



7 December 2018

Appendix 3B, part issue of Tranche 2 placement Shares

BMG Resources (ASX: **BMG**) (**BMG** or **Company**) provides the attached Appendix 3B.

This Appendix 3B is for the issue of 52,776,367 shares and 52,776,367 free attaching options to Institutional and Sophisticated investors under the placement announced to the ASX on 5 November 2018.

As announced, the placement of shares involved the issue of 98,766,659 new shares and occurred in two tranches, Tranche 1, being 26,905,162 shares were issued by the Company on 8 November 2018, with one free attaching option issued per share.

The issue of the remaining shares, Tranche 2, was subject to shareholder approval, which the Company received at its AGM on 29 November 2018. This Appendix 3B relates to those Tranche 2 shares for which the Company has so far received cleared funds for from the investors.

The Company intends to issue the remaining 19,085,130 Tranche 2 shares and free attaching options in the week commencing 10 December 2018 upon receipt of the remaining capital raising proceeds.

*****ENDS*****

For further information, shareholders and media please contact:

Sean Meakin
Company Secretary
+61 8 9424 9390

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

BMG RESOURCES LIMITED

ACN

107 118 678

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

| | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares (BMG) (Shares) Options to acquire shares (BMGOA) (Options) |
|---|--|--|

+ See chapter 19 for defined terms.

| | | |
|---|--|--|
| 2 | Number of securities issued or to be issued (if known) or maximum number which may be issued | <p>52,776,367 Shares issued under placement to Institutional and Sophisticated investors as announced to ASX on 5 November 2018 (Tranche 2 Placement)</p> <p>52,776,367 Options, free attaching options to shares issued to Institutional and Sophisticated investors as announced to ASX on 5 November 2018 Options exercisable at \$0.02 on or before 30/06/2019 (Tranche 2 Placement)</p> <p>A further 19,085,130 Shares are to be issued under placement to Institutional and Sophisticated investors as announced to ASX on 5 November 2018. These shares are to be issued upon receipt of cleared funds from investors. (Tranche 2 Placement)</p> <p>A further 19,085,130 Options, free attaching options to shares issued to Institutional and Sophisticated investors as announced to ASX on 5 November 2018 Options exercisable at \$0.02 on or before 30/06/2019 These options are to be issued upon receipt of cleared funds from investors for the 23,365,540 shares above. (Tranche 2 Placement)</p> <p>Up to 55,555,556 Shares issued under share purchase plan, pursuant to prospectus announced to the ASX on 8 November 2018.</p> <p>Up to 55,555,556 Options, free attaching options to Shares issued under share purchase plan, pursuant to prospectus announced to the ASX on 8 November 2018. Options exercisable at \$0.02 on or before 30/06/2019</p> <p>Up to 15,000,000 BMGOA Broker Options to be issued to Peak Asset Management on minimum of \$1,250,000 raised under the prospectus announced to the ASX on 8 November 2018. Options exercisable at \$0.02 on or before 30/06/2019</p> |
|---|--|--|

| | | |
|---|--|---|
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares Options exercisable at \$0.02 on or before 30/06/2019 |
| 4 | Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | Yes |
| 5 | Issue price or consideration | Shares have an issue price of \$0.009 each. Options are free attaching options issued on a 1 for 1 basis with each share issued. |
| 6 | Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets) | To provide the Company with funds to pursue investment opportunities, including the proposed Chilean Lithium JV announced on 22 August 2018, and general working capital. |

+ See chapter 19 for defined terms.

| | | |
|----|---|--|
| 6a | Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i | Yes |
| 6b | The date the security holder resolution under rule 7.1A was passed | 29 November 2018 |
| 6c | Number of +securities issued without security holder approval under rule 7.1 | Nil |
| 6d | Number of +securities issued with security holder approval under rule 7.1A | Nil |
| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | 52,776,367 Shares (BMG) 52,776,367 Options (BMGOA) Approval received at Annual General Meeting on 29 November 2018 |
| 6f | Number of +securities issued under an exception in rule 7.2 | Nil |
| 6g | If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation. | N/A |
| 6h | If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | N/A |

| | | |
|----|--|--|
| 6i | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | <p>12,011,701 under rule 7.1.</p> <p>43,881,350 under rule 7.1A.</p> |
|----|--|--|

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|---|---|---|
| 7 | <p>⁺Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p> | <p>52,776,367 Shares issued under the Tranche 2 Placement on 7 December 2018.</p> <p>52,776,367 Options exercisable at \$0.02 on or before 30/06/2019, issued under the Tranche 2 Placement on 7 December 2018.</p> <p>19,085,130 Shares to be issued under the Tranche 2 Placement on or about 12 December 2018, subject to receipt of cleared funds from investors.</p> <p>19,085,130 Options exercisable at \$0.02 on or before 30/06/2019, to be issued under the Tranche 2 Placement on or about 12 December 2018, subject to receipt of cleared funds from investors for the related Shares.</p> <p>Up to 55,555,556 Shares issued under share purchase plan to be issued on 17 December 2018</p> <p>Up to 55,555,556 Options, exercisable at \$0.02 on or before 30/06/2019 to be issued on 17 December 2018</p> <p>Up to 15,000,000 BMGOA Broker Options to be issued to Peak Asset Management Options, exercisable at \$0.02 on or before 30/06/2019 to be issued on 17 December 2018.</p> |
|---|---|---|

| | | | |
|---|---|------------------------|---|
| 8 | Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the ⁺ securities in section 2 if applicable) | Number | ⁺ Class |
| | | 1. 465,718,667 shares | Ordinary Fully Paid Shares |
| | | 2. 239,488,625 options | Options exercisable at \$0.02 each and expiring on or before 30 June 2019 |

+ See chapter 19 for defined terms.

| | | Number | +Class |
|----|---|---|--|
| 9 | Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable) | 500,000 | Options exercisable at \$0.35 each; expiring on the earlier of the 3 rd anniversary of the date on which they vest or 6 months after Mr Bruce McCracken's employment with the Company ceases; vesting on the Company achieving a JORC inferred resource. |
| | | 500,000 | Options exercisable at \$0.40 each; expiring on the earlier of the 3 rd anniversary of the date on which they vest or 6 months after Mr Bruce McCracken's employment with the Company ceases; vesting on the Company achieving a JORC inferred resource of greater than 2 million tonnes |
| | | 500,000 | Options exercisable at \$0.45 each; expiring on the earlier of the 3 rd anniversary of the date on which they vest or 6 months after Mr Bruce McCracken's employment with the Company ceases; vesting on the Company achieving a JORC inferred resource of greater than 4 million tonnes or an indicated/measured resource greater than 2 million tonnes. |
| | | 1,000,000 | Options exercisable at \$0.50 each; expiring on the earlier of the 3 rd anniversary of the date on which they vest or 6 months after Mr Bruce McCracken's employment with the Company ceases; vesting on the Company's completion of a successful Feasibility Study. |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | <p>Shares carry the same right to dividends as all other fully paid ordinary shares on issue.</p> <p>Options do not carry any right to dividends.</p> | |

Part 2 - Pro rata issue

| | | |
|----|--|-----|
| 11 | Is security holder approval required? | N/A |
| 12 | Is the issue renounceable or non-renounceable? | N/A |
| 13 | Ratio in which the +securities will be offered | N/A |

| | | |
|----|--|-----|
| 14 | +Class of +securities to which the offer relates | N/A |
| 15 | +Record date to determine entitlements | N/A |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | N/A |
| 17 | Policy for deciding entitlements in relation to fractions | N/A |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small> | N/A |
| 19 | Closing date for receipt of acceptances or renunciations | N/A |
| 20 | Names of any underwriters | N/A |
| 21 | Amount of any underwriting fee or commission | N/A |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders | N/A |
| 25 | If the issue is contingent on security holders' approval, the date of the meeting | N/A |
| 26 | Date entitlement and acceptance form and offer documents will be sent to persons entitled | N/A |

+ See chapter 19 for defined terms.

| | | |
|----|---|-----|
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable) | N/A |
| 29 | Date rights trading will end (if applicable) | N/A |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker? | N/A |
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A |
| 32 | How do security holders dispose of their entitlements (except by sale through a broker)? | N/A |
| 33 | ⁺ Issue date | N/A |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of ⁺securities for which ⁺quotation is sought

N/A

39 ⁺Class of ⁺securities for which quotation is sought

N/A

⁺ See chapter 19 for defined terms.

| | | |
|----|--|-----|
| 40 | <p>Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | N/A |
|----|--|-----|

| | | |
|----|--|-----|
| 41 | <p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another ⁺security, clearly identify that other ⁺security)</p> | N/A |
|----|--|-----|

| 42 | Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in clause 38) | Number | ⁺ Class |
|----|---|--------|--------------------|
| | | N/A | N/A |

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:


(Company secretary)

Date: 7 December 2018

Print name: Sean Meakin

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

| Rule 7.1 – Issues exceeding 15% of capital | |
|---|--|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue | 386,037,112 |
| Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items | 26 shares (16 May 2018) 52,776,367 shares (7 December 2018) |
| Subtract the number of fully paid +ordinary securities cancelled during that 12 month period | Nil |
| “A” | 438,813,505 |

| | |
|---|---|
| Step 2: Calculate 15% of “A” | |
| “B” | 0.15 <i>[Note: this value cannot be changed]</i> |
| Multiply “A” by 0.15 | 65,822,025 |
| Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used | |
| Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 Note: <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | 26,905,162 Shares (8 November 2018) 26,905,162 Options, free attaching options (8 November 2018) |
| “C” | 53,810,324 |
| Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1 | |
| “A” x 0.15 <i>Note: number must be same as shown in Step 2</i> | 65,822,025 |
| Subtract “C” <i>Note: number must be same as shown in Step 3</i> | 53,810,324 |
| Total [“A” x 0.15] – “C” | 12,011,701 <i>[Note: this is the remaining placement capacity under rule 7.1]</i> |

+ See chapter 19 for defined terms.

Part 2

| | |
|--|---|
| Rule 7.1A – Additional placement capacity for eligible entities | |
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| “A” <i>Note: number must be same as shown in Step 1 of Part 1</i> | 438,813,505 |
| Step 2: Calculate 10% of “A” | |
| “D” | 0.10 <i>Note: this value cannot be changed</i> |
| Multiply “A” by 0.10 | 43,881,350 |
| Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used | |
| Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | Nil |
| “E” | Nil |

| Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A | |
|--|---|
| “A” x 0.10 <i>Note: number must be same as shown in Step 2</i> | 43,881,350 |
| Subtract “E” <i>Note: number must be same as shown in Step 3</i> | Nil |
| Total [“A” x 0.10] – “E” | 43,881,350 <i>Note: this is the remaining placement capacity under rule 7.1A</i> |

+ See chapter 19 for defined terms.