



BMG Resources Limited
ACN 107 118 678

ASX ANNOUNCEMENT

30 OCTOBER 2017

NOTICE OF ANNUAL GENERAL MEETING

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

The Annual General Meeting will be held at 11.00am (WST) on 28 November 2017 at Cliftons, Parmelia House, Ground Floor, 191 St Georges Terrace Perth Western Australia 6000.

Hardcopies of the Annual Report will be despatched to all shareholders who have requested it. Shareholders who have elected to receive the report in electronic format will be sent an electronic version of the Annual Report from Security Transfer Registrars.

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

*****ENDS*****

For further information, shareholders and media please contact:

Bruce McCracken
Managing Director
+61 8 9424 9390

Fleur Hudson
Company Secretary
+61 8 9424 9390

BMG RESOURCES LIMITED

ACN 107 118 678

Circular to Shareholders

Including

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

Date of Meeting

28 November 2017

Time of Meeting

11.00am

Place of Meeting

Cliftons

Ground Floor, Parmelia House,

191 St Georges Terrace

Perth Western Australia 6000

These documents should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

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NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of BMG Resources Limited will be held at Cliftons, Ground floor, 191 St Georges Terrace, Perth, Western Australia on **Tuesday, 28 November 2017 at 11.00am (WST)**.

AGENDA

To consider, and if thought fit to pass, the resolutions set out below as ordinary resolutions (in respect of Resolutions 1 to 4) and as a special resolution (in respect of Resolution 5).

Information on the proposals to which those resolutions relate is contained in the explanatory memorandum which accompanies and forms part of this Notice of Meeting (**Explanatory Memorandum**). Words and expressions defined in the Explanatory Memorandum have the same meanings where used in this Notice of Meeting.

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Financial Statements, Directors' Report and Auditor's Report of BMG Resources Limited for the financial year ended 30 June 2017.

RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as a non-binding **ordinary resolution**:

"That, for the purpose of section 250R(2) of the Corporations Act 2001 and for all other purposes, the remuneration report as contained in the Company's Annual Report for the financial year ended 30 June 2017 be adopted."

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

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

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution ("spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election. For further information, please refer to the Explanatory Memorandum.

Voting exclusion statement: The Company will disregard any votes cast (in any capacity) on this Resolution by or on behalf of a member of the Key Management Personnel whose remuneration is disclosed in the Remuneration Report and Closely Related Parties of those persons (which includes their spouse, child, dependent, other family members and any controlled company), unless the vote is cast as a proxy for a person who is entitled to vote on this Resolution in accordance with a direction on the Proxy Form or by the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution and expressly authorises the Chairman to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

RESOLUTION 2 – RE-ELECTION OF BRUCE McCRACKEN AS A DIRECTOR

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

"That Bruce McCracken being a Director who retires by rotation in accordance with clause 79 of the Company's constitution and being eligible offers himself for re-election, is re-elected as a Director."

RESOLUTION 3 – ELECTION OF GREG HANCOCK AS A DIRECTOR

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

"That Greg Hancock, having been appointed by the Board as an additional Director on 6 February 2017, retires in accordance with clause 81(2) of the Constitution and Listing Rule 14.4, and being eligible, offers himself for election, is elected as a Director."

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 2,500,000 Shares at an issue price of \$0.01 per Share to Azure Capital Limited as payment for professional consultancy services provided, on the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion statement: The Company will disregard any votes on this Resolution by Azure Capital Limited and any of its Associates. However, the Company need not disregard a vote on this Resolution if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 5 – APPROVAL OF ADDITIONAL PLACEMENT FACILITY

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

"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue), calculated in

accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.”

Note: Resolution 5 is a special resolution. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

Voting exclusion statement: The Company will disregard any votes on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if the resolution is passed. However, the Company need not disregard a vote on this Resolution if it is cast by the person as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form or the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By Order of the Board



Ms Fleur Hudson
Company Secretary

30 October 2017

NOTES

These notes form part of the Notice of Meeting.

Background information

To assist you in deciding how to vote on the above resolutions, background information to the Resolutions is set out in the Explanatory Memorandum forming part of this Notice of Meeting.

Voting entitlements

The Directors have determined that, for the purpose of voting at the Meeting, Shareholders eligible to vote at the Meeting are those persons who are the registered holders of Shares at 11.00am (WST) on 26 November 2017.

How to vote

You may vote by attending the Meeting in person, by proxy, or by an authorised representative.

Voting in Person

To vote in person, attend the Meeting on 28 November 2017 at 11.00am (WST) at Cliftons, Ground floor, Parmelia House, 191 St Georges Terrace, Perth. Shareholders are asked to arrive at the venue 30 minutes prior to the time designated for the meeting, if possible, so that the Company may check their shareholding against the Company's share register and note attendances.

Voting by Proxy

A Shareholder has the right to appoint a proxy (who need not be a Shareholder). A proxy can be an individual or a body corporate. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body corporate may exercise as a proxy at the Meeting. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

If a Shareholder is entitled to cast two or more votes he may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half the votes.

To vote by proxy, the Proxy Form (together with the original of any power of attorney or other authority, if any, or certified copy of that power of attorney or other authority under which the Proxy Form is signed) must be deposited with Security Transfer Australia Pty Ltd at their Perth office: 770 Canning Highway, Applecross WA 6153 or faxed to their office on (+61) (8) 9315 2233, not less than 48 hours before the proposed time of the Meeting.

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

- (a) two directors of the company;
- (b) a director and a company secretary of the company; or
- (c) for a proprietary company that has a sole director who is also the sole company secretary, that director.

Directing your proxy to vote on Resolutions

You may direct your proxy how to vote by marking For, Against or Abstain for each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolutions by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolutions, your proxy may vote as he or she chooses (except where a voting exclusion applies). If you mark more than one box on a Resolution your vote will be invalid on that Resolution.

Voting restrictions that may affect your proxy appointment

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

How the Chairman will vote undirected proxies

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

The Proxy Form expressly authorises the Chairman to exercise undirected proxies on all Resolutions even though the Chairman is connected directly or indirectly with the Resolution.

Corporate Representatives

A body corporate may elect to appoint an individual to act as its representative in accordance with section 250D of the *Corporations Act*, in which case the Company will require a certificate of Appointment of the Corporate Representative executed in accordance with the *Corporations Act*. The Certificate of Appointment must be lodged with the Company and/or the Share Registrar, Security Transfer Australia Pty Ltd, before the Meeting or at the registration desk on the day of the Meeting. Certificates of Appointment of Corporate Representatives are available at <https://www.securitytransfer.com.au/forms/appointment-corporate-representative.pdf> or on request by contacting Security Transfer Australia Pty Ltd on telephone number (08) 9315 2333.

Questions from Shareholders

The Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management and performance of the Company.

BDO Audit (WA) Pty Ltd, as the auditor responsible for preparing the Auditor's Report for the year ended 30 June 2017 (or its representative), will attend the Meeting. The Chairman will allow a reasonable opportunity for the Shareholders as a whole to ask the Auditor questions at the Meeting about:

- (a) the conduct of the audit;
 - (b) the preparation and content of the Auditor's Report;
 - (c) the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
 - (d) the independence of the Auditor in relation to the conduct of the audit.

To assist the Board and the Auditor of the Company in responding to any questions you may have, please submit any questions you may have by fax or to the address below by no later than 21 November 2017.

By mail: Level 14, Parmelia House
191 St Georges Terrace
Perth WA 6000

By facsimile: (within Australia) (+61) (8) 9321 5932

In person: Level 14, Parmelia House
191 St Georges Terrace
Perth WA 6000

As required under section 250PA of the Corporations Act, at the Meeting, the Company will make available those questions directed to the Auditor received in writing at least five business days prior to the Meeting, being questions which the Auditor considers relevant to the content of the auditor's report or the conduct of the audit of the Annual Financial Report for the year ended 30 June 2017. The Chairman of the Meeting will allow a reasonable opportunity for the Auditor to respond to the questions set out on this list.

Annual Report

The Company advises that a copy of its Annual Report for the year ended 30 June 2017, is available to download at the website address, www.bmgl.com.au.

When you access the Company's Annual Report on-line, you can view it and print a copy.

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

However, if you did not elect to continue to receive a hard copy of the Company's Annual Reports and now (or sometime in the future) wish to receive a hard copy of the Company's Annual Reports, please contact Security Transfer Australia Pty Ltd on (08) 9315 2333. They will be pleased to mail you a copy.

Enquiries

Shareholders are invited to contact the Company Secretary, Fleur Hudson, on (08) 9424 9390 if they have any queries in respect of the matters set out in these documents.

The Notice of Meeting, Explanatory Memorandum and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their Accountant, Solicitor or other professional adviser prior to voting.

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum is prepared for the information of Shareholders in connection with any business to be transacted at the Annual General Meeting of the Company to be held on 28 November 2017.

At the Meeting, Shareholders will be asked to consider resolutions regarding:

- adoption of the Remuneration Report;
- re-election of Bruce McCracken as a Director;
- election of Greg Hancock as a Director;
- ratification of prior issue of shares to Azure Capital Limited; and
- approval of Additional Placement Facility.

Details of these proposals are set out in the Explanatory Memorandum, which Shareholders are encouraged to read carefully.

The purpose of this Explanatory Memorandum is to provide information that the Board believes to be material to Shareholders in deciding whether or not to pass these resolutions. The Explanatory Memorandum explains the resolutions and identifies the Board's reasons for putting them to Shareholders. It should be read in conjunction with the accompanying Notice of Meeting.

1. Financial Statements and Reports

Shareholders are to receive and consider the Financial Statements, Directors' Report and the Auditor's Report of BMG Resources Limited for the financial year ended 30 June 2017.

Shareholders will be given the opportunity to ask questions of the Board and the Auditors in relation to the Annual Report for the financial year ended 30 June 2017, at the Annual General Meeting.

2. Resolution 1 - Adoption of the Remuneration Report

The Corporations Act requires that at a listed Company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. This resolution is advisory only and will not bind the Directors or the Company.

The Chairman will allow a reasonable opportunity for discussion of the Remuneration Report at the Meeting.

The Remuneration Report is contained in the Annual Report for the year end 30 June 2017 and sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") to determine whether another meeting be held within 90 days at which all of the Directors (other than the managing director) must go up for re-election.

At the Company's previous annual general meeting the votes against the remuneration report was less than 25% of the votes cast on the resolution. As such, Shareholders do not need to consider a spill resolution at this Meeting.

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. Key Management Personnel and their Closely Related Parties may not vote on this Resolution and may not

cast a vote as proxy, unless the proxy appointment gives a direction on how to vote or the proxy is given to the Chairman and expressly authorises the Chairman to exercise the proxy. The Chairman will use any such proxies to vote in favour of Resolution 1.

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

3. Resolution 2 – Re-election of Bruce McCracken as a Director

Clause 79 of the Company's constitution require that at each Annual General Meeting of the Company, one third of the Directors (to the nearest whole number) must retire from office. A retiring Director is eligible for re-election.

In accordance with clause 79 of the Constitution, Mr Bruce McCracken, being eligible, has offered himself for re-election as a Director. A profile of Mr McCracken is contained in the Company's Annual Report for the financial year ended 30 June 2017.

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

4. Resolution 3 - Election of Greg Hancock as a Director

Clause 81(1) of the Constitution provides that the Directors may appoint any person as a Director to fill a casual vacancy or as an addition to the existing Directors. Clause 81(2) of the Constitution and Listing Rule 14.4 provide that a Director appointed by the Board will hold office until the next annual general meeting of the Company, when the Director may then be re-elected.

Mr Greg Hancock, having consented by notice in writing to act as a Director, was appointed by the Board as a Director on 6 February 2017 pursuant to clause 81(1) of the Constitution.

In accordance with clause 81(2) of the Constitution and Listing Rule 14.4, Greg Hancock, being eligible, has offered himself for election as a Director. A profile of Mr Hancock is contained the Company's annual report for the financial year ended 30 June 2017.

Subject to Resolutions 2 and 3 being passed, the Board will comprise Bruce McCracken, Malcolm Castle, Simon Trevisan, Anthony Trevisan and Greg Hancock. The Board considers that this board composition, including the mix of executive and non-executive Directors, provides an appropriate range of skills, knowledge and experience.

All Directors (other than Mr Hancock) recommend that Shareholders vote in favour of Resolution 3.

5. Resolution 4 – Ratification of prior issue of Shares

5.5 Effect of Resolution 4

Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

The Company has issued 2,500,000 Shares to Azure Capital Limited in consideration for the provision of professional consultancy services. Those Shares were issued under the Company's existing capacity under Listing Rule 7.1.

Pursuant to Resolution 4, the Company seeks Shareholder ratification of the issue of the 2,500,000 Shares to Azure Capital Limited so as to restore the Company's capacity under Listing Rule 7.1.

5.6 Listing Rules information requirements

For the purposes of Listing Rule 7.5, the Company provides the following information to Shareholders:

- (a) The number of securities issued was 2,500,000 Shares.
- (b) The deemed issue price of the Shares was \$0.01 per Share, approximates the volume weighted average price of Shares over the period over which Azure Capital Limited provided services to the Company.
- (c) All Shares issued rank equally with all other Shares on issue. The Company has applied for quotation of all Shares issued on ASX.
- (d) The Shares were issued to Azure Capital Limited for the provision of professional consultancy services, and no funds were raised from the issue of these shares. Azure Capital Limited is not a Related Party of the Company.

5.7 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4 in order to provide the Company with the flexibility to raise additional funds in the future as and when required.

6. Resolution 5 – Approval of Additional Placement Facility

6.1 Background

Resolution 5 seeks Shareholder approval for an additional issuing capacity under Listing Rule 7.1A (**Additional Placement Facility**).

If approved, Resolution 5 would enable the Company to issue additional Equity Securities (calculated below) over a 12 month period without obtaining Shareholder approval.

Resolution 5 is a special resolution. It must be passed by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

6.2 Applicable Listing Rules

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

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

6.3 Information on Additional Placement Facility

(a) Quoted securities

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

As at the date of this Notice, the Company has two classes of Equity Securities quoted on the ASX, being Shares and Options.

(b) Number of Equity Securities that may be issued

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

The Additional Placement Facility under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1. The effect of Shareholders passing Resolution 5 is to allow the Company to issue Equity Securities equal to approximately 25% of its issued capital during the next 12 months without first obtaining specific Shareholder approval.

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

At the date of this Notice the Company has 386,037,112 Shares on issue. If all the resolutions in this Notice are passed, the Company will be permitted to issue (as at the date of this Notice):

- (i) 57,905,566 Equity Securities under the Listing Rule 7.1 15% placement capacity; and
- (ii) 38,603,711 quoted Options and/or Shares under Listing Rule 7.1A (10% Additional Placement Facility).

(c) Formula for calculating Additional Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

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

where:

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

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

D = 10%

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

6.4 Listing Rule requirements

(a) Minimum Price

Listing Rule 7.1A.3 provides that Equity Securities issued under rule 7.1A.2 must be issued at an issue price of not less than 75% of the volume weighted average price for securities in the relevant class, calculated over the 15 ASX trading days in which trades in the relevant class were recorded immediately before:

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

(b) Risk of economic and voting dilution

If Resolution 5 is passed and the Company issues securities under the Additional Placement Facility, then there is a risk to existing Shareholders of economic and voting dilution, including the risk that:

- (i) the market price for Equity Securities in the same class may be significantly lower on the issue date of the new Equity Securities than on the date of this Meeting; and

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

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

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

Variable A in Listing Rule 7.1A		Nominal issue price		
		\$0.016 (market price)	\$0.0120 (25% decrease in market price)	\$0.0080 (50% decrease in market price)
Current issued capital A = 386,037,112 Shares	Shares issued under LR 7.1A	38,603,711	38,603,711	38,603,711
	Voting dilution	10%	10%	10%
	Funds raised	\$617,659	\$463,245	\$308,830
	Economic dilution	0%	2.27%	4.55%
50% increase in issued capital A = 579,055,668 Shares	Shares issued under LR 7.1A	57,905,566	57,905,566	57,905,566
	Voting dilution	10%	10%	10%
	Funds raised	\$926,489	\$694,867	\$463,245
	Economic dilution	0%	2.27%	4.55%
100% increase in issued capital A = 772,074,224 Shares	Shares issued under LR 7.1A	77,207,422	77,207,422	77,207,422
	Voting dilution	10%	10%	10%
	Funds raised	\$1,235,319	\$926,489	\$617,659
	Economic dilution	0%	2.27%	4.55%

This table has been prepared on the following assumptions:

- the latest available market price of Shares, being the closing price as at 16 October 2017, was \$0.016 per Share;
- the Company issues the maximum number of equity securities available under the Additional Placement Facility;
- existing Shareholders' holdings do not change from the date of this Meeting to the date of the issue under the Additional Placement Facility;
- the Company issues Shares only and does not issue other types of equity securities (such as Options) under the Additional Placement Facility; and
- the impact of placements under Listing Rule 7.1 or following the exercise of options is not included in the calculations.

6. Economic dilution (ED) is calculated using the following formula:

$$ED = (MP - (NMC / TS)) / MP$$

where:

MP = the market price of shares traded on ASX, expressed in dollars;

MC = market capitalisation prior to issue of Equity Securities, being the MP multiplied by the number of shares on issue;

NMC = notional market capitalisation, being the market capitalisation plus the NSV;

NSV = new security value, being the number of new Equity Securities multiplied by the issue price of those Equity Securities; and

TS = total shares on issue following new Equity Security issue.

- (c) Date by which Equity Securities may be issued

Equity Securities may be issued under the Additional Placement Facility for 12 months after the Meeting.

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

- (d) Purpose for which Equity Securities may be issued

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

cash consideration to fund business growth, to acquire new assets or make investments, to develop the Company's existing assets and operations and for general working capital; and

non-cash consideration to acquire new assets or make investments. In these circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

- (e) Allocation policy

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

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

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

None of the allottees will be a related party or an associate of a related party of the Company, except as permitted under Listing Rule 7.2. Existing Shareholders may or may not be entitled to subscribe for Equity Securities under the Additional Placement Facility and it is possible that their shareholding will be diluted.

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

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

(f) Equity securities issued under previous placement facility approval

Shareholders previously approved an Additional Placement Facility at the Company's 2016 annual general meeting.

The total number of Equity Securities issued in the 12 months before this Meeting is 482,421,390. This represents 729% of the total number of Equity Securities on issue at the commencement of that 12 month period.

None of the Equity Securities issued in the 12 months before this Meeting were issued under the Additional Placement Facility approved at the 2016 annual general meeting.

The details for each separate issue of Equity Securities issued during the 12 months before this Meeting are provided at **Annexure A** to this notice of meeting.

6.5 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5 as it will give the Company the flexibility to raise and fund necessary working capital whilst preserving the Company's cash reserves.

GLOSSARY

The following terms and abbreviations used in this Explanatory Memorandum have the following meanings:

Additional Placement Facility	Has the meaning given in Section 6.1 of the Explanatory Memorandum.
A\$ or \$	Australian dollars.
Annual General Meeting or Meeting	The annual general meeting of the Company to be held on 28 November 2017
Annual Report	The Company's annual report including the reports of the Directors and the Auditor and the Financial Statements of the Company for the year ended 30 June 2017, which can be downloaded from the Company's website at www.bmgl.com.au
Associate	Has the meaning given to it by Division 2 of Part 1 of the Corporations Act.
ASX	ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange
Auditor	BDO Audit (WA) Pty Ltd
Board	The board of Directors
Chairman	The chairman of the Meeting
Closely Related Party	Has same meaning given to it in section 9 of the Corporations Act, being, in relation to a member of Key Management Personnel: (a) a spouse or child of the member; (b) a child of the member's spouse; (c) a dependent of the member or the member's spouse; (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; (e) a company the member controls; or (f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) (currently none are prescribed).
Company or BMG	BMG Resources Limited (ACN 107 118 678).
Constitution	The constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	A director of the Company.
Equity Securities	Has the meaning given in the Listing Rules.
Glossary	This glossary of terms.
Key Management Personnel	Has the same meaning as the definition of that term in section 9 of the Corporations Act, being those persons details of whose remuneration are included in the remuneration report having authority and responsibility for planning, directing and controlling the activities of the

	Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
Listing Rules	The official listing rules of the ASX, as amended from time to time.
Meeting	The annual general meeting convened by the Notice which accompanies this Explanatory Memorandum.
Notice of Meeting or Notice	The notice convening the Meeting which accompanies this Explanatory Memorandum.
Option	An option to acquire a Share.
Proxy Form	The proxy form attached to the Notice of Meeting
Related Party	Has the meaning given to that term in the Listing Rules.
Remuneration Report	The remuneration report appearing in the Annual Report
Share	A fully paid ordinary share in the Company
Share Registrar	Security Transfer Australia Pty Ltd
Shareholder	A registered holder of a Share
WST	Australian Western Standard Time, being the time in Perth, Western Australia.

Annexure A

Equity securities issued 12 months prior to Annual General Meeting

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
16/12/2016	45,689,375 Shares	Transcontinental Investments Pty Ltd, under the rights issue (Rights Issue) as set out in the prospectus dated 24 November 2016. Transcontinental Investments Pty Ltd is a Related Party of the Company as Mr Simon Trevisan, a non-executive Director of the Company, and Mr Anthony Trevisan, the Chairman of the Company, are both directors, joint controllers and substantial shareholders of Transcontinental Investments Pty Ltd.	\$0.008 per Share. This issue price represents a discount of \$0.005 per Share to the price at which Shares had last traded at the time of the issue.	\$365,515	The funds raised were used to pay accrued fees and to repay a loan to Transcontinental Investments Pty Ltd, pay accrued fees to Directors and to provide general working capital, including for overheads and administrative costs.	This issue was not for non-cash consideration.
	22,844,687 Options exercisable at \$0.02 on or before 30/06/2019		Nil; issued as free attaching Options on the basis of 1 free attaching Option for every 2 Shares subscribed for.	Nil	N/A	Options issued as free attaching Options on the basis of 1 free attaching Option for every 2 Shares subscribed for. Current value: \$159,996 ² , being \$0.007 per Option.

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
16/12/2016	24,524,000 Shares	TRG Equity Investments Pty Ltd, under the Rights Issue. TRG Equity Investments Pty Ltd is a Related Party of the Company as Mr Simon Trevisan, a non-executive Director of the Company, is a director of TRG Equity Investments Pty Ltd.	\$0.008 per Share. This issue price represents a discount of \$0.005 per Share to the price at which Shares had last traded at the time of the issue.	\$196,192	The funds raised were used to pay accrued fees and to repay a loan to Transcontinental Investments Pty Ltd, pay accrued fees to Directors and to provide general working capital, including for overheads and administrative costs.	This issue was not for non-cash consideration.
	12,262,000 Options exercisable at \$0.02 on or before 30/06/2019		Nil; issued as free attaching Options on the basis of 1 free attaching Option for every 2 Shares subscribed for.	Nil	N/A	Options issued as free attaching Options on the basis of 1 free attaching Option for every 2 Shares subscribed for. Current value: \$85,879 ² , being \$0.007 per Option.

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
16/12/2016	17,433,375 Shares	Bruce McCracken, under the Rights Issue. Bruce McCracken is the managing director of the Company	\$0.008 per Share. This issue price represents a discount of \$0.005 per Share to the price at which Shares had last traded at the time of the issue.	\$139,466	The funds raised were used to pay accrued fees and to repay a loan to Transcontinental Investments Pty Ltd, pay accrued fees to Directors and to provide general working capital, including for overheads and administrative costs.	This issue was not for non-cash consideration.
	8,716,687 Options exercisable at \$0.02 on or before 30/06/2019		Nil; issued as free attaching Options on the basis of 1 free attaching Option for every 2 Shares subscribed for.	Nil	N/A	Options issued as free attaching Options on the basis of 1 free attaching Option for every 2 Shares subscribed for. Current value: \$61,049 ² , being \$0.007 per Option.

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
16/12/2016	5,442,220 Shares	Malcolm Castle, under the Rights Issue. Malcolm Castle is a non-executive director of the Company	\$0.008 per Share. This issue price represents a discount of \$0.005 per Share to the price at which Shares had last traded at the time of the issue.	\$43,538	The funds raised were used to pay accrued fees and to repay a loan to Transcontinental Investments Pty Ltd, pay accrued fees to Directors and to provide general working capital, including for overheads and administrative costs.	This issue was not for non-cash consideration.
	2,721,110 Options exercisable at \$0.02 on or before 30/06/2019		Nil; issued as free attaching Options on the basis of 1 free attaching Option for every 2 Shares subscribed for.	Nil	N/A	Options issued as free attaching Options on the basis of 1 free attaching Option for every 2 Shares subscribed for. Current value: \$19,058 ² , being \$0.007 per Option.

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
16/12/2016	226,525,290 Shares	Participants in the Rights Issue, none of whom was a Related Party of the Company.	\$0.008 per Share. This issue price represents a discount of \$0.005 per Share to the price at which Shares had last traded at the time of the issue.	\$1,812,202	The funds raised were used to pay accrued fees and to repay a loan to Transcontinental Investments Pty Ltd, pay accrued fees to Directors and to provide general working capital, including for overheads and administrative costs.	This issue was not for non-cash consideration.
	113,262,645 Options exercisable at \$0.02 on or before 30/06/2019	Participants in the Rights Issue, none of whom was a Related Party of the Company.	Nil; issued as free attaching Options on the basis of 1 free attaching Option for every 2 Shares subscribed for.	Nil	N/A	Options issued as free attaching Options on the basis of 1 free attaching Option for every 2 Shares subscribed for. Current value: \$793,253 ² , being \$0.007 per Option.
11/09/2017	2,500,000 Shares	Azure Capital Limited	Issued for nil cash consideration, at a deemed issue price of \$0.01 each. This issue price does not represent a discount to the market price of Shares at the time of the issue	Nil	N/A	Issued as consideration for the provision of professional consultancy services. Current value: \$40,000 ¹ .

Notes:

1. The current value of equity securities, including Shares and Options, has been calculated on the basis that Shares have a current value of \$0.016 each, being the closing price of the Company's Shares as at 16 October 2017.
2. The value of Options has been calculated using Black-Scholes options valuation methodology.