



1 November 2021

Dear Shareholder

Annual General Meeting - Notice and Proxy Form

Notice is hereby given to current shareholders that the Annual General Meeting (**Meeting**) of Shareholders of BMG Resources Limited (ACN 107 118 678) (**Company**) will be held at Level 14, 225 St Georges Terrace, Perth, WA, 6000 at 10.00am (WST) on Tuesday, 30 November 2021.

In accordance with Treasury Laws Amendment (2021 Measures No. 1) Bill 2021 (Cth), the Company will not be dispatching physical copies of the Notice of Meeting (**Notice**). Instead, a copy of the Notice will be made available for shareholders to obtain by visiting ASX's website at:

<https://www.asx.com.au/asx/share-price-research/company/BMG>

For those shareholders who elected to receive notices by email, a copy of their proxy form was sent to their nominated email address. As you have not elected to receive notices by email, a copy of your personalised proxy form is enclosed for your convenience.

The Board has made the decision that it will hold a physical Meeting with the appropriate social gathering and physical distancing measures in place to comply with the Federal Government's and State Government's current restrictions on physical gatherings.

Shareholders may register votes prior to the meeting by lodging your proxy instructions by no later than 48 hours prior to the Meeting (by 10:00am (WST) on 28 November 2021) either by voting online at:

<https://investor.automic.com.au/#/loginsah>, or lodging a proxy form by:

- post to: Automic, GPO Box 5193, Sydney, NSW, 2001; or
- in person to: Automic, Level 5, 126 Phillip Street, Sydney, NSW, 2000; or
- by fax: 02 8583 3040 (within Australia) or +61 2 8583 3040 (outside Australia); or
- by email to: meetings@automicgroup.com.au

Your proxy voting instruction must be received not less than 48 hours before the commencement of the Meeting. Any proxy voting instructions received after that time will not be valid for the Meeting.



Shareholders may also lodge questions in advance of the Meeting by emailing the questions to Sean Meakin, Company Secretary at smeakin@tribis.com.au, by no later than Tuesday, 23 November 2021.

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser. If you have any difficulties obtaining a copy of the Notice, please contact the Company's share registry, Automic Registry Services on, 1300 288 664 (within Australia) or +61 2 9698 5414 (overseas).

Yours sincerely

A handwritten signature in black ink, appearing to read 'B. McCracken', followed by a horizontal line.

Bruce McCracken
Managing Director



BMG Resources Limited

ACN 107 118 678

Notice of Annual General Meeting, Explanatory Statement and Proxy Form

Annual General Meeting to be held at

**Level 14
225 St Georges Terrace
Perth Western Australia 6000**

On Tuesday, 30 November 2021 at 10:00am (WST)

IMPORTANT NOTE

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

Important Information

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Important dates

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

| Event | Date |
|--|--|
| Last day for receipt of Proxy Forms – Proxy Forms received after this time will be disregarded | 10.00am (WST) on Sunday, 29 November 2021 |
| Snapshot date for eligibility to vote | 5.00pm (WST) on Sunday, 29 November 2021 |
| General Meeting | 10.00am (WST) on Tuesday, 30 November 2021 |

Defined terms

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

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of BMG Resources Limited (ACN 107 118 678) (**BMG** or **Company**) will be held at **Level 14, 225 St Georges Terrace, Perth, Western Australia** at **10.00am (WST)** on **Tuesday, 30 November 2021**.

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

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

AGENDA

To consider, and if thought fit to pass, the resolutions set out below as ordinary resolutions in respect of Resolutions 1 and 2 and as a special resolution in respect of Resolution 3.

Financial Statements and Reports

To receive and consider the annual financial report, Directors' report and Auditor's report of the Company for the financial year ended 30 June 2021, as contained in the Company's Annual Report.

Resolution 1 – Adoption of Remuneration Report

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2021, as contained in the Company's Annual Report for 2021, be adopted by the Company."

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

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

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution ("spill resolution") that another meeting be held within 90 days at which all of the offices of Director are vacated (other than the office of managing director) and each such office will be put to a vote. Refer to the Explanatory Statement for further information.

Resolution 2 – Re-election of Director – Mr Gregory Hancock

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 14.4, clause 79 of the Company's Constitution and for all other purposes, Mr Gregory Hancock, a Director of the Company who retires in accordance with clause 79 of the Constitution and, being eligible, offers himself for re-election, is re-elected as a Director of the Company."

Resolution 3 – Approval of Additional Placement Facility

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

“That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 for a period of 12 months from the date of the Meeting on the terms and conditions set out in the Explanatory Statement.”

Note: Resolution 3 is a special resolution. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

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Voting Prohibitions and Exclusions

Corporations Act voting prohibitions

| Resolution | Voting prohibition | Exceptions |
|--------------|--|---|
| Resolution 1 | <p>Pursuant to section 250R of the Corporations Act, members of Key Management Personnel (details of whose remuneration are included in the Remuneration Report) and their Closely Related Parties may not vote on Resolution 1.</p> <p>Any votes cast in contravention of section 250R of the Corporations Act will not be counted in working out a percentage of votes cast or whether the Resolution is approved.</p> | <p>This prohibition does not prevent the casting of a vote on Resolution 1 by a person who is otherwise prohibited from voting, as a proxy where the appointment specifies how the proxy is to vote.</p> <p>The Chairman may vote as proxy in accordance with an express authorisation on the Proxy Form.</p> |

Pursuant to section 250BD of the Corporations Act, members of Key Management Personnel and their Closely Related Parties (other than the Chairman) may not vote as a proxy on Resolutions 1 and 2 except where the appointment specifies how the proxy is to vote, or in the case of the Chairman, in accordance with an express authorisation on the Proxy Form. Any votes cast in contravention of section 250BD of the Corporations Act will not be counted in working out a percentage of votes cast or whether the Resolution is approved.

ASX voting exclusion statements

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

| Resolution | Excluded Parties |
|--------------|--|
| Resolution 3 | A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder). |

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

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

By order of the Board

A handwritten signature in black ink, appearing to be 'SM' or similar, written in a cursive style.

Sean Meakin

Company Secretary
1 November 2021

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Proxy Appointment, Voting and Meeting Instructions

Lodgement of a Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received at an address given below by **10:00am (WST)** on **Sunday, 28 November 2021**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid. Proxy Forms may be lodged as follows:

- Online:* Refer to instructions on Proxy Voting Form
- By hand:* Automic Pty Ltd – Level 5, 126 Phillip Street, Sydney, NSW, 2000
- By post:* Automic Pty Ltd – GPO BOX 5193, Sydney, NSW, 2001
- By email:* meetings@automicgroup.com.au
- By fax:* +61 2 8583 3040

Appointment of a proxy

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

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

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

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

Corporate Shareholders

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

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

Corporate representatives

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

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

Votes on Resolutions

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

Voting restrictions that may affect your proxy appointment

Members of the Key Management Personnel (except for the Chairman) and their Closely Related Parties are not able to vote your proxy on Resolution 1 (Adoption of the Remuneration Report) unless you have directed them how to vote. This exclusion does not apply to the Chairman if his appointment as proxy expressly authorises him to vote on matters of Key Management Personnel remuneration.

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

Chairman voting undirected proxies

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

The Proxy Form expressly authorises the Chairman to exercise undirected proxies on all Resolutions including Resolution 1 (Adoption of the Remuneration Report) even though this Resolutions is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

Voting entitlement (snapshot date)

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **5:00pm (WST) on Sunday, 28 November 2021**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

Questions from Shareholders

At the Meeting, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company and the Remuneration Report. A representative of BDO Audit (WA) Pty Ltd, as the Auditor responsible for preparing the Auditor's report for the year ended 30 June 2021 will attend the Meeting.

The Chairman will also allow a reasonable opportunity for Shareholders to ask the Auditor questions about:

- the conduct of the audit;
- the preparation and content of the Auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

To assist the Board and the Auditor of the Company in responding to questions please submit any questions you may have to the Company in writing by **5:00pm (WST) on Tuesday, 23 November 2021**

in the same manner as outlined above for lodgement of Proxy Forms. Copies of written questions will be available at the meeting.

As required under section 250PA of the Corporations Act, the Company will make available at the Meeting those questions directed to the Auditor received in writing at least 5 business days prior to the Meeting, being questions which the Auditor considers relevant to the content of the Auditor's report or the conduct of the audit of the annual financial report for the year ended 30 June 2021. The Chairman will allow a reasonable opportunity for the Auditor to respond to the questions set out on this list.

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Explanatory Statement

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

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

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

1. Annual Financial Report

The Corporations Act requires the Directors' report, Auditors' report and the financial statements of the Company for the year ended 30 June 2021 to be tabled at the Annual General Meeting. These reports are contained in the Company's Annual Report.

Neither the Corporations Act nor the Company's Constitution requires a vote of Shareholders on the reports and financial statements. However, Shareholders will be given reasonable opportunity to raise questions on the Reports and ask questions of the Company's Auditor.

The Company advises that a copy of its Annual Report for the year ended 30 June 2021, is available to download at the website address, www.bmgil.com.au.

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

However, if you did not elect to continue to receive a hard copy of the Company's Annual Reports and now (or sometime in the future) wish to receive a hard copy of the Company's Annual Reports, please contact Automic Pty Ltd on 1300 288 664 (from within Australia) or +61 2 9698 5414 (if overseas). They will be pleased to mail you a copy.

2. Resolution 1: Adoption of Remuneration Report

The Remuneration Report is set out in the Directors' report in the Annual Report.

The Corporations Act requires the Company to put a resolution to Shareholders that the Remuneration Report be adopted. In accordance with section 250R(3) of the Corporations Act, the vote on the Resolution is advisory only and does not bind the Directors or the Company.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings of the Company, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the managing director) must go up for re-election.

It is noted that at the Company's 2020 annual general meeting the votes cast against the remuneration report represented less than 25% of the total votes cast and accordingly, a spill resolution will not under any circumstances be required for the Annual General Meeting.

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. Key Management Personnel and their Closely Related Parties may not vote on this Resolution and may not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote or the proxy is given to the Chairman and expressly authorises the Chairman to exercise the proxy. The Chairman will use any such proxies to vote in favour of Resolution 1.

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

3. Resolution 2: Re-election of Director – Mr Gregory Hancock

3.1 Background

Resolution 2 seeks Shareholder approval for the re-election of Mr Gregory Hancock as a Director of the Company.

In accordance with the Listing Rules and clause 79 of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election. The Directors to retire are:

- (a) those who have been in office for 3 years since their appointment or last re-appointment;
- (b) those who have been longest in office since their appointment or last re-appointment; or
- (c) if the Directors have been in office for an equal length of time, by agreement.

Mr Hancock retires by rotation and offers himself for re-election as a Director.

Mr Hancock has been a Director of the Company since 6 February 2017.

3.2 Biography

A profile of Mr Hancock is contained in the Company's Annual Report for the financial year ended 30 June 2021.

3.3 Directors' recommendation

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

4. Resolution 3: Approval of Additional Placement Facility

4.1 Background

Resolution 3 seeks Shareholder approval for an additional issuing capacity under Listing Rule 7.1A (**Additional Placement Facility**).

If approved, Resolution 3 would enable the Company to issue additional Equity Securities (calculated below) over a 12-month period without obtaining Shareholder approval.

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

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

Resolution 3 seeks shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without shareholder approval.

If Resolution 3 is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

4.2 Information on Additional Placement Facility

(a) Quoted securities

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

As at the date of this Notice, the Company has one class of Equity Securities quoted on ASX, being fully-paid ordinary Shares.

(b) Formula for Additional Placement Facility

If Resolution 3 is passed, the Company may issue or agree to issue, during the 12-month period after the Meeting, the number of Equity Securities calculated in accordance with the following formula.

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

Where:

A = the number of fully-paid ordinary securities on issue at the commencement of the relevant period:

- plus the number of fully-paid ordinary securities issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16, or 17;
- plus the number of fully-paid ordinary securities issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- plus the number of fully-paid ordinary securities issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of partly-paid ordinary securities that became fully-paid in the relevant period;
- less the number of fully-paid ordinary securities cancelled in the relevant period;

D = 10%; and

E = the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

4.3 Listing Rule requirements

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

(a) Period for which the Additional Placement Facility is valid

The Additional Placement Facility will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;

- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum price at which Equity Securities may be issued**

Any equity securities issued under the Additional Placement Facility must be in an existing quoted class of equity securities and be issued at a minimum price of 75% of the volume weighted average price of equity securities in that class, calculated over 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the equity securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 4.3(b)(i), the date on which the Equity Securities are issued.

(c) **Purpose for which Equity Securities may be issued**

The Company may seek to issue equity securities under the Additional Placement Facility to fund business growth, to acquire new assets or make investments, to develop the Company's existing assets and operations and for general working capital.

(d) **Risk of economic and voting dilution**

Shareholders should note that, when issuing Equity Securities under the Additional Placement Facility, there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the date of issue than on the date of the Meeting; and
- (ii) the new Equity Securities may be issued at a price that is at a discount to the market price for Equity Securities in the same class on the issue date or the new Equity Securities may be issued in consideration for the acquisition of a new asset.

Any issue of Shares under the Additional Placement Facility will dilute the interests of Shareholders who do not receive any Shares under the issue.

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

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

| Variable A in Listing Rule 7.1A | | Issue price | | |
|---|-------------------------------------|----------------------------|--|--|
| | | \$0.0630 (market price) | \$0.0945 (50% increase in market price) | \$0.0315 (50% decrease in market price) |
| Current issued capital A = 303,989,571 | Shares issued – 10% voting dilution | 30,398,957 | 30,398,957 | 30,398,957 |
| | Funds raised | \$1,915,134 | \$2,872,701 | \$957,567 |

| Variable A in Listing Rule 7.1A | | Issue price | | |
|---|-------------------------------------|----------------------------|--|--|
| | | \$0.0630 (market price) | \$0.0945 (50% increase in market price) | \$0.0315 (50% decrease in market price) |
| 50% increase* in issued capital A = 455,984,356 | Shares issued – 10% voting dilution | 45,598,436 | 45,598,436 | 45,598,436 |
| | Funds raised | \$2,872,701 | \$4,309,052 | \$1,436,351 |
| 100% increase* in current issued capital A = 607,979,142 | Shares issued – 10% voting dilution | 60,797,914 | 60,797,914 | 60,797,914 |
| | Funds raised | \$3,830,269 | \$5,745,403 | \$1,915,134 |

* The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The above table has been prepared on the following assumptions:

- the current Variable A set out in the table above is based on the number of Shares on issue at 20 October 2021, being 303,989,571 Shares.
- the latest available market price of Shares, being the closing price as at 20 October 2021, is \$0.0630;
- the Company issues the maximum number of Equity Securities available under the Additional Placement Facility;
- the Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1 and Rule 7.1A, or subsequently ratified under Listing Rule 7.4 at this Meeting;
- the issue of Equity Securities under the Additional Placement Facility consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities;
- the calculations do not show the dilution that any one particular Shareholder will be subject to; all Shareholders should consider the dilution caused to their own shareholding depending upon their specific circumstances;
- the 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue; accordingly, the voting dilution is shown in each example as 10%; and
- the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Facility, based on that Shareholder's holding at the date of the Meeting.

(e) **Allocation policy**

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

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of the new securities on the control of the Company;

- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate and other advisors.

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

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

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

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

(f) **Previous approvals under Listing Rule 7.1A**

Shareholders approved an Additional Placement Facility at the Company's 2020 annual general meeting.

For the purposes of Listing Rule 7.3A.6 the Company provides the following information in relation to Shares issued in the 12 months preceding the date of the Annual General Meeting, which were issued without prior Shareholder approval, using the Company's issue capacity under Listing Rule 7.1A.

The Company made one issue of Equity Securities pursuant to Listing Rule 7.1A in the past 12 months, being 23,999,165 fully-paid ordinary Shares issued on 20 July 2021. The issue under Listing Rule 7.1A had the following characteristics:

| | |
|--|---|
| Date of issue | 20 July 2021 |
| Equity Securities Issued | 23,999,165 Shares, being 8.77% of the number of equity securities on issue at 30 November 2020, being 12 months before the Annual General Meeting. |
| Names of recipients or basis on which recipients determined | Institutional and sophisticated investors as arranged by the lead managers to the placement, Argonaut Securities and Taylor Collison. |
| Issue price of Equity Securities and discount to Market Price on the trading day prior to the issue | \$0.05 issue price being a discount of 12% to market price of \$0.057 on 19 July 2021. |
| Cash consideration received | \$1,199,958 (before costs). |
| Intended use of funds | The consideration received from the issue of the shares remains unspent. BMG will apply the funds raised to drilling and exploration campaigns at the Company's 100% owned gold projects in Western Australia. |

(g) **Voting exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity

Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

4.4 **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3 as it will give the Company the flexibility to issue Securities without Shareholder approval to raise necessary working capital in the future.

For personal use only

Glossary

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

| | |
|--|--|
| Additional Placement Facility | Has the meaning given to that term in section 4.1 of this Explanatory Statement. |
| Annual General Meeting or Meeting | The annual general meeting of Shareholders, or any adjournment thereof, convened by this Notice. |
| Annual Report | The annual report of the Company for the financial year ended 30 June 2021, including the annual financial report, the Directors' report and the Auditor's report. |
| Associate | Has the meaning given to that term in the Listing Rules. |
| ASX | ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, as the context requires. |
| Auditor | The auditor of the Company, being BDO Audit (WA) Pty Ltd at the date of this Notice. |
| A\$ or \$ | Australian dollars. |
| Board | The board of Directors of the Company. |
| Chairman | The chairman of the Annual General Meeting. |
| Closely Related Party | <p>Has same meaning given to that term in section 9 of the Corporations Act, being, in relation to a member of Key Management Personnel:</p> <ul style="list-style-type: none">(a) a spouse or child of the member;(b) a child of the member's spouse;(c) a dependent of the member or the member's spouse;(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;(e) a company the member controls; or(f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) (currently none are prescribed). |
| Company or BMG | BMG Resources Limited (ACN 107 118 678). |
| Company Secretary | The company secretary of the Company at the time of the Meeting. |
| Constitution | The Constitution of the Company. |
| Corporations Act | <i>Corporations Act 2001</i> (Cth). |
| Director | A director of the Company. |
| Equity Security | <p>Has the meaning given to that term in ASX Listing Rule 19.12, being:</p> <ul style="list-style-type: none">(a) a share;(b) a unit;(c) a right to a share or unit or option;(d) an option over an issued or unissued security;(e) a convertible security;(f) any security that ASX decides to classify as an equity security;(g) but not a security that ASX decides to classify as a debt security. |

| | |
|------------------------------------|--|
| Explanatory Statement | This explanatory statement which accompanies and forms part of the Notice. |
| Glossary | This glossary of terms. |
| Key Management Personnel | Has the same meaning as the definition of that term in section 9 of the Corporations Act, being those persons details of whose remuneration are included in the Remuneration Report having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company. |
| Listing Rules | The listing rules of ASX, as amended from time to time. |
| Notice or Notice of Meeting | The notice of Annual General Meeting which accompanies this Explanatory Statement. |
| Proxy Form | The proxy form accompanying this Notice of Meeting. |
| Related Party | Has the meaning given to that term in section 228 of the Corporations Act. |
| Remuneration Report | The remuneration report of the Company for the financial year ended 30 June 2021, appearing in the Annual Report. |
| Resolution | A resolution set out in the Notice. |
| Shareholder | The holder of a Share. |
| VWAP | The volume weighted average sale prices of Shares sold on ASX during the specified period, excluding any transaction defined in the ASX Operating Rules as 'special', crossings prior to the commencement of normal trading, crossings during the after-hours adjust phase and any overseas trades or exchange traded option exercises. |
| WST | Australian Western Standard Time, being the time in Perth, Western Australia. |

BMG Resources Limited
ACN 107 118 678
PROXY FORM

I/We (name of Shareholder) _____

of (address) _____

being a Shareholder/Shareholders of BMG Resources Limited HEREBY APPOINT:

(name) _____

of (address) _____

and/or failing him/her (name) _____

of (address) _____

or, failing the person named, or if no person is named, the Chairperson of the Meeting as my/our proxy to act on my/our behalf at the Annual General Meeting of BMG Resources Limited (ACN 107 118 678) (**Company**) to be held at **10.00am (WST) on Tuesday, 30 November 2021** at Level 14, 225 St Georges Terrace, Perth Western Australia (**Meeting**) and at any adjournment or postponement of the Meeting.

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

IMPORTANT NOTES:

- Refer to the Notice of Annual General Meeting for important details of how to complete and return your Proxy Form.
- Should you wish to direct your proxy how to vote, please mark **FOR**, **AGAINST** or **ABSTAIN** in the voting boxes below. The Company encourages you to direct your proxy to vote for or against the Resolutions or to abstain from voting on each of the Resolutions.
- If the Chairperson is appointed your proxy, the Chairperson intends to vote all undirected proxies **FOR** each Resolution.
- Completed Proxy Forms should be returned to the Company by **10.00am (WST) on Sunday, 28 November 2021**

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

| | | For | Against | Abstain |
|--------------|--|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-election of Mr Greg Hancock as Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Approval of Additional Placement Facility | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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

My/our total voting right is _____ shares.

By:

Individuals and joint holders

Signature

Signature

Signature

Companies (affix common seal if appropriate)

Director

Director/Company Secretary

Sole Director