



QUARTERLY ACTIVITIES REPORT

For the Quarter to 31 March 2016

- General Meeting of shareholders held on 22 February 2016 approved the sale of a majority interest in the Company's Cyprus Project
- Sale completed on 15 April 2016
- Focus on identifying and evaluating new investment opportunities for the Company

During the quarter, BMG Resources Limited (the **Company**; ASX: **BMG**) focussed on progressing the sale of a majority interest in its Cyprus Copper and Gold Project (**Treasure Project**) to New Cyprus Copper Company Limited (**New Cyprus**) as previously announced – refer ASX release on 31 December 2015 - and on evaluating new investment opportunities for the Company.

BMG held a General Meeting of shareholders on 22 February 2016, at which the sale transaction was approved. The Company subsequently completed the sale on 15 April 2016, and undertook a board restructure on the same date as it refocusses on new business opportunities. Christopher Eager and Michael Green both stepped down from the Board – they both joined in 2014 when BMG acquired the Treasure Project - and Simon Trevisan joined the Board as a director. Mr Trevisan is the Managing Director of the Transcontinental Group.

As previously announced, the key commercial terms for the divestment are as follows:

- New Cyprus has acquired an initial 70% interest in Treasure Development Limited (**TDL**), previously a wholly owned Cyprus subsidiary company of BMG, which owns the Treasure Project
- New Cyprus has assumed 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
- New Cyprus paid BMG €35,000 following completion and assumed 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 is currently undertaking a review of capital initiatives and remains focussed on securing new business opportunities for the Company. BMG is currently reviewing opportunities in both the resources and non- resources sectors and will update when appropriate and as matters progress.

TREASURE PROJECT - CYPRUS

As at 31 March 2016 BMG owned 100 % of the Treasure Project in Cyprus, but has now reduced its interest to 30% following completion of all the sale transaction to New Cyprus on 15 April 2016.

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, the 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 17 licences for a total of 67.654 km².

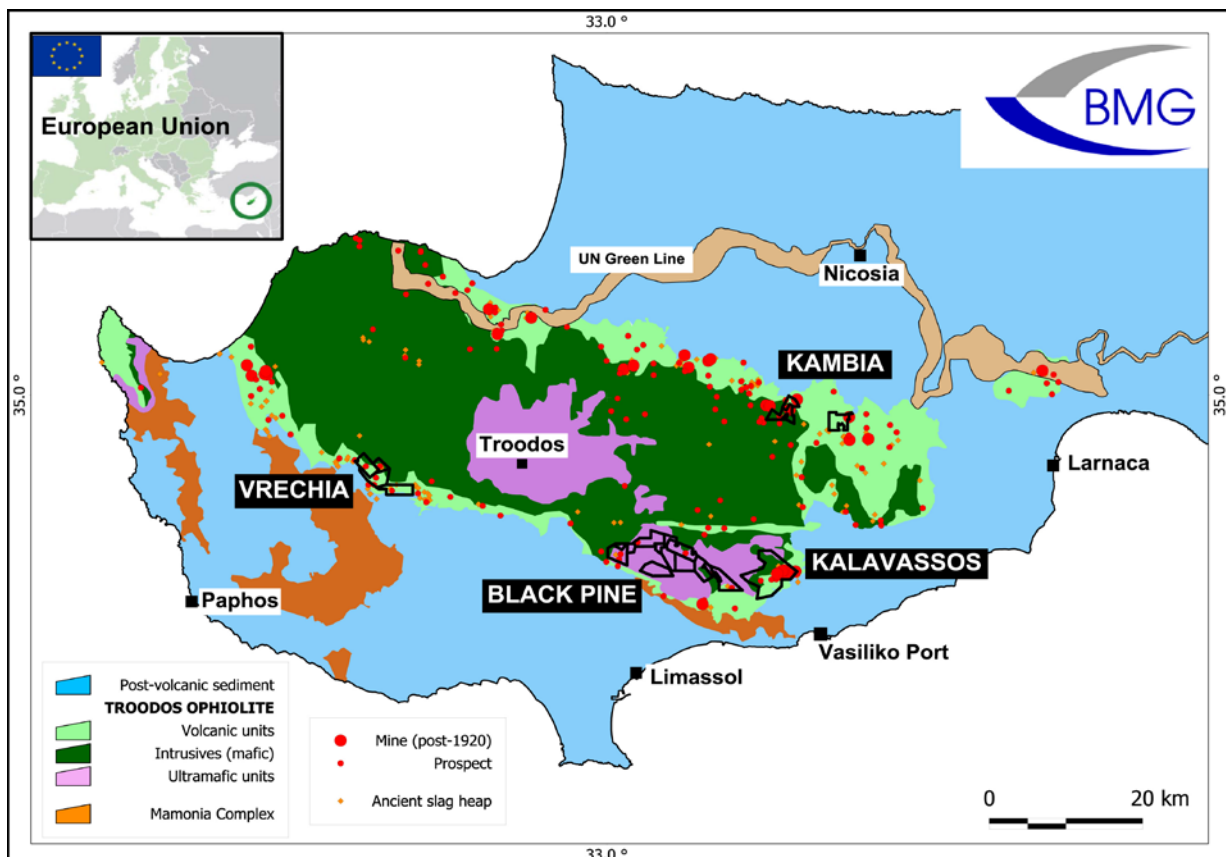


Figure 1: BMG's current tenement status in Cyprus

CORPORATE

BMG remains committed to securing a new business opportunity. The Company is currently reviewing a number of potential opportunities in the resources and non-resources sectors and is evaluating capital initiatives.

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

The Treasure Project comprises a total of 67.654 km².

Project	Licence number	Status	Interest (%)	Notes	Activity during the quarter
BLACK PINE	EA4589	granted	100		
	EA4590	granted	100		
	EA4594	approved	100		
	EA4595	approved	100		
	EA4591	approved	100		
	EA4596	approved	100		
	EA4610	approved	100	replaces EA4314	
	EA4612	approved	100	replaces EA4318	
VRECHIA	EA4457	granted	100		
	EA4592	approved	100	replaces AE4462	
	EA4593	approved	100	replaces AE4462	
	EA4609	approved	100	replaces EA4313	
KALAVASSOS	AE4607	approved	100	replaces AE4547	
	AE4608	approved	100	replaces AE4547	
KAMBIA	EA4447	granted	100		
	EA4448	granted	100		
	EA4611	approved	100	replaces EA4315	

ENDS

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COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results and Mineral Resources of the Company has been reviewed by Malcolm Castle, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Castle consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

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")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(2)	(52)
(b) development	-	-
(c) production	-	-
(d) administration	(42)	(126)
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	(44)	(178)
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)	(44)	(178)

+ 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)	(44)	(178)
	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	41	163
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	41	163
	Net increase (decrease) in cash held	(3)	(15)
1.20	Cash at beginning of quarter/year to date	40	65
1.21	Exchange rate adjustments to item 1.20	-	(13)
1.22	Cash at end of quarter	37	37

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	

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	343	343
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	-
4.2	Development	-
4.3	Production	-
4.4	Administration	30
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	-	1
5.2 Deposits at call	5	7
5.3 Bank overdraft	-	-
5.4 Other (Security Deposit for Bank Guarantee)	32	32
Total: cash at end of quarter (item 1.22)	37	40

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)			<i>Exercise price</i>	<i>Expiry date</i>
	140,000	-	\$2.00	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.



Sign here:

Date: 29 April 2016
(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.