

Edgar Filing: Brazil Minerals, Inc. - Form 8-K

(Registrant's telephone number, including area code)

Not Applicable

(Former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Cautionary Debenture Regarding Forward-Looking Statements

Our disclosure and analysis in this Current Report on Form 8-K contains some forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates" and similar expressions are forward-looking statements. Although we believe that these statements are based upon reasonable assumptions, they are subject to several risks and uncertainties.

Investors are cautioned that our forward-looking statements are not guarantees of future performance and the actual results or developments may differ materially from the expectations expressed in the forward-looking statements.

As for the forward-looking statements that relate to future financial results and other projections, actual results will be different due to the inherent uncertainty of estimates, forecasts and projections and may be better or worse than projected. Given these uncertainties, you should not place any reliance on these forward-looking statements. These forward-looking statements also represent our estimates and assumptions only as of the date that they were made. We expressly disclaim a duty to provide updates to these forward-looking statements, and the estimates and assumptions associated with them, after the date of this filing to reflect events or changes in circumstances or changes in expectations or the occurrence of anticipated events.

You are advised to consult any additional disclosures we make in our reports on Form 10-K, Form 10-Q, Form 8-K, or their successors. Other factors besides those discussed in this Current Report could also adversely affect us.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On August 14, 2014, the Company entered into a Securities Purchase Agreement with St. George Investments, LLC ("St. George") and issued to St. George a Convertible Promissory Note in the principal amount of \$222,500 (the "Company Note"). In consideration for the sale of the Note, the Company received gross cash proceeds of \$100,000 and St. George issued to the Company a promissory note in the principal amount of \$100,000 (the "Investor Note"). The Investor Note shall become cash available to the Company within approximately 50 days. Each of the Company Note and the Investor Note bears interest on its outstanding principal amount at the rate of 10% per annum. The difference between the face amount of the Note and the total of the gross cash proceeds and the principal amount of the Investor Note received by the Company was legal costs and origination discount.

The Company Note is convertible into shares of Common Stock of the Company at an initial conversion rate of \$0.11 per share, a 57% premium to the end of day Common Stock price of the day prior to the transaction closing. The conversion of any portion of the outstanding balance of the Company Note shall only be exercisable in two tranches, consisting of an initial tranche in the amount of \$112,500 and any interest, costs, fees or charges accrued thereon or added thereto and a subsequent tranche in the amount of \$110,000 plus any interest, costs, fees or charges accrued thereon or added thereto.

Principal and accrued interest on the Note are due in five consecutive monthly installments of \$44,500 plus accrued interest commencing on February 14, 2015. The monthly installments are payable in cash or in Common Stock, at the option of the Company, or upon the request of St. George, in graded diamonds. All principal and accrued interest on the Note is payable on June 14, 2015 (the "Maturity Date"). The Note contains certain provisions protecting the holder against the Company's issuance of stock, options, warrants or convertible securities at prices below the current conversion price of the Note.

Upon the occurrence of an Event of Default (as defined in the Note) under the Note, among other things, the outstanding balance of the Note shall be increased by 125%, the interest rate of the Note shall be increased to 22% per annum and the holder shall become entitled to require the redemption of all or any portion of the Note. The Note also contains certain provisions imposing penalties on the Company for failure to timely deliver shares to the holder or the holder's prime brokerage account upon a conversion of the Note.

The Investor Note from St. George to the order of the Company is in the principal amount of \$100,000. All interest and principal on the Investor Note is payable to the Company on August 14, 2014, but St. George shall be obligated to prepay the entire outstanding balance of the Investor Note within five trading days of its receipt of written notice from requesting prepayment of the Investor Note and certifying that no Equity Conditions Failure (as defined in the Company Note) have occurred under the Company Note. The Company may send a prepayment notice to St. George at any time following the date that is forty-five (45) days from the date hereof.

Item 3.02 Unregistered Sales of Equity Securities

The information set forth in Item 2.03 hereof is incorporated by reference herein. The Company Note was issued on August 14, 2014 and is initially convertible into an aggregate of 2,022,728 shares Common Stock, par value \$.001 per share, of the Company. The Company Note was issued pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Act") afforded by Section 4(a)(2) of the Act by virtue of being offered without employing any general solicitation and issued to just one purchaser which represented to the Company that it is an accredited investor, 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 which acquired the Company Note for investment. In connection with this transaction, the Company has paid a commission of \$10,000 to Tigress Financial Partners LLC.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

4.1 Convertible Promissory Note of the Company, dated August 14, 2014, in the principal amount of \$222,500 to the order of St George Investments, LLC.

10.1 Securities Purchase Agreement, dated as of August 14, 2014, between the Company and St. George Investments, LLC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BRAZIL MINERALS, INC.

Dated: August 20, 2014 By: /s/ Marc Fogassa
Name: Marc Fogassa
Title: Chief Executive Officer