

---

## **2016 Drilling Programme Commenced at Kudz Ze Kayah Zn-Pb-Cu-Ag-Au Project, Yukon**

### **Highlights**

- Diamond drilling commenced at Kudz Ze Kayah
- US\$14m budgeted for 2016 for drilling and Pre-Feasibility Study (“PFS”)

### **Objectives:**

- Work towards completing PFS and rapidly establish economic viability of the KZK project
- Resource expansion and classification upgrade in line with JORC 2012 standard
- Secure key data for plant and infrastructure design
- Continue environmental baseline studies for future permitting processes

BMC (UK) Limited (“BMC” or the “Company”), the private UK-based resources development company, today announces the commencement of its 2016 drilling programme at its 100% owned Kudz Ze Kayah Project (“KZK” or “the Project”), located east of Whitehorse in the Yukon Territory, Canada.

The Project, hosting zinc-rich polymetallic massive-sulphide mineralisation, was acquired by BMC in early 2015. A revised resource estimate for the ABM deposit was released in January 2016, after a 47% increase in the resource base (Table 1) resulting directly from the 2015 field programme undertaken by BMC.

The initial 2016 drilling programme, comprising 10,000 to 15,000 metres of diamond drilling, will aim to:

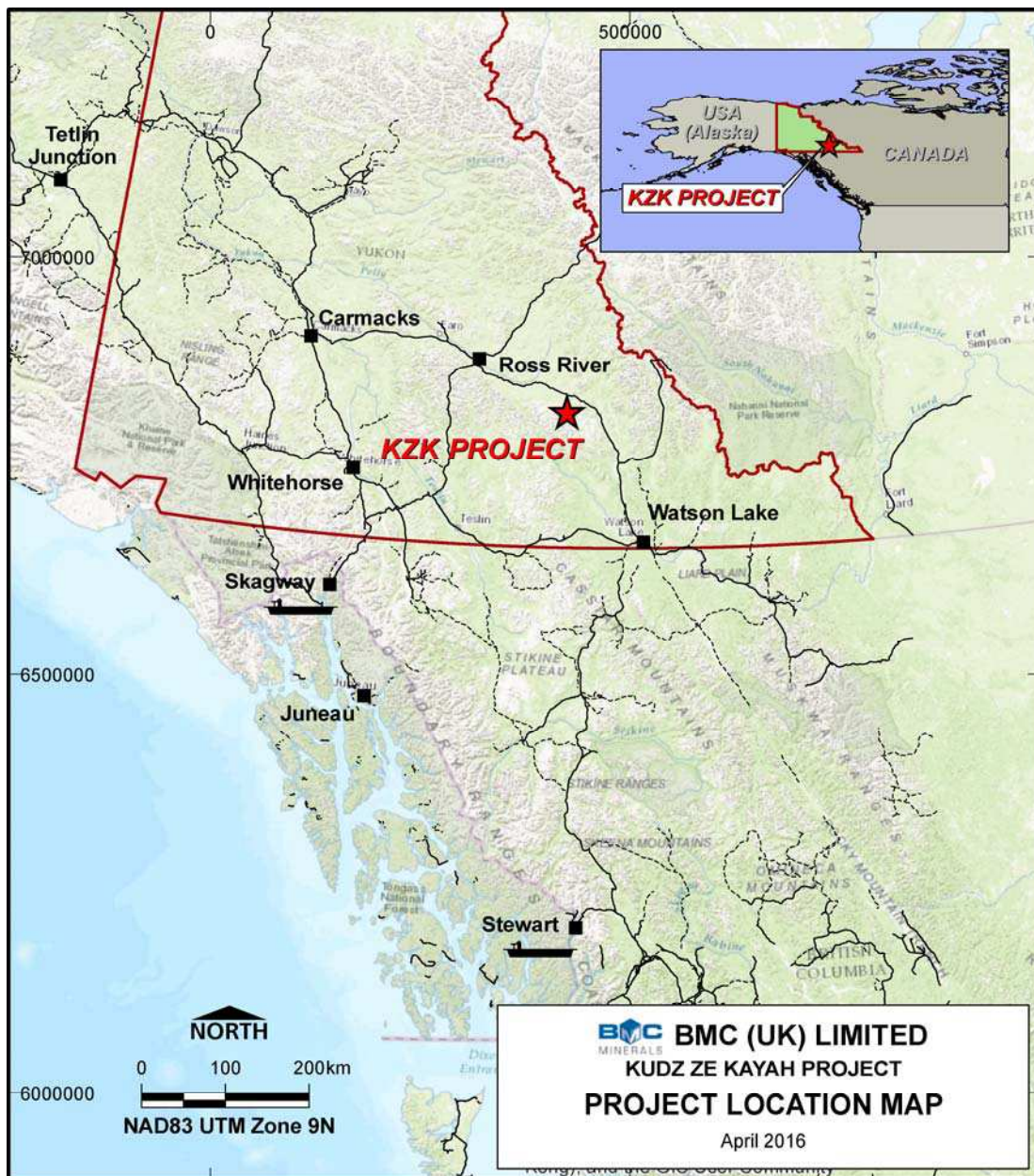
- Upgrade the resource classification at the ABM and GP4F deposits from Inferred to Indicated (JORC 2012),
- Provide further geotechnical data required for infrastructure design,
- Contribute metallurgical samples for the ongoing test work programme,
- Sterilise potential infrastructure sites, and
- Test a number of “near-mine” exploration targets in the vicinity of ABM where the discovery of additional mineral resources may influence the current PFS and near term permitting applications.

The majority of drilling at the project, both historical and that undertaken by BMC during 2015, has been restricted to the immediate area of the ABM and GP4F deposits with drilling to relatively shallow depths below surface (<300m). Volcanogenic massive sulphide deposits such as the ABM and GP4F deposits at Kudz Ze Kayah often occur in clusters, and in this context BMC are of the view that the project remains highly prospective for the discovery of additional mineral resources at a relatively shallow depth below surface. The exploration activities will also include airborne and ground-based geophysical programmes similar to those which originally identified the ABM deposit.

The 2016 work programme also incorporates ongoing environmental studies required for future permitting processes, as well as comprehensive metallurgical, geotechnical, plant design, engineering and economic studies that are required for completion of the PFS that has now been in progress for several months.

Commenting today, CEO, Scott Donaldson stated, “following the success of our inaugural 2015 program we look forward to consolidating the progress made to date including the identification of potential new geological targets and completion of the KZK PFS later this year.”

BMC only selects contractors and suppliers of the highest standard to provide services and equipment to the KZK project and we are therefore delighted that the clear majority of our partners for the 2016 programme are Yukon based, including a significant number of Kaska Dena corporations and companies with Kaska Dena links. More information on the Kudz Ze Kayah project and how to be involved can be found at [www.bmcminerals.com](http://www.bmcminerals.com).



**Figure 1: Location and detail of ABM and GP4F deposits, Kudz Ze Kayah Project.**  
*The Wolverine and Kona deposits are not held by BMC.*

## Additional Information

### BMC

BMC is a mining development company. It was created as the result of a strategic relationship between a team of established mine developers and a major natural resources private equity group focussed on advancing superior base metals assets into development.

The BMC executive team has a strong track record of discovery, development and operation of independent zinc and other base metals projects worldwide. BMC seeks to identify, acquire and develop a portfolio of metals assets during the current depressed commodity prices, with the express intent of delivering a new suite of mining ready production assets into the next commodity cycle upturn. BMC believes that a significant supply and demand gap for many base metals will occur over the next five years due to a lack of current investment resulting in an upcoming dearth of successful new production assets being brought online.

BMC identified the KZK asset as having the potential for full mine development due to its size, grade, metallurgical properties and the opportunity for resource growth.

### KZK Project

The ABM deposit is located within the KZK Project which is in turn situated on the northern flank of the Pelly Mountain Range, 260 km northwest of Watson Lake and 115 km southeast of Ross River in Yukon, Canada (*Figure 1*). The Project area lies approximately 23 km south of Finlayson Lake and 25 km west of the Wolverine Mine (Yukon Zinc). The project is accessed via a 20 km long access road from the Robert Campbell Highway, and all season road access exists to ice free port facilities at Skagway (Alaska) and Stewart (British Columbia).

BMC, through its wholly owned Canadian subsidiary BMC Minerals (No.1) Ltd, purchased the KZK Project from Teck Resources Limited (“Teck”) on 24th January 2015. The ABM project area is covered by a Socio-Economic Participation Agreement (“SEPA”), with both BMC and the Ross River Dena Council, on behalf of the Kaska Nation, being party to the SEPA.

The current mineral resource base for the project is summarised in Table 1.

	Tonnes Mt	Cu wt%	Pb wt%	Zn wt%	Au g/t	Ag g/t	Cu metal kt	Pb metal kt	Zn metal kt	Au koz	Ag Moz
<b>ABM Deposit</b>											
<i>Indicated</i>	16.7	0.9	1.8	6.2	1.4	144	150.2	304.0	1,037.2	743.4	77.1
<i>Inferred</i>	3.4	0.7	2.8	7.1	1.5	191	23.0	93.3	239.5	161.8	20.6
<b>TOTAL</b>	<b>20.1</b>	<b>0.9</b>	<b>2.0</b>	<b>6.4</b>	<b>1.4</b>	<b>151</b>	<b>173.2</b>	<b>397.3</b>	<b>1,276.7</b>	<b>905.2</b>	<b>97.8</b>
<b>GP4F Deposit</b>											
<i>Inferred</i>	1.7	0.2	2.6	6.1	1.0	76	2.6	44.7	104.5	54.3	4.2
<b>ABM + GP4F (Indicated &amp; Inferred)</b>											
<b>TOTAL</b>	<b>21.8</b>	<b>0.8</b>	<b>2.0</b>	<b>6.3</b>	<b>1.4</b>	<b>151</b>	<b>175.8</b>	<b>442.0</b>	<b>1,381.2</b>	<b>959.5</b>	<b>102.0</b>

**Table 1: KZK Project Mineral Resource Estimates by Deposit (minor errors may occur due to rounding)**

**Contacts:**

Scott Donaldson  
Chief Executive Officer  
[scottd@bmcminerals.com](mailto:scottd@bmcminerals.com)  
+61 429 081 116  
+1 604 727 0738

Laurence Read  
[laurencer@bmcminerals.com](mailto:laurencer@bmcminerals.com)  
+44 (0)20 3289 9923  
+44 (0)75 5767 2432  
**Website:**[www.bmcminerals.com](http://www.bmcminerals.com)

*The information in this report that relates to BMC Mineral Resources is a compilation of previously published data for which a Competent Persons consent was obtained. Their consent remains in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent. The information in this report has been extracted from the BMC Public Releases "Initial Resource Estimate for KZK Zn-Pb-Cu-Ag-Au Project, Yukon" dated 18 January 2016 and "Significant New Discovery and Major Resource Upgrade for KZK Zn-Pb-Cu-Ag-Au Project, Yukon" dated 22 January 2016 and is available on the BMC website [www.bmcminerals.com](http://www.bmcminerals.com). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.*

*The Company makes no representations as to the economic viability of the project at this time.*