



## ASX ANNOUNCEMENT

28 November 2019

### CHILEAN EXPLORATION UPDATE - PAJONALES

- **Initial shallow pit sampling completed at the Pajonales Project**
- **Sampling encountered brine at 0.7 m depth below surface where the water table was reached**
- **Results of brine analyses are anticipated in December**

BMG Resources Limited (**ASX: BMG**) ("**BMG**" or "**the Company**") provides shareholders with an update of its exploration program at the Company's Pajonales and Natalie Brine Projects in Northern Chile, where the Company is undertaking exploration as part of its Joint Venture with Chilean Lithium explorer, Lithium Chile SpA ("**the JV**").

Initial pit sampling completed on the Pajonales Project has confirmed that brine is present at approximately 0.7 m below surface of the salar, around an elevation of 3,540 m above sea level. The water table becomes progressively deeper around the salar margins, which has overburden from volcanic activity possibly postdating the initial formation of the salar hosting the brine. As a result of this, it was not possible to collect samples in all planned locations across the JV properties, namely those areas outside the current salar footprint which are covered with overburden. The Pajonales properties principally cover areas immediately adjacent to the salar, and there remains the possibility for the salar to continue beneath these areas. This will be tested at a later stage once the results of the current sampling program are analysed.

The samples have been submitted to the chemistry laboratory at the University of Antofagasta for analysis. The laboratory has a long history of analysing brine from Chilean salt lake projects, including the Salar de Atacama. BMG is anticipating being in receipt of the results in December.

Discussions with the closest indigenous communities in relation to the Company's proposed exploration works at the Natalie project are advancing in a co-operative way. The properties in the Natalie Salar cover most of the salar and the alluvial fan immediately to the east, which potentially cover buried salar material hosting brine.

Details of the sampling program will be presented when results become available.



Figure 1. Location of BMG Projects

**\*\*\*ENDS\*\*\***

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## APPENDIX 1 - JORC Code, 2012 Edition

**Table 1: Salar West Lithium Brine Project**

Criteria	Section 1 - Sampling Techniques and Data
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <li>Brine sampling was undertaken with a bailer or bottle, sampling inflows into the shallow pits or hand held power auger holes.</li> </ul>
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <li>Drilling was conducted with a hand held power auger if brine was not encountered in a shallow pit excavated with a shovel</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>Sediments/volcanic material from sampling is recovered by digging or from the power auger. Brine is sampled from the pit or auger hole directly into a new bailer or a new bottle.</li> </ul>
<i>Logging</i>	<ul style="list-style-type: none"> <li>A geological description is made of the sample once it is recovered from the pits/auger holes. Sampling encountered halite, clay, sand and gravel</li> <li>Logging is qualitative in nature, describing the sediment type and depth to the water table</li> </ul>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li>Representative brine samples and duplicates from the bailer sampling have been sent to the laboratory for chemical analysis</li> <li>Brine samples were collected in unpreserved new bottles and transported to the laboratory in the sealed bottles</li> </ul>
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <li>Duplicate brine samples have been collected and sent to the laboratory for full chemical analyses of cations and anions to check the precision and accuracy of the primary samples</li> <li>The laboratory methods are well established and the laboratory conducts their own QA/QC checks on analyses</li> </ul>
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <li>Duplicate brine samples have been collected. Laboratory checks will be conducted on the brine analyses</li> <li>Sample locations were photographed with the hand held GPS in the picture, to confirm the coordinates of sampling locations.</li> </ul>
<i>Location of data points</i>	<ul style="list-style-type: none"> <li>The sample points were located with a hand held Garmin GPS in UTM Zone 19 South. The accuracy of points is generally expected to be within 5 m, given the open nature of the area</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>The spacing of samples is irregular at Pajonales, and depends on the depth to the water table, access to sampling sites and the shape of the properties</li> <li>A regular grid of samples is proposed for the Natalie project, covering the salar and surrounding area</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>The sediments at the salar surface are considered to be recent. These sediments were deposited horizontally</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>Brine samples have been taken to date and sent for analyses by a courier transporting the samples to the laboratory.</li> </ul>
<i>Review (and Audit)</i>	<ul style="list-style-type: none"> <li>No audit of data has been conducted to date.</li> </ul>

Criteria	Section 2 - Mineral Tenement and Land Tenure Status
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>The Pajonales Brine project is located around the border of the Pajonales salt lake at an elevation of approximately 3,540m asl.</li> <li>The project comprises approximately 11,500 Ha.</li> <li>The tenements are believed to be in good standing, with payments made to relevant government departments.</li> </ul>
<i>Exploration by other parties</i>	<ul style="list-style-type: none"> <li>No previous exploration is known to have occurred in the claims</li> <li>No other exploration results were able to be located</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>The claims are covered by Miocene ignimbrites and volcanic units</li> <li>Volcanic units may overlap the salar, with the possibility that beneath these units salar sediments continue, hosting brine</li> </ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>The pits and power auger holes have all been drilled vertically</li> </ul>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li>N/A pending results.</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>A plan showing the location of samples will be provided with results</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>Additional information will be provided once the brine assays are received. Physical parameters of the brine suggest it is saline but exceeded the capacity of the conductivity metre to measure the conductivity</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>This is a greenfields project area for brine. Further information will be disclosed as it becomes available</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>The company is evaluating the pit and auger sampling information in order to decide whether to proceed with additional exploration, such as geophysics and drilling</li> </ul>

### Competent Persons Statement

The information in this report that relates to exploration reporting at the Pajonales and Natalie projects 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. Mr Brooker 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.