



23 April 2014

**DRILLING PROGRAM PLANNED FOR HIGH-PRIORITY COPPER-GOLD TARGETS AT
MALA (VRECHIA) AND PEVKOS (BLACK PINE) IN CYPRUS**

- **Intensive exploration program over past six months has defined numerous strong Copper-Gold ± (Nickel-Cobalt) targets across the Company's tenement holdings in Cyprus.**
- **High-impact targets at Mala and Pevkos prioritised for immediate drilling.**
- **Mala Prospect: Volcanic-Hosted Massive Sulphide (VHMS) deposit where previous drilling returned eight (8) adjacent holes with maximum grades >2.0 % Copper (no gold assays) though surface sampling suggests widespread gold.**
- **Pevkos Prospect: orthomagmatic deposit where previous exploration identified a very strong EM conductor in an area where surface sampling of massive sulphide material from waste dumps returned 1.98 % Nickel, 0.35 % Copper, 18.25 g/t Gold, 0.26 % Cobalt.**
- **Planning well underway; timing of drilling to be confirmed when the contract is finalised.**

BMG Resources Limited (ASX:BMG) (**BMG** or **the Company**) is pleased to announce its decision to undertake immediate drilling at two separate prospects, Mala (Vrechia) and Pevkos (Black Pine), in Cyprus. Historical exploration results, geological maps and geophysical data have been integrated with new satellite imagery and additional field data to define high-priority targets at the Mala and Pevkos Prospects. Regulatory approvals are being sought with the relevant authorities to permit the proposed drilling, but BMG does not foresee any significant issues. Discussions with drilling contractors are underway with the aim of securing a reverse-circulation (RC) drill rig. The exact timing of the drilling will be confirmed when the drilling contract is finalised.

The Mala Prospect is within the Company's Vrechia Project area and contains high-grade copper-gold-zinc mineralisation. Mala is a classic 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 (largest known is Mavrovouni where 17 million tonnes at 4.5 % copper is reported to have been extracted). At Mala, three (3) drilling programs identified high-grade copper and zinc near the top of a massive buried pyrite body. No drilling samples tested for gold but surface sampling revealed widespread gold anomalism in the area with 17 of 115 samples returning >0.5 g/t gold. Some small-scale mining for high-grade pyrite was completed in the 1980's, but reconciling the current 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 parallel sub-basin where previous drilling found >1.0 % copper. More detail about the historical exploration at Mala was released to the ASX on 18/12/2013.

The Pevkos Prospect is within the Company’s Black Pine project and contains two zones of high-grade nickel-copper-cobalt-gold sulphides. 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 system. Previous exploration at Pevkos identified a very strong EM conductor that correlates with the down-dip western extension of known massive sulphides. Previous samples of massive sulphide material from waste dumps near abandoned adits (tunnels) returned 1.98 % Nickel, 0.35 % Copper, 18.25 g/t Gold and 0.26 % Cobalt. The planned drilling will mainly target the EM conductor and extend the known extent of the eastern Pevkos lode. More detail about Pevkos was released to the ASX on 25/01/2013 and 16/04/2013.

The Company has nineteen (19) granted exploration and reconnaissance licences in Cyprus. Within this holding they have identified five advanced prospects, including the two approved for immediate drilling. At the other three advanced prospects extensive sulphide mineralisation is known but further work is required to better define areas containing high-grade copper-gold mineralisation. It is expected that drill targets will be developed at these prospects in due course.

BMG has also identified twelve (12) other prospects within their granted tenure where there is strong evidence for near-surface copper mineralisation. Field work is continuing at these less-advanced prospects to determine the extent of the copper-gold sulphide bodies. Regional prospecting is also continuing across all of BMG’s tenure to identify new prospects.

BMG will provide further updates in due course.

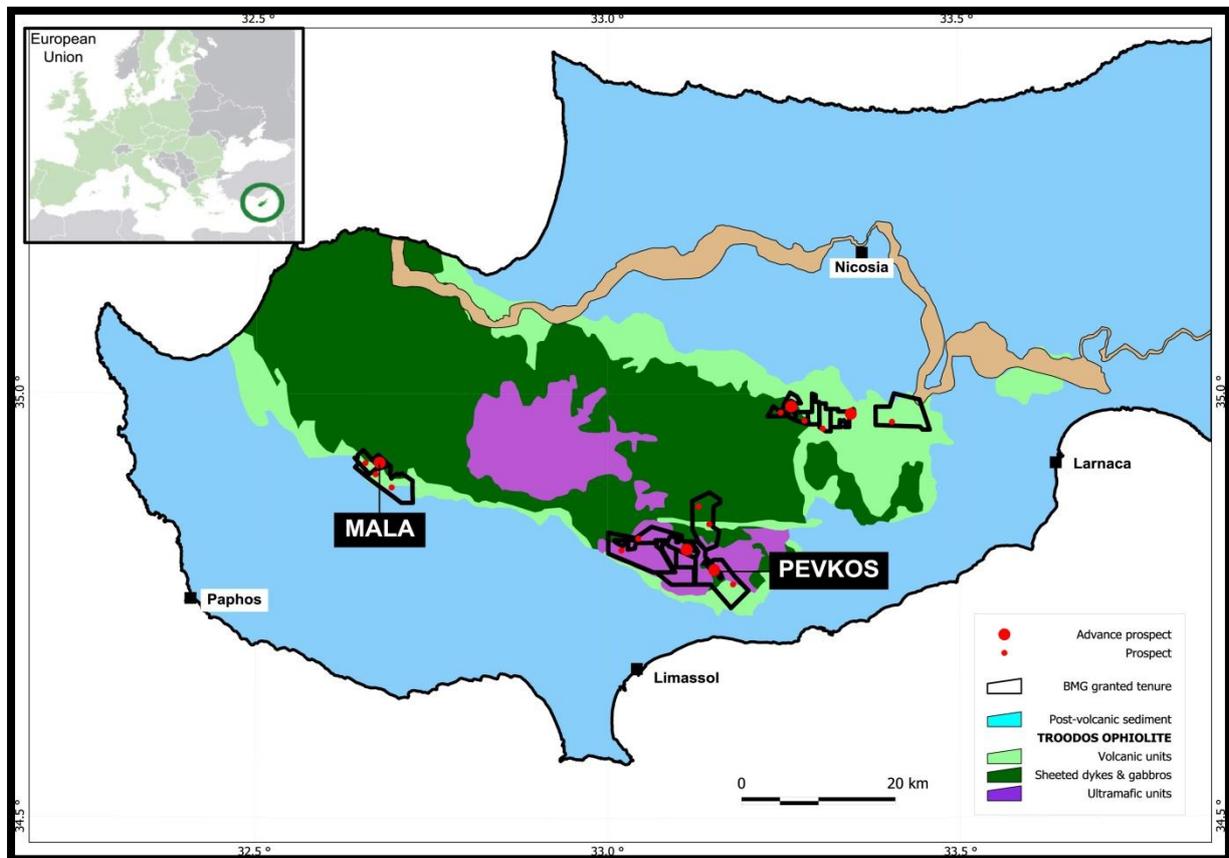


Figure 1: BMG’s prospects and licences in Cyprus



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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**] 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**

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.