



BMG RESOURCES LIMITED

ACN 107 118 673

**Consolidated Interim Financial Report
For the Half Year Ended
31 December 2013**

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CORPORATE DIRECTORY

DIRECTORS

Christopher Eager	Non- Executive Chairman
Bruce McCracken	Managing Director
Michael Green	Chief Operating Officer
Malcolm Castle	Non- Executive Director

COMPANY SECRETARY

Fleur Hudson

REGISTERED AND PRINCIPAL OFFICE

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SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: (08) 9315 2333
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HOME EXCHANGE

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PERTH WA 6000
ASX Code: BMG; BMGO

SOLICITORS

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Level 25
191 St Georges Terrace
PERTH WA 6000

BANKERS

St George Bank
Level 1, Westralia Plaza
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PERTH WA 6000

DIRECTOR'S REPORT

The Directors present their report together with the consolidated financial report of BMG Resources Limited (Company), being the Company and its subsidiaries (Consolidated Entity), for the half year ended 31 December 2013 and the auditor's review report thereon.

DIRECTORS

The names and details of the Directors in office during the half year and until the date of this report are set out below.

- Christopher Eager (Non- Executive Chairman)
- Bruce McCracken (Managing Director)
- Michael Green (Chief Operating Officer)
- Malcolm Castle (Non- Executive Director)
- Anthony Trevisan (Non-Executive Director – Resigned on 10 October 2013)

Directors have been in office for the entire period unless otherwise stated.

OPERATIONS REPORT

During the half the Company's primary focus was on advancing our Copper/Gold project (**Treasure Project**) in Cyprus. Significant progress was made, with the key highlights as follows:

HIGHLIGHTS

- **Maiden drilling programme at Laxia prospect completed (1,567 metres)**
- **All 13 holes intersected 20 to 40 metre wide sulphide-rich zone**
- **High grade copper-gold-cobalt massive sulphide mineralisation intercepted**
- **Revised mineralisation model highlights extensive prospective ground for this style of mineralisation within BMG's granted licences**
- **High-grade VHMS copper-zinc mineralisation identified in historical drilling at Mala Prospect, Vrechia Project**
- **Ongoing review of all projects and prospects by integrating ASTER multispectral satellite imagery and new field data with archival reports and maps has confirmed and identified many prospects warranting further work**
- **Planning of geophysical surveys and subsequent drilling programmes to test various prospects under way**

During the half year BMG completed its maiden drilling programme in Cyprus at the Laxia copper-gold prospect in the Black Pine Project area (ASX releases 22/07/2013, 06/09/2013, 11/10/2013). The Company also continued exploring its other Cyprus projects with most work focused on evaluating individual prospects. Particular emphasis was placed on evaluating any relevant archival material held by the Cyprus Geological Survey prior to BMG investing in geophysical and drilling programmes. The significance of the archival review can be demonstrated at the Mala Prospect in the Vrechia Project where high-grade copper-zinc mineralisation was identified in historic drilling (ASX release 18/12/2013). Reconciling the historical results with the present-day configuration of the Mala mine demonstrates that much of the high-grade copper-zinc mineralisation remains in-situ. Furthermore, historical rock chip samples record widespread anomalous gold and silver values within and around the Mala Prospect. Work is

continuing to evaluate other positive results from other prospects. In addition, the Company has commenced logistics planning to complete ground-based geophysics over various target areas. It is expected that the geophysical surveys and then drilling of identified targets will commence in the first half of 2014.

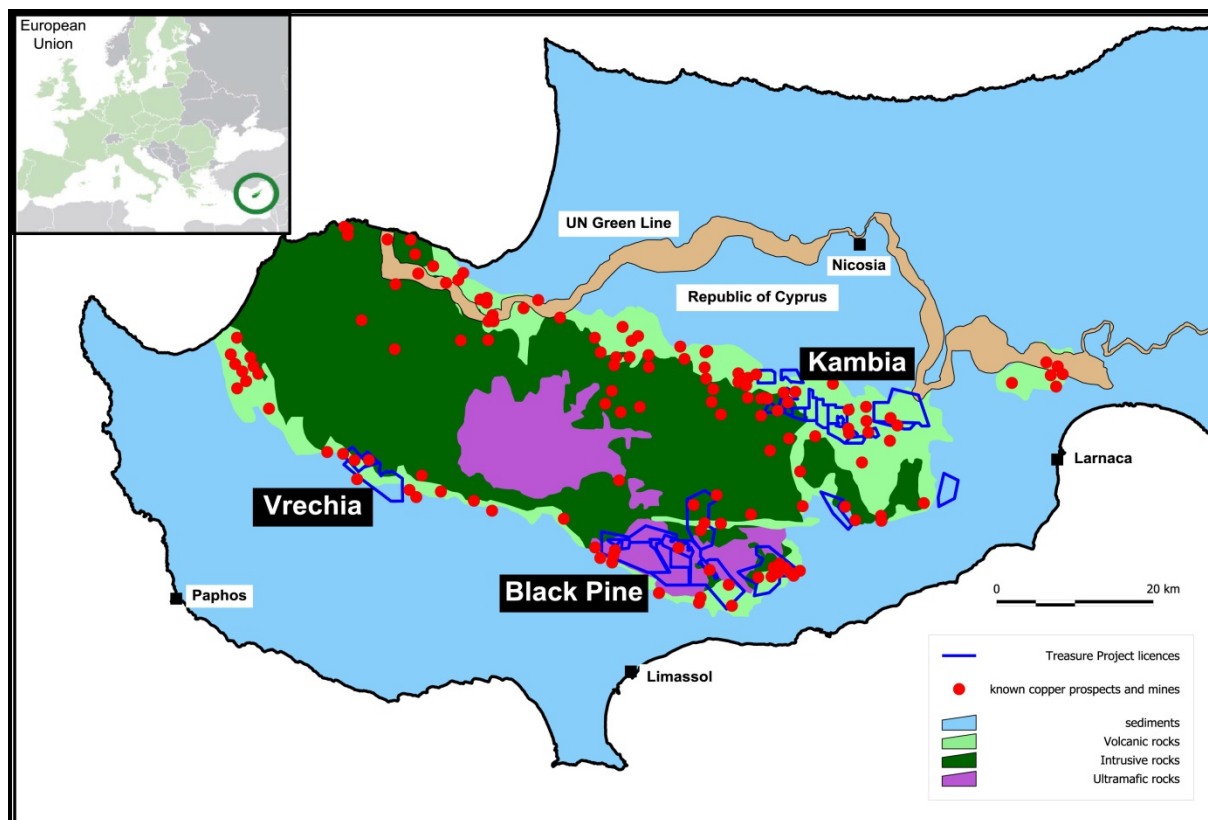


Figure 1: BMG's project areas and licences in Cyprus

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

BLACK PINE PROJECT

The Black Pine Project covers the southern part of the Troodos Mountains and is predominantly prospective for copper-gold-cobalt-nickel sulphides related to dolerite intrusions. Such sulphide mineralisation is exposed at the Laxia and Pekvos Prospects. Thirteen (13) drill holes were completed by BMG at the Laxia Prospect for a total of 1,567 metres. The drilling tested the central ~350 m segment of a ~1400 m semi-continuously exposed gossan where previous work had uncovered widespread high-grade copper-gold mineralisation. Each hole intersected a 20 to 40 metre wide zone comprising massive to semi-massive, stringer, vein and disseminated sulphides. The drilling showed that the sulphide mineralisation dips moderately to the north and extends to at least 140 metres vertical depth. Assay results show that the high-grade copper-gold-cobalt mineralisation is generally confined to the massive to semi-massive sulphide intervals within the wider mineralised zone. The high-grade zones broadly correlate between holes and confirm that the main geometry of the massive sulphide zones is tabular and sub-parallel to the gross mineralised zone. Despite reasonable sulphide abundances, the other sulphide material within the gross mineralised zone has low copper-gold-cobalt grades.

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

- 4.25 m at 2.53 % copper from 30.75 m (LMD002),
- 4.18 m at 1.72 % copper, 1.18 g/t gold and 0.15 % cobalt from 33.1 m (LMD005),
- 3.58 m at 1.74 % copper, 0.28 g/t gold and 0.05% cobalt from 112.9 m (LMD007),
- 2.25 m at 4.15 % copper, 0.21 g/t gold and 0.10 % cobalt from 153.05 m, including 0.45 m @ 18.0 % copper, 0.70 g/t gold and 0.37 % cobalt (LMD008),
- 2.61 m at 1.70 % copper, 4.2 g/t gold and 0.11 % cobalt from 188 m (LMD011), and
- 7.66 m at 0.66 % copper from 184.51 m (LMD012).

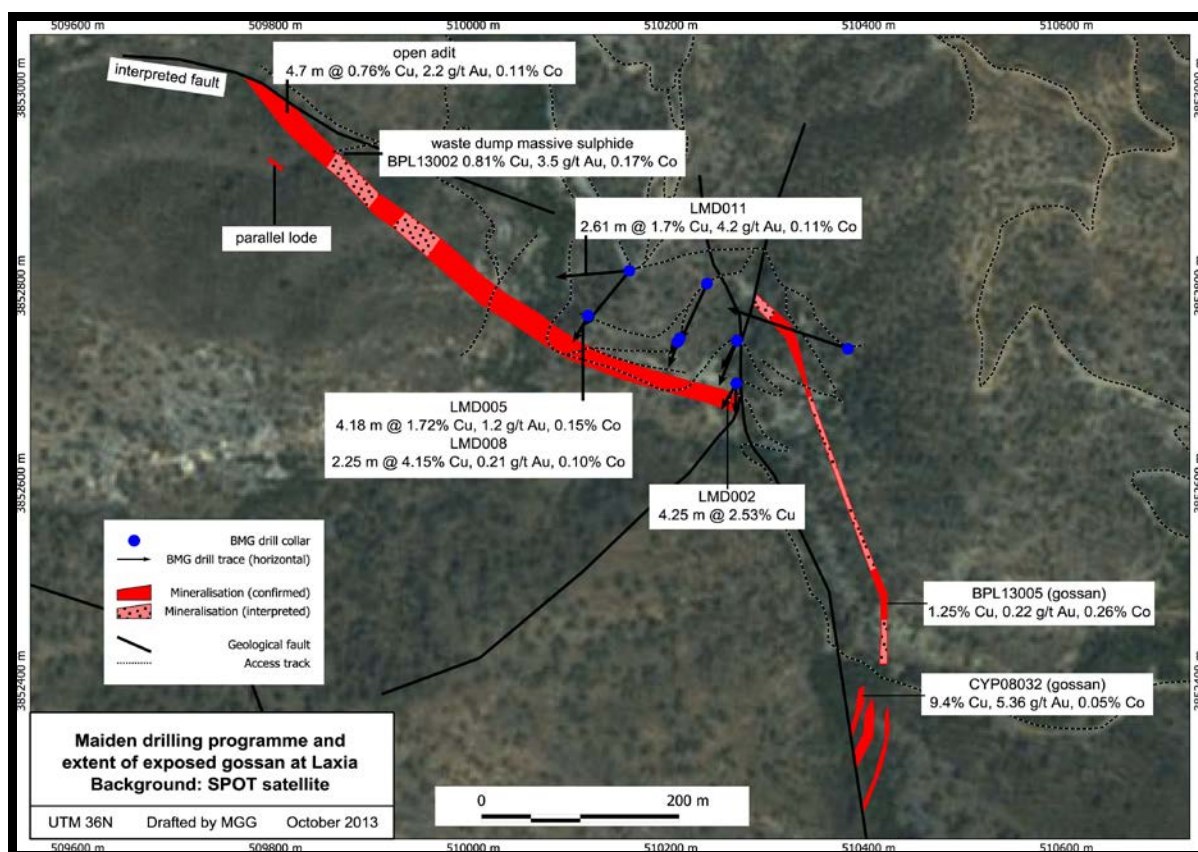


Figure 2: Laxia Prospect showing maiden drilling programme, extent of gossan and selected results

One important outcome from the drilling at Laxia was the interpretation that sulphide mineralisation is related to dolerite intrusions, and so can be classified as orthomagmatic, which is a style of deposit known globally to contain large copper-nickel sulphide abundances. This led to the development of a new exploration strategy: testing areas near similar magmatic bodies and fault zones. Preliminary assessment of the published geology maps defined more than 50 km of highly prospective strike within BMG's tenure. This work has been aided by the acquisition of mineral maps derived from the ASTER multi-spectral satellite data. A number of areas have been identified where follow-up work is required, but large areas of BMG's tenure are still to be adequately evaluated.

Future work will continue prospecting the licences for further orthomagmatic mineralisation. Ground-based geophysical surveys are planned around the Laxia and Pevkos Prospects, and will also be employed at any newly identified prospects.

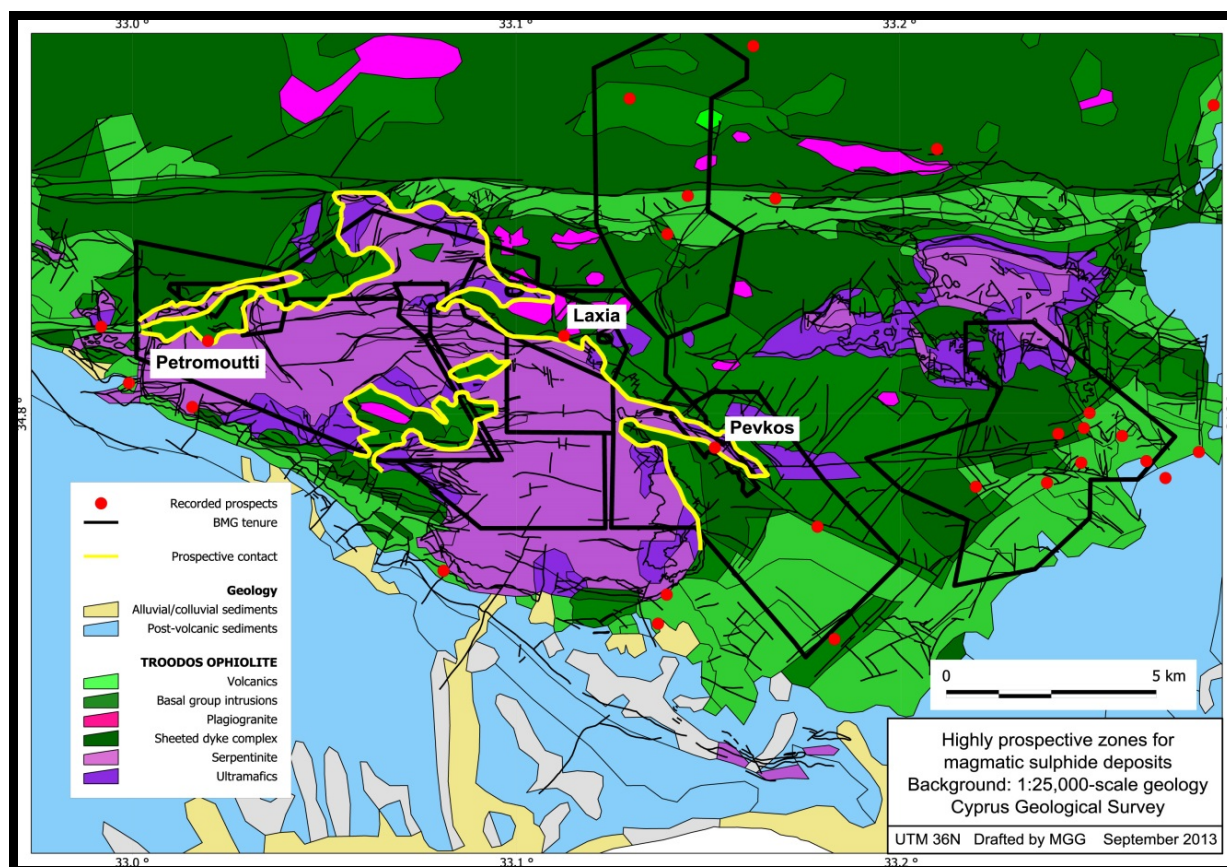


Figure 3: Black Pine project area showing BMG's tenure and the highly prospective dolerite contact

The Black Pine project area also hosts some VHMS-style copper-gold-silver-zinc prospects, including the abandoned Kalavassos copper mines where approximately 1.9 million tonnes were extracted at between 1.0% and 2.5% copper.

VRECHIA PROJECT

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

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

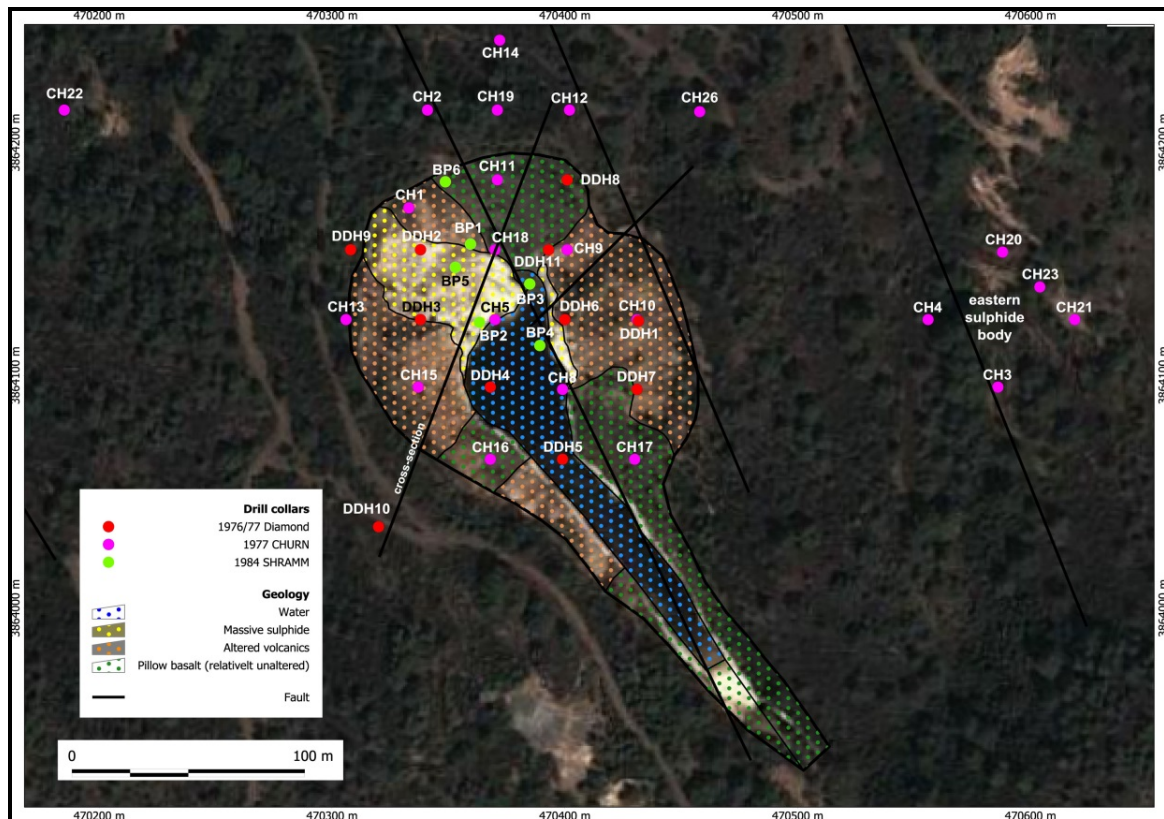


Figure 4: Gross geology of Mala pit, location of historical drill holes and cross-section line

The best historical drilling results were:

- **VR-CH5-77** 24 metres @ 0.50 % Cu, 0.47 % Zn, 37.8 % S from 15 metres,
- **VR-CH8-77** 20 metres @ 0.91 % Cu, 0.09 % Zn, 12.4 % S from 23 metres,
- **VR-CH11-77** 18 metres @ 1.16 % Cu, 1.14 % Zn, 20.7 % S from 34 metres, including 7 metres @ 2.17 % Cu, 2.22 % Zn, 15.2 % S from 34 metres,
- **VR-CH18-77** 17 metres @ 0.87 % Cu, 0.32 % Zn, 38.7 % S from 21 metres,
- **VR-DDH4-77** 9.2 metres @ 1.19 % Cu, 1.12 % Zn, 22.3 % S from 21.3 metres,
- **BP1-84** 12 metres @ 0.36 % Cu, 44.9 % S from 22 metres,
- **BP2-84** 22 metres @ 0.86 % Cu, 44.9 % S from 16 metres,
- **BP3-84** 11 metres @ 1.14 % Cu, 31.0 % S from 18 metres,
- **BP4-84** 8 metres @ 1.42 % Cu, 43.4 % S from 27 metres, and
- **BP5-84** 6 metres @ 0.44 % Cu, 43.0 % S from 22 metres.

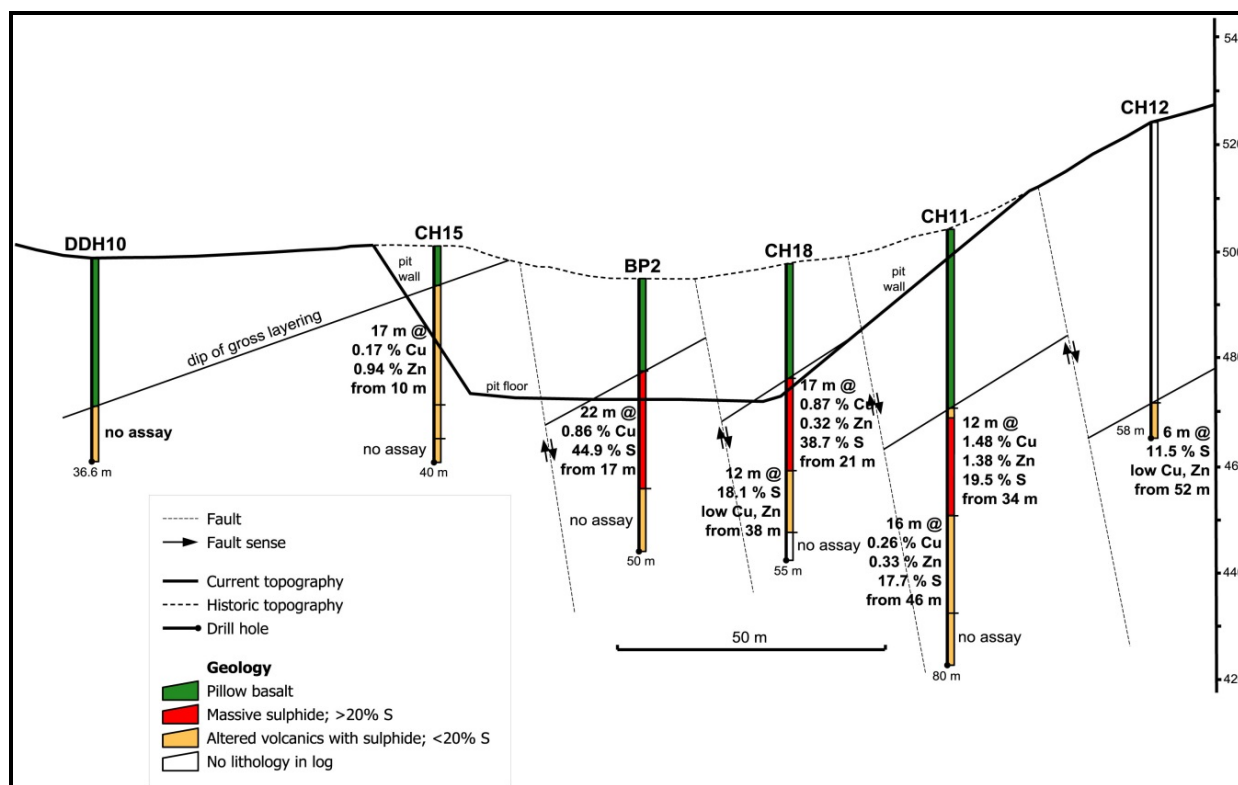


Figure 5: Cross-section across the northwest part of the Mala pit (where not flooded); looking northwest

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

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

KAMBIA PROJECT

The Kambia Project is situated in the northeastern foothills of the Troodos Mountains and covers various volcanic units prospective for VHMS-style deposits. There are numerous known prospects and two abandoned mines within BMG's tenure. There are many archival reports and maps about the Kambia area and the Company has been collecting field data to reconcile these historic results. Future work will include ground-geophysical surveys at selected prospects to define drill targets.

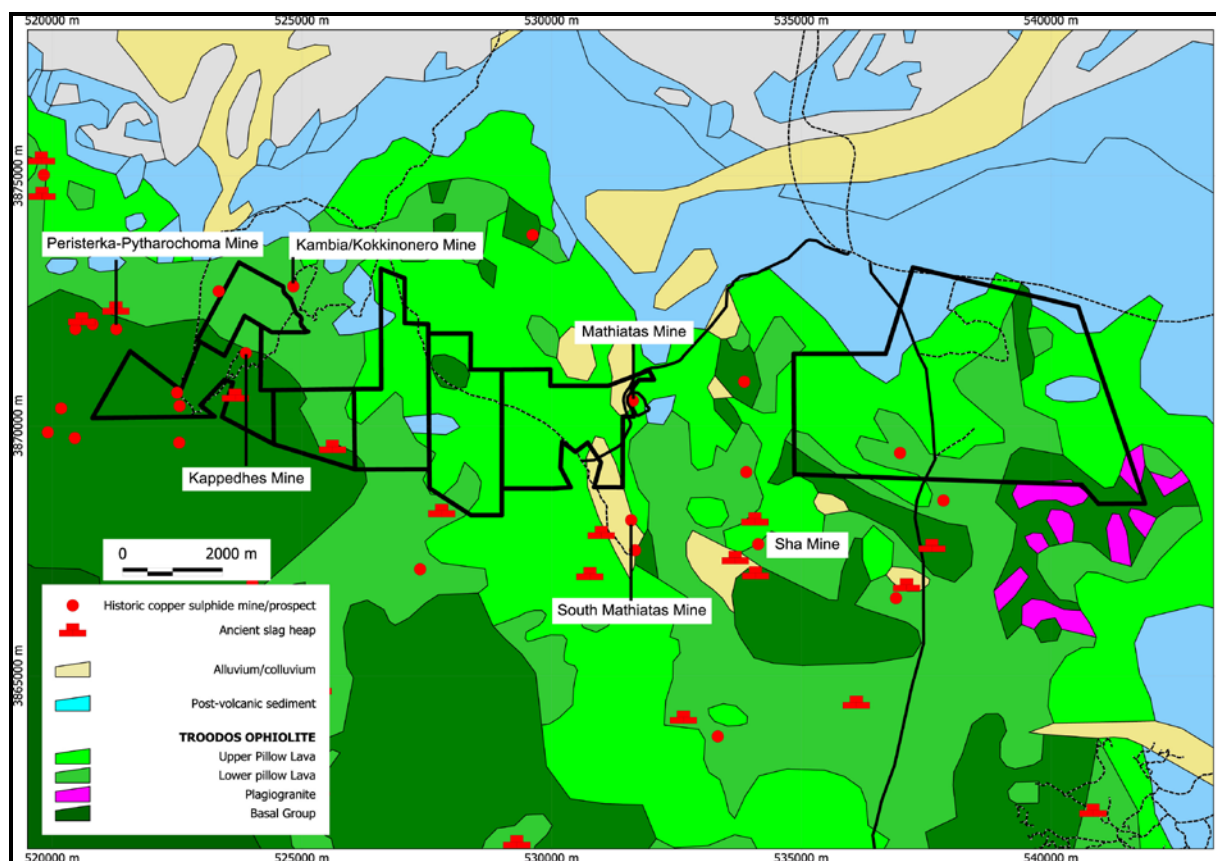


Figure 6: Mines and prospects in the Kambia Project area. Background 1:250,000-scale geology, Cyprus Geological Survey.

The information in this report that relates to Exploration Results is based on information compiled by Dr Michael Green, a Competent Person who is a Member of the Australian Institute of Geoscientists (MAIG). Dr Green is a full-time employee and executive director of BMG Resources Limited. Dr Green has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Green consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The results referenced herein for the Vrechia Project were reported to the ASX on 18 December 2013 [**High Grade Copper-Zinc Mineralisation at Mala Prospect–Vrechia**] under the 2012 JORC Code. There have been no material changes since these results were last reported.

The summary of the Laxia Prospect drilling results referenced herein for the Black Pine Project were first reported to the ASX on:

- 22 July 2013 – **High grade copper intersected in maiden drilling programme**
- 6 September 2013 – **Further high grade copper-gold intersected in maiden drilling programme**
- 11 October 2013 – **High grade copper-gold mineralisation confirmed at Laxia Prospect, Cyprus**

These results were prepared and first disclosed under the 2004 JORC Code. They have not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was reported. The Company is not aware of any new information or data that materially affect the information included in the relevant announcements.

DIRECTOR'S REPORT

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the half year comprised of mineral resource exploration and development.

OPERATING RESULTS

The Consolidated Entity's loss after providing for income tax for the half year ended 31 December 2013 amounted to \$460,056 (2012: \$558,949). As at 31 December 2013, the Company had \$1,211,608 cash and cash equivalents.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 11 December 2013, BMG Resources Limited ('Company') changed its name from Brazilian Metals Group Limited.

All other significant changes in the state of affairs of the Group during the half year are discussed in detail in the Operations Report set out on page 4.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

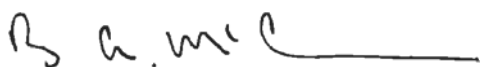
On and from 1 January 2014 Transcontinental Investments Pty Ltd (TRG) agreed to accrue \$5,000 of the monthly fee of \$15,000 paid by BMG to TRG for Administration and Office Services, without interest.

There were no other post reporting date events at the reporting date.

AUDITORS INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12 for the half year ended 31 December 2013.

Signed in accordance with a resolution of the Board of Directors



Bruce McCracken
Managing Director

Dated at Perth, Western Australia, this 11th of March 2014

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF BMG RESOURCES LIMITED

As lead auditor for the review of BMG Resources Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of BMG Resources Limited and the entities it controlled during the period.



Chris Burton

Director

BDO Audit (WA) Pty Ltd

Perth, 11 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

		HALF YEAR	
	Notes	31 December 2013 \$	31 December 2012 \$
Revenue		34,206	677
Employee benefits expense		(124,165)	(83,930)
Employee option expenses		(44,715)	-
Loss on Sale of Assets		-	(24,516)
Depreciation and amortisation expense		(10,050)	(14,819)
Accounting & audit fee		(46,233)	(28,817)
Management and service fees		(90,000)	-
Corporate and administration expenses		(102,067)	(62,821)
Exploration expenditure write off	3	(2,506)	(45,343)
Financial asset write off in Chile		-	(242,690)
Other expenses from ordinary activities		(74,526)	(56,690)
LOSS BEFORE INCOME TAX		(460,056)	(558,949)
Income tax expense		-	-
LOSS FOR THE HALF YEAR AFTER TAX		(460,056)	(558,949)
Loss is attributable:			
Owner Of Brazilian Metals Group Limited		(460,056)	(558,949)
NET LOSS FOR THE HALF YEAR		(460,056)	(558,949)
Other Comprehensive Loss			
Items that will be reclassified to Profit and Loss		94,232	(357,981)
		94,232	(357,981)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(365,824)	(916,930)
Basic and diluted loss per share (cents per share)	9	(0.07)	(0.38)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Notes	31 December 2013 \$	30 June 2013 \$
CURRENT ASSETS			
Cash and cash equivalents		1,211,608	2,350,464
Prepayments		4,685	4,666
Trade and other receivables		7,313	15,475
TOTAL CURRENT ASSETS		1,223,606	2,370,605
NON-CURRENT ASSETS			
Trade and other receivables		47,686	68,863
Property, plant and equipment		65,146	74,271
Exploration and evaluation expenditure	3	2,107,313	1,409,594
TOTAL NON-CURRENT ASSETS		2,220,145	1,552,728
TOTAL ASSETS		3,443,751	3,923,333
CURRENT LIABILITIES			
Trade and other payables		58,939	217,412
TOTAL CURRENT LIABILITIES		58,939	217,412
TOTAL LIABILITIES		58,939	217,412
NET ASSETS		3,384,812	3,705,921
EQUITY			
Contributed equity		39,777,644	39,777,644
Reserves	7	1,006,435	867,489
Retained earnings	8	(37,399,267)	(36,939,211)
TOTAL EQUITY		3,384,812	3,705,921

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Issued Capital Ordinary \$	Accumulated Losses \$	Option Reserve \$	Foreign Currency Reserve \$	Total \$
BALANCE AT 1 JULY 2013	39,777,644	(36,939,211)	444,166	423,323	3,705,921
Total comprehensive loss for the half year	-	(460,056)	-	-	(460,056)
Foreign exchange movement	-	-	-	94,232	94,232
Transactions with owners in their capacity as owners:					
Share issued to raise capital	-	-	-	-	-
Share issued Cost	-	-	-	-	-
Employee share options	-	-	44,715	-	44,715
BALANCE AT 31 DECEMBER 2013	39,777,644	(37,399,267)	488,881	517,554	3,384,812

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Issued Capital Ordinary \$	Accumulated Losses \$	Option Reserve \$	Foreign Currency Reserve \$	Total \$
BALANCE AT 1 JULY 2012	35,406,374	(16,912,862)	437,181	(1,375,979)	17,554,714
Total comprehensive income for the half year	-	(558,949)	-	-	(558,949)
Foreign exchange movement	-	-	-	(357,981)	(357,981)
Transactions with owners in their capacity as owners:					
Share issued to raise capital	-	-	-	-	-
Share issued Cost	-	-	-	-	-
Employee share options	-	-	-	-	-
BALANCE AT 31 DECEMBER 2012	35,406,374	(17,471,811)	437,181	(1,733,960)	16,637,784

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	HALF YEAR	
	31 December 2013	31 December 2012
Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(449,162)	(227,555)
Interest received	34,206	677
GST Refundable	21,398	13,228
NET CASH (OUTFLOW) IN OPERATING ACTIVITIES	(393,558)	(213,650)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	-	1783
Purchase of property, plant and equipment	-	(150)
Payments for exploration and evaluation	(747,234)	(197,970)
Payments relating to the Acquisition of Treasure Development Limited	-	(146,563)
NET CASH (OUTFLOW) IN INVESTING ACTIVITIES	(747,234)	(342,900)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from related party	-	402,000
NET CASH INFLOW IN FINANCING ACTIVITIES	-	402,000
NET DECREASE IN CASH HELD	(1,140,792)	(154,550)
Cash and cash equivalents at the beginning of half year	2,350,464	166,054
Effect of exchange rates on cash holdings in foreign currencies	1,936	67
CASH AND CASH EQUIVALENTS AT THE END OF HALF YEAR	1,211,608	11,571

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretation and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Company and its subsidiaries (Consolidated Entity). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the consolidated entity. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2013, together with any public announcements made during the half year ended 31 December 2013 in accordance with the continuous disclosure requirements arising under Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

Changes in accounting policy

BMG Resources Limited had to change some of its accounting policies as the result of new or revised accounting standards which became effective for the annual reporting period commencing on 1 July 2013.

The affected policies and standards are:

- Principles of consolidation – new standards AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standard*, AASB 12 *Disclosure of Interest in Other Entities* and AASB 13 *Fair Value Measurement*
- Accounting for employee benefits – revised AASB 119 *Employee Benefits*.

None of the new standards stated above that apply for the first time for the December 2013 half year report have a material impact on the current period.

Other new standard that is applicable for the first time for the December 2013 half year report are AASB 13 *Fair Value Measurements*. This standard has introduced new disclosures for the interim report but did not affect the entity's accounting policies or any of the amounts recognised in the financial statements.

All amounts are presented in Australia dollars, unless otherwise noted.

This half year financial report was approved by the Board of Directors on 10 March 2014.

For the purpose of preparing the interim financial report, the half year has been treated as a discrete reporting period.

(b) Significant accounting judgements and key estimates

The preparation of the half year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2013.

(c) Adoption of new and revised accounting standards

In the half year ended 31 December 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 31 December 2013. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

2. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of components of the consolidated entity that are regularly reviewed by the Chief Operating Decision Makers (CODM) in order to allocate resources to the segment and to assess its performance.

The consolidated entity has identified the following segments:

- (a) Exploration (Brazil) – consists of the exploration expenditure involved in the search and discovery of minerals;
(During the half year, the group has decided to write off the entire exploration assets of the Brazilian company);
- (b) Exploration (Cyprus) – consists of the exploration expenditure involved in the search and discovery of minerals;
- (c) Investment (Australia) – consists of financial investments made in Australia;
- (d) Corporate (Australia) – includes corporate and other costs incurred by the Parent Entity.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

The consolidated entity's principal activities continue to be in mineral exploration and projects are managed on a project-by-project basis.

NOTES TO THE FINANCIAL STATEMENT

(a) Segment Performance

Six months ended 31 December 2013

	Exploration (Brazil)	Exploration (Cyprus)	Investment (Australia)	Corporate (Australia)	Total Consolidated Entity
External revenues	-	-	34,206	-	34,206
Inter-segment revenue	-	-	-	-	-
Corporate and administration	(26,050)	(20,632)	(1,954)	(143,431)	(192,067)
Depreciation and amortisation expense	(533)	(1,102)	-	(8,416)	(10,051)
Exploration expenditure write off	(2,506)	-	-	-	(2,506)
Employee option expenses	-	-	-	(44,715)	(44,715)
Other expenses	(34,757)	(16,532)	(11,922)	(181,172)	(244,923)
Reportable segment profit before income tax	(63,846)	(38,266)	20,330	(378,274)	(460,056)

Six months ended 31 December 2012

	Exploration (Chile)	Exploration (Brazil)	Investment (Australia)	Corporate (Australia)	Total Consolidated Entity
External revenues	-	-	677	-	677
Inter-segment revenue	-	-	-	-	-
Corporate and administration	-	(26,602)	(64)	(148,902)	(175,568)
Depreciation and amortisation expense	-	(3,970)	(75)	(10,774)	(14,819)
Exploration expenditure write off	-	(45,343)	-	-	(45,343)
Written off Chilean Assets	(242,690)	-	-	-	(242,690)
Other expenses	-	(63,805)	(528)	(16,873)	(81,206)
Reportable segment profit before income tax	(242,690)	(139,720)	10	(176,549)	(558,949)

(b) Segment Assets and Liabilities**Six months ended 31 December 2013**

	Exploration (Cyprus)	Exploration (Brazil)	Investment (Australia)	Corporate (Australia)	Total Consolidated Entity
Assets					
Current assets	10,048	945	1,154,768	57,845	1,223,606
Property, plant and equipment	10,304	2,179	-	52,663	65,146
Investment & financial assets	-	-	-	-	-
Exploration and evaluation expenditure	2,107,313	-	-	-	2,107,313
Other non-current assets	-	47,686	-	-	47,686
Total Segment Assets	2,127,665	50,810	1,154,768	110,508	3,443,751
Total Segment Liabilities	(8,500)	-	-	(50,439)	(58,939)
Net Assets Employed	2,119,165	50,810	1,154,768	60,069	3,384,812

Six months ended 31 December 2012

	Exploration (Chile)	Exploration (Brazil)	Investment (Australia)	Corporate (Australia)	Total Consolidated Entity
Assets					
Current assets	-	3,322	3,056	68,228	74,606
Investment & financial assets	-	-	-	146,562	146,562
Exploration and evaluation expenditure	-	17,080,232	-	-	17,080,232
Other non-current assets	-	60,642	-	-	60,642
Total Segment Assets	-	17,146,999	3,573	281,303	17,431,875
Total Segment Liabilities	-	-	-	(794,091)	(794,091)
Net Assets Employed	-	17,146,999	3,573	(512,788)	16,637,784

3. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2013	30 June 2013
	\$	\$
Opening balance	1,409,594	17,286,327
Exchange movement	32,175	1,531,539
Exploration expenditure capitalised	668,050	778,021
Exploration expenditure capitalised on acquisition of Treasure Development Ltd	-	866,696
Exploration expenditure written off (Brazil)	(2,506)	(19,052,989)
Exploration and evaluation expenditure	2,107,313	1,409,594

The directors have assessed the carrying value of the exploration and evaluation asset and believe the balance carried forward is reasonable; however the recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation or alternatively, sale of the respective areas of interest.

4. CONTINGENT LIABILITIES

There have been no other changes in contingent liabilities during this half year.

5. DIVIDENDS

The Company has not paid or provided for dividends during this half year.

6. SHARE BASED PAYMENTS

The primary purpose of the Director Options is to provide incentive to the participating directors to drive the Company's assets forward. All options granted to key management personnel are over ordinary shares in BMG Resources Limited, which confer a right of one ordinary share for every option held.

Employee Option Plan

The Employee Option Plan is designed to provide long-term incentives for senior managers and above (including executive directors) to deliver long-term shareholder returns. The vesting of options is subject to the achievement of key milestones to increase goal congruence between executives, directors and shareholders.

Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options granted under the plan carry no dividend or voting rights.

NOTES TO THE FINANCIAL STATEMENT

Set out below are summaries of options granted under the plan:

Name	Expiry Date	Exercise Price	Date Granted	Number of Options	Vested Options
Bruce McCracken	1 July 2016	\$0.20	9 December 2011	1,400,000	1,400,000
Bruce McCracken	1 July 2016	\$0.22	9 December 2011	2,600,000	2,600,000
Malcolm Castle	9 December 2014	\$0.22	9 December 2011	1,500,000	1,500,000
Christopher Eager	13 December 2016	\$0.035	13 December 2013	5,000,000	5,000,000
Christopher Eager	13 December 2016	\$0.05	13 December 2013	5,000,000	-
Bruce McCracken	13 December 2016	\$0.035	13 December 2013	5,000,000	-
Bruce McCracken	13 December 2016	\$0.04	13 December 2013	5,000,000	-
Bruce McCracken	13 December 2016	\$0.045	13 December 2013	5,000,000	-
Bruce McCracken	13 December 2016	\$0.05	13 December 2013	10,000,000	-
Michael Green	13 December 2016	\$0.035	13 December 2013	3,000,000	-
Michael Green	13 December 2016	\$0.04	13 December 2013	3,000,000	-
Michael Green	13 December 2016	\$0.045	13 December 2013	3,000,000	-
Michael Green	13 December 2016	\$0.05	13 December 2013	8,000,000	-

No options expired during the reporting period.

Fair value of options granted

The following share based payment made through the issue of equity:

Names	Number originally issued	Number at 31 December	Grant date	Expiry/exercise date	Exercise price \$	Fair value at 31 December
Christopher Eager ^A	5,000,000	5,000,000	13 December 2013	13 December 2016	\$0.035	\$26,710
Christopher Eager ^B	5,000,000	5,000,000	13 December 2013	13 December 2016	\$0.05	\$24,858
Bruce McCracken ^C	5,000,000	5,000,000	13 December 2013	13 December 2016	\$0.035	\$26,710
Bruce McCracken ^D	5,000,000	5,000,000	13 December 2013	13 December 2016	\$0.04	\$26,028
Bruce McCracken ^E	5,000,000	5,000,000	13 December 2013	13 December 2016	\$0.045	\$25,415
Michael Green ^F	3,000,000	3,000,000	13 December 2013	13 December 2016	\$0.035	\$16,026
Michael Green ^G	3,000,000	3,000,000	13 December 2013	13 December 2016	\$0.04	\$15,617
Michael Green ^H	3,000,000	3,000,000	13 December 2013	13 December 2016	\$0.045	\$15,249
Bruce McCracken ^I	10,000,000	10,000,000	13 December 2013	13 December 2016	\$0.05	\$49,717
Michael Green ^J	8,000,000	8,000,000	13 December 2013	13 December 2016	\$0.05	\$39,773
Total	52,000,000	52,000,000				\$266,103

The assessed fair value at grant date of options granted during the half year ended 31 December 2013 was \$0.008 per option (2012– \$0.01). The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the half year ended 31 December 2013 included:

	A	B	C	D	E
Grant date share price	0.004	0.004	0.004	0.004	0.004
Exercise price	0.035	0.05	0.035	0.04	0.045
Expected vesting probability	100%	100%	50%	50%	50%
Expected volatility	155%	155%	155%	155%	155%
Options life	3 years	3 years	3 years	3 years	3 years
Dividend yield	-	-	-	-	-
Risk-free interest rate	2.58%	2.58%	2.58%	2.58%	2.58%
	F	G	H	I	J
Grant date share price	0.004	0.004	0.004	0.004	0.004
Exercise price	0.035	0.04	0.045	0.05	0.05
Expected vesting probability	50%	50%	50%	50%	50%
Expected volatility	155%	155%	155%	155%	155%
Options life	3 years	3 years	3 years	3 years	3 years
Dividend yield	-	-	-	-	-
Risk-free interest rate	2.58%	2.58%	2.58%	2.58%	2.58%

Options Expensed

Option expenses related to grant options issued to directors in prior periods, with the expenses being recognised over the vesting period.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	31 December 2013	30 June 2013
	\$	\$
Share-based payment		
Proposed Options issued under employee option plan	-	6,985
Options issued under employee option plan	44,715	-
	44,715	6,985

7. RESERVES

	31 December 2013	30 June 2013
	\$	\$
Opening Balance	867,489	(938,798)
Movement during the half year		
Foreign exchange movement	94,231	1,799,302
Share Based Payment	44,715	6,985
	1,006,435	867,489

(a) Option Reserve

The option reserve is used to record the value of the share based payments provided to employees, consultants and for options issued pursuant to any acquisitions or in exchange for services.

(b) Financial Asset Reserve

The financial assets reserve records the revaluation of available-for-sale financial assets.

(c) Foreign Currency Reserve

The foreign currency reserve records foreign currency differences arising from the translation of financial statements of all foreign controlled subsidiaries.

8. RETAINED EARNINGS

	31 December 2013	30 June 2013
	\$	\$
Accumulated loss at the beginning of the half year	(36,939,211)	(16,912,862)
Net profit/(loss) attributable to shareholders	(460,056)	(20,026,349)
Accumulated loss at the end of the half year	(37,399,267)	(36,939,211)

9. LOSS PER SHARE

The following reflects the income and share data used in the calculations of basic loss per share:

	31 December 2013	31 December 2012
	\$	\$
(a) Reconciliation of earnings to profit or loss		
Net loss used in calculating basic loss per share	(460,056)	(558,949)
(b) Weighted average number of ordinary shares outstanding during the half year		
Weighted average number of ordinary shares used in calculating basic loss per share	629,227,732	146,056,933

10. EXPENDITURE COMMITMENTS**Mineral Tenement Lease**

Financial commitments for subsequent periods are contingent upon future exploration results.

Exploration Commitments

There is no material change to the commitments disclosed in the Annual Report for the year ended 30 June 2013. The Company anticipates the exploration expenditure in Cyprus will be adequate to maintain all tenements in good standing, but less than the specified statutory minimum, as history has shown the minimum statutory commitments are not strictly enforced provided there has been reasonable activity. Should the Cyprus authorities change their practical application of this policy and decide to enforce the commitments the minimum annual expenditure would be €822,955 (A\$1,276,910) (30 June 2013: €783,559 (A\$1,116,229)).

Management Fees Commitment

There is no change to commitment or contingencies since or after the annual financial statements and the half year ended 31 December 2013.

On and from 1 January 2014, Transcontinental Investments will unilaterally agree to accrue \$5,000 of BMG's \$15,000 monthly Administration services fee, without interest.

11. RELATED PARTY INFORMATION

There are no material changes on the related party transaction since or during the half year.

12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On and from 1 January 2014 Transcontinental Investments Pty Ltd (TRG) agreed to accrue \$5,000 of the monthly fee of \$15,000 paid by BMG to TRG for Administration and Office Services, without interest.

There were no other post reporting date events at the reporting date.

13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Due to their short-term nature, the carrying amounts of the current receivables, current payables and current borrowings are assumed to approximate their fair value.

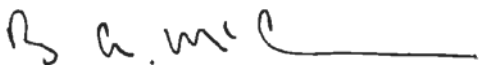
DIRECTORS DECLARATION

In the opinion of the Directors of BMG Resources Limited ("the Company"):

1. The financial statements and notes set out on pages 13 to 27, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated financial position as at 31 December 2013 and the performance for the half year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

On behalf of the Board

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

Bruce McCracken

Managing Director

Dated at Perth, Western Australia, this 11th of March 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BMG Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BMG Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BMG Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BMG Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BMG Resources Limited is not in accordance with the *Corporations Act 2001* including:

- A. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO
A handwritten signature in black ink, appearing to read 'C Burton', is written over the printed name.

Chris Burton

Director

Perth, 11 March 2014