



ASX ANNOUNCEMENT

31 DECEMBER 2015

CYPRUS DIVESTMENT

BMG Resources Limited (**ASX: BMG or the Company**) has signed a binding Term Sheet to divest a majority interest in its Cyprus Copper and Gold Project (**Treasure Project**) to UK based New Cyprus Copper Company Ltd (**New Cyprus**). The parties now have a period of 8 weeks to obtain any necessary ASX and shareholder approvals, finalise and execute definitive documentation and complete the transaction. The key commercial terms for the divestment are as follows:

- New Cyprus will acquire an initial 70% interest in Treasure Development Limited (**TDL**), a wholly owned Cyprus subsidiary company of BMG which owns the Treasure Project
- New Cyprus will assume ongoing responsibility for all costs and liabilities associated with the operation of TDL and the Treasure Project, including exploration expenditure and maintaining the tenements in good standing
- Following Completion, New Cyprus will pay BMG €35,000 within 5 days and assume c.\$100,000 of liabilities relating to the Treasure Project
- New Cyprus will undertake a 2 year exploration program as agreed between the parties. Once completed, BMG will transfer to New Cyprus an additional 20% of the TDL (bringing New Cyprus's interest to 90%) and retain a 10% free carried interest in TDL
- New Cyprus may increase its interest in TDL to 100% by acquiring the remaining 10% of TDL by either:
 - Payment to BMG of \$2 million in cash within 12 months of reaching its 90% interest; or
 - Payment to BMG of a 1% Net Smelter Royalty from any future production until \$2 million is received by BMG plus a 10% share of any profits generated during this time

BMG continues to focus on securing new business opportunities for the Company and is currently reviewing opportunities in both the resources and non- resources sectors.

*****ENDS*****

For further information, shareholders and media please contact:

Bruce McCracken
Managing Director
+61 8 9424 9390

Fleur Hudson
Company Secretary
+61 8 9424 9390