ASX ANNOUNCEMENT

26 August 2019

DRILLING TO COMMENCE AT SALAR WEST

- **Drillers now mobilising to Salar West - drilling to commence this week**
- **Initial program consists of two holes, each for 200m**
- **Program anticipated to take around three weeks**
- **Samples for assay will be dispatched to lab in batches throughout the program**
- **Drilling will follow up Stages 1 and 2 geophysics which identified a consistent strongly conductive unit in the southern properties of Salar West, potentially representing hypersaline lithium-bearing brine**

BMG Resources Limited (ASX: BMG) ("BMG" or "the Company") is pleased to advise that the Superex sonic drill rig and crew are presently mobilising to site at the Company's Salar West Project in the Atacama region of Chile.

Drilling is anticipated to commence this week, initially targeting the strong lithium brine targets identified in the recent TEM geophysical surveys undertaken by the Company.

It is expected the drilling will take approximately three weeks to complete, with prospective zones being sampled and assayed as the drilling progresses.

Sonic drilling brings the significant benefit of providing core without requiring the fluid lubrication that would be necessary in a diamond drilling program. This eliminates the risk of contamination of the down-hole brine samples taken as the hole is drilled, in this case typically at 10 to 15 metre intervals.

BMG Resources Managing Director, Bruce McCracken, said:

"Bringing the rig onsite at Salar West means that we can now put our exploration plans to the test. We have developed a host of exciting drill targets throughout Salar West and will commence with a 400-metre, two-hole program in the southern properties.

"There are three key objectives of BMG's maiden drill program: to test under-drilled, shallow portions of prospective ground at Salar West; to test new predictive structural models within the project; and to more accurately define the strongly conductive unit our TEM surveys have identified in the Salar West properties. This unit potentially represents hypersaline lithium-bearing brine extending south from close to surface.

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"We anticipate despatching the first samples for assaying in early-September and expect assay turnaround of a few weeks. The Company intends to despatch samples for assaying regularly, and therefore plans to update the market with results as they become available.

"This marks the beginning of an exciting period for BMG and we thank our investors for their support."

Figure 1 – Location of BMG's assets in the "Lithium Triangle"

BMG's project area spans over 20,000 hectares across three claims in the Salar de Atacama, Salar de Pajonales and Salar de Tuyajto – Natalie 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 more than 50% of the world's lithium resources and the largest and highest grade lithium brine deposits in the world.

Geophysics completed in April 2019 identified a consistent strongly conductive unit in the lines completed in the southern properties (see Figure 2), which coincide with the topographic low draining into the Salar.

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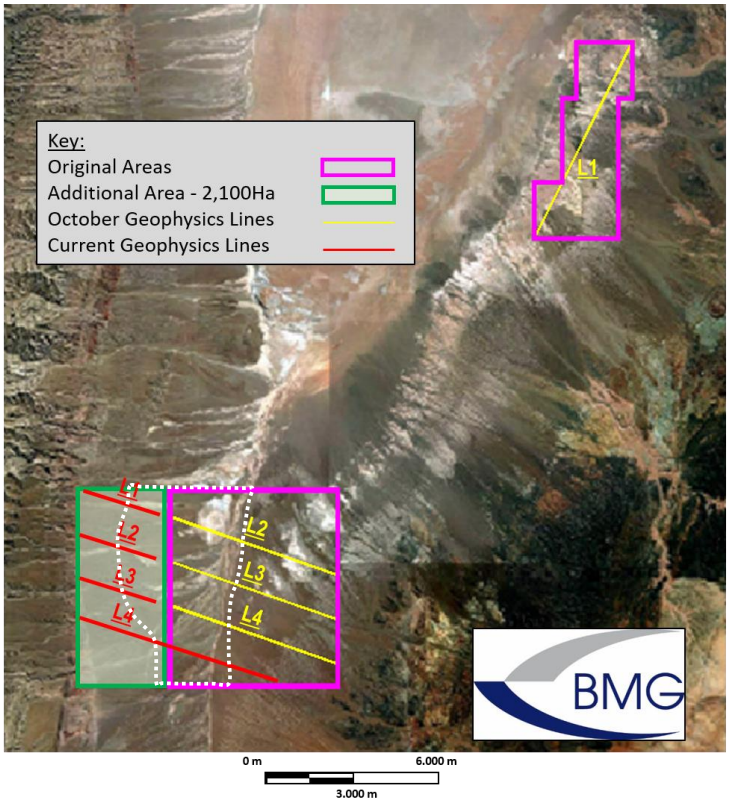

Figure 2 – Additional TEM geophysical survey lines (red) within the westward extension of the Salar West properties to evaluate continuation of the possible brine body. Original survey lines shown in yellow, conductive target in white.

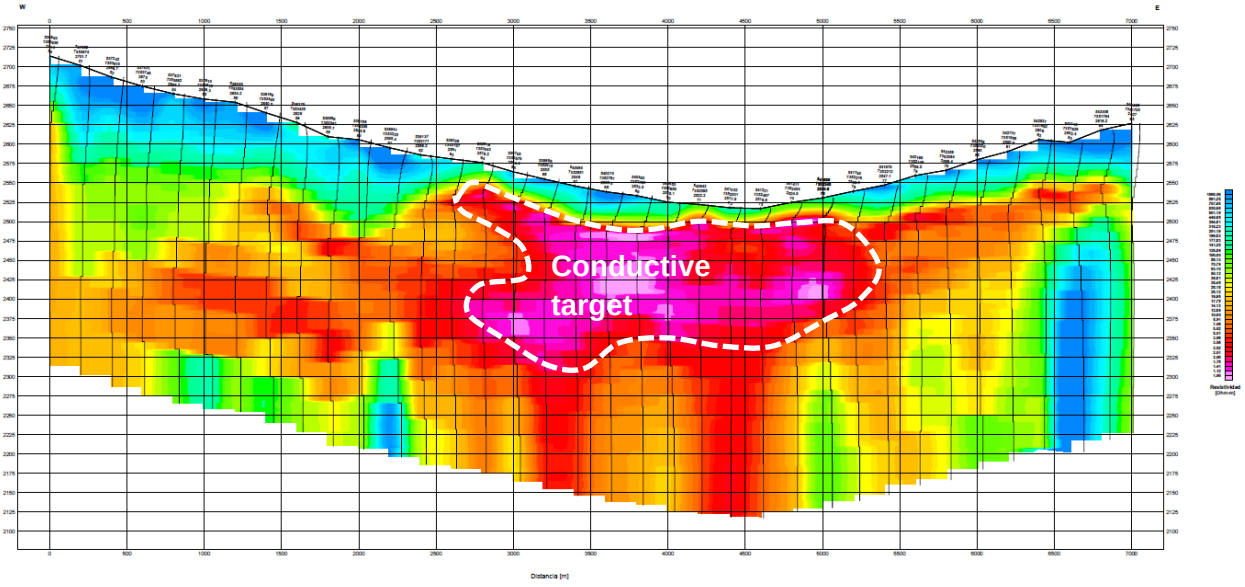

Figure 3 – Line 4 of the second TEM geophysical survey within the Salar West properties, with the conductive unit a target for drilling.

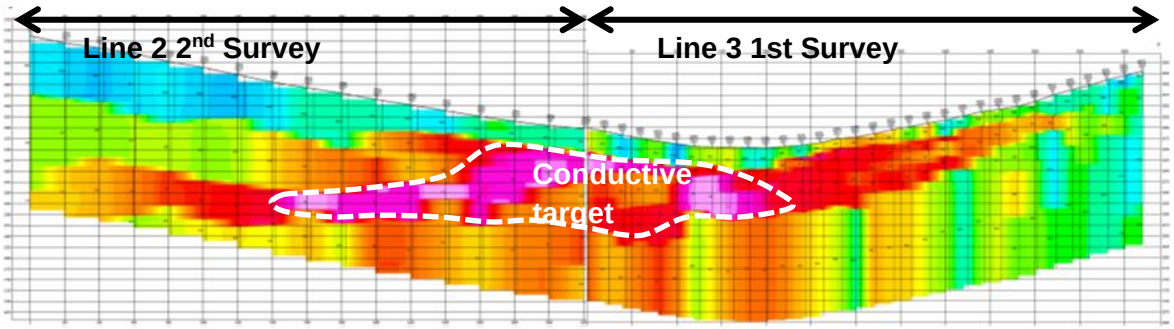

Figure 4 – Merged interpretation of Line 2 from the second TEM geophysical survey within Line 3 from the original survey. The conductive unit is a target for drilling as possible brine hosted in pre-salar sediments, with possible stratigraphic and fault control of the brine migration into the project area

The top of the conductive unit is typically located at 25m to 75m below surface and the conductive unit is between 35 metres and 200 metres thick, with the highest conductivity measurements located beneath the topographic low point of the properties. The conductive unit is approximately 2km wide and extends over approximately 6km north-south through the southern properties, covering an area of approximately 12km^2, a significant target for drilling.

*****ENDS*****

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