
ASX ANNOUNCEMENT/MEDIA RELEASE

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**EXPLORATION UPDATE-
MAPPING AT AREIAO AND MORRO ALTO**

HIGHLIGHTS

- Mapping and sampling on the north bank of the Sao Francisco River has identified possible extensions of the Urubu mineralisation in adjacent areas known as Areiao and Morro Alto.
- Surface sampling assay results demonstrate a 9km strike extent of banded iron formation with Fe grades up to a maximum of 45% Fe. Urubu in contrast has mapped strike length of over 4.5km.
- Preliminary structural measurements suggest a synformal interpretation similar to that at Urubu.
- The Company is examining logistical options to allow drill testing at Areiao and Morro Alto when an RC rig is mobilised to complete resource drilling at Urubu.
- Environmental approval for drilling at Urubu is close to being finalised, with the permit expected soon.
- Meetings have been held in Belo Horizonte with major mining consultancies to begin to examine feasibility options for Urubu.

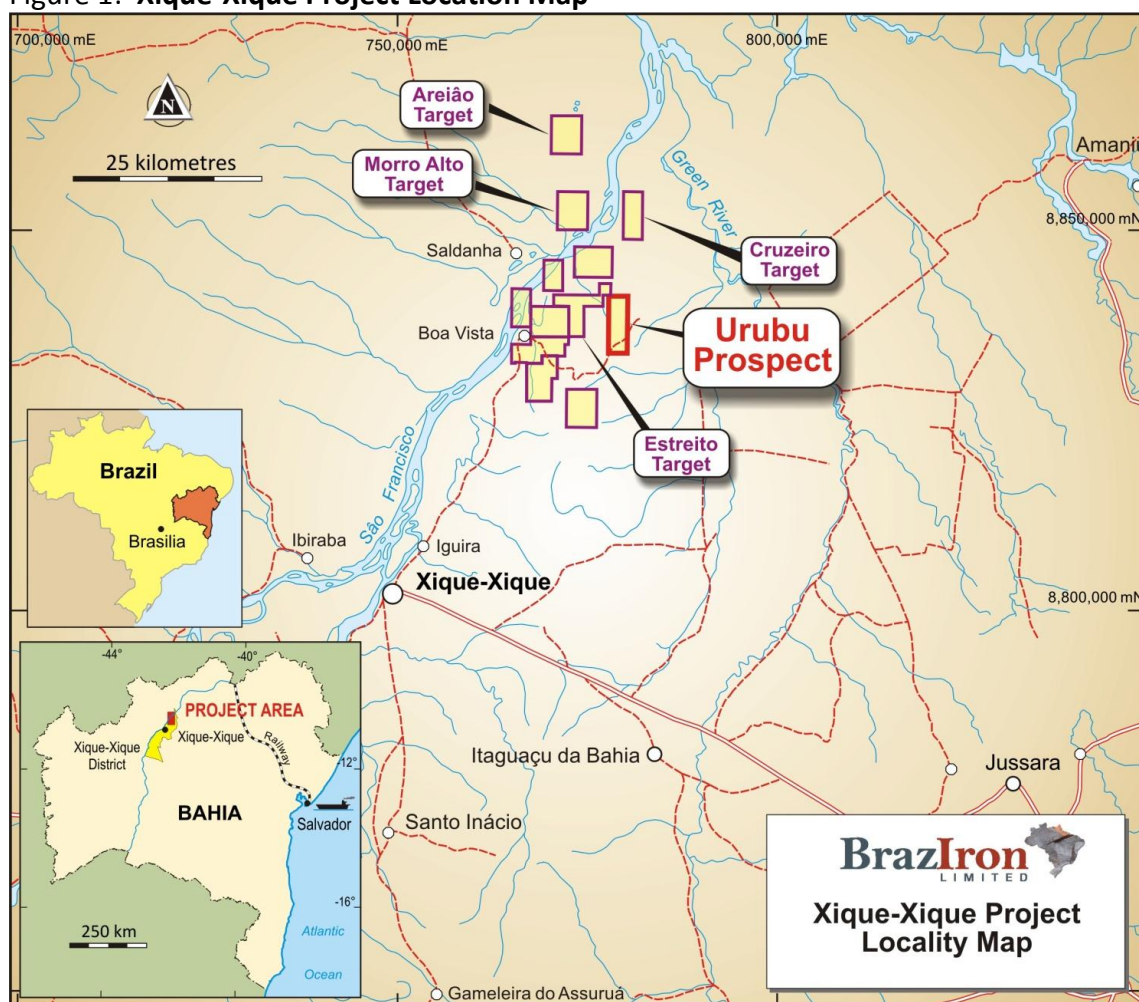
Mapping and Sampling

The Board of BrazIron Ltd (the “Company”) is pleased to provide an update on exploration results at its 51% owned Xique Xique Project in Bahia State, Brazil.

Previous work has concentrated on the south bank of the Sao Francisco River, leading to an interim JORC resource being defined on the Urubu Prospect of 129.7Mt at 24.1% Fe.

The Company plans to recommence drilling at Urubu to expand this resource, once requisite environmental permits are obtained. In the interim, Company field teams have carried out preliminary mapping and sampling programs on the north bank of the Sao Francisco River, specifically targeting the Areiao and Morro Alto Prospects (Figure 1).

Figure 1: Xique-Xique Project Location Map

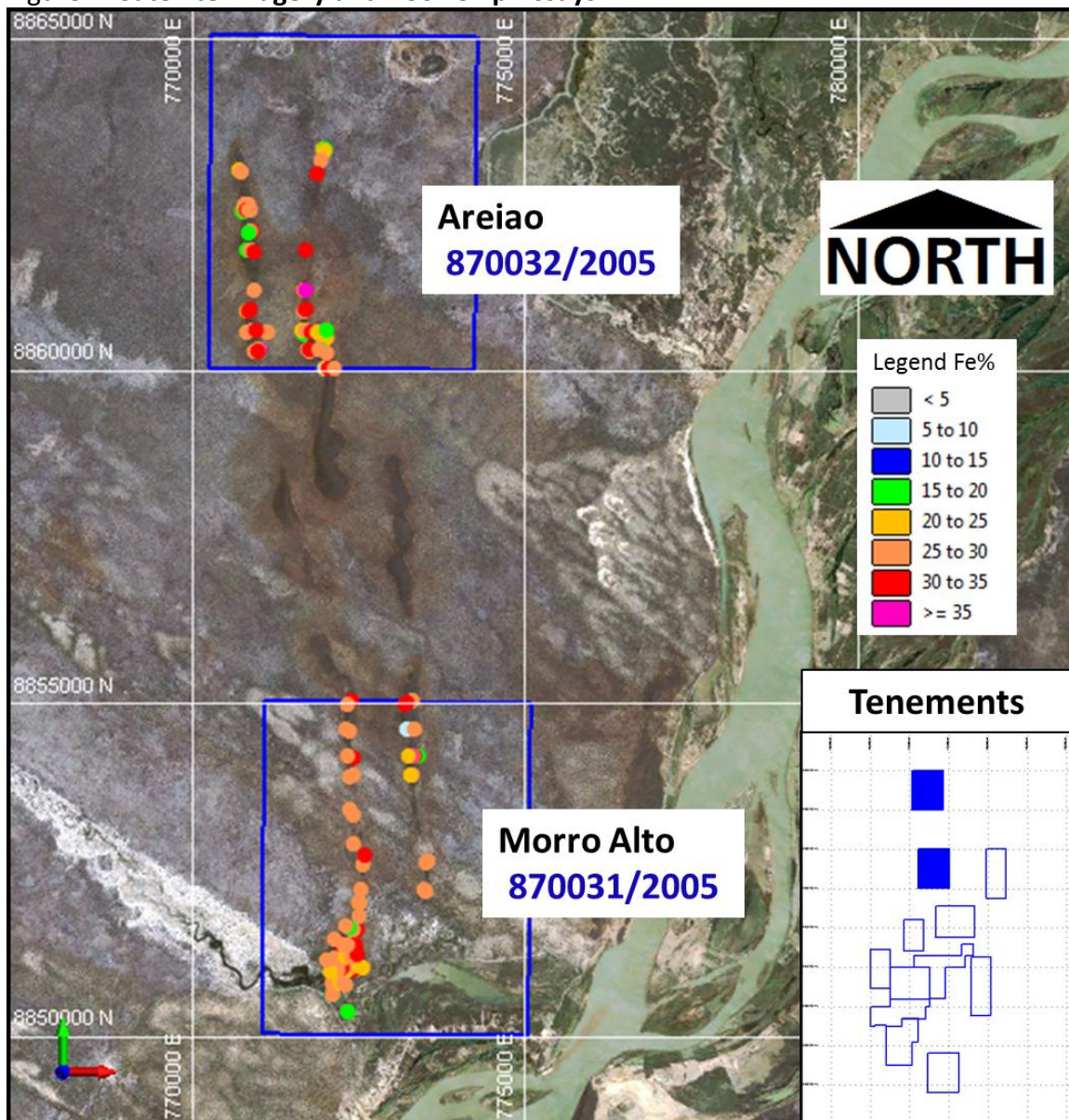


The Urubu, Areiao and Morro Alto prospects had been initially identified and targeted by the Company on the basis of satellite imagery and historical government sponsored regional mapping. All three prospects showed similar regional characteristics, however drilling was

carried out initially on the Urubu Prospect due to greater ease of access for machinery to the south bank of the Sao Francisco River.

This recent field program consisted of mapping traverses across the entire strike extent of outcrop on both the Areiao and Morro Alto leases, with 173 rock chip samples taken and sent for assay. As demonstrated in Figure 2, the outcrop of iron mineralisation at Areiao and Morro Alto consists of two roughly parallel ridges, similar to those confirmed at Urubu.

Figure 2: Satellite Imagery and Rock Chip Assays



The results of this program have demonstrated extensive areas of iron mineralisation over a strike length within these two BrazilIron leases of almost 9km, with Fe grades similar to that achieved at Urubu, with the highest grades being 45% Fe.

In addition, structural measurements of the two parallel ridges have suggested that a sub-horizontal, folded synformal interpretation is more likely, as opposed to historical regional interpretation of two sub-parallel steeply dipping Banded Iron Formation horizons. The difference between these two geological interpretations is very significant in terms of total tonnage and likely mining costs, with the synformal interpretation, as confirmed at Urubu, offering a far more attractive mining scenario.

These data would suggest that Areiao and Morro Alto possibly represent the northern strike extension of the Urubu orebody, where to date, 129.7Mt at 24.1% Fe has been defined over a strike extent of only 1km. On the basis of this mapping, the leases held by the Company in the Xique Xique region contain approximately 15km of strike of Banded Iron Formation.

Drilling at Xique Xique - Mapping and Sampling

Drilling at Urubu was suspended in late 2012 due to slow drilling progress and the need to obtain additional vegetation suppression permits to allow completion of resource drilling on the northern section of the Urubu ore body.

This process has been protracted due to a new computer system being implemented within the national environmental agency, INEMA, however the Company is confident the process is nearing completion.

Upon receipt of this clearance, roughly 1200m of Reverse Circulation (RC) drilling is planned to complete the JORC resource over the remainder of Urubu.

In addition, if logistics permit, the Company will attempt to carry out some preliminary drilling on the north bank of the river on the Areiao or Morro Alto Prospects in order to test the synformal hypothesis that has been suggested by preliminary mapping.

Feasibility

The Company is confident of being able to add significant tonnage of Iron Ore to the existing small resource in the Xique Xique region. It is therefore appropriate to commence examining the basic operating parameters that will eventually feed into pre-feasibility studies. This is planned to commence in a preliminary fashion, examining the key issues of river and rail transport, port capacity and metallurgy.

Meetings have been held with the major resource consultancies in Belo Horizonte to assess relevant competencies with a view to commencing commercial studies once the upcoming resource drilling program is completed.

Commenting on the operating update, CEO Brad George said:

“The Xique Xique project is advancing more slowly than I would like, but as in all countries, the environmental approval process is complex and rarely able to be rushed. We are comfortable however that we are well advanced and we can re-commence drilling soon. In the meantime the results of our field mapping program are very impressive and provides evidence that the company possibly has title to a major iron ore province, straddling the navigable Sao Francisco River.”

Company Overview

BrazIron Limited (“BrazIron” or “the Company”) is an exempted company incorporated in Bermuda. It was established with the objective of pursuing Brazilian mineral exploration opportunities and potential mining of iron ore.

In July 2010 the Company acquired a Brazilian incorporated entity, Octa Ferro S.A., which indirectly and directly holds interests in mineral licenses in Brazil. These mineral license holdings represent a total of four separate projects covering approximately 660km² of mineral permits that are prospective for iron, located in Para and Bahia States of Brazil.

The Company’s flagship project is the Xique Xique Project located in Bahia (Figure 1), which has had preliminary drilling and some metallurgical test work completed in 2008, and is currently the subject of pre-feasibility studies and resource drilling.

The company is listed on the Australian Securities Exchange (ASX) with the stock code “BZL”

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COMPETENT PERSONS STATEMENT

The information in this release which relates to Exploration Results and Mineral Resources is based on information compiled by Mr Dmitry Pertel and Mr Robert Annett, who are Members of the Australian Institute of Geosciences (“AIG”). Mr Pertel is employed by CSA Global Pty Ltd and Mr Annett is a geological consultant. Mr Pertel and Mr Annett have over 20 years of exploration and mining experience in a variety of mineral deposit styles, and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Pertel and Mr Annett consent to the inclusion in this release of the matters based on their information in the form and context in which it appears