



BRAZILIAN METALS GROUP LTD

An emerging mining house focussed on Brazil



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BMG at a Glance

- Major Iron ore project in world class Iron province in Brazil
- Two advanced projects at drilling stage with encouraging down-hole intercepts
 - Gema Verde zone is the extension of Honbridge's Block 8 Resource (2,615 mt)
 - Rio Pardo zone at Josilene – Scorpion extends over 13 km
- Potential multi billion tonnes at 17% to 30% Fe with regional infrastructure under construction
- High acquisition prices paid recently for adjoining ground demonstrates value
- Ground floor entry with opportunity to build substantial value with money spent in ground
- Drilling and other work underway to define initial JORC compliant resource and scoping study by third quarter 2011
- Experienced management group with commercial, corporate and technical expertise to deliver shareholder value



Corporate Strategy

Strategic Vision

To develop a substantial mining enterprise in northern Minas Gerais, Brazil by developing a mining/processing and transport operation with the scale to export in excess of 25 million tonnes of premium iron product per annum

Near Term Priorities

Goals	Status
▪ Identify areas which are prospective for large iron ore deposits capable of being economically developed into an export mining operation	☑ Exclusive mineral rights over nearly 1,000 sq km of Fe prospective ground secured
▪ Acquire any open ground which is considered prospective by direct pegging	☑ 157 sqkm already pegged and granted directly
▪ Enter agreements with tenement holders based on prospectivity	☑ 6 separate agreements providing optionality completed – staggered payments and rights of withdrawal to allow consolidation and improvement of portfolio
▪ Undertake advanced exploration with drilling of the areas acquired	☑ 6 prospects drill tested; moving to resource definition drilling on Gema Verde project and Josilene - Scorpion prospect



Corporate Strategy

Strategic Vision

To develop a substantial mining enterprise in northern Minas Gerais, Brazil by developing a mining/processing and transport operation with the scale to export in excess of 25 million tonnes of premium iron product per annum

Medium Term Priorities

Goals	Status
<ul style="list-style-type: none">▪ Progress to an estimate of mineral resources in accordance with the JORC code.	<input type="checkbox"/> In-fill drilling commenced at Gema Verde to be shortly followed by preliminary resource assessment; In-fill drilling for resource definition at Josilene–Scorpion to commence in October 2011
<ul style="list-style-type: none">▪ Scoping study, pre-feasibility study and definitive feasibility study level for the project.	<input type="checkbox"/> Scoping study commenced at Gema Verde

Long Term Priorities

<ul style="list-style-type: none">▪ Establish structure and capability to support development of iron-ore export operation in northern Minas Gerais exporting in excess of 25 mtpa of premium iron product to the world market	<input type="checkbox"/> Ongoing
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Recent Background

- Rio Pardo project acquired by BMG in November 2010
- Successfully raised \$7 million pre relisting
- Company relisted as Brazilian Metals Group Ltd (ASX:BMG) in December 2010
- Established office in Belo Horizonte managed by expat COO. Established a strong and ongoing rapport with local prospectors and most industry players in the region.
- BMG added further strategic acquisitions to extend overall project potential
 - Granduvale – extension of Rio Pardo
 - Gema Verde – adjacent to Honbridge's Vale do Rio Pardo Project Block 8 resource
- Infill-drilling and feasibility work commenced to delineate initial JORC compliant resource and scope project feasibility



Capital Structure

ASX Codes:	BMG (shares); BMGO (options)
Total Issued Shares:	147,716,864
Escrowed Shares*:	72,198,501 (included in above)
Tradeable Options:	136,756,414 – ex. 20c until 31/03/2014
Escrowed Options:	1,244,344 – ex. 20c until 31/10/2011 750,000 – ex. 20c until 30/11/2012
Cash at 31 May 2011:	A\$4.75 million
Share Price Range:	10c to 40c (Dec 2010 – June 2011)
Market Cap Range:	A\$15 m to \$60 m
Debt:	nil

* Shares associated with BMG founders in escrow until December 2012



Directors and Management

Mr. Peter O'Connor – Chairman

Mr. O'Connor has over 40 years experience in international investment management, and is chairman of a number of publicly quoted investment companies with particular exposure to Asia, Australia and Canada, including (held through Peter O'Connor & Associates) chairman of Advance Developing Markets Fund (listed on the London Stock Exchange - US\$500 million) and NEO Material Technologies Inc (a producer of rare earth/magnetic products in China and Thailand listed on the Toronto Stock Exchange).

Mr. Bruce Alexander McCracken - Chief Executive Officer

Mr McCracken is an experienced business executive having spent 20 years working across a broad range of industries based in Perth, Melbourne and Sydney. Most recently Mr McCracken was Corporate Development Director of the Kirin Group-owned Lion Pty Ltd (previously Lion Nathan National Foods Ltd) focussing on the execution of strategic opportunities, primarily through M&A.

Before moving to a corporate role as the Group Manager, Corporate Development for the private equity owned industrial materials Amatek Group in 2003, Mr McCracken was Senior Vice-President Mergers & Acquisitions with Deutsche Bank. Originally a banking and finance lawyer Mr McCracken spent 8 years as an investment banker in various roles with Deutsche Bank, Merrill Lynch, Credit Suisse First Boston and Rothschild Australia Ltd based in both Perth and Melbourne in specialist corporate advisory and project finance roles.



Directors and Management

Mr. Malcolm John Castle - Executive Technical Director

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. Mr Castle 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.

Mr. Anthony Augustine Trevisan – Executive Director

Mr. Trevisan has over 30 years experience of major roles in a large number of corporate scenarios involving establishment and management of resources companies operating internationally, equity and debt financings, mergers and acquisitions and the restructuring of mineral resources, petroleum and property based public companies in Australia and overseas. He has been responsible for public offerings and the floating of companies on the Australian Stock Exchange and other major exchanges internationally involving well over a billion dollars and the establishment from start up of substantial operating businesses. 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), Aqua 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.



Directors and Management

Mr. Robert James Pett – Non-Executive Director

Mr Robert Pett is a minerals economist with over 27 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 more than 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 Chairman of Ausgold Ltd (Katanning Gold discovery), Indochina Minerals Ltd and A-cap Resources Ltd and a director of Regalpoint Resources Ltd.

Mr Phillip Fox - Chief Operating Officer, Brazil

Mr Fox is an exploration geologist with 17 years experience, mostly in mineral exploration for gold, base metals and uranium. He has worked and assumed management roles in Australia, Romania, Brazil and Argentina. In addition to mineral exploration, he has experience in resource estimation and production geology. Mr Fox brings to the Company the capacity to implement the exploration and feasibility aspects of the projects to the highest standard. He is based in Belo Horizonte, MG, Brazil.

Ms Fleur Hudson – Company Secretary

Ms Hudson has been a director of Transcontinental Group since 2009 and was appointed as company secretary of Brazilian Metals Group Limited in 2010. Prior to that, Ms Hudson practiced as a solicitor with international law firms in Perth and in London since 1998.

Project Location



Why Brazil?

- Emerging world class iron ore producing region
- Brazil has a very supportive economic environment with strong growth (currently 7.5% per annum)
- A stable political system, security of tenure on mineral licenses and low sovereign risk
- Brazil is in the top 5 producers in the world of primary products and commodities
- There is a very significant and growing level of foreign investment in the Brazilian mineral sector including investments in iron, gold, nickel, bauxite and oil & gas
- Brazil has sophisticated banking and finance systems. It also has good communications and a fast growing system of road, shipping and rail infrastructure





Regional Activity

- Very substantial ore bodies have been discovered in northern Minas Gerais state and iron ore projects (at all levels of development) are commanding very high values.
- **Vale do Rio Pardo** project was sold to Honbridge (backed by Chinese State owned Xinwen and Shandong Iron & Steel Group Co) for US\$430 million in April 2010
 - Currently in Definitive Feasibility Study phase. (Estimated at 2,639 million tonnes at 20.2% Fe*; Honbridge market cap. US\$ 2.25 billion)
- **MIBA** sold to Steel do Brazil for US\$250 million in May 2010. Resold in November 2010 for US\$304 million to Eurasian National Resources Corp (ENRC)
 - Currently in Definitive Feasibility Study phase. (Estimated at 824 million tonnes at 25.9% Fe*)
- **Bamin** Project 200 km to the north of Rio Pardo at Caetite sold for US\$976M to Eurasian Natural Resources Corp on 21 September 2010.
 - Currently in Development phase
- **Vale** has announced a major initiative in the northern Minas Gerais iron ore province to upgrade their resource base and expand production.
 - Currently in Advanced Exploration – Feasibility phase
- **Mtransminas** is actively exploring its tenement holding north of Gema Verde. Currently in Resource Definition phase.

* Measured plus Indicated category in accordance with JORC code



Project Structure

Minas Norte Mineracao Ltda
(wholly owned subsidiary of BMG)

FOCUS - NORTH MINAS GERAIS IRON ORE PROVINCE

GEMA VERDE PROJECT

Overview:

- Contiguous with the Honbridge Block 8 resource
- Progressing to Resource estimation

Area: 75.6 km²

Current Focus: Gema Verde Prospect

- 3000 metres of extension and infill drilling underway on a 5 km zone

RIO PARDO PROJECT

Overview:

- Advanced exploration project
- 10 targets identified on extensions to known mineralisation at Nova Aurora and Jiboia

Area: 887 km²

Current Focus: Josilene-Scorpion Prospect

- 13 km continuous strike-length of the prospect drill tested with 28 holes to date

- BMG continues to actively seek opportunities to extend strategic holdings in Northern Minas Gerais region

TECHNICAL OVERVIEW



Northern Minas Gerais

Iron Ore Province

- Neoproterozoic Rapitan type deposits associated with diamictites and hematitic quartzites.
- Current exploration and feasibility by Vale, Honbridge, Eurasian Resources (ENRC), Mtransminas and others has established a firm foundation for a large iron ore industry in the area.
- Potential of the area believed to be 20 to 30 billion tonnes of low grade iron mineralisation.
- Low Bond Work Index and mineralogy allow low cost beneficiation to high grade pellet feed product
- BMG is targeting deposits similar in nature to these deposits

Announced Resources in the North Minas Gerais province

	Zone	Status	M Tonnes	Fe%
Honbridge	Block 8	Measured	1,135	20.6
		Indicated	1,479	19.6
		Inferred	1	18.3
	Block 7	Indicated	25	21.7
		Inferred	1,031	20.6
	Total		3,671	20.2
ENRC	Jiboia	Indicated	824	27.0
		Inferred	2,041	25.5
	Total		2,865	25.9

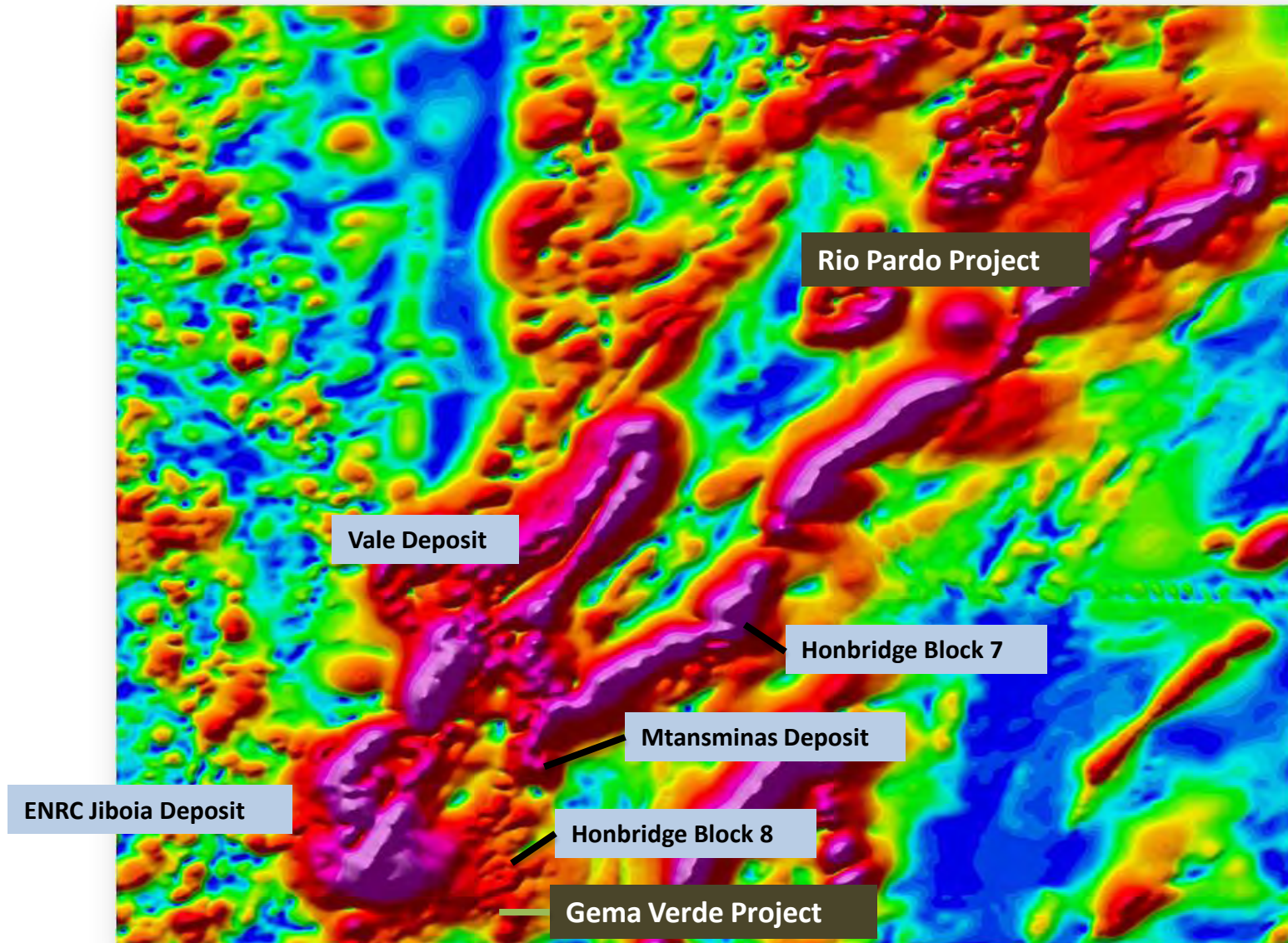
Rapitan Iron Ore Deposits

- Formed in Neoproterozoic glacio-marine environments in diamictite host rocks
- Deposited formed under oxidising – reducing cycles from Fe^+ and Si^+ ions in solution
- Coarse grained and friable near surface
- Compact ores readily crushed (low bond work index)
- Hematite, magnetite, silica mineralisation
- High P in apatite removed by flotation
- A comparison of magnetite bearing deposits if Western Australia, Mauritania and Brazil indicates the Honbridge 'Rapitan' deposit is very competitive with other deposits mainly because of it's low processing cost.

Operating Cost per tonne of Pellet Feed							
	Gindalbie	Sphere	Midwest	Grange	Mt Gibson	Australasian	Honbridge
	WA	Mauritania	WA	WA	WA	WA	Brazil
Estimate date	2006	2006	2006	2006	2006	2008	2011
Mining	5.80	6.75	8.36	11.03	8.61	16.18	6.97
Beneficiation	13.97	15.20	20.14	24.82	30.12	23.77	10.73
Slurry/rail/port	3.95	3.94	5.70	1.18	12.37	4.22	2.57
Admin	2.64	2.25	3.80	2.36	2.69	1.53	2.46
Total FOB	26.35	28.14	38.00	39.40	53.79	45.70	22.73
2011 Update	42.00			<75.00	54.37		

Source: Company Websites, ASX releases and broker Reports, Game Changer: The SAM Iron Ore Project (Honbridge Holdings, 2011)

Aeromagnetic Signature



GEMA VERDE PROJECT



Gema Verde Project

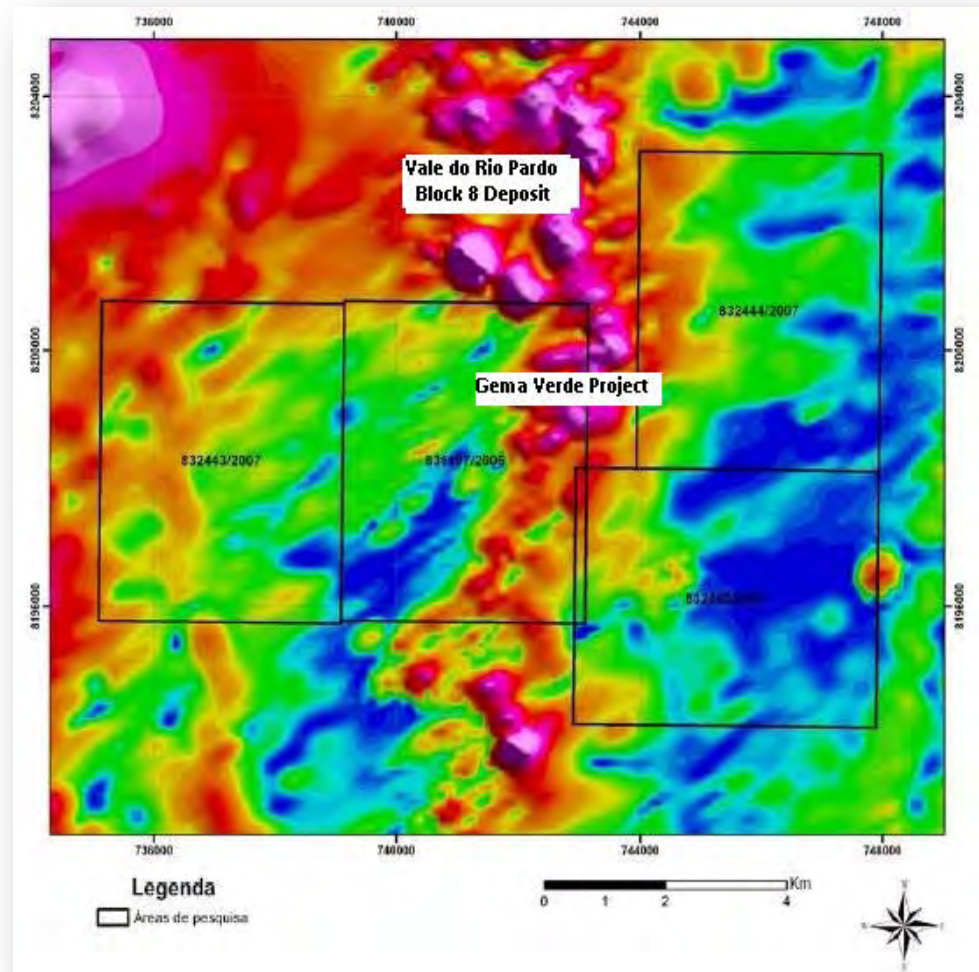
- The advanced Gema Verde Project adjoins, and is an extension of, the **Block 8 resource** in the Vale do Rio Pardo Project owned by Hong Kong listed Honbridge Holdings Ltd
- Honbridge is moving to definitive feasibility stage with port and pipeline studies
- **Continuity of the mineralisation** from the Block 8 deposit into Gema Verde Project is confirmed by drilling and large iron ore mineralised zone delineated.
- Project drilled with **diamond coring in 35 holes** for a total of 5,514 metres in 2008
- Gema Verde Project adjoins part of the Company's Granduvale tenement group
- BMG has commenced infill drilling programme to support a new resource estimate
- Proximity to other major projects may facilitate access to infrastructure assets

TENEMENTS	Number	Area Ha	Area Km ²
GEMA VERDE	4	7,559	75.59

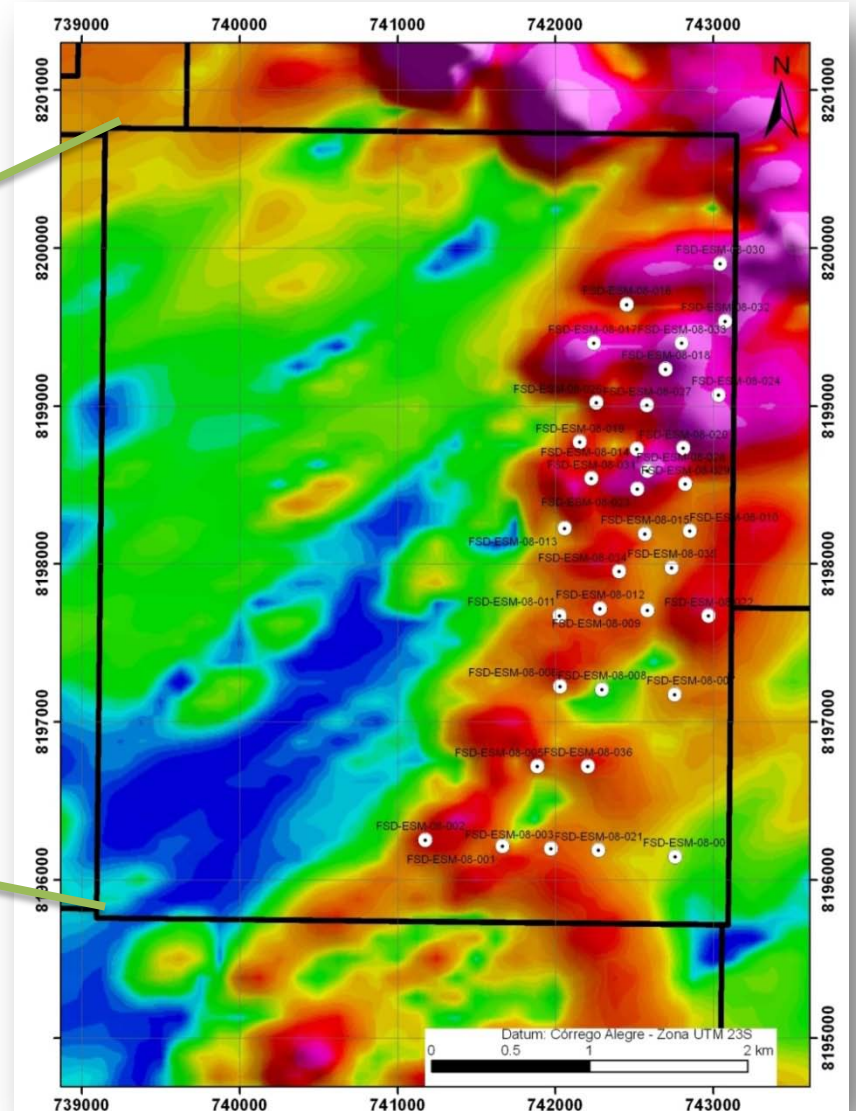
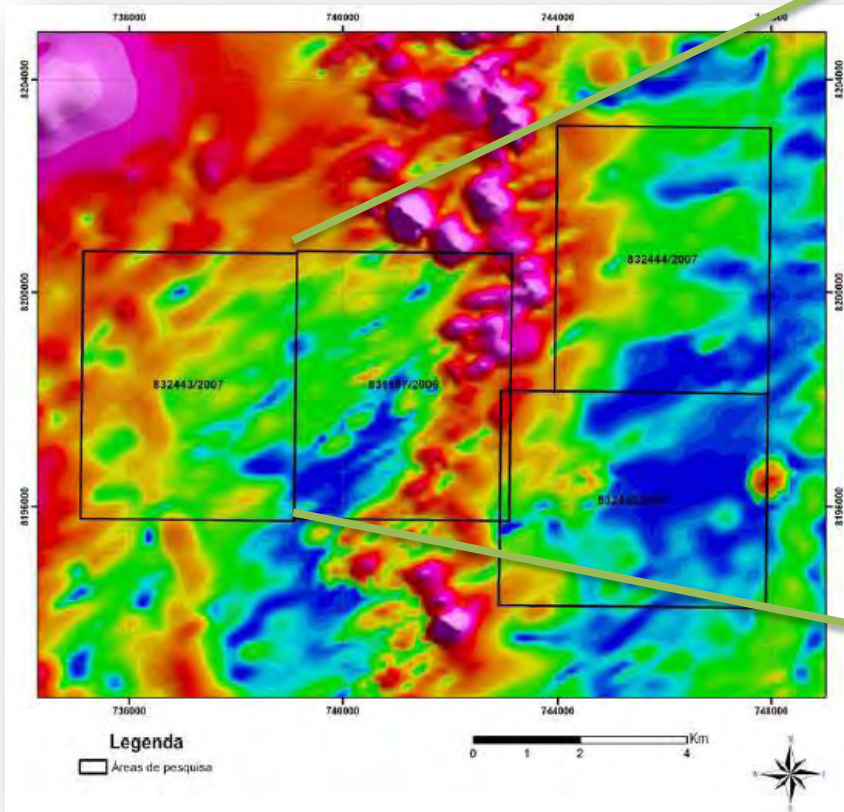
	Due Diligence Period	Definitive Agreement Signed	Total Payment, USm	Royalty	Period
GEMA VERDE	5 months	(10 October 11)	\$60.25m	\$0.35/t	5 years

Gema Verde Aeromagnetics

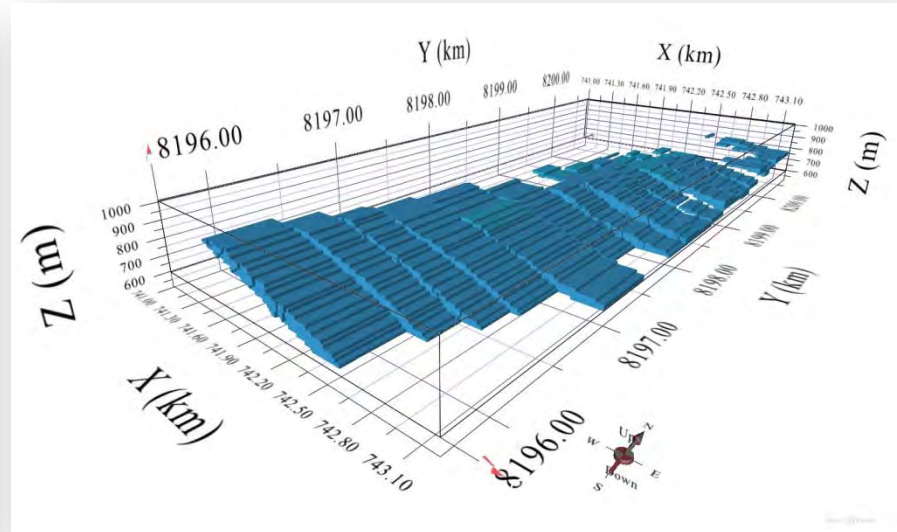
- Four Gema Verde tenements shown overlying aeromagnetic image
- Honbridge Block 8 orebody (2.6 billion tonnes) abuts the central tenement
- Further potential exists to the west and down dip from Block 8



Gema Verde Drill Locations



Drilling and Interpretation





Gema Verde Drill Results

8.73m at **30.7%** Fe from 4.65m in FSD019

10m at **29.3%** Fe from 24.76m in FSD031

15.06m at **21.0%** Fe from 74.45m in FSD023

20m at **20.3%** Fe from 62.62m in FSD012

17.4m at **24.8%** Fe from 16.65m in FSD005

20m at **21.6%** Fe from 68.7m in FSD014

20.4m at **21.5%** Fe from 59.8m in FSD033

20m at **22.0%** Fe from 76.95m in FSD028

16.8m at **27.8%** Fe from 2.9m in FSD013

28.3m at **20.2%** Fe from 152.85m in FSD024

25.7m at **23.4%** Fe from 103.7m in FSD032

27.35m at **24.0%** Fe from 3.2m in FSD011

*Lower cut off used is 15% Fe. 1480 metres of the diamond core was assayed with an average grade of 15.6% Fe. 47% of the metres exceeded 15% Fe with an average grade of 20.2%
Refer to notes at the end of the presentation*

RIO PARDO PROJECT



Rio Pardo Project

- Northern extensions of strong magnetic trends associated with Vale, Honbridge, ENRC and Mtransminas ore bodies
- Includes a large number of Canga (oxidised iron rich zones) overlying diamictites
- Surface sampling of canga and diamictite averaged 28.3% Fe
- Scout RAB drilling confirmed iron ore mineralisation with a 1,000 metre, 22 hole program
- 62 Exploration Licences covering 896 square kilometres
- 10 Prospects identified for further drilling
- Josilene – Scorpion Prospect has a strike length of 13 kilometres with very encouraging early drilling

TENEMENTS	Number	Area Ha	Area Km ²
RIO PARDO	62	88,683	886.83

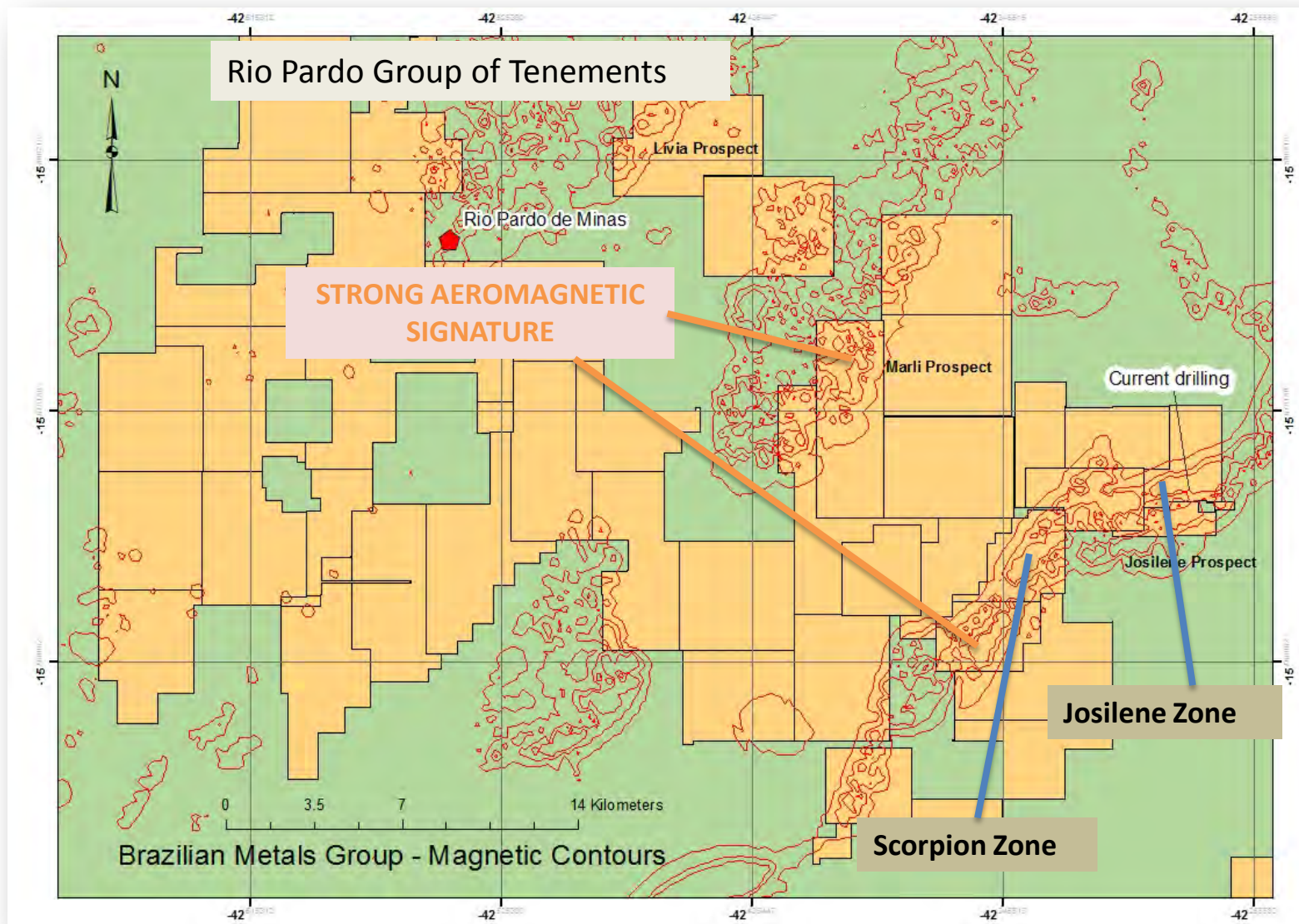
	Total Payment, US\$	Royalty per tonne product	Staged Payment Period
RIO PARDO	\$60 - 70m	\$1.00/t	6 years

Oxide Caps - Canga



Oxidized caps readily identified in float and outcrop

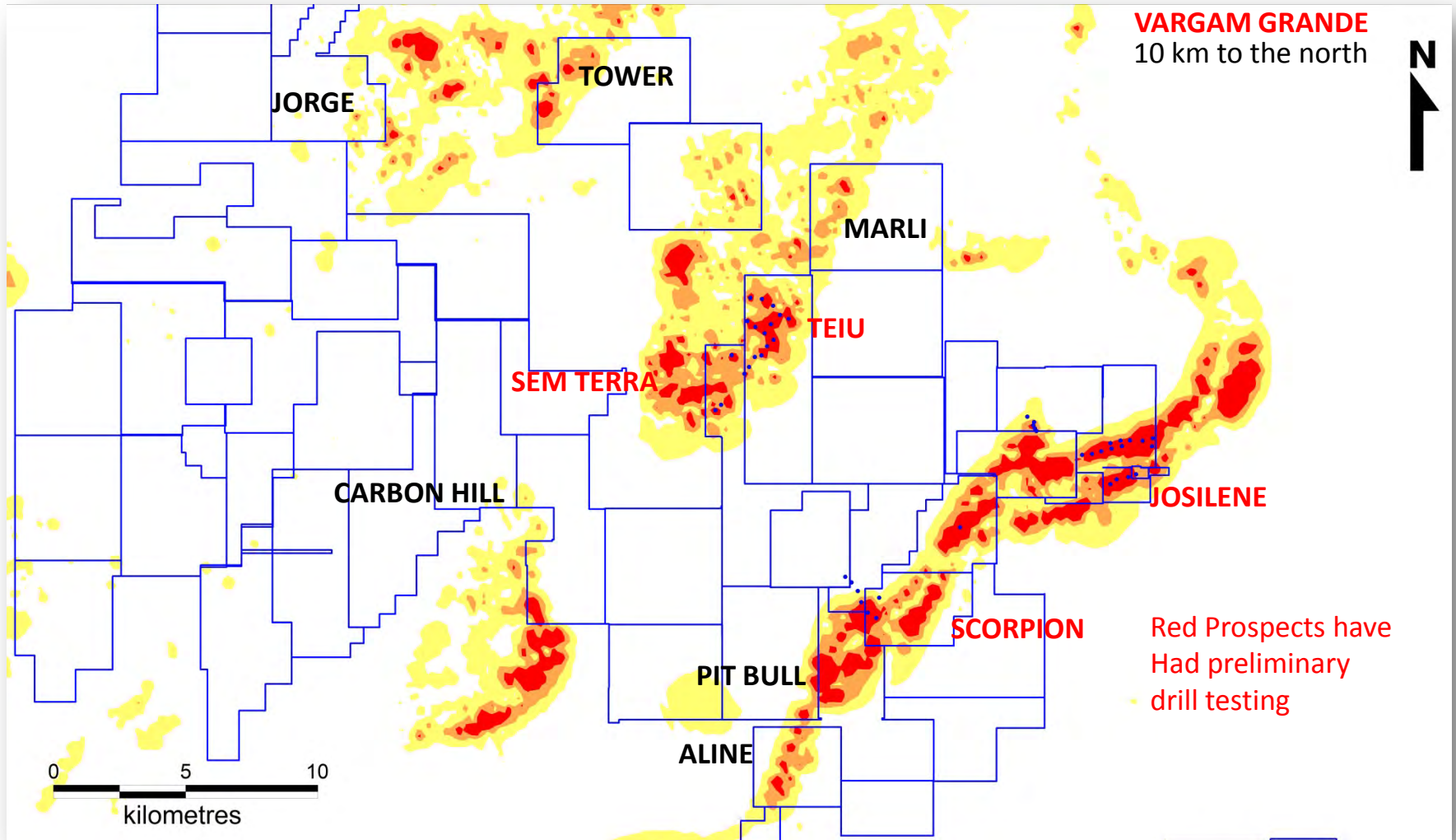
Rio Pardo Project Map



Work Program

- **Five targets** tested with the modest first phase of Reverse Circulation drilling. Six further targets remain to be tested when appropriate drill rigs can be sourced in this area of Brazil.
- The drill program has been successful in identifying a major mineralised zone
- An extensive zone of iron mineralisation has been established at the Josilene and adjacent Scorpion prospects which have been drilled over a strike length of **13 kilometres** and a surface width up to 1000 metres based on aeromagnetic contours.
- Drilling has extended to approximately 120 to 150 metres and often ended in elevated assay values.
- A more advanced drilling program is planned to add detail to the Josilene – Scorpion zone and test other viable targets on the project.
- Drills are focussed on Gema Verde during June to August and will return to Rio Pardo in the last quarter

Rio Pardo - Prospects





Drill Results

- The Josilene – Scorpion mineralised zone is continuous and extends for 13 kilometres within the project*

Prospect	No Holes	Total Metres*
Josilene	15	1,673
Teiu	16	2,883
Sem Terra	2	229
Scorpion	13	1,933
Vargam Grande	4	428
Total	43	6,718

Josilene Prospect*

16 metres at **26.9%** Fe from surface in JORC012
 20 metres at **18.7%** Fe from 112m in JORC003
 incl. 4m at **36.22%** Fe from 128m
 44 metres at **17.0%** Fe from surface in JORC004
 12 metres at **17.0%** Fe from 56m in JORC007
 20 metres at **16.3%** Fe from surface in JORC007
 76 metres at **17.0%** Fe from surface in JORC006
 64 metres at **16.8%** Fe from surface in JORC005
 44 metres at **16.3%** Fe from surface in JORC013

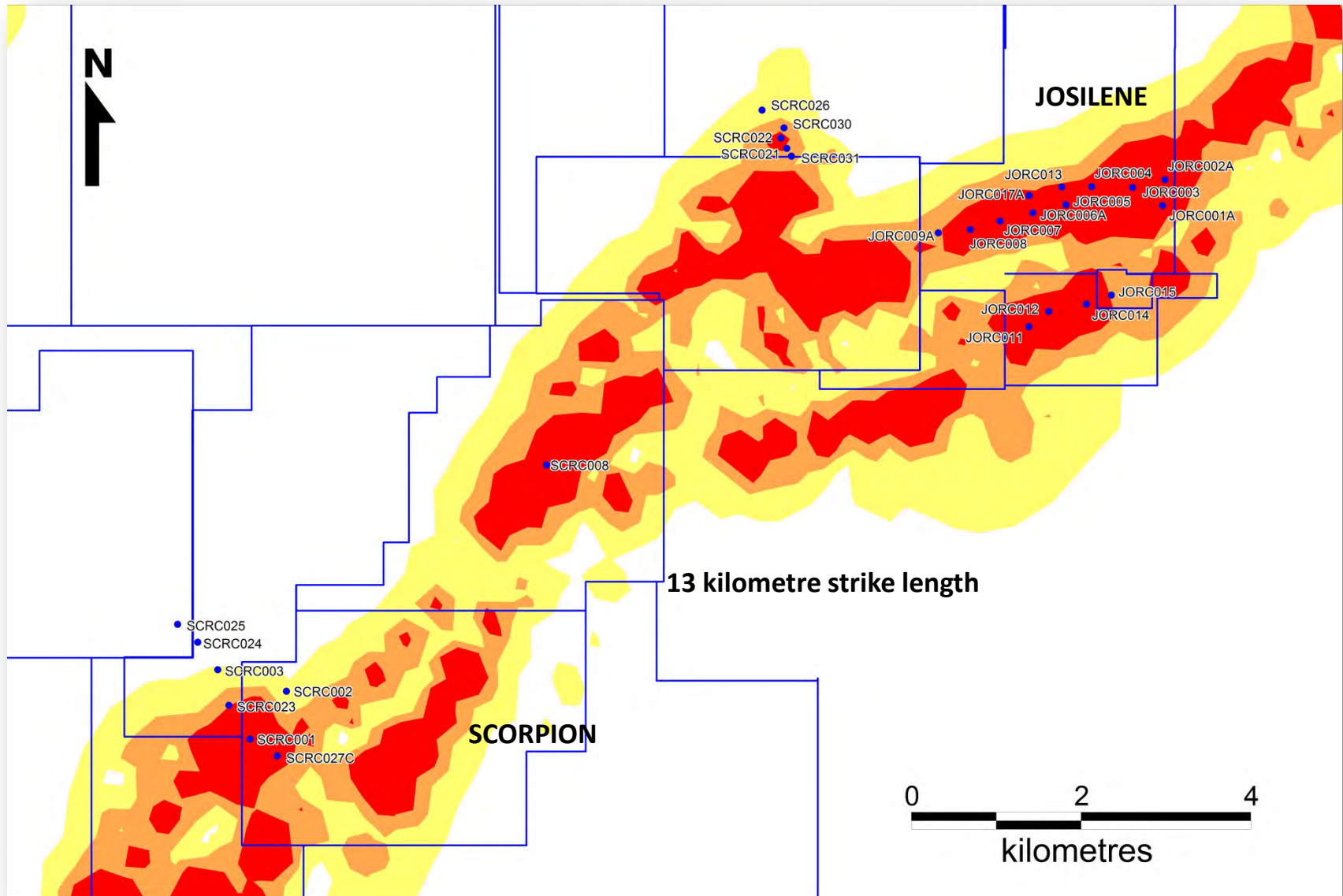
Scorpion Prospect*

4metres at **20.50%** Fe from 12m in SCRC026
 16metres at **20.08%** Fe from 24m in SCRC024
 40metres at **19.45%** Fe from 140m in SCRC022
 4metres at **19.40%** Fe from surface in SCRC022
 40metres at **18.89%** Fe from 152m in SCRC021
 44metres at **18.75%** Fe from 92m in SCRC030
 16metres at **17.75%** Fe from 20m in SCRC002
 4metres at **17.60%** Fe from 20m in SCRC023
 24metres at **17.4%** Fe from 88m in SCRC003
 4metres at **17.30%** Fe from 60m in SCRC030
 1metres at **17.3%** Fe from 144m in SCRC008

Lower cut off used is 15% Fe

**Refer to notes on the Rio Pardo Project at the end of the presentation*

Josilene – Scorpion Zone



BENEFICIATION AND INFRASTRUCTURE SOLUTIONS

Beneficiation

- The proposed process route will be similar to that used at the operating Alegria Mine owned by Samarco (a joint venture between BHPBilliton and Vale) in southern Minas Gerais
- The ore is screened, crushed and classified to feed the primary mills. This circuit assures sufficient reduction of the iron ore particles
- It is then passed through a magnetic separator to remove magnetite, deslimed with the ultrafine material being removed in cluster cyclones before conventional flotation where waste material such as silica is separated from the iron particles
- The ore is reground and enters a column flotation circuit
- The resulting concentrate has a grade of 66 – 68% Fe suitable for pellet feed product
- Honbridge and ENRC have successfully demonstrated that iron ore from northern Minas Gerais can be successfully beneficiated to pellet feed grades.
 - Honbridge announced in February 2011 that their estimated beneficiation cost is US\$10.73 per tonne and the FOB cost for pellet feed is US\$22.73

Mineralogy and Rock Types



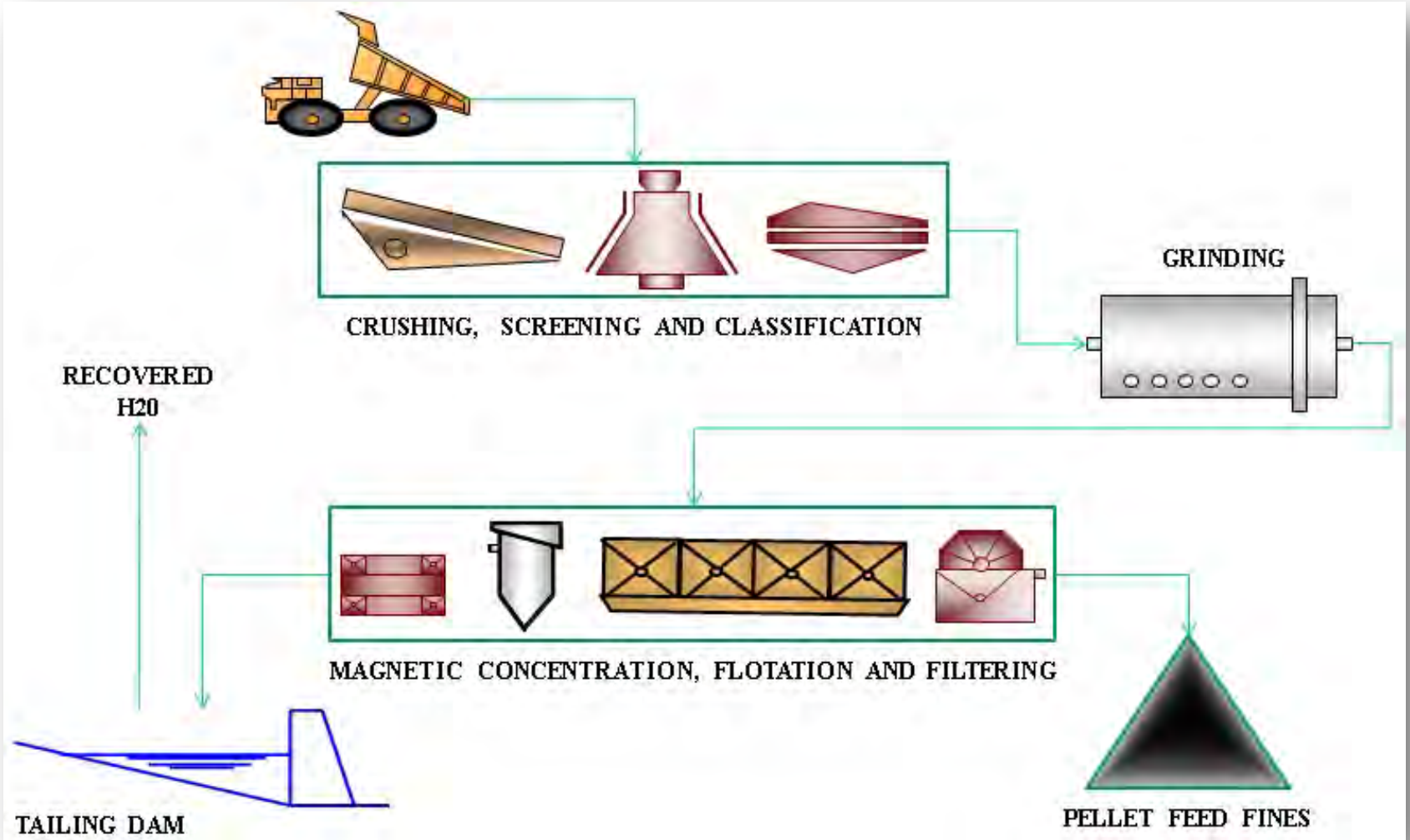
Components include hematite, magnetite and silica with flattened rock fragments.
Example taken from exposures at Jiboia

Process Route

- Coarse grained hematite - magnetite - silica mineralization
- Siliceous rock fragments included in Diamictites
- Easily upgraded from 15 to 25% Fe to pellet feed at 65 - 68% Fe
- Crush and Grind to ~0.5 mm
- Magnetic separation to extract magnetite
- De-slime to remove ultra fines
- Flotation to extract high iron component
- Products are pellet feed and sinter feed



Conceptual Beneficiation Flow Sheet



Benefits of Pelletising

- Market premium over lump and fines ores
- Standardization – uniform size range, generally within a range of 9 to 16 mm
- Purity – 63 to 68 % iron, mainly Fe_2O_3
- Cost-effectiveness – virtually no loss on ignition while a high and uniform porosity of 25 to 30% allows fast reduction and high metallization rates
- Strength – high and uniform mechanical strength even under thermal stress in reducing atmospheres
- Transportable – low degradation under abrasive influences

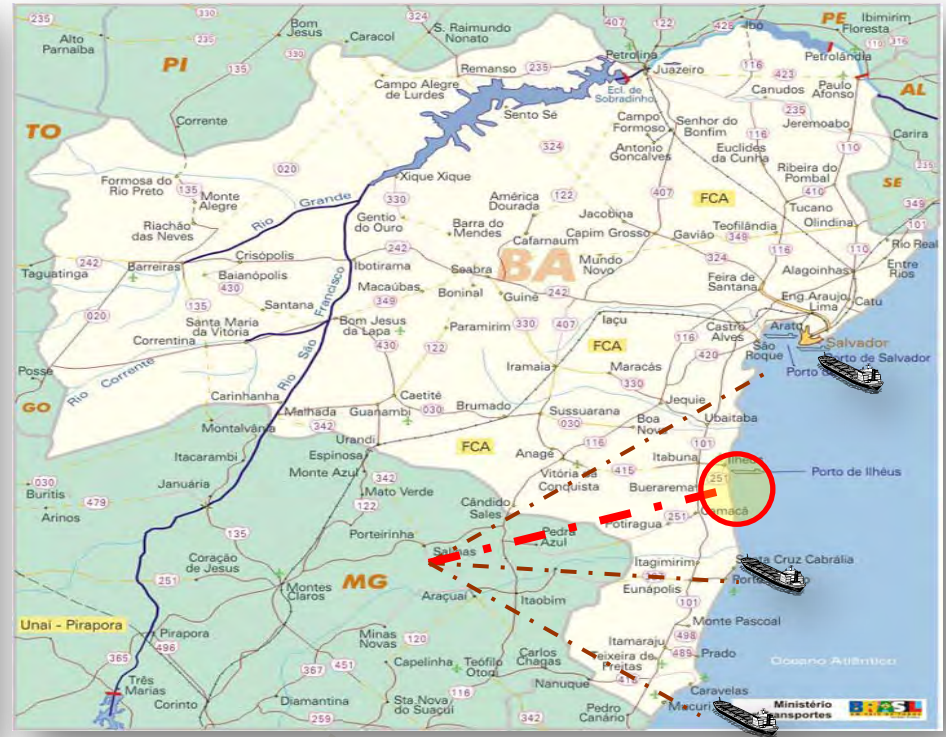


Brazil Rail Infrastructure



- The Brazilian Government has commenced a program of rail infrastructure construction to extend across the country. The EF334 line from Ilheus to Caetité will be completed by mid 2012

Port Option - Ilheus



- Port is operational
- Draft: 10 m
- Cargo Handling Capacity: Up to 45.000 t Panamax Vessels
- Expansion to Cape size vessels

ALTERNATIVES:

- Pipe Line
- F.C.A Rail Road



Opportunity Recap

- Major Iron project in **world class Iron province** in Brazil - early mover advantage permitted BMG to secure substantial land holding with multiple large prospects with ground floor entry
- **Potential** multi billion tonnes at 17% to 30% Fe with regional infrastructure under construction
- High acquisition prices paid and current market value for adjoining ground **demonstrates value**
- **Two Advanced Projects** at infill drilling and resource assessment stage
 - **Gema Verde** zone is the extension of Honbridge Block 8 - scoping study commenced
 - **Rio Pardo** zone at Josilene – Scorpion extends over 13 km length
- **Drilling** and other work underway to define initial JORC compliant resource and scoping study
- **Opportunity to build substantial value** with money spent in ground to build substantial mining and export business
- Experienced **management group** with commercial, legal and technical expertise and successful track record in delivering projects



Corporate Directory

Directors

Peter O'Connor (Chairman)

Bruce McCracken (CEO)

Email: bmccracken@bmgl.com.au

Malcolm Castle (Exec.)

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Anthony Trevisan (Exec.)

Email: aatrevisan@bmgl.com.au

Robert Pett (Non Exec.)

Company Secretary

Fleur Hudson

Email: fhudson@bmgl.com.au

ASX Codes: BMG, BMGO

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Chief Operating Officer – Brazil

Phillip Fox

Email: pfox@bmgl.com.br

Drill Intercept Criteria

Rio Pardo Reverse Circulation intercepts

Significant zones of mineralisation are based on a lower cut off of 15% Fe. All assay intercepts are down hole intervals in vertical holes and at this stage the structure of the host rocks is not known in sufficient detail to estimate true widths. The assays quoted are based on weighted averages of the significant zone with included material of slightly lower grades. Weighting was based on down hole intercept length. All drill holes are by Reverse Circulation at approximately 13.25 cm size. Samples were collected by splitting the RC return material, compositing to 4 metre intervals, riffle split to an appropriate size for submission to a laboratory. Sample recovery was estimated by measurement of the weight of the return and was considered to be satisfactory.

1498 metres of RC drilling chips were assayed at Josilene with an average grade of 12.9% Fe. 35% of the metres exceeded 15% Fe with an average grade of 16.9% Fe. 1,973 metres of RC drilling chips were assayed at Scorpion with an average grade of 11.7% Fe. 20% of the metres exceeded 15% Fe with an average grade of 17.2% Fe

Gema Verde Diamond Drill Intercepts

Significant zones of mineralisation are based on a lower cut off of 15% Fe. All assay intercepts are down hole intervals in angled and vertical holes and at this stage the structure of the host rocks is not known in sufficient detail to estimate true widths. The assays quoted are based on weighted averages of the significant zone with included material of slightly lower grades. Weighting was based on down hole intercept length. All drill holes are by diamond coring at approximately HQ and size. Samples were collected by splitting to half core, compositing to 10 metre intervals, crushed and riffle split to an appropriate size for submission to a laboratory. Sample recovery was estimated by measurement of the drill core and was considered to be satisfactory.