



QUARTERLY ACTIVITIES REPORT

For the Quarter to 31 March 2013

HIGHLIGHTS

- **Completed A\$4.4m fully underwritten rights issue**
- **Completed acquisition of Treasure Copper-Gold Project in the Republic of Cyprus**
- **Poised to commence maiden drilling programme at Black Pine – Laxia Prospect**
- **Significantly strengthened executive team with key appointments**

During the quarter Brazilian Metals Group Limited (ASX:BMG) made significant operational and corporate progress in strategically positioning the Company for growth.

- The Company completed a A\$4.4m fully underwritten rights issue (before costs) in late March to provide funds to complete the acquisition of the Treasure Copper-Gold Project in the Republic of Cyprus, progress a high-impact maiden drilling campaign, retire existing debt and provide ongoing working capital.
- The Company completed the acquisition of the Treasure Project (in early April), and is now well advanced in its preparations to commence drilling at the Black Pine – Laxia Prospect in May.
- The Company significantly bolstered its board and management team with the commencement in mid-February of Mr Chris Eager as Non-executive Chairman and Dr Michael Green as Chief Operating Officer and an Executive Director.

BMG recently completed additional sampling at Black Pine – Laxia and Pevkos prospects ahead of the upcoming drilling program, which delivered further high grade copper-gold-nickel-cobalt results which were consistent with previous work undertaken – refer to ASX release on 16 April 2013.

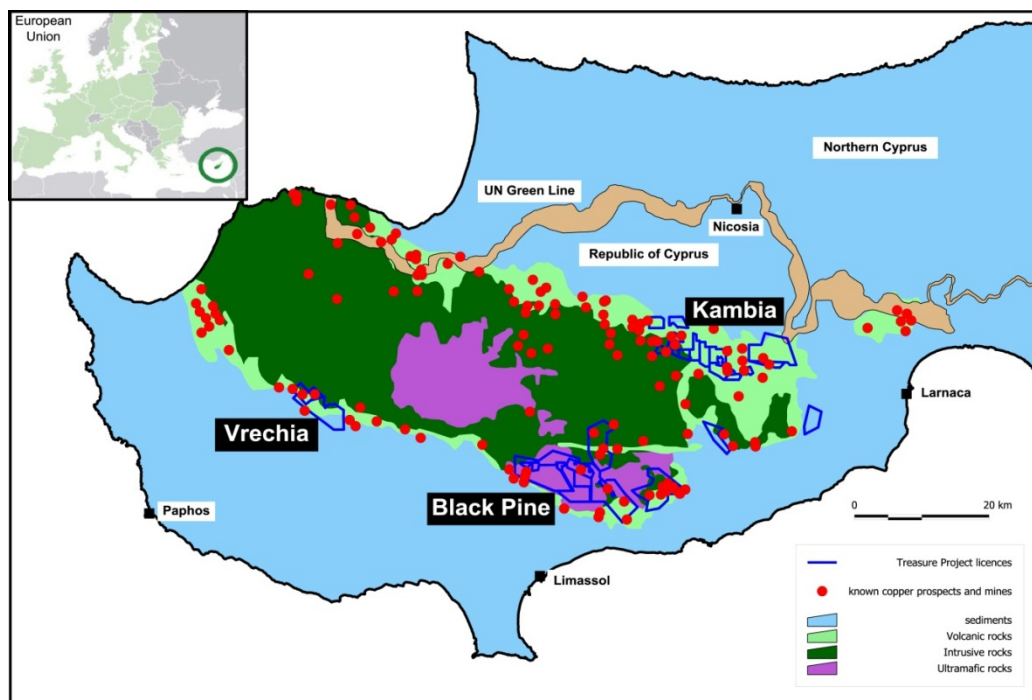
We look forward to providing regular market updates through the coming quarter as we progress our initial phase of drilling at Black Pine – Laxia Prospect and advance our broader exploration programme to identify areas for resource growth.

THE TREASURE PROJECT

The Company's 100 % owned **Treasure Project** in the Republic of Cyprus consists of numerous copper-gold prospects within an exploration area of over 200 km².

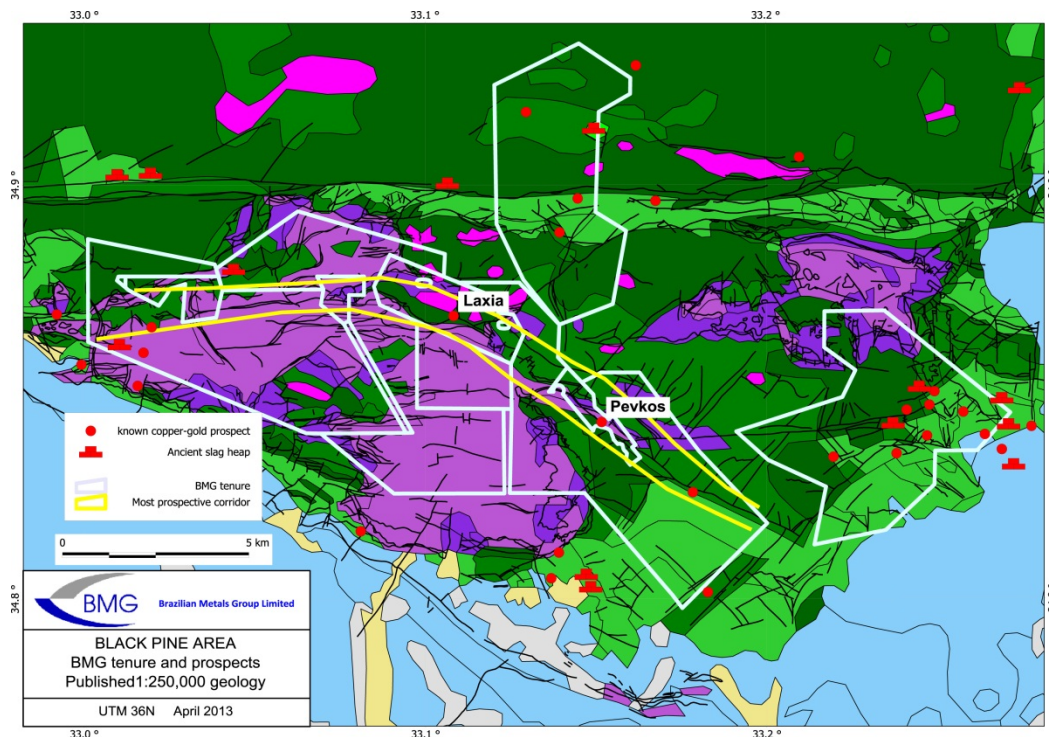
Two types of copper-gold mineralisation have been identified:

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



BLACK PINE AREA – THE PRIORITY FOCUS

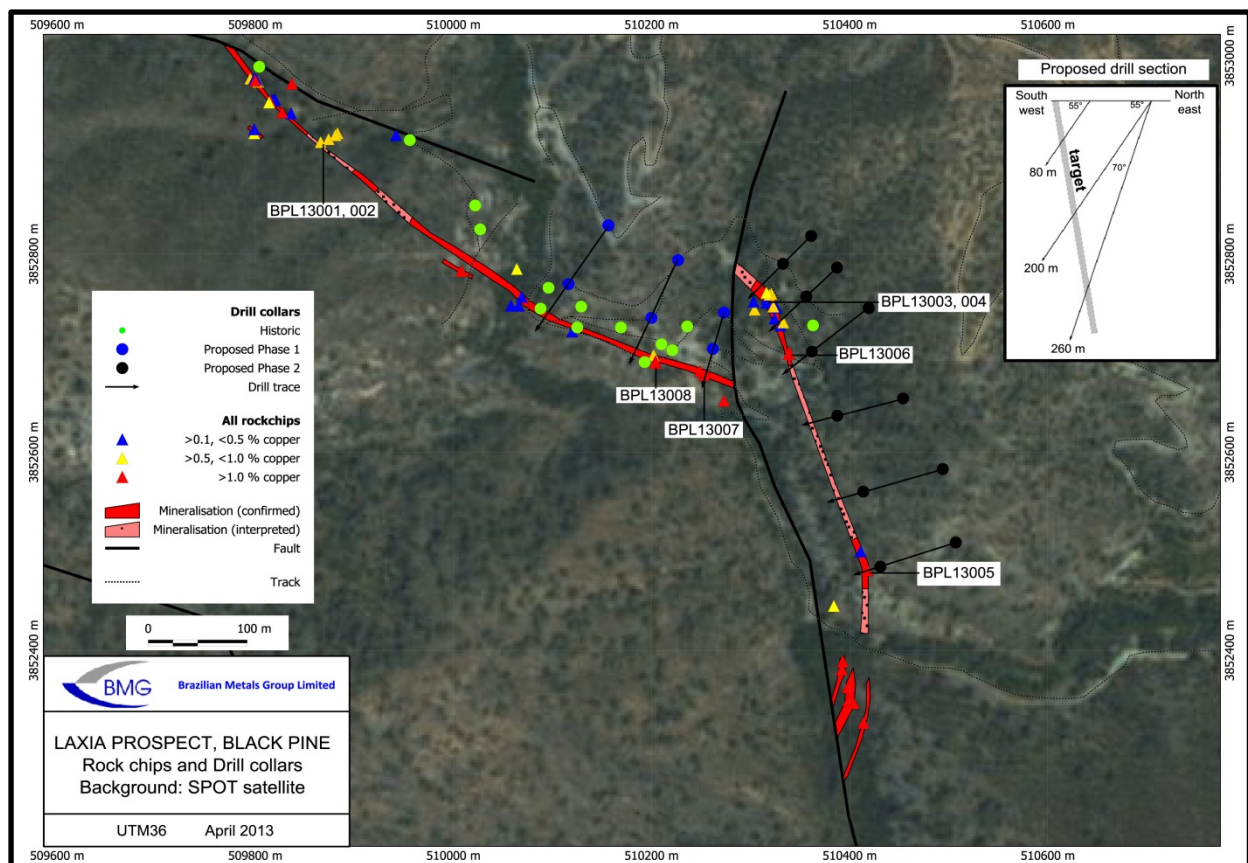
The **Black Pine** area covers around 100 km² and is BMG's priority focus for the initial drilling program. Currently, two prospects (Laxia and Pevkos) have been identified with massive sulphide units containing copper, gold, nickel and cobalt exposed at surface. The Company has not undertaken any exploration beyond the immediate Laxia and Pevkos prospect areas, although the fault system which hosts the prospects is interpreted to have a strike length of approximately 20 km with excellent potential to delineate resources. BMG holds all the tenure where such extensions may be found.



LAXIA PROSPECT – PRIMARY TARGET AREA

The Laxia Prospect within the Black Pine area is the Company's priority target area. It contains outcrops of copper-gold-rich gossan that extend for approximately 1.4 km. Some areas between the gossan outcrops are covered by shallow rubble (< 1 metre) and it is interpreted that the sulphide mineralisation associated with the gossan is continuous for the full 1.4 km. Previous work at Laxia in the 1950s included excavating narrow tunnels (adits) and drilling vertical drill holes to explore the extent of the massive sulphide mineralisation. Some of these adits followed the mineralisation for up to 100 metres. The massive sulphide units appear to dip steeply to the north, such that the vertical drill holes were not effective to intersect significant high grade mineralisation. BMG will angle drill holes back towards the target massive sulphide units – refer to proposed drill hole locations and cross-section below.

During the quarter rock-chip samples were collected from the Laxia Prospect in the area of the proposed drilling programme. Seven samples were taken to replicate samples collected in 2008 that had incomplete assays and one sample was from a newly identified gossanous outcrop.



Rock chip samples BPL13001 and BPL13002 comprise massive pyrrhotite with visible chalcopyrite and were collected from a ‘waste’ pile near the entrance to the adits at the western end of the known mineralisation. These samples confirm previous assays of massive pyrrhotite samples from other ‘waste’ piles in the immediate vicinity. Moreover, they are consistent with assays collected from an open adit where 4.7 metres (true width) of massive sulphide is exposed and returned 4.7 metres at 0.76 % copper, 2.2 g/t gold, 0.19 % nickel and 0.11 % cobalt.

BPL13005 was collected from a newly discovered outcrop of gossan-rich serpentinite near the eastern end of the known mineralisation.

The other five rock-chip samples were collected to follow up previous samples which had incomplete assays. The latest samples confirm the widespread presence of copper-gold mineralisation associated with elevated nickel and cobalt. Assay results range from 0.44 % copper and 9.47 g/t gold (BPL13003) to 1.37 % copper and 0.56 g/t gold (BPL13006).

Sample ID	East (UTM36)	North UTM36)	Copper %	Gold g/t	Nickel %	Cobalt %
BPL13001	509866	3852913	0.60	2.67	0.24	0.09
BPL13002	509874	3852916	0.81	3.46	0.22	0.17
BPL13003	510316	3852751	0.44	9.47	0.03	0.02
BPL13004	510321	3852760	0.60	0.33	0.08	0.04

BPL13005	510418	3852481	1.25	0.22	0.33	0.26
BPL13006	510338	3852699	1.37	0.56	0.10	0.04
BPL13007	510253	3852678	1.21	2.38	0.09	0.04
BPL13008	510202	3852698	0.76	0.19	0.07	0.02

Rock chip assays of samples from Laxia Prospect

PROPOSED DRILLING SCHEDULE

The Company will shortly commence its maiden drilling programme at the Laxia Prospect. Phase 1 drilling has been designed to increase knowledge of the Laxia Prospect by targeting a 160 metre strike-length of the mineralisation and drilling nine holes along three sections to a vertical depth of about 220 metres. An estimated total of 1,620 metres will be drilled. Phase 1 drilling is planned to produce a dataset that is robust enough to develop an Inferred JORC Resource. Metallurgical and geotechnical studies will also be undertaken on the Phase 1 drill core.

Phase 2 drilling is planned to step-out along strike to better constrain grade and width variability.

PEVKOS PROSPECT – SECONDARY TARGET AREA

The Pevkos Prospect is the Company's secondary target area at the Black Pine area. The prospect comprises two areas of massive sulphide mineralisation known as the Eastern and Western Lodes. There is also an area of malachite-stained gossan between the two lodes. Previous exploration at Pevkos during the 1950s included excavating adits and completing 22 vertical drill holes. This work showed that the Eastern Lode has good strike (130 metres) and depth (200 metres) continuity, but the Western Lode is fragmented.

Recent surface sampling of the massive sulphide mineralisation at Pevkos has been challenging as material from the adjacent gravel batching plant and thick vegetation in the creek obscures adit entrances and 'waste' piles. One sample from the 'waste' dump near the Western Lode was assayed in 2008 (CYP08074) and returned very high grade results including: 3.09 % Cu, 3.67 % Ni, 7.58 g/t Au and 0.28 % Co.

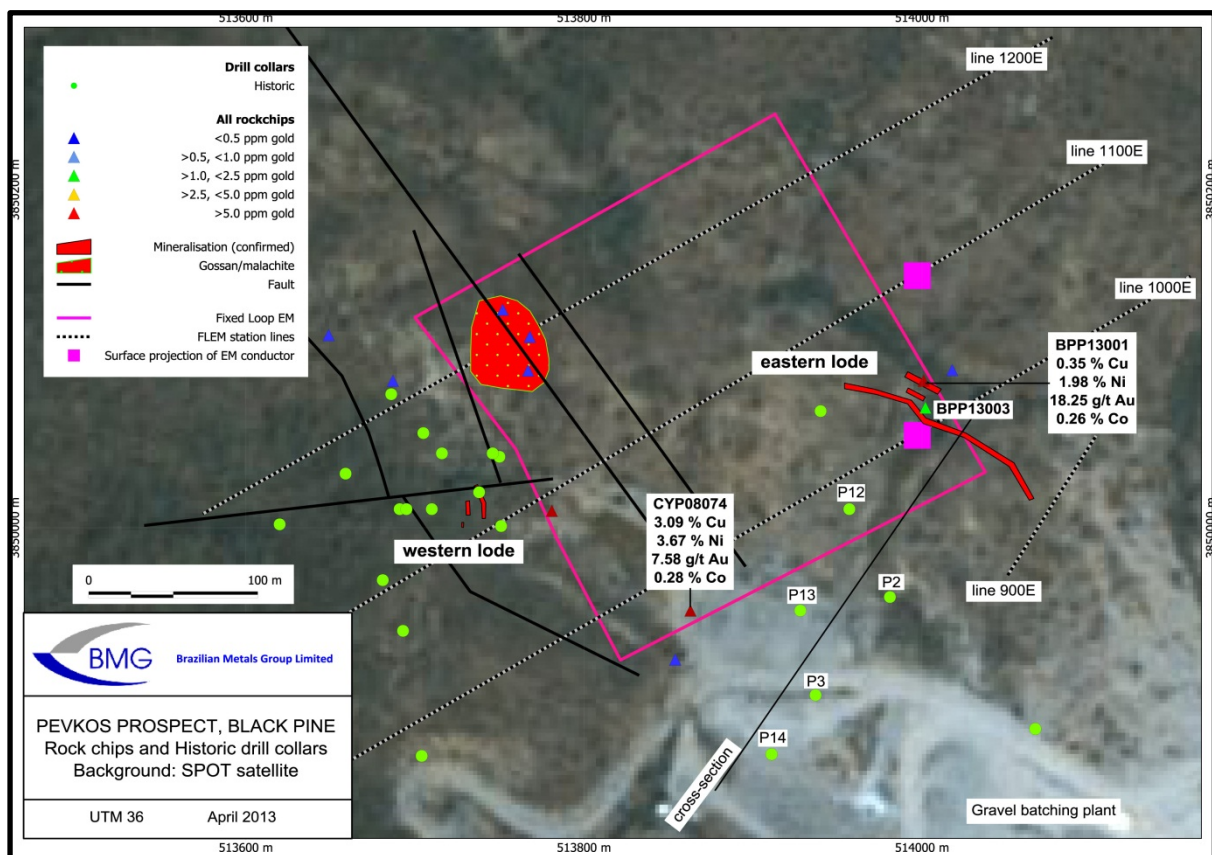
The first three samples from the Eastern Lode have now been assayed. The first sample was collected from a gossan unit exposed at the entrance of a flooded adit (BPP13001), whereas the other two samples were collected from 'waste' piles near the adit entrance. These 'waste' pile samples comprised fragments of massive sulphide (BPP13002), which were weathered, but very dense and magnetic, and serpentinite (BPP13003) with disseminated sulphides which was also rusty, but less dense and only weakly magnetic. Unfortunately, sample BPP13002 self-combusted during sample preparation and no assay could be obtained.

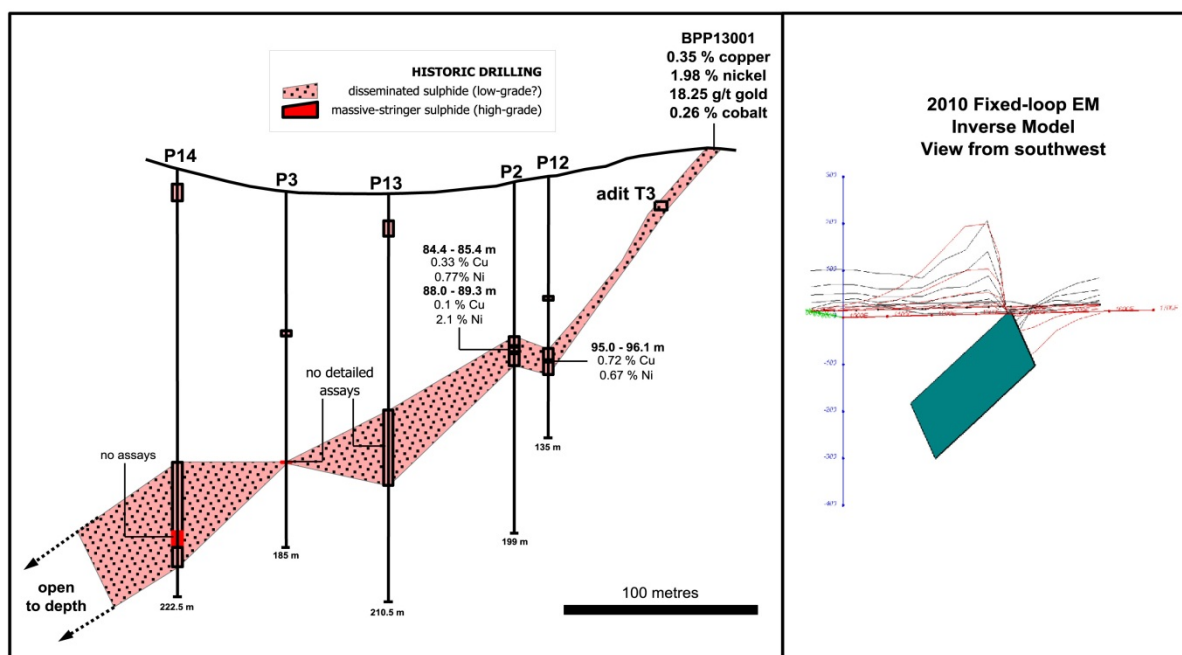
Sample ID	East (UTM36)	North (UTM36)	Copper %	Gold g/t	Nickel %	Cobalt %
BPP13001	514001	3850087	0.35	18.25	1.98	0.26
BPP13002	514002	3850071	Sample self-combusted at laboratory			
BPP13003	514002	3850071	0.24	0.54	0.32	0.06

March 2013 rock-chip samples from Pevkos, Eastern Lode

The above results are very exciting given the significant strike and depth extent of the Eastern Lode defined by adit mapping and drilling in the 1950s. The copper-nickel-cobalt assays from this historic work are poorly constrained due to inconsistent logging and sampling at the time. Moreover, there were no gold assays. In 2010, a fixed-loop EM (FLEM) survey confirmed the presence of a dipping conductive body at the Eastern Lode. In addition, Line 1100 E of the FLEM survey located a similarly conductive body further northeast of that defined at the adits and may well be the fault-displaced continuation of the known mineralisation. Historic drill results suggest that the massive sulphide body is about 1 metre wide, but has disseminated sulphides in the surrounding serpentinite.

The Company plans to drill at Pevkos in the near future.





Cross-section at Pevkos (refer to map for position)

DRILLING CONTRACT

BMG has awarded the drilling contract for Phase 1 to Reflex Drilling, which will employ the latest drilling technology, including digital core orientation tools and down-hole survey equipment. All holes will be diamond cored through the predicted mineralised section, with rotary pre-collars to reduce direct drilling costs and drilling times.

CORPORATE

BMG completed the fully underwritten rights issue in late March to raise A\$4.4m (before costs). The Company has now retired all existing debt, completed the acquisition of Treasure Development Limited, and is fully funded to undertake the upcoming drilling programme and meet ongoing working capital requirements.

BMG's NORTHERN MINAS GERAIS IRON PROJECTS

The Company retains its interest in the Rio Pardo Project in northern Minas Gerais, Brazil which contains an exploration target of 2 to 3 billion tonnes at 16.2% to 18.5% Fe. 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 and it is uncertain if further exploration will result in the determination of a Mineral Resource.

ENDS

For further information, shareholders and media please contact:

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COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results, Exploration Targets, Mineral Resources or Ore Reserves is based on information compiled by Dr. Michael Green, who is a Member of the Australasian Institute of Geoscientists ("MAIG"). Dr Green is the Chief Operating Officer and an executive Director of Brazilian Metals Group Limited. Dr Green 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 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Green consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

BRAZILIAN METALS GROUP LIMITED

ABN

96 107 118 678

Quarter ended ("current quarter")

31 March 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date 9 months \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(54)	(206)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(139)	(370)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(192)	(574)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	(43)	(158)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	2
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(43)	(156)
1.13	Total operating and investing cash flows (carried forward)	(235)	(730)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(235)	(730)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	4,382	4,382
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	217	619
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(405)	(461)
	Net financing cash flows	4,194	4,540
	Net increase (decrease) in cash held	3,959	3,810
1.20	Cash at beginning of quarter/year to date	11	165
1.21	Exchange rate adjustments to item 1.20	(25)	(30)
1.22	Cash at end of quarter	3,945	3,945

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.2	Aggregate amount of payments to the parties included in item 1.2	80
1.2	Aggregate amount of loans to the parties included in item 1.10	-

1.2 Explanation necessary for an understanding of the transactions

Payment of consulting fees to directors & salaries to employees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil
3.2	Credit standby arrangements	Nil

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	400

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	10	11
5.2 Deposits at call	3,935	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,945	11

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	None			
6.2 Interests in mining tenements acquired or increased	None			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	146,056,933	146,056,933		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	438,170,799	438,170,799	\$0.01	\$4,381,708
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	136,756,414 1,500,000 1,400,000 2,600,000	136,756,414 - - -	<i>Exercise price</i> \$0.20 \$0.22 \$0.20 \$0.22	<i>Expiry date</i> 31 March 2014 09 December 2014 01 July 2016 01 July 2016
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 5\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: ..29.04.13

Print name: Fleur Hudson

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** [ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic \(if any\) must be complied with.](#)

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