



QUARTERLY ACTIVITIES REPORT

For the Quarter to 30 September 2014

HIGHLIGHTS

*Completion of successful drilling programs at **Pevkos (Black Pine)** and **Mala (Vrechia)** prospects, Cyprus, with new discoveries, extensions to known mineralisation and new exciting targets identified. Secured attractive 12 Month option to acquire a 90% interest in advanced heavy mineral sands **Harts Range Project** in the Northern Territory.*

PEVKOS PROSPECT, CYPRUS

- Five reverse circulation (RC) drill holes completed for a total of 911 metres.
- High-grade nickel (Ni)-copper (Cu)-cobalt (Co)-gold (Au) confirmed including:
 - 2 m at 3.03 % Ni, 0.33 % Cu, 0.16 % Co, 3.00 g/t Au from 94 m (PEVRC004)

MALA PROSPECT, CYPRUS

- Thirteen RC drill holes completed for a total of 1,092 metres.
- All 13 drill holes intersect gold (Au)-copper (Cu)-zinc (Zn)-silver (Ag) mineralisation related to target Volcanic-Hosted Massive Sulphide (VHMS) system.
- Very high-grade material discovered, including:
 - 1 m at 15.5 g/t Au, 0.65 % Cu, 12.3 % Zn, 42 g/t Ag, from 48 m (MALRC007).
- High-grade main target “black smoker” zone identified, including:
 - 6 m at 3.70 g/t Au, 0.41 % Cu, 4.10 % Zn, 11.3 g/t Ag, from 46 m (MALRC007).
- Broad mineralised zones containing:
 - 25 m at 1.23 g/t Au, 0.34 % Cu, 1.16 % Zn, 4.2 g/t Ag, from 46 m (MALRC007);
 - 43 m at 0.59 g/t Au, 0.39 % Cu, 0.30 % Zn, 1.3 g/t Ag, from 33 m (MALRC004).
- Mineralisation is relatively flat-lying and remains open along strike in various directions.

HARTS RANGE PROJECT, NORTHERN TERRITORY, AUSTRALIA

- Established JORC resource of 89.3 million tonnes at 33.8 % Heavy Minerals (6.9 % garnet, 24.9 % AMH (alumino-magnesio-hornblende), 2 % others).
- Existing Mining Lease, Mine Management Plan, Indigenous Land Use Agreement and Environmental Assessment Report.
- Feasibility Study (FS) completed by Olympia Resources Limited in November 2006.

CORPORATE

- Appointed Helmsec Global Capital to assist with corporate advisory and capital initiatives.

During the quarter, BMG Resources Limited (the “Company”; ASX: BMG) completed two RC drilling programs at the Pevkos and Mala Prospects in Cyprus. BMG also entered into a 12 month option agreement to acquire its 90% interest in the advanced Harts Range Heavy Mineral Sands Project.

TREASURE PROJECT - CYPRUS

Base and precious metal exploration in Cyprus is focussed on a geological feature known as the Troodos Ophiolite, which is a large fragment of sea-floor and associated underlying crust (collectively referred to as oceanic crust) that has been physically moved upwards to emerge as an island. The Troodos Ophiolite forms an anticlinal dome such that the deepest formed intrusive units (basal oceanic crust – ultramafic units) are now the highest central mountains and the seafloor volcanics and overlying sediments form an exposed skirt dipping towards the sea (Figure 1).

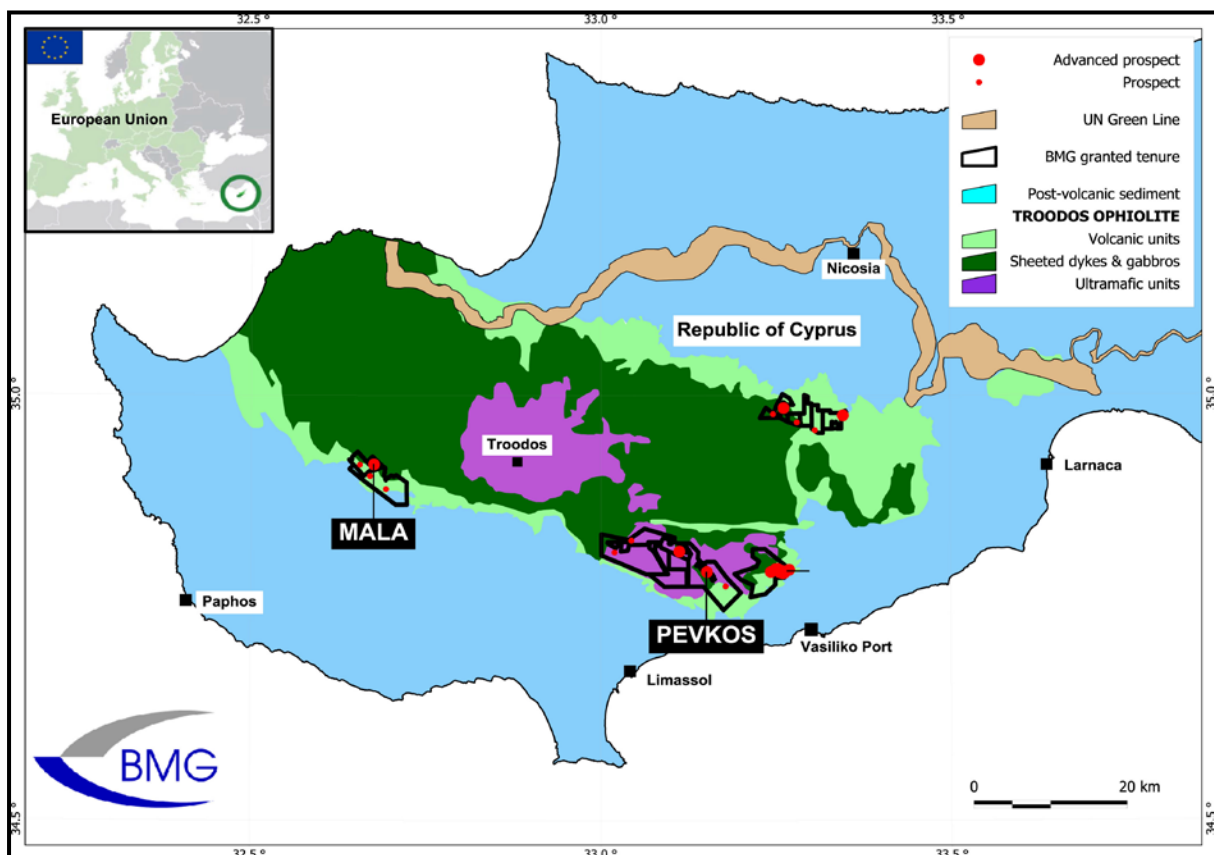


Figure 1: BMG's prospects and licences in Cyprus

PEVKOS PROSPECT – (NICKEL-COPPER-COBALT-GOLD SULPHIDES)

Five RC drill holes (Table 1) were completed at the Pevkos Prospect (Figure 2) during the last quarter for a total length of 911 metres. Three drill holes targeted a strong Transient-ElectroMagnetics (TEM) conductor which modelled as a >300 metre down-dip extension of the exposed Eastern Lode. Two drill holes targeted the Western Lode where historic drilling and tunnels intersected high-grade sulphide mineralisation. All drill holes intersected sulphide-rich zones consistent with the strike and down-dip continuity of the exposed mineralised zones and other narrow sulphide-rich zones.

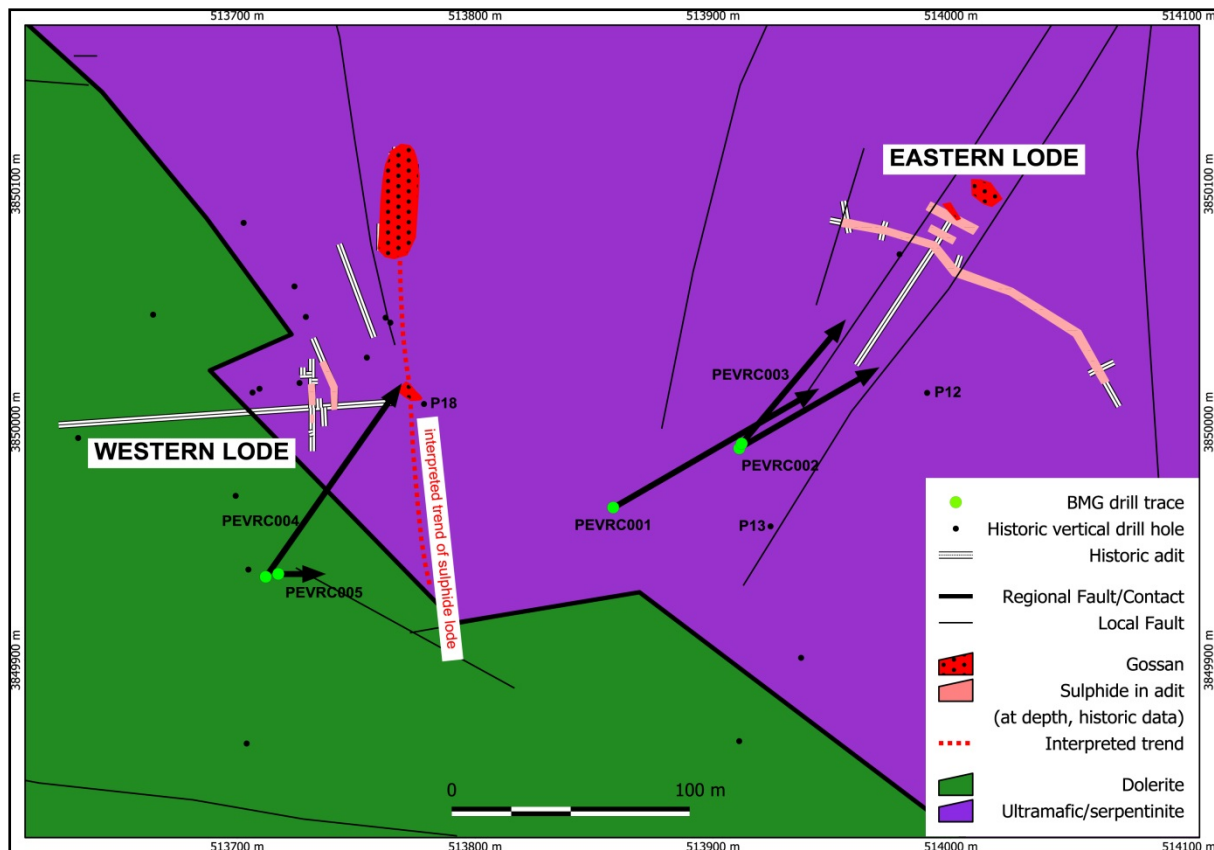


Figure 2: Location of drill holes at Pevkos Prospect with revised geological map

The best results came from PEVRC004 (Figures 2 and 3) which targeted a zone underlying an exposed gossan and near the old Western Lodge workings. PEVRC004 returned two metres at 3.03 % nickel, 0.33 % copper, 0.16 % cobalt and 3.00 g/t gold from 94 metres. The sulphide material is black, fine-grained and crumbly. A separate, small, hand-picked, sub-sample of sulphide from 95 to 96 metres returned 9.45 % nickel, 0.38 % copper, 0.48 % cobalt and 7.12 g/t gold. These high-grade results confirm the historic results from adit TW3C, where an average of 3.92 % nickel, 1.15 % copper and 0.606% cobalt (gold not tested) was reported for 14 metres of an 18 metre strike. The interval in PEVRC004 extends this high-grade zone about 30 metres along strike south and 40 metres down-dip. The crumbly sulphides may have posed recovery problems for the historic drilling and explain the inconsistent historic results previously obtained by drilling around the Western Lodge.

Surface samples of gossan around the Western Lodge have also returned high-grade nickel-copper-cobalt-gold (Table 3), which may indicate that the high-grade zone extends at least a further 100 metres north in the immediate area. The best gossan sample was collected from near the blocked main adit entrance and returned 1.16 % nickel, 0.74 % copper, 0.083 % cobalt and 9.93 g/t gold.

PEVRC005 was drilled about 80 metres south of the Western Lodge adits and although it intersected numerous sulphide-rich zones no significant nickel-copper-cobalt-gold was detected. It does not appear that PEVRC005 effectively tested the southern area. Very strong sulphide mineralisation was found at the contact between the dolerite and ultramafic but was barren of base and precious metals. One sulphide-rich interval within the dolerite (60-61 metres), however, returned 0.32 % copper, suggesting that the dolerite units may also be prospective.

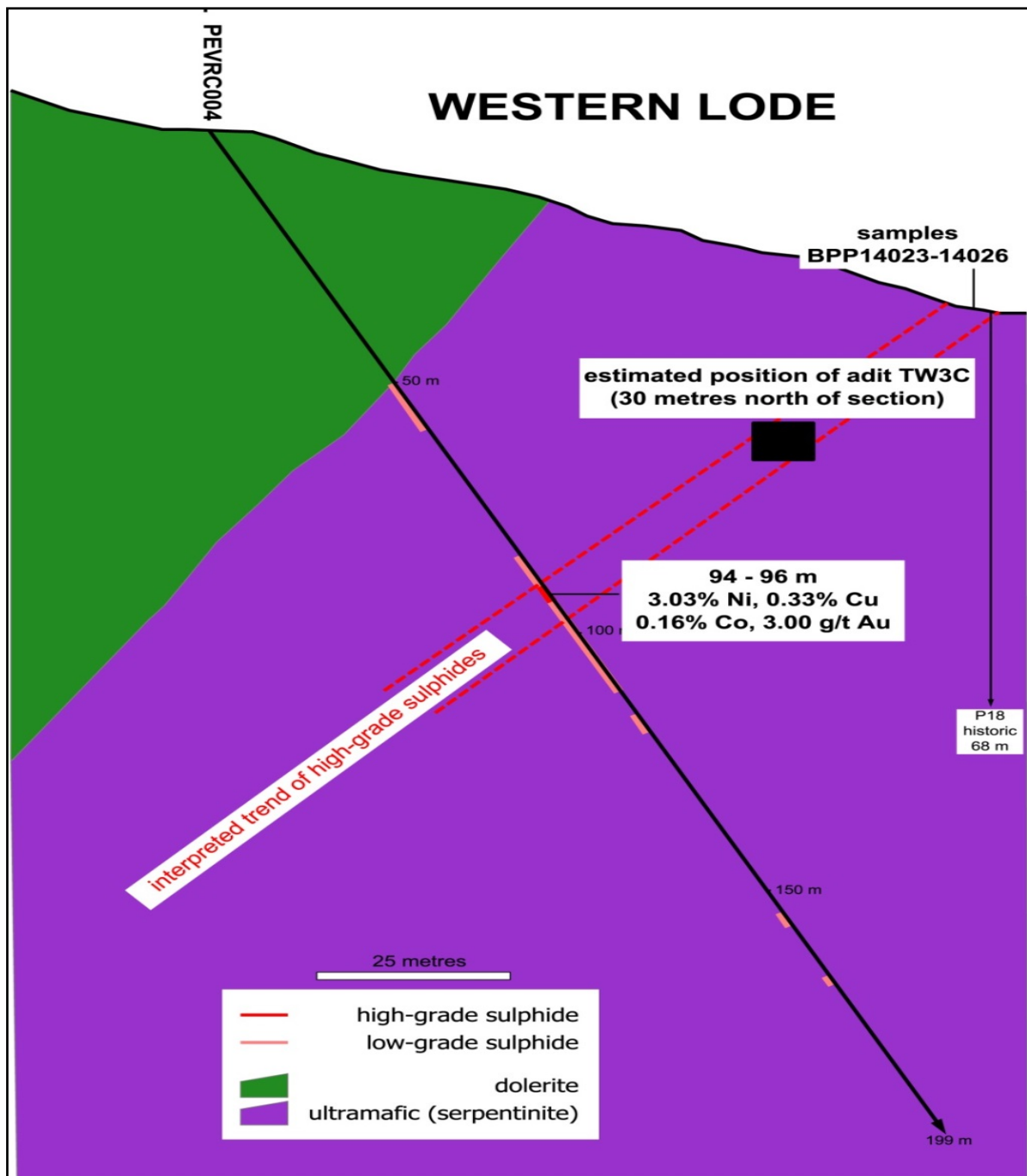


Figure 3: Section looking west showing drilling results of PEVRC004, Western Lode

Hole ID	East	North	Dip	Azimuth	Depth
PEVRC001	513858	3849964	60°	060°	199
PEVRC002	513911	3849989	70°	060°	199
PEVRC003	513912	3849991	70°	040°	199
PEVRC004	513712	3849935	60°	035°	199
PEVRC005	513707	3849936	80°	090°	115

Table 1: Drill hole information. Co-ordinates in WGS84, Zone 36N and collected with handheld GPS. Holes not surveyed.

Hole_ID	From	To	Nickel (%)	Copper (%)	Cobalt (%)	Gold (g/t)
PEVRC002	146	147	0.212	0.184	0.035	0.61
PEVRC002	147	148	0.524	3.45	0.151	2.21
PEVRC002*	147	148	0.556	2.84	0.149	2.40
PEVRC002	148	149	0.255	0.128	0.030	0.12
PEVRC003	144	145	0.818	0.011	0.023	0.12
PEVRC004	94	95	3.59	0.603	0.199	4.08
PEVRC004*	94	95	3.78	0.614	0.208	4.69
PEVRC004†	94	95	9.45	0.384	0.481	7.12
PEVRC004	95	96	2.37	0.058	0.110	1.61
PEVRC004	96	97	0.292	0.007	0.015	0.05
PEVRC004	97	98	0.263	0.006	0.012	0.06
PEVRC005	60	61	0.004	0.32	0.005	0.01

Table 2: Selected results from recent drilling programme at Pevkos Prospect; * field duplicate, † selected sub-sample

Sample_ID	East	North	Nickel (%)	Copper (%)	Cobalt (%)	Gold (g/t)
BPP14012	513771	3850073	0.122	1.29	0.019	4.22
BPP14013	513760	3850073	0.679	0.784	0.046	0.24
BPP14014A	513769	3850091	0.715	0.009	0.067	0.03
BPP14014B	513769	3850091	0.471	0.156	0.045	0.02
BPP14015	513775	3850105	0.805	0.901	0.060	0.07
BPP14016	513767	3850112	0.804	0.724	0.058	0.33
BPP14023	513777	3850010	0.450	0.796	0.035	0.10
BPP14024A	513773	3850010	0.397	0.337	0.035	0.14
BPP14024B	513773	3850010	0.376	0.227	0.018	1.07
BPP14025	513771	3850016	1.165	0.745	0.083	9.93
BPP14026	513769	3850013	0.848	0.201	0.049	0.06

Table 3: Surface samples from Western Lode area. Co-ordinates in WGS84, Zone 36N; collected with handheld GPS.

At the Eastern Lode, the first two drill holes (Figure 4) targeted a very strong TEM conductor, which was interpreted to be the strike and down-dip extension of the nickel-copper-cobalt-gold-rich sulphide material exposed at the Eastern Lode workings. Both drill holes intersected a broad zone containing variable amounts of sulphide, but included sub-zones with significant sulphide content. PEVRC002 returned the best result with one metre at 0.54 % nickel, 3.14 % copper, 0.15 % cobalt and 2.30 g/t gold from 147 metres. The sulphide zones in PEVRC001 contained no significant nickel-copper-cobalt-gold. Nevertheless, the main sulphide zone appears to explain the presence of the TEM anomaly and correlates with the down-dip extension of the exposed sulphide mineralisation.

A third hole was drilled at the Eastern Lode to intersect the sulphide zone identified in PEVRC002, but approximately 30 metres further north and directly beneath the exposed gossan. This hole also intersected a broad sulphide-bearing zone with a sub-zone containing more significant sulphide mineralisation. The best interval in PEVRC003 returned one metre containing 0.818 % nickel, 0.011 % copper, 0.023 % cobalt and 0.12 g/t gold from 144 metres.

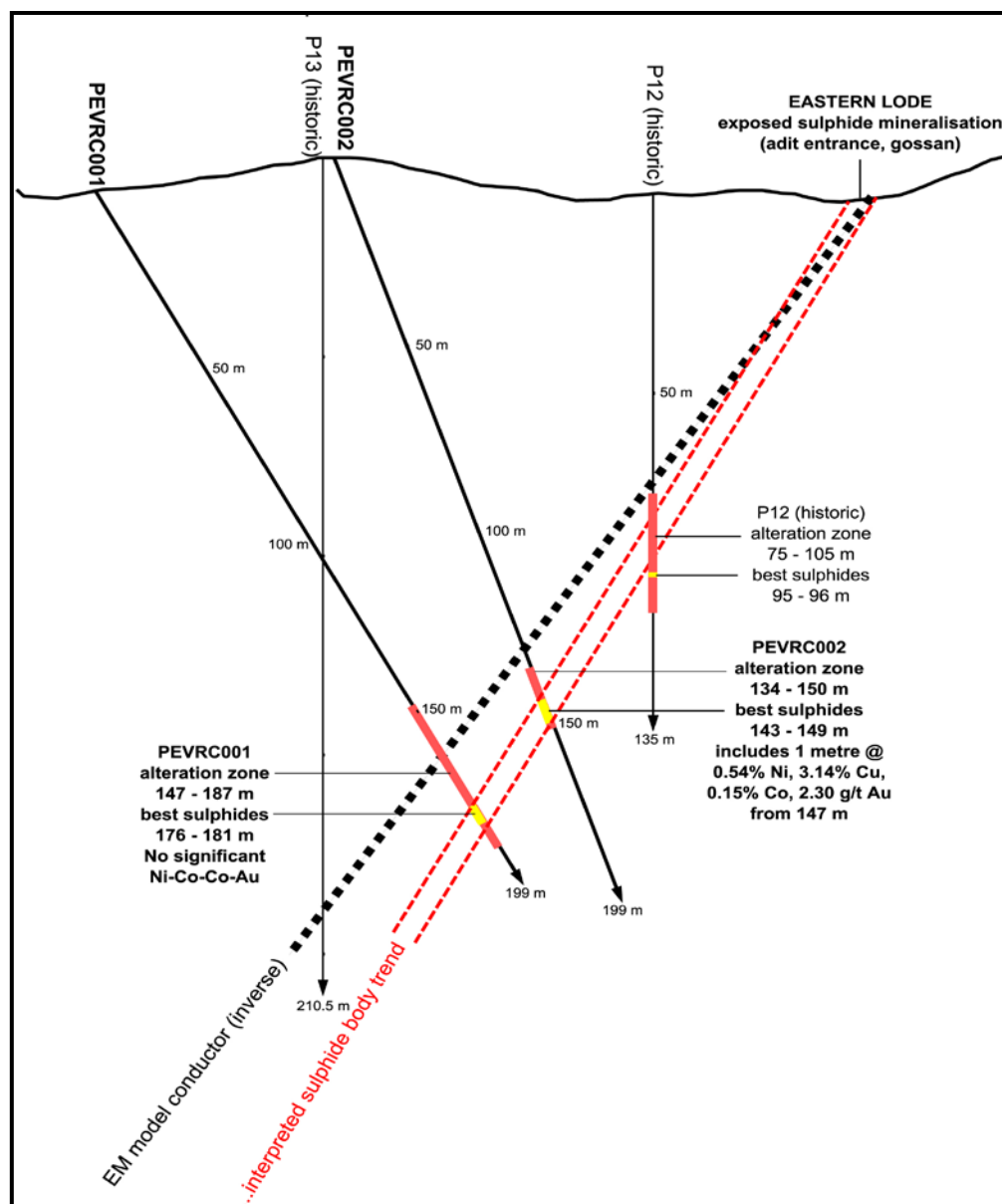


Figure 4: Section of Eastern Lode at Pevkos showing main sulphide-rich zone intersected in drilling and TEM forward model prediction

MALA PROSPECT – (VOLCANIC-HOSTED MASSIVE SULPHIDE COPPER-ZINC-GOLD-SILVER)

The Mala Prospect comprises a modest open-cut mine where high-grade pyrite was excavated in the 1980s within a large area of gossan outcrops. Prior to mining at Mala, drilling identified widespread pyrite mineralisation, including a high-grade copper-zinc zone in eight adjacent drill holes. Reconciling the historic work with the current configuration of the open-cut mine shows that a significant amount of the high-grade copper-zinc was not removed by previous mining and remains *in situ* to the north of the mine. None of the historic drilling was assayed for gold or silver, though subsequent surface work suggested that both are also present. The Mala Prospect has all the classic features of an ancient Volcanic-Hosted Massive Sulphide (VHMS) deposit where hydrothermal fluids deposit massive pyrite (\pm copper-zinc-gold-silver) at or near the sea-floor during a hiatus in local volcanic eruptions.

Thirteen RC drill holes (Figure 5 and Table 4) were completed at the Mala Prospect for a total length of 1,092 metres. The drilling program was designed to confirm historic high-grade copper-zinc results, test for gold and silver and search for extensions of the known mineralisation. All holes intersected pyrite-rich sulphide zones related to the VHMS system. A simple geological framework for interpreting the geology at the Mala Prospect is shown in Figure 6. During a hiatus in local volcanic activity, hydrothermal fluids altered the Footwall Basalt and deposited gold-copper-zinc-silver and pyrite. The high-grade gold-copper-zinc-silver zone at the top of the Footwall Basalt is interpreted to be the “black smoker” unit and was probably deposited directly onto the ancient sea-floor. The eruption of the Hangingwall Basalt shut the VHMS hydrothermal system down, and so the Hangingwall Basalt is unmineralised.

Seven holes were collared immediately north of the pit and all drilled through unmineralised Hangingwall Basalt into the mineralised Footwall Basalt. All of these holes had a high-grade “black smoker” unit at the top of the Footwall Basalt with the best results coming from MALRC007, -004, -003 and -002. The zinc results are typically better and the copper results poorer than historic results from nearby drill holes. The medium-grade mineralisation is thickest in the northern three holes. There is evidence for mineralisation 90 metres further north with historic results from CH24 returning 5 metres at 0.26 % Cu and 0.96 % Zn from 100 metres. This depth of mineralisation suggests north-block-down faulting between MALRC005 and CH24.

Drill hole MALRC008 was collared to the northwest of the above holes and intersected a fault associated with substantial water (estimated at >50 litres/minute) from 39 metres. Beyond the fault is pyrite-rich Footwall Basalt and so no “black smoker” mineralisation was intersected.

Two holes (MALRC009, -010) were collared in the pit floor to determine the potential of the sulphide material left from mining. MALRC009 was collared in a faulted block of relatively unaltered Hangingwall Basalt, but crossed the fault at 5 metres to intersect intensely altered pyrite-rich Footwall Basalt. MALRC010 was collared directly into intensely altered pyrite-rich Footwall Basalt. Both holes returned modest gold-copper-zinc-silver assays consistent with the results from immediately beneath the high-grade “black smoker” unit. It seems unlikely that the “black smoker” unit remains in the main part of the pit.

Three holes were collared west of the pit to test for high-grade extensions. MALRC011 was collared at the edge of the pit and intersected similar geology to that found to the north of the pit, including a two metre wide high-grade “black smoker” zone at the top of mineralised Footwall Basalt. MALRC012 and MALRC013 were collared further west in gossan material and intersected mineralised Footwall Basalt, but not the high-grade “black smoker” unit. The “black smoker” unit must be missing from this area and so it is interpreted that there must be a significant northwest-trending fault between these holes and MALRC011.

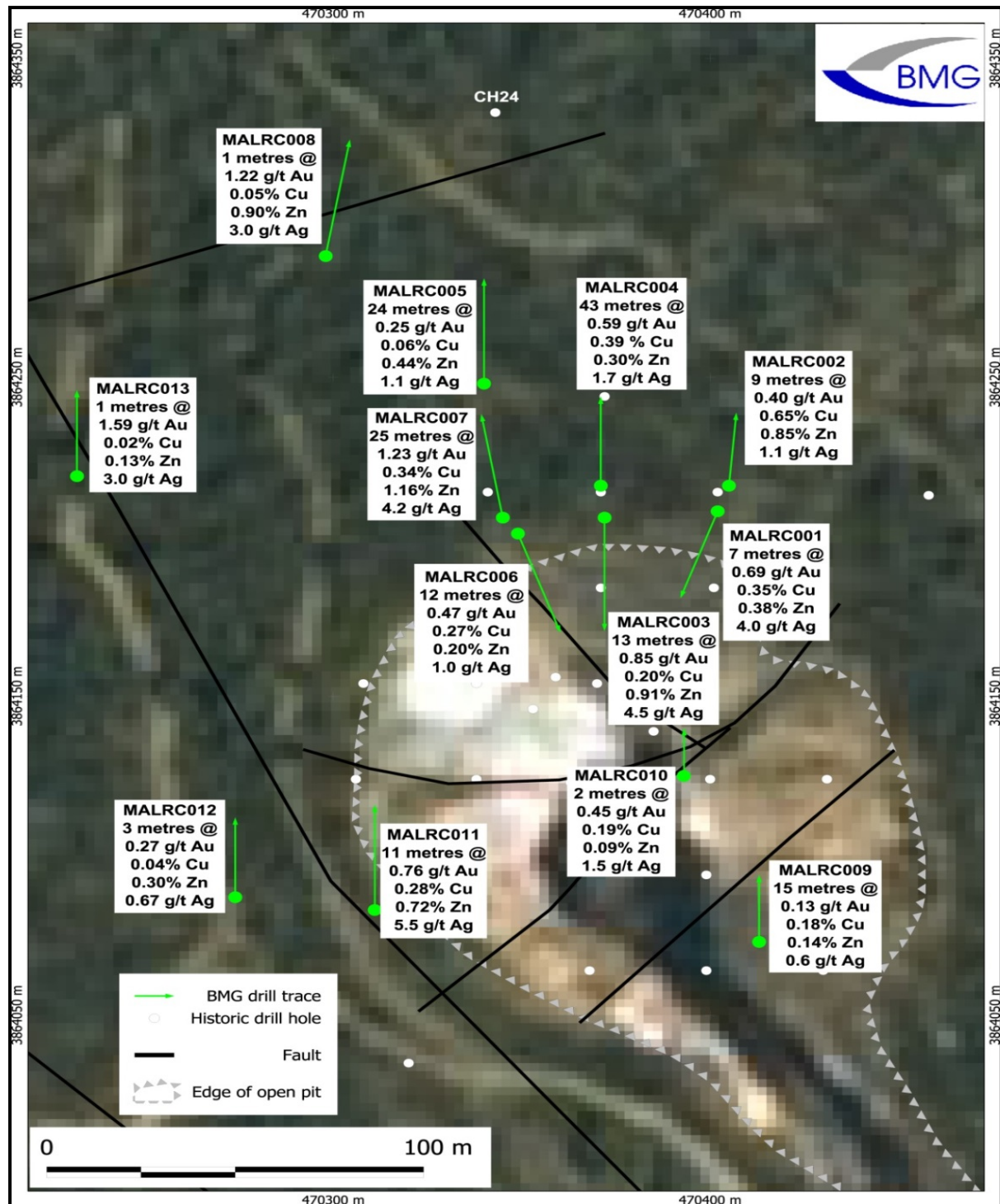


Figure 5: BMG drill hole results at Mala Prospect. SPOT satellite image as background.

Hole_ID	From (m)	To (m)	Width (m)	Gold (g/t)	Copper (%)	Zinc (%)	Silver	Comment
NORTHERN ZONE								
MALRC001	55	62	7	0.69	0.35	0.38	4.0	
MALRC002	39	48	9	0.40	0.65	0.85	1.1	
including (from 44 m)			3	0.76	1.30	1.48	2.3	
MALRC003	48	61	13	0.85	0.20	0.91	4.5	
including (from 54 m)			4	1.46	0.43	2.13	9.2	
MALRC004	33	72	39	0.59	0.39	0.30	1.7	extent of current sampling
including (from 37 m)			5	2.15	0.23	1.80	5.1	
including (from 50 m)			2	1.01	0.737	0.03	2.0	
including (from 63 m)			1	0.84	1.01	0.15	2.0	
including (from 68 m)			1	0.45	3.04	0.04	2.0	
MALRC005	62	86	24	0.25	0.06	0.44	1.1	extent of current sampling
MALRC006	29	30	1	1.29	0.16	1.54	3.0	no adjacent assays
	41	53	12	0.47	0.27	0.20	1.0	minor fault above this zone
MALRC007	46	71	25	1.23	0.34	1.16	4.2	extent of current sampling
including (from 46 m)			14	2.0	0.34	2.0	6.1	
including (from 46 m)			6	3.7	0.41	4.1	11.3	
including (from 48 m)			1	15.5	0.65	12.3	42	
including (from 66 m)			4	0.42	0.68	0.09	2.8	
MALRC008	46	48	2	0.74	0.11	0.23	5.0	water >50 litre/minute from 39 metres
	69	70	1	1.22	0.05	0.90	3.0	
PIT FLOOR								
MALRC009	5	20	15	0.13	0.18	0.14	0.6	fault at 5 metres; extent of current sampling
MALRC010	1	3	2	0.45	0.19	0.09	1.5	collared in massive pyrite
EASTERN ZONE								
MALRC011	18	29	11	0.76	0.28	0.72	5.5	
including (from 21 m)			2	2.16	0.37	1.92	17.8	
MALRC012	29	32	3	0.27	0.04	0.30	0.67	strong gossan to 8 metres
MALRC013	56	57	1	1.59	0.02	0.13	3.0	strong gossan to 13 metres

Table 4: Summary of recent drilling results at Mala Prospect.

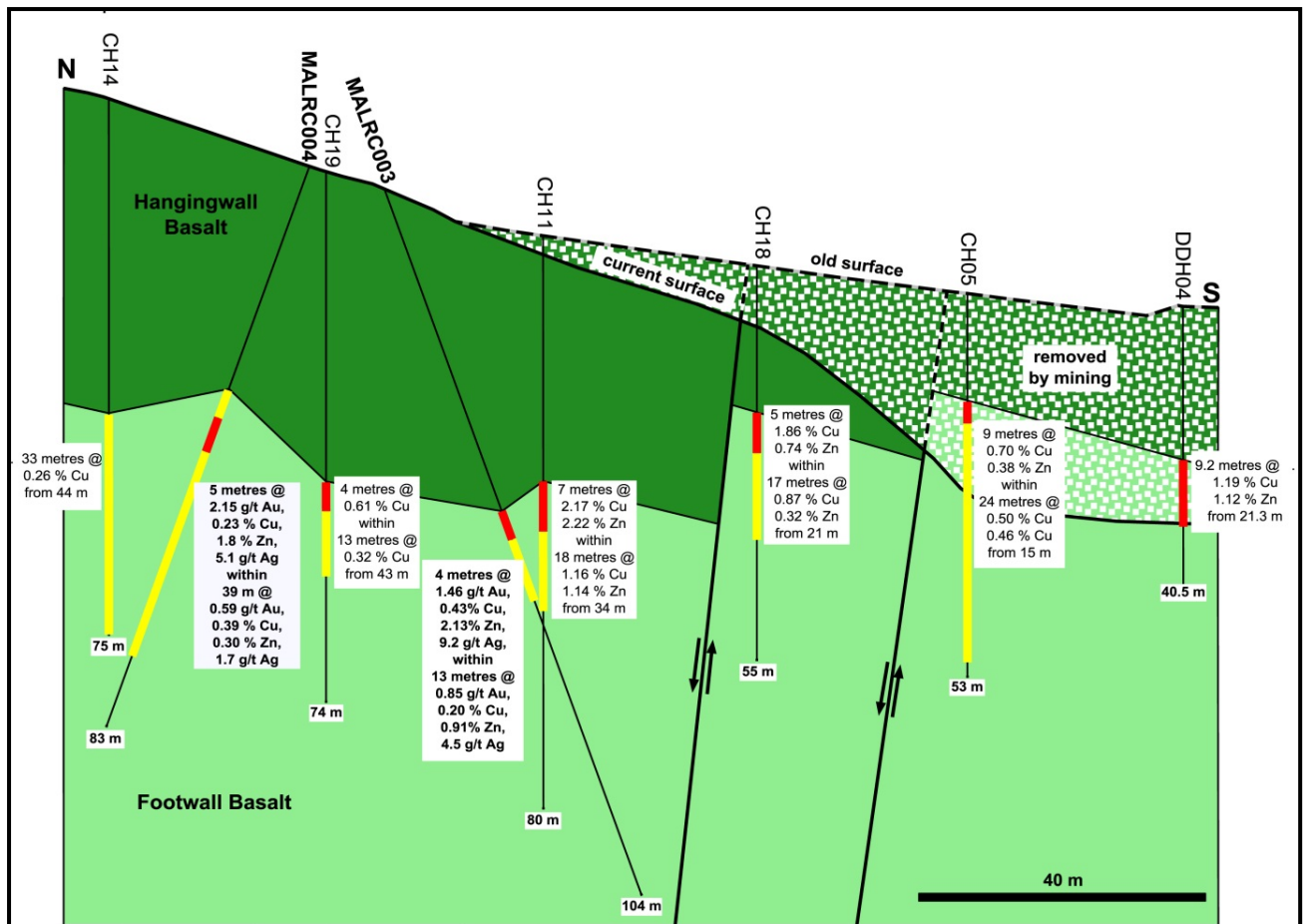


Figure 6: Section looking west shows drilling results of northern area. Red is high grade; yellow medium grade. BMG data are bold.

The current assay results clearly demonstrate high-grade gold-copper-zinc-silver at the Mala Prospect and show the great potential for other high-grade discoveries in the immediate area. It is expected that the area immediately north of the pit can be extended further north and northeast to intersect the “black smoker” unit at the top of mineralised Footwall Basalt. Given that there are gossan outcrops around Mala within an area of at least 600 by 1,000 metres then there is clearly scope to discover other extensions of the high-grade “black smoker” unit. Most of the few historic drill holes beyond the mine site returned elevated copper-zinc mineralisation most likely in the Footwall Basalt.

A number of high priority targets have already been identified for the next round of drilling.

HARTS RANGE PROJECT, NORTHERN TERRITORY

The Harts Range Project (Figure 7) contains a large established JORC-compliant resource of Heavy Minerals within unconsolidated surficial sand in dunes, channels and floodplains. The Heavy Mineral component of the sand is significant (average 33.8% by weight) and predominantly composed of AMH (alumino-magnesio hornblende) and garnet, but also lesser amounts of other minerals including rutile, ilmenite and leucoxene. Prior to 2009, extensive technical, logistical and commercial work was completed by Olympia Resources Limited. There has been limited work since then. The Project is located approximately 120 km north east of Alice Springs in the Northern Territory, Australia. The Project area is approximately 100 km east of the Alice Springs - Darwin rail line and straddles the Plenty Highway.

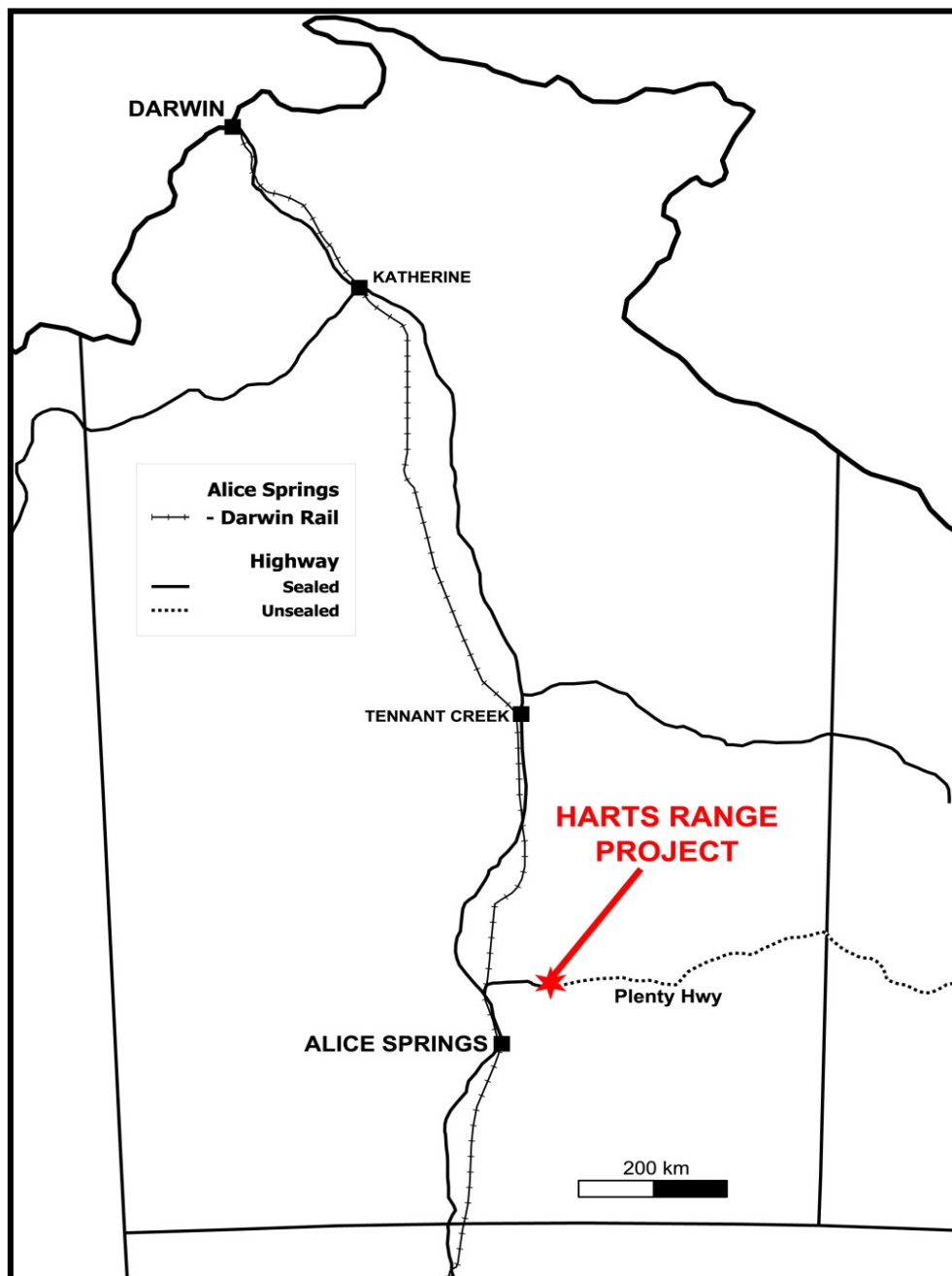


Figure 7: Location of the Harts Range Project, Northern Territory

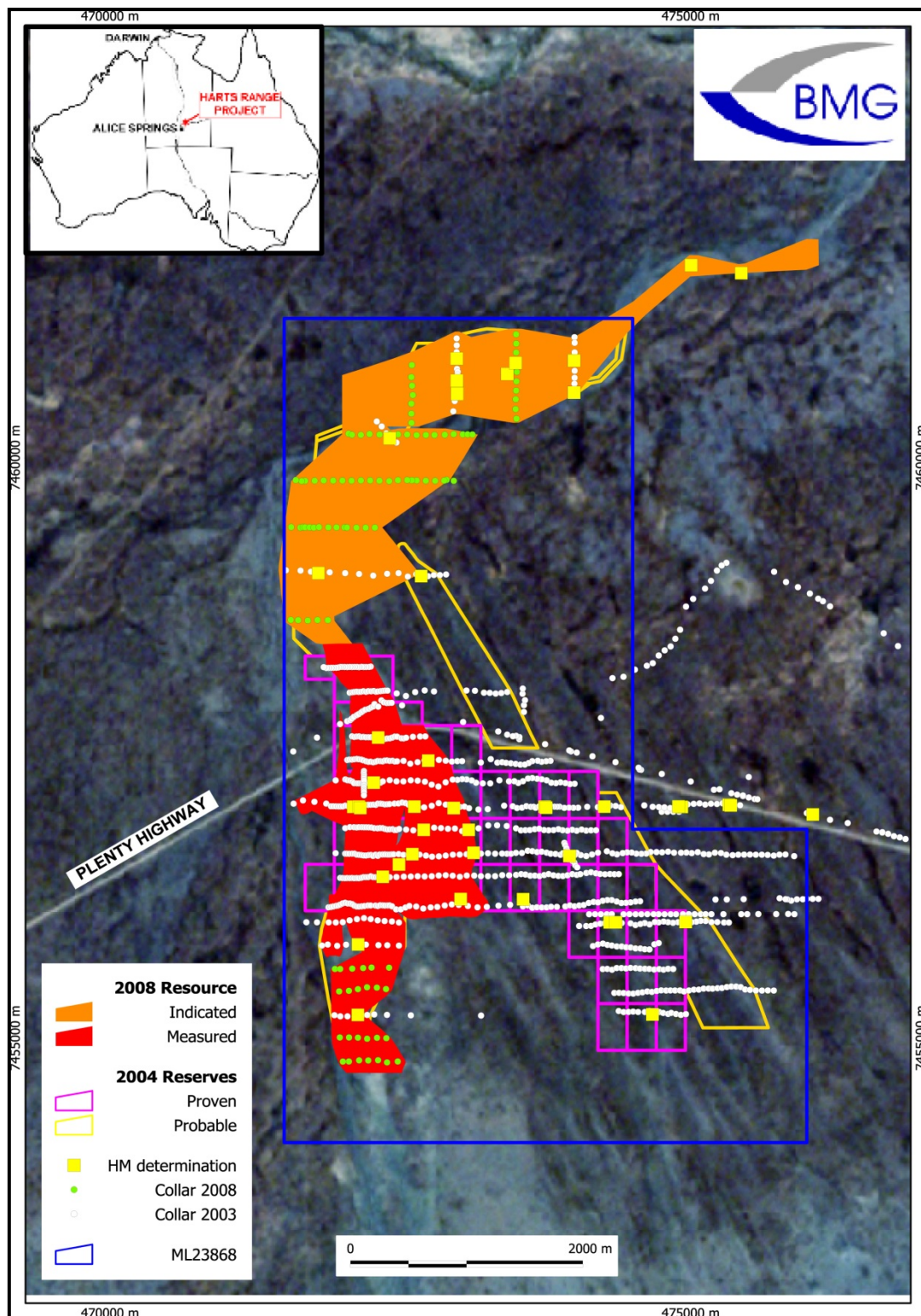


Figure 8: ML23868 showing general Resource Blocks, drill collars and bulk sample sites

Olympia Resources released the most recent Harts Range Heavy Mineral Resource inventory (Figure 8 and Tables 5-8) to the ASX on 30 January 2009. This supersedes the Mineral Resource and Reserve inventory that had been released in 2004 and supported by a feasibility study completed by HBH Engineering. A small part of the 2009 Indicated Resource extends beyond the northern boundary of ML23868, and this has been included here. The published 2009 Inferred Resources that were outside ML23868 (Plenty River and Spinifex Bore localities) have been omitted. Total heavy mineral

percentages were obtained from each drill hole across the project area. The percentages of garnet, AMH and “others” were determined from Heavy Mineral separates collected from bulk samples (drill-hole composites or deliberate excavations). Different landforms (Dune, Swale, Floodplain, Palaeochannel) were used to define “Ore types” as these have quite distinct Oversize, Slimes and Heavy Mineral compositions. Ore Blocks typically comprise more than one “Ore type”.

MINERAL RESOURCE ESTIMATES 2009

Category	Material (t)	Garnet (t)	AMH (t)
Measured	35,642,000	2,380,000	9,374,000
Indicated	40,200,000	2,820,000	9,860,000
TOTAL MEASURED & INDICATED	75,842,000	5,200,000	19,234,000
Inferred	13,500,000	950,000	3,000,000
TOTAL ALL CATEGORIES	89,342,000	6,150,000	22,234,000

Table 5: 2009 Resource summary

Resource type	Material (t)	Heavy Mineral (%)	Oversize (%)	Slime (%)	Heavy Minerals (t)	Garnet (t)	AMH (t)
Floodplain	6,491,000	34.7	5.8	16.4	2,254,000	488,000	1,685,000
Palaeochannel	3,539,000	31.4	10.7	14.1	1,112,000	311,000	764,000
Dune	25,612,000	35.0	1.0	19.0	8,967,000	1,581,000	6,925,000
TOTAL	35,642,000	34.6	2.8	18.0	12,333,000	2,338,000	9,374,000

Table 6: 2009 Measured Resource

Resource type	Material (t)	Heavy Mineral (%)	Oversize (%)	Slime (%)	Heavy Minerals (t)	Garnet (t)	AMH (t)
Floodplain	10,040,000	34.5	6.5	13.4	3,460,000	830,000	2,500,000
Palaeochannel	7,500,000	31.3	14.3	11.5	2,350,000	750,000	1,540,000
Dune	22,660,000	32.9	1.0	20.0	7,450,000	1,240,000	5,820,000
TOTAL	40,200,000	33.0	4.9	16.8	13,260,000	2,820,000	9,860,000

Table 7: 2009 Indicated Resource

Resource type	Material (t)	Heavy Mineral (%)	Oversize (%)	Slime (%)	Heavy Minerals (t)	Garnet (t)	AMH (t)
Dune	13,500,000	34.1	1.0	20.0	4,600,000	950,000	3,000,000

Table 8: 2009 Inferred Resource

Olympia Resources obtained all the necessary approvals to commence mining operations at Harts Range, including:

- Grant of Mining Lease (ML23868; granted 12 August 2005 for 25 years),
- Mine Management Plan (Northern Territory Government, March 2008),
- Indigenous Land Use Agreement (ILUA) with Central Land Council (DI2003/008; registered with National Native Title Tribunal 20 November 2003), and
- Environmental Assessment (Public Environmental Report and various baseline studies).

Numerous internal commercial and logistics studies were also completed by Olympia Resources to develop a Feasibility Study in 2006. The Feasibility Study only looked at the scenario of producing abrasives with bulk garnet and garnet-AMH (garnetblende) product streams. A summary of this Feasibility Study was released by Olympia Resources Limited to the ASX on 9 January 2007. Since then the Resource inventory has been significantly upgraded and many of the original inputs will have been superseded by more recent work.

The Harts Range Project provides BMG with a low-cost entry into a well advanced development opportunity with strong potential for near-term production and commercialisation. The terms of the option agreement provide BMG with 12 months to evaluate the project and to refresh existing studies to optimise the case for commercial development. In particular BMG proposes to evaluate the following:

- **Products** – The 2006 Feasibility Study primarily focussed on the commercial viability of selling bulk garnet and garnetblende for industrial abrasive applications. Garnet can be used for other purposes, such as filtration, and certain forms of garnet demand higher prices. Such garnet is known to be present at Harts Range and recent studies suggest that it is obtainable using standard mineral sands processing techniques. Other Heavy Minerals, such as rutile, leucoxene and ilmenite, are also present and may provide additional high-value products. BMG proposes to undertake further analysis to identify whether the processing circuit can be optimised to separate these, and possibly other high-value products.
- **Resources** – The distribution of these potential high-value products is not captured in the current resource. Some of the necessary information may be contained within existing datasets, but it is expected that further test-work will be required to determine the amount and location of any high-value components. It may be necessary to recalculate the resource to account for a new product mix.

- **Markets** – Products such as garnet and titanium-based minerals have relatively established markets, whereas other potential products, such as the AMH, have less developed markets. Further work will be required to develop the necessary markets. There has already been a considerable body of market-based work for some of the potential products completed for Olympia Resources as part of its Feasibility Study.

BMG has signed a 12 month Option Agreement with Imperial Granite to acquire Imperial Granite's 90% interest in ML23868. The Company paid an option fee of c.\$43,500, being Imperial Granite's share of the current annual rent due on the mining lease.

Imperial Granite sold the project to Olympia Resources in 2000. Olympia significantly advanced the asset by completing a Feasibility Study and had intended to progress into production just prior to the global financial crisis. Olympia was subsequently taken over by Matilda Zircon and the Project ended back with Imperial Granite (90%) and Branvest Pty Ltd (10%) following a legal dispute between Imperial Granite and Matilda Zircon. BMG may exercise the option at its discretion at any time prior to 17 September 2015. If BMG elects to exercise the option and proceed with the acquisition of Imperial Granite's interest in ML23868, BMG will pay Imperial Granite a completion payment of \$450,000, and up to an additional \$4,050,000 based on the achievement of key project milestones as follows:

- **Completion Consideration** – \$450,000 within 3 months of exercising the option comprising \$225,000 in cash and \$225,000 in BMG shares (based on the higher of 5 day VWAP or capital raising price in 3 months prior to issue),
- **Bankable feasibility study** - \$720,000 within 3 months of the completion of a bankable feasibility study comprising all cash or half cash and half shares (on the same basis as the completion consideration shares) at BMG's discretion,
- **Decision to mine** - \$900,000 within 3 months of a decision to mine comprising all cash or half cash and half shares (on the same basis as the completion payment shares) at BMG's discretion,
- **Production Payments** – Up to \$2,430,000 (in total) payable from gross profit earned from mining operations, comprising 10% of gross profits in any financial year (to a maximum of \$450,000) until fully paid. Gross profit is calculated as gross revenue from mining operations on ML23868 less total C3 operating costs and financing costs.

CORPORATE

Subsequent to the end of the Quarter BMG appointed Helmsec Global Capital limited to assist with corporate advisory and capital initiatives. The Company is currently undertaking a 1-for-10 share (and option) consolidation (subject to shareholder approval at an Extraordinary General Meeting scheduled for Monday 24 November 2014) to reduce the number of issued shares to 62.9 million. This will provide more flexibility to undertake capital initiatives and ultimately benefit all shareholders. All fees to directors and corporate and management fees to the Transcontinental Group (BMG's major shareholder) are currently being accrued, and the Transcontinental Group has additionally provided a letter of financial support until a capital raising is completed.

The following ASX announcements regarding BMG's activities and projects were released since the last quarterly report.

Date	Headline
21/10/2014	Proposed Share Consolidation and Appointment of Helmsec Global Capital Limited to Assist with Capital Initiatives
08/10/2014	Notice of Meeting, Explanatory Memorandum, Proxy Form
08/10/2014	Notice of Annual General Meeting
01/10/2014	High-Grade Gold-Copper-Zinc-Silver Discovered at BMG's Cyprus Project
25/09/2014	Annual Report
24/09/2014	BMG Secures Low Cost Option to Acquire Advanced Heavy Mineral Sands Project in Australia
09/09/2014	Continued Success in Cyprus Drilling Program – Massive Sulphides Intersected in All 13 Drill Holes at Mala Prospect
28/08/2014	Assay Results Confirm Discovery of High Grade Nickel-Copper-Cobalt-Gold Mineralisation, Pevkos Prospect, Cyprus
13/08/2014	Drilling at Pevkos Intersects Targets in All Holes

TENEMENTS

During the Quarter, BMG was renewed two exploration licences (EA4447, EA4448) in Cyprus and acquired an option over ML23868 in the Northern Territory, Australia (see table below).

Project	Licence number	Status	Interest (%)	Notes	Activity during the quarter
BLACK PINE	EA4314	granted	100		
	EA4316	granted	100		
	EA4317	granted	100		
	EA4318	granted	100		
	EA4456	granted	100		
	AE4461	granted	100	reconnaissance	
	AE4464	granted	100	reconnaissance	
	AE4465	granted	100	reconnaissance	
VRECHIA	EA4313	granted	100		
	EA4457	granted	100		
	AE4462	granted	100	reconnaissance	
KALAVASSOS	AE4547	granted	100	reconnaissance	
KAMBIA	EA4315	granted	100		
	EA4447	granted	100		renewed
	EA4448	granted	100		renewed
HARTS RANGE	ML23868	granted	90	mining licence; option	option acquired

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 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.

The Feasibility Study and Resource Estimates referenced herein for the Harts Range Project were reported to the ASX by Olympia Resources Limited (ASX: OLY, now MZI) on:

- **18 June 2004 [Olympia Resources Limited - Prospectus],**
- **21 September 2004 [Harts Range Garnet Recovery Increased to 75%],**
- **12 September 2005 [Mining Lease Granted for Harts Range Abrasives Project],**
- **9 January 2007 [Olympia Resources Board Approves the Harts Range Abrasive Project] and**
- **30 January 2009 [Increases in Tonnage and Garnet Grade of Harts Range Resource]**

under the 2004 JORC Code. The details pertaining to resource estimation and mineralisation resource were prepared by Mr John Baxter who at the time was a Member of the Australasian Institute of Geoscientists (RPGeo) and a Member of the Australasian Institute of Mining and Metallurgy

("AusIMM") and qualified as a competent person to report on these matters. There have been no material changes since these results were last reported.

The author of this Report is not aware of any new information or data that materially affects the information included in the Harts Range Resource Estimates, 2009 and, in the case of mineral resources that all the material assumptions and technical parameters underpinning the estimates in the Harts Range Resource Estimates, 2009 continue to apply and have not materially changed. The form and context in which the findings of Mr Baxter are presented have not been materially modified.

The information in this report that relates to Exploration Results, Exploration Targets, Mineral Resources or Ore Reserves for the Harts Range Project is based on information reviewed by Mr Malcolm Castle who is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Mr Castle is a non-executive director of BMG Resources Limited and a consultant geologist with Agricola Mining Consultants Pty Ltd. He has sufficient experience that is relevant to the styles of mineralisation and types 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. Mr Castle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 2014

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	(432)	(432)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(110)	(110)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	3
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	(539)	(539)
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)	(539)	(539)

+ 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)	(539)	(539)
	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	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(539)	(539)
1.20	Cash at beginning of quarter/year to date	697	697
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	158	158

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	35
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 to directors & salaries to employees, administration fees and office space cost paid to director related entities.	

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	50
4.2 Development	-
4.3 Production	-
4.4 Administration	20
Total	70

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	50	97
5.2 Deposits at call	108	600
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	158	697

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	629,227,732	629,227,732		
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)	1,500,000 1,400,000 2,600,000 5,000,000 5,000,000 5,000,000 5,000,000 5,000,000 10,000,000 3,000,000 3,000,000 3,000,000 8,000,000	- - - - - - - - - - - - -	<i>Exercise price</i> \$0.22 \$0.20 \$0.22 \$0.035 \$0.05 \$0.035 \$0.04 \$0.045 \$0.05 \$0.035 \$0.04 \$0.045 \$0.05	<i>Expiry date</i> 09 December 2014 01 July 2016 01 July 2016 13 December 2016
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:31 October 2014.....
(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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