

Brazil Minerals, Inc.  
Form 10-Q  
August 19, 2015

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended June 30, 2015

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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  
Suite 800  
Pasadena, California 91101  
(Address of principal executive offices)

**(213) 590-2500**

Issuer's telephone number, including area code:

Indicate by check mark whether the issuer (1) 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 (§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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Do not check if a smaller reporting company

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

APPLICABLE ONLY TO CORPORATE ISSUERS

As of August 17, 2015 the registrant had 2,378,174,998 shares of common stock issued and outstanding.

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## Item 1. FINANCIAL STATEMENTS

BRAZIL MINERALS, INC.  
CONSOLIDATED BALANCE SHEETS  
AS OF JUNE 30, 2015 AND DECEMBER 31, 2014  
(UNAUDITED)

	June 30, 2015	December 31, 2014
Current assets:		
Cash and cash equivalents	\$69,889	\$19,776
Accounts receivable	3,023	-
Taxes recoverable	63,050	71,924
Prepaid expenses	6,838	45,648
Inventory	180,135	210,427
Deposits and advances	102,471	67,299
Loan receivable-related party	106,527	123,691
Total current assets	531,933	538,765
Capital assets:		
Property and equipment, net of accumulated depreciation	632,992	522,775
Other assets:		
Investment under the equity method	-	164,600
Intangible assets	692,451	124,245
Total assets	\$1,857,376	\$1,350,385
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accrued expenses and accounts payable	\$558,761	\$545,665
Customer deposits	588,752	293,630
Convertible notes payable, net of debt discount of \$216,824 and \$507,464	637,243	717,272
Notes payable	153,093	-
Derivative liabilities	961,564	1,506,290
Related party payable	16,720	-
Total current liabilities	2,916,133	3,062,857
Long term liabilities		
Customer deposits, net of current portion	-	250,000
Convertible notes payable, net of current portion and discount of \$111,553	188,447	-
Total liabilities	3,104,580	3,312,857
Commitments and contingencies		
Stockholders' deficit:		

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Series A preferred stock, \$0.001 par value, 10,000,000 shares authorized; 1 share issued and outstanding	1	1
Common stock , \$0.001 par value, 4,000,000,000 and 300,000,000 shares authorized; 1,233,531,959 and 118,618,373 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	1,233,552	118,618
Additional paid-in capital	40,514,121	40,483,759
Accumulated other comprehensive loss	(538,490 )	(365,473 )
Stock warrants	218,656	218,656
Unrealized foreign exchange	-	-
Deferred stock compensation	-	-
Inter-Company Eliminations	-	-
Accumulated deficit	(42,973,511)	(42,418,033)
Total stockholders' deficit	(1,545,671 )	(1,962,472 )
Non-controlling interest	298,467	-
Total liabilities and stockholders' deficit	\$1,857,376	\$1,350,385

The accompanying notes are an integral part of these consolidated financial statements.

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BRAZIL MINERALS, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014  
(UNAUDITED)

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Revenues	\$28,780	\$97,162	\$40,186	\$101,444
Costs of goods sold:				
Production expenses	97,012	73,705	137,026	75,046
Mining tax	-	844	-	844
Total cost of goods sold	97,012	74,549	137,026	75,890
Gross profit (loss)	(68,232 )	22,613	(96,840 )	25,554
Operating expenses:				
Professional fees	64,126	78,020	99,041	126,842
General and administrative expenses	127,001	238,492	227,536	309,543
Compensation and related costs	24,510	76,865	49,098	94,465
Stock based compensation	48,946	117,438	83,146	353,797
Total operating expenses	264,583	510,815	458,821	884,647
Loss from operations	(332,815 )	(488,202 )	(555,661 )	(859,093 )
Other expense (income)				
(Gain) loss on derivative liabilities	137,348	285,631	(748,505 )	273,799
Interest on promissory notes	41,808	18,234	99,403	29,779
Amortization of debt discount and other fees	387,376	78,861	648,932	107,167
Loss on extinguishments of debt	-	97,898	-	97,898
Other	(1 )	(142 )	(13 )	(228 )
Total other expense (income)	566,531	480,482	(183 )	508,415
Loss before provision for income taxes	(899,346 )	(968,684 )	(555,478 )	(1,367,508 )
Provision for corporate income taxes	-	-	-	-
Net loss	\$(899,346 )	\$(968,684 )	\$(555,478 )	\$(1,367,508 )
Loss attributable to non-controlling interest	-	11,385	-	15,797
Loss attributable to Brazil Minerals Inc.	\$(899,346 )	\$(957,299 )	\$(555,478 )	\$(1,351,711 )
Net loss per share: Basic	\$(0.00 )	\$(0.01 )	\$(0.00 )	\$(0.02 )
Net loss per share: Diluted	\$(0.00 )	\$(0.01 )	\$(0.00 )	\$(0.02 )
Weighted average number of shares outstanding: Basic	715,477,197	82,451,721	466,146,181	78,532,301

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Weighted average number of shares outstanding:

Diluted	715,477,197	82,451,721	466,146,181	78,532,301
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The accompanying notes are an integral part of these consolidated financial statements.

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BRAZIL MINERALS, INC.  
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE (LOSS)  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014  
(UNAUDITED)

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Net loss	\$(899,346)	\$(968,684)	\$(555,478)	\$(1,367,508)
Foreign currency translation:				
Change in cumulative translation adjustment	18,417	26,922	(130,166)	68,260
Income tax benefit (expense)	-	-	-	-
Total comprehensive net income (loss)	\$(880,929)	\$(941,762)	\$(685,644)	\$(1,299,248)
Total comprehensive net income (loss) attributable to non-controlling interest	-	-	-	-
Total comprehensive net loss attributable to Brazil Minerals, Inc.	\$(880,929)	\$(941,762)	\$(685,644)	\$(1,299,248)

The accompanying notes are an integral part of these consolidated financial statements.



BRAZIL MINERALS, INC.  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014  
 (UNAUDITED)

	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Loss for the period attributable to Brazil Minerals, Inc.	\$(555,478)	\$(1,351,711)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Non-controlling interest	-	(15,797 )
Stock based compensation and services		