



## QUARTERLY ACTIVITIES REPORT

For the Quarter to 31 December 2016

- The Company completed a A\$2.56m capital raising via a fully underwritten rights issue in December 2016
- BMG is now debt free with in excess of [A\$1.5m] of cash reserves and is actively focussed on identifying and evaluating new investment opportunities for the Company
- Corporate costs will continue at a minimum level with current director and management fees remaining on hold (ie no charge) until a new investment opportunity is secured
- The Treasure Project in Cyprus continues to proceed under management of New Cyprus, with BMG retaining a free carried interest

During the quarter BMG Resources Limited (the **Company**; ASX: **BMG**) completed its review of strategic capital initiatives and completed a A\$2.56m fully underwritten rights issue in December 2016 to retire all debt and accruals and provide working capital.

The Company is now well positioned to secure new investment opportunities and is currently reviewing a number of potential investment opportunities in the resources and non-resources sectors, and anticipates progress in the coming quarter.

### TREASURE PROJECT - CYPRUS

BMG has a 30% interest in the Treasure Project in Cyprus. The Treasure Project's operator, New Cyprus Copper Company Limited (**New Cyprus**), is responsible for maintaining the project and continued progressing the Treasure Project during the Quarter.

The Treasure Project includes nine advanced exploration prospects where copper (+Au-Zn-Ag) was mined after 1920 and eleven 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 10 licences for a total of 36.654 km<sup>2</sup>.

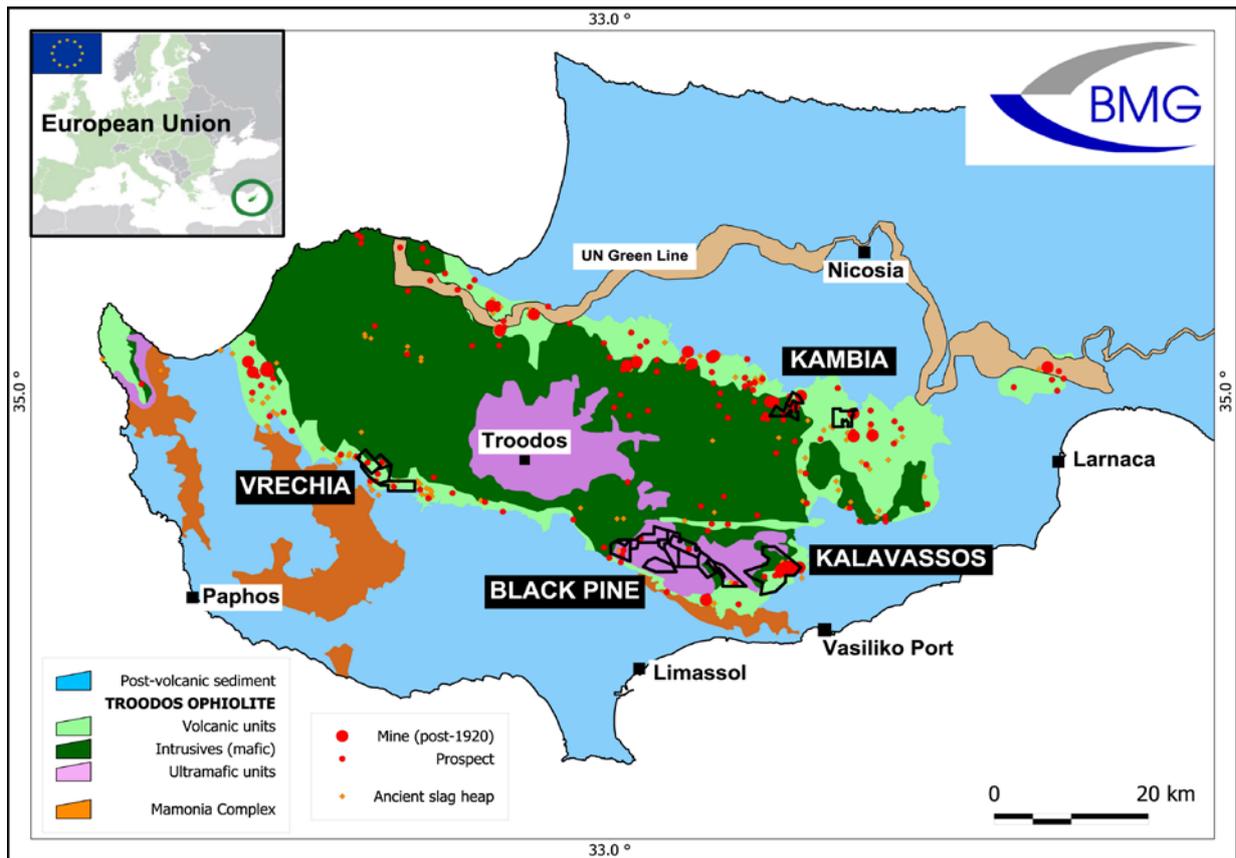


Figure 1: Treasure Project in Cyprus

## CORPORATE

BMG remains committed to securing a new business opportunity and is well positioned to progress opportunities in the coming quarter.

Following the completion of the capital raising in December 2016 the Company has in excess of A\$1.5m in cash reserves, but will continue to manage all costs very closely. The current management and directors, together with the Transcontinental Group, have agreed to hold all fees (ie no charge) until a new investment opportunity is secured.

## 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.*

## TENEMENTS

The Treasure Project, of which BMG currently owns a 30% interest, now comprises 10 exploration licences for a total of 36.654 km<sup>2</sup>.

Project	Licence number	Status	Interest (%)	Notes	Activity during the quarter
<b>BLACK PINE</b>	EA4589	granted	100		
	EA4590	granted	100		
	EA4591	granted	100		
	EA4610	granted	100	replaces EA4314	
	EA4612	granted	100	replaces EA4318	
<b>VRECHIA</b>	EA4457	granted	100		
<b>KALAVASSOS</b>	AE4607	granted	100	replaces AE4547	
	AE4608	granted	100	replaces AE4547	
<b>KAMBIA</b>	EA4447	granted	100		
	EA4448	granted	100		

ENDS

Bruce McCracken, Managing Director  
BMG Resources Limited  
Phone: +61 8 9424 9390  
Email: [enquiry@bmg.com.au](mailto:enquiry@bmg.com.au)  
Website: [www.bmg.com.au](http://www.bmg.com.au)

Fleur Hudson, Company Secretary  
BMG Resources Limited  
Phone: +61 8 9424 9390  
Email: [enquiry@bmg.com.au](mailto:enquiry@bmg.com.au)

## 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, 01/05/13, 01/09/16

### Name of entity

**BMG RESOURCES LTD**

### ABN

**96 107 118 678**

### Quarter ended ("current quarter")

**31 December 2016**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(75)	(100)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(75)</b>	<b>(100)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>		-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	1,792	1,792
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(146)	(146)
3.5	Proceeds from borrowings	44	44
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,690</b>	<b>1,690</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4	29
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(75)	(100)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,690	1,690
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,619</b>	<b>1,619</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,619	4
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,619</b>	<b>4</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	-
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	44	44
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	50
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>50</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	None			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	None			

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..  ..... Date: ...31 January 2017.....  
(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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.