BMG RESOURCES LIMITED

ANNUAL REPORT - 30 JUNE 2019

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CORPORATE DIRECTORY

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

COMPANY SECRETARY

Sean Meakin

REGISTERED AND PRINCIPAL OFFICE

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AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Telephone:	(08) 9315 2333
Facsimile:	(08) 9315 2233

HOME EXCHANGE

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

SOLICITOR

Jackson McDonald
Level 17
225 St Georges Terrace
PERTH WA 6000

BANKER

St George Bank
Level 3, Brookfield Place Tower 2
123 St Georges Terrace
PERTH WA 6000

LETTER TO SHAREHOLDERS

Dear Shareholders,

It gives me great pleasure to provide you with the 2018-2019 Annual Report for BMG Resources.

Throughout the reporting period, your Board and Management remained actively focused on developing three highly prospective lithium brine projects located in the Atacama district of Chile. The ongoing electric vehicle (EV) revolution continues to drive growth in demand in the battery minerals industry, of which lithium is an important part. We are pleased to report that our activities over the past year have positioned BMG favourably to capitalise on this multi-year trend.

Early in FY19, we were pleased to enter into a binding and exclusive agreement with Chilean lithium explorer, Lithium Chile SpA (LCS), to form a joint venture to undertake the exploration and development of the projects described above.

This followed an extensive period of review and evaluation of strategic investment opportunities, through which BMG identified battery minerals – lithium and cobalt – as high priority targets, and Chile was prioritised being the world's best location for low cost, high grade lithium brine opportunities.

The projects are located 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 more than 50% of the world's lithium resources and some of the largest and highest-grade lithium brine deposits in the world. The initial lithium projects included in the JV comprised three areas of over 12,000 hectares (in total) across the Salar West, Pajonales and Natalie Prospects, with Salar West located adjacent to assets of SQM, the world's largest lithium producer.

We were pleased to subsequently secure an increase in the size of the project area to 20,000 hectares – a further 2,100ha adjacent to the southern zone of the Salar West project, and a further circa 6,000ha in adjacent areas at the Salar de Pajonales project. As the additional hectares at the Salar West project lie on the direct extension of the key lithium brine target zone identified by geophysical studies we conducted during the year, the addition of this prospective new ground greatly enhances the size and scope of the lithium brine potential at Salar West.

After completing and formally commencing the JV, the Company recently commenced its maiden drill program to test the strong lithium brine targets identified in TEM geophysical surveys undertaken by the Company in the southern area of Salar West.

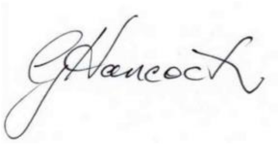
We look forward to progressing the Lithium opportunities already sourced in Chile and continuing to seek out additional opportunities to deliver value for the Company. The EV revolution is underway and the Company is keen to be part of it.

LETTER TO SHAREHOLDERS

In addition, BMG continues to hold its strategic 30% free-carried interest in the Treasure copper-gold project in Cyprus, which comprises 9 exploration licences and is operated by majority shareholder New Cyprus Copper Company Limited.

We wish to thank our shareholders for their support, and we look forward to a very busy year ahead.

Yours Sincerely,



Greg Hancock
Chairman
Dated at Perth, Western Australia, this 30th September 2019

OPERATIONAL REPORT

BMG Resources

2019 Operations Review

Chilean Lithium Joint Venture

In August 2018, BMG entered into a binding and exclusive agreement with Chilean lithium explorer, Lithium Chile SpA (LCS), to form a joint venture to undertake the exploration and development of three lithium brine projects in Chile. This followed a strategic review in which BMG had identified battery minerals – including lithium and cobalt – as high priority targets. Chile is regarded as the world's best location for low cost, high-grade lithium brine opportunities.

The projects are located 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 more than 50% of the world's lithium resources and the largest and highest-grade lithium brine deposits in the world.

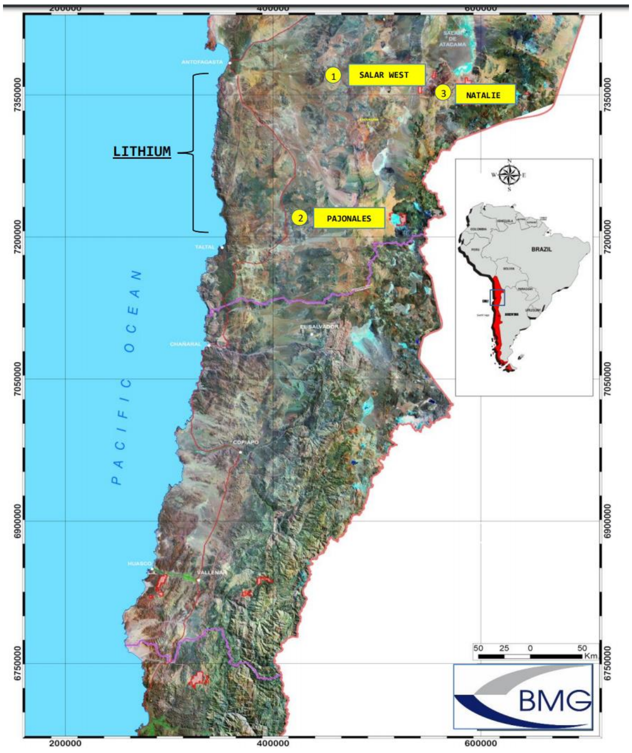


Figure 1 – Lithium JV Project Areas

The initial lithium projects comprised three areas of more than 12,000 hectares (in total) in the Salar de Atacama, Salar de Pajonales and Salar de Tuyajto - Natalie.

BMG engaged Chilean geophysics company, GEODATOS, to undertake a geophysical resistivity study on the Salar West Claims located on the southern extension of the Salar de Atacama as part of due diligence. This was completed in October 2018, and the results confirmed strong brine potential across the 4,200ha southern area of Salar West, associated with a strong conductivity response from the geophysical study, carried out using the transient electromagnetic (TEM) method.

Following these results, on 29 November, the Company announced an increase in the size of the project area to 20,000 hectares – a further 2,100ha adjacent to the southern zone of the Salar West project in the Salar de Atacama, where BMG had identified an extension of the lithium brine target zone, and a further ~ 6,000ha in adjacent areas at the Salar de Pajonales project.

In February, BMG re-engaged GEODATOS, the company which completed the initial study, to undertake a further geophysical resistivity survey using the TEM method on the additional 2,100ha since added to the Salar West claims, located in the south western area of the Atacama salar. This aimed to test the extension of the strong conductive horizon potentially associated with lithium brines identified in the first round of geophysics, which directly abuts the new area. BMG received results from the second GEODATOS study in April, which successfully confirmed the westward extension into the new properties of the strong conductive unit identified by the initial survey. GEODATOS' second survey consisted of 85 stations on four lines. The northern three north-west to south-east lines are continuations from the north-western corner of the three southern lines in the original survey. Each line is separated by 1,500m, with the southernmost line longer than the northern three. The northern three lines covered a total of 2,800m in Line 1 and 3,000m in Lines 2 and 3, and 7,000m in the Southernmost line, Line 4, for a total of 16.2km in addition to the original survey, comprising a total of 26.4km of TEM lines with a maximum investigation depth of 400m.

Both TEM surveys identified a consistent strongly conductive unit in the lines completed in the southern properties, which coincide with the topographic low draining into the salar. This conductive unit contains a significant volume corresponding to resistivities of <2 ohm-m which potentially represents hypersaline lithium-bearing brine extending south from the surface of the Atacama Salar.

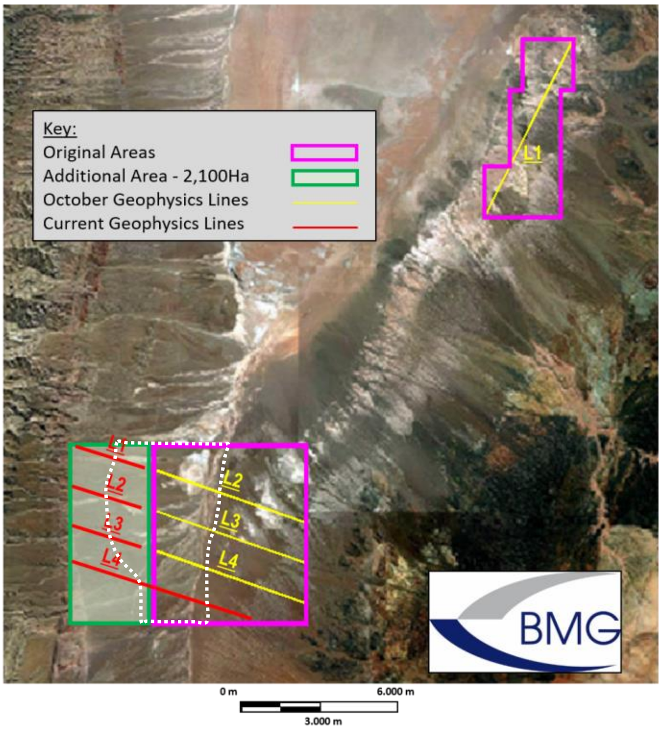


Figure 2 – Additional TEM geophysical survey lines (red) within the westward extension of the Salar West properties to evaluate continuation of the possible brine body. Original survey lines shown in yellow, conductive target in white.

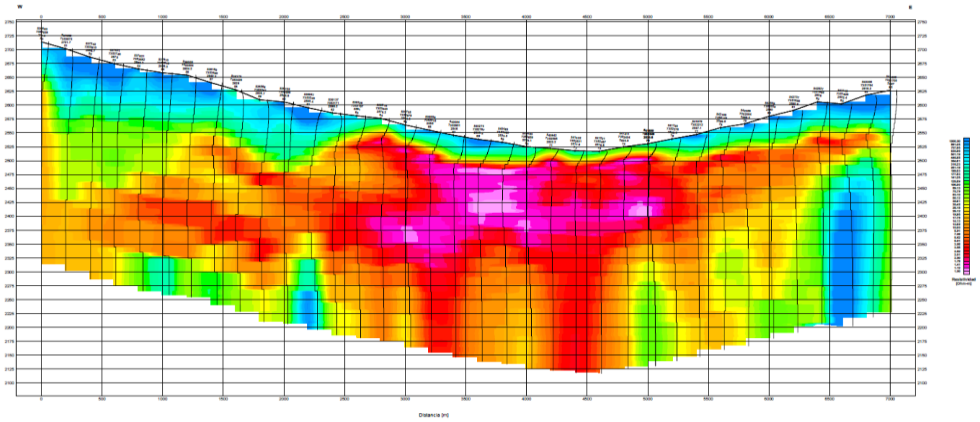


Figure 3 – Line 4 of the second TEM geophysical survey within the Salar West properties, with the conductive unit a target for drilling as possible brine hosted in pre-salar sediments, with possible stratigraphic and fault control of the brine migration into the project area.

The top of the conductive unit is typically located at 25m to 75m below surface and the conductive unit is between 35m and 200m thick, with the highest conductivity measurements located beneath the topographic low point of the properties. The conductive unit is approximately 2km wide and extends over approximately 6km north-south through the southern properties, covering an area of approximately 12km2, a significant target for drilling. The porosity corresponding to the volume of the conductive unit will be evaluated during drilling.

The Company planned an initial drilling program to test the strong lithium brine targets identified in the recent TEM geophysical surveys undertaken by the Company in the southern area (6,300ha) of Salar West. The Company elected to utilise sonic drilling for the program as it provides core without the risk of contaminating the brine samples. Sonic drilling does not require fluid lubrication that diamond drilling does, thus eliminating the risk of contamination of the downhole brine samples taken as the hole is drilled (i.e. at 10m or 15m intervals).

Drilling at Salar West commenced post year-end, in September 2019, following the successful completion of mobilisation of the Superex sonic drill rig and crew. The Company is also undertaking on ground activity to evaluate the other JV project areas – Natalie and Pajonales – and plans to complete an initial sampling program in the December quarter.

Joint Venture Terms

Subsequent to the initial agreement, the Parties agreed to vary the timing of the payments and commitments, but not the overall quantum of US$3.5 million to earn a 50% interest in the projects, to allow more near-term exploration expenditure into the key project areas.

Payment Schedule:

1. US$250,000 paid following Completion.
2. Upon satisfaction of the First Milestone for Expenditure, US$250,000 + BMG Shares equivalent to a value of US$200,000 paid for 20% of the JV Company Shares.
3. Upon satisfaction of the Second Milestone for Expenditure, US$150,000 payable either in cash or with BMG Shares (at BMG's election) as consideration for an additional 15% of the JV Company Shares.

4. Upon satisfaction of the Third Milestone for Expenditure, US$150,000 payable either in cash or with BMG Shares (at BMG's election) as consideration for an additional 15% of the JV Company Shares.

Timeframe for the Milestones and Expenditure commitments:

Milestone	Maximum Date	Amount
1st Milestone	1 year from Completion	US$1,000,000
2nd Milestone	2 years from Completion	US$1,000,000
3rd Milestone	3 years from Completion	US$500,000

Treasure Project, Cyprus

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

CORPORATE

Capital raisings

The Company completed an A$900,000 (before costs) share placement (Placement) to new and existing institutional and sophisticated investors during November to assist with the execution of the Chilean Lithium JV. In addition, the Company raised $128,500 (before costs) from a shareholder share purchase plan.

In late February, BMG raised $612,780 (before costs) via a share placement to new and existing institutional and sophisticated investors. It was conducted under the same terms as BMG's December 2018 SPP and Shortfall Offer, with the issue of 68,075,553 new, fully paid ordinary shares at $0.009 per new share with 1 free BMGOA option attaching to each share issued. Of the new securities placed, 59,186,665 shares and 59,186,665 options were issued on 28 February 2019 with the approval of shareholders at the Company's annual general meeting in November 2018, and the remaining placement securities, 8,888,888, were issued under the Company's available share placement capacity. Peak Asset Management Pty Ltd was lead manager for the placement.

The placement helped to fund BMG's 2019 work program, including the maiden drilling program at Salar West.

In June, the Company announced its intention to offer holders of BMGOA Options (expiry date 30 June 2019; exercise price $0.02) the opportunity to subscribe for new options with an expiry date of 31 December 2019 and exercise price of $0.02. This offer was oversubscribed. The Company issued 346,502,263 new 'BMGOB' Options, exercisable at $0.02 on or before 31 December 2019 in August, which commenced trading from 14 August 2019. The Company resolved to offer these new Options to reflect the longer than anticipated period in establishing the Chilean Lithium JV and the planned maiden drill program at Salar West.

Board Changes

In May, Peter Munachen retired from the Board of BMG. Mr Munachen joined the Board as a Non-Executive director in January 2018, and during his tenure made a substantial contribution.

OPERATIONAL REPORT

TENEMENTS

The Treasure Project, of which BMG currently owns a 30% interest, comprises 9 exploration licences for a total of 31.46km^2.

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

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 subsidiary (**Consolidated Entity**), at the end of, or during, the year ended 30 June 2019 and the Auditor's report thereon.

DIRECTORS

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

- Greg Hancock (Chairman)
- Bruce McCracken (Managing Director)
- Simon Trevisan (Non-Executive Director)
- Malcolm Castle (Non-Executive Director)
- Peter Munachen (Non-Executive Director – resigned on 7 May 2019)

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 2019 amounted to $1,022,246 (2018: loss $301,773).

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 2019.

REVIEW OF OPERATIONS

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

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 8 August 2019, following shareholder approval, the Company issued shares and options to related parties, being those shares and options disclosed at notes 6 and 22.

On 13 August 2019, following shareholder approval, the Company issued a total of 346,502,263 Share Options (BMGOB) to related and non-related parties of the Company, the options are exercisable at $0.02 on or before 31 December 2019.

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

DIRECTORS' REPORT

LIKELY DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

ENVIRONMENTAL REGULATION

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

National Greenhouse and Energy Reporting Act 2007

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

DIRECTORS' REPORT

BOARD OF DIRECTORS

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

Bruce Alexander McCracken B Com, LLB, MBA, GAICD – **Managing Director**	
Experience and Expertise	Mr McCracken is an experienced business executive having spent over 25 years working across a broad range of industries based in Perth, Melbourne and Sydney. Prior to joining BMG Resources Limited Mr McCracken worked in the Corporate sector as a Senior Executive 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	None
Former Directorships in last 3 years	Director of AssetOwl Limited (Retired 23 April 2019)
Special Responsibilities	Managing Director

Interests in Shares, Options and Performance Rights	26,766,708 Ordinary shares 5,000,000 Options over ordinary share 10,000,000 Tranche 1 Performance Rights 5,000,000 Tranche 2 Performance Rights 5,000,000 Tranche 3 Performance Rights

Simon Trevisan B Econ, LLB (Hons), MBT – **Director**	
Experience and Expertise	Simon Trevisan is the managing director of Tribis Pty Ltd, and its property arm, Iris Residential Pty Ltd. He has significant experience in public and private investments, corporate finance, and management of large public and private businesses. Mr Trevisan has been responsible for the funding and management of a number of public companies, and substantial private and public real estate and infrastructure investments. His experience includes the establishment and listing of Mediterranean Oil & Gas plc, an AIM-listed oil and gas company with production and a substantial oil discovery in Italy, the successful listing of Ausgold Ltd and AssetOwl Ltd, and the relisting of Brazilian Metals Group Ltd amongst other ASX-traded companies. He is the Chairman of AssetOwl Ltd. Mr Trevisan holds a Bachelor of Economics and a Bachelor of Laws from the University of Western Australia, and a Masters Degree in Business and Technology from the University of New South Wales. Before becoming a full-time executive with Tribis, Mr Trevisan practiced as a solicitor with Allens Arthur Robinson Legal Group firm, Parker and Parker, in the corporate and natural resources divisions. He is currently a Director of ASX-listed public companies Zeta Petroleum plc and AssetOwl Limited and is also on the board of St George's College Foundation.
Other Current Directorships	Managing Director of Tribis Pty Ltd Managing Director of Iris Residential Pty Ltd Non-Executive Chairman of AssetOwl Limited Non-Executive Director of Zeta Petroleum Plc Director of Port Coogee No 790 Pty Ltd
Former Directorships in last 3 years	Non-Executive Director of Neurotech International Limited (retired 16 April 2019)
Special Responsibilities	Chairman of the Nomination and Remuneration Committee Chairman of the Audit and Risk Committee
Interests in Shares and Options	86,536,978 ordinary shares 36,773,354 Options over ordinary shares

Malcolm John Castle B.Sc. (Hons), GCertAppFin (Sec Inst), MAusIMM – **Director**	
Experience and Expertise	Mr Castle has over 40 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an Exploration Geologist. He has wide experience in a number of commodities including iron ore, gold, base metals, uranium and mineral sands. He has been responsible for project discovery through to feasibility study and development in Indonesia and the Pilbara in Western Australia and technical audits in many countries. Mr Castle was a founding member and permanent employee of Fortescue Metals Group as Technical Services Manager for expansion projects and was an integral member of the team developing the definitive feasibility study for start-up projects at Cloudbreak and Christmas Creek. Mr Castle is Chief Geologist for the Tribis Group.

	Mr Castle completed a Bachelor's Degree in Applied Geology with the University of New South Wales in 1965 and was awarded a B.Sc (Hons) degree. He completed postgraduate studies with the Securities Institute of Australia in 2001 and was awarded a Graduate Certificate in Applied Finance and Investment in 2004. He is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM), and has the appropriate relevant experience and qualifications to be an 'Expert' and 'Competent Person' under the Australian Valmin and JORC Codes respectively.
Other Current Directorships	None
Former Directorships in last 3 years	None
Special Responsibilities	Member of the Nomination and Remuneration Committee
Interests in Shares and Options	7,540,076 Ordinary shares 1,500,000 Unlisted Options over ordinary shares

Peter Munachen FCAANZ, FAICD **–Director (Resigned 7 May 2019)**	
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.
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 Options	1,500,000 Unlisted Options over ordinary shares

DIRECTORS' REPORT

COMPANY SECRETARY

Sean Meakin B. Bus (Acc), B. IT (Info Sys), CA, AGIA	
Experience and Expertise	Mr Meakin has a Bachelor of Business degree majoring in Accounting, and a Bachelor of Information Technology degree majoring in Information Systems from Charles Darwin University. Mr Meakin is a Chartered Accountant and an associate of the Governance Institute of Australia. Mr Meakin was appointed as Company Secretary of the Company in March 2018, he is also the Company Secretary of AssetOwl Limited (ASX: AO1) and joint Company Secretary of Zeta Petroleum PLC (ASX: ZTA). Mr Meakin works closely with the Company's finance team for the preparation of Company's annual report and half yearly financial 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 Meetings*	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Greg Hancock	4	4	2	2
Bruce McCracken	4	4	-	-
Simon Trevisan	4	4	2	2
Malcolm Castle	4	4	-	-
Peter Munachen (resigned 7 May 2019)	4	4	2	2

* Mr Munachen was Chairman of the Audit and Risk Committee up until the date of his resignation from the Board, Mr Trevisan was appointed as Chairman of the Committee upon the departure of Mr Munachen.

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

REMUNERATION REPORT (AUDITED)

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

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

KEY MANAGEMENT PERSONNEL DISCLOSED IN THE REPORT

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

Greg Hancock	(Chairman)
Bruce McCracken	(Managing Director)
Simon Trevisan	(Non-executive Director)
Malcolm Castle	(Non-executive Director)
Peter Munachen	(Non-executive Director – resigned 7 May 2019)

There were no Key Management Personnel of the entity at any time during the financial year other than Directors of the Company.

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;

(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.

DIRECTORS' REPORT

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

Key Management Personnel Remuneration Policy

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

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

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

Executive and Non-Executive Director Remuneration Policy

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

Directors do not receive retirement allowances.

Non-Executive Directors do not receive performance-based remuneration

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

	From 1 July 2019	From 1 July 2018 to 30 June 2019
Base fees		
Chairman (Greg Hancock)	$5,000 per month	$5,000 per month
Non-Executive Director (Simon Trevisan)	$2,500 per month	$2,500 per month from January 2019
Non-Executive Director (Malcolm Castle)	$2,500 per month	$2,500 per month from January 2019
Non-Executive Director (Peter Munachen, resigned 7 May 2019)	-	$2,000 per month until December 2018. From January 2019 $2,500 per month

The amounts above are exclusive of superannuation.

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

Remuneration arrangement with Managing Director

Managing Director – Bruce McCracken	
Fixed Remuneration	$60,000 for period 1 July 2018 to 31 December 2018, plus applicable superannuation. $180,000 per annum (from 1 January 2019), plus applicable superannuation.
Contract Duration	The Executive Services Agreement has no pre-determined end date and will continue until it is terminated in accordance with this Agreement.
Notice period for Termination	6 months
Performance Based Remuneration	A total of 20,000,000 Performance Rights awarded in three tranches. Each performance Right which vests will entitle Mr McCracken to be issued 1 ordinary share in the Company.
Other Incentives	A one time issue of 6,666,666 Shares in the Company, subject to shareholder approval, or in the absence of such approval, a payment of $60,000 cash.

Company Performance, Shareholder Wealth and Director and Executive Remuneration

The Remuneration Policy has been tailored to increase goal congruence between Shareholders, Directors and Executives.

Each year the Board reviews Directors remuneration to balance the need to pay appropriate fees to its directors while balancing the needs of the Company's shareholders.

The Company has an employee incentive scheme for the award of share-based payments, including Shares, Options and Performance Rights, the Board may exercise its discretion to award such payments to encourage the alignment of personal interest and shareholder interests

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

Voting and comments made at the Group's 2018 Annual General Meeting

The Company received 99.98% of "yes" votes on its Remuneration Report for the 2018 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Performance based remuneration

During the current year, the Group entered into an Executive Services Agreement (ESA) with its Managing Director Mr Bruce McCracken.

Pursuant to this ESA, following shareholder approval received on 2 August 2019, Mr McCracken was awarded 20,000,000 Performance Rights. The vesting conditions applicable to these Performance Rights relate to the Group's Chilean Lithium Joint Venture and are detailed on pages 24 and 25.

The Board considers that the awarding of these Performance Rights appropriately aligns the interests of Mr McCracken with the interests of the shareholders as the vesting of the Performance Rights is directly tied to the achievement of milestones relating to the Chilean Lithium Joint Venture, the success of which may be expected to result in positive return to shareholders.

Consequences of Group Performance on Shareholder wealth

An analysis of the Group's performance over the five financial years to 30 June 2019 is provided below:

	2019	2018	2017	2016	2015
Net profit/(loss) attributable to owners of BMG Resources Limited	$(1,022,246)	$(301,773)	$102,994	$(2,678,099)	$(922,896)
Share price					
Share Price at 30 June:	$0.012	$0.013	$0.010	$0.010	$0.007
$ increase / (decrease)	$(0.001)	$0.003	$0.00	$0.003	$0.03
Basic profit/(loss) per share (cents per share)	(0.22)	(0.08)	0.04	(4.19)	(1.45)
Diluted loss per share (cents per share)	N/A	N/A	N/A	N/A	N/A

Award of Shares, Options and Performance Rights in the current year

In December 2018 the members of the Board's Nomination and Remuneration committee met and considered the need to re-commence remunerating the Company's directors. In December 2018, the majority of the Company's directors had not been remunerated by the Company for a period of two and half years, since 1 July 2016 when Managing Director Mr Bruce McCracken, Non-Executive Director Mr Malcolm Castle and Tribis Pty Ltd, a related party of Non-Executive Director Mr Simon Trevisan agreed to not receive fees from the Company until a suitable project was obtained for the Company.

Subsequently, all Company Directors, with the exception of those who would receive a benefit resolved to provide the following to Company Directors or their related parties detailed below:

Tribis Pty Ltd

The Company agreed to issue Tribis 8,000,000 ordinary shares in the Company at $0.009 each to satisfy the value of administration services fees accrued over the 6 months to 31 December 2018, being fees accrued at $12,000 per month, for a total of $72,000.

The issue price of $0.009 per share was set at the same price the Company had raised capital pursuant to the placements and Rights Issue completed during the year.

Malcolm Castle and Peter Munachen

It was resolved that Mr Castle be issued 1,500,000 ordinary shares in the Company. The basis for issuing Mr Castle these shares was that he had not been remunerated by the Company for the period 1 July 2016 until December 2018. The Board considered that this was the most appropriate manner of remunerating Mr Castle for his services as it conserved the Company's cash, while still providing financial recognition to Mr Castle.

It was also resolved that Mr Castle and Mr Munachen each be issued 1,500,000 Options in the Company, exercisable at $0.025 on or before 31 January 2022 to recognise their contributions to the Board.

Bruce McCracken

The Company agreed to issue its Managing Director Mr Bruce McCracken 6,666,666 ordinary shares in the Company. The basis for issuing Mr McCracken these shares was that he had not been remunerated for his executive role in the Company for the period 1 July 2016 until December 2018.

The committee determined the number of shares to be issued based on the share price at which the Company had issued shares in the preceding months.

In recognition of his role as Managing Director of the Company, as detailed above, subject to entering into an Executive Services Agreement with the Company, Mr McCracken was awarded 20,000,000 Performance Rights, with each Performance Right which vests entitling Mr McCracken to one share in the Company.

Valuation of awards

For Mr Malcolm Castle and Mr Bruce McCracken, notwithstanding that number of shares was established based on a share price of $0.009, Australian accounting standard AASB2 Share-based payment requires that share based payment awards be valued at the grant date of the award, being the date when the parties agree to terms of the award, or where shareholder approval is required to be received, the date that this approval is received.

As related parties of the Company Mr Castle, Mr Munachen and Mr McCracken are not permitted to be issued Shares, or interests in Shares in the Company without shareholder approval. For share based payments requiring shareholder approval AASB2 Share-based payment requires share based payments be measured at the date that Shareholder approval is received. The Company did not seek and receive shareholder approval until August 2019, on 2nd August 2019, the Company's share price was $0.013.

Details of Remuneration

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

*These Options are valued by applying Black-Scholes Option pricing methodology, using an underlying share price of $.013 each, being the Company's share price at 2 August 2019 when Shareholders approved the issue of the shares.

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

1. Mr McCracken received remuneration $10,000 per month from July 2018 to Dec 2018 and from Jan 2019 to June 2019 $15,000 per month. The value of the shares is 6,666,666 Shares valued at $0.013 each, the Company's share price at 2 August 2019, when Shareholders approved the issue of the shares. The Performance Rights are also valued at $0.013 per share, refer to further disclosure on page 24 regarding this value.
2. Mr Simon Trevisan, who is paid through an associated company Albuquerque Trevisan Pty Ltd, received a remuneration of $2,500 per month from Jan 2019 to June 2019.
3. Mr Castle received a remuneration of $2,500 per month from Jan 2019 to June 2019. The value of the shares is 1,500,000 Shares valued at $0.013 each, the Company's share price at 2 August 2019, when Shareholders approved the issue of the shares
4. Mr Munachen received a remuneration of $2,000 per month from July 2018 to Dec 2018 and $2,500 per month from Jan 2019 to April 2019. Mr Munachen resigned from the board on 7 May 2019.

2018 Key Management Person	Short-term Benefits	
	Salary ($)	**Total ($)**
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)	-	-
	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 did not receive remuneration directly from BMG Resources Limited during the 2018 financial year. 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.

TERMS AND CONDITIONS OF SHARE BASED PAYMENTS AFFECTING REMUNERATION IN THE CURRENT FINANCIAL YEAR AND FINANCIAL YEARS TO THE YEAR ENDED 30 JUNE 2021.

Performance Rights

Number of Performance Rights		Grant Date*	Vesting conditions	Expiry date	Value per Performance Right at grant date*	Value of Award	Remuneration recognised to date	Vested (%)
Tranche 1	10,000,000	2 August 2019	Refer to disclosure below		$0.013	$130,000	$2,097[1]	0%
Tranche 2	5,000,000	2 August 2019			$0.013	$65,000	-[2]	0%
Tranche 3	5,000,000	2 August 2019			$0.013	$65,000	-[2]	0%

*Grant date being the date that shareholders approved the issue of these Performance Rights to the Company's Managing Director Mr Bruce McCracken. On 2 August 2019, the Company's shares were valued at $0.013 each. They have been included in remuneration disclosures as they are awarded under the Executive Service Agreement entered into during the year.

[1] The value of this award is recognised over the period that these Performance Rights are expected to vest, being 28 June 2019, the date on which the parties agreed to the award, until December 2019.

[2]Notwithstanding that this award has a value, no expense is recognised in relation to these Performance Rights in the 2019 financial year. As at 30 June 2019, it is not probable that the vesting conditions will be met. The probability of these Performance Rights vesting will be assessed as the Company progresses its work on the project.

Vesting conditions and Expiry Date

The vesting conditions applicable to the Tranche 1 Performance Rights are:

1) The proposed agreement between the Company and the owners of Lithium Chile SpA (LCS) as announced to ASX on 29 November 2018 being formally concluded;
2) The Company raising a minimum of $1 million net of costs pursuant to its capital raising strategy as announced to ASX on 5 and 8 November 2018; and
3) The successful completion of an initial drilling program at Salar West or other Lithium project areas.

The vesting conditions applicable to the Tranche 2 Performance Rights are:

1) The Tranche 1 Performance Rights vesting: and
2) A JORC Mineral Resource being defined on any mining exploration project held or controlled by the Group or LCS by 30 June 2020.

The vesting conditions applicable to the Tranche 3 Performance Rights are:

1) The Tranche 2 Performance Rights vesting; and
2) Completion of positive feasibility within 12 months of a JORC Mineral Resource being defined on any mining exploration project held or controlled by the Group or LCS.

Equity Instruments Disclosure Relating to Key Management Personnel

Shares

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

	Balance at the start of the year	Acquired during the year	Balance at the end of the year	Acquired subsequent to the end of the year	Balance at Date of Directors Report
Greg Hancock	-	-	-	-	-
Bruce McCracken[1]	18,433,375	1,666,667	20,100,042	6,666,666	26,766,708
Simon Trevisan[2]	76,900,311	1,666,667	78,566,978	8,000,000	86,566,978
Malcolm Castle[3]	6,040,076	-	6,040,076	1,500,000	7,540,076
Peter Munachen (Resigned 7 May 2019)	N/A	-	-	-	-

1 Relevant interest in 26,586,708 shares as a beneficiary of the McCracken Family Trust and 180,000 shares directly held. During the year, Mr McCracken acquired 1,666,667 Ordinary shares via participation in the Company's Security Purchase Plan for the offer of Shares at $0.009 per share. Subsequent to the end of the year, Mr McCracken acquired 6,666,666 Ordinary shares, refer to page 20 above for further disclosure on these shares.

2 Relevant interest in 86,343,644 Shares as Director of Tribis Pty Ltd and 193,334 shares as a trustee of Trevisan Superannuation Fund, totalling 86,536,644 shares held. During the year, Tribis acquired 1,666,667 Ordinary shares via participation in the Company's Security Purchase Plan for the offer of Shares at $0.009 per share. Subsequent to the end of the year, Tribis acquired 8,000,000 Ordinary shares, refer to page 20 above for further disclosure on these shares.

3 Relevant interest as Director and sole Shareholder of Agricola Mining Consultants Pty Ltd of 542,960 shares, indirect interest as a spouse of Susan Castle of 39,896 and 6,957,220 shares directly held.

Options

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

	Balance at the start of the year	Acquired during the year	Cancelled	Lapsed*	Balance at the end of the year	Acquired subsequent to the end of the year	Balance at date of Directors Report
Bruce McCracken [1]	11,216,687	1,666,667	(2,500,000)	(10,383,354)	-	5,000,000	5,000,000
Greg Hancock	-	-	-	-	-	-	-
Simon Trevisan[2]	35,106,687	1,666,667	-	(36,773,354)	-	36,773,354	36,773,354
Malcolm Castle[3]	2,721,110	-	-	(2,721,110)	-	1,500,000	1,500,000
Peter Munachen[3] (Resigned 7 May 2019)	-	-	-	-	-	1,500,000	1,500,000

*These Options, being BMGOA Options exercisable at $0.02 per option on before 30 June 2019 expired unexercised at this date.

1 Relevant interest in 5,000,000 options as a beneficiary of the McCracken Family Trust. The 1,666,667 Options acquired during the year were acquired as free attaching Options pursuant to the Company's Security Purchase plan for the offer of shares at $0.009. The 2,500,000 cancelled options were unlisted/unvested Options which the Company and Mr McCracken agreed to cancel.

Subsequent to the end of the financial year, Mr McCracken acquired an interest in 5,000,000 Options, these Options were acquired through his capacity as holder of BMGOA Options which expired on 30 June 2019, pursuant to the prospectus announced on 15 July 2019, Mr McCracken was entitled to apply for 1 BMGOB Option for every BMGOA Option he held, for an issue price of $0.001 per new Option.

2 Relevant interest in 36,773,354 Options as Director of Tribis Pty Ltd. The 1,666,667 Options acquired during the year were acquired as free attaching Options pursuant to the Company's Security Purchase plan for the offer of shares at $0.009.

Subsequent to the end of the financial year, Tribis acquired 36,773,354 Options, these Options were acquired in its capacity as holder of BMGOA Options which expired on 30 June 2019, pursuant to the prospectus announced on 15 July 2019, Tribis was entitled to apply for 1 BMGOB Option for every BMGOA Option he held, for an issue price of $0.001 per new Option.

3 These Options were issued pursuant to disclosure on page 20 above.

Performance Rights

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

	Balance at the start of the year	Balance at the end of the year	Acquired subsequent to the end of the year	Balance at date of Directors Report	Vested	Unvested
Tranche 1	-	-	10,000,000	10,000,000	-	10,000,000
Tranche 2	-	-	5,000,000	5,000,000	-	5,000,000
Tranche 3	-	-	5,000,000	5,000,000	-	5,000,000

Disclosure on these Performance Rights is provided on page 20 above.

Loans to/from Key Management Personnel

There were no loans to individuals or directors of the Company during the year ended 30 June 2019.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Transactions with the Company

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

Administration Services Agreement with Tribis Pty Ltd

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

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

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

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

With effect from 1 July 2018 the Company paid a fee for administrative services of $12,000 per month, the Company issued Tribis 8,000,000 fully paid ordinary Shares in lieu of a cash payment for the value of administrative services provided during the period 1 July 2018 to 31 December 2018, being, a total of $72,000.

The issue price of $0.009 per share was set at the same price the Company had raised capital pursuant to the placements and Rights Issue completed during the year.

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

There were no other related party transactions to individual or Directors of the Company during the year ended 30 June 2019.

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 year ended 30 June 2019, the Company paid insurance premiums in respect of Directors and Officers Liability Insurance for Directors and Officers of the Company. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of the Entity and related joint venture companies to the extent permitted by the *Corporations Act 2001*. On 29 May 2019, the Company paid an insurance premium of $10,620 covering the period 30 April 2019 to 30 April 2020 (2018: $6,990).

NON-AUDIT SERVICES

There were no non-audit services provided by the Auditor of the Group, BDO Audit (WA) Pty Ltd or its related practices during the year.

AUDITORS INDEPENDENCE DECLARATION

The Auditors Independence Declaration for the year ended 30 June 2019 has been received and can be found on page 31.

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

Bruce McCracken
Managing Director
Dated at Perth, Western Australia, this 30h September 2019.

CORPORATE GOVERNANCE STATEMENT

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

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

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

AUDITORS INDEPENDENCE DECLARATION

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

As lead auditor of BMG Resources Limited for the year ended 30 June 2019, 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, 30 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	30 June 2019 ($)	30 June 2018 ($)
Other Income	4	16,842	15,746
Director fees	5	(285,990)	(56,000)
Administration services fee	22	(144,000)	-
Share based payment expense	6	(130,450)	-
Depreciation and amortisation expense		(680)	(338)
Accounting & audit fee		(38,812)	(25,980)
Corporate and administration expenses		(217,482)	(159,440)
Other expenses from ordinary activities		(89,225)	(69,124)
Exchange gain /(loss) from ordinary activities		5,235	-
Project Exclusivity Fee	3	(137,684)	-
Share of net loss of associate		-	(6,637)
(LOSS) BEFORE INCOME TAX		**(1,022,246)**	**(301,773)**
Income tax expense	7	-	-
(LOSS) AFTER INCOME TAX		**(1,022,246)**	**(301,773)**
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		57	-
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR		**(1,022,189)**	**(301,773)**
Total comprehensive profit/(loss) for the year is:			
Attributable to the owners of BMG Resources Limited		**(1,022,189)**	**(301,773)**
Basic (loss)/earnings per share (cents per share)	16	(0.22)	(0.08)

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 2019

	Notes	30 June 2019 ($)	30 June 2018 ($)
CURRENT ASSETS			
Cash and cash equivalents	8	1,551,720	1,119,462
Other receivables and prepayment	9	18,399	3,569
TOTAL CURRENT ASSETS		**1,570,119**	**1,123,031**
NON-CURRENT ASSETS			
Property, Plant & Equipment		1,708	2,388
Exploration and Evaluation Assets	3	529,159	-
TOTAL NON-CURRENT ASSETS		**530,867**	**2,388**
TOTAL ASSETS		**2,100,986**	**1,125,419**
CURRENT LIABILITIES			
JV Interest consideration payable	3	355,684	-
Trade and other payables	10	144,936	18,088
TOTAL CURRENT LIABILITIES		**500,620**	**18,088**
TOTAL LIABILITIES		**500,620**	**18,088**
NET ASSETS		**1,600,366**	**1,107,331**
EQUITY			
Contributed equity	12	43,582,596	42,204,604
Reserves	13	130,507	482,777
Accumulated Losses	14	(42,112,737)	(41,580,050)
TOTAL EQUITY		**1,600,366**	**1,107,331**

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 2019

	Notes	Contributed Equity ($)	Accumulated Losses ($)	Share Bssed payment Reserve ($)	Foreign Currency Reserve ($)	Total ($)
BALANCE AT 1 JULY 2018		**42,204,604**	**(41,580,050)**	**482,777**	**-**	**1,107,331**
Total (Loss) for the year		-	(1,022,246)	-	-	(1,022,246)
Exchange Difference		-	-	-	57	57
Transactions with owners in their capacity as owners:						
Issue of Share Options for provision of services		-	-	6,782	-	6,782
Transfer reserve balance for expired options			489,559	(489,559)	-	-
Share based payment awards to related parties	6	-	-	130,450	-	130,450
Issue of shares	12	1,545,257	-	-	-	1,545,257
Capital raising costs	12	(167,265)	-	-	-	(167,265)
BALANCE AT 30 JUNE 2019		**43,582,596**	**(42,112,737)**	**130,450**	**57**	**1,600,366**
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	12	25,000	-	-	-	25,000
BALANCE AT 1 JULY 2018		**42,204,604**	**(41,580,050)**	**482,777**	**-**	**1,107,331**

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 2019

	Notes	30 June 2019 ($)	30 June 2018 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(808,273)	(283,956)
Interest received		16,842	15,746
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	15	**(791,431)**	**(268,210)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and Evaluation Activity		(148,776)	-
Purchase of property, plant and equipment		-	(2,725)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**(148,776)**	**(2,725)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		1,545,257	-
Transaction costs related to issue of shares		(171,945)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		**1,373,312**	**-**
NET INCREASE/(DECREASE) IN CASH HELD		**433,105**	**(270,935)**
Cash and cash equivalents at beginning of year		1,119,462	1,390,397
Foreign currency translation		(847)	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	**1,551,720**	**1,119,462**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) General Information

BMG Resources Limited is a Company domiciled in Australia. BMG Resources Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Consolidated Financial Report of the Company as at and for the year ended 30 June 2019 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 2019 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 24th September 2019

Historical cost convention

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

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

(c) Principles of Consolidation

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

Subsidiaries

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

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

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

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

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

(d) Comparatives

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

(e) Going Concern

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

Note 3 of this annual report provides detail on the expenditure required by the Company to earn an initial interest in the Chilean Lithium Joint Venture, and accordingly to realise any economic benefit from the exploration and evaluation activity expenditure incurred to date.

For the Company to earn this interest in the Joint Venture during the year to 30 June 2020, it will be necessary for the Company to expend more funds than it has on hand. Accordingly, the ability of the Group to earn the interest while continuing as a going concern will be dependent upon the completion of an appropriate capital raising, in order to meet the necessary expenditure requirements. These conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business.

The Directors believe that there are reasonable grounds that the Company and consolidated entity will continue as a going concern, after consideration of the following factors:

- As at 26 September 2019, the Group had $843,766 Cash and cash equivalents on hand;

- The Company has the ability to issue additional shares (or other securities) under the Corporations Act 2001 and the ASX Listing Rules to raise further working capital; and

- The consolidated entity has the ability to scale down its operations in order to curtail expenditure, in the event capital raisings are delayed or insufficient cash is available to meet projected expenditure on its Chilean Lithium Joint Venture.

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustment relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

(f) Significant Accounting Judgments, Estimates and Assumptions

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

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

Impairment of Exploration and Evaluation Assets

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

Share based payments

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

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

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

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

(g) Adoption of new and revised accounting standards

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 2018.

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 2019. 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.

(h) Foreign Currency

Functional and presentation currency

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

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

Foreign currency transactions and balances

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

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

Translation of foreign operations

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

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

(i) Segment Reporting

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

(j) Other Income

Interest

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

(k) Share-based Payment

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

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

(l) Cash and Cash Equivalents

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

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

(m) Trade and Other Receivables

Trade and Other receivables represents amounts expected to be received from the Australian Taxation office, being Goods and Services Tax (GST) for expenditure incurred by the Group.

(n) Trade and Other Payables

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

(o) Exploration and Evaluation Expenditure

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

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

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

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

A. the rights to tenure of the area of interest are current; and

B. at least one of the following conditions is also met:

i. the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and

ii. exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

For each area of interest, expenditure incurred on the Exploration of Tenements throughout Chile and Cyprus is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. A provision for unsuccessful exploration and evaluation is created against each area of interest by means of a charge to the Statement of Profit or Loss and Other Comprehensive Income.

The recoverable amount of each area of interest is determined on a bi-annual basis and the provision recorded in respect of that area adjusted so that the net carrying amount does not exceed the recoverable amount. For areas of interest that are not considered to have any commercial value, or where exploration rights are no longer current, the capitalised amounts are written off against the provision and any remaining amounts are charged against profit. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(p) 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%

(q) Impairment

Financial Assets

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

(r) Income Tax Expenses or Benefit

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

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

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

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

(s) Goods and Services Tax

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

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

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

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

(t) Contributed Equity

Ordinary shares are classified as equity.

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

(u) Earnings or Loss per share

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

(v) Fair Value

Determination of Fair Values

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

Trade and Other Receivables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(l) 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 2019. These are outlined in the table below.

AASB reference	Title	Summary	Application date of standard	Impact on financial report	Application date for Company
AASB 16	Leases	This is the Australian equivalent of the recently released IFRS 16 Leases. It significantly reforms the lessee accounting requirements contained in its predecessor AASB 117 while making only minor changes to the lessor requirements. AASB 16 applies to financial reporting periods beginning on or after 1 January 2019 and early adoption is permitted if an entity is applying, or has already applied, IFRS 15 Revenue from Contracts with Customers at the same time. The IASB and others have published a range of resources to assist stakeholders understand and implement the new standard and these can be accessed via the IASB project page, the IASB's new Leases Implementation page (see below) and CA ANZ's Leases resources page. AASB 16 also makes a range of consequential amendments to 26 other standards and interpretations detailed in Appendix D of the standard.	Annual Reporting periods beginning on or after 1 January 2019	*The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is not expected to be material.*	01 July 2019

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.

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 Chilean exploration activity. The Consolidated Entity's principal activity is lithium exploration.

The Company has determined this segment on the basis of geography and the nature of activities, being exploration.

(a) Segment Performance

Year ended 30 June 2019

	Exploration (Chile) ($)
Revenue	-
Segment Operating (Loss)	(211,178)
Material item within Segment Operating (Loss)	
Project Exclusivity Fee	(137,684)[1]

[1] Refer to note 3 for further disclosure.

Year ended 30 June 2019

	Exploration (Chile) ($)
Segment Operating (Loss)	(211,178)
Interest Income	16,842
Share based payments	(130,450)
Directors Remuneration	(285,990)
Administration Services Fee	(144,000)
Professional Services	(73,969)
Depreciation	(680)
Other expenses	(192,821)
Result, (loss) before income tax	**(1,022,246)**

In the 2018 financial year, the sole reportable segment identified was exploration activities in Cyprus, while the Company maintains 30% interest in exploration tenements in Cyprus, these activities are no longer regarded as a reportable operating segment reviewed by the CODM. The segment performance disclosure of the prior year is as below:

Year ended 30 June 2018

	Exploration (Cyprus) ($)
Revenue	-
Segment Operating (Loss)	(6,637)
Material item within Segment Operating (Loss)	
Share of net (loss) of associate	(6,637)

Year ended 30 June 2018

	Exploration (Cyprus) ($)
Segment Operating (Loss)	(6,637)
Interest Income	15,746
Corporate and Administration	(216,326)
Option Fee	(25,094)
Depreciation	(338)
Other expenses	(69,124)
Result, (loss) before income tax	**(301,773)**

(a) Segment Assets and Liabilities

Year ended 30 June 2019

	Exploration (Chile) ($)	Unallocated ($)	Total Consolidated Entity ($)	Less intercompany balances ($)	Net Total Consolidated Entity ($)
Assets					
Cash and Cash at Bank	1,551,720	-	1,551,720	-	1,551,720
Loan receivable	-	71,137	71,137	(71,137)	-
Statutory Receivables	-	18,399	18,399	-	18,399
Current assets	**1,551,720**	**89,536**	**1,641,256**	**(71,137)**	**1,570,119**
Property, Plant and Equipment	-	1,708	1,708	-	1,708
Exploration and Evaluation Assets	529,159	-	529,159	-	529,159
Non-Current assets	**529,159**	**1,708**	**530,867**	**-**	**530,867**
Total Assets	**2,080,879**	**91,244**	**2,172,123**	**(71,137)**	**2,100,986**
JV Interest Consideration Payable	355,684	-	355,684	-	355,684
Loan payable	71,137	-	71,137	(71,137)	-
Trade and Other Payables	18,488	54,448	72,936	-	72,936
Current Liabilities	**445,309**	**54,448**	**499,757**	**(71,137)**	**428,620**
Total Liabilities	**445,309**	**54,448**	**499,757**	**(71,137)**	**428,620**
Net Assets	**1,635,570**	**36,796**	**1,672,366**	**-**	**1,672,366**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2018

	Exploration (Chile) ($)	Unallocated ($)	Total Consolidated Entity ($)
Assets			
Cash and Cash at Bank	-	1,123,031	1,123,031
Investment in Associate	-	-	-
Current assets	**-**	**1,123,031**	**1,123,031**
Property, Plant and Equipment	-	2,388	2,388
Non-Current assets	**-**	**2,388**	**2,388**
Total Assets	**-**	**1,125,419**	**1,125,419**
Trade and Other Payables	-	18,088	18,088
Current Liabilities	**-**	**18,088**	**18,088**
Total Liabilities	**-**	**18,088**	18,088
Net Assets	**-**	**1,107,331**	**1,107,331**

3. JOINT VENTURE OPERATION

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

The Company can earn a 50% interest in the joint venture through making consideration payments of US$700,000 to 24 May 2020 and through incurring exploration expenditure of US$2,500,000 to 24 May 2022, including atleast USD$1,000,000 in the year to 24 May 2020, and making further consideration payments of US$300,000.

The initial consideration payments are two payments of US$250,000 and the issue of US$200,000 of shares.

At 30 June 2019, the Company has recognised a liability of US$250,000 ($355,684 Australian Dollars). Subsequent to the end of the financial year, on 29 August 2019, the Company made the $US250,000 ($372,024 Australian Dollars) payment.

As a result of the agreement which provides BMG the right to earn an initial 20% interest in the Joint Venture Company, BMG has incurred exploration expenditure. In accordance with the Group's accounting policy (Note 1(o)) this exploration and evaluation expenditure has been capitalised resulting in an exploration and evaluation asset of $529,159 at 30 June 2019 (2018: Nil).

The Company has no obligation to pay the vendors the remaining $250,000 cash consideration amount nor issue the $200,000 shares, further the Company has no obligation to incur USD$1,000,000 exploration expenditure in the year to 24 May 2020 or further expenditure beyond this.

Should the Company choose to not make further payments or not incur USD$1,000,000 of exploration expenditure in the period to 24 May 2020, the Company will not earn a 20% interest in the Joint Venture.

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

4. OTHER INCOME

	2019 ($)	2018 ($)
Interest received	16,842	15,746
	16,842	**15,746**

5. EXPENSES

	2019 ($)	2018 ($)
Directors' fees	285,990	56,000
	285,990	**56,000**

There is a substantial increase in the value of director fees in the current financial year relative to the prior year. In the current year, all directors have been paid a fee for their services. In the comparative year only the Company's Chairman was paid a fee for his services to Company for the entire year. In that year, now former Non-Executive Director, Mr Peter Munachen was paid a fee for his services from his appointment date until 30 June 2018.

6. SHARE BASED PAYMENTS

During the year, the Company awarded Shares, Options and Performance Rights to related parties, including its Directors and former Director Mr Peter Munachen.

The below share based payments were awarded subject to shareholder approval, which was obtained on 2 August 2019.

Shares

The Company granted the following share awards during the financial year:

Bruce McCracken	6,666,666
Malcolm Castle	1,500,000
	8,166,666

Bruce McCracken:
In January 2019, the Company agreed to issue its Managing Director Mr Bruce McCracken 6,666,666 ordinary shares in the Company. The basis for issuing Mr McCracken these shares was that he had not been remunerated for his executive role in the Company for the period 1 July 2016 until December 2018. The number of shares to be issued was based on the intention to provide Mr McCracken a financial benefit of $60,000 and the share price at which the Company had issued shares in the year, being $0.009 per share.

At the date of shareholder approval, which occurred on 2 August 2019, the Company's share price was $0.013 and the share based payment award is valued in the Company's financial statements using this higher value. Accordingly, the value recognised for this award was $86,667, being 6,666,666 shares at $0.013 per share.

Malcolm Castle:
During the year, it was resolved that Mr Castle be issued 1,500,000 ordinary shares in the Company. The basis for issuing Mr Castle these shares was that he had not been remunerated by the Company for the period 1 July 2016 until December 2018, while the Company sought a new project for the Company. The Board considered that this was the most appropriate manner of remunerating Mr Castle for his services as it conserved the Company's cash, while still providing financial recognition to Mr Castle.

At the date of shareholder approval, which occurred on 2 August 2019, the Company's share price was $0.013. This share based payment award is valued in the Company's financial statements using this value. Accordingly, the value recognised for this award was $19,500, being 1,500,000 shares at $0.013 per share.

Options

During the year ended 30/06/19, the Company agreed to issue Non-Executive Director Mr Malcolm Castle and then Non-Executive Director Mr Peter Munachen ('Related parties') Options in the Company as recognition for their service as Non-Executive Directors of the Company. As there are no service or vesting conditions attached to these options, the SBP expense has been recognised in full in the year ended 30 June 2019. The number of options issued to each Director is:

Malcolm Castle	1,500,000
Peter Munachen	1,500,000
	3,000,000

Shareholder approval was sought, and was received on 2 August 2019.

For the purposes of these financial statements as at and for the year ended 30 June 2019, these Options are valued based on the Company's share price as at 2 August 2019, the Options are valued using the Black-Scholes Option Pricing methodology with the following inputs.

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

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

Performance Rights

The Company's Managing Director Mr Bruce McCracken ('the executive') entered into an Executive Services Agreement with the Company subsequent to the end of the financial year on 2 July 2019, however the parties had a shared understanding of the term of the agreement in June 2019.

This Executive Services Agreement includes the award of 20,000,000 Performance Rights, the issue of the Performance Rights was subject to shareholder approval, which the Company sought and received on 2 August 2019.

Each Performance Right which may vest entitles Mr McCracken to be issued one Share in the Company, and accordingly each Performance Right is valued at the price of one share in the Company at the measurement of the award, with measurement date being the grant date, subsequently confirmed as 2 August 2019.

The price of the Company's shares on 2 August 2019 was $0.013 and it is this share price which determined the value of the performance right awards shown in the table below.

Class	Vesting Condition	Entitlement	Value of Award*	Expense Recognised Current Year
Tranche 1 Performance Rights	Satisfaction of each of the following conditions: (i) the proposed agreement between the Company and the owners of Lithium Chile SpA (**LCS**) as announced to ASX on 29 November 2018 being formally concluded; (ii) the Company raising a minimum of $1 million net of costs pursuant to its capital raising strategy as announced to ASX on 5 and 8 November 2018; and (iii) the successful completion of an initial drilling program at Salar West or other Lithium project areas.	10,000,000 Shares	$130,000	$2,097

Tranche 2 Performance Rights	The Tranche 1 Performance Rights vesting and a JORC Mineral Resource being defined on any mining exploration project held or controlled by the Group or LCS by 30 June 2020.	5,000,000 Shares	$65,000	$0**
Tranche 3 Performance Rights	The Tranche 2 Performance Rights vesting and completion of positive feasibility within 12 months of a JORC Mineral Resource being defined on any mining exploration project held or controlled by the Group or LCS.	5,000,000 Shares	$65,000	$0**

* Based on the Company's share price on 2 August 2019, when Shareholder approval was received, being $0.013 per share.

** Notwithstanding that these tranches have a value, no expense is recognised in relation to these Performance Rights in the 2019 financial year. As at 30 June 2019, it is not probable that the vesting conditions will be met. The probability of these Performance Rights vesting will be assessed as the Company progresses its work on the project.

Tranche 2 Performance Rights vest over a maximum period of up to 30 June 2020, and Tranche 3 Performance Rights vest over the period from grant date to a point in time 12 months from the vesting of Tranche 2 Performance Rights.

Expense recognised during the year

The value of expense recognised in the year is a function of the value of each tranche, the likelihood at the end of the reporting period that the performance rights will vest, and the vesting period passed since the grant date of the awards.

In relation to each Tranche, the Performance Rights will either vest in their entirety or be forfeited in their entirety.

Tranche 1

Vesting conditions (i) and (ii) were met during the financial year. Subsequent to the end of the reporting period, in September 2019, the drilling program commenced at Salar West, however as at the date of this annual report the drilling program has not been completed. The satisfaction of the vesting conditions was deemed probable and therefore an expense has been recognised for the year.

Summary of Share Based Payment Expense recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income

Recipient	Amount
Bruce McCracken (Shares)	$86,667
Malcolm Castle (Shares)	$19,500
Malcolm Castle (Options)	$11,093
Peter Munachen (Options)	$11,093
Bruce McCracken (Performance Rights)	$2,097
	$130,450

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

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

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

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

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

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

These Options expired unexercised on 30 June 2019.

Share Based Payments in the year ended 2018

In the 2018 financial 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.

7. INCOME TAX

	2019 ($)	2018 ($)
Income tax benefit		
Tax Rate	27.5%	27.5%
The potential tax benefit in respect of tax losses not brought into account has been calculated at 27.5%.		
Numerical reconciliation between tax expenses and pre-tax net loss		
Income tax benefit at the beginning of the year		-
(Loss) before income tax expense	(1,022,246)	(301,773)
Income tax benefit/(expenses) calculated at rates noted above	(281,118)	(82,987)
Tax effect on amounts which are not tax deductible	89,309	49,631
Tax effect on timing differences	403	(294)
Tax effect on deductible exploration costs	(27,346)	-
Tax effect on deductible capital raising costs/other	(41,633)	(21,876)
Deferred tax asset on tax losses not brought to account	260,385	55,526
Income tax benefit	-	-
Net deferred tax assets not brought to account		
Unused tax losses	10,944,725	9,997,869
Timing differences	15,500	13,500
Other capital expenditure – non equity	230,881	121,493
Capital raising cost in equity	225,820	127,393
Tax at 27.5% (2018: 27.5%)	**3,139,655**	**2,821,570**

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.

8. CASH AND CASH EQUIVALENTS

	2019 ($)	2018 ($)
Cash at bank and on hand	1,551,720	1,119,462
	1,551,720	**1,119,462**

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

	2019 ($)	2018 ($)
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	1,551,720	1,119,462
Balances per Statement of Cash Flows	**1,551,720**	**1,119,462**

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in Note 11. 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 11.

9. OTHER RECEIVABLES

	2019 ($)	2018 ($)
GST receivable	18,399	3,569
	18,399	**3,569**

10. TRADE AND OTHER PAYABLES

	2019 ($)	2018 ($)
Trade creditors and accruals	140,126	18,088
Statutory employment liabilities	4,810	-
	144,936	**18,088**

(a) Risk exposure

Information about the Group's exposure to risk in relation to trade creditors and other payables is provided in Note 11.

11. 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:

	2019 ($)	2018 ($)
Financial assets		
Cash and cash equivalents	1,551,720	1,119,462
	1,551,720	**1,119,462**
Financial liabilities		
JV Interest consideration payable	355,684	-
Trade and other payables	140,126	18,088
	495,810	**18,088**

(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.

	2019 ($)	2018 ($)
Cash at bank and short-term bank deposits		
Cash at bank	1,551,720	1,119,462
	1,551,720	**1,119,462**

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:

	2019 ($)	2018 ($)
Cash and cash equivalents	1,551,720	1,119,462
Total	**1,551,720**	**1,119,462**

(d) Liquidity Risk

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

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

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

Contractual maturities of financial liabilities	Less than 6 months	Total	Carrying Amount
Group – as at 30 June 2019	$	$	$
JV Interest consideration payable	355,684	355,684	355,684
Trade payables and accruals	140,126	140,126	140,126
Total	**495,810**	**495,810**	**495,810**
Group – as at 30 June 2018	$	$	$
Trade payables and accruals	18,088	18,088	18,088
Total	**18,088**	**18,088**	**18,088**

(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:

	2019 ($)	2018 ($)
Financial Assets	1,551,720	1,119,462
	1,551,720	**1,192,462**

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 ($)	Weighted Average Effective Interest Rate	Total ($)
	2019	**2019**	**2018**	**2018**
Financial Assets				
Cash and cash equivalents	1.00%	1,551,720	1.5%	1,192,462

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 $3,879 (2018: $2,981).

	+1% (25 basis points) ($)	-1% (25 basis points) ($)	+1% (25 basis points) ($)	-1% (25 basis points) ($)
	2019	**2019**	**2018**	**2018**
Cash and cash equivalents	3,879	(3,879)	2,981	(2,981)
	3,879	**(3,879)**	**2,981**	**(2,981)**

Foreign Exchange Risk

The Consolidated Entity's exposure to foreign exchange risk relates to the Consolidated Entity's "JV Interest consideration payable'.

This liability is denominated in United States Dollars ($ USD), and represents an amount payable to the parties from whom the Company can acquire up to an initial 20% interest in the Chilean Lithium Joint Venture from, as disclosed at note 3, the consideration for this initial 20% includes, two cash payments of $250,000 USD and the issue of Shares in the Company of value $200,000 USD.

The value below is the first of up to two amounts payable of $250,000, converted at the 30 June 2019 USD:AUD spot rate of 1:1.4227

Profile

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

	2019 ($)	2018 ($)
JV Interest consideration payable	355,684	-
	355,684	**-**

Net foreign exchange gain included for the year ended 30 June 2019 is $5,235 (30 June 2018: Nil)

The subsidiary of the Parent entity, BMG Resources Chile SpA, which has a functional currency of the US Dollar (USD), has exposure to fluctuation in the United States Dollar (USD) : Chilean Peso (CLP) foreign exchange rate, at 30 June 2019, the foreign exchange risk relating to the Chilean Peso (PESO) is not considered to be material.

As at 30 June 2019 the Company does not actively manage its exposure to foreign exchange risk. Further disclosure in relation to this liability is provided at note 3.

Sensitivity

The Group is primarily exposed to changes in the US/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises from US-dollar denominated financial instruments.

	Impact on post tax profit	
	2019 $'000	2018 $'000
US/AUD Exchange Rate – increase 5%	(17,784)	-
US/AUD Exchange Rate – decrease 5%	16,937	-

As at 30 June 2019 the Company does not have mechanisms in place to manage its exposure to foreign exchange risk.

The group's exposure to other foreign exchange movements is not material.

(f) Capital Management

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

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

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

(g) Fair value measurements

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

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.

	2019 ($)	2018 ($)
Contributed equity as at 1 July	42,204,604	42,179,604
Consultancy fee to Azure Capital (refer to Note 6 for further disclosure)	-	25,000
Exercise of options	-	1
Issue of shares under Security Purchase Plan and Shortfall offer	128,500	-
Issue of shares under Placement to institutional and sophisticated investors	1,416,757	-
Capital Raising Costs	(167,265)	-
	43,582,596	**42,204,604**

Movements of share capital during the year

Date	Details	No of shares	Issue price ($)	$
01.07.2018	Opening Balance	**386,037,138**		**42,204,604**
08.11.2018	Placement	26,905,162	0.009	242,146
07.12.2018	Placement	52,776,367	0.009	474,988
14.12.2018	Placement	9,660,374	0.009	86,943
17.12.2018	Security Purchase Plan and Shortfall offer	14,277,782	0.009	128,500
17.12.2018	Share issue cost during capital raising to December 2018	-	-	(93,842)
28.02.2019	Placement	59,186,665	0.009	532,680
28.02.2019	Share issue cost (issue of Options for services)	-	-	(6,782)

Date	Details	No of shares	Issue price ($)	$
05.03.2019	Placement	8,888,888	0.009	80,000
05.03.2019	Share issue cost during capital raising to March 19	-	-	(66,641)
Closing Balance as at 30/06/2019		**557,732,376**		**43,582,596**

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.

Options

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

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

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

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

There were no share options outstanding at 30 June 2019. At 30 June 2018 the weighted average remaining contractual life of share options outstanding was 1 year.

13. RESERVES

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

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

(a) Share Based Payment Reserve

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

(b) Foreign Currency Translation Reserve

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. ACCUMULATED LOSSES

	2019 ($)	2018 ($)
Accumulated (loss) at the beginning of the year	**(41,580,050)**	**(41,278,277)**
Transfer from share based payment reserve, options expired 30 June 2019	489,559	-
Net profit / (loss) attributable to shareholders	(1,022,246)	(301,773)
Accumulated (loss) at end of the year	**(42,112,737)**	**(41,580,050)**

15. CASH FLOW INFORMATION

	2019 ($)	2018 ($)
Reconciliation of cash flow from operating activities with the loss from continuing operations after income tax:		
Net (Loss) after Income Tax	**(1,022,246)**	**(301,773)**
Depreciation	680	338
Share based payment[1]	130,450	25,000
Net exchange differences	5,235	-
Changes in assets & liabilities net of purchase & disposal of subsidiaries		
(Increase)/Decrease in other receivables	(14,830)	179
Decrease in investment in associate	-	6,637
Increase in trade and other payables[2]	109,281	1,409
Cash flow from/(used in) Operating Activities	**(791,431)**	**(268,210)**

1 Refer to note 6 for further detail.

2 Net of liability for payment of exploration and evaluation expenditure capitalised.

Non-cash Financing Activities:

During the year, the company issued 15,000,000 Share Options as a fee for services provided in connection with the Company's capital raisings during the year, the Options issued were BMGOA options, being Options which were exercisable at $0.02 on or before 30 June 2019.

The fair value of the services provided cannot be reliably measured and therefore the fair value of the services provided was determined by reference to the reference to the value of equity instruments granted. Refer to disclosure on this issue of Options at note 6 above.

16. EARNINGS/(LOSS) PER SHARE

The calculation of basic loss per share at 30 June 2019 was based on the loss attributable to ordinary Shareholders of $1,022,246 (2018: loss of $301,773) and a weighted average number of ordinary shares outstanding during the year of 468,876,076 (2018: 385,542,610). The following reflects the income and share data used in the calculations of basic earnings per share:

		2019 ($)	2018 ($)
(a)	**Reconciliation of earnings to profit or loss**		
	Net profit / (loss) used in calculating basic earnings per share	(1,022,246)	(301,773)
(b)	**Weighted average number of ordinary shares outstanding during the year**		
	Weighted average number of ordinary shares used in calculating basic earnings per share	468,876,076	385,542,610

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

17. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 8 August 2019, following shareholder approval, the Company issued shares and options to related parties, being those shares and options disclosed at notes 6 and 22.

On 13 August 2019, following shareholder approval, the Company issued a total of 346,502,263 Share Options (BMGOB) to related and non-related parties of the Company, the options are exercisable at $0.02 on or before 31 December 2019.

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 2019.

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.

	2019 ($)	2018 ($)
Audit and Other Assurance Services		
BDO Audit (WA) Pty Ltd	27,349	20,640
Total remuneration for Audit and Other Assurance Services	**27,349**	**20,640**

No other services were provided by the auditor of the parent company (BDO Audit (WA) Pty Ltd), its related practices or non-related audit firms in the relation to the 2019 nor 2018 financial year.

20. COMMITMENTS

Management Fees Commitment

By agreement between Tribis and the Company, Tribis Pty Ltd provides corporate administration services to the Company. The Company pays a monthly fee to Tribis plus reasonable reimbursements each month for certain costs, expenses and liabilities incurred and/or paid by Tribis on behalf of the Company during that month. The monthly fee has been subject to reductions over time. From 1 April 2016 until 30 June 2016, Tribis agreed to waive the monthly fee while the Company was searching for a new project. At that point in time, the monthly fee was $5,000.

With effect from 1 July 2018 the Company pays a fee for administrative services of $12,000 per month.

Subsequent to 30 June 2019, on 8 August 2019, the Company issued Tribis 8,000,000 fully paid ordinary Shares in lieu of a cash payment for the value of administrative services provided during the period 1 July 2018 to 31 December 2018, being, a total of $72,000.

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

The Company has no commitments of any other nature as at 30 June 2019.

	2019 ($)	2018 ($)
Not later than one year	72,000	-
Later than one year but not later than five years	-	-
Later than five years	-	-
TOTAL	**72,000**	**-**

21. INTERESTS IN OTHER ENTITIES

		Ownership Interest		
Name of Entity	Place of incorporation	30 June 2019	30 June 2018	Principal Activities
BMG Resources Chile SpA	Chile	100%	-	Exploration Activities in Chile

22. RELATED PARTY INFORMATION

Parent Entity

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

Key Management Personnel Compensation

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

	2019 ($)	2018 ($)
Short-term employee benefits	262,000	56,000
Post-employment benefits	14,250	-
Share-based payments	130,450	-
	406,700	**56,000**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 16 to 28.

Transactions with Related Parties

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

The following transactions occurred with related parties for the year ended 30 June 2019.

	2019 ($)	2018 ($)
Administration Fee to Tribis Pty Ltd[1]	144,000	-
	144,000	**-**

1 Refer to note 20 for further disclosure

Loans to/from Related Parties

There were no loans to individual or Directors of the Company during the year ended 30 June 2019.

Individual Key Management Personnel Compensation Disclosures

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

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

Other Key Management Personnel Transactions with the Company

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. PARENT ENTITY INFORMATION

The following details information related to the Parent Entity, BMG Resources Limited, as at 30 June 2019. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2019 ($)	2018 ($)
Current assets	1,548,318	1,123,031
Non-current assets	534,122	2,388
Total Assets	**2,082,440**	**1,125,419**
Current liabilities	(482,132)	(18,088)
Total Liabilities	**(482,132)**	**(18,088)**
Net Assets	**1,600,309**	**1,107,331**
Contributed equity	43,582,597	42,204,604
Retained earnings/(accumulated losses)	(42,112,737)	(41,580,049)
Reserve	130,450	482,776
Total Equity	**1,600,309**	**1,107,331**
Profit/(Loss) for the year	(1,022,246)	(295,135)
Other comprehensive Profit/(Loss) for the year	-	-
Total Comprehensive Profit / (Loss) for the Year	**(1,022,246)**	**(295,135)**

Retained Earnings/(Accumulated Losses) reconciliation

	2019 ($)	2018 ($)
Balance at beginning of year	(41,580,049)	(41,284,914)
Transfer of reserve balance to accumulated losses, for expired options	489,558	-
Current year loss	(1,022,246)	(295,135)
Balance at end of year	**(42,112,737)**	**(41,580,049)**

Reserves reconciliation

	2019 ($)	2018 ($)
Balance at beginning of year	482,776	482,776
Issue of share options for professional services	6,782	-
Transfer of reserve balance to accumulated losses, for expired options	(489,559)	
Share based payment expense	130,450	-
Balance at end of year	**130,450**	**482,776**

There are no other separate commitments and contingencies for parent entity as at 30 June 2019.

DIRECTORS' DECLARATION

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

(a) the Financial Statements and Notes set out on pages 32 to 67, are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 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 2019.

Signed in accordance with a resolution of the Directors.

Bruce McCracken
Managing Director
Dated at Perth, Western Australia, this 30th September 2019.

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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 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 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.

Material uncertainty related to going concern

We draw attention to Note 1(e) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

BDO

Key audit matters

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

Accounting for share-based payments

Key audit matter	How the matter was addressed in our audit
During the financial period ended 30 June 2019, the Company agreed to award a number of equity instruments to Directors and consultants, which have been accounted for as share based payments and disclosed in Note 6 of the financial report. Share based payments are a complex accounting area and due to the judgemental estimates used in determining the fair value of the share based payments, in accordance with AASB 2: Share Based Payments. As a result, we consider share based payments to be a key audit matter.	Our audit procedures included, but were not limited to: • Reviewing relevant supporting documentation to obtain an understanding of the contractual nature and conditions of the share based payments; • Reviewing management's determination of the grant date and fair value of the share based payments agreed to be issued, considering the appropriateness of the valuation models used and assessing the valuation inputs; • Involving our valuation specialists to assess the reasonableness of management's valuation inputs in respect of volatility; • Assessing the reasonableness of the share-based payment expense; and • Assessing the adequacy of the related disclosures in Notes 6, 1(f) and 1(k) of the financial report.

BDO

Accounting for Exploration and Evaluation Expenditure

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 3, the carrying value of the exploration and evaluation asset represents a significant asset of the Group. Refer to Note 1(f) and Note 1(o) of the Financial Report for a description of the accounting policy and significant judgements applied to capitalised exploration and evaluation expenditure. In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources ('AASB 6'), the recoverability of exploration and evaluation expenditure requires significant judgement by management in determining whether there are any facts and circumstances that exist to suggest the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter.	Our procedures included, but were not limited to: • Obtaining a schedule of the area of interest held by the Group and reviewing relevant supporting documentation to obtain an understanding of the contractual rights in relation to the area of interest; • Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6; • Considering the status of the ongoing exploration programmes in the respective area of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Notes 3, 1(f) and 1(o) to the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

http://www.auasb.gov.au/auditors_responsibilities/ar1.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 16 to 28 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of BMG Resources Limited, for the year ended 30 June 2019, 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, 30 September 2019

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 10 September 2019.

(a) Distribution of equity securities

Holding	Shares	Options
	Number of Holders	
1 - 1,000	211	0
1,001 - 5,000	141	1
5,001 - 10,000	78	1
10,001 - 100,000	232	5
100,001 and over	332	85
	994	**92**

There were 530 holders of less than a marketable parcel of ordinary shares.

(b) Top twenty shareholders

	Listed Fully Paid Ordinary Shares	Number of Shares	Percentage of Shares
1	MR MICHAEL HSIAU YUN LAN	107,200,000	18.64%
2	TRIBIS PTY LTD	86,373,644	15.02%
3	MR BRUCE MCCRACKEN	26,766,708	4.65%
4	MR JOHN HENDERSON MANSON & MRS KAREN ANN-MARIE MANSON	26,000,000	4.52%
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	14,129,524	2.46%
6	MR PETER ANDREW PROKSA	11,000,000	1.91%
7	MR JOSEPH MATTHEW PATTESON	10,000,000	1.74%
8	MR VINCENZO BRIZZI & MRS RITA LUCIA BRIZZI	7,143,467	1.24%
9	MR MALCOLM CASTLE	6,957,220	1.21%
10	MR KIM NGO	6,666,900	1.16%
11	MR MATTHEW CHARLES NEWHAM	6,486,727	1.13%
12	WHIMPLECREEK PTY LTD	5,646,523	0.98%
13	MRS HEMA NAGA JYOTHI DANDA	5,575,000	0.97%
14	MR STEPHEN NANCARROW	5,000,000	0.87%
15	MR DOBRIVOJ KOLUNDZIJA	4,644,455	0.81%
16	JOJO ENTERPRISES PTY LTD	4,373,748	0.76%
17	MR BOON LYE PNG	4,288,013	0.75%
18	ARIBEC SUPERCO PTY LTD	4,000,000	0.70%
19	MR MATTHEW STEVEN KLEIN	4,000,000	0.70%
20	MR JOHNNY TRAIAN	4,000,000	0.70%
		350,251,929	**60.92%**

ASX ADDITIONAL INFORMATION

(c) Top twenty Option Holders

		Number of Options	Percentage of Options
1	MR MICHAEL HSIAU YUN LAN	46,000,000	13.28%
2	HARSHELL INVESTMENTS PTY LTD	40,000,000	11.54%
3	TRIBIS PTY LTD	36,773,354	10.61%
4	MR PETER ANDREW PROKSA	34,000,000	9.81%
5	MR ALEXIS ADAMIDES	12,500,000	3.61%
6	MR ROBERT HEASLOP	12,500,000	3.61%
7	MR VELCO DOJCINOVSKI	10,000,000	2.89%
8	MR GARRIE EUGENE NOVAK	9,135,414	2.64%
9	HILLSTOWE HOLDINGS PTY LTD	8,000,000	2.31%
10	WHIMPLECREEK PTY LTD	7,311,058	2.11%
11	MR AARON JERMAINE PROKSA	7,000,000	2.02%
12	MR JOHN HENDERSON MANSON & MRS KAREN ANN-MARIE MANSON	6,650,000	1.92%
13	DESHON ENTERPRISES PTY LTD	6,000,000	1.73%
14	MR DAVID FAGAN	5,750,000	1.66%
15	MR BRUCE MCCRACKEN	5,000,000	1.44%
16	MR DAYMON MAGDY SAID	5,000,000	1.44%
17	JOLUK INVESTMENTS PTY LTD	4,500,000	1.30%
18	MR VINCENZO BRIZZI & MRS RITA LUCIA BRIZZI	4,400,000	1.27%
19	GECKO RESOURCES PTY LTD	3,962,000	1.14%
20	MR MICHAEL EDWARD SMITH	3,600,000	1.04%
		268,081,826	**77.37%**

(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
MR MICHAEL HSIAU YUN LAN	107,200,000	18.64%
TRIBIS PTY LTD	86,566,978	15.05%

ASX ADDITIONAL INFORMATION

(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

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

SCHEDULE OF MINING TENEMENTS AND INTERESTS

The Treasure Project, of which BMG currently owns a 30% interest, now comprises 9 exploration licences for a total of 31.56km^2.

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