



BMG Resources (ASX: BMG) Chile Lithium Brine

Investor Presentation
December 2018

Entry into the World's Highest-Grade Lithium Brine 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. Estimates of aquifer volumes in this report are conceptual in nature.

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BMG Snapshot

Transformational Lithium Opportunity

- BMG focuses on strategic minerals investment opportunities
- Battery minerals – lithium and cobalt – identified as high priority targets
- Transformational JV opportunity secured in the world's best lithium district
 - ✓ Atacama district, Chile, is host to the world's highest grade, lowest cost lithium operations
 - ✓ Over 20,000 hectares across three project areas
 - ✓ Strong local partner has delivered an increase in area by 70% in recent weeks, with additional opportunities likely
- Lithium outlook remains highly attractive
- Chile is a stable jurisdiction with a well-established mining regime
- BMG is well-positioned for value creation:
 - ✓ Lithium peers indicate value potential
 - ✓ Current shell value provides significant upside
 - ✓ Cash with low overheads to deliver project value

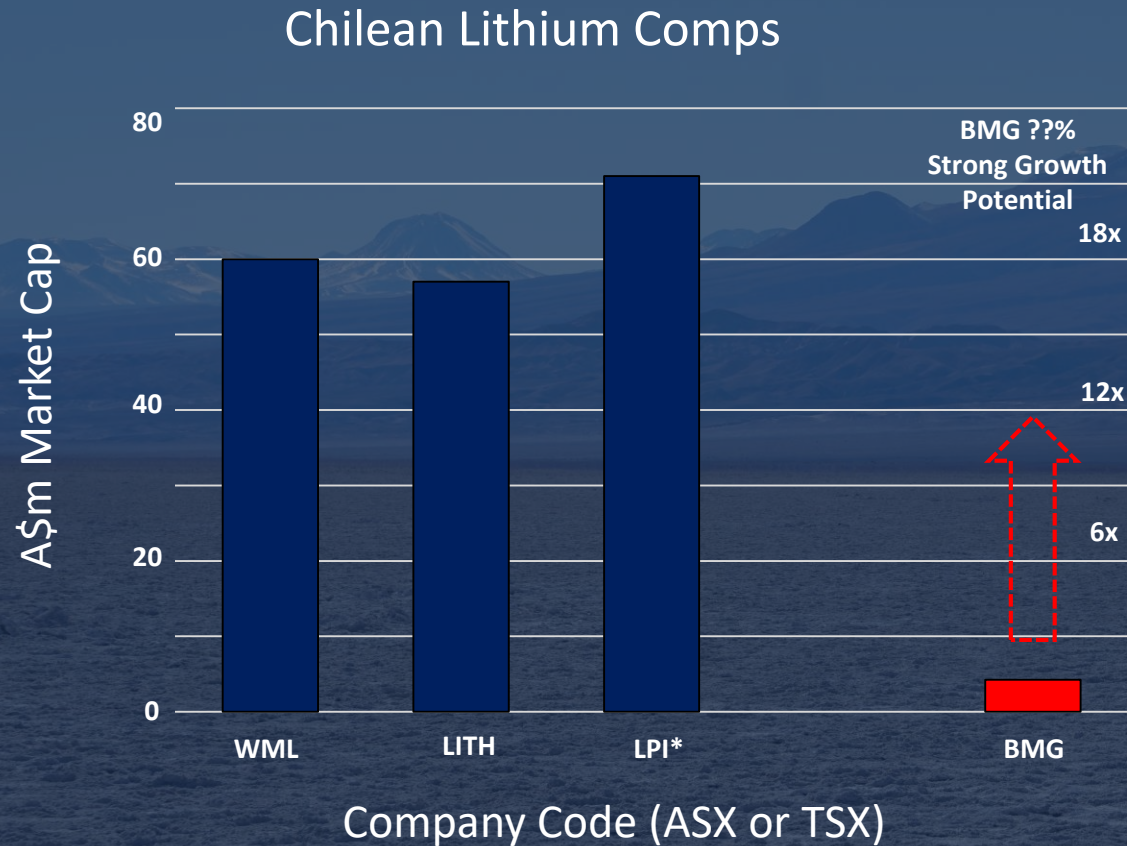
BMG Capital Structure

(As at 12 December 2018)

Shares – ordinary issued	465,718,667
Options outstanding (June 19 @ \$0.02)	239,488,625
Market Capitalisation	\$3.3m
Debt	\$0.0m
Cash	\$1.6m
Stock Code	ASX: BMG
Top 20 Shareholders	64%



Sector Comps – Strong Value Upside



*PFS completed on 50/50 Maracunga JV

- Chilean-focused ASX/ TSX small-cap Li players have delivered strong value upside over the past few years
- Trend continues 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 (market cap circa \$3 million) indicates significant upside potential



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

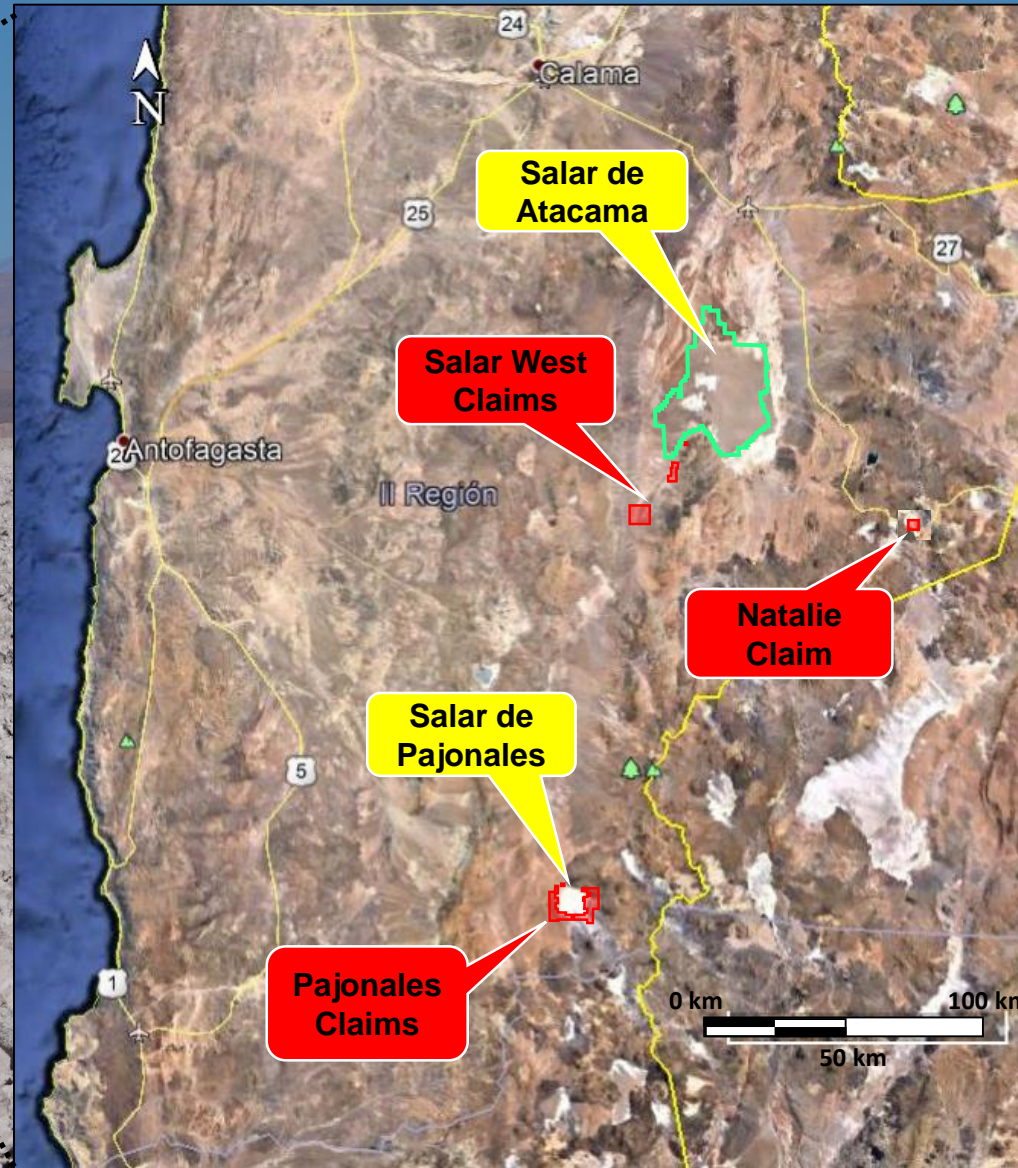
- Strong Li price growth over recent years has been driven by battery demand growth for Electric Vehicles (EVs) and energy storage
- Decline in battery costs and higher energy density, without Li price pressure (represents small % of battery cost), is driving significant Li demand growth
 - ✓ EV driven demand for Li expected to increase more than threefold 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

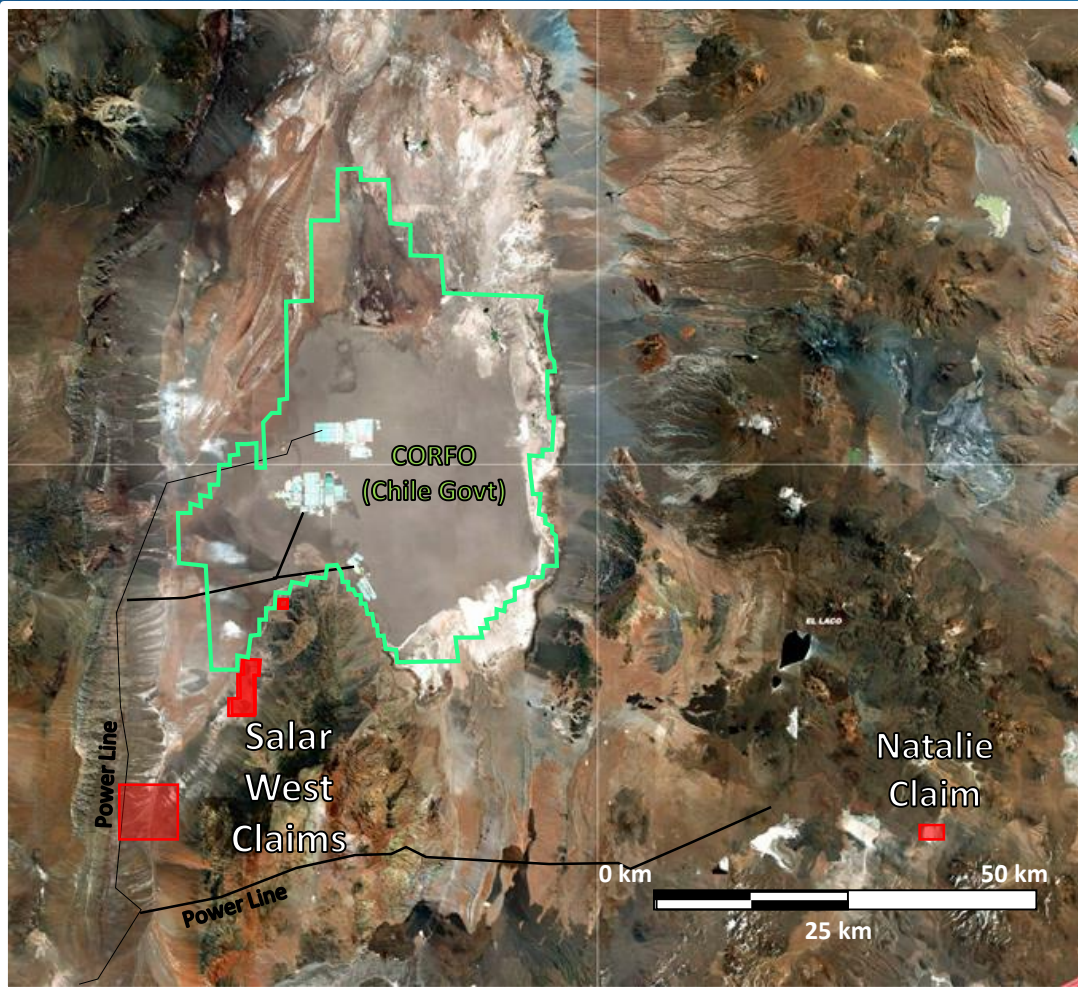
The world's best lithium province

BMG claims:



Salar de Atacama

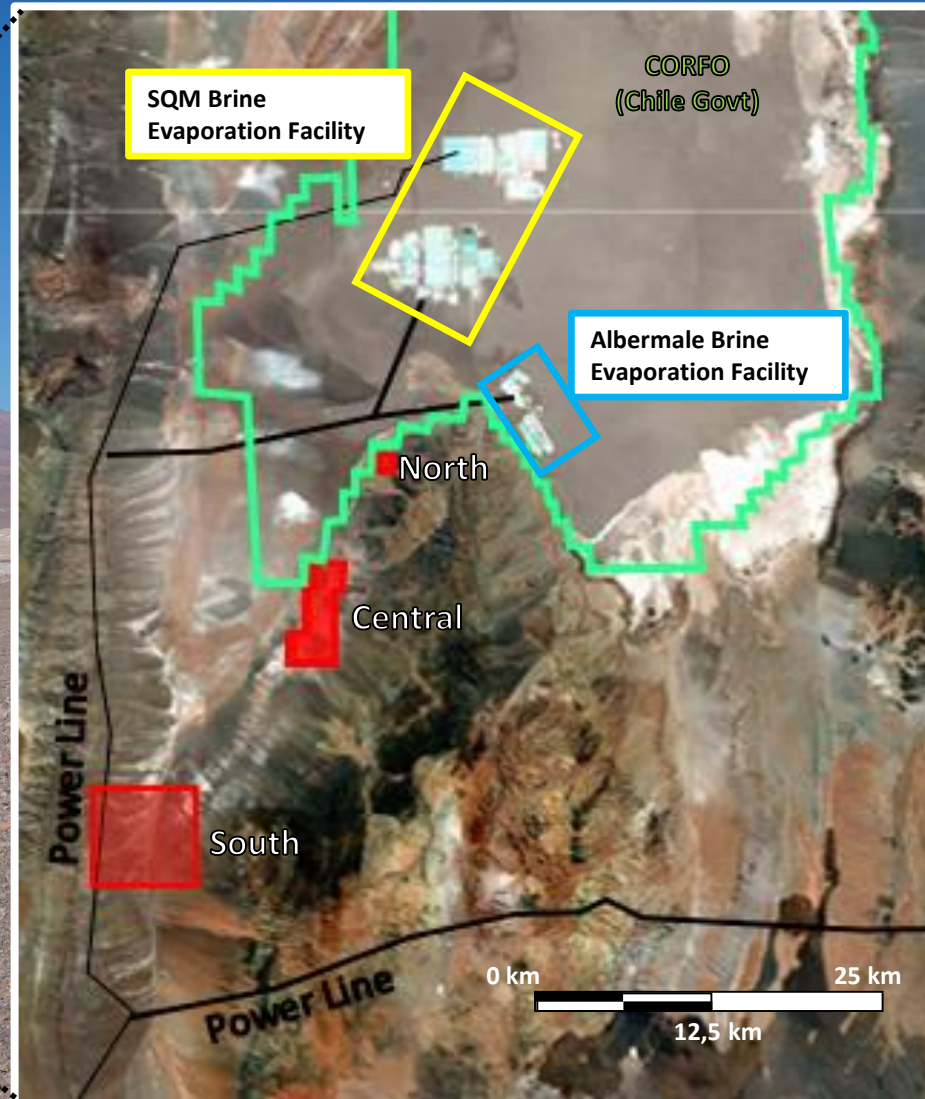
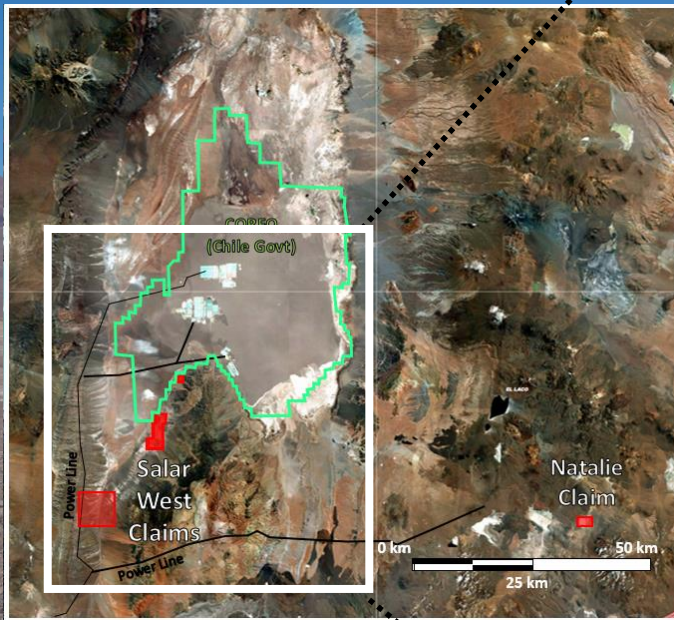
Highest grade, lowest cost lithium salar in the world



- The *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 – the world's largest lithium producer – is adjacent to the Salar West claims
- Albemarle is active nearby as a major lithium producer, holding a lease from CORFO to produce 60k tpa of Li carbonate
- Salar West claims are on the southern extension, adjacent to SQM

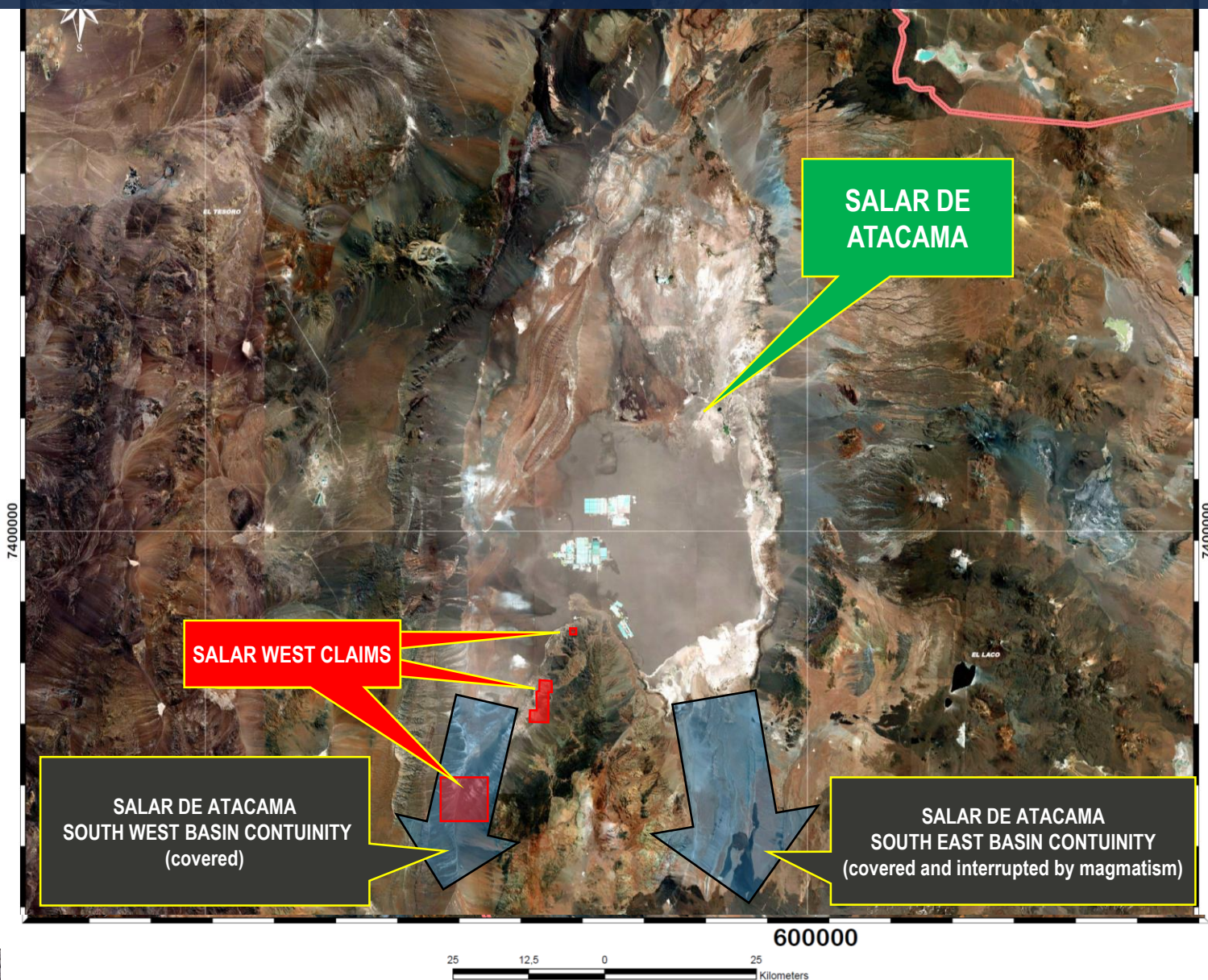
Salar de Atacama - Salar West

Three areas – North, Central and South



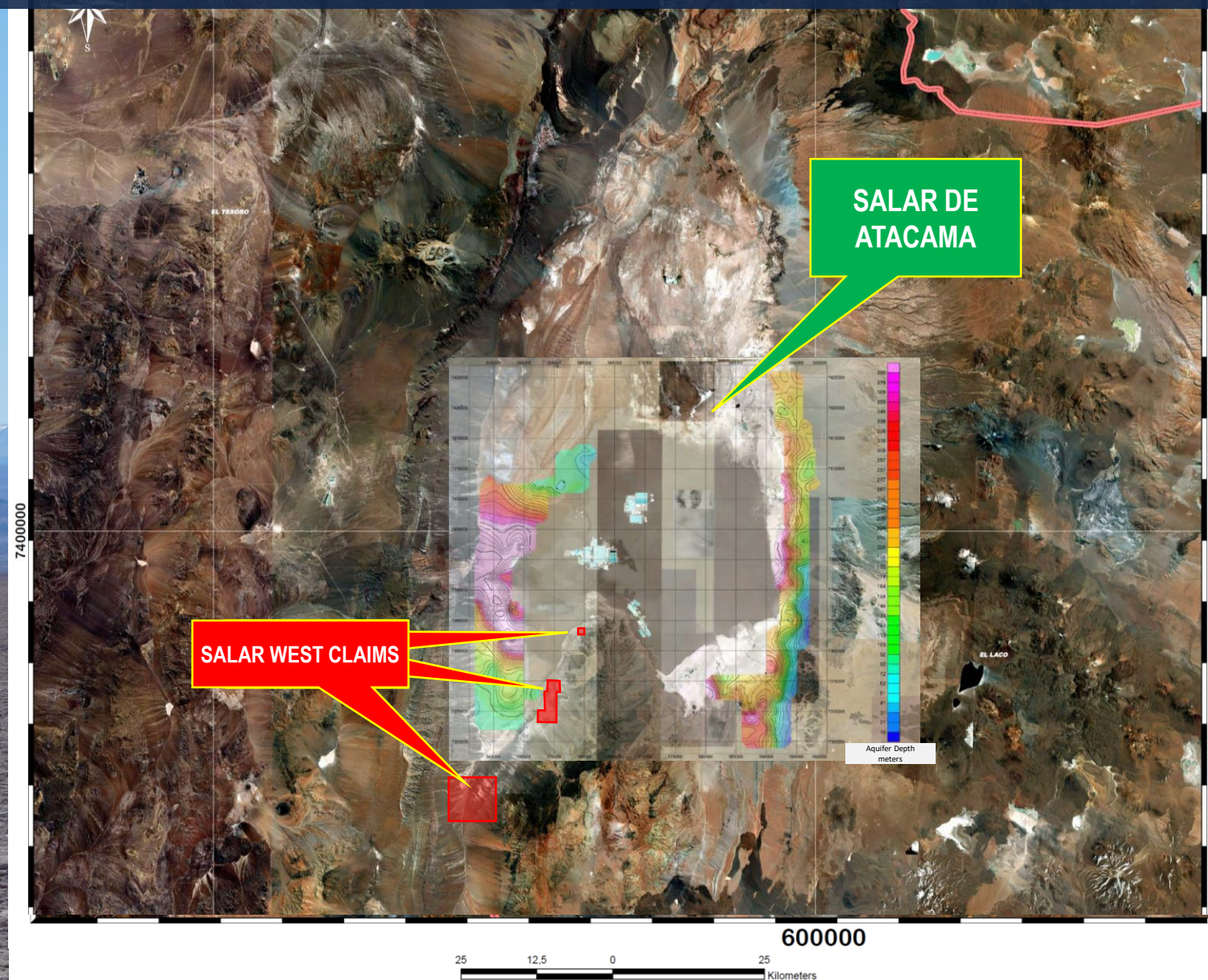
- Salar West claims – 8,000 Ha
- Adjacent to SQM's Li-K operations
- Located in the salar basin continuity
- Geophysics performed in Central and Southern areas

Salar de Atacama – Exploration Hypothesis



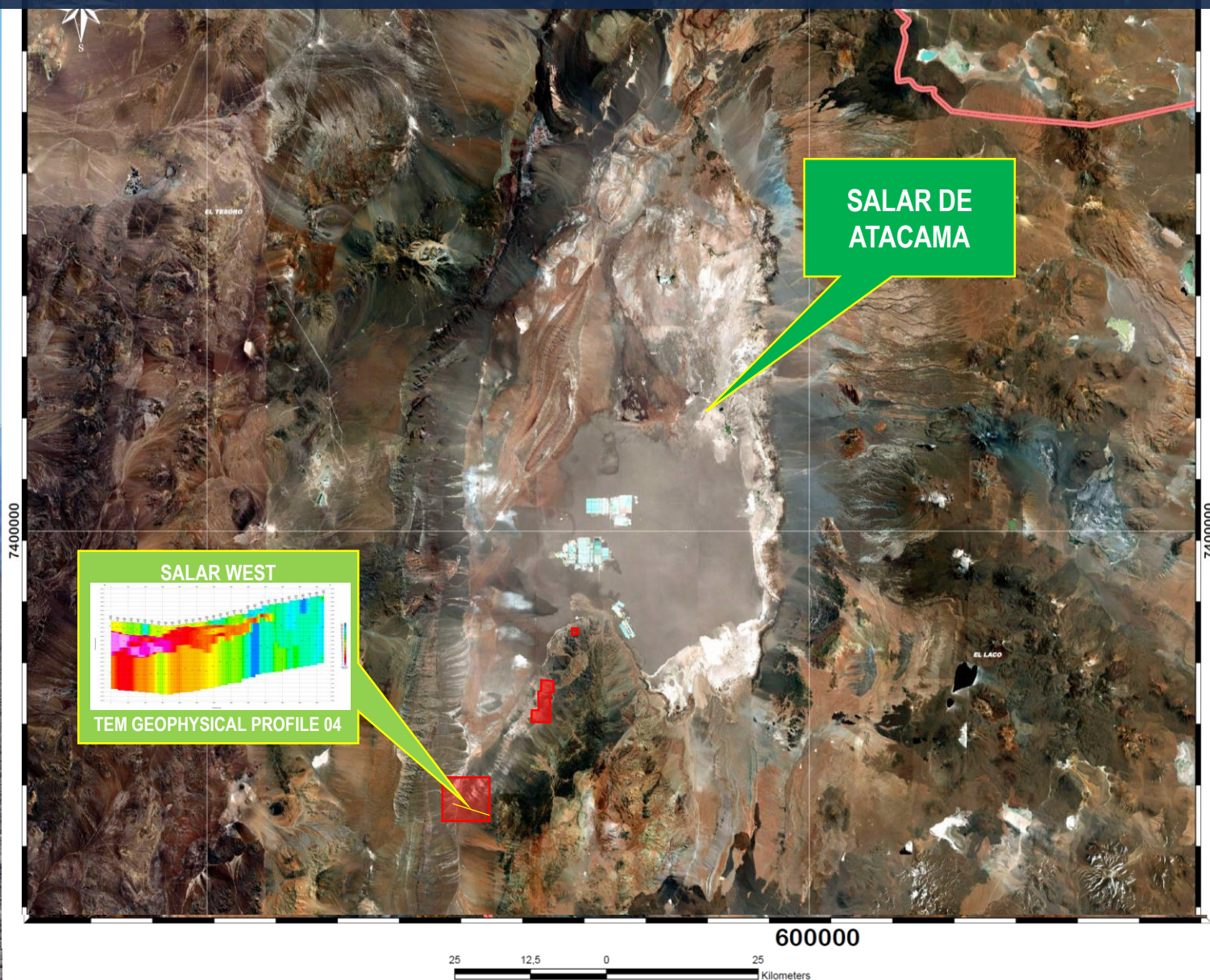
- The geomorphology of the Salar de Atacama's basin has an ancient origin and its original size was larger than the current salar "eye"
- Volcanism (Li source) and evaporative climate regime (Li concentration in brines) have been very active in the region since early Miocene times (25 million years ago)
- 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 coerture to the South West (Salar West) and South East basins

Salar de Atacama – Aquifers adjacent to Claim Areas



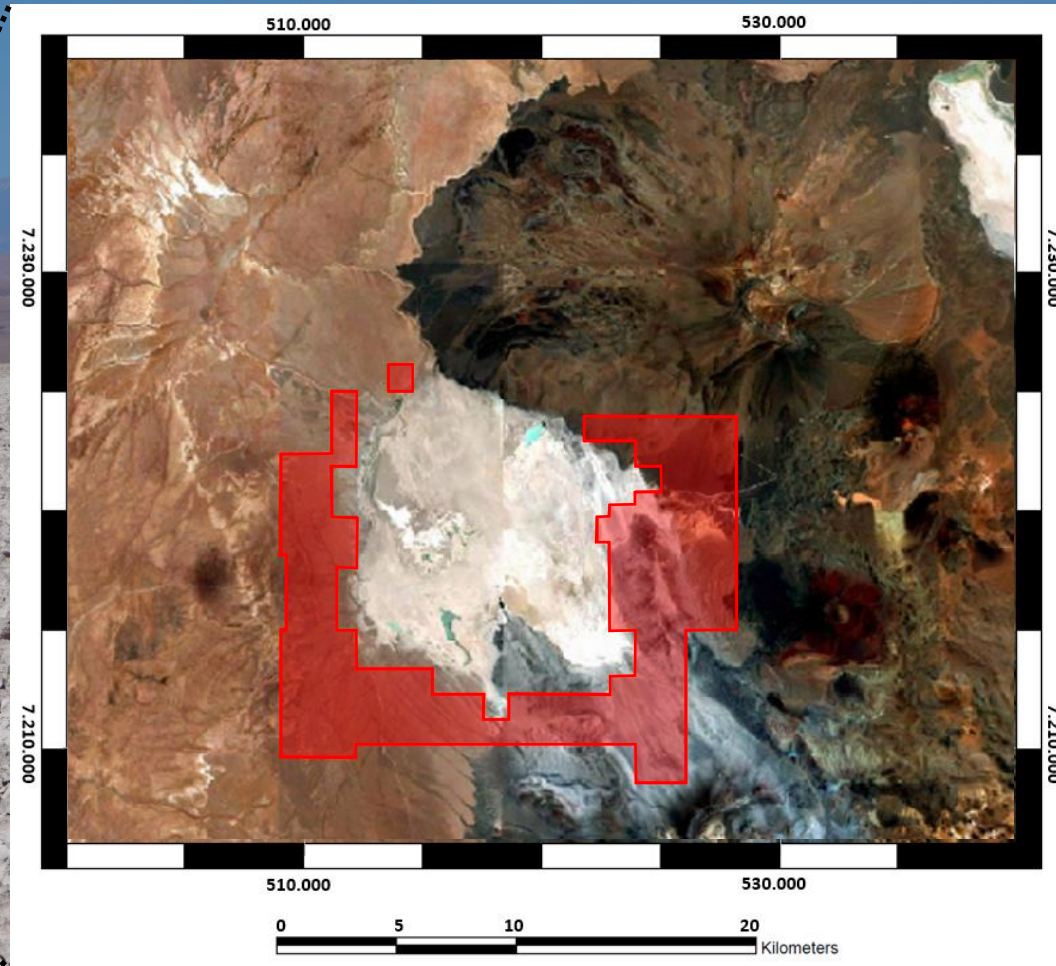
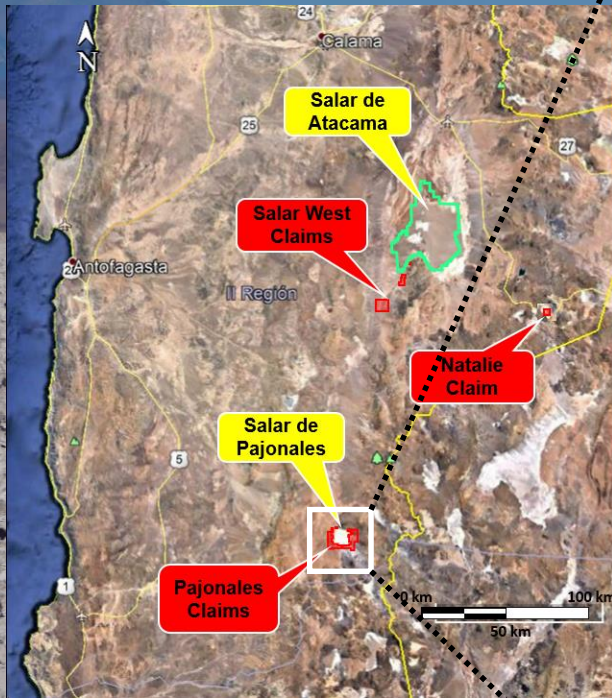
- Previous environmental and geological studies on adjacent areas to Salar West highlight extent of aquifers
- The aquifer depths are derived from geophysics (TEM, 2011) and historical data from drilled production – monitoring wells
- Data suggests target aquifers on Salar West claims from around 100m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

Salar de Atacama – Hypothesis supported by preliminary results



- Recent transient electromagnetic geophysics (TEM) completed at Salar West Central and South claims
- Results indicate a very low resistivity zone (pink) between a moderate resistivity zone (red/yellow), both beneath a high resistivity layer (cyan/green) in the South claims
- This resistivity pattern supports the exploration hypothesis, indicating a potential brine aquifer hosted on saturated sediments below a dry rock – sedimentary layer
- The low resistivity zone (potential brine aquifer - pink) has an estimated size of 650 to 700 million cubic metres (3D modelling)
- Drilling is required to fully validate the exploration hypothesis and establish Li resources

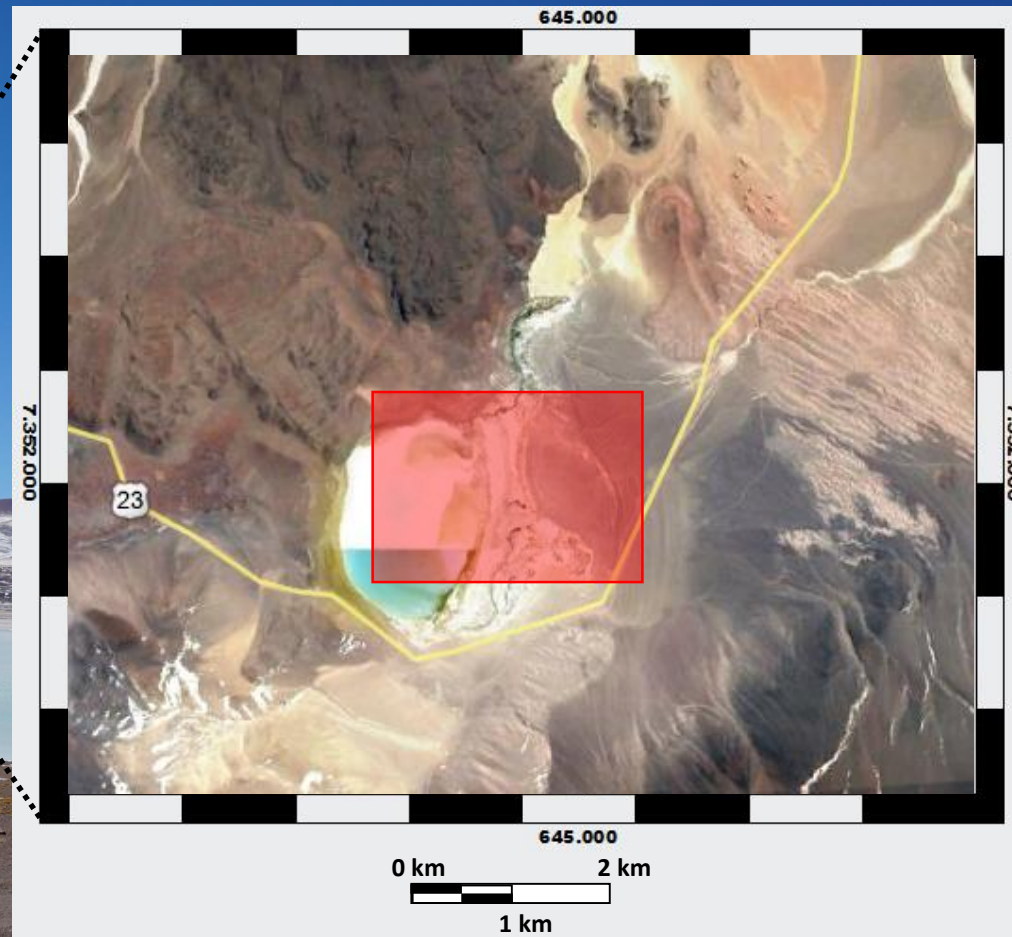
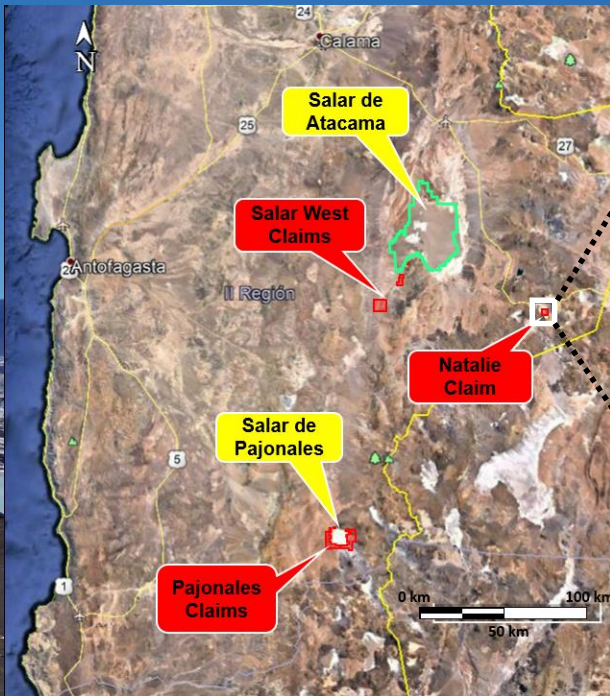
Salar de Pajonales – Pajonales Claims



- Pajonales claims – 11,500 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

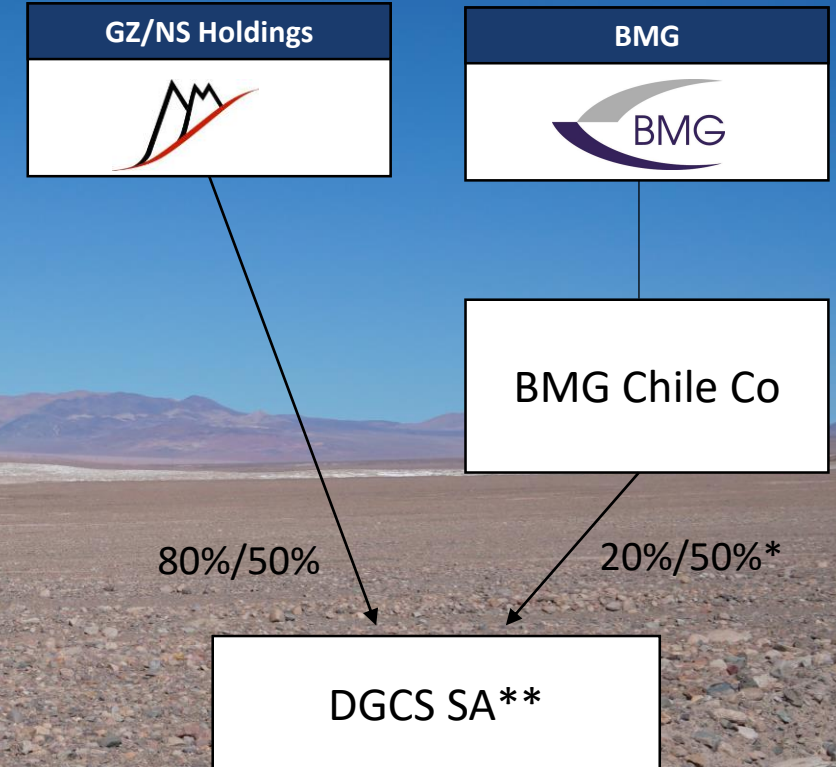
Salar de Tuyajto – Natalie Claim

- Natalie claim – 600 Ha
- Claim area covers most of the brine rich salar
- Samples at surface currently being analysed
- Geophysics to delineate depth and size of aquifer to commence in early 2019



Proactive JV Partners Secured

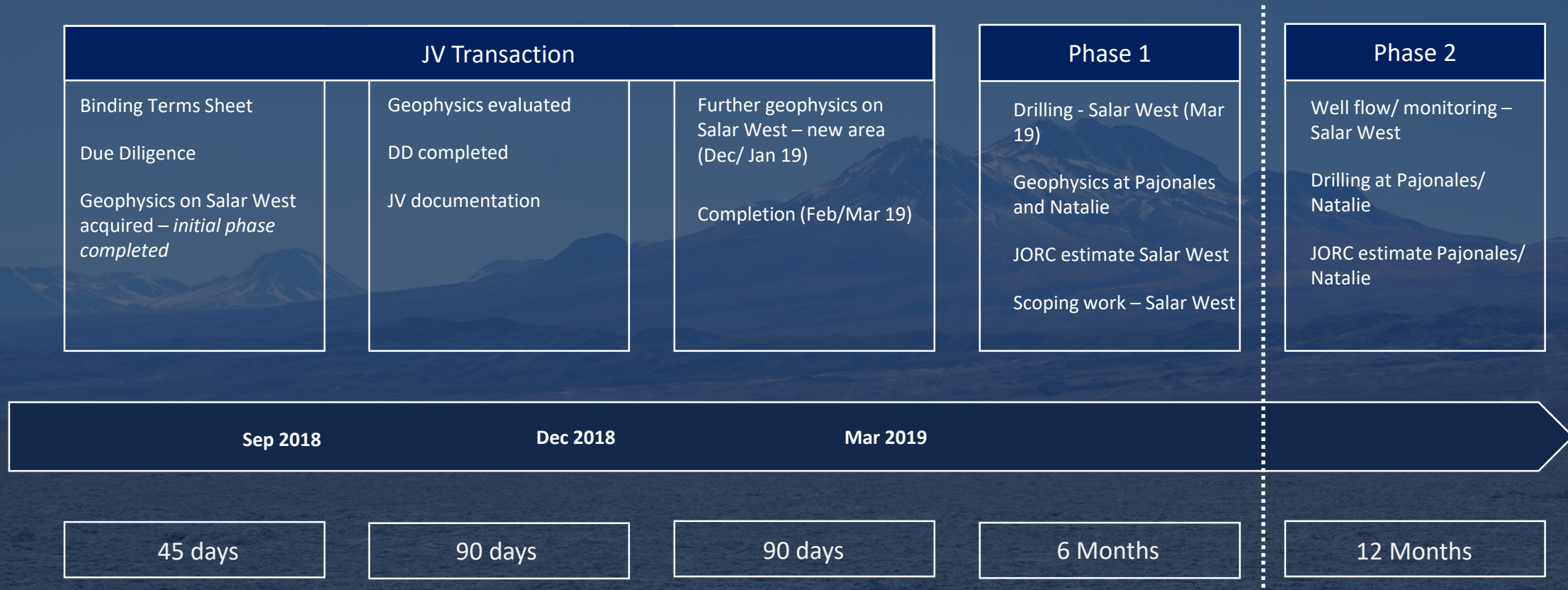
- BMG has secured a strategic business alliance for lithium brine exploration and development with Lithium Chile SpA (“LCS”)
- LCS are experienced Chilean geologists who have assumed a key role in sourcing and delivering additional exploration and development opportunities for BMG, and will provide management and operational services
- BMG expects LCS to continue to provide attractive opportunities to add to the exploration portfolio, having already recently increased BMG’s acreage by 70% at no additional cost
- Binding and exclusive agreement executed, subject to satisfactory due diligence enquiries and any shareholder and regulatory approvals
- US\$100,000 paid to the vendors for exclusive option period. BMG recently negotiated a revision to defer some vendor payments and enable more near term investment into the Lithium Properties
- New JV entity in Chile (“DGCS SA”) will own the assets and operate the venture. BMG will acquire/earn a 50% interest in the JV for US\$3.5 million over 3 years, with key milestones:
 - Completion: BMG will pay US\$250,000 in cash, then will earn 50% over 3 years
 - Year 1: BMG will fund US\$1 million on the Lithium Properties, then pay US\$250,000 in cash and US\$200,000 in shares to earn 20% in the JV Company
 - Year 2: BMG will earn an additional 15% interest in the JV Company by funding US\$1.0 million on the Lithium Properties, and paying an additional US\$150,000 in cash or shares (at BMG’s election)
 - Year 3: BMG will earn an additional 15% interest in the JV Company by funding US\$0.5 million on the Lithium Properties, and paying an additional US\$150,000 in cash or shares (at BMG’s election)



** Initial 20% interest acquired for US\$0.7m cash/ scrip consideration and US\$1m work commitment, with US\$1.5m additional work commitments and US\$0.3m cash/scrip to earn a further 30% interest*

***Chilean SPV holding 100% of Lithium properties*

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

Investment Highlights

- BMG's tenements are located within the world's highest-grade lithium brine district in close proximity to the world's largest lithium producers
- Strong local partner (LCS) are mining specialists expected to continue to provide attractive opportunities to add to the exploration portfolio, having already increased BMG's acreage by 70% at no additional cost
- Drill-ready targets identified, additional acreage acquired and drilling set to commence Q1 CY19
- Chile is a safe and stable jurisdiction with a well-established mining regulatory regime
- Significant disconnect between strong ground position and extremely low market capitalisation presents scope for investor value creation, with potential for a valuation re-rating of several hundred percent to bring the Company into line with its listed peers
- BMG's JV with LCS provides investors with exposure to the right commodity, with the right partner, in the right location at the right time

Contact:

Bruce McCracken
Managing Director
+61 8 9424 9390

Tim Dohrmann
Investor Relations
+61 (0) 468 420 846
tim@nwrcommunications.com.au

