BMG RESOURCES LIMITED
ACN 107 118 678

Annual Report | 2018

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CORPORATE DIRECTORY

DIRECTORS	Greg Hancock	(Chairman)
	Bruce McCracken	(Managing Director)
	Simon Trevisan	(Non-Executive Director)
	Malcolm Castle	(Non-Executive Director)
	Peter Munachen	(Non-Executive Director)

COMPANY SECRETARY

Sean Meakin

REGISTERED AND PRINCIPAL OFFICE

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HOME EXCHANGE

Australian Securities Exchange Ltd
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152-158 St Georges Terrace
PERTH WA 6000
ASX Code: BMG

SOLICITOR

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PERTH WA 6000

BANKER

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Level 2, Westralia Plaza
167 St Georges Terrace
PERTH WA 6000

LETTER TO SHAREHOLDERS

Dear Shareholders,

It gives me great pleasure to provide you with the 2017-2018 Annual Report for BMG Resources.

Throughout the reporting period, your Board and Management remained actively focused on securing a new investment opportunity for the Company and as previously stated, were concentrating on the lucrative battery minerals industry, which is experiencing high demand due to the current electric vehicle (EV) revolution.

Post period, the Company was pleased to announce that it had signed a transformational joint venture to secure three projects located in the Atacama district of Chile. The projects are in the Chilean region of the ‘lithium triangle’ - a region of the Andes encompassing parts of Northern Chile, SW Bolivia and NW Argentina - which hosts over 50% of the world’s lithium resources and the largest and highest-grade lithium brine deposits in the world.

The Salar de Atacama itself is the world’s largest and purest active source of lithium, containing approximately 27% of the world’s lithium reserves and the world’s largest lithium producer, SQM, is a major player in the area. This move into lithium is part of BMG’s wider strategy to focus on battery minerals, in particular lithium and cobalt which are proving crucial in the EV revolution.

The three projects included in the JV are Salar West, Pajonales and Natalie Prospects, with Salar West located adjacent to SQM assets in the Salar de Atacama.

BMG is currently working to fast track the establishment of the JV and progress the work program as quickly as possible, commencing with geophysics at Salar West, which is currently being undertaken in the Central and Southern area of the prospect.

BMG is encouraged with the signing of the Lithium JV as it meets all the criteria the Company was actively seeking in an investment opportunity that would transform the Company: the right commodity and the right partner in the right location at the right time.

We very much look forward to progressing our lithium exploration and reporting back to our shareholders.

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

We wish to thank our shareholders for their patience whilst we sought a suitable new investment opportunity and we look forward to a very busy year ahead as we progress our lithium strategy.

Yours Sincerely,

Greg Hancock
Chairman
Dated at Perth, Western Australia, this 28th September 2018.

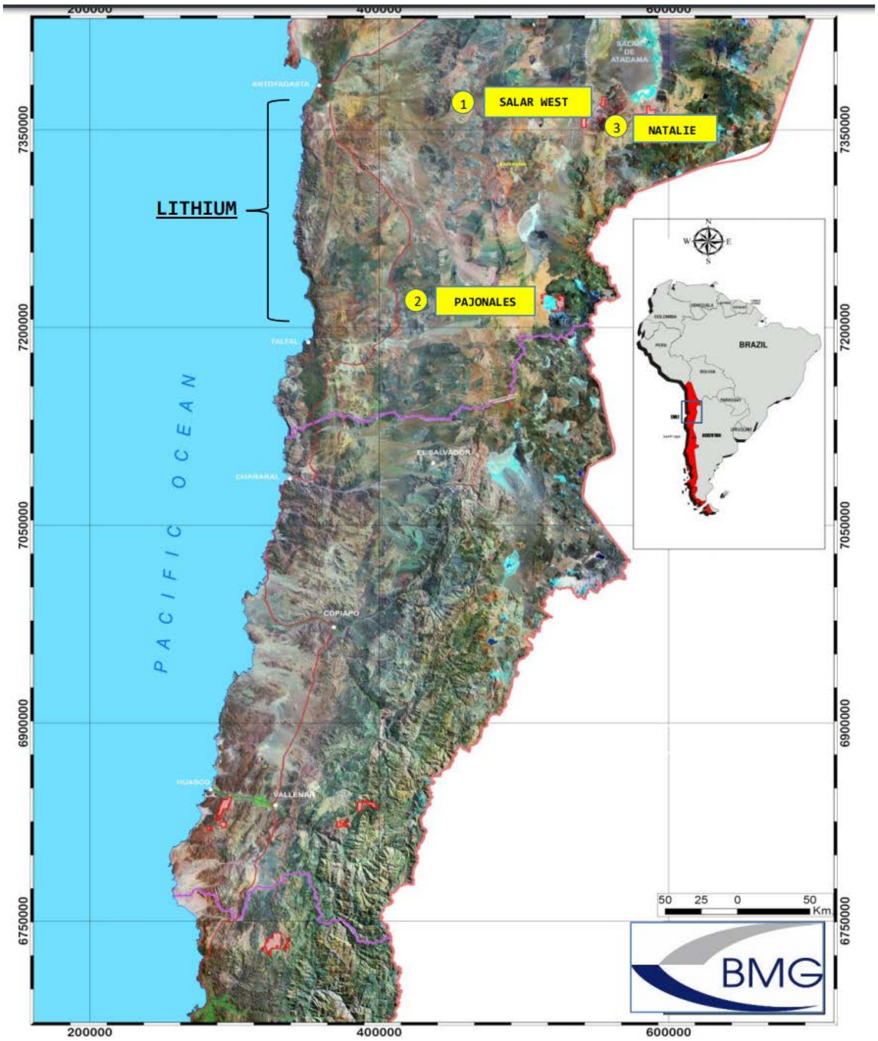
OPERATIONAL REPORT

BMG has recently undertaken a transformational deal to secure three projects located in the Atacama district, and surrounding areas of Chile, host to the world's highest grade, lowest cost lithium operations. The Salar de Atacama is the world's largest and purest active source of lithium, containing approximately 27% of the world's lithium reserves.

Through the JV with Chilean lithium explorer Lithium Chile SpA (LCS), BMG has access to over 12,000 hectares across the three projects. With a strong relationship in place with JV partner Lithium Chile, the opportunity exists to add to this portfolio.

Chile is a stable jurisdiction with a well-established mining regime. The outlook for lithium remains extremely attractive, with both ASX and TSX listed lithium players delivering strong value over the past few years, a trend which BMG hopes to replicate.

BMG's lithium portfolio consists of three project areas: Salar West; Pajonales; and Natalie.



Lithium brine operations have a significant cost advantage over lithium hard rock (pegmatite) operations, and the Atacama Salar is the best lithium brine province in the world:

- The Atacama Salar hosts the world's largest and highest-grade lithium brine deposits, containing over 25% of the world's reserves
- Two of the world's largest lithium producers, Sociedad Quimica y Minera (SQM) and Abermarle are very active in the Salar with large operations in the adjacent areas to BMG's area of focus, Salar West
- Lithium brine exploration is reasonably cost effective and a relatively straightforward process compared to hard rock exploration, generally utilising geophysics followed by drilling to verify and measure resources and brine quality and flow-rates from the lithium-bearing aquifers
- Lithium brine operating costs are about 30 to 40% of lithium hard rock operations

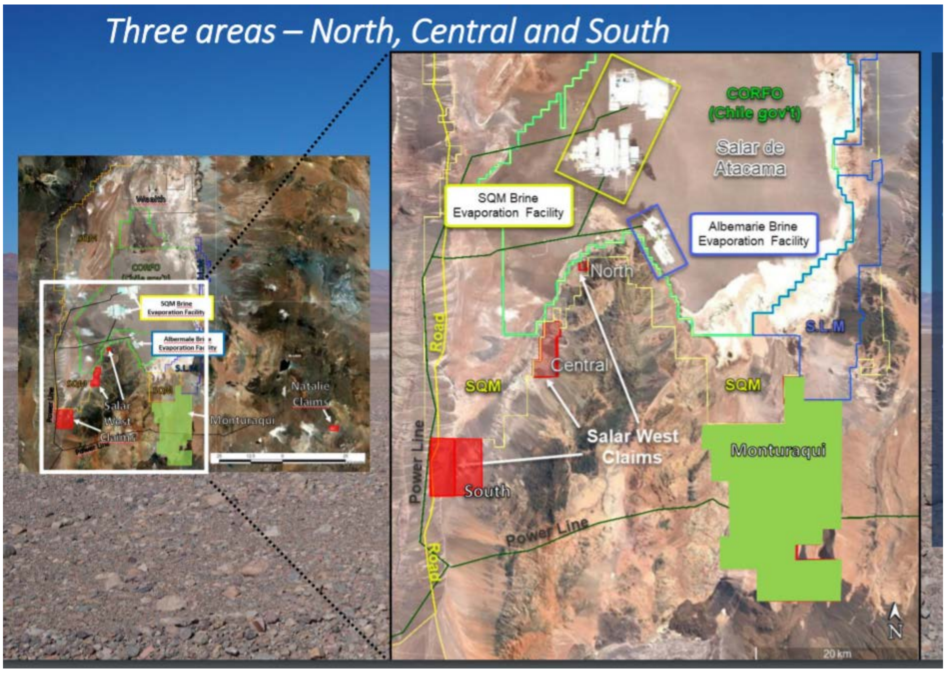
OPERATIONAL REPORT

- BMG's Salar West areas have very good surrounding infrastructure, easy access via well maintained roads, and are well removed from local communities

Salar West

The Salar West Project will be BMG's primary target and is divided into three areas (North, Central and South) covering 5,900 Ha. Located adjacent to the world's largest lithium producer, SQM's Lithium-Potassium operations, Salar West demonstrates similar geology to the nearby Monturaqui project, where geophysics has identified significant lithium bearing aquifer targets.

BMG engaged GEODATOS, a specialist Chilean geophysics company to commence a geophysical resistivity study over the Salar West prospects in August 2018. The Company anticipates the geophysics program will deliver positive results given the prospects are adjacent to areas in the Atacama Salar which host very high grade lithium brine deposits.
The geophysics program is designed to define the aquifer target zones for the initial drilling program.



The Salar West project areas are well removed from proposed freshwater reserves for local communities on the Salar de Atacama to the north, and the Company is satisfied with water management issues at Salar West.

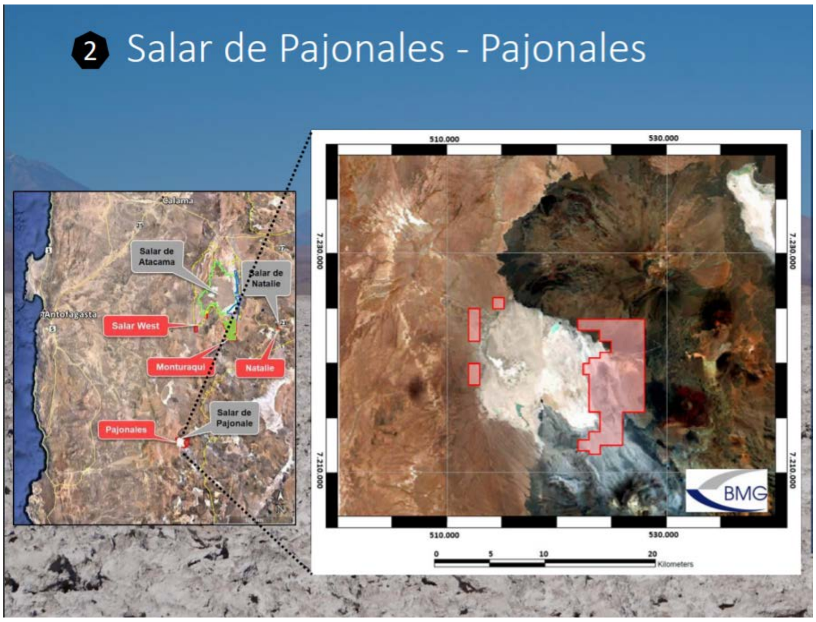
Pajonales

The Pajonales Project covers 5,650 Ha with the Company currently reviewing further areas.

The Salar de Pajonales demonstrates high grade boron borates and halite deposits, enhancing potential economics and indicating strong lithium potential.

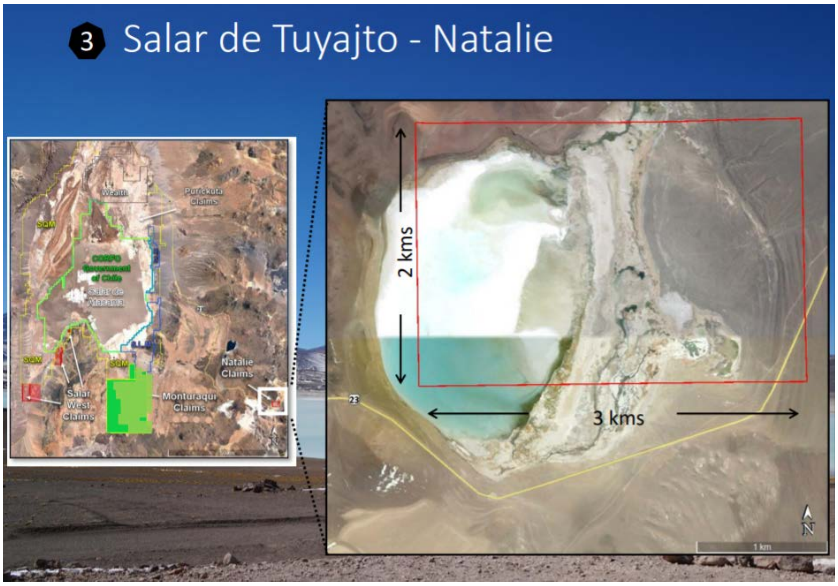
BMG will undertake geophysics at Pajonales as a priority for aquifer target generation for an initial drilling program.

OPERATIONAL REPORT



Natalie

Covering 600 Ha, the Natalie Project covers the majority of the brine-rich Salar de Tuyajto.
Current samples at surface are being analysed, with the next work phase to involve geophysics to delineate the depth and size of the aquifer, followed by drilling.



Terms of the JV

EXPLORATION TIMELINE

The phase 1 exploration program will include undertaking geophysics across the project areas to define key aquifer target zones for an initial drilling program, with Salar West areas being the immediate priority, A drilling program is anticipated to follow once the JV has been established (ie, completion of due diligence, formal documentation, regulatory approvals etc).

Within the next 12 months, the goal of the JV will be to complete initial drilling programs and establish lithium JORC resources within the project areas. The objective of the JV is to fast track the development of a lithium production asset to realise value for investors.

Whilst the JV will focus on the development of the three initial project areas – Salar West, Pajonales and Natalie, it will also be actively assessing additional lithium areas in Chile to provide further value to the venture.

PROPOSED JOINT VENTURE TERMS

- LCS is the holder of the Lithium Brine properties comprising the Salar West Claims, Pajonales Claims and Natalie Claims (Lithium Properties) in the Salar de Atacama and surrounding areas in Northern Chile as described above.
- BMG and the owners of LCS have entered into a binding and exclusive agreement (Terms Sheet) to form a joint venture to undertake the exploration and development of the Lithium Properties and other related opportunities in Chile, subject to satisfactory due diligence enquires, capital raising and required shareholder and regulatory approvals.
- LCS will be the JV entity in Chile (LCS or JV Company) which will own all right, title and interest in the Lithium Properties. BMG will acquire an initial 20% interest in JV Company and will earn-in to a 50% interest in JV Company, which will be managed and operated in accordance with a Shareholders' Agreement between the parties.
- In consideration for the establishment of the JV, BMG will pay the owners of LCS US$0.8m in initial consideration, comprising:
    - A payment of US$100,000 within 5 days of signing the binding Terms Sheet, which was paid in August 2018, providing BMG an exclusive period to undertake due diligence and execute the transaction.
    - A payment of US$500,000 and the issue of US$200,000 of shares at completion of the transaction (Completion) within 120 days, or such longer period as agreed by the parties. Completion is subject to the satisfaction of various conditions precedent (Conditions Precedent) as set out below, including BMG undertaking a capital raising. The number of shares to the owners of LCS at Completion will be determined by the issue price of the shares issued under the capital raising
- BMG will provide up to US$2.5m in funding to JV Company and issue an additional US$300,000 in shares to LCS (at agreed milestones, over and up to a 5 year period), for a further 30% interest in JV Company, bringing its total interest in JV Company to 50%.
- JV Company will be managed by the Board and Management Committee with equal representation from BMG and LCS current owners in accordance with the Shareholders Agreement.
- JV Company will leverage the organisational infrastructure of its current owners who will provide management and operational services to JV Company in accordance with a services agreement (Services Agreement).
- The key Conditions Precedent to Completion are as follows:
    - BMG completing its due diligence investigations within 90 days. This includes acquiring geophysical data (at BMG's cost) on the Salar West areas within 45 days (currently underway)
    - BMG undertaking a capital raising of such amount as BMG in its absolute discretion determines
    - BMG obtaining all necessary ASX, Shareholder and other regulatory approvals for the issue of securities pursuant to the transaction and the capital raising
    - Any other required regulatory approvals to complete the transaction

BACKGROUND ON JV PARTNER

LCS is owned by a private resource development group focussed on base metals and strategic battery metals resources opportunities in Chile, which includes the Lithium Properties which will form the basis of the JV with BMG. The owners of LCS have an experienced technical and commercial team on the ground in Chile which will support the JV in the exploration and development of the Lithium Properties.

THE TREASURE PROJECT (30% INTEREST)

BMG Resources Limited has a free carried minority interest in the Treasure Project in the Republic of Cyprus. The Treasure Project is highly prospective for base (copper, nickel, zinc, cobalt) and precious (gold, silver) metals in the Troodos Mountains, where copper has been mined for over 4,000 years.

The Treasure Project comprises 10 licences in four (4) separate areas (Black Pine, Kalavassos, Kambia, Vrechia) for a total of ~36.7 km^2. The licences include numerous known prospects and abandoned mines.

OPERATIONAL REPORT

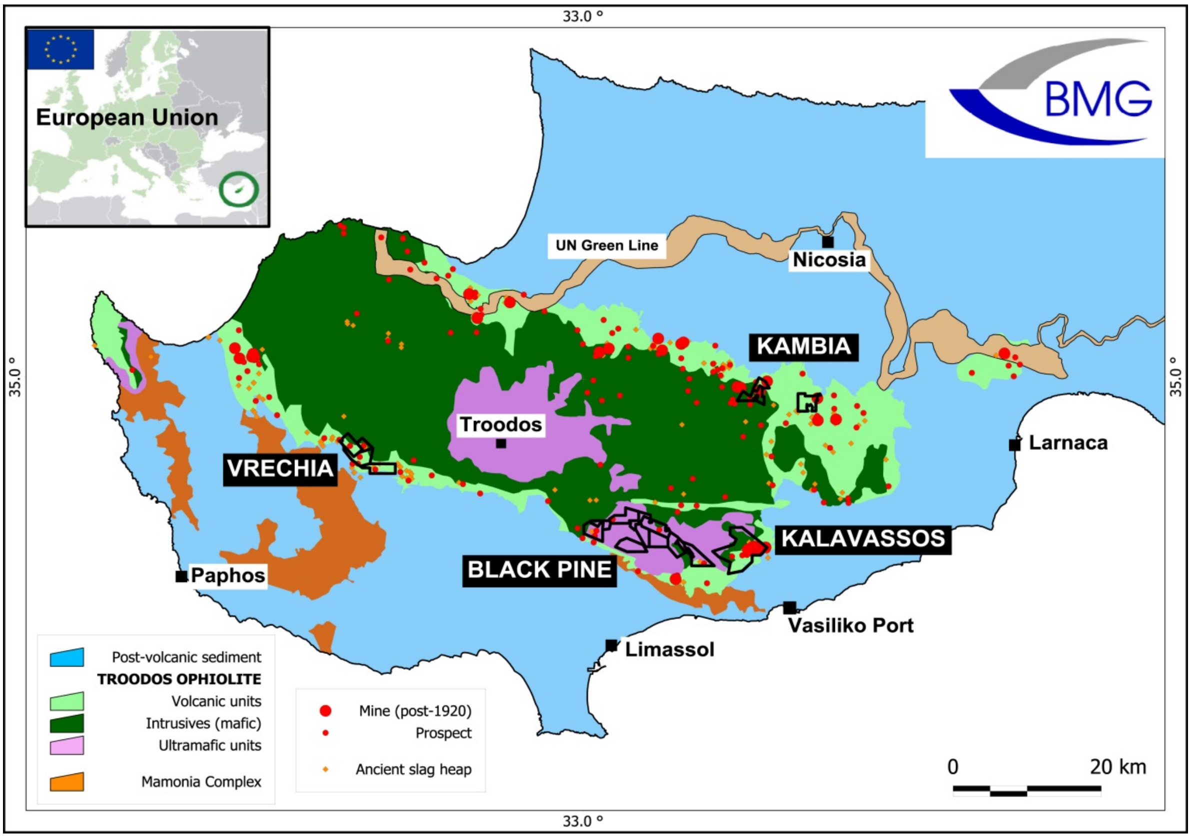


Figure 1: Treasure Project in Cyprus

OPERATIONAL REPORT

TENEMENTS

The Treasure Project, of which BMG currently owns a 30% interest, comprises 10 exploration licences for a total of 36.7 km^2.

Project	Licence number	Status	BMG Interest (%)
BLACK PINE	EA4589	granted	100
	EA4590	granted	100
	EA4591	granted	100
	EA4610	granted	100
	EA4612	granted	100
VRECHIA	EA4457	granted	100
KALAVASSOS	AE4607	granted	100
	AE4608	granted	100
KAMBIA	EA4447	granted	100
	EA4448	granted	100

DIRECTORS' REPORT

Your Director's present their report on the Consolidated Entity (referred to hereafter as the **Group**) consisting of BMG Resources Limited (**BMG** or **the Company**), being the Company and its subsidiaries (**Consolidated Entity**), at the end of, or during, the year ended 30 June 2018 and the Auditor's report thereon.

DIRECTORS

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

- Greg Hancock (Chairman – appointed as Chairman 8 March 2018)
- Bruce McCracken (Managing Director)
- Simon Trevisan (Non-Executive Director)
- Malcolm Castle (Non-Executive Director)
- Peter Munachen (Non-Executive Director – appointed 2 January 2018)
- Anthony Trevisan (Chairman – retired 14 February 2018)

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The Consolidated Entity's loss after providing for income tax for the year ended 30 June 2018 amounted to $301,773 (2017: profit $102,994).

DIVIDENDS PAID OR RECOMMENDED

The Directors' of the Company do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2018.

REVIEW OF OPERATIONS

The Consolidated Entity's operations are discussed in the Operational Report from page 4.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 22 August 2018, the Company entered into a binding and exclusive agreement with Chilean Lithium explorer, Lithium Chile SpA (LCS), to develop world-class lithium brine projects in Chile.

Under the terms of the agreement, BMG and LCS will form a venture to undertake the exploration and development of three Lithium Properties and other related opportunities in Chile, subject to satisfactory due diligence enquires, capital raising and required shareholder and regulatory approvals.

The Company will acquire an initial 20% interest in the JV Company and will earn-in to a 50% interest in the JV Company, which will be managed and operated in accordance with a Shareholders' Agreement between the parties.

On 27 August 2018, the Company made a payment of US$100,000 for the exclusive right to undertake due diligence and execute the transaction.

The Company is required to make a further payment of US$500,000 and issue US$200,000 of shares at completion of the transaction (Completion) within 120 days of the execution of the terms sheet (22 August 2018), being 19 December 2018, or such longer period as agreed by the parties. Completion is subject to the satisfaction of various conditions precedent (Conditions Precedent) as set out in the Company's announcement on 22 August 2018, including BMG undertaking a capital raising at its discretion. The number of shares to the owners of LCS at Completion will be determined by the issue price of the shares issued under the capital raising.

The Company will provide up to US$2.5m in funding to the JV Company and issue an additional US$300,000 in shares to LCS (at agreed milestones, over and up to a 5 year period), for a further 30% interest in JV Company, bringing its total interest in JV Company to 50%.

Full detail on the proposed transaction is provided in the Company's ASX announcement released on 22 August 2018.

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

LIKELY DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

ENVIRONMENTAL REGULATION

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

National Greenhouse and Energy Reporting Act 2007

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

DIRECTORS' REPORT

BOARD OF DIRECTORS

Greg Hancock – BA(Econs); B Ed (Hons) F Fin – **Non-Executive Chairman**	
Experience and Expertise	Mr Hancock has over 25 years' experience in capital markets practicing in the area of Corporate Finance. He has extensive experience in both Australia and the United Kingdom. In this time he has specialised in mining and natural resources and has a background in the finance and management of small companies. Mr Hancock is currently a director of ASX listed companies Ausquest Ltd, where he serves as Chairman, Strata-X Energy Ltd as non-executive director, Zeta Petroleum PLC., as non-executive director, and Golden State Mining Ltd as a non-executive director. Mr. Hancock has been a director of BMG Resources Limited since 6 February 2017, and was appointed as the Company's Chairman on 8 March 2018 following the retirement of the Company's former chairman Mr Anthony Trevisan with effect from 14 February 2018. Mr Hancock is a member of the Board's Audit and Risk Committee and Nomination and Remuneration Committee.
Other Current Directorships	Non-Executive Chairman of Ausquest Ltd Non-Executive Director Cobra Resources Plc Non-Executive Director Golden State Mining Ltd Non-Executive Director of Strata-X Energy Ltd Non-Executive Director of Zeta Petroleum Plc
Former Directorships in last 3 years	None
Special Responsibilities	Chairman of the Board Member of the Nomination and Remuneration Committee Member of the Audit and Risk Committee
Interests in Shares and Options	NIL

Bruce Alexander McCracken B Com, LLB, MBA, GAICD – **Managing Director**	
Experience and Expertise	Mr McCracken is an experienced business executive having spent over 25 years working across a broad range of industries based in Perth, Melbourne and Sydney. Prior to joining BMG Resources Limited Mr McCracken worked in the Corporate sector as a Senior Executive with the Kirin Group-owned Lion Pty Ltd (previously Lion Nathan) and the private equity owned Amatek Group, now part of the Fletcher Building Group. Before working in the corporate environment he was an Investment Banker based in both Perth and Melbourne in specialist corporate advisory and project finance roles and has also practiced as a Banking and Finance Solicitor. During his time as an Investment Banker Mr McCracken worked across a broad range of corporate and financial advisory assignments, primarily in the diversified industrials and mining and resources sectors. Mr McCracken holds Bachelor of Commerce and Bachelor of Laws degrees from the University of Western Australia, an MBA from Melbourne Business School and is a graduate of the Australian Institute of Company Directors.
Other Current Directorships	Director of AssetOwl Limited
Former Directorships in last 3 years	None
Special Responsibilities	Managing Director
Interests in Shares and Options	18,433,375 Ordinary shares in BMG Resources Limited 11,216,687 Unlisted Options over ordinary shares in BMG Resources Limited

DIRECTORS' REPORT

Simon Trevisan B Econ, LLB (Hons), MBT – **Director**	
Experience and Expertise	Simon Trevisan is the managing director of Tribis Pty Ltd, and of the company's property arm Iris Residential Pty Ltd. He has significant experience in public and private investments, corporate finance, and management of large public and private businesses. Mr Trevisan has been responsible for the funding and management of a number of public companies, and for the Group's substantial property investments. His experience includes the establishment and listing of Mediterranean Oil & Gas plc, an AIM-listed oil and gas company with production and a substantial oil discovery in Italy, the successful listing of Ausgold Ltd and Regalpoint Resources Ltd, and the relisting of Brazilian Metals Group Ltd amongst other ASX-traded companies. Mr Trevisan was a founding Executive Director of ASX-listed companies Ausgold Ltd and Regalpoint Resources Ltd. He holds a Bachelor of Economics and a Bachelor of Laws from the University of Western Australia, and a Masters Degree in Business and Technology from the University of New South Wales. Before becoming a full-time executive with Tribis, Mr Trevisan practiced as a solicitor with Allens Arthur Robinson Legal Group firm, Parker and Parker, in the corporate and natural resources divisions. He is also currently a Director of ASX-listed public companies Neurotech International Ltd, Zeta Petroleum plc and AssetOwl Limited, and is also on the board of St George's College Foundation. Mr Trevisan is the Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Committee.
Other Current Directorships	Managing Director of Tribis Pty Ltd Managing Director of Iris Residential Pty Ltd Non-Executive Chairman of AssetOwl Limited Non-Executive Director of Neurotech International Limited Non-Executive Director of Zeta Petroleum Plc Director of Perry Lakes No 229 Pty Ltd Director of Port Coogee No 790 Pty Ltd
Former Directorships in last 3 years	None
Special Responsibilities	Chairman of the Nomination and Remuneration Committee Member of the Audit and Risk Committee
Interests in Shares and Options	76,900,311 ordinary shares in BMG Resources Limited 35,106,687 Unlisted Options over ordinary shares in BMG Resources Limited

Malcolm John Castle B.Sc. (Hons), GCertAppFin (Sec Inst), MAusIMM – **Director**	
Experience and Expertise	Mr Castle has over 40 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an Exploration Geologist. He has wide experience in a number of commodities including iron ore, gold, base metals, uranium and mineral sands. He has been responsible for project discovery through to feasibility study and development in Indonesia and the Pilbara in Western Australia and technical audits in many countries. Mr Castle was a founding member and permanent employee of Fortescue Metals Group as Technical Services Manager for expansion projects and was an integral member of the team developing the definitive feasibility study for start-up projects at Cloudbreak and Christmas Creek. Mr Castle is Chief Geologist for the Tribis Group. Mr Castle completed a Bachelor's Degree in Applied Geology with the University of New South Wales in 1965 and was awarded a B.Sc (Hons) degree. He completed postgraduate studies with the Securities Institute of Australia in 2001 and was awarded a Graduate Certificate in Applied Finance and Investment in 2004. He is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM), and has the appropriate

	relevant experience and qualifications to be an 'Expert' and 'Competent Person' under the Australian Valmin and JORC Codes respectively. Mr Castle is a member of the Board's Audit and Risk Committee and Nomination and Remuneration Committee.
Other Current Directorships	None
Former Directorships in last 3 years	None
Special Responsibilities	Member of the Audit and Risk Committee Member of the Nomination and Remuneration Committee
Interests in Shares and Options	6,040,076 Ordinary shares in BMG Resources Limited 2,721,110 Unlisted Options over ordinary shares in BMG Resources Limited

Peter Munachen FCAANZ, FAICD **–Director (Appointed on 2 January 2018)**	
Experience and Expertise	Peter's career spanned some 45 years in the areas of management and corporate administration of ASX quoted public companies, including the financing of exploration and resource development projects (gold, base metals, diamonds and hydrocarbons), as well as the acquisition of exploration and development projects – both Australasian and international. He is a Chartered Accountant by profession and prior to concentrating on resource driven projects from 1987, he was a practising professional accountant advising a range of clientele covering traditional small to medium businesses as well as entrepreneurs of innovative projects. He retired from the position of CEO/Director of Norwest Energy NL (NWE) in 2016, but continued to consult to a number of resource and start-up projects. Mr Munachen was appointed as a director of BMG Resources Limited on 2 January 2018. Mr Munachen is the Chairman of the Board's Audit and Risk Committee.
Other Current Directorships	None
Former Directorships in last 3 years	Director of Norwest Energy NL
Special Responsibilities	Chairman of the Audit and Risk Committee
Interests in Shares and Options	NIL

DIRECTORS' REPORT

COMPANY SECRETARY

Sean Meakin B. Bus (Acc), B. IT (Info Sys), CA, AGIA **(Appointed on 23 March 2018)**	
Experience and Expertise	Sean Meakin has a Bachelor of Business degree majoring in Accounting, and a Bachelor of Information Technology degree majoring in Information Systems from Charles Darwin University. Sean is a Chartered Accountant and an associate of the Governance Institute of Australia. Sean was appointed as Company Secretary of the Company in March 2018, he is also joint Company Secretary of Zeta Petroleum PLC (ASX: ZTA). Sean works closely with the Company's finance team for the preparation of Company's annual report and half yearly financial report.

DIRECTORS' REPORT

DIRECTORS' MEETINGS

During the financial year, 4 Board of Directors' Meetings and 2 Audit Committees were held. Attendances by each Director during the year were as follows:

	Directors' Meetings		Audit and Risk Committee*		Nomination and Remuneration Committee**	
	Number Eligible to Attend	**Number Attended**	**Number Eligible to Attend**	**Number Attended**	**Number Eligible to Attend**	**Number Attended**
Greg Hancock	4	4	-	2	-	-
Bruce McCracken	4	4	-	-	-	-
Simon Trevisan	4	4	2	2	-	-
Malcolm Castle	4	4	1	1	-	-
Peter Munachen (appointed 2 January 2018)	3	3	1	1	-	-
Anthony Trevisan (retired 14 February 2018)	4	4	-	-	-	-

* Mr Castle was Chairman of the Audit and Risk Committee until 2nd January 2018 when Peter Munachen was appointed to the committee and invited to be the Chairman, Mr Castle left the committee as at this date. Mr Trevisan and Mr Hancock were members of the committee for the entire financial year.

** During the financial year Mr Trevisan was Chairman of the Nomination and Remuneration Committee with Mr Castle and Mr Hancock being members. There were no meetings of the Nomination and Remuneration committee during the year.

REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company and the Consolidated Entity and has been audited in accordance with the requirements by section 308(3C) of the *Corporations Act 2001* and the Corporations Regulations 2001.

For the purposes of this report, Key Management Personnel of the Consolidated Entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Consolidated Entity, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

KEY MANAGEMENT PERSONNEL DISCLOSED IN THE REPORT

Names and positions held of Parent Entity Directors and Key Management Personnel in office at any time during the financial year are:

Greg Hancock	(Director/Chairman – appointed as Chairman 8 March 2018)
Bruce McCracken	(Managing Director)
Simon Trevisan	(Non-executive Director)
Malcolm Castle	(Non-executive Director)
Peter Munachen	(Non-executive Director – appointed 2 January 2018)
Anthony Trevisan	(Director/Chairman – retired 14 February 2018)

DIRECTORS' REPORT

Remuneration Governance

The Remuneration and Nomination Committee provides assistance to the Board with respect to the following:

(a) Remuneration policies and practices;

(b) Remuneration of the Executive Officer and Executive Directors;

(c) Composition of the Board; and

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

Use of Remuneration Consultants

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

Membership and Composition

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

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

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

Executive Remuneration Policy and Framework

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

(a) strategies in relation to Executive remuneration policies;

(b) compensation arrangements for the Managing Director, Non-Executive Directors and other Senior Executives as appropriate;

(c) performance related incentive policies;

(d) the Company's recruitment, retention and termination policies;

(e) the composition of the Board having regard to the skills/experience desired and skills/experience represented;

(f) the appointment of Board members;

(g) the evaluation of the performance of the Managing Director and Chief Operating Officer;

(h) consideration of potential candidates to act as Directors; and

(i) succession planning for Board members.

Processes

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

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

The Committee reviews, and may recommend to the Board, any necessary action to require at least annually, and recommends any changes it considers appropriate to the Board. The Committee may undertake any other special duties as requested by the Board.

Key Management Personnel Remuneration Policy

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

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

The Remuneration Committee determines the proportion of fixed and variable compensation for each Key Management Personnel.

Executive and Non-Executive Director Remuneration Policy

On appointment to the Board, all Executive and Non-Executive Directors enter into an agreement with the Company. The letter of appointment summarises the Board's policies and terms, including remuneration, relevant to the Office of Director. Non-Executive Directors do not receive additional fees for chairing or participating on Board committees.

Directors do not receive retirement allowances.

Directors do not receive performance-based pay. Please see the table below for the details of the nature and amount remuneration payable to Key Management Personnel of the Group.

	From 1 July 2018	From 1 July 2017 to 30 June 2018
Base fees		
Chairman (Greg Hancock)	$5,000 per month	$3,000 per month until 28 February. $5,000 per month from 1 March
Managing Director (Bruce McCracken) [1]	-	-
Non-Executive Director (Simon Trevisan)[2]	-	-
Non-Executive Director (Malcolm Castle) [1]	-	-
Non-Executive Director (Peter Munachen, appointed 2 January 2018)	$2,000 per month	N/A
Chairman (Anthony Trevisan, retired 14 February 2018) [4]	N/A	-

1. Mr McCracken and Mr Castle agreed not to receive any director fees while a new project was being sought for the Company.
2. Mr Simon Trevisan does not receive remuneration directly from BMG Resources Limited. BMG has an agreement with Tribis Pty Ltd, an entity of which Mr Simon Trevisan is a director. The Company must pay a monthly fee plus reimbursement for certain costs, expenses and liabilities incurred and/or paid by on behalf of the Group during the month. From 1 July 2016 Tribis agreed to stop charging the management fee for Administration Services.
3. During Mr Anthony Trevisan's service to the Company as Chairman up until 14 February 2018 he did not receive remuneration.

The amounts above are the monthly remuneration values for Key Management Personnel in the respective positions. The amounts above are exclusive of superannuation.

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

Company Performance, Shareholder Wealth and Director and Executive Remuneration

The Remuneration Policy has been tailored to increase goal congruence between Shareholders, Directors and Executives. Each year the Board reviews Directors remuneration and will consider the issue of options as part of the Director's remuneration to encourage the alignment of personal interest and shareholder interests. During the year, the Company has not required or used any remuneration consultants.

Voting and comments made at the Group's 2017 Annual General Meeting

The Company received 99% of "yes" votes on its Remuneration Report for the 2017 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Performance based remuneration

Due to the size of the Group, its current stage of activities and its relatively small number of employees, the Group has not implemented performance-based remuneration for the current year. There is an existing Employee Option Plan based on the achievement of key milestones and to increase goal congruence between Executives, Directors and Shareholders.

Consequences of Group Performance on Shareholder wealth

An analysis of the Group's performance over the five financial years to 30 June 2018 is provided below:

	2018	2017	2016	2015	2014
Net profit/(loss) attributable to owners of BMG Resources Limited	(301,773)	102,994	(2,678,099)	(922,896)	(841,065)
Change in share price	0.03	0.00	0.00	0.03	0.01
Basic profit/(loss) per share (cents per share)	(0.08)	0.04	(4.19)	(1.45)	(0.13)
Diluted loss per share (cents per share)	N/A	N/A	N/A	N/A	N/A

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration	
	2018	2017
Greg Hancock	100%	100%
Bruce McCracken	-	(100%)*
Simon Trevisan	-	-
Malcolm Castle	-	(100%)*
Peter Munachen (appointed 2 January 2018)	100%	100%
Anthony Trevisan (retired 14 February 2018)	-	-

*In the 2017 year Mr Bruce McCracken and Mr Malcolm Castle's stated remuneration is the reversal of previously accrued director fees which these two directors agreed to forego in that financial year.

Details of Remuneration

2018 Key Management Person	Short-term Benefits			
	Salary ($)	Other Fees ($)	Non-monetary benefits ($)	Total ($)
DIRECTORS				
Greg Hancock	44,000	-	-	44,000
Bruce McCracken[1]	-	-	-	-
Simon Trevisan[2]	-	-	-	-
Malcolm Castle[3]	-	-	-	-
Peter Munachen[4] (appointed 2 January 2018)	12,000	-	-	12,000
Anthony Trevisan[5] (retired 14 February 2018)	-	-	-	-
TOTAL	**56,000**	**-**	**-**	**56,000**

1. Mr McCracken agreed not to receive any director fees while a new project was being sought for the Company.
2. Mr Simon Trevisan does not receive remuneration directly from BMG Resources Limited. BMG has an agreement with Tribis Pty Ltd, an entity of which Mr Simon Trevisan is a director. The Company must pay a monthly fee to Tribis plus reimbursement for certain costs, expenses and liabilities incurred and/or paid by Tribis on behalf of the Group during the month. From 1 July 2016 Tribis agreed to suspend charging the management fee for Administration Services, while a new project was being sought for the Company.
3. Mr Castle agreed not to receive any director fees while a new project was being sought for the Company.
4. Mr Munachen was appointed as a Director on 2 January 2018. He received remuneration $2,000 per month for period January 2018 – June 2018
5. Mr Anthony Trevisan retired on 14 February 2018. Mr Trevisan did not receive remuneration directly from BMG Resources Limited.

2017 Key Management Person	Short-term Benefits			
	Salary ($)	Other Fees ($)	Non-monetary benefits ($)	Total ($)
DIRECTORS				
Greg Hancock[4]	9,000	-	-	9,000
Bruce McCracken[2]	(132,335)	-	-	(132,335)
Simon Trevisan[3]	-	-	-	-
Malcolm Castle[4]	(12,848)	-	-	(12,848)
Anthony Trevisan[3]	-	-	-	-
TOTAL	**(136,183)**	**-**	**-**	**(136,183)**

1. Mr Hancock was appointed as a Director on 6 February 2017. He received remuneration $3,000 per month for period April 2017 – June 2017
2. Mr McCracken agreed not to receive any director fees while a new project was being sought for the Company. The negative $132,335 represents the reduction of the prior year accrued director's fee which has been agreed by Mr McCracken. For more information refer to rights issue prospectus on 01 December 2016.
3. Mr Anthony Trevisan and Mr Simon Trevisan did not receive remuneration directly from BMG Resources Limited. BMG has an agreement with Tribis Pty Ltd, an entity of which Mr Anthony Trevisan and Mr Simon Trevisan were directors during the financial year. The Company must pay a monthly fee to Tribis plus reimbursement for certain costs, expenses and liabilities incurred and/or paid by Tribis on behalf of the Group during the month. From 1 July 2016 Tribis agreed to stop charging the management fee for Administration Services, while a new project was being sought for the Company.
4. Mr Castle agreed not to receive any director fees while a new project was being sought for the Company. The negative $12,848 represents the reduction of the prior year accrued director's fee which has been agreed by Mr Castle. For more information refer to rights issue prospectus on 1 December 2016.

Equity Instruments Disclosure Relating to Key Management Personnel Shareholdings

Number of shares held by Parent Entity Directors and other Key Management Personnel of the Group, including their personally related parties, are set out below.

2018 Name	Balance at the start of the year	Balance at the end of the year
Directors of BMG Resources Limited **Ordinary Shares**		
Bruce McCracken[1]	18,433,375	18,433,375
Greg Hancock	-	-
Simon Trevisan[2]	76,900,311	76,900,311
Malcolm Castle[3]	6,040,076	6,040,076
Peter Munachen (Appointed 2 January 2018)	N/A	-
Anthony Trevisan[4] (Retired 14 February 2018)	56,387,496	N/A

1 Relevant interest in 18,253,375 shares as a beneficiary of the McCracken Family Trust and 180,000 shares directly held.

2 Relevant interest in 29,428,800 as Director of Tribis Equity Investments, 47,278,177 shares as Director of Tribis Pty Ltd, 193,334 shares as a trustee of Trevisan Superannuation Fund, totalling 76,900,311 shares held.

3 Relevant interest as Director and sole Shareholder of Agricola Mining Consultants Pty Ltd of 542,960 shares, indirect interest as a spouse of Susan Castle of 39,896 and 5,457,220 shares directly held.

4 Relevant interest in 8,799,985 as Director and sole Shareholder of Transcontinental Resources Group 2013, 47,278,177 shares as a director of Tribis Pty Ltd (then Transcontinental Investments Pty Ltd)(as at 30 June 2017), 193,334 shares as a trustee of Trevisan Superannuation Fund (as at 30 June 2017), 40,000 shares as a trustee of the Kippy Superannuation Fund, 10,000 as a spouse of Karen Trevisan and 66,000 shares directly held, totalling 56,387,496 shares held.
Mr Anthony Trevisan retired from the Board effective from 14 February 2018, therefore his shares held at this date have been removed from the above table.

Options provided as Remuneration and Shares issued on Exercise of Such Options

Details of options provided as remuneration and shares issued on the exercise of such options, together with term and conditions of the options.

Option Holdings

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

2018 Directors	Balance at the start of the year	Granted as compensation	Exercised	Balance at the end of the year	Vested and exercisable	Unvested
Directors of BMG Resources Limited						
Options						
Bruce McCracken [1]	11,216,687	-	-	11,216,687	8,716,687	2,500,000
Greg Hancock	-	-	-	-	-	-
Simon Trevisan[2]	35,106,687	-	-	35,106,687	35,106,687	-
Malcolm Castle	2,721,110	-	-	2,721,110	2,721,110	-
Peter Munachen (Appointed 2 January 2018)	-	-	-	-	-	-
Anthony Trevisan[3] (Retired 14 February 2018)	22,844,687	N/A	N/A	N/A	N/A	N/A

1 Relevant interest in 8,641,687 options as a beneficiary of the McCracken Family Trust and 75,000 directly held.

2 Relevant interest in 12,262,000 options as Director of Tribis Equity Investments and 22,844,687 options as Director of Tribis Pty Ltd.

3 Relevant interest in 22,844,687 options as Chairman of Tribis Pty Ltd (then Transcontinental Investments Pty Ltd) at 30 June 2017.
Mr Anthony Trevisan retired from the Board effective from 14 February 2018, therefore his options held at this date have been removed from the above table.

Loans to/from Key Management Personnel

There were no loans to individuals or directors of the Company during the year ended 30 June 2018

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Transactions with the Company

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

Administration Services Agreement with Tribis Pty Ltd

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

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

(a) company secretarial and accounting, corporate governance and reporting and administration support, management of the Company's website, management of third party professional and expert service providers including legal, accounting, tax, audit and investment banking, independent technical expert and other services associated with proper administration of a listed public Company;

(b) operating, marketing, strategic and financial activities required in relation to the Company's mining and exploration projects; and

(c) provision of 'A' grade office space in a central business district office for the Company's main corporate office including use of IT, photocopying and other office equipment and supplies.

The fee under the contract is $5,000 per month plus GST to Tribis Pty Ltd (Tribis) plus reimbursement each month for certain costs incurred by, Tribis on behalf of the Company during the month. From 1 July 2016 Tribis agreed to suspend charging the management fee for Administration Services, while a new project was being sought for the Company.

There were no related party transactions to individual or Directors of the Company during the year ended 30 June 2018.

This is the end of the Audited Remuneration Report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Entity or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

INDEMNIFYING DIRECTORS AND OFFICERS

The Company has made an Agreement to indemnify all the Directors and Officers of the Company against all losses or liabilities incurred by each Director and Officer in their capacities as Directors and Officers of the Company. During the period ended 30 June 2018, the Company paid insurance premiums in respect of Directors and Officers Liability Insurance for Directors and Officers of the Company. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of the Entity and related joint venture companies to the extent permitted by the *Corporations Act 2001*. On 14 May 2018, the Company paid an insurance premium of $6,990 covering the period 30 April 2018 to 30 April 2019 (2017: $6,410).

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the *Corporations Act 2001*.

The Board and the Audit and Risk Committee have considered the non-audit services provided during the financial year by the Auditor and are satisfied that the provision of those non-audit services during the financial year by the Auditor is compatible with, and did not compromise, the Auditor's independence requirements of the *Corporations Act 2001* for the followings reasons:

(a) all non-audit services were subject to the Corporate Governance procedures adopted by the Group; and

(b) the non-audit services provided do not undermine the general principals relating to Auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amount paid to the Auditor of the Group, BDO Audit (WA) Pty Ltd and its related practices for audit and non-audit services provided during the financial year are set out below. In addition, amounts paid to other Auditors for the statutory audit have been disclosed:

	2018 ($)	2017 ($)
Audit and Other Assurance Services		
BDO Audit (WA) Pty Ltd	20,640	22,791
Total remuneration for Audit and Other Assurance Services	**20,640**	**22,791**
Other Service		
BDO Corporate Finance (Preparation of Pro forma balance sheet in a prospectus)	-	3,060
Total remuneration for Other Service	**-**	**3,060**

AUDITORS INDEPENDENCE DECLARATION

The Auditors Independence Declaration for the year ended 30 June 2018 has been received and can be found on page 29.

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

Bruce McCracken
Managing Director
Dated at Perth, Western Australia, this 28th September 2018.

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the overall Corporate Governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administering its corporate governance structures to promote integrity and responsible decision making.

The Company's corporate governance structures, policies and procedures are described in its Corporate Governance Statement which is available on the Company's website at

http://www.bmgl.com.au/corporate/corporate-governance.html

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF BMG RESOURCES LIMITED

As lead auditor of BMG Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of BMG Resources Limited and the entity it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 28 September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Notes	30 June 2018 ($)	30 June 2017 ($)
Revenue	5	15,746	8,343
Other Income	6	-	263,983
Director fees	7	(56,000)	(9,000)
Depreciation and amortisation expense		(338)	(2,028)
Accounting & audit fee		(25,980)	(34,082)
Corporate and administration expenses		(159,440)	(58,102)
Other expenses from ordinary activities		(69,124)	(44,493)
Share of net loss of associate		(6,637)	(21,627)
PROFIT/(LOSS) BEFORE INCOME TAX		**(301,773)**	**102,994**
Income tax expense	8	-	-
PROFIT/(LOSS) AFTER INCOME TAX		**(301,773)**	**102,994**
Profit/(Loss) is attributable to:			
Owners of BMG Resources Limited		**(301,773)**	**102,994**
NET PROFIT/(LOSS) FOR THE YEAR		**(301,773)**	**102,994**
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		**(301,773)**	**102,994**
Total comprehensive Profit/(loss) for the year is:			
Attributable to the owners of BMG Resources Limited		**(301,773)**	**102,994**
Basic (loss)/earnings per share (cents per share)	16	(0.08)	0.04

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	30 June 2018 ($)	30 June 2017 ($)
CURRENT ASSETS			
Cash and cash equivalents	9	1,119,462	1,390,397
Other receivables	10	3,569	3,748
TOTAL CURRENT ASSETS		**1,123,031**	**1,394,145**
NON-CURRENT ASSETS			
Property, Plant & Equipment		2,388	-
Investment in Associate		-	6,637
TOTAL NON-CURRENT ASSETS		**2,388**	**6,637**
TOTAL ASSETS		**1,125,419**	**1,400,782**
CURRENT LIABILITIES			
Trade and other payables	11	18,088	16,678
TOTAL CURRENT LIABILITIES		**18,088**	**16,678**
TOTAL LIABILITIES		**18,088**	**16,678**
NET ASSETS		**1,107,331**	**1,384,104**
EQUITY			
Contributed equity	12	42,204,604	42,179,604
Reserves	13	482,777	482,777
Accumulated Loss	14	(41,580,050)	(41,278,277)
TOTAL EQUITY		**1,107,331**	**1,384,104**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Notes	Contributed Equity ($)	Accumulated Losses ($)	Option Reserve ($)	Total ($)
BALANCE AT 1 JULY 2017		**42,179,604**	**(41,278,277)**	**482,777**	**1,384,104**
Total (Loss) for the year		-	(301,773)	-	(301,773)
Transactions with owners in their capacity as owners:					
Issue of shares	3	25,000	-	-	25,000
BALANCE AT 30 JUNE 2018		**42,204,604**	**(41,580,050)**	**482,777**	**1,107,331**
BALANCE AT 1 JULY 2016		**39,797,644**	**(41,381,271)**	**482,777**	**(1,100,850)**
Total Profit for the year		-	102,994	-	102,994
Transactions with owners in their capacity as owners:					
Issue of shares under Right Issue		2,556,914	-	-	2,556,914
Capital Raising Costs	12	(174,954)	-	-	(174,954)
BALANCE AT 30 JUNE 2017		**42,179,604**	**(41,278,277)**	**482,777**	**1,384,104**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Notes	30 June 2018 ($)	30 June 2017 ($)
CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(283,956)	(253,100)
Interest received		15,746	8,343
NET CASH (USED IN) OPERATING ACTIVITIES	15	**(268,210)**	**(244,757)**
CASH FLOWS (USED IN) INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,725)	-
NET CASH (USED IN) INVESTING ACTIVITIES		**(2,725)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from share issue		-	1,782,202
Transaction costs related to issue of shares		-	(174,954)
Proceeds of Borrowing		-	43,343
Repayment of Borrowing		-	(44,493)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**-**	**1,606,098**
NET INCREASE/(DECREASE) IN CASH HELD		**(270,935)**	**1,361,341**
Cash and cash equivalents at beginning of year		1,390,397	29,056
CASH AND CASH EQUIVALENTS AT END OF YEAR	9	**1,119,462**	**1,390,397**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Company

BMG Resources Limited is a Company domiciled in Australia. BMG Resources Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Consolidated Financial Report of the Company as at and for the year ended 30 June 2018 comprises the Company and its subsidiaries (together referred to as the '**Group**' or '**Consolidated Entity'**).

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

(b) Basis of Preparation

Statement of Compliance

The Consolidated Financial Statements are general purpose Financial Statements for the reporting year ended 30 June 2018 and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, Interpretations and the *Corporations Act 2001*. BMG Resources Limited is a for profit entity for the purpose of preparing the Financial Statements.

Compliance with IFRS

The Consolidated Financial Statements of BMG Resources Limited Group also comply with the International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB).

The Board of Directors have prepared the financial report on a going concern basis, any additional funding that may be required is anticipated to be obtainable and will allow the Group to continue to fund its operations and further develop their mineral exploration and evaluation assets during the twelve-month period from the date of this financial report.

The Financial Statements were approved by the Board of Directors on 28th September 2018

Historical cost convention

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

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

(c) Significant Accounting Judgments, Estimates and Assumptions

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

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

(i) Significant Accounting Estimates and Assumptions

Critical Accounting Estimate

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes assumptions concerning the future. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to Management. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below.

Share based payments

The Group measures the cost of equity settled transactions with employees and service providers by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model.

(d) Going Concern

The Directors are satisfied that the going concern assumption has been appropriately applied in preparing the financial statements and the historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the year ended 30 June 2018 the Group made a loss of $301,773 (2017: profit of $102,994) and had cash outflows from operating activities of $268,210 (2017: cash outflows from operating activities of $244,757).

The Directors believe that the Group will continue as a going concern.

As disclosed in Note 17, subsequent to the end of the financial year, on 22 August 2018 the Group entered into a binding and exclusive agreement with Chilean Lithium explorer, Lithium Chile SpA (LCS), to develop world-class lithium brine projects in Chile. Management is currently undertaking due diligence, including geophysics on a key target area – Salar West, in atacama district of Chile. Transaction completion is subject to the conditions precedent being satisfied, including satisfactorily completing due diligence and the undertaking of a capital raising.

As at 28 September 2019, the Group had $917,538.93 Cash and cash equivalents on hand. Having regard to the Company's operating cash flows, the Directors believe that irrespective of whether or not the Chilean Lithium project transaction is completed, the Group will continue as a going concern.

(e) Adoption of new and revised accounting standards

During the year, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2018. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

(f) Summary of Significant Accounting Policies

Principles of Consolidation

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

Subsidiaries

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

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

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

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

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

Segment Reporting

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

Cash and Cash Equivalents

'Cash and cash equivalents' includes cash at bank and in hand, deposits held at call with financial institutions, other short-term highly liquid deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Trade and Other Receivables

Trade debtors are recognised at the amount receivable and are due for settlement within 30 days from the end of the month in which services were provided. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off against the receivable directly unless a provision for impairment has previously been recognised.

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Loans granted are recognised at the amount of consideration given or the cost of services provided to be reimbursed.

Revenue Recognition

Interest

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

Investments and Other Financial Assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables and payable in the Statement of Financial Position.

Exploration and Evaluation Expenditure

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

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

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

(g) Property, Plant and Equipment

Items of property, plant and equipment are initially recorded at cost, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition, and depreciated. Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and Equipment

Plant and equipment are measured on a cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciation amount of all the fixed assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives to the economic entity commencing from the time the asset is held ready to use at the end of each reporting period.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Plant and equipment	11 - 33%

(h) Impairment

Financial Assets

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

(i) Income Tax Expenses or Benefit

The income tax expense or benefit (revenue) for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the Financial Statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit. Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities, associates and interests in joint ventures where the Parent Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not be reversed in the foreseeable future. Current and deferred tax balances relating to amounts recognised directly in equity.

BMG Resources Limited and its resident subsidiaries have unused tax losses. However, no deferred tax balances have been recognised, as it is considered that asset recognition criteria have not been met at this time.

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(k) Comparatives

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

(l) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Consolidated Entity. Trade accounts payable are normally settled within 60 days.

(m) Share-based Payment Transactions

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

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

(n) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(o) Earnings or Loss per share

Basic earnings or loss per share are calculated by dividing the net profit or loss attributable to members of the Parent Entity for the reporting period by the weighted average number of ordinary shares of the Company.

(p) Fair Value

Determination of Fair Values

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

Trade and Other Receivables

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

(q) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Equity Method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(r) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Entity for the year ended 30 June 2018. These are outlined in the table below.

AASB reference	Title	Summary	Application date of standard	Impact on financial report	Application date for Company
AASB 9 *Financial Instruments* (December 2010)	AASB 139 *Financial Instruments: Recognition and Measurement*	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 & 2010 and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning in or after 01 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on more timely basis. Amendments to AASB 9 issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: (a) Financial assets that are debt instruments will be classified based on: (1) the objective of the Entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	Periods beginning on or after 01 January 2018	*Considering the nature of the Financial Assets and Financial Liabilities that the Company currently holds, at this point, the adoption of AASB 9 is not expected to have a significant impact on the Company's financial statements.*	01 July 2019

AASB reference	Title	Summary	Application date of standard	Impact on financial report	Application date for Company
		(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ➢ The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and ➢ The remaining change is presented in profit or loss. AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit and loss.			

Australian Accounting Standards *AASB15 Revenue from Contracts with Customers* and *AASB 16 Leases* have been issued by the Australian Accounting Standards board as at 30 June 2018. From the date when these standards become effective, based on the consolidated entity's current operations, there will be no impact on the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Entity in the current or future reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENT INFORMATION

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

The Chief Operating Decision Maker of the Group is the Board of Directors. One segment is identified, being the Cyprus exploration activity.

The Consolidated Entity's principal activities continue to be in mineral exploration and projects are managed on a project-by-project basis.

(a) Segment Performance

Year ended 30 June 2018

	Exploration (Cyprus)	Unallocated	Total Consolidated Entity
External revenues	-	15,746	15,746
Corporate and administration	-	(216,326)	(216,326)
Depreciation and amortisation expense	-	(338)	(338)
Option fee		(25,094)	(25,094)
Other expenses	-	(69,124)	(69,124)
Share net profit/(loss) of associate	(6,637)	-	(6,637)
Result, profit/(loss) before income tax	**(6,637)**	**(295,136)**	**(301,773)**

Year ended 30 June 2017

	Exploration (Cyprus)	Unallocated	Total Consolidated Entity
External revenues	-	272,326	272,326
Corporate and administration	-	(101,184)	(101,184)
Depreciation and amortisation expense	-	(2,028)	(2,028)
Other expenses	-	(44,493)	(44,493)
Share net profit/(loss) of associate	(21,627)	-	(21,627)
Result, profit/(loss) before income tax	**(21,627)**	**124,621**	**102,994**

(b) Segment Assets and Liabilities

Year ended 30 June 2018

	Exploration (Cyprus)	Unallocated	Total Consolidated Entity
Assets			
Current assets	-	1,123,031	1,123,031
Property, plant & equipment	-	2,388	2,388
Investment in Associate	-	-	-
Total Segment Assets	**-**	**1,125,419**	**1,125,419**
Current liabilities	-	18,088	18,088
Total Segment Liabilities	**-**	**18,088**	**18,088**
Net Assets/(Liabilities) Employed	**-**	**1,107,331**	**1,107,331**

Year ended 30 June 2017

	Exploration (Cyprus)	Unallocated	Total Consolidated Entity
Assets			
Current assets	-	1,394,145	1,394,145
Investment in Associate	6,637	-	6,637
Total Segment Assets	**6,637**	**1,394,145**	**1,400,782**
Current liabilities	-	16,678	16,678
Total Segment Liabilities	**-**	**16,678**	**16,678**
Net Assets/(Liabilities) Employed	**6,637**	**1,377,467**	**1,384,104**

3. SHARE BASED PAYMENTS

Shares Issued

During the year, the Company issued 2,500,000 new ordinary shares, at an issue price of $0.01 per share, to Azure Capital Investments as payment for professional consultancy services provided.

These shares were issued on 8 September 2017 at a share price of $0.01 per share and are collectively valued at $25,000.

This share-based payment is measured at the fair value of services received, by reference to an invoice received from the counterparty.

The fair value of these shares issued is recognised within Corporate and administration expenses on the Consolidated Statement of Profit or Loss and Other Comprehensive Income

4. FINANCIAL RISK MANAGEMENT

(a) Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

The Consolidated Entity holds the following financial instruments:

	2018 ($)	2017 ($)
Financial assets		
Cash and cash equivalents	1,119,462	1,390,397
	1,119,462	**1,390,397**
Financial liabilities		
Trade and other payables	18,088	16,678
	18,088	**16,678**

(b) Financial Risk Management Objectives

The overall financial Risk Management Strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

(c) Credit Risk

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

	2018 ($)	2017 ($)
Cash at bank and short-term bank deposits		
Cash at bank	1,119,462	1,390,397
	1,119,462	**1,390,397**

Exposure to Credit Risk

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

	2018 ($)	2017 ($)
Cash and cash equivalents	1,119,462	1,390,397
Total	**1,119,462**	**1,390,397**

(d) Liquidity Risk

Liquidity risk arises from the financial liabilities of the Consolidated Entity and its ability to settle these liabilities as and when they fall due.

Ultimate responsibility for Liquidity Risk Management rests with the Board of Directors. The Board has determined an appropriate Liquidity Risk Management Framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months	Total	Carrying Amount
Group – as at 30 June 2018	$	$	$
Trade payables	18,088	18,088	18,088
Total	**18,088**	**18,088**	**18,088**
Group – as at 30 June 2017	$	$	$
Trade payables	16,678	16,678	16,678
Total	**16,678**	**16,678**	**16,678**

(e) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and commodity prices and affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of Market Risk Management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Interest Rate Risk

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

Profile

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

	2018 ($)	2017 ($)
Financial Assets	1,119,462	1,390,397
	1,192,462	**1,390,397**

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

	Weighted Average Effective Interest Rate	Total ($)	Weighted Average Effective Interest Rate	Total ($)
	2018	**2018**	**2017**	**2017**
Financial Assets				
Cash and cash equivalents	1.5%	1,192,462	1.5%	1,390,397

Cash Flow Sensitivity Analysis for Variable Rate Instruments

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

A change of 25 basis points in interest rates would have increased or decreased the Consolidated Entity's profit or loss by $2,981 (2017: $3,476).

	+1% (25 basis points) ($)	-1% (25 basis points) ($)	+1% (25 basis points) ($)	-1% (25 basis points) ($)
	2018	**2018**	**2017**	**2017**
Cash and cash equivalents	2,981	(2,981)	3,476	(3,476)
	2,981	**(2,981)**	**3,476**	**(3,476)**

(f) Capital Management

When managing capital, the Board's objective is to ensure the Consolidated Entity continues as a going concern as well as to maintain optimal returns to Shareholders and benefits for other Stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the Consolidated Entity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels whilst this position has not changed.

The Consolidated Entity has no formal financing and gearing policy or criteria during the year having regard to the Consolidated Entity's low level of activity. This position has not changed from the previous year.

(g) Fair value measurements

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flow. There are currently no assets and liabilities which require fair valuing under the measurement hierarchy. Due to their short-term nature, the carrying amounts of the current receivables and current payables assumed to approximate their fair value.

5. REVENUE FROM CONTINUING OPERATIONS

	2018 ($)	2017 ($)
Interest received from continuing operation	15,746	8,343
	15,746	**8,343**

6. OTHER INCOME

	2018 ($)	2017 ($)
Waiver of Directors' Fee's accrued	-	223,183
Waiver of Management Fee liability	-	40,800
	-	**263,983**

The Directors' fee and management fee reduction relates to the forgiveness of accrued directors' fee and management fees that had been accrued to 30 June 2016.

7. DIRECTOR FEES

	2018 ($)	2017 ($)
Directors' fees	56,000	9,000
	56,000	**9,000**

8. INCOME TAX

	2018 ($)	2017 ($)
Income tax benefit		
Tax Rates	27.5%	27.5%
The potential tax benefit in respect of tax losses not brought into account has been calculated at 27.5%.		
Numerical reconciliation between tax expenses and pre-tax net loss		
Income tax benefit at the beginning of the year	-	-
(Loss) before income tax expense	(301,773)	102,994
Income tax benefit/(expenses) calculated at rates noted above	(82,987)	28,323
Tax effect on amounts which are not tax deductible	49,631	10,520
Tax effect on timing differences	(294)	(8,703)
Tax effect on non-assessable income	-	(72,595)
Tax effect on deductible capital raising costs/other	(21,876)	(39,841)
Deferred tax asset on tax losses not brought to account	55,526	82,296
Income tax benefit	-	-
Net deferred tax assets not brought to account		
Unused tax losses	9,997,869	9,795,954
Timing differences	13,500	14,000
Other capital expenditure – non equity	121,493	
Capital raising cost in equity	127,393	180,994
Tax at 27.5% (2017: 27.5%)	**2,821,570**	**2,747,511**

The benefit for tax losses will only be obtained if:

(a) the Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(b) the Company continues to comply with the conditions for deductibility imposed by Law; and

(c) no changes in tax legislation adversely affect the ability of the Company to realise these benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. CASH AND CASH EQUIVALENTS

	2018 ($)	2017 ($)
Cash at bank and on hand	1,119,462	1,390,397
	1,119,462	**1,390,397**

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

	2018 ($)	2017 ($)
The above figures are reconciled to cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows as follows:		
Balances as above	1,119,462	1,390,397
Balances per Statement of Cash Flows	**1,119,462**	**1,390,397**

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in Note 4. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above. The Consolidated Entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are discussed in Note 4.

10. OTHER RECEIVABLES

	2018 ($)	2017 ($)
GST receivable	3,569	3,748
	3,569	**3,748**

11. TRADE AND OTHER PAYABLES

	2018 ($)	2017 ($)
Trade creditors and accruals	18,088	16,678
	18,088	**16,678**

(a) Risk exposure

Information about the Group's exposure to risk in relation to trade creditors and other payables is provided in Note 4.

12. CONTRIBUTED EQUITY

A reconciliation of the movement in capital and reserves for the Company can be found in the Statement of Changes in Equity.

	2018 ($)	2017 ($)
Contributed equity as at 1 July	42,179,604	39,797,644
Consultancy fee to Azure Capital (refer to Note 3 for further disclosure)	25,000	-
Exercise of options	1	-
Conversion of Tribis Pty Ltd cash advance loan to equity under Right Issue	-	347,507
Conversion of Tribis Pty Ltd accrued management fees to equity under Right Issue	-	214,200
Conversion of director, Mr Bruce McCracken's accrued director fees to equity under Right Issue	-	139,467
Conversion of former director, Mr Chris Eager's accrued director fees to equity under Right Issue	-	30,000
Conversion of director, Mr Malcolm Castle 's accrued director fees to equity under Right Issue	-	43,538
Issue of shares under Rights Issue for cash	-	1,792,628
Capital Raising Costs	-	(174,954)
Cash refund for unissued shares	-	(10,426)
	42,204,604	**42,179,604**

Movements of share capital during the year

Date	Details	No of shares	Issue price ($)	$
01.07.2017	Opening Balance	**383,537,112**		**42,179,604**
11.09.2017	Shares issued to Azure Capital[1]	2,500,000	0.01	25,000
15.05.2018	Exercise of options	26	0.02	1
Closing Balance as at 30/06/2018		**386,037,138**		**42,204,604**

Ordinary Shares

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

[1] Refer to Note 3 for disclosure of the basis for issuing these shares and the valuation method

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Options

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

2018 Financial Year				
Date of Expiry	Exercise Price	Balance at beginning of year	Number Exercised	Balance at end of year
30/06/2019	$0.02	159,807,122	(26)	159,807,096
3 years from the vesting date	$0.35	500,000	-	500,000
3 years from the vesting date	$0.40	500,000	-	500,000
3 years from the vesting date	$0.45	500,000	-	500,000
3 years from the vesting date	$0.50	1,000,000	-	1,000,000
		162,307,122	**(26)**	**162,307,096**

The weighted average share price at the date of exercise of options exercised during the year was $0.013

2017 Financial Year						
Date of Expiry	Exercise Price	Balance at beginning of year	Granted during the year	Number Exercised	Options Lapsed during period	Balance at end of year
01/07/2016	$2.00	140,000	-	-	(140,000)	-
01/07/2016	$2.20	260,000	-	-	(260,000)	-
15/10/2016	$0.35	500,000	-	-	(500,000)	-
15/10/2016	$0.50	500,000	-	-	(500,000)	-
30/06/2019	$0.02	-	159,807,122*	-	-	159,807,122
3 years from the vesting date	$0.35	500,000	-	-	-	500,000
3 years from the vesting date	$0.40	500,000	-	-	-	500,000
3 years from the vesting date	$0.45	500,000	-	-	-	500,000
3 years from the vesting date	$0.50	1,000,000	-	-	-	1,000,000
3 years from the vesting date	$0.35	300,000	-	-	(300,000)	-
3 years from the vesting date	$0.40	300,000	-	-	(300,000)	-
3 years from the vesting date	$0.45	300,000	-	-	(300,000)	-
3 years from the vesting date	$0.50	800,000	-	-	(800,000)	-
		4,200,000	**159,807,122**	**-**	**(1,700,000)**	**162,307,122**

The weighted average remaining contractual life of share options outstanding at the end of the period was 1 years (2017–2 years).

13. RESERVES

	2018 ($)	2017 ($)
Reserve at the beginning of the year	482,777	482,777
Reserve at the end of the year	**482,777**	**482,777**

(a) Option Reserve

The option reserve is used to record the value of the share options provided to employees, consultants and for options issued pursuant to any acquisitions or in exchange for services.

14. ACCUMULATED LOSS

	2018 ($)	2017 ($)
Accumulated (loss) at the beginning of the year	**(41,278,277)**	**(41,381,271)**
Net profit / (loss) attributable to shareholders	(301,773)	102,994
Accumulated (loss) at end of the year	**(41,580,050)**	**(41,278,277)**

15. CASH FLOW INFORMATION

	2018 ($)	2017 ($)
Reconciliation of cash flow from operating activities with the loss from continuing operations after income tax:		
Non-cash flows in profit from ordinary activities		
Net Profit/(Loss) after Income Tax	(301,773)	102,994
Depreciation & Amortisation	338	2,028
Share based payment	25,000	-
Asset written off	-	5,084
Debt forgiveness Directors Fees and Management Fees	-	(263,983)
Changes in assets & liabilities net of purchase & disposal of subsidiaries		
(Increase)/Decrease in other receivables	179	-
(Increase)/Decrease in investment in associate	6,637	21,627
Increase/(Decrease) in trade and other payables	1,409	(112,507)
Cash flow from/(used in) Operating Activities	**(268,210)**	**(244,757)**

Non-cash Financing Activities:

During the year, the company purchased consultancy services through the issue of shares in the Company, valued at $25,000. Refer to Note 3 for further details.

16. EARNINGS/(LOSS) PER SHARE

The calculation of basic loss per share at 30 June 2018 was based on the loss attributable to ordinary Shareholders of $301,773 (2017: profit of $102,994) and a weighted average number of ordinary shares outstanding during the year of 385,542,610 (2017: 235,551,332). The following reflects the income and share data used in the calculations of basic earnings per share:

		2018 ($)	2017 ($)
(a)	**Reconciliation of earnings to profit or loss**		
	Net profit / (loss) used in calculating basic earnings per share	(301,773)	102,994
(b)	**Weighted average number of ordinary shares outstanding during the year**		
	Weighted average number of ordinary shares used in calculating basic earnings per share	385,542,610	235,551,332

The basic and diluted earnings per share are the same as there are no dilutive effects on earnings as the effect of the exercise of share options would be to decrease the earnings per share.

17. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 22 August 2018, the Company entered into a binding and exclusive agreement with Chilean Lithium explorer, Lithium Chile SpA (LCS), to develop world-class lithium brine projects in Chile.

Under the terms of the agreement, BMG and LCS will form a venture to undertake the exploration and development of three Lithium Properties and other related opportunities in Chile, subject to satisfactory due diligence enquires, capital raising and required shareholder and regulatory approvals.

The Company will acquire an initial 20% interest in the JV Company and will earn-in to a 50% interest in the JV Company, which will be managed and operated in accordance with a Shareholders' Agreement between the parties.

On 27 August 2018, the Company made a payment of US$100,000 for the exclusive right to undertake due diligence and execute the transaction.

The Company is required to make a further payment of US$500,000 and issue US$200,000 of shares at completion of the transaction (Completion) within 120 days of the execution of the terms sheet (22 August 2018), being 19 December 2018, or such longer period as agreed by the parties. Completion is subject to the satisfaction of various conditions precedent (Conditions Precedent) as set out in the Company's announcement referred to below, including BMG undertaking a capital raising. The number of shares to the owners of LCS at Completion will be determined by the issue price of the shares issued under the capital raising.

The Company will provide up to US$2.5m in funding to the JV Company and issue an additional US$300,000 in shares to LCS (at agreed milestones over and up to a 5 year period), for a further 30% interest in JV Company, bringing its total interest in JV Company to 50%.

Lithium Chile SpA is not a related party of the Company for the purposes of *AASB124 Related Party Disclosures.*

Full detail on the proposed transaction is provided in the Company's ASX announcement released on 22 August 2018.

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

18. CONTINGENT LIABILITIES

The Board is not aware of any circumstance or information which leads them to believe there are any contingent liabilities outstanding as at 30 June 2018.

19. REMUNERATION OF AUDITOR

During the year the following fees were paid or payable for services provided by the Auditor of the Entity and its related parties.

	2018 ($)	2017 ($)
Audit and Other Assurance Services		
BDO Audit (WA) Pty Ltd	20,640	22,791
Total remuneration for Audit and Other Assurance Services	**20,640**	**22,791**
BDO (WA) Pty Ltd - Other Service		
BDO (WA) Pty Ltd – Preparation of Pro forma balance sheet	-	3,060
Total remuneration for BDO Audit (WA) Pty Ltd - Other Service	**-**	**3,060**

20. COMMITMENTS

Management Fees Commitment

From 1 July 2016 From 1 July 2016 Tribis agreed to suspend charging the management fee for Administration Services, while a new project was being sought for the Company. There is no commitment under this agreement as at 30 June 2018 (30 June 2017: No commitment under this agreement).

The Company has no commitments of any other nature as at 30 June 2018.

21. RELATED PARTY INFORMATION

Parent Entity

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

Wholly-owned Group transactions

Loans made by BMG Resources Limited to wholly-owned subsidiary companies are contributed to meet required expenditure payable on demand and are not interest bearing.

Key Management Personnel Compensation

The Remuneration of the Company's directors is disclosed below, there are no key management personnel other than the Company's Directors.

	2018 ($)	2017 ($)
Short-term employee benefits	56,000	(136,183)
	56,000	**(136,183)**

The remuneration in the 2017 year is negative value as directors Mr Bruce McCracken and Mr Malcolm Castle agreed to reduce their accrued director fee's which had accrued to them up 30 June 2016, all directors who were employed during the 2017 financial year, with the exception of Mr Greg Hancock (who received a total of A$9,000), did not receive positive remuneration from the Company. For more information on the agreement on the agreements of Mr McCracken and Mr Castle to forego their accrued director fees, please refer to the rights issue prospectus on 1 December 2016.

In the current financial year, Mr Greg Hancock and Mr Peter Munachen received director fees, all other directors employed during the year did not receive remuneration. The director's other than Mr Hancock and Mr Munachen have agreed not to receive any director fee until new project acquired, at which time director s' remuneration will be discussed in due course by the Board

Detailed remuneration disclosures are provided in the Remuneration Report on pages 16 to 25.

Transactions with Related Parties

During the 2018 financial year, there were no related party transactions other than the payment of Director fees. Tribis Pty Ltd continued to not charge the Company a management fee for Administration Services provided

During the comparative year, the 2017 financial year, a year in which the Company completed a rights issue, then directors of the Company transacted with the Company in manners including: participation in the rights issue using accrued director fees, write off of director fees accrued and settlement of loans previously provided to the Company through participation in the rights issue. These related party transactions are reflected in the Company's contributed equity account at Note 12, and as disclosed in the Key Management Personnel Compensation disclosure above.

Loans to/from Related Parties

There were no loans to individual or Directors of the Company during the year ended 30 June 2018.

Individual Key Management Personnel Compensation Disclosures

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

Other Key Management Personnel Transactions with the Company

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

22. PARENT ENTITY INFORMATION

The following details information related to the Parent Entity, BMG Resources Limited, as at 30 June 2018. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2018 ($)	2017 ($)
Current assets	1,123,031	1,394,144
Non-current assets	2,388	-
Total Assets	**1,125,419**	**1,394,144**
Current liabilities	(18,088)	(16,678)
Total Liabilities	**(18,088)**	**(16,678)**
Net Assets	**1,107,331**	**1,377,466**
Contributed equity	42,204,604	42,179,604
Retained earnings/(accumulated losses)	(41,580,049)	(41,284,914)
Option reserve	482,776	482,776
Total Equity	**1,107,331**	**1,377,466**
Profit/(Loss) for the year	(295,135)	124,621
Other comprehensive Profit/(Loss) for the year	-	-
Total Comprehensive Profit / (Loss) for the Year	**(295,135)**	**124,621**

There are no other separate commitments and contingencies for parent entity as at 30 June 2018.

DIRECTORS' DECLARATION

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

(a) the Financial Statements and Notes set out on pages 30 to 57, are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 and of their performance, for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and other mandatory professional reporting requirements.

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 1; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Financial Officer for the financial year ended 30 June 2018.

Signed in accordance with a resolution of the Directors.

Bruce McCracken
Managing Director
Dated at Perth, Western Australia, this 28th September 2018.

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INDEPENDENT AUDITOR'S REPORT

To the members of BMG Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BMG Resources Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of BMG Resources Limited has been is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Going Concern

Key audit matter	*How the matter was addressed in our audit*
The group currently generates no revenue and is reliant on funding from sources such as capital raising. As disclosed in Note 17, subsequent to the reporting date the Group entered into a binding and exclusive agreement with Lithium Chile SpA (the Agreement) to acquire an interest in a joint venture, which requires the Group to make future cash payments. As disclosed in Note 1(d) the directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment was based on cash flow projections incorporating assumptions around timing of future cash flows. The Group's use of the going concern assumption is a key audit matter due to the significance of this future transaction.	Our procedures included, but were not limited to: • Reviewing the cash flow forecasts provided by management and comparing the cash flows to the contractual cash flows under the agreement; • Obtaining an update as to the working capital position of the group and assessing the impact of changes since 30 June 2018; • Obtaining and reviewing the Agreement between the Group and Lithium Chile SpA to obtain and understanding of the Group's obligations and commitments; • Discussing the impact of the Agreement on the application of the going concern basis of accounting for the Group with management; and • Assessing the adequacy of the disclosure in Note 1(d) and Note 17 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the unaudited information contained in the directors' report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 25 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of BMG Resources Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 28 September 2018

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 13 September 2018.

(a) Distribution of equity securities

	Shares	Options
Holding	Number of Holders	
1 - 1,000	203	3
1,001 - 5,000	147	9
5,001 - 10,000	84	3
10,001 - 100,000	185	14
100,001 and over	188	53
	807	**82**

There were 581 holders of less than a marketable parcel of ordinary shares.

(b) Top twenty shareholders

Listed Fully Paid Ordinary Shares		Number of Shares	Percentage of Shares
1	TRIBIS PTY LTD	47,278,177	12.25%
2	MR MICHAEL HSIAU YUN LAN	30,255,320	7.84%
3	TRIBIS EQUITY INVESTMENTS PTY LTD	29,068,800	7.53%
4	MR BRUCE MCCRACKEN	18,253,375	4.73%
5	1215 CAPITAL PTY LTD	15,462,389	4.01%
6	MR MATTHEW CHARLES NEWHAM	12,307,157	3.19%
7	JOJO ENTERPRISES PTY LTD	12,032,698	2.63%
8	HARSHELL INVESTMENTS PTY LTD	7,000,000	1.81%
9	MR DOBRIVOJ KOLUNDZIJA	6,659,333	1.73%
10	MR VINCENZO BRIZZI & MRS RITA LUCIA BRIZZI	6,319,610	1.64%
11	A22 PTY LIMITED	5,779,072	1.50%
12	MR MALCOLM CASTLE	5,442,220	1.41%
13	MR PETER ANDREW PROKSA	5,000,000	1.30%
14	MR MICHAEL MCMAHON	4,941,601	1.28%
15	NEWTON6 PTY LIMITED	4,600,000	1.19%
16	AUSEPEN PTY LTD	4,500,000	1.17%
17	MR ANTANAS GUOGA	4,500,000	1.17%
18	J P MORGAN NOMINEES AUSTRALIA LIMITED	4,212,858	1.09%
19	TRANSCONTINENTAL RESOURCES GROUP 2013 PTY LTD	4,080,000	1.06%
20	ARIBEC SUPERCO PTY LTD	4,000,000	1.04%
		231,692,610	**60.06%**

ASX ADDITIONAL INFORMATION

(c) Top twenty Option Holders

		Number of Options	Percentage of Options
1	MR PETER ANDREW PROKSA	23,000,000	14.39%
2	TRIBIS PTY LTD	22,844,687	14.30%
3	MR MICHAEL HSIAU YUN LAN	12,866,349	13.78%
4	TRIBIS EQUITY INVESTMENTS PTY LTD	12,112,000	7.58%
5	MR BRUCE MCCRACKEN	8,716,687	5.45%
6	MR AARON JERMAINE PROKSA	7,000,000	4.38%
7	MR DAVID FAGAN	5,750,000	3.6%
8	BT PORTFOLIO SERVICES LIMITED	5,721,957	3.58%
9	MR ROBERT HEASLOP	5,000,000	3.13%
10	KARAKORAM NO2 PTY LTD	4,000,000	2.50%
11	HILLSTOWE HOLDINGS PTY LTD	3,451,881	2.16%
12	MR MALCOLM CASTLE	2,721,110	1.70%
13	MR VINCENZO BRIZZI &	2,549,838	1.60%
14	MR CHRISTOPHER EAGER	1,875,000	1.17%
15	MRS HEMA NAGA JYOTHI DANDA	1,848,712	1.16%
16	MR JAMES WILLIAM BUCKLEY	1,825,000	1.14%
17	BLU BONE PTY LTD	1,716,587	1.07%
18	AMZ SUPER PTY LTD	1,500,000	0.94%
19	KOBIA HOLDINGS PTY LTD	1,500,000	0.94%
20	MR RAYMOND LAURENCE CARROLL	1,418,883	0.89%
		136,567,371	**85.46%**

(d) Substantial Shareholders

The names of Substantial Shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares	Percentage of Shares
TRIBIS PTY LTD	47,278,177	12.25%
MR MICHAEL HSIAU YUN LAN	30,255,320	7.84%
TRIBIS EQUITY INVESTMENTS PTY LTD	29,068,800	7.53%

(e) Voting rights

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

There are no voting rights attached to options issued.

(f) Unlisted Options

The Company's Managing Director, Mr Bruce McCracken holds 2,500,000 options over ordinary shares in the Company, with an exercise price of between $0.35 and $0.50, these options are unvested. Refer to Note 12 for further detail.

SCHEDULE OF MINING TENEMENTS AND INTERESTS

The Treasure Project, of which BMG currently owns a 30% interest, now comprises 10 exploration licences for a total of 36.654km^2.

Project	Licence number	Status	Interest (%)
BLACK PINE	EA4589	granted	100
	EA4590	granted	100
	EA4591	granted	100
	EA4610	granted	100
	EA4612	granted	100
VRECHIA	EA4457	granted	100
KALAVASSOS	AE4607	granted	100
	AE4608	granted	100
KAMBIA	EA4447	granted	100
	EA4448	granted	100