



QUARTERLY ACTIVITIES REPORT

For the Quarter to 31 March 2014

HIGHLIGHTS

- **Drilling program approved for high priority Copper-Gold targets at Mala (Vrechia) and Pevkos (Black Pine) Prospects in Cyprus**
- **Detailed planning for drilling program well advanced with commencement targeted for June Quarter**
- **Ongoing review of all projects with the integration of new field data with archival reports and maps has confirmed and identified numerous strong Copper-Gold ± (Nickel-Cobalt) targets which warrant further work**

During the quarter, BMG Resources Limited (the “Company”; ASX: BMG) continued advancing its copper-gold (±nickel-cobalt-zinc-silver) projects in Cyprus. Evaluation of primary archival material held by the Cyprus Geological Survey was completed across all project areas. Historical results were complemented with revised geological reinterpretations using satellite imagery and new field data to define seventeen (17) prospects within BMG’s current tenure. Five (5) of these prospects contain extensive known sulphide mineralisation and are considered advanced prospects. At the Mala and Pevkos Prospects, high-grade copper-zinc ± gold-silver and nickel-copper-gold-cobalt have been confirmed, respectively, and a drilling program at both prospects approved. Logistics planning and regulatory approvals for this drilling program are well advanced. At the other three advanced prospects, extensive sulphide mineralisation is known but further work is required to better constrain the extent of high-grade copper-gold mineralisation. It is expected that drill targets will be developed at these prospects in due course. Field work is also continuing at the less-advanced prospects to determine the extent of the identified copper-gold anomalies. Regional prospecting is also continuing across all of BMG’s tenure to identify new prospects.

The Mala Prospect is within the Company’s Vrechia Project area and archival reports show that it contains high-grade copper-zinc mineralisation. None of the drilling samples were tested for gold but surface sampling revealed widespread gold anomalism in the area with 17 of 115 samples returning >0.5 g/t gold. Mala is a typical Volcanic-Hosted Massive Sulphide (VHMS) deposit that formed at or near the ancient seafloor. VHMS deposits in Cyprus are known to contain copper-gold-zinc-silver with the largest known at Mavrovouni where 17 million tonnes at 4.5 % copper is reported to have been extracted. At Mala, previous drilling identified high-grade copper and zinc near the top of a buried massive pyrite body. Some small-scale mining for high-grade pyrite was completed in the 1980’s, but reconciling the residual open-pit configuration with the high-grade copper indicates that

most of the high-grade copper material remains in situ. The proposed drilling program aims to confirm the previous high-grade copper results but with gold assays, extend the lateral and vertical extent of the high-grade copper and better test a nearby but separate mineralised corridor where previous drilling returned >1.0 % copper.

The Pevkos Prospect is within the Company’s Black Pine project and contains two sulphide zones of high-grade nickel-copper-cobalt-gold. Pevkos is interpreted to be an orthomagmatic deposit, where massive sulphides are deposited at or near the margins of specific magmatic intrusions. Pevkos is 4.5 km southeast of the Laxia Prospect where BMG drilled in 2013 and is probably part of the same regional orthomagmatic system. Samples of massive sulphide material from waste dumps near abandoned exploration adits (tunnels) returned 1.98 % nickel, 0.35 % copper, 18.25 g/t gold and 0.26 % cobalt. Ground electromagnetic surveys in 2010 identified a very strong conductor which correlates with the down-dip western extension of known massive sulphides of the Eastern Lode. The planned drilling will target this EM conductor.

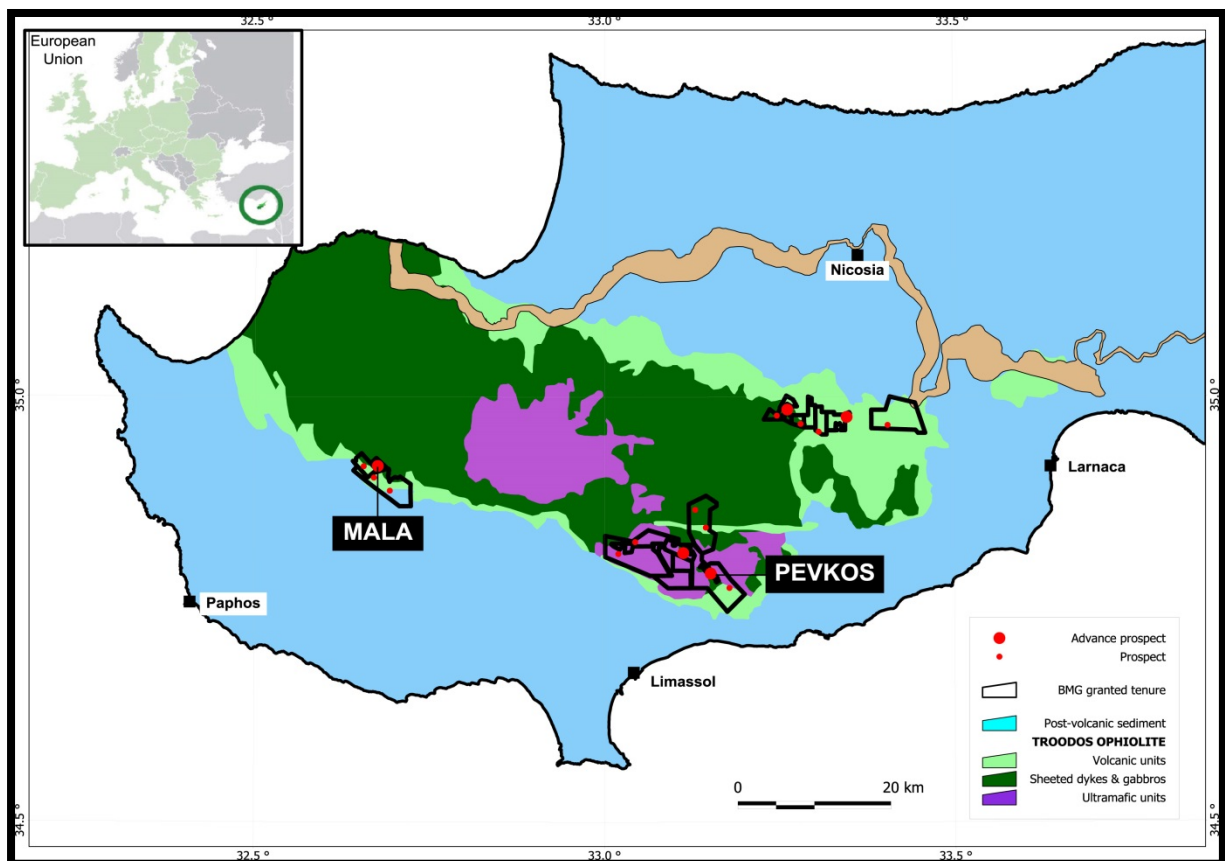


Figure 1: BMG’s prospects and licences in Cyprus

CORPORATE

The following ASX announcements regarding BMG's activities and projects were released since the last quarterly report.

Date	Headline
23/04/2014	Drilling Program Planned for High-Priority Copper-Gold Targets at Mala (Vrechia) and Pevkos (Black Pine) in Cyprus
15/04/2014	Restricted Securities Released from Escrow
01/04/2014	Expiry of Listed Options
11/03/2014	Half Yearly Accounts

TENEMENTS

During the Quarter, BMG renewed two (2) exploration and four (4) reconnaissance licences and relinquished two reconnaissance licences (see table below).

Project	Licence number	Status	Interest (%)	Notes	Activity during the quarter
BLACK PINE	EA4314	granted	100		
	EA4316	granted	100		
	EA4317	granted	100		
	EA4318	granted	100		
	EA4456	granted	100		renewed
	AE4461	granted	100	reconnaissance	renewed
	AE4464	application	100	reconnaissance	renewed
	AE4465	granted	100	reconnaissance	renewed
	AE4467	application	100	reconnaissance	
VRECHIA	EA4313	granted	100		
	EA4457	granted	100		renewed
	AE4462	granted	100	reconnaissance	renewed
KAMBIA	EA4315	granted	100		
	EA4447	granted	100		
	EA4448	granted	100		
	EA4449	granted	100		
	EA4452	granted	100		
	EA4453	granted	100		
	AE4463	relinquished	100	reconnaissance	not renewed
	AE4466	relinquished	100	reconnaissance	not renewed
	AE4480	granted	100	reconnaissance	
AE4492	granted	100	reconnaissance		

ENDS

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COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Dr Michael Green, a Competent Person who is a Member of the Australian Institute of Geoscientists (MAIG). Dr Green is a full-time employee and executive director of BMG Resources Limited. Dr Green has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Green consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The results referenced herein for the Mala Prospect (Vrechia Project) were reported to the ASX on:

- **18 December 2013 - High Grade Copper-Zinc Mineralisation at Mala Prospect – Vrechia**
- **23 April 2014 – Drilling Program Planned for High-Priority Copper-Gold Targets at Mala (Vrechia) and Pevkos (Black Pine) in Cyprus**

under the 2012 JORC Code. There have been no material changes since these results were last reported.

The results referenced herein for the Pevkos Prospect (Black Pine) were reported to the ASX on:

- **25 January 2013 – Independent geologist's report on the base and precious metal assets of Treasure Development in the Republic of Cyprus (SRK Consulting Australasia)**
- **16 April 2013 – High grade assays returned at Treasure copper-gold project**
- **23 April 2014 – Drilling Program Planned for High-Priority Copper-Gold Targets at Mala (Vrechia) and Pevkos (Black Pine) in Cyprus**

These results were prepared and first disclosed under the 2004 JORC Code. They have not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was reported. The Company is not aware of any new information or data that materially affect the information included in the relevant announcements.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

BMG RESOURCES LTD

ABN

96 107 118 678

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(113)	(940)
(b) development	-	-
(c) production	-	-
(d) administration	(129)	(515)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	9	43
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(233)	(1,412)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(233)	(1,412)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(233)	(1,413)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(233)	(1,413)
1.20	Cash at beginning of quarter/year to date	1,210	2,350
1.21	Exchange rate adjustments to item 1.20	(3)	36
1.22	Cash at end of quarter	974	974

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	97
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions Payment of consulting fees to directors & salaries to employees	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
None
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	150
4.2	Development	-
4.3	Production	-
4.4	Administration	100
Total		250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	56	58
5.2 Deposits at call	918	1,152
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	974	1,210

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	None		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	None		

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	629,227,732	629,227,732		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	1,500,000	-	\$0.22	09 December 2014
	1,400,000	-	\$0.20	01 July 2016
	2,600,000	-	\$0.22	01 July 2016
	5,000,000	-	\$0.035	13 December 2016
	5,000,000	-	\$0.05	
	5,000,000	-	\$0.035	
	5,000,000	-	\$0.04	
	5,000,000	-	\$0.045	
	10,000,000	-	\$0.05	
	3,000,000	-	\$0.035	
	3,000,000	-	\$0.04	
	3,000,000	-	\$0.045	
	8,000,000	-	\$0.05	
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	136,756,414	136,756,414	\$0.20	31 March 2014
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



30/04/2014

Sign here: Date:
(Director/Company secretary)

Print name:Fleur Hudson.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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