



22 February 2011

The Listing Manager
Australian Stock Exchange Ltd
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Brazilian Metals Group Limited (“the Company”) – Despatch of Notice to Existing Option Holders

Brazilian Metals Group Limited (ASX: BMG) has despatched notices to its existing option holders in accordance with its timetable for the non-renounceable entitlement offer of Loyalty Options. A copy of the notice sent to the existing option holders is attached.

The Record Date for the Loyalty Options Issue remains 8 March 2011 and the ‘Ex’ entitlement date is 2 March 2011.

Shareholder or media contact:

Mr. Anthony Trevisan, Director
Fleur Hudson, Company Secretary
Ph: (08) 9321 5922
Email: info@bmgl.com.au
Website: www.bmgl.com.au



22 February 2011

[To holders of unlisted options ex 30 October 2011 and ex 30 November 2012]

Dear Option Holder

Loyalty Option Issue

As you may be aware from ASX announcements, Brazilian Metals Group Limited (**BMG**) is undertaking a one-for-one non-renounceable entitlement offer of 144,393,875 new options (**New Options**) at an issue price of \$0.001 per New Option (**Offer**). The New Options will have an exercise price of \$0.20 each and expire on 31 March 2014.

The Offer will only be made to those who are registered as a shareholder of BMG, with an address in **Australia or New Zealand**, on the record date - being 5.00pm (WST) on Friday 8 March 2011 (**Record Date**).

You are receiving this letter because you are registered as being the holder of existing unlisted options ("Existing Options") to acquire shares in BMG. As an Existing Option holder, there will be no entitlement to participate in the Offer arising from your holding of Existing Options unless you exercise the options. If you wish to participate in the Offer you must exercise at least a portion of your Existing Options and be entered on to the register as a shareholder on or before the Record Date.

You do not need to exercise all of your Existing Options to be able to participate in the Offer. However, under the terms of the Offer you will only be entitled to acquire one New Option per share registered in your name on the Record Date. If you do not wish to participate in the Offer (in respect of your options) you do not need to take any action.

To exercise your Existing Options you should complete a Notice of Exercise of Options and send it (along with your **original** option certificate) to the Company, together with your payment of the exercise price for the number of Existing Options you wish to exercise. A Draft Notice of Exercise of Options is enclosed for your convenience.

You may return the Notice of Exercise of Options to the Company by:

- mailing or hand delivering it to 14th Floor, 191 St Georges Terrace, Perth WA 6000;
- faxing it to +61 8 9321 5932; or
- emailing it to info@bmgl.com.au.

You must also return your **original** option certificate by posting it to the Company at the address above (facsimile or emailed copies will not be accepted).

The exercise monies for your Existing Options may be paid by:

- cheque payable to 'Brazilian Metals Group Ltd'; or
- electronic funds transfer, - please contact the Company for its bank details for EFT transfers.

The notice will be processed within two business days of receiving all of the required documentation and cleared funds. Cheques may take up to a week to clear and the Company is not responsible for any consequent delays in the issue of shares (which may prevent you participating in the Offer).

Before deciding whether to exercise any or all of your options, you should consult with your professional adviser.

If you require further information, please contact Fleur Hudson, Company Secretary on (08) 9424 9390.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Fleur Hudson', with a long horizontal flourish extending to the right.

Fleur Hudson
Company Secretary

Notice of exercise of options

To: Brazilian Metals Group Limited (**BMG**)
14th Floor, 191 St Georges Terrace, Perth WA 6000
Facsimile: +61 8 9321 5932
Email: info@bmg.com.au

_____ (**Optionholder**) irrevocably exercises
[insert full name of shareholder]
_____ options in BMG and requires BMG to issue it with
[insert number of options to be exercised]
_____ ordinary shares for a total consideration of
[insert number of options to be exercised]
A\$ _____ (**Subscription Price**), being
[insert total consideration i.e. number of options
to be exercised x \$0.20]
_____ multiplied by the exercise price of \$0.20 per option.
[insert number of options to be exercised]

Please find enclosed the Optionholder's option certificate which indicates that the Optionholder is the holder of _____ options in BMG.
[insert number of options to be exercised]

Tick whichever is applicable:

- Please also find enclose a cheque in the amount of the Subscription Price made payable to BMG.
- I have transferred an amount equal to the Subscription Price to BMG by EFT.

Date: _____

Execution clause for company:

Executed by

[Print name]

Signature of director

Name of director (print)

Signature of director/company secretary
(Please delete as applicable)

Name of director/company secretary (print)

Execution clause for individual:

Executed by

[Print name]

in the presence of

Signature of witness

Name of witness (print)

Signature of Shareholder