



ASX ANNOUNCEMENT

20 September 2019

DRILLING UPDATE AT SALAR WEST, CHILE

- **The first sonic drillhole in BMG's maiden drilling program has reached 146m, testing the highly conductive zone in L4 of the TEM Geophysics completed in March 2019**
- **Strong conductive zone so far corresponds to clays, interspersed with sand, salt and gypsum**
- **Although no brine has been intersected to date, further drilling will test a change in the geophysical profile below 150m**

BMG Resources Limited (ASX: BMG) ("BMG" or "the Company") provides shareholders with an update regarding its ongoing drilling program at the Company's Salar West lithium brine project in the Atacama region of Chile.

The first hole of the sonic drill program at Salar West has progressed to 146m. This drillhole has been designed to test the strong conductive zone on line 4 of the transient electromagnetic (TEM) geophysical study completed in March 2019.

The geophysics defined a conductive response in the central portion of this and adjacent geophysical lines that potentially represented brine associated with faults extending south from the Atacama salar. Lithologies intersected in the drill hole to date are principally compact clays, with some salt and gypsum layers, that suggest these may be salt lake sediments, although no brine has been intersected to date. Drilling is being conducted with a sonic drilling rig to provide high quality core samples.

Further drilling will test the deeper zone to 200m which showed a change in geophysical profile, as indicated in the Company's ASX announcement of 26 August 2019. The Company will provide a progress report once the drilling of this first hole is complete.



Figure 1. Superex sonic drill rig onsite at the Company's Salar West Project

*****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"> No brine samples have been taken to date. Field work to date has consisted of a TEM electrical geophysical survey carried out by an independent contractor and drilling which has not yet intersected any significant brine in the drill hole. Brine sampling would be undertaken with a bailer, purging the hole of brine before taking a sample from the base of the hole beneath the rods and casing, representing the formation fluid Core samples are obtained with the sonic drilling technique, which allows for recovery of solid cores without the use of any significant drilling fluid or additives. Cores are recovered from the core barrel and stored in core trays, as for standard diamond drilling techniques.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> Drilling is being conducted with a sonic drilling rig to obtain core samples from partially lithified sediments for potential determinations of porosity on the host sediments.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> Drill core is recovered from the rods and stored in wooden core boxes. Core recovery is measured following retrieval of cores. Brine samples would be obtained from evacuating brine from the hole using a bailer device on a wireline cable
<i>Logging</i>	<ul style="list-style-type: none"> Geological description is made of the drill cores once they are recovered. Logging is quantitative in nature, describing the thickness of the different geological beds and units.
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> Core samples would be sub-sampled for porosity analysis – sending 10 cm intervals from the base of drilling runs for analysis. Representative brine samples from the bailer sampling would be sent to the laboratory for chemical analysis
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> No brine samples have yet been collected and sent to the laboratory.
<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. Drilling to date has not identified lithium mineralised brine.
<i>Location of data points</i>	<ul style="list-style-type: none"> The 133 TEM survey points over the four lines were located with a hand held GPS in UTM Zone 19 South. The drill hole has been located with a hand held GPS.
<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.
<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 8,000 Ha in three claims. 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 previous exploration is known to have occurred in the claims, however these claims 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 claims are covered by gravels but were thought to cover clastic and potentially evaporitic sediments of similar age and older than the evaporites in the Atacama salt lake. Drilling to date has intersected clay units with some salt and gypsum layers, suggesting the sediments were deposited in and around a salt lake, which is the target location for brine mineralisation.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> The hole has been drilled vertically, and intersected salt lake sediments from 47.9 m to the current depth of the hole.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> No brine samples have been collected and assayed to date.
<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 was previously provided.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> Conclusions have been presented from the interpretation of the geophysical survey and drilling to date. Further information will be provided once the drill hole is complete.
<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 drilling information in order to decide whether to proceed with additional drilling

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. 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.