



ASX ANNOUNCEMENT

11 February 2019

Chilean Lithium Brine Project: Significantly Improved Terms Sheet

HIGHLIGHTS

- **BMG executes improved binding terms sheet covering the Company's Chilean Lithium Brine JV project, achieving a deferment of US\$450,000 in progress payments from completion of the formal establishment of the JV (expected by the end of March 2019) to the end of the first year post Completion**
- **Significant reduction in upfront payment obligations empowers BMG to immediately direct more resources into exploration and geophysics ahead of an initial drilling program expected to commence in Q2 CY19**
- **Revised JV formalises the increases of more than 70% to the project areas achieved in November 2018, with BMG's program of work now covering more than 20,000 hectares of highly prospective ground in Northern Chile**

BMG Resources Limited (ASX: BMG) (**BMG** or **the Company**) is pleased to announce it has successfully finalised and executed a revised binding term sheet for the Company's Joint Venture with the owners of Lithium Chile Spa (**LCS**), to undertake exploration and development of three lithium brine projects in Chile. The Company originally announced the signing of this agreement with LCS on 22 August 2018, and has since undertaken due diligence investigations; an initial geophysical survey at Salar West; and expanded the project area.

The JV now covers a project area of more than 20,000 hectares (an 8,000 hectare increase from the original term sheet) spanning three claims in the Salar de Atacama, Salar de Pajonales and Salar de Tuyajto – Natalie. The projects are located in the Chilean region of the 'Lithium Triangle' - a region of the Andes encompassing parts of Northern Chile, southwest Bolivia and northwest Argentina, which is host to over 50% of the world's lithium resources and the largest and highest grade lithium brine deposits in the world.

Included in the increase in tenure is an additional 2,100 hectares at the Salar West project which lies on the direct extension of the key lithium brine target zone recently identified by BMG in its geophysical study which was completed as part of the due diligence process.

Commenting on the JV transaction, Managing Director Bruce McCracken said:

“We are excited to be advancing our JV with LCS, and believe the new terms of the deal are in the best interests of our shareholders. We have achieved a significant reduction in BMG’s upfront payment obligations with the deferral of US\$450k in completion payments to the end of Year 1. This will empower us to immediately commence our exploration, beginning with a further geophysics program at the additional area of Salar West that we have recently brought into our project which should be completed by the end of Q1. This will be immediately followed by our initial drilling program which is on target to commence early in Q2, following formal Completion of the establishment of the JV expected by the end of March.”

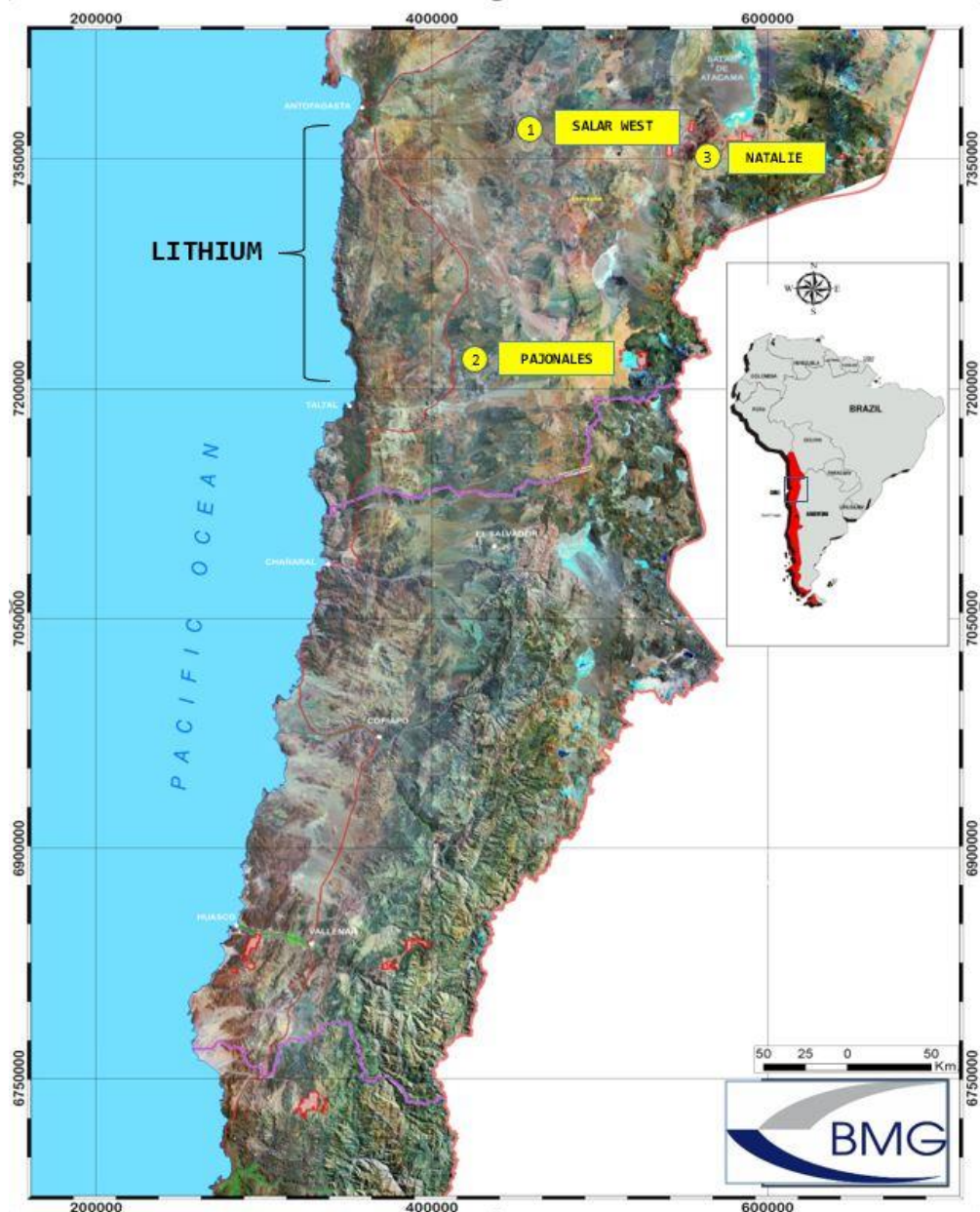


Figure 1 - Lithium JV Project Areas

JOINT VENTURE PAYMENT TERMS

Subsequent to the initial proposed JV terms between BMG and the owners of LCS being announced to the ASX on 22 August 2018, the Parties have agreed to vary the timing of the payments and commitments, but not the overall quantum of US\$3.5 million to earn a 50% interest in the projects, to allow more near term exploration expenditure into the key project areas.

Payment Schedule:

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

Timeframe for the Milestones and Expenditure commitments:

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

EXPLORATION TIMELINE

The Salar de Atacama - Salar West areas is the Company's immediate priority, following completion of its recent geophysics program that identified a strong conductive zone which is a possible lithium brine target in the southern zone. BMG plans to shortly undertake an additional geophysics program over the new 2,100 Ha area to delineate the extent of the possible brine aquifer targets which trend into the zone.

The phase 1 exploration program following completion will include undertaking geophysics across the project areas (Salar West has already been completed) to define key aquifer target zones for an initial drilling program. A drilling program is anticipated to follow immediately once the JV has been established and due diligence, formal documentation and regulatory approvals have been completed.

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

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

*****ENDS*****

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