



BMG RESOURCES LIMITED

ACN 107 118 673

**Consolidated Interim Financial Report
For the Half Year Ended
31 December 2014**

CORPORATE DIRECTORY

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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	
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DIRECTOR'S REPORT

The Directors present their report together with the consolidated financial report of BMG Resources Limited (the Company; ASX: BMG), being the Company and its subsidiaries (Consolidated Entity), for the half year ended 31 December 2014 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)

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

OPERATIONS REPORT

During the six months to 31 December 2014, BMG progressed a number of operational and corporate initiatives:

- The Company completed two successful drilling programmes in Cyprus; one at the Pevkos nickel-copper-cobalt-gold prospect in the Black Pine Project area and the other at the Mala copper-gold-zinc-silver prospect in the Vrechia area. All drill holes intersected base and precious metal sulphide targets with many high-grade intervals encountered. BMG also continued to explore its other Cyprus projects focussing on evaluating individual prospects, especially those within the Kalavassos Project area.
- The Company entered into a 12 month option agreement to acquire its 90 % interest in the advanced Harts Range Heavy Mineral Sands Project.
- The Company progressed various capital initiatives with the completion of a share (and option) consolidation on a 1-for-10 basis to provide a more sustainable capital structure, and the launch of an entitlements offer to raise \$1.3 million. The entitlements offer was subsequently withdrawn when it failed to fulfil the necessary conditions to close the raising. The Transcontinental Group has subsequently provided the Company with a letter of financial support while it undertakes alternative capital initiatives, which BMG is currently progressing with the assistance of Helmsec Global Capital Partners (Helmsec).

TREASURE PROJECT, CYPRUS

BMG is exploring Cyprus for high-grade copper-gold-zinc-silver and nickel-copper-cobalt-gold deposits. Copper has been mined in Cyprus since the Bronze Age with more than 300 copper prospects recorded throughout the Troodos Mountains. The volcanic units that host these prospects extend for >170 km of strike length. Modern mining started in the 1920s with more than 74 million tonnes of massive sulphide ore extracted from 30 deposits in the following 50 years. The largest of these deposits was Mavravouni with 16.5 million tonnes at 4.5 % copper. Large-scale copper mining in Cyprus ended in the 1970s due to a number of historical factors and there has been little exploration or development since. Nevertheless, copper continues to be produced at the privately owned Skouriotissa Mine (4,328 tonnes of copper cathode in 2012).

To date, BMG has successfully drilled high-grade Cu-Au-Zn-Ag at Mala and high-grade Ni-Cu-Co-Au at Pevkos and Laxia. BMG is continuing to define drill targets to expand these discoveries and test its other advanced prospects. The Treasure Project includes nine (9) advanced prospects where copper (+Au-Zn-Ag) was mined after 1920 and eleven (11) other prospects where evidence of similar mineralisation is exposed. In addition, BMG's Black Pine project area contains the Pevkos and Laxia Prospects where exposed massive sulphide veins containing very high-grade copper,

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nickel, cobalt and gold have been successfully drilled, and two other prospects are yet to be drilled. The Treasure Project has four project areas and currently comprises 19 licences for a total of 77.7 km².

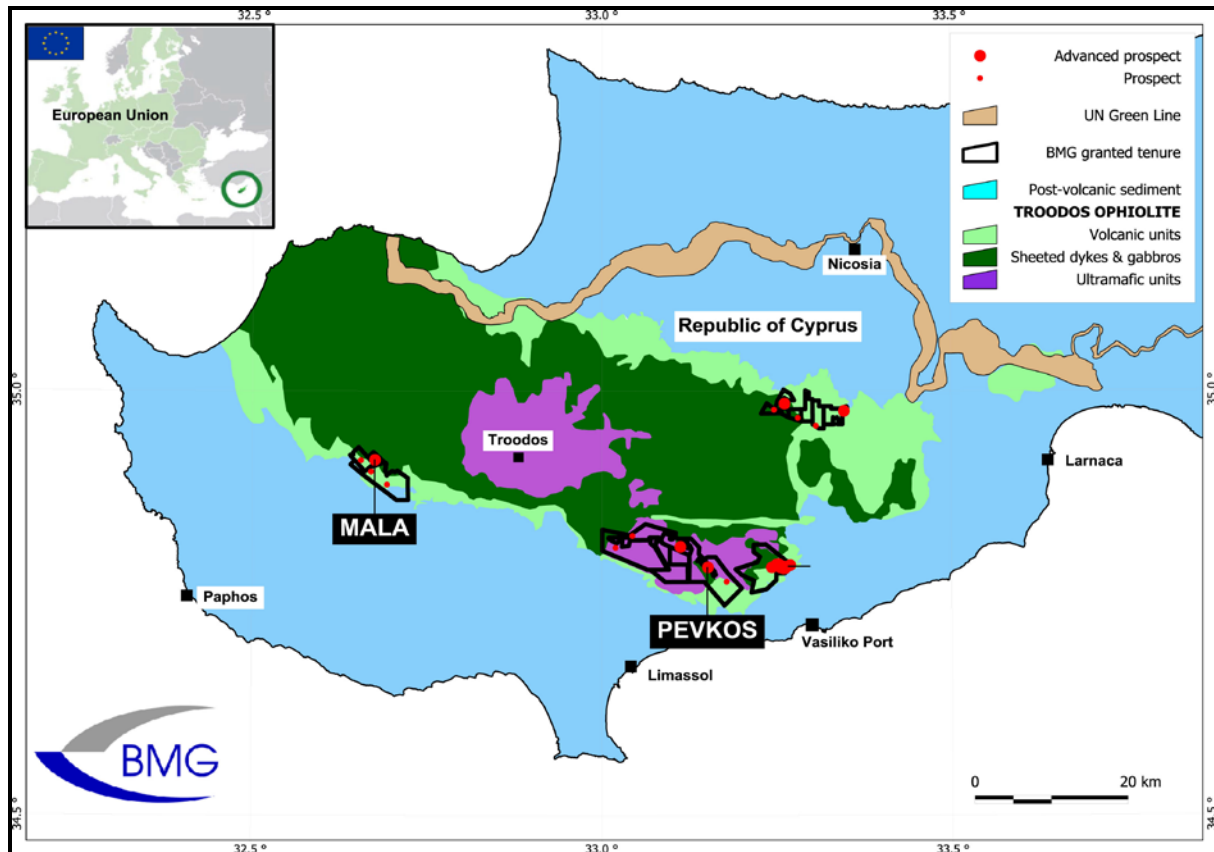


Figure 1: BMG's project areas and licences in Cyprus

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 in serpentine-altered ultramafic units. Such sulphide mineralisation is exposed at the Laxia and Pevkos Prospects. Five (5) drill holes were completed by BMG at the Pevkos Prospect in 2014, following from the thirteen (13) drill holes completed at the Laxia Prospect in 2013.

PEVKOS PROSPECT – (NICKEL-COPPER-COBALT-GOLD SULPHIDES)

Five RC drill holes (Table 1) were completed at the Pevkos Prospect (Figure 2) during the six months for a total length of 911 metres. Three drill holes targeted a strong Transient-ElectroMagnetics (TEM) conductor which modelled as a >300 metre down-dip extension of the exposed Eastern Lode. Two drill holes targeted the Western Lode where historic drilling and tunnels intersected high-grade sulphide mineralisation. All drill holes intersected sulphide-rich zones consistent with the strike and down-dip continuity of the exposed mineralised zones and other narrow sulphide-rich zones.

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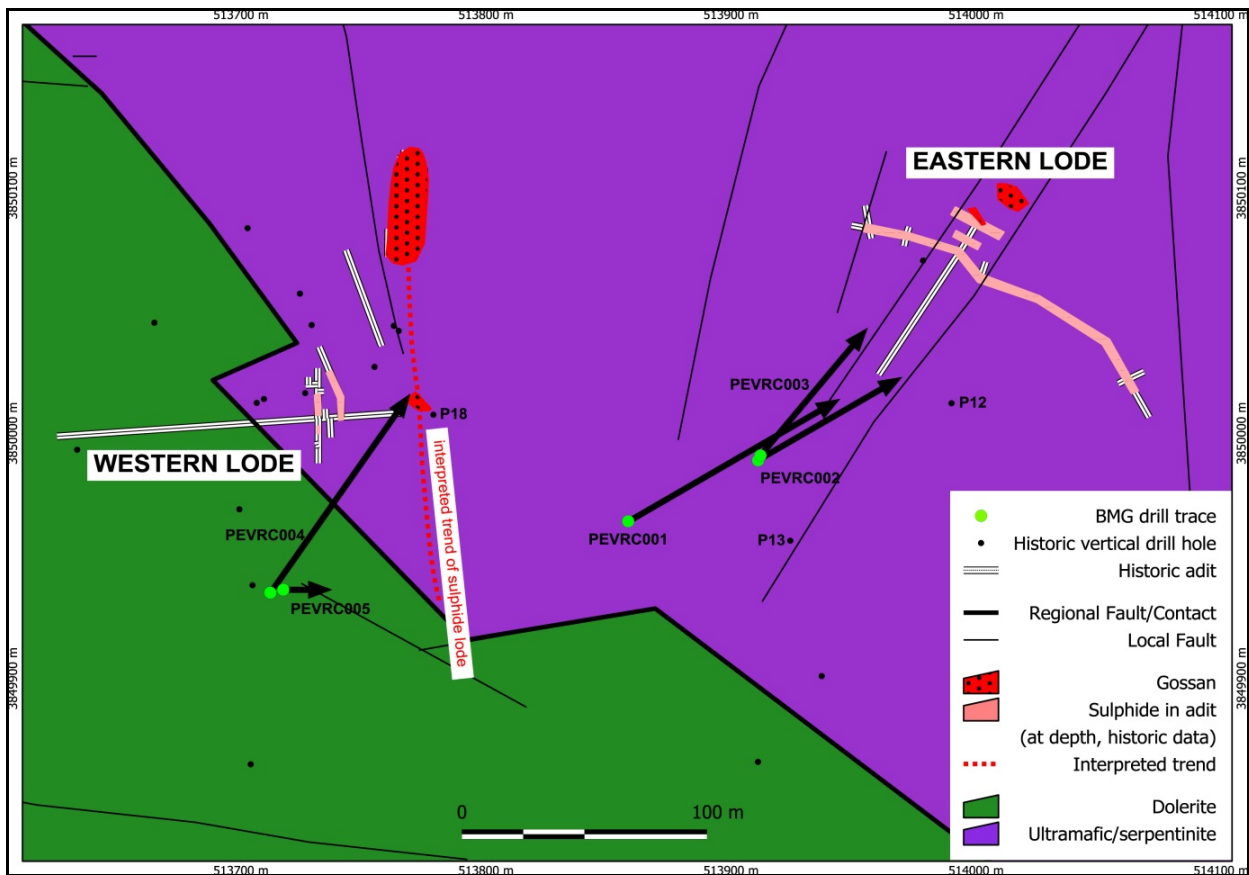


Figure 2: Location of drill holes at Pevkos Prospect with revised geological map

The best results came from PEVRC004 (Figures 2 and 3) which targeted a zone underlying an exposed gossan near the old Western Lode workings. PEVRC004 returned two metres at 3.03 % nickel, 0.33 % copper, 0.16 % cobalt and 3.00 g/t gold from 94 metres. The sulphide material is black, fine-grained and crumbly. A separate, small, hand-picked, sub-sample of sulphide from 95 to 96 metres returned 9.45 % nickel, 0.38 % copper, 0.48 % cobalt and 7.12 g/t gold. These high-grade results confirm the historic results from adit TW3C, where an average of 3.92 % nickel, 1.15 % copper and 0.606% cobalt (gold not tested) was reported for 14 metres of an 18 metre strike. The interval in PEVRC004 extends this high-grade zone about 30 metres along strike south and 40 metres down-dip. The crumbly sulphides may have posed recovery problems for the historic drilling and explain the inconsistent historic results previously obtained by drilling around the Western Lode.

Surface samples of gossan around the Western Lode have also returned high-grade nickel-copper-cobalt-gold (Table 3), which may indicate that the high-grade zone extends at least a further 100 metres north in the immediate area. The best gossan sample was collected from near the blocked main adit entrance and returned 1.16 % nickel, 0.74 % copper, 0.083 % cobalt and 9.93 g/t gold.

PEVRC005 was drilled about 80 metres south of the Western Lode adits and although it intersected numerous sulphide-rich zones no significant nickel-copper-cobalt-gold was detected. It does not appear that PEVRC005 effectively tested the southern area. Very strong sulphide mineralisation was found at the contact between the dolerite and ultramafic but was barren of base and precious metals. One sulphide-rich interval within the dolerite (60-61 metres), however, returned 0.32 % copper, suggesting that the dolerite units may also be prospective.

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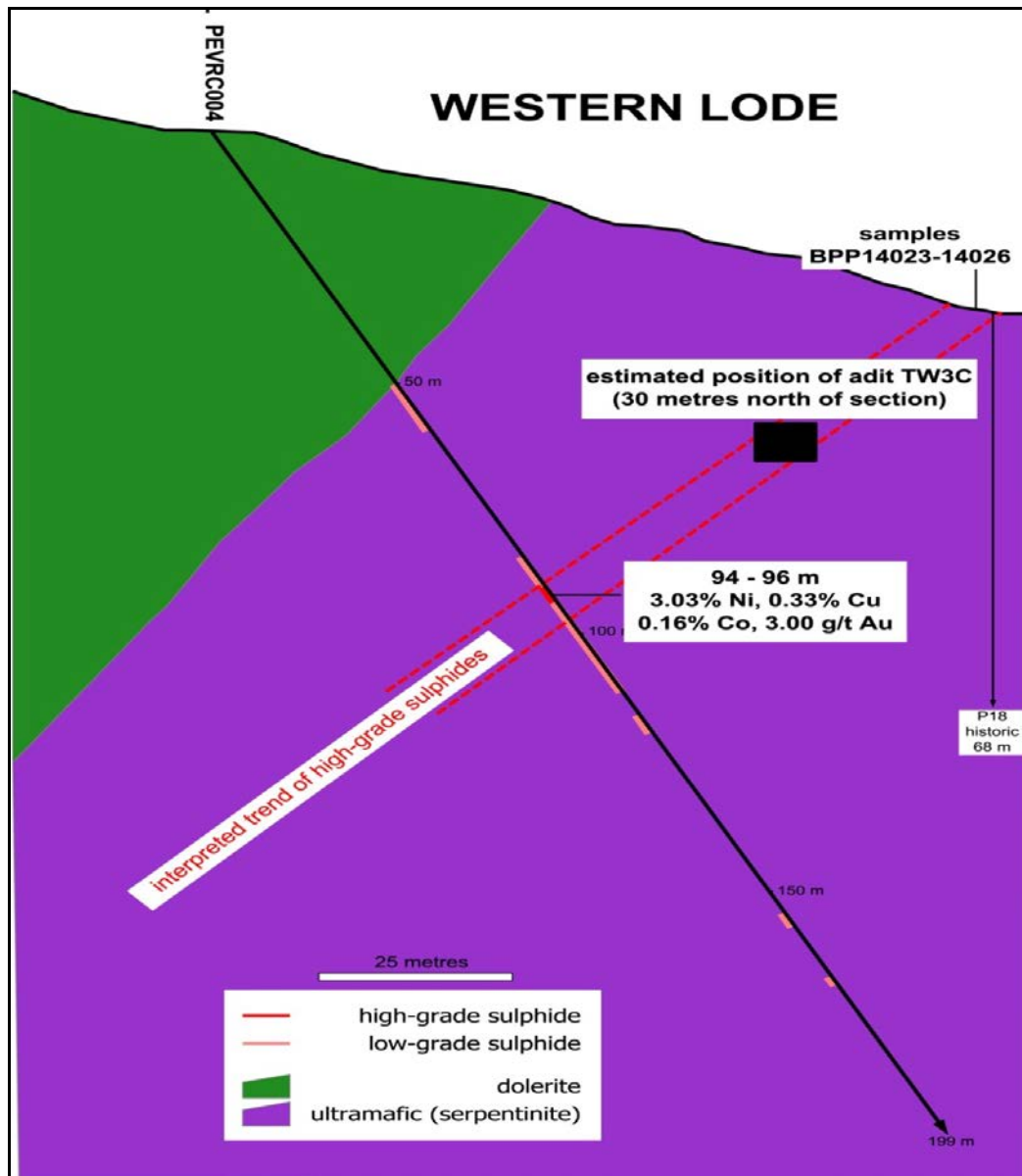


Figure 3: Section looking west showing drilling results of PEVRC004, Western Lode

Hole ID	East	North	Dip	Azimuth	Depth
PEVRC001	513858	3849964	60°	060°	199
PEVRC002	513911	3849989	70°	060°	199
PEVRC003	513912	3849991	70°	040°	199
PEVRC004	513712	3849935	60°	035°	199
PEVRC005	513707	3849936	80°	090°	115

Table 1: Drill hole information. Co-ordinates in WGS84, Zone 36N and collected with handheld GPS. Holes not surveyed.

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Hole_ID	From	To	Nickel (%)	Copper (%)	Cobalt (%)	Gold (g/t)
PEVRC002	146	147	0.212	0.184	0.035	0.61
PEVRC002	147	148	0.524	3.45	0.151	2.21
PEVRC002*	147	148	0.556	2.84	0.149	2.40
PEVRC002	148	149	0.255	0.128	0.030	0.12
PEVRC003	144	145	0.818	0.011	0.023	0.12
PEVRC004	94	95	3.59	0.603	0.199	4.08
PEVRC004*	94	95	3.78	0.614	0.208	4.69
PEVRC004†	94	95	9.45	0.384	0.481	7.12
PEVRC004	95	96	2.37	0.058	0.110	1.61
PEVRC004	96	97	0.292	0.007	0.015	0.05
PEVRC004	97	98	0.263	0.006	0.012	0.06
PEVRC005	60	61	0.004	0.32	0.005	0.01

Table 2: Selected results from recent drilling programme at Pevkos Prospect; * field duplicate, † selected sub-sample

Sample_ID	East	North	Nickel (%)	Copper (%)	Cobalt (%)	Gold (g/t)
BPP14012	513771	3850073	0.122	1.29	0.019	4.22
BPP14013	513760	3850073	0.679	0.784	0.046	0.24
BPP14014A	513769	3850091	0.715	0.009	0.067	0.03
BPP14014B	513769	3850091	0.471	0.156	0.045	0.02
BPP14015	513775	3850105	0.805	0.901	0.060	0.07
BPP14016	513767	3850112	0.804	0.724	0.058	0.33
BPP14023	513777	3850010	0.450	0.796	0.035	0.10
BPP14024A	513773	3850010	0.397	0.337	0.035	0.14
BPP14024B	513773	3850010	0.376	0.227	0.018	1.07
BPP14025	513771	3850016	1.165	0.745	0.083	9.93
BPP14026	513769	3850013	0.848	0.201	0.049	0.06

Table 3: Surface samples from Western Lode area. Co-ordinates in WGS84, Zone 36N; collected with handheld GPS.

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At the Eastern Lode, the first two drill holes (Figure 4) targeted a very strong TEM conductor, which was interpreted to be the strike and down-dip extension of the nickel-copper-cobalt-gold-rich sulphide material exposed at the Eastern Lode workings. Both drill holes intersected a broad zone containing variable amounts of sulphide, but included sub-zones with significant sulphide content. PEVRC002 returned the best result with one metre at 0.54 % nickel, 3.14 % copper, 0.15 % cobalt and 2.30 g/t gold from 147 metres. The sulphide zones in PEVRC001 contained no significant nickel-copper-cobalt-gold. Nevertheless, the main sulphide zone appears to explain the presence of the TEM anomaly and correlates with the down-dip extension of the exposed sulphide mineralisation.

A third hole was drilled at the Eastern Lode to intersect the sulphide zone identified in PEVRC002, but approximately 30 metres further north and directly beneath the exposed gossan. This hole also intersected a broad sulphide-bearing zone with a sub-zone containing more significant sulphide mineralisation. The best interval in PEVRC003 returned one metre containing 0.818 % nickel, 0.011 % copper, 0.023 % cobalt and 0.12 g/t gold from 144 metres.

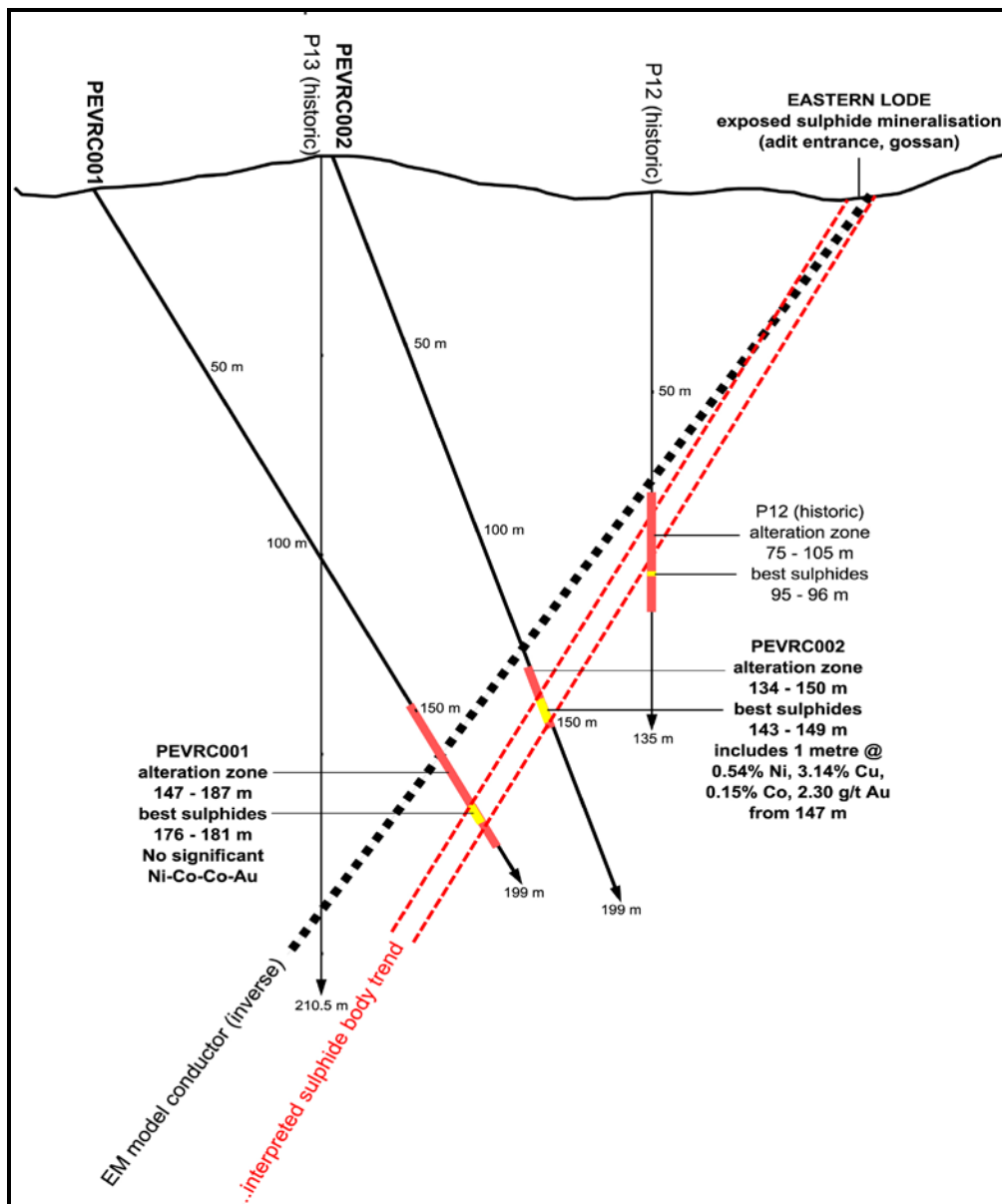


Figure 4: Section of Eastern Lode at Pevkos showing main sulphide-rich zone intersected in drilling and TEM forward model prediction

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MALA PROSPECT – (VOLCANIC-HOSTED MASSIVE SULPHIDE COPPER-ZINC-GOLD-SILVER)

The Mala Prospect comprises a modest open-cut mine where high-grade pyrite was excavated in the 1980s within a large area of gossan outcrops. Prior to mining at Mala, drilling identified widespread pyrite mineralisation, including a high-grade copper-zinc zone in eight adjacent drill holes. Reconciling the historic work with the current configuration of the open-cut mine shows that a significant amount of the high-grade copper-zinc was not removed by previous mining and remains *in situ* to the north of the mine. None of the historic drilling was assayed for gold or silver, though subsequent surface work suggested that both are also present. The Mala Prospect has all the classic features of an ancient Volcanic-Hosted Massive Sulphide (VHMS) deposit where hydrothermal fluids deposit massive pyrite (\pm copper-zinc-gold-silver) at or near the sea-floor during a hiatus in local volcanic eruptions.

Thirteen RC drill holes (Figure 5 and Table 4) were completed at the Mala Prospect for a total length of 1,092 metres. The drilling program was designed to confirm historic high-grade copper-zinc results, test for gold and silver and search for extensions of the known mineralisation. All holes intersected pyrite-rich sulphide zones related to the VHMS system. A simple geological framework for interpreting the geology at the Mala Prospect is shown in Figure 6. During a hiatus in local volcanic activity, hydrothermal fluids altered the Footwall Basalt and deposited gold-copper-zinc-silver and pyrite. The high-grade gold-copper-zinc-silver zone at the top of the Footwall Basalt is interpreted to be the “black smoker” unit and was probably deposited directly onto the ancient sea-floor. The eruption of the Hangingwall Basalt shut the VHMS hydrothermal system down, and so the Hangingwall Basalt is unmineralised.

Seven holes were collared immediately north of the pit and all drilled through unmineralised Hangingwall Basalt into the mineralised Footwall Basalt. All of these holes had a high-grade “black smoker” unit at the top of the Footwall Basalt with the best results coming from MALRC007, -004, -003 and -002. The zinc results are typically better and the copper results poorer than historic results from nearby drill holes. The medium-grade mineralisation is thickest in the northern three holes. There is evidence for mineralisation 90 metres further north with historic results from CH24 returning 5 metres at 0.26 % Cu and 0.96 % Zn from 100 metres. This depth of mineralisation suggests north-block-down faulting between MALRC005 and CH24.

Drill hole MALRC008 was collared to the northwest of the above holes and intersected a fault associated with substantial water (estimated at >50 litres/minute) from 39 metres. Beyond the fault is pyrite-rich Footwall Basalt and so no “black smoker” mineralisation was intersected.

Two holes (MALRC009, -010) were collared in the pit floor to determine the potential of the sulphide material left from mining. MALRC009 was collared in a faulted block of relatively unaltered Hangingwall Basalt, but crossed the fault at 5 metres to intersect intensely altered pyrite-rich Footwall Basalt. MALRC010 was collared directly into intensely altered pyrite-rich Footwall Basalt. Both holes returned modest gold-copper-zinc-silver assays consistent with the results from immediately beneath the high-grade “black smoker” unit. It seems unlikely that the “black smoker” unit remains in the main part of the pit.

Three holes were collared west of the pit to test for high-grade extensions. MALRC011 was collared at the edge of the pit and intersected similar geology to that found to the north of the pit, including a two metre wide high-grade “black smoker” zone at the top of mineralised Footwall Basalt. MALRC012 and MALRC013 were collared further west in gossan material and intersected mineralised Footwall Basalt, but not the high-grade “black smoker” unit. The “black smoker” unit must be missing from this area and so it is interpreted that there must be a significant northwest-trending fault between these holes and MALRC011.

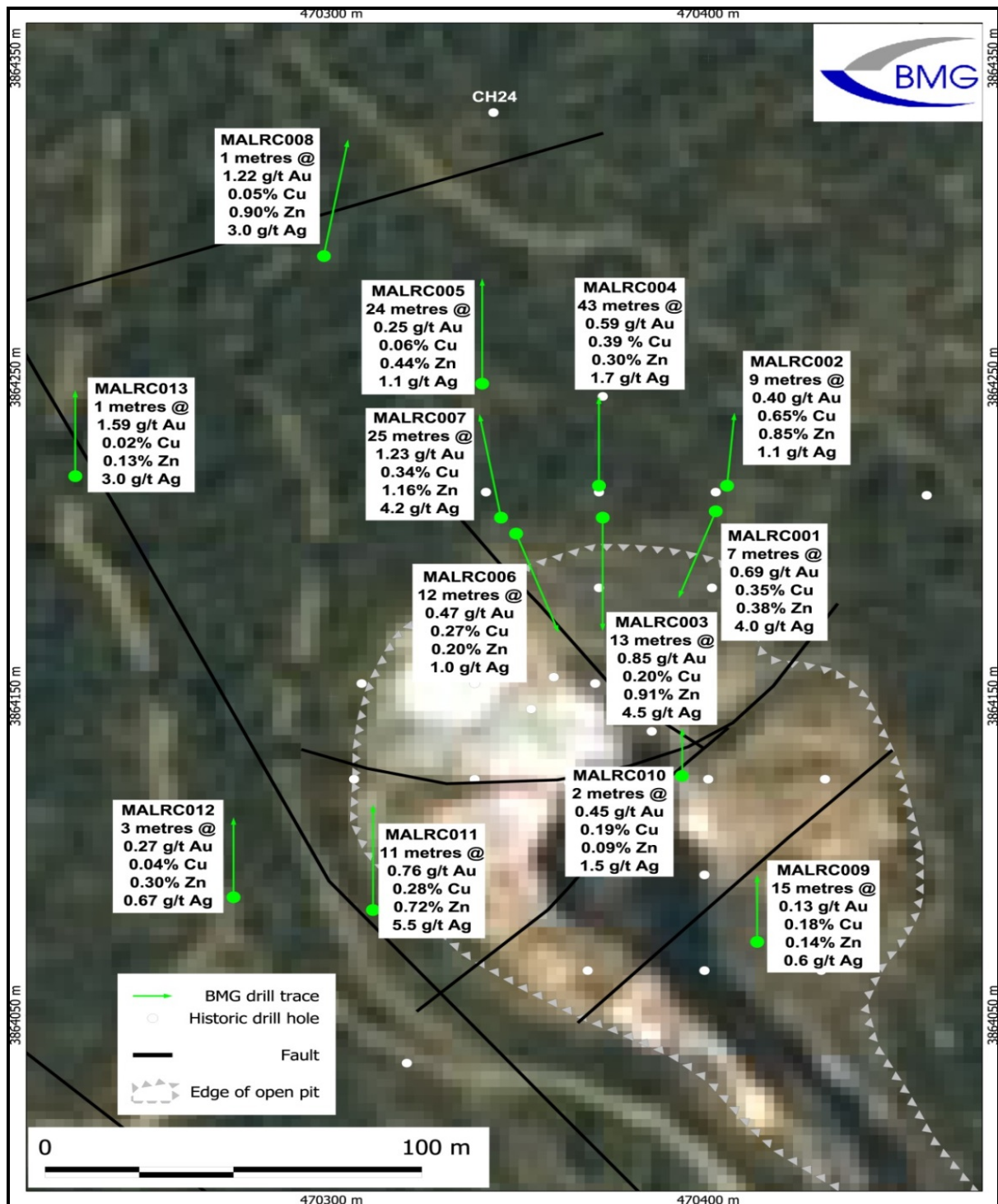


Figure 5: BMG drill hole results at Mala Prospect. SPOT satellite image as background.

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Hole_ID	From (m)	To (m)	Width (m)	Gold (g/t)	Copper (%)	Zinc (%)	Silver (g/t)	Comment
NORTHERN ZONE								
MALRC001	55	62	7	0.69	0.35	0.38	4.0	
MALRC002	39	48	9	0.40	0.65	0.85	1.1	
including (from 44 m)			3	0.76	1.30	1.48	2.3	
MALRC003	48	61	13	0.85	0.20	0.91	4.5	
including (from 54 m)			4	1.46	0.43	2.13	9.2	
MALRC004	33	72	39	0.59	0.39	0.30	1.7	extent of current sampling
including (from 37 m)			5	2.15	0.23	1.80	5.1	
including (from 50 m)			2	1.01	0.737	0.03	2.0	
including (from 63 m)			1	0.84	1.01	0.15	2.0	
including (from 68 m)			1	0.45	3.04	0.04	2.0	
MALRC005	62	86	24	0.25	0.06	0.44	1.1	extent of current sampling
MALRC006	29	30	1	1.29	0.16	1.54	3.0	no adjacent assays
	41	53	12	0.47	0.27	0.20	1.0	minor fault above this zone
MALRC007	46	71	25	1.23	0.34	1.16	4.2	extent of current sampling
including (from 46 m)			14	2.0	0.34	2.0	6.1	
including (from 46 m)			6	3.7	0.41	4.1	11.3	
including (from 48 m)			1	15.5	0.65	12.3	42	
including (from 66 m)			4	0.42	0.68	0.09	2.8	
MALRC008	46	48	2	0.74	0.11	0.23	5.0	water >50 litre/minute from 39 metres
	69	70	1	1.22	0.05	0.90	3.0	
PIT FLOOR								
MALRC009	5	20	15	0.13	0.18	0.14	0.6	fault at 5 metres; extent of current sampling
MALRC010	1	3	2	0.45	0.19	0.09	1.5	collared in massive pyrite
EASTERN ZONE								
MALRC011	18	29	11	0.76	0.28	0.72	5.5	
including (from 21 m)			2	2.16	0.37	1.92	17.8	
MALRC012	29	32	3	0.27	0.04	0.30	0.67	strong gossan to 8 metres
MALRC013	56	57	1	1.59	0.02	0.13	3.0	strong gossan to 13 metres

Table 4: Summary of recent drilling results at Mala Prospect.

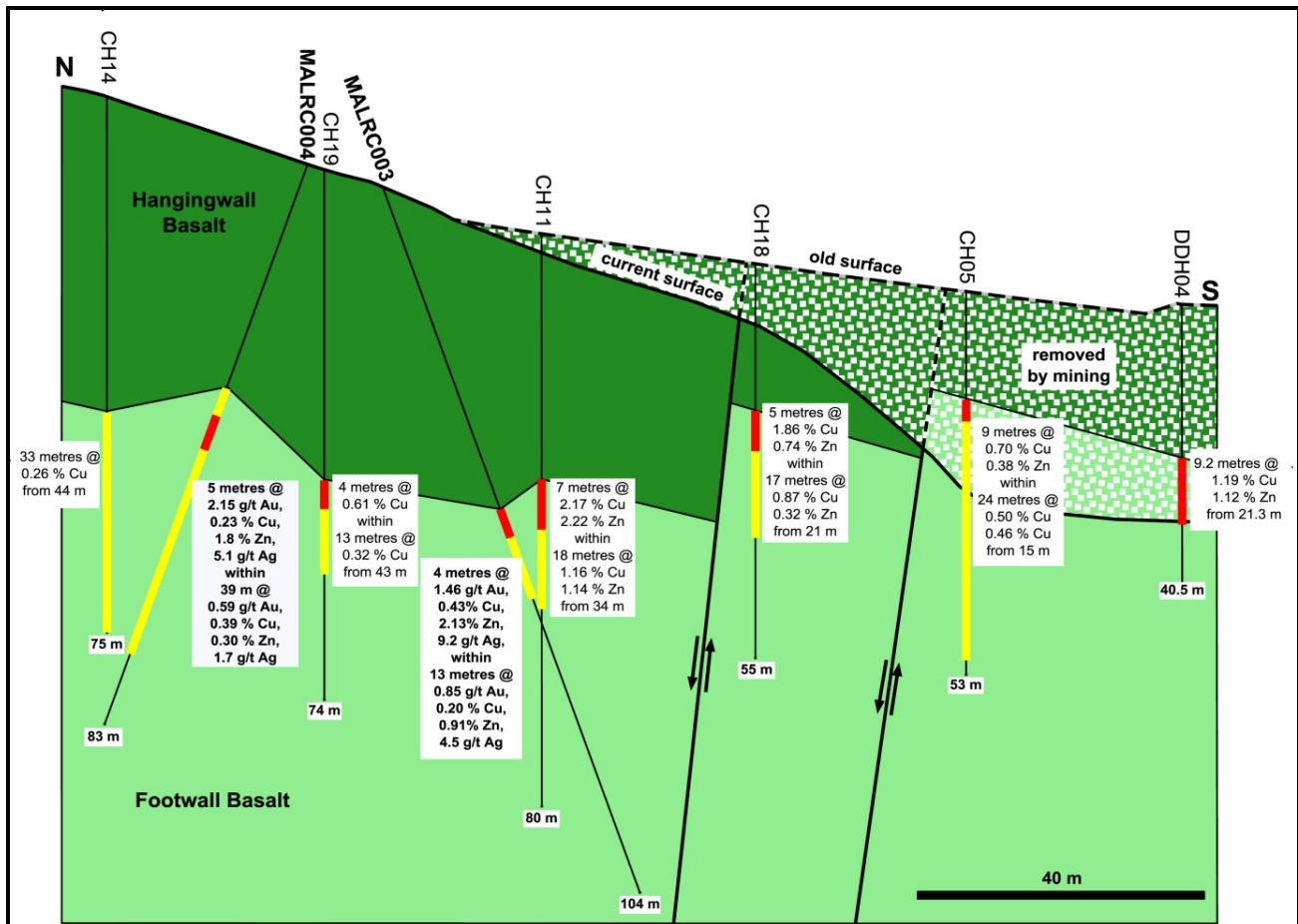


Figure 6: Section looking west shows drilling results of northern area. Red is high grade; yellow medium grade. BMG data are bold.

The current assay results clearly demonstrate high-grade gold-copper-zinc-silver at the Mala Prospect and show the great potential for other high-grade discoveries in the immediate area. It is expected that the area immediately north of the pit can be extended further north and northeast to intersect the “black smoker” unit at the top of mineralised Footwall Basalt. Given that there are gossan outcrops around Mala within an area of at least 600 by 1,000 metres then there is clearly scope to discover other extensions of the high-grade “black smoker” unit. Most of the few historic drill holes beyond the mine site returned elevated copper-zinc mineralisation most likely in the Footwall Basalt.

HARTS RANGE PROJECT, NORTHERN TERRITORY

The Harts Range Project (Figure 7) contains a large established JORC-compliant resource of Heavy Minerals within unconsolidated surficial sand in dune, channel and floodplain settings. The Heavy Mineral component of the sand is significant (average 33.8% by weight) and predominantly composed of hornblende (AMH = aluminomagnesian hornblende) and garnet, but also lesser amounts of other minerals including rutile, ilmenite and leucoxene. Prior to 2009, extensive technical, logistical and commercial work was completed by Olympia Resources Limited. There has been limited work since then. The Project is located approximately 120 km north east of Alice Springs in the Northern Territory, Australia. The Project area is approximately 100 km east of the Alice Springs - Darwin rail line and straddles the Plenty Highway.

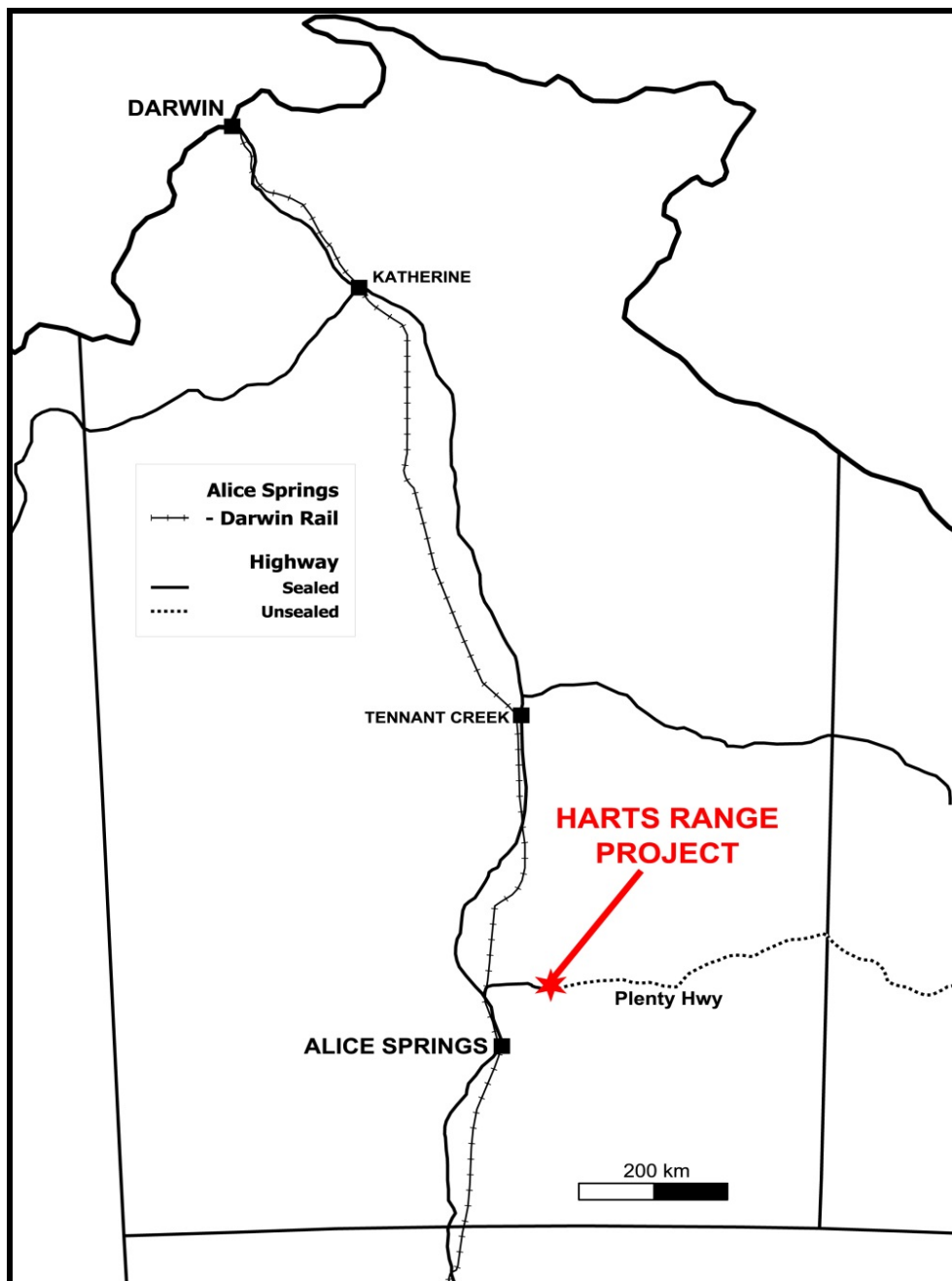


Figure 7: Location of the Harts Range Project, Northern Territory

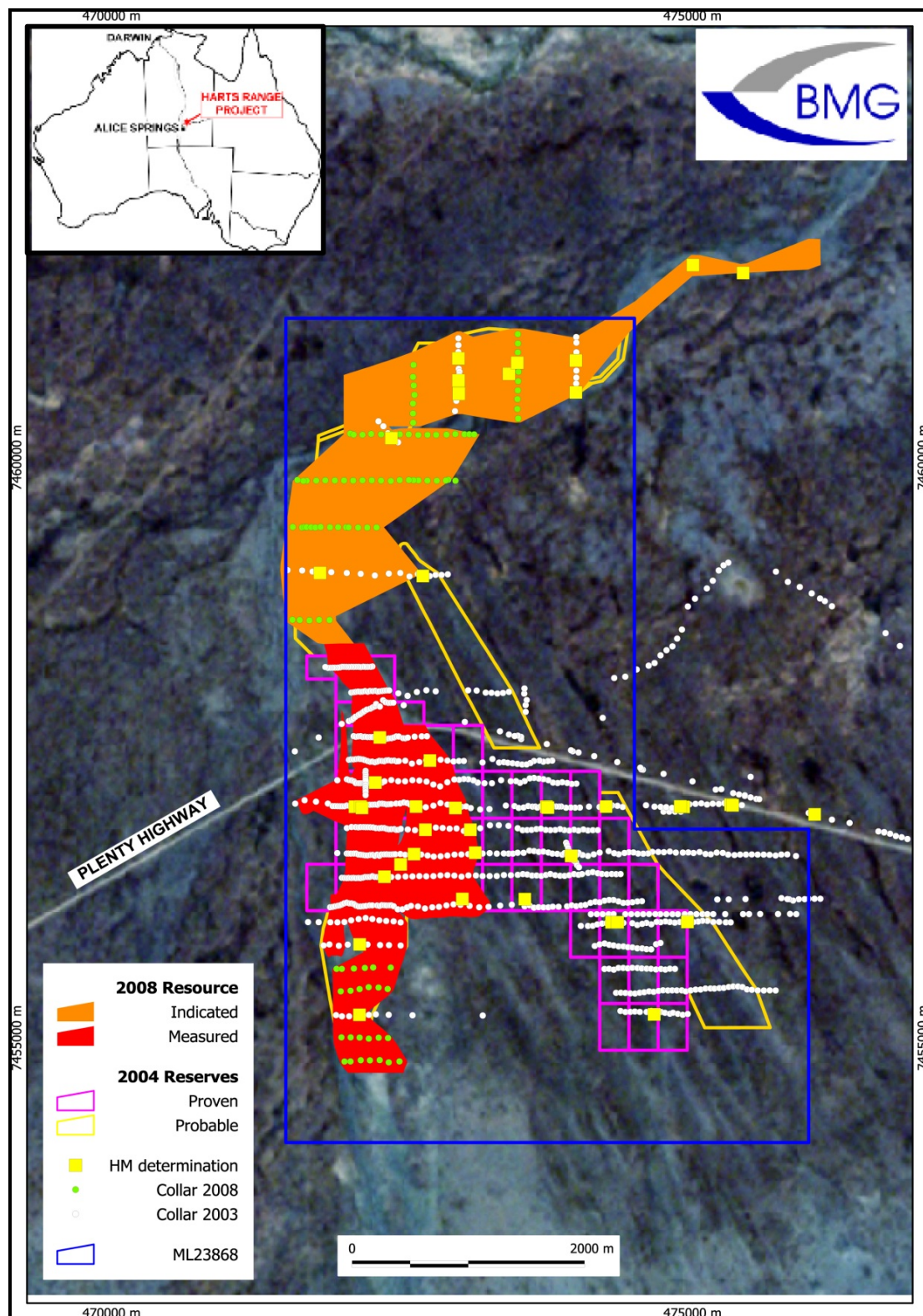


Figure 8: ML23868 showing general Resource Blocks, drill collars and bulk sample sites

DIRECTOR'S REPORT

Olympia Resources released the most recent Harts Range Heavy Mineral Resource inventory (Figure 8 and Tables 5-8) to the ASX on 30 January 2009. This supersedes the Mineral Resource and Reserve inventory that had been released in 2004 and supported by a feasibility study completed by HBH Engineering. A small part of the 2009 Indicated Resource extends beyond the northern boundary of ML23868, and this has been included here. The published 2009 Inferred Resources that were outside ML23868 (Plenty River and Spinifex Bore localities) have been omitted. Total heavy mineral percentages were obtained from each drill hole across the project area. The percentages of garnet, AMH and "others" were determined from Heavy Mineral separates collected from bulk samples (drill-hole composites or deliberate excavations). Different landforms (Dune, Swale, Floodplain, Palaeochannel) were used to define "Ore types" as these have quite distinct Oversize, Slimes and Heavy Mineral compositions. Ore Blocks typically comprise more than one "Ore type".

MINERAL RESOURCE ESTIMATES 2009

Category	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

Table 5: 2009 Resource summary

Resource type	Material (t)	Heavy Mineral (%)	Oversize (%)	Slime (%)	Heavy Minerals (t)	Garnet (t)	AMH (t)
Floodplain	6,491,000	34.7	5.8	16.4	2,254,000	488,000	1,685,000
Palaeochannel	3,539,000	31.4	10.7	14.1	1,112,000	311,000	764,000
Dune	25,612,000	35.0	1.0	19.0	8,967,000	1,581,000	6,925,000
TOTAL	35,642,000	34.6	2.8	18.0	12,333,000	2,338,000	9,374,000

Table 6: 2009 Measured Resource

Resource type	Material (t)	Heavy Mineral (%)	Oversize (%)	Slime (%)	Heavy Minerals (t)	Garnet (t)	AMH (t)
Floodplain	10,040,000	34.5	6.5	13.4	3,460,000	830,000	2,500,000
Palaeochannel	7,500,000	31.3	14.3	11.5	2,350,000	750,000	1,540,000
Dune	22,660,000	32.9	1.0	20.0	7,450,000	1,240,000	5,820,000
TOTAL	40,200,000	33.0	4.9	16.8	13,260,000	2,820,000	9,860,000

Table 7: 2009 Indicated Resources

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Resource type	Material (t)	Heavy Mineral (%)	Oversize (%)	Slime (%)	Heavy Minerals (t)	Garnet (t)	AMH (t)
Dune	13,500,000	34.1	1.0	20.0	4,600,000	950,000	3,000,000

Table 8: 2009 Inferred Resources

Olympia Resources obtained all the necessary approvals to commence mining operations at Harts Range, including:

- Grant of Mining Lease (ML23868; granted 12 August 2005 for 25 years),
- Mine Management Plan (Northern Territory Government, March 2008),
- Indigenous Land Use Agreement (ILUA) with Central Land Council (DI2003/008; registered with National Native Title Tribunal 20 November 2003), and
- Environmental Assessment (Public Environmental Report and various baseline studies).

Numerous internal commercial and logistics studies were also completed by Olympia Resources to develop a Feasibility Study in 2006. The Feasibility Study only looked at the scenario of producing abrasives with bulk garnet and garnet-AMH (garnetblende) product streams. A summary of this Feasibility Study was released by Olympia Resources Limited to the ASX on 9 January 2007. Since then the Resource inventory has been significantly upgraded and many of the original inputs will have been superseded by more recent work.

The Harts Range Project provides BMG with a low-cost entry into a well advanced development opportunity with strong potential for near-term production and commercialisation. The terms of the option agreement provide BMG with 12 months to evaluate the project and to refresh existing studies to optimise the case for commercial development. In particular BMG proposes to evaluate the following:

- **Products** – The 2006 Feasibility Study primarily focussed on the commercial viability of selling bulk garnet and garnetblende for industrial abrasive applications. Garnet can be used for other purposes, such as filtration, and certain forms of garnet demand higher prices. Such garnet is known to be present at Harts Range and recent studies suggest that it is obtainable using standard mineral sands processing techniques. Other Heavy Minerals, such as rutile, leucoxene and ilmenite, are also present and may provide additional high-value products. BMG proposes to undertake further analysis to identify whether the processing circuit can be optimised to separate these, and possibly other high-value products.
- **Resources** – The distribution of these potential high-value products is not captured in the current resource. Some of the necessary information may be contained within existing datasets, but it is expected that further test-work will be required to determine the amount and location of any high-value components. It may be necessary to recalculate the resource to account for a new product mix.
- **Markets** – Products such as garnet and titanium-based minerals have relatively established markets, whereas other potential products, such as the AMH, have less developed markets. Further work will be required to develop the necessary markets. There has already been a considerable body of market-based work for some of the potential products completed for Olympia Resources as part of its Feasibility Study.

BMG has signed a 12 month Option Agreement with Imperial Granite to acquire Imperial Granite's 90% interest in ML23868. The Company paid an option fee of c.\$43,500, being Imperial Granite's share of the current annual rent due on the mining lease.

Imperial Granite sold the project to Olympia Resources in 2000. Olympia significantly advanced the asset by completing a Feasibility Study and had intended to progress into production just prior to the global financial crisis.

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Olympia was subsequently taken over by Matilda Zircon and the Project ended back with Imperial Granite (90%) and Branvest Pty Ltd (10%) following a legal dispute between Imperial Granite and Matilda Zircon. BMG may exercise the option at its discretion at any time prior to 17 September 2015. If BMG elects to exercise the option and proceed with the acquisition of Imperial Granite's interest in ML23868, BMG will pay Imperial Granite a completion payment of \$450,000, and up to an additional \$4,050,000 based on the achievement of key project milestones as follows:

- **Completion Consideration** - \$450,000 within 3 months of exercising the option comprising \$225,000 in cash and \$225,000 in BMG shares (based on the higher of 5 day VWAP or capital raising price in 3 months prior to issue),
- **Bankable feasibility study** - \$720,000 within 3 months of the completion of a bankable feasibility study comprising all cash or half cash and half shares (on the same basis as the completion consideration shares) at BMG's discretion,
- **Decision to mine** - \$900,000 within 3 months of a decision to mine comprising all cash or half cash and half shares (on the same basis as the completion payment shares) at BMG's discretion,
- **Production Payments** – Up to \$2,430,000 (in total) payable from gross profit earned from mining operations, comprising 10% of gross profits in any financial year (to a maximum of \$450,000) until fully paid. Gross profit is calculated as gross revenue from mining operations on ML23868 less total C3 operating costs and financing costs.

CORPORATE

During the last half year BMG advanced various capital management initiatives with the assistance of Helmsec. The Company completed a 1-for-10 share (and option) consolidation to provide a more sustainable capital structure by reducing the number of shares on issue to 62.9 million. BMG launched an entitlements offer to raise \$1.3 million, partially underwritten by Transcontinental Investments Pty Ltd. The entitlements offer was subsequently withdrawn when it failed to fulfil the necessary conditions to close the raising. All fees to directors and corporate and management fees to the Transcontinental Group (BMG's major shareholder) continue to be accrued, and the Transcontinental Group has provided a letter of financial support to the Company while it pursues alternative capital initiatives.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results for the Treasure Project, Cyprus, 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 an executive director of BMG Resources Limited and a consultant geologist with Khalkeus Minerals 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 Laxia Prospect were 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**

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.

DIRECTOR'S REPORT

The results referenced herein for the Pevkos Prospect were reported to the ASX on:

- **13 August 2014 – Drilling at Pevkos Intersects Targets in All Holes**
- **28 August 2014 - Assay Results Confirm Discovery of High Grade Nickel-Copper-Cobalt-Gold Mineralisation, Pevkos Prospect, Cyprus**

under the 2012 JORC Code. There have been no material changes since these results were last reported.

The results referenced herein for the Mala Prospect were reported to the ASX on:

- **18 December 2013 - High Grade Copper-Zinc Mineralisation at Mala Prospect – Vrechia**
- **9 September – Drilling Program Planned for High-Priority Copper-Gold Targets at Mala (Vrechia) and Pevkos (Black Pine) in Cyprus**
- **1 October 2014 – High-Grade Gold-Copper-Zinc-Silver Discovered at BMG's Cyprus Project**

under the 2012 JORC Code. There have been no material changes since these results were last reported.

The Feasibility Study and Resource Estimates referenced herein for the Harts Range Project were reported to the ASX by Olympia Resources Limited (ASX: OLY, now MZI) on:

- **18 June 2004 [Olympia Resources Limited - Prospectus],**
- **21 September 2004 [Harts Range Garnet Recovery Increased to 75%],**
- **12 September 2005 [Mining Lease Granted for Harts Range Abrasives Project],**
- **9 January 2007 [Olympia Resources Board Approves the Harts Range Abrasive Project] and**
- **30 January 2009 [Increases in Tonnage and Garnet Grade of Harts Range Resource]**

under the 2004 JORC Code. The details pertaining to resource estimation and mineralisation resource were prepared by Mr John Baxter who at the time was a Member of the Australasian Institute of Geoscientists (RPGeo) and a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM") and qualified as a competent person to report on these matters. There have been no material changes since these results were last reported.

The author of this Report is not aware of any new information or data that materially affects the information included in the Harts Range Resource Estimates, 2009 and, in the case of mineral resources that all the material assumptions and technical parameters underpinning the estimates in the Harts Range Resource Estimates, 2009 continue to apply and have not materially changed. The form and context in which the findings of Mr Baxter are presented have not been materially modified.

The information in this report that relates to Exploration Results, Exploration Targets, Mineral Resources or Ore Reserves for the Harts Range Project is based on information reviewed by Mr Malcolm Castle who is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Mr Castle is a non-executive director of BMG Resources Limited and a consultant geologist with Agricola Mining Consultants Pty Ltd. He has sufficient experience that is relevant to the styles of mineralisation and types 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. Mr Castle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 2014 amounted to \$516,787 (2013: \$460,056). As at 31 December 2014, the Company had \$109,982 cash and cash equivalents.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

Transcontinental Group (TRG) has provided a letter of support to BMG dated 20 February 2015 and confirmed that TRG will provide financial support to BMG to meet its debts when they fall due and to enable BMG to carry on its business as a going concern and maintain its assets in good standing for a period until BMG completes adequate fund raising or for the period of 12 months from the date of signing the 2014 Half Year Report.

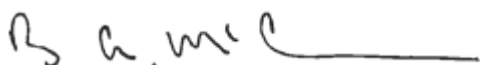
On 11 February 2015 BMGN and BMGO were suspended from quotation on the ASX following the Company's cancellation of the Entitlement Offer and Shortfall Offer announced on 4 December 2014.

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 21 for the half year ended 31 December 2014.

Signed in accordance with a resolution of the Board of Directors



Bruce McCracken
Managing Director

Dated at Perth, Western Australia, this 10th of March 2015

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 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. 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, 10 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

		HALF YEAR	
	Notes	31 December 2014 \$	31 December 2013 \$
Revenue		4,844	34,206
Employee benefits expense	3	(113,455)	(124,165)
Employee options expense	4	(44,155)	(44,715)
Depreciation and amortisation expense		(7,359)	(10,050)
Accounting & audit fee		(21,692)	(46,233)
Management and service fees		(90,000)	(90,000)
Corporate and administration expenses		(145,783)	(102,067)
Tenement Administration Expenses		(43,463)	-
Exploration expenditure write off		-	(2,506)
Other expenses from ordinary activities		(55,724)	(74,526)
LOSS BEFORE INCOME TAX		(516,787)	(460,056)
Income tax expense		-	-
LOSS FOR THE HALF YEAR AFTER TAX		(516,787)	(460,056)
Loss is attributable:			
Owner Of Brazilian Metals Group Limited		(516,787)	(460,056)
NET LOSS FOR THE HALF YEAR		(516,787)	(460,056)
Other Comprehensive Loss			
Items that will be reclassified to Profit and Loss:			
Foreign Currency Translation Differences for Foreign Operations		49,801	94,232
		49,801	94,232
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(466,986)	(365,824)
Basic and diluted loss per share (cents per share)	14	(0.82)	(0.73)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Notes	31 December 2014 \$	30 June 2014 \$
CURRENT ASSETS			
Cash and cash equivalents		109,982	696,944
Prepayments		745	4,644
Trade and other receivables		12,678	5,174
TOTAL CURRENT ASSETS		123,405	706,762
NON-CURRENT ASSETS			
Property, plant and equipment		48,165	54,091
Exploration and evaluation expenditure	5	2,759,764	2,271,852
TOTAL NON-CURRENT ASSETS		2,807,929	2,325,943
TOTAL ASSETS		2,931,334	3,032,705
CURRENT LIABILITIES			
Trade and other payables	9	63,801	100,712
Borrowings	10	338,371	-
TOTAL CURRENT LIABILITIES		402,172	100,712
TOTAL LIABILITIES		402,172	100,712
NET ASSETS		2,529,162	2,931,993
EQUITY			
Contributed equity	11	39,797,644	39,777,644
Reserves	12	1,028,581	934,625
Accumulated Loss	13	(38,297,063)	(37,780,276)
TOTAL EQUITY		2,529,162	2,931,993

The above 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 2014

	Issued Capital Ordinary \$	Accumulated Losses \$	Option Reserve \$	Foreign Currency Reserve \$	Total \$
BALANCE AT 1 JULY 2014	39,777,644	(37,780,276)	520,153	414,472	2,931,993
Total comprehensive loss for the half year		(516,787)			(516,787)
Foreign exchange movement				49,801	49,801
Transactions with owners in their capacity as owners:					
Employee share options	-	-	44,155		44,155
Share issued to settle liabilities	20,000	-	-	-	20,000
BALANCE AT 31 DECEMBER 2014	39,797,644	(38,297,063)	564,308	464,273	2,529,162
BALANCE AT 1 JULY 2013	39,777,644	(36,939,211)	444,166	423,323	3,705,922
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:					
Employee share options	-	-	44,715	-	44,715
BALANCE AT 31 DECEMBER 2013	39,777,644	(37,399,267)	488,881	517,555	3,384,812

The above 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 2014

		HALF YEAR	
		31 December 2014	31 December 2013
	Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(186,455)	(449,162)
Interest received		4,936	34,206
GST Refundable/(Payable)		(7,503)	21,398
NET CASH (OUTFLOW) IN OPERATING ACTIVITIES		(189,022)	(393,558)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,222)	-
Payments for exploration and evaluation		(487,872)	(747,234)
NET CASH (OUTFLOW) IN INVESTING ACTIVITIES		(489,094)	(747,234)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from Transcontinental Investments Pty Ltd		70,000	-
NET CASH INFLOW IN FINANCING ACTIVITIES		70,000	-
NET DECREASE IN CASH HELD		608,116	(1,140,792)
Cash and cash equivalents at the beginning of half year		696,944	2,350,464
Effect of exchange rates on cash holdings in foreign currencies		21,154	1,936
CASH AND CASH EQUIVALENTS AT THE END OF HALF YEAR		109,982	1,211,608

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

NOTES TO THE FINANCIAL STATEMENT

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 2014, together with any public announcements made during the half year ended 31 December 2014 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.

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 2015.

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 2014.

(c) Adoption of new and revised accounting standards

In the half year ended 31 December 2014, 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 2014.

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 2014. 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 Officer (COO) in order to allocate resources to the segment and to assess its performance. Management has determined the operating segments based on reports reviewed by the Board that are used to make strategic decisions.

NOTES TO THE FINANCIAL STATEMENT

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 period financial 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. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the entity and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

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

Segment information provided to the executive management committee for the half year ended 31 December 2014 is as follows:

Segment Performance

Six months ended 31 December 2014

	Exploration (Brazil)	Exploration (Cyprus)	Investment (Australia)	Corporate (Australia)	Total Consolidated Entity
External revenues	1,005	-	3,839	-	4,844
Inter-segment revenue	-	-	-	-	-
Corporate and administration	(222)	(12,910)	-	(222,650)	(235,782)
Depreciation and amortisation expense	-	(1,094)	-	(6,266)	(7,360)
Exploration expenditure write off	-	-	-	-	-
Employee option expenses	-	-	-	(44,155)	(44,155)
Other expenses	(12,424)	(12,115)	(241)	(209,554)	(234,334)
Reportable segment profit before income tax	(11,641)	(26,119)	3,598	(482,625)	(516,787)

NOTES TO THE FINANCIAL STATEMENT

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)

(a) Segment Assets and Liabilities

Six months ended 31 December 2014

	Exploration (Brazil)	Exploration (Cyprus)	Investment (Australia)	Corporate (Australia)	Total Consolidated Entity
Assets					
Current assets	1,327	67,780	-	54,298	123,405
Property, plant and equipment	-	7,662	-	40,503	48,165
Exploration and evaluation expenditure	-	2,759,764	-	-	2,759,764
Other non-current assets	-	-	-	-	-
Total Segment Assets	1,327	2,835,206	-	94,801	2,931,334
Total Segment Liabilities	-	(4,824)	-	(397,348)	(402,172)
Net Assets Employed	1,327	2,830,382	-	(302,547)	2,529,162

NOTES TO THE FINANCIAL STATEMENT

Six months ended 31 December 2013

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

3. EMPLOYEE BENEFITS EXPENSE

	31 December 2014 \$	31 December 2013 \$
Wages and salaries	-	3,496
Directors' fees	106,300	113,500
Superannuation	6,679	7,169
Other personnel expenses	476	-
Employee benefits expense	113,455	124,165

On and from 1 September 2014 onward the directors have agreed to accrue 100% of their fees classified as Borrowings.

4. EMPLOYEE OPTION EXPENSES

	31 December 2014 \$	31 December 2013 \$
Shared Based Payment	44,155	44,715
Employee option expense	44,155	44,715

Details of Share based payment is discussed in Note 8.

NOTES TO THE FINANCIAL STATEMENT

5. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2014	30 June 2014
	\$	\$
Opening balance	2,271,852	1,409,594
Exchange movement	40,378	12,606
Exploration expenditure capitalised	447,534	895,899
Exploration expenditure written off (Brazil)	-	(46,247)
Exploration and evaluation expenditure	2,759,764	2,271,852

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.

6. CONTINGENT LIABILITIES

There have been no changes in contingent liabilities during this half year other than the payments under the option agreements should BMG progress with the acquisition.

7. DIVIDENDS

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

8. 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.

Options Expensed

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

NOTES TO THE FINANCIAL STATEMENT

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 2014	30 June 2014
	\$	\$
Share-based payment		
Proposed Options issued under employee option plan	-	26,710
Options issued under employee option plan	44,155	49,277
	44,155	75,987

9. TRADE AND OTHER PAYABLES

	31 December 2014	30 June 2014
	\$	\$
CURRENT LIABILITIES		
Trade creditors and accruals	63,801	100,712
	63,801	100,712

10. BORROWINGS

	31 December 2014	30 June 2014
	\$	\$
CURRENT LIABILITIES		
Borrowings (Transcontinental Investments)	70,000	-
Other creditors (Accrued Management Fees)	100,000	-
Other creditors (Accrued Directors Fee)	168,371	-
	338,371	-

Transcontinental Investments Pty Ltd has agreed to provide the Company with financial support by way of interest free loans to cover the working capital requirements until a capital raising is completed.

On and from 1 January 2014 TRG agreed to accrue \$5,000 of \$15,000 the monthly fee for Administration Services and from 1 September 2014 onward 100% accrued of the monthly fee for Administration Services without charging any interest instead of requiring payment of the full invoice on ordinary terms. At the end of the 2014 Half Year Report, the Company has accrued administration services fees of \$100,000 in total.

During September 2014 directors' fees were significantly accrued. From 1 October 2014 all directors' fees have been accrued.

NOTES TO THE FINANCIAL STATEMENT

11. CONTRIBUTED EQUITY

A reconciliation of the movement in capital for the entity can be found in the Statement of Changes in Equity.

	31 December 2014	30 June 2014
	\$	\$
Balance at the start of the period	39,777,644	39,777,644
Shares issued to settle consultancy fee	20,000	-
Balance at the end of the half year	39,797,644	39,777,644

(a) Movements of share capital during the year

Date	Details	No of shares	Issue price\$	\$
01.07.2014	Opening Balance 36,099,260 fully paid ordinary shares (June 14: 36,099,260)	629,227,732	-	39,777,644
	Shared Issued to settle Helmsec Global Capital Consultancy fee	10,000,000	-	20,000
	Share Consolidated 10:1 to the closet	(575,304,880)	-	-
Closing Balance as at 30/06/2014		63,922,852	-	39,797,644

Ordinary Shares

The holder of Ordinary Shares is entitled to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary Shares have no par value and the Company does not have a limited amount of authorised capital.

12. RESERVES

	31 December 2014	30 June 2014
	\$	\$
Opening Balance	934,625	867,489
Movement during the half year		
Foreign exchange movement	49,801	(8,851)
Employees Share Based Payment	44,155	75,987
	1,028,581	934,625

NOTES TO THE FINANCIAL STATEMENT

(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) Foreign Currency Reserve

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

13. ACCUMULATED LOSS

	31 December 2014	30 June 2014
	\$	\$
Accumulated loss at the beginning of the half year	(37,780,276)	(36,939,211)
Net profit/(loss) attributable to shareholders	(516,787)	(841,065)
Accumulated loss at the end of the half year	(38,297,063)	(37,780,276)

14. LOSS PER SHARE

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

	31 December 2014	31 December 2013
	\$	\$
(a) Reconciliation of earnings to profit or loss		
Net loss used in calculating basic loss per share	(516,787)	(460,056)
(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	63,243,504	629,227,732
Shares Consolidated 10:1	63,243,504	62,922,773

Note: For comparative purposes the numbers of shares on issue at 31 December 2013 has been adjusted to reflect the 10:1 consolidation of shares in the half year ended 31 December 2014.

15. EXPENDITURE COMMITMENTS

Mineral Tenement Lease

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

NOTES TO THE FINANCIAL STATEMENT

Exploration Commitments

There is no material change to the commitments disclosed in the Annual Report for the year ended 30 June 2014. 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 €634,175 (A\$922,756) (30 June 2014: €793,260 (A\$1,149,269)).

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 2014.

On and from 1 September 2014 onward the company has reached an agreement with its service provider to accrue 100% of the monthly fee for Administration Services without charging any interest instead of requiring payment of the full invoice on ordinary terms.

16. RELATED PARTY INFORMATION

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

17. EVENTS OCCURRING AFTER THE REPORTING PERIOD

TRG has provided a letter of support to BMG dated 20 February 2015 and confirmed that TRG will provide financial support to BMG to meet its debts when they fall due and to enable BMG to carry on its business as a going concern and maintain its assets in good standing for a period until BMG completes adequate fund raising or for the period of 12 months from the date of signing the 2014 Half Year Report.

On 11 February 2015 BMGN and BMGO were suspended from quotation on the ASX following the Company's cancellation of the Entitlement Offer and Shortfall Offer announced on 4 December 2014.

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

18. 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.

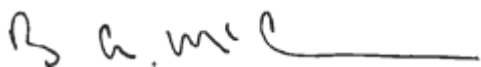
DIRECTORS DECLARATION

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

1. The financial statements and notes set out on pages 22 to 34, 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 2014 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 10th of March 2015

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 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 company 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 company 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 2014 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 2014 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


Chris Burton
Director

Perth, 10 March 2015