



BMG RESOURCES LIMITED

ACN 107 118 673

**Consolidated Interim Financial Report
For the Half Year Ended
31 December 2022**

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CORPORATE DIRECTORY

DIRECTORS

Gregory Hancock	Non-Executive Chairman
Bruce McCracken	Managing Director
John Prineas	Non-Executive Director
John Dawson	Non-Executive Director

COMPANY SECRETARY

Sean Meakin

REGISTERED AND PRINCIPAL OFFICE

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Perth WA 6000

SHARE REGISTRY

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PERTH WA 6000
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HOME EXCHANGE

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PERTH WA 6000
ASX Code: BMG

SOLICITORS

Blackwall Legal
Level 26
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PERTH WA 6000

BANKERS

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123 St Georges Terrace
PERTH WA 6000

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report of BMG Resources Limited (the Company; ASX: BMG), being the Company and its subsidiaries ('Group' or 'Consolidated Entity'), for the half year ended 31 December 2022 and the auditor's review report thereon.

DIRECTORS

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

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

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

OPERATIONS REPORT

During the six months to 31 December 2022, BMG primarily focused on exploration and development activities at its 100% owned Abercromby Gold Project, where it is targeting a maiden Mineral Resource at the high-grade Capital Prospect and pursuing a pipeline of regional targets.

BMG is also the 100% owner of the Invincible Gold-Lithium Project located in the central Pilbara, and the South Boddington Project located on the Saddleback Greenstone belt near Newmont's giant Boddington Gold Mine.



Figure 1 – Location of BMG's Western Australian Projects

DIRECTORS' REPORT

Subsequent to the reporting period, BMG entered a binding option to acquire the Bullabulling Lithium-Gold Project in the emerging Coolgardie lithium-gold district of Western Australia.

Abercromby Gold Project, WA

The Abercromby Gold Project is located on the Wiluna-Agnew Greenstone Belt in Western Australia – one of Australia's most significant gold-producing regions with a gold endowment of +40Moz Au – second only to Kalgoorlie globally in terms of historic production.

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

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

During the reporting period, BMG completed and received results for the third major drilling campaign at Abercromby. The mixed aircore (AC) and diamond drilling (DD) program consisted of six DD holes for ~3,800m at the Capital Prospect and 59 AC holes for ~5,700m to define regional targets.

Diamond drilling at the Capital Prospect built on the previous campaign which more than doubled the mineralised envelope, and confirmed a large, high-grade mineral system of both oxide and fresh mineralisation along a strike of more than 1.3km.

Extensional drilling delivered wide intercepts of gold mineralisation – up to 90m thick – in zones below and along strike from the existing mineralised footprint. Infill and extensional drilling confirmed the conformity of the mineral system to the south with both primary lodes – East Lode and West Lode – remaining open. Refer figure 2 for interpreted lode positions and recent drill intercepts.

Significant results from the recent diamond drilling included:

- 5.56m @ 3.5g/t Au from 400m (22ABDD007A)
- 6m @ 2.79g/t Au from 171m (22ABDD007)
- 90m @ 0.6g/t Au from 250m, incl 9m @ 1.81g/t Au from 303m (22ABDD008)
- 8.45m @ 3.46g/t Au from 414.5m and 13m @ 2.3 g/t Au from 317m (22ABDD010)
- 60m @ 0.66g/t Au from 244m, incl 6.6m @ 2.32g/t Au from 272.7m (22ABDD011)

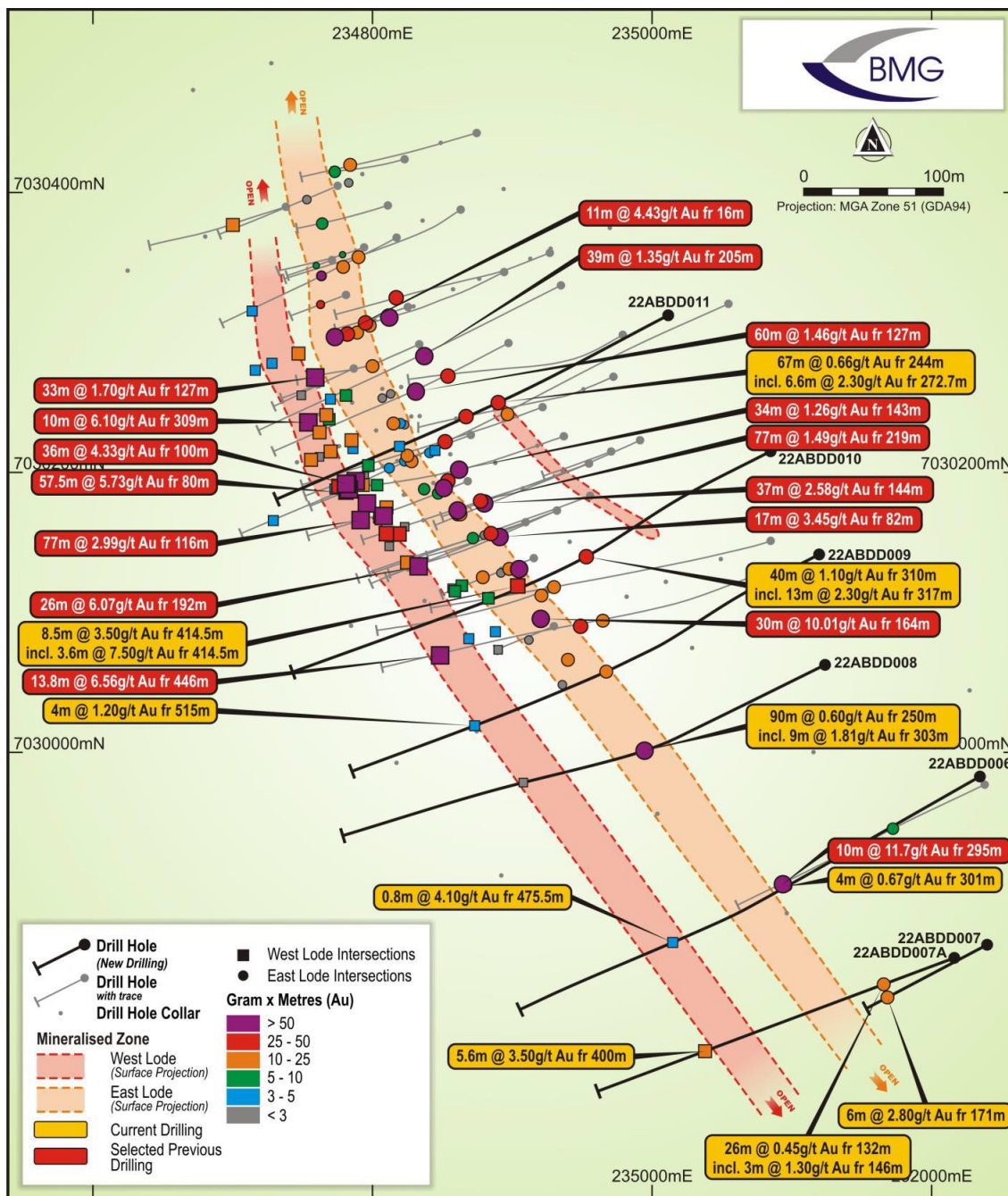


Figure 2 – Plan view of Capital Project showing interpreted lode positions and East and West Lode drill intercepts as gram-metre points and significant intercepts labelled. Holes completed as part of the diamond program are in bold and intercepts in yellow with prior high-grade intercepts in red

The success of BMG's recent drill programs, particularly the two completed DD programs in 2022, have added significant scale to the mineralised footprint at Abercromby. This is illustrated by the Orthographic view of modelled grade distribution in Figure 3, which highlights the broad band of mineralisation (green), punctuated by high-grade zones (red), across a 1.2km section at the Capital Prospect, which remains open in all directions. The delineation between the shallower oxidised zones and the deeper fresh rock zones is noted on the diagram, showing an even dispersion of mineralisation through the weathering profile, which runs from near surface and remains open at depth – as well as in both directions along strike.

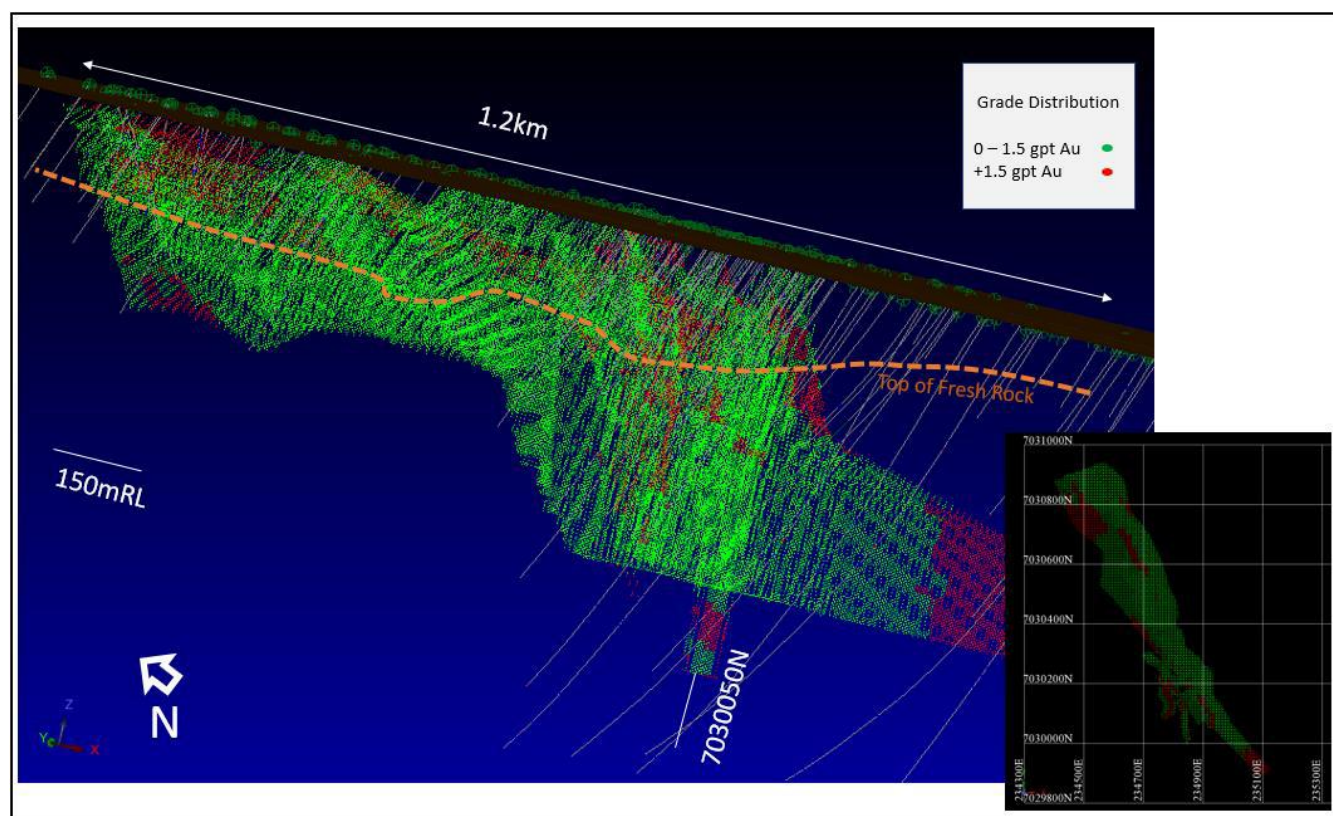


Figure 3 – Orthographic view of modelled grade distribution. Green zones = 0.5 to 1.5g/t Au, Red zones = +1.5g/t Au. The broken orange line indicates the top of fresh rock, and highlights the significant volume of near surface oxide gold mineralisation.

BMG's aircore drilling focused on targets first identified from two SAM surveys in 2021, and subsequently followed up with maiden AC drilling in the first half of the 2022 calendar year.

Most significantly, drilling confirmed the southward continuation of the mineralised structure, with both lodes returning mineralised intercepts, showing potential for further significant expansion to the south where aircore drill highlighted a broad area of gold anomalism that is prospective for more near-surface oxide material.

Encouragingly, BMG was able to further define significant, high-priority gold targets to the south of the Capital Deposit – Capital South, Barrack and Archer – encountering extensive supergene mineralisation that hinted at possible repetitions of the high-grade Capital Deposit. Refer figure 4 below for the Abercromby regional gold anomalism and key target zones to the South of Capital.

BMG identified a +100ppb Au signature immediately south of planned extensional diamond holes at Capital, which was encouraging for further southerly extensions of high-grade mineralisation at Capital.

Emerging affinities of gold anomalism with SAM signatures share parallels with known mineralisation at Capital, warranting further work.

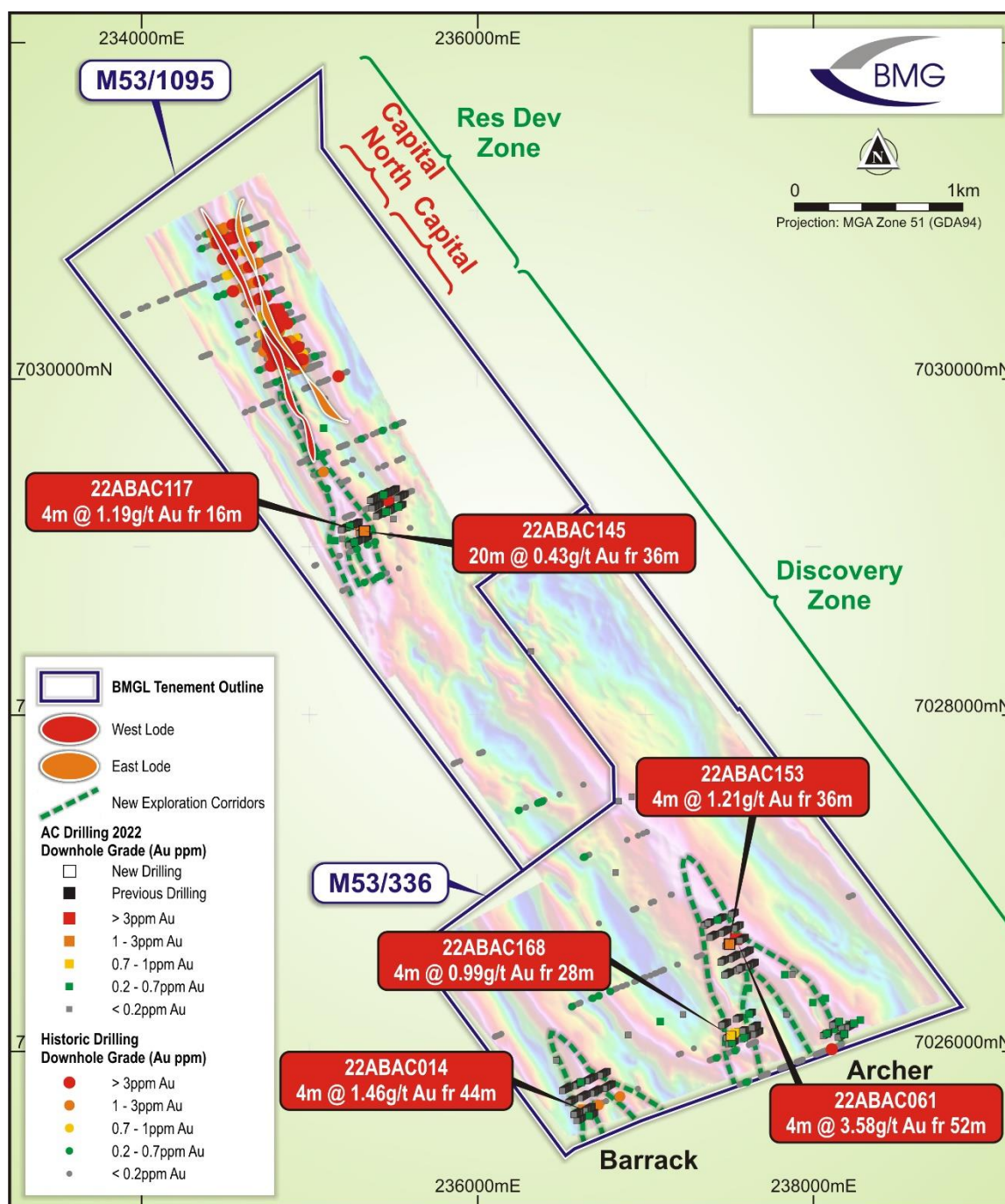


Figure 4 - Abercromby regional gold anomalies and exploration corridors highlighted from recent aircore drilling

Significant gold intercepts included:

- 20m @ 0.43g/t Au from 36m (22ABAC145) – drilled 40m east of 22ABAC117 (4m @ 1.19g/t Au from 16m). This hole returned the down dip extension of the latter intersection
- 4m @ 1.21g/t Au from 36m (22ABAC153) – drilled 40m west of 22ABAC061 (4m @ 3.58g/t from 52m), see above, together with 22ABAC150 (4m @ 0.61g/t Au from 80m) located 160m to the north. These holes further enforce the potential of the Abercromby shear extending to the south. The area to the north of 22ABAC150 remains untested for some 500m
- 4m @ 0.99g/t Au (22ABAC168) – situated in the area to the west of the Archer Prospect. This intercept further adds to the prospectivity of structural complexity highlighted in the SAM data. Holes 22ABAC169 (4m @ 0.42g/t Au from 52m) and 22ABAC170 (4m @ 0.29g/t Au from 44m) drilled 40m to the south of

DIRECTORS' REPORT

22ABAC168 are 80m apart and appear to have straddled the position of the inferred mineralised shear. The northerly strike position of the inferred mineralised shear remains untested for some 250m both in the north and south strike extension

In February 2023, Rigorous metallurgical test work undertaken on mineralised Abercromby core confirmed Abercromby ore as free milling, with high overall gold recoveries (93% to 95% after 48 hours, with majority of gold leaching in first 8 hours) and low residue grades. These results were consistent with previous metallurgical testwork undertaken by BMG.

The gravity recoverable gold component demonstrated at between 34% and 41%, with low reagent consumption.

Importantly, the testwork confirmed Abercromby ore was amenable to conventional Carbon in Leach (CIL) processing.

Invincible Project, WA

The Invincible Project is located in the emerging gold and lithium district of Central Pilbara, and immediately along strike from, and hosted by the same stratigraphy as, Calidus Resources' (ASX: CAI) 1.5Moz Au resource, which is in development.

Invincible sits on Exploration Licence E45/4553 and E45/6222, and hosts more than 12.5km of the Warrawoona Shear Zone – the mineralised trend that hosts Calidus' gold resource and which is mostly comprised in the Klondyke deposit, as well as other prospective structures.

A growing number of Lithium projects in the district indicates the potential for lithium-bearing pegmatites, which the Company is also evaluating.

During the reporting period, BMG continued fieldwork activities on E45/4553 with 84 sieved stream sediment samples taken in various creek systems that drain greenstone lithologies and the granite greenstone contact.

Historic prospecting activity showed that these creeks hosted coarse gold nuggets. Samples were tested for gold and generally returned low tenor results, with a maximum of 50ppb. The locations of +15ppb results, in a band proximal to the contact zone, does give some impetus for follow-up by way of prospecting activities in the next field season.

Exploration Licence E45/6222 application was granted during the December quarter, which the Company believes to be prospective for lithium-bearing pegmatites.

South Boddington Project, WA

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

South Boddington consists of two recently granted exploration licences, E70/6206 and E70/6207, and two exploration licences under application (E70/4225 and E70/4590) which are interpreted to host similar stratigraphy to Boddington.

During the reporting period, the Company continued to progress the tenement application process, and accordingly, there were no substantive mining exploration activities.

The grant of exploration licences E70/6206 and E70/6207 occurred early in the December quarter.

Treasure Project, Cyprus

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.

DIRECTORS' REPORT

During the March 2022 quarter, 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 NCC did not exercise the call option, BMG exercised its put option anticipating the transaction would 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 its obligations. The Company 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.

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The Consolidated Entity's loss after providing for income tax for the half year ended 31 December 2022 amounted to \$810,041 (December 2021: loss \$670,375).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

EVENTS OCCURRING AFTER THE REPORTING PERIOD

Agreement to acquire Bullabulling project

In mid-February 2023, BMG entered into a binding option to acquire a 100% interest in the Bullabulling Lithium-Gold Project located about 25km west of Coolgardie.

DIRECTORS' REPORT

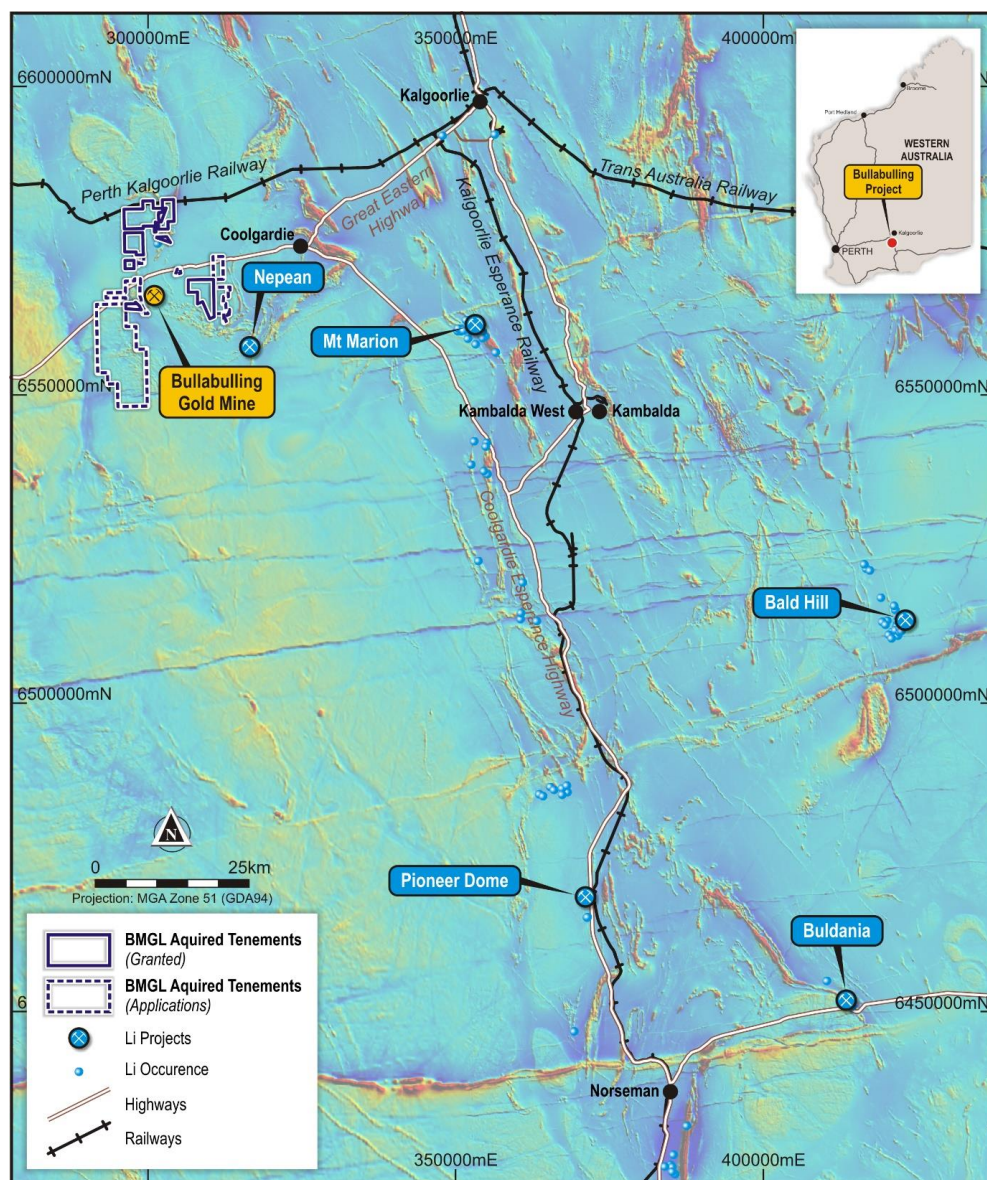


Figure 5 – Regional Location of Bullabulling Project, including significant regional Lithium projects

The Project represents an excellent opportunity for BMG to secure a material foothold in a largely unexplored area of the highly attractive Coolgardie lithium and gold district and is a complementary addition to its portfolio of Western Australian exploration projects.

This highly prospective project hosts confirmed lithium bearing pegmatites and gold and shares geological similarities to other Western Australian Goldfields lithium deposits like Mt Marion to the east and Nepean to the south.

Under the terms of the agreement, on 15 February 2023 BMG paid a fee of \$40,000 for a 4-month exclusive Option period to evaluate the opportunity.

If BMG wishes to exercise the Option and acquire 100% of the Bullabulling Project via an acquisition of all the shares in Fairplay, or the Bullabulling Project tenements, then BMG must make a payment of \$200,000 in cash and issue 15,000,000 fully paid ordinary shares in BMG.

Further detail on the Option and the Bullabulling project was provided to ASX in an announcement on 15th February 2023 titled “BMG Option to Acquire Lithium and Gold Project in Western Australia.”

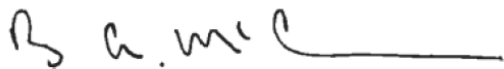
No other material matters have arisen since the reporting date.

DIRECTORS' REPORT

AUDITORS INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13 for the half year ended 31 December 2022.

Signed in accordance with a resolution of the Board of Directors

A handwritten signature in dark ink, appearing to read 'B. McCracken', followed by a long horizontal line.

Bruce McCracken
Managing Director

Dated at Perth, Western Australia, this 16th day of March 2023

AUDITORS INDEPENDENCE DECLARATION



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Australia

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

As lead auditor of BMG Resources Limited for the half-year ended 31 December 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.

A handwritten signature in black ink, appearing to read 'Neil Smith', with a stylized flourish at the end.

Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth

16 March 2023

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Notes	31 December 2022 \$	31 December 2021 \$
Interest Received		3,805	130
Corporate and administration expenses		(77,990)	(35,536)
Accounting & audit fee		(29,285)	(26,586)
Depreciation and amortisation expenses		(398)	(675)
Director Remuneration		(191,719)	(172,980)
Administration services fee		(72,000)	(72,000)
Share Based Payment Expense		(297,752)	(297,752)
Other expenses from ordinary activities		(148,148)	(64,976)
Exchange (loss) from Ordinary Activities		3,446	-
(LOSS) BEFORE INCOME TAX		(810,041)	(670,375)
Income tax expense		-	-
(LOSS) FOR THE PERIOD AFTER TAX		(810,041)	(670,375)
(Loss) is attributable to:			
Owners of BMG Resources Limited		(810,041)	(670,375)
NET (LOSS) FOR THE PERIOD		(810,041)	(670,375)
Other Comprehensive (Loss)		-	-
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD		(810,041)	(670,375)
Basic and diluted (loss) per share (cents per share)	5	(0.21)	(0.22)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	31 December 2022 \$	30 June 2022 \$
CURRENT ASSETS			
Cash and cash equivalents		658,527	2,892,674
Other financial assets at amortised cost	3	-	176,336
Prepayments		1,460	6,420
Other receivables		8,449	38,874
TOTAL CURRENT ASSETS		668,436	3,114,304
NON-CURRENT ASSETS			
Property, Plant and Equipment		2,038	2,437
Exploration and Evaluation Assets	4	18,561,269	16,877,803
TOTAL NON-CURRENT ASSETS		18,563,307	16,880,240
TOTAL ASSETS		19,231,743	19,994,544
CURRENT LIABILITIES			
Trade and other payables		80,362	339,256
Employee benefits payable		96,112	87,730
TOTAL CURRENT LIABILITIES		176,474	426,986
TOTAL LIABILITIES		176,474	426,986
NET ASSETS		19,055,269	19,567,558
EQUITY			
Contributed equity		63,317,829	63,317,829
Reserves		3,224,767	2,927,015
Accumulated (Loss)		(47,487,327)	(46,677,286)
TOTAL EQUITY		19,055,269	19,567,558

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	Issued Capital Ordinary Shares	Accumulated Losses	Share Based Payment Reserve	Shares/ Options Reserve	Total Reserves	Total
	\$	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2022	63,317,829	(46,677,286)	2,612,563	314,452	2,927,015	19,567,558
(Loss) for the half year	-	(810,041)	-	-	-	(810,041)
Total comprehensive loss for the period	-	(810,041)	-	-	-	(810,041)
Transactions with owners in their capacity as owners:						
Share based payment -in favour of Directors, technical and management team	-	-	297,752	-	297,752	297,752
BALANCE AT 31 DECEMBER 2022	63,317,829	(47,487,327)	2,910,315	314,452	3,224,767	19,055,269

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

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Notes	HALF YEAR	
		31 December 2022 \$	31 December 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(568,736)	(394,532)
Interest received		3,805	130
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES		(564,931)	(394,402)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant and Equipment		-	(3,160)
Receipt from disposal of investment	3	179,782	-
Payments for Exploration and Evaluation activity		(1,848,998)	(1,132,981)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(1,669,216)	(1,136,141)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		-	4,000,000
Transaction costs related to issues of shares		-	(257,411)
NET CASH INFLOW FROM FINANCING ACTIVITIES		-	3,742,589
NET INCREASE/(DECREASE) IN CASH HELD		(2,234,147)	2,212,046
Cash and cash equivalents at the beginning of period		2,892,674	889,252
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		658,527	3,101,298

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 HALF YEAR ENDED 31 DECEMBER 2022

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2022, together with any public announcements made during the half year ended 31 December 2022 in accordance with the continuous disclosure requirements arising under Corporations Act 2001 and the ASX Listing Rules.

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

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

This half year financial report was approved by the Board of Directors on 16 March 2023.

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

(b) 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 6 months ended 31 December 2022 the Group made a loss of \$810,041 (2021: loss of \$670,375) and had cash outflows from operating activities of \$564,931 (2021: cash outflows of \$394,402). 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.

The ability of the Group to continue as a going concern will be dependent on the completion of a capital raising within 12 months.

As at 16 March 2023, the Group has sufficient cash on hand to meet its ongoing requirements and the directors are satisfied that additional capital can be raised as required, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

2. SEGMENT INFORMATION

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

3. OTHER FINANCIAL ASSETS AT AMORTISED COST

At 30 June 2022 the Group had one financial asset measured at amortised cost which is an amount of \$176,336 (£100,000).

The amount of £100,000 was owed to BMG Resources Limited pursuant to an agreement between Caerus Mineral Resources PLC, New Cyprus Copper P.A. Ltd, Treasure Development Limited and BMG, under which BMG was entitled to receive £100,000 of Ordinary Shares in an Australian company, Aeramentum Resources Limited, or payment of £100,000 cash from Aeramentum.

The debt from Aeramentum was settled on 22 December 2022 through a payment of cash, the amount received was \$179,782. In the Consolidated Statement of Cash Flows this is disclosed as receipt from disposal of investment because the entitlement to receive £100,000 arose from the Company's interest in Treasure Development Limited ('TDC'), a joint venture company incorporated in Cyprus.

Further disclosure in relation to this £100,000 is provided at note 9 of the Company's Audited Annual Financial Statements for the year to 30 June 2022.

4. EXPLORATION AND EVALUATION ASSETS

The below reconciliation is the cost attributed to the Group's projects. Each of the projects below is a separate Area of Interest.

	Balance at the start of the period	Expenditure in the period	Balance at the end of the period
<u>Exploration activity</u>			
Abercromby Project	\$11,754,495	\$1,604,084	\$13,358,579
Invincible Project	\$5,123,308	\$58,995	\$5,182,303
South Boddington Project	-	\$20,387	\$20,387
Total	\$16,877,803	\$1,683,466	\$18,561,269

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

5. LOSS PER SHARE

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

	31 December 2022	31 December 2021
(a) Reconciliation of loss used in calculating loss per share		
Net (loss) used in calculating basic loss per share	(\$810,041)	(\$670,375)
(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	385,991,668	307,532,218
Calculated Basic (Loss) per share (cents per share)	(0.21)	(0.22)

6. INVESTMENT IN JOINT VENTURE

BMG holds a 10% interest in Treasure Development Limited ('TDC'), a joint venture company incorporated in Cyprus. The remaining 90% 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').

At the end of the previous reporting period, being the year ended 30 June 2022, BMG held a put option to require New Cyprus to purchase the remaining 10% interest in the JV for a cash payment of A\$2,000,000.

At 30 June 2022 the put option was a derivative financial asset of the Group, 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. On this basis the asset was not 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.

This material uncertainty was borne out in the current reporting period. On 1 July 2022 BMG exercised the put option, New Cyprus was then required to settle the \$2,000,000 within 5 business days, however this did not occur. Accordingly there is no gain on disposal of investment recognised in the Group's Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Group continues to hold its 10% interest in the Treasure Development Joint Venture.

The directors continue to engage with management of New Cyprus to secure an agreement under which the Group may generate value in exchange for disposal of the remaining interest in the Joint Venture.

Further disclosure in relation to this put option is provided at note 8 of the Company's Audited Annual Financial Statements for the year to 30 June 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

7. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Agreement to acquire Bullabulling project

In mid-February 2023, BMG entered into a binding option to acquire a 100% interest in the Bullabulling Lithium-Gold Project located about 25km west of Coolgardie.

The Project represents an excellent opportunity for BMG to secure a material foothold in a largely unexplored area of the highly attractive Coolgardie lithium and gold district and is a complementary addition to its portfolio of Western Australian exploration projects.

This highly prospective project hosts confirmed lithium bearing pegmatites and gold and shares geological similarities to other Western Australian Goldfields lithium deposits like Mt Marion to the east and Nepean to the south.

Under the terms of the agreement, on 15 February 2023 BMG paid a fee of \$40,000 for a 4-month exclusive Option period to evaluate the opportunity.

If BMG wishes to exercise the Option and acquire 100% of the Bullabulling Project via an acquisition of all the shares in Fairplay, or the Bullabulling Project tenements, then BMG must make a payment of \$200,000 in cash and issue 15,000,000 fully paid ordinary shares in BMG.

Further detail on the Option and the Bullabulling project was provided to ASX in an announcement on 15th February 2023 titled "BMG Option to Acquire Lithium and Gold Project in Western Australia.

No other material matters have arisen since the reporting date.

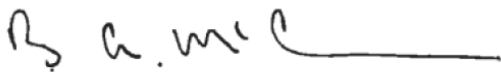
DIRECTORS DECLARATION

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

1. The financial statements and notes set out on pages 14 to 22, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated financial position as at 31 December 2022 and the performance for the half year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

On behalf of the Board

A handwritten signature in dark ink, appearing to read 'B. McCracken', followed by a horizontal line.

Bruce McCracken

Managing Director

Dated at Perth, Western Australia, this 16th day of March 2023.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BMG Resources Limited

Report on the Half-Year Financial Report

Conclusion

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

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Material uncertainty relating to going concern

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

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd



Neil Smith

Director

Perth

16 March 2023