



7 December 2010

The Manager
ASX Company Announcements Office
PO Box H224, Australia Square
SYDNEY NSW 2001

Dear Sir

Brazilian Metals Group Ltd (formerly named Lefroy Resources): Pre Re-Admission Disclosure

Brazilian Metals Group Ltd (ASX:BZM) has completed its acquisition of the holding companies of the Rio Pardo iron ore project in Minas Gerais, Brazil ("Rio Pardo Project") and makes the following pre re-admission disclosures:

Set out in Annexure A is an update of the pro-forma balance sheet set out in the Company's prospectus dated 18 October 2010 ("Prospectus") that allows for the increased raising of \$7,000,000 under the Prospectus.

The Company confirms that under the Brazilian mineral right tenure rules the only commitment is to pay rent at the rate of R\$2.02 per hectare per annum. The total annual rent payable in respect of the Rio Pardo project is currently equivalent to approximately A\$50,000. There is no minimum expenditure commitment pursuant to Brazilian law.

Exploration licence 832.380/2009 and exploration licence applications 832.383/2009 and 832.385/2009 are partially affected by the proposed buffer zone for a State park and once granted may require additional environmental conditions to be met in order to carry out work.

Having completed its initial scout drilling programme on 3 of the Rio Pardo Mineral rights the Company has now submitted applications for environmental licensing for its forthcoming planned drilling programme and anticipates receiving the required approvals in the ordinary course.

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The current status of the Rio Pardo project Mineral Rights is set out below:

Number	Year	Type	Status
831687	2008	Exploration Licence	Granted
831688	2008	Exploration Licence	Granted
832416	2008	Exploration Licence	Granted
832417	2008	Exploration Licence	Granted
832451	2008	Exploration Licence	Granted
832452	2008	Exploration Licence	Granted
832453	2008	Exploration Licence	Granted
832454	2008	Exploration Licence	Granted
831393	2009	Exploration Licence	Granted
831394	2009	Exploration Licence	Granted
832379	2009	Exploration Licence	Granted
832380	2009	Exploration Licence	Granted
832381	2009	Exploration Licence	Granted
832384	2009	Exploration Licence	Granted
831392	2009	Exploration Licence	Application
832382	2009	Exploration Licence	Application
832383	2009	Exploration Licence	Application
832385	2009	Exploration Licence	Application
832450	2008	Exploration Licence	Application

The Company confirms that landholder access agreements have been completed for the areas to be explored in its initial and currently proposed exploration programs. The Company anticipates continuing to be able to put in place access agreements in a timely way without recourse to the compensation and access mechanism provided by Brazilian law in the event agreements cannot be reached.

As announced on 26 November 2010 the conditions precedent to the Share Sale Agreements between the Company, the major shareholders of Brilliant City Holdings Limited and Star Castle Holdings Limited (the "The Share Sale Agreement") have been satisfied, the Share Sale Agreements have been settled and that the consideration shares have been issued to the vendors.

The Company confirms that the Mineral Rights referred to in Schedule 4 of the Share Sale Agreement have been transferred to the Company (via a now wholly owned subsidiary) and the Company is in a position to ensure and has unfettered ability to enter, access and carry out its objectives on the granted Mineral Rights.

The Company confirms that the Rio Pardo Project mineral rights were assigned under the mineral rights assignment agreement and the sum of \$US 1,000,000 was paid to the sellers under that agreement as detailed in the Company's Prospectus.

The Company confirms that there are no legal, regulatory or contractual impediments to the Company undertaking the activities the subject of the commitments on the granted mineral rights included in the Rio Pardo Project.

The schedule of payments pursuant to the Mineral Rights Assignment Agreement ("MRAA") has been delayed from the schedule detailed in the Prospectus. Under the terms of the MRAA the timing of the second payment and, potentially, all subsequent payments are postponed if any of the exploration licences corresponding to DNPM Processes 832.383/2009, 832.385/2009 and 831.392/2009 ("Delayed Applications") were not granted by 15 September 2010 depending on the length of the delay in the grant of the applications. If the next payment is delayed by more than 18 months (which will occur if any of the Delayed Applications are not granted by 15 March 2012) then the Company and the vendor will renegotiate a payment schedule in good faith. As of 2 December 2010 the first payment has been delayed by at least 78 days because none of the Delayed Applications have been granted.

The MRAA also requires the Company to pay a royalty on product produced from the Rio Pardo Project of US\$1.00 per tonne of produced iron ore pellets, pellet feed or sinter feed, US\$3.00 per tonne of manganese and 3% net smelter return of any other substances.

The Company is in compliance with listing rule 3.1.

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LEFROY RESOURCES LIMITED
PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Leifroy Resources Ltd 30 June 2010 Audited \$AUD	Brilliant City Holdings Ltd 31 July 2010 Unaudited \$USD	Star Castle Holdings Ltd 31 July 2010 Unaudited \$USD	Holding Companies * \$AUD	Pro-forma Adjustments \$AUD	Notes	PRO-FORMA 30 June 2010 Unaudited \$AUD
CURRENT ASSETS							
Cash and cash equivalents	3,101,941	6,280	6,278	12,877	5,174,160	2, 3, 4	8,288,978
Other	58,658	16,200	16,200	33,221			91,879
Trade and other receivables	164,332	-	-	-			164,332
TOTAL CURRENT ASSETS	3,324,931	22,480	22,478	46,098	5,174,160		8,545,189
NON-CURRENT ASSETS							
Trade and other receivables	1,874	-	-	-			1,874
Financial assets	1,673,238	-	-	-			1,673,238
Property, plant and equipment	47,514	-	-	-			47,514
Exploration and evaluation expenditure	2,631,263	268,848	268,848	551,326	15,583,472	1, 3	18,766,061
TOTAL NON-CURRENT ASSETS	4,353,889	268,848	268,848	551,326	15,583,472		20,488,487
TOTAL ASSETS	7,678,820	291,328	291,326	597,425	20,757,632		29,033,677
CURRENT LIABILITIES							
Trade and other payables	45,951	48,768	48,768	100,008			145,959
Accrued Expenses	-	7,035	7,035	14,427			14,427
Transcontinental Investments Pty Ltd	-	230,749	230,821	473,270	(200,000)	4	273,270
Batterbury Holdings Pty Ltd	-	38,386	38,386	78,719			78,719
TOTAL CURRENT LIABILITIES	45,951	324,938	325,010	666,424	(200,000)		512,375
TOTAL LIABILITIES	45,951	324,938	325,010	666,424	(200,000)		512,375
NET ASSETS	7,632,869	(33,610)	(33,684)	(69,000)	20,957,632		28,521,501
EQUITY							
Issued Capital	13,686,885	13	13	26	20,957,632	1, 2	34,644,543
Reserves	277,481	-	-	-			277,481
Retained Earnings/(Losses)	(6,331,497)	(33,623)	(33,697)	(69,026)			(6,400,523)
TOTAL EQUITY	7,632,869	(33,610)	(33,684)	(69,000)	20,957,632		28,521,501

* Holding Companies being the consolidation of Brilliant City Holdings Limited and Star Castle Holdings Limited converted from \$USD to \$AUD at a rate of 1.02535.

Notes:

- 1) The Company will issue 72,198,501 Consideration Shares (on a post-Consolidation basis) at AUD\$0.20 each to acquire 100% of the Holding Companies. This reflects a total consideration of AUD\$14,439,700.
The valuation of the Consideration Shares is based on book value and will be revalued at the time of issue to take into account the fair value.
- 2) The Company will issue 35,000,000 Shares at AUD\$0.20 each pursuant to the capital raising Offer, to raise AUD\$7,000,000.
A total of AUD\$6,517,932 will be available for working capital after taking into account estimated expense of the Capital Raising of AUD\$482,068.
- 3) On 15 July 2010 the Company provided US\$1,000,000 (AUD\$1,143,772) to the Holding Companies, pursuant to the Loan Agreement, to pay the Rio Pardo Tenement vendor the initial fee pursuant to the Tenements Sale Agreement.
- 4) Pursuant to the Share Sale Agreement, the repayment of shareholder loans totalling AUD\$200,000