



## ASX ANNOUNCEMENT

30 April 2020

# MARCH 2020 QUARTERLY ACTIVITIES REPORT

- **Chilean Lithium Joint Venture under review**
- **Complementary investment opportunities being evaluated**
- **Cash flow management remains a key priority**

BMG Resources Limited (ASX: BMG) (**BMG** or **the Company**) provides shareholders with the Company's March 2020 Quarterly Report.

### **Chilean Lithium Joint Venture**

With the rapid emergence of COVID-19 and its significant impact to the global economy, the Company has moved to minimise all expenditure to the Chilean JV while it determines the best course of action.

The Company has had positive discussions with its Chilean JV partner to extend the first 20% earn-in milestone beyond the 20 May 2020 deadline as previously indicated, however further capital would need to be raised in the near term to support the ongoing venture. As a result the Chilean Joint Venture is under review. While the potential for Lithium brine at these project areas still remains, further work and investment is required.

The Company has sought to conduct sampling at its other project area – Natalie, however the prolonged community consultation process and unseasonably wet weather prevented this from occurring during the quarter. With the rapid emergence of COVID-19, the Company has moved to put all work activity on hold while it assesses the ongoing impact.

The Company is continuing to evaluate its strategic options for the JV and will update as matters progress.

The Company still retains its 30% interest in the Treasure project in Cyprus (Cu-Au-Co-Ni) and is actively seeking new project opportunities as a key priority.



## New Strategic Investment Opportunities

During the quarter the Company actively continued to seek and evaluate new investment opportunities to complement the Company's existing mineral projects.

The Company has some attractive opportunities currently under review and will update as appropriate as matters progress.

## Treasure Project, Cyprus

BMG retains its 30% free-carried interest in the Treasure Project in Cyprus. The Treasure Project is prospective for VMS style deposits of copper, gold, cobalt and nickel, comprising nine exploration licences (covering a total geographical area of 31.56km<sup>2</sup>) across four project areas.

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
<b>BLACK PINE</b>	AE4654	granted	100		
	AE4653	granted	100		
	AE4591	granted	100		
	AE4610	granted	100		
	AE4612	granted	100		
<b>MALA</b>	AE4674	granted	100		
<b>KALAVASSOS</b>	AE4607	granted	100		
	AE4608	granted	100		
<b>KAMBIA</b>	AE4649	granted	100		

## Corporate

### *Cash flow management*

While the Company always exercises tight fiscal controls, it has taken additional measures in the current climate to minimise all expenditure to manage cash reserves. Directors and management have significantly reduced cash fees, and will monitor closely with further measures as necessary.



**Authority**

This announcement has been authorised for release by Bruce McCracken, Managing Director of BMG Resources Limited.

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

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## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

<b>BMG RESOURCES LTD</b>
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ABN

<b>96 107 118 678</b>
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Quarter ended ("current quarter")

<b>31 Mar 2020</b>
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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(50)	(696)
(b) development	-	-
(c) production	-	-
(d) staff costs	(55)	(209)
(e) administration and corporate costs	(59)	(355)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(164)</b>	<b>(1,258)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	<b>(372)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	345
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(29)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	<b>316</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	392	1,551
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(164)	(1,258)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(372)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	316

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	6	(3)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>234</b>	<b>234</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	19	17
5.2	Call deposits	215	375
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>234</b>	<b>392</b>

**6. Payments to related parties of the entity and their associates**

- |   | <b>Current quarter<br/>\$A'000</b> |
|---|------------------------------------|
| 6.1 Aggregate amount of payments to related parties and their associates included in item 1 | (73)                               |
| 6.2 Aggregate amount of payments to related parties and their associates included in item 2 | -                                  |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The Company has paid \$55,540 in cash to directors during the period, including its managing director and reduced cash fees to non-executive directors.

The Company has paid \$18,000 in reduced cash fees to related party Tribis Pty Ltd, pursuant to the administration services agreement between the Company and Tribis.

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	164
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	164
8.4 Cash and cash equivalents at quarter end (Item 4.6)	234
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	234
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	1.43

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

The Company has taken measures to reduce all discretionary expenditure while the full the economic impact of the COVID-19 pandemic is better understood, and will continue to closely monitor the situation and carefully manage existing cash resources.

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

The Company is continually monitoring its ongoing funding requirements, and will undertake capital funding measures it deems necessary to support its ongoing operations and any new investment opportunities it may acquire.

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**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**


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3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes. The Company has taken measures to reduce discretionary expenditure and has further capacity to do so if necessary. It has sufficient cash resources to meet its requirements in the medium term and will access capital markets as appropriate to support its broader business objectives moving forward.

### 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.

Date: .....30 April 2020.....

Authorised by: .....Bruce McCracken – Managing Director.....  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.