



## BRAZIL MINERALS, INC.

### Poised to Emerge as Largest Diamond Company in Latin America

Rob Goldman  
[rob@goldmanresearch.com](mailto:rob@goldmanresearch.com)

November 24, 2014

#### BRAZIL MINERALS, INC. (OTCQB – BMIX- \$0.0235)

Price Target: \$0.30

Rating: Speculative Buy

#### COMPANY SNAPSHOT

Brazil Minerals, Inc. is a revenue-generating U.S. holding company in the natural resources area. The Company's primary holding is 100%-owned Mineração Duas Barras Ltda. ("MDB"), a Brazilian producer located in the state of Minas Gerais, which mines conflict free diamonds and gold, and sells rough and polished diamonds and 96% purity gold. MDB has a fully-operational mining concession and the permit to export its production of rough and polished diamonds. Additionally, BMIX holds 100% ownership of the mineral rights for a 24,700 acre area with known presence of gold and copper in the state of Amazonas, Brazil. Separately, BMIX has an option to acquire up to a 75% ownership interest in a titanium, vanadium and iron project in the state of Piauí, Brazil.

#### KEY STATISTICS

Price as of 11/21/14	\$0.0235
52 Week High – Low	\$0.15 – 0.023
Est. Shares Outstanding	84.6M
Market Capitalization	\$2.0M
3 Mo Avg. Vol.	269,000
Exchange	OTCQB

#### COMPANY INFORMATION

**Brazil Minerals, Inc.**  
 155 North Lake Avenue, Suite 800  
 Pasadena, CA 91101  
 Phone : 213.590.2500

[www.Brazil-Minerals.com](http://www.Brazil-Minerals.com)  
[info@brazil-minerals.com](mailto:info@brazil-minerals.com)

#### KEY TAKEAWAYS

**BMIX's commercial strategy of increasing its percentage of polished diamonds sold versus rough diamonds is paying major dividends:**

The Company periodically sells GIA-graded polished diamonds to U.S. private buyers and ungraded polished diamonds to an 11-store jewelry chain in Brazil that has been in operation since 1944 and caters to the high-end market.

Plus, in the last two weeks BMIX sold ungraded polished diamonds to knowledgeable private buyers in Brazil which has resulted in the creation of a new sales channel for the Company.

**Recent strategic moves ensure future operational gains.**

After an application process and detailed review, BMIX received approval from the environmental regulator in Minas Gerais to sell sand, a by-product of processing for diamonds and gold at the MDB mine. MDB has a large amount of high quality sand, an essential component of cement which is sought after by the local construction industry. Its periodic sale could boost profit margins by several basis points.

BMIX has recently raised \$493,000, mostly via the sale of restricted stock, thereby strengthening the Company's balance sheet

**BMIX is the only pure play on the huge Brazilian natural resources space and the only publicly-traded diamond and gold company from Brazil.** As evidenced by the steps outlined above, management is making the right moves to position the Company to emerge as the leading diamond firm in Latin America. Therefore, we reiterate our Speculative Buy rating and our \$0.30 price target.



## SENIOR ANALYST: ROB GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

## ANALYST CERTIFICATION

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

## DISCLAIMER

This *Opportunity Research* report was prepared for informational purposes only.

*Goldman Small Cap Research*, (a division of Two Triangle Consulting Group, LLC) produces research via two formats: *Goldman Select Research* and *Goldman Opportunity Research*. The *Select* format reflects the Firm's internally generated stock ideas along with economic and stock market outlooks. *Opportunity Research* reports, updates and Microcap Hot Topics articles reflect sponsored (paid) research but can also include non-sponsored micro-cap research ideas that typically carry greater risks than those stocks covered in the *Select Research* category. It is important to note that while we may track performance separately, we utilize many of the same coverage criteria in determining coverage of all stocks in both research formats. Research reports on profiled stocks in the *Opportunity Research* format typically have a higher risk profile, and may offer greater upside. *Goldman Small Cap Research* was compensated by the Company in the amount of \$2,000 for a research report and \$1500 for two research updates. All information contained in this report was provided by the Company via filings, press releases or its website, or through our own due diligence. Our analysts are responsible only to the public, and are paid in advance to eliminate pecuniary interests, retain editorial control, and ensure independence. Analysts are compensated on a per report basis and not on the basis of his/her recommendations.

Goldman Small Cap Research is not affiliated in any way with Goldman Sachs & Co.

The information used and statements of fact made have been obtained from sources considered reliable but we neither guarantee nor represent the completeness or accuracy. *Goldman Small Cap Research* did not make an independent investigation or inquiry as to the accuracy of any information provided by the Company, or other firms. *Goldman Small Cap Research* relied solely upon information provided by the Company through its filings, press releases, presentations, and through its own internal due diligence for accuracy and completeness. Such information and the opinions expressed are subject to change without notice. A *Goldman Small Cap Research* report or note is not intended as an offering, recommendation, or a solicitation of an offer to buy or sell the securities mentioned or discussed.

This report does not take into account the investment objectives, financial situation, or particular needs of any particular person. This report does not provide all information material to an investor's decision about whether

or not to make any investment. Any discussion of risks in this presentation is not a disclosure of all risks or a complete discussion of the risks mentioned. Neither *Goldman Small Cap Research*, nor its parent, is registered as a securities broker-dealer or an investment adviser with FINRA, the U.S. Securities and Exchange Commission or with any state securities regulatory authority.

### **Safe Harbor Statement**

*This report may contain forward-looking statements made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward looking statements are based upon the current plans, estimates and projections of Brazil Minerals, Inc.'s management and are subject to risks and uncertainties, which could cause actual results to differ from the forward looking statements. Such statements include, among others, those concerning market and industry segment growth and demand and acceptance of new and existing products; any projections of production, reserves, sales, earnings, revenue, margins or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements regarding future economic conditions or performance; uncertainties related to conducting business in Brazil, as well as all assumptions, expectations, predictions, intentions or beliefs about future events. Therefore, you should not place undue reliance on these forward-looking statements. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: business conditions in Brazil, general economic conditions, geopolitical events and regulatory changes, availability of capital, BMIX's ability to maintain its competitive position and dependence on key management. This press release does not constitute an offer to sell or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation or sale of any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.*

### **Cautionary note regarding estimates of Indicated and Inferred Mineral Resources of Diamonds and Gold as found in MDB's NI 43-101 Technical Reports.**

*We advise U.S. investors that while these terms and amounts are recognized by Canadian regulations, the U.S. Securities and Exchange Commission ("SEC") does not recognize them. U.S. investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves as defined by the U.S.'s Industry Guide 7.*

### **Cautionary note regarding estimates of Mineral Reserves of Diamonds and Gold as found in MDB's Bankable Feasibility Study.**

*We advise U.S. investors that while these terms and amounts are recognized by Brazilian regulations, the SEC does not recognize them. U.S. investors are cautioned not to assume that any part or all of the mineral deposits in this category will ever be converted into mineral reserves as defined by the U.S.'s Industry Guide 7.*

ALL INFORMATION IN THIS REPORT IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESSED OR IMPLIED, OR REPRESENTATIONS OF ANY KIND. TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, TWO TRIANGLE CONSULTING GROUP, LLC WILL NOT BE LIABLE FOR THE QUALITY, ACCURACY, COMPLETENESS, RELIABILITY OR TIMELINESS OF THIS INFORMATION, OR FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT MAY ARISE OUT OF THE USE OF THIS INFORMATION BY YOU OR ANYONE ELSE (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF OPPORTUNITIES, TRADING LOSSES, AND DAMAGES THAT MAY RESULT FROM ANY INACCURACY OR INCOMPLETENESS OF THIS INFORMATION). TO THE FULLEST EXTENT PERMITTED BY LAW, TWO TRIANGLE CONSULTING GROUP, LLC WILL NOT BE LIABLE TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY,



PRODUCTS LIABILITY, OR OTHER THEORY WITH RESPECT TO THIS PRESENTATION OF INFORMATION.

For more information, visit our Disclaimer: [www.goldmanresearch.com](http://www.goldmanresearch.com)