



ASX ANNOUNCEMENT

28 February 2020

COMPANY UPDATE: NATALIE PROJECT AND NEW OPPORTUNITIES

- **Following completion of the maiden drilling program at Salar West in late 2019, the Company has been evaluating additional Lithium Brine Project Areas – Pajonales and Natalie**
- **The Company is engaging with its local JV partner to seek an extension of the initial milestone date beyond May 2020 to take account of unanticipated delays to the work program to date**
- **The Company is actively evaluating additional investment opportunities, and has some attractive opportunities under consideration**

BMG Resources Limited (ASX: BMG) (**BMG or the Company**) provides shareholders with an update regarding 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 Lithium Chile SpA.

Chilean Lithium Joint Venture

The Company commenced its Chilean Lithium JV in May 2019, with its maiden drilling program undertaken at the Salar West claims in late 2019. The Company targeted the primary area of low resistivity identified in the Company's Geophysical program, which indicated the potential for Lithium saturated brines. The drilling located a thin brine zone, but the Lithium concentrations were low. While the potential for deeper Lithium brines at Salar West remains and will require further analysis, the Company prioritised an evaluation of the other JV areas – Pajonales and Natalie - with some initial sampling, which is currently ongoing.

The Company is also engaging with its JV partner to extend the initial 12-month milestone date for the earn-in, given unforeseen delays which have affected the work program. The Company is hopeful that the JV partner will agree to extend the first milestone date and will update as matters progress.

The Pajonales and Natalie Projects are located to the south and the east of the Atacama Salar. BMG undertook initial pit sampling of brines at the Pajonales Project ahead of potential geophysics. Both Projects are conventional targets, with brine either beneath the salar surface or under surrounding gravels, and volcanic units around the margins of these salars (salt lakes).

The properties in Pajonales are located around the eastern, southern and western limits of the salar, over some areas of salt crust and also volcanic ash, Ignimbrites and volcanic 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.

The properties in the Natalie Salar cover most of the salar and the alluvial fan immediately to the east.

The locations of the Company’s properties are shown in the Figure 1 map below.



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

Natalie Project

During the past quarter, discussions continued with indigenous communities local to the area around the Natalie Project in relation to the Company’s proposed exploration works. Discussions are advancing in a co-operative way and it was hoped to complete the surface brine sampling prior to the period of seasonal rain. However, sampling has now been delayed by unseasonably bad weather, with local flooding preventing access to the area. The sampling will be conducted once the fresh water dissipates, as there is otherwise a risk it could dilute the brine concentrations during sampling.

The properties that comprise the Natalie Project cover most of the salar and the alluvial fan immediately to the east, which potentially covers buried salar sediments hosting brine.



New Strategic Investment Opportunities

As previously reported, the Company has been actively focussed on evaluating new investment opportunities to complement the Company's existing mineral projects. It currently has a number under review, and will update investors further as appropriate.

This ASX release has been authorised by the Board of Directors of BMG Resources Ltd.

*****ENDS*****

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