

CONFIDENTIAL TERM SHEET

**BULLION MANAGEMENT GROUP INC.**  
**and**  
**BMG BULLIONFUND**

Bullion Management Group Inc. is a corporation formed under the laws of the Province of Ontario. BMG BullionFund is an open-ended public mutual fund trust formed under the laws of the Province of Ontario. The offering of Subscription Units described in this term sheet is limited to accredited investors in qualifying jurisdictions in Canada.

CONTINUOUS PRIVATE PLACEMENT OFFERING OF  
UP TO 1,000 SUBSCRIPTION UNITS CONSISTING OF  
COMMON SHARES OF BULLION MANAGEMENT GROUP INC. AND  
CLASS E9 MUTUAL FUND UNITS OF BMG BULLIONFUND

**Summary of the Offering**

Bullion Management Group Inc. ("**BMG**") and BMG BullionFund (the "**Fund**") are together offering (the "**Offering**") a maximum of 1,000 subscription units (the "**Subscription Units**") priced at \$5,000 per Subscription Unit by private placement to accredited investors in qualifying jurisdictions in Canada (the "**Offering Jurisdictions**"). The Offering will be made through registered dealers. BMG and the Fund are together sometimes referred to herein as the "**Issuers**". A Subscription Unit is not a security in and of itself, but rather represents two distinct securities issued by two distinct issuers: common shares of BMG and Class E9 units of the Fund.

	No. of Units	Gross Proceeds	Proceeds to BMG (1)	Proceeds to Fund (2)
Per Subscription Unit	1	\$5,000	\$2,730	\$1,920
Total - Minimum Offering	N/A	N/A	N/A	N/A
Total - Maximum Offering	1,000	\$5,000,000	\$2,730,000	\$1,920,000

(1) Estimated proceeds after payment of 9% commission on that portion of the gross proceeds of Offering allocable to BMG.

(2) The price of each Class E9 unit depends upon the NAV on the date of confirmation of trade. The sales charge of 4% payable to registered dealers is included in the \$5,000 cost per Subscription Unit.

No subscription for less than one Subscription Unit (\$5,000) or fractions thereof will be accepted. Each subscription for Subscription Units is subject to acceptance in whole or in part by both Issuers. An initial closing will take place at the discretion of the Issuers, and thereafter multiple closings may be held until the final closing date of September 30, 2009 (the "**Final Closing Date**"), subject to earlier or later closing at the discretion of the Issuers.

**Distributor**

*White Capital Corporation* of Toronto, Ontario is the exclusive distributor for this offering. For more information contact Matthew White, President, White Capital Corporation: telephone 416.530.0808; toll free 877.613.9176; email matt@whitecapitalcorp.com; website [www.whitecapitalcorp.com](http://www.whitecapitalcorp.com).

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF EACH ISSUER AND THE TERMS OF THIS PRIVATE PLACEMENT, INCLUDING THE MERITS AND RISKS INVOLVED. PROSPECTIVE PURCHASERS SHOULD CONSULT WITH THEIR OWN LEGAL, BUSINESS AND TAX ADVISORS TO DETERMINE THE APPROPRIATENESS AND CONSEQUENCES OF INVESTMENTS IN THE ISSUERS, AND ARRIVE AT AN INDEPENDENT EVALUATION OF THE MERITS AND RISKS OF SUCH INVESTMENTS. THERE IS CURRENTLY NO MARKET FOR EITHER OF THE SECURITIES COMPRISING THE SUBSCRIPTION UNITS AND THERE CAN BE NO ASSURANCE THAT A MARKET WILL DEVELOP. HOWEVER CLASS E9 UNITS OF THE FUND MAY BE REDEEMED BY THE HOLDER IN ACCORDANCE WITH THE CONSTATING DOCUMENTS OF THE FUND SO LONG AS THOSE UNITS HAVE BEEN HELD AT LEAST FOUR MONTHS AND ONE DAY.**



<b>Issuers:</b>	BMG BullionFund (the “ <b>Fund</b> ”) is an open-ended public mutual fund trust formed under the laws of Ontario. Bullion Management Group Inc. (“ <b>BMG</b> ”) is a corporation formed under the laws of the Province of Ontario. Bullion Management Services Inc. (“ <b>BMS</b> ”), a wholly owned subsidiary of BMG, is the trustee and manager of the Fund.										
<b>The Offering:</b>	Subscription Units (“ <b>Subscription Units</b> ”) are offered to “accredited investors” resident in certain qualifying Provinces of Canada (the “ <b>Offering Jurisdictions</b> ”) pursuant to exemptions from the prospectus filing requirements contained in the securities legislation of the Offering Jurisdictions. Subscribers will become common shareholders of BMG and Class E9 unitholders of the Fund.										
<b>Two Securities:</b>	A Subscription Unit is not a security in and of itself, but rather represents two distinct securities. Each Subscription Unit represents 1,500 common shares of BMG and a specific number of Class E9 units of the Fund. Class E9 units of the Fund share in the expenses of the Fund on a pro-rata basis with other classes of units, incur an annual management fee of 1.25% of their net asset value (“ <b>NAV</b> ”), calculated daily and paid monthly in arrears, and are subject to an early redemption charge payable to BMS of 3% during the first year, 2% during the second year and 1% during the third year.										
<b>Allocation of Cost:</b>	Of the subscription cost of \$5,000 per Subscription Unit, \$3,000 is allocated to 1,500 common shares of BMG at a price of \$2.00 per share, and the balance of \$2,000 is allocated to the purchase of Class E9 mutual fund units of the Fund. Of the portion of the cost allocated to Class E9 Fund units, a sales charge of 4% is paid to the registered dealer and the balance is applied to the purchase of Class E9 units at their NAV on the date of confirmation of trade.										
<b>Maximum Offering:</b>	1,000 Subscription Units (\$5,000,000).										
<b>Minimum Offering:</b>	None										
<b>Minimum Subscription:</b>	One Subscription Unit (\$5,000).										
<b>Closing Dates:</b>	The initial closing will be held at the Issuers’ discretion. The Issuers may hold multiple interim closings between that initial closing and the final closing date of September 30, 2009 (the “ <b>Final Closing Date</b> ”), subject to earlier or later closing at the discretion of the Issuers.										
<b>Commissions and Offering Expenses:</b>	BMG estimates that the offering expenses will not be material. All commissions and offering expenses will be payable by BMG, other than the 4% sales charge on Class E9 units of the Fund payable by the subscriber to the registered dealer.										
<b>Business of BMG:</b>	Bullion Management Group Inc. through its three subsidiaries facilitates the purchase and storage of physical gold, silver and platinum bullion by utilizing a variety of current and proposed investment products, including units of the Fund, shares of BullionCorp Inc. and physical BMG BullionBars.										
<b>Issued and outstanding capital of BMG:</b>	<p>The total shares of BMG outstanding as of April 30, 2009 were:</p> <table> <tr> <td>common shares issued and outstanding</td> <td>25,012,074</td> </tr> <tr> <td>convertible preferred shares issued and outstanding</td> <td>4,000,000</td> </tr> <tr> <td>investor warrants issued and outstanding</td> <td>2,382,000</td> </tr> <tr> <td>common share options issued and outstanding</td> <td>11,222,765</td> </tr> <tr> <td>common share options allocated but not issued or unvested</td> <td>3,283,465</td> </tr> </table> <p>BMG reserves the right to issue further securities prior to closing upon such terms as it may consider advisable, which terms may be materially different than the terms herein.</p>	common shares issued and outstanding	25,012,074	convertible preferred shares issued and outstanding	4,000,000	investor warrants issued and outstanding	2,382,000	common share options issued and outstanding	11,222,765	common share options allocated but not issued or unvested	3,283,465
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<b>BMG BullionFund:</b>	BMG BullionFund is Canada’s first RRSP eligible, open-ended mutual fund trust that holds gold, silver and platinum bullion. The Fund purchases equal dollar amounts of each metal and seeks to provide investors with a hedge against traditional financial assets and the US dollar in order to achieve capital preservation and long-term appreciation. The Fund does not invest in certificates, use derivatives for any purpose, or invest in securities of companies that may produce bullion. The Fund’s bullion is fully insured and stored on a fully allocated, segregated basis under a custodial agreement with Scotia Mocatta. Further information respecting the Fund can be found in its current annual information form and simplified prospectus filed on SEDAR (www.sedar.com) and relating to its Class A units. The Class E9 Units of the Fund offered hereunder are not qualified by										



	prospectus.
<b>Use of Proceeds:</b>	<p>The net proceeds of the Offering allocable to Class E9 units of the Fund will be used by the Fund to purchase gold, silver and platinum bullion in accordance with its mandate.</p> <p>The net proceeds of the Offering allocable to common shares of BMG will be used to fund commissions and costs of the Offering, set up costs relating to the business of Bullion Custodial Services Inc., ongoing international marketing initiatives relating to BMG BullionFund, investor relations and general operating purposes. Net proceeds may also be used to redeem up to one-half of the outstanding convertible preferred shares of BMG at a price of \$0.50 each. Upon completion of that redemption it is anticipated that the balance of those preferred shares will be converted to common shares at the same price.</p>
<b>Liquidity:</b>	<p>No prospectus was or will be filed with respect to the Subscription Units, which will be issued under certain registration and prospectus filing exemptions provided in the securities laws of the Offering Jurisdictions, and as a result may not be resold, assigned or otherwise transferred other than in accordance with the provisions of the applicable securities laws. BMG is not currently a reporting issuer in any jurisdiction. BMG intends to list its common shares for trading on a recognized North American stock exchange in the future, although there can be no assurance that this expectation will be realized. The Fund is at present a reporting issuer in all of the Provinces and Territories of Canada.</p> <p>Neither the common shares of BMG nor the Class E9 units of the Fund are listed for trading on any stock exchange, over-the-counter market or alternative quotation or trade reporting system. However the Class E9 units may be redeemed by the holder in accordance with the constating documents of the Fund at their then NAV so long as those units have been held at least four months and one day (subject to early redemption charges, if applicable).</p>
<b>Income Tax Considerations:</b>	<p>Prospective purchasers should consult their own tax advisers with respect to their particular circumstances and the principal Canadian federal income tax considerations under the Income Tax Act (Canada) generally applicable to individuals in respect of the acquisition, ownership and disposition of the securities described herein. Further information respecting the tax considerations in general of holding units of the Fund can be found in its current annual information form and simplified prospectus filed on SEDAR (<a href="http://www.sedar.com">www.sedar.com</a>) relating to its Class A units. The Class E9 Units of the Fund offered hereunder are not qualified by prospectus.</p>
<b>Risk Factors:</b>	<p>Substantially all of the Fund's assets will be invested in gold, silver and platinum bullion. Accordingly, as a specialized precious metals fund the Fund will be subject to precious metals risk, availability of precious metals risk, foreign currency risk, non-hedging strategy risk, specialization risk and management risk. These risks are described in greater detail in the Fund's simplified prospectus relating to its Class A units. The Class E9 Units of the Fund offered hereunder are not qualified by prospectus.</p> <p>Investment in BMG should be considered speculative. This Offering should be considered only by investors able to assume the risk of substantial loss and to make a long-term investment.</p>
<b>Right of Action:</b>	<p>Purchasers may be entitled to the benefit of certain statutory rights of action if there is a misrepresentation in this Offering, provided that in no event shall either Issuer be liable for the misrepresentations of or respecting the other Issuer.</p>
<b>Distribution</b>	<p>The Offering is being distributed by White Capital Corporation. Interested Dealers should contact:</p> <p style="text-align: center;">Matthew White White Capital Corporation telephone 416.530.0808 toll free 877.613.9176 <a href="mailto:matt@whitecapitalcorp.com">matt@whitecapitalcorp.com</a> <a href="http://www.whitecapitalcorp.com">www.whitecapitalcorp.com</a></p>

