



MATERIAL FACT - REPURCHASE PROGRAM OF SHARES

MAGNESITA REFRATÁRIOS S.A.
Publicly Held Company
CNPJ (Corporate Taxpayer Registration) Nr. 08.684.547/0001-65
NIRE (Commercial Registry Number) 31.300.026.485

MATERIAL FACT

Magnesita Refratários S.A. ("Company"), pursuant to Law No. 6.404/76 and CVM Instruction No. 358/02, as amended, hereby informs its shareholders and the market the following:

1. The Board of Directors of the Company approved, on this date, the repurchase program of shares issued by the Company, pursuant to the Article 30 of Law No. 6,404/76, CVM's Instruction No. 10/80 and CVM's Instruction No. 358/02, for maintenance of the shares in treasury and latter sale or cancellation, without reduction of the Company's capital stock ("Repurchase Program"), on the following conditions:

a) The purpose of the Company in the operation: The purpose of the Company in the operation is to maximize the value creation to the shareholder through an efficient management of the capital structure.

b) Volume of shares outstanding: 171,631,264 (one hundred and seventy one million, six hundred and thirty one thousand, two hundred and sixty four).

c) Volume of treasury shares: Currently, the Company does not maintain shares in treasury.

d) Limit of shares: limited to 8,581,563 (eight million, five hundred and eighty one thousand, five hundred and sixty three) common shares, that represents 5% (five percent) of the Company's outstanding shares.

e) Accounting: The acquisition will not affect the distribution of the mandatory dividends provided by the Company's Bylaws, since it shall be made using the capital reserve (share premium reserve), in accordance with the balance sheet as of June 30th , 2012, up to the amount available on such balance sheet, according to the CVM's Normative Instruction No. 10/80.

f) Brokerage firm: the acquisition shall be intermediated by the following financial institutions (i) Itaú Corretora de Valores S.A., stock company, enrolled in CNPJ/MF under no. 61.194.353/0001-64, with its headquarters at Av. Brigadeiro Faria Lima, no. 3.400, 10th floor, Itaim Bibi, in the City and State of São Paulo, Zip Code no. 04538-132; (ii) Deutsche Bank Corretora de Valores S.A., stock company, enrolled in CNPJ/MF under no. 02.184.143/0001-26, with its headquarters at Av. Brigadeiro Faria Lima, no. 3.900, 13th, 14th and 15th floors, Itaim Bibi, in the City and State of São Paulo, Zip Code no. 04538-132; and (iii) Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários, stock company, enrolled in CNPJ/MF under no. 42.584.318/0001-07, with its headquarters at Av. Brigadeiro Faria Lima, no. 3064, 13th floor and 14th floor (part), Jardim Paulistano, in the City and State of São Paulo, Zip Code no. 01451-000.

g) Term: This authorization is valid for a term of 365 (three hundred and sixty five) days counted from the date hereof, i.e., until August 15th, 2013.

h) The Board of Directors authorized the Company's Executive Committee to take all measures necessary to the implementation of the Repurchase Program, as well as granted powers to the Company's Executive Committee to determine the opportunity and volume of shares that shall be acquired by the Company, pursuant to the terms and conditions approved.

2. For additional information, please visit our website (www.magnesita.com.br) or contact the Investor Relations Management.

São Paulo, August 15th, 2012.

Flávio Rezende Barbosa
 Chief Financial Officer and Investor Relations Officer