



BMG Resources Limited
ACN 107 118 678

ASX ANNOUNCEMENT

25 OCTOBER 2019

NOTICE OF ANNUAL GENERAL MEETING

BMG Resources Limited (ASX: BMG) has now despatched to all shareholders the Notice of Annual General Meeting of Shareholders.

The Annual General Meeting will be held at 9.00am (WST) on 25 November 2019 at Level 2, 250 St Georges Terrace, Perth, Western Australia, 6000.

A hardcopy of the Annual Report will be sent to all shareholders who have requested it. Shareholders who have elected to receive the report in electronic format, will be sent an electronic version of the Annual Report from Security Transfer Australia.

The Notice of Annual General Meeting and the Annual Report can be located on the BMG Resources Limited website at www.bmgil.com.au.

*****ENDS*****

For further information, shareholders and media please contact:

Sean Meakin
Company Secretary
+61 8 9424 9390



BMG Resources Limited

ACN 107 118 678

Notice of Annual General Meeting, Explanatory Statement and Proxy Form

Annual General Meeting to be held at

**Level 2
250 St Georges Terrace
Perth Western Australia 6000**

On Monday, 25 November 2019 at 9:00am (WST)

IMPORTANT NOTE

The Notice of Annual General Meeting and Explanatory Statement should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

Important Information

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Important dates

An indicative timetable of key proposed dates is set out below. These dates are indicative only and are subject to change.

Event	Date
Last day for receipt of Proxy Forms – Proxy Forms received after this time will be disregarded	9.00am (WST) on Saturday, 23 November 2019
Snapshot date for eligibility to vote	5.00pm (WST) on Saturday, 23 November 2019
General Meeting	9.00am (WST) on Monday, 25 November 2019

Defined terms

Capitalised terms used in this Notice of Annual General Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary set out in the Explanatory Statement.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of BMG Resources Limited (ACN 107 118 678) (**BMG or Company**) will be held at **Level 2, 250 St Georges Terrace, Perth, Western Australia** at **9.00am (WST)** on **Monday, 25 November 2019**.

The Explanatory Statement, which accompanies and forms part of this Notice, describes the various matters to be considered.

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the Glossary as set out in the Explanatory Statement.

AGENDA

To consider, and if thought fit to pass, the resolutions set out below as ordinary resolutions (in respect of Resolutions 1 and 2) and as a special resolution (in respect of Resolution 3).

Financial Statements and Reports

To receive and consider the annual financial report, Directors' report and Auditor's report of the Company for the financial year ended 30 June 2019, as contained in the Company's Annual Report.

Resolution 1 – Adoption of Remuneration Report

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2019, as contained in the Company's Annual Report for 2019, be adopted by the Company."

Notes: In accordance with the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution ("spill resolution") that another meeting be held within 90 days at which all of the offices of Director are vacated (other than the office of managing director) and each such office will be put to a vote. Refer to the Explanatory Statement for further information.

Resolution 2 – Re-election of Director – Mr Malcolm Castle

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 14.4, clause 79 of the Company's Constitution and for all other purposes, Mr Malcolm Castle, a Director of the Company who retires in accordance with clause 79 of the Constitution and, being eligible, offers himself for re-election, is re-elected as a Director of the Company."

Resolution 3 – Approval of Additional Placement Facility

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the number of fully paid ordinary securities of the Company on issue (at the time of issue) calculated in accordance with the formula set out in Listing Rule 7.1A.2 for a period of 12 months from the date of the Meeting on the terms and conditions set out in the Explanatory Statement.”

Note: Resolution 3 is a special resolution. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

Voting Prohibitions and Exclusions

Corporations Act voting prohibitions

Resolution	Voting prohibition	Exceptions
Resolution 1	Pursuant to section 250R of the Corporations Act, members of Key Management Personnel and their Closely Related Parties may not vote on Resolution 1. Any votes cast in contravention of section 250R of the Corporations Act will not be counted in working out a percentage of votes cast or whether the Resolution is approved.	This prohibition does not prevent the casting of a vote on Resolution 1 by a person who is otherwise prohibited from voting, as a proxy where the appointment specifies how the proxy is to vote. The Chairman may vote as proxy in accordance with an express authorisation on the Proxy Form.

Pursuant to section 250BD of the Corporations Act, members of Key Management Personnel and their Closely Related Parties (other than the Chairman) may not vote as a proxy on Resolution 1 except where the appointment specifies how the proxy is to vote, or in the case of the Chairman, in accordance with an express authorisation on the Proxy Form. Any votes cast in contravention of section 250BD of the Corporations Act will not be counted in working out a percentage of votes cast or whether the Resolution is approved.

ASX voting exclusion statements

For the purposes of Listing Rule 14.11, the following voting exclusion statements apply to the Resolutions. The Company will disregard any votes cast in favour of the following Resolutions by or on behalf of the following persons or an Associate of those persons:

Resolution	Excluded Parties
Resolution 3	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder).

However, the Company need not disregard a vote on Resolution 3 if it is cast by:

- a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board



Sean Meakin

Company Secretary
25 October 2019

Proxy Appointment, Voting and Meeting Instructions

Lodgement of a Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received at an address given below by **9:00am (WST)** on **Saturday, 23 November 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid. Proxy Forms may be lodged as follows:

By hand: Security Transfer Australia Pty Ltd - 770 Canning Highway, Applecross, WA, 6153

By post: Security Transfer Australia Pty Ltd - 770 Canning Highway, Applecross, WA, 6153

By email: registrar@securitytransfer.com.au

By fax: (08) 9315 2233 (within Australia)
+61 8 9315 2233 (outside Australia)

Appointment of a proxy

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder.

If you wish to appoint the Chairman as your proxy, mark the appropriate box on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chairman, please write the name of that person in the space provided on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman will be your proxy.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, you may photocopy the Proxy Form or an additional Proxy Form may be obtained by telephoning the Security Transfer Australia Pty Ltd on 1300 992 916 (from within Australia) or +61 3 9628 2200 (if overseas).

To appoint a second proxy you must, on each Proxy Form, state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary – that director.

Corporate representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry, Security Transfer Australia Pty Ltd, before the Meeting or at the registration desk on the day of the Meeting.

Certificates of Appointment of Corporate Representatives are available at <https://www.securitytransfer.com.au/forms/appointment-corporate-representative.pdf> or on request by

contacting Security Transfer Australia Pty Ltd on telephone number 1300 992 916 (from within Australia) or +61 3 9628 2200 (if overseas).

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolution by inserting the percentage or number of Shares you wish to vote in the appropriate boxes. If you do not mark any of the boxes next to a Resolution, your proxy may vote as he or she chooses. If you mark more than one box on the Resolution, your vote will be invalid.

Voting restrictions that may affect your proxy appointment

Members of the Key Management Personnel (except for the Chairman) and their Closely Related Parties are not able to vote your proxy on Resolution 1 (Adoption of the Remuneration Report) unless you have directed them how to vote. This exclusion does not apply to the Chairman if his appointment as proxy expressly authorises him to vote on matters of Key Management Personnel remuneration.

If you intend to appoint the Chairman, a Director or any other member of Key Management Personnel or any of their Closely Related Parties as your proxy, you are encouraged to direct them how to vote on all the Resolutions.

Chairman voting undirected proxies

At the date of this Notice, the Chairman intends to vote all undirected proxies FOR each of the Resolutions. In exceptional cases the Chairman's intentions may change subsequently and in this event, the Company will make an announcement to the market.

The Proxy Form expressly authorises the Chairman to exercise undirected proxies on all Resolutions including Resolution 1 (Adoption of the Remuneration Report), even though this Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

Voting entitlement (snapshot date)

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **5:00pm (WST) on Saturday, 23 November 2019**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

Questions from Shareholders

At the Meeting, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company and the Remuneration Report. A representative of BDO Audit (WA) Pty Ltd, as the Auditor responsible for preparing the Auditor's report for the year ended 30 June 2019 will attend the Meeting.

The Chairman will also allow a reasonable opportunity for Shareholders to ask the Auditor questions about:

- the conduct of the audit;
- the preparation and content of the Auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

To assist the Board and the Auditor of the Company in responding to questions please submit any questions you may have to the Company in writing by **5:00pm (WST) on Monday, 18 November 2019**

in the same manner as outlined above for lodgement of Proxy Forms. Copies of written questions will be available at the meeting.

As required under section 250PA of the Corporations Act, the Company will make available at the Meeting those questions directed to the Auditor received in writing at least 5 business days prior to the Meeting, being questions which the Auditor considers relevant to the content of the Auditor's report or the conduct of the audit of the annual financial report for the year ended 30 June 2019. The Chairman will allow a reasonable opportunity for the Auditor to respond to the questions set out on this list.

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

1. Annual Financial Report

The Corporations Act requires the Directors' report, Auditors' report and the financial statements of the Company for the year ended 30 June 2019 to be tabled at the Annual General Meeting. These reports are contained in the Company's Annual Report.

Neither the Corporations Act nor the Company's Constitution requires a vote of Shareholders on the reports and financial statements. However, Shareholders will be given reasonable opportunity to raise questions on the Reports and ask questions of the Company's Auditor.

The Company advises that a copy of its Annual Report for the year ended 30 June 2019, is available to download at the website address, www.bmgil.com.au.

Please note that if you have elected to continue to receive a hard copy of the Company's Annual Reports, the Annual Report will accompany this Notice of Meeting or alternatively it will be mailed to you no later than 21 days before the Meeting.

However, if you did not elect to continue to receive a hard copy of the Company's Annual Reports and now (or sometime in the future) wish to receive a hard copy of the Company's Annual Reports, please contact Security Transfer Australia Pty Ltd on 1300 992 916 (from within Australia) or +61 3 9628 2200 (if overseas). They will be pleased to mail you a copy.

2. Resolution 1: Adoption of Remuneration Report

The Remuneration Report is set out in the Directors' report in the Annual Report.

The Corporations Act requires the Company to put a resolution to Shareholders that the Remuneration Report be adopted. In accordance with section 250R(3) of the Corporations Act, the vote on the Resolution is advisory only and does not bind the Directors or the Company.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings of the Company, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the managing director) must go up for re-election.

It is noted that at the Company's 2018 annual general meeting the votes cast against the remuneration report represented less than 25% of the total votes cast and accordingly, a spill resolution will not under any circumstances be required for the Annual General Meeting.

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. Key Management Personnel and their Closely Related Parties may not vote on this Resolution and may not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote or the proxy is given to the Chairman and expressly authorises the Chairman to exercise the proxy. The Chairman will use any such proxies to vote in favour of Resolution 1.

The Company encourages all Shareholders to cast their votes on Resolution 1 (Adoption of Remuneration Report).

3. Resolution 2: Re-election of Director – Mr Malcolm Castle

3.1 Background

Resolution 2 seeks Shareholder approval for the re-election of Mr Malcolm Castle as a Director of the Company.

In accordance with the Listing Rules and clause 79 of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election. The Directors to retire are:

- (a) those who have been in office for 3 years since their appointment or last re-appointment;
- (b) those who have been longest in office since their appointment or last re-appointment; or
- (c) if the Directors have been in office for an equal length of time, by agreement.

Mr Castle retires by rotation and offers himself for re-election as a Director.

3.2 Biography

A profile of Mr Castle is contained in the Company's Annual Report for the financial year ended 30 June 2019.

3.3 Directors' recommendation

The Directors (other than Mr Castle) recommend that Shareholders vote in favour of Resolution 2.

4. Resolution 3: Approval of Additional Placement Facility

4.1 Background

Resolution 3 seeks Shareholder approval for an additional issuing capacity under Listing Rule 7.1A (**Additional Placement Facility**).

If approved, Resolution 3 would enable the Company to issue additional Equity Securities (calculated below) over a 12-month period without obtaining Shareholder approval.

Resolution 3 is a special resolution. It must be passed by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

4.2 Applicable Listing Rules

Listing Rule 7.1A permits eligible entities that have obtained the approval of shareholders by special resolution at an annual general meeting, to have an additional capacity to issue additional Equity Securities issue equal to approximately 10% of its issued capital, over a 12-month period.

The Company is an eligible entity (being an entity with market capitalisation of \$300 million or less and which is not included in the S&P/ASX 300 index) and seeks Shareholder approval under this Resolution for the Additional Placement Facility.

4.3 Requirements of Listing Rule 7.1A

(a) Quoted securities

Any Equity Securities issued under the Additional Placement Facility must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Company has two classes of Equity Securities quoted on ASX, being fully paid ordinary Shares and Options exercisable at \$0.02 each on or before 31 December 2019.

(b) **Number of Equity Securities that may be issued**

Listing Rule 7.1 permits the Company to issue Equity Securities equal to approximately 15% of the Company's issued capital over a 12-month period without shareholder approval.

The Additional Placement Facility under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1. The effect of Shareholders passing Resolution 3 is to allow the Company to issue Equity Securities equal to approximately 25% of its issued capital during the next 12 months without first obtaining specific Shareholder approval.

The exact number of additional Equity Securities that the Company may issue under the Additional Placement Facility is not fixed but is calculated under a formula prescribed by the Listing Rules (set out below).

At the date of this Notice the Company has 575,149,042 Shares on issue. If Resolution 3 is approved, the Company will be permitted to issue (as at the date of this Notice) approximately:

- (i) 84,834,856 Equity Securities under the Listing Rule 7.1 (15% placement capacity); and
- (ii) 57,389,904 Equity Securities under the Additional Placement Capacity.

(c) **Formula for Additional Placement Facility**

If this Resolution 3 is approved, the Company may issue or agree to issue, during the 12-month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

$$\text{Additional Placement Capacity} = (A \times D) - E$$

where:

A = the number of fully paid ordinary securities on issue 12 months before the issue date or date of agreement to issue:

- plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rule 7.1 or Listing Rule 7.4;
- less the number of fully paid ordinary securities cancelled in the 12 months.

D = 10%

E = the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

4.4 **Listing Rule information requirements**

Listing Rule 7.3A requires that the following information be provided to Shareholders in relation to Resolution 3 for the purposes of obtaining approval under Listing Rule 7.1A:

(a) **Minimum price at which Equity Securities may be issued**

The issue price of any Equity Security under the Additional Placement Facility will not be less than 75% of the VWAP for securities in the same class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the securities are to be issued is agreed; or
- (ii) if the securities are not issued within 5 trading days of the date above, the date on which the securities are issued.

(b) Risk of economic and voting dilution

If Resolution 3 is approved and the Company issues securities under the Additional Placement Facility, then there is a risk to existing Shareholders of economic and voting dilution, including the risk that:

- (i) the market price for Equity Securities in the same class may be significantly lower on the issue date of the new Equity Securities than on the date of this Meeting; and
- (ii) the new Equity Securities may be issued at a price that is at a discount to the market price for Equity Securities in the same class on the issue date or the new Equity Securities may be issued in consideration for the acquisition of a new asset.

The table below identifies the potential dilution to existing Shareholders following the issue of Equity Securities under the Additional Placement Facility (based on the formula set out above) using different variables for the number of issued Shares and the market price of Shares.

The numbers are calculated on the basis of the latest available market price of Shares before the date of this Notice and the current number of Shares on issue.

Variable A in Listing Rule 7.1A		Issue price		
		\$0.0040 (market price)	\$0.0060 (50% increase in market price)	\$0.0020 (50% decrease in market price)
Current issued capital A = 575,149,042	Shares issued – 10% voting dilution	57,514,904	57,514,904	57,514,904
	Funds raised	\$230,060	\$345,089	\$115,030
50% increase in issued capital A = 862,723,563	Shares issued – 10% voting dilution	86,272,356	86,272,356	86,272,356
	Funds raised	\$345,089	\$517,634	\$172,545
100% increase in current issued capital A = 1,150,298,084	Shares issued – 10% voting dilution	115,029,808	115,029,808	115,029,808
	Funds raised	\$460,119	\$690,179	\$230,060

The above table has been prepared on the following assumptions:

1. the latest available market price of Shares, being the closing price as at 22 October 2019, was \$0.004;
2. the Company issues the maximum number of Equity Securities available under the Additional Placement Facility;

3. existing Shareholders' holdings do not change from the date of this Meeting to the date of the issue under the Additional Placement Facility;
4. the Company issues Shares only and does not issue other types of Equity Securities (such as Options) under the Additional Placement Facility;
5. the impact of placements under Listing Rule 7.1 or following the exercise of Options is not included in the calculations;
6. the calculations do not show the dilution that any one particular Shareholder will be subject to; all Shareholders should consider the dilution caused to their own shareholding depending upon their specific circumstances; and
7. the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue; accordingly, the voting dilution is shown in each example as 10%.

(c) Date by which Equity Securities may be issued

Equity Securities may be issued under the Additional Placement Facility for 12 months after the Meeting (i.e. until 25 November 2020).

However, the approval of the Additional Placement Facility under this Resolution will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (disposal of the Company's main undertaking).

(d) Purpose for which Equity Securities may be issued

The Company may seek to issue Equity Securities under the Additional Placement Facility for the following purposes:

- (i) cash consideration to fund business growth, to acquire new assets or make investments, to develop the Company's existing assets and operations and for general working capital; and
- (ii) non-cash consideration to acquire new assets or make investments; in these circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

(e) Allocation policy

The Company's allocation policy for the issue of Equity Securities under the Additional Placement Facility will depend on the prevailing market conditions at the time of the proposed issue. The allottees will be determined on a case-by-case basis having regard to factors such as:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the new securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate and other advisors.

As at the date of this Notice, the Company has not identified any proposed allottees of Equity Securities using the Additional Placement Facility. However, the eventual allottees may include existing substantial Shareholders, other Shareholders and/or new investors.

None of the allottees will be a Related Party or an associate of a Related Party of the Company, except as permitted under Listing Rule 7.2. Existing Shareholders may or may not

be entitled to subscribe for Equity Securities under the Additional Placement Facility and it is possible that their shareholding will be diluted.

If the Additional Placement Facility is used to acquire new assets or investments, then it is likely that the allottees will be the vendors of these assets/investments.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities under the Additional Placement Facility.

(f) **Additional information on issued securities**

Shareholders approved an Additional Placement Facility at the Company's 2018 annual general meeting.

The total number of Equity Securities issued in the 12 months before this Meeting is 691,499,081 represented by the following types of securities:

- 162,206,742 Ordinary Shares;
- 159,790,076 Options (BMGOA), exercisable at \$0.02 each, *expired 30 June 2019*;
- 3,000,000 Director Options, exercisable at \$0.025 each on or before 31 January 2022;
- 346,502,263 Options (BMGOB), exercisable at \$0.02 each on or before 31 December 2019; and
- 20,000,000 Performance Rights.

The issue of the above Equity Securities represents approximately 114.84% of the total number of Equity Securities on issue at the commencement of that 12-month period.

The details for each separate issue of Equity Securities issued during the 12 months before this Meeting are set out at Schedule 1.

(g) **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3 as it will give the Company the flexibility to raise and fund necessary working capital whilst preserving the Company's cash reserves.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Additional Placement Capacity	Has the meaning given to that term in section 4.1 of this Explanatory Statement.
A\$ or \$	Australian dollars.
Annual General Meeting or Meeting	The annual general meeting of Shareholders, or any adjournment thereof, convened by this Notice.
Annual Report	The annual report of the Company for the financial year ended 30 June 2019, including the annual financial report, the Directors' report and the Auditor's report.
Associate	Has the meaning given to that term in the Listing Rules.
ASX	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, as the context requires.
Auditor	The auditor of the Company, being BDO Audit (WA) Pty Ltd at the date of this Notice.
Board	The board of Directors of the Company.
Chairman	The chairman of the Annual General Meeting.
Closely Related Party	Has same meaning given to that term in section 9 of the Corporations Act, being, in relation to a member of Key Management Personnel: (a) a spouse or child of the member; (b) a child of the member's spouse; (c) a dependent of the member or the member's spouse; (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; (e) a company the member controls; or (f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) (currently none are prescribed).
Company or BMG	BMG Resources Limited (ACN 107 118 678).
Company Secretary	The company secretary of the Company at the time of the Meeting.
Constitution	The Constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	A director of the Company.
Equity Security	Has the meaning given to that term in ASX Listing Rule 19.12, being: (a) a share; (b) a unit; (c) a right to a share or unit or option; (d) an option over an issued or unissued security; (e) a convertible security; (f) any security that ASX decides to classify as an equity security; (g) but not a security that ASX decides to classify as a debt security.

Explanatory Statement	This explanatory statement which accompanies and forms part of the Notice.
Glossary	This glossary of terms.
Key Management Personnel	Has the same meaning as the definition of that term in section 9 of the Corporations Act, being those persons details of whose remuneration are included in the Remuneration Report having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
Listing Rules	The listing rules of ASX, as amended from time to time.
Notice or Notice of Meeting	The notice of Annual General Meeting which accompanies this Explanatory Statement.
Option	An option to subscribe for a Share.
Performance Rights	The Entitlement to one Share in the Company on the satisfactory achievement of a Vesting Condition
Proxy Form	The proxy form accompanying this Notice of Meeting.
Related Party	Has the meaning given to that term in section 228 of the Corporations Act.
Remuneration Report	The remuneration report of the Company for the financial year ended 30 June 2019, appearing in the Annual Report.
Resolution	A resolution set out in the Notice.
Shareholder	The holder of a Share.
VWAP	The volume weighted average sale prices of Shares sold on ASX during the specified period, excluding any transaction defined in the ASX Operating Rules as 'special', crossings prior to the commencement of normal trading, crossings during the after-hours adjust phase and any overseas trades or exchange traded option exercises.
WST	Australian Western Standard Time, being the time in Perth, Western Australia.

Schedule 1 – Equity Securities Issued in the Previous 12 Months

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Non-cash consideration and current value
07/12/18	52,776,367 Shares	Various institutional and sophisticated investors	\$0.009 per share. No discount to market price.	Amount raised: \$474,987 Amount spent: note ⁵ below	N/A
	52,776,367 Options (BMGOA)		Nil. Discount to closing market price on date of issue: N/A	Nil	Non-cash consideration: Nil Current Value: Nil ¹ .
14/12/18	9,660,374 Shares	Various institutional and sophisticated investors	\$0.009 per share. No discount to market price	Amount raised: \$86,943 Amount spent: note ⁵ below	N/A
	9,660,374 Options (BMGOA)		Nil. Discount to closing market price on date of issue: N/A	Nil	Non-cash consideration: Nil Current Value: Nil ¹ .
28/02/19	59,186,665 Shares	Various institutional and sophisticated investors	\$0.009 per share. 10% discount to the market price of the shares at the time of issue.	Amount raised: \$532,680 Amount spent: note ⁵ below	N/A
	59,186,665 Options (BMGOA)		Nil. Discount to closing market price on date of issue: N/A	Nil	Non-cash consideration: Nil Current Value: Nil ¹ .
05/03/19	8,888,888 Shares	Various institutional and sophisticated investors	\$0.009 per share. 10% discount to the market price of the shares at the time of issue.	Amount raised: \$80,000 Amount spent: note ⁵ below	N/A
	8,888,888 Options (BMGOA)		Nil. Discount to closing market price on date of issue: N/A	Nil.	Non-cash consideration: Nil. Current Value: Nil ¹ .
17/12/18	14,277,782 Shares	Participants in the Security Purchase Plan and Shortfall offer, details of which are set out in the Prospectus	\$0.009 per share. No discount to market price.	Amount raised: \$128,500 Amount spent: note ⁵ below	N/A
	14,277,782 Options (BMGOA)		Nil. Discount to closing market price on date of issue: N/A	Nil.	Non-cash consideration: Nil. Current Value: Nil ¹ .
28/02/19	15,000,000 Options (BMGOA)	Limmershin Pty Ltd	Nil. Discount to closing market price on date of issue: N/A	Nil.	Non-cash consideration: Nil. Current Value: Nil ¹ .

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Non-cash consideration and current value
08/08/19	6,666,666 Shares	Bruce McCracken	Issued for nil cash consideration, at a deemed issue price of \$0.013 each. No discount to market price.	Nil.	Non-cash consideration: Issued pursuant to executive services agreement between the BMG Resources Limited and Mr McCracken, following shareholder approval received on 2 August 2019. Current value: \$26,667 ² .
	8,000,000 Shares	Tribis Pty Ltd		Nil.	Non-cash consideration: Issued to settle accrued administration fees payable for the period 1 July 2018 to 31 December 2018, following shareholder approval received on 2 August 2019. Current value: \$32,000 ² .
	1,500,000 Shares	Malcolm Castle		Nil.	Non-cash consideration: Issued for services provided as a director of the Company in periods to 1 July 2018, for which no consideration was provided, following shareholder approval received on 2 August 2019. Current value: \$6,000 ² .
	1,500,000 Options (Director Options)	Malcolm Castle	Nil. Discount to closing market price on date of issue: N/A	Nil.	Non-cash consideration: Issued for services provided as a director of the Company, following shareholder approval received on 2 August 2019. Current value: \$1,915 ³ , being \$0.0013 per Option.
	1,500,000 Options (Director Options)	Peter Munachen			

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Non-cash consideration and current value
	20,000,000 Performance Rights, comprising: 10,000,000 Tranche 1 Performance Rights; 5,000,000 Tranche 2 Performance Rights; and 5,000,000 Tranche 3 Performance Rights⁴.	Bruce McCracken	Issued for nil cash consideration, at a deemed issue price of \$0.013 each. Discount to closing market price on date of issue: N/A	Nil.	Non-cash consideration: Issued pursuant to executive services agreement between the BMG Resources Limited and Mr McCracken, following shareholder approval received on 2 August 2019. Current value: \$80,000 ⁴ .
12/08/19	1,250,000 Shares	Harshell Investments Pty Ltd	Issued for nil cash consideration, at a deemed issue price of \$0.014 each. No discount to market price.	Nil.	Non-cash consideration: Issued in exchange for corporate advisory services provided. Current value: \$5,000 ² .
	346,502,263 Options (BMGOB)	Holders of BMGOA Options which expired unexercised at 30 June 2019	\$0.001 per Option	Amount raised: \$346,502 Amount spent: note ⁵ below	N/A

Notes:

- BMGOA Options have a current value of nil as they expired, unexercised at 30 June 2019.
- The current value of equity securities, including Shares, Options and Performance Rights, has been calculated on the basis that Shares have a current value of \$0.004 each, being the closing price of the Company's Shares as at 22 October 2019.
- Director Options are unquoted Options and have been valued using the Black-Scholes options valuation methodology, as at 22 October 2019 based on a number of assumptions and variables, including the following:
 - each Option will be exercised immediately prior to the expiry date;
 - the closing price of Shares on the ASX on 22 October 2019 was \$0.004;
 - a risk-free rate of 0.80% has been adopted; and
 - a volatility factor of 125% has been adopted.
- Each Performance Right which may vest will entitle Mr McCracken to be issued one share in the Company, accordingly the value of these 20,000,000 Performance Rights is valued at the value of 20,000,000 shares in the Company, notwithstanding that no amount of these Performance Rights may vest and Mr McCracken would not receive a benefit from the Performance Rights.
The vesting conditions for the Performance Rights are as follows:
Tranche 1 (10,000,000 Performance Rights):
 - The proposed agreement between the Company and the owners of Lithium Chile SpA (LCS) as announced to ASX on 29 November 2018 being formally concluded;
 - The Company raising a minimum of \$1 million net of costs pursuant to its capital raising strategy as announced to ASX on 5 and 8 November 2018; and
 - The successful completion of an initial drilling program at Salar West or other Lithium project areas.
Tranche 2 (5,000,000 Performance Rights):
 - The Tranche 1 Performance Rights vesting; and
 - A JORC Mineral Resource being defined on any mining exploration project held or controlled by the Group or LCS by 30 June 2020.
Tranche 3 (5,000,000 Performance Rights):
 - The Tranche 2 Performance Rights vesting; and

- Completion of positive feasibility within 12 months of a JORC Mineral Resource being defined on any mining exploration project held or controlled by the Group or LCS.

5.

Total Cash consideration from capital raisings in Schedule 1	\$1,649,612
Use of Funds	
Transactions relating to Chilean Lithium projects	\$680,000
Costs of Placement and Offers	\$32,733
Administrative and Corporate Overheads	\$150,000
Total Outlays	\$862,733
Retained as working capital	\$786,879