



Brazilian Metals Group Limited

ACN 107 118 678

16 November 2011

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

Brazilian Metals Group Limited (“the Company”) – Clarifying Statement

The Company refers to its Quarterly Activities Report dated 27 October 2011, its clarifying statement of 10 November 2011 and its announcements titled ‘Gema Verde Iron Ore Project: Maiden Half Billion Tonne Resource Estimate’ dated 11 November 2011 and ‘BMG Presentation’ dated 14 November 2011, and makes the following clarifications:

Competent Person Statement

In accordance with clause 8 of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code), the Competent Person Statement in the above mentioned reports/announcements of 27 October 2011, 10 November 2011 and 14 November 2011 should have read as follows:

“The information in this report that relates to Exploration Results, Exploration Targets, Mineral Resources or Ore Reserves is based on information compiled by Malcolm Castle, who is a Member of the Australasian Institute of Mining and Metallurgy (“AusIMM”). Mr Castle is a consultant geologist with Agricola Mining Consultants Pty Ltd and is the Executive Technical Director of Brazilian Metals Group Limited. He has sufficient experience relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Castle consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The exploration targets are estimated from geological information including drill holes, outcrops and geological information and are shown as a range. The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.”

The Competent Person Statement for the announcement of 11 November 2011 (referred to above) should read as follows:

“The information in this report that relates to Exploration Results, Exploration Targets, Mineral Resource or Ore Reserves is based on information compiled by Phillip Fox, who is a Member of the Australian Institute of Geoscientists. Phillip Fox is a full time employee of Brazilian Metals Group Ltd.

Phillip Fox has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity in which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australia Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Phillip Fox consents to the inclusion in the statement of the Mineral Resource in the form context in which it appears.

The information in this report that relates to Exploration Results, Exploration Targets, Mineral Resource or Ore Reserves was reviewed by Malcolm Castle, who is a Member of the Australasian Institute of Mining and Metallurgy. Malcolm Castle is a consultant geologist and director of Brazilian Metals Group Ltd.

Mr Castle is a consultant geologist with Agricola Mining Consultants Pty Ltd and is the Executive Technical Director of Brazilian Metals Group Limited. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity in which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australia Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr. Castle and Mr. Fox consent to the inclusion in the statement of the Mineral Resource in the form context in which it appears.

The exploration targets are estimated from geological information including drill holes, outcrops and geological information and are shown as a range. The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource."

Reporting of Exploration Results

In accordance with clause 18 of the JORC Code, the Company wishes to clarify the following previously announced information:

- In the Quarterly Activities Report (dated 27 October 2011) page 2 and clarifying statement of 10 November 2011 page 1 the information regarding the Rio Pardo Project should read as follows:

"Rio Pardo Project

The focus of work at the Rio Pardo project during the quarter was on advancing metallurgical test work (conducted by METS) for the Josilene-Scorpion prospect.

The prospect has a continuous zone which, to date, has been tested over a 13 km strike length within the Rio Pardo project area. The project has an exploration target* of 2-3 billion tonnes at 16.2% Fe to 18.5% Fe. The exploration target* is estimated from geological information including 28 RC drill holes for 3606 metres, outcrop mapping and surface and aerial magnetic surveys and geological information. The Josilene – Scorpion zone represents a major target for further exploration drilling. The Company plans to conduct a program of infill drilling, prior to estimating a Resource at the project by mid-2012."

*The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

- In the announcement titled ‘Gema Verde Iron Ore Project: Maiden Half Billion Tonne Resource Estimate’ dated 11 November 2011 page 2 paragraphs 5 and 6 should read as follows:

“BMG has also commenced pre-feasibility work at Gema Verde and Rio Pardo (Josilene–Scorpion prospect) and expects to complete the pre-feasibility on both projects in 2012. In-fill drilling for resource definition at Rio Pardo (Josilene–Scorpion prospect) is anticipated to deliver a resource estimate by mid-2012. The Exploration Target* at the Josilene-Scorpion prospect is 2 to 3 billion tonnes at 16.2% Fe to 18.5% Fe. The exploration target* is estimated from geological information including 28 RC drill holes for 3606 metres, outcrop mapping and surface and aerial magnetic surveys and geological information.”

BMG’s Chief Executive Officer, Bruce McCracken, said:

“The Gema Verde resource marks the achievement of a key milestone for the Company, and provides the foundation to progress our strategy of developing an iron ore export enterprise in the medium term. When combined with our exploration target of 2 to 3 billion tonnes (16.2% Fe to 18.5% Fe) at our Rio Pardo (Josilene-Scorpion prospect) during 2012, we believe we have the basis for a long term export operation of scale...”*

Further, on page 7 there is a transcription error in the column headings of the resource estimation table. The labels Al₂O₃% and SiO₂% have been transposed and should read as follows:

“MINERAL RESOURCE STATEMENT

Resource	Tonnes (m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
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- In the announcement titled ‘BMG Presentation’ dated 14 November 2011 the following clarifications are made:

Page 2, paragraph 2 ‘Exploration Targets’ should read as follows:

“Exploration Targets

The range of exploration targets* is estimated from geological information including drill holes, outcrops and geological information and is shown as a range.

Page 4 bullet point 4 should read as follows:

- “Exploration Target* of 2.5 to 3.5 billion tonnes at 16 to 19% Fe to produce premium iron product at operating costs significantly lower than Australia”

Page 5 bullet point 1 should read as follows:

- “Province has potential of 20 – 40BT at 16 to 25% Fe”

Page 7 should read as follows:

- “Exploration Target* 2 to 3b tonnes at 16 to 19% Fe based on current drilling over 13km strike length with 28 RC holes to date ¹
- The zone extends into the adjoining tenements
- Resource estimation mid 2012
- Area: 887km²

¹The exploration target is estimated from geological information including 28 RC drill holes for 3606 metres, outcrop mapping and surface and aerial magnetic surveys and geological information.”

*The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

All other information contained in the announcements referred to, and all other announcements made by the Company, are compliant with the JORC Code.

For further information, shareholders and media please contact:

Malcolm Castle
Executive Technical Director
+61 8 9424 9390

Bruce McCracken
Chief Executive Officer
+61 8 9424 9390