



ASX ANNOUNCEMENT

9 December 2014

DESPATCH OF NOTICES TO SHAREHOLDERS

BMG Resources Limited (ASX: BMG) has despatched notices to its shareholders in accordance with the timetable for the renounceable pro rata entitlement offer. A copy of the notice sent to eligible shareholders, and a copy of the notice sent to ineligible shareholders, accompany this announcement.

The 'Ex' entitlement date is 10 December 2014 and Record Date for determining entitlements is 12 December 2014.

*****ENDS*****

For further information, shareholders and media please contact:

Bruce McCracken

Fleur Hudson

Managing Director

Company Secretary

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9 December 2014

<Eligible shareholder>

<address>

<address>

Dear <shareholder name>

Renounceable pro rata entitlement offer

On 4 December 2014, BMG Resources Limited (**Company**) announced a proposed partially underwritten one (1) for one (1) renounceable pro rata entitlement offer at an issue price of A\$0.02 per share, with one (1) free attaching option for every share issued, exercisable at A\$0.05 each and expiring on 2 February 2018 to raise up to approximately A\$1.278 million (before expenses) (**Offer**).

The purpose of this letter is to provide you with key information about the Offer before the prospectus for the Offer is sent to eligible shareholders in accordance with the requirements of the Australian Securities Exchange (**ASX**).

Key information

Key information in connection with the Offer and important dates are set out below for your reference:

- (a) The Offer is a renounceable pro-rata offer and is being undertaken on the basis of one (1) new fully paid ordinary share (**New Share**) for every one (1) fully paid ordinary share held by eligible shareholders at \$0.02 cents per New Share, with one (1) free attaching option exercisable at \$0.05 each on or before 2 February 2018 (**Free Attaching Option**).
- (b) Eligible shareholders include those shareholders whose registered address is within Australia or New Zealand as at the Record Date (**Eligible Shareholders**).
- (c) The record date for Eligible Shareholders is 5.00pm (WST) on Friday, 12 December 2014 (**Record Date**).
- (d) A maximum of 63,922,852 New Shares and 63,922,852 Free Attaching Options will be issued under the Offer. This number excludes shares which may be issued in the event that an option holder elects to exercise their right to convert their securities to ordinary shares prior to the Record Date. This number is also subject to a final reconciliation and rounding of entitlements.
- (e) After completion of the Offer, the Company will have up to 127,845,704 ordinary shares on issue, all of which will be quoted on the ASX. The Company will also have

69,672,852 options on issue. Of those options, 5,750,000 options will remain unquoted, and 63,922,852 options will, subject to acceptance by ASX of the Company's application for quotation, be quoted on ASX.

- (f) As a renounceable entitlement offer, rights are tradeable on ASX and are otherwise transferable. Eligible Shareholders who elect not to take up their full entitlement may receive some value in respect of those entitlements by selling their rights. Eligible Shareholders who wish to sell all or some of their rights should either contact their broker or complete and lodge a standard renunciation and acceptance form which is available from the Company's share registry, Security Transfer Registrars Pty Ltd.
- (g) The Company intends, subject to ASIC approval, to appoint Helmsec Securities Pty Limited as its nominee to sell the rights of ineligible shareholders.
- (h) New Shares and the shares issued on the exercise of the Free Attaching Options will rank equally with the Company's existing fully paid ordinary shares.
- (i) Shareholder approval of the Offer is not required.
- (j) The Offer will be undertaken with a prospectus in accordance with section 713 of the *Corporations Act 2001* (Cth).
- (k) The Offer is partially and conditionally underwritten by TRG Equity Investments Pty Ltd (**Underwriter**) for an underwriting fee of A\$16,000 (plus GST).
- (l) The Company has appointed Helmsec Global Capital Limited as lead manager to the Offer (**Lead Manager**) for a fee of 2% on total monies raised, plus 4.5% on monies raised through the endeavours of the Lead Manager excluding the portion underwritten by the Underwriter and monies subscribed to by the Company's shareholders.
- (m) Eligible Shareholders will be able to apply for additional New Shares by specifying the total number of New Shares they wish to apply for on their entitlement and acceptance form. Additional New Shares will only be allocated to the extent that there is a shortfall of acceptances under the Offer. The directors of the Company, acting in consultation with the Lead Manager, have reserved their right to determine who is to receive any additional New Shares and Free Attaching Options.
- (n) The Company does not have a dividend policy. Payment of future dividends will depend upon future profitability and the financial position of the Company.

Use of the proceeds

The funds raised under the Offer are intended to be applied as follows:

- (a) to fund the on-going exploration programme on the Company's wholly owned Treasure Project in the Republic of Cyprus;
- (b) to further investigate and validate the existing resource information and feasibility work relating to the Harts Range Project;
- (c) repayment of accrued expenses;
- (d) general working capital; and

(e) the expenses of the Offer.

Key dates

Full details of the Offer are contained in the prospectus lodged with ASIC. A copy of the prospectus will be dispatched to each Eligible Shareholder together with personalised entitlement and acceptance forms, on or about Wednesday 17 December 2014.

The anticipated timetable for the Offer is as follows:

Event	Date
Announcement of Offer	Thursday, 4 December 2014
Prospectus lodged with ASIC and ASX (Appendix 3B lodged with ASX)	Friday, 5 December 2014
Notice of Offer sent to Shareholders	Tuesday, 9 December 2014
Ex-date (date from which Shares begin trading without the Right to participate in the Offers); rights trading commences	Wednesday, 10 December 2014
Record Date (to identify Shareholders entitled to participate in the Offer)	Friday, 12 December 2014
Offer open (Opening Date); Prospectus and Entitlement and Acceptance Forms sent to Eligible Shareholders	Wednesday, 17 December 2014
Rights trading ends	Friday, 16 January 2015
New Shares quoted on a deferred settlement basis	Monday, 19 January 2015
Last day to extend the Closing Date	Tuesday, 20 January 2015
Offer closes (Closing Date)*	Friday, 23 January 2015
Notice to ASX of Shortfall	Thursday, 29 January 2015
New Securities issued	Monday, 2 February 2015
Quotation of New Securities on ASX commences	Tuesday, 3 February 2015

Further information

For further information on the Offer, please see the Company's announcements from 4 and 5 December 2014 as listed on the ASX website (www.asx.com.au) or the Company's website (www.bmgf.com.au). Alternatively, please contact Security Transfer Registrars Pty Ltd on +61 8 9315 2333 or the Company on +61 8 9424 9390 from 9.00am to 5.00pm Perth time, Monday to Friday.

Yours sincerely

Bruce McCracken
Managing Director



9 December 2014

<Ineligible shareholder>
<address>
<address>

Dear <shareholder name>

Renounceable pro rata entitlement offer

On 4 December 2014, BMG Resources Limited (**Company**) announced a proposed partially underwritten one (1) for one (1) renounceable pro rata entitlement offer at an issue price of A\$0.02 per share (**New Share**), with one (1) free attaching option exercisable at A\$0.05 and expiring on 2 February 2018 (**Free Attaching Option**) for every share issued to raise approximately A\$1.278 million before expenses (**Offer**).

This letter is to inform you about the Offer and to explain why you will not be able to subscribe for New Shares and Free Attaching Options (**New Securities**) under the Offer. This letter is not an offer to issue New Securities to you, nor an invitation for you to apply for New Securities.

You are not required to do anything in response to this letter.

Documents relating to the Offer were lodged with ASIC and ASX on 5 December 2014 and are being mailed to Eligible Shareholders (as defined below in the section headed "Eligibility criteria").

The Offer is to be implemented under section 713 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

Eligibility criteria

The Company has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to shareholders in all countries in connection with the Offer. This determination was made due to legal limitations on making or extending an offer of New Securities in some countries, the relatively small number of shareholders in those countries, the small number of securities they hold and the potential cost of complying with regulatory requirements in those countries.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b) of the Corporations Act, the Company wishes to advise you that it will not be extending the Offer to you and you will not be able to subscribe for New Securities under the Offer.

Shareholders who are eligible to participate in the Offer (**Eligible Shareholders**) are shareholders who:

- (a) are registered as holders of existing shares as at 5.00pm Perth time on Friday, 12 December 2014 (**Record Date**); and

(b) as at the Record Date, have a registered address in Australia or New Zealand.

Unfortunately, as you do not satisfy the eligibility criteria for an Eligible Shareholder stated above, you will not be able to subscribe for New Securities under the Offer.

Renounceable Offer

However, as the Offer is renounceable, you may still receive some benefit for entitlements you would have received had you been eligible to participate in the Offer. The Company intends, subject to ASIC approval, to appoint Helmsec Securities Pty Limited (**Helmsec**) as the nominee to conduct a foreign sale facility on behalf of ineligible shareholders (**Foreign Sale Facility**). Under the Foreign Sale Facility, the Company will issue the nominee with rights to apply for New Securities which would otherwise have been available for subscription by ineligible shareholders had they been eligible to participate in the Offer. The nominee will then dispose of those rights during the period for which they are tradeable on the ASX.

There is, however, no guarantee that you will receive any proceeds as a result of the Foreign Sale Facility. The ability of Helmsec to sell entitlements under the Foreign Sale Facility and the price it obtains for them will be dependent on various factors, including market conditions. To the maximum extent permitted by law, neither the Company, nor Helmsec nor their respective agents or affiliates, will be liable for any failure to sell entitlements under the Foreign Sale Facility at a particular price or in a particular time frame.

If you have any questions in relation to any of the above matters, please contact Security Transfer Registrars Pty Ltd on +61 8 9315 2333 or the Company on +61 8 9424 9390 from 9.00am to 5.00pm Perth time, Monday to Friday.

On behalf of the Board and management of the Company, thank you for your continued support.

Yours faithfully

Bruce McCracken
Managing Director