



ASX ANNOUNCEMENT

27 August 2018

**BMG COMMENCES GEOPHYSICS ON ATACAMA - SALAR WEST
LITHIUM CLAIM IN CHILE**

BMG Resources Limited (**ASX: BMG**) (**BMG** or **Company**) is pleased to advise that it has now engaged GEODATOS, a specialist Chilean geophysics company, to undertake a geophysical resistivity study using the TEM method on the Salar West claims (refer figure 1), located in the south western area of the Atacama salar. BMG expects the study to be completed within the 45 day period specified for the work in the Terms Sheet (refer ASX announcement on 22 August 2018).

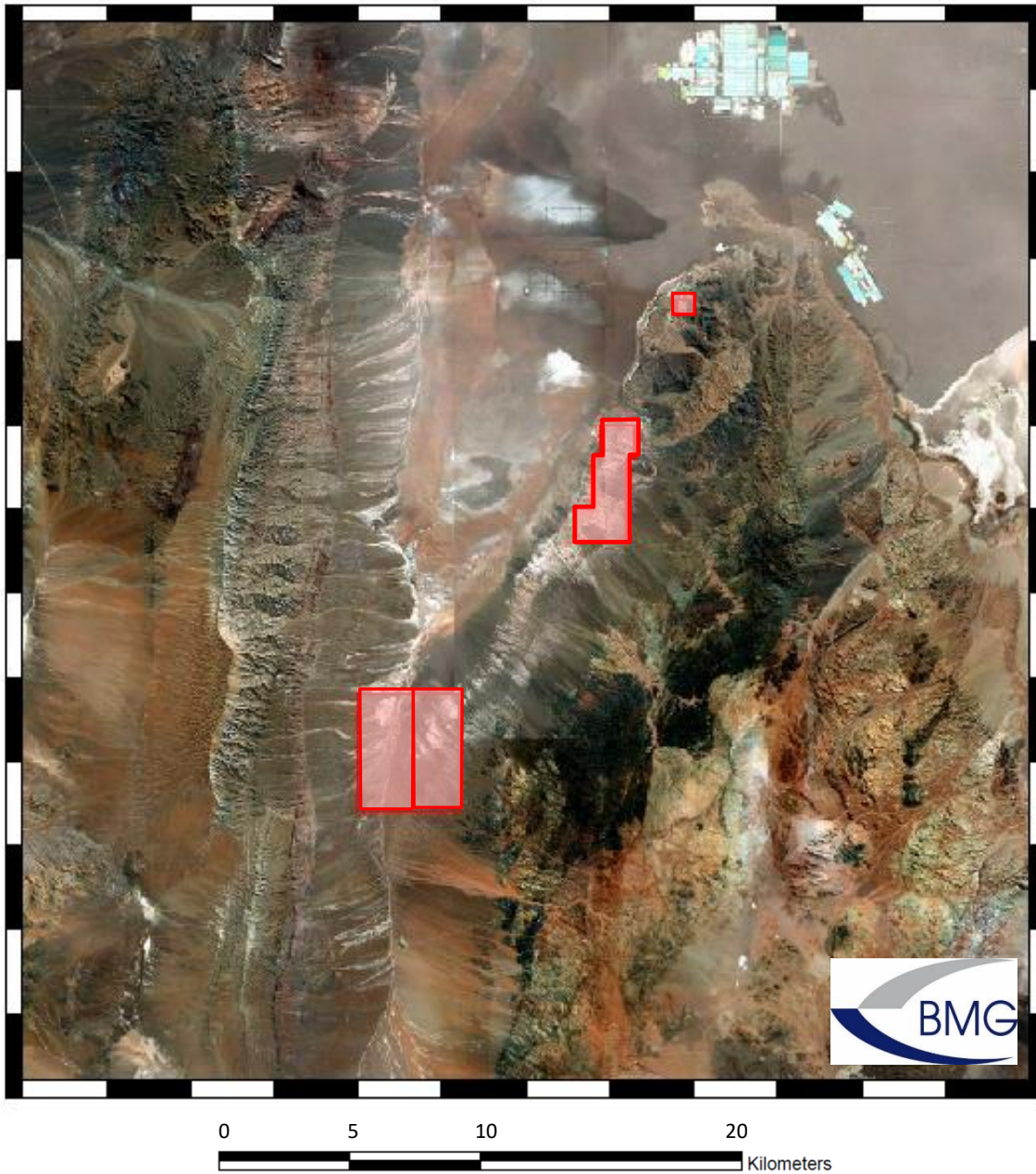
The geophysical resistivity study is an effective, low cost and quick method of identifying brine aquifers which host the high grade Lithium deposits in the Atacama salar and throughout the 'Lithium Triangle' in Northern Chile (and parts of Bolivia and Argentina).

BMG is optimistic that it will see favourable results from the geophysical resistivity study, as the adjacent areas in the Atacama salar host very high grade Lithium brine deposits within the same geological basin.

Lithium Brine operations have a significant cost advantage over Lithium hard rock (pegmatite) operations, and the Atacama salar is the best lithium brine province in the world:

- The Atacama salar hosts the world's largest and highest grade Lithium Brine deposits, containing over 25% of the world's reserves
- Two of the world's largest lithium producers, SQM and Abermarle, are very active in the salar with large operations in the adjacent areas to BMG's area of focus, Salar West
- Lithium brine exploration is reasonably cost effective and a relatively straight forward process compared to hard rock exploration, generally utilising geophysics followed by drilling to verify and measure resources and brine quality and flow-rates from the Lithium bearing aquifers
- Lithium brine operating costs are about 30 to 40% of Lithium hard rock operations
- BMG's Salar West areas have very good surrounding infrastructure, easy access via well maintained roads, and are well removed from local communities
- BMG is satisfied with water management issues at Salar West; the project area is well removed from the proposed fresh water reserves on the salar to north, for local communities in that area

Figure 1 – Salar de Atacama, Salar West claims



****ENDS****

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