



ASX ANNOUNCEMENT

31 January 2020

DECEMBER 2019 QUARTERLY ACTIVITIES REPORT

- **Pajonales and Natalie Projects Lithium Brine Exploration program continued with:**
 - Initial shallow pit sampling completed at Pajonales encountering brine at 0.7m depth below surface
 - Results received from Pajonales and being integrated with other geological information
 - Natalie sampling delayed by local issues, with sampling anticipated to occur Early February
- **The Company continues to evaluate complementary investment opportunities**

BMG Resources Limited (ASX: BMG) (**BMG** or **the Company**) provides shareholders with the Company's December 2019 Quarterly Report.

Chilean Lithium Joint Venture

During the quarter the Company's attention moved to the prospective Pajonales and Natalie Projects, located to the south and the east of the Atacama Salar. BMG undertook initial pit sampling of brines at the Pajonales Project ahead of potential geophysics. Both Projects are conventional targets, with brine either beneath the salar surface or under surrounding gravels, and volcanic units around the margins of these salars (salt lakes).

The properties in Pajonales are located around the eastern, southern and western limits of the salar, over some areas of salt crust and also volcanic ash, Ignimbrites and volcanic rocks that are interpreted to potentially cover parts of the salar, with the potential to intersect brine beneath these rocks beyond the current extent of the salar.

The properties in the Natalie Salar cover most of the salar and the alluvial fan immediately to the east.

The locations of the Company's properties are shown in the map on page 2.



Figure 1 – Location of BMG assets in the “Lithium Triangle”

Pajonales Project

BMG commenced exploration at the Pajonales Project with initial shallow pit sampling. This sampling confirmed that brine is present at approximately 0.7m below the surface of the salar, around an elevation of 3,540m above sea level. The water table became progressively deeper around the salar margins where volcanic ash, ignimbrites and volcanic rocks possibly postdate the initial formation of the salar hosting the brine.

As a result, BMG was unable to initially collect all planned samples across the project, in particular those located outside the current salar footprint, as they are covered with the volcanic rocks.

The properties that comprise the Pajonales Project principally cover areas immediately adjacent to the Salar, therefore, the possibility remains for the salar and brine to continue beneath these areas. BMG plans to test this using geophysics, and possibly drilling at a later stage, once the results of the shallow sampling have been fully integrated with other information

The Pajonales samples were analysed by the chemistry laboratory of the University of Antofagasta, which has a long history of analysing Chilean salt lake brines.



Natalie Project

During the quarter, discussions continued with indigenous communities local to the area around the Natalie Project in relation to the Company's proposed exploration works. Discussions are advancing in a co-operative way and it is hoped to complete the surface brine sampling in early February.

The properties that comprise the Natalie Project cover most of the salar and the alluvial fan immediately to the east, which potentially covers buried salar sediments hosting brine.

Treasure Project, Cyprus

BMG retains its 30% free-carried interest in the Treasure Project in Cyprus. The Treasure Project comprises nine exploration licences covering a total geographical area of 31.56km².

The Treasure Project's operator, New Cyprus Copper Company Limited, is the majority shareholder and is responsible for maintaining and progressing the project.

Project	Licence number	Status	Interest (%)	Notes	Activity during the quarter
BLACK PINE	AE4654	granted	100		
	AE4653	granted	100		
	AE4591	granted	100		
	AE4610	granted	100		
	AE4612	granted	100		
MALA	AE4674	granted	100		
KALAVASSOS	AE4607	granted	100		
	AE4608	granted	100		
KAMBIA	AE4649	granted	100		

Corporate

Annual General Meeting

The Company held its Annual General Meeting on 25th November 2019. Malcolm Castle was re-elected as a director of the Company.

The Company continues to actively evaluate strategic investment opportunities in the battery minerals sector which would be complementary to BMG's existing assets.

This ASX release has been authorised by the Board of Directors of BMG Resources Ltd.

**Authority**

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

*****ENDS*****

For further information, shareholders and media please contact:

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

BMG RESOURCES LTD

ABN

96 107 118 678

Quarter ended ("current quarter")

31 Dec 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(248)	(646)
(b) development	-	-
(c) production	-	-
(d) staff costs	(86)	(154)
(e) administration and corporate costs	(95)	(296)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(428)	(1,094)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	(372)
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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	-	(372)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	345
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(2)	(29)
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	(2)	316

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	831	1,551
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(428)	(1,094)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(372)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	316
4.5	Effect of movement in exchange rates on cash held	(9)	(9)
4.6	Cash and cash equivalents at end of period	392	392

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	17	126
5.2 Call deposits	375	705
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)	392	831

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	(86)
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors Fees for the quarter

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	(36)
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Tribis Management Fee for the quarter

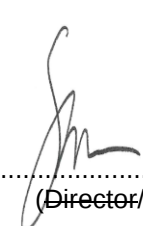
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	60
9.2	Development	-
9.3	Production	-
9.4	Staff costs	60
9.5	Administration and corporate costs	60
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	180

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	None			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	None			

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.

Sign here: 

(Director/Company secretary)

Date: 31 January 2020

Print name:SEAN MEAKIN.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.