



ASX ANNOUNCEMENT

29 January 2021

DECEMBER 2020 QUARTERLY ACTIVITIES REPORT

- Completion of acquisition of three highly prospective Western Australian gold projects through acquisition of Oracle Mining Limited (Oracle)
- Acquisition completed together with a \$4m capital raising, via a Share Purchase Plan (\$1m) and Placement (\$3m) to professional and sophisticated investors
- John Prineas and John Dawson appointed to BMG's Board as Non-Executive Directors, with Simon Trevisan and Malcom Castle resigning from the Board
- Immediate ramp-up of exploration at newly acquired projects
- Completion of first drilling at the high-grade Abercromby Gold Project
- Completion of aeromagnetic and radiometric survey at Invincible project

Western Australian gold explorer BMG Resources Limited (**ASX: BMG**) (**BMG** or the **Company**) is pleased to provide shareholders with its quarterly activities report for the three months to 31 December 2020.

Operations

Ramp-up in exploration at Abercromby and Invincible

During the reporting period, BMG launched exploration initiatives at its 100% owned Abercromby and Invincible gold projects, located in the Wiluna district and the Central Pilbara regions of Western Australia, respectively.

A 5,000m reverse circulation (RC) and diamond drilling program was planned for Abercromby with 2,880m drilled in Phase 1 of the program. At Invincible, an ultra-detailed high resolution aeromagnetic and radiometric survey of project area was undertaken.



Figure 1 - Location of BMG's three key projects across Western Australia.

Drilling at Abercromby

In December, BMG commenced drilling at its Abercromby Gold Project, marking the first time in over 15 years that gold-focused drilling had been undertaken at Abercromby.

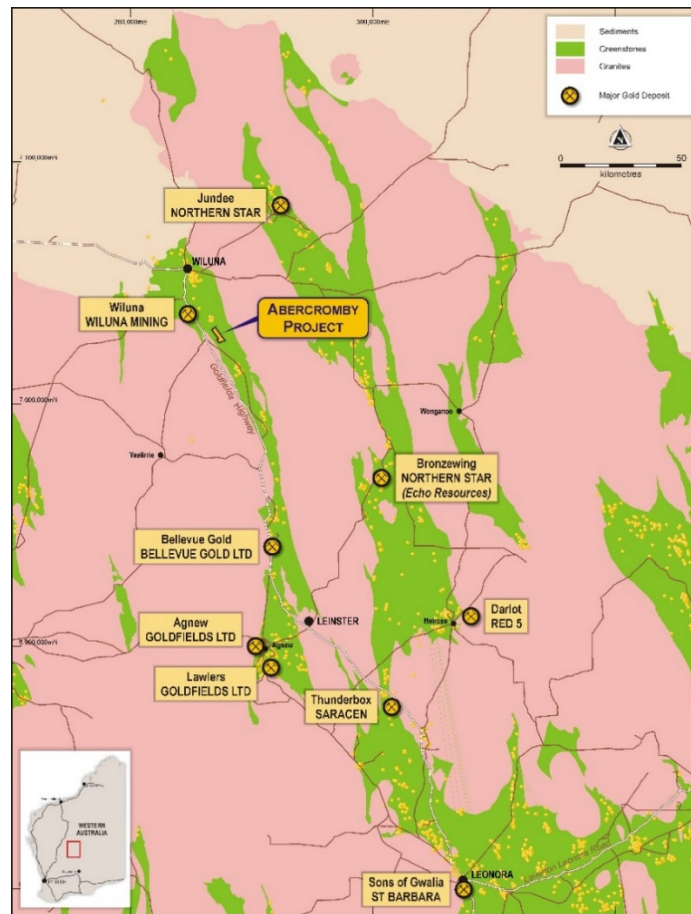


Figure 2 - The Abercromby Project is located in the Wiluna greenstone belt of WA.

The 5,000m drilling program was designed to test the nature and continuity of known gold mineralisation at the Capital Prospect, where gold mineralisation and anomalism has been established by historical drilling over a footprint of 1,000m X 300m.

Multiple thick high-grade gold intersections are reported in the historical drilling, including:

- 57.5m @ 5.73g/t Au from 80m;
- 58m @ 1.17g/t Au from 77m;
- 30m @ 10g/t from 164m; and
- 36m @ 4.33g/t from 100m.

The Company engaged Precision Exploration Drilling (PXD) to undertake the new drilling in December, with two drill rigs, diamond and RC, operating on site.



In particular, drilling was focused on:

- Testing the down dip continuity of these previous strong drill results;
- Infill drilling of large gaps in the historical 100m/200m wide-spaced drill traverses that contain significant gold intercepts; and
- Defining shoot control for multiple high-grade gold intercepts near surface (e.g. 6m @ 9.77g/t from 12m).

Approximately 2,880m of drilling was completed in December.

Preliminary observations of drill samples are highly encouraging. A number of drill holes intersected intervals of intense hydrothermal alteration with breccias containing quartz-carbonate-sericite veining with sulphides. This kind of mineralogy is known to be associated with gold mineralisation intersected elsewhere within the Abercromby project area.

A number of drill holes also intersected the basalt-gabbro contact, which is believed to be the lithological contact that acts as a control on gold mineralisation at Abercromby.

Importantly, the zones of alteration encountered by drilling show a close association with this lithological contact. This is a significant geological finding that will assist in further targeting of gold mineralisation and resource definition drilling.

Material expenditure in relation to activity for this project was the cost incurred for completion of the aforementioned drilling, which was performed by Precision Exploration Drilling.

Tenement Information as required by Listing Rule 5.3.3.

Tenement ID	Registered Holder	Project / Location	Interest (%)	Change in quarter
M53/1095	Nova Energy Pty Ltd	Abercromby	100	*
M53/336	Nova Energy Pty Ltd	Abercromby	100	*

*BMG (Oracle) acquired the non-uranium and thorium mineral rights associated with mining leases M53/1095 and M53/336 on 13 October 2020, on completion of the acquisition of the mineral rights from MPI Nickel Pty Ltd.

A further update on this is provided in the “Subsequent Activities” section of this report.



Subsequent activities

Bonanza gold grades intersected in first drilling at Abercromby

In January 2021, BMG received the first batch of laboratory assays from the 2,880m of drilling completed at Abercromby in December and these results were announced in our ASX Release dated 21 January 2021. 'Receipt Of First Batch Of Assay Results, Abercromby Drilling'.

The first Abercromby assay results are in respect of mainly fresh rock intervals in 8 RC drill holes, accounting for circa 30% of the total samples of the campaign. Assays for the shallow oxide intervals of the RC holes are pending at the time of writing, along with all samples relating to the diamond drill holes. Results for the remaining assays, RC and diamond drill holes, are anticipated to be received in mid / late February.

BMG's interpretation of mineralisation at Capital is that of an approximately north-trending shear zone that contains internal high-grade, south-plunging shoots. The initial assays from Capital indicated that the mineralised intervals from this set of results fall in, or are very close to, the spatial positions predicted by BMG's mineralisation model.

This has increased the Company's confidence in the grade distribution and general predictability at Abercromby. Once the assay results from the remaining sampling are returned, including those of the diamond holes that targeted key sections within and below the known mineralised shear, BMG will be able to better understand the controls to the mineralisation.

Selected results on a hole-by-hole basis for the first returned assays are shown below (lengths are downhole dimensions and estimated at circa 90% of true width):

- 2m @ 3.05gpt from 41m and 47m @ 0.84gpt Au from 103m, including 3m @ 3.95 from 119m and 3m @ 3.09 from 147m (EOH) (20ABRC0002);
- 11m @ 0.83gpt Au from 153m, including 4m @ 1.30 from 160m (20ABRC0003);
- **26m @ 6.07gpt Au from 192m, including 7m @ 21.22 from 192m (20ABRC0004)*;**
- 21m @ 0.47gpt Au from 167m, including 1m @ 4.02 from 168m and 1m @ 1.11gpt from 205m (20ABRC0005);
- **59m @ 0.86gpt Au from 156m, including 7m @ 3.33 from 173m** and 2m @ 2.87 from 213m (20ABRC0006);
- **33m @ 1.7gpt Au from 127m, including 3m @ 15.29 from 157m** (20ABRC0008);
- 18m @ 0.48gpt Au from 221m (20ABRC0010); and
- 3m @ 0.13gpt Au from 83m (20ABRC0011).

**Available assays were still in mineralisation. Further assays to come for remainder of hole.*

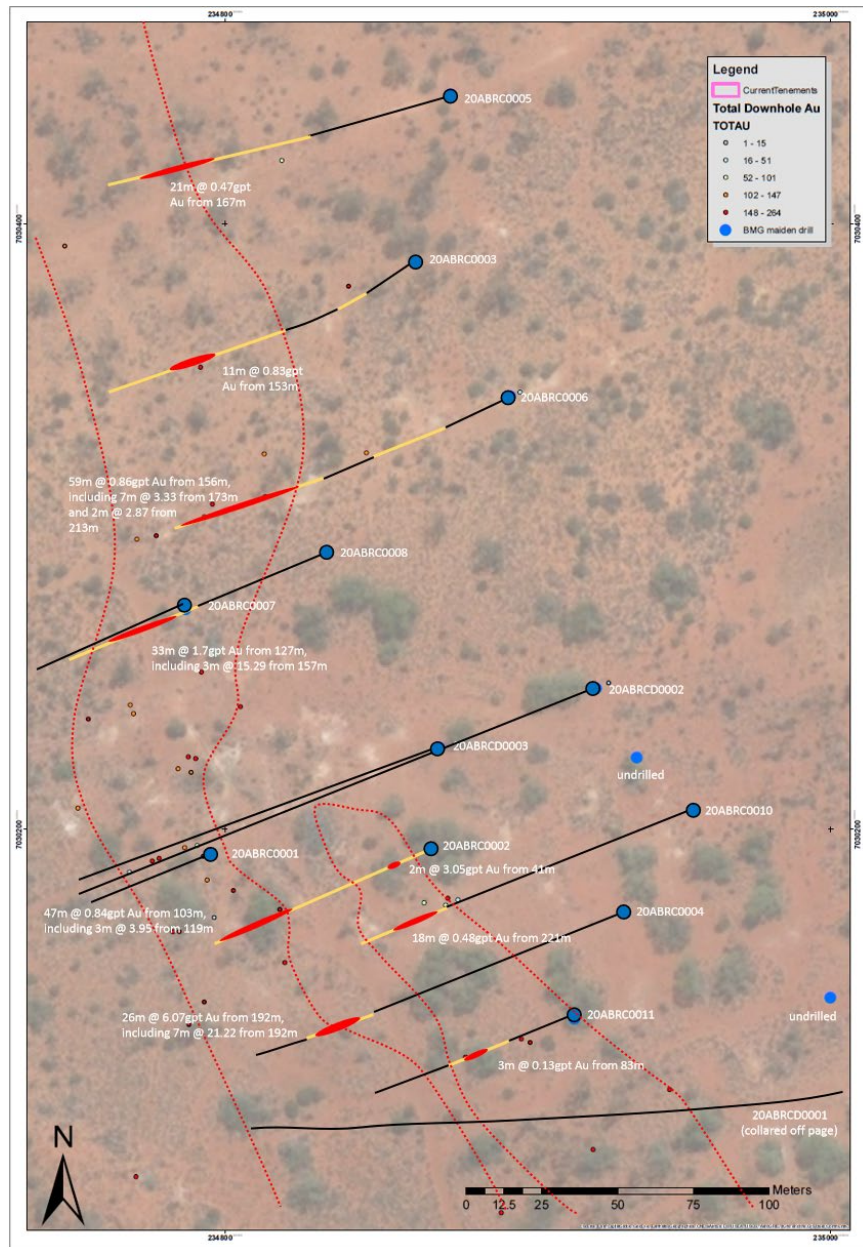


Figure 3 - Plan view of maiden BMG drilling, together with position of reported intercepts. Note; yellow drill traces indicate intervals of returned assays; black traces indicate results pending. Reported intervals are shown in red along with the evolving mineralisation model (dashed red line).

A number of additional planned holes were not completed in this initial drilling campaign due to time constraints and will be added to the 2021 drilling campaign.

The detail and extent of the next drilling campaign will be determined once all assay results have been received and reviewed.

In addition to the laboratory assays from the current drill program, the Company plans to undertake preliminary metallurgical test-work on samples to assess the metallurgical performance of the gold mineralisation – including to test recovery levels from an accelerated cyanide leach.

The Company is also planning detailed geophysics via a sub-audio magnetic survey to provide high resolution information on the structural controls of the mineralisation.

Completion of airborne geophysical survey at Invincible

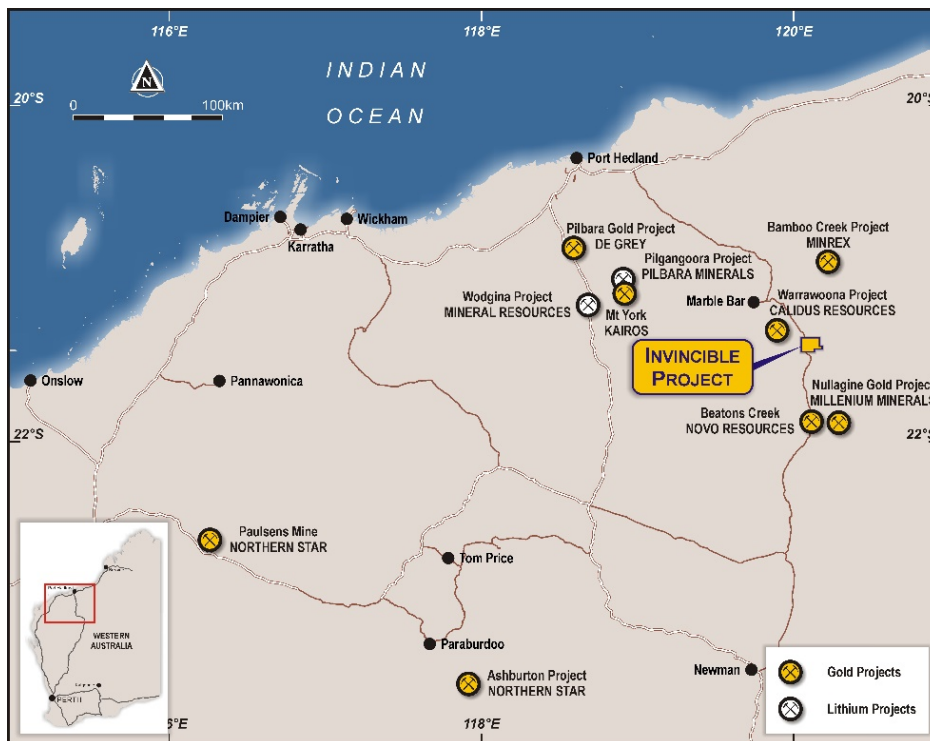


Figure 4 - Map showing the regional location of the Invincible Project with other major projects in the Pilbara region also shown.

During the quarter the Company undertook an ultra-detailed high resolution aeromagnetic and radiometric survey of its Invincible project area (E45/4553), which is located immediately along strike from, and hosted in the same stratigraphy, as Calidus Resources (ASX:CAI) 1.5Moz Au resource which is in development. Calidus used a similar geophysical survey to generate further gold targets at its adjacent ground – see the ASX Release by Calidus dated 14 October 2020 ‘Calidus identifies 22 high-priority regional targets’.

The aerial survey work comprised approximately 5,000 line km in total. The Company is finalising the processing results of the geophysical survey and will make a release to the ASX upon completion.

Material expenditure in relation to activity for this project was the cost incurred for the completion of the survey which was performed by Thompson Aviation, and for geophysical modelling and interpretation which was performed by Resource Potentials.

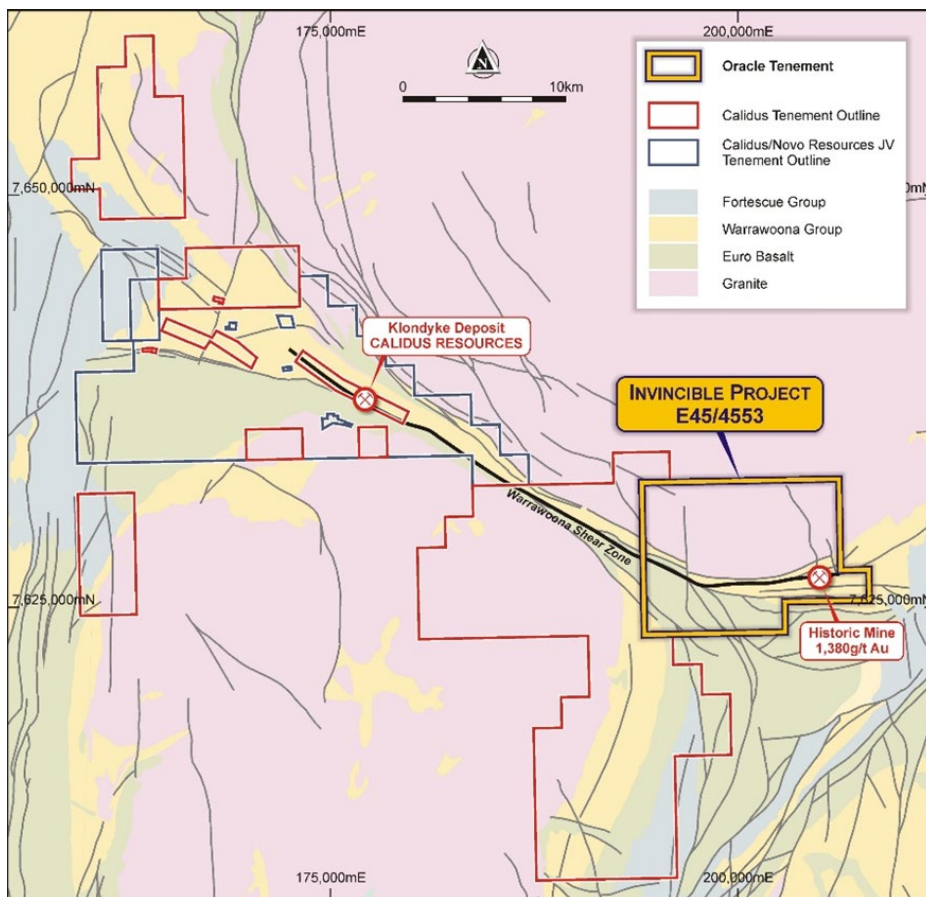


Figure 5 – Map showing the Invincible tenement and Calidus ground



Tenement Information as required by Listing Rule 5.3.3.

Tenement ID	Registered Holder	Project / Location	Interest (%)	Change in quarter
E45/4553	Delphi Resources Pty Ltd	Invincible	100	*

*Acquired on 13 October 2020, upon completion of the acquisition of Oracle Mining Limited and its subsidiaries, including Delphi Resources Pty Ltd

Treasure Project, Cyprus

BMG retains its 30% interest in the Treasure Project in Cyprus, which is highly prospective for Cu, Au, Ni and Co. 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.

Tenement Information as required by Listing Rule 5.3.3.

Licence number	Project	Status	Interest (%)	Change in quarter
AE4654	BLACK PINE	granted	100	N/A
AE4653	BLACK PINE	granted	100	N/A
AE4591	BLACK PINE	granted	100	N/A
AE4610	BLACK PINE	granted	100	N/A
AE4612	BLACK PINE	granted	100	N/A
AE4674	MALA	granted	100	N/A
AE4607	KALAVASSOS	granted	100	N/A
AE4608	KALAVASSOS	granted	100	N/A
AE4649	KAMBIA	granted	100	N/A

There were no substantive exploration activities during the quarter.



Corporate

Completion of Oracle acquisition

During the reporting period, the Company completed the acquisition of three gold projects with strong growth potential in Tier 1 and emerging Western Australian gold districts, through the acquisition of 100% of Oracle Mining Limited (Oracle Acquisition).

The completion of the transaction followed the initial announcement of the transaction in August 2020 (refer ASX announcement on 17 August 2020 “Transformational Acquisition: BMG to Acquire Three Outstanding Western Australian Gold Projects”).

The three gold projects acquired are the aforementioned Abercromby and Invincible projects, and the South Boddington Project (under application) located along strike from Newmont’s (NYSE: NEM) giant Boddington deposit (+40Moz) in the same greenstone belt (Figure 1).

The Oracle Acquisition was subject to requisite approval from BMG shareholders at a General Meeting, held on 5 October 2020, and other conditions precedent including a 10:1 share capital consolidation and the completion of a \$4 million capital raising via a \$3m Placement to professional and sophisticated investors and a \$1m Share Purchase Plan for BMG shareholders.

Consideration for the Oracle Acquisition was the issue of 89,843,117 fully paid ordinary shares in the company and 13,333,333 performance shares.

Following completion of the capital raising and the acquisition of Oracle, BMG has 240m ordinary shares on issue.

Also following completion of the Oracle acquisition, Non-Executive Directors Simon Trevisan and Malcolm Castle resigned from the BMG Board and new Non-Executive Directors John Prineas and John Dawson, both directors and previous shareholders of Oracle, joined Greg Hancock (Chairman) and Bruce McCracken (Managing Director) on the BMG Board.

Payments to related parties of the entity and their associates

The amount included in section 6.1 of the Appendix 5B includes cash payments of \$82,470 in directors’ fees, including the Company’s Managing Director, and \$36,000 to Tribis Pty Ltd (‘Tribis’), a related party to former non-executive director Mr Simon Trevisan, for administrative and related services to the Company.

Contemporaneously with the completion of the Oracle Acquisition on 13 October 2020, The Group made a payment of \$160,106.50 to Zeus Private Equity Pty Ltd, a related party to non-



executive director Mr John Prineas. The payment represented the settlement of a commercial loan facility extended to Oracle Mining Limited prior to its acquisition by BMG Resources Limited.

The Group also settled the outstanding director fees which were owed to the Company's Chairman Mr Greg Hancock and former directors Messrs Malcolm Castle and Simon Trevisan, and Administration Services Fees payable to Tribis. With effect from 1 January 2020 the Company's non-executive directors and Tribis agreed to accrue 50% of their fees until the company completed a necessary capital raising and when the Board considered it appropriate to resume paying fees.

The total fees accrued in favour of the Company's then Non-executive directors and Tribis over the period 1 January 2020 to 30 September 2020 and settled during the quarter amounted to \$99,000.

Disclosure to assist with understanding of values provided in the attached Appendix 5B

The Group paid \$770,000 (including GST) to settle obligations acquired on completion of the acquisition of Oracle. This included \$715,000 paid to acquire the non-uranium and thorium mineral rights associated mining leases M53/1095 and M53/336, on completion of the acquisition of the mineral rights from MPI Nickel Pty Ltd, reported at 2.1(b).

The Group paid \$450,106.50 to settle loans acquired on completion of the acquisition of Oracle, these are payments classified within 3.6 and 3.7. This included \$160,106.50 paid to Zeus Private Equity Pty Ltd, a related party to non-executive director Mr John Prineas.

The value at 3.1, 'Proceeds from issues of equity securities', \$3,740,000, is reported net of the value of shares issued to an un-related party as part settlement of a debt payable by Oracle at the time of its acquisition by BMG.

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

BMG RESOURCES LTD

ABN

96 107 118 678

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	(20)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(135)	(194)
	(e) administration and corporate costs	(243)	(298)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	7	33
1.8	Other (provide details if material)	14	14
1.9	Net cash from / (used in) operating activities	(357)	(465)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	(45)	(45)
	(b) tenements	(715)	(715)
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(224)	(224)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)	-	-
2.6	Net cash from / (used in) investing activities	(984)	(984)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,740	3,740
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	(203)	(203)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(365)	(365)
3.7	Transaction costs related to loans and borrowings	(85)	(85)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,087	3,087

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	172	280
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(357)	(465)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(984)	(984)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,087	3,087

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,918	1,918

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	18	8
5.2 Call deposits	1,900	164
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)	1,918	172

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

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
(217)
-

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 paid \$82,470 in cash to directors during the period, including its managing director.

The Company paid \$36,000 in cash fees to Tribis Pty Ltd for the provision of administrative and related services to the Company. Tribis is a related party to former non-executive director Simon Trevisan (resigned as anticipated following Oracle completion on 13 October 2020).

Following completion of the capital raising and acquisition of Oracle Mining Limited, the Company settled debts to non-executive chairman Mr Greg Hancock, former non-executive directors Messrs Simon Trevisan and Malcolm Castle, and Tribis. The debts, amounting \$99,000 were accrued over the period 1 January 2020 to 30 September 2020 and represented director fees and fees for the provision of administrative and related services provided by Tribis.

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

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>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	Total financing facilities		
7.5	Unused financing facilities available at quarter end		
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(357)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(224)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(581)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,918
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	1,918
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.30
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1.	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:	
2.	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:	
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:	

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:29 January 2021.....

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.