

# Brazil Minerals Inc.: Improves Capital Structure

01.08.2016 | [ACCESS Newswire](#)

PASADENA, August 1, 2016 - [Brazil Minerals, Inc.](#) (OTC: BMIX) (the "Company" or "BMIX") announced today that it had improved its capital structure with the elimination of a large amount of preferred stock from its balance sheet.

In particular, certain holders of BMIX's Series B Preferred Stock ("Preferred B") as well as the one holder of BMIX's Series C Preferred Stock ("Preferred C") entered into substantially similar transactions with the Company (together, the "Transaction"). In the Transaction, these individuals invested cash in exchange for common stock in a new private subsidiary of the Company (the "Subsidiary"). They also converted their entire Preferred B and Preferred C holdings into common stock of the Subsidiary, thus extinguishing their BMIX preferred stock.

The Transaction did not require issuance of any BMIX shares for the new capital. However, the Transaction improved BMIX's balance sheet as it eliminated all of the Company's Preferred C and part of its Preferred B. The Transaction therefore prevented a potentially substantial dilution to the existing common shareholders of BMIX. In particular, if they had not consummated the Transaction, these investors could have converted their preferred shares to 2.4 billion shares of BMIX common stock. Assuming that BMIX had 10 billion shares issued and outstanding at that time, their percentage ownership of the Company's common stock would have become approximately 19%. Instead, these investors received approximately 16% of the Subsidiary's common stock, with the remainder belonging to BMIX.

The Subsidiary will use the capital raised in the Transaction to acquire a gold retrieval unit (GRU). Only BMIX will operate the GRU and it will receive 50% of its revenues as royalties in addition to a monthly service fee of \$2,500. As of July 29, 2016, BMIX's technical team estimated that the currently available material to run in GRUs is approximately 508,110 cubic meters. Therefore, BMIX has more than enough material for several GRUs in parallel for extended time.

In other news, BMIX has recently received a notice of conversion of debt to equity from St. George Investments, LLC ("St. George"), one of its two remaining short-term oriented variable-rate noteholders. The notice indicated that St. George had \$57,057 remaining of BMIX's variable-rate debt.

In additional news, the local mining group that has signed the first royalty deal with BMIX, as announced on the Company's July 5, 2016 press release, has finished assembly of its mini-plant for diamond recovery. A photograph of it accompanies the version of today's release posted in BMIX's website ([www.brazil-minerals.com](http://www.brazil-minerals.com)). This local group has brought BMIX's team to observe various steps of its mini-plant assembly and have offered to help with technical advice when BMIX begins to build its own. As discussed previously, the primary advantages of a diamond mini-plant are mobility and substantially lower cost.

## About Brazil Minerals, Inc.

[Brazil Minerals, Inc.](#) (OTC: BMIX) is a producer of diamonds, gold, sand, and industrialized mortar. We have title to 32 mineral rights for gold, diamonds, manganese, and sand, including 10 mining concessions for gold and diamonds, the highest level of right to mine in Brazil. More information on BMIX is at [www.brazil-minerals.com](http://www.brazil-minerals.com).

## Safe Harbor Statement

This press release contains forward-looking statements made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward looking statements are based upon the current plans, estimates and projections of Brazil Minerals, Inc.'s management and are subject to risks and uncertainties, which could cause actual results to differ from the forward looking statements. Such statements include, among others, those concerning market and industry segment growth and demand and acceptance of new and existing products; any projections of production, reserves, sales, earnings, revenue, margins or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements regarding future economic conditions or performance; uncertainties related to conducting business in Brazil, as well as all assumptions, expectations, predictions, intentions or beliefs

about future events. Therefore, you should not place undue reliance on these forward-looking statements. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: business conditions in Brazil, general economic conditions, geopolitical events and regulatory changes, availability of capital, BMIX's ability to maintain its competitive position and dependence on key management. This press release does not constitute an offer to sell or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation or sale of any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

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

We advise U.S. investors that while these terms and amounts are recognized by Canadian regulations, the U.S. Securities and Exchange Commission (SEC) does not recognize them. U.S. investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves as defined by the U.S.'s Industry Guide 7. MDB is the abbreviation used for Mineracao Duas Barras Ltda, a wholly-owned subsidiary of BMIX.

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

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

Cautionary note regarding estimates of Volume and Weight of Sand as found in MDB's studies filed with the local Brazilian regulatory agencies.

We advise U.S. investors that while sand volume and weight terms and amounts as filed in Brazil are recognized by Brazilian regulations, the SEC does not recognize them. U.S. investors are cautioned not to assume that any part of such are not considered mineral reserves as defined by the U.S.'s Industry Guide 7.

Cautionary note regarding estimates of potential mineralization for gold of the Apui/Borba Project with the local Brazilian regulatory agencies.

We advise U.S. investors that potential mineralization for gold of the Apui/Borba Project with Brazilian regulators is not recognized by the SEC. U.S. investors are cautioned not to assume that any part of such potential mineralization is or will ever become mineral reserves as defined by the U.S.'s Industry Guide 7.

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