



ASX ANNOUNCEMENT

17 January 2018

BMG SECURES OPTIONS OVER ADVANCED BULGARIAN GOLD AND POLYMETALLIC MINERALS PROJECTS

HIGHLIGHTS

- **BMG proposed transaction to acquire transformational advanced precious and base metals opportunities in Bulgaria**
- **Four significant gold and polymetallic projects – Trun (Au-Ag), Babyak (Au-Ag-Pb-Zn-Mo), Srebren (Au-Ag), and Zidarova (Cu-Au-Ag)/ Varshilo (Au-Ag)**
- **Projects represent a mix of advanced and prospective exploration opportunities with strong potential to host large scale mining operations**
- **More than 50,000 metres of diamond drilling completed and 45,000 samples taken plus extensive surface exploration**
- **Substantial mineral resource estimates previously compiled in accordance with the Bulgarian Minerals Code for Trun, Babyak, Srebren and Zidarova**
- **CSA Global appointed to evaluate the historical technical data and prepare mineral resource estimates in accordance with the JORC Code**
- **Transaction subject to shareholder and regulatory approvals and re-compliance with ASX admission requirements**

BMG Resources Limited (ASX: BMG) (**Company**) is pleased to announce that it has secured the rights to acquire call options for 100% of four substantial gold and polymetallic development and exploration projects located in Bulgaria: the Trun Project, Babyak Project, Srebren Project, and Zidarova/ Varshilo Project (**Projects**). The acquisition of the call options is subject to formal documentation, completion of satisfactory due diligence enquires and required shareholder, ASX and Corporations Act approvals.

OVERVIEW OF PROJECTS

The four projects are located in the Upper Carboniferous and Upper Cretaceous Carpathian Arc in Bulgaria – a well mineralised zone rich in polymetallic, lead-zinc, copper, gold and silver deposits.



Figure 1: Regional geology of the Carpathian Arc and Project locations.

Extensive exploration works have been conducted across all the Project areas by the current and previous owners with all relevant physical and digital components of the data available for review. The technical work completed to date is considered to be of a good standard and most, if not all procedures and process are considered industry best practise.

CSA Global has been engaged by the Company to review the technical information on the Projects as part of the Company's due diligence, and to prepare mineral resource estimates in accordance with the JORC Code (2012). The initial work is expected to be completed within the next few weeks.

Trun Project (Au-Ag)

Exploration completed at Trun includes the following:

- 25,962 metres diamond drilling, 1,742 metres RC drilling and 8,920 metres trenches and channels;
- 17,668 drill and rock samples and 6,721 soil samples collected and assayed;
- 4 metallurgical samples analysed;
- Basic geological mapping covering 106 square kilometres and detailed geological mapping covering 40 square kilometres; and
- IP survey carried out over 40 km, Ground Magnetic Survey-over 93 km.

Two past producing gold operations are known in the Trun permit area:

- Zlata was active in 1939 to 1973 with reported production of 0.72 million tonnes at 5.97g/t gold (~138,000 ounces) from series of open pits and underground operations
- The KD open pit was active from 1965 to 1974, with reported production of 0.59 million tonnes at 1.77g/t gold and 14.43g/t silver

Babyak Project (Au-Ag-Pb-Zn-Mo)

Exploration completed at Babyak includes the following:

- 22,420 metres diamond drilling and 9,053 metres trenches and channels;
- 17,411 geological samples collected and assayed;
- 5 metallurgical samples analysed;
- IP survey carried out over 23 km; and
- Ground Magnetic survey conducted over 23 km.

High grade Ag, Mo and Au mineralisation within the Babyak project area is distributed within several zones.

Potential Cu-Au porphyry mineralisation has also been identified at depth and remains open for further exploration.

Srebren Project (Au-Ag)

Exploration completed at Srebren includes the following:

- 1,692 metres diamond drilling and 1,253 metres RC drilling
- 2,450 cubic metres trenches and channels;
- 2,306 drill and rock samples and 1,003 soil samples collected and assayed;
- 2 metallurgical samples analysed; and
- detailed geological mapping covering 4.9 square kilometres.

Previous drilling at Srebren targeted a faulted quartz-sericite-pyrite alteration zone, which contains historical workings, over 2 kilometres. This mineralisation has previously been intersected in RC drilling over a strike length of in excess of 1 kilometre.

Zidarovo and Varshilo Projects

Zidarovo (Cu-Au-Ag)

Exploration completed at Zidarovo includes: digitised geological maps at different scales; 2D geophysics for selected targets – ground mag, IP, CSAMT, gravity; geochemical sampling – rock and soil sampling covering the main targets; and compilation of drilling database.

Two ore zones– “Kanarata” (Cu-vein type) and “Yurta” (Au-polymetallic vein type) have been outlined in Zidarovo area with historical production:

- From 1978 to 1992, 708,800 tonnes of ore (6,111 tonnes of Cu) were mined from “Kanarata” Cu ore zone
- From 1986 to 1997, 345,200 tonnes of ore (24,500 ounces of Au) were mined from “Yurta” Au ore zone; and from 2001 to 2004, 148,400 tonnes of ore (10,500 ounces of Au) were mined.

Varshilo (Au-Ag)

Exploration completed at Varshilo includes: digitised geological maps at different scales; 2D geophysics for selected targets – ground mag, IP, CSAMT, gravity; geochemical sampling – rock and soil sampling covering the main targets; BLEG sampling over the whole permit area; and compilation of drilling database.

Systematic BLEG sampling has been historically completed; together with more recent geological mapping, soil and rock sampling, geophysics over selected targets and very limited drilling (8 short RC holes).

Next Steps

The Company will release details of the terms of the transaction once formal agreements are finalised and more detailed technical and commercial information on the Projects as it becomes available.

Pending formal agreements and the release of further information, the Company anticipates it will remain in voluntary suspension.

*****ENDS*****

For further information, shareholders and media please contact:

Bruce McCracken
Managing Director
+61 8 9424 9390

Fleur Hudson
Company Secretary
+61 8 9424 9390