



BMG Resources Limited
ACN 107 118 678

ASX ANNOUNCEMENT

25 November 2016

DESPATCH OF NOTICES TO SHAREHOLDERS

BMG Resources Limited (ASX: BMG) has despatched notices to its shareholders in accordance with the timetable for the renounceable rights issue. A copy of the notice sent to eligible shareholders, and a copy of the notice sent to ineligible shareholders, accompany this announcement.

The 'Ex' entitlement date is 29 November 2016 and Record Date for determining entitlements is 30 November 2016.

*****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



[Ineligible Shareholders]

25 November 2016

Dear Shareholder

RENOUNCEABLE RIGHTS ISSUE

On 24 November 2016, BMG Resources Limited (**BMG** or **Company**) lodged a prospectus for a renounceable rights issue on the basis of five (5) new shares (**New Shares**) for every one (1) fully paid ordinary share in the Company (**Share**) held as at 5.00pm (WST), on Wednesday, 30 November 2016, at an issue price of \$0.008 per New Share, with one (1) free attaching option (**Free Attaching Option**) to be issued for every two (2) new Shares subscribed for, exercisable at \$0.02 each on or before 30 June 2019 (**Offer**).

The net funds raised are intended to be used to tidy up the Company's balance sheet and to raise working capital to pursue new investment opportunities.

This letter is to inform you about the Offer and to explain why you will not be able to subscribe for New Shares and Free Attaching Options (**New Securities**) under the Offer. This letter is not an offer to issue New Securities to you, nor an invitation for you to apply for New Securities.

You are not required to do anything in response to this letter.

Documents relating to the Offer were lodged with ASIC and ASX on 24 November 2016 and are being mailed to Eligible Security Holders (as defined in paragraph 4 below).

The Offer is to be implemented under section 713 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

Information about the Offer

1. The Offer is being made to Eligible Security Holders on the basis of the number of Shares held at 5.00pm (Perth time) on Wednesday, 30 November 2016 (**Record Date**). Under the Offer, Eligible Security Holders will be able to subscribe for five (5) New Shares for every one (1) Share held as at the Record Date at an issue price of \$0.008 per New Share, with one (1) Free Attaching Option to be issued for every two (2) new Shares subscribed for, exercisable at \$0.008 each on or before 30 June 2019.
2. The Offer opens on Thursday, 1 December 2016 and closes at 5.00pm (Perth time) on Monday, 12 December 2016.
3. The Offer is renounceable which means that entitlements to participate in the Offer can be sold.
4. A person is an Eligible Security Holder and is eligible to participate in the Offer if they are a registered holder of Shares on the Record Date and they:

- (a) have a registered address listed on the Company's share register in Australia or New Zealand or in any other jurisdiction outside Australia that the Company determines as being a jurisdiction in which its securities can be offered without requiring the filing or lodgement of a prospectus in that jurisdiction;
 - (b) are not in the United States and are not a US person or acting for the account of benefit of a person in the United States or a US person; and
 - (c) are eligible under all applicable securities laws to receive an offer under the Offer, without the use of a prospectus, disclosure document or other lodgement, filing, registration or qualification.
5. The Offer is not extended to BMG security holders who do not meet this criteria.
6. To the extent that a person holds Shares on behalf of another person resident outside Australia or New Zealand (or any other jurisdiction outside Australia that the Company determines as being a jurisdiction in which its securities can be offered without requiring the filing or lodgement of a prospectus in that jurisdiction), it is that person's responsibility to ensure that any acceptance complies with all applicable foreign laws.
7. Up to 319,614,260 New Shares and 159,807,130 Free Attaching Options may be issued under the Offer (based on the current capital structure of the Company and assuming that no existing options, warrants or convertible notes are exercised or converted before the Record Date). New Shares issued under the Offer will rank equally with the Company's existing fully paid ordinary shares.
8. Transcontinental Investments Pty Ltd (**Transcontinental**) and TRG Equity Investments Pty Ltd (**TRG**) have each committed to taking up all of the New Securities to which they are entitled to apply for under the Rights Offer (**Entitlements**). This represents the following commitments:
 - (d) for Transcontinental, a commitment of \$63,552.08, being 7,944,010 New Shares and 3,972,005 Free Attaching Options; and
 - (e) for TRG, a commitment of \$196,192, being 24,524,000 New Shares and 12,262,000 Free Attaching Options.
9. Each of Bruce McCracken, the Managing Director of the Company and Malcolm Castle, a Non-Executive Director of the Company have committed to take up all of their Entitlements. This represents the following commitments:
 - (f) for Bruce McCracken, a commitment of \$40,000, being 5,000,000 New Shares and 2,500,000 Free Attaching Options; and
 - (g) for Malcolm Castle, a commitment of \$23,914.24, being 2,989,280 New Shares and 1,494,640 Free Attaching Options.
10. The Offer is fully underwritten by Patersons Securities Limited (**Patersons**).
11. Patersons has entered into sub-underwriting agreements with each of Transcontinental, Bruce McCracken, and Malcolm Castle. Each sub-underwriter will sub-underwrite the Rights Offer to the following amounts:
 - (h) for Transcontinental, \$301,962.92, representing 37,745,365 New Shares and 18,872,682 Free Attaching Options;
 - (i) for Bruce McCracken, \$99,467, representing 12,433,375 New Shares and 6,216,687 New Options; and

- (j) for Malcolm Castle, \$43,537.76, representing 5,442,220 New Shares and 21,768.88 Free Attaching Options.

- 12. Eligible Security Holders who take up their Rights in full may also apply for additional New Shares and Free Attaching Options under any shortfall (**Shortfall Offer**).

Ineligible shareholders

BMG security holders who are not eligible to participate in the Offer are “Ineligible Security Holders”.

The restrictions upon eligibility to participate in the Offer arise because of the legal and regulatory requirements in countries other than Australia and New Zealand and the potential costs to the Company of complying with these legal and regulatory requirements compared with the relatively small number of security holders in those countries, the relatively small number of existing Shares they hold and the relatively low value of New Shares to which they would otherwise be entitled.

BMG has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to make or extend offers to security holders in certain countries under the Offer.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for the Offer stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, BMG wishes to advise you that it will not be extending the Offer to you and you will not be able to subscribe for New Shares and Free Attaching Options under the Offer. You will not be sent the documents relating to the Offer.

Renounceable Offer

However, as the Offer is renounceable, you may still receive some benefit for entitlements you would have received had you been eligible to participate in the Offer. The Company intends, subject to ASIC approval, to appoint Patersons as the nominee to conduct a foreign sale facility on behalf of Ineligible Security Holders (**Foreign Sale Facility**). Under the Foreign Sale Facility, the Company will issue the nominee with rights to apply for New Shares and Free Attaching Options which would otherwise have been available for subscription by Ineligible Security Holders had they been eligible to participate in the Offer. The nominee will then dispose of those rights during the period for which they are tradeable on the ASX.

There is, however, no guarantee that you will receive any proceeds as a result of the Foreign Sale Facility. The ability of Patersons to sell entitlements under the Foreign Sale Facility and the price it obtains for them will be dependent on various factors, including market conditions. To the maximum extent permitted by law, neither the Company, nor Patersons nor their respective agents or affiliates, will be liable for any failure to sell entitlements under the Foreign Sale Facility at a particular price or in a particular time frame.

For further information regarding the Offer, please see the Company's announcements on the ASX website (www.asx.com.au) or the Company's website (www.bmg.com.au). Alternatively, please contact Security Transfer Australia on +61 8 9315 2333 or the Company on +61 8 9424 9320 from 9.00am to 5.00pm Perth time, Monday to Friday.

Yours faithfully

Bruce McCracken
Managing Director



[Eligible Shareholders]

25 November 2016

Dear Shareholder

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Timetable for the Offer

The timetable for the Offer is as follows:

24 November 2016	Prospectus lodged with ASIC and ASX (Appendix 3B lodged with ASX)
25 November 2016	Notice of Offer sent to Shareholders
29 November 2016	Ex-date (date from which Shares begin trading without the Right to participate in the Offer)
29 November 2016	Rights trading commences
30 November 2016	Record Date (to identify Shareholders entitled to participate in the Offer)
1 December 2016	Prospectus and Entitlement and Acceptance Forms sent to Eligible Security Holders
1 December 2016	Opening Date
5 December 2016	Rights trading ends
6 December 2016	New Shares quoted on a deferred settlement basis
7 December 2016	Last day to extend the Closing Date
12 December 2016	Closing Date
13 December 2016	Notice to ASX of Shortfall
16 December 2016	New Securities issued
19 December 2016	Quotation of New Securities on ASX commences

Note: these dates are indicative only and may be subject to change.

You are not required to do anything in response to this letter. This letter is provided for your information only and does not constitute an offer of New Shares or Free Attaching Options under the Offer. An offer document will be sent to Eligible Security Holders on about Thursday, 1 December 2016.

For further information regarding the Offer, please see the Company's announcements on the ASX website (www.asx.com.au) or the Company's website (www.bmgl.com.au). Alternatively, please contact Security Transfer Australia on +61 8 9315 2333 or the Company on +61 8 9424 9320 from 9.00am to 5.00pm Perth time, Monday to Friday.

Yours faithfully

Bruce McCracken
Managing Director