



QUARTERLY ACTIVITIES REPORT

For the Quarter to 30 September 2015

CORPORATE

- BMG strategic priority to identify and secure new investment opportunities
- Completed assessment of the potential acquisition of the Fitlink Group of companies and decided not to proceed following an exclusive due diligence period
- Currently evaluating new investment opportunities for the Company

TREASURE PROJECT, CYPRUS

- Evaluating opportunities to extract near-term value from the project

During the quarter, BMG Resources Limited (the **Company**; ASX: **BMG**) continued to seek out and evaluate new investment opportunities for the Company. BMG completed its assessment of the potential acquisition of the Fitlink Group of companies and decided not to proceed following an exclusive due diligence period. The Company remains committed to securing a new business opportunity and is currently reviewing a number of potential opportunities.

BMG is continuing to manage its Cyprus resource project and maintain its core holdings. 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 73.3 km².

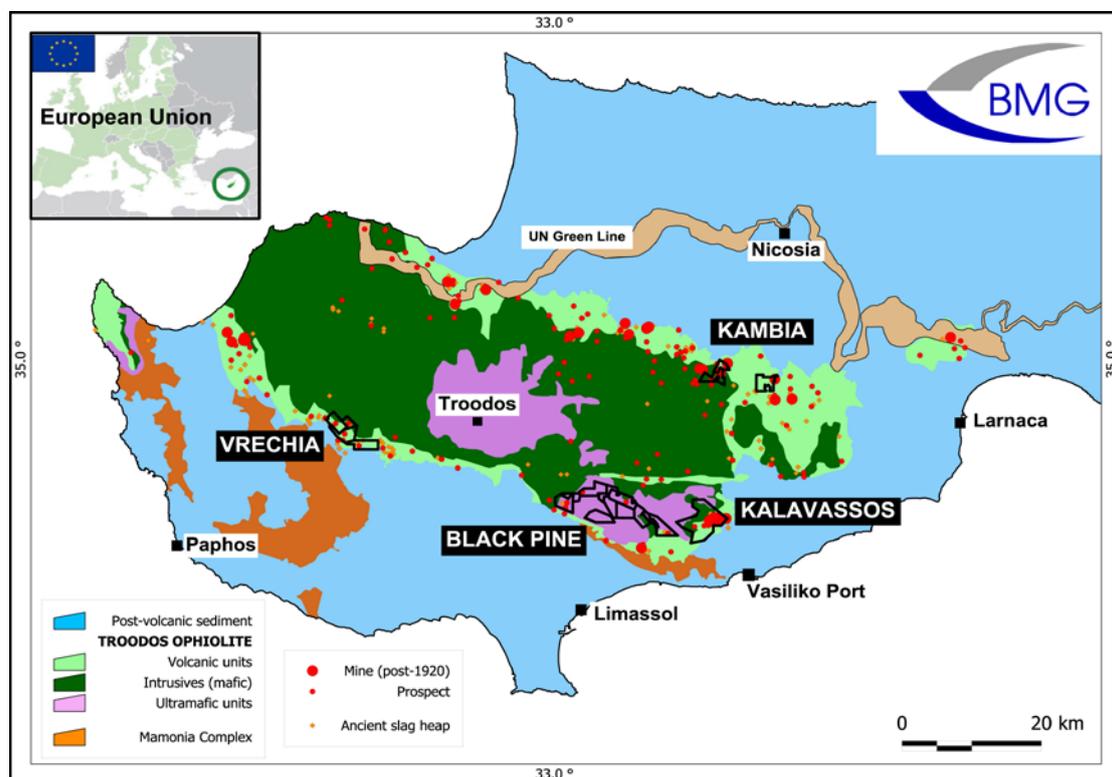


Figure 1: BMG's current tenement status in Cyprus

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 Mathiatis and Kokkinochoma copper-pyrite 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 continued to seek out and evaluate new investment opportunities; it completed its evaluation of the potential acquisition of the Fitlink Group of companies and decided not to proceed following an exclusive due diligence period. The Company remains committed to securing a new business opportunity and is currently reviewing a number of potential investment opportunities.

The Company is continuing 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 renewed EA4447 and EA4448 in the Kambia Project area. The Treasure Project in Cyprus comprises a total of 73.3 km².

Project	Licence number	Status	Interest (%)	Notes	Activity during the quarter
BLACK PINE	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	
	EA4612	application	100	replaces EA4318	
VRECHIA	EA4457	granted	100		
	EA4592	approved	100	replaces AE4462	
	EA4593	approved	100	replaces AE4462	

	EA4609	application	100	replaces EA4313	
KALAVASSOS	AE4607	application	100	replaces AE4547	
	AE4608	application	100	replaces AE4547	
KAMBIA	EA4447	granted	100		renewed
	EA4448	granted	100		renewed
	EA4611	application	100	replaces EA4315	

ENDS

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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 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(11)	(11)
(b) development	-	-
(c) production	-	-
(d) administration	(47)	(47)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(58)	(58)
Cash flows related to investing activities		
1.8 Payment for purchases of:	-	-
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(58)	(58)

+ 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)	(58)	(58)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	57	57
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	57	57
	Net increase (decrease) in cash held	(1)	(1)
1.20	Cash at beginning of quarter/year to date	65	65
1.21	Exchange rate adjustments to item 1.20	(9)	(9)
1.22	Cash at end of quarter	55	55

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	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
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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	237	237
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
Total		30

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	2	5
5.2 Deposits at call	21	32
5.3 Bank overdraft	-	-
5.4 Other (Security Deposit for Bank Guarantee)	32	28
Total: cash at end of quarter (item 1.22)	55	65

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 Preference ⁺ securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	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 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	140,000	-	<i>Exercise price</i> \$2.00	<i>Expiry date</i> 01 July 2016
	260,000	-	\$2.20	01 July 2016
	500,000	-	\$0.35	13 December 2016
	500,000	-	\$0.50	31 December 2017
	500,000	-	\$0.35	
	500,000	-	\$0.40	
	500,000	-	\$0.45	
	1,000,000	-	\$0.50	
	300,000	-	\$0.35	
	300,000	-	\$0.40	
	300,000	-	\$0.45	
	800,000	-	\$0.50	
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (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.



30/10/15

Sign here: Date:
(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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