



30 June 2014

DRILLING TO COMMENCE AT CYPRUS NICKEL-COPPER-COBALT-GOLD SULPHIDE TARGETS

- Drilling to test multiple massive sulphide targets at Pevkos and Mala Prospects
- Assays of massive sulphide material at Pevkos have returned 3.67 % Ni, 3.09 % Cu, 0.28 % Co and 7.58 g/t Au and 1.98 % Ni, 0.35 % Cu, 0.26 % Co and 18.25 g/t Au
- Site preparation is underway and RC drilling equipment is scheduled to arrive in coming days
- Drilling to commence by 14 July

Cyprus-focussed exploration company BMG Resources Limited (ASX: BMG) (**BMG or the Company**) is pleased to inform shareholders that arrangements for drilling at the Pevkos and Mala Prospects in Cyprus are now well advanced. Reflex Drilling Pty Ltd has been contracted to provide drilling services and a reverse-circulation (RC) drill rig has been mobilised to the project area. It is expected that all the drilling equipment will arrive in Cyprus during the next fortnight and the drilling programme is expected to commence on 14 July. Regulatory approvals to permit the drilling have been granted and site preparations are underway.

Mr Bruce McCracken, Managing Director of BMG, said “We are very pleased to shortly commence drilling at our Pevkos and Mala Prospects in Cyprus, where exceptional historic results highlight the exciting exploration potential of this drilling programme.”

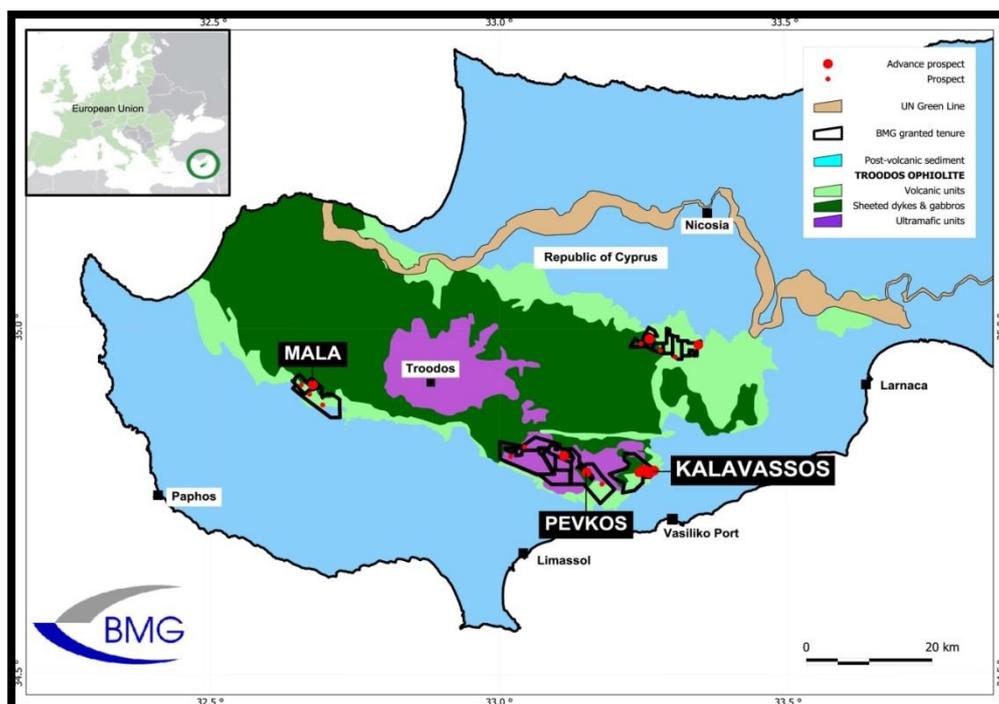


Figure 1: BMG's prospects and licences in Cyprus

PEVKOS PROSPECT –SULPHIDE CONDUCTOR DRILL TARGETS

Drilling planned at the Pevkos Prospect will target two zones of massive and disseminated sulphide within serpentine-altered ultramafic units that were discovered in the 1950’s. Historic work focused on the copper potential of the massive sulphide and included excavating small tunnels and drilling. It was determined that the Eastern Lode extends for at least 130 metres along strike and more than 200 metres down-dip. At the time, mining was not warranted because the copper could not be extracted successfully from the pyrrhotite-rich ore because the nearby Vasilikos facility was designed to process copper-rich pyrite ore. It is now known that the massive sulphide at Pevkos contains high-grade Nickel-Copper-Cobalt-Gold. For example, massive sulphide sample CYP08074 from the Western waste pile returned 3.67 % Nickel, 3.09 % Copper, 0.28 % Cobalt and 7.58 g/t Gold, and sample BPP13001 from the exposed Eastern Lode gossan returned 1.98 % Nickel, 0.35 % Copper, 0.26 % Cobalt and 18.25 g/t Gold.

To better constrain the sub-surface location of the Eastern Lode, a fixed-loop transient electromagnetic (TEM) survey was completed in 2010 by Qantec Geoscience Pty Ltd. This survey identified a very strong southwest-dipping conductor on two adjacent 80 metre-spaced lines that extends down-dip from the massive sulphide outcrop. This conductor also corroborates the historic drilling results, albeit about 90 metres northeast along strike. The TEM conductor is the main target of the planned Pevkos drilling. Additional drilling is also planned to intersect the Western Lode by twinning historic holes. Pevkos is part of the Company’s 100 % owned Black Pine project and is 4.5 km southeast of the Laxia Prospect where BMG drilled in 2013. The mineralisation at Pevkos and Laxia is interpreted to be orthomagmatic, whereby sulphides are deposited at or near the margins of magmatic intrusions. More details about Pevkos were released to the ASX on 25/01/2013 and 16/04/2013.

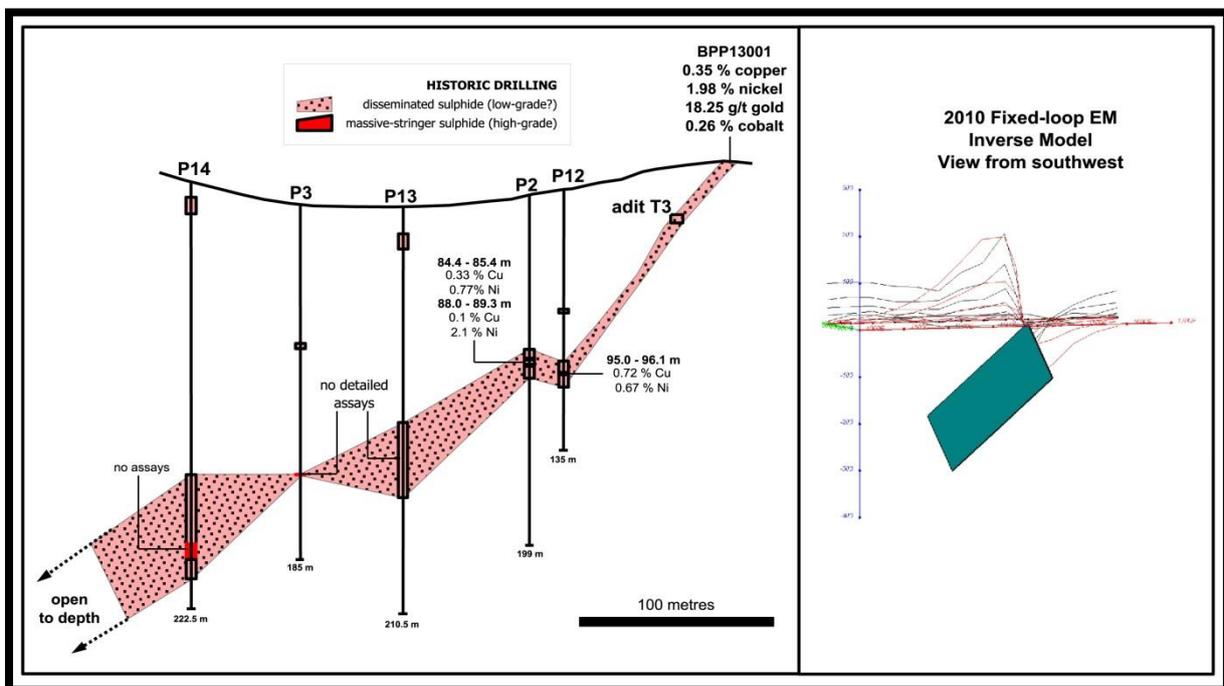


Figure 2: Section across Pevkos Eastern Lode - outline of mineralisation defined by historic drilling and inverse TEM model

MALA PROSPECT - FOLLOW-UP DRILLING AT HISTORIC MALA OPEN PIT

Drilling is also planned at the Mala Prospect, where high-grade Copper-Zinc-Gold-Silver is found within massive sulphide accumulations related to seafloor volcanics. Previous drilling at Mala identified high-grade copper and zinc near the top of a buried massive sulphide (pyrite) body. Eight adjacent drill holes returned intervals with maximum grades >2 % copper. No drill samples were tested for gold, however, historical surface sampling revealed widespread gold anomalism in the area with 17 of 115 samples returning >0.5 g/t gold. A modest open-cut mine was developed in the 1980's to extract high-grade pyrite. Reconciling the existing open-pit configuration with the defined high-grade copper domain indicates that most of the high-grade copper remains in situ. The upcoming drilling programme aims to confirm and extend the previous high-grade copper results but with gold assays. Drilling will target areas mainly within or immediately around the pit and will also test for additional mineralisation within 300 metres of the pit where there is evidence, such as iron-oxide zones, for near-surface sulphide mineralisation. The Mala massive pyrite is a Volcanic-Hosted Massive Sulphide (VHMS) deposit, which, in Cyprus, are known to contain Copper-Gold-Zinc-Silver. Mala is within the Company's 100 % owned Vrechia Project. More details about historical exploration at Mala were released to the ASX on 18/12/2013.

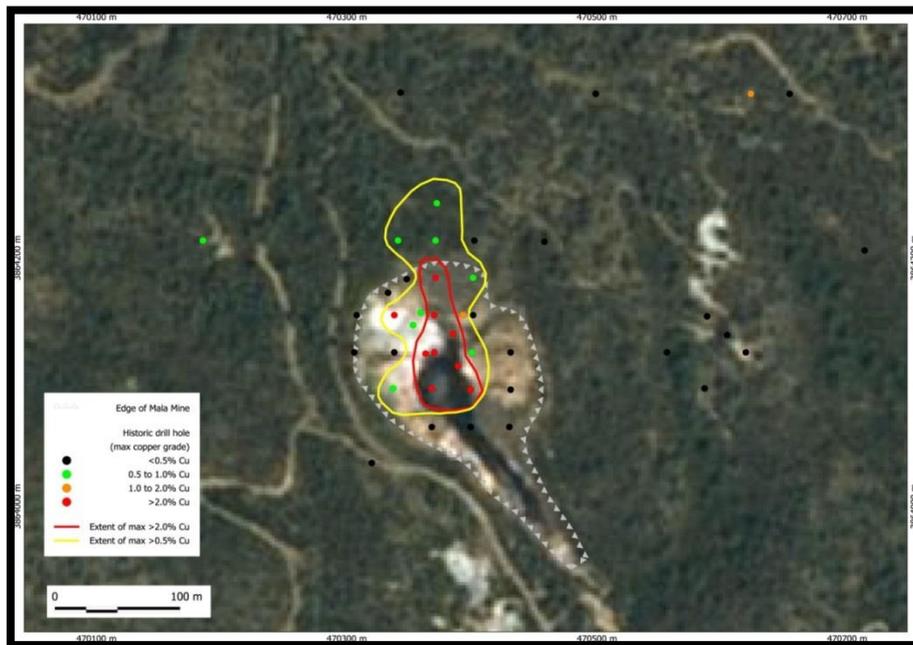


Figure 3: Location and copper grades of historic drilling at Mala Prospect



Figure 4: Chalcopyrite (copper) in massive pyrite from Mala waste dump. Gossan exposed at flooded adit, Pevkos East Lode

KALAVASSOS UPDATE – EXTENSIVE ARCHIVE

BMG has been granted a licence covering the entire Kalavassos Mineral Field; one of the most important historic copper mining districts in Cyprus. Thirteen (13) copper-rich sulphide bodies were discovered and mined from 1937 to 1977. Total production is recorded as 4,680,900 tonnes at between 0.5 and 3.0 % Copper, including 4.62 million tonnes at >1.0 % Copper. Gold and silver assays from the sulphide bodies are not known, although 61,450 tonnes of oxide material were mined between 1937 and 1943 to produce 16,490 ounces Gold (8.3 g/t) and 34,740 ounces Silver (17.6 g/t). Official records refer to a combined total of 2.28 million tonnes of massive sulphide being left in some of the mines at unspecified copper grade. These grades and tonnages were collated by the Cyprus Government each year, probably to calculate royalty payments, using production figures provided by Hellenic Mining Company (private mine operator of all the Kalavassos Mines) and included estimates of the remaining material to be mined. The methods to calculate the grade and tonnage these historic estimates are not known, do not comply with the 2012 JORC code and should be considered indicative only.

A preliminary assessment of the archival material held by the Cyprus Geological Survey Department has been completed. The archive contains maps covering all of the historic mines at Kalavassos, including details of the progress of underground mining. There are reports and maps of the local geology and graphical drill logs. The archive is extensive and there appears to be sufficient material to provide reasonable constraints for most of the underground workings. The archive is currently being scanned and more thorough assessment will be undertaken to integrate this information into BMG's mapping systems. More details about the historical work at Kalavassos were released to the ASX on 29/05/2014.

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 styles of mineralisation and types 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**] under the 2012 JORC Code. There have been no material changes since these results were last reported.*

*The results references herein for Kalavassos were reported to the ASX on 29 May 2014 [**New licence approved at historic Kalavassos Copper Mines, 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 Project) 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***

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.