



ASX ANNOUNCEMENT

31 July 2019

QUARTERLY ACTIVITIES REPORT

- **Formal Joint Venture documentation executed with Lithium Chile SpA over Chilean lithium brine projects**
- **Project area spans three claims over more than 20,000 hectares in Chile’s “lithium triangle”**
- **Maiden drilling program at Salar West anticipated to commence within the next month, with first results expected shortly thereafter**
- **Despatch of prospectus for offer of New Options**

BMG Resources Limited (ASX: BMG) (**BMG** or **the Company**) is pleased to provide its investors its June 2019 Quarterly Report.

Chilean Lithium Joint Venture

During the period, BMG announced the completion and formal commencement of the Company’s Chilean Lithium Joint Venture with Lithium Chile SpA (LCS), following the execution of full formal documentation.

The 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 which is host to more than 50% of the world’s lithium resources and some of the largest and highest grade lithium brine deposits in the world.

BMG is currently preparing its maiden drill program which is expected to shortly commence. The Company will undertake a 400m, two-hole program to test the strong lithium brine targets identified in the recent TEM geophysical surveys undertaken by the Company in the Southern area (6,300 Ha) of Salar West – refer ASX announcement on 8 April 2019.

The Company has elected to utilise sonic drilling for the program as it has the significant benefit of providing core without the risk of contaminating the brine samples. Sonic drilling does not require fluid lubrication that diamond drilling does, thus eliminating the risk of contamination of the down-hole brine samples taken as the hole is drilled (ie at 10m or 15m intervals).

The initial drilling is expected to take around 3 weeks from commencement, with first results to follow soon thereafter.



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

The formal execution of the Joint Venture documentation secures BMG’s opportunity to earn up to a 50% interest in the projects over 3 years – refer to ASX announcement on 11 February 2019 for the detailed terms.

Corporate

The Company announced, subject to shareholder approval, its intention to offer holders of BMGOA Options (expiry date 30 June 2019; exercise price \$0.02) the opportunity to subscribe for new options with an expiry date of 31 December 2019 and exercise price of \$0.02. The subscription price for each new Option will be \$0.001, and a General Meeting to approve the issue of the Options will be held at 11am (WST) on Friday 2 August 2019.

The Company despatched a prospectus for the Options Offer and Shortfall Offer (‘Offers’) on 19 July 2019, together with an application form to those investors who are eligible to participate in the Offers. The Offers opened on 19 July 2019 and are anticipated to close on 8 August 2019.

The Company resolved to offer these new Options to reflect the longer than anticipated period in which it took to establish the Chilean Lithium JV and the planned maiden drill program at Salar West.

If the new Options are fully subscribed and exercised, this would generate a cash-inflow of up to \$6.9 million (before costs), and would support the Company’s plans to develop its Chilean lithium joint venture beyond the maiden drill program.



Board Changes

During the period Mr Peter Munachen retired from the Board of BMG.

Mr Munachen joined the Board as a Non-Executive director in January 2018, and during his tenure made a substantial contribution. The Company wishes to thank Mr Munachen for his efforts and service to the Company.

*****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")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(92)	(151)
(b) development	-	-
(c) production	-	-
(d) staff costs	(86)	(264)
(e) administration and corporate costs	(143)	(404)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	16
1.5 Interest and other costs of finance paid	-	-
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	(316)	(803)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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) LCS Exclusivity Payment	-	(138)
2.6	Net cash from / (used in) investing activities	-	(138)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	37	1,545
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	(32)	(172)
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	5	1,373

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,862	1,119
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(316)	(803)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(138)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5	1,373
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,551	1,551

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	80	10
5.2 Call deposits	1,471	1,852
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)	1,551	1,862

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	

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	

Payment to Tribis Pty Ltd for administration services for the period 1 April 2019 – 30 June 2019

Mining exploration entity and oil and gas exploration entity quarterly report

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.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	400
9.2 Development	-
9.3 Production	-
9.4 Staff costs	75
9.5 Administration and corporate costs	75
9.6 Other (provide details if material)	350*
9.7 Total estimated cash outflows	900

*Payment of USD\$250,000 to be paid following satisfaction of completion conditions pertaining to the Chilean Lithium Joint Venture

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 July 2019

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.