisation to some 550m, which remains open to the north and south.

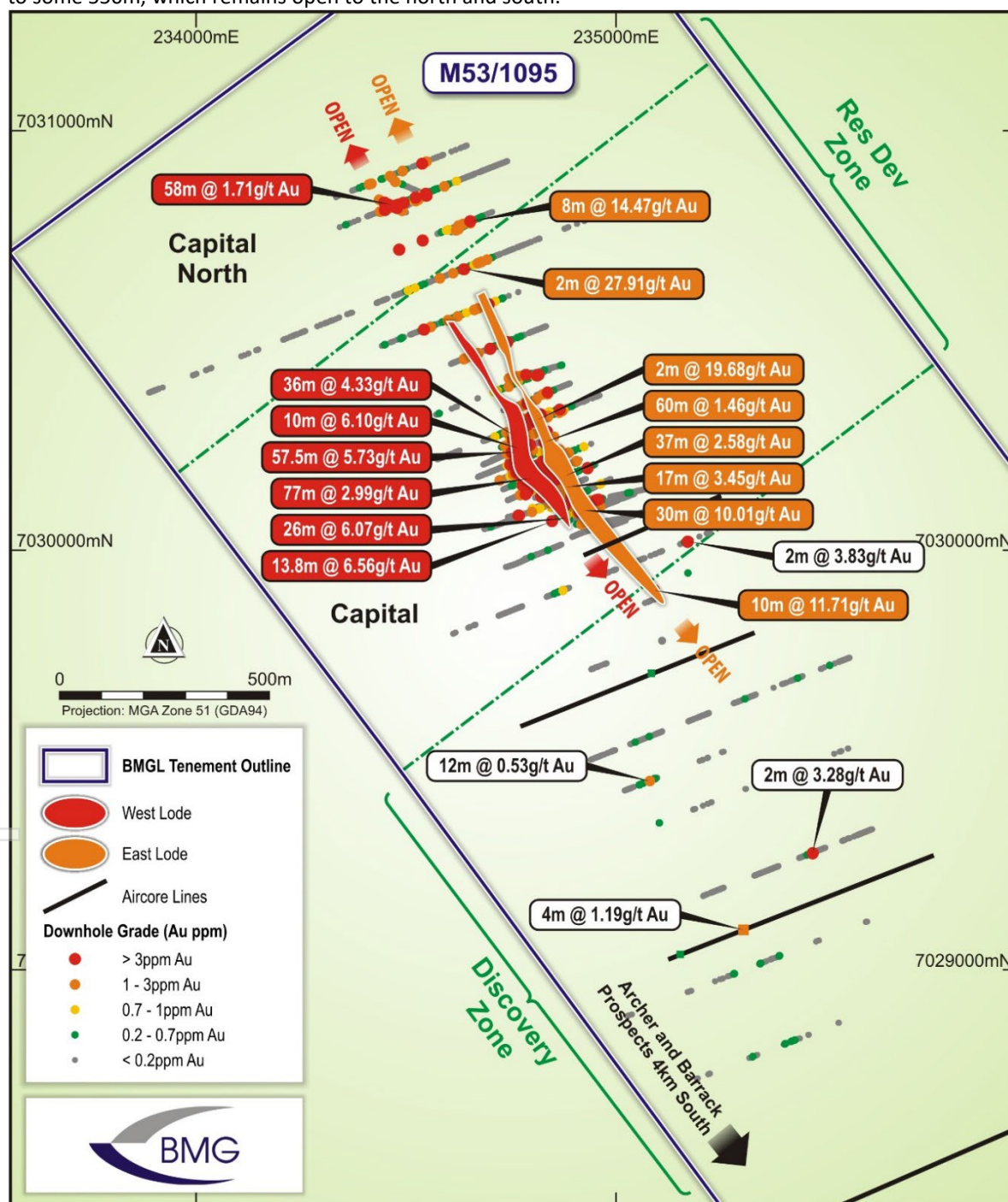


Figure 3 – Capital prospect at Abercromby showing interpreted primary lode positions – East lode and West lode, with significant gold intercepts

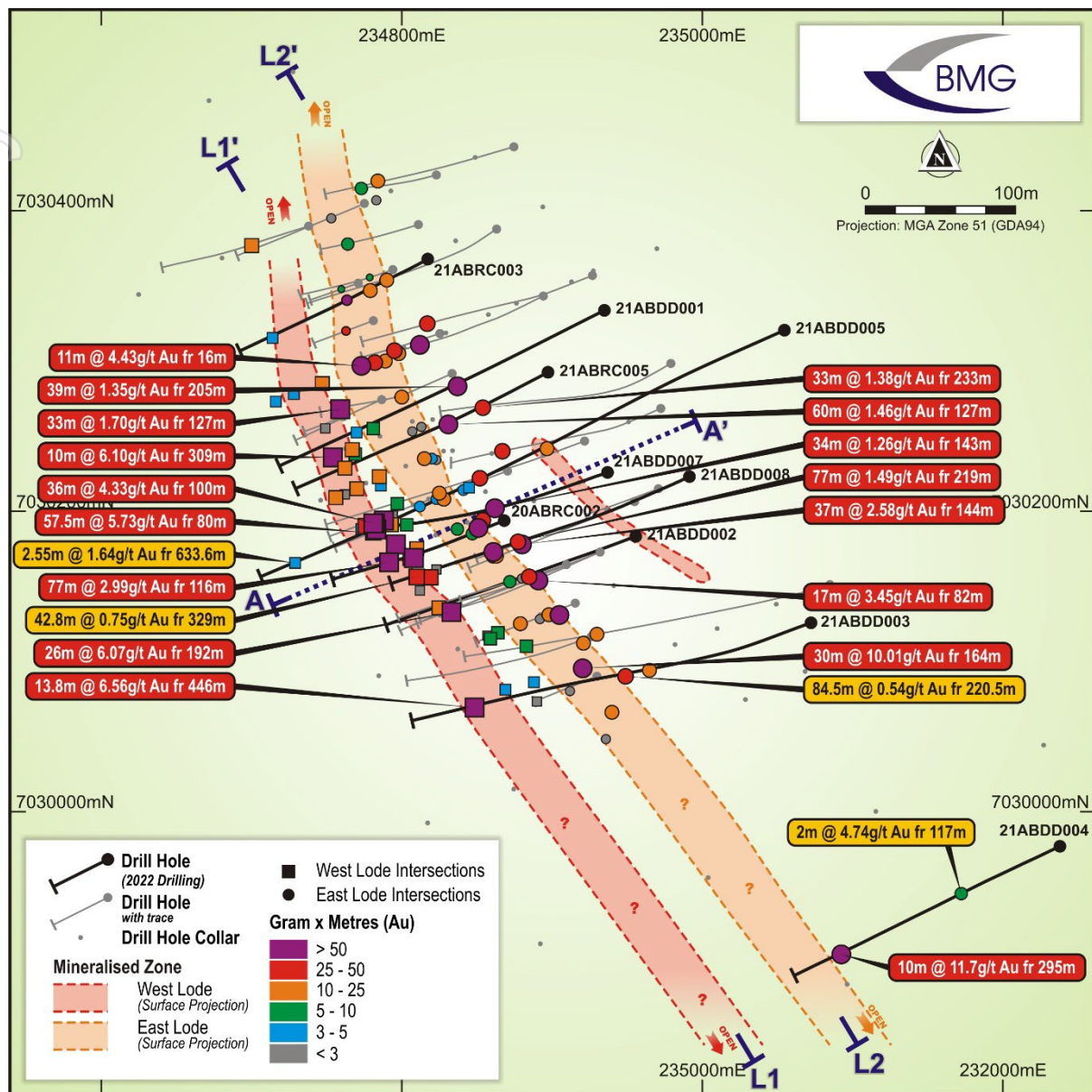


Figure 4 – Plan view of Capital Prospect showing interpreted lode positions and East and West Lode drill intercepts as gram metre points and significant intercepts labelled. Section A-A' and Long Sections L1-L1' and L2-L2' are shown below in Figures 5, 6 and 7 respectively.

OPERATIONAL REPORT

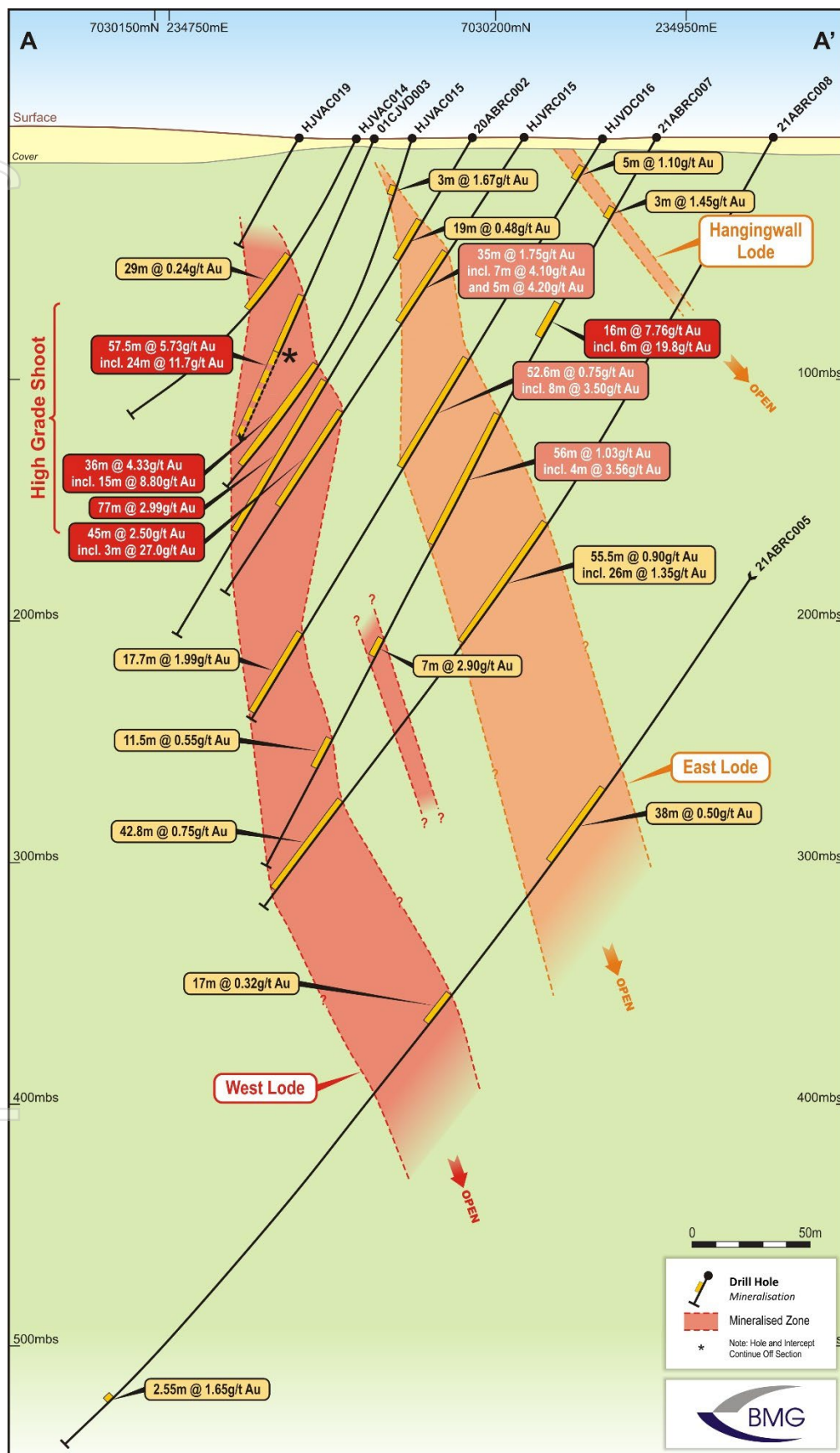


Figure 5 – Capital Prospect cross section A-A' (looking NW) showing recent and historical drilling together with interpreted mineralised zones and selected internal high-grade intersections

OPERATIONAL REPORT

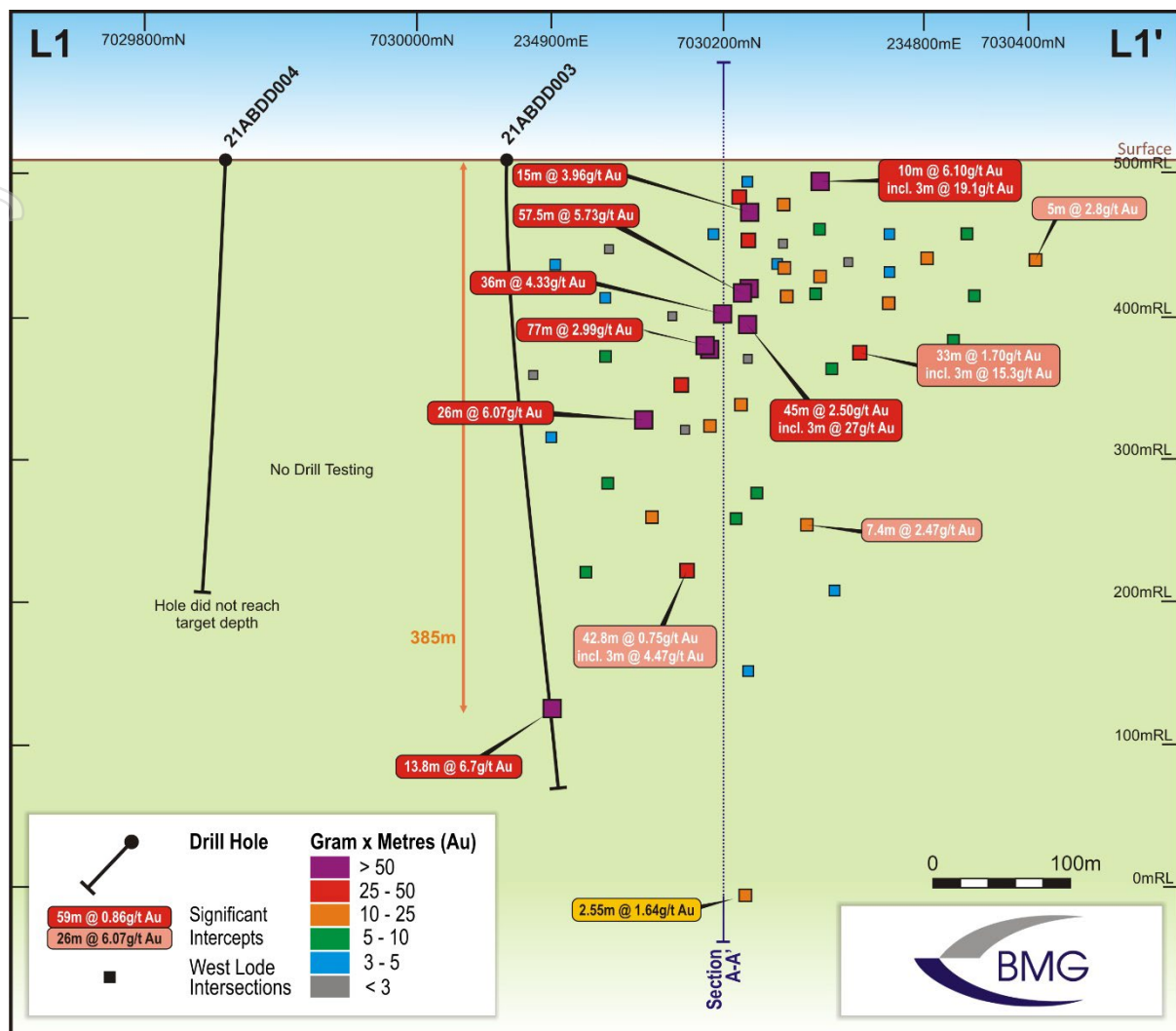


Figure 6 – Capital Prospect West Lode long section L1-L1' showing significant recent and historical drilling intercepts in gram x metres (Au)

OPERATIONAL REPORT

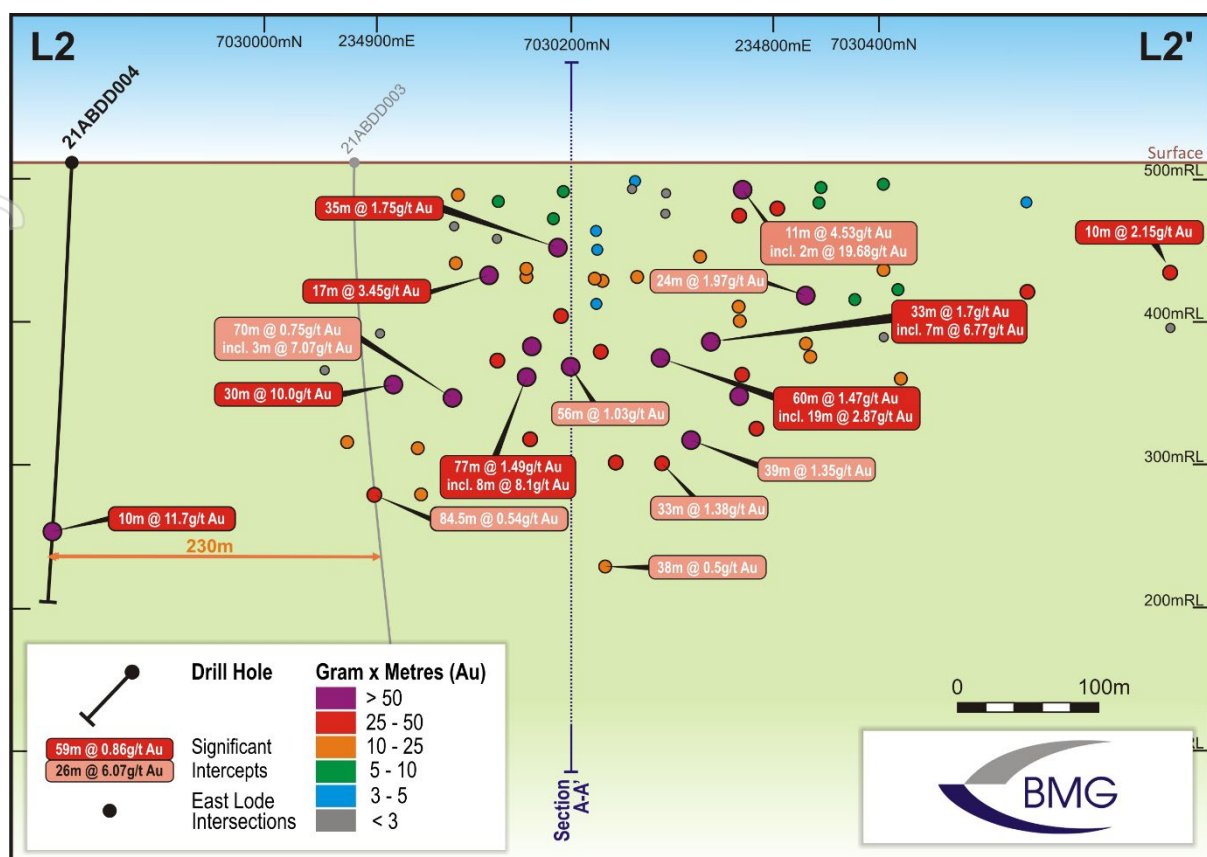


Figure 7– Capital Prospect East Lode long section L2-L2' showing significant recent and historical drilling intercepts in gram x metres (Au)

Southern Project Exploration

In early-December, BMG completed a further high-resolution SAM geophysical survey over the remaining, unsurveyed tenure in the southern portion of the Abercromby project area, Figure 8. The survey again highlighted several high-priority structural settings that warranted further investigation, including the Barrick and Archer targets.

BMG planned and completed (in late February) a ~10,300-metre aircore drilling program to follow up the significant, prospective 5km strike potential between Capital and the Barrack and Archer prospects to the very south of the Abercromby tenement area. This delineated a series of highly prospective regional gold anomalies at Abercromby, and opened up multiple target areas for more extensive exploration.

Selected air-core results (reported in May 2022) included:

- **4m @ 3.58g/t Au** from 52m (22ABAC061) at the Archer Prospect intersected an interpreted southern extension of the Abercromby shear, open for some 1.4km
- **4m @ 1.19g/t Au** from 16m (22ABAC117) punctuates an emerging 1.6km target zone with direct continuity from the high-grade gold of the West Lode at Capital
- **4m @ 1.46g/t Au** from 44m (22ABAC014) at the Barrack Prospect reinforces the potential prospectivity of the area

By its nature, the aircore drilling was very broadly spaced. However, a total of 16 highly anomalous (+200ppb Au) results were encountered in 14 separate holes, providing compelling rationale for BMG to expand its work program at Abercromby to include these greenfields areas.

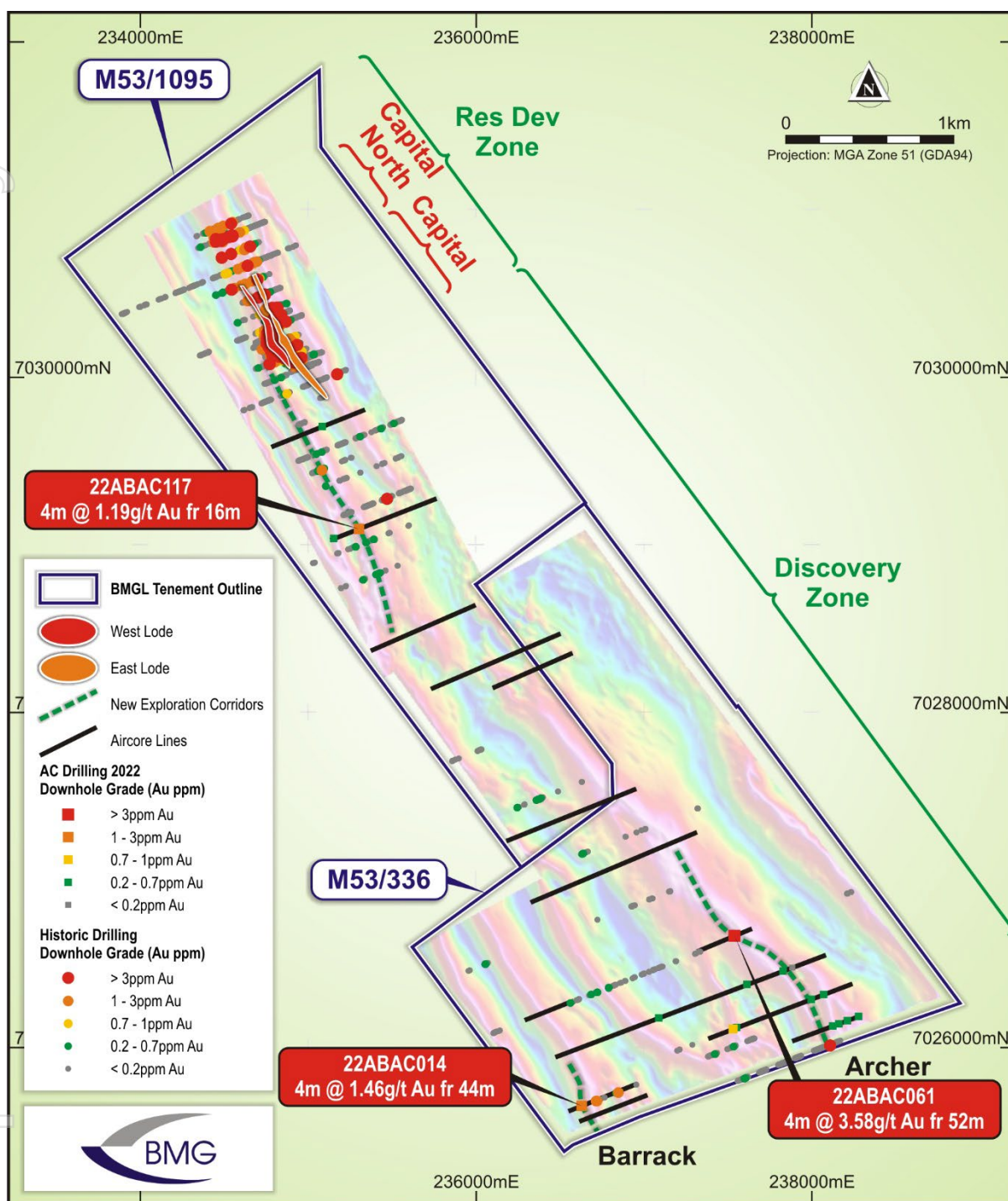


Figure 8 – Abercromby project area with SAM survey tilt derivative conductivity image showing new aircore results (squares with significant intercepts highlighted) along with pre-existing results (circles)

Further Capital and Southern Project Exploration (Third major drilling campaign)

The Company commenced a third major campaign at Abercromby in early-June 2022 of ~9,500 metres which included diamond (~3,800 metres) and aircore drilling (~5,700 metres).

Diamond drilling focused on resource definition through infill and extensional holes at Capital to build on the excellent results from the previous campaign, further defining the high-grade plunge trends emerging at Capital.

OPERATIONAL REPORT

The 59-hole, 5,658-metre aircore program tested three large gold anomalies to the south of Capital – within the Archer, Barrack and Capital South areas. These targets form the foundation of BMG's growing pipeline of prospects at Abercromby.

Subsequent to the reporting period

Results from the follow-up aircore program were received in late-August 2022 and further defined the exploration targets in the underexplored project areas to the South, including extensive supergene mineralisation that hints at possible repetitions of the high-grade Capital deposit.

Encouragingly, a +100ppb Au signature was identified immediately south of planned extensional diamond holes at Capital, further indicating a southerly extension of the high-grade Capital gold mineralisation and paving the way for the next phase of exploration drilling.

Diamond drilling assays are currently pending.

Invincible Project

The Invincible Gold Project is located in the emerging Central Pilbara gold and lithium district and is immediately along strike from WA's newest gold producer Calidus Resources' Warrawoona mine, which is hosted by the same stratigraphy – the Warrawoona Shear Zone, Figure 9.

Invincible hosts more than 12.5km of the Warrawoona Shear Zone, as well as other prospective structures. A number of small high-grade occurrences have been identified in the tenement area by previous explorers. These are being evaluated to determine their lateral extents.

The project area is also proximate to the growing number of Lithium projects in the district and indicates potential for Li bearing pegmatites at Invincible. Work is currently underway to evaluate the potential, with a new area currently under application.

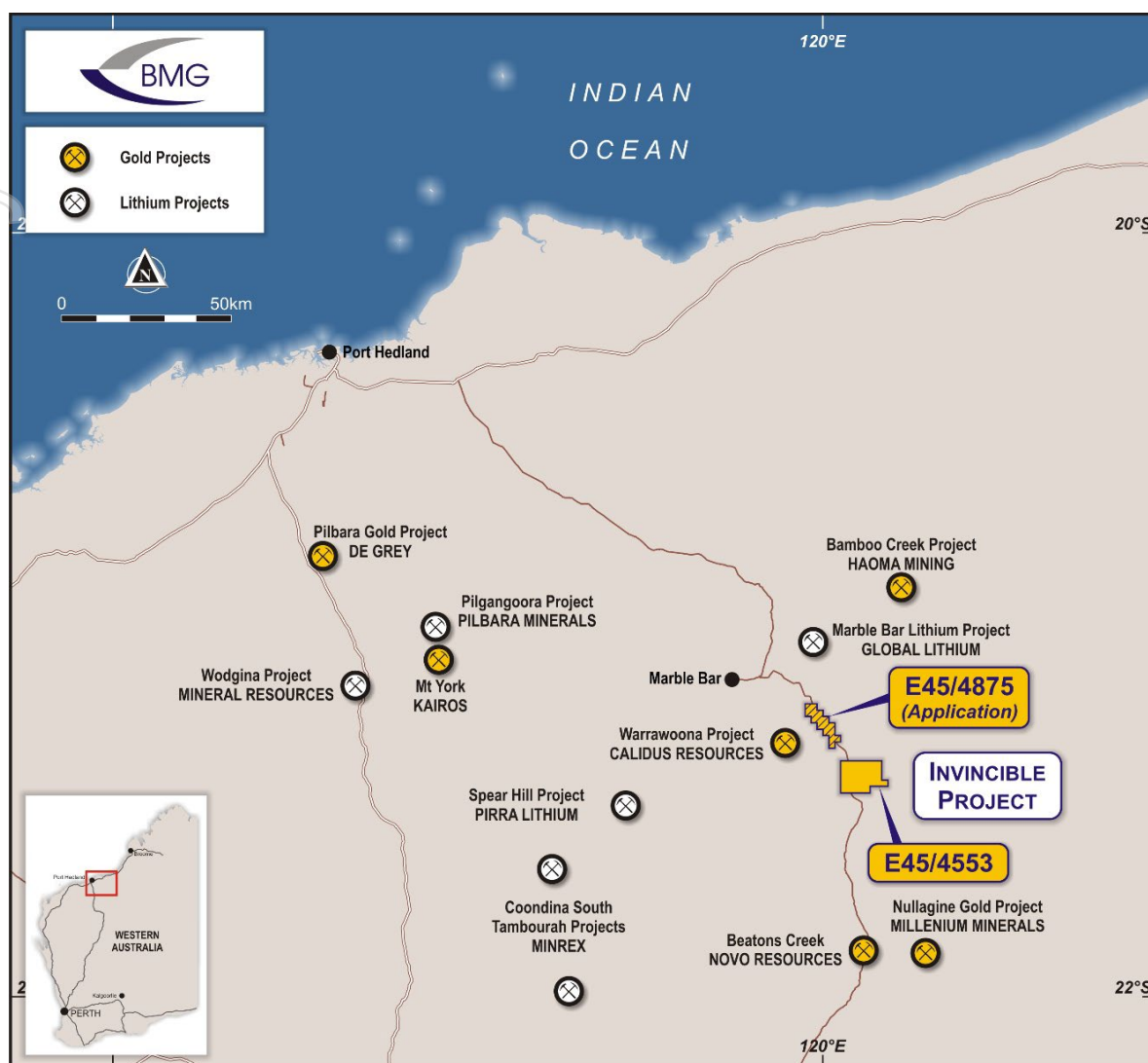


Figure 9 – Regional location of the Invincible Gold Project

BMG has conducted ultra-high resolution aeromagnetic and radiometric geophysical surveys over the entire Invincible Project area – similar to the geophysical survey used by Calidus to generate further gold targets at its adjacent ground. This was the first time that detailed geophysical data had been acquired for Invincible.

Results from the geophysical survey identified multiple high-priority gold targets and showed strong correlation of radiometric anomalies with existing geochemical anomalies – highlighting the strong prospectivity for gold mineralisation across the project area.

The Company plans to undertake drilling of priority targets once finalised, including any potential Li targets.

South Boddington Project

The South Boddington Project, located just 150km south-east of Perth and along strike from Newmont's giant Boddington Gold Mine within the Saddleback Greenstone Belt, presents an outstanding opportunity for BMG to make a significant new gold discovery in an underexplored area of a world-class gold belt.

OPERATIONAL REPORT

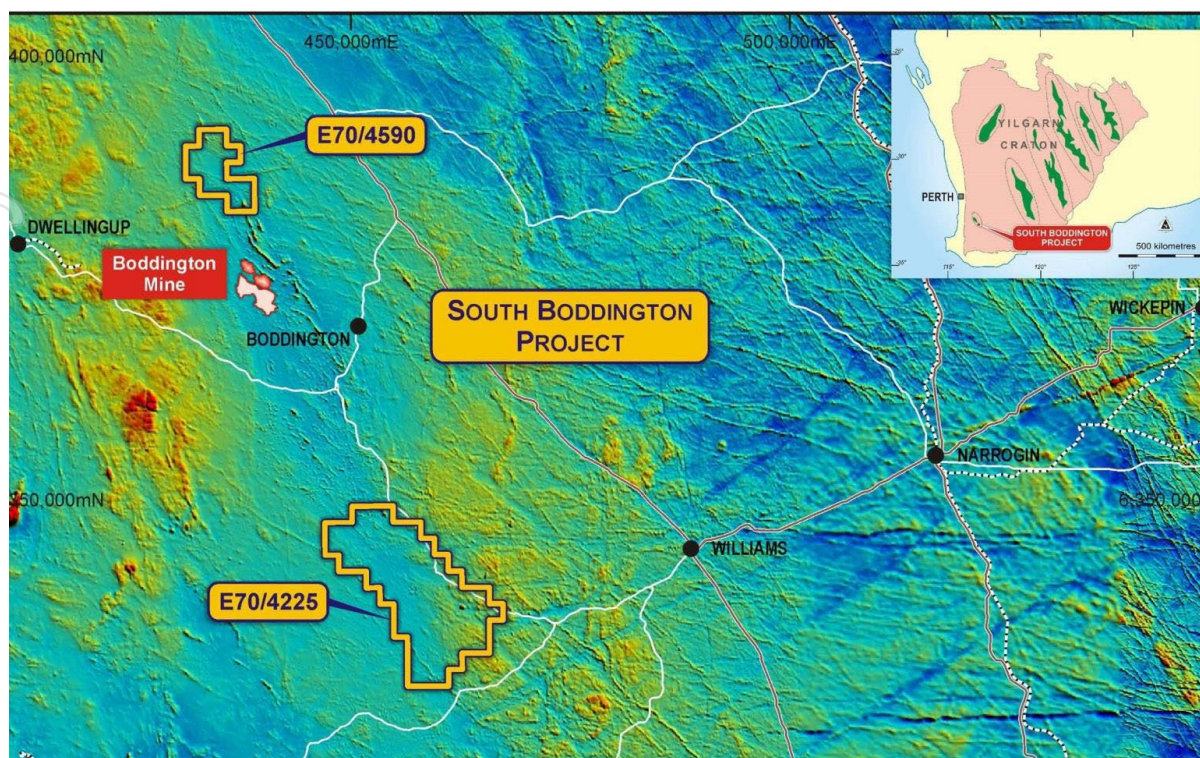


Figure 10 – Regional location of the South Boddington Gold Project

Two exploration licences are in the application stage, and are interpreted to host similar stratigraphy to the (+40Moz) Boddington gold deposit. Magnetic surveys conducted over the Boddington region show that the magnetic lows at South Boddington 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.

Corporate

BMG raises \$4 million through private placement

In July 2021, BMG announced it had received firm commitments for a placement of fully paid ordinary shares to institutional and sophisticated investors, raising \$4 million before costs.

The Placement of c.\$3.0 million was carried out using the Company's available capacity under ASX Listing Rules 7.1 and 7.1A pursuant to section 708 of the Corporations Act 2021. The balance of the Placement was approved at a General Meeting on 27 August 2021. This included approval for the placement of \$0.2m on the same terms to directors of the Company.

Argonaut Securities Pty Ltd and Taylor Collison Limited acting as joint lead managers.

BMG raises \$2.5 million in placement

In June 2022, BMG announced it had received firm commitments for a Placement of fully paid ordinary shares to institutional and sophisticated investors, raising \$2.5 million before costs.

The Placement was carried out using the Company's available capacity under ASX Listing Rules 7.1 and 7.1A pursuant to section 708 of the Corporations Act 2021.

Argonaut Securities Pty Ltd acted as lead manager to the Placement.

OPERATIONAL REPORT

Treasure Project

BMG holds a minority interest in the Treasure Project, Cyprus, which is prospective for copper, gold nickel and cobalt. The Treasure Project is owned by Treasure Development Limited (TDL), of which BMG owns 10%.

The Treasure Project's operator, New Cyprus Copper Company Limited (NCC) – a wholly owned subsidiary of Caerus Mineral Resources (LON: CMRS) – is the majority shareholder of TDL with 70% ownership.

During the March Quarter, Caerus/ NCC earned-in rights for an additional 20% interest in the Treasure Project, with a \$2m put/call option for the remaining 10% in the JV.

As Caerus did not exercise the call option, BMG exercised its put option anticipating the transaction to conclude in the June quarter. NCC did not pay BMG the sum of A\$2 million for the purchase of BMG's remaining 10% interest in TDL in accordance with the time frame required under the Share Purchase Agreement pursuant to which BMG exercised its put option. BMG maintains that NCC is in breach of contract and gave notice of default to NCC.

BMG is endeavouring to resolve the matter in accordance with the dispute resolution procedures of the Share Purchase Agreement, and will keep the market informed of the outcome of the matter as and when resolved.

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 2022 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)
- John Dawson (Non-Executive Director)

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 2022 amounted to \$1,287,912 (2021: loss of \$1,093,903).

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 2022.

REVIEW OF OPERATIONS

The Consolidated Entity's operations are discussed in the Operational Report from page 5.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in state of affairs during the year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 1 July 2022, BMG exercised the put Option described at note 8 of the financial report. New Cyprus Copper P.A. Ltd has not paid BMG the sum of A\$2,000,000 for the purchase of BMG's remaining 10% interest in TDL in accordance with the time frame required under the Share Purchase Agreement pursuant to which BMG has exercised its put option.

BMG maintains that NCC is now in breach of contract and has given notice of default to NCC. BMG will endeavor to resolve the matter in accordance with the dispute resolution procedures of the Share Purchase Agreement.

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

DIRECTORS' REPORT

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

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| Experience and Expertise | <p>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.</p> <p>Mr. Hancock has been a director of BMG Resources Limited since 6 February 2017.</p> |
| Other Current Directorships | <p>Non-Executive Chairman of Ausquest Ltd</p> <p>Non-Executive Chairman of Cobra Resources Plc</p> <p>Non-Executive Director of Golden State Mining Limited</p> <p>Non-Executive Director of King Island Scheelite Limited</p> |
| Former Directorships in last 3 years | Non-Executive Director of Strata-X Energy Ltd (retired 17 March 2021) |
| Special Responsibilities | <p>Chairman of the Board</p> <p>Member of the Nomination and Remuneration Committee</p> <p>Member of the Audit and Risk Committee</p> |
| Interests in Equity Instruments | <p>2,000,000 Performance Rights (Tranche 1, BMGAB)</p> <p>2,000,000 Performance Rights (Tranche 2, BMGAC)</p> <p>2,000,000 Performance Rights (Tranche 3, BMGAD)</p> <p>2,000,000 Performance Rights (Tranche 4, BMGAE)</p> |

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

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| Experience and Expertise | <p>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.</p> <p>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.</p> <p>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.</p> |
| Other Current Directorships | None |
| Former Directorships in last 3 years | None |
| Special Responsibilities | Managing Director |
| Interests in Equity Instruments | <p>5,876,671 Ordinary shares</p> <p>3,000,000 Performance Rights (Tranche 1, BMGAB)</p> <p>3,000,000 Performance Rights (Tranche 2, BMGAC)</p> <p>3,000,000 Performance Rights (Tranche 3, BMGAD)</p> <p>3,000,000 Performance Rights (Tranche 4, BMGAE)</p> |

DIRECTORS' REPORT

John Prineas B Econ, LLB, F Fin – Director

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| 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 Member of the Audit and Risk Committee |
| 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

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| 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 Member of the Nomination and Remuneration Committee |
| Interests in Equity Instruments | 31,362,348 Ordinary shares 1,600,000 Performance shares (BMGAF) 1,600,000 Performance shares (BMGAG) |

COMPANY SECRETARY

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

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| 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. |
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DIRECTORS' REPORT

DIRECTORS' MEETINGS

During the financial year, 5 Board of Directors' Meetings and 2 Audit and Risk Committee meetings, and 2 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 | 5 | 5 | 2 | 2 | 2 | 2 |
| Bruce McCracken | 5 | 5 | - | - | - | - |
| John Prineas | 5 | 5 | 2 | 2 | 2 | 2 |
| John Dawson | 5 | 5 | 2 | 2 | 2 | 2 |

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) |
| John Dawson | (Non-executive Director) |

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;
- (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.

DIRECTORS' REPORT

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.

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:

DIRECTORS' REPORT

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 2022 | 1 July 2021 – 30 June 2022 |
|-------------------------|-------------------|----------------------------|
| Base fees | | |
| Chairman | \$5,000 per month | \$5,000 per month |
| Non-Executive Directors | \$3,000 per month | \$3,000 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 holds 8,000,000 Performance Rights. 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 29 and on page 31.

| 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 29 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 | From 1 July 2021 to 30 April 2022: \$180,000 per annum, plus applicable superannuation. From 1 May 2022: \$210,000 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 29 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. 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 2021 Annual General Meeting

The Company received 99.63% of "yes" votes on its Remuneration Report for the 2021 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 2022 is provided below:

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------|---------------|---------------|---------------|-------------|
| Net (Loss) attributable to owners of BMG Resources Limited | \$(1,287,912) | \$(1,093,903) | \$(2,182,734) | \$(1,022,246) | \$(301,773) |
| Share price | | | | | |
| Share Price at 30 June: | \$0.031 | \$0.049 | \$0.050* | \$0.12* | \$0.13* |
| \$ increase / (decrease) | \$(0.018) | \$(0.001) | \$(0.07)* | \$(0.01)* | \$0.03* |
| Basic profit/(loss) per share (cents per share) | (0.41) | (0.57) | (3.74)* | (2.18)* | (0.78)* |
| 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

| 2022 Key Management Person | Fixed Remuneration | | | Variable Remuneration | Total (\$) | Performance Related (%)* |
|------------------------------|--------------------|------------------------------------|-------------------------------|--------------------------------------|----------------|--------------------------|
| | Salary (\$) | Annual and Long Service Leave (\$) | Post-employment benefits (\$) | Performance Rights (\$) (non-vested) | | |
| DIRECTORS | | | | | | |
| Greg Hancock ^{1, 2} | 60,000 | - | - | 169,507 ¹ | 229,507 | 73.86% |
| Bruce McCracken ¹ | 185,000 | 18,214 | 18,500 | 254,261 ¹ | 475,975 | 53.42% |
| John Prineas | 36,000 | - | 3,600 | - | 39,600 | Nil |
| John Dawson | 36,000 | - | 3,600 | - | 39,600 | Nil |
| TOTAL | 317,000 | 18,214 | 25,700 | 423,768 | 784,682 | 54.00% |

1. 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 34 provided under "Voluntary Information: Remuneration Received" for further details.

*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.

2. Mr Hancock's fees are paid to Hancock Corporate Investments Pty Ltd, a company of which he is a director.

DIRECTORS' REPORT

| 2021 Key Management Person | Fixed Remuneration | | | Variable Remuneration | Total (\$) | Performance Related (%)* |
|-------------------------------|--------------------|------------------------------------|-------------------------------|--------------------------------------|----------------|--------------------------|
| | Salary (\$) | Annual and Long Service Leave (\$) | Post-employment benefits (\$) | Performance Rights (\$) (non-vested) | | |
| 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 38 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

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 33 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 | \$43,976 | \$65,964 |
| Two | 2,000,000 | 3,000,000 | \$550,000 | \$43,976 | \$65,964 |
| Three | 2,000,000 | 3,000,000 | \$525,000 | \$41,977 | \$62,965 |
| Four | 2,000,000 | 3,000,000 | \$495,000 | \$39,578 | \$59,367 |
| | 8,000,000 | 12,000,000 | \$2,120,000 | \$169,507 | \$254,261 |

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 | Share Placement | Balance at the end of the year |
|------------------------------|-------------------------------------|--------------------|-----------------------------------|
| Greg Hancock | - | - | - |
| Bruce McCracken ¹ | 5,876,671 | - | 5,876,671 |
| John Prineas ² | 43,824,696 | 2,000,000 | 45,824,696 |
| John Dawson ² | 29,362,348 | 2,000,000 | 31,362,348 |

1 Relevant interest in 5,858,671 shares as a beneficiary of the McCracken Family Trust and 18,000 shares directly held.

2 Refer to disclosure on page 33 below regarding share placement.

DIRECTORS' REPORT

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 | 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 24, 25 and 29 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 | 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 |
| 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'.

DIRECTORS' REPORT

Loans to/from Key Management Personnel

There were no loans to individuals or directors of the Company during the year ended 30 June 2022.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Director participation in capital raisings

In July 2021, the Company announced a capital raising to raise \$4,000,000 through a placement to Institutional and Sophisticated investors. Following the receipt of shareholder approval which was received on 23 August 2021:

- A company related to Non-Executive Director Mr John Dawson, Impulzive Pty Ltd, acquired 2,000,000 Ordinary Shares for cash consideration of \$100,000;
- A company related to Non-Executive Director Mr John Prineas, Zeus Private Equity Pty Ltd, acquired 2,000,000 Ordinary Shares for cash consideration of \$100,000;

Related party transactions pertaining the 2021 financial year

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.

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.

DIRECTORS' REPORT

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.

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;

DIRECTORS' REPORT

- (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 Performance Rights awarded to Non-Executive Chairman Mr Greg Hancock and Managing Director Mr Bruce Hancock in the 2021 financial year, which are described at page 29 above. For the recipients to receive benefit from these Performance Rights pre-determined vesting conditions must be achieved, none of the Performance Rights vested awarded have vested, which the table below reflects.

In the 2022 year a total amount of \$423,768 was recognised as an expense in relation to these Performance Rights, this expense is reflected in the table on page 27 above.

Remuneration received during the 2022 financial year reporting period

| | Fixed Remuneration | Vested LTI | Total Value |
|------------------------------------|--------------------|------------|------------------|
| B McCracken – Managing Director | \$203,500 | Nil | \$203,500 |
| G Hancock - Non-Executive Chairman | \$60,000 | Nil | \$60,000 |
| Other Non-Executive Directors | \$79,200 | Nil | \$79,200 |
| Total | \$342,700 | Nil | \$342,700 |

The amounts disclosed above are not the same as the remuneration expensed in relation to each KMP in accordance with the accounting standards (\$784,682 for 2022, as disclosed on page 27 above).

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.

DIRECTORS' REPORT

- 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.

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 2022, 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 9 May 2022, the Company paid a premium of \$19,990 covering the period 30 April 2022 to 30 April 2023 (2021: 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).

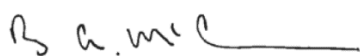
NON-AUDIT SERVICES

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 2022 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 2022.

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 2022, 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 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

| | Notes | 30 June 2022 (\$) | 30 June 2021 (\$) |
|--|-------|--------------------|--------------------|
| Other Income | 4 | 181,647 | 176 |
| Government Grants | 4 | - | 21,645 |
| Directors remuneration | | (360,915) | (337,488) |
| Administration services fee | 21 | (144,000) | (144,000) |
| Share based payment expense | 5 | (590,649) | (375,617) |
| Depreciation and amortisation expense | | (1,070) | (681) |
| Accounting & audit fees | | (62,632) | (52,621) |
| Corporate and administration expenses | | (136,219) | (114,013) |
| Other expenses from ordinary activities | | (169,349) | (86,134) |
| Exchange (loss) from ordinary activities | | (4,725) | (55) |
| Impairment Expense | | - | (5,115) |
| (LOSS) BEFORE INCOME TAX | | (1,287,912) | (1,093,903) |
| Income tax expense | 6 | - | - |
| (LOSS) AFTER INCOME TAX | | (1,287,912) | (1,093,903) |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange difference on translation of foreign operations | | - | (22,695) |
| TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR | | (1,287,912) | (1,116,598) |
| Total comprehensive (loss) for the year is: | | | |
| Attributable to the owners of BMG Resources Limited | | (1,287,912) | (1,116,598) |
| Basic (loss) per share (cents per share) | 17 | (0.41) | (0.57) |

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 2022

| | Notes | 30 June 2022 (\$) | 30 June 2021 (\$) |
|--|-------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | 2,892,674 | 889,252 |
| Other financial assets at amortised cost | 9 | 176,336 | - |
| Prepayments | | 6,420 | - |
| Other receivables | | 38,874 | 12,663 |
| TOTAL CURRENT ASSETS | | 3,114,304 | 901,915 |
| NON-CURRENT ASSETS | | | |
| Property, Plant & Equipment | | 2,437 | 345 |
| Exploration and Evaluation Assets | 10 | 16,877,803 | 13,477,492 |
| TOTAL NON-CURRENT ASSETS | | 16,880,240 | 13,477,837 |
| TOTAL ASSETS | | 19,994,544 | 14,379,752 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 339,256 | 130,258 |
| Employee benefits payable | | 87,730 | 68,342 |
| TOTAL CURRENT LIABILITIES | | 426,986 | 198,600 |
| TOTAL LIABILITIES | | 426,986 | 198,600 |
| NET ASSETS | | 19,567,558 | 14,181,152 |
| EQUITY | | | |
| Contributed equity | 13 | 63,317,829 | 57,458,271 |
| Reserves | 14 | 2,927,015 | 2,112,255 |
| Accumulated Losses | 15 | (46,677,286) | (45,389,374) |
| TOTAL EQUITY | | 19,567,558 | 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 YEAR ENDED 30 JUNE 2022

| | Notes | Issued Capital Ordinary | 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 year | | - | (1,287,912) | - | - | - | (1,287,912) |
| Total comprehensive loss for the year | | - | (1,287,912) | - | - | - | (1,287,912) |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Capital Raising | 13 | 6,508,000 | - | - | - | - | 6,508,000 |
| Share based payments | 5 | - | - | 590,649 | - | 590,649 | 590,649 |
| Less Capital Raising Costs | 13 | (648,442) | - | 224,111 | - | 224,111 | (424,331) |
| BALANCE AT 30 JUNE 2022 | | 63,317,829 | (46,677,286) | 2,612,563 | 314,452 | 2,927,015 | 19,567,558 |

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 2021

| | Notes | Issued Capital Ordinary | 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 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 year | | - | (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 | 13 | 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 | 5 | - | - | 375,617 | - | - | 375,617 | 375,617 |
| Less Capital Raising Costs | 13 | (196,855) | - | - | - | - | - | (196,855) |
| BALANCE AT 30 JUNE 2021 | | 57,458,271 | (45,389,374) | 1,797,803 | 314,452 | - | 2,112,255 | 14,181,152 |

(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 CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

| | Notes | 30 JUNE 2022 \$ | 30 JUNE 2021 \$ |
|--|-------|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (880,426) | (871,774) |
| Government incentive | | - | 33,670 |
| Interest received | | 586 | 176 |
| NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES | 16 | (879,840) | (837,928) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for exploration and evaluation activity | | (3,205,474) | (1,630,358) |
| Payments for Property, Plant and Equipment | | (3,160) | - |
| NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES | | (3,208,634) | (1,630,358) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Acquisition of Oracle Mining Limited, net of cash acquired | 3 | - | 575 |
| Repayment of borrowings | 3 | - | (450,106) |
| Proceeds from share issue | 13 | 6,508,000 | 3,740,000 |
| Transaction costs related to issues of shares | 13 | (416,104) | (206,319) |
| NET CASH INFLOW FROM FINANCING ACTIVITIES | | 6,091,896 | 3,084,150 |
| NET INCREASE IN CASH HELD | | 2,003,422 | 615,862 |
| Cash and cash equivalents at the beginning of the year | | 889,252 | 273,390 |
| CASH AND CASH EQUIVALENTS AT THE END OF YEAR | 7 | 2,892,674 | 889,252 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 2022 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 2022 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 2022.

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) Going Concern

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

For the year ended 30 June 2022 the Group made a loss of \$1,287,912 (2021: loss of \$1,093,903) and had cash outflows from operating activities of \$879,840 (2021: cash outflows of \$837,928). As at 30 September 2022, the Group has Cash and Cash equivalents on hand of \$1,211,183. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The ability of the Group to continue as a going concern will be dependent on the completion of a capital raising.

As at 30 September 2022, the Group has \$1,211,183 cash and cash equivalents on hand, and accordingly, the Directors believe that there are reasonable grounds that the Group will continue as a going concern.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(d) 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.

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.

(e) Comparatives

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(f) 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 in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

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.

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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

All of the Group's financial assets are debt instruments, subsequent measurement of the assets depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments, which are described below. The Group has no financial assets which are measured at Fair Value Through Other Comprehensive Income (FVOCI):

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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. Derivatives are classified as fair value through profit or loss with changes in FV recognised in Profit or Loss.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(g) 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 2022:

| 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>Introduces a definition of ‘accounting estimate’, i.e. monetary amounts in financial statements that are subject to estimation uncertainty, such as estimating expected credit losses for receivables, or estimating the fair value of an item recognised in the financial statements at fair value.</p> <p>Accounting estimates are developed using measurement techniques and inputs. Measurement techniques comprise estimation techniques (such as used to determine expected credit losses or value in use) and valuation techniques (such as the income approach to determine fair value).</p> <p>The amendments clarify that a change in an estimate occurs when there is either a change in a measurement technique or a change in an input.</p> | Annual reporting periods beginning on or after 1 January 2023 | There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to changes in accounting estimates that occur on or after the beginning of the first annual reporting period to which these amendments apply, i.e. annual periods beginning on or after 1 July 2023. |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

| | | | | |
|---------------------------------|--|---|---|-------------------------|
| 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 • The accounting is complex, e.g. more than one IFRS applies to the transaction. | Annual reporting periods beginning on or after 1 January 2023 | Disclosure impact only. |
|---------------------------------|--|---|---|-------------------------|

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(h) 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:

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

Other financial assets at fair value through profit or loss

The Group has one financial asset which is measured at Fair Value Through Profit or Loss, notwithstanding that as at 30 June 2022 the Management has determined that the asset has a negligible value, estimating this value is a significant estimate. The asset is the \$2,000,000 put Option which is described at note 8 below.

(i) 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.

(j) 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.

(k) 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

For an asset acquisition:

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

(l) 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.

(m) 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.

(n) 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.

(o) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(p) 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.

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.

(q) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

(r) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

BMG Resources Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within the group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements within the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(s) 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.

(t) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

(u) 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.

(v) 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.

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.

(w) 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 note 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 5, 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 60 at note 5.

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 |

4. OTHER INCOME

| | 2022 (\$) | 2021 (\$) |
|-----------------------------------|----------------|---------------|
| Gain from Investment ¹ | 181,061 | - |
| Government Grant | - | 21,645 |
| Interest received | 586 | 176 |
| | 181,647 | 21,821 |

¹This gain relates to the disposal of exploration licenses in which the Company had an interest. At 30 June 2022, the exploration licenses are held by Aeramentum Resources Limited ('Aeramentum'). Aeramentum acquired these licenses through the acquisition of 100% of the shares of a company incorporated in Cyprus, PR Plutonic Resources Limited. For full disclosure in relation to this gain refer to note 9 "Other Financial Assets at Amortised Cost".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5. SHARE BASED PAYMENTS

Issue of Share Options as consideration paid for completion of Capital Raisings.

As disclosed at note 13, the Company raised a total of \$6,508,000 during the year through the completion of two capital raisings

In relation to the first capital raising in the year, where \$4,000,000 (before costs) was raised. Pursuant to the terms of the mandate entered with the Joint Lead Managers, Argonaut Securities Pty Ltd and Taylor Collison Limited, each was issued 3,000,000 Options. The Options were issued on 27 August 2021.

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

| | Vesting Conditions | Vest upon issue |
|--------------------------------------|------------------------|--------------------------|
| Inputs used in determining valuation | 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 | | \$107,500 |

In June 2022 the Company raised \$2,508,000 (before costs). The capital raising was completed via a Placement to Institutional and Sophisticated investors, an issue 66,000,000 Ordinary shares at \$0.038 per share. Argonaut Securities Pty Ltd ('Argonaut') was appointed as the Lead Manager for the Placement.

Pursuant to the terms of the mandate with Argonaut, BMG issued 6,187,500 Share Options with an exercise price of \$0.075 and an expiry date of 30 June 2024.

The Options are valued based on the Company's share price on 7 June 2022, the date on which the Company and Argonaut agreed the terms of the capital raising. The Options are valued using Black-Scholes Option Pricing methodology with inputs as provided in the table below.

| | Vesting Conditions | Vest upon issue |
|--------------------------------------|------------------------|------------------------|
| Inputs used in determining valuation | Number of Options | 6,187,500 |
| | Underlying Share Price | \$0.045 |
| | Exercise Price | \$0.075 |
| | Expected volatility | 100% |
| | Expiry Date / Years | 30 June 2024 / 2 years |
| | Expected Dividends | Nil |
| | Risk free rate | 2.60% |
| Total Value of Options | | \$116,611 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

| | | | | Movement | |
|--|----------------|-------------|--------------------------|-------------------|---------------------------|
| Grant Date | Exercise Price | Expiry Date | Number as at 1 July 2021 | Issued | Number as at 30 June 2022 |
| 23 August 2021 | \$0.10 | 31/08/2023 | - | 6,000,000 | 6,000,000 |
| 7 June 2022 | \$0.075 | 30/06/2024 | - | 6,187,500 | 6,187,500 |
| Total | | | - | 12,187,500 | 12,187,500 |
| Weighted Average Exercise Price | | | - | \$0.09 | \$0.09 |

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 financial year.

Weighted average remaining contractual life of Options outstanding at the end of the reporting period: 1.59 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 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 30 June 2022.

Share based payments which occurred in the 2021 Financial Year.

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 13 respectively for further disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 64 below.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 a total of 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

| | 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

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

Valuation of Tranche 3 and Tranche 4 Performance Rights

For the Performance Rights awarded to the Chairman and Managing Director, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 61, 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.

| Tranche | Vesting Condition | Grant Year | Number as at 1 July 2021 | Movement | | | Number as at 30 June 2022 | Expense in Period |
|---------|-------------------|------------|--------------------------|----------|--------------------|--------|---------------------------|-------------------|
| | | | | Issued | Vested and Settled | Lapsed | | |
| One | (1) | 2021 | 8,800,000 | - | - | - | 8,800,000 | \$189,127 |
| Two | (2) | 2021 | 8,800,000 | - | - | - | 8,800,000 | \$189,127 |
| Three | (3) | 2021 | 5,000,000 | - | - | - | 5,000,000 | \$104,942 |
| Four | (4) | 2021 | 5,400,000 | - | - | - | 5,400,000 | \$107,453 |
| | | | - | - | - | - | 28,000,000 | \$590,649 |

- (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 FOR THE YEAR ENDED 30 JUNE 2022

A summary of the Group's share-based payments relating to the current or comparative financial year, including a reconciliation of the Group's share-based payments at the end of the reporting period is provided below:

| | Note | Share Based Payment Reserve |
|--|----------|-----------------------------|
| <u>Balance at 1 July 2020</u> | | 22,186 |
| Share based payment expense – 28,000,000 Performance Rights | | 375,617 |
| Issue of Performance Shares for Acquisition of Oracle Mining Limited | 3 | \$1,400,000 |
| <u>Balance at 30 June 2021</u> | | \$1,797,803 |
| <u>Balance at 1 July 2021</u> | | \$1,797,803 |
| Share based payment expense – 28,000,000 Performance Rights | | \$590,649 |
| Issue of Share Options as part of fee for capital raisings | | |
| 6,000,000 Share Options | | \$107,500 |
| 6,187,500 Share Options | | \$116,611 |
| <u>Balance at 30 June 2022</u> | | \$2,612,563 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

6. INCOME TAX

| | 2022 (\$) | 2021 (\$) |
|---|-------------------|-------------------|
| Income tax benefit | | |
| Tax Rate | 25% | 26% |
| The potential tax benefit in respect of tax losses not brought into account has been calculated at 25%. | | |
| Numerical reconciliation between tax expenses and pre-tax net loss | | |
| Income tax benefit at the beginning of the year | - | - |
| (Loss) before income tax expense | (1,287,912) | (1,093,903) |
| Income tax benefit/(expenses) calculated at rates noted above | (321,978) | (284,415) |
| Tax effect on amounts which are not tax deductible | 151,057 | 103,492 |
| Tax effect on non-assessable income | (45,265) | (14,736) |
| Tax effect on timing differences | 6,014 | 2,525 |
| Tax effect on deductible exploration costs | (850,078) | (241,877) |
| Tax effect on deductible capital raising costs/other | (75,636) | (52,382) |
| Deferred tax asset on tax losses not brought to account | 1,135,886 | 487,393 |
| Net deferred tax assets not brought to account | | |
| Unused tax losses | 30,782,543 | 18,730,243 |
| Timing differences | | |
| - Attributable to intangible assets (Exploration expenditure) | (15,827,803) | - |
| - Attributable to accrued liabilities and other assets | 98,487 | 80,851 |
| Other capital expenditure – non equity | 71,616 | 143,749 |
| Capital raising cost in equity | 694,428 | 254,470 |
| Total | 15,819,271 | 19,209,313 |
| Tax at 25% (2021: 26%) | 3,954,818 | 4,994,421 |

The tax note values for the current financial year relates to BMG Resources Limited and its 100% owned subsidiaries listed at note 22. The tax note values for the 2021 financial related only to the parent entity, the value of losses attributable to 2021 and prior years which is not included the 2021 values amounts to \$8,171,329.

The value of revenue losses included in the Unused tax losses values above is \$25,354,192 for the 2022 financial year (year ended: 30 June 2021: \$13,338,840). The value of capital losses included in the Unused tax losses values above is \$5,428,351 for the 2022 financial year (year ended: 30 June 2021: \$5,391,903).

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 FOR THE YEAR ENDED 30 JUNE 2022

7. CASH AND CASH EQUIVALENTS

| | 2022 (\$) | 2021 (\$) |
|--------------------------|------------------|----------------|
| Cash at bank and in hand | 2,892,674 | 889,252 |
| | 2,892,674 | 889,252 |

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

| | 2022 (\$) | 2021 (\$) |
|--|------------------|----------------|
| 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 | 2,892,674 | 889,252 |
| Balances per Statement of Cash Flows | 2,892,674 | 889,252 |

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in Note 12. 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 12.

8. INVESTMENT IN ASSOCIATE

At the commencement of the financial year BMG had a 30% interest in Treasure Development Limited ('TDC'), a joint venture company incorporated in Cyprus. The remaining 70% of shares were held by New Cyprus Copper P.A. Ltd ('New Cyprus'), the operator of the joint venture for the 'Treasure Project', and wholly owned subsidiary of Caerus Mineral Resources PLC ('Caerus').

New Cyprus held earn-in rights for an additional 20% interest in the Treasure Project, with a \$2,000,000 put/ call option for the remaining 10% in the JV. To obtain the 20% interest New Cyprus was required to spend a minimum of £933,070 on exploration by 19 March 2022, with any shortfall to be paid to BMG in Caerus shares. The agreement provided that:

- New Cyprus then had 1 month to exercise the call option over the remaining 10%, and;
- If New Cyprus does not exercise the call option, BMG then had 1 month to exercise the put option.

If neither New Cyprus nor BMG exercised the options, BMG would retain a 2% net smelter royalty until the payment of \$2,000,000 has been achieved.

On 12 May 2022, following the spend by New Cyprus of the minimum required amount on exploration, BMG transferred to New Cyprus the additional 20% interest in the Treasure Project. This triggered the 1-month period for New Cyprus to exercise the call Option, and as New Cyprus did not exercise the call Option with that time, BMG then had 1 month to 12 July 2022 to exercise the put option.

At 30 June 2022 the Group had not exercised the put option, which is a derivative financial asset held by the Group. This asset is measured at fair value through profit or loss.

Notwithstanding that the put Option had not been exercised at 30 June 2022, Management assessed the carrying value of the asset at this date and concluded that there was a material uncertainty surrounding the capacity of New Cyprus to complete the put Option payment in accordance with the underlying terms if exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

On this basis the asset has not been brought to account in the Group's Consolidated Statement of Profit or Loss and Other Comprehensive Income and on the Consolidated Statement of Financial Position for the year ended and as at 30 June 2022.

Subsequent to the end of the financial year, consistent with managements intention at 30 June 2022, on 1 July 2022 BMG exercised the put option. The \$2,000,000 put option was subsequently not settled within 5 business days and accordingly, New Cyprus defaulted on their obligation to settle the put Option. As at the date of this financial report the \$2,000,000 cash amount remains in dispute.

9. OTHER FINANCIAL ASSETS AT AMORTISED COST

The Group classifies financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

See note 1(f) for the remaining relevant accounting policies.

At 30 June 2022 the Group has one financial asset measured at amortised cost which is an amount of \$176,336 (£100,000). Detail pertaining to this amount is set out in bullet points below. The description below includes companies which are referred to in note 8 above.

- On 29 July 2021, Aeramentum Resources Limited ('Aeramentum') entered into a Share Purchase Agreement ('SPA') with Caerus pertaining to the sale of the shares of PR Ploutonic Resources Limited ('Ploutonic'), a 100% owned subsidiary of Caerus.
- Consideration for the acquisition of Ploutonic by Aeramentum includes the issue of £200,000 Aeramentum shares at the IPO price of Aeramentum ('Consideration shares'), which is pursuing a listing on the ASX.
- The SPA provided that if Aeramentum did not IPO within 12 months of the agreement then the £200,000 becomes due in cash ('Cash consideration'). The timing for Aeramentum to complete the IPO has subsequently been extended by agreement between the parties.
- TDL, in which BMG held a 70% interest at 1 July 2021, held interests in Cyprus licenses which were subsequently transferred to Ploutonic.
- On 16 March 2022, Caerus, New Cyprus, TDL and BMG agreed that Caerus, New Cyprus and TDL must procure £100,000 of the Consideration shares or Cash consideration to be paid to BMG or its nominee. At the 16th of March 2022 the value of the asset recognised, in the Group's functional currency (AUD) was \$181,061, this is the amount recognised in Other Income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Accordingly, as at 30 June 2022 BMG recognised an amount of \$176,336 (£100,000) as an Other financial asset. Information about the Group's exposure to risk in relation to this asset is provided at note 12.

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 FOR THE YEAR ENDED 30 JUNE 2022

Financial Year ended 30 June 2022

| | Balance at the start of the period | Subsequent expenditure in the period | Balance at the end of the period |
|-----------------------------|--|--|-------------------------------------|
| Exploration activity | | | |
| Abercromby Project | \$8,526,729 | \$3,227,767 | \$11,754,496 |
| Invincible Project | \$4,950,762 | \$172,545 | \$5,123,307 |
| Total | \$13,477,491 | \$3,400,312 | \$16,877,803 |

Financial Year ended 30 June 2021

| | 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 |

11. TRADE AND OTHER PAYABLES

| | 2022 (\$) | 2021 (\$) |
|------------------------------|----------------|----------------|
| Trade creditors and accruals | 334,256 | 128,121 |
| Accrued Directors fees | 5,000 | 2,137 |
| | 339,256 | 130,258 |

(a) Risk exposure

Information about the Group's exposure to risk in relation to trade creditors and other payables is provided in note 12.

12. FINANCIAL RISK MANAGEMENT

(a) Overview

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

This note presents information about the Group'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 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 Group 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 Group's system of risk oversight, management of material business risks and internal control.

The Group holds the following financial instruments:

| | 2022 (\$) | 2021 (\$) |
|--|------------------|----------------|
| Financial assets | | |
| Cash and cash equivalents | 2,892,674 | 889,252 |
| Other Financial Assets at Amortised Cost | 176,336 | - |
| | 3,069,010 | 889,252 |
| Financial liabilities | | |
| Trade and other payables | 339,256 | 130,258 |
| Employee benefits payable (Employee contractual obligations) | 80,844 | 62,630 |
| | 420,100 | 192,888 |

(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, and Other Financial Assets at Amortised Cost. The Consolidated Entity does not hold any credit derivatives to offset its credit exposure.

| | 2022 (\$) | 2021 (\$) |
|--|------------------|----------------|
| Cash and cash equivalents | 2,892,674 | 889,252 |
| Other Financial Assets at Amortised Cost | 176,336 | - |
| | 3,069,010 | 889,252 |

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

| | 2022 (\$) | 2021 (\$) |
|--|------------------|----------------|
| Cash and cash equivalents | 2,892,674 | 889,252 |
| Other Financial Assets at Amortised Cost | 176,336 | - |
| Total | 3,069,010 | 889,252 |

Impairment of financial assets

The sole asset within Other Financial Assets at Amortised Cost is the asset which is described at note 9 above, assessing this asset for impairment is subject to the expected credit loss model. Management has assessed that the asset is not impaired at 30 June 2022.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, no impairment loss was recognised.

(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 2022 | \$ | \$ | \$ |
| Trade payables and other payables | 339,256 | 339,256 | 339,256 |
| Employee benefits payable | 80,844 | 80,844 | 80,844 |
| Total | 420,100 | 420,100 | 420,100 |
| 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 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(e) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates 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.

Foreign Exchange Risk

Exposure

The Group's exposure to Foreign Exchange risk relates only to its asset which is the \$176,336 (£100,000) amount described at note 9. The Group does not take any steps to manage foreign exchange risk. The amounts below are expressed in Australian Dollars.

| | 2022 (\$) | 2021 (\$) |
|--|----------------|-----------|
| | GBP | GBP |
| Other Financial Assets at Amortised Cost | 176,336 | - |
| | 176,336 | - |

Sensitivity

The Group's sole foreign exchange exposure is to changes in GBP/AUD exchange rates.

| | Impact on post tax profit | |
|---|---------------------------|-----------|
| | 2022 (\$) | 2021 (\$) |
| GBP/AUD Exchange Rate – increase 5% (2021: N/A) | (8,397) | N/A |
| GBP/AUD Exchange Rate – decrease 5% (2021: N/A) | 8,817 | N/A |

(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 FOR THE YEAR ENDED 30 JUNE 2022

13. CONTRIBUTED EQUITY

Ordinary Shares

| | 30 June 2022 | | | 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 ⁽³⁾ | | | | | | |
| 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 ⁽¹⁾ | 80,000,000 | \$0.05 | 4,000,000 | 54,800,000 | \$0.05 | 2,740,000 |
| Issue of shares for cash consideration ⁽¹⁾ | 66,000,000 | \$0.038 | 2,508,000 | - | - | - |
| Issue of shares under Share Purchase Plan | - | - | - | 20,000,000 | \$0.05 | 1,000,000 |
| | 146,000,000 | - | 6,508,000 | 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 ⁽²⁾ | - | - | (648,442) | - | - | (196,855) |
| Balance at the end of the period | 385,991,658 | - | 63,317,829 | 239,991,658 | - | 57,458,271 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

⁽¹⁾ Completion of Capital Raisings

The company raised a total of \$6,508,000 during the financial year through the placement of 146,000,000 Ordinary shares to Institutional and Sophisticated investors, both capital raisings were for the purpose of major exploration at the Company's 100% owned WA Gold Projects.

- The first capital raising in the year was completed over July to August 2021. 59,997,913 shares were issued on 20 July 2021 using the available placement capacities under ASX listing rule 7.1 ad 7.1A. Following shareholder approval, on 27 August 2021 the Company issued a further 20,002,087 shares, to raise a total of \$4,000,000 before costs. The second tranche of the raising included the placement of a total of 4,000,000 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 18 below. Shares issued under this capital raising were at \$0.05 per share. Argonaut Securities Pty Ltd and Taylor Collison Limited were the joint lead managers to the Placement.
- The second capital raising in the year was completed in June 2022. 66,000,000 shares were issued on 20 July 2021 using the available placement capacities under ASX listing rule 7.1 ad 7.1A. Shares issued under this capital raising were at \$0.038 per share. Argonaut Securities Pty Ltd acted as the lead manager.

⁽²⁾ Cost of completing the capital raisings

- For the first capital raising, pursuant to the mandate entered into with the Joint Lead Managers, as part of the fee for their service the Company issued a total of 6,000,000 Share Options, with each lead manager receiving 3,000,000 Options. Collectively, these Options were valued at \$107,500. Disclosure on the value of these Options is provided at note 5.
- For the second capital raising, pursuant to the mandate entered into with Argonaut Securities Pty Ltd, as part of the fee for their service the Company issued 6,187,500 Share Options. These Options were valued at \$116,611. Disclosure on the value of these Options is provided at note 5.

Accordingly, Costs of Shares issued, payable in cash amounted to \$424,331, including \$8,228 payable at 30 June 2022.

⁽³⁾ Acquisition of Oracle Mining Ltd

- On 13 October 2020 the Company completed the acquisition of Oracle Mining Ltd, refer to note 3 for further disclosure on the acquisition. The issue of shares to settle the third-party debt obligation and issue of shares to Mr Paul Askins also relate to the acquisition of Oracle Mining Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

Performance Rights and Performance Shares

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

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

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 5 above for full disclosure.

14. 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 | 590,649 | - | 590,649 |
| Share Based Payment – 12,187,500 Share Options as consideration for capital raising | 224,111 | - | 224,111 |
| Balance as at 30 June 2022 | 2,612,563 | 314,452 | 2,927,015 |

| | 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- 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 FOR THE YEAR ENDED 30 JUNE 2022

(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.

15. ACCUMULATED LOSSES

| | 2022 (\$) | 2021 (\$) |
|---|--------------|--------------|
| Accumulated (loss) at the beginning of the year | (45,389,374) | (44,295,471) |
| Net (loss) attributable to shareholders | (1,287,912) | (1,093,903) |
| Accumulated (loss) at end of the year | (46,677,286) | (45,389,374) |

16. CASH FLOW INFORMATION

| | 2022 (\$) | 2021 (\$) |
|--|--------------------|--------------------|
| Reconciliation of cash flow from operating activities with the loss from continuing operations after income tax: | | |
| Net (Loss) after Income Tax | (1,287,912) | (1,093,903) |
| Depreciation | 1,070 | 681 |
| Share based payment expense | 590,649 | 375,617 |
| Changes in assets & liabilities | | |
| (Increase) in Other Financial Assets at Amortised Cost | (176,336) | - |
| (Increase) in prepayments | (6,420) | - |
| (Increase)/Decrease in other receivables | (26,213) | 80,812 |
| Increase/(Decrease) in trade and other payables | 3,070 | (208,701) |
| Increase in Employee Benefits payable | 22,252 | 7,566 |
| Net Cash (Outflow) from Operating Activities | (879,840) | (837,928) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

17. LOSS PER SHARE

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

| | 30 June 2022 | 30 June 2021 |
|--|--------------------|--------------------|
| (a) Reconciliation of earnings to profit or loss | | |
| Net (loss) used in calculating basic loss per share | \$(1,287,912) | \$(1,093,903) |
| (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 | 316,084,857 | 190,607,920 |
| Weighted average number of ordinary shares used in calculating basic loss per share | 316,084,857 | 190,607,920 |
| Calculated Basic (Loss) per share (cents per share) | (0.41) | (0.57) |

Equity instruments on issue at 30 June 2022 which could potentially dilute basic earnings per share in the future:

- 12,187,500 Share Options are not included in calculating loss per share as the Options are out of the money as at 30 June 2022.
- 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.
- 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.

18. 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.

| | 2022 (\$) | 2021 (\$) |
|------------------------------|----------------|----------------|
| Short-term employee benefits | 335,214 | 315,480 |
| Post-employment benefits | 25,700 | 22,008 |
| Share-based payments | 423,768 | 311,150 |
| | 784,682 | 648,638 |

Detailed remuneration disclosures are provided in the Remuneration Report on pages 22 to 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Transactions with Key Management Personnel

Related Party Transactions within the 2022 Financial Year.

Director participation in capital raisings

In July 2021, the Company announced a capital raising to raise \$4,000,000 through a placement to Institutional and Sophisticated investors. Following the receipt of shareholder approval which was received on 23 August 2021:

- A company related to Non-Executive Director Mr John Dawson, Impulzive Pty Ltd, acquired 2,000,000 Ordinary Shares for cash consideration of \$100,000.
- A company related to Non-Executive Director Mr John Prineas, Zeus Private Equity Pty Ltd, acquired 2,000,000 Ordinary Shares for cash consideration of \$100,000.

Royalties

Mr John Prineas and Mr John Dawson are shareholders of Gold Growth Pty Ltd. Gold Growth holds a royalty in relation to the Group's three gold projects in Western Australia. Further detail on these royalties is disclosed at note 21 below.

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 5 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 5 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 60 above.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

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. Vesting conditions for these Performance Shares is provided on page 60 above.

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.

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 company of which Mr Simon Trevisan is the Managing Director. 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 2021 financial year, Tribis was owed fees of \$36,000, this debt was settled via a cash payment on 14 October 2021.

As Mr. Trevisan retired from the Board in October 2020, Tribis is not a related party of the Company in the 2022 financial year, however the Company continues to be a party of the Administration Services Agreement with Tribis.

19. CONTINGENT LIABILITIES

The Group had contingent liabilities at 30 June 2022 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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).

20. 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.

| | 2022 (\$) | 2021 (\$) |
|---|---------------|---------------|
| Audit and Other Assurance Services | | |
| BDO Audit (WA) Pty Ltd | | |
| Audit and Review of Financial Statements | 49,076 | 35,150 |
| Review of pro-forma statement of financial position for inclusion in a prospectus | - | 1,125 |
| Total remuneration for Audit and Other Assurance Services | 49,076 | 36,275 |

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 2022 nor 2021 financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

21. 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.

| | 2022 (\$) | 2021 (\$) |
|-------------------------|---------------|----------------|
| Not later than one year | 72,000 | 108,000 |
| TOTAL | 72,000 | 108,000 |

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 \$72,000, being 6 months at \$12,000 per month (30 June 2021: \$108,000).

The Company has no commitments of any other nature as at 30 June 2022.

22. INTERESTS IN OTHER ENTITIES

| Name of Entity | Place of incorporation | Ownership Interest | | Principal Activities |
|-------------------------------|------------------------|--------------------|--------------|---|
| | | 30 June 2022 | 30 June 2021 | |
| Oracle Mining Pty Ltd | Australia | 100% | 100% | Abercromby Gold Project Holding Company for Delphi Resources Pty Ltd and South Boddington Gold Pty Ltd |
| Delphi Resources Pty Ltd | Australia | 100% | 100% | Invincible Gold Project |
| South Boddington Gold Pty Ltd | Australia | 100% | 100% | South Boddington Gold Project |
| Treasure Development Limited | Cyprus | 10% | 30% | Free carried interest in Treasure Project (Cyprus). This project is operated by New Cyprus Copper P.A. Limited. |

23. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 1 July 2022, BMG exercised the put Option described at note 8 above. New Cyprus Copper P.A. Ltd has not paid BMG the sum of A\$2,000,000 for the purchase of BMG's remaining 10% interest in TDL in accordance with the time frame required under the Share Purchase Agreement pursuant to which BMG has exercised its put option.

BMG maintains that NCC is now in breach of contract and has given notice of default to NCC. BMG will endeavor to resolve the matter in accordance with the dispute resolution procedures of the Share Purchase Agreement.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

24. PARENT ENTITY INFORMATION

The following details information related to the Parent Entity, BMG Resources Limited, as at 30 June 2022. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

| | 2022 (\$) | 2021 (\$) |
|--|--------------------|--------------------|
| Current assets | 3,114,304 | 901,916 |
| Non-current assets | 16,880,240 | 13,488,495 |
| Total Assets | 19,994,544 | 14,390,411 |
| Current liabilities | (426,986) | (198,600) |
| Total Liabilities | (426,986) | (198,600) |
| Net Assets | 19,567,558 | 14,191,809 |
| Contributed equity | 63,317,829 | 57,458,271 |
| Retained earnings/(accumulated losses) | (46,677,286) | (45,378,717) |
| Reserve | 2,927,015 | 2,112,255 |
| Total Equity | 19,567,558 | 14,191,809 |
| (Loss) for the year | (1,298,570) | (1,115,417) |
| Total Comprehensive (Loss) for the Year | (1,298,570) | (1,115,417) |

Retained Earnings/(Accumulated Losses) reconciliation

| | 2022 (\$) | 2021 (\$) |
|-------------------------------|---------------------|---------------------|
| Balance at beginning of year | (45,378,716) | (44,263,299) |
| Current year loss | (1,298,570) | (1,115,417) |
| Balance at end of year | (46,677,286) | (45,378,716) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Reserves reconciliation

| | 2022 (\$) | 2021 (\$) |
|--|------------------|------------------|
| Balance at beginning of year | 2,112,255 | 324,300 |
| Issue of Performance Shares ⁽¹⁾ | - | 1,400,000 |
| Foreign currency reserve movement | - | 12,338 |
| Net share-based payment reserve transactions | 814,760 | 375,617 |
| Balance at end of year | 2,927,015 | 2,112,255 |

(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 2022.

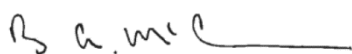
DIRECTORS' DECLARATION

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

- (a) the Financial Statements and Notes set out on pages 38 to 82, 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 2022 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 2022.

Signed in accordance with a resolution of the Directors.



Bruce McCracken

Managing Director

Dated at Perth, Western Australia, this 30th September 2022.

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 2022, 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 2022 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

Material uncertainty related to going concern

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

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.

Fair Value of Put Option

| <i>Key audit matter</i> | <i>How the matter was addressed in our audit</i> |
|--|---|
| <p>At 30 June 2022, BMG Resources holds a put option to sell 10% of the shares in Treasure Development as disclosed within note 8.</p> <p>This is a derivative financial instrument in accordance with the Australian Accounting Standards. The fair value of this derivative financial instrument includes significant judgements and estimates.</p> <p>Given the judgements and estimates included in fair valuing the put option, we have considered this to be a key audit matter.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Reviewing managements position on the and the accounting treatment and valuation of the derivative financial instrument; • Reviewing agreements and correspondence between the Company and counterparty in relation to the matter during the reporting period and subsequent to year-end; • Considering the counterparty risk attached to the transaction; • Reviewing subsequent events in relation to the put option; and • Assessing the adequacy of the related disclosure in Note 1(w), 8 and 23. |

Accounting for Exploration and Evaluation Assets

| Key audit matter | How the matter was addressed in our audit |
|--|---|
| <p>At 30 June 2022 the Company held a significant carrying value of capitalised exploration and evaluation expenditure as disclosed in Note 1(q) 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(q) 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 2022, 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 22 to 34 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of BMG Resources Limited, for the year ended 30 June 2022, 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 read 'Neil Smith', is written over a small, faint BDO logo.

Neil Smith

Director

Perth

30 September 2022

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 12 September 2022.

(a) Distribution of equity securities

| Holding | Shares Number of Holders |
|------------------|-----------------------------|
| 1 - 1,000 | 403 |
| 1,001 - 5,000 | 125 |
| 5,001 - 10,000 | 95 |
| 10,001 - 100,000 | 404 |
| 100,001 and over | 342 |
| | 1,369 |

There were 693 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 | 11.35% |
| 2 | IMPULZIVE PTY LTD | 31,362,348 | 8.13% |
| 3 | BNP PARIBAS NOMINEES PTY LTD | 25,812,475 | 6.69% |
| 4 | ST BARNABAS INVESTMENTS PTY LTD | 25,000,000 | 6.48% |
| 5 | MR GEOFFREY JAMES HARRIS | 11,505,769 | 2.98% |
| 6 | TRIBIS PTY LTD | 8,837,365 | 2.29% |
| 7 | MR MALIK MOHAMMED EASAH | 7,550,000 | 1.96% |
| 8 | MR BRUCE MCCracken | 5,858,671 | 1.52% |
| 9 | MS YILEI CAI | 5,000,000 | 1.30% |
| 10 | MR JOHN COLIN LOOSEMORE & MRS SUSAN MARJORY LOOSEMORE | 4,000,000 | 1.04% |
| 11 | MS YI CHEN | 3,750,000 | 0.97% |
| 12 | MISS SARAH SHIPWAY | 3,593,725 | 0.93% |
| 13 | OCEANIC CAPITAL PTY LTD | 3,500,000 | 0.91% |
| 14 | TEGAR PTY LTD | 3,500,000 | 0.91% |
| 15 | ALTOR CAPITAL MANAGEMENT PTY LTD | 3,400,000 | 0.88% |
| 16 | CALM HOLDINGS PTY LTD | 3,000,000 | 0.78% |
| 17 | LANDO PTY LTD | 3,000,000 | 0.78% |
| 18 | MR PAUL WINSTON ASKINS | 3,000,000 | 0.78% |
| 19 | MRS XUEQING YANG | 2,878,515 | 0.75% |
| 20 | OCTIFIL PTY LTD | 2,569,105 | 0.67% |
| | | 200,942,669 | 52.06% |

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 | 11.87% |
| IMPULZIVE PTY LTD | 31,362,348 | 8.13% |
| BNP PARIBAS NOMINEES PTY LTD | 25,812,475 | 6.69% |
| DAVID MICHAEL | 30,668,929 | 7.95% |

(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) Unquoted equity securities

- (i) There are 12,187,500 Unlisted Options on issue (BMGAA), held by two holders.

| Holder | Number held | Percentage held |
|---|-------------|-----------------|
| Argonaut Investments Pty Limited <Argonaut Invest No 3 A/C> | 9,187,500 | 75% |
| Taycol Nominees Pty Ltd <211 A/C> | 3,000,000 | 25% |

- (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

(vi) 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% |

(vii) 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% |

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 (%) |
|-------------|---|-------------------------|--------------|
| AE4674 | <u>Treasure Development Limited⁽³⁾</u> | <u>Treasure Project</u> | <u>10</u> |
| AE4810 | <u>Treasure Development Limited⁽³⁾</u> | <u>Treasure Project</u> | <u>10</u> |
| AE4811 | <u>Treasure Development Limited⁽³⁾</u> | <u>Treasure Project</u> | <u>10</u> |

⁽³⁾ Treasure Development Limited is the joint venture company of which BMG owns 10%, the remaining 90% is owned by New Cyprus Copper Company Limited (a subsidiary of Caerus Mineral Resources PLC), the operator of the JV.