

Chile Lithium Brine

August 2018

Entry into the World's Highest-Grade Lithium District



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Exploration Results and Mineral Resources

The information in this report that relates to potential Exploration Results and Mineral Resources has been reviewed by Malcolm Castle, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity, which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2015 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Castle consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

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BMG Snapshot

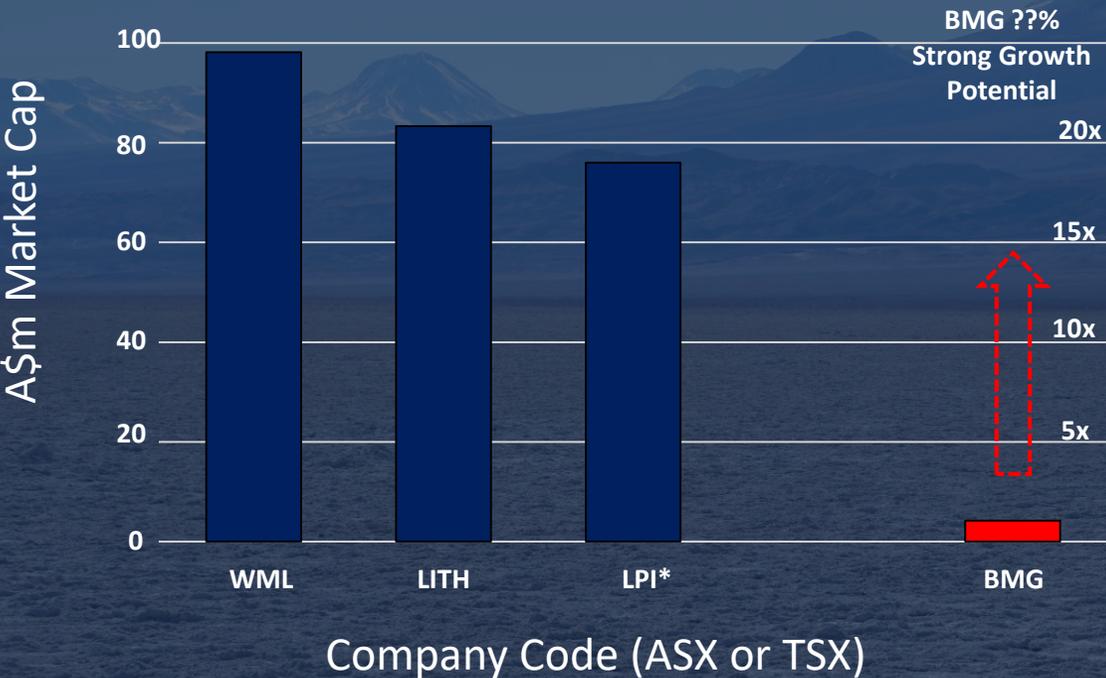
Transformational Lithium Opportunity

- BMG focus on strategic minerals investment opportunities
- Battery minerals – Lithium, Cobalt – identified as high priority targets
- Transformational JV opportunity secured in the world's best Lithium district
 - ✓ Atacama district in Chile hosts the world's highest grade, lowest cost Lithium operations
 - ✓ Over 12,000 hectares across three project areas
 - ✓ Strong local partner with additional opportunities likely
- Lithium outlook remains highly attractive
- Chile is a stable jurisdiction with a well established mining regime
- BMG well positioned for value growth
 - ✓ Lithium peers indicate value potential
 - ✓ Current shell value provides significant upside
 - ✓ Cash with low OH to deliver project value
- Experienced board and management team to deliver value



Sector Comps – Strong Value Upside

Chile Li Comps



- Chile ASX/ TSX small-cap Li players have delivered strong value upside over past few years
- Same trend for other players in the ‘Lithium triangle’ (Chile/ Argentina/ Bolivia)
- Fundamental value in sector has seen some spectacular gains
- BMG entry at very modest value indicates significant value upside potential

*PFS completed on 50/50 Maracunga JV



Lithium Sector – Driven by Strong Fundamentals

3

Li

Lithium
6.941

Lightest metal in the
periodic table

High operating voltage and
high energy storage density

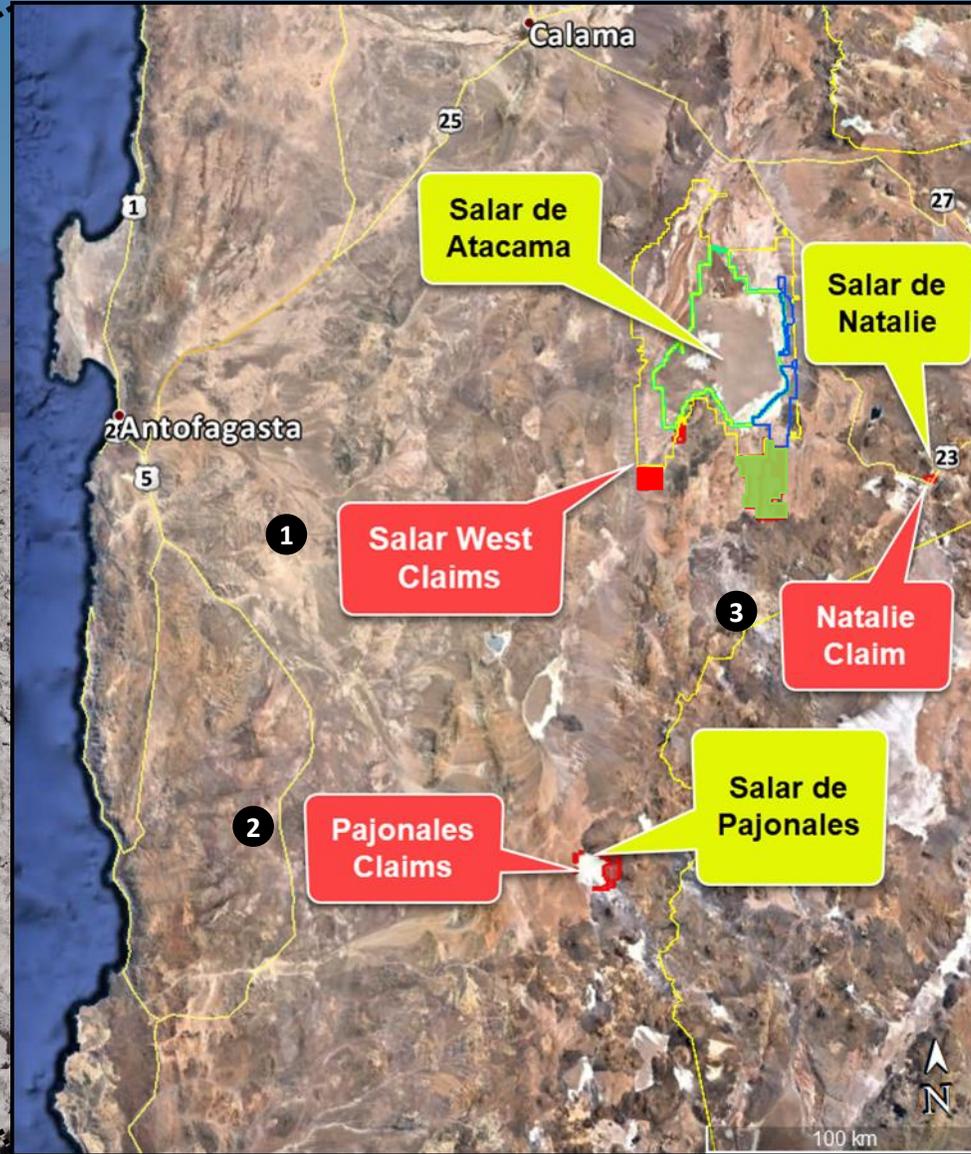
Perfect for batteries
– light and energetic

- Strong Li price growth over past few years has been driven by battery demand growth for Electric Vehicles (EVs) and Energy storage
- Decline in battery costs and higher energy density, without Li price pressure (represents small % of battery cost), is driving significant Li demand growth
 - ✓ EV driven demand for Li expected to increase more than 3 fold by 2025 (*McKinsey 2018*)
 - ✓ Battery costs have decreased by over 75% since 2010 to USD\$230/kWh in 2017. McKinsey estimate a tipping point at USD\$100/kWh when EVs will be cheaper than ICE cars, likely by 2025



Chilean Lithium Brine Properties

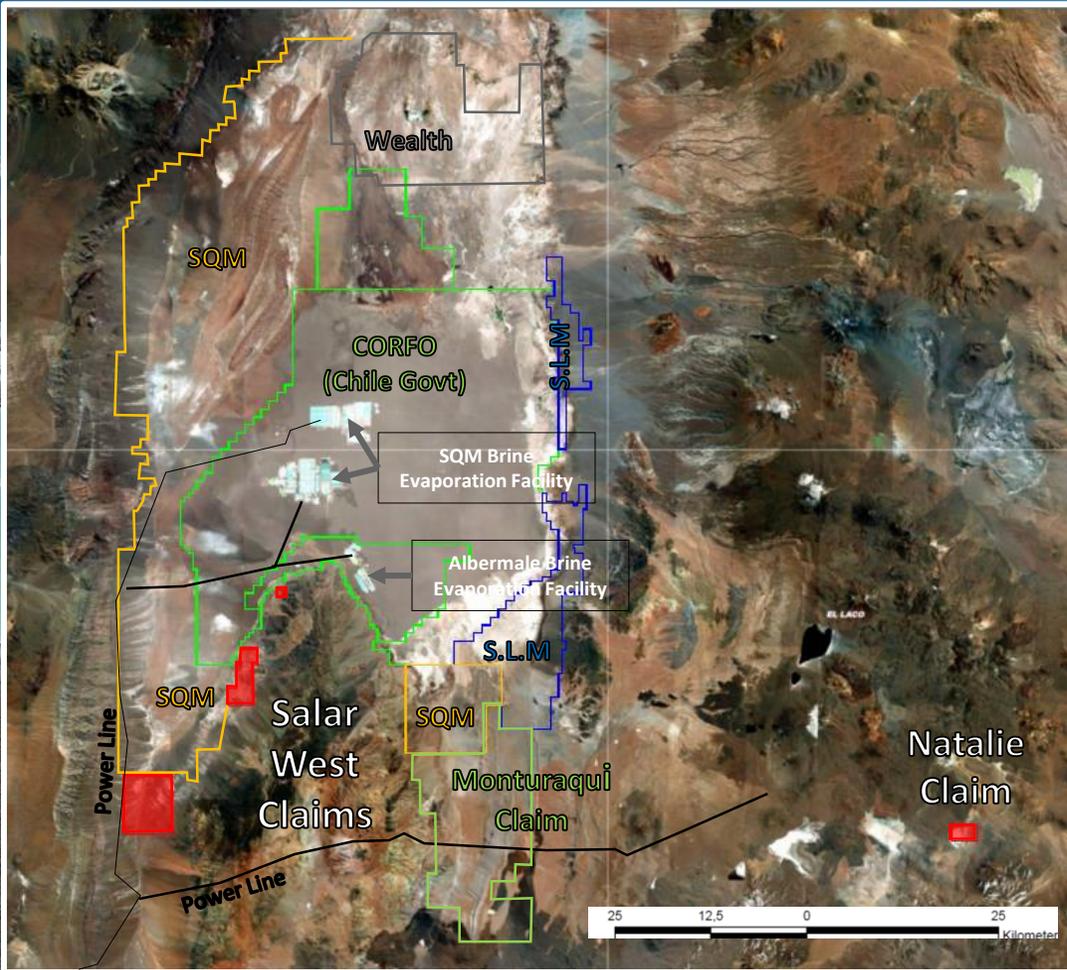
The world's best Lithium province



Salar de Atacama

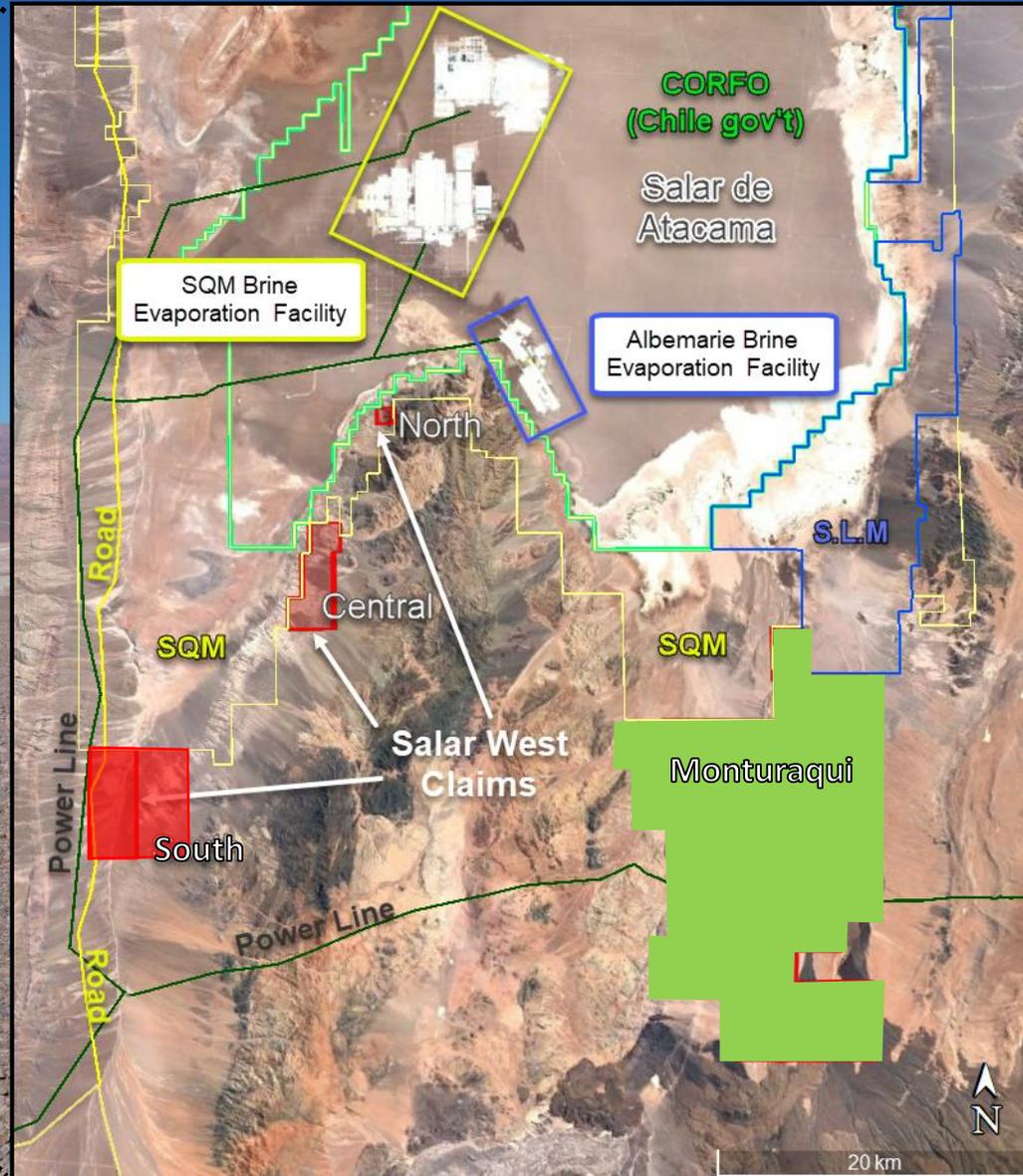
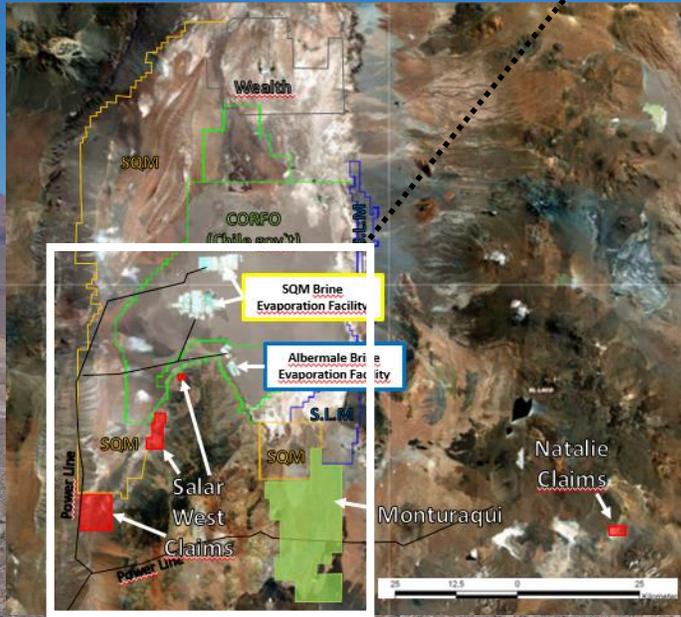
Highest grade, lowest cost, Lithium salar in the world

- *Salar de Atacama* is the world's largest and purest active source of Lithium
- Contains c.27% of the world's reserves
- CORFO – Chilean Economic Development Agency holds significant area, but is not a producer
- SQM – World's largest Lithium producer
- Albemarle – Major Lithium producer. Lease from CORFO to produce 60kt of Li carbonate pa
- Salar West claims are on the southern extension, adjacent to SQM



1 Salar de Atacama - Salar West

Three areas – North, Central and South



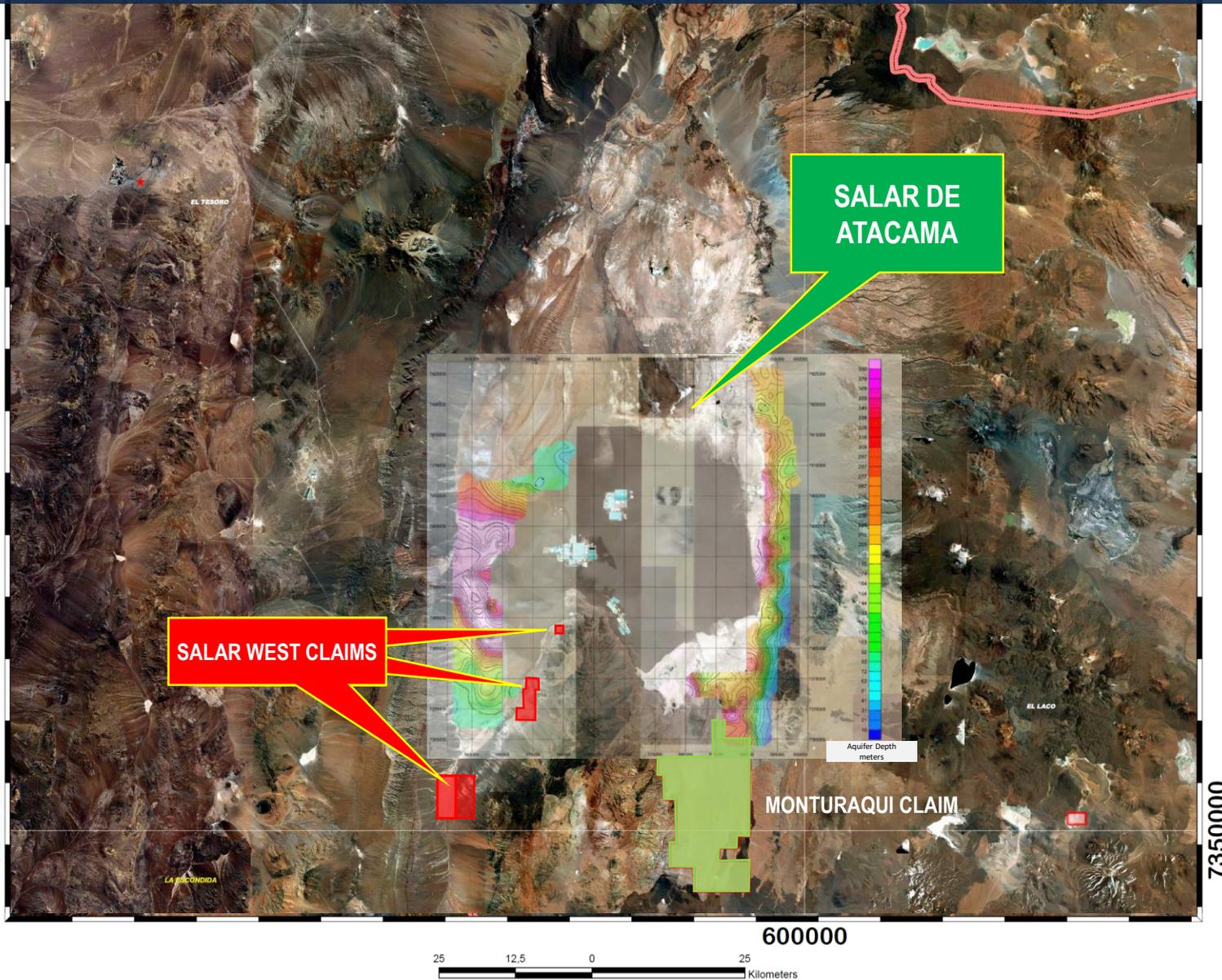
- Salar West claims – 5,900 Ha
- Adjacent to SQM's Li-K operations
- Similar geology to Monturaqui; where geophysics has identified significant Li bearing aquifers
- Geophysics proposed to be immediately undertaken in Central and Southern areas

Salar de Atacama – Exploration Hypothesis



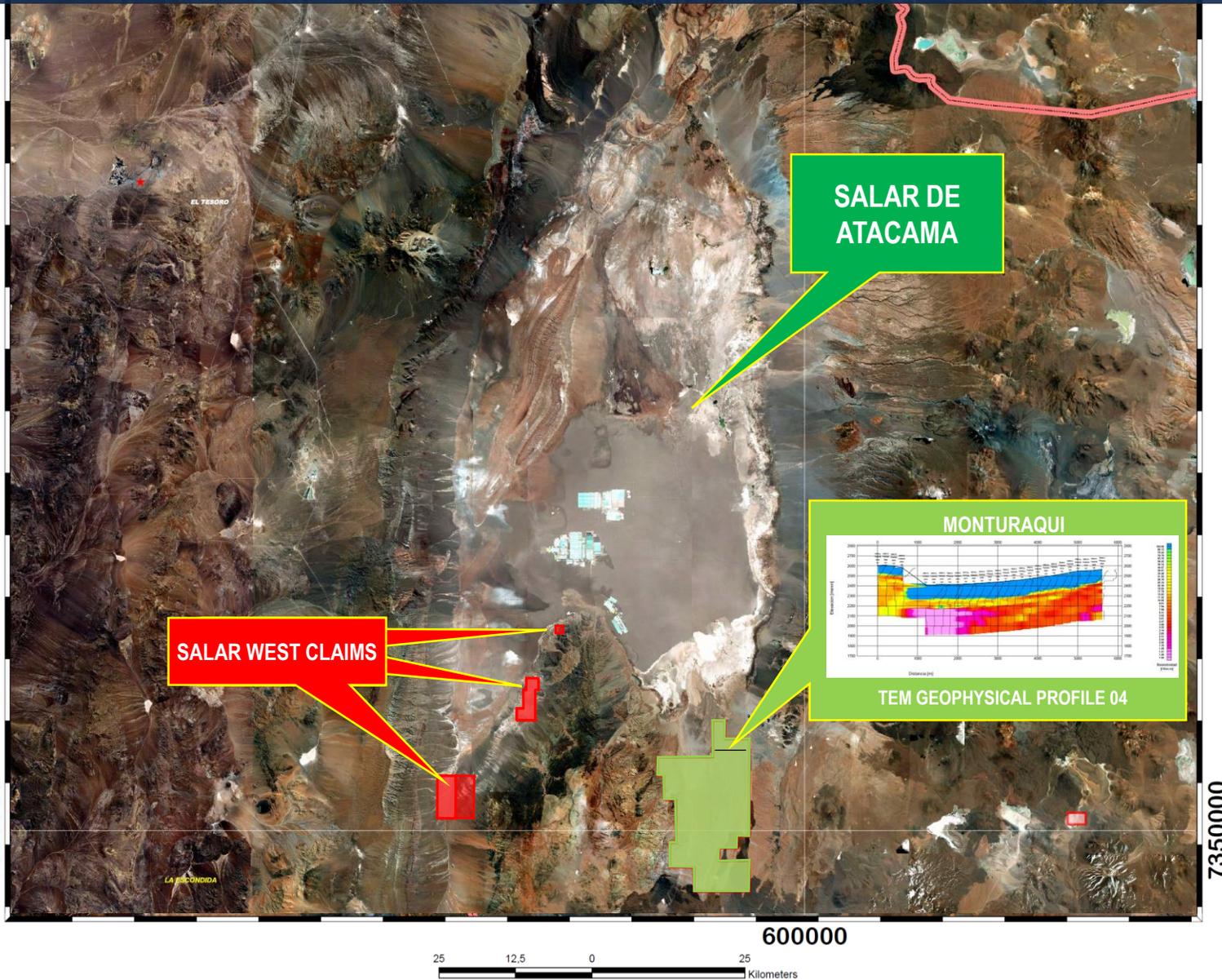
- Geomorphology of the Salar de Atacama's basin has an ancient origin and its original size was larger than the current salar "eye"
- Volcanism (Li source) and evaporative climate regime (Li concentration in brines) have been very active in the region at least since early Miocene times (25 My)
- The South Western and Eastern boundaries of the Salar of Atacama are constrained by recent volcanic and alluvial deposits (dated up to 3.2 My).
- Given the ancient origin and the basin geomorphology, it is a sedimentary filling and the hosted rich Li brine aquifer has continuity beneath the recent volcanic and alluvial coverture to the South West (Salar West) and South East (Monturaqui) basins

Salar de Atacama – Aquifers adjacent to Claim Areas



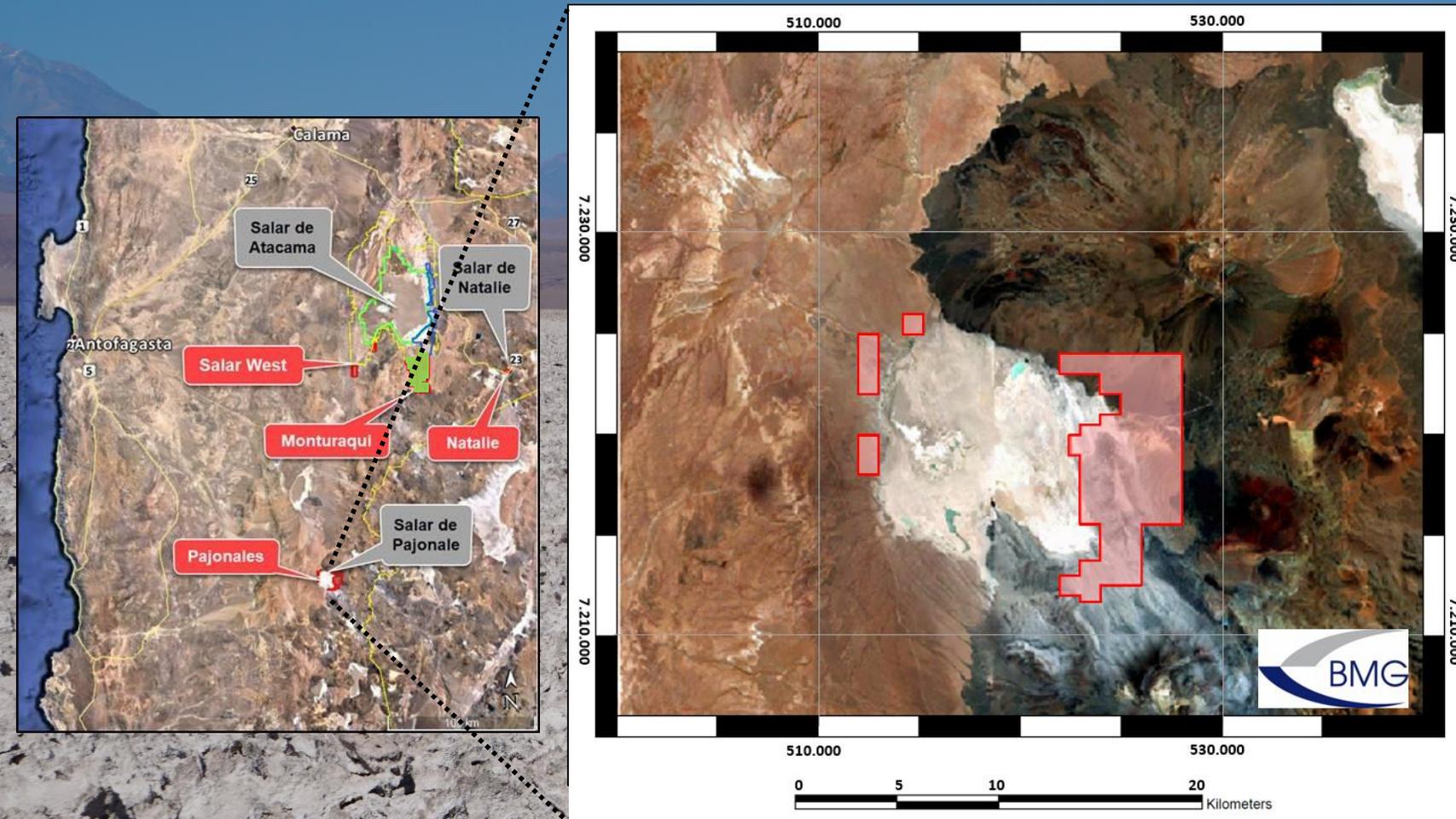
- Previous environmental and geological studies on adjacent areas to Salar West highlight extent of aquifers
- The aquifer depths are derived from geophysics (TEM, 2011) and historical data from drilled production – monitoring wells
- Data suggests target aquifers on Salar West claims from around 100m from surface

Salar de Atacama – Hypothesis supported by preliminary results



- Recent transient electromagnetic geophysics (TEM) undertaken on nearby Monteraqui area – 35km in upper section (15% of claim area)
- Results show very low resistivity zone (pink) between a moderate resistivity zone (red/yellow) and a high resistivity layer (blue).
- This resistivity pattern supports the exploration hypothesis, indicating a brine aquifer hosted on saturated sediments below a dry rock – sedimentary layer.
- The low resistivity zone (brine aquifer - pink) has an estimated size of 1.7 billion cubic meters (3D modelling)
- A similar geophysical behavior is expected on Salar West Claims
- Drilling is required to fully validate the exploration hypothesis/ establish Li resources

2 Salar de Pajonales - Pajonales



- Pajonales claims – 5,650 Ha, with further areas under review
- *Salar de Pajonales* has high grade Boron borates and halite deposits
- Boron enhances potential economics and indicates strong Lithium potential
- Geophysics proposed to be undertaken shortly

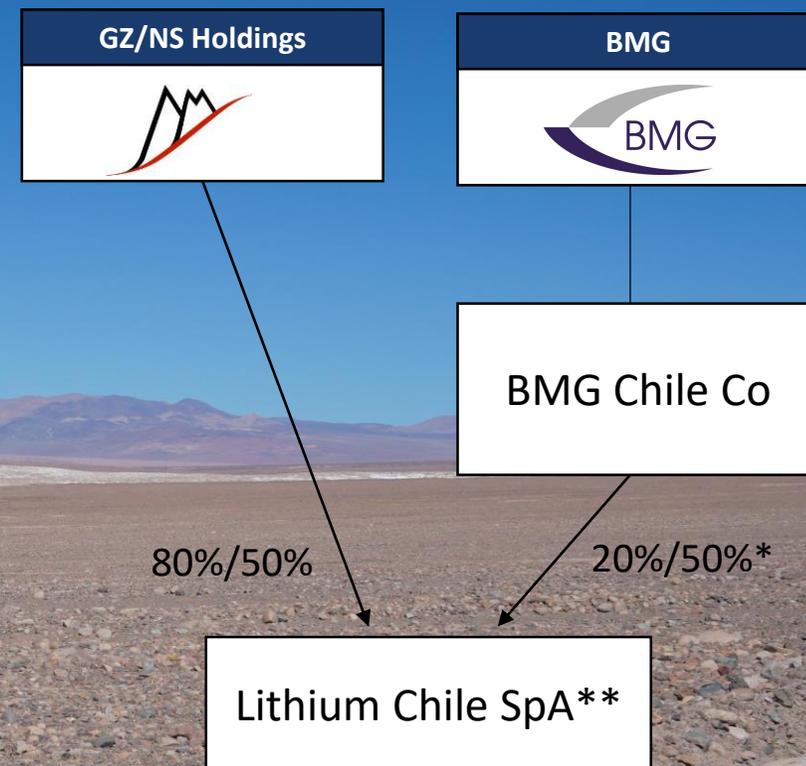
3 Salar de Tuyajto - Natalie



- Natalie claim – 600 Ha
- Claim area covers most of the brine rich salar
- Samples at surface indicate Li > 300ppm
- Indicates strong potential for high grade Li brine aquifer
- Next work phase will involve geophysics to delineate depth and size of aquifer

Lithium Brine JV – Proposed Structure

- Strategic business alliance for Lithium Brine exploration and development in Chile
- Binding and exclusive agreement (**Terms Sheet**) executed, subject to satisfactory due diligence enquires and any shareholder and regulatory approvals.
- New JV entity in Chile (**LCS or JV Company**) which will own the assets and operate the venture
- BMG will acquire/ earn a 50% interest in the JV
- BMG will pay US\$800,000 consideration for initial 20% interest, via:
 - US\$100,000 cash payment on signing the Terms Sheet
 - US\$500,000 cash/US\$200,000 BMG shares at completion (**Completion**) within 120 days, or such longer period as agreed by the parties.
 - Completion is subject to the satisfaction of various conditions precedent (**Conditions Precedent**).
- BMG will earn an additional 30% interest in the JV Company by funding US\$2.5m on the Lithium Properties, and issuing an additional US\$300,000 in shares to the vendors
- JV Company will leverage the organisational infrastructure of its JV Partner which will provide management and operational services to JV Company.
- The key Conditions Precedent to Completion are as follows:
 - BMG completing its DD investigations within 90 days, including geophysics on Salar West within 45 days
 - All required ASX/ regulatory approvals
 - BMG undertaking a capital raising for at least \$4m (or such lower amount as BMG in its absolute discretion may determine)



** Initial 20% interest acquired for US\$0.8m cash/ scrip consideration, with US\$2.5m work commitment and US\$0.3m scrip to earn a further 30% interest*
***Chilean SPV holding 100% of Lithium properties*

Lithium Brine JV Partner

Experienced and capable team in Chile

Gino Zandonai

Principal

- Mining Engineer and Mineral Economist with more than 25 years experience in international mining sector
- Over 20 years of broad minerals consulting experience with a specialist focus on mining engineering coupled with strong knowledge of mining economics and project finance.
- Extensive management and commercial experience in private and public companies

Christian Feddersen

Senior Geologist

- Senior Exploration geologist with strong foundation in project generation and valuation of Lithium and Porphyry Copper, IOCG, Veins and VMS systems.
- Extensive experience in geological mapping, sampling, 3D-modeling and resource evaluation of porphyry copper, IOCG, Vein, VMS and titanium magmatic deposits.

Patricio Picero

Senior Engineer

- Civil Engineer Minas, MBA, with over 20 years of experience in the Chilean mining industry, primarily in Copper and Lithium
- Experience includes roles as Mine Manager, Planning and Development Manager, Operations Manager and General Manager of Mining, with companies such as Lundin Mining, Antofagasta Minerals and BHP Minerals



Lithium Brine JV – Development Timeline



BMG – Board



Greg Hancock
CHAIRMAN

BA (Econs), B.Ed (Hons), F.Fin

- Over 25 years of capital markets experience in Australia and the UK
- Specialist areas of mining and natural resources and the finance and management of small companies
- Joined the board in February 2017, and is currently chairman of Ausquest Limited, and non-executive director of Zeta Petroleum Plc, Strata X Energy Limited, Golden State Mining limited and Cobra Resources Limited



Bruce McCracken
MANAGING DIRECTOR

Bcom, LLB, MBA, GAICD

- Experienced business executive with over 20 years working across a broad range of industries in senior corporate and specialised investment and corporate advisory roles
- Previous specialist corporate advisory and M&A focus on mining and natural resources and diversified industrials, and project finance for mining projects
- Has practiced as a solicitor in banking and finance, and worked in the private equity sector
- Joined the BMG board in July 2011 and is currently a director of AssetOwl Limited (previously Regalpoint Resources Limited)



Simon Trevisan
DIRECTOR

BEC, LLb (Hons), MBT

- Managing Director of Tribis and Iris Residential
- Significant experience in the promotion and management of public companies, particularly in mining and oil and gas
- Joined the board in April 2016, and is currently a non-executive director of AssetOwl Limited, Zeta Petroleum Limited and Neurotech Limited



Malcolm Castle
DIRECTOR

BSc (Hons), GSertAppFin (Sec Inst), MAusIMM

- Over 40 years experience in exploration geology and mining project evaluation and development
- Extensive experience across all major minerals classes
- Member of AusIMM and a 'Competent Person' and 'Expert' for JORC and 43-101
- Joined the board in November 2010



Peter Munachen
DIRECTOR

FCAANZ, FAICD

- Over 45 years of management and corporate administration experience of public companies, particularly in the mining and exploration sectors
- Previously CEO and director of Norwest Energy NL, and a qualified chartered accountant
- Joined the board in January 2018

BMG Capital Structure

(As of 17 August 2018)

Shares – ordinary issued	386,037,112
Options outstanding (June 19 @ \$0.02)	159,807,122
Market Capitalisation	\$5.4m
Debt	\$0.0m
Cash	\$1.1m
Ticker	ASX:BMG
Top 20 Shareholders	57%

