

SEPTEMBER 2019 QUARTERLY ACTIVITIES REPORT

- Initial drilling concluded at Salar West
- Work commenced on Natalie and Pajonales projects with initial pit sampling of brines
- Complementary investment opportunities currently being evaluated
- Annual General Meeting to be held in Perth on 25 November 2019

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

Chilean Lithium Joint Venture

During the quarter BMG completed its maiden drilling campaign at Salar West in the Atacama region of Chile and commenced initial sampling work on its prospective Natalie and Pajonales claims.



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



The drilling at Salar West targeted the highly conductive zone on line L4 of the March 2019 TEM Geophysics, concluding at a depth of 176m. This conductive unit was consistent with the electrical signature for hypersaline lithium-bearing brine, and hence prioritised for drilling. The sediments encountered throughout the hole were broadly consistent with the San Pedro Formation, however the drilling demonstrated that the geological unit in this location was predominantly clay with unfavourable characteristics for brine extraction, and analysis of the extracted brine samples found only dilute concentrations of lithium to be present.

BMG has now demobilised drilling equipment from Salar West and is reviewing the next steps for the project. While the possibility of intersecting a deeper brine horizon remains, this zone is below the depth of the current geophysics and further work is being undertaken to evaluate the data obtained from the drilling in conjunction with other regional data.

The Company has commenced initial sampling work on its prospective Natalie and Pajonales projects located to the east and to the south of the Atacama Salar, with results expected during the December quarter. These are conventional brine targets, either beneath the salar surface, under gravels or under volcanic ash units around the margins of these salars (salt lakes).

The properties in the Natalie Salar cover most of the salar and the alluvial fan immediately to the east. The properties in Pajonales are around the western, southern and eastern limits of the salar, over limited areas of salt crust and over volcanic ash and 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.

Treasure Project, Cyprus

The Company 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

The Company is continuing to actively evaluate complementary investment opportunities, particularly in the battery minerals space.

Annual General Meeting

The Company will hold its Annual General Meeting on 25 November 2019 at the QV1 Conference Centre, Level 2, 250 St Georges Terrace, at 9.00am.

*****ENDS*****

For further information, shareholders and media please contact:

Bruce McCracken, Managing Director
BMG Resources Limited
Phone: +61 8 9424 9390
Email: enquiry@bmg.com.au

Sean Meakin, Company Secretary
BMG Resources Limited
Phone: +61 8 9424 9390
Email: enquiry@bmg.com.au

Tim Dohrmann, Investor and Media Enquiries
NWR Communications
Phone: +61 468 420 846
Email: tim@nwrcommunications.com.au

Website: www.bmg.com.au

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 Sep 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(398)	(398)
(b) development	-	-
(c) production	-	-
(d) staff costs	(68)	(68)
(e) administration and corporate costs	(201)	(201)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(1)	(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	(666)	(666)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	(372)	(372)
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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)	(372)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	345	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	(27)	(27)
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	318	318

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,551	1,551
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(666)	(666)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(372)	(372)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	318	318
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	831	831

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	126	80
5.2 Call deposits	705	1,471
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)	831	1,551

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	(68)
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	

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	120
9.2	Development	-
9.3	Production	-
9.4	Staff costs	65
9.5	Administration and corporate costs	65
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	250

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 October 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.