



5 December 2014

**RENOUNCEABLE RIGHTS ISSUE TO RAISE \$1.3M  
PROSPECTUS AND REVISED TIMETABLE**

Further to its announcement of 4 December 2014, BMG Resources Limited (ASX: BMG) (**the Company**) announces it has today lodged its prospectus for an equity capital raising of approximately \$1.3 million (before costs) via a pro-rata renounceable rights issue.

A copy of the Company's prospectus dated 5 December 2014 accompanies this announcement. The Company advises that the capital raising timetable has been revised as follows:

Event	Date
Announcement of Offers	Thursday, 4 December 2014
Lodgement of Prospectus with ASIC (Appendix 3B lodged with ASX)	Friday, 5 December 2014
Notice of Offers sent to Shareholders	Tuesday, 9 December 2014
Shares quoted on an "ex" basis; rights trading starts	Wednesday, 10 December 2014
Record Date for determining entitlements	Friday, 12 December 2014
Prospectus and Entitlement and Acceptance Form sent to Shareholders	Wednesday, 17 December 2014
Opening Date of Offers	Wednesday, 17 December 2014
Rights trading ends	Friday, 16 January 2015
New Shares quoted on ASX on deferred settlement basis	Monday, 19 January 2015
Closing Date of Offers	Friday, 23 January 2015
New Shares and Free Attaching Options issued	Monday, 2 February 2015
Ordinary trading of new Shares and Free Attaching Options on ASX commences	Tuesday, 3 February 2015

The above dates are indicative only. The Company reserves the right to vary the above dates, subject to the ASX Listing Rules and the Corporations Act.

**ENDS****For further information please contact:**

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## **BMG Resources Limited**

ACN 107 118 678

# Entitlements Issue Prospectus

For a partially underwritten renounceable pro rata offer of one (1) New Share for every one (1) Share held by Shareholders registered at 5.00pm (WST) on the Record Date at an issue price of \$0.02 per New Share, with one (1) free attaching Option exercisable at \$0.05 each on or before 2 February 2018 for every New Share to raise approximately \$1.278 million before costs (**Entitlement Offer**), and for the offer of the shortfall to the Entitlement Offer (**Shortfall Offer**)

The Offers open on 17 December 2014 and close at 5.00pm (WST) on 23 January 2015. Valid acceptances must be received by the Closing Date.

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This document contains important information about the Offers. You should read the entire document. Please read the instructions in this document and the accompanying Entitlement and Acceptance Form regarding your Entitlement. If you have any questions about the Offers or this Prospectus, you should speak to your professional adviser.

The securities offered by this Prospectus should be considered speculative.

# Important information

## Prospectus

This Prospectus is dated 5 December 2014 and was lodged with ASIC on that date. Neither ASIC, ASX nor their officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is a transaction specific prospectus for the offer of continuously quoted securities (as defined in the Corporations Act) and options to acquire continuously quoted securities and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application for quotation of the New Securities will be made to ASX within seven days after the date of this Prospectus.

## Electronic prospectus

This Prospectus may be viewed in electronic form at [www.bmgil.com.au](http://www.bmgil.com.au) by Australian investors only. The electronic version of this Prospectus is provided for information purposes only. A paper copy of the Prospectus may be obtained free of charge on request during the Offer Period by contacting the Company. The information on [www.bmgil.com.au](http://www.bmgil.com.au) does not form part of this Prospectus.

## Risk factors

Investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors are set out in Section 1.4 of this Prospectus. These risks together with other general risks applicable to all investments in quoted securities not specifically referred to, may affect the value of the Securities in the future. An investment in the Company should be considered speculative. Investors should consider these risk factors in light of personal circumstances and should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

## Overseas Shareholders

No offer is being made in any jurisdiction outside Australia or New Zealand. The distribution of this Prospectus and accompanying application (including electronic copies) outside Australia or New Zealand may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Please refer to Section 3.11 for further information.

## Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website [www.asx.com.au](http://www.asx.com.au)). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offers. This Prospectus is intended to be read in conjunction with the publicly available

information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in New Securities of the Company.

No person is authorised to give any information or make any representation in connection with the Offers that is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company in connection with this Prospectus.

## Forward-looking statements

This Prospectus may contain forward-looking statements that have been based on current expectations about future acts, events and circumstances. Any forward-looking statements are subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

## Accepting the Offers

Applications for New Securities may only be made on an original application form as sent with this Prospectus. The Entitlement and Acceptance Form sets out the Entitlement of an Eligible Shareholder to participate in the Entitlement Offer. Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement. Applications for Securities under the Shortfall Offer must be made on the Entitlement and Acceptance Form if you are an Eligible Shareholder, or on a Shortfall Application Form if you are a new investor in the Company.

By returning an acceptance form or lodging an acceptance form with your stockbroker or otherwise arranging for payment for your New Securities in accordance with the instructions on the form, you acknowledge that you have received and read this Prospectus, you have acted in accordance with the terms of the Offers detailed in this Prospectus and you agree to all of the terms and conditions as detailed in this Prospectus.

## Defined terms

Certain capitalised terms and other terms used in this Prospectus are defined in the Glossary of defined terms in Section 10.

## Currency

All references in this Prospectus to "\$", "AUD" or "dollar" are references to Australian currency unless otherwise indicated.

## Reference to time

All references in this document to time relate to Western Standard Time in Perth, Western Australia.

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## Timetable for the Offers

The indicative Timetable for the Offers is as follows:

Event	Date
Announcement of Offers	Thursday, 4 December 2014
Prospectus lodged with ASIC and ASX (Appendix 3B lodged with ASX)	Friday, 5 December 2014
Notice of Offers sent to Shareholders	Tuesday, 9 December 2014
Ex-date (date from which Shares begin trading without the Right to participate in the Offers)	Wednesday, 10 December 2014
Rights trading commences	Wednesday, 10 December 2014
Record Date (to identify Shareholders entitled to participate in the Offers)	Friday, 12 December 2014
Prospectus and Entitlement and Acceptance Forms sent to Eligible Shareholders	Wednesday, 17 December 2014
Offers open (Opening Date)	Wednesday, 17 December 2014
Rights trading ends	Friday, 16 January 2015
New Shares quoted on a deferred settlement basis	Monday, 19 January 2015
Last day to extend the Closing Date	Tuesday, 20 January 2015
Offers close (Closing Date)*	Friday, 23 January 2015
Notice to ASX of Shortfall	Thursday, 29 January 2015
New Securities issued	Monday, 2 February 2015
Quotation of New Securities on ASX commences	Tuesday, 3 February 2015

\* The above dates are indicative only and may be subject to change. The Directors may vary these dates subject to any applicable requirements of the Corporations Act or the Listing Rules. The Directors may extend the Closing Date by giving at least three Business Days notice to ASX before the Closing Date.

# Corporate Directory

## Directors

Christopher John Eager  
Non-Executive Chairman

Bruce Alexander McCracken  
Managing Director

Michael Godfrey Green  
Chief Operating Officer

Malcolm John Castle  
Non-Executive Director

## Company Secretary

Fleur Hudson

## Registered and Principal Office

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191 St Georges Terrace  
PERTH WA 6000

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Email: [enquiry@bmgl.com.au](mailto:enquiry@bmgl.com.au)  
Web: [www.bmgl.com.au](http://www.bmgl.com.au)

## Solicitors for the Offers

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PERTH WA 6000

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## Auditors (for information purposes only)

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38 Station Street  
SUBIACO WA 6008

T: +61 8 6382 4600  
F: +61 8 6382 4601

## Lead Manager

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Level 7, 15 Castlereagh Street  
SYDNEY NSW 2000

T: +61 2 9993 4444  
F: +61 2 9993 4433

Email: [nb@helmsec.com.au](mailto:nb@helmsec.com.au)

## Underwriter

TRG Equity Investments Pty Ltd  
Level 14, Parmelia House  
191 St Georges Terrace  
PERTH WA 6000

## Share Registry

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153

T: +61 8 9315 2333  
F: +61 8 9315 2233

Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

**ASX Code: BMG**

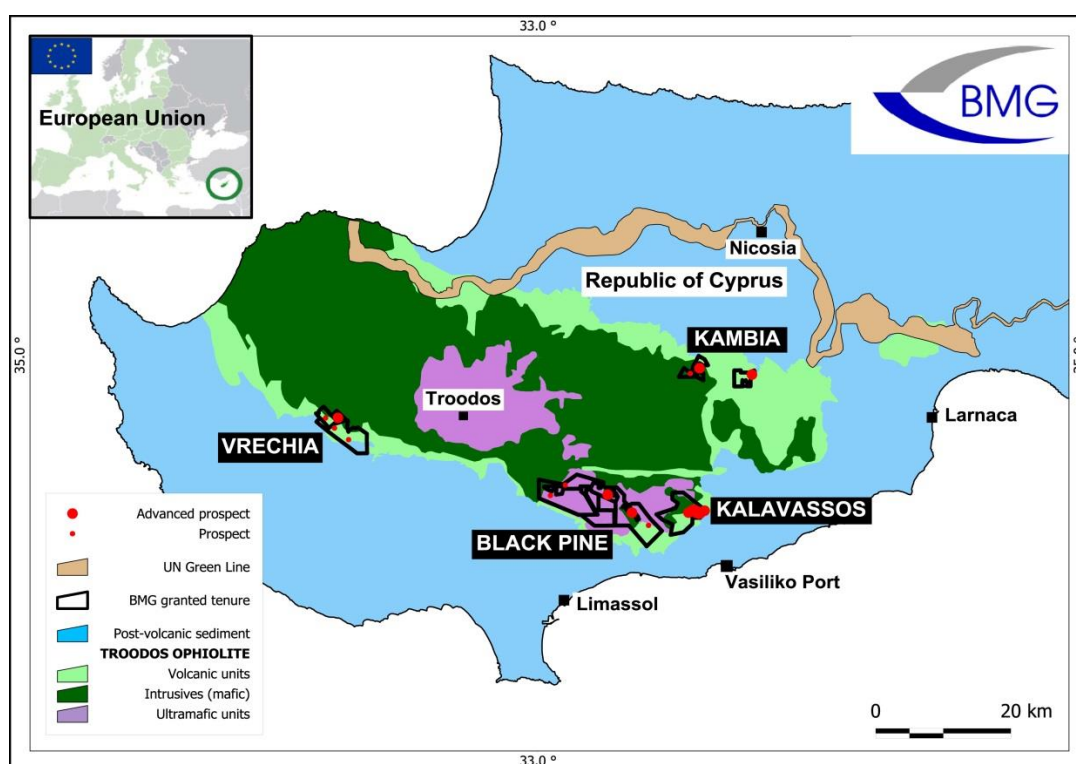
## 1. Investment overview

### 1.1 Introduction

BMG is a diversified minerals exploration company that is exploring for base and precious metals in the Republic of Cyprus and evaluating an advanced heavy mineral sands project in the Northern Territory, Australia.

### 1.2 Treasure Project

At the Treasure Project in the Republic of Cyprus, BMG is exploring for copper, nickel, zinc, cobalt, gold and silver in the Troodos Mountains. The Treasure Project comprises 15 licences in four separate areas totalling approximately 133 km<sup>2</sup>. The licences include numerous known prospects and abandoned mines. Recent drilling results by BMG at three of its prospects have confirmed the area to be very prospective.



**Figure 1:** Location of BMG's licences in Cyprus

The **Black Pine** area covers approximately 79km<sup>2</sup> of the southern Troodos Mountains and is prospective for copper, nickel, gold and cobalt related to dolerite intrusions. Such sulphide mineralisation is best exposed at BMG's Laxia and Pevkos Prospects. In 2014, BMG completed five drill holes at the Pevkos Prospect and intersected broad sulphide zones in all holes (see ASX announcements released on 13/08/2014 and 28/08/2014). The best results at Pevkos were:

- (a) 2.0m at 3.03% Ni, 0.33% Cu, 0.16% Co, 3.00g/t Au from 94m (PEVRC004);  
and

(b) 1.0m at 0.54% Ni, 3.14% Cu, 0.15% Co, 2.30 g/t Au from 147m (PEVRC002).

In 2013, BMG intersected similar mineralised zones at the nearby Laxia Prospect (see ASX announcements released on 22/07/2013, 6/09/2013 and 11/10/2013). The best results at Laxia were:

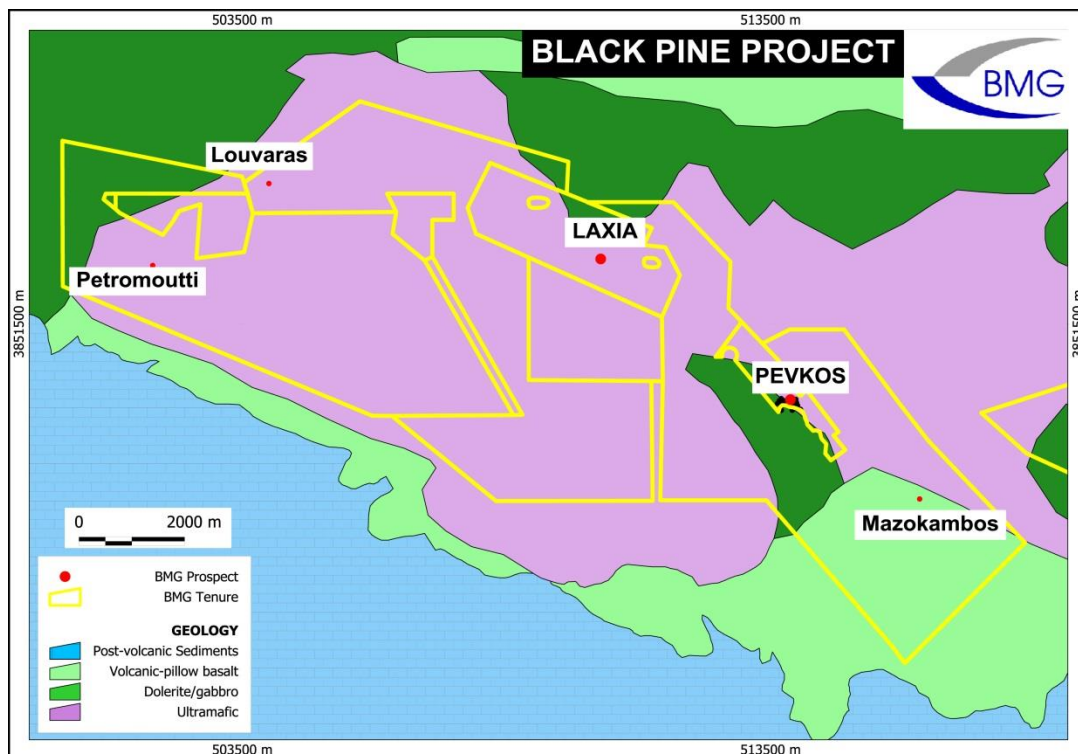
(a) 4.18m at 1.72% Cu, 1.18 g/t Au and 0.15% Co from 33.1m (LMD005);

(b) 3.58m at 1.74% Cu, 0.28 g/t Au and 0.05% Co from 112.9m (LMD007);

(c) 2.25m at 4.15% Cu, 0.21 g/t Au and 0.10% Co from 153.05m, including 0.45m at 18.0% Cu, 0.70 g/t Au and 0.37% Co (LMD008); and

(d) 2.61m at 1.70% Cu, 4.2 g/t Au and 0.11% Co from 188m (LMD011).

Geological and geochemical observations from BMG's drilling have led to the technical team developing an orthomagmatic mineralisation mode for the Black Pine area, whereby the copper-nickel-cobalt-gold mineralisation is directly related to mafic-ultramafic intrusions. Using this model, more than 50km of highly prospective strike can be defined within BMG's tenure. At present, BMG is exploring for immediate extensions of the mineralisation at the Pevkos and Laxia Prospects and searching for new mineralised zones elsewhere.



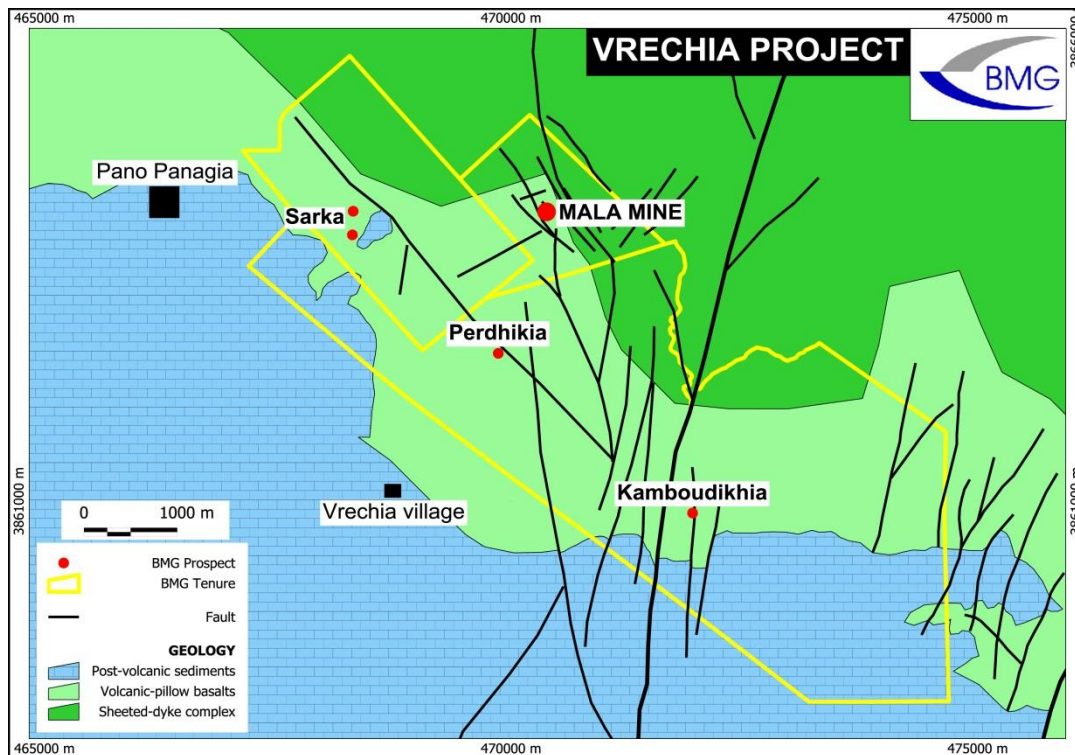
**Figure 2:** The Black Pine Project in Cyprus

The **Vrechia** area comprises three contiguous licences in the south-western Troodos Mountains covering ancient sea-floor volcanic units which are prospective for massive sulphide bodies containing copper, zinc, gold and silver. The most advanced prospect is Mala where a modest open-cut mine was developed in the 1980's. A broad area around the old mine has gossan outcrops suggesting a large mineralised system. In 2014, BMG completed 13 drillholes at Mala and discovered extensions to the historic high-grade copper-zinc and showed it to be associated with high-grade gold and silver (see ASX announcements released on 09/09/2014 and 24/09/2014). The best results at Mala were:



- (a) 25m at 1.23 g/t Au, 0.34% Cu, 1.16% Zn, 4.2 g/t Ag from 46m (MALRC007), including 6m at 3.70 g/t Au, 0.41% Cu, 4.10% Zn, 11.3 g/t Ag from 46m; and
- (b) 39m at 0.59 g/t Au, 0.39% Cu, 0.30% Zn, 1.7 g/t Ag from 33m (MALRC004), including 5m at 2.15 g/t Au, 0.23% Cu, 1.80% Zn, 5.1 g/t Ag from 37m.

The high-grade mineralisation at Mala is relatively flat-lying and is open in all directions along strike. Current work includes defining drill targets to enlarge the known high-grade envelope and identify new high-grade zones in the immediate area. Exploration is also continuing elsewhere in the Vrechia Project, especially at Sarka where there is a large ancient slag heap with no known mine.

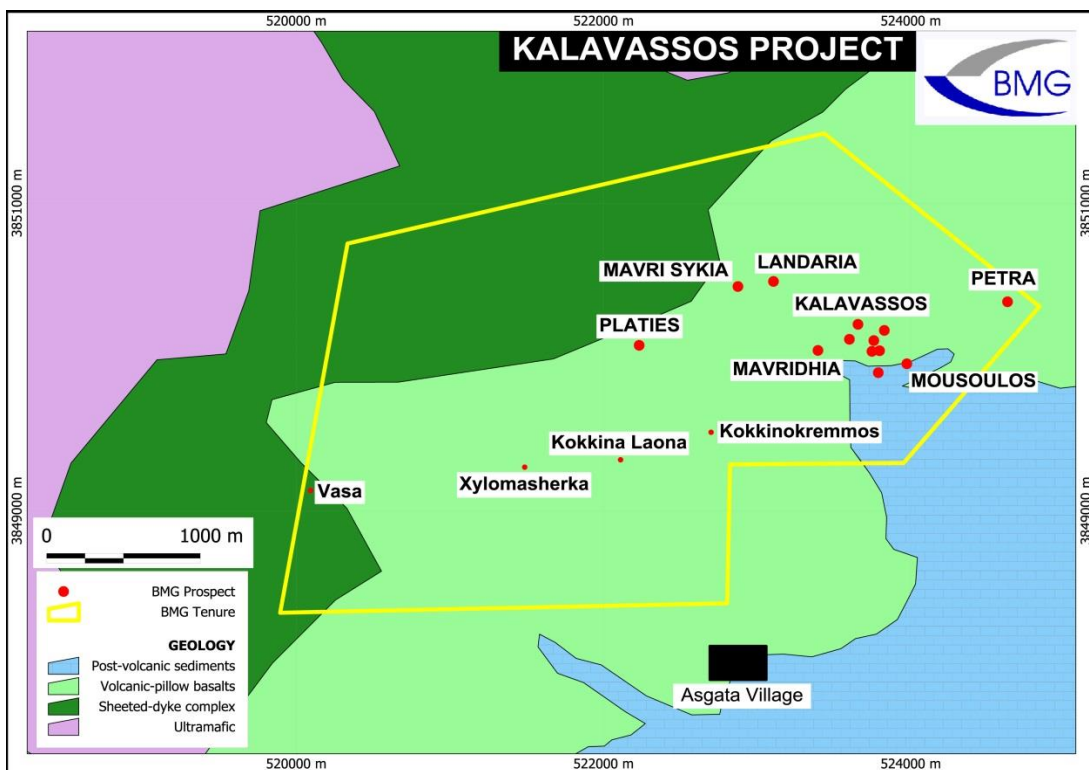


**Figure 3: The Vrechia Project in Cyprus**

The **Kalavassos** area comprises a single licence covering the entire Kalavassos Mining District on the south-eastern flank of the Troodos Mountains (see ASX announcement released on 29/05/2014). Thirteen copper-rich pyrite bodies were discovered and mined from 1937 to 1977. Total production is recorded as 4,680,900 tonnes at between 0.5% and 3.0% copper, including 4.62 million tonnes at >1.0% copper. Gold and silver assays from the pyrite bodies are not known, but 61,450 tonnes of oxide material was mined between 1937 and 1943 to produce 16,490 ounces of gold (at 8.3 g/t gold) and 34,740 ounces silver (at 17.6 g/t silver). Official records also refer to a combined total of 2.28 million tonnes of massive sulphide being left in some of the mines at unspecified copper grade. All of the stated grades and tonnages were collated by the Cyprus Geological Survey Department using historic annual production and reserve figures and do not comply with the JORC standard. A large amount of historic material, including surface and underground maps and plans, has been obtained from the Cyprus Geological Survey Department's archive. Most of this material has been converted to digital format and captured in BMG's Geographic Information Systems. The geological information is currently being verified and high-impact drill targets defined. The table below sets out the production records of some of the copper-rich pyrite bodies mined in the Kalavassos area.

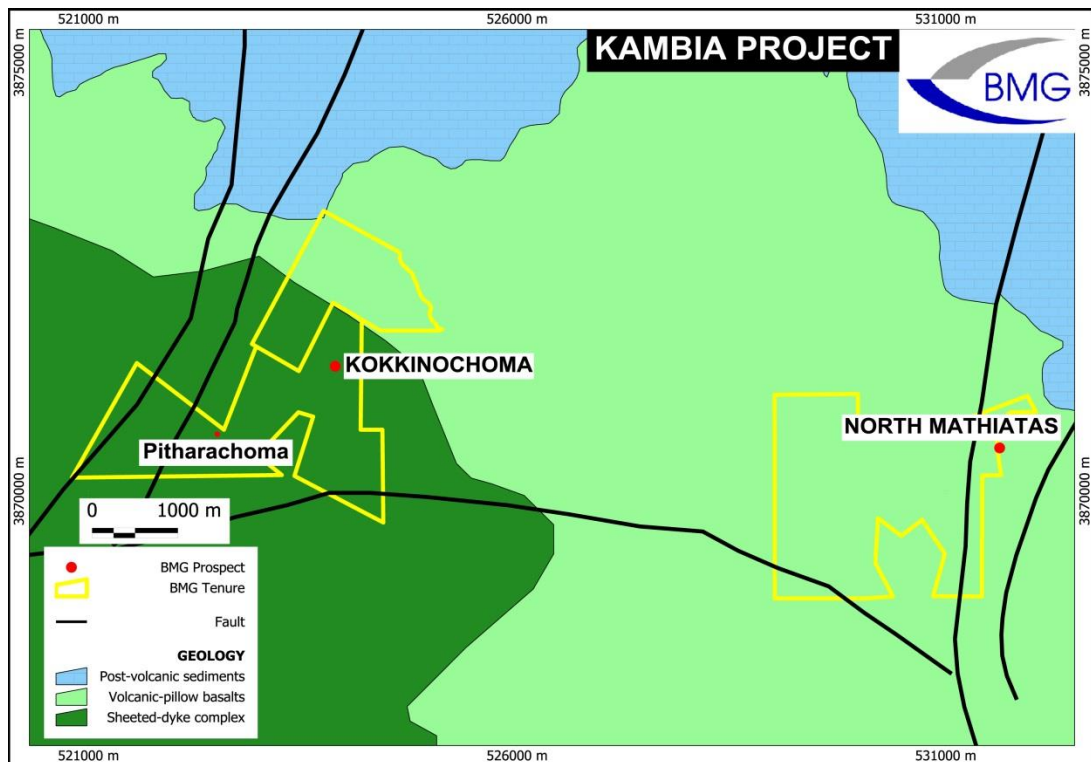


Mine	Years of operation	Mining method	Ore mined (tonnes)	Copper %	Sulphur %	Residual (tonnes)
Kalavassos	1937-1956	Underground	1,910,000	1.0-2.5	33	Nil
Mousoulos	1964-1976	Underground	1,660,000	1.0-2.5	40	940,000 (mainly sulphur ore)
Mavridhia	1971-1977	Open cut	400,000	1.5	30-40	200,000
Petra	1953-1957	Underground	226,000	1.0-2.5	25-46	300,000
Landaria	1963-1964	Underground	65,000	0.5	35-46	250,000
Mavri Sykia1	1954-1962	Underground	269,000	1.5-2.5	30-46	Nil
Mavri Sykia2	1970-1977	Open cut	107,000	1.5-2.5	30-46	590,000
Platies	1955-1958	Glory hole	43,900	2.5-3.0	46	Nil



**Figure 4:** The Kalavassos Project in Cyprus

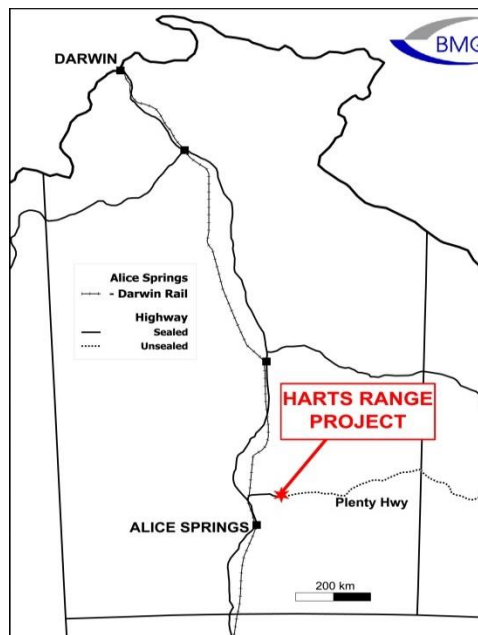
The **Kambia** area comprises three licences prospective for copper, gold, zinc and silver within massive sulphide bodies in the northern foothills of the Troodos Mountains. The project area contains the abandoned North Mathiatas and Kokkinochoma mines which are hosted within ancient sea-floor volcanic units. At North Mathiatas, 2,100,000 tonnes of pyrite containing 0.2% copper was mined. Gold and silver grades were not recorded, but it is reported that between 1936 and 1938, 26,691 ounces of gold and 154,719 ounces of silver were recovered from near-surface mining at North and South Mathiatas combined. Modern sampling across the 75 metre wide massive pyrite body at the base of the open pit returned consistent grades of 0.36 g/t gold to 0.48 g/t gold and 0.06% to 0.19% copper. At Kokkinochoma, 54,666 tonnes of pyrite with unspecified copper and gold grades were mined. Samples of massive sulphide within the abandoned open pit at Kokkinochoma returned maximum values of 0.12% copper and 0.2 g/t gold. Exploration is continuing at North Mathiatas and Kokkinochoma to define high-value drill targets.



**Figure 5:** The Kambia Project in Cyprus

### 1.3 Harts Range Project

In September 2014, BMG secured a 12 month option to acquire a 90% interest in the advanced Harts Range Heavy Mineral Sands Project (see ASX announcement released on 24/09/2014). The Harts Range Project is located 100km east of the Alice Springs-Darwin rail line and straddles the Plenty Highway 120km northeast of Alice Springs in the Northern Territory, Australia.



**Figure 6:** Location of the Harts Range Project, Northern Territory.

Extensive technical, logistical and commercial work was completed at the Harts Range Project by Olympia Resources Limited prior to 2009 and a mineral resource

under the JORC Code 2004 of 89.3 million tonnes at 33% heavy minerals (6.9 % garnet, 24.9 % alumina-magnesio-hornblende (**AMH**), 2% others) was defined.

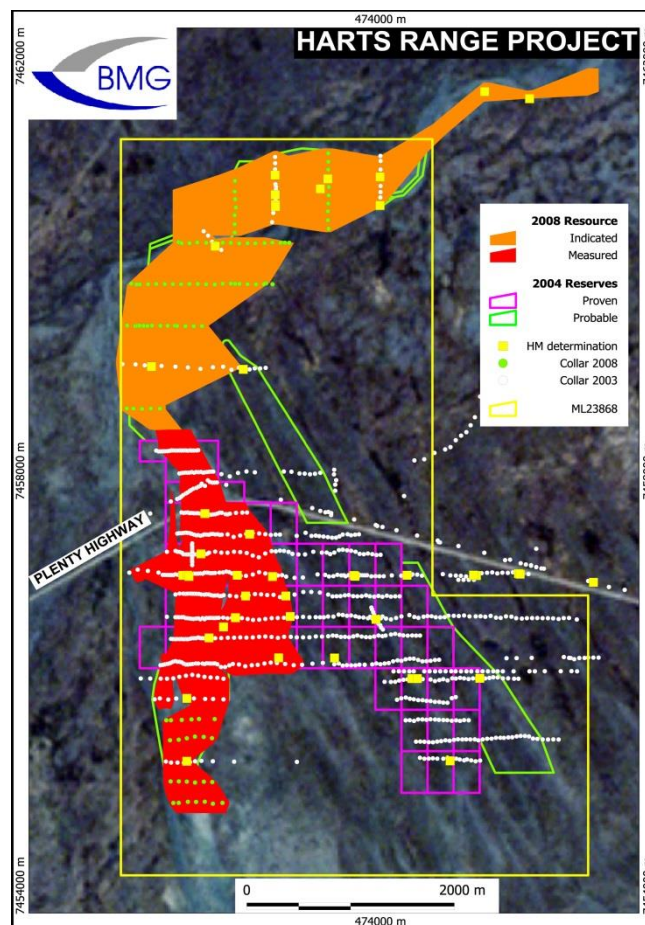
The deposit is constrained to the top few metres of unconsolidated quartz-rich sand.

The table below sets out the mineral resource estimates as at 2009.

Category (JORC Code 2004)	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

These estimates are historical estimates; they are not reported in accordance with the JORC Code 2012 and a Competent Person has not done sufficient work to classify the historical estimates as mineral resources or ore reserves in accordance with the JORC Code 2012.

The figure below illustrates the location of the Harts Range Project, gross resource blocks, drill collars and bulk samples sites.



**Figure 7:** Mining lease, gross resource blocks, drill collars and bulk samples sites

Significant milestones already achieved for the Harts Range Project are:

- (a) an existing mining lease, mine management plan, indigenous land use agreement and environmental assessment report;
- (b) separation of heavy minerals demonstrated using conventional mineral sands processing techniques; and
- (c) a feasibility study completed in November 2006.

The Harts Range Project provides BMG with low-cost entry into an advanced development project with strong potential for near-term production and commercialisation. The Company's strategy is to reassess and validate existing resource information and feasibility work. BMG's work during the option period will focus on:

- (a) optimising the processing circuit to separate high-value components, such as rutile, leucoxene and ilmenite and certain forms of garnet;
- (b) constraining the distribution of the high-value products to update the resource; and
- (c) evaluating markets for potential products, especially AMH which makes up >75% of the heavy mineral inventory.

#### **1.4 Treasure Project exploration results compliance statement**

The exploration results for the Treasure Project referred to in Section 1.2 were previously reported to ASX under the JORC Code 2012 on the following dates and in the following documents:

- (a) 13 August 2014 – "Drilling at Pevkos Intersects Targets in All Holes";
- (b) 28 August 2014 – "Assay Results Confirm Discovery of High Grade Nickel-Copper-Cobalt-Gold Mineralisation, Pevkos Prospect, Cyprus";
- (c) 18 December 2013 – "High Grade Copper-Zinc Mineralisation at Mala Prospect – Vrechia";
- (d) 9 September – "Drilling Program Planned for High-Priority Copper-Gold Targets at Mala (Vrechia) and Pevkos (Black Pine) in Cyprus"; and
- (e) 1 October 2014 – "High-Grade Gold-Copper-Zinc-Silver Discovered at BMG's Cyprus Project".

There have been no material changes since the relevant exploration results were last reported to ASX.

The Company is not aware of any new information or data that materially affects the information included in the original market announcement.

#### **1.5 Harts Range Project historical results compliance statement**

The feasibility study and resource estimates referred to in Section 1.3 for the Harts Range Project constitute historical estimates that were previously reported to ASX by the Company in an announcement to ASX entitled "BMG Secures Low Cost Option to Acquire Advanced Heavy Mineral Sands Project in Australia" and by Olympia Resources Limited (ASX code: OLY, now MZI) under the JORC Code 2004 on:

- (a) 18 June 2004 – “Olympia Resources Limited Prospectus”;
- (b) 21 September 2004 – “Harts Range Garnet Recovery Increased to 75%”;
- (c) 12 September 2005 – “Mining Lease Granted for Harts Range Abrasives Project”;
- (d) 9 January 2007 – “Olympia Resources Board Approves the Harts Range Abrasive Project”; and
- (e) 30 January 2009 – “Increases in Tonnage and Garnet Grade of Harts Range Resource”.

These estimates are historical estimates are not reported in accordance with the JORC Code 2012 and a Competent Person has not done sufficient work to classify the historical estimates as mineral resources or ore reserves in accordance with the JORC Code 2012.

The Company is not in possession of any new information or data relating to the historical estimates that materially impacts on the reliability of the estimates or the Company’s ability to verify the historical estimates as mineral resources in accordance with the JORC Code 2012.

The Company confirms that the information provided in its announcement of 24 September 2014 continues to apply and has not materially changed.

## 1.6 Key risks

In addition to risks specific to the Company as described in detail in Section 5, prospective investors should be aware of the following key risks which have particular application with respect to the Treasure Project and the Harts Range Project:

### (a) Risks associated with operations in Cyprus

The Treasure Project is located in Cyprus. Consequently, the Company is subject to the risks associated with operating in Cyprus.

These risks are various political, economic and other risks and uncertainties including, but not limited to, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Cyprus may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by governmental regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss,

reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in Cyprus may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiaries in Cyprus.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Cyprus, the Directors may reassess investments decisions and commitments to assets in Cyprus.

**(b) Resource estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. These estimates were appropriate when made, but may change significantly when new information becomes available.

There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value.

**(c) Exploration costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

**(d) Heavy mineral sands and copper exploration and mining**

Exploration and development are high-risk undertakings. There can be no assurance that exploration of the Treasure Project or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, such as at the Harts Range Project, there is no certainty that it can be economically exploited.

## **1.7 The Board**

### **Mr Christopher John Eager – Non-executive Chairman**

Mr Eager is a mining engineer who has spent the majority of the past 26 years in mine development, management of mining companies and resources banking.

Mr Eager is currently executive chairman of Ssafen Plc, a UK public company that is listed on the GXG Markets in London. From 2001 to 2007 he was a founding director and the chief executive officer of Monterrico Metals Plc, a mineral resources development company. Mr Eager was responsible for seeing Monterrico through completion of a bankable feasibility study for a 25 million tonne per annum copper

porphyry project in Peru, an initial public offering on the London Stock Exchange's Alternative Investment Market and sale of the company in 2007 to a Chinese consortium.

Mr Eager is the chairman of the Board's Nomination and Remuneration Committee and a member of the Board's Audit and Risk Committee.

**Mr Bruce Alexander McCracken** BCom, LLB, MBA, GAICD – **Managing Director**

Mr McCracken is an experienced business executive having spent over 20 years' working across a broad range of industries based in Perth, Melbourne and Sydney.

Prior to joining BMG, Mr McCracken worked in the corporate sector as a senior executive and before that he was an investment banker in specialist corporate advisory and project finance roles.

Mr McCracken is the chairman of the Board's Share Trading Committee.

**Dr Michael Godfrey Green** BSc (Hons), PhD, MAIG – **Chief Operating Officer**

Dr Green is a geologist with over 16 years' experience in Australia and worldwide managing all aspects of exploration programs targeting a broad range of commodities but particularly gold, copper and nickel.

Dr Green is a Member of Australian Institute of Geoscientists (MAIG) and is a Competent Person for the purposes of ASX releases on mineral resources.

**Mr Malcolm John Castle** BSc (Hons), GCertAppFin (Sec Inst), MAusIMM – **Non-Executive Director**

Mr Castle has over 40 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He has wide experience in a number of commodities including iron ore, gold, base metals, uranium and mineral sands. He has been responsible for project discovery through to feasibility study and development in Indonesia and the Pilbara in Western Australia and technical audits in many countries. Mr Castle was a founding member and permanent employee of Fortescue Metals Group as Technical Services Manager for expansion projects and was an integral member of the team developing the definitive feasibility study for start-up projects at Cloudbreak and Christmas Creek. Mr Castle is the Chief Geologist for the Transcontinental Group.

Mr Castle is a member of the Board's Nomination and Remuneration Committee, a member of the Board's Audit and Risk Committee and a member of the Board's Share Trading Committee.

## **1.8 Purpose of the Offers**

The purpose of the Offers is to raise funds up to \$1,278,457 (based on the number of Shares on issue at the date of this Prospectus). The funds raised from the Offers are planned to be used as follows:



Use of funds	50% subscription	Full subscription
Identifying drilling targets and designing and implementing drilling program(s) on the Treasure Project	\$250,000	\$500,000
Repayment of accrued expenses	\$100,000	\$200,000
Evaluation of the Harts Range Project	\$50,000	\$100,000
Working capital	\$159,000	\$358,000
Costs of the Offers	\$80,000	\$120,000
<b>Total</b>	<b>\$639,000</b>	<b>\$1,278,000</b>

Notes:

1. The table assumes that none of the existing Option holders exercise their Options before the Record Date and participate in the Entitlement Offer.
2. If funds raised are less than full subscription, the Company will allocate those funds first towards the costs of the Offers, then to the repayment of debt, then to exploration, drilling and evaluation, and then to working capital.
3. Working capital includes corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.

The information in this table is a statement of present intention as at the date of this Prospectus. The exact amount of funds spent by the Company will depend on many factors that cannot be ascertained at this time.

On completion of the Offers the Board believes the Company will have sufficient funds to achieve these objectives.

## **2. Details of the Entitlement Offer**

### **2.1 The Entitlement Offer**

The Company is making a partially underwritten pro rata offer of Shares (**New Shares**) to Eligible Shareholders (**Entitlement Offer**).

Eligible Shareholders will be entitled to apply for one (1) New Share for every one (1) Share held at 5.00pm (WST) on the Record Date, at an issue price of \$0.02 per New Share, with one (1) free attaching Option exercisable at \$0.05 on or before 2 February 2018 for every New Share (**Free Attaching Option**). The issue price is payable in full on application.

The Company presently has 63,922,852 Shares and 5,750,000 unquoted Options on issue.

Based on the number of Shares expected to be on issue on the Record Date, a total of 63,922,852 New Shares and 63,922,852 Options will be offered under the Entitlement Offer, raising \$1.278 million before costs of the Entitlement Offer.

Existing Option holders also have an opportunity to participate in the Entitlement Offer, provided that they exercise their Options and become the registered holders of Shares in respect of the exercised Options by 5.00pm (WST) on the Record Date. However, as the exercise prices of the Options on issue are considerably above the current market price of the Shares, the Company does not expect to issue further Shares pursuant to exercise of Options before the Record Date.

The purpose of the Entitlement Offer and the intended use of the funds raised is set out in Section 1.8.

Information about how to accept your Rights and apply for the New Shares is set out in Section 3.

### **2.2 Renounceable offer**

The Entitlement Offer is renounceable. This means that Eligible Shareholders may sell their Rights under this Entitlement Offer. Please refer to Section 3.7.

### **2.3 Entitlement and eligibility**

The Entitlement Offer is made to Eligible Shareholders only. All Shareholders with a registered address in Australia or New Zealand and who are registered as the holder of Shares at 5.00pm (WST) on Friday, 12 December 2014 (**Record Date**) are Eligible Shareholders.

The number of New Shares to which you are entitled is shown on your Entitlement and Acceptance Form accompanying this Prospectus.

To apply for New Shares under the Entitlement Offer, you must complete your Entitlement and Acceptance Form and lodge it with payment for the New Shares, or make a payment by the BPAY facility, by no later than 5.00pm (WST) on the Closing Date. Please see Section 3 for further information about accepting the Entitlement Offer.

Your rights to participate in the Entitlement Offer will lapse if you do not accept your Entitlement by the Closing Date. Any New Shares not applied for will form part of the Shortfall.

The Company reserves the right (in its sole discretion) to:

- (a) reject any application that it believes comes from a person who is not an Eligible Shareholder; and
- (b) reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claim to be entitled to participate in the Entitlement Offer proves to be false, exaggerated or unsubstantiated.

The Directors reserve the right not to proceed with the whole or any part of the Entitlement Offer at any time prior to the allotment of New Shares. In that event, relevant Application Monies will be refunded without interest.

## **2.4 Opening Date and Closing Date**

The Offers will open for receipt of Applications on Wednesday, 17 December 2014 (**Opening Date**) and will close at 5.00pm (WST) on 23 January 2015 (**Closing Date**). Subject to compliance with the ASX Listing Rules (as relevant), the Company reserves the right to close the Offers early or to extend the Closing Date.

## **2.5 No minimum subscription**

There is no minimum subscription to the Offers.

## **2.6 Underwriting and broking**

The Entitlement Offer is partially and conditionally underwritten by TRG Equity Investments Pty Ltd (**Underwriter**), which is a substantial shareholder in the Company.

The Underwriter has agreed with the Company to apply for a total of up to 20,000,000 New Shares and 20,000,000 Free Attaching Options (\$400,000) comprising:

- (a) its Entitlement of 5,633,601 New Shares and 5,633,601 Free Attaching Options under the Entitlement Offer (\$112,672); and
- (b) its underwriting commitment to underwrite part of the Shortfall of up to 14,366,399 New Shares and 14,366,399 Free Attaching Options (\$287,328).

The obligation of the Underwriter to underwrite part of the Shortfall is conditional upon the Company receiving Applications for a total amount of \$400,000 from Applicants other than the Underwriter. If Applications for less than \$400,000 are received then the Underwriter is not obliged to underwrite part of the Shortfall.

The underwriting may have an effect on control of the Company. For further details of the possible effect on control, please refer to Section 4.5.

For further details of the Underwriting Agreement, please refer to Section 8.4.

Helmsec Global Capital Limited (**Lead Manager**) has been engaged to act as lead manager to the Offers on certain terms and conditions. The Lead Manager, in conjunction with the Company, will use its best endeavours to place the Shortfall with investors. For further details of the Company's agreement with the Lead Manager, please refer to Section 8.5.

## **2.7 Rights and liabilities attaching to New Shares and Free Attaching Options**

The New Shares issued under this Prospectus and on the exercise of Free Attaching Options will be fully paid and will rank equally in all respects with existing Shares. Each Free Attaching Option will be exercisable at \$0.05 on or before 2 February 2018. A summary of the rights and liabilities attaching to the New Shares and Free Attaching Options is set out in Section 5.

## **2.8 Shortfall Offer**

Any New Shares and Free Attaching Options not subscribed for under the Entitlement Offer will form the Shortfall and will be offered under the Shortfall Offer.

The Shortfall Offer is a separate offer under this Prospectus. The issue price of the New Shares under the Shortfall Offer is \$0.02 (equal to the issue price under the Entitlement Offer).

An individual, including an Eligible Shareholder, may apply for additional New Shares and Free Attaching Options under the Shortfall Offer provided they:

- (a) have a proposed registered address in Australia; and
- (b) are eligible under all applicable securities laws to receive an offer under the Shortfall Offer.

The Shortfall Offer will open on Wednesday, 17 December 2014 and close on Friday, 23 January 2015, being the same dates as the Entitlement Offer.

If after the close of the Offers, any Shortfall has not been subscribed for under the Entitlement Offer or Shortfall Offer, the Directors reserve the right to place some or all of that Shortfall within 3 months of the close of the Offers. The Directors, acting in conjunction with the Lead Manager, will have discretion as to how to allocate the Shortfall.

In the event that applications for Shortfall Securities exceed the total amount of the Shortfall, then applications will be scaled back. The Directors intend to prioritise first, Applications for Shortfall Securities that are made by Eligible Shareholders (other than the Underwriter), secondly, Applications from other investors, and lastly, any Application from the Underwriter.

The Company cannot guarantee that you will receive the number of Shortfall Securities you apply for. If you do not receive any or all of the Shortfall Securities you applied for, the excess Application Monies will be returned to you without interest.

### **3. Accepting the Entitlement Offer**

#### **3.1 Action you may take**

The number of New Securities to which you are entitled is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus. If you are an Eligible Shareholder you may:

- (a) accept your Rights in full;
- (b) accept your Rights in full and apply for additional New Securities under the Shortfall;
- (c) accept part of your Rights and allow the balance to lapse;
- (d) allow all of your Rights to lapse;
- (e) sell or deal with your Rights; or
- (f) accept part of your Rights and sell or deal with the balance.

#### **3.2 Accepting your Rights in full or in part**

If you wish to accept your Rights in full or in part, either:

- (a) complete the Entitlement and Acceptance Form for the number of New Securities you wish to apply for in accordance with the instructions on the form. Return your completed form together with a cheque for the Application Monies to the Company's Share Registry (see Section 3.5); or
- (b) make a payment through the BPay® facility for the number of New Securities you wish to apply for in accordance with the instructions on the Entitlement and Acceptance Form – see Section 3.6.

Your Entitlement and Acceptance Form or BPay® payment must be received by no later than 5.00pm (WST) on the Closing Date.

If you do not accept all of your Rights then the balance of your Rights will lapse and the New Securities that are not subscribed for will form part of the Shortfall.

If you do not take up all of your Rights then your percentage shareholding in the Company will reduce.

#### **3.3 Accepting your Entitlement in full and applying for additional New Shares under the Shortfall Offer**

If you wish to accept your Rights in full and apply for New Securities under the Shortfall Offer either:

- (a) complete the Entitlement and Acceptance Form for all of your Rights and specify the number of additional New Securities you wish to apply for in accordance with the instructions on the form. Return your completed form together with a cheque for the Application Monies to the Company's Share Registry (see Section 3.5); or

- (b) make a payment through the BPay® facility for all of your Rights and the number of additional New Securities you wish to apply for in accordance with the instructions on the Entitlement and Acceptance Form.

Your Entitlement and Acceptance Form or BPay® payment must be received by no later than 5.00pm (WST) on the Closing Date.

The allocation and issue of New Securities under the Shortfall Offer will be determined by the Directors in their discretion. The allocation policy in relation to the Shortfall Offer is set out in Section 2.8.

### **3.4 Allowing your Rights to lapse**

If you do not wish to accept any of your Rights you are not required to take any action. If you do nothing then your Rights will lapse. The New Securities not subscribed for will form part of the Shortfall.

If you do not take up all of your Rights then your percentage shareholding in the Company will reduce.

### **3.5 Lodging your Entitlement and Acceptance Form**

Unless you are making payment by BPay®, completed Entitlement and Acceptance Forms and accompanying cheques for Application Monies must be mailed or delivered to:

**By hand delivery:**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153

**By post:**

Security Transfer Registrars Pty Ltd  
PO Box 535  
APPLECROSS WA 6953

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to **“BMG Resources Limited”** and crossed “Not Negotiable”.

Your completed Entitlement and Acceptance Form and cheque must reach the Share Registry no later than 5.00pm (WST) on the Closing Date.

The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Securities. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Company’s decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

### **3.6 Payment by BPay®**

Payment by BPay® should be made according to the instructions set out on the Entitlement and Acceptance Form using the BPay® Biller Code and Customer Reference Number shown on the form. You can only make a payment via BPay® if you are a holder of an account with an Australian financial institution that supports BPay® transactions.

The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference numbers. You must use the Reference Number shown on each Entitlement and Acceptance Form to pay for each holding separately. Failure to do so may result in an underpayment. If you pay by BPay® and do not pay for your full Entitlement, the remaining Entitlement will form part of the Shortfall.

If you pay by BPay®:

- (a) you do not need to return the Entitlement and Acceptance Form but are taken to have made the declarations on that form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of New Securities which is covered by your Application Monies.

You must ensure that your completed Entitlement and Acceptance Form or payment by BPay® is received by 5.00pm (WST) on the Closing Date. Your financial institution may implement cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. The Company is not responsible for any postal or delivery delays or delay in the receipt of BPay® payment.

### **3.7 Selling or dealing with your Rights**

The Entitlement Offer is renounceable. You may sell your Rights on ASX or transfer them to another person.

#### **(a) Selling your Rights on ASX**

Rights trading commences on ASX on 10 December 2014 and is expected to cease on 16 January 2015.

To sell all of your Rights on ASX, please contact your stockbroker. If you wish to sell all of your Rights on ASX, do **not** return your Entitlement and Acceptance Form to the Share Registry.

To take up part of your Entitlement and sell part of the balance of your Rights on ASX, complete the Entitlement and Acceptance Form for the number of New Securities you wish to apply for and lodge the completed Entitlement and Acceptance Form together with a cheque for the Application Monies (in respect of that part of your Entitlement you intend to take up) with the Share Registry. Please contact your stockbroker if you wish to sell the balance of your Rights on ASX.

The Company accepts no responsibility for any failure by your stockbroker to carry out your instructions. There is no guarantee that you will be able to sell all or part of your Rights on ASX or that any particular price at which the Rights can be sold will be available.

#### **(b) Dealing with your Rights other than on ASX**

You may elect to transfer all or part of your Rights to another person other than on ASX provided that the purchaser is not an Excluded Shareholder or would not be an Excluded Shareholder if the purchaser was the registered holder of the Shares.

If you wish to transfer some or all of your Rights to another person other than on the ASX, complete a standard renunciation and acceptance form (which can be obtained from the Share Registry). This form must be completed by you (as seller) and by the purchaser in accordance with the instructions on the form. The completed form must be lodged with the Share Registry (see Section 3.5) by 5.00pm (WST) on the Closing Date together with the completed Entitlement and Acceptance Form and a cheque for the Application Monies (from the purchaser).



### **3.8 ASX quotation of New Securities**

Securities under the Offers are expected to be issued and holding statements despatched as soon as practicable after the Closing Date, in accordance with the ASX Listing Rules and the timetable set out on page iii. Securities issued under the Shortfall will be issued on a progressive basis. No issue of Securities will be made until ASX grants permission for quotation of the New Shares.

Application for official quotation on ASX of the Securities issued pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. The fact that ASX may agree to grant official quotation of the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities. If permission for quotation is not granted by ASX within 3 months after the date of this Prospectus, the Securities will not be allotted and Application Monies will be refunded (without interest) as soon as practicable.

It is your responsibility determine your holdings before trading in Securities. Any person who sells Securities before receiving confirmation of their holding will do so at their own risk.

The Directors reserve the right not to proceed with the whole or any part of the Offers at any time before the allotment of New Securities. In that event, relevant Application Monies will be refunded without interest.

### **3.9 No brokerage**

No investor will pay brokerage as a subscriber for New Securities under the Offers.

### **3.10 Holding of Application Monies**

Application Monies will be held in a trust account until the New Securities are issued. The trust account established by the Company for this purpose will be solely used for handling Application Monies.

Any interest earned on Application Monies will be for the benefit of, and will remain the sole property of, the Company, and will be retained by the Company whether or not the allotment and issue of New Securities takes place.

Applications and Application Monies may not be withdrawn once they have been received by the Company.

### **3.11 Excluded Shareholders**

The Entitlement Offer is not made to Shareholders who on the Record Date have a registered address outside Australia or New Zealand (**Excluded Shareholders**). Neither the Prospectus nor the Entitlement and Acceptance Form constitutes an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

In making the decision to not extend the Entitlement Offer to Excluded Shareholders the Company has taken into account the small number Shareholders outside Australia and New Zealand, the number and value of New Shares that would be offered to Shareholders outside Australia and New Zealand and the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

The Entitlement Offer made to Eligible Shareholders with an address in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). The New Securities are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand. This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The Entitlement Offer is made to all Eligible Shareholders. The Company is not required to determine whether or not any registered Eligible Shareholder is holding Shares on behalf of persons who are resident outside Australia or New Zealand (including nominees, custodians and trustees) or the identity or residence of any beneficial owners of Shares. Any Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia and New Zealand are responsible for ensuring that any dealing with New Shares issued under the Entitlement Offer do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Rights or the distribution of this Prospectus or the Entitlement and Acceptance Form.

The distribution of this Prospectus and accompanying application (including electronic copies) outside Australia or New Zealand may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### **3.12 Nominee for Excluded Shareholders' Rights**

For the purposes of Listing Rule 7.7 and section 615 of the Corporations Act, the Company will, subject to approval by ASIC, appoint an approved nominee to arrange for the sale of the Rights which would have been offered to the Excluded Shareholders had they been entitled to participate in the Entitlement Offer and to account to the Excluded Shareholders for their proportion of the sale proceeds net of expenses.

### **3.13 CHESS**

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Securities (**CHESS Statement** or **Holding Statement**).

If you are broker sponsored, ASX Settlement will send you a CHESS Statement.

The CHESS Statement will set out the number of New Securities issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub-register, your statement will be dispatched by the Company's Share Register and will contain the number of New Securities issued to you under this Prospectus and your security holder reference number.

A CHESS Statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

### **3.14 Privacy**

If you apply for New Securities you will be providing personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request, carry out appropriate administration and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

Collection, maintenance and disclosure of certain personal information are governed by legislation including the Privacy Act (as amended), the Corporations Act and certain rules of ASX. If you do not provide the information required on the Entitlement and Acceptance Form or Shortfall Application Form (as applicable), the Company may not be able to accept or process your Application.

Under the Privacy Act, you may request access to your personal information held by, or on behalf of, the Company or the Share Registry. You can request access to your personal information by writing to the Company through the Share Registry at:

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153  
Telephone: +61 8 9315 2333                      Facsimile: +61 8 9315 2233  
Email: registrar@securitytransfer.com.au

### **3.15 Taxation implications**

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for New Securities under this Prospectus as it is not possible to provide a comprehensive summary of the possible taxation positions of potential Applicants. The Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to potential Applicants in relation to the Offers. Potential Applicants should, therefore, consult their own tax adviser in connection with the taxation implications of the Offers.

#### 4. Effect of the Offers

##### 4.1 Principal effect of the Offers on the Company

The principal effects of the Offers, assuming the Offers are fully subscribed, will be to:

- (a) increase the number of Shares on issue from 63,922,852 Shares as at the date of this Prospectus to 127,845,704 Shares;
- (b) increase the number of Options on issue from 5,750,000 Options as at the date of this Prospectus to 69,672,852 Options; and
- (c) increase cash reserves by up to approximately \$1.278 million immediately after completion of the Offers and payment of the estimated expenses of the Offers, assuming the Offers are fully subscribed.

##### 4.2 Effect on capital structure

The capital structure of the Company following completion of the Offers (assuming the Offers are 50% subscribed and fully subscribed) is set out below:

Shares	50% subscription	Full subscription
Shares on issue at the date of this Prospectus	63,922,852	63,922,852
New Shares issued under the Offers	31,961,426	63,922,852
Options on issue at the date of this Prospectus	5,750,000	5,750,000
Options issued under the Offers	31,961,426	63,922,852
<b>Total Shares on issue at completion of the Offers</b>	<b>95,884,278</b>	<b>127,845,704</b>
<b>Total Options on issue at completion of the Offers</b>	<b>37,111,426</b>	<b>69,672,852</b>

All of the Options the Company currently has on issue are unquoted. A summary of the terms of those options is as follows:

- (a) 150,000 Options exercisable at \$2.20 each; expiring on 09/12/2014.
- (b) 140,000 Options exercisable at \$2.00 each; expiring on 01/07/2016.
- (c) 260,000 Options exercisable at \$2.20 each; expiring on 01/07/2016.
- (d) 500,000 Options exercisable at \$0.35 each; expiring on the earlier of the 3rd anniversary of the date of issue or 6 months after Mr Christopher Eager's employment with the Company ceases.
- (e) 500,000 exercisable at \$0.50 each; expiring on the earlier of the 3rd anniversary of the date of issue or 6 months after Mr Christopher Eager's employment with the Company ceases; vesting on 31 December 2014.
- (f) 500,000 Options exercisable at \$0.35 each; expiring on the earlier of the 3rd anniversary of the date on which they vest or 6 months after Mr Bruce McCracken's employment with the Company ceases; vesting on the Company achieving a 2012 JORC Code inferred resource.

- (g) 500,000 Options exercisable at \$0.40 each; expiring on the earlier of the 3rd anniversary of the date on which they vest or 6 months after Mr Bruce McCracken's employment with the Company ceases; vesting on the Company achieving a 2012 JORC Code inferred resource of greater than 2 million tonnes.
- (h) 500,000 Options exercisable at \$0.45 each; expiring on the earlier of the 3rd anniversary of the date on which they vest or 6 months after Mr Bruce McCracken's employment with the Company ceases; vesting on the Company achieving a 2012 JORC Code inferred resource of greater than 4 million tonnes or an indicated/measured resource greater than 2 million tonnes.
- (i) 1,000,000 Options exercisable at \$0.50 each; expiring on the earlier of the 3rd anniversary of the date on which they vest or 6 months after Mr Bruce McCracken's employment with the Company ceases; vesting on the Company's completion of a successful Feasibility Study.
- (j) 300,000 Options exercisable at \$0.35 each; expiring on the earlier of the 3rd anniversary of the date on which they vest or 6 months after Dr Michael Green's employment with the Company ceases; vesting on the Company achieving a 2012 JORC Code inferred resource.
- (k) 300,000 Options exercisable at \$0.40 each; expiring on the earlier of the 3rd anniversary of the date on which they vest or 6 months after Dr Michael Green's employment with the Company ceases; vesting on the Company achieving a 2012 JORC Code inferred resource of greater than 2 million tonnes.
- (l) 300,000 Options exercisable at \$0.45 each; expiring on the earlier of the 3rd anniversary of the date on which they vest or 6 months after Dr Michael Green's employment with the Company ceases; vesting on the Company achieving a 2012 JORC Code inferred resource of greater than 4 million tonnes or a 2012 JORC Code indicated/measured resource greater than 2 million tonnes.
- (m) 800,000 Options exercisable at \$0.50 each; expiring on the earlier of the 3rd anniversary of the date on which they vest or 6 months after Dr Michael Green's employment with the Company ceases; vesting on the Company's completion of a successful feasibility study.

#### **4.3 Pro forma statement of financial position**

Set out below is:

- (a) the unaudited consolidated statement of financial position of the Company as at 31 October 2014; and
- (b) the unaudited pro forma consolidated statement of financial position of the Company as at 31 October 2014 incorporating the effect of the Offers at both 50% subscription and full subscription.

The unaudited pro forma consolidated statement of financial position has been derived from the financial statements of the Company and adjusted to reflect pro forma assets and liabilities of the Company as if completion of the Offers had occurred by 31 October 2014. The historical and pro-forma information is presented in an abbreviated form. It does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements

The pro forma statement of financial position has been prepared on the basis that there are no material movements in the assets and liabilities of the Company between 31 October 2014 and the completion of the Offers except for:

- at maximum subscription, the issue of 63,922,852 New Shares at \$0.02 each, thereby raising up to \$1.278 million of capital pursuant to the Prospectus;
- at 50% subscription, the issue of 31,961,426 New Shares at \$0.02 each, thereby raising up to \$639,229 of capital pursuant to the Prospectus; and
- costs of the Offers of approximately \$80,000 if the Offers are 50% subscribed, and approximately \$120,000 if the Offers are fully subscribed.

The unaudited consolidated pro forma statement of financial position has been prepared on the basis that there are no material movements in the assets and liabilities of the Consolidated Entity between 31 October 2014 and the completion of the Offers except for those noted above.

No allowance has been made for expenditure incurred in the normal course of business from 31 October 2014 to the Closing Date.

## Unaudited Consolidated Pro Forma Statement of Financial Position

		Consolidated (unaudited)	50% subscription (\$639,000) Pro-forma Adjustments	Pro-forma After Issue	Maximum subscription (\$1,278,455) Pro-forma Adjustments	Pro-forma After Issue
Notes	31-Oct-2014					
		\$				
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	1	104,341	559,229	663,570	1,158,457	1,262,798
Prepayments		4,697	-	4,697	-	4,697
Trade and other receivables		15,698	-	15,698	-	15,698
<b>TOTAL CURRENT ASSETS</b>		124,736	559,229	683,965	1,158,457	1,283,193
<b>NON-CURRENT ASSETS</b>						
Property, plant & equipment		54,121	-	54,121	-	54,121
Exploration & evaluation		2,670,108	-	2,670,108	-	2,670,108
<b>TOTAL NON-CURRENT ASSETS</b>		2,724,229	-	2,724,229	-	2,724,229
<b>TOTAL ASSETS</b>		2,848,965	559,229	3,408,194	1,158,457	4,007,423
<b>CURRENT LIABILITIES</b>						
Trade and other payables		16,804	-	16,804	-	16,804
Accrued Expenses		176,631	-	176,631	-	176,631
<b>TOTAL CURRENT LIABILITIES</b>		193,435	-	193,435	-	193,435
<b>TOTAL LIABILITIES</b>		193,435	-	193,435	-	193,435
<b>NET ASSETS</b>		<b>2,655,531</b>	559,229	<b>3,214,759</b>	1,158,457	<b>3,813,988</b>
<b>EQUITY</b>						
Contributed equity	2	39,777,644	559,229	40,336,873	1,158,457	40,936,101
Reserves		789,029	-	789,029	-	789,029
Retained earnings		(37,911,142)	-	(37,911,142)	-	(37,911,142)
<b>TOTAL EQUITY</b>		<b>2,655,531</b>	559,229	<b>3,214,759</b>	1,158,457	<b>3,813,988</b>



## Notes

### 1. Cash and cash equivalents

	(unaudited)	Pro-forma after issue – 50% subscription	Pro-forma after issue – maximum subscription
	31-Oct-14		
	\$	\$	\$
Cash at bank and on hand	104,341	663,570	1,262,798

**Adjustments arising in the preparation of pro-forma cash balance are summarised as follows:**

		\$	\$
Cash balance as at 31 October 2014		104,341	104,341
Proceeds from shares issued under this prospectus		639,229	1,278,457
Share issue cost		(80,000)	(120,000)
Pro-forma Balance after issue		663,570	1,262,798

### 2. Contributed equity

	Number of Shares	\$	\$
As at 31 October 2014 (adjusted for Consolidation)	63,922,852	39,777,644	39,777,644

**Adjustments arising in the preparation of pro-forma cash balance are summarised as follows:**

Shares at 2 cents each issued pursuant to the Prospectus	63,922,852	-	1,278,457
	31,961,426	639,229	-
Share issue cost	-	(80,000)	(120,000)
Pro-forma after issue – maximum subscription	<b>127,845,704</b>	-	40,936,101
Pro-forma after issue – 50% subscription	<b>95,884,278</b>	40,336,873	-

#### 4.4 Details of substantial Shareholders

The current relevant interests of the substantial Shareholders (persons who have relevant interests in 5% or more of the Company), are as follows:

Substantial Shareholder (includes associated entities)	Number of Shares held	% of total Shares on issue
Transcontinental Resources Group 2013 Pty Ltd	8,860,922	13.86%
TRG Equity Investments Pty Ltd	5,633,601	8.81%
RBC Investor Services Australia Nominees Pty Limited	3,258,750	5.10%
<b>Total</b>	<b>17,753,273</b>	<b>27.77%</b>

If all of the Rights are accepted there will be no change to the percentage shareholding interests of the substantial Shareholders on completion of the Offer. If only part of the Rights are accepted then there may be a change to the percentage shareholding interest of the substantial Shareholders on completion of the Offer.

The potential change to the voting power of each of the substantial Shareholders, other than the underwriter, TRG Equity which is the subject of Section 4.5 below, assuming different scenarios under the Offers are shown in the table below. This table assumes that all of the substantial Shareholders accept all of their Rights under the Entitlement Offer.

Substantial Shareholder	Percentage of total Shares before Offers	Percentage of total Shares after Offers		
		100% take up	50% take up	0% take up
Transcontinental Resources Group 2013 Pty Ltd	13.86%	13.86%	17.67%	21.71%
RBC Investor Services Australia Nominees Pty Limited	5.10%	5.10%	6.68%	9.25%

**Note:** This table assumes that no Options are exercised.

The level of take up in this table assumes that:

- (a) no Options are exercised before the Offers close;
- (b) “100% take up” assumes that Eligible Shareholders accept all of their Rights;
- (c) “50% take up” assumes that the relevant substantial Shareholder accepts all of its Rights and all other Eligible Shareholders accept 50% of their Rights; and
- (d) “0% take up” assumes that the relevant substantial Shareholder accepts all of its Rights but no other Shareholders accept any Rights.

The level of acceptances in this table assumes that the substantial Shareholders accept all of their Rights under the Entitlement Offer and that all other Eligible Shareholders accept their Rights at the different levels shown.

Transcontinental Resources Group 2013 Pty Ltd (**Transcontinental**) is the largest Shareholder. As shown in the table above, if only Transcontinental takes up its

Rights, then the shareholding interest of Transcontinental could potentially increase to a maximum of 21.71%.

Transcontinental and the Underwriter are not Associates of each other.

#### 4.5 Effect of Offers on control of the Company

As at the date of this Prospectus, the Company has 63,922,852 Shares and 5,750,000 unquoted Options on issue.

Assuming the Underwriting Agreement is not terminated for any reason, the Company receives Applications for a total amount of \$400,000 from Applicants other than the Underwriter, and no Options are exercised before the Record Date, then the Underwriter will subscribe for its Entitlement of 5,633,601 New Shares and 5,633,601 Free Attaching Options and 14,366,399 Shortfall Shares and 14,366,399 Free Attaching Options in accordance with its obligations under the Underwriting Agreement.

If all of the Eligible Shareholders under the Entitlements Offer accept their Rights in full, then the Entitlements Offer will have no effect on the control of the Company. In this case, Eligible Shareholders will maintain their percentage shareholding interest in the Company.

If the underwriter, TRG Equity, takes up the maximum number of Shares it has agreed to take up pursuant to the Underwriting Agreement, TRG Equity's voting power in the Company may increase. The potential change to the voting power of TRG Equity assuming different scenarios under the Offers is shown in the table below.

Name	Voting power of TRG Equity (including its associates)			
	At date of Prospectus	At close of the Offers		
		100% take up	\$400,000 subscription from TRG Equity and \$400,000 from other Applicants	0% take up
TRG Equity Investments Pty Ltd	8.81%	8.81%	24.66%	14.98%

The levels of take up in this table reflect the terms of the Underwriting Agreement and assume that no Options are exercised before the Offers close. Descriptions of the different levels of take up are as follows:

- "100% take up" assumes that all Eligible Shareholders accept all of their Rights;
- "\$400,000 subscription from TRG Equity and \$400,000 from other Applicants" assumes that the Company receives Applications for a total amount of \$400,000 from Applicants other than TRG Equity and that pursuant to the Underwriting Agreement, TRG Equity subscribes for its Entitlement of 5,633,601 New Shares and 5,633,601 Free Attaching Options, and for 14,366,399 Shortfall Shares and 14,366,399 Free Attaching Options; and
- "0% take up" assumes that TRG Equity subscribes for its Entitlement and no other Shareholders accept any Rights.

If the Company receives Applications for a total amount of \$400,000 from Applicants other than the Underwriter, and the Underwriter subscribes for its Entitlement of 5,633,601 New Shares and 5,633,601 Free Attaching Options and 14,366,399 Shortfall Shares and 14,366,399 Free Attaching Options in accordance with its obligations under the Underwriting Agreement, the shareholding interest of TRG Equity in the Company could potentially increase from 8.81% to a maximum of 24.66%.

Transcontinental is the largest Shareholder. As set out in Section 4.4 above, the shareholding interest of Transcontinental could exceed 20% on completion of the Offers. If only Transcontinental takes up its Rights, then the shareholding interest of Transcontinental could potentially increase to a maximum of 21.71%.

If the Eligible Shareholders under the Entitlements Offer do not accept their Rights in full, then the issuing of Shares to other Eligible Shareholders and TRG Equity will dilute the voting power of Eligible Shareholders who do not accept their Rights in full.

#### **4.6 Effects of the Offers on activities of the Company**

The issue of New Securities under the Offers will provide funds for the purposes set out in Section 1.8.

Following the Offers, the Company will proceed with exploration activities on the Treasure Project and will assess the Harts Range Project which is currently under option until September 2015.

## **5. Rights and liabilities attaching to Securities**

### **5.1 Rights and liabilities attaching to Shares**

The New Shares issued under this Prospectus will be fully paid ordinary shares in the capital of the Company and will rank equally with the Existing Shares.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to the Shares. Full details of the rights and liabilities attaching to the Shares are contained in the Constitution and, in certain circumstances, are regulated by the Corporations Act, the Listing Rules, the ASX Settlement Rules and the common law. The Constitution is available for inspection free of charge at the Company's registered office.

#### **(a) Share capital**

All issued ordinary fully paid shares in the capital of the Company rank equally in all respects.

#### **(b) Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, one vote for the Share, but in respect of partly paid Shares has such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

#### **(c) Dividend rights**

Subject to the rights of persons (if any) entitled to Shares with special rights to dividend the Directors may declare such dividends out of profits as may appear to the Directors to be justified in accordance with the Corporations Act and may authorise the payment by the Company to the Shareholders of such a dividend. The Directors may authorise the payment to the Shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to Shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the Shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

#### **(d) Rights on winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole

or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, Shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other Shares.

(e) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Further increases in capital**

Subject to the Constitution, the Corporations Act and the Listing Rules, the Company may allot or dispose of all or any of the Shares to such persons, and on such terms, as the Directors determine.

Subject to the Constitution, the Corporations Act and the Listing Rules, the Company may grant Options with rights of conversion to Shares or pre-emptive rights to any Shares, to any person, for any consideration, as the Directors resolve.

(g) **Variation of rights attaching to Shares**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the Share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

(h) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

## **5.2 Terms and conditions of Free Attaching Options**

- (a) Each Free Attaching Option entitles the holder (**Option Holder**) to subscribe for one (1) fully paid ordinary share in the Company.

- (b) No amount is payable on grant of the Free Attaching Options.
- (c) The exercise price of the Free Attaching Options is \$0.05 each, and will be payable in full on exercise.
- (d) Each Free Attaching Option may be exercised at any time before 5.00pm (WST) on 2 February 2018 (**Expiry Date**). Any Free Attaching Option not exercised by the Expiry Date will automatically expire.
- (e) The Company must give the Option Holder a certificate or Holding Statement stating:
  - (i) the number of Free Attaching Options issued to the Option Holder;
  - (ii) the exercise price of the Free Attaching Options; and
  - (iii) the date of issue of the Free Attaching Options.
- (f) Subject to quotation on ASX, the Free Attaching Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Free Attaching Options at any time until the expiry date of the Free Attaching Options. This right is subject to any restrictions on the transfer of a Free Attaching Option that may be imposed by ASX.
- (g) An instrument of transfer of an Free Attaching Option must be:
  - (i) in writing;
  - (ii) in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
  - (iii) subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and
  - (iv) delivered to the Company, at the place where the Company's register of Option Holders is kept, together with the certificate (if any) of the Free Attaching Options to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Free Attaching Options, the right of the transferor to transfer those Free Attaching Options and the proper execution of the instrument of transfer.
- (h) The Free Attaching Option will not be listed for quotation on ASX until there is a minimum of 50 option holders holding options issued on the same terms as the Free Attaching Options.
- (i) In accordance with the Listing Rules the Company will apply for Official Quotation of all Shares allotted pursuant to an exercise of Free Attaching Options.
- (j) There will be no participating entitlements inherent in the Free Attaching Options to participate in new issues of capital that may be offered to Shareholders during the currency of the Free Attaching Option. Prior to any new pro-rata issue of securities to Shareholders, holders of Free Attaching Options will be notified by the Company in accordance with the requirements of the Listing Rules.
- (k) In the event of a bonus issue of securities, the number of Shares over which the Free Attaching Options are exercisable may be increased by the number of Shares that the Option holders would have received if the Options had been exercised before the record date for the bonus issue.



- (l) In the event of a reconstruction, including the consolidation, subdivision, reduction or return of issue capital of the Company prior to the Expiry Date, all rights of an Option Holder are to be changed in a manner consistent with the Listing Rules.
- (m) There is no right to a change in the exercise price of the Free Attaching Options or to the number of Shares over which the Free Attaching Options are exercisable in the event of a new issue of capital (other than a bonus issue or a pro rata issue) during the currency of the Free Attaching Options.
- (n) Free Attaching Options are exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Option Holder to exercise all or a specified number of the Free Attaching Options held by the Option Holder accompanied by an Option certificate and a cheque made payable to the Company for the subscription price for the exercise of the specified Free Attaching Options. An exercise of only some of the Free Attaching Options will not affect the rights of the Option Holder to the balance of the Free Attaching Options held by him.
- (o) Free Attaching Options will be deemed to have been exercised on the date the exercise notice is received by the Company.
- (p) The Company will allot the resultant Shares and deliver the holding statement within five business days after the exercise of the Free Attaching Option.
- (q) Shares allotted pursuant to an exercise of Free Attaching Options will rank, from the date of allotment, in all respects equally with existing fully paid ordinary Shares of the Company.
- (r) These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

## 6. Risk factors

### 6.1 Introduction

Activities in the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance. There can be no guarantee that the Company will achieve its stated objectives.

Prior to deciding whether to take up their Entitlement, Shareholders should read the entire Prospectus and review announcements made by the Company to ASX (at [www.asx.com.au](http://www.asx.com.au) under the code BMG) in order to gain an appreciation of the Company, its activities, operations, financial position and prospects.

An investment in New Shares should be considered speculative. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

Shareholders should consider the risk factors set out in Section 1.6 above and in Sections 6.2 and 0 below which the Directors believe represent some of the key, specific and general risks that Shareholders should be aware of when evaluating the Company and deciding whether to increase their shareholding in the Company. These risk factors are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed.

### 6.2 Specific risks relating to the Company

The following risks have been identified as being key risks specific to an investment in the Company. These risks may adversely affect the Company's financial position, prospects and price of its listed securities.

In particular, the Company is subject to risks associated with the exploration and development of its mining tenements.

#### Exploration and development risks

- (a) **Exploration risks:** Minerals exploration and development is a high risk undertaking. The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of mineral commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Even if an apparently viable resource is identified, such as at the Harts Range Project, there is no certainty that it can be economically exploited.

Exploration on the Company's Treasure Project may be unsuccessful, resulting in a reduction of the value of that Project, diminution in the cash reserves of the Company and possible relinquishment of tenements.

- (b) **Licence renewal:** The Company cannot guarantee that renewals of valid tenements will be granted on a timely basis, or at all.
- (c) **Environmental/government approvals:** Operations on the Company's Treasure Project, located in Cyprus, and on the Harts Range Project, located in Australia, are subject to the laws and regulations of those countries governing exploration, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental, mine safety and other matters. There can be no

- (d) assurance that all the permits which the Company may require for its operations and exploration will be obtainable on reasonable terms or on a timely basis or that such laws and regulations would not have an adverse affect on any mining project which the Company might undertake.
- (e) **Exploration costs:** The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.
- (f) **Successful development of projects:** The business of exploration, project development and mining contains risks by its very nature. To prosper, it depends on the successful exploration and/or acquisition of reserves, design and construction of efficient production/processing facilities, competent operation and managerial performance and proficient marketing of the product. In particular, exploration is a speculative endeavour and force majeure circumstances, cost overruns and other unforeseen events can hamper mining operations.
- (g) **Realising value from projects:** The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

#### **Other risks specific to the Company**

- (a) **Commodities price and exchange rate fluctuations:** The revenue derived through the sale of mineral commodities exposes the potential income of the Company to mineral commodities price and exchange rate risks. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for commodities, forward selling by producers and the level of production costs in major commodity-producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, commodities.

Furthermore, the international prices of most commodities are denominated in United States dollars, whereas any income and the expenditure of the Company are and will be taken into account in Australian, Cypriot and Brazilian currencies, exposing the Company to the fluctuations and volatility of the rates of exchange between each of those currencies.

**Future capital requirements:** The Company may require substantial further financing in the future for its business activities, in addition to amounts raised pursuant to the Offers. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market

price (or the price under the Offers) or may involve restrictive covenants which limit the Company's operations and business strategy.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

- (b) **Joint venture parties, agents and contractors:** There is a risk of financial failure or default by a participant in any joint venture to which the Company is, or may become, a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.
- (c) **Competition:** The Company competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.
- (d) **Key personnel:** Recruiting and retaining qualified personnel are important to the Company's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong. There can be no assurance given that there will be no detrimental impact on the Company if such persons employed cease their employment with the Company.
- (e) **Insurance risk:** In certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.  
  
Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.
- (f) **Other:** Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.
- (g) **Potential acquisitions:** As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

### 6.3 General investment risks

- (a) **Stock market conditions:** As with all stock market investments, there are risks associated with an investment in the Company. Share prices may rise or fall and the price of Shares might trade below or above the issue price for the New Shares.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity process, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia and changes in exchange rates.

- (b) **Liquidity risk:** There can be no guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offers.
- (c) **Securities investment risk:** Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.
- (d) **Taxation:** There may be taxation implications arising from the Application for Shares, the receipt of dividends (both franked and unfranked) from the Company, participation in any on-market Share buy-back and on the disposal of Shares.

## **7. Continuous disclosure documents**

### **7.1 Continuous disclosure obligations**

This is a prospectus for the offer of continuously quoted securities and options to acquire continuously quoted securities (as defined in the Corporations Act) of the Company and is issued pursuant to section 713 of the Corporations Act as a transaction specific prospectus. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

The Company is a “disclosing entity” for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the Listing Rules which require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Shares, subject to certain exceptions.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 12 months before the issue of this Prospectus.

The New Shares to be issued under this Prospectus are in a class of securities that were quoted on the stock market of ASX at all times in the 12 months before the issue of this Prospectus.

### **7.2 Documents available for inspection**

The Company has lodged the following announcements with ASX since the lodgement of the Company’s 2014 annual financial report on 25 September 2014:

<b>Date</b>	<b>Description of ASX Announcements</b>
4 December 2014	Renounceable Rights Issue
3 December 2014	Change of Director's Interest Notice
3 December 2014	Change of Director's Interest Notice
3 December 2014	Change of Director's Interest Notice
3 December 2014	Change of Director's Interest Notice
2 December 2014	Change in substantial holding
28 November 2014	Notice of change of interests of substantial holder
27 November 2014	Notice of change of interests of substantial holder
25 November 2014	Proposed Entitlements Issue
24 November 2014	EGM Results and Consolidation Timetable
7 November 2014	Cleansing Notice
7 November 2014	Appendix 3B
5 November 2014	Results of 2014 AGM
5 November 2014	BMG Resources – AGM Investor Update
31 October 2014	BMG Quarterly Reports

<b>Date</b>	<b>Description of ASX Announcements</b>
27 October 2014	Notice of Meeting – EGM
24 October 2014	Despatch of Notice of Meeting for EGM
21 October 2014	Proposed Share Consolidation
8 October 2014	Despatch of Notice of Meeting
8 October 2014	Notice of Meeting 2014
1 October 2014	Mala Prospect Drilling Results

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

Copies of documents lodged with ASX, in relation to the Company, including the Company's corporate governance policies, may be obtained from the Company's website at [www.bmgl.com.au](http://www.bmgl.com.au) or at ASX's website at [www.asx.com.au](http://www.asx.com.au).

The Company will provide a copy of each of the following documents, free of charge, to any person on request from the date of this Prospectus until the Closing Date:

- (a) the annual financial report of the Company for the financial year ended 30 June 2014, being the annual financial report of the Company most recently lodged with ASIC before the issue of this Prospectus; and
- (b) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (a) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

## **8. Additional information**

### **8.1 Litigation**

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

### **8.2 Management agreement with Transcontinental**

By agreement between Transcontinental Investments Pty Ltd (**Transcontinental**) and the Company (undated), the Company agreed to retain Transcontinental to provide to the Company, on the terms and conditions set out in the agreement, comprehensive administration services including:

- (a) administrative, management, corporate, advisory and other similar services;
- (b) management of third party professional and expert services including legal and audit and investment banking, independent technical expert and other services;
- (c) head office support services including provision of office space for the Company's managing director and one other Company appointee, shared access to Transcontinental's office IT and telecommunications equipment and access to third party-provided communications systems and support;
- (d) company secretarial, administrative support, accounting, payroll business analysis and recruitment and employee administration services; and
- (e) other administration services as may be requested from time to time by the Board and as agreed by Transcontinental.

The Company must pay a monthly fee to Transcontinental plus reimbursement each month for certain costs, expenses and liabilities incurred and/or paid by Transcontinental on behalf of the Company during the month. On and from 1 April 2013, the Company agreed to pay a monthly fee of \$15,000 (plus GST) to Transcontinental plus reimbursement each month for certain costs, expenses and liabilities incurred and/or paid by Transcontinental on behalf of the Company during the month.

On and from 1 January 2014, Transcontinental agreed to accrue \$5,000 of the \$15,000 monthly fee without charging any interest instead of requiring payment of the full invoice on ordinary terms. On and from 1 September 2014, Transcontinental agreed to accrue the entire \$15,000 monthly fee on the same basis. Transcontinental has agreed to convert these accrued fees into Shares in the Company on terms and conditions to be determined. As at 30 November 2014 the fees accrued to Transcontinental were \$85,000 (plus GST).

Anthony Trevisan (a former director of the Company) is a director of Transcontinental. Anthony Trevisan resigned from the Board on 10 October 2013 and consequently Transcontinental ceased to be a related party of the Company on that date.

### **8.3 Option to acquire the Harts Range Project**

On 17 September 2014, BMG executed a 12 month option agreement (**Option Agreement**) with Imperial Granite & Minerals Pty. Ltd. (**Imperial Granite**) to acquire Imperial Granite's 90% interest in Mining Lease 23868, being the Harts Range Heavy



Mineral Sands Project, located north east of Alice Springs in the Northern Territory of Australia (**Harts Range Project**) on terms as set out in the option agreement.

The Harts Range Project is more fully described in Section 1.3.

BMG paid an option fee of \$43,463 and may exercise the option at any time until 17 September 2015 at the Company's discretion. If BMG elects to exercise the option and proceed with the acquisition of Harts Range Project, BMG will pay Imperial Granite a completion payment of \$450,000 comprising \$225,000 in cash and \$225,000 in Shares, and up to an additional \$4,050,000 based on the achievement of key project milestones as follows:

- (a) \$450,000 as completion consideration payable within 3 months of exercising the option comprising \$225,000 in cash and \$225,000 in Shares, with the issue price to be the higher of the 5 day VWAP prior to the date of issue or the issue price of any capital raising conducted in the 3 months prior to issue (**Issue Price**);
- (b) \$720,000 payable within 3 months of the completion of a bankable feasibility study comprising at BMG's discretion, either all cash or half cash and half Shares (at the Issue Price);
- (c) \$900,000 payable within 3 months of a decision to mine, comprising all cash or half cash and half Shares (at the Issue Price); and
- (d) following the commencement of production from the Harts Range Project, within 60 days of the end of each financial year, the lesser of the following:
  - (i) an amount equal to 10% of gross profit earned from mining on the Harts Range Project for that financial year where gross profit is calculated as gross revenue from mining operations on the Harts Range Project less total C3 operating costs and financing costs;
  - (ii) \$450,000; and
  - (iii) \$2,430,000 minus the aggregate of all production payments paid by the Company to Imperial pursuant to the clauses summarised in this paragraph 8.3(d) in respect of previous financial years.

Imperial Granite have obligations to ensure that the Harts Range Project remains in good standing. Neither party makes any express representations or warranties and there is no express right to terminate the Option Agreement.

#### **8.4 Underwriting Agreement**

Under the Underwriting Agreement, TRG Equity has agreed to subscribe for New Securities under the Offers to a total amount of \$400,000, comprising a commitment to subscribe for:

- (a) its Entitlement of 5,633,601 New Shares and 5,633,601 Free Attaching Options under the Entitlement Offer; and
- (b) 14,366,399 New Shares and 14,366,399 Free Attaching Options as underwriter of the Entitlement Offer,

being a total of 20,000,000 New Shares and 20,000,000 Free Attaching Options.

The underwritten amount in excess of the Underwriter's Entitlement is \$287,328 comprising 14,366,399 New Shares and 14,366,399 Free Attaching Options.

The Underwriter has provided a warranty to the effect that it has capacity to fulfil its obligations under the Underwriting Agreement including to subscribe for the Underwritten Shares together with its Entitlement Shares.

(a) **Conditions precedent**

The Underwriting Agreement is conditional on:

- (i) this Prospectus being lodged with ASIC before 5.00pm on the Lodgement Date; and
- (ii) the Company receiving Applications for at least 20,000,000 New Shares (exclusive of any Application made by the Underwriter).

These conditions precedent are for the benefit of the Underwriter and may be waived by the Underwriter in its absolute discretion. The Underwriting Agreement is not conditional on sub-underwriting commitments.

(b) **Fees payable to Underwriter**

The Company will pay TRG Equity a fee of \$16,000 (plus GST).

(c) **Warranties**

The Company has given warranties and covenants to TRG Equity which are of the type and form that is usual in an underwriting agreement of this nature.

(d) **Termination**

The TRG Equity may terminate its obligation under the Underwriting Agreement to take up Securities in excess of its Entitlement in the event of certain circumstances which are of the type and form that are considered usual for an underwriting agreement of this nature. The termination events include:

- (i) **(no quotation)**: ASX's refusal to quote the Underwritten Shares;
- (ii) **(indices fall)**: a fall in any of the All Ordinaries Index, S&P ASX 300 Metals & Mining Index or the Small Ordinaries Index of more than 15% below its level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
- (iii) **(price of Shares fall)**: the closing price of Shares traded on ASX is \$0.018 or less for a period of 5 consecutive Business Days during the Offer Period; and
- (iv) **(termination events)**: a number of other termination events, the right to terminate being subject to a requirement that the termination event is likely to have a "Material Adverse Effect".

## **8.5 Lead Manager Agreement**

Helmsec Global Capital Limited (**Lead Manager**) has been mandated to act as lead manager to the Offers on certain terms and conditions.

The Lead Manager is entitled to a management fee of 2% (plus GST) of the total amount raised by the Offers, and a capital raising fee of 4.5% (plus GST) of the total amount raised by the Lead Manager by way of applications for Shortfall Securities (i.e. excluding amounts raised from subscriptions by the Underwriter and Eligible Shareholders). If the maximum amount is raised under the Offers, and assuming all Eligible Shareholders take up all their Entitlements, the Lead Manager will be entitled to be paid \$25,569 (plus GST), being 2% of the total amount raised.

The Lead Manager is otherwise engaged by the Company under a corporate advisory contract pursuant to which it was, on 3 November 2014, issued 10,000,000 Shares in the Company (1,000,000 on a post-Consolidation basis) in lieu of fees due and payable.

## 8.6 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director nor any entity in which a Director is a partner or director, has or has had in the two (2) years before the date of this Prospectus, any interest in:

- (a) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- (b) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any Director or proposed director or to any entity in which such a Director or proposed director is a partner or director, either to induce him to become, or to qualify as, a Director or otherwise for services rendered by him or by the entity in connection with the formation or promotion of the Company or the Offers.

## 8.7 Security holding interests of Directors

At the date of this Prospectus the relevant interest of each of the Directors and in the Shares and Options of the Company are as follows:

Director	Shares		Options	
	Direct	Indirect	Direct	Indirect
Christopher Eager	Nil	Nil	1,000,000 <sup>1</sup>	Nil
Bruce McCracken	30,000	970,000 <sup>2</sup>	2,500,000 <sup>3</sup>	400,000 <sup>2</sup>
Michael Green	Nil	400,000 <sup>4</sup>	1,700,000 <sup>3</sup>	Nil
Malcolm Castle	15,000	582,856 <sup>5</sup>	150,000 <sup>6</sup>	Nil

### Notes:

- The vesting of 500,000 of these Options is subject to the satisfaction of vesting criteria.
- Held by Bruce McCracken and Megan McCracken as trustees for the McCracken Family Trust, of which Mr McCracken is a beneficiary.
- The vesting of these Options is subject to the satisfaction of vesting criteria.
- Relevant interest in 400,000 Shares as spouse of Natalie Maloney.
- Relevant interest in 39,896 Shares as spouse of Susan Castle and relevant interest in 542,960 Shares as director and sole shareholder of Agricola Mining Consultants Pty Ltd.
- Options expire on 9 December 2014.

Directors or their associated entities who are registered as Shareholders on the Record Date may participate in the Offers.

## 8.8 Remuneration of Directors

The Constitution provides that the Directors may be paid for their services as Directors. Non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum set by the Company in a general meeting. The aggregate maximum is presently set at \$300,000 per annum. The Managing Director may receive such remuneration as the directors determine.

A Director may be reimbursed for out of pocket expenses incurred as a result of their directorship.

Details of remuneration provided to Directors during the past two financial years is as follows:

Director	Financial year up to 30 June 2014	Financial year up to 30 June 2013
	Total (\$)	Total (\$)
Bruce McCracken	233,764 (includes salary of 196,000, Options to the value of 19,634 and superannuation 18,130)	240,430 (includes salary of 217,500, Options to the value of 3,355 and superannuation of 19,575)
Malcolm Castle	43,700 (includes salary of 40,000 and superannuation of 3,700)	45,150 (includes salary of 10,000, superannuation of 900 and consultancy fees of 34,250)
Michael Green (appointed as a non- executive Director on 16 January 2013)	260,257 (includes salary of 225,000, Options to the value of 14,444 and superannuation of 20,813)	94,240 (includes salary of 84,375, Options to the value of 2,271 and superannuation of 7,594)
Christopher Eager (appointed on 15 February 2013)	113,908 (includes 72,000 of salary and Options to the value of 41,908)	28,359 (includes 27,000 of salary and Options to the value of 1,359)

**Note:** The consultancy fee in the amount of \$34,250 payable to Malcolm Castle was paid to The MJ Castle Family Trust of which Mr Castle is a director and beneficiary.

## 8.9 Director indemnity deeds

The Company has entered into a deed of indemnity with each of the Directors.

Under the deeds the Company has undertaken, subject to the restrictions in the Corporations Act, to indemnify all Directors against all losses or liabilities incurred by each Director in their capacities as Directors.

## 8.10 Expenses of the Offers

The estimated expenses payable in cash by the Company in respect of costs associated with this Prospectus and the Offers, including offer management, broking fees, legal, accounting, corporate advisory, printing, ASIC and ASX fees and other costs will be approximately \$80,000 if the Offers are 50% subscribed, and approximately \$120,000 if the Offers are fully subscribed.

## 8.11 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not have, and have not had in the two (2) years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offers.

Helmsec Global Capital Limited is the Lead Manager to the Offers and will be paid such fees as are outlined at Section 8.5. In the period two (2) years prior to the date of this Prospectus, Helmsec Global Capital Limited has been issued 10,000,000 Shares (1,000,000 on a post-Consolidation basis) in the Company, plus GST, and has received no other fees.

TRG Equity Investments Pty Ltd is the Underwriter to the Offers and will be paid a fee of \$16,000 (plus GST). In the period two (2) years prior to the date of this Prospectus, TRG Equity Investments Pty Ltd has not received any fees from the Company.

Jackson McDonald has acted as solicitors to the Company in relation to the Offers and legal due diligence enquiries in respect of the Company and is entitled to be paid approximately \$25,000 (plus GST) in respect of these services. In addition, Jackson McDonald has provided other legal services to the Company in the period two (2) years prior to the date of this Prospectus and has been paid, or is entitled to be paid, fees totalling approximately \$89,216 (including GST) for those other services.

## **8.12 Consents and liability statements**

Helmsec Global Capital Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as Lead Manager to the Offers in the form and context in which it is named.

Jackson McDonald has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as solicitors to the Company in the form and context in which it is named.

Security Transfer Registrars Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as the Share Registry in the form and context in which it is named.

TRG Equity Investments Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as underwriter to the Offers in the form and context in which it is named.

Each of Helmsec Global Capital Limited, Jackson McDonald, TRG Equity Investments Pty Ltd and Security Transfer Registrars Pty Ltd:

- (a) did not authorise or cause the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this Section; and

- (c) to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with consent of that party as specified in this Section.

### **8.13 Market prices of Shares on ASX**

Information about the closing market price of Shares quoted on ASX during the 3 months period before the date of this Prospectus is set out in the table below.

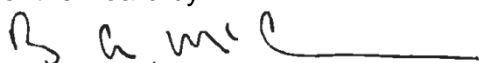
	Price		Date
	Pre-Consolidation	Expressed on a post-Consolidation basis	
Highest	\$0.006	\$0.06	11 September 2014
Lowest	\$0.001	\$0.01	25 November 2014
Latest	\$0.002	\$0.02	4 December 2014

## 9. Directors' responsibility statement and consent

The Directors state that they have made all reasonable enquiries and that on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect of any other statements made in the Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that the persons making the statement or statements were competent to make such statements; those persons have given their consent before lodgement of this Prospectus with ASIC or, to the Directors' knowledge, before any issue of New Securities pursuant to this Prospectus.

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board by:

A handwritten signature in black ink, appearing to read 'B. McCracken', followed by a horizontal line.

**Bruce McCracken**  
Managing Director

for and on behalf of the Company

Dated: 5 December 2014

## 10. Glossary of Terms

<b>AMH</b>	The mineral alumina-magnesio-hornblende.
<b>Applicant</b>	A person who applies for New Securities in accordance with this Prospectus.
<b>Application</b>	A valid application for New Securities offered under this Prospectus.
<b>Application Monies</b>	The monies payable by Applicants to the Offers.
<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>Associate</b>	Has the meaning set out in the Listing Rules.
<b>ASX</b>	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.
<b>ASX Settlement</b>	ASX Settlement Pty Ltd ACN 008 504 532.
<b>ASX Settlement Rules</b>	The settlement rules of ASX Settlement.
<b>Board</b>	The board of Directors.
<b>Business Day</b>	A day: (a) that is a business day as defined in the Listing Rules; and (b) which is not a Saturday, Sunday, public holiday or bank holiday in Perth, Western Australia.
<b>CHESS</b>	Clearing House Electronic Sub-register System operated by ASX Settlement.
<b>CHESS Statement or Holding Statement</b>	A statement of shares registered in a CHESS account.
<b>Closing Date</b>	The closing date of the Offers as set out in Section 2.4.
<b>Company or BMG</b>	BMG Resources Limited ACN 107 118 678.
<b>Competent Person</b>	Has the meaning set out in the JORC Code 2004 or the JORC Code 2012 as applicable.
<b>Consolidated Entity</b>	The Company and its subsidiaries.
<b>Consolidation</b>	The consolidation of the Company's capital on a 10 for 1 basis pursuant to the Shareholder approval given on 24 November 2014.
<b>Constitution</b>	The constitution of the Company.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Cyprus</b>	The Republic of Cyprus.
<b>Director</b>	A director of the Company as at the date of this Prospectus.
<b>Eligible Jurisdictions</b>	Australia and New Zealand.



<b>Eligible Shareholder</b>	<p>A Shareholder who is:</p> <ul style="list-style-type: none"> <li>(a) a registered holder of Shares on the Record Date;</li> <li>(b) has a registered address in Australia or New Zealand as shown in the Share Registry;</li> <li>(c) not in the United States or a U.S. Person or acting for the account of or benefit of a U.S. Person; and</li> <li>(d) eligible under all applicable securities laws to receive an offer under the Entitlement Offer.</li> </ul>
<b>Entitlement</b>	The number of New Shares and Free Attaching Options that a Shareholder is entitled to apply for under the Entitlement Offer, as determined by the number of Shares held by that Shareholder at the Record Date.
<b>Entitlement and Acceptance Form</b>	The entitlement and acceptance form accompanying this Prospectus.
<b>Entitlement Offer</b>	The offer of New Shares and Free Attaching Options under this Prospectus.
<b>Excluded Shareholder</b>	A Shareholder as at the Record Date whose registered address is not situated in an Eligible Jurisdiction.
<b>Existing Share</b>	A share issued before the date of this Prospectus.
<b>Existing Shareholder</b>	A holder of an Existing Share.
<b>Free Attaching Option</b>	The Options that may be issued under this Prospectus on the terms set out herein.
<b>GST</b>	Goods and services tax.
<b>Harts Range Project</b>	The heavy mineral sands project discussed in Section 1.3.
<b>Imperial Granite</b>	Imperial Granite & Minerals Pty Ltd ACN 080 314 012.
<b>JORC Code</b>	JORC Code 2004 or JORC Code 2012 as applicable.
<b>JORC Code 2004</b>	The 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.
<b>JORC Code 2012</b>	The 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.
<b>Lead Manager</b>	Helmsec Global Capital Limited ACN 129 825 798.
<b>Listing Rules</b>	The listing rules of ASX.
<b>Lodgement Date</b>	The date of lodgement of the Prospectus with ASIC as set out on page iii.
<b>New Securities</b>	New Shares and Free Attaching Options.
<b>New Shares</b>	The Shares that may be issued under this Prospectus on the terms set out herein.
<b>Offer Period</b>	The period commencing on the Opening Date and ending on the Closing Date.
<b>Offers</b>	The Entitlement Offer and the Shortfall Offer, or either one of those offers as the case may be.
<b>Official List</b>	The official list of ASX.
<b>Official Quotation</b>	Official quotation by ASX.

<b>Opening Date</b>	The opening date of the Entitlement Offer as set out in Section 2.4.
<b>Option</b>	An option to subscribe for a Share.
<b>Option Holder</b>	The holder of an Option.
<b>Privacy Act</b>	<i>Privacy Act 1988</i> (Cth).
<b>Prospectus</b>	This prospectus dated 5 December 2014, including any electronic or online version of this prospectus.
<b>Record Date</b>	5.00pm (WST) on 12 December 2014 or such other date as may be determined by the Directors.
<b>Right</b>	The right to subscribe for New Shares under an Offer.
<b>Section</b>	A section of this Prospectus.
<b>Securities</b>	Shares and/or Options.
<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Share Registry</b>	The Company's share registry, Security Transfer Registrars Pty Ltd ACN 008 894 488.
<b>Shareholder</b>	The holder of a Share.
<b>Shortfall</b>	The number of New Shares offered under this Prospectus for which valid Applications have not been received from Eligible Shareholders before the Closing Date.
<b>Shortfall Application Form</b>	An application form for New Securities under the Shortfall Offer.
<b>Shortfall Offer</b>	The offer of Shortfall Shares and Free Attaching Options under this Prospectus.
<b>Shortfall Securities</b>	Shortfall Shares and Free Attaching Options issued to the Shareholders in accordance with this Prospectus as set out in Section 2.8.
<b>Shortfall Shares</b>	Shortfall Shares issued to the Shareholders in accordance with this Prospectus as set out in Section 2.8.
<b>Transcontinental</b>	Transcontinental Investments Pty Ltd ACN 009 017 985.
<b>Treasure Development</b>	Treasure Development Limited, a company incorporated in Cyprus and having company registration number C144115.
<b>Treasure Project</b>	The project prospective for copper, nickel, zinc, cobalt, gold and silver discussed in Section 1.2.
<b>Underwriter or TRG Equity</b>	TRG Equity Investments Pty Ltd ACN 143 454 522.
<b>Underwritten Shares</b>	14,366,399 New Shares.
<b>U.S. Person</b>	Any person in the United States or any person that is, or is acting for the account or benefit of, a "U.S. person" (as defined in Regulation S under the United States Securities Act of 1933, as amended).
<b>VWAP</b>	Volume weighted average price.
<b>WST</b>	Western Standard Time, being the time in Perth, Western Australia.