



ASX ANNOUNCEMENT

8 August 2019

ISSUE OF EQUITY SECURITIES APPROVED BY SHAREHOLDERS AT GENERAL MEETING

BMG Resources Limited (**ASX: BMG**) (**BMG or the Company**) provides the attached Appendix 3B for the issue of Shares, Options and Performance Rights to Related Parties as approved by shareholders at the General Meeting held on 2 August 2019.

*****ENDS*****

For further information, shareholders and media please contact:

Sean Meakin, Company Secretary
BMG Resources Limited
Phone: +61 8 9424 9390
Email: enquiry@bmgl.com.au

Website: www.bmgl.com.au

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

BMG RESOURCES LIMITED

ACN

107 118 678

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | <p>Ordinary Shares (Shares)</p> <p>Options to acquire shares (Director Options)</p> <p>Rights to be issued ordinary shares (Performance Rights)</p> |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <p>16,166,666 Ordinary Shares</p> <p>3,000,000 Options, exercisable at \$0.025 on or before 31/01/2022</p> <p>10,000,000 Tranche 1 Performance Rights</p> <p>5,000,000 Tranche 2 Performance Rights</p> <p>5,000,000 Tranche 3 Performance Rights</p> |

+ See chapter 19 for defined terms.

- 3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

Director Options, exercisable at \$0.025 on or before 31/01/2022

The Performance Rights have been issued to the Company's Managing Director, Mr Bruce McCracken as a component of his Executive Services Agreement with the Company.

Each Performance Right entitles Mr McCracken to be issued one share subject to the satisfaction of the vesting conditions applicable to each Tranche:

Tranche 1 (Entitlement to 10,000,000 Shares)

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

Tranche 2 (Entitlement to 5,000,000 Shares)

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

Tranche 3 (Entitlement to 5,000,000 Shares)

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

4 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities? If the additional ⁺securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	The Director Options will form a new class of unquoted securities. The shares issued on the exercise of Director Options will rank equally with existing fully paid ordinary shares then on issue Each class of Performance Right will form a new class of unquoted performance rights The shares issued on the vesting of a Performance Right will rank equally with existing fully paid ordinary shares then on issue
5 Issue price or consideration	The Shares were granted for nil cash consideration and are collectively valued at \$210,166. The Director Options were granted for nil cash consideration and are collectively valued at \$22,186 using Black-Scholes valuation methodology. The Performance Rights were granted for nil cash consideration and are valued as stated below: Tranche 1: \$130,000 Tranche 2: \$65,000 Tranche 3: \$65,000 in the event that they vest. All values stated above are valued as at the date of Shareholder approval for the issue of the Securities, based on the closing price of the Company's shares on the date of the General Meeting, being \$0.013 per share.
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Securities issued for the purposes stated in the Notice of Meeting despatched to shareholders on 2 July 2019.

⁺ See chapter 19 for defined terms.

6a	Is the entity an ⁺ eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i> , and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	29 November 2018
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	N/A
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	N/A
6e	Number of ⁺ securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of ⁺ securities issued under an exception in rule 7.2	16,166,666 Shares 3,000,000 Director Options 20,000,000 Performance Rights
6g	If ⁺ securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the ⁺ issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If ⁺ securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A

6i

Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements

86,084,856 under rule 7.1.

57,389,904 under rule 7.1A.

7

+Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

8 August 2019

8

Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)

Number	+Class
1. 573,899,042 shares	Ordinary Fully Paid Shares

9

Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)

Number	+Class
3,000,000 Options (Director Options)	Director Options, approved at Company's General Meeting on 2 August 2019. Options exercisable at \$0.025 each on or before 31 January 2022
10,000,000 Tranche 1 Performance Rights	Performance Rights, entitling the holder to one (1) Ordinary Share for every one (1) Performance Right which vests.
5,000,000 Tranche 2 Performance Rights	
5,000,000 Tranche 3 Performance Rights	

+ See chapter 19 for defined terms.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Shares carry the same right to dividends as all other fully paid ordinary shares on issue. Options do not carry any right to dividends. Performance Rights do not carry any right to dividends.
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Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A

23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Issue date	N/A

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☐ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A	
39	+Class of +securities for which quotation is sought	N/A	
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: - the date from which they do - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	N/A	
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)	N/A	
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	Number	+Class
		N/A	N/A

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Date: 8 August 2019

(Company secretary)

Print name:

Sean Meakin

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	386,037,138
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period <i>Note:</i> - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	26,905,162 Shares (8 November 2018) 52,776,367 shares (7 December 2018) 9,660,374 shares (14 December 2018) 14,277,782 shares (17 December 2018) 59,186,665 shares (28 February 2019) 8,888,888 Shares (5 March 2019) 16,166,666 Shares (9 August 2019)
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	573,899,042

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	86,084,856
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <i>Note:</i> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	
“C”	-
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	86,084,856
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	-
Total [“A” x 0.15] – “C”	86,084,856 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	573,899,042
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	57,389,904
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items	
“E”	-

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	57,389,904
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	-
Total [“A” x 0.10] – “E”	57,389,904 <i>Note: this is the remaining placement capacity under rule 7.1A</i>