



ASX ANNOUNCEMENT

29 October 2021

SEPTEMBER 2021 QUARTERLY ACTIVITIES REPORT

- **High-resolution sub-audio magnetic ground geophysical survey over the northern 3km of the Abercromby mineralised corridor, including the high-grade gold zones at the Capital and Capital North Prospects, completed**
- **Major drilling campaign commenced at Abercromby**
 - **Follows the successful program in December 2020 and focuses on extension holes and infill drilling at the Capital Prospect, where wide intervals of high-grade gold have already been intersected**
 - **6,000m of drilling planned, with c.4,095m of RC drilling completed by October**
 - **24 drill holes completed post-quarter end, with a diamond drill rig mobilising to site to complete remaining c.2,000m of the program**
 - **Interim drill results confirm significant extensions of the known high-grade mineralisation**
- **\$4 million successfully raised via Placement**
 - **Proceeds utilised to fund drilling and exploration programs across the Company's 100% owned gold 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 30 September 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 Wiluna, 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 September 30, BMG was focused on undertaking major exploration initiatives at its 100% owned Abercromby Gold Project in WA.

Multiple new targets identified by geophysical survey at Abercromby

In July, BMG completed a sub-audio magnetic survey (SAM) at the Abercromby Gold Project, which provided high-resolution mapping of the structures in the northern part of the project area, which are the controls on gold mineralisation.

This information increased BMG's confidence in its geological and structural model for Abercromby, which substantially assisted 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 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 2. 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 campaigns. Given the positive results from the SAM survey, a further survey is being undertaken in 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.

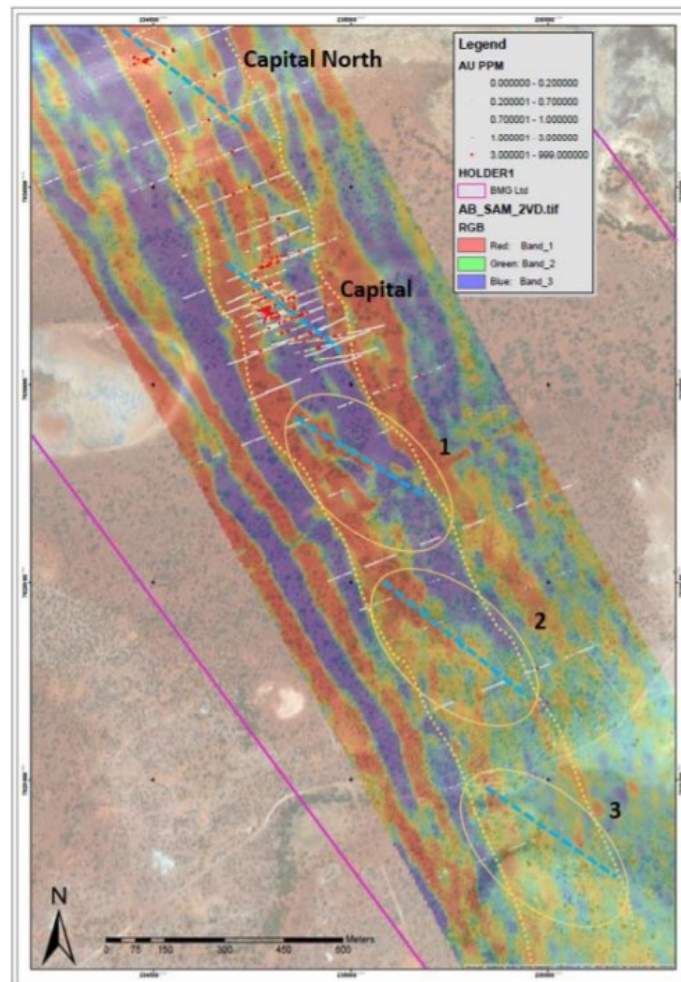




Figure 2 – SAM survey colour derivative conductivity image (SAM MMC 2VD) over aerial photography showing interpreted structural trends (yellow dotted lines) and NW link structures (blue dashed lines) within the NNW trending Abercromby shear zone. Note drill hits coloured by grade.

Major drilling campaign commenced at Abercromby

Shortly following the completion of the SAM survey, BMG launched the next phase of drilling at the Abercromby Gold Project.

The program comprises some 6,000m of 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.

Prior to the commencement of this campaign, drilling to date had recognised a number of gold zones or lodes at Capital with multiple thick high-grade gold intersections that include:

- **57.5m @ 5.73g/t Au from 80m**
- **30m @ 10.01g/t Au from 164m**
- **26m @ 6.07g/t Au from 192m**
- **36m @ 4.33g/t Au from 100m**
- **16m @ 3.64g/t Au from 82m**
- **37m @ 2.58 g/t Au from 144m**

Mineralisation in these gold zones is interpreted to be open in all directions with potential extensions to the north, south and at depth being of priority interest.

This next phase of drilling is focused on:

- testing the down-dip continuity of these existing strong drill results;
- testing extensions to the 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.

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First eight RC drill holes completed

By mid-August, BMG had completed around 1,800m of RC drilling at the Abercromby Project, with ongoing drilling having continued at the remaining 10 holes whilst the Company organised for a diamond rig to complete diamond tails to test the depth continuity of the known high-grade gold mineralisation.

Geological logging of these initial eight holes indicated that drilling intersected multiple intervals of intense hydrothermal alteration characterised by quartz-carbonate-sericite veining and with minor sulphides.

Expenditure in relation to activity for this project during the quarter primarily related to completion of RC drilling, the processing and interpretation of results, and consultancy fees paid.

Planning for a maiden drill program at Invincible

The Invincible Project, on Exploration Licence E45/4553, 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.

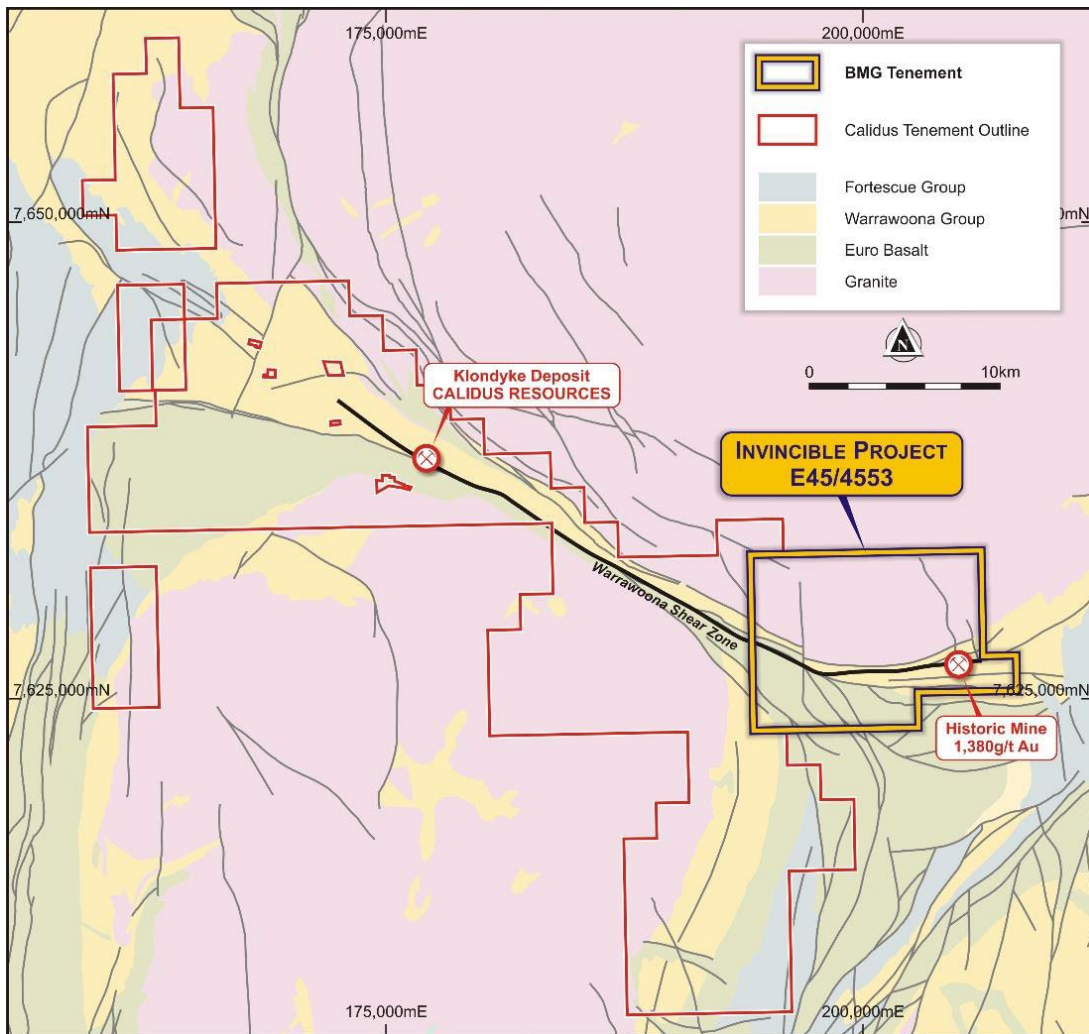


Figure 3 - Map showing the Invincible tenement and Calidus ground.

In late 2020, BMG conducted an ultra-high resolution aeromagnetic and radiometric geophysical survey over the entire Invincible Project area, comprising an approximate 5,000km line (for further details see the ASX Release dated 22 October 2020 'Operational Update'). 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.

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.

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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 is progressing.

Once this data has been compiled, the Company will finalise planning of a maiden drill program for Invincible and, subject to any unforeseen delays caused by the COVID-19 pandemic, will seek to commence drilling during the first half of calendar 2022.

Expenditure in relation to activity for this project during the quarter primarily related to 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 nine exploration licences covering a total geographical area of 31.56km². The Treasure Project's operator, New Cyprus Copper Company Limited, a wholly owned subsidiary of Caerus Mineral Resources PLC (LON:CMRS) (Caerus), is the majority shareholder and is responsible for maintaining and progressing the project.

During the quarter Caerus undertook waste dump sampling at the Kalavassos Project and commenced assessing previously unexplored gossans in the project area. Refer to Caerus' market update on 20 September 2021 '*Kalavassos Project Exploration Update*'.



December Quarter Activities

Further high-grade gold at Abercromby as diamond drilling gets underway

Subsequent to the end of the reporting period, BMG revealed outstanding high-grade gold intersections from the initial RC phase of the current drill program at the Abercromby Project.

To date, 24 RC drill holes have been completed for 4,095m drilled, with a diamond rig now on site to complete the remaining circa 2,000m of the program. All RC holes completed at the Capital Prospect intersected gold mineralisation.

Laboratory assays for the RC drilling have been completed on the basis of 4m composite samples. The assays have confirmed outstanding high-grade gold intercepts. Selected results on a hole-by-hole basis for the returned assays from Abercromby are shown below:

- **12m @ 7.02g/t from 80m** (21ABRC007)
- **56m @ 1.03g/t from 136m** (21ABRC007) including **4m @ 3.56g/t from 172m**
- **4m @ 9.84/t from 236m** (21ABRC007)
- **56m @ 1.51g/t from 132m** (21ABRC005) including **16m @ 3.59g/t from 160m**
- **4m @ 6.16/t from 104m** (21ABRC021)
- **36m @ 1.30g/t from 232m** (ABRC004) including **8m @ 2.94g/t from 252m**

These results confirm significant extensions of the known mineralisation and continue to underline the strong potential to deliver a significant, high-grade gold resource at Abercromby.

Drilling has also identified a new eastern lode which has not been previously intersected by historical drilling. This is an exciting development that opens up an area for a sizeable extension of the potential resource envelope at Capital.

Step-out drilling to the north of the Capital Prospect continues to intersect gold mineralisation. This provides encouragement that the high-grade mineralisation at Capital extends continuously for a further 500m to the Capital North Prospect – potentially significantly increasing the strike of mineralisation at Capital and Capital North to more than 1km and suggesting a much larger mineral system.

The diamond drilling commenced in late October with eight holes to target high-grade portions, as well as deeper extensions of the mineralised lodes at Capital. Four of the diamond holes will complete depth extensions of key RC holes which have already intersected high-grade gold.

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Two diamond holes, which have RC pre-collars (ie, RC drilling for the initial part of the hole), will also test high-grade lode positions. The remaining two diamond holes will test for depth continuity of the gold lodes, with an RC pre-collar already completed for one of the holes. The two deepest diamond holes are anticipated to be between 550m and 650m in length.

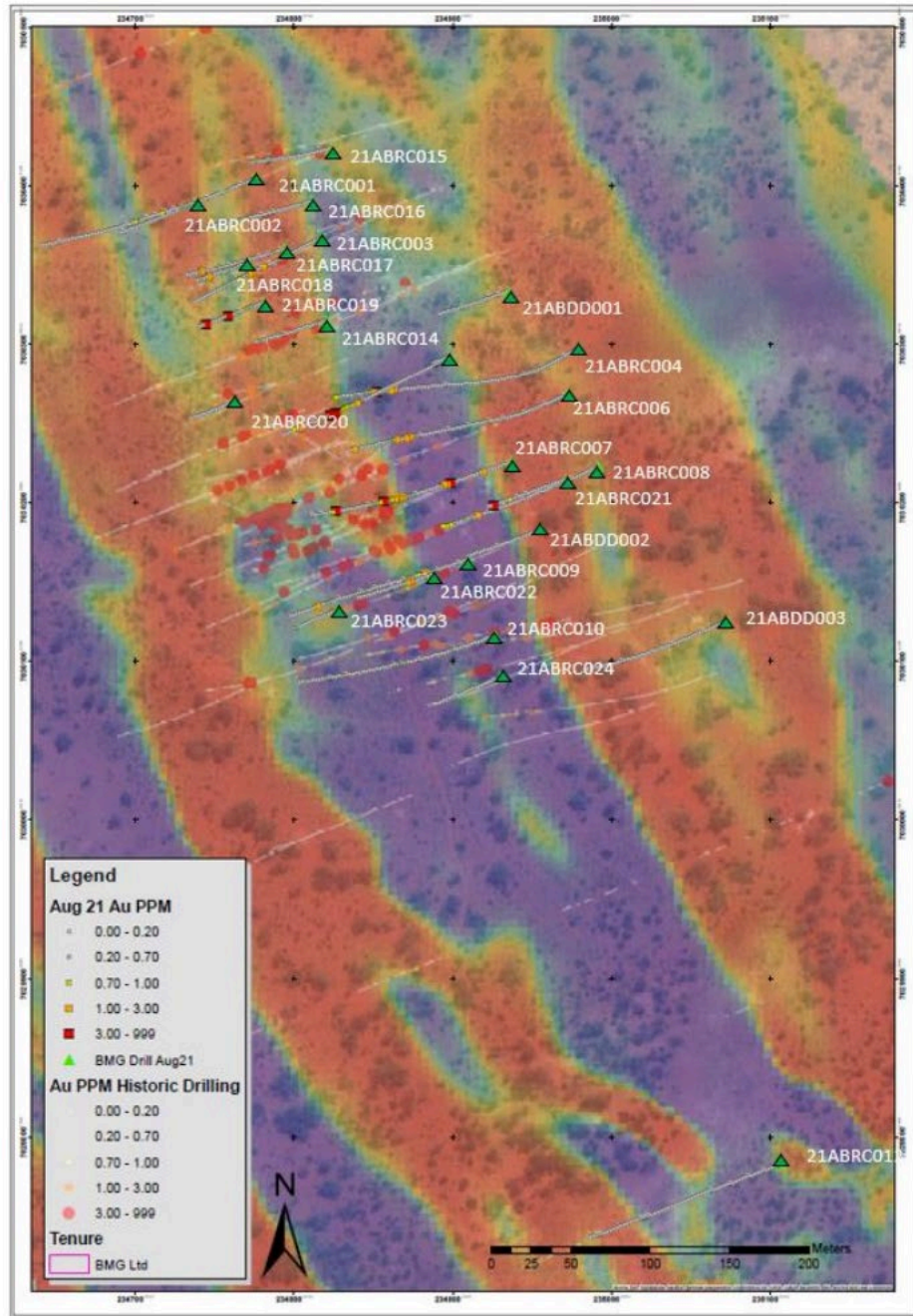


Figure 4 – Plan view of current drill program at the Capital Prospect, showing drilled RC holes (green), with SAM survey 2VD conductivity image in the background over aerial photograph.

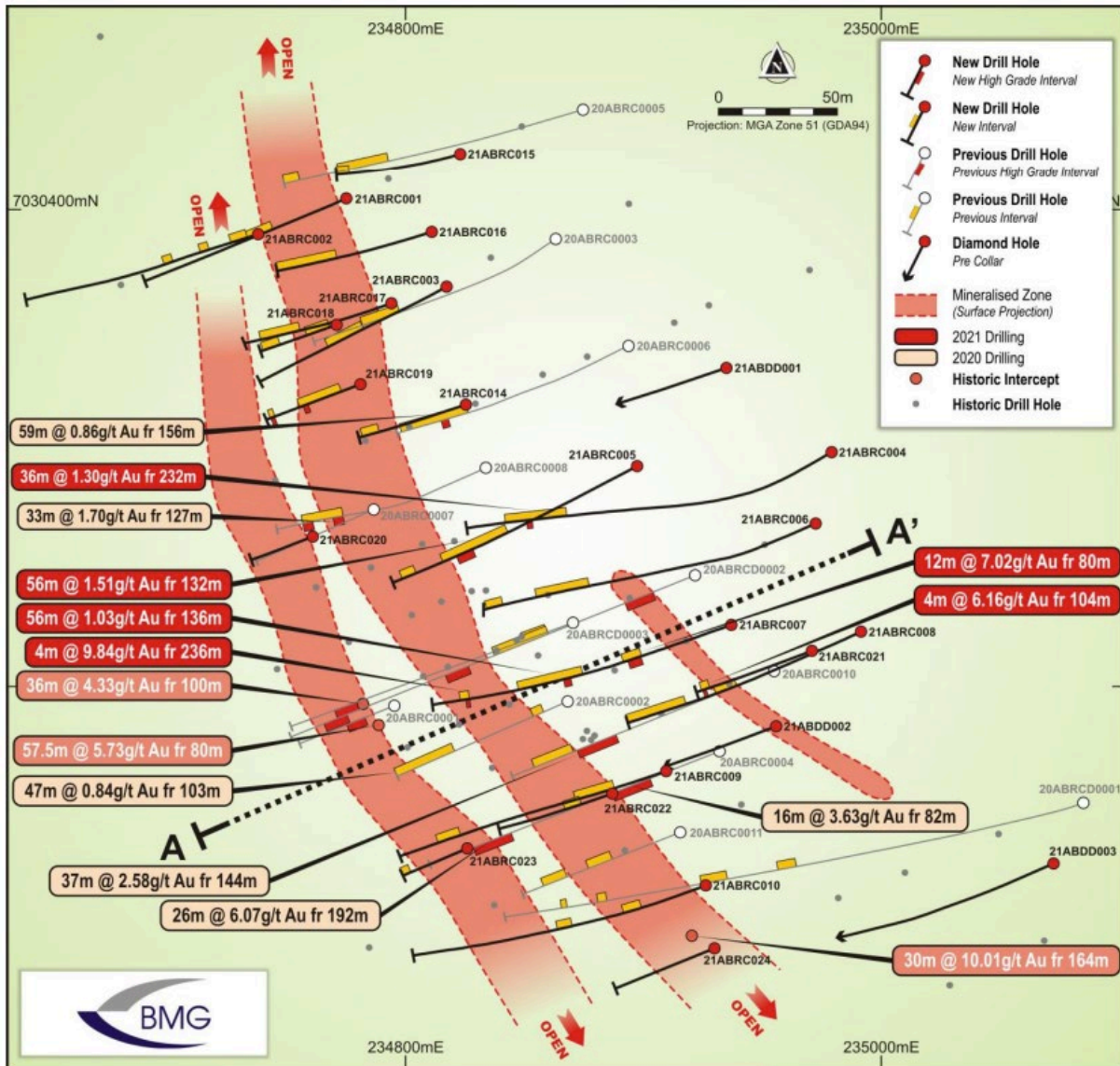


Figure 5 – Plan view of the Capital Prospect, together with the position of reported intercepts with selected high-grade intervals shown for >20 gram:metres highlighted. Sections A-A' is shown in Figure 6.

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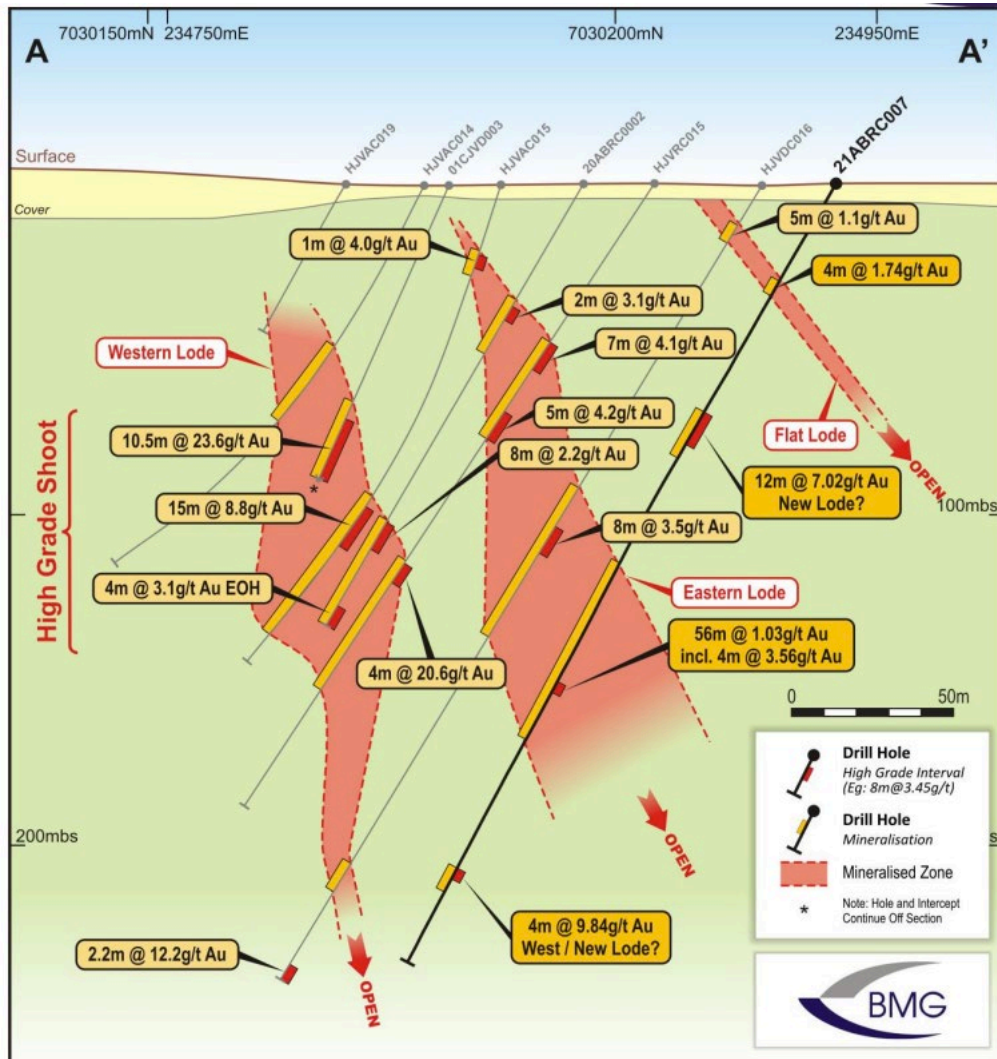


Figure 6 – Capital Prospect cross section A-A' (looking NW) showing recent and historical drilling together with interpreted mineralised zones and selected internal high-grade intersections. Also showing potential new lodes.



Corporate

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

During the reporting period, BMG completed a placement of fully paid ordinary shares to institutional and sophisticated investors, raising \$4.0 million before costs.

A total of 80,000,000 shares were issued at \$0.05 per share, with Argonaut Securities Pty Ltd and Taylor Collison Limited the joint lead managers to the Placement.

The proceeds from the raising will be utilised for working capital to fund major drilling and exploration programs across the Company's 100%-owned WA gold projects.



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 | - |

⁽¹⁾ BMG holds the non-uranium and 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.

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 \$86,051.



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 LIMITED

ABN

96 107 118 678

Quarter ended ("current quarter")

30 September 2021

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | | |
| 1.2 Payments for | | |
| (a) exploration & evaluation | - | - |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (49) | (49) |
| (e) administration and corporate costs | (137) | (137) |
| 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 | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (186) | (186) |

| | | |
|--|-------|-------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) tenements | - | - |
| (c) property, plant and equipment | (3) | (3) |
| (d) exploration & evaluation | (415) | (415) |
| (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 (3 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 | (418) | (418) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 4,000 | 4,000 |
| 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 | (256) | (256) |
| 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) | - | - |
| 3.10 | Net cash from / (used in) financing activities | 3,744 | 3,744 |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 889 | 889 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (186) | (186) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (418) | (418) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 3,744 | 3,744 |

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 (3 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 4,029 | 4,029 |

| 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 | 6 | 9 |
| 5.2 | Call deposits | 4,023 | 880 |
| 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) | 4,029 | 889 |

| 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 | (84) |
| 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 \$84,337 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 | 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. 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) | (186) |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | (418) |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | (604) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 4,029 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 Total available funding (item 8.4 + item 8.5) | 4,029 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 6.67 |
| <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:29 October 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.