



ASX ANNOUNCEMENT

8 April 2019

STAGE 2 GEOPHYSICS CONFIRMS EXTENSION OF STRONG LITHIUM BRINE DRILLING TARGET AT SALAR WEST

HIGHLIGHTS

- **Second transient electromagnetic (TEM) geophysical study completed, contiguous with the initial October 2018 survey**
- **Stage 2 geophysics successful in confirming a conductive target for drilling, extending the previously identified conductive unit further to the west from the original Salar West properties into the recently acquired properties**
- **All seven TEM lines in the combined Southern Area identified the conductive unit beneath shallow dry gravel cover**
- **BMG's Salar West Project is located in the Salar de Atacama region, which is host to some of the highest grade, lowest cost lithium brine in the world (grades of around 1,800 mg/l Li)**
- **The conductive target varies in thickness between 35m and 200m, along the TEM lines, extending for over 6 km north-south**
- **Drilling program to test the conductive target and obtain samples for lithium brine analysis currently being planned with estimated commencement in May 2019**

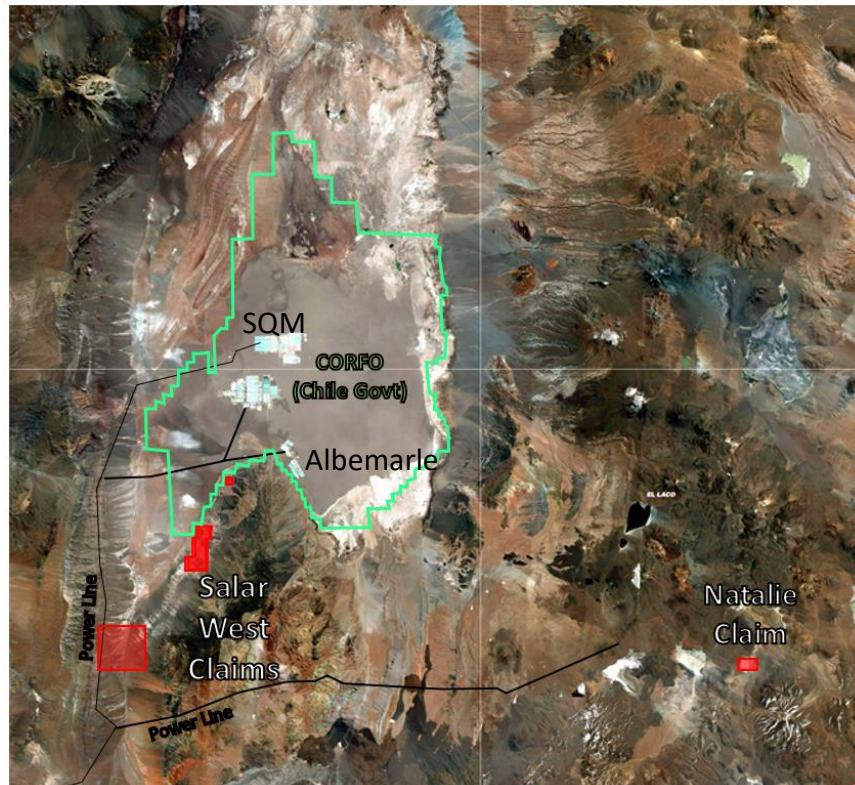
BMG Resources Limited (**ASX: BMG**) (**BMG or the Company**) is pleased to advise shareholders it has received the results of the second geophysical survey (Stage 2) from GEODATOS, who also completed the initial geophysical resistivity survey using the TEM method.

BMG with its JV partner acquired an additional 2,100Ha in the Atacama Salar after BMG’s initial geophysical survey on the original Salar West properties (refer Figure 2) identified a strong conductive unit potentially reflecting the presence of lithium-bearing brines. The new claims directly abut the original claims. The second survey has successfully confirmed the westward extension into the new properties of the strong conductive unit that had been identified by the initial survey and ran to the western boundary of the original Salar West claims.

The Salar West Project is a series of properties located on the south-western margin of the Atacama Salar (Figure 1), in El Loa Province, Antofagasta Region, Chile, approximately 185 km southeast of the major port city of Antofagasta.

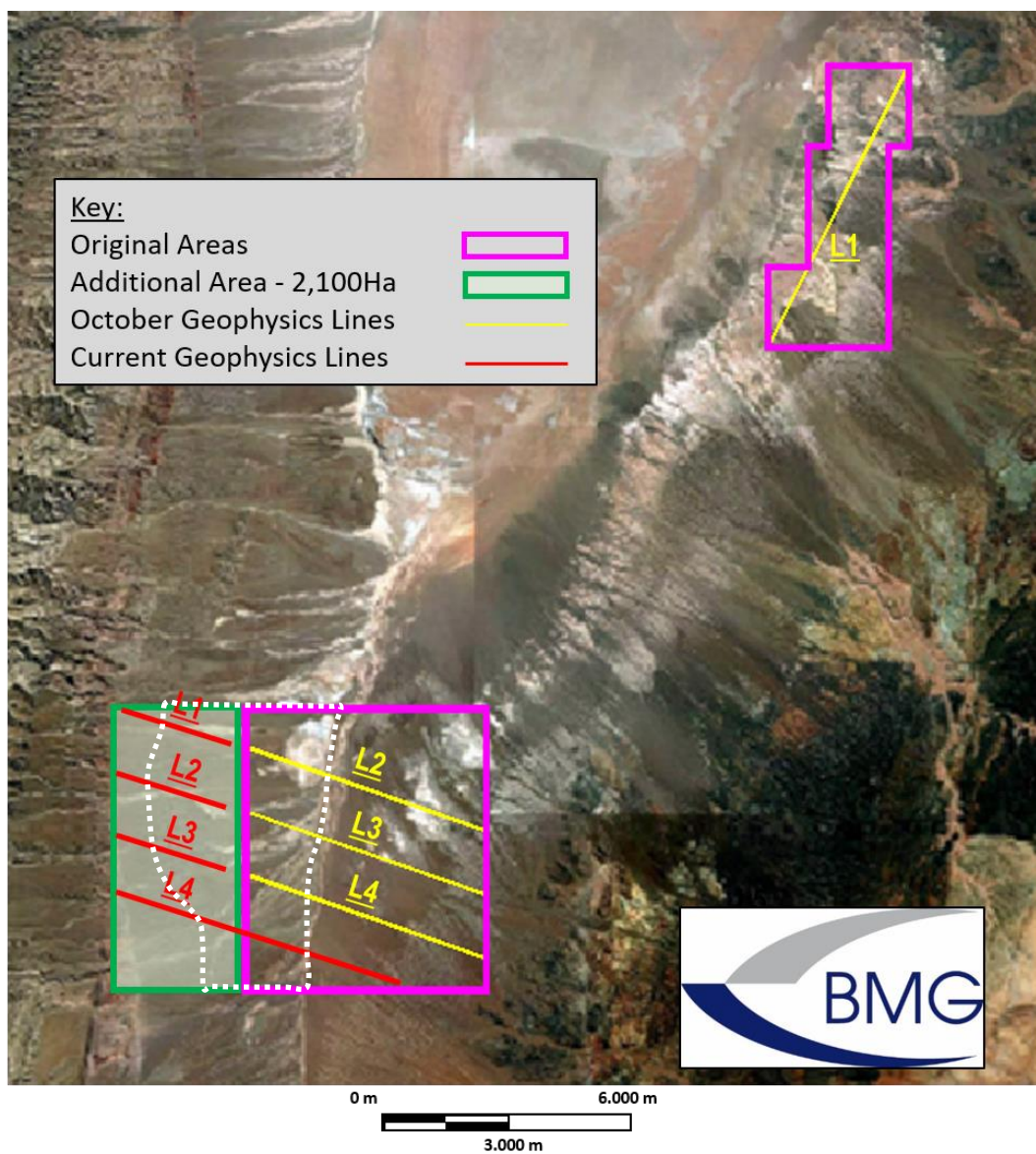
BMG Managing Director Bruce McCracken stated, *“The success of the Stage 2 geophysics is further indication of the potential the Salar West claims demonstrate. Results to date indicate that the conductive unit is approximately 2km wide, extending over approximately 6km through the southern properties, covering an area of approximately 12 km². This provides BMG with a significant target for our maiden drilling program which we plan to commence in May and aim to have completed by June 30.”*

Figure 1 – Location of the Salar West properties in the Salar de Atacama, Chile



The Company undertook the geophysics programmes utilising the TEM electrical survey method to test the conductivity of the subsurface and thereby the potential presence of brines in the claim area. The survey (Figure 2) was undertaken by GEODATOS Chile, a highly experienced geophysical contractor which has previously undertaken TEM geophysical surveys in the Salar de Atacama.

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.



The survey consisted of 85 stations on four lines. The northern three north-west to south-east lines are continuations from the north-western corner of the three southern lines in the original survey. Each line is separated by 1,500 m, with the southernmost line longer than the northern three. The northern three lines covered a total of 2,800m in Line 1 and 3,000m in Lines 2 and 3, and the southern line 7,000m in the Southern Line 4, for a total of 16.2km in addition to the original survey, comprising a total of 26.4 km of TEM lines with a maximum investigation depth of 400m.

Both TEM surveys identified a consistent strongly conductive unit in the lines completed in the southern properties, which coincide with the topographic low draining into the salar. This conductive unit contains a significant volume corresponding to resistivities of <2 ohm-m which potentially represents hypersaline lithium-bearing brine extending south from the surface of the Atacama Salar.

Figure 3 – Line 4 of the second TEM geophysical survey within the Salar West properties, with the conductive unit 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

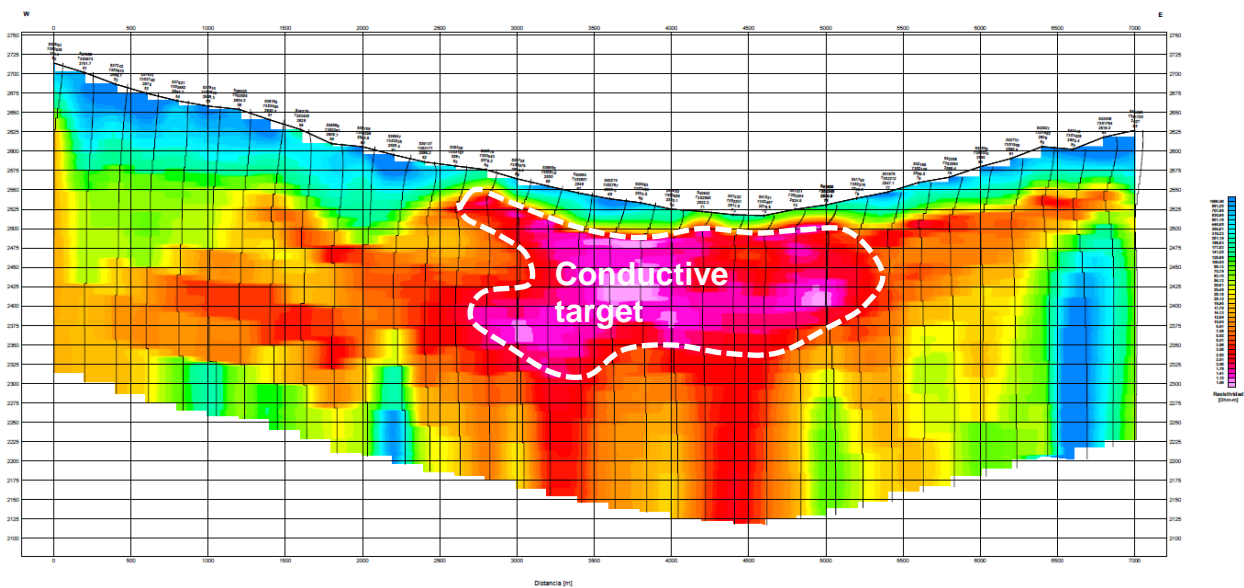
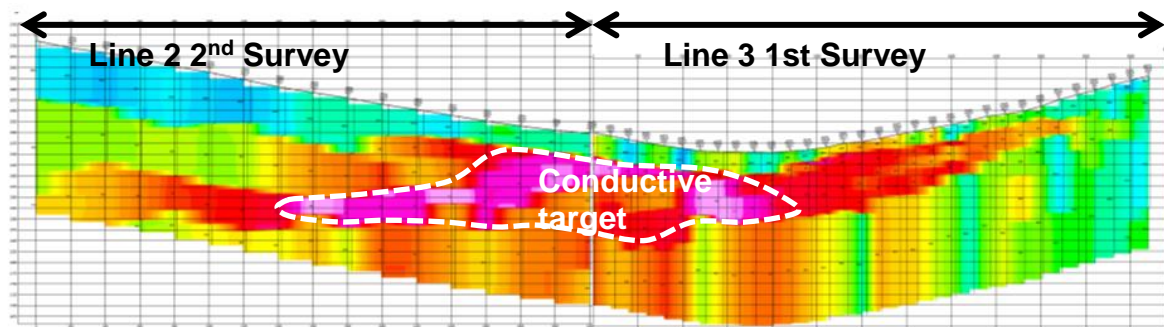


Figure 4 – Merged interpretation of Line 2 from the second TEM geophysical survey within Line 3 from the original survey. The conductive unit is a target for drilling as possible brine hosted in pre-salar sediments, with possible stratigraphic and fault control of the brine migration into the project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



The top of the conductive unit is typically located at 25m to 75 m below surface and the conductive unit is between 35m and 200m 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 12 km², a significant target for drilling. The porosity corresponding to the volume of the conductive unit is unknown at this stage and will be evaluated during drilling.

The Company notes that other interpretations of the geophysical survey are possible and drilling is required to confirm the nature of the conductive unit. The potential quantity and grade of the conductive target is conceptual in nature, and it is uncertain if exploration drilling will intersect lithium-bearing brine or result in the determination of a Mineral Resource in the target volume. The conductive target is defined solely on the resistivity information from the TEM geophysical survey and the concept of brine migrating away from the salar, a concept that has been confirmed by drilling on other brine exploration projects in South America. It must be stressed the conductive target for drilling is based on a series of assumptions and drilling is required to determine the potential brine grade and formation drainable porosity values to establish whether a resource could be defined.

The Company is currently finalising some administrative matters for the JV and expects all documentation to be executed shortly. Preparation is well advanced for BMG's initial drilling program at Salar West which the Company intends to complete, together with all results, prior to 30 June 2019.



Salar de Atacama Geology

The Salar de Atacama is a closed drainage basin, with important fault systems on its western and eastern margins. The basin has been partially covered by volcanic ash and other volcanic material on its northern and southern margins, a feature frequently associated with globally significant lithium brine deposits.

The surficial geology of the properties comprises Quaternary alluvial deposits, terraced deposits of Miocene – Pliocene age and fine sand, calcareous and salt-gypsum deposits from the San Pedro Formation of Oligocene – Miocene age. The young Quaternary deposits cover the older sedimentary and evaporite deposits that fill the Salar de Atacama basin.

Salt evaporite deposits and some clastic units host brine in the Atacama salt lake. It is important to note that the target in the Salar West Project is brine which has migrated from the salt lake, along sedimentary layers and faults, to be hosted in older sediments of the San Pedro Formation or units of similar age.

*****ENDS*****

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APPENDIX 1 - JORC Code, 2012 Edition

Table 1 Report: Salar West Lithium Brine Project

Criteria	Section 1 - Sampling Techniques and Data
<i>Sampling techniques</i>	<ul style="list-style-type: none"> No brine samples have been taken to date. Field work to date has consisted of two TEM electrical geophysical surveys carried out by an independent contractor.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> No drilling has been conducted to date.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> No drilling has been conducted to date.
<i>Logging</i>	<ul style="list-style-type: none"> No drilling has been conducted to date.
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> No brine samples have been collected due to gravel cover in the area. No drilling has yet been carried out.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> No brine samples have yet been collected.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> No brine samples have yet been collected. TEM geophysical lines show a consistent correlation between lines, but drilling will be required to determine whether the conductive unit identified contains lithium mineralised brine.
<i>Location of data points</i>	<ul style="list-style-type: none"> The original 133 TEM survey points over the four lines were supplemented with an additional 85 points in the second survey, with all located with a hand held GPS in UTM Zone 19 South.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> The TEM electrical geophysical survey was undertaken with a 200 x 200 m coincident moving loop
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> The sediments in and around the salt lake were deposited as close to horizontal and the geophysical survey was conducted from surface through the properties.
<i>Sample security</i>	<ul style="list-style-type: none"> No brine samples have been taken to date, as this will require drilling.
<i>Review (and Audit)</i>	<ul style="list-style-type: none"> No audit of data has been conducted to date.
Criteria	Section 2 - Mineral Tenement and Land Tenure Status
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> The Salar West Lithium Brine project is located in the southwest of the Atacama salt lake at an elevation of approximately 2,500m asl. The project comprises approximately 4,000 Ha in three properties. The tenements are believed to be in good standing, with payments made to relevant government departments.
<i>Exploration by other parties</i>	<ul style="list-style-type: none"> No exploration is known to have occurred in the properties, however these properties are approximately 10 km south of properties where the Chilean company SQM is producing lithium and potash from mineralised brine in the Atacama salar. No other exploration results were able to be located
<i>Geology</i>	<ul style="list-style-type: none"> The properties are covered by gravels but are thought to cover clastic and potentially evaporitic sediments of similar age and older than the evaporites in the Atacama salt lake. Drilling will be required to confirm the geology and existence or otherwise of brine.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> No drilling has been undertaken to date.



<i>Data aggregation methods</i>	<ul style="list-style-type: none"> No brine samples have been collected and assayed to date, as that would require drilling.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> N/A pending results.
<i>Diagrams</i>	<ul style="list-style-type: none"> A plan showing the location of the TEM geophysical lines relative to the claim boundaries is provided.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> Conclusions have been presented from the interpretation of the geophysical survey to date. There are multiple potential interpretations of the geophysical data and drilling will be required to more definitively interpret the geophysics.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> Public information is available from Geological Survey mapping and documents made public regarding drilling and geophysical surveys conducted on the Atacama Salar. This information has been assessed to assist interpretation of the TEM survey.
<i>Further work</i>	<ul style="list-style-type: none"> The company is evaluating the geophysics in order to decide whether to proceed with the option on the project.

Competent Persons Statement

The information in this report that relates to exploration reporting at the Salar West project has been prepared by Mr Murray Brooker. Murray Brooker is a geologist and hydrogeologist and is a Member of the Australian Institute of Geoscientists. Mr Brooker is an employee of Hydrominex Geoscience Pty Ltd and is independent of BMG Resources. Murray has sufficient relevant experience to qualify as a competent person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Murray Brooker consents to the inclusion in this announcement of this information in the form and context in which it appears.