



ASX ANNOUNCEMENT

30 July 2021

JUNE 2021 QUARTERLY ACTIVITIES REPORT

- **High gold recoveries from metallurgical test work of Abercromby drill samples**
 - Confirmed that the gold ore is amenable to conventional carbon-in-leach processing with high gold recoveries achieved
 - Also confirmed the nature of the Abercromby gold as free-milling and that the gold is not associated with high sulphide content
- **Multiple new targets identified by geophysical survey at Abercromby**
 - Sub-audio magnetic survey completed, providing high-resolution mapping of the structures in the northern part of the project area, which are the controls on gold mineralisation
 - The information has increased BMG's confidence in its geological and structural model for Abercromby, which will substantially assist in planning follow-up drilling
- **Major drilling and exploration programs planned (now underway)**
 - Major drill program designed for Abercromby with 6,000m of reverse circulation and diamond drilling now in progress
 - Maiden drill program at Invincible planned for second half of 2021
- **\$4 million successfully raised via Placement**
 - Proceeds to be used for drilling and exploration programs at Abercromby and Invincible

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 30 June 2021.

BMG is the 100% owner of three highly prospective gold exploration projects in Tier 1 mining jurisdictions – the Abercromby Gold Project, the Invincible Gold Project and the South Boddington Gold Project, located in the North-eastern goldfields, Central Pilbara and Boddington regions of Western Australia, respectively.



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

Activities During the Reporting Period

During the three months to 30 June 2021, BMG continued preparation work in the lead-up to major exploration initiatives at its 100% owned Abercromby and Invincible gold projects in WA.

High gold recoveries from metallurgical test work of Abercromby drill samples

During the reporting period, BMG announced that preliminary metallurgical test work undertaken on recent drill samples from the Abercromby Project had confirmed that the gold ore is amenable to conventional carbon-in-leach (CIL) processing with high gold recoveries achieved.



Importantly, this test work confirmed the nature of the Abercromby gold as free-milling and that the gold is not associated with high sulphide content.

Six samples of approximately 25kg each from the recent drill program at Abercromby were submitted for test work, the results of which can be found below.

Each of the six samples were homogenised, split, and pulverised. A representative 1kg sample from each was then combined with 1kg of water, and subjected to accelerated cyanide leach for 24hrs (the 'Leachwell' process). After 24 hrs, the tail portion of each sample was filtered, and both the solution and tail analysed for gold.

The relative grade split between mass weighted solution and solid grades yields the leach recovery percent. Samples were taken from across the weathering profile – from shallower oxidized zones and deeper fresh rock zones – as well as across varying grade ranges.

The Table below summarises the recoveries and grades achieved from the six samples. Importantly, the highest recoveries of 98% came from the higher grade fresh rock samples.

Sample ID*	Oxidation	Grade (Au g/t)	Recovery (%)
20ABRC0001 (35-36)	oxide	1.238	85.9
20ARRC0004 (194-195)	fresh	20.794	95.0
20ABRC0004 (195-196)	fresh	29.793	98.0
20ABRC0010 (221-222)	fresh	0.605	88.5
20ABRC0010 (222-223)	fresh	0.532	86.0
20ABRC0011 (111-112)	transitional	0.057	87.9

**The Sample IDs refer to the hole numbers and meters down hole*

While not a replacement for in-depth metallurgical test work, Leachwell is considered a reliable proxy for indicating amenability of gold ores to conventional CIL processing. As such, the test work results indicate the nature of Abercromby ore as free-milling.

Drilling at Abercromby

Following completion of a \$4 million capital raising (as detailed in the September Quarter Activities section of this report), BMG has been gearing up to undertake major drilling and exploration programs at the Abercromby Project in the second half of 2021.

The next drill program at Abercromby commenced in July 2021 after the current reporting period and as such is discussed further in the September Quarter Activities section of this report.

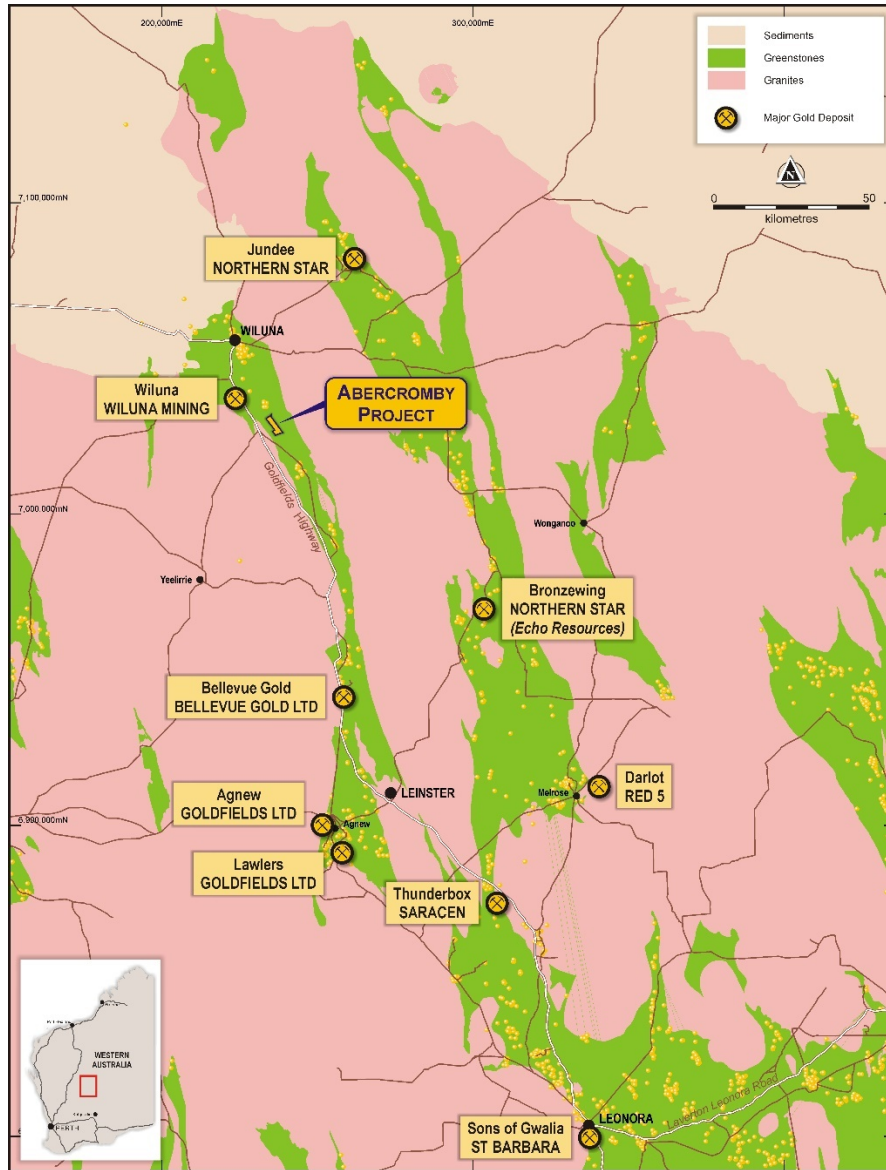


Figure 2 – Map showing the regional location of the Abercromby Gold Project with other major gold projects in the region also highlighted.

BMG’s maiden drill program at Abercromby delivered exceptional results that confirmed gold mineralisation across broad zones with mineralisation interpreted to be open in all directions with potential extensions along strike and at depth of priority interest.

Assay results confirmed very wide intersections of gold mineralisation often containing thick high-grade intervals including:



- 26m @ 6.07 g/t Au from 192m, including 7m @ 21.22 g/t Au from 192m (20ABRC0004)
- 16m @ 3.64 g/t Au from 82m, including 3m @ 14.38 g/t Au from 83m (20ABRC0004)
- 33m @ 1.7 g/t Au from 127m, including 3m @ 15.29 g/t Au from 157m (20ABRC0008)
- 37m @ 2.58 g/t Au from 144m, including 8m @ 8.1 g/t Au from 173m (20ABRC0010)
- 5m @ 5.86 g/t Au from 42m, including 2m @ 10.83 g/t Au from 42m (20ABRC0010)
- 8m @ 2.72 g/t Au from 32m and 2m @ 4.37 g/t Au from 107m (20ABRCD0003)
- 59m @ 0.86 g/t Au from 156m, including 7m @ 3.33 g/t Au from 173m (20ABRC0006)
- 2.7m @ 6.54 g/t Au from 215.3m (20ABRCD0003)
- 12m @ 2.56 g/t Au from 25m, including 2m @ 4.87 g/t Au from 25m (20ABRC0001)

Expenditure in relation to activity for this project during the quarter primarily related to the processing and interpretation of results, geophysical SAM survey, and consultancy fees paid.

Planning for a maiden drill program at Invincible

The Invincible Project is located in the emerging gold district of Central Pilbara and immediately along strike from, and hosted by the same stratigraphy as, Calidus Resources' (ASX: CAI) 1.5Moz Au resource, which is in development. Recent major discoveries in the region, including De Grey Mining's (ASX: DEG) Hemi Project, continue to generate new strong investor interest in Pilbara gold projects.

Invincible hosts more than 12.5km of the Warrawoona Shear Zone – the mineralised trend that hosts Calidus' gold resource and which is mostly comprised in the Klondyke deposit, as well as other prospective structures.

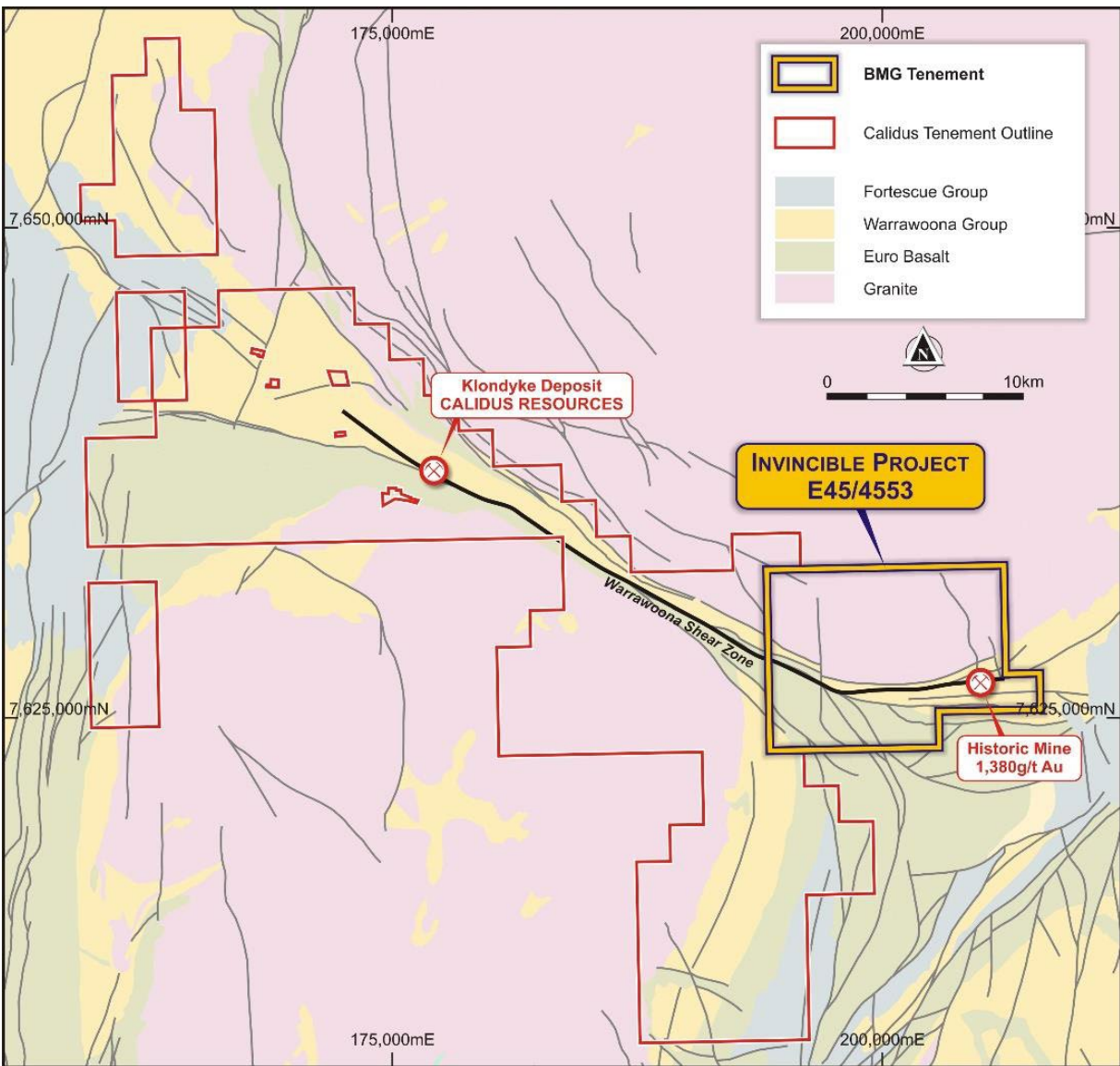


Figure 3 - Map showing the Invincible tenement and Calidus ground.

In late 2020, BMG conducted an ultra-high resolution aeromagnetic and radiometric geophysical survey over the entire Invincible Project area, comprising approximately 5,000 line km (for further details see the ASX Release dated 3 February 2021 ‘Multiple High-Priority Targets Identified at Invincible Gold Project in the Central Pilbara’). Calidus used a similar geophysical survey to generate further gold targets at its adjacent ground.

Results from the geophysical survey identified multiple high-priority gold targets and showed strong correlation of radiometric anomalies with existing geochemical anomalies.

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This was the first time that detailed geophysical data had been acquired for Invincible, and it was encouraging to see results highlighting the strong prospectivity for gold mineralisation across the project area.

Reconnaissance field work and mapping to validate recently generated targets, together with further geochemical sampling to scope the extent of the existing anomalies and investigate new target areas will continue during the second half of 2021.

Once this data has been compiled and reviewed, the Company will finalise planning of a maiden drill program for Invincible and will seek to commence drilling during the second half of calendar 2021.

Expenditure in relation to activity for this project during the quarter primarily related to the processing and interpretation of data, field work, and consultancy fees paid.

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 eight exploration licences covering a total geographical area of 26.76km². The Treasure Project's operator, New Cyprus Copper Company Limited, a wholly owned subsidiary of Caerus Mineral Resources PLC (Caerus), is the majority shareholder and is responsible for maintaining and progressing the project.

BMG has extended to 19 March 2022 Caerus' earn-in rights for an additional 20% interest in the Treasure Project, with a \$2m put/ call option for the remaining 10% in the JV. Caerus must spend a minimum of c.£933k on exploration by 19 March 2022, with any shortfall to be paid to BMG in Caerus shares. Caerus then has 1 month to exercise the call option over the remaining 10%. If Caerus does not exercise the call option, BMG then has 1 month to exercise the put option. If neither Caerus nor BMG exercise the options, BMG will retain a 2% net smelter royalty until the payment of \$2m has been achieved.

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September Quarter Activities

Major drilling campaign commenced at Abercromby

In July, BMG launched the next phase of drilling at the Abercromby Gold Project, ASX release dated 26 July 2021 'Major Drilling Campaign Commences at High-Grade Abercromby Gold Project'.

The program comprises some 6,000m of planned drilling combined across eighteen diamond and reverse circulation (RC) holes, designed to further test the nature and continuity of known high-grade gold mineralisation at the Capital Prospect.

The next phase of drilling will focus on:

- testing the down-dip continuity of the existing strong drill results;
- testing extensions to the gold lodes already identified;
- further defining shoot control for multiple high-grade gold intercepts; and
- testing the depth continuity of the mineralisation with deeper diamond drilling.

The drill program will also include the initial testing of a number of exciting targets identified from the recently completed SAM geophysical survey.

BMG anticipates that the drilling will be completed prior to the end of August, with initial assay results expected by late August/early September.

\$4m raised for major exploration at 100% owned WA gold projects

Subsequent to the end of the reporting period, in July, BMG received firm commitments for a placement of fully paid ordinary shares to institutional and sophisticated investors, to raise \$4.0 million before costs.

The Company issued 59,997,913 shares on 20 July 2021, utilising its available capacity under ASX listing rules 7.1 and 7.1A. The issue of the remaining 20,002,087 shares is subject to shareholder approval, which is being sought at a General Meeting of the Company to be held on Monday 23 August 2021.

Argonaut Securities Pty Ltd and Taylor Collison Limited were the joint lead managers to the Placement.



Multiple new targets identified by geophysical survey at Abercromby

In July, BMG reported it had completed a sub-audio magnetic survey (SAM) at the Abercromby Project, ASX release dated 15 July 2021 'Multiple New Targets Identified By Geophysical Survey'.

The SAM geophysical survey has provided high-resolution mapping of the structures in the northern part of the project area, which are the controls on gold mineralisation. This information has increased BMG's confidence in its geological and structural model for Abercromby, which will substantially assist in planning follow-up drilling.

SAM is a geophysical technique that can provide a richer structural understanding of ore deposits through its ability to detect and map conductive signatures that represent structural trends.

The SAM survey was undertaken over the northern section of the Abercromby Project along a 3km strike, which is around half the overall length of the project area. The survey has been successful in identifying the mineralised structural corridor that hosts the known high-grade gold zones at Capital and Capital North.

Importantly, the survey has also highlighted the presence of link structures that when compared with the already drilled mineralised areas at Capital and Capital North, calibrate a repetitive pattern (primarily) immediately to the south of Capital; see Figure 4. This is very encouraging for the potential of this underexplored area to deliver further gold discoveries.

BMG plans to test these structural anomalies as part of its upcoming drilling campaign. Given the positive results from the SAM survey, a further survey will be planned for the southern section of the project area which includes the Barrick and Archer targets – gold mineralisation has been intersected at these targets with little follow-up drilling.

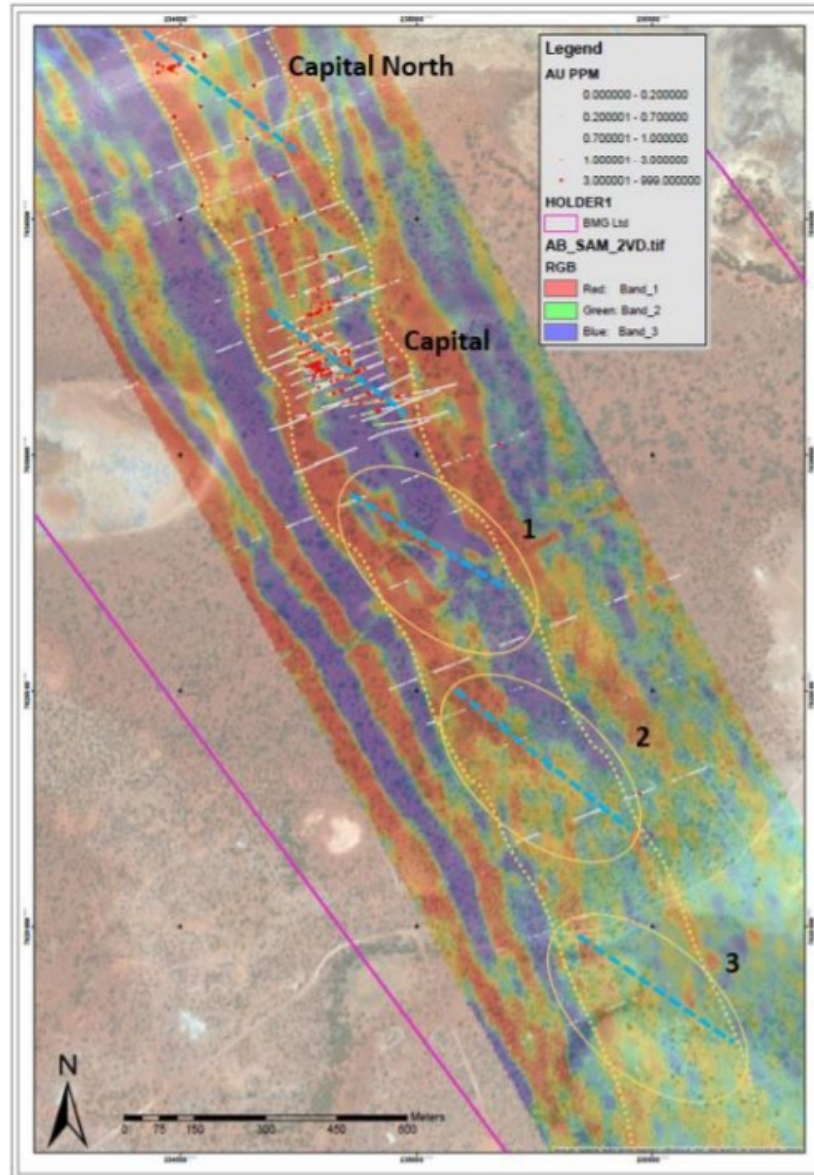


Figure 4 – SAM survey colour derivative conductivity image (SAM MMC 2VD) over aerial photography showing interpreted structural trends (yellow dotted lines) and NW link structures (blue dashed lines) within the NNW trending Abercromby shear zone. Note drill hits coloured by grade.

Corporate

A General Meeting of the Company is to be held on Monday 23 August 2021. The primary purpose of the meeting is to seek shareholder approval to complete the capital raising disclosed on page 8 above.



The Group's cash reserves increased by c. \$3m (before costs) following the completion of the share placement in July 2021, when 59,997,913 shares were issued. Subject to receipt of shareholder approval on 23 August 2021, and the issue of a further 20,002,087 shares, cash reserves will increase by a further c. \$1m (before costs).

ASX listing rule Compliance

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 ⁽¹⁾	Abercromby	100	-
M53/336	Nova Energy Pty Ltd ⁽¹⁾	Abercromby	100	-
E45/4553	Delphi Resources Pty Ltd ⁽²⁾	Invincible	100	-
AE4654	Treasure Development Limited ⁽³⁾	Treasure Project	30	-
AE4653	Treasure Development Limited ⁽³⁾	Treasure Project	30	-
AE4812	Treasure Development Limited ⁽³⁾	Treasure Project	30	-
AE4813	Treasure Development Limited ⁽³⁾	Treasure Project	30	-
AE4674	Treasure Development Limited ⁽³⁾	Treasure Project	30	-
AE4607	Treasure Development Limited ⁽³⁾	Treasure Project	30	-
AE4608	Treasure Development Limited ⁽³⁾	Treasure Project	30	-
AE4649	Treasure Development Limited ⁽³⁾	Treasure Project	30	-
AE4591	Treasure Development Limited ⁽³⁾	Treasure Project	30	relinquished

⁽¹⁾ BMG holds the non-uranium and non-thorium mineral rights associated with mining leases M53/1095 and M53/336. Nova Energy is a wholly owned subsidiary of Toro Energy Limited.

⁽²⁾ Delphi Resources Pty Ltd is a wholly owned subsidiary of BMG Resources Limited.

⁽³⁾ Treasure Development Limited is the joint venture company of which BMG owns 30%, the remaining 70% is owned by New Cyprus Copper Company Limited, the operator of the JV.

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For purposes of ASX listing rule 5.3.5, the Company advises that director fees paid during the quarter, including remuneration paid to the Company's Managing Director, amounted to \$85,980.

Authority

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

*****ENDS*****

For further information, shareholders and media please contact:

Bruce McCracken, Managing Director
BMG Resources Limited
Phone: +61 8 9424 9390
Email: enquiry@bmg.com.au

Sean Meakin, Company Secretary
BMG Resources Limited
Phone: +61 8 9424 9390
Email: enquiry@bmg.com.au

Fraser Beattie, Media and Investor Relations
Cannings Purple
Phone: +61 421 505 557
Email: fbeattie@canningspurple.com.au

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Appendix 5B

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

Name of entity

BMG RESOURCES LIMITED

ABN

96 107 118 678

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	-	(20)
(b) development	-	-
(c) production	-	-
(d) staff costs	(86)	(364)
(e) administration and corporate costs	(142)	(525)
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	-	33
1.8 Other (provide details if material)	-	15
1.9 Net cash from / (used in) operating activities	(228)	(861)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	(45)
(b) tenements	-	(715)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(122)	(854)
(e) investments	-	-
(f) other non-current assets	-	-

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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 (12 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	(122)	(1,614)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	-	(206)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(365)
3.7	Transaction costs related to loans and borrowings	-	(85)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	3,084
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,239	280
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(228)	(861)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(122)	(1,614)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,084

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	889	889

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	9	4
5.2	Call deposits	880	1,235
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)	889	1,239

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(86)
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 paid \$85,980 in cash to directors during the period, including its Managing Director.

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

7. Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(228)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(122)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(350)
8.4 Cash and cash equivalents at quarter end (item 4.6)	889
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	889
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.54
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 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: N/A	
8.8.2 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: N/A	

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

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

Answer:

N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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 July 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.

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