

Brazil Minerals, Inc.
Form 10-K
April 16, 2015

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2014

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 000-55191

Brazil Minerals, Inc.

(Exact name of registrant as specified in its charter)

Nevada 39-2078861
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

155 North Lake Avenue
Pasadena, California 91101
(Address of principal executive offices)

Issuer's telephone number, including area code: (213) 590-2500

Securities registered pursuant to Section 12(b) of the Act: None.

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value \$0.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

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(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. (as defined in Rule 12b-2 of the Exchange Act). Check one:

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of June 30, 2014, the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of the Registrant's common stock held by non-affiliates (based on the closing sales price of such shares (\$.08) on such date as reported by Yahoo Finance) was approximately \$3,615,275. (For the purpose of this report it has been assumed that all officers and directors of the Registrant, as well as all stockholders holding 10% or more of the Registrant's stock, are affiliates of the Registrant.

As of April 10, 2015, there were outstanding 329,217,141 shares of the registrant's common stock, \$0.001 par value.

Documents incorporated by reference: None.

FORWARD LOOKING STATEMENTS

This Annual Report contains forward-looking statements. Forward-looking statements for Brazil Minerals, Inc. reflect current expectations, as of the date of this Annual Report, and involve certain risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors. Factors that could cause future results to materially differ from the recent results or those projected in forward-looking statements include: unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production; market fluctuations; government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection; competition; the loss of services of key personnel; unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of infrastructure as well as general economic conditions.

PART I

Item 1. Description of Business.

Brazil Minerals, Inc. ("Brazil Minerals", the "Company", "we", "us", or "our"), together with its subsidiaries, is engaged in the business of acquiring controlling positions or significant positions with oversight roles in companies in Brazil in the minerals area or in industries related to minerals. We consolidate the results of our controlled subsidiaries in this Annual Report.

In 2013, our initial year of operations under the current business model and management team, we produced rough diamonds and gold for sale. In 2014, we added polished diamonds. In 2015, we added sand and by the end of April 2015 expect to add the first industrialized sand product, mortar. In the medium term, we believe that our two products with the greatest profitability will be polished diamonds and mortar.

Business Developments

Some of our developments in 2014 include:

(1) We finalized the acquisition of 100% of Mineração Duas Barras Ltda. ("MDB"), a Brazilian company. MDB owns a mining concession for diamonds, gold, and sand. Its operations are all open-air. It also owns the largest plant in Latin America for the recovery of alluvial diamonds and gold. In addition to the mining concession, MDB also owns one additional mineral right for diamonds and gold.

A Canadian company, Vaaldiam Resources Ltd. ("Vaaldiam"), performed detailed geological studies in MDB's mining concession leading to the publication of an NI 43-101 technical report in 2007 and an updated NI 43-101 technical report in 2008 (the "Technical Reports"), as required by the rules of the Canadian securities administrator. The technical report from 2008 shows mineralized materials amounting to 1,639,200 cubic meters with the following concentrations for diamonds and gold: 0.16 carats of diamonds per cubic meter and 182 milligrams of gold per cubic meter. Furthermore, MDB has submitted its "Plano de Aproveitamento Econômico" (the "Feasibility Study"), a bankable feasibility study, to DNPM in accordance with the mining regulations of Brazil. The Company does not claim that the Technical Reports and/or Feasibility Study are compliant with the

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Securities and Exchange Commission ("SEC") Industry Guide 7. Under the SEC's Industry Guide 7, no assertion can be made about reserves; moreover, Industry Guide 7 does not recognize the term "resources."

(2) We acquired 50% of RST Recursos Minerais Ltda. ("RST"), a Brazilian company. RST owns 10 mining concessions and 12 other mineral rights, all for diamonds and gold. RST areas are located near the MDB plant;

We licensed an additional 3 mineral rights areas from the Brazilian government for diamonds and gold. The (3) combination of all of the mining concessions and mineral rights controlled by us provides availability of a large number of areas for diamond and gold exploration, which could last for decades;

We performed all of the necessary studies mandated by the Brazilian mining department and thereafter sand was (4) added in January 2015 as a mineral substance to MDB's mining concession. Sand is found at surface level, has very low cost of extraction, and high local demand for construction;

(5) The Company voluntarily registered its common stock under the Securities Exchange Act of 1934.

Emerging Growth Company Status

We may be deemed to be an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act. As long as we remain an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding an annual nonbinding advisory vote on executive compensation and seeking nonbinding stockholder approval of any golden parachute payments not previously approved. We may take advantage of these reporting exemptions until we are no longer an "emerging growth company."

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

We will remain an "emerging growth company" for up to five years, although we would cease to be an "emerging growth company" prior to such time if we have more than \$1 billion in annual revenue, more than \$700 million in market value of our common stock held by non-affiliates, or issue more than \$1 billion of non-convertible debt over a three-year period.

Definitions

CNCD ("Cadastro Nacional do Comércio de Diamantes"): Brazil's national registry of diamond production, maintained by DNPM.

COPAM ("Conselho Estadual de Política Ambiental"): The Brazilian state-level environmental policy council, part of SEMAD (which is defined below).

DNPM ("Departamento Nacional de Produção Mineral"): Brazil's national mining department, the federal entity that regulates mining in Brazil.

GIA (Gemological Institute of America): The GIA is a premier nonprofit laboratory for the grading and certification of diamonds. In 1953 the GIA developed its diamond grading system and the four Cs (color, carat weight, clarity, and cut) as a standard to compare and evaluate the quality of polished diamonds.

Mineralized Material: Mineralized material is mineralization that has been sufficiently sampled at close enough intervals to reasonably assume continuity and support an estimate of tonnage and an average grade of the selected metals or salable product. A deposit of this sort does not qualify as a reserve until a comprehensive evaluation, based upon unit costs, grade, recoveries and other factors, concludes economic and legal feasibility. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves.

Mineral Rights: In Brazil, rights related to the mining of subsoil minerals, as guaranteed by the Brazilian Constitution and further regulations. Mineral rights have different gradations ranging from request for initial permit to perform research, to permitted research area, to mining concession.

Mining Concession ("Concessão de Lavra" or "Portaria de Lavra" as used in Brazil): The official permit from DNPM that allows the owner of the concession to mine specified minerals in perpetuity, as long as continuous observance of the mining code is followed. Normally, in Brazil, the cost of obtaining a mining concession from start on a greenfield project may reach hundreds of thousands of dollars and take in excess of five years.

Polícia Federal: Brazil's federal police, loosely an equivalent to the Federal Bureau of Investigations.

Rapaport: Short for the Rapaport Diamond Report, a leading newsletter with observed diamond market prices, widely used in the diamond industry.

Receita Federal: Brazil's equivalent to the Internal Revenue Service in the U.S.

SEMAD ("Secretaria do Meio Ambiente"): the Environmental Secretariat, a state level governmental agency.

SISCOMEX ("Sistema Integrado de Comércio Exterior"): Brazil's integrated foreign trade system, an online system that registers and processes all exports. It is part of Brazil's Receita Federal.

SUPRAM ("Superintendência Regional de Meio Ambiente e Desenvolvimento Sustentável"): Brazil's state-level entity charged with monitoring environmental permits.

Markets

The market for rough and polished diamonds is global and we have attracted interest from buyers from several countries. We have not depended on any one or only a few customers to purchase our rough or polished diamonds.

The price of our rough diamonds is mostly determined by the overall global market. Our rough diamonds sell for approximately \$130 per carat. For each lot available, we usually have several interested and potential buyers. The largest rough diamond mined by us has been 4.01 carats. Buyers of our rough diamonds state that essentially all of them are able to be polished, usually in India where there is a large number of companies in the cutting and polishing industry employing high technology and relatively inexpensive labor.

The price for our polished diamonds is determined by the four C's (color, carat weight, clarity, and cut), roughly in that order of importance. The Rapaport value of our polished diamonds that had been graded at GIA has been \$3,250 per carat. The highest color grade we obtained from GIA for a polished diamond from our production was "E", the 2nd highest possible grade. The best clarity was VVS1, the 2nd best clarity possible. The majority of our diamonds are graded F-G for color and VVS2-VS2 for clarity.

Even though the market for gold is global, we have focused on Brazilian buyers. There is more local customer demand than we have supply of gold bars available for sale.

The price of the 96%-purity level gold bars that we sell is tightly correlated to the global price of gold. Our gold sales prices per ounce, adjusting for 100% purity, are usually within a few percentage points of the gold price set globally on a daily basis.

The market for our sand is local, driven by demands of residential and commercial construction. There are a very large number of local buyers for our sand. Our sand was analyzed at the premier analytical laboratory in Brazil and by specialized consultants, and confirmed to have very high silica levels and low organic matter, making it highly sought after for industrial uses or construction applications.

Demand

Demand for our products has been robust. We are constrained by production bottlenecks, costs of production, and logistical issues, not by availability of buyers or demand for any product.

There is an increase in worldwide demand for diamonds, primarily driven by the improvement in the U.S. economy and continued repressed demand from emerging markets such as China, India, and Brazil. Gold has strong demand in Brazil for both jewelry and as investment. Sand's demand is robust given a lack of any other material amount of sand availability for a radius of approximately 200 miles from our plant. We believe the demand for industrialized sand products, such as mortar, will be equally strong.

Distribution

Our polished diamonds are either sold locally to jewelry chains in Brazil or exported to the U.S. Our rough diamonds and gold bars are currently sold mostly to Brazilian companies, some of which are subsidiaries of diamond companies headquartered in Belgium and India. Sand is sold to local stores and contractors. Mortar may be sold under private label to large nationwide firms or by our own brand, or a combination thereof.

Competition

Diamonds, gold, and sand production are difficult fields to penetrate due to regulatory requirements, long wait times for permitting, and limited availability of new resource areas.

Our competitive position among suppliers of diamonds and gold is particularly strong because we have all of the necessary licenses in place in our operations. Therefore, our merchandise, whether rough diamonds, polished diamonds, or gold is able to be purchased openly and without restrictions since all of the supporting proof of provenance is available and in good order. Other producers that lack operational licenses do not enjoy our position and can only sell into the "black market".

A secondary reason for our strong competitive position is that the diamonds from the Jequitinhonha River valley are known in Brazil and in global diamond centers to be of generally high quality. Since our sources of diamonds are secondary valley deposits, it is presumed that the primary kimberlitic source of such diamonds was pierced by the river millions of years ago. Therefore, a process of erosion occurred which resulted in smaller, but well proportioned, "hardy" gems. These gems are fairly easy to be cut and polished, yielding appealing diamonds without the need for any post-production enhancements such as laser work.

We have very little competition from in-natura sand providers as simply there are no licensed sand mines in a large radius around our location in Brazil.

Seasonality

MDB's ability to mine diamonds and gold is highly seasonal. The rainy season in the northern area of the state of Minas Gerais, Brazil, lasts from December through April. We expect that during these months MDB's revenues will be substantially lower than during other periods.

Our sand is easily dried and therefore we do not believe that it will be as seasonal as mining for diamonds and gold. Mortar production will be mostly unaffected by the weather.

Raw Materials

Brazil Minerals does not directly utilize any significant amount of raw materials. All of the raw materials needed for our business model are readily available from numerous different suppliers and at market-driven prices.

Intellectual Property

Brazil Minerals does not currently own any trademarks, service marks, or patents.

Government Regulation

General

The Brazilian mining industry is highly regulated; permitting and authorizations are complex and time consuming. Our operations in Brazil are in compliance with federal, state, and municipal regulations.

There is no governmental control of the selling of our diamonds (whether rough or polished), gold, sand, and upcoming industrialized sand products.

Mining Regulation and Compliance

Our subsidiary, MDB, has title to both a mining concession and a mineral right, further described below. MDB does not own the land or surface rights atop these claims. In Brazil, the mineral right and the land on top of it are commonly held by different owners. The Brazilian Constitution protects the rights of the owner of a mineral right to explore such claim, and there is jurisprudence that mineral rights trump surface rights.

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MDB owns the title to the mining concession, or "Concessão de Lavra", number 265 awarded by DNPM. MDB's mining concession covers an area of 170.89 hectares, or approximately 422 acres, and allows mining of diamonds, gold, and sand. All mining is open air. Sand depots are located at surface level. Diamonds and gold are located in gravel layers 10 to 30 meters below ground level.

There are no liens or other encumbrances on MDB's mining concession. The mining concession is a federal claim in Brazil. This mining concession has no termination date; it is held in perpetuity by MDB and for as long as continuous observance of the mining code and regulations are followed, this claim will be in good standing. The claim can also be in good standing even if there is no continued mining, if MDB were to file with DNPM for a hiatus from mining; such requests are normally granted for periods of up to three years. MDB has no minimum payments to maintain MDB's mining concession.

Brazilian law guarantees the owner of the land on top of a mining concession the payment of a royalty of at least 0.1% of all revenues from such concession. However, most Brazilian mining companies negotiate with the landowner and pay a higher royalty rate as an incentive for greater cooperation. MDB has a contract that pays the landowner a 6% royalty rate on any sales of rough diamonds and gold.

Export Regulation

The export of rough diamond from Brazil complies with the United Nations Kimberley Process certification system of which Brazil is a signatory country. This system was implemented by a large number of member countries of the United Nations to marginalize and prevent entrance to the diamond marketplace of those gems produced in areas where human exploitation and other specific illicit activities exist. To our knowledge, Brazil was never a jurisdiction that had any issues of these types.

The implementation of the Kimberley Process certification system in Brazil was established with the passage of Federal Law 10743 in 2003. The regulations surrounding the issuance of the Certificate of the Kimberley Process were achieved by the Ordinance 192 of 2007 from DNPM. According to the current DNPM regulations, every diamond producer diamond must register itself in CNCD (see in Definitions), and update the information periodically. Every semester, DNPM visits and inspects the diamond producing property and verifies the information contained in the CNCD. For a diamond producer that is in compliance with the CNCD, the issuance of a Kimberley Process certificate by the DNPM with respect to each lot for export usually takes two to four weeks. As part of the certification, the exact lot of rough diamonds to be exported is sealed at DNPM, and receives the necessary paperwork needed for export which next goes for approval of Brazil's Receita Federal (see in Definitions), normally obtained within a week.

The procedure for the export of polished diamonds, gold and other commodities is regulated by Receita Federal (see in Definitions), and the exporter must obtain a license to export via SISCOMEX (see in Definitions). We have obtained SISCOMEX authorizations. As part of the SISCOMEX procedures, when polished diamonds are exported, they must be brought to an office of Receita Federal where they are weighed and sealed. The sealed container can be exported or carried through ports of exit of Brazil. There is no cost to maintain the export license active.

Environmental Regulation and Compliance

We are in compliance with environmental laws in our applicable jurisdictions. The Company estimates that it costs at most \$50,000 annually to currently maintain compliance with environmental regulations.

In Minas Gerais, the Brazilian state where MDB is located, the duties of environment regulation are exercised by COPAM (see in Definitions), a unit of SEMAD (see in Definitions). Additionally, SUPRAM (see in Definitions), following guidelines from SEMAD, coordinates the implementation of activities related to environmental compliance of mining projects. MDB has a current license of operation from SUPRAM.

In 2014, MDB completed all of the necessary environmental studies for formal renewal of its operational license for an additional 4 years. SUPRAM has not yet finished the review of MDB's renewal application, and has not requested any further studies.. As part of the renewal process, MDB obtained an archaeological report (which indicated no archaeological findings), and installed a new septic tank, and plant and property placards.

Surface disturbance from open pit mining at MDB is in full compliance with its mining plan. Furthermore, MDB regularly recuperates areas that have been exploited. The current environmental regulations state that after all mining has ceased at MDB (however long that may take), there would still be five years of available time for any necessary recuperation to be performed. The separation process for diamonds and gold at MDB does not use any chemical products. Tests are conducted regularly and there are no records of groundwater contamination.

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Exploration

As of April 10, 2015, Brazil Minerals has started preliminary exploration work in areas owned by RST. It expects the cost of such exploration to be less than \$25,000 in 2015. The goal of this focused exploration work headed by an experienced alluvial diamond and gold geologist is to map out where future mining pits will be developed.

Employees and Independent Contractors

As of April 10, 2015, the number of employees and independent contractors working for our Brazilian subsidiaries was as follows: MDB had 13 full-time employees and 3 independent contractors, all of them based in Brazil; BMIXP had 3 independent contractors, all of them based in Brazil. In the U.S., BMIX had 1 full-time employee and 1 independent contractor. Therefore, on a consolidated basis, we had 14 full-time employees and 7 independent contractors in total. We also periodically retain consultants to provide services deemed necessary to the operation of our business. We consider our employee relations to be very good.

Form & Year of Organization & History to Date

We were incorporated in the State of Nevada under the name of Flux Technologies, Corp. ("Flux") on December 15, 2011. From inception until December 2012, Flux was focused in the software business, which generated minimal revenues and was discontinued in December 2012, when the current management team and business focus began. Details of the transactions occurring in December 2012 which lead to the new team and focus can be found in Note 1 of Item 8 of this Annual Report.

Available Information

Brazil Minerals maintains an internet website at www.brazil-minerals.com. We make available, free of charge, through the Public Filings section of the Investors tab on our website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The information on our website is not, and shall not be deemed to be, a part hereof or incorporated into this or any of our other filings with the SEC.

Our SEC filings are available from the SEC's internet website at www.sec.gov which contains reports, proxy and information statements and other information regarding issuers that file electronically. These reports, proxy statements and other information may also be inspected and copied at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549.

Item 1A. Risk Factors.

Some, but not all, of our operating risk factors and the risks of any investment in our stock are listed below.

Risks Related to Our Operations

We have a limited operating history.

Our current business model and management team has been in place only since December 2012. Our limited operating history makes it difficult to evaluate our business or prospective operations. As an early stage company, we are subject to all of the risks inherent in the initial organization, financing, expenditures, complications, and delays inherent in a new business. Investors should evaluate an investment in us in light of the uncertainties encountered by developing companies in a competitive environment. Our business is dependent upon the implementation of our business plan. There can be no assurance that our efforts will be successful or that we will ultimately be able to attain profitability.

Our ability to execute our business plan depends on the continuation of a favorable mining environment in Brazil.

Mining operations in Brazil are heavily regulated. Any significant change in mining legislation or other changes in Brazil's current mining environment may slow down or alter our business prospects.

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We do not have any reserves compliant with SEC Industry Guide 7.

Vaaldiam, a company which formally owned the mining concession which MDB now owns, performed geological studies in such mining concession leading to the publication of an NI 43-101 technical report in 2007, with an update in 2008, as required by the rules of the Canadian securities administrator. These reports differ from the standards generally permitted in reports filed with the SEC. Investors should be aware that we have no "reserves" as defined by SEC Industry Guide 7 and much or all of our potential target mineral resources may never be confirmed or converted into SEC Industry Guide 7 compliant "reserves." The reports contain estimates based on our inferred resources. However, in accordance with both Canadian statutes and NI 43-101, estimates of inferred mineral resources cannot form the basis of a feasibility study.

We may be unable to find sources of funding if and when needed, resulting in the failure of our business.

Even though we have recently completed several transactions providing financing to us, we will require additional sources of funding to execute our business plan. We will need additional equity or debt financing beyond our existing cash to pursue our strategy, including the acquisition of additional investments in mining companies or to enter into strategic relationships with third parties to further study and/or develop mineral properties. The additional financing that we need may not be available and, if available, may not be available on terms that are acceptable to us. Our failure to obtain financing on a timely basis, or on economically favorable terms, could prevent us from pursuing our acquisition strategy or from responding to changing business or economic conditions and could cause us to experience difficulty in withstanding adverse operating results.

If we do obtain alternative source of capital, the terms and conditions of acquiring such capital may result in dilution and the resultant lessening of value of the shares of our common stock held by such stockholders.

If we are not successful in raising sufficient capital, we will have to modify our business plans and reduce operations. In this event, you could lose a substantial part or all of your investment.

Our quarterly and annual operating and financial results and our revenue are likely to fluctuate significantly in future periods.

Our quarterly and annual operating and financial results are difficult to predict and may fluctuate significantly from period to period. Our revenues, net income, and results of operations may fluctuate as a result of a variety of factors that are outside our control including, but not limited to, weather phenomena which directly affects the operations of alluvial mining properties, the general global economic condition which affects demand for diamonds, and others.

We do not intend to pay regular future dividends on our common stock and thus stockholders must look to appreciation of our common stock to realize a gain on their investments.

We have never paid a dividend and we do not have any plans to pay dividends in the foreseeable future. Our future dividend policy is within the discretion of our Board of Directors and will depend upon various factors, including future earnings, if any, operations, capital requirements, our general financial condition, and other factors. Accordingly, stockholders must look solely to appreciation of our common stock to realize a gain on their investment. This appreciation may not occur.

We depend upon Marc Fogassa, our Chief Executive Officer and Chairman.

Our success is largely dependent upon the personal efforts of Marc Fogassa. Currently he is our only management team member that is fluent and fully conversant in both Portuguese, the language of Brazil, and English. The loss of the services of Mr. Fogassa would have a material adverse effect on our business and prospects. We maintain key-man life insurance on the life of Mr. Fogassa.

Risks Related to Our Capital Stock

Our Series A Preferred Stock has the effect of concentrating voting control over us in Marc Fogassa, our Chairman and Chief Executive Officer.

One share of our Series A Preferred Stock is issued, outstanding and held by Marc Fogassa, our Chairman and Chief Executive Officer. The Certificate of Designations, Preferences and Rights of our Series A Convertible Preferred provides that for so long as Series A Preferred Stock is issued and outstanding, the holders of Series A Preferred Stock shall vote together as a single class with the holders of our Common Stock, with the holders of Series A Preferred Stock being entitled to 51% of the total votes on all matters regardless of the actual number of shares of Series A Preferred Stock then outstanding, and the holders of Common Stock being entitled to their proportional share of the remaining 49% of the total votes based on their respective voting power.

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Our stock price may be volatile.

The market price of our common stock has been and is likely to continue to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- (1) our ability to grow and/or maintain revenue;
- (2) our ability to achieve profitability;
- (3) our ability to acquire additional mineral properties;
- (4) our ability to raise capital when needed;
- (5) our sales of our common stock;
- (6) our ability to execute our business plan;
- (7) legislative, regulatory, and competitive developments; and
- (8) economic and other external factors.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

Because our common stock trades on the over-the-counter (OTC) market, you may not be able to buy and sell our common stock at optimum prices and you may face liquidity issues.

The trading of our stock on the OTC imposes, among others, the following risks:

- Availability of quotes and order information
- Liquidity risks
- Dealer's spreads

The significant number of convertible debt securities outstanding may adversely affect the market price for our common stock.

To the extent that outstanding options and warrants are exercised and convertible debt securities are converted into our common stock, existing stockholder percentage ownership will be diluted and any sales in the public market of the common stock underlying such options may adversely affect prevailing market prices for our common stock.

We may seek to raise additional funds, finance acquisitions or develop strategic relationships by issuing capital stock that would dilute your ownership.

We may largely finance our operations by issuing equity securities, which would materially reduce the percentage ownership of our existing stockholders. Furthermore, any newly issued securities could have rights, preferences, and privileges senior to those of our existing common stock. Moreover, any issuances by us of equity securities may be at or below the prevailing market price of our stock and in any event may have a dilutive impact on ownership interest of existing common stockholders, which could cause the market price of stock to decline. We may also raise additional funds through the incurrence of debt or the issuance or sale of other securities or instruments senior to our common shares. The holders of any debt securities or instruments we may issue could have rights superior to the rights of our common stockholders.

Our common stock is currently defined as "penny stock" and the rules imposed on the sale of the shares may affect your ability to resell any shares you may purchase, if at all.

Our common stock is defined as a "penny stock" under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and rules of the SEC. The Exchange Act and such penny stock rules generally impose additional sales practice and disclosure requirements on broker-dealers who sell our securities to persons other than certain accredited investors who are, generally, institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000, or \$300,000 jointly with spouse, or in transactions not recommended by the broker-dealer. For transactions covered by the penny stock rules, a broker-dealer must make a suitability determination for each purchaser and receive the purchaser's written agreement prior to the sale. In addition, the broker-dealer must make certain mandated disclosures in penny stock transactions, including the actual sale or purchase price and actual bid and offer quotations, the compensation to be received by the broker-dealer and certain associated persons, and deliver certain disclosures required by the SEC. Consequently, the penny stock rules may affect the ability of broker-dealers to make a market in or trade our common stock and may also affect a stockholder's ability to resell any of our shares in the public markets.

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Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our main assets are:

- 1) 100% ownership of Mineração Duas Barras Ltda. ("MDB"), a Brazilian company;
- 2) 50% ownership of RST Recursos Minerais Ltda. ("RST"), a Brazilian company;
- 3) 100% ownership in the "Borba Project".

These assets are described immediately below.

1) Mineração Duas Barras Ltda. ("MDB")

MDB owns a large alluvial diamond and gold processing and recovery plant, one mining concession (discussed below) and an additional mineral right (discussed below), each of which pertains to property located on the left margin of the Jequitinhonha River in the State of Minas Gerais in Brazil. The Jequitinhonha River valley is a well-known area for diamond and gold production; it has hosted alluvial production on all scales since the 18th century.

MDB's plant, mining concession, and mineral right are all approximately one and half hour drive from Montes Claros, Brazil, a city of approximately 500,000 people. The first hour of the drive is on asphalt roads followed by a half-hour on dirt roads. Montes Claros has the infrastructure needed by MDB and also benefits from having an airport with regular carrier service to large Brazilian cities, including São Paulo and Belo Horizonte.

Montes Claros is located 400 kilometers north of Belo Horizonte, the capital of the State of Minas Gerais. Belo Horizonte is the third largest city in Brazil, with a population over 2,500,000 people and two airports, including one with international flights. We have our main office in Brazil in Belo Horizonte. From Belo Horizonte to Montes Claros, it takes one hour by regular carrier flight or five hours by car on asphalt roads.

MDB has title to both a mining concession and a mineral right, further described below. MDB does not own the land or surface rights atop these claims. In Brazil, the mineral right and the land (surface right) on top of it are commonly held by different owners. Brazilian law protects the rights of the owner of a mineral right to explore such claim, even when a surface owner is opposed to it.

MDB's Mining Concession

MDB's mining concession ("Concessão de Lavra") number 265 was awarded to MDB by DNPM effective on August 25, 2006 with respect to DNPM process number 806.569/1977. This claim award was published in Brazil's Official Federal Gazette.

"Concessão de Lavra" is the highest level of mining claim achievable in Brazil. MDB's Concessão de Lavra" permits MDB to mine and sell its production of diamonds and gold. MDB's mining concession covers an area of 170.89 hectares, or approximately 422 acres.

There are no liens or other encumbrances on MDB's mining concession. The mining concession is a federal claim in Brazil, as DNPM is a Brazilian federal entity. This mining concession has no termination date; it is held in perpetuity by MDB and for as long as MDB is continually mining in this concession area, this claim will be in good standing. The claim can also be in good standing even if there is no continued mining, if MDB were to file with DNPM for a hiatus from mining; such requests are normally granted for periods of up to three years.

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"Concessão de Lavra" requires no fees to be paid to maintain such claim. Therefore, MDB has no payments to maintain MDB's mining concession.

Brazilian law guarantees the owner of the land on top of a mining concession the payment of a royalty of at least 0.1% of all revenues from the concession. However, most Brazilian mining companies negotiate with the landowner and pay a higher royalty rate as an incentive for greater cooperation. MDB has a contract that pays the landowner a 6% royalty rate on any sales.

MDB pays royalties to Brazil's "Receita Federal" if and when it sells diamonds and gold. The royalty rates paid are fixed by federal decree and are 0.1% on diamond sales and 1% on gold sales.

MDB's Other Mineral Right

MDB's other mineral right is an "Alvará de Pesquisa" with respect to DNPM process number 832.052/20006 initially awarded by DNPM on February 18, 2009, and renewed on November 13, 2013 for another two years. It covers an area of 397.42 hectares, or approximately 982 acres.

MDB intends to perform the necessary research to submit an application to upgrade this claim from "Alvará de Pesquisa" to "Concessão de Lavra", and therefore obtain another mining concession for an open pit operation. MDB expects that the exploration research work needed to submit the necessary request to DNPM will involve drilling for diamonds in a defined sub-area of the mining claim. MDB expects that this work can be completed well ahead of the deadline of December 13, 2015. MDB projects that the total cost in performing the necessary exploratory research work and preparing all of the documents for submission to DNPM will be less than \$100,000. MDB owns the drilling equipment and has workers with experience in using it, and therefore field labor and material costs will be reasonably contained. For this project, MDB has two qualified professionals, a licensed geologist and a licensed mining engineer with over 20 years of field experience in projects along the Jequitinhonha River valley.

If by December 13, 2015, MDB has not submitted the necessary research work to DNPM, and has not been granted a valid extension, it may lose this mining claim but it will not be subject to fines or penalties for not completing the research timely.

"Alvará de Pesquisa" requires payment of annual fees to DNPM. Currently the fees are R\$3.06 (approximately \$1.39) per hectare. Therefore, MDB pays approximately \$550 per year to DNPM.

Processing and Recovery Plant

MDB's diamond and gold processing plant was built in 2006-2007 by a Canadian company called Vaaldiam Resources, Ltd. ("Vaaldiam"), whose stock at that time traded on the Toronto Stock Exchange Venture Board. To the best of our knowledge, the diamond and gold processing plant at MDB is the largest such type of alluvial recovery plant in Latin America. The Company believes that the plant is in very good condition and MDB performs periodic maintenance and repairs on the plant to keep the plant in good condition.

Mineralization

Vaaldiam performed detailed geological studies in MDB's mining concession leading to the publication of an NI 43-101 technical report in 2007, and an updated NI 43-101 technical report in 2008, as required by the rules of the Canadian securities administrator. The technical report from 2008 shows mineralized materials amounting to

1,639,200 cubic meters with the following concentrations for diamonds and gold: 0.16 carats of diamonds per cubic meter and 182 milligrams of gold per cubic meter.

Furthermore, MDB has submitted its "Plano de Aproveitamento Econômico", a bankable Feasibility Study, to DNPM in accordance with the mining regulations of Brazil.

BMIX does not claim that the NI 43-101 technical report and/or MDB's bankable Feasibility Study are compliant with the SEC-sanctioned Industry Guide 7. Under the SEC's Industry Guide 7, no assertion can be made about reserves; moreover, Industry Guide 7 does not recognize the term "resources."

Source of Water and Power

The water used in MDB's processing and recovery plant for diamonds and gold, and other installations, comes from lagoons that receive water from the Jequitinhonha River. There is no shortage of water and water is essentially free to MDB.

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The power used in MDB's processing and recovery plant and other installations, is provided by diesel generators. Normally, MDB purchases diesel on a weekly to bi-weekly schedule from two local competing distributors, both of which have storage tanks outside of MDB's plant. There has been no shortage of fuel available for purchase. The Company believes that the existence of two suppliers ensures that competitive pricing and other terms will continue to be available to MDB.

Over the next one to two years, MDB's intention is to work towards obtaining an industrial-strength electric line extension from the national electric grid, a pathway of approximately 27 kilometers. This would allow MDB to minimize, if not eliminate, any dependence on fossil fuels to operate its plant. To this extent, MDB has had meetings with CEMIG, the State of Minas Gerais electric utility company. Furthermore, MDB has obtained a detailed workplan by which the line extension could be built by a CEMIG authorized contractor in approximately four months and for under \$800,000. CEMIG has indicated willingness to contribute 46% of such cost; other portions of this cost might be borne by farmers along the pathway which would be benefitting from electric energy for irrigation equipment use. These conversations are ongoing and at this time MDB has not finalized any commitments. Since energy costs are the largest component of expenses at MDB, and given that electric energy in Brazil is substantially less expensive than energy derived from fossil fuels on an equivalent basis, MDB believes that its cost of building the line extension would be recouped within two years or less.

Equipment at MDB

MDB has a large processing and recovery plant for alluvial diamonds and gold, considered by specialists to be the largest of such type in Latin America. The plant has a well-equipped spare parts and supply room. For mining, MDB has use of the following mechanized equipment which is owned by us: an excavator, a loader, a bulldozer, three trucks, a portable industrial-strength generator and pumps.

Set forth below is a map of the state of Minas Gerais in Brazil showing the location of MDB's plant.

2)RST Recursos Minerais Ltda. ("RST")

We acquired from two Brazilian individuals, unrelated to us, a total of 25% of the equity of RST for total of 250,000 Brazilian real (approximately \$110,000 at the then prevailing exchange rate, or \$94,125 as of 12/31/2014) on June 4, 2014. Of this amount, 60% has been paid in cash over monthly installments and 40% with our restricted common stock.

We have signed an acquisition agreement with another Brazilian individual, also unrelated to us, for an additional 25% of the equity of RST for \$400,000 Brazilian real (approximately \$154,256 at the then prevailing exchange rate, or \$150,600 as of 12/31/2014) on December 10, 2014. This amount is payable in monthly installments over time.

RST has ownership of 10 mining concessions and 12 other mineral rights, all for diamonds and gold, and all located next to or close by MDB's mining concession and mineral right areas, in the Jequitinhonha River valley in the northern part of the state of Minas Gerais, Brazil.

RST has a storied history as holder of highly attractive areas for diamonds and gold. Most of its current mining concessions and mineral rights have never had land-based exploration performed properly. Many of the RST areas were owned before by Mineração Tejuicana S.A., a famous Brazilian mining company that lasted for decades and mined inside the Jequitinhonha River by dredge.

The quality of the RST areas is evidenced in a technical report published on August 11, 2008 by Richard H.T. Garnett, BSc. (Min. Eng.), PhD (Econ.Geol.), M.B.A., C.Eng. and entitled "Technical Report On The RST Diamond Exploration Property And Duas Barras Diamond Mine, Minas Gerais State, Brazil: Presenting Details Of Diamond Resources Compliant With Canadian National Instrument 43-101". In this report, on page 33 as follows, the details of the transaction by which Vaaldiam, a Canadian listed company at the time) sought to acquire ownership of RST:

"Vaaldiam has agreed in principle to acquire all the issued and outstanding shares of RST. Subject to the satisfactory completion of a technical and financial due diligence study, and the execution of a Share Purchase Agreement, consideration of US\$10,500,000 is payable by Vaaldiam to the vendors of the RST shares in three stages as follows:

(a) US.\$ 500,000 is payable in cash on the signing of a Share Purchase Agreement on 30 June 2008.

US.\$ 1,500,000 is payable in common shares of Vaaldiam. For this purpose the value of Vaaldiam shares is deemed to be equal to a 10 % premium to the volume weighted average trading price of such shares for the 20 trading days preceding June 30, 2008. Such shares are to be issued on the signing of the Share Purchase Agreement on 30 June, 2008.

(c) US\$ 8,500,000 payable in cash on August 15, 2008."

We understand that Vaaldiam paid US\$2 million to the sellers, and subsequently was unable to pay the remainder. RST was never explored by it or other owners since then and its mining areas have remained essentially untouched.

RST mining concessions and minerals rights are located on the banks of the Jequitinhonha River, a well-known alluvial diamond and gold area for the last two centuries, near MDB's areas and plant. RST has no operational plant or workers at this time, and any eventual mining in an RST area could possibly be processed at MDB's plant

We believe that its shareholders will benefit from this transaction as it permits us participation in an additional 10 mining concessions, whereas before we had only the one mining concession from MDB. Mining concessions are the highest level of mineral rights in Brazil. They permit the owner to mine and commercialize specified minerals in perpetuity, as long as continuous observance of the mining code is followed. The cost of obtaining a mining concession from a greenfield stage can reach hundreds of thousands of dollars and take in excess of five years

3) Borba Project

The mineral claim for the Borba Project is "Autorização de Pesquisa" (research permit) with respect to DNPM process number 880.239/2009 initially awarded by DNMP on October 14, 2009, and renewed on December 4, 2012 for another three years. It covers an area of 9,999.11 hectares, or approximately 24,708 acres. The title to this mineral claim is held by us.

BMIX is evaluating the potential of the Borba Project. One possibility is for us to perform the necessary research to submit an application to upgrade this claim from research permit to mining concession by the submission of a research report in accordance with DNPM standards before December 4, 2015. Another possibility is a transaction by which a partner develops or co-develops this project. No decision on this has been made yet.

If by December 4, 2015, we, or a partner on our behalf, have not submitted the necessary research work to DNPM, and has not been granted a valid extension, we may lose this mining claim, but it will not be subject to fines or penalties for not completing the research on a timely basis.

In 2013, we performed a preliminary geological surface assessment of this area and collected samples for geochemical analysis. These samples were analyzed at the SGS-Geosol laboratory in Belo Horizonte, Brazil. Further analytical work continues to date with a senior geologist in Brazil.

Set forth below is a map from DNPM delineating the Borba Project mineral rights area.

Offices

Brazil Minerals leases an administrative office in Pasadena, California. [The Company's Brazilian headquarters is in Belo Horizonte, capital of the state of Minas Gerais, Brazil. The Company has additional office space at the administrative building at the mine.

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Item 3. Legal Proceedings.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information and Current Stockholders

Our common stock is traded under the symbol "BMIX". The following table sets forth, for each of the quarterly periods indicated, the range of high and low sales prices, in U.S. dollars, for our common stock for each quarter in 2013 and 2014.

Quarters	Year Ended	
	December 31,	
	2013	
	High	Low
First (3/7-3/31)	\$1.10	\$0.56
Second (4/1-6/30)	\$0.89	\$0.11
Third (7/1-9/30)	\$0.28	\$0.07
Fourth (10/1-12/31)	\$0.12	\$0.06

Quarters	Year Ended	
	December 31, 2014	
	High	Low
2014		
First (1/1 – 3/31)	\$0.1500	\$0.0550
Second (4/1 – 6/30)	\$0.1150	\$0.0600
Third (7/1 – 9/30)	\$0.0860	\$0.0412
Fourth (10/1 – 12/31)	\$0.0559	\$0.0043

As of December 29, 2014, we had approximately 2,500 beneficial owners of our common stock. As of April 10, 2015 we had 93 holders of record of our common stock

Dividends

We have not paid any cash dividends since inception and do not expect to declare any cash dividends in the foreseeable future.

Equity Compensation Plan

On February 19, 2013, our Board of Directors approved our 2013 Stock Incentive Plan under which we can offer eligible employees, consultants, and non-employee directors cash and stock-based compensation and/or incentives to compensate, attract, retain, or reward such individuals. We have no other equity compensation plan. The table below sets forth certain information as of December 31, 2014 with respect to our equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column "(a)") (c)
Equity compensation plans approved by security holders	0	0	0
Equity compensation plans not approved by security holders (2013 Stock Incentive Plan)	1,200,000	\$ 0.33	11,417,148
Total	1,200,000	\$ 0.33	11,417,148

Sales of Unregistered Securities

On October 22, 2014, we received proceeds of \$25,000 from an investment by Black Mountain Equities, Inc., an accredited investor, in exchange for an unsecured convertible promissory note in the principal amount of \$27,500. The note bears interest at the rate of 10% per annum. The note must be converted by the holder (unless repaid by us) by December 31, 2015. We retain the option, but not the obligation, to repay the note in cash. The conversion price is the lesser of (a) \$0.07 or (b) 60% of the lowest daily volume weighted average price of our common stock during the twenty trading days immediately prior the applicable date on which the holder of the note elects to convert all or part of the note. The note is not secured by any collateral. The note was issued in accordance with an exemption from the registration requirements of the Securities Act under Section 4(a)(2) of the Securities Act by virtue of being offered without employing any means of general solicitation and issued to only one accredited investor which represented to us that it had such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment and was acquiring the shares for investment and could bear the economic risk of the investment.

On November 3, 2014, we received proceeds of \$47,500 from an investment by JSJ Investments Inc., an accredited investor, in exchange for an unsecured convertible promissory note in the principal amount of \$50,000. The note bears

interest at the rate of 12% per annum. The note is due on demand on and after May 3, 2015. Payment of the note shall be by mandatory conversion of all principal, accrued interest and fee unless prepaid by us in cash together with a prepayment premium. The conversion price is a 45% discount to the average of the three lowest individual volume weighted average prices of our Common Stock during the 20 day trading days immediately prior to the date of conversion. The note is not secured by any collateral. The note was issued in accordance with an exemption from the registration requirements of the Securities Act under Section 4(a)(2) of the Securities Act by virtue of being offered without employing any means of general solicitation and issued to only one accredited investor which represented to us that it had such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment and was acquiring the shares for investment and could bear the economic risk of the investment.

On November 7, 2014, we received net proceeds of \$61,250 from an investment by LG Capital Funding, LLC, an accredited investor, in exchange for an unsecured convertible promissory note in the principal amount of \$71,660. (There was an original issue discount of \$3,410 on the note and we paid a \$4,000 due diligence fee and \$3,000 of lender's counsel's fees in connection with the financing.) The note bears interest at the rate of 10% per annum. The note is due on November 7, 2015. The holder may at its option convert all or any amount of the principal of the note into shares of our Common Stock at a conversion rate equal to 55% of the average of the two lowest individual volume weighted average prices of our Common Stock during the 20 day trading days immediately prior to the date we receive from the holder a notice of conversion. The note is not secured by any collateral. The note was issued in accordance with an exemption from the registration requirements of the Securities Act under Section 4(a)(2) of the Securities Act by virtue of being offered without employing any means of general solicitation and issued to only one accredited investor which represented to us that it had such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment and was acquiring the shares for investment and could bear the economic risk of the investment.

Item 6. Selected Financial Data.

The information to be reported under this Item is not required of smaller reporting companies.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.

The following discussion of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and the notes to those financial statements appearing elsewhere in this Report.

This Annual Report contains forward-looking statements. Forward-looking statements for Brazil Minerals, Inc. reflect current expectations, as of the date of this Annual Report, and involve certain risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors. Factors that could cause future results to materially differ from the recent results or those projected in forward-looking statements include: unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production; market fluctuations; government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection; competition; the loss of services of key personnel; unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of infrastructure as well as general economic conditions

Overview

Brazil Minerals, Inc. ("Brazil Minerals", the "Company", "we", "us", or "our"), together with its subsidiaries, is engaged in the business of acquiring controlling positions or significant positions, with oversight roles in companies in Brazil in the minerals area or in industries related to minerals. We consolidate the results of our controlled subsidiaries in this Annual Report.

In 2013, our initial year of operations under the current management team, we produced rough diamonds and gold for sale. In 2014, we added polished diamonds. In 2015, we added sand and within 30 days will add industrialized sand products, such as mortar. We expect industrialized sand products to have higher margins than rough diamonds or gold.

The current primary objective of BMIX is to become a cash flow positive company within the next 12 months. Currently, it is not an objective of the Company to achieve the highest revenues possible. The Company is currently focused on those revenues that can be obtained with the lowest possible cost and greatest certainty.

The year 2014 was marked by a need to raise enough cash and quickly to buy the 45% of Mineração Duas Barras Ltda ("MDB") that belonged to a private individual. MDB owns a mining concession for diamonds, gold, and sand, and a large recovery plant for diamonds and gold, among other assets. We competed against offers from a group based in India, in a very time-sensitive manner, and therefore had to resort to a rapid combination of convertible debt and equity sales, as well as sales of diamonds for forward delivery to not lose the opportunity. If we had lost, a 45% owner in Brazil would be in a position to block any strategies that we could envision for MDB. With our acquisition of the 45% piece, however, we now own 100% of MDB. We believe that on a discounted cash flow basis, this acquisition was highly attractive. In 2014, we also acquired 50% of RST Recursos Mineraiis Ltda. ("RST"), a company with 10 mining concessions and 12 mineral rights for diamond and gold, and also located in the Jequitinhonha River valley in Brazil. Some of the many RST areas are located in close proximity to our MDB processing plant for diamonds and gold. The last time that RST was transacted to a public company, in 2008, its acquisition price was \$10.5 million. No

mining in its areas has occurred since then. Our acquisition cost for 50% of RST has been less than \$250,000 after months of negotiations with the previous private owners.

From 2013 when we had access to only 1 mining concession and 2 mineral rights, we now have 11 mining concessions and 17 mineral rights.

While our consolidated financial results are in part tied to the price of diamonds and gold, both commodities that are traded globally, the biggest factor by far to date in generating our revenues and gross profits is MDB's ability to effectively mine diamonds and gold. Alluvial mines, such as MDB's, are not homogeneous: some mining fronts have very rich concentrations of diamondiferous and auriferous gravel whereas others do not. Additionally, some areas have easy access, whereas others may be underwater, and thus require water removal prior to excavation. Our ability to choose the mining fronts to pursue and to provide the necessary equipment, fuel, and labor are a significant factor in our results. The second biggest factor in affecting our results is MDB's ability to mine diamonds and gold is highly seasonal. The rainy season in the northern area of the state of Minas Gerais, Brazil, lasts from December through April. We expect that during these months MDB's revenues will be substantially lower than during other periods.

The last quarter of 2014 was not a good operational quarter because the location in which we embarked proved more challenging and expensive to mine than predicted. Such area was an open pit greater than the size of a football field and covered with water; the water had depths in excess of 15 meters. This area was chosen because we had excellent geological reports and markings available, and thus knowledge of substantial presence of mineralized materials. However, we approached the rainy season unable to reach the depth for gravel needed. This area was particularly expensive to mine because we had to maintain up to four diesel-powered generators working virtually around the clock so that the water would not rise. It is our current focus for 2015 mining pits that are much easier to access and mine.

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In 2015, Brazil Minerals anticipates receiving increasing cash flows from the sale of high-margin industrialized sand products as well as from the sale of unprocessed sand. These cash flows are predictable, dissociated from diamond and gold mining, and independent of investment in large diesel costs. Overall, our strategy will be to prioritize safer cash flows while our convertible notes get converted to stock.

In 2015, Brazil Minerals anticipates clearance of most, if not all, of its variable-rate convertible debt outstanding through stock conversions or debt repurchases. This should greatly diminish continuous selling pressure on the our stock as most convertible debt holders appear to promptly sell the shares issued to such lenders upon conversion of the debt.

Starting in 2015 but going to 2016, Brazil Minerals intends to continue to lower its costs of diamond and gold mining and production by a variety of strategies, including better power management and excavation of smaller pits. An important goal is to bring electricity to its large diamond and gold processing plant, which would make the biggest cut in the cost of diesel usage, our largest operational cost. Additionally, as soon as logistically feasible, Brazil Minerals plan to cease selling rough diamonds and only sell polished diamonds. The Company's rough diamonds sell for approximately US\$130/carats. The Company's polished diamonds, certified and graded by the Gemological Institute of America, have a Rapaport value of US\$3,250/carats. In order to undertake this strategy of only selling polished diamonds, the Company will rely on daily cash flows from sand and mortar, so that it can wait for batches of diamonds to be polished in either China or India prior to selling them in the global markets at best prices.

Over time, our intended operational strategy to explore more remote mining areas that we control can be described as hub-and-spokes, in that the MDB plant will be the hub and, over time, much smaller, portable and relatively inexpensive satellite pre-processing plants will be placed in farther mining concessions. This will allow us to transport to the MDB plant only pre-processed gravel for final recovery of diamonds and gold. At that point, the plant could function around the clock and therefore increase its throughput significantly.

As part of implementing this strategy, now that we own 100% of MDB, we have accelerated conversations and exchange of information and proposals with Companhia Energética de Minas Gerais ("CEMIG"), the state-controlled electric utility. Recently, CEMIG has identified availability of electric energy for sale going forward and we are now discussing cost and timeline for a line extension connecting the MDB plant to the national grid. Access to electric energy replacing the current diesel generators use will cut costs at MDB by at least 60%.

Results of Operations

Fiscal Year Ended December 31, 2014 Compared to Fiscal Year Ended December 31, 2013

In 2014, we had revenues of \$492,129 as compared to revenues of \$791,780 in 2013, a decline of 37.8%. The decrease was primarily due to lower than expected revenues in the last quarter of 2014, as the area chosen for mining was operationally challenging and unable to be properly mined prior to the start of the rainy season.

Our consolidated cost of goods sold in 2014 was \$446,606, consisting almost entirely of production expenses, and representing approximately 90.7% of the Company's total revenues. Our consolidated cost of goods sold in 2013 was \$448,830, also consisting almost entirely of production expenses, and representing 56.4% of the Company's total revenues. This result is explained by the much more challenging type of underwater mining exploration that occurred in most of 2014 as compared to dry open pit mining in 2013.

Our gross profit in 2014 was \$45,523, or approximately 9.3% of total revenues. By comparison, our gross profit in 2013 was \$342,950, or approximately 43.3% of total revenues.

We had an aggregate of \$1,901,561 in operating expense in 2014, as compared to an aggregate of \$2,755,906 in operating expenses in 2013, a decline of 31.0%. This decrease was mostly due to lower compensation, stock compensation, and exploration costs, all of which declined much more than the increases seen in general and administrative expenses, and professional and consulting fees.

In 2014, we had other expenses of \$1,544,888, primarily related to the convertible debt taken by the Company, as compared to \$22,168 in other expenses in 2013.

Brazil Minerals' net result in 2014 was (\$3,436,643) in 2014, as compared to a net result of (\$2,218,873) in 2013. On a per share basis, the 2014 net result was (\$0.04) versus (\$0.03) in 2013.

Net cash used in operating activities was \$246,489 in 2014, as compared to \$543,753 in 2013.

Net cash used in investing activities was \$1,356,032 in 2014, as compared to \$229,617 in 2013. The increase seen in 2014 was primarily due to the acquisition of the 45% of MDB.

Net cash provided by financing activities was \$1,656,205 in 2014, as compared to \$202,692 in 2013. The increase seen in 2014 was due to the sale of convertible notes and equity, primarily done for the acquisition of the 45% of MDB.

Fiscal Year Ended December 31, 2013 Compared to Period from March 1, 2012 to December 31, 2012

The Company was incorporated on December 15, 2011. It commenced operations on March 1, 2012. Until December 2012, the Company's operations were limited to developing a business plan, completing sales of common stock, discussing offers by the Company of 3D animation services with potential customers, and the signing and performance of a service agreement with one company.

The Company changed its business model and management in December 2012, and simultaneously discontinued its 3D animation services business. From March 1, 2012 to December 31, 2012 ("FY2012") we had zero revenues as compared to revenues of \$791,780 in the period from January 1, 2013 to December 31, 2013 ("FY2013"). Essentially all of our revenues in FY2013 were derived from the consolidation of the revenues from MDB, a company in which we own a 55% ownership stake. All of the revenues of MDB in FY2013 were from sale of rough diamonds and gold mined at MDB.

Our consolidated cost of goods sold in FY2013, consisting almost entirely of production expenses, was \$448,830 or approximately 56.7% of the Company's total revenues. The Company's gross profit in FY2013 was \$342,950, or approximately 43.3% of total revenues. By comparison, the Company had no revenues, costs of goods sold or gross profit in FY2012.

We had an aggregate of \$2,778,944 in operating expenses in FY2013, as compared to \$152,655 in total operating expenses in FY2012. Exploration and production costs totaling \$834,962 and stock based compensation totaling

\$1,210,391 comprised the majority of operating expenses in FY2013. No exploration and production costs or stock based compensation expense was incurred in FY2012.

General and administrative expenses increased from \$3,885 in FY2012 to \$326,908 in FY2013; compensation and related costs increased from \$54,112 in FY2012 to \$269,168 in FY2013; and professional fees increased from \$94,658 in FY2012 to \$114,044 in FY2013, in each case primarily as a result of the change in the Company's business. All of these changes were as a result of the growth of our business.

Primarily as a result of the \$2,626,289 increase in total operating expenses, our net loss increased by \$2,260,661, from \$174,463 in FY2012 to \$2,435,124 in FY2013.

Liquidity and Capital Resources

As of December 31, 2014, we had current assets of \$538,765 compared to current liabilities of \$3,062,857 for a current ratio of 0.18 to 1. By comparison, on December 31, 2013, we had current assets of \$340,332 compared to current liabilities of \$238,602 for a current ratio of 1.43 to 1. The decrease in our current ratio in 2014 was attributable to a decrease in cash and cash equivalents which were used to fund operations and an increase in liabilities due to issuance of convertible notes and forward sales of polished diamonds.

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In 2014, our principal sources of liquidity were our revenues from the sale of polished diamonds, rough diamonds, and gold, issuances of convertible debt and equity, and forward sales of polished diamonds.

During the first quarter of 2015, we received an aggregate of \$265,000 in gross proceeds from the sale of \$200,000 in fixed-rate convertible debt with a floor on the conversion rate and \$65,000 in variable-rate convertible debt.

We believe that financial resources and funds generated from industrialized sand sales as well as unprocessed sand sales will make a substantial impact in operational cash flows commencing in the second quarter of 2015. We anticipate that these cash flows will be adequate to cover a large portion of anticipated expenditures for general and administrative expense costs. We anticipate that all of the existing convertible debt in the Company will be converted to common stock throughout 2015. The Company may rely on financing from the issuance of equity and/or debt if it believes that it needs to close any gaps that are not covered by its revenues or pre-revenues.

The Company has no plans for any significant cash acquisition in 2015 or the foreseeable future while it is not cash flow positive.

Off-Balance Sheet Arrangements

The Company currently has no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our financial instruments consist of cash and cash equivalents, loans to a related party, accrued expenses, and an amount due to a director. The carrying amount of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in our financial statements. If our estimate of the fair value is incorrect at December 31, 2013, it could negatively affect our financial position and liquidity and could result in our having understated our net loss.

Recent Accounting Pronouncements

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles. Our significant accounting policies are described in Note 1 of the financial statements. We have reviewed all recent accounting pronouncements issued to the date of the issuance of these financial statements, and we do not believe any of these pronouncements will have a material impact on us.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The information to be reported under this Item is not required of smaller reporting companies.

Item 8. Financial Statements and Supplementary Data.

Our financial statements, including the notes thereto, together with the report from our independent registered public accounting firm are presented beginning at page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

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Item 9A. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Principal Executive Officer and Principal Financial Officer, has evaluated the design, operation, and effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act as of December 31, 2014. On the basis of that evaluation, management concluded that the Company's disclosure controls and procedures are designed, and are effective, to provide reasonable assurance that the information required to be disclosed in reports filed or submitted pursuant to the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Commission, and that such information is accumulated and communicated to management, including its Principal Executive Officer and Principal Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

(b) Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company's internal control system is designed to provide reasonable assurance to management and to the Company's Board of Directors regarding the preparation and fair presentation of published financial statements. Under the supervision and with the participation of management, including the Company's Principal Executive Officer and Principal Financial Officer, management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on management's evaluation under the framework in Internal Control—Integrated Framework, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2014.

This Annual Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Since the Company is a non-accelerated filer, management's report is not subject to attestation by the Company's registered public accounting firm pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002. As a result, this Annual Report contains only management's report on internal controls.

(c) Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred in the fourth quarter of 2014 that materially affected, or would be reasonably likely to materially affect, the Company's internal control over financial reporting.

(d) Limitations of the Effectiveness of Internal Controls

The effectiveness of the Company's system of disclosure controls and procedures and internal control over financial reporting is subject to certain limitations, including the exercise of judgment in designing, implementing and evaluating the control system, the assumptions used in identifying the likelihood of future events, and the inability to eliminate fraud and misconduct completely. As a result, there can be no assurance that the Company's disclosure controls and procedures and internal control over financial reporting will detect all errors or fraud. However, the Company's control systems have been designed to provide reasonable assurance of achieving their objectives, and the Company's Principal Executive Officer and Principal Financial Officer have concluded that the Company's disclosure controls and procedures and internal control over financial reporting are effective at the reasonable assurance level.

Item 9B. Other Information.

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The following table sets forth certain information as of December 31, 2014 concerning our directors and executive officers:

Name	Age	Position
Marc Fogassa	48	Director, Chairman, Chief Executive Officer, President, Chief Financial Officer, Treasurer and Secretary
Ambassador Robert F. Noriega	55	Director
Ambassador Paul Durand	73	Director
Luis Mauricio Ferraiuoli de Azevedo, Esq.	51	Director

Marc Fogassa, age 48, has been a director and our Chairman and Chief Executive Officer since December 2012. He has over 15 years of investment experience in venture capital, and private and public equity investing, and has served on boards of directors of multiple private companies. Mr. Fogassa has worked at Goldman Sachs & Co. (1997), Atlas Venture (1998-2000), and Axiom Ventures (2000-2005). He also worked as investment manager with Hedgefort Capital Management LLC from May 2005 to June 2012, and as an investment banker from November 2011 to January 2014 with Hunter Wise Financial Group, LLC. He has been Chairman and CEO of Brazil Mining, Inc. since March 2012. Mr. Fogassa has been invited numerous times to speak about investment issues, particularly as related to Brazil. Mr. Fogassa double majored at the Massachusetts Institute of Technology (M.I.T.), graduating with two Bachelor of Science degrees in 1990. He later graduated from the Harvard Medical School with a Doctor of Medicine degree in 1995, and also from the Harvard Business School with a Master in Business Administration degree in 1999. Mr. Fogassa was born in Brazil and is fluent in Portuguese and English. We appointed Mr. Fogassa as a director and our Chairman of the Board and President because of his substantial management and fundraising skills, prior experience as a director of several private companies, venture capital and private equity experience, judgment and his knowledge of, and contacts in, Brazil.

Ambassador Roger Noriega, age 55, has been a director since 2012. He has extensive experience in Latin America. Ambassador Noriega was appointed by President George W. Bush and confirmed by the U.S. Congress as U.S. Assistant Secretary of State, and served from July 2003 to October 2005. In that capacity, Ambassador Noriega managed a 3,000-person team of professionals in Washington and in 50 diplomatic posts to design and implement political and economic strategies in Canada, Latin America, and the Caribbean. Prior to this assignment, Ambassador Noriega served as U.S. Ambassador to the Organization of American States ("OAS") from August 2001 to July 2003. Since February 2009 Ambassador Noriega has been the Managing Director of VisionAmericas, a Latin America-focused consulting group that he founded. Ambassador Noriega has a Bachelor of Arts degree from Washburn University of Topeka, Kansas. We appointed Ambassador Noriega as a director because of his extensive experience in Latin America, business and government contacts, management skills and judgment.

Ambassador Paul Durand, age 73, has been a director since 2012. He has had extensive experience in Latin America. From August 2001 to August 2006, Ambassador Durand was Canada's Ambassador to the OAS. From August 2000 to July 2001 he was Canada's Ambassador to Chile, and from August 1992 to August 1995 he was Canada's Ambassador to Costa Rica, with concurrent accreditation to Honduras, Nicaragua, and Panama. For the past five years,

Ambassador Durand has also personally provided consulting services to several businesses and organizations, including the University of Ottawa advising the executive student class on political and economic conditions in Brazil and Chile; the OAS on elections and a referendum in Chile; and Infinito Gold Inc. on negotiations with the government of Costa Rica regarding the development of a gold mine. He has a Bachelor of Arts degree in Political Economy from the University of Toronto, and has pursued further studies in International Relations and Economics at Northwestern University in Chicago and Carleton University in Ottawa. Ambassador Durand joined the Canadian government after working in international banking in Latin America (Colombia, El Salvador), the Caribbean (Bahamas) and the U.S. We appointed Ambassador Durand as a director because of his extensive experience in Latin America, business and government contacts, management skills and judgment.

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On January 7, 2014, our Board of Directors elected Luis Mauricio Ferraiuoli de Azevedo, Esq. as a director. Mr. Azevedo, age 51, is both a licensed lawyer and geologist with 25 years of business and mining experience in Brazil. Since October 1997 he has been the Managing Partner at FFA Legal, a legal firm he founded and based in Rio de Janeiro, Brazil, and which is focused solely on natural resources companies. Mr. Azevedo's practice is highly active in mergers in acquisitions for companies owning mineral assets and/or operating mining enterprises in Brazil. His experience spans industrial minerals, diamonds, and precious metals, and he continually works in contact with the highest federal levels of all branches of government in Brazil. Prior to his election to our Board of Directors, Mr. Azevedo had served on our Board of Advisors since July 2013. Mr. Azevedo previously worked for Western Mining, Barrick Gold, and Harsco. He assembled land packages that resulted in five initial public offerings of Canadian companies in Brazil (Avanco, Avenue, Carnavale, Rio Verde, and Talon) since 2004. In addition to his directorship in our Board of Directors, he is currently on the Board of Directors of three mining companies: Avanco, Avenue, and Talon Metals. Mr. Azevedo received a Geology degree from UERJ - Universidade do Estado do Rio de Janeiro in 1986, a Law degree from Faculdade Integradas Cândido Mendes in 1992, and a Master of Law degree from PUC-Rio, Pontifícia Universidade Católica of Rio de Janeiro in 1995. We appointed Mr. Azevedo as a director because of his extensive experience in Brazilian geology, Brazilian mining law, mergers and acquisitions of mining companies in Brazil and his experience as a director in publicly traded companies listed in Canada.

Board Composition

Our Board of Directors is currently composed of four members – Marc Fogassa, Ambassador Roger Noriega, Ambassador Paul Durand, and Luis Mauricio Ferraiuoli de Azevedo, Esq.

There are no family relationships among our directors and executive officers. There is no arrangement or understanding between or among our executive officers and directors pursuant to which any director or officer was or is to be selected as a director or officer, and there is no arrangement, plan, or understanding as to whether non-management shareholders will exercise their voting rights to continue to elect the current board of directors.

Our directors and executive officers have not, during the past ten years:

· had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer, either at the time of the bankruptcy or within two years prior to that time,

· been convicted in a criminal proceeding and is not subject to a pending criminal proceeding,