



ASX ANNOUNCEMENT

23 July 2021

NOTICE OF GENERAL MEETING

Notice is hereby given to current shareholders that a General Meeting (Meeting) of Shareholders of BMG Resources Limited (**ASX: BMG**) (**BMG** or **the Company**) will be held at the offices of Tribis Pty Ltd, Level 14, 225 St Georges Terrace, Perth, WA, 6000 at 11am (WST) on Monday, 23 August 2021.

The Company has today despatched a copy of the notice of meeting and a personalised proxy form to all shareholders. If you have elected to receive notices by email, an email will have been sent to your nominated email address, which includes a link to the Notice of Meeting and instructions on voting electronically.

For the purpose of ASX Listing Rule 15.5, this announcement has been authorised for release by the Managing Director of the Company, Bruce McCracken.

*****ENDS*****

For further information, shareholders and media please contact:

Sean Meakin, Company Secretary
BMG Resources Limited
Phone: +61 8 9424 9390
Email: enquiry@bmg.com.au

Website: www.bmg.com.au



BMG Resources Limited

ACN 107 118 678

Notice of General Meeting, Explanatory Statement and Proxy Form

General Meeting to be held at

**Tribis Board Room, Level 14
225 St Georges Terrace
Perth Western Australia 6000**

At 11:00am (WST) on Monday, 23 August 2021

IMPORTANT NOTE

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

Important Information

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Important dates

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

Event	Date
Last day for receipt of Proxy Forms – Proxy Forms received after this time will be disregarded	11.00am (WST) on Saturday, 21 August 2021
Snapshot date for eligibility to vote	5.00pm (WST) on Saturday, 21 August 2021
General Meeting	11.00am (WST) on Monday, 23 August 2021

Defined terms

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

Notice of General Meeting

Notice is hereby given that the General Meeting of BMG Resources Limited (ACN 107 118 678) (**BMG or Company**) will be held at **Tribis Board Room, Level 14, 225 St Georges Terrace, Perth, Western Australia** at **11.00am (WST)** on **Monday, 23 August 2021**.

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

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

AGENDA

To consider, and if thought fit to pass, the resolutions set out below as ordinary resolutions.

Resolution 1 - Ratification of issue of Tranche 1 Placement Shares to Placement Participants under Listing Rule 7.1

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

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue by the Company of 35,998,748 Placement Shares to the Placement Participants on 20 July 2021 at an issue price of \$0.05 each, made under the Company’s Listing Rule 7.1 placement capacity in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 2 - Ratification of issue of Tranche 1 Placement Shares to Placement Participants under Listing Rule 7.1A

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

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue by the Company of 23,999,165 Placement Shares to the Placement Participants on 20 July 2021 at an issue price of \$0.05 each, made under the Company’s Listing Rule 7.1A placement capacity in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 3 - Approval to issue Tranche 2 Placement Shares to non-Related Party investors

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

“For the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue by the Company of a total of 16,002,087 Shares at an issue price of \$0.05 each to the Placement Participants who are not Related Parties of the Company, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 4 - Approval to issue Tranche 2 Placement Shares to a Related Party – John Prineas

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

“Subject to Shareholder approval of Resolution 3, that under and for the purposes of Listing Rule 10.11, and for all other purposes, Shareholders approve the issue by the Company of a total of 2,000,000 Shares at an issue price of \$0.05 each to John Prineas, a Director of the Company, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 5 - Approval to issue Tranche 2 Placement Shares to a Related Party – Impulzive Pty Ltd

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

“Subject to Shareholder approval of Resolution 3, that under and for the purposes of Listing Rule 10.11, and for all other purposes, Shareholders approve the issue by the Company of a total of 2,000,000 Shares at an issue price of \$0.05 each to Impulzive Pty Ltd or its nominee, a Related Party of the Company and a company controlled by John Dawson, a Director of the Company, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 6 - Approval to issue Lead Manager Options

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue by the Company of 6,000,000 Lead Manager Options, each exercisable at \$0.10 on or before 31 August 2023, to the Lead Managers and/or their respective nominee(s), as a fee for arranging and managing the Placement, in the manner and on the terms and conditions set out in the Explanatory Statement.”

By order of the Board



Sean Meakin

Company Secretary
23 July 2021

Voting Exclusions

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

Resolution	Excluded Parties
Resolution 1	Placement Participants, being the persons to whom the Tranche 1 Placement Shares were issued.
Resolution 2	Placement Participants, being the persons to whom the Tranche 1 Placement Shares were issued.
Resolution 3	The Placement Participants, being the persons to whom Tranche 2 Placement Shares are proposed to be issued, and any person who will obtain a material benefit as a result of the proposed issue of Shares (except a benefit solely by reason of being a holder of Shares).
Resolution 4	John Prineas or his nominee, and any person who will obtain a material benefit as a result of the proposed issue of Shares (except a benefit solely by reason of being a holder of Shares).
Resolution 5	Impulzive or its nominee, John Dawson and any who will obtain a material benefit as a result of the proposed issue of Shares (except a benefit solely by reason of being a holder of Shares).
Resolution 6	The Lead Managers (Argonaut Securities Pty Ltd and Taylor Collison Limited), any nominee of a Lead Manager who may be granted Lead Manager Options and any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of Shares).

However, this does not apply to a vote cast in favour of the above Resolutions by:

- the person as proxy or attorney for a person who is entitled to vote on a Resolution, in accordance with directions given to the proxy or attorney to vote on a Resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on a Resolution, in accordance with a direction given to the chair to vote on a Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary providing the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on a Resolution; and
 - the holder votes on a Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Proxy Appointment, Voting and Meeting Instructions

Lodgement of a Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received at an address given below by **11:00am (WST) on Saturday, 21 August 2021**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid. Proxy Forms may be lodged as follows:

By mail	Automic – GPO Box 5193, Sydney NSW 2001
By hand	Automic – Level 5, 126 Phillip Street, Sydney NSW 2000
By fax	02 8583 3040 (within Australia) or +61 2 8583 3040 (outside Australia)
By email	meetings@automicgroup.com.au

Appointment of a proxy

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

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

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, you may photocopy the Proxy Form or an additional Proxy Form may be obtained by telephoning Automic Pty Ltd on 1300 288 664 (from within Australia) or +61 2 9698 5414 (if overseas).

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

Corporate Shareholders

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

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

Corporate representatives

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

Certificates of Appointment of Corporate Representatives are available on request by contacting Automic Pty Ltd on 1300 288 664 (from within Australia) or +61 2 9698 5414 if overseas).

Votes on Resolutions

Voting on all Resolutions will be conducted poll.

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

Chairman voting undirected proxies

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

The Proxy Form expressly authorises the Chairman to exercise undirected proxies on all Resolutions.

Voting entitlement (snapshot date)

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **5:00pm (WST) on Saturday, 21 August 2021**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

Questions from Shareholders

At the Meeting, the Chairperson will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company.

In addition to asking questions at the Meeting, written questions to the Board about the management of the Company may be submitted by no later than **5.00pm (WST) on Monday, 16 August 2021** in the same manner as outlined above for lodgement of Proxy Forms.

Copies of written questions will be available at the Meeting.

Explanatory Statement

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

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

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

1. Resolutions 1 and 2 – Ratification of issue of Tranche 1 Placement Shares to Placement Participants

1.1 Placement

On 12 July 2021 the Company announced its intention to raise up to a total of \$4,000,000 (before costs) by issue of at total of 80,000,000 Shares to persons who are sophisticated and institutional investors (**Placement Participants**) at \$0.05 per Share (**Placement**).

The Placement is being conducted in two tranches, with the issue of Shares under the first tranche (**Tranche 1 Placement**) having already been made, and the issue of the second tranche of the Placement (**Tranche 2 Placement**) subject to Shareholder approval.

On 20 July 2021 the Company issued a total of 59,997,913 Shares (**Tranche 1 Placement Shares**) using its issuing capacities under Listing Rule 7.1 and 7.1A as follows:

- (a) 35,998,748 Shares using its placement capacity under Listing Rule 7.1; and
- (b) 23,999,165 Shares using its placement capacity under Listing Rule 7.1A.

Resolutions 1 and 2 seek ratification and approval by Shareholders of the prior issue of the Tranche 1 Placement Shares under the Company's Listing Rules 7.1 and 7.1A placement capacities respectively.

The Company proposes to issue a further 20,002,087 Shares (**Tranche 2 Placement Shares**) subject to Shareholder approval as follows:

- (a) 16,002,087 Shares to Placement Participants who are not Related Parties of the Company – subject to Shareholder approval of Resolution 3; and
- (b) 4,000,000 Shares to Placement Participants who are Related Parties of the Company – subject to Shareholder approval of Resolutions 4 and 5.

The Placement has been managed and arranged by Argonaut Securities Pty Ltd and Taylor Collison Limited (the **Lead Managers**).

1.2 Use of funds raised under the Placement

\$4,000,000 in funds raised from the Placement will be used to fund major drilling and exploration programs at the Company's 100%-owned Western Australian gold projects and to pay costs of the Placement.

Drilling and exploration will include a follow-up drilling campaign at the Company's Abercromby Gold Project, located in the north-eastern Goldfields, and a maiden drill program at the Company's Invincible Project located in central Pilbara.

1.3 Regulatory requirements

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without approval of its shareholders over any 12-month period to 15% of the fully-paid ordinary securities it had on issue at the start of that period.

The issue of the Tranche 1 Placement Shares did not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by the Company's shareholders, it effectively uses up all of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without shareholder approval under Listing Rule 7.1 for the 12-month period following the issue date.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the Company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolutions 1 and 2 seek shareholder approval of the issue of the Tranche 1 Placement Shares under and for the purposes of Listing Rule 7.4.

If Resolutions 1 and/or 2 are passed, the Tranche 1 Placement Shares will be excluded in calculating the 15% and 10% limits in Listing Rules 7.1 and 7.1A respectively, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the issue date.

If Resolutions 1 and/or 2 are not passed, the Placement will be included in calculating the 15% and 10% limits in Listing Rules 7.1 and 7.1A respectively, effectively decreasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the issue date.

1.4 Listing Rules information requirements

In accordance with the requirements of Listing Rule 7.5, the following information is provided in relation to Resolutions 1 and 2:

(a) Basis on which Placement Participants were identified

The Tranche 1 Placement Shares were issued, and the Tranche 2 Placement Shares will be issued, to new institutional professional and sophisticated investors who were identified by the Lead Managers.

Each Placement Participant is a sophisticated or professional investor within the meaning of section 708(8), (10), (11) or (12) of the Corporations Act, being an investor to whom securities may be issued without a prospectus or other disclosure document.

The recipients of Placement Shares were identified through a bookbuild process, which involved the Lead Managers seeking expressions of interest to participate in the capital raising process from non-related parties of the Company and existing significant Shareholders.

In respect of 4,000,000 Placement Shares, the Placement Participants include persons (John Prineas and Impulzive Pty Ltd) who are Related Parties of the Company. The issue of these Placement Shares is subject to Shareholder approval of Resolutions 4(a) and 4(b).

None of the other Placement Participants who were issued or will be issued more than 2,399,916 Shares under the Placement (being 1% of the total number of Shares on issue prior to the Placement) were or are:

- (i) a Related Party of the Company;
- (ii) a member of key management personnel;
- (iii) a substantial holder in the Company;

- (iv) an advisor of the Company; or
- (v) an associate of any of the above.

(b) **The number and class of securities**

The Company issued a total of 59,997,913 Shares using its issuing capacities under Listing Rule 7.1 and 7.1A as follows:

- (i) 35,998,748 Shares using its placement capacity under Listing Rule 7.1 (the subject of Resolution 1); and
- (ii) 23,999,165 Placement Shares using its placement capacity under Listing Rule 7.1A (the subject of Resolution 2).

All Tranche 1 Placement Shares were fully-paid ordinary shares in the Company which rank equally with all other Shares on issue.

(c) **The date on which the securities were issued**

The Tranche 1 Placement Shares were issued on 20 July 2021.

(d) **The price at which the securities were issued**

The Tranche 1 Placement Shares were issued at an issue price of \$0.05 per Share paid in cash.

(e) **The purpose of the issue, including use or intended use of the funds raised**

The Company intends to use the funds from the issue of the Tranche 1 Placement Shares for the purposes described in Section 1.2.

(f) **If the securities were or will be issued under an agreement, a summary of any other material terms of the agreement**

The Tranche 1 Placement Shares were issued under commitments provided to the Lead Managers and, in respect of some of the Tranche 1 Placement Shares, pursuant to share subscription agreements between the Company and the relevant Placement Participant which provided for:

- (i) the Placement Participant's agreement to subscribe for the Placement Shares at \$0.05 per Share;
- (ii) payment of the issue price of the Tranche 1 Placement Shares to the Company before the Tranche 1 Placement Shares were issued; and
- (iii) the Company's agreement to issue the Tranche 1 Placement Shares following receipt of the issue price.

1.5 **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1 as it will refresh the Company's issuing capacity under Listing Rule 7.1 and give the Company the flexibility to raise additional working capital through the offer and issue of equity securities, if and as required.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2 as it will refresh the Company's issuing capacity under Listing Rule 7.1A and give the Company the flexibility to raise additional working capital through the offer and issue of equity securities, if and as required.

2. Resolution 3 – Approval to issue Tranche 2 Placement Shares to non-Related Party investors

2.1 Requirement for Shareholder approval

The Company proposes to place up to 16,002,087 Placement Shares to investors who are not Related Parties to the Company under the Tranche 2 Placement.

Resolution 3 is an ordinary resolution seeking approval by Shareholders for the proposed issue of 16,002,087 Tranche 2 Placement Shares.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of Tranche 2 Placement Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires approval of the Company's Shareholders under Listing Rule 7.1.

To that end, Resolution 3 seeks the required Shareholder approval for the issue under and for the purposes of Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to proceed with the issue of Tranche 2 Placement Shares to persons who are not Related Parties, and raise approximately \$800,000 in capital for the Company. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of Tranche 2 Placement Shares and consequently, the Company will not raise approximately \$800,000 in capital.

2.2 Listing Rule information requirements

In accordance with the disclosure requirements of Listing Rule 7.3, the following information is provided in relation to Resolution 3:

(a) Names of persons being issues securities and basis on which they were identified

Tranche 2 Placement Shares are proposed to be issued to Placement Participants, being various professional and sophisticated investors identified by the Company.

The Placement Participants include John Prineas and Impulzive, who are Related Parties of the Company (the issue of Placement Shares to these parties is subject to Shareholder approval of Resolutions 4 and 5).

Except for John Prineas and Impulzive, none of the other Tranche 2 Placement Participants who were issued or will be issued more than 2,399,916 Shares under the Placement (being 1% of the total number of Shares on issue prior to the Placement) are:

- (i) Related Parties of the Company;
- (ii) a member of key management personnel;
- (iii) a substantial Shareholder in the Company;
- (iv) an advisor of the Company; or
- (v) an associate of any of the above.

(b) Number and class of securities

Subject to approval of Resolution 3, 16,002,087 Shares will be issued to the Tranche 2 Placement Participants who are not Related Parties of the Company.

The Tranche 2 Placement Shares will be fully paid ordinary Shares in the Company which will rank equally with all Shares then on issue.

(c) **Dates of issue**

The Company anticipates that the Tranche 2 Placement Shares will be issued shortly following the conclusion of the Meeting, otherwise, no later than 3 months after the date of the Meeting.

(d) **Price of Placement Shares**

The Tranche 2 Placement Shares will be issued at a price of \$0.05 per Share.

The Company will raise a total of \$800,104.35 (before costs) from the issue of Tranche 2 Placement Shares to Tranche 2 Placement Participants who are not Related Parties.

(e) **Purpose of the issue**

Refer to Sections 1.1 and 1.2 which sets out the purpose of the Placement and the issue of Placement Shares, including Tranche 2 Placement Shares.

2.3 Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3 as it will enable the Company to raise the approximately \$800,000 (before costs) in funds for the Company, to be used for the purposes described in Section 1.2.

3. Resolutions 4 and 5 – Approval to issue Placement Shares to Related Parties

3.1 Background

The Company proposes to issue as part of the Placement:

- (a) 2,000,000 Shares to John Prineas, who is a non-executive Director and therefore a Related Party of the Company; and
- (b) 2,000,000 Shares to Impulzive as trustee of the Dawson Superannuation Fund; Impulzive is a company controlled by John Dawson who is a non-executive Director; Impulzive is therefore a Related Party of the Company.

Accordingly, as both proposed issues of Placement Shares will be to Related Parties of the Company by virtue of Listing Rule 10.11, the Company seeks Shareholder approval of the issue of Shares under the Placement to John Prineas and Impulzive for purposes of Listing Rule 10.11.

3.2 Chapter 2E of the Corporations Act

Section 208 of the Corporations Act provides that a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Section 210 of the Corporations Act provides that shareholder approval is not required to give a financial benefit in circumstances where the benefit is given on terms that would be reasonable in the circumstances if the public company and the related party were dealing at arm's length.

The issue of Placement Shares to a Related Party (or their nominee) constitutes the giving of a financial benefit to a Related Party of the Company for the purposes of section 208 of the Corporations Act.

The Board (other than John Prineas and John Dawson) has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of Placement Shares to John Prineas and Impulzive, as those Placement Shares are being issued under the same terms as those Placement Shares issued and proposed to be issued to other Placement Participants who are not Related Parties of the Company (being \$0.05 per Share).

Accordingly, the Board (other than John Prineas and John Dawson) considers that the issue of Placement Shares to John Prineas and Impulzive is reasonable in the circumstances as if the Company and those Related Parties were dealing on arm's length terms, and has determined not to seek Shareholder approval under section 208 of the Corporations Act for the issue of Placement Shares.

3.3 **Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 – a related party; a related party includes a director and a person who will become a director;
- 10.11.2 - a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 – a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 – an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 – a person whose relationship with the company or a person referred to in Listing Rule 10.11.1 to 10.11.4 is such that, ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains approval of its shareholders.

The issue of Placement Shares to Related Parties falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing rule 10.12. It therefore requires approval of the Company's Shareholders under Listing Rule 10.11.

Resolutions 4 and 5 seek the required Shareholder approvals to issue the Placement Shares to the Related Parties under and for the purposes of Listing Rule 10.11.

If Resolutions 4 and 5 are passed, the Company will be able to proceed with the issue of Placement Shares to the Related Parties and raise \$200,000 in funds for the Company, to be used for the purposes described in Section 1.2.

If Resolutions 4 and 5 are not passed, the Company will not be able to proceed with the issue of Placement Shares to the Related Parties and the Company will not raise \$200,000 in funds.

3.4 **Information required by Listing Rule 10.13**

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

(a) **The names of the persons**

- (i) Pursuant to Resolution 4 - John Prineas.
- (ii) Pursuant to Resolution 5 - Impulzive as trustee of the Dawson Superannuation Fund.

(b) **Which category in rules 10.11.1 – 10.11.5 the person falls and why**

- (i) In respect of Resolution 4 - John Prineas is a Related Party by virtue of being a Director.

(ii) In respect of Resolution 5 – Impulzive is a Related Party by virtue of being a company controlled by a Director, John Dawson.

(c) **The number and class of securities to be issued to the person**

(i) In respect of Resolution 4 - 2,000,000 Shares.

(ii) In respect of Resolution 5 – 2,000,000 Shares.

Placement Shares will be fully paid ordinary Shares which will rank equally in all respects with Shares then on issue.

(d) **The date on which the company will issue the securities, which must not be more than 1 month after the date of the meeting**

The Company anticipates issuing the Tranche 2 Placement Shares to the Related Parties at the same time it issues Tranche 2 Placement Shares to the other Tranche 2 Placement Participants, and in any event, no later than 1 month following the date of the Meeting.

(e) **The price or consideration the entity will receive for the issue**

Shares will be issued at the price of \$0.05 per Share, being the same price of Shares proposed to be issued to Placement Participants who are not Related Parties.

(f) **The purpose of the issue and use of funds**

Refer to Sections 1.1 and 1.2 which sets out the purpose of the Placement and the issue of Placement Shares.

(g) **Remuneration details of the Related Party**

John Prineas is entitled to Directors' fees as a non-executive Director, being an amount of \$30,000 per annum plus statutory superannuation.

Impulzive receives no remuneration from the Company. John Dawson is entitled to Directors' fees as a non-executive Director, being an amount of \$30,000 per annum plus statutory superannuation.

3.5 Directors' recommendation

The Directors (other than John Prineas and John Dawson) recommend that Shareholders vote in favour of Resolutions 4 and 5 as the issue of the Placement Shares to the Related Parties will provide \$200,000 in funds for the exploration and development of the Company's projects.

4. Resolution 3 - Approval to issue Lead Manager Options

4.1 Background

As described in Section 1.1 above, the Company has undertaken the Placement.

Argonaut Securities Pty Ltd and Taylor Collison Limited (the Lead Managers) have acted as lead managers to the Placement.

In accordance with their lead manager agreement, the fee payable to the Lead Managers for lead manager services performed includes the grant of a total of 6,000,000 Options to the Lead Managers (**Lead Manager Options**).

Resolution 3 is an ordinary resolution and seeks approval from Shareholders for the issue of the Lead Manager Options to the Lead Managers. Neither of the Lead Managers are Related Parties of the Company.

4.2 **Lead Managers' Mandate Agreement**

The Company and the Lead Managers entered into an agreement (**Mandate Agreement**) for the engagement of the Lead Managers pursuant to which the Lead Managers agreed to act as joint lead managers, brokers and bookrunners to the offer of Shares under the Placement.

Pursuant to the terms of the Mandate Agreement, the Lead Managers were engaged on an exclusive basis to provide the following services to the Company in respect of the Placement:

- (a) lead managing the Placement (including overall project management and development and management of the Placement timetable in conjunction with the Company);
- (b) advising on the timing and structuring of the Placement in conjunction with the Company's legal and other professional advisers;
- (c) completing the book build process (in conjunction with the Company and other advisers, as applicable);
- (d) managing the allocation process in direct consultation with the Company;
- (e) assisting in the drafting by the Company and its other advisors of the disclosure document and any other marketing documentation required in connection with the Placement;
- (f) coordinating settlement processes between the Lead Managers and the Company, and subscribers to the Placement; and
- (g) assisting with the communications strategy in relation to the Placement.

For performing these services, the Lead Managers have or will be paid a capital raising fee of up to 6% (plus GST) of the gross proceeds of the Placement arranged and managed by the Lead Managers, payable in the proportion to the amount of the Placement arranged by each Lead Manager.

The Lead Managers (or their nominee(s)) are also entitled to subscribe for a total of 6,000,000 Lead Manager Options, to be issued in proportion to the amount of the Placement arranged by each Lead Manager, subject to Shareholder approval of the issue of the Lead Manager Options.

The subscription price for the Lead Manager Options is \$0.00001 per Option and the Lead Manager Options shall be allocated to the Lead Managers or their nominees.

The Lead Managers will also be re-imbursed for their out-of-pocket expenses and external legal expenses incurred in connection with the Placement.

4.3 **Regulatory requirements**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Lead Manager Options does not fall within any of the exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires approval of Shareholders under Listing Rule 7.1.

Resolution 3 seeks the required Shareholder approval for the issue of the Lead Manager Options under and for the purposes of Listing Rule 7.1

If Resolution 3 is passed the Company will be able to proceed with the issue of the Lead Manager Options, increasing the total number of Options on issue. In addition, the Lead Manager Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Lead Manager Options to the Lead Managers or their nominee(s). In this scenario, the Company will be required to satisfy its obligation to issue Lead Manager Options in another manner. In this eventuality, the Lead Managers may be less inclined to assist the Company in its future capital raising endeavours.

4.4 Listing Rules information requirements

In accordance with the requirements of Listing Rule 7.3, the following information is provided in relation to Resolution 3:

(a) **The names of the persons to whom the securities were issued or the basis on which those persons were determined**

The Lead Manager Options are proposed to be issued to Argonaut Securities Pty Ltd and Taylor Collison Limited, and/or their nominee(s). None of the recipients will be Related Parties of the Company.

(b) **The number and class of securities**

The Company proposes to issue 6,000,000 Lead Manager Options.

The Lead Manager Options have an exercise price of \$0.10 each and expire on 31 August 2023, and otherwise have the terms set out in Schedule 1.

(c) **The date on which the securities will be issued**

The Lead Manager Options will be issued as soon as possible after the Meeting and in any event on one date no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(d) **The price or consideration the entity has received or will receive for the issue**

The Lead Manager Options have an issue price of \$0.00001 and are to be granted in consideration for services performed by the Lead Managers under the Mandate Agreement for the Placement.

(e) **The purpose of the issue, including use or intended use of the funds raised**

The issue of the Lead Manager Options will raise \$60.

If all the Lead Manager Options are exercised prior to expiry, the Company will raise up to \$600,000 on receipt of the exercise price for the Options and the Company anticipates it will use those funds for working capital purposes as required at that time.

(f) **If the securities were or will be issued under an agreement, a summary of any other material terms of the agreement**

The Lead Manager Options is proposed to be issued pursuant to the Mandate Agreement, the material terms of which are summarised at Section 4.2 above.

4.5 Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 6.

Glossary

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

A\$ or \$	Australian dollars.
Associate	Has the meaning given to that term in the Listing Rules.
ASX	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, as the context requires.
Board	The board of Directors of the Company.
Chairman	The chairman of the General Meeting.
Company or BMG	BMG Resources Limited (ACN 107 118 678).
Company Secretary	The company secretary of the Company at the time of the Meeting.
Constitution	The Constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	A director of the Company.
Equity Security	Has the meaning given to that term in ASX Listing Rule 19.12, being: <ul style="list-style-type: none">(a) a share;(b) a unit;(c) a right to a share or unit or option;(d) an option over an issued or unissued security;(e) a convertible security;(f) any security that ASX decides to classify as an equity security;(g) but not a security that ASX decides to classify as a debt security.
Explanatory Statement	This explanatory statement which accompanies and forms part of the Notice.
General Meeting or Meeting	The general meeting of Shareholders, or any adjournment thereof, convened by this Notice.
Glossary	This glossary of terms.
Impulzive	Impulzive Pty Ltd, a company controlled by John Dawson, a Director.
Lead Manager Options	Has the meaning given in Section 4.1.
Lead Managers	Argonaut Securities Pty Ltd and Taylor Collison Limited, the joint lead managers to the Placement under the Mandate Agreement.
Listing Rules	The listing rules of ASX, as amended from time to time.
Mandate Agreement	Has the meaning given in Section 4.2.
Notice or Notice of Meeting	The notice of General Meeting which accompanies this Explanatory Statement.
Option	An option to subscribe for a Share.
Placement	Has the meaning given in Section 1.1.
Placement Participant	Has the meaning given in Section 1.1.

Placement Share	A Share issued, or to be issued, under the Placement.
Proxy Form	The proxy form accompanying this Notice of Meeting.
Related Party	Has the meaning given to that term in section 228 of the Corporations Act.
Resolution	A resolution set out in the Notice.
Shareholder	The holder of a Share.
Tranche 1 Placement	Has the meaning given in Section 1.1
Tranche 1 Placement Shares	59,997,913 Shares issued under the Tranche 1 Placement.
Tranche 2 Placement	Has the meaning given in Section 1.1
Tranche 2 Placement Shares	Shares to be issued under the Tranche 2 Placement.
WST	Australian Western Standard Time, being the time in Perth, Western Australia.

Schedule 1 – Terms of Lead Manager Options

The terms and conditions of the Options proposed to be granted to the Lead Managers if Resolution 6 is approved are as follows:

- (a) Each Option entitles the holder (**Option Holder**) to subscribe for one (1) fully paid ordinary share in the Company (**Share**).
- (b) Options will be granted at an issue price of \$0.00001 per Option, payable in full on subscription.
- (c) The exercise price of the Options is \$0.10 each, payable in full on exercise.
- (d) Each Option may be exercised at any time before 5.00pm (WST) on or before 31 August 2023 (**Expiry Date**). Any Option not exercised by the Expiry Date will automatically expire.
- (e) The Company must give the Option Holder a certificate or holding statement stating:
 - (i) the number of Options issued to the Option Holder;
 - (ii) the exercise price of the Options; and
 - (iii) the date of issue of the Options.
- (f) The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until the expiry date of the Options. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX.
- (g) An instrument of transfer of an Option must be:
 - (i) in writing;
 - (ii) in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
 - (iii) subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and
 - (iv) delivered to the Company, at the place where the Company's register of Option holders is kept, together with the certificate (if any) of the Options to be transferred and any other evidence as the Directors require to prove the title of the transferor to those Options, the right of the transferor to transfer those Options and the proper execution of the instrument of transfer.
- (h) The Options will not be quoted on ASX.
- (i) In accordance with the Listing Rules the Company will apply for Official Quotation on ASX of all Shares allotted pursuant to an exercise of Options.
- (j) There will be no participating entitlements inherent in Options to participate in new issues of capital that may be offered to Shareholders during the currency of an Option. Prior to any new pro-rata issue of Equity Securities to Shareholders, holders of Options will be notified by the Company in accordance with the requirements Listing Rule 6.22.2.
- (k) In the event of a bonus issue of Equity Securities, the number of Shares over which the Options are exercisable may be increased by the number of Shares that the Option holders would have received if the Options had been exercised before the record date for the bonus issue.

- (l) In the event of a reconstruction, including the consolidation, subdivision, reduction or return of issued capital of the Company prior to the Expiry Date, all rights of an Option Holder are to be changed in a manner consistent with the Listing Rules.
- (m) There is no right to a change in the exercise price of the Options or to the number of Shares over which the Options are exercisable in the event of a new issue of capital (other than a change in accordance with the Listing Rules if there is a bonus issue or a pro rata issue to holders of Shares) during the currency of the Options.
- (n) Options are exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Option Holder to exercise all or a specified number of the Options held by the Option Holder accompanied by a Option certificate and a cheque made payable to the Company for the subscription price for the exercise of the specified Options. An exercise of only some of the Options will not affect the rights of the Option Holder to the balance of the Options held.
- (o) Options will be deemed to have been exercised on the date the exercise notice is received by the Company.
- (p) The Company will allot the resultant Shares and deliver the holding statement within 5 business days after the exercise of the Option.
- (q) Shares allotted pursuant to an exercise of Options will rank, from the date of allotment, in all respects equally with existing fully paid ordinary shares of the Company.
- (r) These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

BMG Resources Limited
ACN 107 118 678
PROXY FORM

I/We (name of Shareholder) _____
of (address) _____

being a Shareholder/Shareholders of BMG Resources Limited HEREBY APPOINT:
(name) _____
of (address) _____

and/or failing him/her (name) _____
of (address) _____

or, failing the person named, or if no person is named, the Chairperson of the Meeting as my/our proxy to act on my/our behalf at the General Meeting of BMG Resources Limited (ACN 107 118 678) (**Company**) to be held at **11.00am (WST) on Monday, 23 August 2021** at Level 14, 225 St Georges Terrace, Perth Western Australia (**Meeting**) and at any adjournment or postponement of the Meeting.

Except where I/we have marked a voting box for a Resolution below, I/we authorise my/our proxy to vote or abstain from voting on any Resolution in their discretion.

IMPORTANT NOTES:

- Refer to the Notice of General Meeting for important details of how to complete and return your Proxy Form.
- Should you wish to direct your proxy how to vote, please mark **FOR**, **AGAINST** or **ABSTAIN** in the voting boxes below. The Company encourages you to direct your proxy to vote for or against the Resolutions or to abstain from voting on each of the Resolutions.
- If the Chairperson is appointed your proxy, the Chairperson intends to vote all undirected proxies **FOR** each Resolution.
- Completed Proxy Forms should be returned to the Company by **11.00am (WST) on Saturday, 21 August 2021**

I/We direct my/our proxy to vote in the following manner:

		For	Against	Abstain
Resolution 1	Ratification of issue of Tranche 1 Placement Shares – Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of issue of Tranche 1 Placement Shares – Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to issue Tranche 2 Placement Shares to non-Related Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to issue Tranche 2 Placement Shares to Related Party – John Prineas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to issue Tranche 2 Placement Shares to Related Party – Impulsive Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to issue Lead Manager Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This Proxy is appointed to represent _____% of my voting right, or if two proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my/our total votes.

My/our total voting right is _____ shares.

By:

Individuals and joint holders

Signature
Signature
Signature

Companies (affix common seal if appropriate)

Director
Director/Company Secretary
Sole Director