



QUARTERLY ACTIVITIES REPORT

For the Quarter to 31 December 2013

HIGHLIGHTS

- **High-grade VHMS copper-zinc mineralisation identified in historical drilling at Mala Prospect, Vrechia Project**
- **Complements high-grade copper-gold-cobalt-gold massive sulphide mineralisation confirmed during maiden drilling programme at Laxia Prospect, Black Pine Project**
- **Ongoing review of all projects by integrating new field data with archival reports and maps has confirmed and identified many prospects which warrant further work**
- **Planning of geophysical surveys and subsequent drilling programme under way**

During the quarter, BMG Resources Limited (the “Company”; ASX: BMG) continued exploring its Cyprus projects with most work focused on evaluating any relevant archival material held by the Cyprus Geological Survey. The archive review has involved extensive field work to check the validity of the historic work. The review phase of the exploration programme is nearing completion with numerous targets identified. The Mala Prospect in the Vrechia Project has thus far been the stand-out discovery with high-grade copper-zinc mineralisation identified in historic drilling (ASX release 18/12/2013). Reconciling the historical results with the present-day configuration of the Mala mine demonstrates that much of the high-grade copper-zinc mineralisation remains in-situ. Furthermore, historical rock chip samples record widespread anomalous gold and silver values within and around the Mala Prospect. The Company has commenced logistics planning to complete ground-based geophysics over various target areas. It is expected that the geophysical surveys will commence in the first quarter of 2014 and that drilling of identified targets will commence shortly thereafter.

BMG’s Managing Director, Bruce McCracken commented: “The December Quarter was a period of consolidation for BMG. We are very pleased with the number and with the quality of the targets identified during the review. We will commence geophysical surveys of the targets defined in all project areas during the current quarter and anticipate the discovery of numerous high quality drill targets, which we will test as soon as possible. The Company is looking forward to a successful year.”

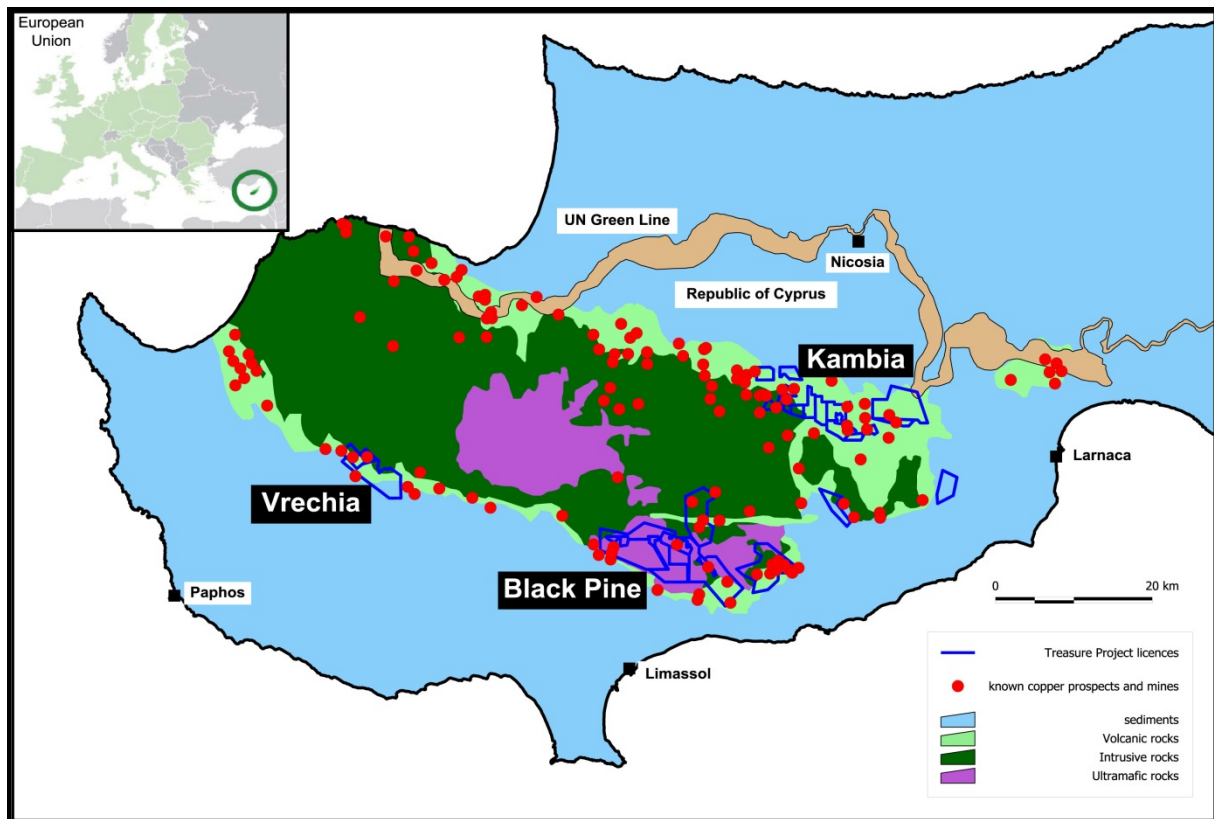


Figure 1: BMG's project areas and licences in Cyprus

BMG has three project areas in Cyprus covering 173.0 km² with 21 granted exploration and reconnaissance licences. The project areas are considered highly prospective for Orthomagmatic (copper-nickel-cobalt-gold) and Volcanic-Hosted Massive Sulphide (VHMS; copper-zinc-gold-silver) deposits. The Company's licences cover numerous known prospects and abandoned mines, as well as extensive areas along strike from known prospects.

BLACK PINE PROJECT

The Black Pine Project covers the southern part of the Troodos mountains and is predominantly prospective for copper-gold-cobalt-nickel sulphides related to dolerite intrusions (ie., orthomagmatic style). Such sulphide mineralisation is exposed at the Laxia and Pekvos Prospects. Drilling by BMG at the Laxia Prospect shows that the mineralised system has significant strike and depth continuity, it contains some very high-grade copper-cobalt intercepts and has reasonable widths. BMG's drilling results led to a revision of their exploration model, which, in turn, has defined a >50 km highly prospective strike within BMG's tenure. Black Pine also includes areas prospective for VHMS deposits including the abandoned Kalavassos copper mines where approximately 1.9 million tonnes was extracted at between 1.0- and 2.5 % copper.

The best results from BMG's 2013 drilling programme were:

- 4.25 m at 2.53 % copper from 30.75 m (LMD002),
- 4.18 m at 1.72 % copper, 1.18 g/t gold and 0.15 % cobalt from 33.1 m (LMD005),
- 3.58 m at 1.74 % copper, 0.28 g/t gold and 0.05% cobalt from 112.9 m (LMD007),

- 2.25 m at 4.15 % copper, 0.21 g/t gold and 0.10 % cobalt from 153.05 m,
 - including 0.45 m @ 18.0 % copper, 0.70 g/t gold and 0.37 % cobalt (LMD008),
- 2.61 m at 1.70 % copper, 4.2 g/t gold and 0.11 % cobalt from 188 m (LMD011), and
- 7.66 m at 0.66 % copper from 184.51 m (LMD012).

During the last Quarter, BMG continued to search the Black Pine Project area for regional extensions of the known mineralisation and to assess the orthomagmatic model. This work has been aided by the acquisition of mineral maps derived from the ASTER multi-spectral satellite data. A number of areas have been identified where follow-up work is required, but large areas of BMG's tenure are still to be adequately evaluated.

Future work will continue regional prospecting for orthomagmatic mineralisation. Ground-based geophysical surveys are planned around the Laxia and Pevkos Prospects, and will also be employed at any newly identified prospects. It is anticipated that the geophysics will define numerous drill targets which will be tested as soon as possible.

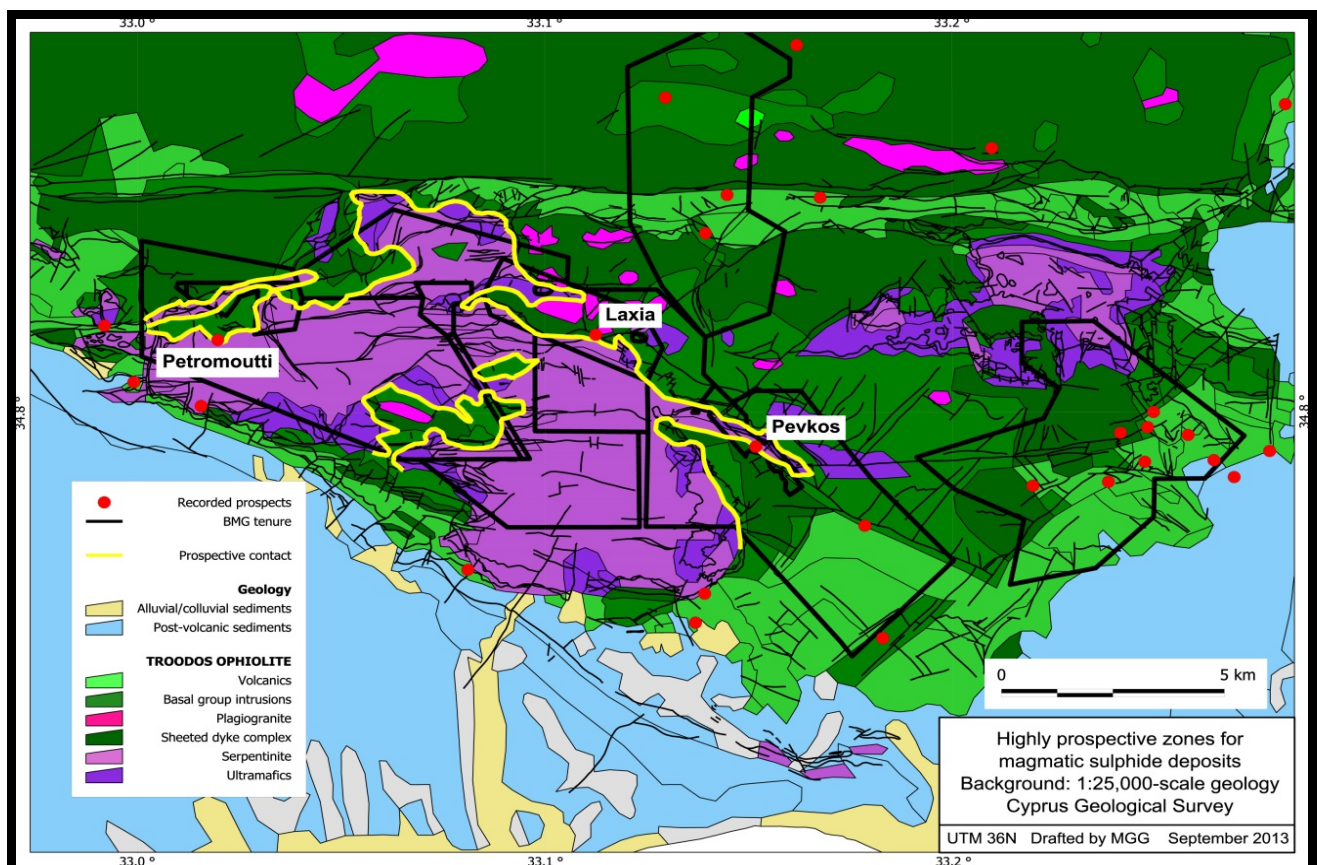


Figure 2: Black Pine project area showing BMG's tenure and the highly prospective dolerite contact

VRECHIA PROJECT

The Vrechia Project is situated on the southwestern part of the Troodos mountains and covers ancient volcanic units prospective for Volcanic-Hosted Massive Sulphide (VHMS) deposits. Within the Vrechia licences there are numerous ancient slag heaps (probably pre-Roman), where local copper ore was processed, and an abandoned pyrite mine, known as Mala.

The Mala open-pit was excavated in the 1980's and is approximately 100 x 100 m wide with a maximum depth of about 30 metres. Mining to exploit high-grade pyrite was abandoned as market conditions deteriorated. Prior to mining, three phases of drilling were completed according to the records in the Cyprus Geological Survey archives. A number of these drill holes record high-grade copper and zinc assays. Drill collar locations have been reconciled in the field and so it was possible to replot the drill holes relative to the subsequent open-pit mine. This reveals that mining did not remove many areas where high-grade copper and zinc were intersected. Moreover, reinterpretation of the geology, as revealed in the open-pit, highlights areas where the known sulphide mineralisation may extend and are untested.

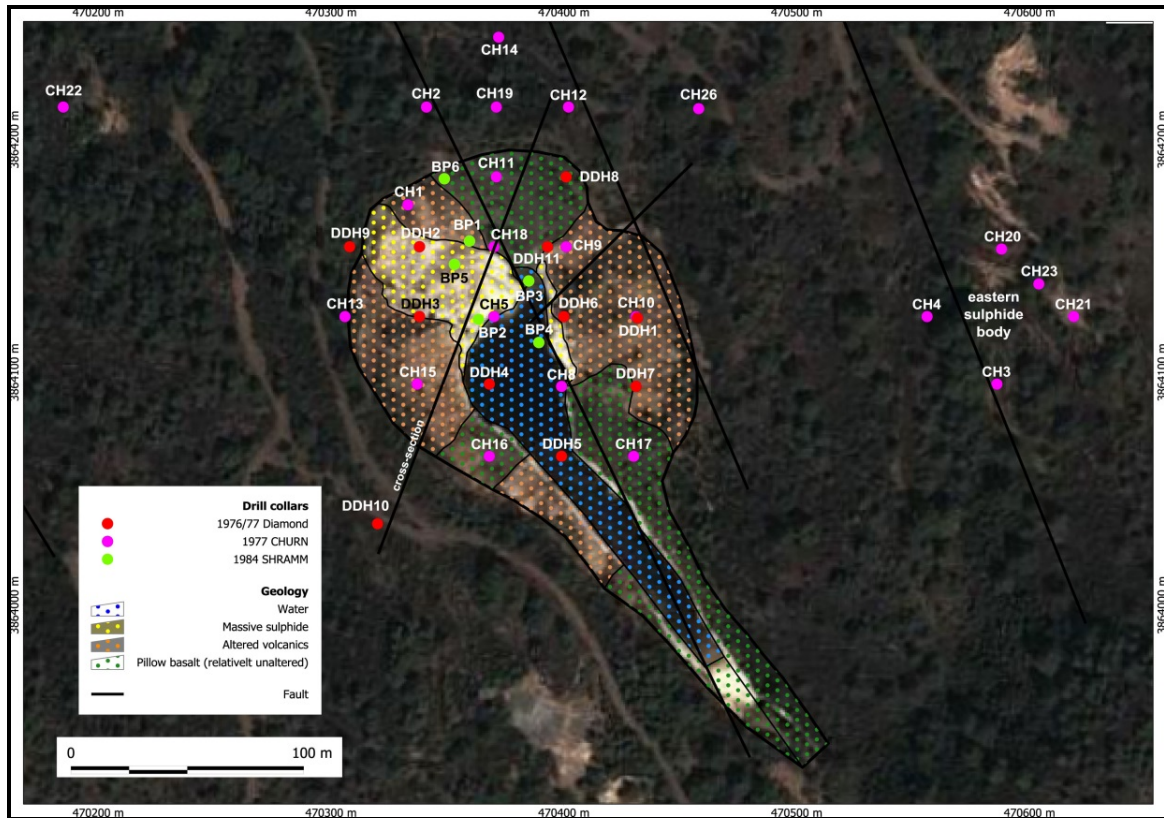


Figure 3: Gross geology of Mala pit, location of historical drill holes and cross-section line

The best historical drilling results were:

- **VR-CH5-77** 24 metres @ 0.50 % Cu, 0.47 % Zn, 37.8 % S from 15 metres,
- **VR-CH8-77** 20 metres @ 0.91 % Cu, 0.09 % Zn, 12.4 % S from 23 metres,
- **VR-CH11-77** 18 metres @ 1.16 % Cu, 1.14 % Zn, 20.7 % S from 34 metres,
including 7 metres @ 2.17 % Cu, 2.22 % Zn, 15.2 % S from 34 metres,
- **VR-CH18-77** 17 metres @ 0.87 % Cu, 0.32 % Zn, 38.7 % S from 21 metres,
- **VR-DDH4-77** 9.2 metres @ 1.19 % Cu, 1.12 % Zn, 22.3 % S from 21.3 metres,
- **BP1-84** 12 metres @ 0.36 % Cu, 44.9 % S from 22 metres,
- **BP2-84** 22 metres @ 0.86 % Cu, 44.9 % S from 16 metres,
- **BP3-84** 11 metres @ 1.14 % Cu, 31.0 % S from 18 metres,
- **BP4-84** 8 metres @ 1.42 % Cu, 43.4 % S from 27 metres, and

- **BP5-84** 6 metres @ 0.44 % Cu, 43.0 % S from 22 metres.

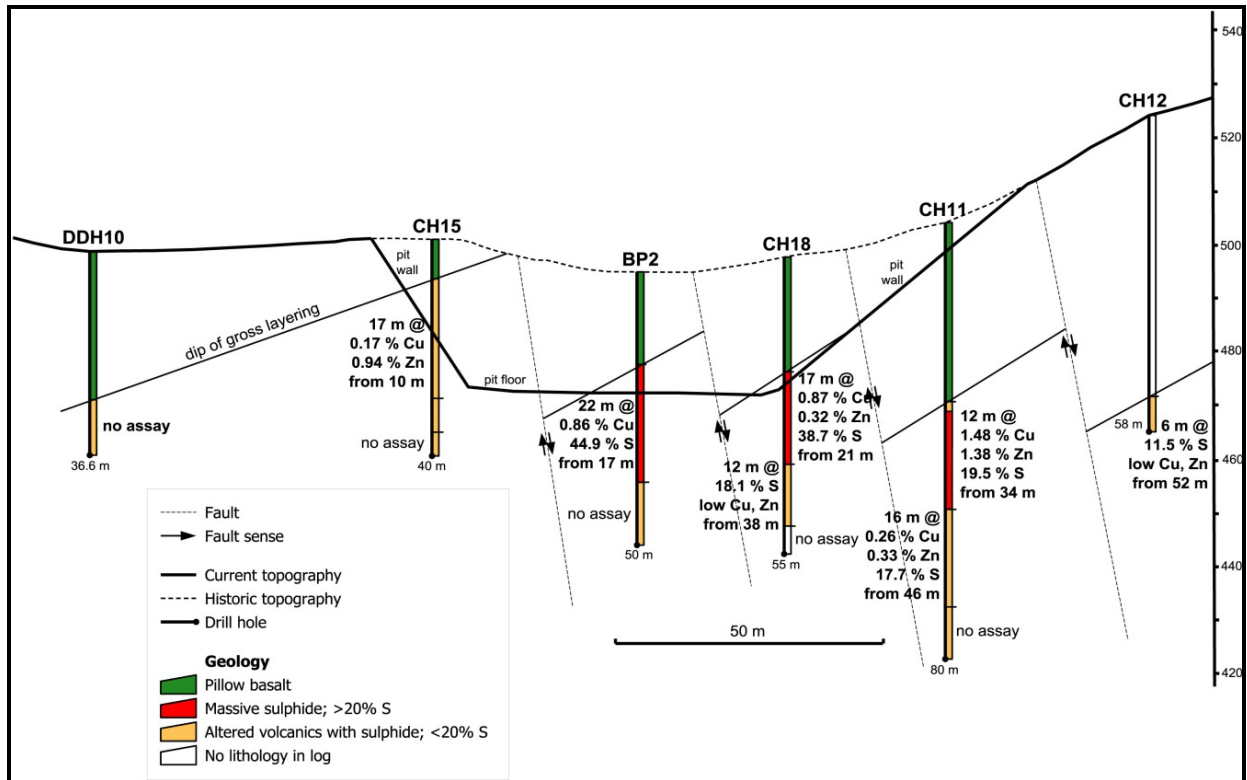


Figure 4: Cross-section across the northwest part of the Mala pit (where not flooded); looking northwest

No gold or silver assays were reported in the historical drilling reports. However, a map extending 500 x 400 metres around the Mala Prospect and reporting gold and silver results for 115 rock-chip samples was found in the archive. Seventeen (17) of these samples returned greater than 0.5 g/t gold with seven (7) of these greater than 1.0 g/t gold. These anomalous samples were broadly spread across many of the gossan outcrops. More recent assay results confirm the presence of gold at Mala with up to 1.64 g/t gold in the massive sulphide. Thus, the Mala Prospect is considered highly prospective for VHMS copper-zinc-gold-silver mineralisation.

Current and future work at the Vrechia Project will involve defining drill targets around the Mala Prospect using geological and geochemical mapping (handheld XRF, laboratory assays) and ground geophysical surveys. There is still further information to be verified from archival maps and reports that may help define further prospects. Ground geophysical surveys are being planned.

KAMBIA PROJECT

The Kambia Project is situated in the northeastern foothills of the Troodos mountains and covers various volcanic units prospective for Volcanic-Hosted Massive Sulphide (VHMS) deposits. There are numerous known prospects and two abandoned mines within BMG's tenure. There are many archival reports and maps about the Kambia area and the Company has been reconciling these historic results with current field data. This review is well advanced and it is anticipated that there will be a market update shortly. Future work will include ground-geophysical surveys at selected prospects to define drill targets.

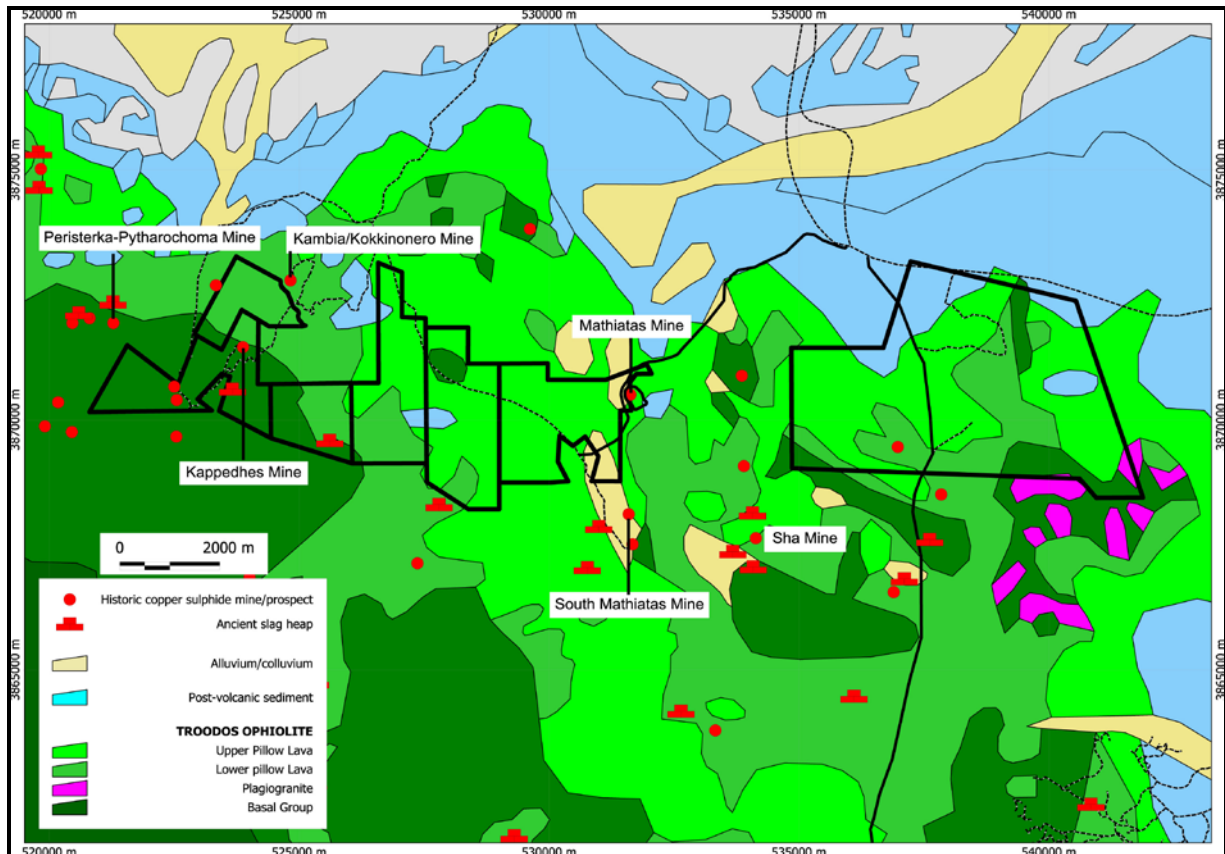


Figure 5: Mines and prospects in the Kambia Project area. Background 1:250,000-scale geology, Cyprus Geological Survey.

CORPORATE

Effective from 11 December 2013, Brazilian Metals Group Limited changed its name to BMG Resources Limited (ASX Release 11/12/2013). The Company's ASX code remained as 'BMG'.

The following ASX announcements regarding BMG's activities and projects were released during the quarter.

Date	Headline
18/12/2013	Vrechia Project – Mala Prospect
13/12/2013	Appendix 3B
11/12/2013	Change of Company Name
18/11/2013	AGM Results
31/10/2013	Quarterly Activities & Cashflow Report
18/10/2013	Notice of Meeting
18/10/2013	Dispatch of Notice of Meeting & Annual Reports
15/10/2013	Cyprus Update
11/10/2013	Laxia Project Update
10/10/2013	Final Director's Interest Notice
07/10/2013	Board Change

TENEMENTS

BMG did not change its tenement holdings during the Quarter.

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	application	100	reconnaissance	
	AE4465	granted	100	reconnaissance	
	AE4467	granted	100	reconnaissance	
VRECHIA	EA4313	granted	100		
	EA4457	granted	100		
	AE4462	granted	100	reconnaissance	
KAMBIA	EA4315	granted	100		
	EA4447	granted	100		renewed
	EA4448	granted	100		
	EA4449	granted	100		
	EA4452	granted	100		
	EA4453	granted	100		
	AE4463	granted	100	reconnaissance	
	AE4466	granted	100	reconnaissance	
	AE4480	granted	100	reconnaissance	
	AE4492	granted	100	reconnaissance	

ENDS

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COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results 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 a full-time employee and executive director of BMG Resources 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 Vrechia Project were reported to the ASX on 18 December 2013 [**High Grade Copper-Zinc Mineralisation at Mala Prospect – Vrechia**] under the 2012 JORC Code. There have been no material changes since these results were last reported.*

The summary of the Laxia Prospect drilling results referenced herein for the Black Pine Project were first 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***

These results were prepared and first disclosed 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 Company is not aware of any new information or data that materially affect the information included in the relevant announcements.

Appendix 5B

Mining 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

Name of entity

BMG RESOURCES LTD

ABN

96 107 118 678

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date 6 months \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(305)	(827)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(168)	(386)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	16	34
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	(457)	(1,179)
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)	(457)	(1,179)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(457)	(1,179)
	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	(457)	(1,179)
1.20	Cash at beginning of quarter/year to date	1,628	2,350
1.21	Exchange rate adjustments to item 1.20	39	39
1.22	Cash at end of quarter	1,210	1,210

Payments to directors of the entity and associates of the directors

Payments to 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	119
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	

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	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

Appendix 5B
Mining exploration entity quarterly report

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
4.3 Production	-
4.4 Administration	120
Total	320

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	58	62
5.2 Deposits at call	1,152	1,566
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,210	1,628

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	None			
6.2 Interests in mining tenements acquired or increased	None			

+ See chapter 19 for defined terms.

Appendix 5B
Mining 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 <i>(description)</i>				
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 <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	136,756,414	136,756,414	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 31 March 2014
	1,500,000	-	\$0.22	09 December 2014
	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				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.11	Debentures (totals only)		
7.12	Unsecured notes (totals only)		

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 give a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 31 January 2014

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 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, 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.