



## QUARTERLY ACTIVITIES REPORT

For the Quarter to 30 June 2015

### ***CORPORATE***

- LinQ Corporate Pty Ltd retained to assist BMG with strategic review and to identify new investment opportunities in the resources and non-resources sectors
- Heads of agreement for possible acquisition of Fitlink group of companies
- Due diligence of Fitlink underway

### ***TREASURE PROJECT, CYPRUS***

- Evaluating opportunities to extract near term value from the project

During the quarter, BMG Resources Limited (the **Company**; ASX: **BMG**) appointed LinQ Corporate Pty Ltd (**LinQ**) to assist the Company with a strategic review of its assets and to identify new investment opportunities in the resources and non-resources sectors. The Company has since entered into a non-binding heads of agreement to investigate the potential acquisition of the Fitlink group of companies (**FitLink**). Fitlink is an established provider of online education with diploma courses in fitness and business. The heads of agreement provides BMG with an exclusive period to complete due diligence and to execute a sale and purchase agreement.

BMG is continuing to manage its Cyprus resource project and keep the licences in good standing. The Company is currently evaluating opportunities to extract near term value from the assets.

### **TREASURE PROJECT - CYPRUS**

BMG is exploring Cyprus for high-grade copper-gold-zinc-silver and nickel-copper-cobalt-gold deposits.

To date, BMG has successfully drilled high-grade Cu-Au-Zn-Ag at Mala and high-grade Ni-Cu-Co-Au at Pevkos and Laxia. BMG is continuing to define drill targets to expand these discoveries and test its other advanced prospects. The Treasure Project includes nine (9) advanced prospects where copper (+Au-Zn-Ag) was mined after 1920 and eleven (11) other prospects where evidence of similar mineralisation is exposed. In addition, BMG's Black Pine project area contains the Pevkos and Laxia Prospects where exposed massive sulphide veins containing very high-grade copper, nickel, cobalt

and gold have been successfully drilled, and two other prospects are yet to be drilled. The Treasure Project has four project areas and currently comprises 18 licences for a total of 74.5 km<sup>2</sup>.

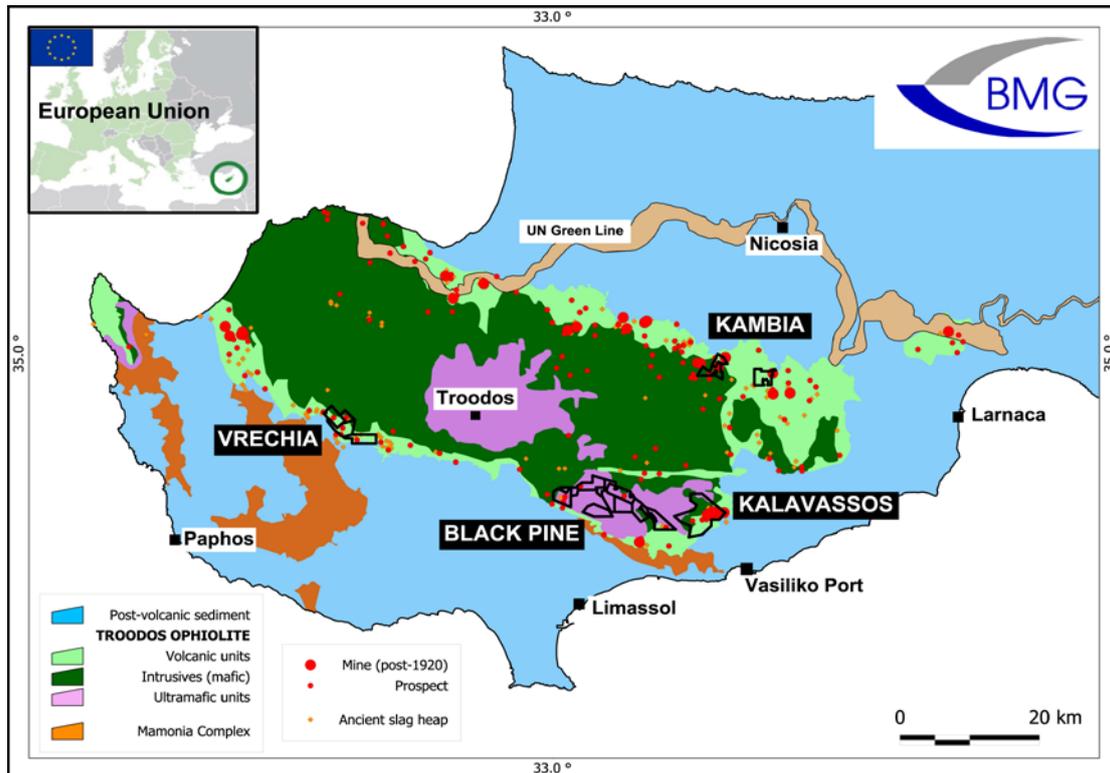


Figure 1: BMG's current tenement status in Cyprus

## BLACK PINE PROJECT

The Black Pine Project is prospective for massive sulphide veins with very high-grade nickel-copper-cobalt-gold hosted by ultramafic rocks adjacent to dolerite intrusions. The Company's revised exploration model highlights >50 km strike within their tenure that is highly prospective for these veins. BMG has drilled small areas within the Pevkos and Laxia prospects with all holes intersecting nickel-copper-cobalt-gold sulphide veins. The best results were:

### *Pevkos*

- 2 metres at 3.03 % Ni, 0.33 % Cu, 0.16 % Co and 3.00 g/t Au from 94 metres (PEVRC004), and
- 1 metre at 0.54 % Ni, 3.14 % Cu, 0.15 % Co and 2.30 g/t Au from 147 metres (PEVRC002).

### *Laxia*

- 4.25 metres at 2.53 % Cu from 30.75 metres (LMD002),
- 4.18 metres at 1.72 % Cu, 1.18 g/t Au and 0.15 % Co from 33.1 metres (LMD005),
- 3.58 metres at 1.74 % Cu, 0.28 g/t Au and 0.05% Co from 112.9 metres (LMD007),
- 2.25 metres at 4.15 % Cu, 0.21 g/t Au and 0.10 % Co from 153.05 metres (LMD008),
  - including 0.45 metres @ 18.0 % Cu, 0.70 g/t Au and 0.37 % Co, and
- 2.61 metres at 1.70 % Cu, 4.2 g/t Au and 0.11 % Co from 188 metres (LMD011).

## VRECHIA PROJECT

The Vrechia Project is prospective for high-grade copper-zinc-gold-silver within massive sulphide accumulations related to volcanic rocks. BMG's main focus has been the abandoned Mala mine where recent drilling intersected mineralisation in all holes. This drilling showed that the main high-grade massive sulphide body is relatively flat, but there also appears to be an extensive stockwork of mineralised veins beneath. The drill holes only covered a small area of the known mineralised corridor at Mala. The best results were:

- 9 metres at 0.65 %Cu, 0.40 g/t Au, 0.85 % Zn and 1.1 g/t Ag from 39 metres (MALRC002),
  - including 3 metres @ 1.30 % Cu, 0.76 g/t Au, 1.48 % Zn and 2.3 g/t Ag,
- 13 metres at 0.20 %Cu, 0.85 g/t Au, 0.91 % Zn and 4.5 g/t Ag from 48 metres (MALRC003),
  - including 4 metres @ 0.43 % Cu, 1.46 g/t Au, 2.13 % Zn and 9.2 g/t Ag,
- 39 metres at 0.39 %Cu, 0.59 g/t Au, 0.30 % Zn and 1.7 g/t Ag from 33 metres (MALRC004),
  - including 5 metres @ 0.23 % Cu, 2.15 g/t Au, 1.80 % Zn and 5.1 g/t Ag,
- 25 metres at 0.34 %Cu, 1.23 g/t Au, 1.16 % Zn and 4.2 g/t Ag from 46 metres (MALRC007),
  - including 1 metre @ 0.65 % Cu, 15.5 g/t Au, 12.3 % Zn and 42 g/t Ag, and
- 11 metres at 0.28 %Cu, 0.76 g/t Au, 0.72 % Zn and 5.5 g/t Ag from 18 metres (MALRC011),
  - including 2 metres @ 0.37 % Cu, 2.16 g/t Au, 1.92 % Zn and 17.8 g/t Ag.

## KALAVASSOS PROJECT

The Company's tenure covers the entire historic Kalavassos Mining District where recorded production from thirteen (13) discrete copper-rich pyrite bodies was 4.62 million tonnes at >1.0 % copper. No significant exploration or development has been completed since the mines closed in the late 1970's. BMG is targeting extensions of the old mines and exploring other exposed mineralised areas that have not been previously tested. A large amount of archival material, including maps, underground plans and drill logs, has been obtained from the Cyprus Geological Survey and is currently being analysed to better constrain the extent of massive sulphide mineralisation in the abandoned mines and also identify additional mineralised domains that were not exploited.

Mine	Years of operation	Mining method	Ore mined (tonnes)	Copper %	Sulphur %	Residual (tonnes)
Kalavassos	1937-1956	Underground	1,910,000	1.0-2.5	33	
Mousoulos	1964-1976	Underground	1,660,000	1.0-2.5	40	940,000 (mainly sulphur ore)
Mavridhia	1971-1977	Open cut	400,000	1.5	30-40	200,000
Petra	1953-1957	Underground	226,000	1.0-2.5	25-46	300,000
Landaria	1963-1964	Underground	65,000	0.5	35-46	250,000
Mavri Sykia1	1954-1962	Underground	269,000	1.5-2.5	30-46	
Mavri Sykia2	1970-1977	Open cut	107,000	1.5-2.5	30-46	590,000
Platies	1955-1958	Glory hole	43,900	2.5-3.0	46	

**Table 1:** Published production and residual figures for Kalavassos copper deposits (Cyprus Geological Survey Department)

## KAMBIA PROJECT

The Kambia project area is also prospective for high-grade copper-gold-zinc-silver related to volcanic rocks. The tenure includes the abandoned North Mathiatas and Kokkinochoma copper mines. Archival material obtained from the Cyprus Geological Survey includes maps, drill logs and mining

plans covering these mines. Analyses of this archival material have identified numerous areas in BMG's tenure where further exploration is a high priority.

## CORPORATE

During the quarter BMG appointed LinQ to assist the Company with a strategic review of its assets and to identify new investment opportunities in the resources and non-resources sectors. BMG has now entered into a non-binding heads of agreement to investigate the potential acquisition of the Fitlink group of companies. Fitlink is an established provider of online education with diploma courses in fitness and business. The heads of agreement provides BMG with an exclusivity period to complete commercial, legal and financial due diligence and to execute a sale and purchase agreement. The heads of agreement is non-binding as to commercial terms, but binding as to exclusivity. Any transaction that the Company may enter will be subject to the operation of Listing Rule 11.1 and ASX's requirements, which will include shareholder approval and re-compliance with admission requirements.

The Company continues to manage expenditure very closely with the Transcontinental Group (BMG's major shareholder) providing financial support while a new investment opportunity is secured. Fees to directors and corporate and management fees to the Transcontinental Group continue to be accrued.

## TENEMENTS

During the quarter, BMG reapplied for four expiring exploration licences and applied to convert the reconnaissance licence at Kalavassos into two exploration licences. Two exploration licences in the Black Pine Project area expired and were not reapplied. Two new exploration licences in the Vrechia Project area to replace the reconnaissance licence have been approved. The Treasure Project comprises a total of 74.5 km<sup>2</sup>.

Project	Licence number	Status	Interest (%)	Notes	Activity during the quarter
<b>BLACK PINE</b>	EA4314	expired	100	replaced with EA4610	expired
	EA4316	expired	100		expired
	EA4317	expired	100		expired
	EA4318	expired	100	replaced with EA4612	expired
	EA4456	granted	100		
	EA4589	approved	100		
	EA4590	approved	100		
	EA4594	approved	100		
	EA4595	approved	100		
	EA4591	approved	100		
	EA4596	approved	100		
	EA4610	application	100	replaces EA4314	reapplication

Project	Licence number	Status	Interest (%)	Notes	Activity during the quarter
	EA4612	application	100	replaces EA4318	reapplication
<b>VRECHIA</b>	EA4313	expired	100	replaced with EA4609	expired
	EA4457	granted	100		
	EA4592	approved	100	replaces AE4462	approved
	EA4593	approved	100	replaces AE4462	approved
	EA4609	application	100	replaces EA4313	reapplication
<b>KALAVASSOS</b>	AE4547	expired	100	replaced with AE4607, 4608	expired
	AE4607	application	100	replaces AE4547	application
	AE4608	application	100	replaces AE4547	application
<b>KAMBIA</b>	EA4315	expired	100	replaced with EA4611	expired
	EA4447	granted	100		
	EA4448	granted	100		
	EA4611	Application	100	replaces EA4315	reapplication
<b>HARTS RANGE</b>	ML23868	granted	90	mining licence; option	

ENDS

Bruce McCracken, Managing Director  
 BMG Resources Limited  
 Phone: +61 8 9424 9390  
 Email: [enquiry@bmg.com.au](mailto:enquiry@bmg.com.au)  
 Website: [www.bmg.com.au](http://www.bmg.com.au)

Fleur Hudson, Company Secretary  
 BMG Resources Limited  
 Phone: +61 8 9424 9390  
 Email: [enquiry@bmg.com.au](mailto:enquiry@bmg.com.au)

#### COMPETENT PERSON'S STATEMENT

*The information in this report that relates to Exploration Results for the Treasure Project, Cyprus, 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 an executive director of BMG Resources Limited and a consultant geologist with Khalkeus Minerals 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 Laxia Prospect were reported to the ASX on:*

- **22 July 2013 – High grade copper intersected in maiden drilling programme**
- **6 September 2013 – Further high grade copper-gold intersected in maiden drilling programme**
- **11 October 2013 – High grade copper-gold mineralisation confirmed at Laxia Prospect, Cyprus**

*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 results referenced herein for the Pevkos Prospect were reported to the ASX on:*

- **13 August 2014 – Drilling at Pevkos Intersects Targets in All Holes**
- **28 August 2014 - Assay Results Confirm Discovery of High Grade Nickel-Copper-Cobalt-Gold Mineralisation, Pevkos Prospect, Cyprus**

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

*The results referenced herein for the Mala Prospect were reported to the ASX on:*

- **18 December 2013 - High Grade Copper-Zinc Mineralisation at Mala Prospect – Vrechia**
- **9 September – Drilling Program Planned for High-Priority Copper-Gold Targets at Mala (Vrechia) and Pevkos (Black Pine) in Cyprus**
- **1 October 2014 – High-Grade Gold-Copper-Zinc-Silver Discovered at BMG’s Cyprus Project**

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

## 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")

30 June 2015

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(27)	(609)
(b) development	-	-
(c) production	-	-
(d) administration	(25)	(206)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(51)</b>	<b>(811)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(1)
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)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(51)</b>	<b>(812)</b>

+ 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)	(51)	(812)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	33	180
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	33	180
	<b>Net increase (decrease) in cash held</b>	(18)	(632)
1.20	Cash at beginning of quarter/year to date	82	697
1.21	Exchange rate adjustments to item 1.20	1	-
1.22	<b>Cash at end of quarter</b>	65	65

### 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	10
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 and legal fees	

### 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	20
4.2	Development	-
4.3	Production	-
4.4	Administration	10
<b>Total</b>		<b>30</b>

**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	5	18
5.2 Deposits at call	32	64
5.3 Bank overdraft	-	-
5.4 Other (Security Deposit for Bank Guarantee)	28	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>65</b>	<b>82</b>

**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 <b>Preference</b> <sup>+</sup> <b>securities</b> (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	63,922,852	63,922,852		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	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				
7.11 <b>Debentures</b> (totals only)				
7.12 <b>Unsecured notes</b> (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 /does not\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: ..... Date: ....30 July 2015.....  
(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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+ See chapter 19 for defined terms.