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10 August 2012

Mr Fleur Hudson  
Company Secretary  
Brazilian Metals Group Limited  
191 St Georges Terrace  
PERTH WA 6000

By email: [fudson@transrg.com.au](mailto:fudson@transrg.com.au)

Dear Fleur

**Brazilian Metals Group Limited** (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 30 June 2012 released to ASX Limited ("ASX") on 31 July 2012 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales and debtors of \$0.
2. Net negative operating cash flows for the quarter of \$391,000.
3. Cash at end of quarter of \$165,000.
4. Estimated cash outflows for the next quarter of \$150,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to expend cash as indicated by the Appendix 5B, the Company will only have sufficient cash to fund its activities for the next quarter. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **facsimile number (08) 9221 2020 or by email to [jenny.cutri@asx.com.au](mailto:jenny.cutri@asx.com.au)**. It should not be sent to the Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **9.00 a.m. W.S.T. on Friday, 17 August 2012**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me on 9224 0003.

Yours sincerely

*(Sent by electronic mail without signature)*

Jenny Cutri  
Assistant Manager, Listings (Perth)