



Brazilian Metals Group Limited

ACN 107 118 678

Entitlements Issue Prospectus

For a fully underwritten renounceable pro rata offer of three (3) New Shares for every one (1) Share held by Shareholders registered at 5.00pm WST on the Record Date at an issue price of \$0.01 per New Share to raise approximately \$4.4 million before costs (**Offer**).

This Offer opens on Thursday 28 February 2013 and closes at 5.00pm (WST) on Friday 15 March 2013. Valid acceptances must be received by the Closing Date.

IMPORTANT NOTICE

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This is an important document that should be read in its entirety. Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding acceptance of your Entitlement.

If you do not understand this document you should consult your professional adviser without delay. The securities offered by this Prospectus should be considered speculative.

Important information

Prospectus

This Prospectus is dated 15 February 2013 and was lodged with the Australian Securities and Investment Commission (**ASIC**) on 15 February 2013. ASIC and the Australian Securities Exchange (**ASX**) take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Electronic prospectus

This Prospectus may be viewed in electronic form at www.bmgil.com.au by Australian investors only. The electronic version of this Prospectus is provided for information purposes only. A paper copy of the Prospectus may be obtained free of charge on request during the Offer Period by contacting the Company. The information on www.bmgil.com.au does not form part of this Prospectus.

Risk factors

Before deciding to invest in the Company, potential investors should read the entire Prospectus. In considering the prospects for the Company, potential investors should consider the assumptions underlying the prospective financial information and the risk factors that could affect the performance of the Company. Potential investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from a stockbroker, accountant or other independent financial adviser before deciding to invest.

Overseas Shareholders

No offer is being made to Shareholders with a registered address outside Australia or New Zealand. The distribution of this Prospectus and the Entitlement and Acceptance Form (including electronic copies) outside Australia or New Zealand may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Please refer to Section 2.16 for further information.

Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website www.asx.com.au). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offer. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in New Shares or the Company.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any such extraneous information or representation may not be relied upon.

Target mineralisation statements

References to exploration target size and target mineralisation (as defined in the JORC Code) are conceptual in nature and should not be construed as indicating the existence of a JORC Code compliant mineral resource. Target mineralisation is based on projections of established grade ranges over appropriate widths and strike lengths having regard for geological considerations including mineralisation style, specific gravity and expected mineralisation continuity as determined by a qualified geological assessment. There is insufficient information to establish whether further exploration will result in the determination of a mineral resource within the meaning of the JORC Code.

Forward-looking statements

This Prospectus may contain forward-looking statements that have been based on current expectations about future acts, events and circumstances. Any forward-looking statements are subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

Accepting the Offer

Applications for New Shares by Eligible Shareholders may only be made on an original Entitlement and Acceptance Form, as sent with this Prospectus. The Entitlement and Acceptance Form sets out the Entitlement of an Eligible Shareholder to participate in the Offer. Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Prospectus, you have acted in accordance with the terms of the Offer detailed in this Prospectus and you agree to all of the terms and conditions as detailed in this Prospectus.

Defined terms

Certain capitalised terms and other terms used in this Prospectus are defined in the Glossary of defined terms in Section 9.

Currency

All references in this Prospectus to "\$", "AUD" or "dollar" are references to Australian currency unless otherwise indicated.

Reference to time

All references in this document to time relate to the time in Perth, Western Australia.

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Timetable for the Offer

The indicative Timetable for the Offer is as follows:

Event	Date
Announcement of Offer	Thursday 14 February 2013
Lodgement of Prospectus with ASIC (Appendix 3B lodged with ASX)	Friday 15 February 2013
Notice of Offer sent to Shareholders	Tuesday 19 February 2013
Shares quoted on an "ex" basis; rights trading starts	Wednesday 20 February 2013
Record Date for determining entitlements	Tuesday 26 February 2013
Prospectus and Entitlement and Acceptance Form sent to Shareholders	Thursday 28 February 2013
Opening Date of Offer	Thursday 28 February 2013
Rights trading ends	Thursday 7 March 2013
New Shares quoted on ASX on deferred settlement basis	Friday 8 March 2013
Closing Date of Offer	Friday 15 March 2013
Latest date for issue and allotment of Shortfall Shares	Friday 22 March 2013
Allotment and despatch of holding statements for New Shares (including Shortfall Shares); deferred settlement trading ends	Monday 25 March 2013
Ordinary trading of New Shares on ASX commences	Tuesday 26 March 2013

The above dates are indicative only and may be subject to change. The Directors reserve the right to vary these dates, including the Closing Date, without prior notice but subject to any applicable requirements of the Corporations Act or the Listing Rules. This may include extending the Offer or accepting late acceptances, either generally or in particular cases.

Corporate Directory

Directors

Christopher John Eager
Non-Executive Chairman

Bruce Alexander McCracken
Managing Director

Michael Godfrey Green
Chief Operating Officer

Malcolm John Castle
Technical Director

Anthony Augustine Trevisan
Non-Executive Director

Robert James Pett
Non-Executive Director

Company Secretary

Fleur Hudson

Registered and Principal Office

Brazilian Metals Group Limited
Level 14, Parmelia House
191 St Georges Terrace
PERTH WA 6000

T: +61 8 9424 9390
F: +61 8 9321 5932

Email: enquiry@bmgl.com.au

Web: www.bmgl.com.au

Solicitors for the Offer

Jackson McDonald
Level 25
140 St Georges Terrace
PERTH WA 6000

T: +61 8 9426 6611
F: +61 8 9321 2002

Auditors (for information purposes only)

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

T: +61 8 6382 4600
F: +61 8 6382 4601

Joint Lead Manager

Phillip Capital Corporate Pty Ltd
Level 12
15 William Street
MELBOURNE VIC 3000

T: +61 3 9629 8380

Joint Lead Manager and Underwriter

Patersons Securities Limited
Level 23, Exchange Plaza
2 The Esplanade
PERTH WA 6000

T: +61 8 9263 1111
F: +61 8 9325 5123

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

T: +61 8 9315 2333
F: +61 8 9315 2233

Email: registrar@securitytransfer.com.au

ASX Code: BMG

1. Investment overview

1.1 Introduction

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in Shares.

On 10 December 2012, BMG announced that it had reached an agreement to acquire 100% of Treasure Development Ltd (**Treasure Development**), a privately owned Cypriot company that owns an attractive portfolio of copper-gold assets in Cyprus that make up the Treasure Project.

Key highlights of the Treasure Project are:

- the Company to acquire 100 % of the Treasure Project - a portfolio of high-quality Copper-Gold assets in the Republic of Cyprus;
- the Republic of Cyprus is a member of the European Union and Euro Zone, has excellent modern infrastructure and is considered to have low sovereign risk;
- twenty-three (23) exploration licences covering numerous known mineral prospects of which eighteen (18) have already been granted;
- two types of copper-gold prospects identified – massive sulphide related to ancient volcanic activity and massive sulphide related to faulting;
- walk up drill targets at Black Pine where high-grade Copper and Gold have been reported at or near surface along a zone exceeding 1 kilometre long by 150 metres wide; and
- priority drilling at Black Pine to establish JORC-compliant resources and fast-track to mining.

The Company will pay a maximum consideration of \$1.6 million for Treasure Development, including \$100,000 cash which was paid on 12 December 2012, and a further \$300,000 cash and \$450,000 as Shares payable on completion of the acquisition. Completion of the acquisition is subject to a number of conditions precedent for the Company's benefit, including the Company completing due diligence enquiries to its satisfaction. A further \$750,000 in Shares is payable as deferred consideration on the receipt of a bankable feasibility study confirming that the exploitation of the Treasure Project is commercially viable.

In order to fund the acquisition of Treasure Development and conduct exploration on it, BMG will conduct a capital raising of up to approximately \$4.4 million.

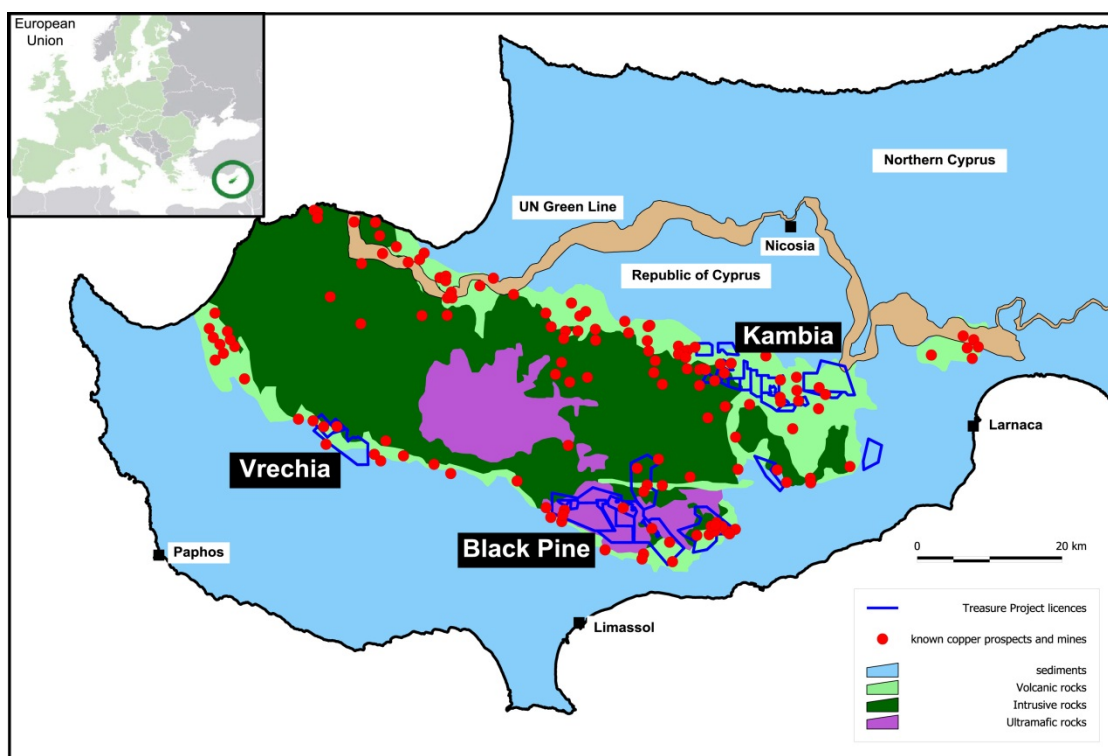
Eligible Shareholders will be entitled to apply for three (3) New Share/s for every one (1) Share held at 5.00pm (WST) on Tuesday, 26 February 2013 (**Record Date**) at an issue price of \$0.01 per New Share to raise approximately \$4.4 million before costs, on the terms set out in this Prospectus.

Further details relating to the Offer are set out in Section 2.

The following information is a selective overview of the Company and its projects. Prospective investors should read this Prospectus in full before deciding to invest in Shares.

1.2 The Treasure Project

Brazilian Metals Group Limited (**Company** or **BMG**) is acquiring 100% of Treasure Development Ltd (**Treasure Development**), a privately owned Cypriot company that owns an attractive portfolio of copper-gold assets in the Republic of Cyprus that make up the Treasure Project. The Treasure Project hosts numerous high-quality exploration targets with copper and gold mineralisation identified across three project areas – Black Pine, Kambia and Vrechia – comprising 23 tenements across an area of over 200km².



Location of the Treasure Project and known copper prospects and mines.

The Republic of Cyprus covers the southern part of the island of Cyprus in the eastern Mediterranean Sea and is a Member of the European Union and the Euro Zone. Infrastructure within the Republic of Cyprus is excellent, with an extensive network of sealed roads and highways, numerous large ports and complete mobile telecommunication coverage. There has been limited modern mineral exploration in the Republic of Cyprus, despite a very long history of copper mining.

The **Treasure Project** covers 23 exploration licences of which 18 have been granted. These licences cover numerous known copper-gold prospects. Two types of copper-gold mineralisation have been identified:

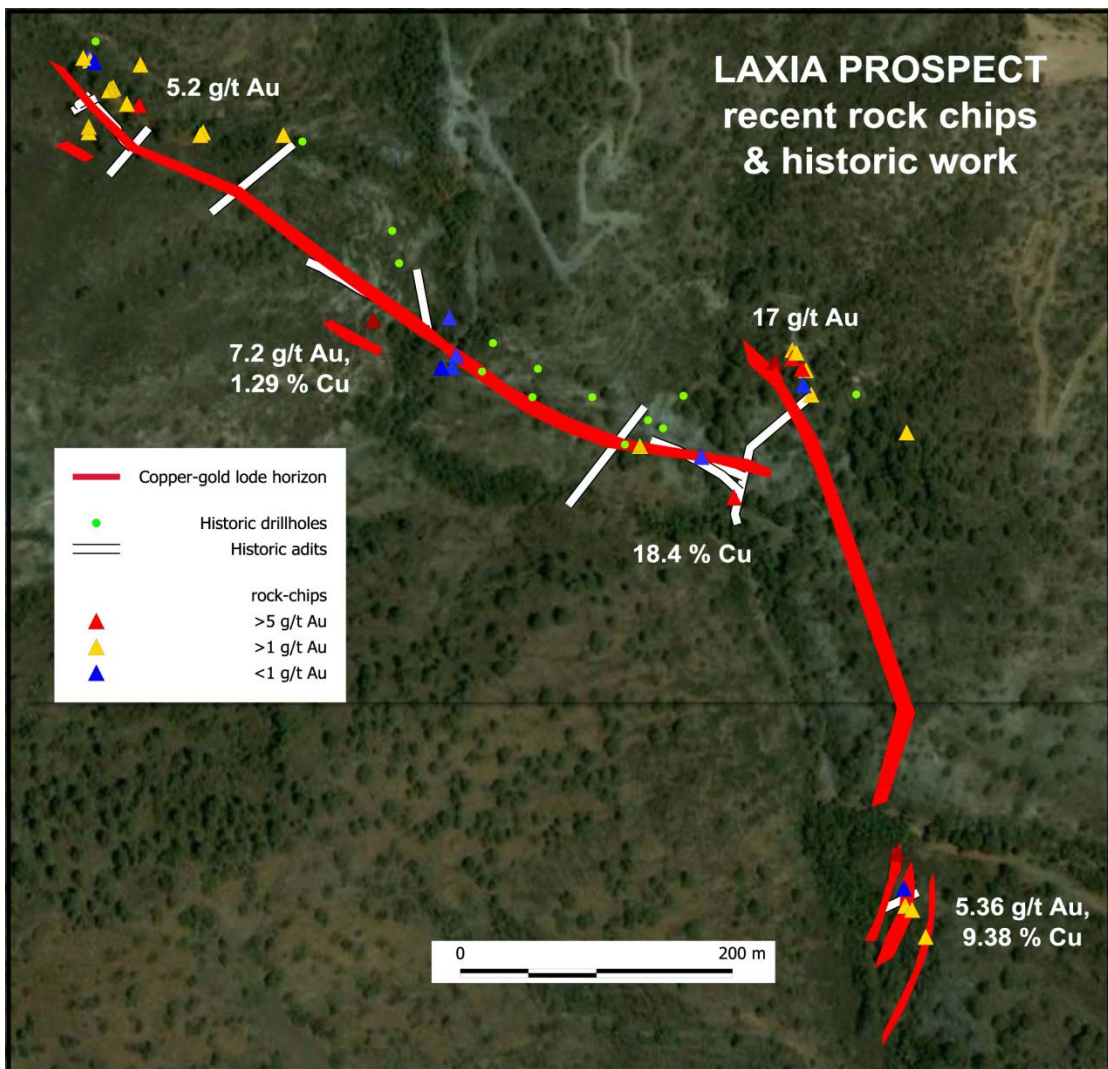
- massive sulphide related to ancient volcanic activity with potential silver and zinc credits (**Kambia, Vrechia**); and
- massive sulphide related to faulting with potential cobalt and nickel credits (**Black Pine**).

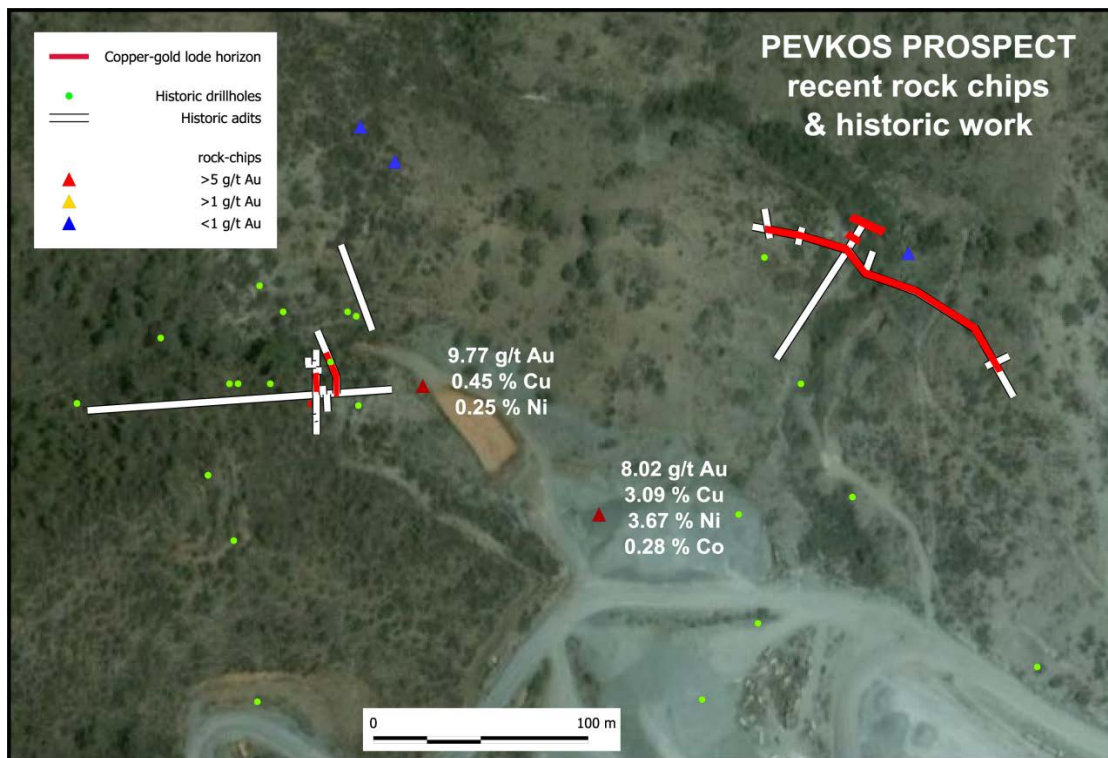
The **Black Pine Project** covers 101km² and contains a number of prospects where high-grade copper-gold mineralisation is exposed. At the **Laxia Prospect**, high-grade copper was reported in historic drilling and adit sampling (narrow tunnels) including a zone with 18.36% copper over 2 metres and a weighted average of 5.57% copper over 17 metres. The weighted average for all adit samples at the Laxia Prospect was 2.94% copper over 122.3 metres. Recent sampling has confirmed the presence of high-grade copper, but has also identified high-grade gold, including a sample up to

17g/t gold. Recent work has shown that the mineralisation at the Laxia Prospect extends for over 1 kilometre with 5 to 10 metre wide zones of very high-grade copper-gold.

A similar situation has been identified at the **Pevkos Prospect** where historic drilling and adit sampling has identified two mineralised lodes with high-grade copper. Recent work has confirmed the high-grade copper (up to 3.9% copper), but has also identified high-grade gold (up to 8g/t gold). Moreover, sampling at Pevkos has consistently returned high-grade nickel with results up to 3.67% nickel. A ground electro-magnetic survey and historic drilling of the Eastern Lode at the Pevkos Prospect show that the massive sulphide body extends at least 300 metres down-dip (200 metres vertical depth) and has a strike-length exceeding 160 metres.

In addition to high-grade copper-gold, the Laxia and Pevkos prospects have potential for significant cobalt and nickel credits, thus increasing their commercial viability. Drilling can commence immediately at these two prospects. The Treasure Project includes all known extensions of this prospective geology and so there is great potential to discover additional massive sulphide bodies.





The **Kambia** and **Vrechia Projects** have copper-gold mineralisation associated with ancient volcanic activity. This style of deposit has been exploited in Cyprus for more than 4000 years and includes such deposits as Mavrouvouni (16.5 million tonnes at 4.5% copper) and Skouriotissa (6.8 million tonnes at 2.5% copper). Gold was only ever exploited from near-surface, high-grade zones above the massive sulphide bodies, where it had been enriched by weathering. There has been minimal gold exploration of these massive sulphide bodies. Silver and zinc are potential credits in these deposits.

The **Kambia Project** covers 81km² and includes two abandoned copper mines with a further six abandoned copper mines within 1,200 metres of the tenement boundaries. Historic records from the Mathiatas Mine, which is within the Treasure Project, show production of 2.1 million tonnes at 0.2% copper. Recent work has confirmed these copper grades, but also shown that there are gold grades of 0.35 to 0.5 g/t gold with the copper. The massive sulphide body remains open along strike and at depth.

The **Vrechia Project** covers 23.6 square kilometres around and including the Vrechia Mine where historic records show production of 200,000 tonnes at 0.5% copper. Recent work has confirmed such copper grades, but also returned up to 0.71 g/t gold. The massive sulphide body is open along strike and at depth.

Outside the abandoned mines in both the Kambia and Vrechia Project areas there is much evidence for copper-gold mineralisation at surface, including green malachite-stained outcrops and exposed gossans (rusted, weathered sulphide). Basic prospecting work is required to determine the extent of these mineralised zones and to develop suitable drill targets.

Proposed Exploration Programme

Independent geological consultant SRK Consulting has provided an extensive review of the Treasure Project and verified the Company's proposed exploration programme (refer to ASX release dated 25 January 2013). SRK Consulting has concluded that the Treasure Project has high exploration potential and drill-ready targets.

Once acquisition of the Treasure Project is complete, the Company's immediate priority will be to advance the Black Pine Project through drilling at the Laxia and Pevkos Prospects. The short-term aim is to establish Mineral Resources in accordance with the JORC Code, and then evaluate their potential for mining operations. The Company will also carry out further basic exploration at Black Pine (beyond Laxia and Pevkos), Kambia and Vrechia to develop further drill targets.

Further information on the Treasure Project is set out in the announcement made by the Company to ASX on 10 December 2012 entitled "Agreement to Acquire Copper-Gold Project in Cyprus" and in the announcement made by the Company to ASX on 25 January 2013 entitled "Complete CPR – Treasure Projects, Cyprus", each of which can be found on the BMG website (www.bmgl.com.au) or on the ASX announcements website (ASX Code: BMG).

1.3 The Company's existing Rio Pardo Iron Project

The Company's Rio Pardo Iron Project in Northern Minas Gerais is at an advanced exploration stage. The exploration program conducted by the Company has delineated a large area of iron mineralisation at the Josilene-Scorpion prospect across a 13km strike length, and an exploration target of 2 to 3 billion tonnes at 16.2% to 18.5% iron. This is based on surface mapping and drilling with 28 RC holes to date and the potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource (as defined in the JORC Code) and it is uncertain if further exploration will result in the determination of a Mineral Resource.

The Rio Pardo Iron Project remains a longer term opportunity with the potential to support a large scale, low cost mining operation. In the near term there are minimal expenditure requirements and the Company will seek to incrementally progress the opportunity without committing any significant cash expenditure, and revisit the program as market conditions improve. The Company has actively managed the Project tenement holdings to focus on the core Josilene-Scorpion prospect, with areas of lower potential being relinquished.

Further information on the Rio Pardo Iron Project is set out in the following documents, which can be found on the BMG website (www.bmgl.com.au) or on the ASX announcements website (ASX Code: BMG):

- (a) Quarterly report for the period ended 30 September 2012 (announced 31 October 2012);
- (b) Annual report for the year ended 30 June 2012 (announced 27 September 2012);
- (c) Quarterly report for the period ended 30 June 2012 (announced 31 July 2012);
- (d) BMG investor presentation (announced 1 June 2012);
- (e) Quarterly activities report for the period ended 31 March 2012 (announced 30 April 2012);
- (f) Half yearly accounts for the period ended 31 December 2011 (announced 7 March 2012); and
- (g) Quarterly activities report for the period ended 31 December 2011 (announced 31 January 2012).

1.4 Key risks

In addition to risks specific to the Company as described in detail in Section 5, prospective investors should be aware of the following key risks which have particular application with respect to the Treasure Project and the Company's existing Rio Pardo Iron Project:

(a) Risks associated with operations in Brazil and Cyprus

The Rio Pardo Iron Project is located in Brazil, and the Treasure Project is located in Cyprus. Consequently, the Company is subject to the risks associated with operating in Brazil, and on completion of the acquisition of Treasure Development, will also be subject to the risks of operating in Cyprus.

These risks are various political, economic and other risks and uncertainties including, but not limited to, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Brazil and/or Cyprus may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by governmental regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in Brazil and/or Cyprus may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiaries in Brazil and/or Cyprus.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Brazil and/or Cyprus, the Directors may reassess investments decisions and commitments to assets in Brazil and/or Cyprus.

(b) Exploration costs

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and

assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(c) Copper exploration and mining

Exploration and development are high-risk undertakings. There can be no assurance that exploration of the Rio Pardo Iron Project, the Treasure Project or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no certainty that it can be economically exploited.

1.5 The Board

Mr Christopher John Eager – Non-Executive Chairman

Experience and expertise

Mr Eager is a mining engineer who has spent the majority of the past 25 years in mine development, management of mining companies and resources banking.

Mr Eager is currently Executive Chairman of Resmin Plc, a private mining group based in the UK and Resmin Commodities Marketing Pte Ltd which is engaged in marketing mineral commodities. From 2001 to 2007 he was a founding director and the Chief Executive Officer of Monterrico Metals Plc, a mineral resources development company. Mr Eager was responsible for seeing Monterrico through completion of a bankable feasibility study for a 25 million tonne per annum copper porphyry project in Peru, an initial public offering on the AIM and sale of the company in 2007 to a Chinese consortium.

From 2004 to 2006, Mr Eager was a founding director and Chairman of AIM-listed coal development company Asia Energy Plc. He was also founding director and Chairman of Bluestone Offshore Pte Ltd, a deepwater geotechnical services company based in Singapore.

Mr Eager has gained significant management and operational experience during his career through a variety of roles across a range of resources companies, as a resources banker with NM Rothschild (Australia) Limited providing project finance to the mining sector and as an independent consulting mining engineer with Gemcom and Snowden Consultants.

Mr Eager has a Bachelor of Engineering (Mining) from the University of Wollongong, NSW and an MBA from Insitut Surperior de Gestion, France.

Other current directorships

Not in public entities.

Former directorships in last three years

None

Interests in Shares and Options

Nil

Mr Bruce Alexander McCracken BCom, LLB, MBA, GAICD – Managing Director

Experience and expertise

Mr McCracken is an experienced business executive having spent 20 years' working across a broad range of industries based in Perth, Melbourne and Sydney.

Prior to joining BMG, Mr McCracken worked in the Corporate sector as a Senior Executive with Kirin Group-owned Lion Nathan National Foods (now Lion) and for the private equity owned Amatek Group (now part of the Fletcher Building Group).

Before working in the corporate environment he was an investment banker based in both Perth and Melbourne in specialist corporate advisory and project finance roles and has also practised as a banking and finance solicitor. During his time as an investment banker Mr McCracken worked across a broad range of corporate and financial advisory assignments, primarily in the diversified industrials and mining and resources sectors.

Mr McCracken holds Bachelor of Commerce and Bachelor of Laws degrees from the University of Western Australia, an MBA from Melbourne Business School and is a graduate of the Australian Institute of Company Directors.

Mr McCracken is the Chairman of the Board's Share Trading Committee.

Other current directorships

None

Former directorships in last three years

None

Interests in Shares and Options

2,475,000 Shares

4,075,000 Options

Dr Michael Godfrey Green MAIG – Chief Operating Officer

Experience and expertise

Dr Green is a geologist with over 15 years experience in Australia and worldwide with managing all aspects of exploration programs targeting a broad range of commodities but particularly gold, copper and nickel.

Dr Green has for the past 6 years operated as an independent geological consultant with Remote Area GeoScience. During this time he has worked with numerous ASX listed companies, both in Australia and worldwide. He has had extensive involvement with copper exploration in Cyprus and the Treasure Project over the past 5 years as the consulting geologist for the project.

Dr Green graduated with an Honours degree in Geology (First Class) from the University of Western Australia in 1995 and then moved to Broken Hill to work for Pasma Exploration as an exploration geologist. He completed his PhD at the University of Sydney in 2001 and then moved to Alice Springs to join the Northern Territory Geological Survey. In 2004, Dr Green moved to Tanami Gold NL where he was the senior geologist responsible for managing their Northern Territory projects. In August 2006, he became an independent geological consultant.

Dr Green is a Member of Australian Institute of Geoscientists (MAIG) and is a Competent Person for the purposes of Australian Stock Exchange releases on mineral resources.

Other current directorships

Director of Motopia Limited

Former directorships in last three years

None

Interests in Shares and Options

1,000,000 Shares

Mr Malcolm John Castle BSc (Hons), GCertAppFin (Sec Inst), MAusIMM –
Technical Director

Experience and expertise

Mr Castle has over 40 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He has wide experience in a number of commodities including iron ore, gold, base metals, uranium and mineral sands. He has been responsible for project discovery through to feasibility study and development in Indonesia and the Pilbara in Western Australia and technical audits in many countries. Mr Castle was a founding member and permanent employee of Fortescue Metals Group as Technical Services Manager for expansion projects and was an integral member of the team developing the definitive feasibility study for start-up projects at Cloudbreak and Christmas Creek. He was appointed Chief Geologist for the Transcontinental Resources Group and a director of Regalpoint Resources Ltd in 2010.

Mr Castle completed a bachelor's degree in Applied Geology with the University of New South Wales in 1965 and has been awarded a BSc (Hons) degree. He has completed postgraduate studies with the Securities Institute of Australia in 2001 and was awarded a graduate certificate in Applied Finance and Investment in 2004. He is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM), and has the appropriate relevant experience and qualifications to be an 'Expert' and 'Competent Person' under the Australian Valmin and JORC Codes respectively and under National Instrument 43-101 in Canada.

Other current directorships

None

Former directorships in last three years

Director of Regalpoint Resources Ltd

Interests in Shares and Options

3,978,569 Shares

5,254,600 Options

Mr Anthony Augustine Trevisan – Non-Executive Director

Experience and expertise

During a period spanning some twenty five years, Mr Trevisan played major roles in a large number of corporate scenarios involving financing mergers and acquisitions, the restructuring of property and petroleum and mineral resources based public companies and the establishment from start up of substantial operating businesses.

Mr Trevisan has had extensive experience in raising and structuring financial instruments to fund the development of a number of significant projects in Australia and overseas. He has been responsible for public offerings and the floating of companies on the ASX and other major exchanges internationally.

He has held senior executive positions in listed public companies with a wide range of interests including oil & gas, mining, industrial and property. These include Mediterranean Oil & Gas Plc (founder and executive director), Ombrina Mare oil discovery), Arabex Petroleum NL (founder and executive director), Rubiales oil discovery), Callina NL (executive chairman, petroleum work-over project at Komi Oil field, Russia), Acqua Vital (Australia) Ltd (executive chairman, now owned by Coca Cola), TRG Properties and the Roy Weston Group (executive chairman) amongst others. He was a founding director of Star Castle Holdings Ltd and Brilliant City Holdings Ltd and substantially responsible for their identifying and acquiring the Rio Pardo Project.

Mr Trevisan is a member of the Board's Nomination and Remuneration Committee, Audit and Risk Committee and the Board's Share Trading Committee.

Other current directorships

Not in public entities

Former directorships in last three years

Director Regalpoint Exploration Pty Ltd

Interests in Shares and Options

12,143,599 Shares

11,978,599 Options

Mr Robert James Pett BA (Hons), MA (Econ), FAICD – Non-Executive Director

Experience and expertise

Mr Pett is a minerals economist with over 29 years' experience in exploration and mining of gold and other metals. During that period he has overseen the successful exploration, development, operation and financing of over ten mining projects worldwide. This includes gold and nickel mines in Australia and gold mines in East and West Africa, a number evolving from grass roots discovery as well as numerous exploration projects. He holds a Masters Degree from Queens University Canada.

Mr Pett is a member of the Board's Nomination and Remuneration Committee, Share Trading Committee and the Chairman of the Audit and Risk Committee.

Other current directorships

Director of Regalpoint Resources Ltd

Chairman of Ausgold Limited

Chairman of A-Cap Resources Limited

Former directorships in last three years

Senex Energy Limited – resigned 26 September 2011

Interests in Shares and Options

2,098,242 Options

1.6 Purpose of the Offer

The purpose of the Offer is to provide the Company with:

- (a) funds to complete the acquisition of Treasure Development, being the holding company of the Treasure Project;
- (b) funds to advance exploration activities;
- (c) repayment of liabilities related to the company's past operations and initial costs in respect of the Treasure Project;
- (d) general working capital; and
- (e) funds to pay the costs of the Offer.

On completion of the Offer, the Board believes the Company will have sufficient funds to achieve these objectives.

1.7 Use of proceeds

The Company proposes to raise up to \$4,381,708 through the Offer, before deducting the expenses of the Offer.

If the total subscription of \$4,381,708 million is raised from the Offer, the funds are intended to be applied as follows:

Use of Proceeds	Amount
Acquisition of Treasure Development	\$300,000
Exploration	\$2,000,000
Debt repayment ¹	\$893,283
Working capital	\$773,425
Costs of the Offer	\$415,000
Total	\$4,381,708

Note:

1. The Company borrowed \$550,000 from Transcontinental Investments Pty Ltd to fund working capital operations to 10 December 2012, being the date the terms sheet for the acquisition of Treasure Development was executed. The balance of \$343,283 was to fund the initial payment for the Treasure Project acquisition, costs associated with due diligence and securing the Treasure Project, costs associated with the Brazilian assets, and for the Company's ongoing working capital requirements. The debt is unsecured, non-interest bearing and repayable at call. The figure provided is as at 15 February 2013.

The information set out in the above table is a statement of present intention as at the date of this Prospectus. The exact amount of funds spent by the Company will depend on many factors that cannot be ascertained at this time.

1.8 Timetable for the Offer

The timetable for the Offer is as follows:

Event	Date
Announcement of Offer	Thursday 14 February 2013
Lodgement of Prospectus with ASIC (Appendix 3B lodged with ASX)	Friday 15 February 2013
Notice of Offer sent to Shareholders	Tuesday 19 February 2013
Shares quoted on an "ex" basis; rights trading starts	Wednesday 20 February 2013
Record Date for determining entitlements	Tuesday 26 February 2013
Prospectus and Entitlement and Acceptance Form sent to Shareholders	Thursday 28 February 2013
Opening Date of Offer	Thursday 28 February 2013
Rights trading ends	Thursday 7 March 2013
New Shares quoted on ASX on deferred settlement basis	Friday 8 March 2013
Closing Date of Offer	Friday 15 March 2013
Latest date for issue and allotment of Shortfall Shares	Friday 22 March 2013
Allotment and despatch of holding statements for New Shares (including Shortfall Shares); deferred settlement trading ends	Monday 25 March 2013
Ordinary trading of New Shares on ASX commences	Tuesday 26 March 2013

The above dates are indicative only and may be subject to change. The Directors reserve the right to vary these dates, including the Closing Date, without prior notice but subject to any applicable requirements of the Corporations Act or the Listing Rules. This may include extending the Offer or accepting late acceptances, either generally or in particular cases.

2. Details of the Offer

2.1 The Offer

The Company is making a renounceable pro rata offer of Shares (**New Shares**) to Eligible Shareholders (**Offer**).

Eligible Shareholders will be entitled to apply for three (3) New Shares for every one (1) Share held at 5.00pm WST on the Record Date, at an issue price of \$0.01 per New Share. The issue price is payable in full on application.

The Company presently has 146,056,933 Shares, 136,756,414 listed Options and 8,500,000 unlisted Options on issue.

Based on the number of Shares expected to be on issue on the Record Date, a total of 438,170,799 New Shares will be offered under the Offer, raising \$4,381,708 before costs of the Offer.

The Option Holders also have an opportunity to participate in the Offer, provided that they exercise their Options and become the registered holders of Shares in respect of the exercised Options by 5.00pm (WST) on the Record Date. However, as the exercise prices of the Options on issue are considerably above the current market price of the Shares, the Company does not expect to issue further Shares pursuant to exercise of Options before the Record Date.

2.2 Opening Date and Closing Date

The Offer will open for receipt of Applications on Thursday 28 February 2013 (**Opening Date**) and will close at 5.00pm WST on Friday 15 March 2013 (**Closing Date**). Subject to compliance with the ASX Listing Rules, the Company reserves the right to close the Offer early or to extend the Closing Date.

2.3 Rights and liabilities attaching to New Shares

The New Shares issued under this Prospectus will be fully paid and will rank equally in all respects with existing Shares. A summary of the rights and liabilities attaching to the New Shares is set out in Section 4.1.

2.4 Entitlement and eligibility

Each Eligible Shareholder who is registered as the holder of Shares at 5.00pm (WST) on the Record Date is entitled to participate in the Offer.

The number of New Shares to which you are entitled is shown on your Entitlement and Acceptance Form accompanying this Prospectus.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

If you decide not to accept all or part of your Entitlement, or fail to do so by the Closing Date, your rights to participate in the Offer will lapse and the New Shares not taken up by you will form part of the Shortfall. As a result of this Offer, Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted.

The Company reserves the right (in its sole discretion) to:

- reject any application that it believes comes from a person who is not an Eligible Shareholder; and
- reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claim to be entitled to participate in the Offer proves to be false, exaggerated or unsubstantiated.

The Directors reserve the right not to proceed with the whole or any part of the Offer at any time prior to the allotment of New Shares. In that event, relevant Application Monies will be refunded without interest.

2.5 Entitlement and Acceptance Forms

Your acceptance of the Offer must be made by either:

- (a) completing and returning the Entitlement and Acceptance Form accompanying this Prospectus with your cheque for payment; or
- (b) making payment by BPay® – see Section 2.7.

To the extent that your acceptance exceeds your Entitlement as shown on the Entitlement and Acceptance Form, excess amounts will be applied to Additional Shares. Further information relating to Additional Shares is set out at Section 2.9.

Acceptance of the Offer creates a legally binding contract between the Applicant and the Company for the number of New Shares that you have applied for as accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Company's decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

2.6 How to accept the Offer

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on the Entitlement and Acceptance Form; or
 - (ii) pay the Application Monies through the BPay® facility described below. **If you make your payment by BPay® you do not need to return the Entitlement and Acceptance Form;** or
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form and attach your cheque for the appropriate Application Monies (at \$0.01 per New Share); or

- (ii) pay the appropriate Application Monies through the BPay® facility described below. **If you make your payment by BPay® you do not need to return the Entitlement and Acceptance Form;** or
- (c) if you wish to accept your Entitlement in full and apply for further Shares subject to there being sufficient Shortfall:
 - (i) complete your Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the appropriate Application Monies (at \$0.01 per New Share); or
 - (ii) pay the appropriate Application Monies through the BPay® facility described below. **If you make your payment by BPay® you do not need to return the Entitlement and Acceptance Form;** or
- (d) if you do not wish to accept any of your Entitlement, do not do anything.

Unless you are making payment by BPay®, completed Entitlement and Acceptance Forms and accompanying cheques for Application Monies must be mailed or delivered to:

By hand delivery:

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

By post:

Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**Brazilian Metals Group Limited**” and crossed “Not Negotiable”.

Your completed Entitlement and Acceptance Form and cheque must reach the Share Registry no later than 5.00pm (WST) on the Closing Date.

2.7 Payment by BPay®

Payment by BPay® should be made according to the instructions set out on the Entitlement and Acceptance Form using the Reference number shown on that form next to the BPay® symbol. If you make your payment by BPay® you do not need to return the Entitlement and Acceptance Form.

The Reference number is used to identify your holding. If you have multiple holdings you will have multiple Reference numbers. You must use the Reference number shown on each Entitlement and Acceptance Form to pay for each holding separately. Failure to do so may result in an underpayment. If you pay by BPay® and do not pay for your full Entitlement, the remaining Entitlement will form part of the Shortfall.

Applicants should be aware that their own financial institution may implement cut-off times with regards to electronic payment and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPay® are received by the Closing Date.

2.8 Underwriting and broking

The Offer is, subject to certain terms and conditions, fully underwritten by Patersons Securities Limited (**Underwriter**).

Any New Shares which are not subscribed for by Eligible Shareholders under their entitlements or under the Shortfall application facility referred to in Section 2.9, may

be taken up by the Underwriter, pursuant to the Underwriting Agreement, or any sub-underwriter.

The Company must pay or reimburse the Underwriter for its reasonable costs, professional fees and expenses in relation, and incidental, to the Offer.

The Underwriter may appoint further sub-underwriters to sub-underwrite the Offer in consultation with the Company. The Underwriter is responsible for paying all fees and commissions due to sub-underwriters and brokers appointed by the Underwriter in respect of the underwriting of the Offer.

The underwriting may have an effect on control of the Company if there is a substantial Shortfall, depending on the Applications by Shareholders other than the Underwriter.

For further details of the Underwriter and the Underwriting Agreement, and the sub-underwriting arrangements, please refer to Sections 7.4 and 7.5, respectively.

Patersons and Phillip Capital Corporate Pty Ltd (the **Joint Lead Managers**) have been engaged to act as joint lead managers to the Offer on certain terms and conditions. The Joint Lead Managers, in conjunction with the Company, will use their best endeavours to place the Shortfall with investors.

Pursuant to the Company's agreement with the Joint Lead Managers and this Prospectus, the Joint Lead Managers will receive \$100,000 divided pro rata on the funds raised as between the Joint Lead Managers.

For further details of the Company's agreement with the Joint Lead Managers, please refer to Section 7.6.

2.9 Applying for Additional Shares out of the Shortfall

Any New Shares not subscribed for will form part of the Shortfall.

Eligible Shareholders may, in addition to their Entitlement, apply for Additional Shares regardless of the size of their present holding by specifying the total amount of New Shares they wish to apply for (including the Additional Shares) on their Entitlement and Acceptance Form.

Applications for Additional Shares may be satisfied out of the Shortfall.

As permitted by the Listing Rules, the Underwriter, acting in consultation with the Company, reserves its right to nominate and determine who is to receive the Shortfall.

Applications for Shortfall Shares by Eligible Shareholders may exceed the total amount of the Shortfall after processing Applications, in which event Applications will be scaled back at the discretion of Directors. Accordingly, the Company cannot guarantee that you will receive the Additional Shares you apply for in excess of your Entitlement.

If more Additional Shares are applied for than the quantity of the Shortfall, those Applications will be scaled back in a manner determined by the Directors in their absolute discretion. It is an express term of the Offer that Applicants for Additional Shares will be bound to accept a lesser number of Additional Shares allocated to them than applied for. If you do not receive any or all of the Additional Shares you applied for, any excess Application Monies will be returned to you without interest.

2.10 Minimum subscription

There is no minimum subscription for the Offer. However the Underwriter has agreed to fully underwrite the Offer as set out in Section 7.4.

2.11 Renounceable Offer – dealing with Rights

The Offer is renounceable. This means that Eligible Shareholders may deal with their Rights as follows:

(a) *Selling all of your Rights on ASX*

If you wish to sell all of your Rights on ASX, please contact your stockbroker.

Rights trading on ASX commences on Wednesday 20 February 2013 and ceases on Thursday 7 March 2013. If you wish to sell all of your Rights on ASX, do **not** return your Entitlement and Acceptance Form to the Share Registry.

(b) *Taking up part of your Entitlement and selling the balance on ASX*

If you wish to take up part of your Entitlement and sell the balance of your Rights on ASX, please complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up. Please lodge the completed Entitlement and Acceptance Form together with a cheque for the Application Monies (in respect of that part of your Entitlement you intend to take up) with the Share Registry. Please contact your stockbroker if you wish to sell the balance of your Rights on ASX.

There is no guarantee that an Eligible Shareholder will be able to sell all or part of their Rights on ASX or that any particular price will be available at which the Rights can be sold.

(c) *Transfer all or part of your Rights other than on ASX*

You may elect to transfer all or part of your Rights to another person other than on ASX provided that the purchaser is not an Excluded Shareholder or would not be an Excluded Shareholder if the purchaser was the registered holder of the Shares.

If you wish to transfer all or part of your Rights to another person other than on ASX, forward a completed standard renunciation form (available from your stockbroker or the Share Registry) together with your Entitlement and Acceptance Form completed by the transferor and transferee to the Share Registry so that it is received no later than 5.00 pm (WST) on Friday 15 March 2012 and arrange for payment of the amount of the Application Monies in accordance with Section 2.6.

2.12 ASX quotation of New Shares

Application for official quotation on ASX of the New Shares issued pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the New Shares offered pursuant to the Offer are not admitted to official quotation within three (3) months after the date of this Prospectus, the Company will not allot or issue any New Shares and all Application Monies received pursuant to this Prospectus will be repaid as soon as practicable without interest.

The fact that ASX may agree to grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

2.13 Issue of New Shares and dispatch of holding statements

New Shares offered by this Prospectus are expected to be issued, and holding statements dispatched, on the date specified in the timetable in this Prospectus. No issue of New Shares will be made until ASX grants permission for the quotation of the New Shares.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. The sale by the Applicant of New Shares prior to the receipt of a holding statement is at the Applicant's own risk.

Eligible Shareholders who wish to trade New Shares obtained under the Offer should contact the Share Registry to ascertain their allocation before trading.

2.14 No brokerage

No investor will pay brokerage as a subscriber for New Shares under the Offer.

2.15 Holding of Application Monies

Application Monies will be held in a trust account until the New Shares are allotted to Eligible Shareholders.

The trust account established by the Company for this purpose will be solely used for handling Application Monies.

Any interest earned on Application Monies will be for the benefit of, and will remain the sole property of, the Company and will be retained by the Company whether or not the allotment and issue of New Shares takes place.

Applications and Application Monies may not be withdrawn once they have been received by the Company.

2.16 Excluded Shareholders

The Company will not make an Offer to Shareholders with a registered address outside Australia or New Zealand (**Excluded Shareholders**). The Company has decided that it is unreasonable to extend the Offer to Excluded Shareholders having regard to:

- (a) the number of Shareholders outside Australia and New Zealand (**Eligible Jurisdictions**);
- (b) the number and value of New Shares that would be offered to Shareholders outside the Eligible Jurisdictions; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

The Offer is being made to all Eligible Shareholders. The Company is not required to determine whether or not any registered Eligible Shareholder is holding Shares on behalf of persons who are resident outside the Eligible Jurisdictions (including nominees, custodians and trustees) or the identity or residence of any beneficial owners of Shares. Any Eligible Shareholders holding Shares on behalf of persons who are resident outside the Eligible Jurisdictions are responsible for ensuring that any dealing with New Shares issued under the Offer do not breach the laws and

regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlements or the distribution of this Prospectus or the Entitlement and Acceptance Form.

The distribution of this Prospectus and the Entitlement and Acceptance Form (including electronic copies) outside the Eligible Jurisdictions may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

2.17 Nominee for Excluded Shareholders' Rights

For the purposes of ASX Listing Rule 7.7 and section 615 of the Corporations Act, and subject to ASIC approval of such appointment being obtained (and in the event that ASIC approval of the nominee appointment is not obtained, ASIC approval of a replacement nominee appointed by the Company), the Company has appointed Patersons Securities Limited as nominee to arrange the sale of the Rights which would have been offered to Excluded Shareholders had they been entitled to participate in the Offer, and to account to the Excluded Shareholders for their proportion of the sale proceeds net of expenses.

2.18 CHESS

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares (**CHESS Statement** or **Holding Statement**).

If you are broker sponsored, ASX Settlement will send you a CHESS Statement.

The CHESS Statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub-register, your statement will be dispatched by the Company's Share Register and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS Statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

2.19 Privacy

If you apply for New Shares you will be providing personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request, carry out appropriate administration and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers,

regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

Collection, maintenance and disclosure of certain personal information are governed by legislation including the Privacy Act (as amended), the Corporations Act and certain rules of ASX. If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application.

Under the Privacy Act, you may request access to your personal information held by, or on behalf of, the Company or the Share Registry. You can request access to your personal information by writing to the Company through the Share Registry at:

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Email: registrar@securitytransfer.com.au

2.20 Taxation implications

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for New Shares under this Prospectus as it is not possible to provide a comprehensive summary of the possible taxation positions of potential Applicants. The Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to potential Applicants in the Offer. Potential Applicants should, therefore, consult their own tax adviser in connection with the taxation implications of the Offer.

2.21 Enquiries

This Prospectus provides information for potential investors in the Company and should be read in its entirety.

If after reading this Prospectus you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or financial adviser.

3. Effect of the Offer

3.1 Principal effect of the Offer on the Company

The principal effects of the Offer will be to:

- (a) increase the number of Shares on issue by 438,170,799 Shares; and
- (b) increase cash reserves by up to approximately \$4.0 million immediately after completion of the Offer and payment of the estimated expenses of the Offer, assuming the Offer is fully subscribed.

3.2 Capital structure

The capital structure of the Company following completion of the Offer (assuming the Offer is fully subscribed) is set out below:

Ordinary Shares	Number
Current Shares on issue	146,056,933
New Shares issued under Offer assuming full subscription	438,170,799
Total Shares on issue on completion of Offer	584,227,732

A further sum of \$300,000 in cash and \$450,000 in Shares (45,000,000 Shares at \$0.01 each) will be paid and issued to the Vendors at completion of the acquisition of Treasure Development. If the acquisition of Treasure Development is completed and a bankable feasibility study confirms that the exploitation of the Treasure Project is commercially viable, the Company will issue \$750,000 in Shares to the Vendors as deferred consideration. If issued, these Shares will further increase the number of Shares on issue (refer to Section 7.2 for further details).

The Company currently has on issue 136,756,414 listed Options exercisable at \$0.20 and expiring on 31 March 2014. The Company also has 8,500,000 unlisted Options on issue. No new Options are being offered under the Offer.

3.3 Pro forma statement of financial position

Set out below is:

- (a) the unaudited consolidated statement of financial position of the Company as at 31 December 2012; and
- (b) the unaudited pro forma consolidated statement of financial position of the Company as at 31 December 2012 incorporating the effect of the Offer, assuming the Offer is fully subscribed.

The unaudited pro forma consolidated statement of financial position has been derived from the financial statements of the Company and adjusted to reflect pro forma assets and liabilities of the Company as if completion of the Offer had occurred by 31 December 2012.

The following matters, which are expected to occur after 31 December 2012, make up the pro forma adjustments to the 31 December 2012 consolidated statement of financial position:

- the issue of Shares at \$0.01 each, thereby raising up to \$4,381,708 of capital pursuant to the Prospectus;

- costs of the offer of approximately \$415,000;
- the cash component of the consideration payable to the Vendors of the Treasure Project upon completion, being \$300,000; and
- the equity component of the consideration payable to the Vendors of the Treasure Project upon completion, being \$450,000 of Shares.

The unaudited consolidated pro forma statement of financial position has been prepared on the basis that there are no material movements in the assets and liabilities of the Consolidated Entity between 31 December 2012 and the completion of the Offer except for those noted above.

No allowance has been made for expenditure incurred in the normal course of business from 31 December 2012 to the Closing Date.

Unaudited Consolidated Pro Forma Statement of Financial Position

		(unaudited)	Pro-forma Adjustments	Pro-forma After Issue
	Notes	31 December 2012 \$		
CURRENT ASSETS				
Cash and cash equivalents	1	11,746	3,666,708	3,678,454
Prepayments		168,784	-	168,784
Trade and other receivables		133,440	-	133,440
TOTAL CURRENT ASSETS		313,970	3,666,708	3,980,678
NON-CURRENT ASSETS				
Trade and other receivables		62,229	-	62,229
Property, plant and equipment		73,752	-	73,752
Exploration and evaluation expenditure		17,080,232	-	17,080,232
Acquisition of Treasure Development Limited		146,562	750,000	896,562
TOTAL NON-CURRENT ASSETS		17,362,775	750,000	18,112,775
TOTAL ASSETS		17,676,745	4,416,708	22,093,453
CURRENT LIABILITIES				
Trade and other payables		61,375	-	61,375
Borrowings		734,895	-	734,895
TOTAL CURRENT LIABILITIES		796,270	-	796,270
TOTAL LIABILITIES		796,270	-	796,270
NET ASSETS		16,880,475	4,416,708	21,297,183
EQUITY				
Contributed equity	2	35,406,374	4,416,708	39,823,082
Reserves		(1,296,779)	-	(1,296,779)
Retained earnings		(17,229,120)	-	(17,229,120)
TOTAL EQUITY		16,880,475	4,416,708	21,297,183

Notes

1. Cash and cash equivalents

	(unaudited)	Pro-forma After Issue
	31 December 2012	
	\$	\$
Cash at bank and on hand	11,746	3,678,454
	11,746	3,678,454

Adjustments arising in the preparation of pro-forma cash balance are summarised as follows:

	\$
Cash balance as at 31 December 2012	11,746
Proceeds from shares issued under this prospectus	4,381,708
Share issue cost	(415,000)
Vendor Payment on completion of the Acquisition (Treasure Development Limited)	(300,000)
Pro-forma balance after issue	<u>3,678,454</u>

2. Contributed equity

	Number of Shares	\$
As at 31 December 2012	146,056,933	35,406,374

Adjustments arising in the preparation of pro-forma cash balance are summarised as follows:

438,170,799 shares at 1 cent each issued pursuant to the Prospectus	438,170,799	4,381,708
45,000,000 shares at 1 cent each issued on the Acquisition of Treasure Development Limited	45,000,000	450,000
Share issue cost	-	(415,000)
	629,227,732	39,823,082

3.4 Effects of the Offer on control of the Company

If all Eligible Shareholders take up their Entitlements in full, then the Offer will have no effect on the control of the Company.

If some Eligible Shareholders do not take up all of their Entitlement under the Offer, then the shareholding interests of those Eligible Shareholders in the Company will be diluted.

The proportional interests of Excluded Shareholders may be diluted because such Shareholders are not entitled to participate in the Offer.

Although the issue of New Shares to the existing substantial Shareholders may increase the shareholding interests of those persons in the Company, these arrangements are not expected to have any material effect on the control of the Company.

The current relevant interests of the substantial Shareholders (persons who have relevant interests in 5% or more of the Company), are as follows:

Substantial Shareholder (includes associated entities)	Number of Shares held	% of total Shares on issue
Fortune Metals Limited (formerly named Indochina Minerals Limited)	23,826,696	16.31%
TRG Equity Investments Pty Ltd	16,947,991	11.60%
AAT Holdings Limited	11,953,599	8.18%
Upper Rise Group Limited	8,750,896	5.99%
City Natural Resources High Yield Trust Plc ¹	8,800,000	6.02%
Total	70,279,182	48.12%

Note:

1. Held through HSBC Custody Nominees (Australia) Limited as nominee.

An analysis of the potential changes in control of the Company has been undertaken to indicate the effect on the total relevant interests of the substantial Shareholders should they take up their full Entitlement under the Offer.

The table below shows the shareholding interests of the current substantial Shareholders and sub-underwriters if they take up all of their Entitlements compared to their position if they take up none of their Entitlements:

Substantial Shareholder / Sub-underwriter	Percentage of total Shares before Offer	Percentage of total Shares after Offer	
		All Entitlements accepted	No Entitlements accepted
Fortune Metals Limited (formerly named Indochina Minerals Limited)	16.31%	16.31%	4.08%
TRG Equity Investments Pty Ltd	11.60%	11.60%	2.90%

AAT Holdings Limited (a substantial shareholder) and TRG 2013 (a sub-underwriter) ¹	8.18%	8.18%	11.46%
City Natural Resources High Yield Trust Plc ²	6.02%	6.02%	1.51%
Upper Rise Group Limited	5.99%	5.99%	1.50%
Linq Capital (a sub-underwriter)	Nil	Nil	8.56%

Notes:

1. AAT Holdings Limited and TRG 2013 are related parties. TRG 2013 is a sub-underwriter but not a Shareholder as at the date of this Prospectus. If no Shareholder takes up its Entitlement then percentage of Shareholding interest of TRG 2013 will become 9.41% on completion of the Offer and the aggregate holding of AAT Holdings Limited and TRG 2013 will be 11.46% assuming AAT Holdings Limited does not take up its Entitlement.
2. Held through HSBC Custody Nominees (Australia) Limited as nominee.

3.5 Effects of the Offer on activities of the Company

The issue of New Shares under the Offer will provide funds for the purposes set out in Sections 1.6 and 1.7, including the completion payment for the proposed acquisition of the Treasure Project.

Following the Offer, the Company will proceed with the acquisition of Treasure Developments and the principal exploration activities of the Company will be focussed on the Treasure Project as described in Section 1.

As noted in Section 1.3, the Company will continue to hold the Rio Pardo Iron Project and will seek to incrementally progress it without committing any significant cash expenditure, and revisit the program as market conditions improve.

4. Rights and liabilities attaching to Shares

4.1 Rights and liabilities attaching to Shares

The New Shares issued under this Prospectus will be fully paid ordinary shares in the capital of the Company and will rank equally with the Existing Shares.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to the Shares. Full details of the rights and liabilities attaching to the Shares are contained in the Constitution of the Company and, in certain circumstances, are regulated by the Corporations Act, the Listing Rules, the ASX Settlement Rules and the common law. The Company's Constitution is available for inspection free of charge at the Company's registered office.

(a) Share capital

All issued ordinary fully paid shares in the capital of the Company rank equally in all respects.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, one vote for the Share, but in respect of partly paid Shares has such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of persons (if any) entitled to Shares with special rights to dividend the Directors may declare such dividends out of profits as may appear to the Directors to be justified in accordance with the Corporations Act and may authorise the payment by the Company to the Shareholders of such a dividend. The Directors may authorise the payment to the Shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to Shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the Shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) Rights on winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, Shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other Shares.

(e) Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) Further increases in capital

Subject to the Constitution, the Corporations Act and the Listing Rules, the Company may allot or dispose of all or any of the Shares to such persons, and on such terms, as the Directors determine.

Subject to the Constitution, the Corporations Act and the Listing Rules, the Company may grant Options with rights of conversion to Shares or pre-emptive rights to any Shares, to any person, for any consideration, as the Directors resolve.

(g) Variation of rights attaching to Shares

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the Share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

(h) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

5. Risk factors

5.1 Introduction

Activities in the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance. There can be no guarantee that the Company will achieve its stated objectives.

Prior to deciding whether to take up their Entitlement, Shareholders should read the entire Prospectus and review announcements made by the Company to ASX (at www.asx.com.au under the code BMG) in order to gain an appreciation of the Company, its activities, operations, financial position and prospects.

An investment in New Shares should be considered speculative. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

Shareholders should also consider the risk factors set out below which the Directors believe represent some of the general and specific risks that Shareholders should be aware of when evaluating the Company and deciding whether to increase their shareholding in the Company. The following risk factors are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed.

5.2 Specific risks relating to the Company

The following risks have been identified as being key risks specific to an investment in the Company. These risks may adversely affect the Company's financial position, prospects and price of its listed securities.

In particular, the Company is subject to risks associated with the exploration and development of its mining tenements.

Exploration and development risks

- (a) **Exploration risks:** Minerals exploration and development is a high risk undertaking. The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of mineral commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Even if an apparently viable resource is identified, there is no certainty that it can be economically exploited.

Exploration on the Company's Rio Pardo Iron Project and on the Treasure Project may be unsuccessful, resulting in a reduction of the value of those Projects, diminution in the cash reserves of the Company and possible relinquishment of tenements.

- (b) **Licence renewal:** The Company cannot guarantee that renewals of valid tenements will be granted on a timely basis, or at all.
- (c) **Environmental/government approvals:** Operations on the Company's Rio Pardo Iron Project, located in Brazil, and the Treasure Project, located in Cyprus, are subject to the laws and regulations of those countries governing exploration, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental, mine safety and other matters. There can be no assurance that all the permits which the Company may require for its operations and

exploration will be obtainable on reasonable terms or on a timely basis or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

- (d) **Exploration costs:** The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.
- (e) **Successful development of projects:** The business of exploration, project development and mining contains risks by its very nature. To prosper, it depends on the successful exploration and/or acquisition of reserves, design and construction of efficient production/processing facilities, competent operation and managerial performance and proficient marketing of the product. In particular, exploration is a speculative endeavour and force majeure circumstances, cost overruns and other unforeseen events can hamper mining operations.
- (f) **Realising value from projects:** The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

Other risks specific to the Company

- (a) **Commodities price and exchange rate fluctuations:** The revenue derived through the sale of mineral commodities exposes the potential income of the Company to mineral commodities price and exchange rate risks. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for commodities, forward selling by producers and the level of production costs in major commodity-producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, commodities.

Furthermore, the international prices of most commodities are denominated in United States dollars, whereas any income and the expenditure of the Company are and will be taken into account in Australian, Cypriot and Brazilian currencies, exposing the Company to the fluctuations and volatility of the rates of exchange between each of those currencies.

- (b) **Future capital requirements:** The Company may require substantial further financing in the future for its business activities, in addition to amounts raised pursuant to the Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market

price (or Offer price) or may involve restrictive covenants which limit the Company's operations and business strategy.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

- (c) **Joint venture parties, agents and contractors:** There is a risk of financial failure or default by a participant in any joint venture to which the Company is, or may become, a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.
- (d) **Competition:** The Company competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.
- (e) **Key personnel:** Recruiting and retaining qualified personnel are important to the Company's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong. There can be no assurance given that there will be no detrimental impact on the Company if such persons employed cease their employment with the Company.
- (f) **Insurance risk:** In certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.
- (g) **Other:** Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.
- (h) **Potential acquisitions:** As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

5.3 General investment risks

- (a) **Stock market conditions:** As with all stock market investments, there are risks associated with an investment in the Company. Share prices may rise or fall and the price of Shares might trade below or above the issue price for the New Shares.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia and changes in exchange rates.

- (b) **Liquidity risk:** There can be no guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offer.
- (c) **Securities investment risk:** Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.
- (d) **Taxation:** There may be taxation implications arising from the Application for Shares, the receipt of dividends (both franked and unfranked) from the Company, participation in any on-market Share buy-back and on the disposal of Shares.

6. Continuous disclosure documents

6.1 Continuous disclosure obligations

This is a Prospectus for the offer of continuously quoted securities (as defined in the Corporations Act) of the Company and is issued pursuant to section 713 of the Corporations Act as a transaction specific prospectus. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

The Company is a “disclosing entity” for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the Listing Rules which require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Shares, subject to certain exceptions.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 12 months before the issue of this Prospectus.

The New Shares to be issued under this Prospectus are in a class of securities that were quoted on the stock market of ASX at all times in the 12 months before the issue of this Prospectus.

6.2 Documents available for inspection

The Company has lodged the following announcements with ASX since the lodgement of the Company’s 2012 annual financial report on 27 September 2012:

Date	Description of ASX Announcements
15 February 2013	Initial Director's Interest Notice
14 February 2013	Change of Director's Interest Notice
14 February 2013	Change of Director's Interest Notice
14 February 2013	ASX Waiver re Notices to Option Holders
14 February 2013	Renounceable Rights Issue
14 February 2013	Reinstatement to Official Quotation
13 February 2013	Suspension from Official Quotation
11 February 2013	Trading Halt
1 February 2013	Clarifying Statement Regarding Company Presentation
31 January 2013	Quarterly Activities and Cash flow Reports
29 January 2013	Treasure Project Presentation
25 January 2013	Complete CPR – Treasure Projects, Cyprus
25 January 2013	CPR – Treasure Projects, Cyprus
17 January 2013	Initial Director's Interest Notice
16 January 2013	Board Appointments
10 December 2012	Appendix 3B
10 December 2012	Agreement to Acquire Copper-Gold Project in Cyprus
06 December 2012	Request for trading halt

Date	Description of ASX Announcements
06 December 2012	Trading Halt
26 November 2012	Release from Escrow
22 November 2012	BMG AGM Results of Meeting November 2012
14 November 2012	Response to ASX Appendix 5B Query
9 November 2012	Clarification Announcement - Quarterly Activities Report
31 October 2012	Quarterly Activities and Cashflow Report to 30 September
19 October 2012	Notice of Meeting and Proxy Form 2012
19 October 2012	Notice of Annual General Meeting 2012
3 October 2012	Final Director's Interest Notice
1 October 2012	Board Change

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

Copies of documents lodged with ASX, in relation to the Company, including the Company's corporate governance policies, may be obtained from the Company's website at www.bmgl.com.au or at ASX's website at www.asx.com.au.

The Company will provide a copy of each of the following documents, free of charge, to any person on request from the date of this Prospectus until the Closing Date:

- (a) the annual financial report of the Company for the financial year ended 30 June 2012, being the annual financial report of the Company most recently lodged with ASIC before the issue of this Prospectus; and
- (b) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (a) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

7. Additional information

7.1 Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

7.2 Share purchase agreement for acquisition of the Treasure Project

On 13 February 2013 the Company entered into a share purchase agreement with the Vendors to acquire all the issued capital of Treasure Development (**Share Purchase Agreement**).

Treasure Development is the holder of the mining interests in Cyprus as described in Section 1.2.

Completion of the Share Purchase Agreement is conditional on satisfaction of various conditions precedent including:

- (a) the Company successfully completing the Offer; and
- (b) the Company being satisfied with the results of its due diligence investigations in respect of Treasure Development.

Consideration payable to Vendors is as follows:

- (a) subject to satisfaction or waiver of the conditions precedent:
 - (i) the payment of \$300,000 in cash; and
 - (ii) the issue of 45 million shares in the Company at a deemed issue price of \$0.01; and
- (b) subject to successful completion of a bankable feasibility study in respect of Treasure's mining interests, the issue of Shares to the value of \$750,000, the number of which is to be calculated on the basis of the 15-day VWAP as at the date that the bankable feasibility study is announced to ASX.

The Vendors have obligations to properly maintain the business and assets of Treasure until completion of the Share Purchase Agreement, and in particular to ensure that Treasure Development's mining interests remain in good standing.

The Vendors and the Company have made representations and given warranties common to agreements of this type. Each of the parties has termination rights in the event of a breach of a material term of the Share Purchase Agreement.

7.3 Management agreement with Transcontinental

By agreement between Transcontinental and the Company (undated), the Company agreed to retain Transcontinental to provide to the Company, on the terms and conditions set out in the agreement, comprehensive administration services including:

- (a) administrative, management, corporate, advisory and other similar services;

- (b) management of third party professional and expert services including legal and audit and investment banking, independent technical expert and other services;
- (c) head office support services including provision of office space for the Company's managing director and one other Company appointee, shared access to Transcontinental's office IT and telecommunications equipment and access to third party provided communications systems and support;
- (d) company secretarial, administrative support, accounting, payroll business analysis and recruitment and employee administration services; and
- (e) other administration services as may be requested from time to time by the Board and as agreed by Transcontinental.

The Company must pay a monthly fee to Transcontinental plus reimbursement each month for certain costs, expenses and liabilities incurred and/or paid by Transcontinental on behalf of the Company during the month. The initially agreed fee was \$25,000 per month with effect from November 2010. On and from 1 June 2011 Transcontinental agreed to reduce the monthly fee from \$25,000 to \$20,000.

The initial term of the agreement was two years from 1 December 2010 until 1 December 2012. Since the expiry date it has been continued on the same terms, other than in relation to Transcontinental agreeing to temporarily reduce the monthly fee to assist the Company's circumstances as noted below. The agreement may be terminated by 6 months' written notice from either party. Subject to certain notice requirements, the agreement may also be terminated by notice in writing for circumstances including material and substantial breach of the agreement, grave misconduct or wilful neglect in the discharge of a party's duties and responsibilities under the agreement or where one party to the agreement is placed under administration, a receiver or manager is appointed or has an order made for it to be wound up.

On and from 1 July 2012 Transcontinental agreed to temporarily and unilaterally reduce the monthly fee from \$20,000 to \$10,000 with the fee to be met on loan account.

On and from 9 August 2012 Transcontinental agreed to temporarily and unilaterally reduce the monthly fee from \$10,000 to \$0.

Anthony Trevisan (a director of the Company) is a director of Transcontinental.

7.4 Underwriting Agreement

The Company and Patersons Securities Limited (**Underwriter**) entered into an underwriting agreement on 15 February 2013 (**Underwriting Agreement**) pursuant to which the Underwriter agreed to fully underwrite the Offer at \$0.01 per Share.

The Underwriter intends to allot any Shortfall pursuant to any applications for the Shortfall on Monday 25 March 2013.

The Underwriter will be paid an underwriting commission of 6% of the underwritten amount. In addition, the Company must pay or reimburse the Underwriter for its reasonable costs, professional fees and expenses in relation, and incidental, to the Offer.

The Underwriter may terminate its obligations immediately by written notice to the Company in the following circumstances (where not defined in this Prospectus, capitalised terms are defined in the Underwriting Agreement):

- (a) **(Indices fall)**: any of the All Ordinaries Index or the All Resources Index as published by ASX is at any time after the date of this Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of this Agreement;
- (b) **(Share Price)**: the Shares of the Company finish trading on the ASX under the ASX code of "BMG" on any three consecutive trading days with a closing price that is less than \$0.01;
- (c) **(Prospectus)**: the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company;
- (d) **(Copies of Prospectus)**: the Company fails to comply with clause 4.1(e) and such failure is not remedied within 2 days;
- (e) **(No Official Quotation)**: Official Quotation has not been granted for all Shares by no later than Tuesday 19 March 2013 or, having been granted, is subsequently withdrawn, withheld or qualified;
- (f) **(Supplementary prospectus)**:
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under this Agreement as a result of an occurrence as described in clause 13.1(r)(vi), forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter;
- (g) **(Non-compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information required by section 713 (or sections 710, 711 and 716) of the Corporations Act;
- (h) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 (or sections 710, 711 and 716) of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (i) **(Restriction on allotment)**: the Company is prevented from allotting the New Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (j) **(Withdrawal of consent to Prospectus)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her

name in the Prospectus or to be named in the Prospectus, withdraws that consent;

- (k) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (l) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act;
- (m) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Part 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (n) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Uruguay, Brazil, Argentina, Japan, the United Kingdom, the United States of America, the People's Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (o) **(Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (p) **(Indictable offence)**: a director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence;
- (q) **(Termination Events)**: any of the following events occurs:
 - (i) **(Default)**: default or breach by the Company under the Undertaking Agreement of any terms, condition, covenant or undertaking;
 - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Undertaking Agreement is or becomes untrue or incorrect;
 - (iii) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) **(Adverse change)**: an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Undertaking Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;

- (v) **(Error in Due Diligence Results):** it transpires that any of the due diligence results or any part of the verification material was false, misleading or deceptive or that there was an omission from them;
- (vi) **(Significant change):** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (vii) **(Public statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the issue of New Shares or the Prospectus;
- (viii) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the issue of New Shares or the affairs of the Company or any of its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Official Quotation qualified):** the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation" within the Listing Rules;
- (x) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (i) **(Prescribed Occurrence):** the Company or any of its subsidiaries increases or reduces its share capital, enters into a buyback agreement or arrangement, grants options or convertible notes (with the exception of those listed in this Prospectus), disposes or agrees to dispose or to charge a substantial part of its business or property, resolves to be wound up or a court order is made to wind up, a liquidator or receiver is appointed or the Company or any of its subsidiaries executes a deed of company arrangement;
- (ii) **(Suspension of debt payments):** the Company suspends payment of its debts generally;
- (iii) **(Event of Insolvency):** an event of insolvency occurs in respect of a Relevant Company;
- (iv) **(Judgment against a Relevant Company):** a judgment in an amount exceeding \$25,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 7 days;
- (v) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against the Company or any of its subsidiaries, other than any claims foreshadowed in this Prospectus;
- (vi) **(Board and senior management composition):** there is a change in the composition of the Board or a change in the senior management of the Company before the date the last of the New Shares occurs in

accordance with this Prospectus, without the prior written consent of the Underwriter;

- (vii) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of the Company or any of its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or any of its subsidiaries;
- (viii) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 3 business days (as defined in the Listing Rules);
- (ix) **(Force Majeure)**: a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (x) **(Certain resolutions passed)**: the Company or any of its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xi) **(Capital Structure)**: the Company or any of its subsidiaries alters its capital structure in any manner not contemplated by the Prospectus;
- (xii) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or any of its subsidiaries;
- (xiii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, Cyprus, Brazil, the United Kingdom, the United States of America, the European Union or other international financial markets; or
- (xiv) **(Suspension)**: the Company is removed from the Official List or the Shares become suspended from Official Quotation and that suspension is not lifted within 24 hours following such suspension.

The Underwriter may not exercise its rights under item (q) above unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a termination event has or is likely to have, or two or more termination events together have or are likely to have:

- (a) a material adverse effect; or
- (b) could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

7.5 Sub-underwriting arrangements

The Underwriter has entered into sub-underwriting arrangements with various sub-underwriters, such that the Offer is fully sub-underwritten.

The sub-underwriters include Transcontinental Resource Group 2013 Pty Ltd (**TRG 2013**), a company related to Mr Anthony Trevisan. TRG 2013 has entered into a general sub-underwriting agreement with the Underwriter confirming that it will take

up such number of New Shares (if available) as is equal to 550/4400ths of the Shortfall.

If the TRG 2013's sub-underwriting facility is fully utilised, its shareholding interest in the Company post-completion of the Offer (when aggregated with the shareholding interest of its related entity AAT Holdings Limited) would be 66,953,599 Shares (representing a maximum of 11.46% of the Shares on issue).

Mr Trevisan is a director of TRG 2013 and holds the sole share in TRG 2013 through AAT Holdings Limited, a company of which Mr Trevisan is the sole director and shareholder.

TRG 2013 will be entitled to be paid a commission of \$22,000 in respect of the New Shares the subject of the Offer that it has committed to take up or sub-underwrite. The commission is payable by the Underwriter out of the fees it receives from the Company under the Underwriting Agreement.

Linq Capital has entered into a general sub-underwriting agreement with the Underwriter confirming that it will take up such number of New Shares (if available) as is equal to 500/4400ths of the Shortfall.

If the Linq Capital's sub-underwriting facility is fully utilised, its shareholding in the Company post-completion of the Offer would be 50,000,000 Shares (representing a maximum of 8.56% of the Shares on issue).

7.6 Joint Lead Manager Agreement

Phillip Capital Corporate Pty Ltd and Patersons Securities Limited (the **Joint Lead Managers**) have been mandated to act as joint lead managers to the Offer on certain terms and conditions.

The Joint Lead Managers are entitled to a management fee of \$100,000 (plus GST) divided pro rata on the funds raised as between the Joint Lead Managers.

The Company must pay or reimburse the Joint Lead Managers for their costs, professional fees and expenses in relation to, and incidental to, the Offer. The Joint Lead Managers must obtain the consent of BMG before incurring any single expense greater than \$2,000.

7.7 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director nor any entity in which such a Director is a partner or director, has or has had in the two (2) years before the date of this Prospectus, any interest in:

- (a) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (b) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any Director or proposed director or to any entity in which such a Director or proposed director is a partner or director, either to induce him to become, or to qualify as, a Director or otherwise for services rendered by him or by the entity in connection with the formation or promotion of the Company or the Offer.

7.8 Security holding interests of Directors

At the date of this Prospectus the relevant interest of each of the Directors and in the Shares and Options of the Company are as follows:

Director	Shares		Options	
	Direct	Indirect	Direct	Indirect
Christopher Eager	Nil	Nil	Nil	Nil
Bruce McCracken	75,000	2,400,000 ¹	Nil	4,075,000 ¹
Michael Green	Nil	1,000,000 ⁷	Nil	Nil
Malcolm Castle	150,000	3,828,569 ²	1,650,000	3,604,600 ³
Anthony Trevisan	165,000	11,978,599 ⁴	Nil	11,978,599 ⁵
Robert Pett	Nil	Nil	Nil	2,098,242 ⁶

Notes:

1. Held by Bruce McCracken and Megan McCracken as trustees for the McCracken Family Trust, of which Mr McCracken is a beneficiary.
2. Relevant interest in 398,969 Shares as spouse of Susan Castle and relevant interest in 3,429,600 Shares as director and sole shareholder of Agricola Mining Consultants Pty Ltd.
3. Relevant interest in 175,000 Options as spouse of Susan Castle and relevant interest in 3,429,600 Options as director and sole shareholder of Agricola Mining Consultants Pty Ltd
4. Relevant interest in 25,000 Shares as spouse of Karen Trevisan and relevant interest in 11,953,599 Shares as director and sole shareholder of AAT Holdings Pty Ltd.
5. Relevant interest in 25,000 Options as spouse of Karen Trevisan and relevant interest in 11,953,599 Options as director and sole shareholder of AAT Holdings Pty Ltd.
6. Relevant interest as director of Batterbury Holdings Pty Ltd and Economic Consultant Pty Ltd.
7. Relevant interest in 1,000,000 Shares as spouse of Natalie Maloney.

Directors or their associated entities who are registered as Shareholders on the Record Date may participate in the Offer.

7.9 Remuneration of Directors

The Constitution provides that the Directors may be paid for their services as Directors. Non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum set by the Company in a general meeting. The aggregate maximum is presently set at \$300,000 per annum. The Managing Director may receive such remuneration as the directors determine.

A Director may be reimbursed for out of pocket expenses incurred as a result of their directorship.

Details of remuneration provided to Directors during the past two financial years is as follows:

Director	Financial year up to 30 June 2012 Total (\$)	Financial year up to 30 June 2011 Total (\$)
Bruce McCracken ¹ (appointed on 1 July 2011)	494,441 (includes Options to the value of 157,421 and 27,825 as superannuation)	Nil
Malcolm Castle ²	298,828 (includes Options to the value of 58,536 and 2,604 as superannuation)	134,750 (includes 12,250 as superannuation)
Anthony Trevisan ³	240,000	195,000
Robert Pett	43,600 (includes 3,600 as superannuation)	21,800 (includes 1,800 as superannuation)
Peter O'Connor (appointed on 17 May 2011 and ceased to be a Director on 1 October 2012)	192,442 (includes Options to the value of 120,442)	10,452
Thomas Kelly (ceased to be a Director on 16 May 2011)	N/A	37,787 (includes 3,120 as superannuation)
Craig Bromley (ceased to be a Director on 16 May 2011)	N/A	37,787 (includes 3,120 as superannuation)
Carl Swensson (ceased to be a Director on 9 December 2010)	N/A	18,000
Michael Green (appointed as a non-executive Director on 16 January 2013)	N/A	N/A
Christopher Eager (appointed on 15 February 2013)	N/A	N/A

Notes:

1. Mr McCracken received \$300,000 in salary as a Managing Director during the 2012 financial year and received \$9,195 for pre-employment consulting work in June 2011 which was paid on 5 July 2011.
2. Mr Castle received \$23,038 in salary as Technical Director until 11 July 2012 and received consultancy fees of \$211,650 paid to The MJ Castle Family Trust of which Mr Castle is a director and beneficiary.
3. Mr Trevisan did not receive remuneration from the Company for either of the 2011 or 2012 financial years. Mr Trevisan is a director of Transcontinental which has an agreement with the Company. Transcontinental charged a management and administrative fee for office space and services, accounting and administration services totalling \$195,000 during the 2011 financial year, and \$240,000 during the 2012 financial year. Mr Trevisan is not a shareholder of Transcontinental nor a beneficiary of any trust which has an interest in Transcontinental.

7.10 Director indemnity deeds

The Company has entered into a deed of indemnity with all existing Directors.

Under the deeds the Company has undertaken, subject to the restrictions in the Corporations Act, to indemnify all existing Directors against all losses or liabilities incurred by each Director in their capacities as Directors of the Company.

7.11 Expenses of the Offer

The estimated expenses payable in cash by the Company in respect of costs associated with this Prospectus and the Offer, including offer management, broking fees, legal, accounting, corporate advisory, printing, ASIC and ASX fees and other costs will be approximately \$415,000.

7.12 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not have, and have not had in the two (2) years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offer.

Patersons Securities Limited is the underwriter in respect of the Offer and will be paid such fees as are outlined at Section 7.4.

Phillip Capital Corporate Pty Ltd and Patersons Securities Limited are the Joint Lead Managers to the Offer and will be paid such fees as are outlined at Section 7.7. Neither Phillip Capital Corporate Pty Ltd nor Patersons Securities Limited has received any fees from the Company over the period two (2) years prior to the date of this Prospectus.

Jackson McDonald has acted as solicitors to the Company in relation to the Offer and legal due diligence enquiries in respect of the Company and is entitled to be paid approximately \$25,000 (plus GST) in respect of these services. In addition, Jackson McDonald has provided other legal services to the Company in the period two (2) years prior to the date of this Prospectus and has been paid, or is entitled to be paid, fees totalling approximately \$10,000 (plus GST) for those other services.

7.13 Consents and liability statements

Patersons Securities Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as Underwriter to the Offer, Joint Lead Manager to the Offer as nominee for foreign shareholders of the Company in the form and context in which it is named.

Phillip Capital Corporate Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as a Joint Lead Manager to the Offer in the form and context in which it is named.

Jackson McDonald has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as solicitors to the Company in the form and context in which it is named.

SRK Consulting (Australasia) Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in Section 1.2 of this Prospectus in the form and context in which it is named and to the inclusion of the statements attributed to it that are included in Section 1.2 of the Prospectus.

Security Transfer Registrars Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as the Share Registry in the form and context in which it is named.

Each of Phillip Capital Corporate Pty Ltd, Patersons Securities Limited, Jackson McDonald, SRK Consulting and Security Transfer Registrars Pty Ltd:

- (a) did not authorise or cause the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this Section; and
- (c) to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with consent of that party as specified in this Section.

7.14 Competent person statement

The information in this Prospectus that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves (each as defined in the JORC Code) is based on information compiled and/or reviewed by Mr Malcolm John Castle, a competent person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Castle is a consultant geologist employed by Agricola Mining Consultants Pty Ltd and is a non-executive Director. Mr Castle has sufficient experience that is relevant to the style of mineralisation and type of deposits 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, Minerals Resources and Ore Reserves'. Mr Castle consents to the inclusion in this Prospectus of matters based on his information in the form and context in which it appears.

While the Company remains optimistic that it will report resources and reserves in the future, any discussion in relation to exploration targets or resource potential is conceptual in nature. There has been insufficient exploration to define a Mineral Resource (as defined in the JORC Code) and it is uncertain if further exploration will result in the determination of a Mineral Resource.

7.15 Market prices of Shares on ASX

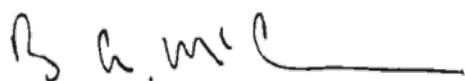
The highest and lowest closing market sale prices of Shares on ASX during the three (3) months immediately preceding the date of this Prospectus and the respective dates of those sales were \$0.027 on 3 January 2013 and \$0.008 on 22 November 2012. The latest available market price of Shares on ASX at the close of trading on the trading day immediately preceding the date of this Prospectus was \$0.014.

8. Directors' responsibility statement and consent

The Directors state that they have made all reasonable enquiries and that on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect of any other statements made in the Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that the persons making the statement or statements were competent to make such statements; those persons have given their consent before lodgement of this Prospectus with ASIC or, to the Directors' knowledge, before any issue of New Shares pursuant to this Prospectus.

Each Director (and proposed Director) has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board by:

A handwritten signature in black ink, appearing to read 'B. McCracken', followed by a horizontal line extending to the right.

Bruce McCracken
Managing Director

for and on behalf of the Company

Dated: 15 February 2013

9. Glossary of Terms

Additional Shares	Additional Shares issued to the Shareholders in accordance with this Prospectus as set out in Section 2.9.
Applicant	A person who applies for New Shares in accordance with this Prospectus.
Application	A valid application for New Shares offered under this Prospectus.
Application Monies	The monies payable by Applicants to the Offer.
ASIC	The Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.
ASX Settlement	ASX Settlement Pty Ltd ACN 008 504 532.
ASX Settlement Rules	The settlement rules of ASX Settlement.
Board	The board of Directors.
CHESS	Clearing House Electronic Sub-register System operated by ASX Settlement.
CHESS Statement or Holding Statement	A statement of shares registered in a CHESS account.
Closing Date	The closing date of the Offer as set out in Section 2.2.
Company or BMG	Brazilian Metals Group Limited ACN 107 118 678.
Consolidated Entity	The Company and its subsidiaries.
Constitution	The constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Cyprus	The Republic of Cyprus.
Director	A director of the Company as at the date of this Prospectus.
Eligible Jurisdictions	Australia and New Zealand.
Eligible Shareholder	A Shareholder who is: <ul style="list-style-type: none">• a registered holder of Shares on the Record Date;• has a registered address in Australia or New Zealand as shown in the Share Registry;• not in the United States or a U.S. Person or acting for the account of or benefit of a U.S. Person; and• eligible under all applicable securities laws to receive an offer under the Offer.
Entitlement	The number of New Shares that a Shareholder is entitled to apply for under the Offer, as determined by the number of Shares held by that Shareholder at the Record Date.
Entitlement and Acceptance Form	The entitlement and acceptance form accompanying this Prospectus.
Excluded Shareholder	A Shareholder as at the Record Date whose registered address is not situated in an Eligible Jurisdiction.

Existing Share	A share issued before the date of this Prospectus.
Existing Shareholder	A holder of an Existing Share.
GST	Goods and services tax.
Joint Lead Managers	Phillip Capital Corporate Pty Ltd ACN 066 066 911 and Patersons Securities Limited ACN 008 896 311.
JORC Code	The 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.
Linq Capital	Linq Capital Limited as responsible entity for Linq Resources Fund.
Listing Rules	The listing rules of ASX.
Lodgement Date	The date of lodgement of the Prospectus with ASIC as set out in Section 1.8.
New Shares	The Shares that may be issued under this Prospectus on the terms set out therein.
Offer	The Offer of New Shares under this Prospectus.
Offer Period	The period commencing on the Opening Date and ending on the Closing Date.
Official List	The Official List of ASX.
Official Quotation	Official quotation by ASX.
Opening Date	The opening date of the Offer as set out in Section 2.2.
Option	An option to subscribe for a Share.
Option Holder	The holder of an Option.
Privacy Act	<i>Privacy Act 1988</i> (Cth).
Prospectus	This prospectus dated 15 February 2013, including any electronic or online version of this prospectus.
Record Date	5.00pm (WST) on Tuesday 26 February 2013 or such other date as may be determined by the Directors.
Right	The right to subscribe for New Shares under this Offer.
Section	A section of this Prospectus.
Share	A fully paid ordinary share in the capital of the Company.
Share Purchase Agreement	The share purchase agreement between the Company and Treasure Development dated 13 February 2013.
Share Registry	The Company's registry, Security Transfer Registrars Pty Ltd ACN 008 894 488.
Shareholder	The holder of a Share.
Shortfall	The number of New Shares offered under this Prospectus for which valid Applications have not been received from Eligible Shareholders before the Closing Date.
SRK Consulting	SRK Consulting (Australasia) Pty Ltd ACN 074 271 720.
Transcontinental	Transcontinental Investments Pty Ltd ACN 009 017 985.

Treasure Development	Treasure Development Limited, a company incorporated in Cyprus and having Cyprus Registration Number C144115.
TRG 2013	Transcontinental Resource Group 2013 Pty Ltd ACN 146 746 821.
Underwriter	Patersons Securities Limited ACN 008 896 311.
Underwriting Agreement	The underwriting agreement between the Underwriter and the Company dated 15 February 2013.
U.S. Person	Any person in the United States or any person that is, or is acting for the account or benefit of, a “U.S. person” (as defined in Regulation S under the United States Securities Act of 1933, as amended).
Vendors	<p>The following individuals:</p> <ul style="list-style-type: none"> • John Wiliam Benger of 14 Osprey Road, Eaglehawk Neck, Tasmania, Australia; • Christodoulos Alexandrou of 5 Chanion Street, Larnaca, Cyprus; • Wilson Arkim Gewargis (passport number M6618093) formerly of 46A Sartor Crescent, 1st Floor, Bossleypark, New South Wales, Australia; and • Kostas Latouros of 7 Chanion Street, Larnaca, Cyprus.
VWAP	Volume weighted average price.
WST	Western Standard Time, being the time in Perth, Western Australia.