

RIO PARDO IRON ORE PROJECT, BRAZIL

TECHNICAL PRESENTATION

January 2011



MINAS NORTE MINERACAO LTDA



PROJECT LOCATION



WHY BRAZIL

- Brazil has a very supportive economic environment.
- A stable political system and security of tenure on mineral licences.
- Brazil is in the top 5 producers in the world of primary products and commodities. Economy growing at 7.5% per annum. Real has appreciated some 14% against the USD this year.
- There is a very significant and growing level of foreign investment in the Brazilian mineral sector including investments in iron ore, gold, nickel, bauxite and oil & gas. Global funds are flowing into Brazil at a staggering pace. The national oil company, Petrobras, recently raised over \$70 billion in record time.
- Brazil has sophisticated banking and finance systems. It also has good communications and a fast growing system of road, shipping and rail infrastructure.

PROJECT HISTORY

MIBA Bid Process & Due Diligence leads to acquisition of adjacent tenements

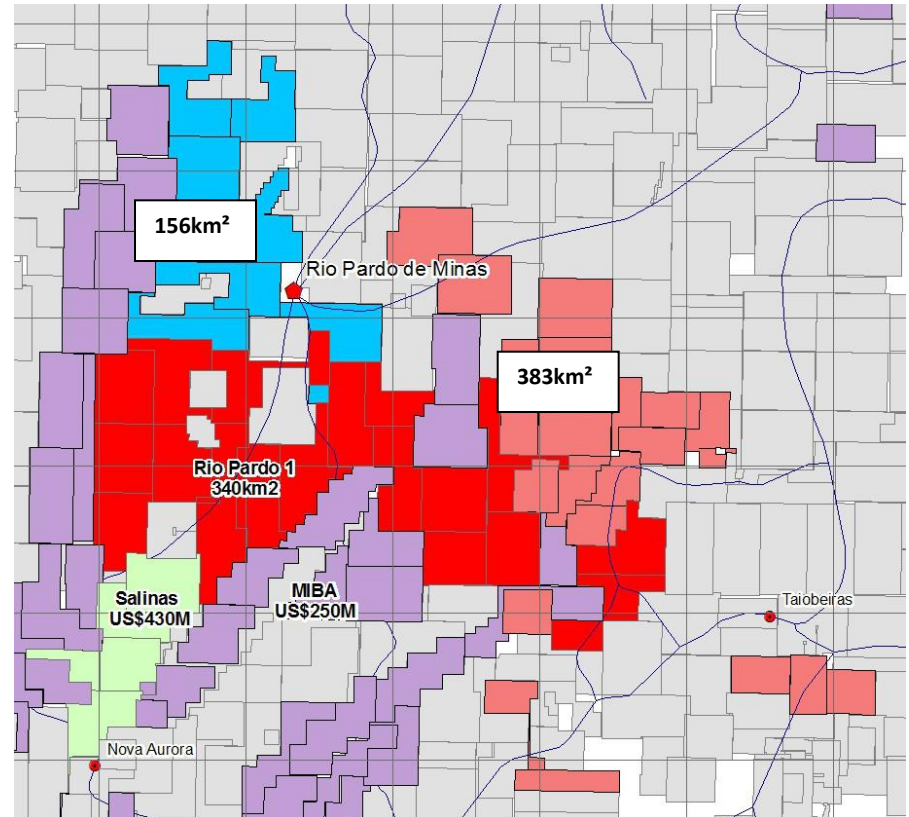
- Negotiated an Exclusivity Agreement on the MIBA project which adjoins the Rio Pardo tenement
- Did extensive financial and technical due diligence on the MIBA Project (2009 - 2010)
- Commissioned independent Minproc Reports that demonstrated upgrade potential to pellet feed grade
- Provided good understanding of regional iron ore mineralisation, project parameters and economics
- Offered staged payments of US\$250M over 2 years. Vendor rejected this offer in favour of cash up front offer from Steel do Brazil (May 2010)
- Geological due diligence on MIBA project identified the extension of the iron ore mineralisation onto adjacent ground
- Led to acquisition of Rio Pardo (adjacent to MIBA) with much more advantageous entry price

PROJECT HISTORY 2

- Iron ore projects at all levels are selling for very high prices in Brazil, usually with very large up front payments
- Salinas project was sold to Honbridge (backed by Chinese State owned Xinwen and Shandong Iron & Steel Group Co (SDIS) for US\$430 million in April 2010. (JORC 2.8bn tonnes @ 20% Fe)
- MIBA sold to Steel do Brazil for US\$250 million in May 2010. (Estimated 2.5bn tonnes @ 30% Fe). Resold in November 2010 for US\$304 million to Eurasian National Resources Corp (ENRC)
- Bamin Project just north of Rio Pardo at Caetite sold for US\$976M to Eurasian Natural Resources Corp on 21 September 2010 (Reserve of 1.8 billion tonnes grade of 32%)
- Ferrous Resources acquired package of small projects plus exploration ground for US\$600m in 2007 and 2008. Raised US\$1.4Bn in private equity. (JORC 4.5bn tonnes @ 33.5%Fe)

PROJECT FOOTPRINT

- Potential for multi billion tonnes of mineralization
- Grade up to 40% hematite / magnetite
- Beneficiation to 68%Fe, low impurities
- Adjacent to MIBA – sold for US\$304M in November 2010
- Salinas deal signed 26th April 2010
US\$430M



CORPORATE SUMMARY

- Very extensive due diligence included successful scout drilling programme to verify iron ore mineralisation
- Phase 1 Drilling and feasibility programme has commenced to define JORC compliant resource
- Company relisted on 11 December 2010 on ASX.

GROUND FLOOR ENTRY AND ACQUISITION TERMS

- Acquisition price for Rio Pardo US\$56M
- Terms: US\$1M paid, US\$5M not before October 2011, balance spread in yearly payments over 5 years. Royalty to the Vendors of \$1 per ton of exportable Fe material and \$3 per ton of exportable Mn product
- Acquisition price for Granduvale US\$59M (See ASX Announcement 13/12/2010)
- Subject to due diligence payment of US\$1M in 2011 and further staged payments totaling US\$59M over the subsequent 6 years with a right to withdraw from the project and any ongoing payment obligations at any time. The Company will also pay a royalty of US\$1 per tonne of iron ore pellets, pellet feed or sinter feed produced over the life of any mine developed on the Granduvale Project.
- Drilling and feasibility work is at advanced planning stage to delineate initial JORC compliant resource and scope project feasibility
- Cost of this initial work to confirm project value – estimated at US\$4M
- Funds to be spent in the ground to create immediate additional value

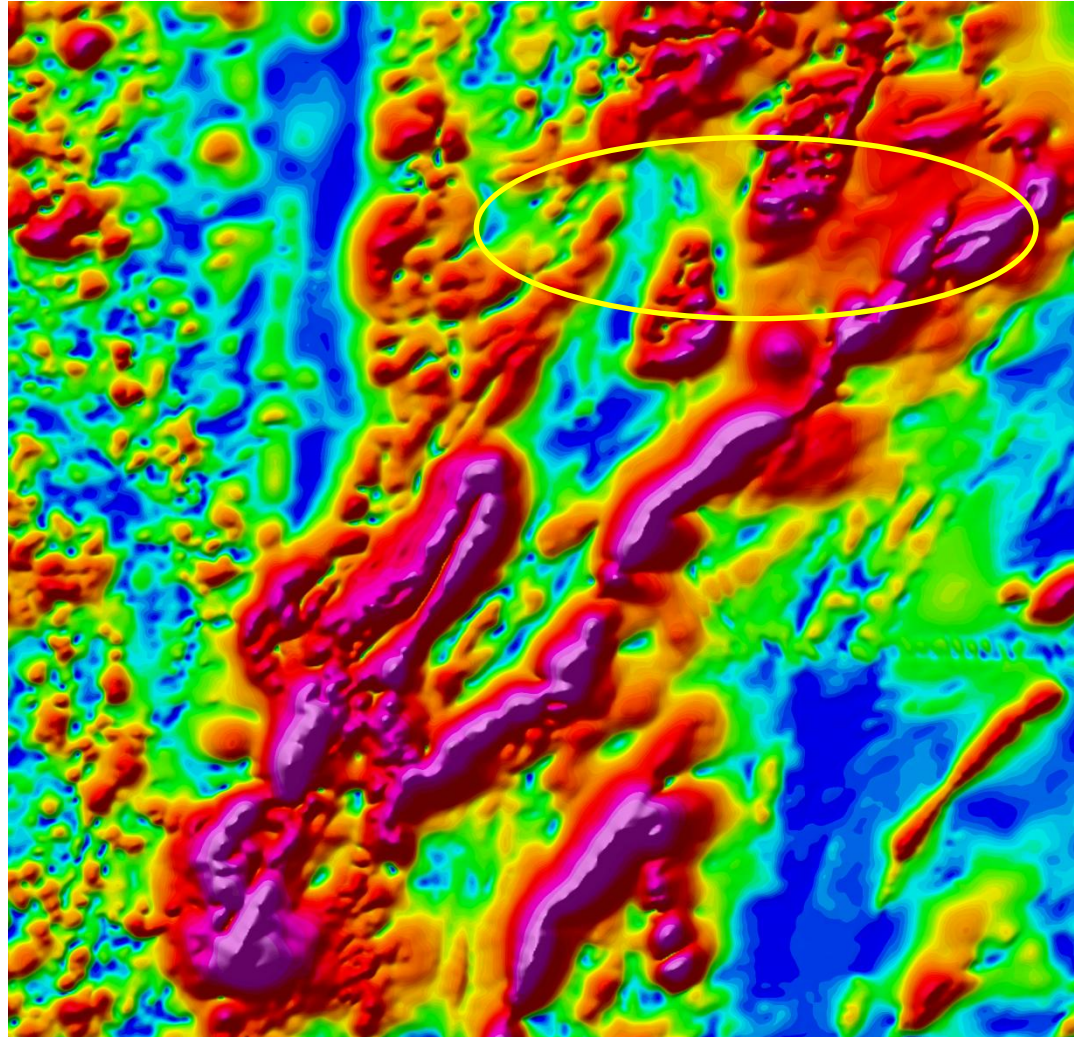
LAND HOLDING CURRENT STATUS

- Rio Pardo Tenure 338.5Km² – initial tenement block
- Granduvale 383Km²
- New Peggings 156Km²
- Total landholding 877Km²
- Iron ore mineralization identified to the south traced into Rio Pardo tenure
- Geological reconnaissance, sampling and drilling shows extensive outcropping of iron mineralization as oxidised caps (canga)
- High grade Fe can be identified in surface outcrop
- Mineralization is stratabound and extending for tens of kilometers
- Surface sampling and RAB drilling shows consistent iron grades over long strike lengths giving confidence to conceptual mineralization and grade extrapolation. Assay values up to 48% Fe with high grade average of 32.5% Fe.

REGIONAL AEROMAGNETICS

COMPLETED & IDENTIFIES MINERALISATION

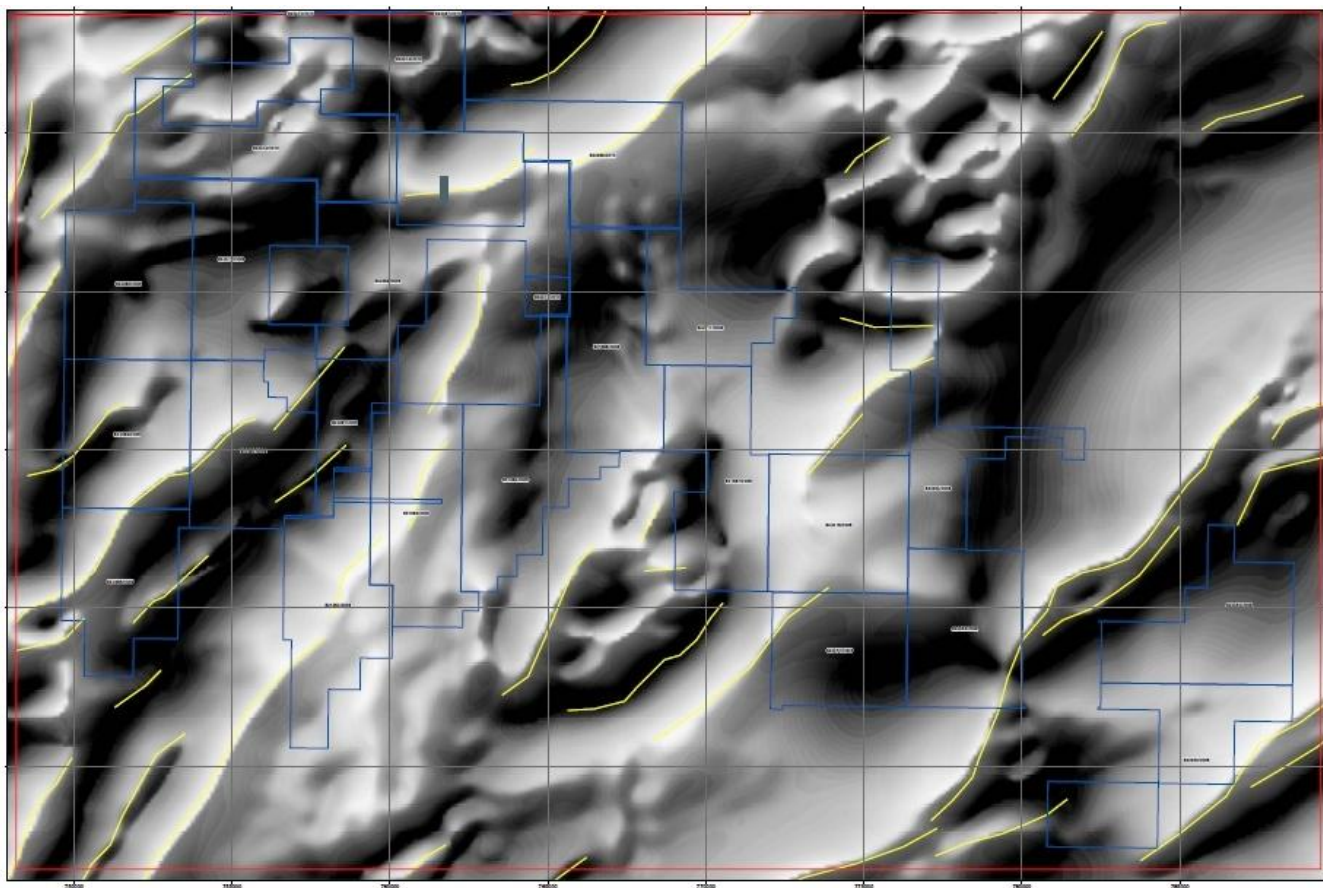
- Aeromagnetic interpretation completed
- Assists in identifying mineralization
- High trends identify ore bodies
- Detailed interpretation shows subtle trends related to mineralization



**RIO PARDO
PROJECT**

SUBTLE TRENDS in AEROMAG

Recent detailed aeromagnetics interpreted over the project area showing structural and lithological iron ore targets



OXIDE CAPS - CANGA

Oxidized caps readily identified in float and outcrop



DRILLING PROGRAM

- Recent reconnaissance RAB drilling and surface sampling confirmed iron ore mineralisation with a 1,000 metre, 22 hole program, 18 of the 22 holes returned significant assays up to 48%Fe
- The magnetite-haematite **diamictite** ores in this area are different to Australian examples and beneficiate easily to product grades in excess of 65% Fe with low impurities suitable for high grade pellet feed
- Regional grades
 - MIBA resource grades are ~ 30%Fe
 - Salinas resource grades are ~ 20%Fe
 - Bamin resource grades are ~32%Fe

MINERALOGY & BENEFICIATION PROPERTIES

- Coarse grained Magnetite – Hematite mineralisation
- Siliceous fragments included in Diamictites
- Easily upgraded from 20 - 40% Fe to pellet feed at 65 - 68% Fe
- Process route with crushing, light grind
- Magnetic separation and flotation
- Resulting low process operating costs

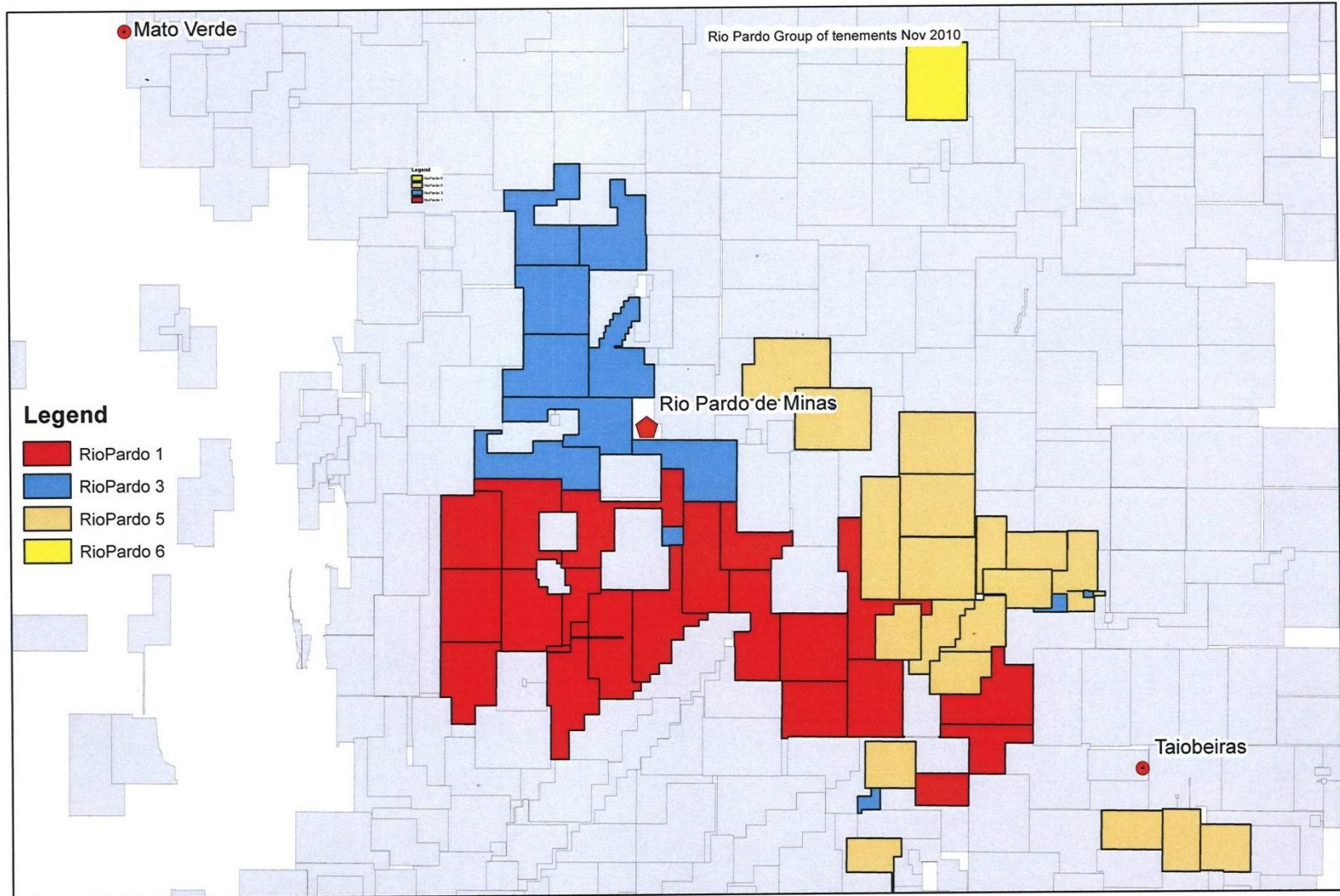


PROJECT POTENTIAL

Project assumptions based on other operators in the area

- Exploration target of 1.5 to 2.0 billion tonnes with 20-40% Fe
- Mining operation (Stage 1) pellet feed 16mtpa at 68% Fe and low impurities over 25 years
- OPEX < US\$30/ tonne
- CAPEX < US\$2.8Billion (including 160km rail spur)

GROUND POSITION



PLANNED BRAZIL RAIL INFRASTRUCTURE



VALEC

DESENVOLVIMENTO SUSTENTÁVEL
PARA O CERRADO BRASILEIRO

MINAS NORTE MINERAÇÃO LTDA

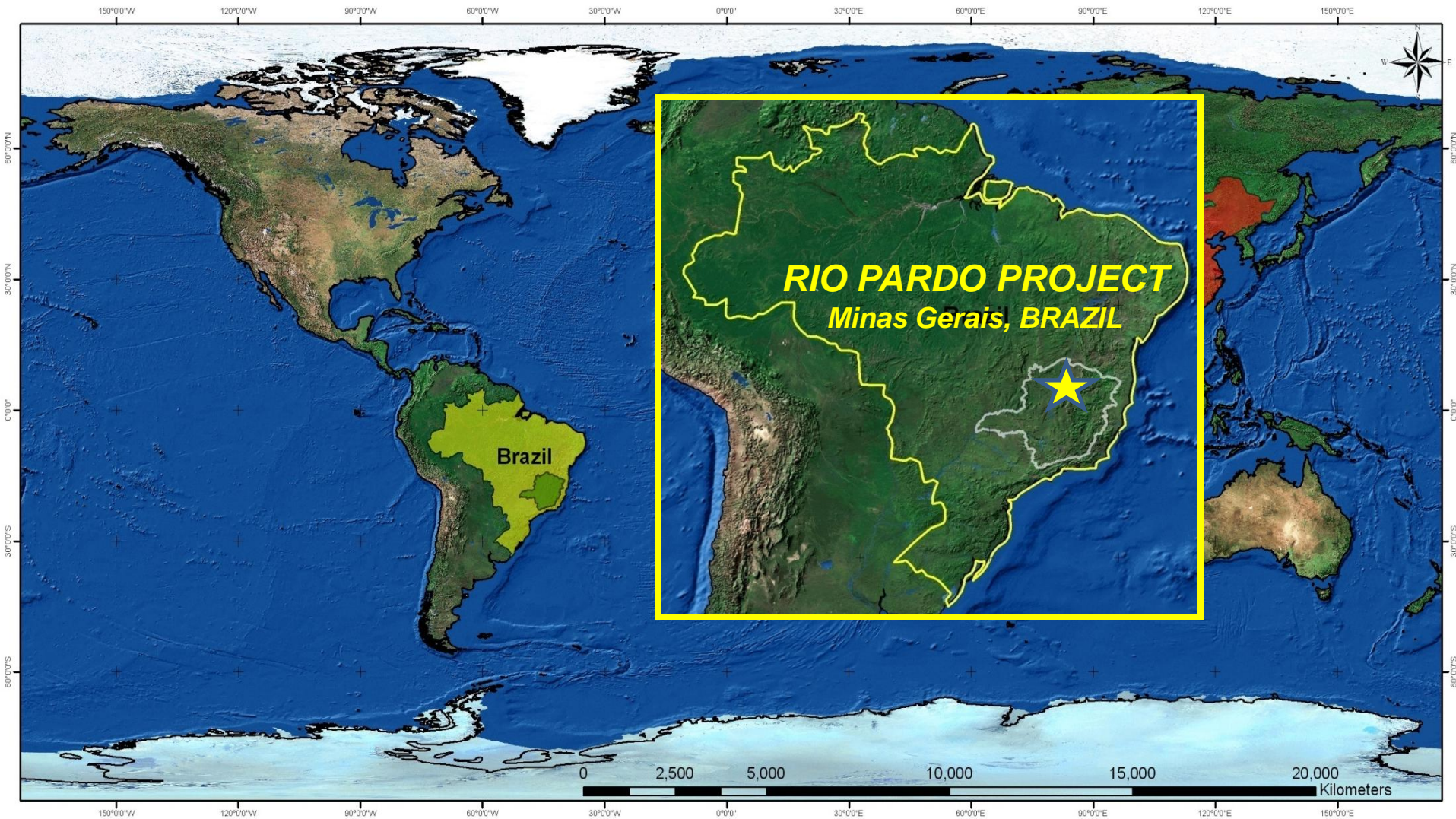


Ministério
dos Transportes



PROJECT LOCATION

RIO PARDO PROJECT – LEFROY



PROJECT OVERVIEW

- Major iron ore project in world class iron ore province in Brazil
- Potential multi billion tonnes at 30 - 40% Fe with regional infrastructure being developed
- 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 & other work underway to define initial JORC compliant resource & scoping study by mid 2011
- Upside of plus US\$200M value added within 18 months
- Experienced management group

BMG CURRENT CORPORATE DIRECTORY

Directors

Robert Pett
Malcolm Castle
Anthony Trevisan
Craig Bromley
Thomas Kelly

Company Secretary

Fleur Hudson

Registered Office & Principal Place of Business

Level 14, 191 St George's Terrace
PERTH WA 6000
Telephone (08) 9424 9390
Facsimile (08) 9321 5922

Auditor

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

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Telephone 1300 787 272
Facsimile (08) 9323 2033

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Australian Solicitors to the Company

Minter Ellison Lawyers
Level 49, 152 St George's Terrace
PERTH WA 6000

Brazilian Solicitors to the Company - Solicitors Report on Brazilian Tenements

Pinheiro Neto Advogado
Rue Hungria, 1.100
01455-000, São Paulo, SP

Independent Geologists Report

Nicholas Revell
30 Canterbury Circle
Currambine WA 6028

DISCLAIMERS

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

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Malcolm Castle, who is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Mr Castle is a minority shareholder in Brilliant City Holdings Limited and Star Castle Holdings Limited. He has sufficient experience relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Castle consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.