



BMG RESOURCES LIMITED

ACN 107 118 678

**Consolidated Interim Financial Report
For the Half Year Ended
31 December 2023**

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CORPORATE DIRECTORY

DIRECTORS	John Prineas Non-Executive Chairman
	Gregory Hancock Non-Executive Director
	John Dawson Non-Executive Director
COMPANY SECRETARY	Sean Meakin
REGISTERED AND PRINCIPAL OFFICE	Level 14 225 St Georges Terrace PERTH WA 6000 Telephone: (08) 9424 9390 Facsimile: (08) 9321 5932 Website: www.bmgl.com.au Email: enquiry@bmgl.com.au
AUDITORS	BDO Audit (WA) Pty Ltd Level 9, Mia Yellagonga Tower 2 5 Spring Street Perth WA 6000
SHARE REGISTRY	Automic Group Level 5, 191 St Georges Terrace PERTH WA 6000 Telephone: 1300 288 664 (within Australia) +61 (0) 2 96985414 (international)
HOME EXCHANGE	Australian Securities Exchange Ltd Central Park 152-158 St Georges Terrace PERTH WA 6000 ASX Code: BMG
SOLICITORS	Blackwall Legal Level 26 140 St Georges Terrace PERTH WA 6000
BANKERS	St George Bank Level 3, Brookfield Tower 2 123 St Georges Terrace PERTH WA 6000

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report of BMG Resources Limited (the Company; ASX: BMG), being the Company and its subsidiaries ('Group' or 'Consolidated Entity'), for the half year ended 31 December 2023 and the auditor's review report thereon.

DIRECTORS

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

- John Prineas (Non-Executive Chairman) (Non-Executive Director until 15 January 2024)
- Gregory Hancock (Non-Executive Director) (Non-Executive Chairman until 15 January 2024)
- John Dawson (Non-Executive Director)
- Bruce McCracken (Managing Director)- resigned 15 January 2024

All Directors have been in office for the entire period, unless otherwise stated.

REVIEW OF OPERATIONS

Australian-focused gold and lithium explorer BMG Resources Limited (ASX: BMG) is pleased to present its review of operations for the half-year ending on 31 December 2023.

BMG has achieved notable progress at its wholly-owned projects – particularly with its Abercromby Gold Project situated in the Agnew-Wiluna greenstone belt, and with the Bullabulling Lithium and Gold Project near Coolgardie.

Abercromby – An Emerging Gold Development Opportunity

At the Company's flagship Abercromby Project, the efforts have been twofold: advancing the project's development while also continuing exploration activities. This strategic approach has laid a platform for a potential upgrade to the initial Mineral Resource Estimate of 11.12Mt @ 1.45 g/t Au, totalling 518koz Au, at a cut-off grade of 0.4g/t and 1.25g/t for open pit and underground zones respectively.

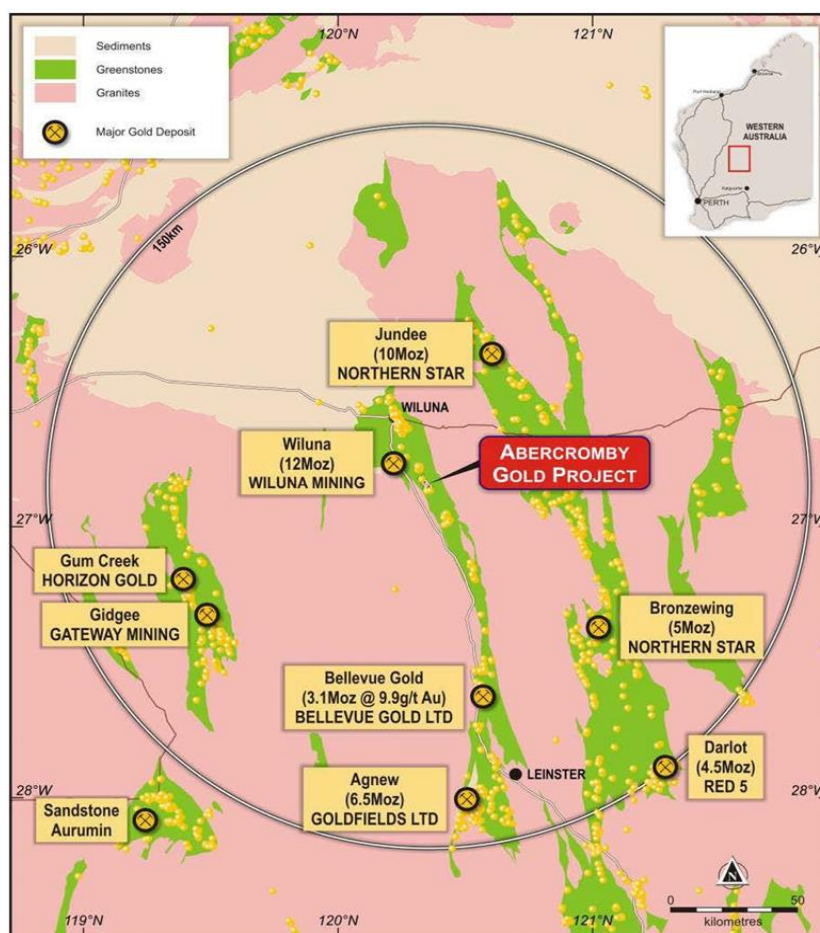


Figure 1 Regional map of the Abercromby Project with nearby gold mines highlighted

DIRECTORS' REPORT

Air core drilling at Abercromby has delineated compelling exploration targets, revealing substantial supergene mineralisation indicative of the potential for high-grade deposits akin to the Capital deposit. The discovery of a +100ppb Au anomaly to the south of the planned extensional diamond drilling at Capital is particularly encouraging, suggesting the possibility of extending the high-grade gold mineralisation even further south.

Initial scoping work has commenced to explore various economic and developmental pathways to enhance shareholder value

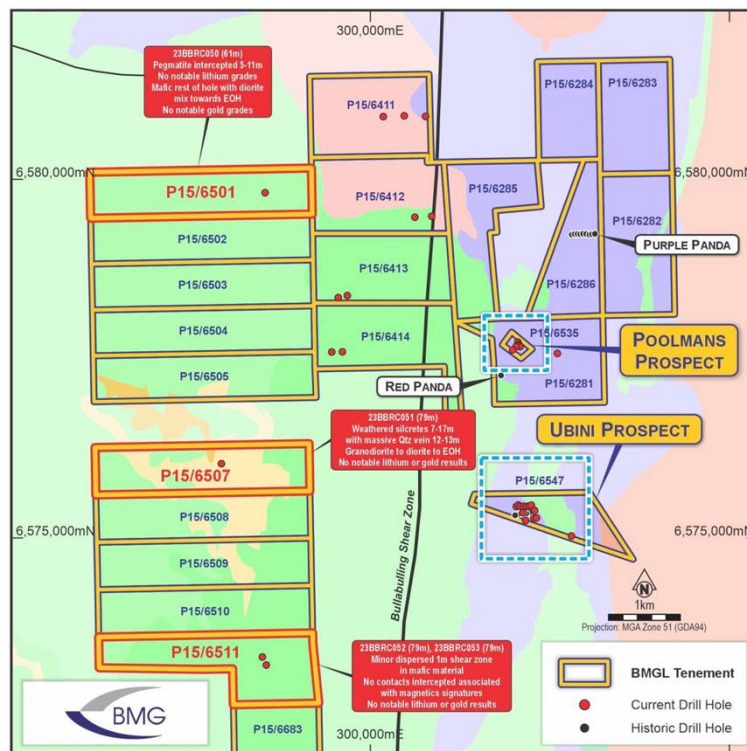
The Company has earlier disclosed that it received unsolicited expressions of interest in Abercromby, underlining the high-quality of the gold project. BMG will consider a range of opportunities for value creation including a sale or development partnership. No binding terms have been agreed with any party at this stage.

Bullabulling Project – A Premier Lithium and Gold Address

Bullabulling is strategically well located in the Coolgardie region – an area of growing significance for lithium mining with substantial lithium mines and projects including the Mt Marion mine (71.3Mt @ 1.37% Li₂O) of Mineral Resources (ASX: MIN), the Buldania deposit (15Mt @ 1.0% Li₂O) of Liontown (ASX: LTR), the Pioneer Dome deposit (11.2Mt @ 1.21% Li₂O) of Develop Global (ASX: DVP), and the Kangaroo Hills Lithium project of Future Battery Minerals (ASX: FBM).

Significant discoveries were made by BMG at Bullabulling following the acquisition in June 2023. BMG has detected extensive pegmatite occurrences within the tenement areas, which have shown Lithium-Caesium-Tantalum (LCT) geochemical signatures. The first 20-hole Reverse Circulation (RC) drilling program, concluded in May 2023, identified multiple instances of pegmatite, particularly highlighting the Ubini prospect as a prime candidate for lithium mineralisation.

Following the successful initial drilling, a subsequent 2,800m 36-hole program was undertaken, targeting various lithium and gold prospects within the project. The initial findings validated the continuation of drill testing at Ubini and exploring new lithium targets along the +4km pegmatite corridor.



DIRECTORS' REPORT

Moreover, the program included a first drill assessment of pegmatites outside of the established prospects, exploring uncharted geological models and assessing the potential for pegmatite presence within the predominantly mafic geological stratigraphy in the project's western sector. Initial findings have uncovered sub-crop pegmatites, and their stratigraphic distribution warrants further exploration.

Other Projects

The Company also owns the Invincible Project and the South Boddington Project. There were no substantive exploration activities undertaken on these projects during the period.

The Invincible Gold and Lithium Project, encompassing Exploration Licences E45/4553 and E45/6222, is strategically situated in the burgeoning gold and lithium region of the Central Pilbara. E45/4553 lies directly along the continuation of the geological strike from Calidus Resources' (ASX: CAI) substantial 1.5Moz Au resource and shares the same host stratigraphy.

The project's tenure includes an extensive stretch of over 12.5km of the Warrawoona Shear Zone, which is known for its mineralisation trends including the Klondyke deposit and is a significant gold-bearing structure in the district. This zone, along with additional promising structures, positions Invincible as a prime candidate for further gold discovery.

The area's increasing number of lithium projects also suggests the presence of lithium-rich pegmatites, a possibility that BMG is actively assessing. Field investigations, particularly on E45/6222, are aimed at lithium targets, especially given the proximity to lithium-bearing pegmatites identified to the north.

The South Boddington Project, 150km southeast of Perth, is advantageously aligned along the strike from Newmont's extensive Boddington gold deposit, which boasts over 40Moz Au. This project area lies within the Saddleback Greenstone Belt, which encompasses the Boddington gold mine.

The greenstone belt's largely untouched or inadequately explored areas present a ripe opportunity for uncovering new gold deposits. The South Boddington Project comprises two active exploration licences, E70/6206 and E70/6207, alongside eight applications for exploration licences (E70/4225, E70/4590, E70/6496, E70/6288, E70/6289, E70/6454, E70/6534, and E70/6455). These applications are believed to overlay a similar stratigraphy to that of the Boddington mine, further enhancing the potential for significant discoveries.

Acquisition of Option over Niobium-REE project

In February 2024, BMG acquired an option over a package of tenements – now called BMG's Dragon Project. The tenements are prospective for Niobium-REE mineralisation and located in 'unexplored elephant country', West Arunta. As at the date of this report, BMG is yet to exercise its option to acquire the Dragon Project.

The Dragon Project has a total tenement area of 1,470 sq km – one of the largest landholdings in the West Arunta, positioning BMG as a potential major player in this emerging world-class mineral field.

BMG's Dragon Niobium-REE Project is immediately adjacent to and shares a 30km-long border with the West Arunta Project of WA1 Resources (ASX: WA1) where it has made the world-class Luni Niobium-REE discovery, "which has spectacularly propelled that company's share price from 20 cents at the time of its IPO in February 2022 to more than \$12."

DIRECTORS' REPORT

The Dragon Project has multiple targets showing structural and magnetic features similar to those that represent mineralised carbonatites at WA1's ground and at the nearby Aileron Project of Encounter Resources (ASX: ENR).

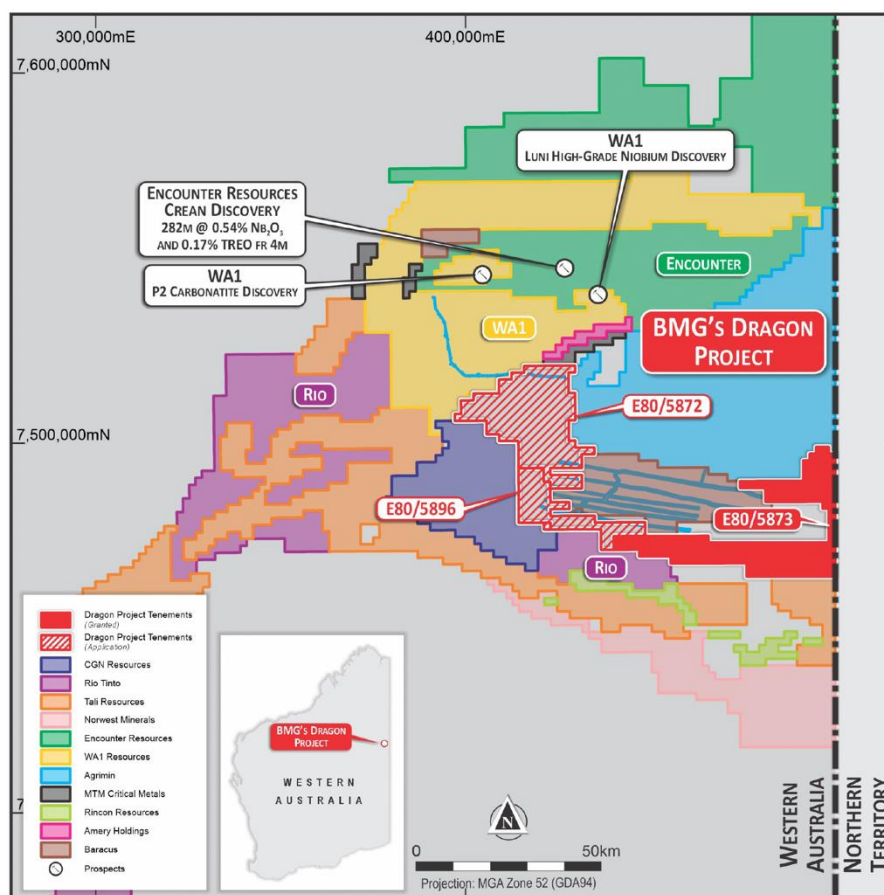


Figure 1 map of West Arunta region showing BMG's Dragon Project as well as other significant tenement holdings

Review of Operations – Financial information disclosure.

The Group's net loss after providing for income tax for the half year ended 31 December 2023 amounted to \$596,353 (half year ended 31 December 2022: \$810,041). For the half year ended 31 December 2023, the Group incurred total net cash outflows from operating activities and investing activities of \$1,122,408 (2022: net cash outflows from operating activities and investing activities of \$2,234,147).

The independent auditors review report, from page 20 below, draws attention to Note 1(b) 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 Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in the state of affairs of the Group during the reporting period.

DIRECTORS' REPORT

EVENTS OCCURRING AFTER THE REPORTING PERIOD

Board and Management changes

The Executive Service Agreement between BMG and Bruce McCracken was terminated on 15 January 2024 with Mr McCracken resigning from all offices as director held in BMG and group companies.

Upon his resignation, total benefits paid to Mr McCracken amounted to \$187,813 before tax. This included the payment of 6 months' salary, in lieu of notice; accumulated long service leave entitlement; accumulated annual leave entitlement and accrued wages for the month of January 2024.

At the time of Mr McCracken's resignation, he held 3,000,000 Performance Rights, identified as Tranche 3 Rights, and 3,000,000 Performance Rights, identified as Tranche 4 Rights. These Performance Rights were cancelled by the Company at the date of Mr McCracken's resignation. In the Group's consolidated financial report for the year ended 30 June 2024, the Company will recognise the value of these Tranche 3 and Tranche 4 performance rights, which had not been recognised at the date of cancellation of the Performance Rights, in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The expense recognised will be \$215,842.

Further, with effect from this date, Non-executive Chairman, Mr Greg Hancock transferred to the role of Independent Non-executive Director, with Non-Executive Director, Mr John Prineas assuming the role of Non-executive Chairman. Mr Hancock's remuneration is now \$3,000 per month (from \$5,000 per month), with Mr Prineas' remuneration increasing to \$5,000 per month (from \$3,000 per month).

Acquisition of Option over Niobium-REE project

On 8 February 2024, the Company announced that it has entered into a binding agreement for an exclusive option to acquire a 90% interest in three exploration licences (one granted and two in application) located in the West Arunta region of Western Australia.

The tenements under option – to be called BMG's Dragon Niobium-REE Project – include ground that abuts the tenure for the West Arunta Project of WA1 Resources (ASX: WA1) where it has made the world-class Luni Niobium-REE discovery.

The Dragon Niobium-REE Project has a combined tenement area of 1,470 sq km, one of the largest landholdings in the West Arunta – a region where niobium-REE prospective tenure is highly sought after.

The Company paid a fee of \$30,000 to HJH Nominees Pty Ltd for a 55-day option period (expires on 1 April 2024), during which the Company will complete an assessment of the license areas.

Should the Company elect to exercise the Option, upon Completion the Company will be required to pay cash consideration of \$1,000,000 and issue 40,000,000 fully paid ordinary shares in BMG. In addition, deferred consideration of \$1,000,000 will be payable. The deferred consideration will be payable upon the earlier of all tenement applications being granted or the 12-month anniversary of Completion.

BMG agreed to pay a fee to an adviser (Cong Ming Limited) or its nominee for introducing and facilitating the signing of the Option Agreement. The fee comprised 25,000,000 unlisted options in BMG with an exercise price of \$0.02 and expiry of 6 February 2026. Using the Black-Scholes Option Pricing model methodology, with valuation inputs provided in the table below, the options were collectively valued at \$212,574. Cong Ming Limited is not a related party of the Company.

Vesting Conditions	Nil – Vest upon issue
Number of Options	25,000,000
Underlying Share Price	\$0.017
Exercise Price	\$0.020
Expected volatility	100%
Expiry Date / Years	6 th February 2026 (2 years)
Expected Dividends	\$0.00
Risk free rate	3.83%

DIRECTORS' REPORT

Further detail on the Option and the Dragon Niobium-REE Project was provided to ASX in an announcement on 8th February 2024 titled "BMG acquires Option over Niobium-REE Project".

As at the date of this report, BMG is yet to exercise its option to acquire the Dragon Project.

No other material matters have arisen since the reporting date.

AUDITORS INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10 for the half year ended 31 December 2023.

Signed in accordance with a resolution of the Board of Directors



John Prineas

Non-Executive Chairman

Dated at Perth, Western Australia, this 14th day of March 2024

AUDITORS INDEPENDENCE DECLARATION



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Australia

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF BMG RESOURCES LIMITED

As lead auditor for the review of BMG Resources Limited for the half-year ended 31 December 2023, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'Neil Smith', with a stylized flourish at the end.

Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth

14 March 2024

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	31 December 2023	31 December 2022
	\$	\$
Interest Received	10,962	3,805
Corporate and administration expenses	(90,451)	(77,990)
Accounting & audit fee	(19,599)	(29,285)
Depreciation and amortisation expenses	(398)	(398)
Directors Remuneration	(179,556)	(191,719)
Administration services fee	(72,000)	(72,000)
Share Based Payment Expense	(107,071)	(297,752)
Other expenses from ordinary activities	(138,240)	(148,148)
Foreign Exchange (loss) from Ordinary Activities	-	3,446
(LOSS) BEFORE INCOME TAX	(596,353)	(810,041)
Income tax expense	-	-
(LOSS) FOR THE PERIOD AFTER TAX	(596,353)	(810,041)
(Loss) is attributable to:		
Owners of BMG Resources Limited	(596,353)	(810,041)
NET (LOSS) FOR THE PERIOD	(596,353)	(810,041)
Other Comprehensive (Loss)	-	-
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD	(596,353)	(810,041)
Basic and diluted (loss) per share (cents per share)	(0.09)	(0.21)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 31 DECEMBER 2023**

	Notes	31 December 2023 \$	30 June 2023 \$
CURRENT ASSETS			
Cash and cash equivalents		949,570	2,071,978
Prepayments		9,498	1,460
Other receivables		7,441	19,544
TOTAL CURRENT ASSETS		966,509	2,092,982
NON-CURRENT ASSETS			
Property, Plant and Equipment		1,248	1,647
Exploration and Evaluation Assets	2	19,770,954	19,171,713
TOTAL NON-CURRENT ASSETS		19,772,202	19,173,360
TOTAL ASSETS		20,738,711	21,266,342
CURRENT LIABILITIES			
Trade and other payables		132,227	163,070
Employee benefits payable		82,436	89,425
TOTAL CURRENT LIABILITIES		214,663	252,495
TOTAL LIABILITIES		214,663	252,495
NET ASSETS		20,524,048	21,013,847
EQUITY			
Contributed equity	3	67,642,185	67,351,702
Reserves		2,886,419	3,070,348
Accumulated (Loss)		(50,004,556)	(49,408,203)
TOTAL EQUITY		20,524,048	21,013,847

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

	Note	Issued Capital Ordinary Shares	Accumulated Losses	Share Based Payment Reserve	Shares/ Options Reserve	Total Reserves	Total
		\$	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2023		67,351,702	(49,408,203)	2,755,896	314,452	3,070,348	21,013,847
(Loss) for the half year		-	(596,353)	-	-	-	(596,353)
Total comprehensive loss for the period		-	(596,353)	-	-	-	(596,353)
Transactions with owners in their capacity as owners:							
Share based payment.							
Expense		-	-	107,071	-	107,071	107,071
Settlement of Performance Rights	3	291,000	-	(291,000)	-	(291,000)	-
<i>Less share issue costs</i>		(517)	-	-	-	-	(517)
BALANCE AT 31 DECEMBER 2023		67,642,185	(50,004,556)	2,571,967	314,452	2,886,419	20,524,048

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	Issued Capital Ordinary Shares	Accumulated Losses	Share Based Payment Reserve	Options Reserve	Total Reserves	Total
	\$	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2022	63,317,829	(46,677,286)	2,612,563	314,452	2,927,015	19,567,558
(Loss) for the half year	-	(810,041)	-	-	-	(810,041)
Total comprehensive loss for the period	-	(810,041)	-	-	-	(810,041)
Transactions with owners in their capacity as owners:						
Share based payment.						
Expense	-	-	297,752	-	297,752	297,752
BALANCE AT 31 DECEMBER 2022	63,317,829	(47,487,327)	2,910,315	314,452	3,224,767	19,055,269

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	HALF YEAR	
	31 December 2023 \$	31 December 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(482,302)	(568,736)
Interest received	10,962	3,805
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	(471,340)	(564,931)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt from disposal of investment	-	179,782
Payments for Exploration and Evaluation activity	(651,068)	(1,848,998)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	(651,068)	(1,669,216)
NET (DECREASE) IN CASH HELD	(1,122,408)	(2,234,147)
Cash and cash equivalents at the beginning of period	2,071,978	2,892,674
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	949,570	658,527

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated interim financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretation and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Company and its subsidiaries ('Consolidated Entity' or 'Group'). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the consolidated entity.

It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2023, together with any public announcements made during the half year ended 31 December 2023 in accordance with the continuous disclosure requirements arising under Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year.

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

This half year financial report was approved by the Board of Directors on 14 March 2024.

For the purpose of preparing the interim financial report, the half year has been treated as a discrete reporting period.

(b) Going Concern

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

For the 6 months ended 31 December 2023 the Group made a loss of \$596,353 (2022: loss of \$810,041) and had cash outflows from operating activities and investing activities of \$1,122,408 (2022: cash outflows from operating activities and investing activities of \$2,234,147). As at 14 March 2024, the Group has \$327,047 cash and cash equivalents on hand. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the Group to continue as a going concern will be dependent on the amount of the Groups' cash and cash equivalents increasing within 12 months, it is anticipated that an increase in funds will be generated from one or more of the following events occurring:

- Potential divestment of the Group's Abercromby project; and/or
- Completion of a capital raising

The directors are satisfied that additional capital can be raised as required, accordingly, the Directors believe that there are reasonable grounds that the Group will continue as a going concern.

Should the Group be unable 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

2. EXPLORATION AND EVALUATION ASSETS

The below reconciliation is the cost attributed to the Group's projects. Each of the projects below is a separate Area of Interest.

	Balance at the start of the period	Expenditure in the period	Balance at the end of the period
Exploration activity			
Abercromby Project	\$13,533,048	\$116,915	\$13,649,963
Invincible Project	\$5,234,587	\$17,715	\$5,252,302
South Boddington Project	\$16,164	\$46,741	\$62,905
Bullabulling Project	\$387,914	\$417,870	\$805,784
Total	\$19,171,713	\$599,241	\$19,770,954

3. CONTRIBUTED EQUITY

In July 2023, the Company issued 3,000,000 fully paid ordinary shares upon the exercise of 3,000,000 Performance Rights. The Performance Rights, which vested in June 2023 were held by a member of the Group's Technical and Management Team.

The value of these Performance Rights, measured at the date when the Rights were awarded, in February 2021 was \$291,000.

Accordingly, no funds were raised from the issue of these shares. An amount of \$291,000 has been transferred from the share-based payments reserve to Issued capital, as reflected in the statement of changes in equity.

4. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Board and Management Changes

The Executive Service Agreement between BMG and Bruce McCracken was terminated on 15 January 2024 with Mr McCracken resigning from all offices as director held in BMG and group companies.

Upon his resignation, total benefits paid to Mr McCracken amounted to \$187,813 before tax. This included the payment of 6 months salary, in lieu of notice; accumulated long service leave entitlement; accumulated annual leave entitlement and accrued wages for the month of January 2024.

At the time of Mr McCracken's resignation, he held 3,000,000 Performance Rights, identified as Tranche 3 Rights, and 3,000,000 Performance Rights, identified as Tranche 4 Rights. These Performance Rights were cancelled by the Company at the date of Mr McCracken's resignation. In the Group's consolidated financial report for the year ended 30 June 2024, the Company will recognise the value of these Tranche 3 and Tranche 4 performance rights, which had not been recognised at the date of cancellation of the Performance Rights, in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The expense recognised will be \$215,842.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Further, with effect from this date, Non-executive Chairman, Mr Greg Hancock transferred to the role of Independent Non-executive Director, with Non-Executive Director, Mr John Prineas assuming the role of Non-executive Chairman. Mr Hancock's remuneration is now \$3,000 per month (from \$5,000 per month), with Mr Prineas' remuneration increasing to \$5,000 per month (from \$3,000 per month).

Acquisition of Option over Niobium-REE project

On 8 February 2024, the Company announced that it has entered into a binding agreement for an exclusive option to acquire a 90% interest in three exploration licences (one granted and two in application) located in the West Arunta region of Western Australia.

The tenements under option – to be called BMG's Dragon Niobium-REE Project – include ground that abuts the tenure for the West Arunta Project of WA1 Resources (ASX: WA1) where it has made the world-class Luni Niobium-REE discovery.

The Dragon Niobium-REE Project has a combined tenement area of 1,470 sq km, one of the largest landholdings in the West Arunta – a region where niobium-REE prospective tenure is highly sought after.

The Company paid a fee of \$30,000 to HJH Nominees Pty Ltd for a 55-day option period (expires on 1 April 2024), during which the Company will complete an assessment of the license areas.

Should the Company elect to exercise the Option, upon Completion the Company will be required to pay cash consideration of \$1,000,000 and issue 40,000,000 fully paid ordinary shares in BMG. In addition, deferred consideration of \$1,000,000 will be payable. The deferred consideration will be payable upon the earlier of all tenement applications being granted or the 12-month anniversary of Completion.

BMG agreed to pay a fee to an adviser (Cong Ming Limited) or its nominee for introducing and facilitating the signing of the Option Agreement. The fee comprised 25,000,000 unlisted options in BMG with an exercise price of \$0.02 and expiry of 6 February 2026. Using the Black-Scholes Option Pricing model methodology, with valuation inputs provided in the table below, the options were collectively valued at \$212,574. Cong Ming Limited is not a related party of the Company.

Vesting Conditions	Nil – Vest upon issue
Number of Options	25,000,000
Underlying Share Price	\$0.017
Exercise Price	\$0.020
Expected volatility	100%
Expiry Date / Years	6 th February 2026 (2 years)
Expected Dividends	\$0.00
Risk free rate	3.83%

Further detail on the Option and the Dragon Niobium-REE Project was provided to ASX in an announcement on 8th February 2024 titled "BMG acquires Option over Niobium-REE Project".

As at the date of this report, BMG is yet to exercise its option to acquire the Dragon Project.

No other material matters have arisen since the reporting date.

DIRECTORS DECLARATION

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

1. The financial statements and notes set out on pages 11 to 18, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated financial position as at 31 December 2023 and the performance for the half year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

On behalf of the Board



John Prineas

Non-Executive Chairman

Dated at Perth, Western Australia, this 14th day of March 2024.



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BMG Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of BMG Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1(b) 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 conclusion is not modified in respect of this matter.



Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Neil Smith', is written over a faint, stylized BDO logo.

Neil Smith

Director

Perth, 14 March 2024