



Brazilian Metals Group

Investor Presentation

June 2012

ASX: BMG

BMG INVESTMENT CASE

ATTRACTIVE VALUE PROPOSITION



- ASX listing with exposure to Brazilian iron ore sector
 - ✓ Brazilian operating and capital costs for iron ore production are relatively low
 - ✓ Presence of domestic market and existing infrastructure lowers the barriers to commencing production
- Attractive project mix with multiple growth horizons
 - ✓ Near term – Purchasing a high grade project with near term production potential in the Iron Quadrilateral (300ktpa of DSO for domestic supply), while evaluating new opportunities in the area
 - ✓ Medium term – Expand into a low opex and capex mining operation (2-4mtpa) and evaluate export options
 - ✓ Long term – Strong pipeline with a large scale multi-billion tonne iron ore project in Northern Minas Gerais to progress
- Company has established presence in Brazil to access attractive new projects
- Significant value discount relative to peers provides very attractive investment opportunity

BRAZIL

ATTRACTIVE DESTINATION FOR RESOURCES INVESTMENT

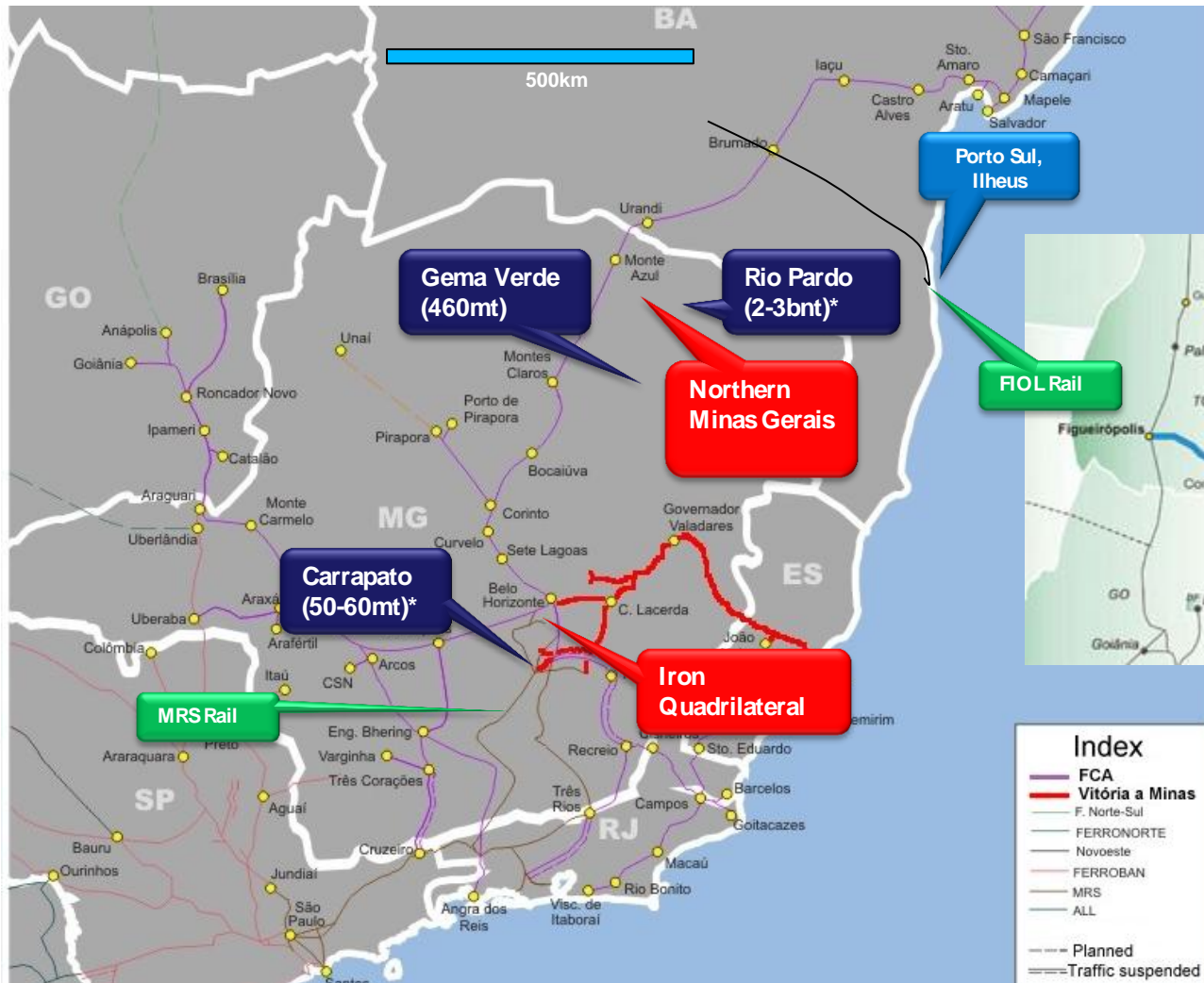


- World class iron ore province in Minas Gerais, with established steel industry
 - Accounts for up to 70% of Brazil's iron ore production – c.390mt in 2011
 - 2011 steel production of c.35mt
- Stable political system, secure tenure, low sovereign risk
- Significant Government investment in infrastructure
- Major global investments in Brazil: Vale, CSN, MMX, Ferrous, BHP, ENRC, Anglo American



BMG PROJECT LOCATIONS

MG, BRAZIL



Existing and proposed rail infrastructure in Minas Gerais (MG) and Bahia (BA)



FIOL Rail to Porto Sul, Ilheus under construction

* 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

CARRAPATO PROJECT LOCATION

SURROUNDED BY LARGE DOMESTIC STEEL INDUSTRY



Significant steel production in the 'Iron Quadrilateral' region in close proximity to Carrapato

Established steel industry provides large market for local iron ore sales

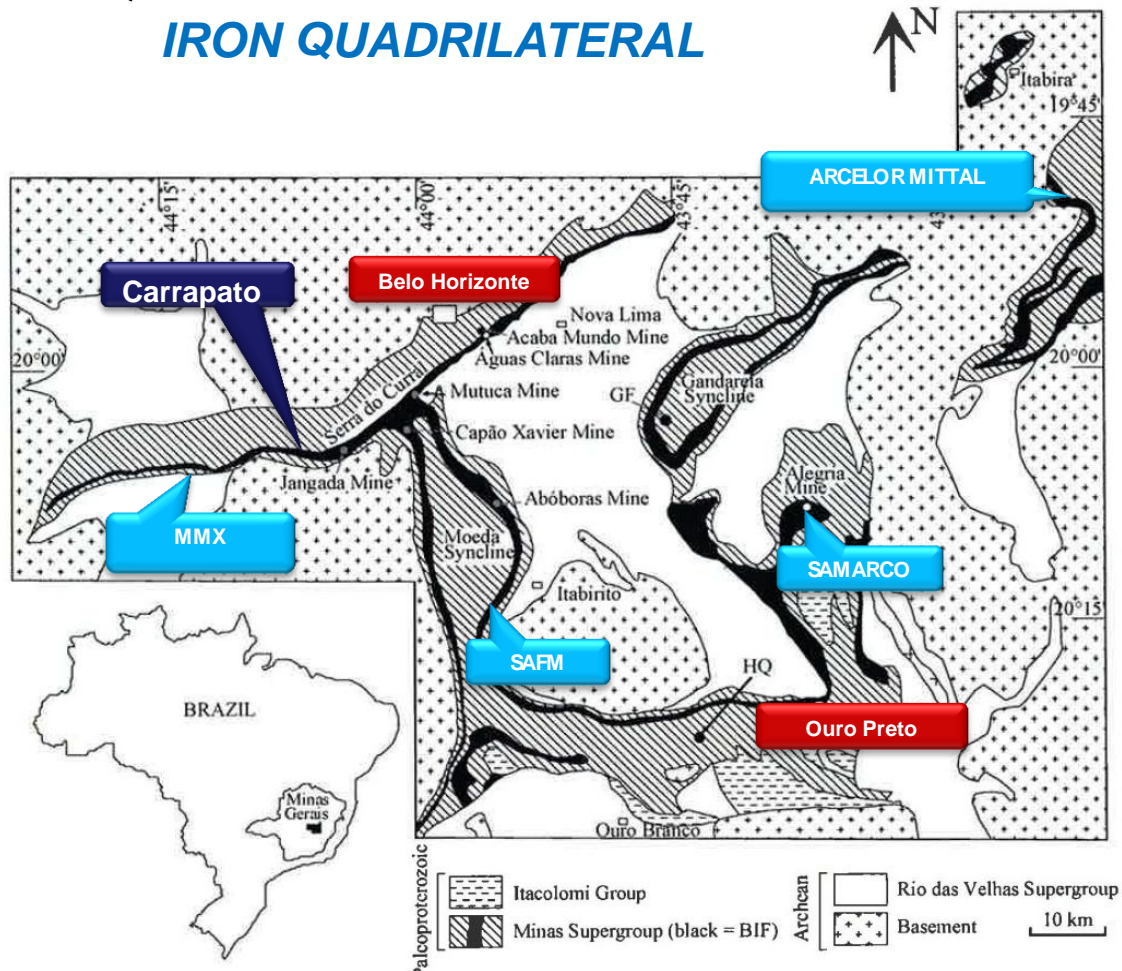
- Domestic iron ore consumption in excess of 50mtpa
- Robust demand growth forecast over the medium term, particularly in build-up to 2014 World Cup and 2016 Olympic Games

CARRAPATO IRON ORE PROJECT

GEOLOGICAL SETTING



QUADRILÁTERO FERRÍFERO IRON QUADRILATERAL



Iron deposits hosted by Caue Formation and Gandarela Formation – both itabiritic

- canga & detritals 65-67% Fe
- soft haematite, 65-76% Fe
- hard 67% grade haematite,
- friable 35 – 50% grade 'itabirite'

Itabirite is a term used widely in Brazil to denote a metamorphosed Banded Iron Formation With bands of haematite and quartz.

Itabirite requires very little energy (crushing to liberate the iron and is significantly easier and cheaper to upgrade to a saleable product).

Early production was from rich surface deposits in the 1950s - 60s.

CARRAPATO IRON ORE PROJECT

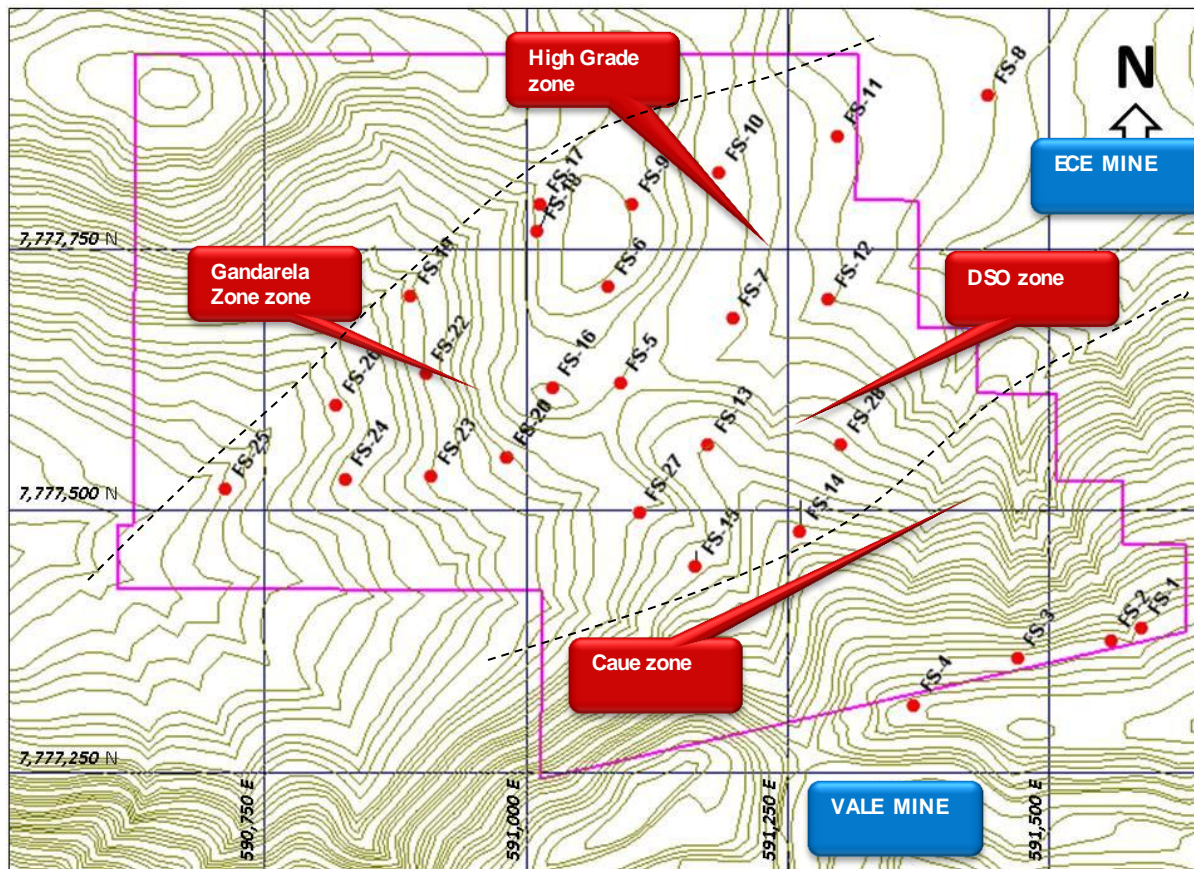
PROJECT LOCATION



- Iron Quadrilateral within existing mining corridor; close proximity to transport infrastructure and domestic steel mills
- Vale operating two mines in the Carrapato area - Corrego do Feijao (6.8mtpa) and Jungada (5.1mtpa)
 - Both have stated reserves at +66% Fe
- ECE (Itaminas Sarzedo) currently producing 3 mtpa for domestic market
 - Grades believed to be 40 – 45% Fe
- Vale and ECE mines are along strike and adjacent to Carrapato with similar geology and beneficiation characteristics
 - Carrapato will have the same product specification
- Several process plants are currently operating in the area treating similar ores
- Very good potential for toll treating and/or joint venture at existing facilities

CARRAPATO IRON ORE PROJECT

EXTENSIVELY DRILLED



- **Stage** – Advanced; Diamond Drilled – JORC planned within 2 months; Scoping numbers prepared; Pre-Feasibility underway
- **Size** – Exploration Target* of 53 to 62 mt @ 35.2% to 41.1% Fe; includes high grade surface zone of 3.7 to 4.3mt @ 51.1% to 59.7% Fe
- All drilling is by diamond core on approximately 100m by 100m spacing through the main part of the mineralised zone. 28 holes for ~2,400 metres
- Detailed analysis of drill intervals undertaken by independent registered laboratories
- Central part of the zone is relatively flat lying with easy mining extraction characteristics

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CARRAPATO IRON ORE PROJECT

DEVELOPMENT PLAN



Period	Activities
INITIAL PHASE (4 – 5 months)	<ul style="list-style-type: none"> ▪ Complete JORC Resource Estimate ▪ DSO mine design and preliminary feasibility studies ▪ Environmental Report and Plan of Economic Action underway ▪ Domestic off-take agreements and landowner engagement underway
NEAR TERM (6 – 18 months)	<ul style="list-style-type: none"> ▪ Complete Feasibility, submit mining applications, and secure Special Authorisation for concessional mining ▪ Expand operations team ▪ Secure off-take contracts, toll treatment and contractor agreements ▪ Continue environmental and full feasibility studies ▪ Commence mining and deliver DSO at 300ktpa to domestic mills
MEDIUM TERM (19 - 30 months)	<ul style="list-style-type: none"> ▪ Complete application for full Mining Concession and licences ▪ Commence mine and plant expansion when granted to 2mtpa capacity ▪ Expand contractor and off-take agreements and review export options
LONG TERM (31 -180 months)	<ul style="list-style-type: none"> ▪ Establish full mining operation at 2mtpa with expansion capability ▪ Evaluate similar opportunities in the region for expansion ▪ Access the Export market through MRS rail
STRENGTHS	<ul style="list-style-type: none"> ▪ Low cost, highly profitable operations ▪ Large number of steel mills seeking additional feed stock ▪ Well established infrastructure within close proximity ▪ Depth of experienced mining personnel in Belo Horizonte region

CARRAPATO IRON ORE PROJECT

POTENTIAL SCOPING LEVEL ECONOMICS



- Contract mining, third party infrastructure and toll treatment will be used where possible, with multiple options within the region, to minimise capex and fund operations from cashflow
- Scoping Study to be undertaken to validate management expectations set out below

Assumptions	Stage 1	Stage 2
Production Rate	<ul style="list-style-type: none"> 300,000 tpa under 'fast track' approval process 	<ul style="list-style-type: none"> 2.0 mtpa with expansion potential under full mining concession
Target Start-up	<ul style="list-style-type: none"> 12-24 months 	<ul style="list-style-type: none"> 36-48 months
Capex	<ul style="list-style-type: none"> \$3.0 million 	<ul style="list-style-type: none"> ~ \$100m for wholly owned plant, or potentially \$20m under full toll treatment – both options as well as combinations and staged scale-up to be evaluated
Opex (mine gate)	<ul style="list-style-type: none"> Target ~ \$15-16/t 	<ul style="list-style-type: none"> Target ~ \$16-18/t (using own plant)
Mass Recovery	<ul style="list-style-type: none"> Estimated at 91% to achieve 63% Fe product with low impurities for sale in the domestic market 	<ul style="list-style-type: none"> Estimated at 55% to achieve 66% Fe product with low impurities
Customers	<ul style="list-style-type: none"> Local steel producers 	<ul style="list-style-type: none"> Export using 3rd party infrastructure or domestic sales to be considered

CARRAPATO IRON ORE PROJECT

FAVOURABLE ACQUISITION TERMS



- Exclusive agreement to acquire 100% of the project, subject to due diligence and final documentation
 - Documentation expected to be completed within 3-4 months
- Acquisition price of US\$38m (circa US\$29m on an NPV basis) with payment terms aligned to approval process and production profile:

Date	Payment
September 2012	\$3m
May 2013	\$3m
May 2014	\$5m
November 2014	\$5m
May 2016	\$22m

- Allows the Company to fund the majority of consideration from cashflow over the next 3-4 years
- BMG retains a right to withdraw without further obligation, and would retain a pro-rata interest based on payments already made

BMG PEER COMPARISON

FAVOURABLE COMPARATIVE METRICS IN AN ESTABLISHED NICHE SECTOR



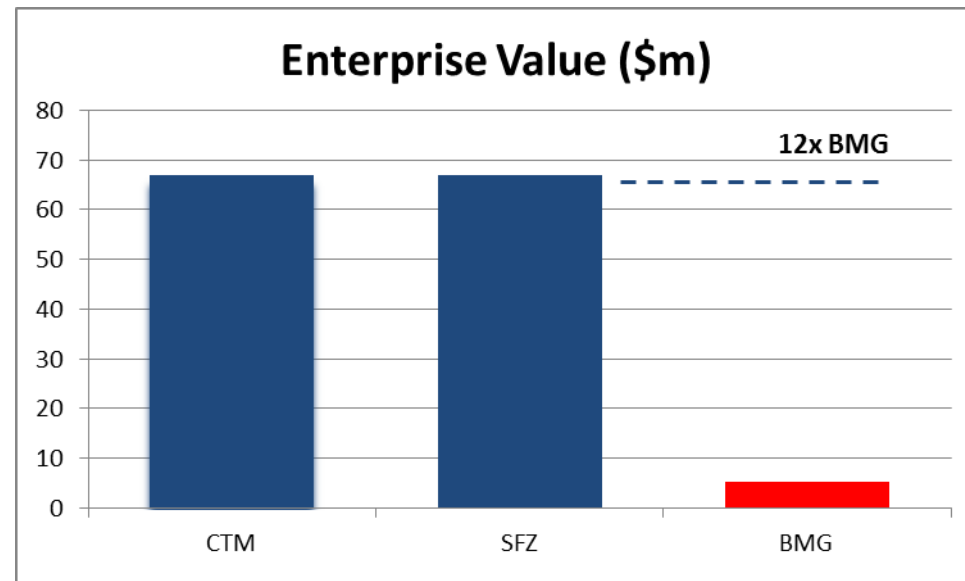
	BMG	SAFM	Centaurus
	Carrapato ¹	Ponto Verde ²	Jambreiro ²
Expl. Target* /Resource, Mt	53 – 62*	230.6	116.5
Grade, Fe	~ 40%*	44.5%	26.8%
Mass Recovery	~ 50%*	45%-60%	35%-37%
Final Product, Mt	21 – 25*	~ 47 - 50 ⁴	17 ³
Product Grade, Fe	66%	62%-65%	66%
Waste Movement, Mt	3*	50 ⁴	46 ³
Total Material Movement, Mt	45 – 53*	144 ⁴	95 ³
Waste to Ore Ratio	< 0.1	0.54	0.94
Production Rate, Mtpa	2 - 4	5	2
Operating Cost	\$16 - \$18 ¹	A\$18 - \$22	A\$19.90 ³
DSO Starter Project	Yes	Yes	No
Analyst Price Targets ²	n/a	\$0.50 - \$0.79	\$1.89 - \$2.20

¹ BMG Management Study, May 2012 for owner operator case

² Company websites; Bloomberg

³ Based on Proven & Probable Reserves of 49.0Mt: Pre-Feasibility Study, November 2011

⁴ Brazilian Certified Resource and Reserve, Coffey International November 2009



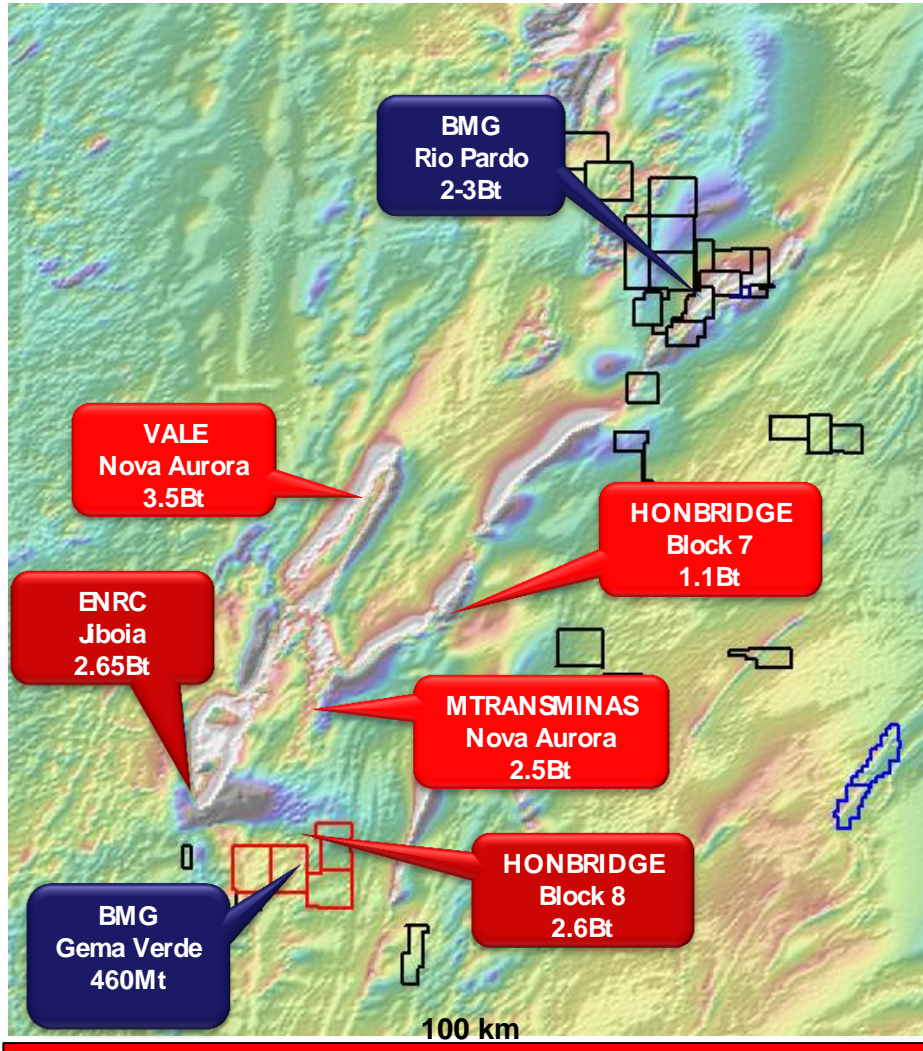
CTM – Centaurus Metals, SFZ – South American Ferro Metals

- Centaurus and SAFM have established market positions based on their Brazilian iron ore assets
- BMG represents a good value entry into a Brazilian iron ore production story in a growing sector

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BMG'S NORTHERN MG PROJECTS

MEDIUM TO LONG TERM GROWTH HORIZON



- **Gema Verde** resource of 460 Mt to JORC standard - >85% Measured and Indicated
- *Contiguous with Honbridge Block 8 (2.6Bt resource)*
- **Rio Pardo** Exploration Target* of 2 to 3 Bt based on 28 drill holes
- Low cost beneficiation to 65% Fe pellet feed and sinter feed product
- Rail link required to FIOL railway (under construction by the Federal Government)
- Honbridge Block 8/ ENRC advanced project status

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CAPITAL STRUCTURE



ASX Codes:	BMG/ BMGO
Ordinary Shares* on Issue:	148 Million
Tradeable Options:	137 Million (ex at 20c until 31/03/2014)
Share Price:	\$0.03 (as at 30 May 2012)
Market Capitalisation:	~\$5m
Cash:	\$0.57m (as at 31 March 2012)
Debt:	Nil
*Escrowed Shares:	72.2 Million

Mr. Peter O'Connor – Chairman

MA Economics and Political Science, Trinity College, Dublin; called to the Irish Bar, King's Inns, Dublin (1964)

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; 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 – Managing Director

BCom, LLB, MBA, GAICD - Corporate

Mr McCracken is a business executive with 20 years experience across a broad range of industries. Most recently he was Corporate Development Director of the Kirin Group-owned Lion Pty Ltd (previously Lion Nathan National Foods Ltd), focused on the execution of strategic opportunities, primarily through M&A. He was previously Senior Vice-President Mergers & Acquisitions with Deutsche Bank, Group Manager, Corporate Development for industrial materials Amatek Group, and was originally a banking and finance lawyer.

Mr. Malcolm John Castle – Executive Technical Director

B.Sc. (Hons), GCertAppFin (Sec Inst), MAusIMM – Applied Geology

Mr Castle has over 40 years experience in exploration geology and project evaluation. He has wide experience in a number of commodities including iron ore, gold, base metals, uranium and mineral sands, and has been responsible for project discovery through to feasibility study and development in a number of projects. He was a founding member of Fortescue Metals Group, and a key member of the team developing the definitive feasibility study for the Cloudbreak and Christmas Creek projects. Mr Castle is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM).

Mr. Anthony Augustine Trevisan – Non-Executive Director

Mr Trevisan has over 30 years corporate experience in the establishment and management of companies, equity and debt financings, mergers and acquisitions, restructuring of mineral resources, petroleum and property based public companies. He has held senior executive positions in listed public companies in the oil & gas, mining, industrial and property sectors, including; Mediterranean Oil & Gas Plc, Arabex Petroleum NL founder and executive director, Callina NL executive chairman, TRG Properties and the Roy Weston Group executive chairman

Mr. Robert James Pett – Non-Executive Director

BA(Hons), MA (Econ), FAICD - Mineral Economist

Mr Robert Pett is a minerals economist with over 27 years experience in exploration and mining. He has overseen the successful exploration, development, operation and financing of a number of mining projects worldwide. This includes gold and nickel mines in Australia and gold mines in East and West Africa. He has also been involved in grass roots discoveries and 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.

DISCLAIMERS



Exploration Results and Mineral Resources

The information in this report that relates to Exploration Results, Exploration Targets, 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 consultant geologist with Agricola Mining Consultants Pty Ltd and is the Executive Technical Director of Brazilian Metals Group 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.

Exploration Targets

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

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning BMG's planned exploration program and other statements that are not historical facts. Although BMG believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

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Sources of Information

Centaurus Metals – "Jambriero Iron Ore Project Set to Deliver Strong Cash Flows and Returns: Pre-Feasibility Study" ASX Release 14 November 2011
Veritas Securities Limited – "Equity Research, South American Ferro Metals", 28 March, 2011
Alto Capital Research – "South American Ferro Metals Limited (SFZ)", 15 November 2011