



ASX ANNOUNCEMENT

31 October 2022

SEPTEMBER 2022 QUARTERLY ACTIVITIES REPORT

Key highlights:

- Third major drilling campaign – comprising diamond and aircore drilling – completed at Abercromby
- 59-hole regional aircore program further defined significant gold targets to the south of the Capital Deposit
 - Extensive supergene mineralisation encountered hints at possible repetitions of the high-grade Capital deposit
 - +100ppb Au signature immediately south of planned extensional diamond holes at Capital provides encouragement for a further southerly extension of high-grade mineralisation at Capital
 - Emerging affinities of gold anomalism with SAM signatures share parallels with known mineralisation at Capital, warranting further work
- Diamond drilling program at the Capital Deposit completed in September
 - Six-hole program focused on infill and extensional and resource definition drilling at the Capital Prospect
 - Highly encouraging visual inspection of core indicates expected depth and strike extensions of East and West gold lodes positions
 - Assays imminent
- New metallurgical program underway
 - Test work is being managed by GR Engineering and will support a scoping study for a mining proposal at Abercromby
 - New test work will aim to confirm results from the 2021 metallurgical program which confirmed that ore from Abercromby is amenable to conventional carbon-in-leach processing with high gold recoveries achieved



Western Australian gold explorer BMG Resources Limited (ASX: BMG) (BMG or the Company) is pleased to provide its quarterly activities report for the three months to 30 September 2022.

BMG's focus during the quarter was the completion of the third major drilling campaign at the Abercromby Gold Project located in the Agnew-Wiluna Greenstone belt of WA.

The third drilling campaign followed up excellent results from the highly successful second drilling campaign, completed in the June quarter, that more than doubled the mineralised envelope and continued to define regional targets. Assays from aircore drilling were received in September but, due to longer than expected turnaround times, diamond drilling assays are pending. BMG expects results imminently.

Abercromby Project

Third major drilling program complete

During the quarter, BMG completed its third major drilling campaign at Abercromby. The program consisted of six diamond holes at the Capital Prospect and 59 aircore holes to test three large regional gold anomalies to the south of Capital.

Diamond drilling at Capital

BMG is advancing towards a maiden resource estimate for the greater Capital Prospect. The six-hole, ~3,800m diamond drilling program, completed in September, focused on infill and extensional drilling.

Visual inspection of the first two holes – 22ABDD006 and 22ABDD008 – is encouraging. Both holes contain observed shearing with quartz veining and alteration corresponding with the expected extensions of East and West gold lodes positions.

Hole 22ABDD006 (a re-drill of 21ABDD004, which suffered terminal drill rod failure at 360m prior to its target depth) was designed to test extensions of the West Lode. 21ABDD004 intersected 10m @ 11.71 g/t Au from 295m in the East Lode, 250m south of the existing mineralisation, confirming a very significant strike extent to the shallow, high-grade mineralisation at Capital.

Preliminary visual observations in 22ABDD006 indicate prospective shearing and quartz veining corresponded with the expected extensions of the East lode.



Another key target tested in the program was the continuity of mineralisation intersected in 21ABDD003. The drilling was designed to test around the deeper zones of the West Lode where 21ABDD003 intersected 13.8m @ 6.56m g/t Au from 446m.

Assay results remain pending, but are expected imminently.

Metallurgical testwork

BMG has engaged GR Engineering and Extreme Metallurgy to assist with further metallurgical test work on mineralised material from Abercromby. This will build upon the preliminary testwork undertaken in 2021 which indicated the nature of the Abercromby ore as free milling – refer ASX announcement on 19 April 2021 *“High Gold Recoveries (Average 90%) From Metallurgical Testwork of Abercromby Drill Samples”*.

A program has been designed to test two circa 50kg samples of fresh mineralised material, the results of which will feed into mine feasibility work planned for the future.

Samples are due to be acquired from drill core reserves in the December quarter and results of the test work are expected to be available towards the end of the same period.

Expenditure in relation to this activity during the quarter primarily related to settlement of invoices from the drilling contractor and payments to consultants.

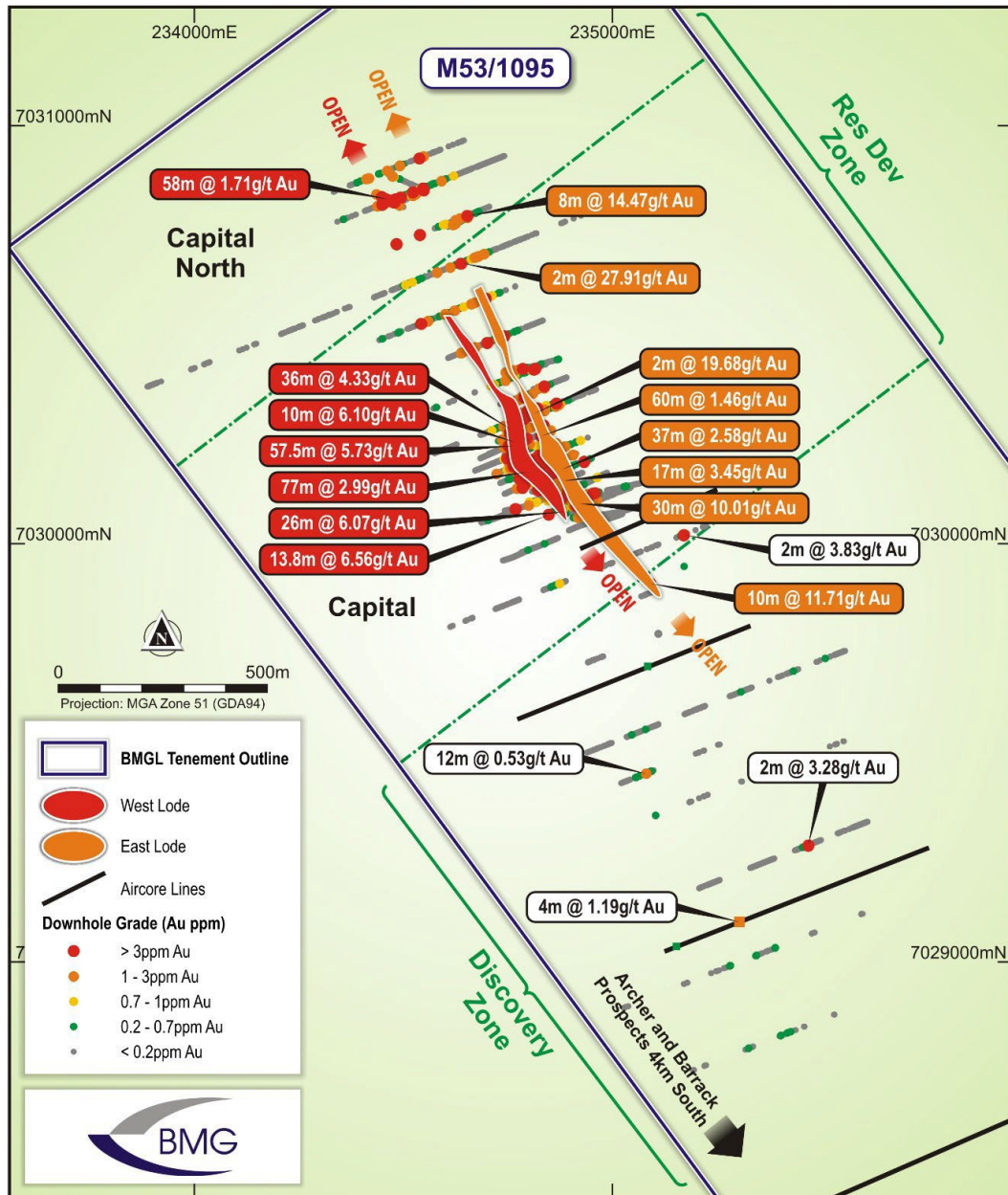


Figure 1 – Capital Prospect resource development corridor at Abercromby Project

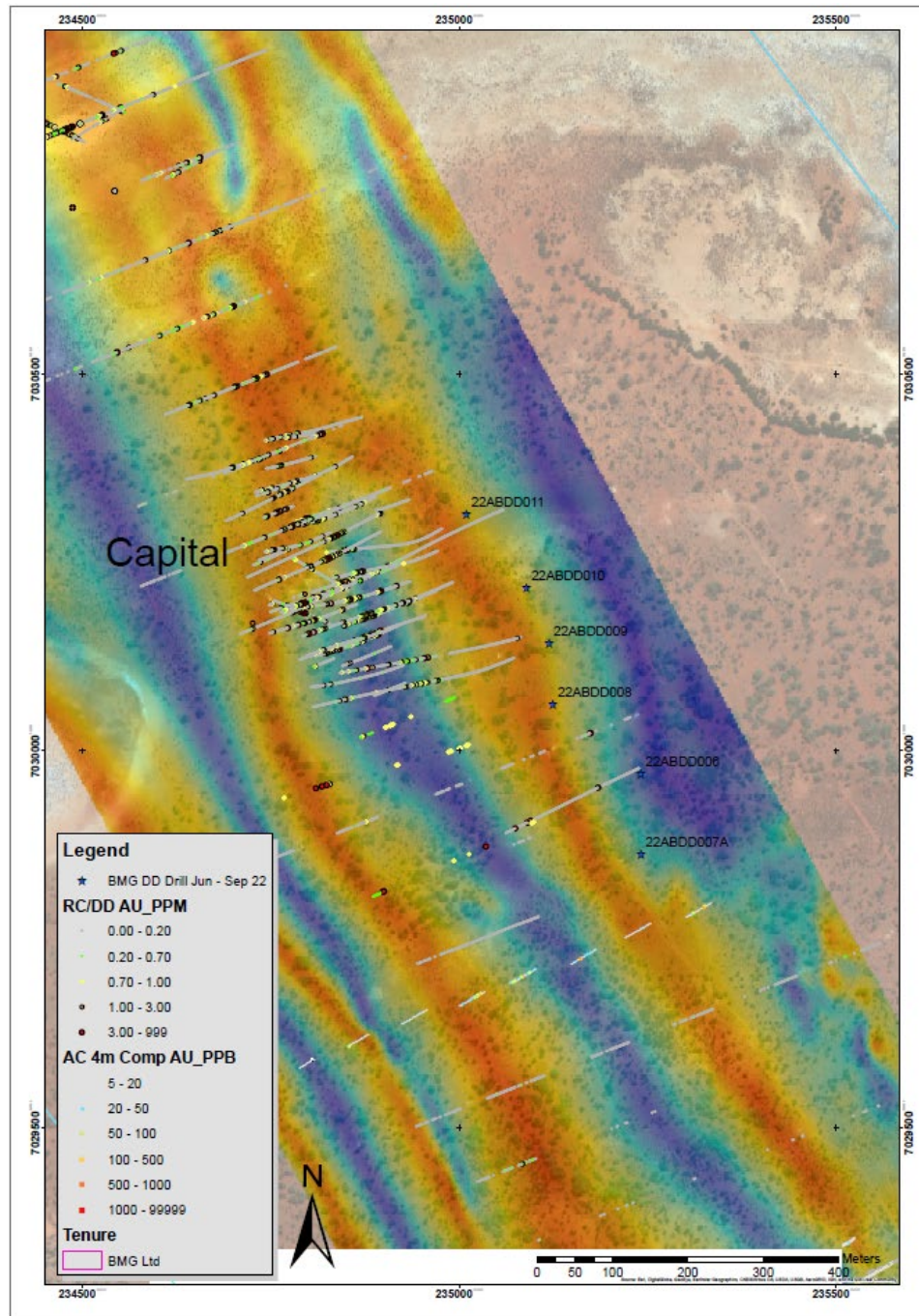


Figure 2 – Plan view of diamond drilling at Abercromby (set against SAM data).



Regional aircore drilling

During the reporting period, BMG received results for the 59-hole, 5,658m aircore drilling program that was completed in June. The program further tested regional targets to the south of Capital in the Archer, Barrack and Capital South areas.

The program focused on targets generated from the two SAM surveys completed in 2021, that identified several high priority structural settings where gold mineralisation was previously intersected.

Drilling results further defined these targets, and extensive supergene mineralisation encountered in the areas hint at possible repetitions of the Capital Deposit.

Encouragingly, a total of 20 highly anomalous (+200ppb Au) results were encountered in 19 separate holes, providing compelling impetus for BMG to expand its work program at Abercromby to include these greenfield areas.

Anomalous gold intercepts returned from the program include:

- 20m @ 0.43g/t Au from 36m (22ABAC145) – drilled 40m east of 22ABAC117 (4m @ 1.19g/t Au from 16m). This hole has returned the down dip extension of the latter intersection. Further drilling is required to determine the down dip extent of the mineralisation.
- 4m @ 1.21g/t Au from 36m (22ABAC153) – drilled 40m west of 22ABAC061 (4m @ 3.58g/t from 52m), see above, together with 22ABAC150 (4m @ 0.61g/t Au from 80m) located 160m to the north. These holes further enforce the potential of the Abercromby shear extending to the south. The area to the north of 22ABAC150 remains untested for some 500m.
- 4m @ 0.99g/t Au (22ABAC168) – situated in the area to the west of the Archer Prospect. This intercept further adds to the prospectivity of structural complexity highlighted in the SAM data. Holes 22ABAC169 (4m @ 0.42g/t Au from 52m) and 22ABAC170 (4m @ 0.29g/t Au from 44m) drilled 40m to the south of 22ABAC168 are 80m apart and appear to have straddled the position of the inferred mineralised shear. The northerly strike position of the inferred mineralised shear remains untested for some 250m both in the north and south strike extension.

Expenditure in relation to this activity during the quarter primarily related to settlement of the balance of costs incurred for the completion of the aircore drilling including Assay analysis.

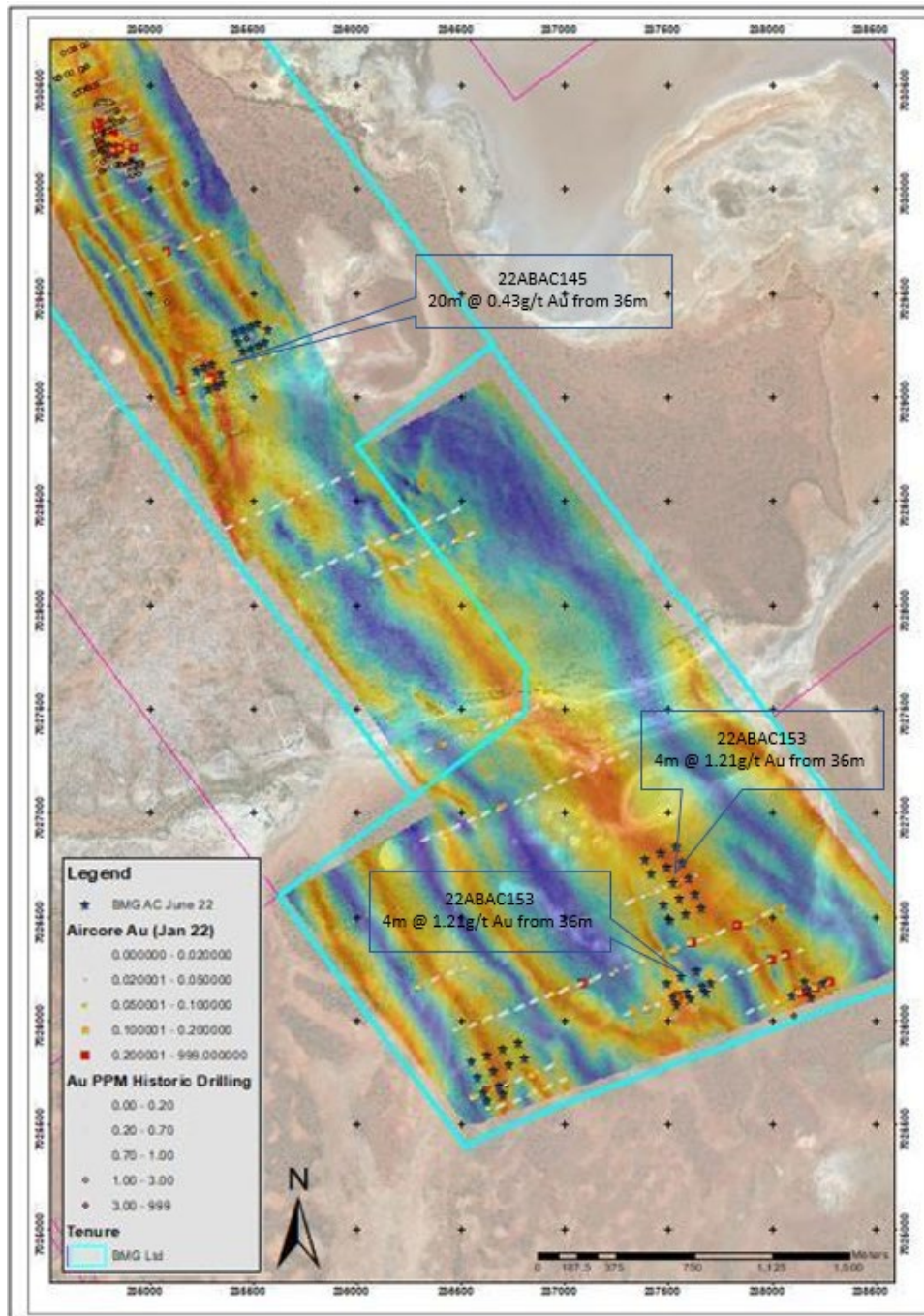


Figure 3 – Abercromby project area with background SAM survey and previously announced aircore intercepts (coloured stars) with most recent aircore drilling highlighted as black stars.

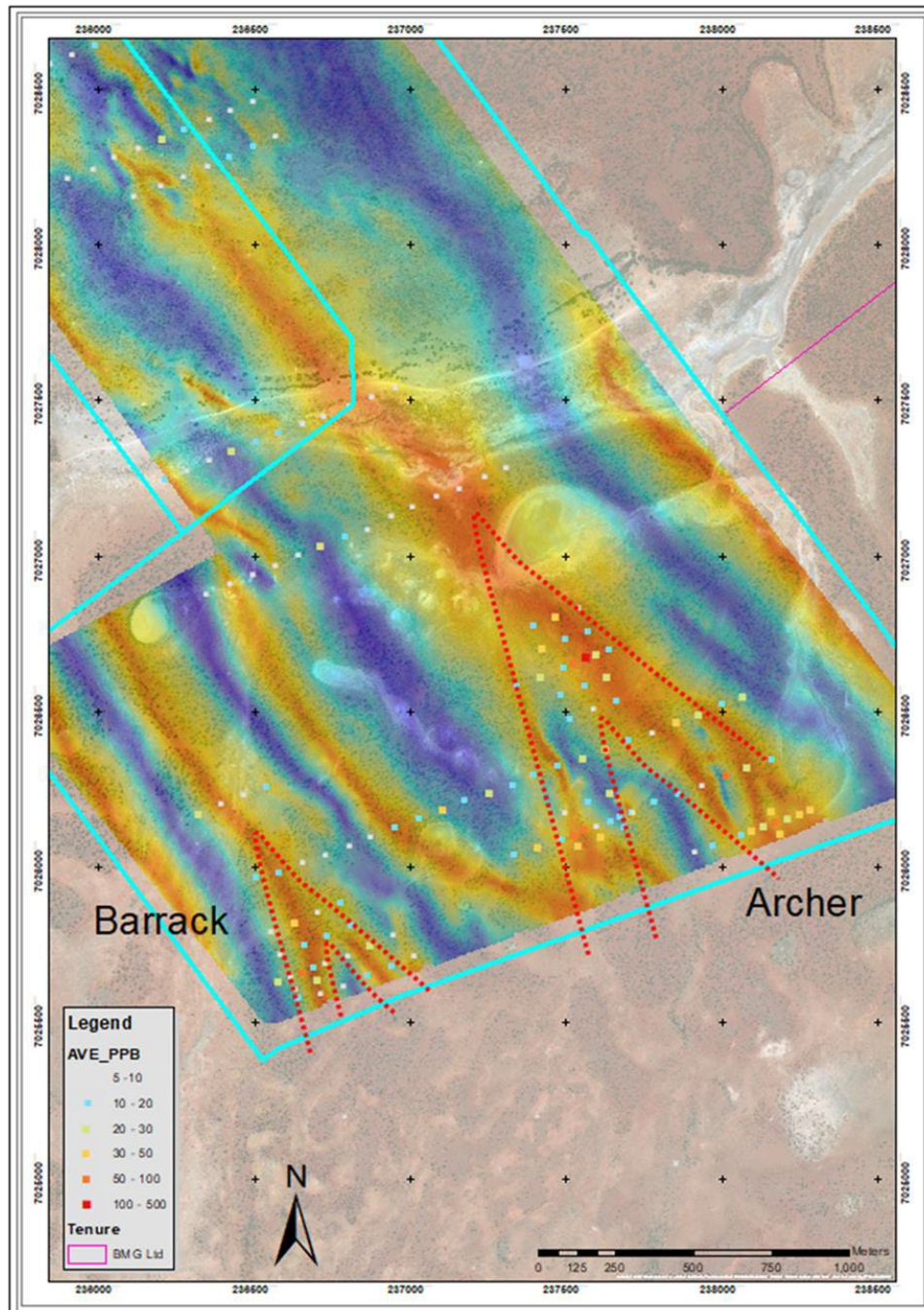


Figure 4 – Aircore results at Barrack and Archer widespread showing drillhole average grade per metre within favourable structural trends.

Invincible Project

The Invincible Project, on Exploration Licence E45/4553, is located in the emerging gold and lithium district of Central Pilbara, and immediately along strike from, and hosted by the same stratigraphy as, Calidus Resources' (ASX: CAI) 1.5Moz Au resource, which is in development.

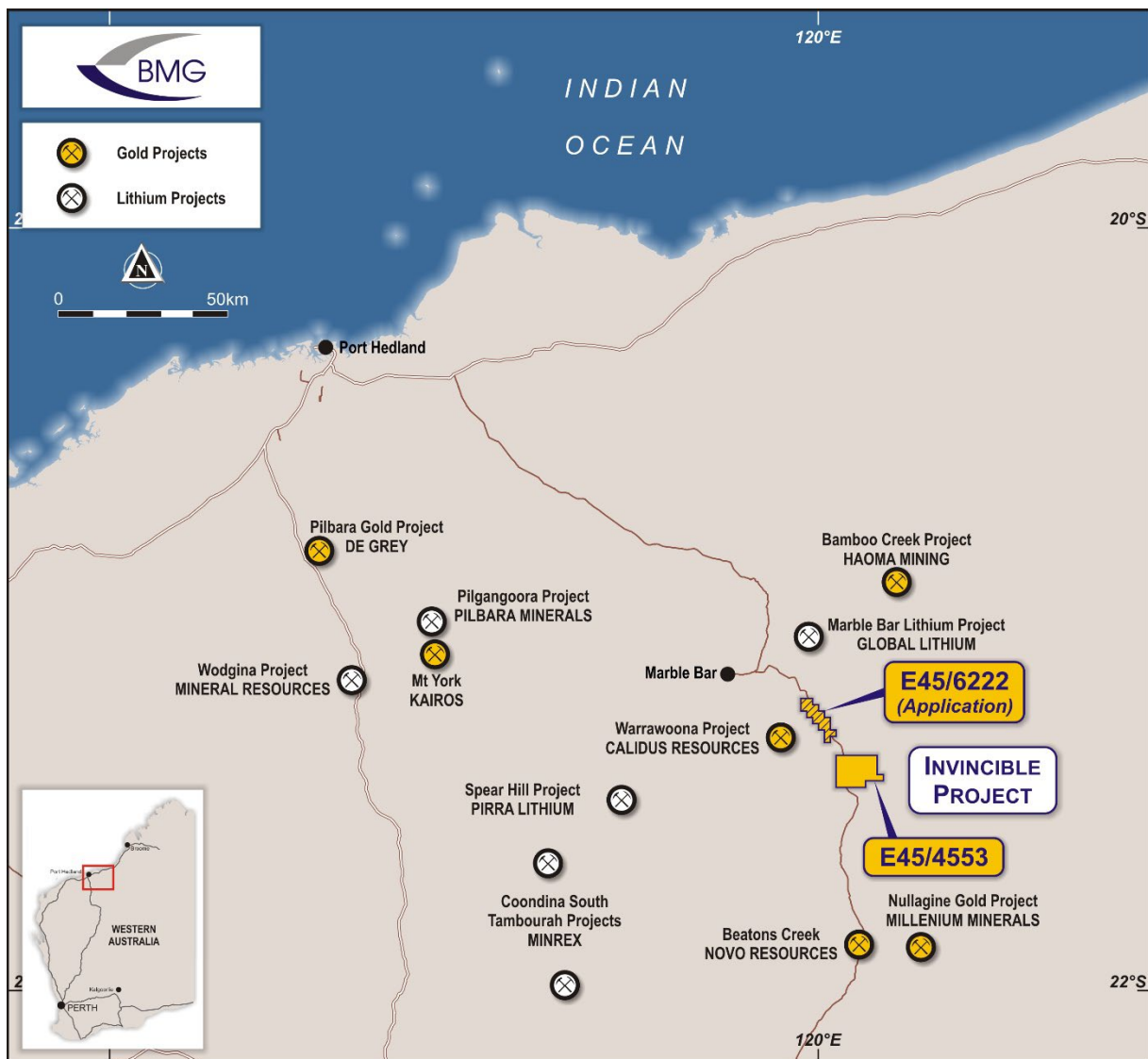


Figure 5 – Regional map of the Invincible Project with other major gold and lithium operations highlighted

Invincible hosts more than 12.5km of the Warrawoona Shear Zone – the mineralised trend that hosts Calidus’ gold resource and which is mostly comprised in the Klondyke deposit, as well as other prospective structures – refer Figure 8 below. A growing number of Li projects in the district also indicates potential for Li bearing pegmatites, which the Company is evaluating.

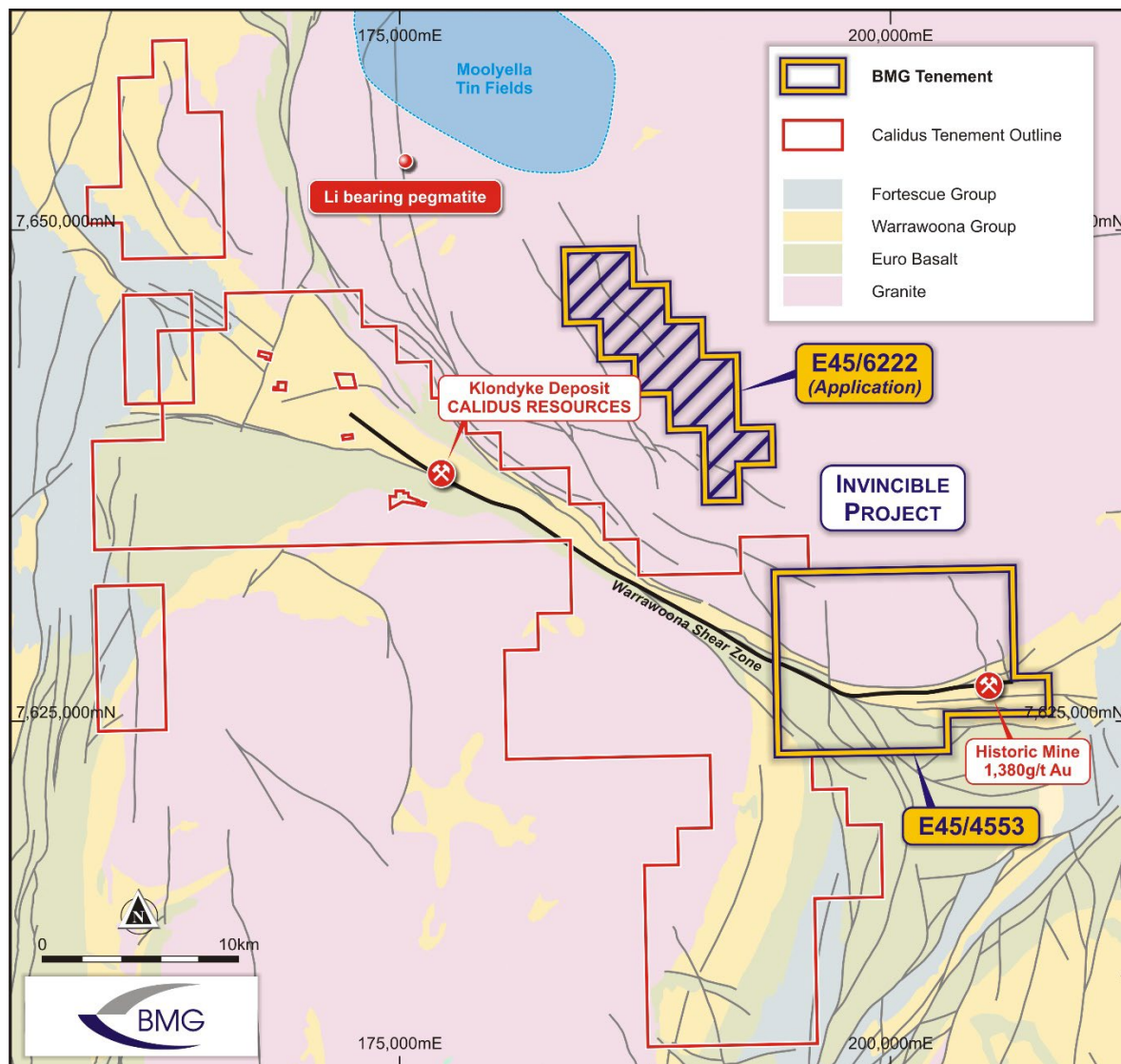


Figure 6 – Map showing Invincible tenement and the Calidus ground

Expenditure in relation to activity for the Invincible Project during the quarter primarily related to fieldwork and consultancy fees paid.

South Boddington Project

Located 150km south-east of Perth and along strike from Newmont's giant Boddington gold deposit (+40Moz Au), the South Boddington Project area comprises ground that is located within the Saddleback Greenstone Belt which hosts the Boddington gold mine. Much of the belt remains unexplored or underexplored, providing the opportunity to identify additional gold deposits.

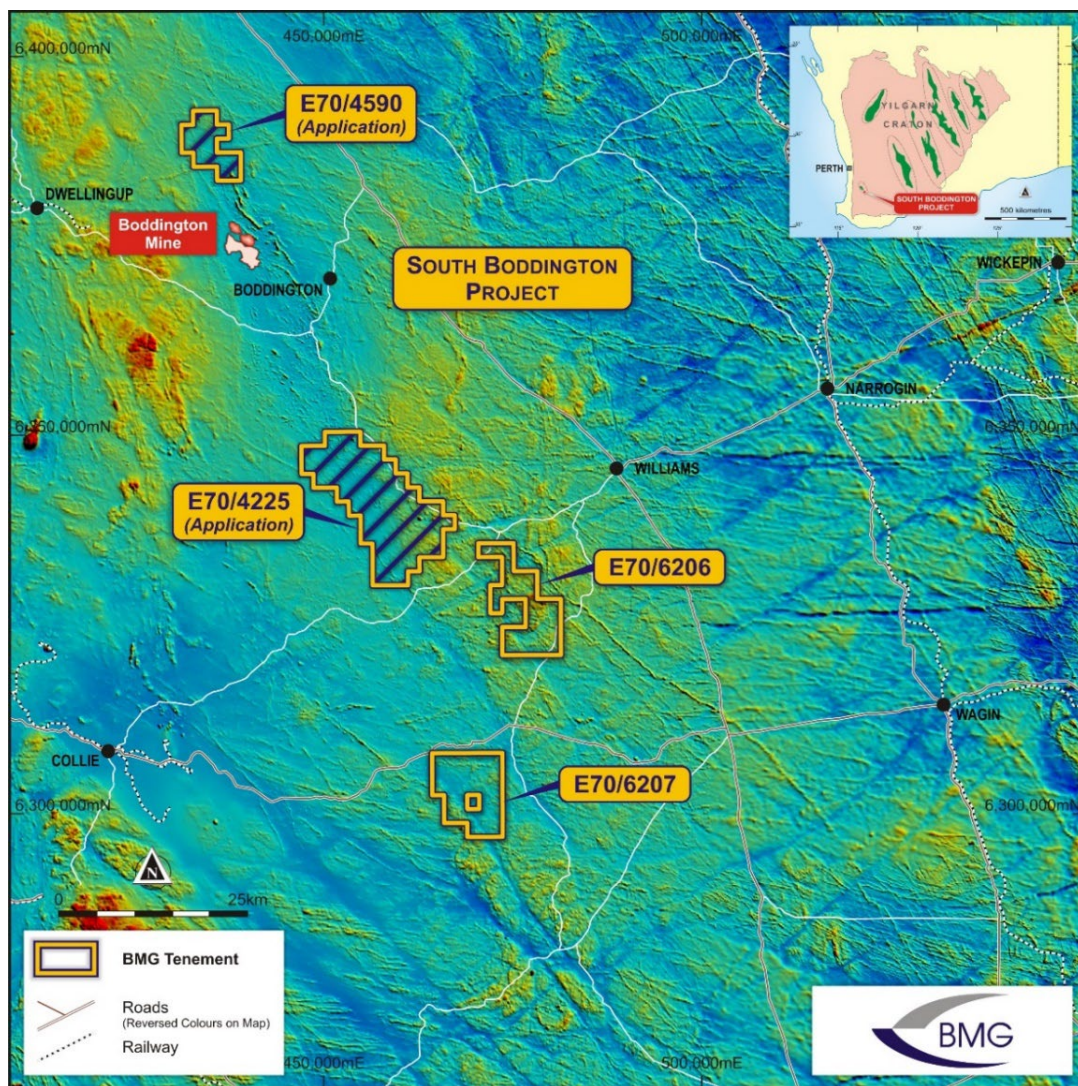


Figure 7 – Map (overlying GSWA magnetic data) showing the location of South Boddington tenements on the Saddleback Greenstone Belt



South Boddington consists of two recently granted exploration licences, E70/6206 and E70/6207, and two exploration licences under application (E70/4225 and E70/4590) which are interpreted to host similar stratigraphy to Boddington.

During the quarter, the Company continued to progress the tenement application process, and accordingly, there were no substantive mining exploration activities. The grant of exploration licences E70/6206 and E70/6207 occurred recently, post the end of the September quarter.

Corporate

BMG's cash balance at the end of the September quarter was \$1.2m.

Update on Treasure Project, Cyprus

BMG holds a minority interest in the Treasure Project, Cyprus, which is prospective for copper, gold nickel and cobalt. The Treasure Project is owned by Treasure Development Limited (TDL), of which BMG owns 10%.

The Treasure Project's operator, New Cyprus Copper Company Limited (NCC) – a wholly owned subsidiary of Caerus Mineral Resources (LON: CMRS) – is the majority shareholder of TDL with 70% ownership.

During the March Quarter, Caerus/ NCC earned-in rights for an additional 20% interest in the Treasure Project, with a \$2m put/call option for the remaining 10% in the JV. As Caerus did not exercise the call option, BMG exercised its put option anticipating the transaction to conclude in the June quarter.

NCC did not pay BMG the sum of A\$2 million for the purchase of BMG's remaining 10% interest in TDL in accordance with the time frame required under the Share Purchase Agreement pursuant to which BMG exercised its put option. BMG maintains that NCC is in breach of its obligations. The Company is endeavouring to resolve the matter in accordance with the dispute resolution procedures of the Share Purchase Agreement, and will keep the market informed of the outcome of the matter as and when resolved.



ASX listing rule Compliance

Tenement Information as required by Listing Rule 5.3.3.

Tenement ID	Registered Holder	Project / Location	Interest (%)	Change in quarter (%)
M53/1095	Nova Energy Pty Ltd ⁽¹⁾	Abercromby	100	-
M53/336	Nova Energy Pty Ltd ⁽¹⁾	Abercromby	100	-
E45/4553	Delphi Resources Pty Ltd ⁽²⁾	Invincible	100	-
AE4674	Treasure Development Limited ⁽³⁾	Treasure Project	10	-
AE4810	Treasure Development Limited ⁽³⁾	Treasure Project	10	-
AE4811	Treasure Development Limited ⁽³⁾	Treasure Project	10	-

⁽¹⁾ BMG holds the non-uranium and thorium mineral rights associated with mining leases M53/1095 and M53/336. Nova Energy is a wholly owned subsidiary of Toro Energy Limited.

⁽²⁾ Delphi Resources Pty Ltd is a wholly owned subsidiary of BMG Resources Limited.

⁽³⁾ Treasure Development Limited is the joint venture company of which BMG owns 10%; the remaining 90% is owned by New Cyprus Copper Company Limited, the operator of the JV, and wholly owned subsidiary of Caerus Mineral Resources PLC.

For purposes of ASX listing rule 5.3.5, the Company advises that director fees paid during the quarter, including remuneration paid to the Company's Managing Director, amounted to \$88,549.



Competent Persons Requirements

The information in this announcement that relates to Exploration Results was previously released by the Company in the following reports, which are available on the Company's website at www.bmgil.com.au:

- 1) 9 March 2021, *Excellent new High-Grade Gold Intercepts at Abercromby*
- 2) 19 October 2021, *BMG Reports further High-Grade Gold at Abercromby as Diamond Drilling commences.*
- 3) 1 November 2021, *Diamond drilling progressing at High Grade Abercromby Gold Project*
- 4) 2 December 2021, *Full Steam Ahead at the High Grade Abercromby Gold Project*
- 5) 8 December 2021, *Addendum to ASX Announcement on 2 December 2021*
- 6) 9 December 2021, *Pipeline of Exploration Targets grows at Abercromby*
- 7) 20 January 2022, *Two drill rigs underway at Abercromby Gold Project*
- 8) 25 January 2022, *Assays confirm very high gold grades – including 1m over 100g/t Au- At Abercromby*
- 9) 26 April 2022, *Assays confirm significant extensions of high-grade gold at Abercomby Project*
- 10) 2 May 2022, *Aircore Highlights Significant Regional Gold Potential at Abercromby*
- 11) 13 July 2022, *OPERATIONAL UPDATE Abercromby Diamond Drilling Rapidly Progressing, Air Core Results Expected Shortly*
- 12) 25 August 2022, *EXPLORATION UPDATE – Abercromby Gold Project.*

Announcements 1, 2, 5, 6, 7, 8, 9, 10, 11 and 12 contain a competent person statement which includes the statements and consent pursuant to the requirements of ASX Listing Rule 5.22

The Company confirms that it is not aware of any new information or data that materially affects the exploration results included in any original market announcements referred to in this report and that no material change in the results has occurred. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.



Authority

This announcement has been authorised for release by Bruce McCracken, Managing Director of BMG Resources Limited.

*****ENDS*****

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

BMG RESOURCES LIMITED

ABN

96 107 118 678

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(44)	(44)
(b) development	-	-
(c) production	-	-
(d) staff costs	(59)	(59)
(e) administration and corporate costs	(226)	(226)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(327)	(327)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(1,364)	(1,364)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(1,364)	(1,364)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,893	2,893
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(327)	(327)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,364)	(1,364)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,202	1,202

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6	12
5.2	Call deposits	1,196	2,881
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,202	2,893

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(89)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

The Company paid \$88,549 in cash to directors during the period, including its Managing Director.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(327)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,364)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,691)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,202
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,202
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.71
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer:</p> <p>No. The current quarter cash outflows includes \$1,363,760 (refer item 2.1(d)) for settlement of invoices relating to a major Diamond Drilling Program at Abercromby which was completed in the quarter, with no current commitment for additional drilling programs.</p> <p>Accordingly, the level of total outgoings in the quarter is not reflective of the Company's base line activity in any particular quarter, and accordingly, the result at 8.7 would otherwise exceed 2 quarters.</p>	

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

The Company has sufficient cash on hand to meet its current day-to-day operating needs, but will continue to manage its requirements in accordance with prudent capital management initiatives. The company has a long and successful track record of raising capital to meet its ongoing and investment requirements, and does not see any reason as to why this won't continue

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes. Refer to response provided at 8.8.2

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:31 October 2022.....

Authorised by: Bruce McCracken – Managing Director.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.