Brazil Minerals, Inc.
Form 10-K
April 15, 2014

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended December 31, 2013

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

Commission File Number 333-180624

Brazil Minerals, Inc.

(Exact name of registrant as specified in its charter)

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

324 South Beverly Drive, Suite 118

Beverly Hills, California 90212

(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: None

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

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 þ

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 þ 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 (§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 þ 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 þ

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 ¨ (Do not check if a smaller reporting company)	Smaller reporting company þ

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

As of April 10, 2014, the aggregate market value of the shares of the registrant's common stock held by non-affiliates (based upon the closing stock price of $0.10 on such date as reported on otcmarkets.com) was approximately $4,386,407. Shares of the Registrant's common stock held by each executive officer and director and by each person who owns 10 percent or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates of the Registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of April 10, 2014, there were outstanding 76,409,116 shares of the registrant's common stock, $.001 par value.

Documents incorporated by reference: None.

FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K ("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. BUSINESS

Overview

Brazil Minerals, Inc. ("Brazil Minerals", the "Company", "we", "us", or "our"), together with its subsidiaries, is in the business of mining and selling diamonds and gold. We also own the exploration rights to a gold and copper property and have an option on a mineral property with titanium, vanadium, and iron. In 2013, our revenues were generated from the sale of rough diamonds and gold. Starting in 2014, our revenues come from sales of polished as well as rough diamonds, and gold.

Brazil Minerals was formerly called Flux Technologies, Corp., and incorporated in the State of Nevada on December 15, 2011. Our current business focus, as described above, and management team have been in place since December 2012.

As discussed in further detail throughout this report, some significant developments to our business during 2013 were as follows:

(1) Our revenues increased to $791,780, compared with zero during 2012;

(2) We acquired 55% of Mineração Duas Barras Ltda. (“Duas Barras”), a Brazilian company with two mineral rights, including a mining concession, and operations in the state of Minas Gerais in Brazil. Duas Barras mines and sells diamonds and gold;

(3) We obtained the license to export Duas Barras’ production from the Brazilian federal authority;

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(4) We decided to verticalize our business model and enter the business of cutting and polishing a small part of our production;

(5) We graded and certified at the Gemological Institute of America (GIA) our first lot of polished diamonds exported from Brazil to the U.S.;

(6) We confirmed the occurrence of gold and copper in our property in the state of Amazonas in Brazil;

(7) We acquired for zero cost an option on a mineral property with titanium, vanadium, and iron in the state of Piauí in Brazil;

(8) We raised $100,000 through the private placement of securities to two accredited investors.

Subsequent to the end of our fiscal year 2013, and through March 31, 2014, the following significant developments have occurred:

(1) We received $1,048,000 in cash without the outright sale of any of our stock; this cash consisted of $525,000 in revenues from sales of polished diamonds for forward delivery and $523,000 in convertible notes;

(2) We paid off and retired $25,000 in principal from a 2013 note;

(3) We added a preeminent Brazilian mining lawyer who is also a licensed geologist to our Board of Directors;

(4) As of March 31, 2014, we had 2,754 stockholders of record of our common stock.

Certain Definitions

As used herein, the following terms have the meanings indicated:

Gemological Institute of America (GIA): The Gemological Institute of America, or GIA, is a nonprofit institute dedicated to research and education in the field of gemology and the jewelry arts. Founded in 1931, GIA's mission is to protect all buyers and sellers of gemstones by setting and maintaining the standards used to evaluate gemstone quality. In 1953 the GIA developed its International Diamond Grading System and the Four Cs (cut, clarity, color, and carat weight) as a standard to compare and evaluate the quality of diamonds. GIA is headquartered in Carlsbad, California and operates out of 14 countries, with 12 campuses, seven laboratories and four research centers worldwide. We have had our polished diamonds graded at their Carlsbad, California laboratory.

SGS-Geosol: SGS-Geosol is considered the premier company in Brazil that performs analysis of mineral samples. Its clients include most of major global mining companies operating in Brazil. SGS Geosol has a central laboratory and 6 other branches and units throughout the country. We have had geochemical studies in samples collected by our geologists in various assignments analyzed at their Belo Horizonte headquarters facility.

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2013 Significant Developments

Duas Barras

On March 23, 2013, we entered into an agreement with Brazil Mining, Inc. (“BMI”) pursuant to which we acquired, through a subsidiary, BMI’s 55% interest in Duas Barras for $660,000 in consideration.

Export License

In July 2013, we obtained the necessary license from the Brazilian federal regulator (Siscomex) allowing the export of rough and polished diamonds as well as gold from our Duas Barras production.

Verticalization of Our Business Model

During the third quarter of 2013, we began to cut and polish a small percentage of the rough diamonds from our Duas Barras production. We have utilized a cutting and polishing center in Brazil, managed by a very experienced master diamond cutter and polisher with over 30 years of experience.

Exporting and Grading Our Polished Diamonds

In November 2013, we exported some polished diamonds to the U.S. These diamonds were subsequently taken to the Gemological Institute of America (“GIA”) for grading and certification. Because our Duas Barras diamonds are not subject to post-extraction treatment, 100 percent of them were accepted for grading and certification by the GIA.

Confirming Gold and Copper in Our Property in the State of Amazonas (Borba Project)

In 2013, we confirmed by a visit of a geologist to the site for inspection and geochemical testing that our project in the municipality of Borba, state of Amazonas, in Brazil, contains gold and copper.

Optioning Titanium, Vanadium, and Iron Property in the State of Piauí

On July 30, 2013, we acquired, through a subsidiary and for zero cost, an option to develop and own up to 75% of a vanadium, titanium, and iron property in the state of Piauí in Brazil in exchange for the performance over time of certain defined geological research steps, as well as the payment, over a period of time, of 875,000 Brazilian reais in cash (approximately US$373,500 as of December 31, 2013) and the equivalent of 125,000 Brazilian reais in our common stock (approximately US$53,500 as of December 31, 2013).

The reported geochemical results on samples collected at the project site by our geologists and analyzed at SGS-Geosol, showed titanium (TiO_2) concentrations between 18.4% and 19.8%, vanadium (V_2O_5) concentrations between 0.68% and 0.80%, and iron (Fe_2O_3) concentrations between 66.2% and 71.7%.

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2013 Financings

On September 30, 2013, we received in investment of $100,000 in total from two accredited investors, one a trust for the benefit of two persons (“Trust”), and the other, an individual. We sold such investors a total of four investment units, each unit consisting of a $25,000 convertible promissory note and warrants to purchase 50,000 shares of our common stock until December 31, 2019.

The Trust is managed by a sophisticated investor who is a former trustee of Calpers, the largest public pension fund in the U.S. He also manages $12 billion in fixed income assets and is the CEO of a NYSE-listed corporation. The other investor is an investment banker.

The notes bear interest at 10% per annum and may be converted into our common stock at $0.125 per share, a premium of 25% above our stock price at the time the transaction was entered into. The notes are due on May 31, 2014. The exercise price of the warrants is $0.15 per share, a premium of 50% above our stock price at the time.

As of March 31, 2014, 25% of these notes had already been repaid, and the outstanding principal from the unpaid notes was $75,000.

2014 Significant Developments

Polished Diamond Sales

On January 2, 2014, we received proceeds of $25,000 from a sale of polished and GIA graded diamonds pursuant to an agreement with a buyer in which the buyer agreed to receive these diamonds over a period of time.

On March 4, 2014, we received proceeds of $500,000 from a sale of polished and GIA graded diamonds pursuant to an agreement with two buyers that agreed to receive these diamonds over a period of one year. One of the buyers has expertise and a long and successful history of investments in natural resources. As part of this transaction, we pledged with a third party collateral agent an aggregate of 11,000,000 shares of our common stock, valued at approximately $990,000 at the time the transaction was consummated, in order to secure the delivery of the diamonds. The number of shares pledged is subject to periodic adjustment as diamonds are delivered and as the market price of our common stock may change. We also issued to the buyers two-year options to purchase an aggregate of 3,000,000 shares of our common stock at an exercise price (subject to adjustment upon the occurrence of certain events) of $0.12 per share, a premium of 33% above our stock price when the transaction was consummated.

Financings

On January 7, 2014, we received $244,000 in investment from the Trust in exchange for a senior secured convertible promissory note in the principal amount of $244,000 and warrants to purchase an aggregate of 488,000 shares of our common stock through December 26, 2018. The notes bear interest at 12% per annum and may be converted into common stock at $0.125 per share, a premium of 42% above our stock price at the time the transaction was entered into. The exercise price of the warrants is $0.125 per share (subject to adjustment upon the occurrence of certain events), a premium of 79% above our stock price at the time. Interest on the note is payable on September 30, 2014 and on March 31, 2015, the maturity date of the note. The note is secured by certain capital equipment purchased by us with the proceeds received; this equipment is now being used in Duas Barras and is comprised of an excavator, a bulldozer, a truck, a portable motor and generator, among other items. Besides this capital equipment, the note is secured by our pledge of common stock having a value of 200% of the outstanding principal and accrued interest of the note. The note is repaid by depositing $20,000 monthly to a sinking fund. As of April 3, 2014, we had deposited $40,000 into the sinking fund, and our sinking fund obligation was current; this amount deposited has been requested by us to be applied to satisfaction of principal and interest of the note; the holder of the note has 60 days following a deposit into the sinking fund to choose between accepting repayment or converting the amount deposited to our common stock.

On January 24, 2014, we received proceeds of $25,000 from an investment by 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, 2014. 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.

On February 21, 2014, we received proceeds of $200,000 from an investment by St. George Investments, LLC (“St. George”) in exchange for an unsecured convertible promissory note in the principal amount of $222,500. The difference between the face amount of the note and the gross proceeds received was comprised of legal costs and origination discount. The note bears interest at 10% per annum and the conversion price is $0.11 per share, a premium of 38% above our stock price when the transaction was consummated. Principal and accrued interest on the note are due in five consecutive monthly installments of $44,500 plus accrued interest commencing on August 21, 2014. The monthly installments are payable in cash or in common stock, at our option, or in diamonds that have been graded by GIA, upon the request of St. George. All principal and accrued interest on the note is payable on December 21, 2014. The note is not secured by any collateral.

On March 31, 2014, we received net proceeds of $54,000, after compensation paid to a broker-dealer, from an investment by an accredited investor in exchange for an unsecured convertible promissory note in the principal amount of $63,000. The note bears interest at the rate of 10% per annum. The note must be converted by the holder (unless repaid by us) by March 31, 2015. We retain the option, but not the obligation, to repay the note in cash. The conversion price is the lesser of (a) $0.11 or (b) 60% of the lowest closing price of our common stock during the twenty trading days prior to the maturity date or the date that a notice of conversion is given by the holder. The note is not secured by any collateral.

Our Operational Information

In 2013, 69% of our revenues came from the sale of rough diamonds and 31% from the sale of gold. All of the buyers were Brazilian institutional buyers.

While our financial results are in part tied to the price of diamonds and gold, both commodities that are traded globally, the biggest factor by far in generating revenues and profits is our ability to effectively mine diamonds and gold. Alluvial mines, such as Duas Barras, are not homogeneous: some mining fronts have very rich concentration 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.

Competition

Our main source of revenue is diamond production. Diamond production is a difficult field to penetrate due to regulatory and limited availability of new resource areas.

Seasonality

Our 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 our revenues will be substantially lower than during other periods.

Regulation

The Brazilian mining industry is highly regulated. Our operations in Brazil and those of our subsidiaries are in full compliance with federal, state, and municipal regulations.

Available Information

We maintain an internet website at www.brazil-minerals.com. On our website, we provide a link to the Securities and Exchange Commission ("SEC") webpage that contains all of the public filings of Brazil Minerals. Our SEC filings are also directly available at the SEC's website at www.sec.gov or from the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. 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.

Personnel

As of March 31, 2014, Brazil Minerals had four full-time employees and also utilized independent contractors for certain legal and accounting services. Duas Barras had eleven full-time employees, with ten in operations at the mine and one in an administrative office, as well as four independent contractors at the mine. We also periodically retain consultants to provide services deemed useful to the operation of our business.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below before making an investment decision. Our business, financial condition, results of operations, and cash flows could be materially adversely affected by any of these risks. The market or trading price of our securities could decline due to any of these risks. In addition, please see our note about forward-looking statements included in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report on Form 10-K. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.

We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could materially adversely affect our operations and our stock price. The following highlights some of the factors that may affect our operations and our stock price. There may be other unknown risks, or other risks which we did not deem significant at this point, that may substantially affect our operations and our stock price.

Risks Related to Our Operations

We have a limited operating history.

The 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 the mining legislation may slow down or alter our business prospects.

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 likely 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 mineral properties or to enter into strategic relationships with third parties to further study and/or develop mineral properties to eventual producing mines. Any 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 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 Common Stock

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:

- our ability to grow and/or maintain revenue;
- our ability to achieve profitability;
- our ability to acquire additional mineral properties;
- our ability to raise capital when needed;
- sales of our common stock;
- our ability to execute our business plan;
- legislative, regulatory, and competitive developments; and
- 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 Bulletin Board, you may not be able to buy and sell our common stock at optimum prices and you may face liquidity issues.

The Over-the-Counter Bulletin Board ("OTCBB") is a regulated quotation service that displays quotes, last sales prices, and volume in over-the-counter securities. The trading of our stock on the OTCBB imposes, among others, the following risks:

Availability of quotes and order information – Because OTCBB trades and quotations primarily involve a manual process (over the telephone) rather than automated or electronically linked execution systems, the market information for our common stock cannot be guaranteed. In addition, quote information, or even firm quotes, may not be available. The manual execution process may delay order processing and intervening price fluctuations could result in the failure of a limit order to execute or the execution of a market order at a significantly different price. Execution of trades, execution reporting, and the delivery of trade confirmations may be delayed significantly. Consequently, one may not be able to sell shares of our common stock at the optimum trading prices.

Liquidity Risks – Liquidity refers to the ability to freely buy and sell securities at given prices and volumes. In general, the more activity in a given security, and the more market makers participating in a security, the greater the liquidity in the security. Because the OTCBB generally has fewer market makers participating in a Bulletin Board security, the liquidity in our common stock may be significantly less than what might be experienced in the NASDAQ or listed markets. As such, you may only receive a partial execution or your order may not be executed at all. Additionally, the price received on a market order may be significantly different from the price quoted at the time of order entry. Additionally, when fewer shares of our common stock are being traded, larger spreads between bid and ask prices and volatile swings in price may result.

Dealer's Spread – The dealer's spread (the difference between the bid and ask prices) of our common stock may be large and may result in substantial losses to the seller of our common stock on the OTCBB if the common stock must be sold immediately. Further, purchasers of our common stock may incur an immediate "paper" loss due to the price spread. Moreover, dealers trading on the OTCBB may not have a bid price for securities bought and sold through the OTCBB. Due to the foregoing, there may be decreased demand for our common stock traded through the OTCBB.

The significant number of options and warrants outstanding may adversely affect the market price for our common stock.

To the extent that outstanding options and warrants are exercised, 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.

Future sales of shares of our common stock may cause the prevailing market price of our shares to decline and could harm our ability to raise additional capital.

We have previously issued a substantial number of shares of common stock, which may become eligible for resale under Rule 144 of the Securities Act of 1933, and may become freely tradable. We have also registered 15,000,000 shares of our Common Stock that have been or may be issued under our 2013 Stock Incentive Plan. In addition, if holders of options and warrants choose to exercise their purchase rights and sell shares of common stock in the public market or if holders of currently restricted common stock or registered common stock sell such shares in the public market, or attempt to publicly sell such shares in a short time period, the prevailing market price for our common stock may decline. Such decline in the price of our common stock may also adversely affect our ability to raise additional capital or raise capital on terms acceptable to us.

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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our main assets are:

1) 55% ownership interest in Duas Barras, a diamond and gold producing mine located in the state of Minas Gerais, Brazil;

2) 100% ownership interest in mineral exploration rights for a gold and copper area in the state of Amazonas, Brazil; and

3) An option to acquire up to 75% ownership interest in a titanium, vanadium, and iron project in the state of Piauí, Brazil.

Duas Barras (state of Minas Gerais, Brazil) – Diamonds and Gold

Overview

The Duas Barras mining concession with its diamond and gold processing plant is located on the left margin of the Jequitinhonha River in the state of Minas Gerais, Brazil, approximately 400 kilometers north of Belo Horizonte, the state capital. The diamond processing plant at Duas Barras is accessible by dirt road which connects to asphalt highways. A major city, Montes Claros, the regional hub for northern Minas Gerais, with a population of over 500,000 people and a busy regional airport, is located within an hour and a half drive of Duas Barras. The Jequitinhonha River is a well-known area for diamond and gold production; it has hosted alluvial mining operations on all scales since the 18th century.

Duas Barras was developed in 2006-2007 by a Canadian company called Vaaldiam Resources, Ltd. (“Vaaldiam”), whose stock at that time traded in the Toronto Stock Exchange Venture Board. Vaaldiam has no claims or ownership left in Duas Barras. Duas Barras has no litigation issues threatened or perceived.

Mineral Rights

Duas Barras owns two separate, non-overlapping mineral rights areas totaling approximately 1,404 acres:

a) Mineral Right #1: “Concessão de Lavra” (mining concession) number 265, published in Brazil’s Official Federal Gazette on August 25, 2006, and awarded by DNPM (“Departamento Nacional de Produção Mineral”, the National Mining Department) with respect to DNPM process number 806.569/1977. It covers an area of 170.89 hectares, or approximately 422 acres. “Concessão de Lavra” is the highest level of mining right achievable in Brazil; in this case, it permits mining and commercialization of diamonds and gold, and it is solely from this mining concession that all of the Duas Barras revenues are currently obtained. Additionally, Duas Barras has the environmental license necessary to operate its mine and processing plant;

b) Mineral Right #2: “Alvará de Pesquisa” (research permit) initially awarded by DNMP 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. We intend to perform the necessary research to submit an application for a mining concession to the DNPM for this portion of Duas Barras. If and when approved, the mining concession on this second mineral right of Duas Barras has the potential to permit further mining and commercialization of diamonds and gold.

Mine and Processing Plant

The Duas Barras diamond and gold processing plant was built by Vaaldiam in 2007-2008. To the best of our knowledge, the diamond and gold processing plant at Duas Barras is the largest such type of alluvial recovery plant in Latin America. The mine is an open pit mine.

Borba Project (state of Amazonas, Brazil) – Gold and Copper

In 2012, we acquired the exploration rights on a property located in the municipality of Borba, state of Amazonas, Brazil. These mineral rights cover an area of 9,999.11 hectares (approximately 24,708 acres).

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. The results confirmed the occurrence of gold and copper in the area.

Option on a Property (state of Piauí, Brazil) – Titanium, Vanadium, and Iron

In 2013, we conducted 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, a well-regarded facility utilized by major mining companies. The results confirmed the occurrence of titanium, vanadium, and iron in the area.

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 on the Over-the-Counter Bulletin Board ("OTCBB") 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 on OTCBB for each quarter since March 7, 2013. Prior to March 7, 2013 there were no quotations for our common stock.

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

As of March 31, 2014, we had 2,754 stockholders 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, 2013 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 September 30, 2013, we issued and sold to two accredited investors for $100,000 four units of securities, each unit consisting of a $25,000 convertible promissory note and warrants to purchase 50,000 shares of our common stock until December 31, 2019. The notes bear interest at 10% per annum and are due on the earlier of the close of a $100,000 financing or May 31, 2014. The note payable can be converted into common shares at $0.125 per share, a premium of 25% above our common stock price at the time the transaction was entered into. The exercise price of the warrants is $0.15 per share, a premium of 50% above our common stock price at the time. As of March 31, 2014, 25% of the notes had already been repaid, and the outstanding principal from the unpaid notes was $75,000.

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.

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This Annual Report contains forward-looking statements. Forward-looking statements for us 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.

Results of Operations

The Company was incorporated on December 15, 2011 and changed its business model and management in December 2012. In 2012, we had zero revenues and net loss of $179,175. In 2013, we had revenues of $791,780 and net loss of $1,513,379.

Liquidity and Capital Resources

In 2013, our principal sources of liquidity were our revenues from the sale of diamonds and gold as well as cash remaining from the $2,000,033 gross proceeds of a private placement of our common stock from December 2012.

On September 30, 2013, we issued and sold to two accredited investors for $100,000 four units of securities, each unit consisting of a $25,000 convertible promissory note and warrants to purchase 50,000 shares of our common stock until December 31, 2019.

As of December 31, 2013, our working capital was $64,915. As of December 31, 2013, we had accrued expenses of $177,585, and $100,639 in indebtedness for borrowed money.

During the first quarter of 2014, we received an aggregate of $1,048,000 in gross proceeds as a result of various financings and pre-sales of polished diamonds. A description of such transactions is set forth in Item 1 of this Report.

We believe there is sufficient capital to fund our operations for at least the next twelve months. However, we may need additional capital to fund the purchase price for future acquisitions or investments and may seek equity or debt financing for such purposes.

Off-Balance Sheet Arrangements

We currently have 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.

Results of Operations

Fiscal Year Ended December 31, 2013 Compared With Fiscal Year Ended December 31, 2012

Our current business model and management team started on December 18, 2012, and therefore operated for only 13 days in 2012. Our first full year of operations is 2013, and therefore no meaningful comparisons are possible.

Additional Comments

In 2013, we achieved revenues of $791,780 and had losses of $1,513,379. As of December 31, 2013, we had cash and cash equivalents of $104,992. However, as described elsewhere in this Annual Report, we received $1,048,000 in cash during the first quarter of 2014, thereby substantially increasing our liquidity.

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**.**

ITEM 9A. CONTROLS AND PROCEDURES.

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the design, operation, and effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act as of December 31, 2013. On the basis of that evaluation, management concluded that our disclosure controls and procedures designed 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 Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure were not effective for the reasons described in Item 9A(b), but we intend to make them effective by the actions described in Item 9A(b).

(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). Our internal control system is designed to provide reasonable assurance to management and to our Board of Directors regarding the preparation and fair presentation of published financial statements. Our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our 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 his evaluation under the framework in *Internal Control—Integrated Framework,* he concluded that our internal control over financial reporting was not effective as of December 31, 2013 in certain respects as described below.

As of December 31, 2013 the Company had the following significant deficiencies in internal control over financial reporting. While Duas Barras, the source of all of the Company's revenues and the vast majority of its transactions, did have adequate segregation of accounting functions, there was less segregation elsewhere. The condition of the Company's accounting records and journal entries, most of which were kept not in English but in Portuguese by Brazilian-based accountants, makes it difficult for an auditor to determine that all activity has been properly recorded. Additionally, during 2013, the Company performed an analysis of its inventory only at year end.

Management believes that these significant deficiencies set forth above did not have a material effect on our financial results. However, in an effort to remediate them and to enhance our internal controls, we plan to initiate the following series of measures: We will seek to identify and hire accountants that are bilingual in English and Portuguese, versed in both US GAAP and Brazil's International Financial Reporting Standards (IFRS), and experienced in making the necessary transformations between IFRS to GAAP. We will also perform analysis of the fair value of our inventory on a regular basis.

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Since we are a non-accelerated filer, management's report is not subject to attestation by our 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 our internal control over financial reporting that occurred in the fourth quarter of 2013 that materially affected, or would be reasonably likely to materially affect, our internal control over financial reporting.

(d) Limitations of the Effectiveness of Internal Controls

The effectiveness of our 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 our disclosure controls and procedures and internal control over financial reporting will detect all errors or fraud. However, our control systems have been designed to provide reasonable assurance of achieving their objectives, and our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures and internal control over financial reporting are effective at the reasonable assurance level.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

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

Name	**Age**	**Position**
Marc Fogassa	47	Director, Chairman, Chief Executive Officer, President, Chief Financial Officer, Treasurer and Secretary
Ambassador Roger Noriega	54	Director
Ambassador Paul Durand	72	Director
Luis Mauricio Ferraiuoli de Azevedo, Esq.	50	Director

Marc Fogassa