

BMG ACQUIRES OPTION OVER NIOBIUM-REE PROJECT

Large, strategic landholding prospective for niobium and other rare earths elements (REE) in the emerging world-class West Arunta region of Western Australia

HIGHLIGHTS

- **BMG has signed a binding option agreement pursuant to which it has the right to acquire a 90% interest in three exploration licences (one granted and two in application) in the West Arunta region of Western Australia**
- **The tenements under option – to be called BMG’s Dragon Niobium-REE Project – include ground that abuts the tenure for the West Arunta Project of WA1 Resources (ASX: WA1) where it has made the world-class Luni Niobium-REE discovery¹**
- **The Dragon Niobium-REE Project has a combined tenement area of 1,470 sq km, one of the largest landholdings in the West Arunta – a region where niobium-REE prospective tenure is highly sought after**
- **Coincident gravity and magnetic features have been identified at the Dragon Niobium-REE Project and will be further investigated for the potential to represent mineralised carbonatites**
- **The option agreement provides BMG with an exciting opportunity to expand its project portfolio into high-value critical metals undergoing surging market demand**

BMG Resources Limited (ASX: BMG) (BMG or the Company) is pleased to announce that it has entered into a binding agreement for an exclusive option to acquire a 90% interest in three exploration licences (one granted and two in application) located in the West Arunta region of Western Australia.

The West Arunta region is an emerging world-class district for niobium-REE mineralisation following major discoveries there by WA1 and Encounter Resources Limited (ASX: ENR)².

Other companies – including Rio Tinto (ASX: RIO) (in its own right and also in joint venture with Tali Resources Pty Ltd³), CGN Resources (ASX: CGR)⁴ and MTM Critical Metals (ASX: MTM)⁵ – are actively exploring in the West Arunta.

BMG’s Dragon Niobium-REE Project represents a large, prospective landholding of 1,470 sq km that is strategically located in a central part of the West Arunta.

¹ See ASX Release by WA1 Resources dated 8 November 2023 “West Arunta Project – Luni Assay Results”

² See ASX Release by Encounter Resources dated 29 January 2024 “Hurley & Crean – Large, depth extensive, mineralised carbonatites”

³ Rio may earn a 75% interest in ground held by Tali Resources Pty Ltd by spending \$58.5 million under a farm-in arrangement; see www.taliresources.com.au

⁴ See ASX Release by CGR dated 18 December 2023 “CGN Advances 2024 Exploration Plans”

⁵ See ASX Release by MTM dated 19 December 2023 “MTM to acquire West Arunta Niobium-REE Project”

John Prineas, BMG’s Non-Executive Chairman, said:

“We are very excited by the opportunity to acquire a large landholding in the West Arunta region, including ground immediately adjacent to WA1 Resources’ significant Luni discovery and also adjacent to global major Rio Tinto.

“Since listing on the ASX in February 2022 following an IPO of its shares at \$0.20 per share, WA1 has been spectacularly rewarded for its exploration success at the West Arunta with its share price now at \$10.00⁶.

“The West Arunta is under-explored elephant country where exploration investments have potential to deliver remarkable returns for investors.

“BMG’s preliminary review of the tenements under option confirms that they are prospective for carbonatite-hosted niobium and other REE mineralisation.”

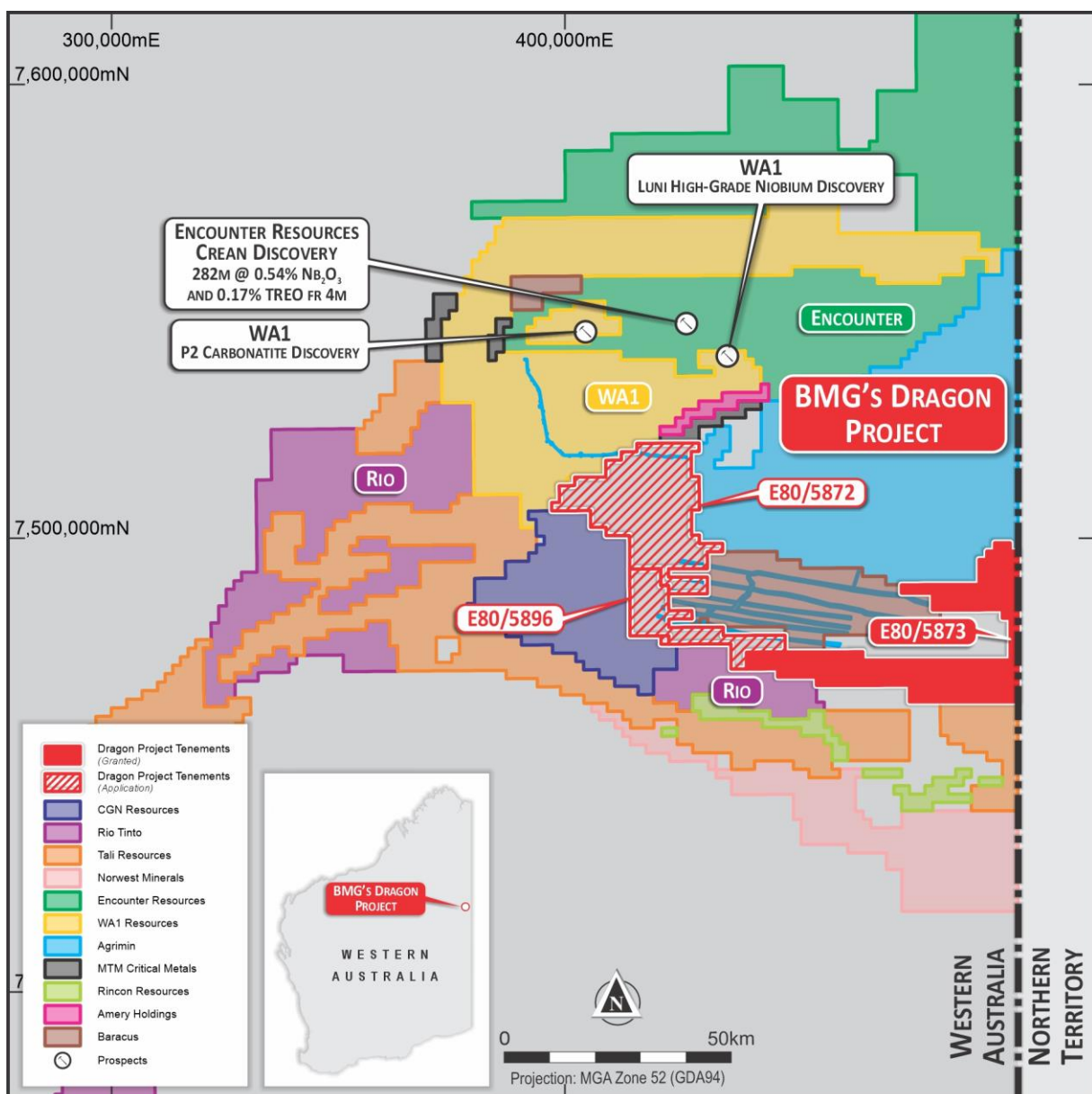


Figure 1 – map of the West Arunta region showing the tenements under option to BMG as well as other significant tenement holdings.

⁶ Closing share price of WA1 on the ASX as at 7 February 2024.

Dragon Niobium-REE Project

The tenements under option and their proximity to tenements held by WA1, Encounter, Rio and other active explorers in the West Arunta is shown in Figure 1 above.

The tenements comprise the granted E80/5873 and the applications for E80/5872 and E80/5896. The tenements cover a total area of 1,470 sq km. A large, contiguous landholding in the West Arunta of this scale is rare and presents an opportunity for BMG to be a dominant player in the region.

Historical exploration in the West Arunta region is very limited. BMG believes that systematic exploration of this strategic landholding with modern exploration methods could offer an excellent opportunity for a new discovery.

Recent significant discoveries in the West Arunta have been made by WA1⁷ and Encounter⁸. WA1 has made two mineralised carbonatite discoveries at its West Arunta Project:

1. The Luni discovery where numerous high-grade niobium intercepts have been made including:
 - 61m @ 2.6% Nb₂O₅ from 59m *including* 31m @ 4.6% Nb₂O₅ from 61m
 - 50m @ 2.0% Nb₂O₅ from 65m to EOH
 - 97m @ 1.7% Nb₂O₅ from 35m
2. The P2 Carbonatite – an earlier stage target with intercepts that include:
 - 18m @ 0.6% Nb₂O₅ from 55m *including* 3m @ 1.3% Nb₂O₅ from 61m
 - 114m @ 0.5% Nb₂O₅ from 52m *including* 6m @ 1.2% Nb₂O₅ from 62m

Encounter has made several discoveries at its Aileron Project in the West Arunta with mineralised carbonatites confirmed at the Emily, Hurley and Crean targets. Significant intercepts include:

- 282m @ 0.54% Nb₂O₅ from 64m to EOH
- 69m @ 0.8% Nb₂O₅ from 55m
- 32m @ 1% Nb₂O₅ from 34m

Niobium – Background

Niobium is classified as a critical metal by the Australian Government and a strategic metal by the US Government, recognising its use in defence, clean energy solutions and aerospace as well as its severe supply concentration.

The primary use of niobium today is to produce Ferroniobium (FeNb). The largest application is for use as an alloy in the steel industry to improve the strength and mechanical properties of steel.

A key growth market for niobium is the production of Niobium oxide which is increasingly used in technology and clean energy. Niobium oxide is already widely used for superconductive magnets and capacitors, MRI equipment and optical lenses. These are all high growth markets.

Recent developments in lithium-ion battery technology have created a new and rapidly expanding market for niobium. The use of niobium enables the development of batteries with fast charging capabilities, stable delivery of high energy densities, improved safety in longer durability and enhanced battery life.⁹

The Dragon Niobium-REE Project provides BMG with an opportunity to be involved in a critical metal with an exciting growth future which is making a contribution to the clean energy transition.

⁷ See WA1's Investor Presentation released on 18 January 2024

⁸ See Encounter's Investor Presentation released on 24 November 2023 and its ASX Release dated 30 January 2024 '*Emily – Shallow Enriched Niobium-REE Mineralisation*'

⁹ See 'Niobium is Charging the Future' at <https://niobium.tech/en/niobium-based-battery>



Summary of Key Terms of the Option Agreement

BMG has entered into a binding option agreement with HJH Nominees Pty Ltd (**Vendor**) (the **Option Agreement**). The Vendor is not a related party of the Company for the purposes of Listing Rule 10.11.

The key terms and conditions of the Option Agreement are as follows:

Exclusive option period: 55 days (i.e. expires on 1 April 2024).

Option fee: \$30,000 cash which is non-refundable.

Option exercise and completion: The option may be exercised by BMG at any time during the Option Period. If the option is exercised, completion will take place 10 business days after exercise (**Completion**). In the event that BMG is required to obtain shareholder approval to the acquisition, completion will occur once a general meeting of BMG shareholders has taken place and shareholder approval obtained.

Consideration on option exercise: \$1,000,000 cash and 40 million fully paid ordinary shares in BMG upon Completion.

Deferred consideration: If the option is exercised and Completion has occurred, deferred consideration is also payable being \$1,000,000 cash on the earlier of all tenement applications being granted or the 12-month anniversary of Completion.

Joint venture: From Completion, BMG and the Vendor shall form a joint venture with the Vendor free carried until a decision to mine at the tenements after a bankable feasibility study has been completed.

Royalty: The Vendor will retain a 2% gross production royalty on the tenement area.

BMG has undertaken the usual type of due diligence to ensure that the Vendor can perform its obligations under the Option Agreement including searches to confirm the Vendor's ownership of the tenements, confirmation on the status of the Vendor's applications and meetings with the Vendor and its advisers.

All cash payments to be made under the Option Agreement prior to exercise will be sourced from BMG's current cash reserves.

BMG's strategic review of the Abercromby Gold Project is continuing. The Company has received a number of unsolicited expressions of interest in Abercromby, underlining the high-quality of the gold project. BMG will consider a range of opportunities for value creation including a sale or development partnership. No binding terms have been agreed with any party at this stage. In the event that the Option Agreement is exercised by BMG, the outcome of the Abercromby strategic review will be one of the alternatives considered by BMG to meet funding requirements.

Adviser Fee

BMG has agreed to pay a fee to an adviser (Cong Ming Limited) or its nominee for introducing and facilitating the signing of the Option Agreement. The adviser is not a related party of the Company.

The fee comprises 25 million unlisted options in BMG with an exercise price of \$0.02 and expiry of 6 February 2026.

This announcement has been approved for release by the Board of BMG Resources Limited.

Forward Looking Statements:

This announcement includes forward-looking statements that are only predictions and are subject to known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of BMG, the directors and the Company's management. Such forward-looking statements are not guarantees of future performance.

Examples of forward-looking statements used in this announcement include use of the words 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of announcement, are expected to take place.

Actual values, results, interpretations or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements in the announcement as they speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and the ASX Listing Rules, BMG does not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward-looking statement is based.

This announcement has been prepared by BMG. The document contains background Information about BMG current at the date of this announcement.

The announcement is in summary form and does not purport to be all inclusive or complete. Recipients should not rely upon it as advice for investment purposes, as it does not take into account your investment objectives, financial position or needs. These factors should be considered, with or without professional advice, when deciding if an investment is appropriate.

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Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments. To the extent permitted by law, no responsibility for any loss arising in any way (including by way of negligence) from anyone acting or refraining from acting as a result of this material is accepted by BMG (including any of its related bodies corporate), its officers, employees, agents and advisers.



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