

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 | 1. Fully paid ordinary shares 2. Options exercisable at \$0.05 each and expiring on 2 February 2018 |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1. Maximum of 63,922,852 shares 2. Maximum of 63,922,852 free attaching Options |
| 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) | 1. Fully paid ordinary shares 2. Options exercisable at \$0.05 each and expiring on 2 February 2018 |

+ See chapter 19 for defined terms.

| | | |
|----|--|--|
| 4 | Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? | 1. Shares will rank equally with existing ordinary shares on issue. |
| | If the additional +securities do not rank equally, please state: | 2. Options will form a new class of security with any ordinary shares issued as a result of the exercise of any Options to rank equally with existing ordinary shares on issue. The Company is seeking quotation of these Options. |
| | <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 | |
| 5 | Issue price or consideration | 1. Shares to be issued for \$0.02 each. 2. Options to be issued free. |
| 6 | Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets) | To provide funds principally for exploration activities on the Company's Treasure Project in Cyprus and to assess the Harts Range Project which is under option until September 2015. |
| 6a | Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? | Yes |
| | If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i | |
| 6b | The date the security holder resolution under rule 7.1A was passed | 5 November 2014 |
| 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) | Nil | | | | | | |
|-----------------------|--|--|--------|--------|-----------------------|----------------------------|-----------------------|--|
| 6f | Number of +securities issued under an exception in rule 7.2 | <ol style="list-style-type: none"> 1. Maximum of 63,922,852 shares 2. Maximum of 63,922,852 free attaching Options | | | | | | |
| 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>18,026,855 under rule 7.1.</p> <p>12,684,570 under rule 7.1A.</p> | | | | | | |
| 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> | Anticipated to be 2 February 2015 based on the indicative timetable set out in the prospectus lodged on 5 December 2014. | | | | | | |
| 8 | Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable) | <table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>1. 127,845,704 shares</td> <td>Ordinary Fully Paid Shares</td> </tr> <tr> <td>2. 63,922,852 options</td> <td>Options exercisable at \$0.05 each and expiring on 2 February 2018</td> </tr> </tbody> </table> | Number | +Class | 1. 127,845,704 shares | Ordinary Fully Paid Shares | 2. 63,922,852 options | Options exercisable at \$0.05 each and expiring on 2 February 2018 |
| Number | +Class | | | | | | | |
| 1. 127,845,704 shares | Ordinary Fully Paid Shares | | | | | | | |
| 2. 63,922,852 options | Options exercisable at \$0.05 each and expiring on 2 February 2018 | | | | | | | |

+ See chapter 19 for defined terms.

9 Number and ⁺class of all ⁺securities not quoted on ASX (including the ⁺securities in section 2 if applicable)

| Number | ⁺ Class |
|-----------|--|
| 150,000 | Options exercisable at \$2.20 each; expiring on 09/12/2014. |
| 140,000 | Options exercisable at \$2.00 each; expiring on 01/07/2016. |
| 260,000 | Options exercisable at \$2.20 each; expiring on 01/07/2016. |
| 500,000 | Options exercisable at \$0.35 each; expiring on the earlier of the 3 rd anniversary of the date of issue or 6 months after Mr Christopher Eager's employment with the Company ceases. |
| 500,000 | 5,000,000 exercisable at \$0.50 each; expiring on the earlier of the 3 rd anniversary of the date of issue or 6 months after Mr Christopher Eager's employment with the Company ceases; vesting on 31/12/2014. |
| 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. |

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|---------|--|
| 300,000 | 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 Dr Michael Green's employment with the Company ceases; vesting on the Company achieving a JORC inferred resource. |
| 300,000 | 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 Dr Michael Green's employment with the Company ceases; vesting on the Company achieving a JORC inferred resource of greater than 2 million tonnes. |
| 300,000 | 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 Dr Michael Green'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. |
| 800,000 | 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 Dr Michael Green's employment with the Company ceases; vesting on the Company's completion of a successful Feasibility Study. |

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| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | No dividend policy has been formulated by the Company. |
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Part 2 - Pro rata issue

| | | |
|----|--|--|
| 11 | Is security holder approval required? | No |
| 12 | Is the issue renounceable or non-renounceable? | Renounceable |
| 13 | Ratio in which the +securities will be offered | One (1) new share for every one (1) share held and one (1) free attaching option for every share issued. |

+ See chapter 19 for defined terms.

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| 14 | +Class of +securities to which the offer relates | Ordinary shares and options exercisable at \$0.05 each and expiring on 2 February 2018. |
| 15 | +Record date to determine entitlements | 12 December 2014 |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | No |
| 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 Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7. | Shareholders that do not have a registered address within Australia or New Zealand. |
| 19 | Closing date for receipt of acceptances or renunciations | 23 January 2015 |
| 20 | Names of any underwriters | TRG Equity Investments Pty Ltd ACN 143 454 522 |
| 21 | Amount of any underwriting fee or commission | \$16,000 (plus GST) |
| 22 | Names of any brokers to the issue | Helmsec Global Capital Limited ACN 129 825 798 |
| 23 | Fee or commission payable to the broker to the issue | 2% on total monies raised, plus 4.5% on monies raised through the endeavours of the broker excluding the underwritten portion and monies subscribed to by shareholders |
| 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 | 17 December 2014 |
| 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) | 10 December 2014 |
| 29 | Date rights trading will end (if applicable) | 16 January 2015 |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker? | Providing instructions to their broker in accordance with section 3.7 of the prospectus lodged on 5 December 2014 (Prospectus). |
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | Completing and lodging an Entitlement and Acceptance form or completing a BPay payment in accordance with section 3.2 of the Prospectus for those entitlements they wish to take up, and providing instructions to their broker, in accordance with section 3.7 of the Prospectus for those entitlements they wish to sell. |
| 32 | How do security holders dispose of their entitlements (except by sale through a broker)? | Complete and lodge a standard renunciation and acceptance form which is available from the Company's share registry, in accordance with section 3.7 of the Prospectus. |
| 33 | +Issue date | Anticipated to be 2 February 2015 based on the indicative timetable set out in the Prospectus. |

+ See chapter 19 for defined terms.

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

39 +Class of +securities for which quotation is sought

| | |
|--|------------|
| <p>40 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 | <p>N/A</p> |
|--|------------|

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|---|------------|
| <p>41 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> | <p>N/A</p> |
|---|------------|

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

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.

+ See chapter 19 for defined terms.

- 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: 5 December 2014

Print name: Fleur Hudson

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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 | 62,922,852 (this is an approximate figure based on the actual result of the recent 1 for 10 capital consolidation, less the number of shares issued in the past 12 months on a post-consolidation basis) |
| <p>Add the following:</p> <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"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</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> | Up to 63,922,852 shares (to be issued on or about 2 February 2015 pursuant to the rights issue that is the subject of this Appendix 3B) |
| Subtract the number of fully paid +ordinary securities cancelled during that 12 month period | Nil |
| “A” | 126,845,704 |

+ See chapter 19 for defined terms.

| | |
|---|--|
| Step 2: Calculate 15% of “A” | |
| “B” | 0.15 <i>[Note: this value cannot be changed]</i> |
| Multiply “A” by 0.15 | 19,026,855 |
| Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used | |
| <p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <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 <p><i>Note:</i></p> <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> | <p>10,000,000 fully paid ordinary shares issued on 3 November 2014 (pre consolidation)</p> <p>1,000,000 (post consolidation)</p> |
| “C” | 1,000,000 |
| Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1 | |
| <p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p> | 19,026,855 |
| <p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p> | 1,000,000 |
| Total [“A” x 0.15] – “C” | 18,026,855 <i>[Note: this is the remaining placement capacity under rule 7.1]</i> |

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> | 126,845,704 |
| Step 2: Calculate 10% of “A” | |
| “D” | 0.10 <i>Note: this value cannot be changed</i> |
| Multiply “A” by 0.10 | 12,684,570 |
| 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 <i>Notes:</i> <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 |

+ See chapter 19 for defined terms.

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A

| | |
|---|--|
| <p>"A" x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p> | <p>12,684,570</p> |
| <p>Subtract "E"</p> <p><i>Note: number must be same as shown in Step 3</i></p> | <p>Nil</p> |
| <p>Total ["A" x 0.10] – "E"</p> | <p>12,684,570</p> <p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p> |