

BMG RESOURCES LIMITED
ANNUAL REPORT - 30 JUNE 2020

CONTENTS

	Page
CORPORATE DIRECTORY	2
CHAIRMANS REPORT	3
OPERATIONAL REPORT	5
DIRECTORS' REPORT	12
CORPORATE GOVERNANCE STATEMENT	29
AUDITOR'S INDEPENDENCE DECLARATION	30
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	31
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	32
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	33
CONSOLIDATED STATEMENT OF CASH FLOWS	35
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	36
DIRECTORS' DECLARATION	68
INDEPENDENT AUDIT REPORT	69
ASX ADDITIONAL INFORMATION	73
SCHEDULE OF MINING TENEMENTS AND INTERESTS	75

CORPORATE DIRECTORY

DIRECTORS	Greg Hancock (Chairman) Bruce McCracken (Managing Director) Simon Trevisan (Non-Executive Director) Malcolm Castle (Non-Executive Director)
COMPANY SECRETARY	Sean Meakin
REGISTERED AND PRINCIPAL OFFICE	Level 14 225 St Georges Terrace PERTH WA 6000 Telephone: (08) 9424 9390 Facsimile: (08) 9321 5932 Website: www.bmgl.com.au Email: enquiry@bmgl.com.au
AUDITORS	BDO Audit (WA) Pty Ltd 38 Station Street SUBIACO WA 6008
SHARE REGISTRY	Automic Group Level 2, 267 St Georges Terrace PERTH WA 6000 Telephone: 1300 288 664 (within Australia) +61 (0) 2 96985414 (international)
HOME EXCHANGE	Australian Securities Exchange Ltd Central Park 152-158 St Georges Terrace PERTH WA 6000 ASX Code: BMG
SOLICITOR	Jackson McDonald Level 17 225 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 Shareholders

It is with a great deal of excitement that I update you all on what the future months hold for BMG Resources.

The absolute highlight so far in 2020 has been our acquisition of three Western Australian gold projects – Abercromby in Wiluna and the Invincible (central Pilbara) and South Boddington projects.

At the time that we announced this acquisition in August, we called it a transformational step for our Company. Since that date I have only become more certain that this acquisition presents a fantastic opportunity for our shareholders.

Gold is a terrific commodity to be in for many reasons. The exploration and mining of gold is well understood and supported in Western Australia and I believe we have three excellent projects that we will be able to progress; being driven, of course, by the drilling results and robust planning and studies that underpin profitable mining operations.

I believe gold is a fantastic metal to be in at this time too, with ultra-loose monetary policy being pursued by all of the major world central banks – policies which have already led to significant price rises for gold having risen above the US\$2000/oz mark.

The combination of the three gold projects in our portfolio gives us world-class exposure to the metal and leaves your Company with a highly prospective drilling campaign, considerable early newsflow and the potential for early resource development.

I will now take the opportunity to go through each project individually.

Abercromby

Abercromby is a high-grade gold discovery on two permits located in one of Western Australia's most significant gold-producing regions, the Wiluna Belt.

More than 40 million ounces of gold have been produced from this region and it is near operating plants at Wiluna (Wiluna Mining ASX: WMX) and Jundee (Northern Star ASX: NST). Other well-known mines in the region include Bellevue Gold (ASX: BGL), Bronzewing, Agnew, Lawlers and Darlot.

Despite this proximity to major gold mines and significant gold intersections, this project has remained underexplored and undeveloped for more than 20 years.

There are multiple, historic thick high-grade gold intercepts at Abercromby, including 57.5m at 5.73 grams per tonne gold from 80m and 30m at 10 grams per tonne gold from 164m.

The shallow mineralisation supports the potential for open pit mining if exploration proves successful and we are well advanced on plans to begin a 5,000m reverse circulation and diamond drilling program at Abercromby to progress towards a maiden resource.

We are also very hopeful that exploration drilling could produce good results, with the possibility of more discoveries and increasing scale.

We hope to be in a position to share drilling results with you over the course of FY21.

LETTER TO SHAREHOLDERS

Invincible

The Invincible project is immediately along strike from Calidus Resources' (ASX: CAI) 1.495 Moz gold resources which is now in development.

It contains 12.5km of the Warrawoona Shear Zone which is the same mineralised trend that hosts the Calidus gold resource.

This area has hosted several artisanal workings including the historical Invincible mine which produced 19.31 kg of gold at the remarkable gold grade of 1380 grams per tonne.

However, there has been little systematic modern exploration at Invincible. This makes it an outstanding opportunity for a new high-grade discovery, and recent major discoveries in the region have greatly increased investor interest in Pilbara gold projects.

South Boddington

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

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

From Lithium to Gold

In May this year the Company decided to terminate its involvement in the Chilean Lithium joint venture following a drilling program. Although the Salar West properties were prospective for lithium brine, the drilling program did not yield lithium that was sufficiently significant to continue.

The COVID-19 pandemic stopped the work program and given the drilling results so far, the company took the decision to terminate its involvement in the joint venture and focus its efforts elsewhere.

In addition to our three gold projects, BMG continues to hold a strategic 30% free-carried interest in the Treasure copper-gold project in Cyprus, which comprises 10 exploration licences and is operated by majority shareholder New Cyprus Copper Company Limited.

We are excited by the potential we are seeing in the geophysics across our three gold projects and look forward to the early outcomes of our work program. We enter FY21 ready to execute our plans to realise the potential of our projects in a Tier-1 gold district, and look forward to delivering a strong period of positive news for investors.

We wish to thank our shareholders for their support and we look forward to a very busy year ahead as we progress our gold exploration and development growth strategy.



Mr Greg Hancock

Chairman

BMG Resources Ltd

Dated at Perth, Western Australia, this 30th September 2020

OPERATIONAL REPORT

BMG Resources

2020 Operations Review

During FY20 the main focus of BMG's work activity was on evaluating the potential of the Chilean Lithium brine joint venture, and assessing new investment opportunities for the Company. Following the outcome of work undertaken on the joint venture properties in Chile, the Company announced in May 2020 that it had terminated its involvement in the Chilean lithium joint venture, and subsequent to the end of the financial year, in August 2020 the Company announced a transformational transaction to acquire three gold exploration projects in Western Australia through the acquisition of Oracle Mining Limited (Oracle).

The completion of the Oracle acquisition is subject to various conditions precedent, including shareholder approvals at a General Meeting scheduled for 5 October 2020, and the completion of a \$4m capital raising. Assuming all conditions precedent are satisfied, completion of the Oracle acquisition is anticipated to occur on or about 9 October 2020.

The information on the Oracle acquisition outlined below is consistent with information presented in the Company's ASX announcement on 17 August 2020 "BMG to acquire Outstanding Western Australian Gold Projects", including the Competent Person's Statement and required JORC disclosures.

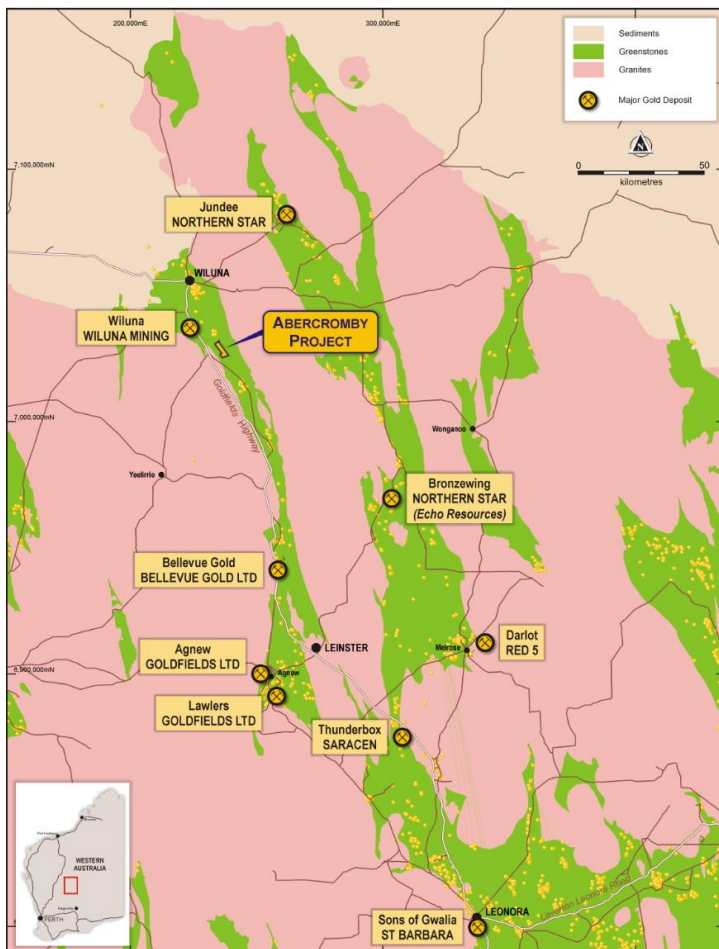


OPERATIONAL REPORT

Abercromby Project

Of the three Western Australian gold projects to be acquired by the Company, Abercromby is the most advanced.

Situated in the Wiluna Belt – the second most prolific gold region in WA which has produced more than 40M oz Au – Abercromby is an outstanding gold asset which has remained idle in the portfolio of a base metals major.



It has remained underexplored and undeveloped for more than 20 years despite multiple thick, high-grade gold intersections which include:

- 57.5m @ 5.73g/t Au from 80m
- 58m @ 1.17g/t Au from 77m
- 30m @ 10.01g/t Au from 164m
- 36m @ 4.33g/t Au from 100m

Abercromby offers BMG the opportunity to delineate a high-grade resource and to make additional discoveries.

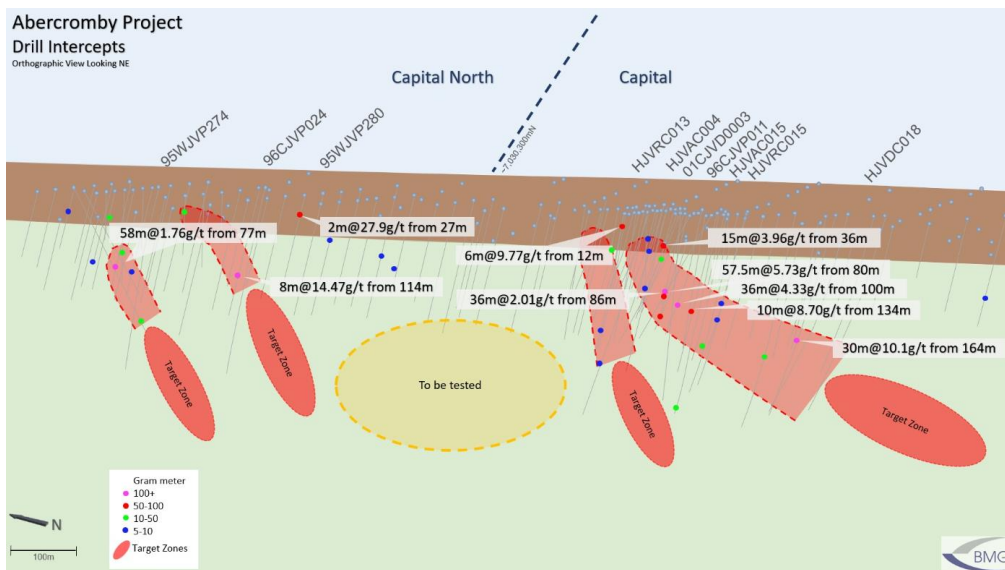
The Company is wasting no time in progressing this opportunity with a first phase 5,000m DD / RC drill program planned to commence in the fourth quarter of CY20. It is important to note that this drilling program will consist not only of walk up drill targets to follow up thick intercepts of high-grade gold but also exploration drilling on highly prospective but relatively unexplored ground.

Abercromby has the potential for fast tracking resource definition and the initial drilling program is planned to progress towards a maiden resource. It has excellent geology with gold interpreted to be hosted in dolerite sill associated with granophyric zone, similar to that encountered at St Ives and Kalgoorlie's Golden Mile. This geology supports large resource potential and the shallow nature of the mineralisation supports the potential for open-pit mining.

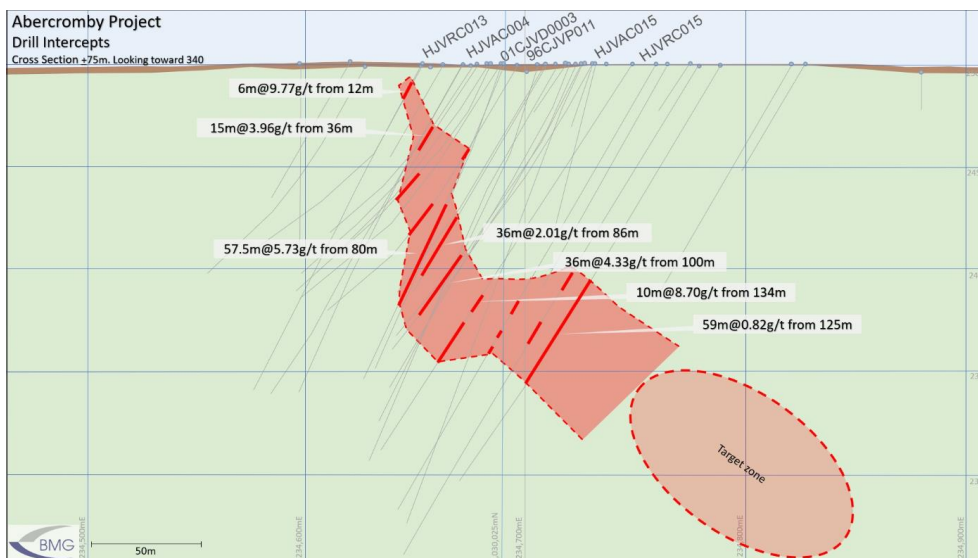
OPERATIONAL REPORT

Capital Prospect

Abercromby's Capital prospect has a mineralised footprint so far of 1,000m x 300m based on high-grade hits in wide-spaced drilling.



The Company's drilling program will test multiple opportunities to increase the scale and scope of known mineralisation, including the down dip continuity of previous strong drill results, infill drilling in the 100m / 200m wide-spaced drill traverses containing gold intercepts and defining shoot control for multiple high-gold intercepts near the surface.



One example of such a near surface mineralisation is 6m @ 9.77g/t from 12m.

The Company will also target additional mineralisation along strike and at depth of existing discoveries.

It is also worth noting that the Abercromby Project is in the same area as operating plants at Wiluna (Wiluna Mining ASX: WMX) and Jundee (Northern Star, ASX: NST).

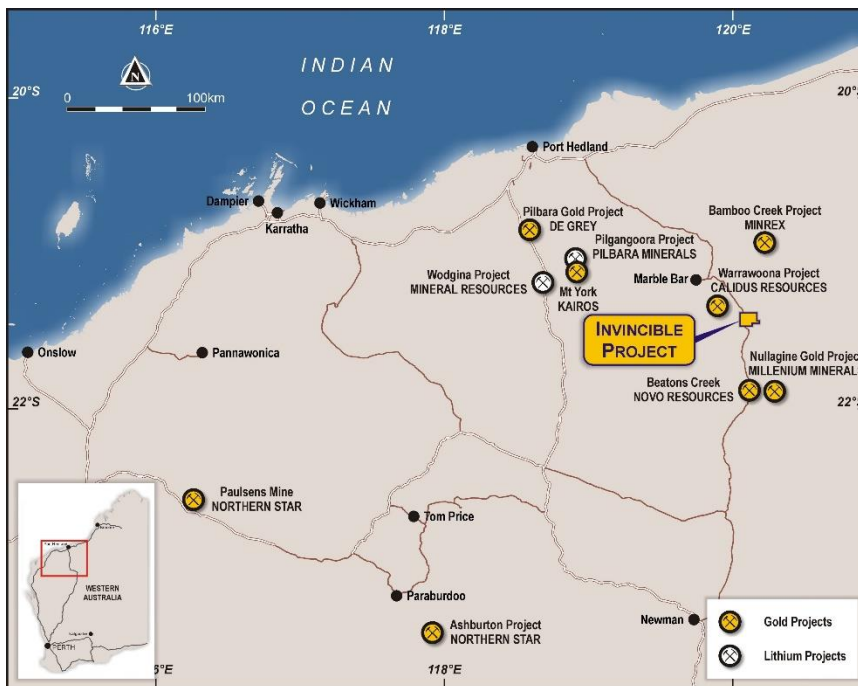
The Wiluna Belt is an exciting gold region with recent major deals including Northern Star's successful acquisition of Echo Resources for \$242 million in 2019 and the increasing size of Bellevue Gold's (ASX: BGL) high-grade resource.

Bellevue Gold has now reached a market cap above \$800 million and its share price has more than doubled during 2020 as that resource has been increased.

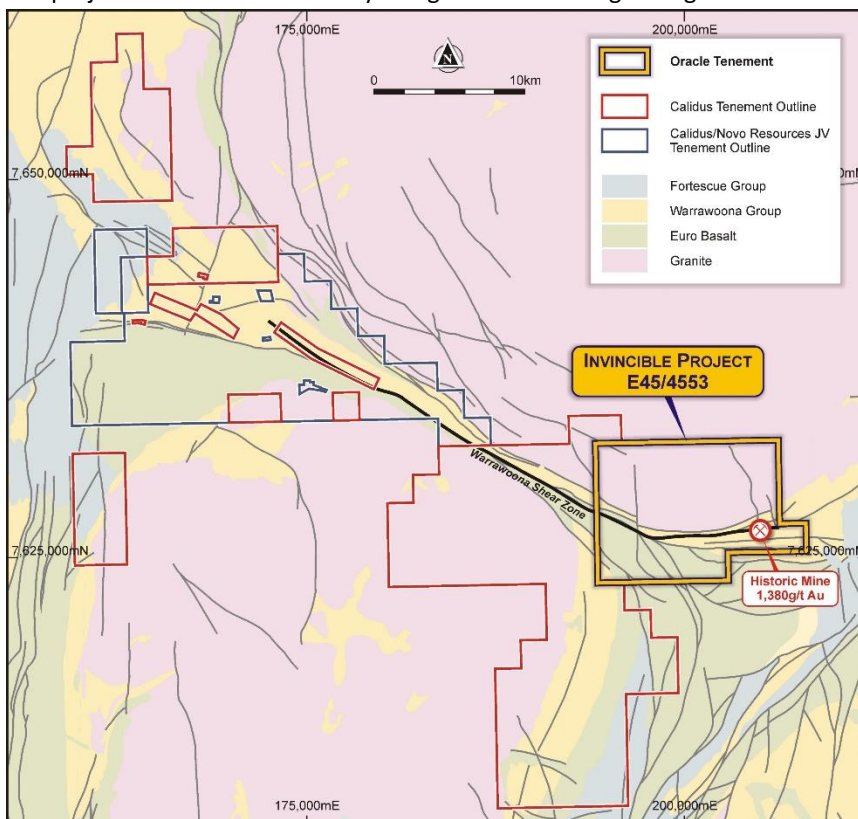
OPERATIONAL REPORT

Invincible Project

Another exciting prospect that formed part of the purchase of gold projects from Oracle is the Invincible Project which lies in underexplored areas of the central Pilbara.



The project is located immediately along strike from the growing 1.495m oz Au resource of Calidus Resources (ASX: CAI).



OPERATIONAL REPORT

Multiple historic mines in the area produced excellent results, including the Invincible mine that produced 19.31 kg of gold at the exceptional grade of 1,380 g/t Au.

Like the Calidus deposit, the Invincible Project includes 12.5 kms of the same Warrawoona Shear Zone mineralised trend.

There has been little systematic modern exploration of the area, which represents an outstanding opportunity for a new high-grade discovery.

There is strong investor interest in the area following on from recent discoveries which include De Grey Mining's (ASX: DEG) Hemi project, which lies north east of Invincible.

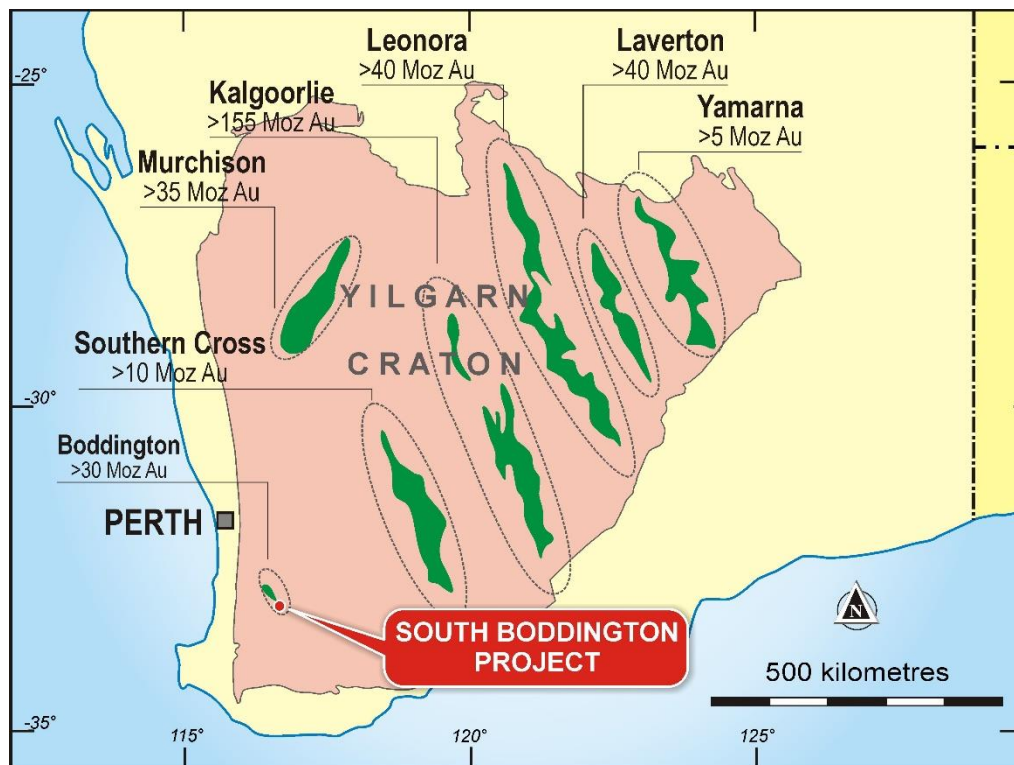
There are several drill ready targets and BMG intends to undertake an extensive field program including a geophysical survey and air core drilling beginning in the fourth quarter of 2020.

Calidus is developing a mining operation targeting production of about 90,000 oz Au a year (see Investor Presentation by Calidus dated 29 June 2020).

Soil surveys at the Invincible Project confirm a large geochemical anomaly along the interpreted extension of the Warrawoona Shear Zone and there is potential for repeat trends along the Shear Zone and also for mineralised granite to the north of the zone.

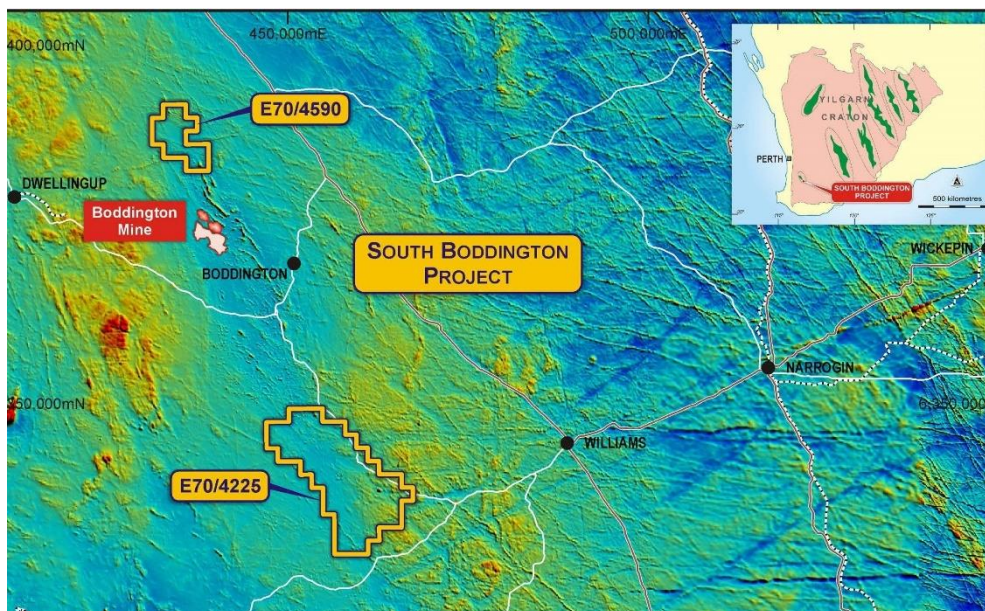
Primary reef gold is hosted in quartz veins within extensive shear zones and quartz vein hosted gold nuggets have been recovered on the Invincible Project.

South Boddington



This project is along strike from the giant Boddington (+40Moz) gold deposit within the Saddleback Greenstone Belt.

OPERATIONAL REPORT



The project area consists of two exploration licences which are in the application stage and are interpreted to host similar stratigraphy to Boddington, which hosts Newmont's Boddington gold mine (NYSE: NEM).

There is strong potential for additional gold deposits to be found along the belt with much of the area unexplored or underexplored.

Boddington is located in an area of magnetic low and similar magnetic lows are seen within in BMG's exploration areas, E70/4225 and E70/4590.

Chilean Lithium joint venture

During the first half of FY20, BMG progressed a work program in Chile with the completion of a drilling campaign at Salar West in the Atacama region and sampling work on its Natalie and Pajonales claims. The drilling at Salar West demonstrated that the geological unit in this location was predominantly clay with unfavourable characteristics for brine extraction, and analysis of the extracted brine samples found only dilute concentrations of lithium to be present.

BMG then undertook a sampling program at Pajonales which did not deliver any material results, and was unsuccessful in completing further work and sampling at Natalie before seasonal rain, local flooding and the COVID-19 pandemic stopped the work program.

With no indications of a discovery so far and with extensive delays and expenses ahead, BMG took the decision to terminate its involvement in the joint venture and to focus its efforts elsewhere.

Treasure Project, Cyprus

The Company continues to retain its 30% free-carried interest in the Treasure Project's operator, New Cyprus Copper Company Limited, which is the majority shareholder and is responsible for maintaining and progressing the project.

OPERATIONAL REPORT

Corporate

As part of the acquisition of Oracle Mining Limited, BMG is undertaking a share consolidation and share issue which was still proceeding during the preparation of this report. Shareholders will vote on the share consolidation and acquisition at the general meeting on Monday, 5 October.

A share purchase plan gives eligible shareholders the right to subscribe for up to \$10,000 of offer shares at an issue price of \$0.05 each to raise up to \$1,000,000 before costs and also an offer for the shortfall to the SPP Offer (the Offers).

The Offers opened on Wednesday, 2 September 2020 and close at 5.00 pm (WST) on Friday, 2 October 2020. The Offers are conditional on shareholders approving a 10:1 share capital consolidation and the issue of consideration shares to the Oracle vendors at the General Meeting on Monday, 5 October.

The Company also successfully undertook the placement of 60,000,000 shares at \$0.05 to professional and sophisticated investors to raise \$3 million before costs (Placement), subject to approval at the General Meeting.

Shares in the Offers and Placement are to be issued after the share consolidation.

Any shares not subscribed for under the SPP Offer will be made available under the Shortfall Offer.

John Prineas and John Dawson are proposed as directors to join the board on completion of the acquisition of Oracle.

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 subsidiary (**Consolidated Entity**), at the end of, or during, the year ended 30 June 2020 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)
- Simon Trevisan (Non-Executive Director)
- Malcolm Castle (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 2020 amounted to \$2,182,734, including recognition of the impairment of the Company's Chilean JV investment, of \$1,198,734. (2019: loss \$1,022,246).

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 2020.

REVIEW OF OPERATIONS

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 24 May 2019, the Company entered into a Share Purchase Agreement to enable the Company to earn up to a 50% interest in the Chilean Lithium Joint Venture: Lithium Chile SpA. On 25 May 2020, In light of the ongoing costs to maintain the JV and the results of work undertaken, the Company took the decision to terminate its involvement in the JV and focus its efforts elsewhere. The Company had not earned an interest in the JV properties at the time of termination.

There were no changes in the state of affairs of the Consolidated Entity during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Agreement to three gold projects with high-growth potential in Tier 1 and emerging Western Australian Gold districts.

On 17 August 2020, BMG announced that it entered into a binding agreement to acquire three gold projects in Western Australian Gold districts through the acquisition of Oracle Mining Limited.

Completion of the acquisition is subject to the satisfaction of various conditions precedent. These include requisite shareholder approvals and the completion of a \$4m capital raising by BMG. On 28 August 2020, the Company notified

DIRECTORS' REPORT

shareholders of the general meeting which is to be held on Monday 5th October 2020 where the requisite shareholder approvals are to be sought.

Subject to shareholder approval, the Company is also to undertake a 10:1 share capital consolidation (Consolidation). If the Consolidation is approved, the number of shares on issue will reduce from 671,483,898 to approximately 67,148,390.

The acquisition of the gold projects will be effected via the acquisition of 100% of the issued capital of Oracle Mining Limited, an unlisted public company, for consideration (post the consolidation) of 89,843,117 Ordinary Shares in the Company and the issue of 13,333,333 Performance Shares.

Contemporaneously, the Company is completing a capital raising to raise \$4,000,000 via:

- A Share Purchase Plan Offer to raise up to \$1,000,000 through the issue of up to 20,000,000 shares at \$0.05 (5 cents, post consolidation) per share; and
- Subject to shareholder approval, a Placement to professional and sophisticated investors to raise \$3,000,000 (before costs) through the issue of 60,000,000 shares at \$0.05 (5 cents, post consolidation) per share, with commitments already received for the full value of the Placement.

Impact of COVID-19 Global Pandemic

The impact of the Coronavirus (COVID-19) pandemic is ongoing and is causing delay to business development activities and meetings. Whilst it has had limited financial impact for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

LIKELY DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

ENVIRONMENTAL REGULATION

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

National Greenhouse and Energy Reporting Act 2007

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

DIRECTORS' REPORT

BOARD OF DIRECTORS

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

Experience and Expertise

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

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

Other Current Directorships

Non-Executive Chairman of Ausquest Ltd
Non-Executive Director Cobra Resources Plc
Non-Executive Director Golden State Mining Ltd
Non-Executive Director of Strata-X Energy Ltd
Non-Executive Director of Zeta Petroleum Plc
Non-Executive Director of King Island Scheelite Limited

Former Directorships in last 3 years

None

Special Responsibilities

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

Interests in Shares and Options

NIL

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

Experience and Expertise

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

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

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

Other Current Directorships

None

Former Directorships in last 3 years

Director of AssetOwl Limited (retired 23 April 2019)

Special Responsibilities

Managing Director

Interests in Shares

36,766,708 Ordinary shares

DIRECTORS' REPORT

Simon Trevisan B Econ, LLB (Hons), MBT – Director

Experience and Expertise

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

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

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

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

Other Current Directorships

Managing Director of Tribis Pty Ltd
 Managing Director of Iris Residential Pty Ltd
 Non-Executive Chairman of AssetOwl Limited
 Non-Executive Director of Zeta Petroleum Plc
 Director of Port Coogee No 790 Pty Ltd

Former Directorships in last 3 years

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

Special Responsibilities

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

Interests in Shares

86,536,978 ordinary shares

DIRECTORS' REPORT

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

Experience and Expertise

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

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

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

Other Current Directorships

None

Former Directorships in last 3 years

None

Special Responsibilities

Member of the Nomination and Remuneration Committee

Interests in Shares and Options

7,540,076 Ordinary shares

1,500,000 Unlisted Options over ordinary shares

COMPANY SECRETARY

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

Experience and Expertise

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

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

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

DIRECTORS' REPORT

DIRECTORS' MEETINGS

During the financial year, 5 Board of Directors' Meetings and 2 Audit Committees were held. Attendances by each Director during the year were as follows:

	Directors' Meetings		Audit and Risk Committee Meetings*	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Greg Hancock	5	5	2	2
Bruce McCracken	5	5	-	-
Simon Trevisan	5	5	2	2
Malcolm Castle	5	5	-	-

The chairman of the Nomination and Remuneration Committee did not consider it necessary to call a committee meeting during the year, matters concerning remuneration were considered by the entire Board of Directors, with the exception of that Director whose remuneration was being considered.

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)
Simon Trevisan	(Non-executive Director)
Malcolm Castle	(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

DIRECTORS' REPORT

(d) Performance Management of the Board and of the Executive Officer.

Use of Remuneration Consultants

During the year, the Company has not required or used any remuneration consultants.

Membership and Composition

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

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

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

Executive Remuneration Policy and Framework

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

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

Processes

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

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

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

DIRECTORS' REPORT

Key Management Personnel Remuneration Policy

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

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

The 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.

Non-Executive Directors do not receive performance-based remuneration

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

	From 1 July 2020	1 July 2019 – 30 June 2020
Base fees		
Chairman (Greg Hancock)	\$5,000 per month	\$5,000 per month
Non-Executive Director (Simon Trevisan)	\$2,500 per month	\$2,500 per month
Non-Executive Director (Malcolm Castle)	\$2,500 per month	\$2,500 per month

The amounts above are exclusive of superannuation.

There were no other additional fees paid to the Non-Executive Chairman and Non-Executive Directors for participating in Audit Committees, Nomination Committees and/or Remuneration Committees.

For the period from 1 January 2020, the Company's Non-Executive Directors agreed to accrue 50% of their monthly fees, accordingly, at 30 June 2020, there was outstanding fees payable to Mr Greg Hancock of \$15,000, and fees payable to each of Messrs Trevisan and Castle of \$7,500.

DIRECTORS' REPORT

Remuneration arrangement with Managing Director

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

Performance based remuneration

The Group entered into an Executive Services Agreement (ESA) with its Managing Director Mr Bruce McCracken on 2 July 2019.

Pursuant to this ESA, following shareholder approval received on 2 August 2019, Mr McCracken was awarded 20,000,000 Performance Rights.

The performance rights were issued in three tranches with vesting conditions applicable to these Performance Rights relating to the Group's Chilean Lithium Joint Venture, which the Company terminated on 25 May 2020.

On 22 November 2019, 10,000,000 of these Performance Rights were deemed to have vested, the vesting conditions applicable to these were:

- (a) 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;
- (b) 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
- (c) the successful completion of an initial drilling program at Salar West or other Lithium project areas.

The vesting conditions applicable to the remaining 10,000,000 Performance Rights were not met and lapsed on 30 June 2020.

The 10,000,000 Ordinary Shares issued on settlement of the Tranche 1 Performance Rights were valued at the share price on the date that shareholders approved the issue of the Performance Rights, being 2nd August 2019, when the Company's share price was \$0.013.

The value of the expense recognised in the 2020 financial year is the value of the Performance Rights which vested, calculated on the share price of the date when the shareholders approved the issue of the Performance Rights, less the value portion which was expensed in the 2019 financial year.

There is no outstanding performance-based remuneration arrangements in place between the Company and Mr McCracken.

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.

DIRECTORS' REPORT

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

During the year, the Company has not required or used any remuneration consultants.

Voting and comments made at the Group's 2019 Annual General Meeting

At the 2019 AGM held on 25 November 2019, the Company did not receive the requisite eligible votes to pass the resolution supporting the 2019 remuneration report. At the AGM, no comments were made by shareholders on the remuneration report.

As the Company received more than 25% votes against the approval of the Remuneration Report, the Company has recorded its first strike in accordance with the Corporations Act 2001.

Consequences of Group Performance on Shareholder wealth

An analysis of the Group's performance over the five financial years to 30 June 2020 is provided below:

	2020	2019	2018	2017	2016
Net profit/(loss) attributable to owners of BMG Resources Limited	\$(2,182,734)	\$(1,022,246)	\$(301,773)	\$102,994	\$(2,678,099)
Share price					
Share Price at 30 June:	\$0.005	\$0.012	\$0.013	\$0.010	\$0.010
\$ increase / (decrease)	\$(0.007)	\$(0.001)	\$0.003	\$0.00	\$0.003
Basic profit/(loss) per share (cents per share)	(0.37)	(0.22)	(0.08)	0.04	(4.19)
Diluted loss per share (cents per share)	N/A	N/A	N/A	N/A	N/A

Details of Remuneration

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

- Mr McCracken received remuneration \$15,000 per month from 1 July 2019.
The share-based payment 'Performance Rights' is the value of 10,000,000 performance rights issued to Mr McCracken following shareholder approval which was received on 2 August 2020. The value recognised is calculated in accordance with *AASB 2 Share Based Payments*.
In the current year, the annual leave and long service leave liability for Mr McCracken is accrued, this was not previously recognised as a liability. The total amount of the liability is \$55,966 being the amount of Annual Leave (\$28,586) and Long Service Leave (\$27,380). This includes Annual Leave of \$13,793 and Long Service Leave of \$2,988 earned in the current financial year, a total of \$16,835.
- Mr Simon Trevisan is paid through an associated company Albuquerque Trevisan Pty Ltd

*This % is calculated by dividing the \$127,903 expense relating to the Performance Rights over the sum of the remuneration for the 2020 year, being \$341,838.

2019 Key Management Person	Short-term Benefits	Post-employment benefits	Share-based payment				
	Salary (\$)	Superannuation (\$)	Shares (\$)	Options (\$)*	Performance Rights (\$)	Total (\$)	Performance Related (%)**
DIRECTORS							
Greg Hancock	60,000	-	-	-	-	60,000	-
Bruce McCracken ¹	150,000	14,250	86,667	-	2,097	253,014	0.83%
Simon Trevisan ²	15,000	-	-	-	-	15,000	-
Malcolm Castle ³	15,000	-	19,500	11,093	-	45,593	-
Peter Munachen ⁴ (resigned 7 May 2019)	22,000	-	-	11,093	-	33,093	-
TOTAL	262,000	14,250	106,167	22,186	2,097	406,700	

*These Options are valued by applying Black-Scholes Option pricing methodology, using an underlying share price of \$0.013 each, being the Company's share price at 2 August 2019 when Shareholders approved the issue of the shares.

**This % is calculated by dividing the \$2,097 expense relating to the Performance Rights over the sum of the remuneration for the 2019 year, being \$253,014.

1. Mr McCracken received remuneration \$10,000 per month from July 2018 to Dec 2018 and from Jan 2019 to June 2019 \$15,000 per month. The value of the shares is 6,666,666 Shares valued at \$0.013 each, the Company's share price at 2 August 2019, when Shareholders approved the issue of the shares. The Performance Rights are also valued at \$0.013 per share.
2. Mr Simon Trevisan, who is paid through an associated company Albuquerque Trevisan Pty Ltd, received a remuneration of \$2,500 per month from Jan 2019 to June 2019.
3. Mr Castle received a remuneration of \$2,500 per month from Jan 2019 to June 2019. The value of the shares is 1,500,000 Shares valued at \$0.013 each, the Company's share price at 2 August 2019, when Shareholders approved the issue of the shares
4. Mr Munachen received a remuneration of \$2,000 per month from July 2018 to Dec 2018 and \$2,500 per month from Jan 2019 to April 2019. Mr Munachen resigned from the board on 7 May 2019.

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

Performance Rights

Following shareholder approval in August 2019, the Company's Managing Director, Mr Bruce McCracken was issued 20,000,000 Performance Rights, in three Tranches, with vesting conditions related to the Group's Chilean Lithium Joint Venture, which the Company subsequently terminated on 25 May 2020.

The Performance Rights affecting remuneration in the current financial year are only those 10,000,000 Performance Rights which ultimately vested, the vesting conditions related to these Performance Rights were:

- 1) 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;
- 2) 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
- 3) The successful completion of an initial drilling program at Salar West or other Lithium project areas.

The 10,000,000 Performance Rights which are those in Tranches 2 and 3 have lapsed and no remuneration was recognised by Mr McCracken for these Performance Rights.

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	Acquired during the year	Balance at the end of the year
Greg Hancock	-	-	-
Bruce McCracken ¹	20,100,042	16,666,666	36,766,708
Simon Trevisan ²	78,566,978	8,000,000	86,566,978
Malcolm Castle ³	6,040,076	1,500,000	7,540,076

- 1 Relevant interest in 36,586,708 shares as a beneficiary of the McCracken Family Trust and 180,000 shares directly held.

Of the total shares acquired by Mr McCracken in the year, 6,666,666 were issued, following shareholder approval, on 2nd August 2019. These were awarded to Mr McCracken pursuant to the executive services agreement entered into with the Company on 2 July 2019. The value of this award was recognised as an expense in the Group's financial statements for the year ended 30 June 2019.

The remaining 10,000,000 shares acquired were issued upon the vesting of 10,000,000 Performance Rights which were approved by shareholders at the Company's General Meeting on 2 August 2019, and which were settled on 22 November 2019.

- 2 Relevant interest in 86,373,644 Shares as Director of Tribis Pty Ltd and 193,334 shares as a trustee of Trevisan Superannuation Fund. The shares acquired by Tribis were for settlement of Administration fees payable for the 6-month period 1 July 2018 to 31 December 2018, being \$12,000 per month, for a total of \$72,000. The Shares were issued on 8th August 2019 following the receipt of shareholder approval for the issue of the shares on 2nd August 2019.
- 3 Relevant interest as Director and sole Shareholder of Agricola Mining Consultants Pty Ltd of 542,960 shares, indirect interest as a spouse of Susan Castle of 39,896 and 6,957,220 shares directly held.

The shares acquired by Mr Castle during the year were issued following the receipt of shareholder approval at the Company's General Meeting held on 2 August 2019. The basis for issuing Mr Castle these shares was that he had not been remunerated by the Company for the period 1 July 2016 until December 2018. The Board considered that this was the most appropriate manner of remunerating Mr Castle for his services as it conserved the Company's cash, while still providing financial recognition to Mr Castle.

DIRECTORS' REPORT

Options

The numbers of options over ordinary shares in the Company held during the financial year by each Director of BMG Resources Limited, including their personally related parties, are set out below.

	Balance at the start of the year	Acquired during the year	Lapsed	Balance at the end of the year
Bruce McCracken ¹	-	5,000,000	(5,000,000)	-
Greg Hancock	-	-	-	-
Simon Trevisan ²	-	36,773,354	(36,773,354)	-
Malcolm Castle ³	-	1,500,000	-	1,500,000

- 1 On 13th August 2019, an entity in which Mr McCracken has an interest acquired 5,000,000 Options (BMGOB), these Options were acquired through his interest in BMGOA Options which expired on 30 June 2019. Pursuant to the prospectus announced on 15 July 2019, Mr McCracken was entitled to apply for 1 BMGOB Option for every BMGOA Option he held, for an issue price of \$0.001 per new Option. These Options subsequently lapsed unexercised at 31 December 2019.
- 2 On 13th August 2019, Tribis acquired 36,773,354 Options (BMGOB), these Options were acquired in its capacity as holder of BMGOA Options which expired on 30 June 2019. Pursuant to the prospectus announced on 15 July 2019, Tribis was entitled to apply for 1 BMGOB Option for every BMGOA Option he held, for an issue price of \$0.001 per new Option. These Options subsequently lapsed unexercised at 31 December 2019.
- 3 On 8th August 2019, Mr Castle acquired 1,500,000 Options, these Options, which were issued following the receipt of shareholder approval were awarded to recognise Mr Castle's contribution to Board over the period to 31 December 2018. The value of these Options was recognised as remuneration to Mr Castle in the 2019 financial year. The Options are exercisable at \$0.025 on or before 31 January 2022.

Performance Rights

The number of Performance Rights held by the Company's Managing Director, Mr Bruce McCracken is set out below.

	Balance at the start of the year	Vested and settled during the year	Lapsed and forfeited	Balance at the end of the year
Tranche 1	10,000,000	10,000,000	-	-
Tranche 2	5,000,000	-	5,000,000	-
Tranche 3	5,000,000	-	5,000,000	-

Disclosure on these Performance Rights is provided on page 24 above.

Loans to/from Key Management Personnel

There were no loans to individuals or directors of the Company during the year ended 30 June 2020.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Transactions with the Company

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

Administration Services Agreement with Tribis Pty Ltd

Tribis Pty Ltd, company associated with Simon Trevisan provides office space, office equipment, supplies, corporate management and administration services in connection with the operations of the Company and amounts are payable on a monthly basis.

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

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

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

With effect from 1 July 2018 the Company paid a fee for administrative services of \$12,000 per month. From 1 January 2020, Tribis agreed with the Company to receive 50% of the monthly fee as a cash payment, with the remaining 50% being accrued, accordingly, at 30 June 2020, the Company has outstanding fees payable to Tribis of \$36,000.

On 8th August 2019, the Company issued Tribis 8,000,000 fully paid ordinary Shares in lieu of a cash payment for the value of administrative services provided during the period 1 July 2018 to 31 December 2018, being, a total of \$72,000. Measured in accordance with AASB Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*, the value of the shares issued are accounted for at collective value of \$96,000, being \$0.012, the price of the Company's shares when the debt was extinguished. The Company was unable to issue these shares to Tribis until shareholder approval was received at the Company's General Meeting which was held on 2 August 2019.

Tribis is a related party of the Company by virtue of Mr Simon Trevisan, a Non-Executive Director of the Company, being the Managing Director and a substantial shareholder of Tribis.

There were no other related party transactions to individual or Directors of the Company during the year ended 30 June 2020.

This is the end of the Audited Remuneration Report.

SHARES UNDER OPTION

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

Date of Options Grants	Expiry Date	Issue price of Shares	Number under option
2 August 2019	31 January 2022	\$0.025	3,000,000
			3,000,000

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

These options were issued to Non-Executive Director Mr Malcolm Castle and former Non-Executive Director Mr Peter Munachen, 1,500,000 each. The grant date above is the date when shareholders approved the issue of the Options, the value of these options, being \$11,093 attributed to each recipient is recognised in the in the 2019 Key Management Person remuneration table above on page 23.

No options were granted to the directors or any of the five highest remunerated officers of the company since the end of the financial year.

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 2020, 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 29 May 2020, the Company paid an insurance premium of \$10,540 covering the period 30 April 2019 to 30 April 2020 (2019: \$10,620).

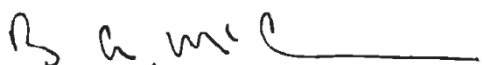
NON-AUDIT SERVICES

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 2020 has been received and can be found on page 30.

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



Bruce McCracken

Managing Director

Dated at Perth, Western Australia, this 30th September 2020.

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.bmgl.com.au/corporate/corporate-governance.html>

AUDITORS INDEPENDENCE DECLARATION



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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 2020, 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, 30 September 2020

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 year ended 30 June 2020

	Notes	30 June 2020 (\$)	30 June 2019 (\$)
Other Income	4	3,511	16,842
Government Incentives	4	36,075	-
Director remuneration	5	(373,066)	(285,990)
Administration services fee	23	(168,000)	(144,000)
Share based payment expense	6	(127,903)	(130,450)
Depreciation and amortisation expense		(681)	(680)
Accounting & audit fee		(35,206)	(38,812)
Corporate and administration expenses		(188,780)	(217,482)
Other expenses from ordinary activities		(115,701)	(89,225)
Exchange gain /(loss) from ordinary activities		(14,249)	5,235
Project Exclusivity Fee	3	-	(137,684)
Impairment Expense	3	(1,198,734)	-
(LOSS) BEFORE INCOME TAX		(2,182,734)	(1,022,246)
Income tax expense	7	-	-
(LOSS) AFTER INCOME TAX		(2,182,734)	(1,022,246)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		22,638	57
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR		(2,160,096)	(1,022,189)
Total comprehensive (loss) for the year is:			
Attributable to the owners of BMG Resources Limited		(2,160,096)	(1,022,189)
Basic (loss) per share (cents per share)	17	(0.37)	(0.22)

The 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 2020

	Notes	30 June 2020 (\$)	30 June 2019 (\$)
CURRENT ASSETS			
Cash and cash equivalents	8	273,390	1,551,720
Other receivables	9	18,523	18,399
TOTAL CURRENT ASSETS		291,913	1,570,119
NON-CURRENT ASSETS			
Property, Plant & Equipment		1,027	1,708
Exploration and Evaluation Assets	3	-	529,159
TOTAL NON-CURRENT ASSETS		1,027	530,867
TOTAL ASSETS		292,940	2,100,986
CURRENT LIABILITIES			
JV Interest consideration payable	3	-	355,684
Trade and other payables	10	96,703	140,126
Employee benefits payable	11	60,776	4,810
TOTAL CURRENT LIABILITIES		157,479	500,620
TOTAL LIABILITIES		157,479	500,620
NET ASSETS		135,461	1,600,366
EQUITY			
Contributed equity	13	44,071,599	43,582,596
Reserves	14	359,333	130,507
Accumulated Losses	15	(44,295,471)	(42,112,737)
TOTAL EQUITY		135,461	1,600,366

The 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 2020

	Notes	Contributed Equity (\$)	Accumulated Losses (\$)	Share Based payment Reserve (\$)	Options Reserve (\$)	Foreign Currency Reserve (\$)	Total (\$)
BALANCE AT 1 JULY 2019		43,582,596	(42,112,737)	130,450	-	57	1,600,366
Total (Loss) for the year		-	(2,182,734)	-	-	-	(2,182,734)
Exchange Difference		-	-	-	-	22,638	22,638
<i>Transactions with owners in their capacity as owners:</i>							
Issue of shares for services	13	113,500	-	-	-	-	113,500
Issue of Options to Investors	14	-	-	-	314,452	-	314,452
Share based payment awards to related parties	6, 13	236,167	-	(108,264)	-	-	127,903
Issue of shares to investors	13	172,670	-	-	-	-	172,670
Capital raising costs	13	(33,334)	-	-	-	-	(33,334)
BALANCE AT 30 JUNE 2020		44,071,599	(44,295,471)	22,186	314,452	22,695	135,461
BALANCE AT 1 JULY 2018		42,204,604	(41,580,050)	482,777	-	-	1,107,331
Total (Loss) for the year		-	(1,022,246)	-	-	-	(1,022,246)
Exchange Difference		-	-	-	-	57	57
<i>Transactions with owners in their capacity as owners:</i>							

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Notes	Contributed Equity (\$)	Accumulated Losses (\$)	Share Based payment Reserve (\$)	Options Reserve (\$)	Foreign Currency Reserve (\$)	Total (\$)
Issue of Share Options for provision of services		-	-	6,782	-	-	6,782
Transfer reserve balance for expired options			489,559	(489,559)	-	-	-
Share based payment awards to related parties	6	-	-	130,450	-	-	130,450
Issue of shares	13	1,545,257	-	-	-	-	1,545,257
Capital raising costs	13	(167,265)	-	-	-	-	(167,265)
BALANCE AT 30 JUNE 2019		43,582,596	(42,112,737)	130,450	-	57	1,600,366

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	30 June 2020 (\$)	30 June 2019 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(707,688)	(808,273)
Government Incentives received		24,050	-
Interest received		3,511	16,842
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	16	(680,127)	(791,431)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and Evaluation Activity		(1,099,328)	(148,776)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(1,099,328)	(148,776)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of Options	13	314,452	-
Proceeds from share issue	13	172,670	1,545,257
Transaction costs related to issue of shares		(8,691)	(171,945)
NET CASH INFLOW FROM FINANCING ACTIVITIES		478,431	1,373,312
NET INCREASE/(DECREASE) IN CASH HELD		(1,301,024)	433,105
Cash and cash equivalents at beginning of year		1,551,720	1,119,462
Foreign currency translation		22,694	(847)
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	273,390	1,551,720

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) General Information

BMG Resources Limited is a Company domiciled in Australia. BMG Resources Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Consolidated Financial Report of the Company as at and for the year ended 30 June 2020 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 2020 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 2020.

Historical cost convention

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

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

(c) Principles of Consolidation

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries

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

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

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

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

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

(d) Comparatives

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

(e) 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.

The COVID-19 pandemic, announced by the World Health Organisation on 31 January 2020, is having a negative impact on world stock markets, currencies and general business activity. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the entity to raise capital in the current prevailing market conditions.

For the year ended 30 June 2020 the Group made a loss of \$2,182,734 (2019: loss of \$1,022,246) and had cash outflows from operating activities of \$680,127 (2019: cash outflows of \$791,431). The operational activity materially related to the Chilean Lithium Brine JV, which has now been terminated. While the operating profile of the Company has now changed with the termination of the Chilean JV, these conditions indicate a material uncertainty on the Group's ability to continue as a Going Concern.

Subsequent to the end of the financial year, on 17 August 2020, the Company announced the proposed acquisition of 100% of the equity of Oracle Mining Limited ('Oracle'), subject to the satisfaction of various conditions precedent. These include requisite shareholder approvals and the completion of a \$4m capital raising by BMG. The capital raising has been substantively completed, with \$3m in commitments already received from professional and sophisticated investors, subject to the shareholder approvals to enable the Oracle acquisition; with a further \$1m to be raised by a

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Share Purchase Plan (and placement of any shortfall), which is currently underway. The Company is to hold a General Meeting of shareholders on 5 October 2020 to consider the necessary resolutions for the Oracle acquisition, and if passed, completion of the acquisition is expected shortly thereafter.

Further disclosure on the proposed acquisition of Oracle, including the \$4m capital raising is provided at note 18, Matters subsequent to the end of the financial year.

The Group's present level of cash on hand (\$164,292 at 25 September 2020). Should the Company not receive the required shareholder approvals to enable it to complete the Oracle acquisition and the associated \$4m capital raising, there is uncertainty as to the Group's ability to continue as a Going Concern.

Irrespective of the approval or otherwise of the Oracle acquisition and associated \$4m capital raising, the directors believe that there are reasonable grounds that the Group will continue as a Going Concern. Should the Oracle transaction and associated capital raising not proceed, the Company will need to draw on its existing cash reserves, and implement further cash management initiatives to meet its commitments while it finds an alternative opportunity.

In the event that the Group is not able 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 adjustment relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the consolidated entity not be able to continue as a Going Concern.

(f) Significant Accounting Judgments, Estimates and Assumptions

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

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

Impact of Coronavirus (COVID-19) pandemic

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

Impairment of Exploration and Evaluation Assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Share based payments

Share based payments are valued at fair value at the date that the awards are required to be measured. For share-based payments issued which do not require shareholder approval, this date is the date that the parties agree to the award. For share-based payments which require shareholder approval, the award is measured at the date that shareholder approval is received.

Share based payments are issued as payment for services provided to the Company and to Key Management Personnel of the Company.

For Share based payments for services, the value of the share-based payment is measured by reference to the value of services received evidenced by the receipt of an invoice from the supplier.

For share based payments issued to Key Management Personnel, for Shares and Performance Rights, the fair value of the equity granted is a function of the value of the Company's share price on measurement date and the number of Shares or Performance Rights issued. For Options, the Black-Scholes Option pricing methodology is used, measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility and risk-free interest rate.

(g) Adoption of new and revised accounting standards

The accounting policies adopted are consistent with those of the previous financial year and corresponding reporting period except for the adoption of AASB 16: Leases which became mandatory for the first time this reporting period commencing 1 July 2019. The adoption of this standard did not result in a material adjustment to the amounts or disclosures in the current or prior year. 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 2020:

AASB 2018-6: Amendments to the Australia Accounting Standards – Definition of a business

This standard amends AASB 3 Business Combinations' ("AASB 3") definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contributes to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. The revisions to AASB 3 also introduced an optional concentration test. If the concentration test is met, the set of activities and assets acquired is determined not to be a business combination and asset acquisition accounting is applied. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The Group's assessment of the impact of this new amendment is that it is not expected to have a material impact on the Group in the current or future reporting periods.

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.

(h) Foreign Currency

Functional and presentation currency

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The functional currency used on BMG's subsidiary BMG Resources Chile, domiciled and conducting operations in Chile, is US Dollars (US\$).

Foreign currency transactions and balances

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

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

Translation of foreign operations

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

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

(i) Segment Reporting

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

(j) Other Income

Government Grants

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

Interest

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

(k) Share-based Payments

The grant date fair value of share-based payments granted to employees (including Key Management Personnel) is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the instruments received. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

Share-based payment arrangements in which the Consolidated Entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Consolidated Entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(l) 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.

(m) 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.

(n) 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.

(o) Employee Benefits

Short-term Employee Benefit Obligations

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

Other long-term Employee Benefit Obligations

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

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

Termination Benefits

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(p) Exploration and Evaluation Expenditure

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

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

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

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

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

For each area of interest, expenditure incurred on the Exploration of Tenements throughout Chile and Cyprus 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(q) Impairment

Financial Assets

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

(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.

(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) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(u) 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.

(v) Fair Value

Determination of Fair Values

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

Trade and Other Receivables

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

2. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of components of the Consolidated Entity that are regularly reviewed by the Chief Operating Decision Maker (CODM) in order to allocate resources to the segment and to assess its performance. The Chief Operating Decision Maker of the Group is the Board of Directors.

Following the Boards decision to terminate its involvement in the Chilean Lithium Joint Venture on 25 May 2020, no Operating Segments are identified by the Chief Operating Decision Maker.

3. JOINT VENTURE OPERATION

On 24 May 2019, the Company entered into a Share Purchase Agreement to enable the Company to earn up to a 50% interest in the Chilean Lithium Joint Venture: Lithium Chile SpA.

The Company entered into the JV following two geophysical work programs undertaken by the Company at the Salar West properties which identified a highly conductive zone prospective for Lithium brine. The Company undertook a drilling program at Salar West in order to investigate the strong conductive unit, but did not find any significant traces of Lithium brine. The Company then undertook sampling fieldwork at the other key area, Pajonales, but did not find any significant indicators of Lithium brine. It also sought to conduct sampling at the smaller Natalie property, but was still settling access arrangements with the local community when the COVID-19 pandemic struck and the work program was put on hold.

In light of the ongoing costs to maintain the JV and the results of work undertaken, the Company took the decision to terminate its involvement in the JV and focus its efforts elsewhere. The Company had not earned an interest in the JV properties at the time of termination.

Consequently, the Exploration and Evaluation asset capitalised to 24 May 2020 was assessed for impairment. At 30 June 2019, pursuant to the Group's accounting policy for the recognition of Exploration and Evaluation expenditure, the Group had an exploration and evaluation asset recognised of \$529,159, in the period to 24 May 2020, a further \$669,575 was incurred, for a total investment of \$1,198,734.

The Group expects to receive no financial return from its investment (through sale or continued use) to date and consequentially the recoverable amount of the asset is assessed at nil, and the full value capitalised to 24 May 2020 is recognised as an impairment expense in the 2020 financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In the comparative financial year, at 30 June 2019 the Company had recognised a liability of \$355,684, being an amount of US\$250,000 payable by the Company to enter into the Joint Venture. During the year ended 30 June 2020, the Company made the \$US250,000 (\$372,024 Australian Dollars) payment.

Also in relation to the 2019 financial year, The consolidated Statement of Profit or Loss and Other Comprehensive Income includes an item 'Project exclusivity fee', this is an amount of USD\$100,000 (A\$137,684) which provided the Company an exclusivity period to consider entering into the transaction.

4. OTHER INCOME

	2020 (\$)	2019 (\$)
Government Grant	36,075	-
Interest received	3,511	16,842
	39,586	16,842

The Group benefited from one Government Grant in the financial year.

Boosting Cash Flow for Employers

The Group received Boosting Cash Flow for Employers payments, accordingly, during the year, the Group received \$24,050. The Group received these payments as it derived income in the 2018-19 financial year of less than \$50 million, and it made eligible payments, including payment of salary and wages. A further amount of \$4,810 relating to the June 2020 period is accrued within "Other Receivables" and has subsequently been received.

The Group is also eligible for the Additional Cash flow boost, being a further \$28,860. This is to be received in four instalments of \$7,215 each. The first instalment is accrued by the Company at 30 June 2020 and is recognised within "Other Receivables".

The total Boosting Cash Flow for Employers grant recognised is therefore \$36,075. This is recognised in the profit or loss statement over the period to which the grant relates, to match with the costs for which it compensates.

5. DIRECTOR REMUNERATION

	2020 (\$)	2019 (\$)
Directors' remuneration	373,066	285,990
	373,066	285,990

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

Director remuneration in the current year includes an amount of \$55,966 being the amount of Annual Leave (\$28,586) and Long Service Leave (\$27,380) accrued by the Company's Managing Director which was not previously recognised as a liability. This includes Annual Leave of \$13,793 and Long Service Leave of \$2,988 earned in the current financial year.

Further disclosure on director remuneration is provided on pages 17 to 27 of the remuneration report.

6. SHARE BASED PAYMENTS

On 22 November 2019, the Company issued 10,000,000 shares to its Managing Director, Mr Bruce McCracken. These shares were issued to settle 10,000,000 Performance Rights which vested on 18th November 2019. The Company and Mr McCracken had agreed to the issue of these Performance Rights on 28 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The value of the Performance Rights which vested was calculated as \$130,000, being 10,000,000 Performance Rights multiplied by \$0.013, the Company's share price at the date that shareholders approved the award of the Performance Rights.

The share-based payment expense recognised in this reporting period, \$127,903, is the Gross value of the award less the value of award deemed to have vested in the reporting period ended 30 June 2019 being \$2,097.

The vesting conditions applicable to those Performance Rights which vested were:

- i. 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;
- ii. 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
- iii. the successful completion of an initial drilling program at Salar West or other Lithium project areas.

Mr McCracken realised no benefit for the 10,000,000 Performance Rights other performance rights which had also been awarded to him in June 2019. These Performance Rights failed to vest and lapsed on 30 June 2020.

In August 2019, the Company settled share-based payments to Company Directors Mr Bruce McCracken and Mr Malcolm Castle; and former Director Mr Peter Munachen in the 2019 financial year.

- a) Mr McCracken received 6,666,666 ordinary shares. These shares were issued for past services provided to the Company as its Managing Director for which no cash consideration was paid. Mr McCracken agreed with the Company to receive nil cash remuneration from the Company from 1 July 2016, while the Company sought a new project, the Company has since remunerated Mr McCracken effective from 1 July 2018.
- b) Mr Castle received 1,500,000 ordinary shares. The primary purpose of the issue of the Shares to Mr Castle or his nominee is to acknowledge the service of Mr Castle to the Company during the two and half year period from 1 July 2016 until 31 December 2018 when he provided services to the Company for no cash remuneration.

These payments were agreed in the 2019 financial year and the expense for these was fully recognised in that year.

Recipient	Purpose	Number of shares	Share Price	Total Value ¹
Mr Bruce McCracken	Recognition of service to the Company for which no cash remuneration was paid.	6,666,666	\$0.013	\$86,666
Mr Malcolm Castle		1,500,000	\$0.013	\$19,500
			Total	\$106,166

¹ The value of these awards was measured by reference to Company's share price on the date that they were approved by shareholders, being 2 August 2020, when the Company's share price was \$0.013.

The Company issued 1,500,000 share options to each of Mr Castle and Mr Munachen, these Options are valued based on the Company's share price as at 2 August 2019, the Options are valued using the Black-Scholes Option Pricing methodology with the following inputs.

Input	Input value
Number of Options	3,000,000
Underlying Share Price	\$0.013
Exercise Price	\$0.025
Expected volatility	125%
Expiry Date / Years	31 January 2022 / 2.5 years
Expected Dividends	Nil
Risk free rate	0.92%

The total fair value of the options issued to the related parties in the 2019 financial year was \$22,186, being \$11,093 for each party.

Total above share-based payments were agreed (subject to shareholder approval) in the 2019 year, the relevant expense recognised in that year was \$130,450, a reconciliation of this amount is provided below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Performance Rights

Grant year	Recipient	Number as at 1 July 2019	Movememt			Number as at 30 June 2020	Expense in 2019 (\$)	Expense in 2020 (\$)	Total Expensed (\$)
			Issued	Vested and Settled	Lapsed				
2019	Bruce McCracken	-	10,000,000	(10,000,000)	-	-	2,097	127,903	130,000
2019		-	5,000,000	-	(5,000,000)	-	-	-	-
2019		-	5,000,000	-	(5,000,000)	-	-	-	-

Shares

Grant year	Recipient	Number as at 1 July 2019	Issued during the year	Number as at 30 June 2020	Expense in 2019 (\$)	Expense in 2020 (\$)	Total Expensed (\$)
2019	Malcolm Castle	-	1,500,000	1,500,000	19,500	-	19,500
2019	Bruce McCracken	-	6,666,666	6,666,666	86,667	-	86,667

Share Options

Grant year	Recipient	Number as at 1 July 2019	Issued during the year	Number as at 30 June 2020	Expense in 2019 (\$)	Expense in 2020 (\$)	Total Expensed (\$)
2019	Malcolm Castle	-	1,500,000	1,500,000	11,093	-	11,093
2019	Peter Munachen	-	1,500,000	1,500,000	11,093	-	11,093

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Total value, at date of shareholder approval	Value recognised in reserve in the period to 30 June 2019	Expense recognised in current period	Transferred from reserve to share capital	Balance remaining in reserve
Mr Bruce McCracken					
6,666,666 Ordinary Shares ¹	\$86,667	\$86,667	-	\$86,667	-
20,000,000 Performance Rights ²	\$260,000	\$2,097	\$127,903	\$130,000	-
Mr Malcolm Castle					
1,500,000 Ordinary Shares ¹	\$19,500	\$19,500	-	\$19,500	-
1,500,000 Share Options ³	\$11,093	\$11,093	-	-	\$11,093
Mr Peter Munachen⁴					
1,500,000 Share Options ³	\$11,093	\$11,093	-	-	\$11,093
		\$130,450	\$127,903	\$236,167⁵	\$22,186⁵

¹Provided to acknowledge the provision of service to the Company for periods when the Company did not remunerate Mr McCracken and Mr Castle. Refer to note 6 for further disclosure.

²During the period to 31 December 2019, the first tranche of these Performance Rights vested and shares were issued to settle 10,000,000 Performance Rights. The remaining Performance Rights are not expected to vest and accordingly Mr McCracken is not expected to receive any benefit from these Tranche 2 and Tranche 3 Performance Rights.

³Options Exercisable at \$0.025 on or before 31 January 2022.

⁴Mr Peter Munachen was a non-executive director of the Company for the period 2 January 2018 to 7 May 2019.

⁵\$236,167 has been transferred from the Share Based Payment Reserve to Issued Capital in the period, to recognise the issue of shares to Mr Bruce McCracken and Mr Malcolm Castle.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Issue of shares for the provision of corporate advisory services.

On 12 August 2019 the Company issued 1,250,000 fully paid ordinary shares to Harshell Investments Pty Ltd for the provision of corporate advisory services in connection with the issue of the 346,502,263 BMGOB Options which were issued in August 2019 and subsequently expired on 31 December 2019.

The total value of the shares issued was \$17,500, excluding Goods and Services Tax. The number of shares issued was based on the value of services provided. The value of these shares is accounted within the Options reserve balance, which is equal to the gross proceeds from the issue of the Options less costs incurred relating to the issue of the Options.

2019 Financial year (Comparative year)

On 28 February 2019, the Company issued 15,000,000 Options for services provided in connection with the Company's capital raising activities during the year, under the terms of the engagement of the Lead Manager for the raising, BMG was required to issue 15,000,000 Options upon a minimum capital raising of \$1,250,000 being achieved.

The Company was not able to reliably estimate the fair value of the service provided by the Lead Manager, being the service which necessitated the issue of these Options, and as a result, the Company has measured this share based payment by reference to the fair value of the equity instruments granted.

These Options had a grant date of 28 February 2019, being the date that the Company became liable to issue these Options. The Options were valued using Black-Scholes Option pricing methodology, with the following inputs:

Input	Input value
Number of Options	15,000,000
Underlying Share Price	\$0.010
Exercise Price	\$0.020
Expected volatility	100%
Expiry Date / Months	30 June 2019 / 4 months
Expected Dividends	Nil
Risk free rate	1.12%

The total fair value of the options issued was \$6,782.

As these Options were issued in connection with a capital raising, the fair value of these Options is recognised within contributed equity on the Consolidated Statement of Financial Position.

These Options expired unexercised on 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX

	2020 (\$)	2019 (\$)
Income tax benefit		
Tax Rate	27.5%	27.5%
The potential tax benefit in respect of tax losses not brought into account has been calculated at 27.5%.		
Numerical reconciliation between tax expenses and pre-tax net loss		
Income tax benefit at the beginning of the year		-
(Loss) before income tax expense	(2,182,733)	(1,022,246)
Income tax benefit/(expenses) calculated at rates noted above	(600,252)	(281,118)
Tax effect on amounts which are not tax deductible	396,370	89,309
Tax effect on non-assessable income	(9,921)	-
Tax effect on timing differences	15,604	403
Tax effect on deductible exploration costs	-	(27,346)
Tax effect on deductible capital raising costs/other	(45,332)	(41,633)
Deferred tax asset on tax losses not brought to account	243,531	260,385
Income tax benefit	-	-
Net deferred tax assets not brought to account		
Unused tax losses	11,830,294	10,944,725
Timing differences	71,140	15,500
Other capital expenditure – non equity	217,872	230,881
Capital raising cost in equity	180,068	225,820
Tax at 27.5% (2019: 27.5%)	3,382,328	3,139,655

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.

8. CASH AND CASH EQUIVALENTS

	2020 (\$)	2019 (\$)
Cash at bank and on hand	273,390	1,551,720
	273,390	1,551,720

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2020 (\$)	2019 (\$)
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	273,390	1,551,720
Balances per Statement of Cash Flows	273,390	1,551,720

(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.

9. OTHER RECEIVABLES

	2020 (\$)	2019 (\$)
Government Grants Receivable	12,025	-
GST receivable	5,494	18,399
Other Receivables	1,004	-
	18,523	18,399

10. TRADE AND OTHER PAYABLES

	2020 (\$)	2019 (\$)
Trade creditors and accruals	30,703	68,126
Administration Services fees payable	36,000	72,000
Accrued Directors fees	30,000	-
	96,703	140,126

(a) Risk exposure

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

11. EMPLOYEE BENEFITS PAYABLE

	2020 (\$)	2019 (\$)
Provisions for Annual Leave and Long Service Leave	55,966	-
Employee Statutory Obligations	4,810	4,810
	60,776	4,810

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. FINANCIAL RISK MANAGEMENT

(a) Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

The Consolidated Entity holds the following financial instruments:

	2020 (\$)	2019 (\$)
Financial assets		
Cash and cash equivalents	273,390	1,551,720
	273,390	1,551,720
Financial liabilities		
JV Interest consideration payable	-	355,684
Trade and other payables	96,703	140,126
Employee benefits payable (Employee contractual obligations)	55,966	-
	152,669	495,810

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2020 (\$)	2019 (\$)
Cash at bank and short-term bank deposits		
Cash at bank	273,390	1,551,720
	273,390	1,551,720

Exposure to Credit Risk

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

	2020 (\$)	2019 (\$)
Cash and cash equivalents	273,390	1,551,720
Total	273,390	1,551,720

(d) Liquidity Risk

Liquidity risk arises from the financial liabilities of the Consolidated Entity 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 2020	\$	\$	\$
Trade payables and other payables	96,703	96,703	96,703
Employee benefits payable	55,966	55,966	55,966
Total	152,669	152,669	152,669
Group – as at 30 June 2019	\$	\$	\$
JV Interest consideration payable	355,684	355,684	355,684
Trade payables and other payables	140,126	140,126	140,126
Total	495,810	495,810	495,810

(e) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and commodity prices and affect the Consolidated Entity'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Interest Rate Risk

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

Profile

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

	2020 (\$)	2019 (\$)
Financial Assets	273,390	1,551,720
	273,390	1,551,720

The Group manages its interest rate risk by monitoring available interest rates while maintaining an overriding position of security whereby the majority of cash and cash equivalents are held in AA-rated bank accounts. The Group's exposure to interest rate risk and effective weighted average interest rate by maturing periods is set out in tables below.

	Weighted Average Effective Interest Rate	Total (\$)	Weighted Average Effective Interest Rate	Total (\$)
	2020	2020	2019	2019
Financial Assets				
Cash and cash equivalents	0.63%	273,390	1.00%	1,551,720

Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 25 basis points in interest rates at reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. The Board assessed a 25-basis point movement as being reasonably possible based on forward treasury rate projections. This analysis assumes that all other variables remain constant.

A change of 25 basis points in interest rates would have increased or decreased the Consolidated Entity's profit or loss by \$431 (2019: \$3,879).

	+1% (25 basis points) (\$)	-1% (25 basis points) (\$)	+1% (25 basis points) (\$)	-1% (25 basis points) (\$)
	2020	2020	2019	2019
Cash and cash equivalents	431	(431)	3,879	(3,879)
	431	(431)	3,879	(3,879)

Foreign Exchange Risk

At 30 June 2020, the Group has no material exposure to foreign exchange risk.

At 30 June 2019 (the comparative reporting date), The Group had a material exposure to foreign exchange risk relating its 'JV Interest consideration payable' liability.

This liability, of value \$250,000 USD payable in cash, was settled in August 2019, and represented an amount payable to the parties from whom the Company was earning an interest in the Chilean Lithium Joint Venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Further disclosure on this liability is provided in the Company's interim financial report for the period to 31 December 2019.

Profile

At the reporting date the groups exposure to foreign currency risk, expressed in Australian dollars was as follows

	2020 (\$)	2019 (\$)
JV Interest consideration payable	-	355,684
	-	355,684

Net foreign exchange (loss) included for the year ended 30 June 2020 is (\$14,249) (30 June 2019: gain of \$5,235)

The subsidiary of the Parent entity, BMG Resources Chile SpA, which has a functional currency of the US Dollar (USD), has exposure to fluctuation in the United States Dollar (USD) : Chilean Peso (CLP) foreign exchange rate, at 30 June 2020, the foreign exchange risk relating to the Chilean Peso (PESO) is not considered to be material.

As at 30 June 2020 the Company does not actively manage its exposure to foreign exchange risk. Further disclosure in relation to this liability is provided at note 3.

Sensitivity

In the comparative financial year, At 30 June 2019, the Group was primarily exposed to changes in the US/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arose from US-dollar denominated financial instruments

	Impact on post tax profit	
	2020	2019
US/AUD Exchange Rate – increase 5%	-	(17,784)
US/AUD Exchange Rate – decrease 5%	-	16,937

(f) Capital Management

When managing capital, the Board's objective is to ensure the Consolidated Entity 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 Consolidated Entity.

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 Consolidated Entity has no formal financing and gearing policy or criteria during the year having regard to the Consolidated Entity's low level of activity. 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

13. CONTRIBUTED EQUITY

	Note	30 June 2020			30 June 2019		
		No. of shares	Issue price (\$)	\$	No. of shares	Issue price (\$)	\$
Balance at the start of the period		557,732,376		43,582,596	386,037,138		42,204,604
Issue of shares to Tribis Pty Ltd	23	8,000,000	\$0.012	96,000	-	-	-
Issue of shares for professional services		1,250,000	\$0.014	17,500	-	-	-
				113,500			
Share based payments (related parties)							
Issue of shares to Related Parties	23	8,166,667	\$0.013	106,167	-	-	-
Issue of shares to Managing Director (settlement of Performance Rights)	23	10,000,000	\$0.013	130,000	-	-	-
				236,167			
Issue of Shares under Placement to institutional and sophisticated investors		86,334,856	\$0.002	172,670	157,417,456	\$0.009	1,416,757
Issue of shares under Securities Purchase Plan		-	-	-	14,277,782	\$0.009	128,500
Cost of Share Issue		-	-	(33,334)	-	-	(167,265)
		86,334,856		139,336	171,695,238		1,377,992
Balance at the end of the period		671,483,899	-	44,071,599	557,732,376	-	43,582,596

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Ordinary Shares

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

Issue of shares for the provision of corporate advisory services.

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

Issue of shares for capital raising.

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

Options

Set out below is a summary of options issued by the Company.

2020 Year						
Date of Expiry	Exercise Price	Grant Date	Balance at beginning of year	Granted during the year	Lapsed during the year	Balance at end of year
31.12.2019	\$0.020	13.08.19	-	346,502,263	346,502,263	-
31.01.2022	\$0.025	02.08.19	-	1,500,000	-	1,500,000
31.01.2022	\$0.025	02.08.19	-	1,500,000	-	1,500,000
			-	349,502,263	346,502,263	3,000,000

There were no options exercised during the year ended 30 June 2020. The weighted average remaining contractual life of share options outstanding at the end of the year was 1.7 years.

Options issued to investors

During the year, the Company issued 346,502,263 Options to investors who held BMGOA options which expired on 30 June 2019, holders of BMGOA options were entitled to apply for 1 Option for every BMGOA option held at a price of \$0.001 per Option. The issue of the Options generated gross proceeds of \$346,502.

The Company incurred costs of \$32,050 to issue these Options, the net proceeds from the issue of these Options, being \$314,452, is recognised as an increase to the Group's 'Options reserve' on the Consolidated Statement of Changes in Equity.

These Options, with an ASX code of BMGOB were issued with an exercise price of \$0.020 and were exercisable on or before 31 December 2019. There were no BMGOB options exercised during the period and all Options lapsed on 31 December 2019.

Options issued to a director and former director

Refer to note 6 for further detail on the issue of 1,500,000 Options to a current non-executive director and 1,500,000 Options to a former non-executive director.

Subject to shareholder approval, which was granted on 2 August 2019, these options vested, and the related expense was recognised, during the financial year ended 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2019 Financial Year					
Date of Expiry	Exercise Price	Balance at beginning of year	Number Issued	Number Lapsed	Balance at end of year
30/06/2019	\$0.02	159,807,096	186,695,238*	(346,502,334)	-
3 years from the vesting date	\$0.35	500,000	-	(500,000)	-
3 years from the vesting date	\$0.40	500,000	-	(500,000)	-
3 years from the vesting date	\$0.45	500,000	-	(500,000)	-
3 years from the vesting date	\$0.50	1,000,000	-	(1,000,000)	-
		162,307,096	186,695,238	(349,002,334)	-

There were no options exercised during the year ended 30 June 2019.

*Each share issued by the Company during the 2019 financial year was issued with one free attaching BMG Option resulting in the issue of 171,695,238 Options, further, the Company issued 15,000,000 BMG Options for Corporate Advisory services in connection with the capital raisings completed during the year.

14. RESERVES

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

¹Refer to note 14(b) below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Share Based Payment Reserve (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
Balance as at 1 July 2018	482,777	-	482,777
Issue of Share Options for professional services	6,782	-	6,782
Share based payment awards to related parties	130,450	-	130,450
Transfer of reserve balance to accumulated losses, for expired options ²	(489,559)	-	(489,559)
Foreign Currency translation adjustment	-	57	57
Balance as at 30 June 2019	130,450	57	130,507

²represents the recognised value of Share Options (BMGOA) which expired unexercised at 30 June 2019

(a) Share Based Payment Reserve

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

(b) Options Reserve

The Options reserve is used to recognise the net amount of funds received by the Group during the year for the issue 346,502,263 BMGOB Options to investors for net proceeds after costs of \$314,452.

In July 2019, Subject to shareholder approval, which was subsequently received, The Company offered holders of BMGOA Options, which expired on 30 June 2019, the ability to acquire one BMGOB Option for every one BMGOA Option they held, the BMGOB Options were offered at a price of \$0.001 per Option.

The Company issued 346,502,263 BMGOB Options, exercisable at \$0.02 on or before 31 December 2019, raising \$346,503 before costs.

All of the Options expired unexercised at 31 December 2019.

(c) Foreign Currency Translation Reserve

The foreign currency reserve records foreign currency differences arising from the translation of Financial Information of the Group's Chilean subsidiary which has a functional currency of the United States Dollar.

15. ACCUMULATED LOSSES

	2020 (\$)	2019 (\$)
Accumulated (loss) at the beginning of the year	(42,112,737)	(41,580,050)
Transfer from share-based payment reserve, options expired 30 June 2019	-	489,559
Net (loss) attributable to shareholders	(2,182,734)	(1,022,246)
Accumulated (loss) at end of the year	(44,295,471)	(42,112,737)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. CASH FLOW INFORMATION

	2020 (\$)	2019 (\$)
Reconciliation of cash flow from operating activities with the loss from continuing operations after income tax:		
Net (Loss) after Income Tax	(2,182,734)	(1,022,246)
Depreciation	681	680
Share based payment expense ¹	127,903	130,450
Settlement of Administrative Services Fees liability via issue of shares ²	96,000	-
Impairment of Exploration and Evaluation Asset	1,251,352	-
Net exchange differences	14,249	5,235
Changes in assets & liabilities		
(Increase) in other receivables	(124)	(14,830)
Increase/(Decrease) in trade and other payables	(43,420)	109,281
Increase in Employee Benefits payable	55,966	-
Cash flow (used in) Operating Activities	(680,127)	(791,431)

¹ Refer to note 6 for further detail.

² Refer to note 23 for further detail.

Non-cash Financing Activities:

On 12 August 2019 the Company issued 1,250,000 fully paid ordinary shares to Harshell Investments Pty Ltd for the provision of corporate advisory services in connection with the issue of the 346,502,263 BMGOB Options which were issued in August 2019 and subsequently expired on 31 December 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. EARNINGS/(LOSS) PER SHARE

The following reflects the income and share data used in the calculations of basic earnings per share:

	2020 (\$)	2019 (\$)
(a) Reconciliation of earnings to profit or loss		
Net profit / (loss) used in calculating basic earnings per share	(2,182,734)	(1,022,246)
(b) Weighted average number of ordinary shares outstanding during the year		
Weighted average number of ordinary shares used in calculating basic earnings per share	583,325,386	468,876,076
(c) Basic (loss) per share (cents per share)	(0.37)	(0.22)

The basic and diluted earnings per share are the same as there are no dilutive effects on earnings.

18. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Agreement to three gold projects with high-growth potential in Tier 1 and emerging Western Australian Gold districts.

On 17 August 2020, BMG announced that it entered into a binding agreement to acquire three gold projects in Western Australian Gold districts through the acquisition of Oracle Mining Limited.

Completion of the acquisition is subject to the satisfaction of various conditions precedent. These include requisite shareholder approvals and the completion of a \$4m capital raising by BMG. On 28 August 2020, the Company notified shareholders of the general meeting which is to be held on Monday 5th October 2020 where the requisite shareholder approvals are to be sought.

Subject to shareholder approval, the Company is also to undertake a 10:1 share capital consolidation (Consolidation). If the Consolidation is approved, the number of shares on issue will reduce from 671,483,898 to approximately 67,148,390.

The acquisition of the gold projects will be effected via the acquisition of 100% of the issued capital of Oracle Mining Limited, an unlisted public company, for consideration (post the consolidation) of 89,843,117 Ordinary Shares in the Company and the issue of 13,333,333 Performance Shares.

Contemporaneously, the Company is completing a capital raising to raise \$4,000,000 via:

- A Share Purchase Plan Offer to raise up to \$1,000,000 through the issue of up to 20,000,000 shares at \$0.05 (5 cents, post consolidation) per share; and
- Subject to shareholder approval, a Placement to professional and sophisticated investors to raise \$3,000,000 (before costs) through the issue of 60,000,000 shares at \$0.05 (5 cents, post consolidation) per share, with commitments already received for the full value of the Placement.

Impact of COVID-19 Global Pandemic

The impact of the Coronavirus (COVID-19) pandemic is ongoing and is causing delay to business development activities and meetings. Whilst it has had limited financial impact for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

19. CONTINGENT LIABILITIES

The Board is not aware of any circumstance or information which leads them to believe there are any contingent liabilities outstanding as at 30 June 2020.

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.

	2020(\$)	2019 (\$)
Audit and Other Assurance Services		
BDO Audit (WA) Pty Ltd	26,300	27,349
Total remuneration for Audit and Other Assurance Services	26,300	27,349

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 2020 nor 2019 financial year.

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.

Tribis is a related party of the Company by virtue of Mr Simon Trevisan, a Non-Executive Director of the Company, being the managing director.

The Company has no commitments of any other nature as at 30 June 2020.

	2020 (\$)	2019 (\$)
Not later than one year	144,000	72,000
TOTAL	144,000	72,000

22. INTERESTS IN OTHER ENTITIES

Name of Entity	Place of incorporation	Ownership Interest		Principal Activities
		30 June 2020	30 June 2019	
BMG Resources Chile SpA	Chile	100%	100%	Exploration Activities in Chile

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. RELATED PARTY INFORMATION

Parent Entity

The legal Parent Entity within the Group is BMG Resources Limited. BMG owns 30% of the issued ordinary shares of Treasure Development Limited (directly).

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.

	2020 (\$)	2019 (\$)
Short-term employee benefits	316,835	262,000
Post-employment benefits	17,100	14,250
Share-based payments	127,903	130,450
	461,838	406,700

Detailed remuneration disclosures are provided in the Remuneration Report on pages 17 to 27.

Transactions with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

On 2 August 2019 shareholders approved the issue of Shares, Options and Performance Rights to related parties, including its Directors and former Director Mr Peter Munachen which had been awarded in the 2019 financial year. Subsequently, on 8 August 2019 the following instruments, they were then issued, further detail is provided at note 6.

On 8 August 2019, BMG Resources Limited issued 8,000,000 Ordinary Shares to Tribis Pty Ltd, in lieu of a cash payment for the value of administrative services provided during the period 1 July 2018 to 31 December 2018, being a debt of \$72,000, equal to 6 months' fees at \$12,000 per month. Tribis Pty Ltd is a related party of Non-executive Director Mr Simon Trevisan.

On 2 August 2019, being the date when shareholders approved the issue of shares to Tribis to settle this debt, the Company's share price was \$0.012, and accordingly the value of consideration deemed to have been provided for these administration services for the 6 month period to 31 December 2018 is deemed to be \$96,000, accordingly the value recognised on the Consolidated Statement of Profit or Loss and Other Comprehensive Income represents:

	Total value
Ordinary fee for the current reporting period, 6-months of fee's at \$12,000 per month.	\$72,000
Incremental expense for 6-month to 31 December 2018 ¹	\$24,000
Total	\$96,000

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Issue of 'BMGOB' Options

During the half year, the Company issued 346,502,263 Options to investors who held BMGOA options on or before 30 June 2019 which expired on 30 June 2019, for a price of \$0.001 per Option.

These options, with an ASX code of BMGOB were issued with an exercise price of \$0.020, and were exercisable on or before 31 December 2019.

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

- A related entity of Mr Bruce McCracken acquired 5,000,000 BMGOB Options for consideration of \$5,000
- Tribis Pty Ltd, a related party of Mr Simon Trevisan, acquired 36,773,354 BMGOB Options for consideration of \$36,773.

All BMGOB Options expired unexercised on 31 December 2019.

Administration Services Agreement

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.

The terms of this Administration Services Agreement for the period to 30 June 2020 were consistent with the terms for the year to 30 June 2019.

A reconciliation of the administration services fee expense recognised on the Consolidated Statement of Profit or Loss and Other Comprehensive Income is provided below

	2020	2019
Fees payable for 6 months to 31 December 2018 (settled via issue of shares)	-	\$72,000
Fees payable for 6 months to 30 June 2019 (settled in cash)	-	\$72,000
Fees payable for 12 months to 30 June 2020 (settled in cash)	\$144,000	-
Incremental expense for 6-month to 31 December 2018 ¹	\$24,000	
Total	\$168,000	\$144,000

¹ Further disclosure on this value is provided within this note above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reduction in cash fees paid to Directors and their related parties.

On 25 November 2019, with effect from 1 January 2020, Company's non-executive directors - Mr Greg Hancock, Mr Malcolm Castle and Mr Simon Trevisan - have agreed to accrue 50% of their monthly director fee and receive 50% as a cash payment. The directors will continue to accrue their fees until the Company completes a necessary capital raising and when the Board considers it appropriate to resume paying directors at the ordinary rate.

Tribis Pty Ltd, a related party of Mr Simon Trevisan, with whom the company has an administration services agreement, has also agreed to accrue 50% of its monthly fee and receive 50% as a cash payment. Tribis will continue to accrue 50% of its monthly fee until the Company completes a necessary capital raising and when the Board considers it appropriate to resume paying Tribis at the agreed rate.

The fees owed to the Company's directors and their related parties are summarized below.

Director	Nature	Total value
Greg Hancock	Director Fees	\$15,000
Malcolm Castle	Director Fees	\$7,500
Simon Trevisan	Director Fees	\$7,500
	Administration Services fees payable to Tribis Pty Ltd	\$36,000
	Total	\$66,000

Loans to/from Related Parties

There were no loans to individual or Directors of the Company during the year ended 30 June 2020.

Individual Key Management Personnel Compensation Disclosures

Information regarding individual Key Management Personnel compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Directors' Report.

Remuneration for the financial year included share-based payments, refer to note 6 for further detail.

Other Key Management Personnel Transactions with the Company

A number of Key Management Personnel or their related parties hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Other than director fees, there were no transactions with the entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. PARENT ENTITY INFORMATION

The following details information related to the Parent Entity, BMG Resources Limited, as at 30 June 2020. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2020 (\$)	2019 (\$)
Current assets	288,301	1,548,318
Non-current assets	1,027	534,122
Total Assets	289,328	2,082,440
Current liabilities	(156,728)	(482,132)
Total Liabilities	(156,728)	(482,132)
Net Assets	132,600	1,600,309
Contributed equity	44,071,599	43,582,597
Retained earnings/(accumulated losses)	(44,263,299)	(42,112,737)
Reserve	324,300	130,450
Total Equity	132,600	1,600,309
(Loss) for the year	(2,150,562)	(1,022,246)
Total Comprehensive (Loss) for the Year	(2,150,562)	(1,022,246)

Retained Earnings/(Accumulated Losses) reconciliation

	2020 (\$)	2019 (\$)
Balance at beginning of year	(42,112,737)	(41,580,049)
Transfer of reserve balance to accumulated losses, for expired options	-	489,558
Current year loss	(2,150,562)	(1,022,246)
Balance at end of year	(44,263,299)	(42,112,737)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reserves reconciliation

	2020 (\$)	2019 (\$)
Balance at beginning of year	130,450	482,776
Issue of share options for professional services	-	6,782
Issue of Options to Investors	314,452	-
Transfer of reserve balance to accumulated losses, for expired options	-	(489,559)
Foreign currency reserve movement	(12,338)	-
Net share-based payment reserve transactions, transfer (from) / to	(108,264)	130,450
Balance at end of year	324,300	130,450

There are no other separate commitments and contingencies for parent entity as at 30 June 2020.

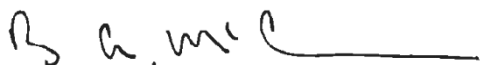
DIRECTORS' DECLARATION

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

- (a) the Financial Statements and Notes set out on pages 31 to 67, 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 2020 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 2020.

Signed in accordance with a resolution of the Directors.



Bruce McCracken

Managing Director

Dated at Perth, Western Australia, this 30th September 2020.

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 2020, 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 2020 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.

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.



Material uncertainty related to going concern

We draw attention to Note 1(e) 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. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of Exploration and Evaluation Assets

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 3 an impairment expense has been recorded in the financial statements in relation to the Chilean Lithium projects.</p> <p>This impairment of exploration and evaluation assets was assessed as being required due to the Group terminating the joint venture arrangement as announced on the ASX on 25 May 2020.</p> <p>This is considered a key audit matter because the capitalised value of the exploration and evaluation assets represented a significant asset of the Group and as a result the termination of the joint venture arrangement was the most significant transaction during the financial year ended 30 June 2020.</p>	<p>Our audit procedures in respect of this matter included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Reviewing the terms and conditions of the joint venture agreement; • Holding discussions with management to obtain an understanding of the impact of the decision not to proceed with the joint venture and the impact on the ability of the Group to obtain future economic benefits from the asset; • Substantively testing a sample of exploration and evaluation expenditure capitalised during the financial year before the impairment in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources; and • Reviewing the adequacy of the related disclosures in Note 3 to the financial statements.



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 2020, 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 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 17 to 27 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of BMG Resources Limited, for the year ended 30 June 2020, 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 2020

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 9 September 2020.

(a) Distribution of equity securities

Holding	Shares Number of Holders
1 - 1,000	207
1,001 - 5,000	141
5,001 - 10,000	77
10,001 - 100,000	328
100,001 and over	364
	1,117

There were 545 holders of less than a marketable parcel of ordinary shares.

(b) Top twenty shareholders

Listed Fully Paid Ordinary Shares	Number of Shares	Percentage of Shares
1 MR MICHAEL HSIAU YUN LAN	102,850,000	15.32%
2 TRIBIS PTY LTD	86,373,644	12.86%
3 MR BRUCE MCCracken	36,766,708	5.48%
4 IMPULZIVE PTY LTD	20,000,000	2.98%
5 MGL CORP PTY LTD	20,000,000	2.98%
6 ST BARNABAS INVESTMENTS PTY LTD	18,100,000	2.70%
7 MR YI WENG & MS NING LI	17,000,000	2.53%
8 ALTOR CAPITAL MANAGEMENT PTY LTD	16,399,602	2.44%
9 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	13,858,024	2.06%
10 KRUIZ NOMINEES PTY LTD	8,250,000	1.23%
11 LOFTUS GROUP LIMITED	7,000,000	1.04%
12 MR MALCOLM CASTLE	6,957,220	1.04%
13 MR KIM NGO	6,666,900	0.99%
14 CITICORP NOMINEES PTY LIMITED	6,634,834	0.99%
15 MR ANDREAS BIERI	6,401,625	0.95%
16 MR TERRY OSWALD CROKER	6,000,000	0.89%
17 MR PARMINDER SINGH	5,329,545	0.79%
18 WHIMPLECREEK PTY LTD	5,646,523	0.84%
19 DERIC HOLDINGS PTY LTD	5,000,000	0.74%
20 MR FRANK MOSCA	5,000,000	0.74%
	400,234,625	59.59%

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
MR MICHAEL HSIAU YUN LAN	102,850,000	15.32%
TRIBIS PTY LTD	86,373,644	12.86%
MR BRUCE MCCracken	36,766,708	5.48%

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

There are no voting rights attached to options issued.

(e) Unlisted Options

There are 3,000,000 Unlisted Options on issue, 50% are held by Mr Malcolm Castle, a Non-Executive Director of the Company, and 50% are held by Kala Nominees Pty Ltd, a related party of former Non-Executive Director Mr Peter Munachen.

SCHEDULE OF MINING TENEMENTS AND INTERESTS

The Treasure Project, of which BMG currently owns a 30% interest, now comprises 9 exploration licences for a total of 31.56km².

Project	Licence number	Status	Interest (%)
BLACK PINE	AE4654	granted	100
	AE4653	granted	100
	AE4591	granted	100
	AE4610	granted	100
	AE4612	granted	100
MALA	AE4674	granted	100
KALAVASSOS	AE4607	granted	100
	AE4608	granted	100
KAMBIA	AE4649	granted	100