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PROSPECTUS

INITIAL PUBLIC OFFERING

April 21, 2011



BRAZIL RESOURCES INC.

Minimum: \$2,080,000

Maximum: \$2,470,000

Minimum: 3,200,000 Common Shares

Maximum: 3,800,000 Common Shares

Price: \$0.65 per Common Share

This prospectus ("**Prospectus**") is being filed to qualify the initial public offering (the "**Offering**") by Brazil Resources Inc. ("**Brazil Resources**" or the "**Company**") of a minimum of 3,200,000 (the "**Minimum Offering**") and a maximum of 3,800,000 common shares (the "**Maximum Offering**") in the capital of Brazil Resources (the "**Common Shares**") to be issued and sold at a price of \$0.65 per Common Share (the "**Offering Price**") pursuant to the terms of an agency agreement dated as of April 21, 2011 (the "**Agency Agreement**") between Canaccord Genuity Corp. (the "**Agent**") and the Company.

Price: \$0.65 per Common Share

	Price to the Public	Agents' Fee⁽¹⁾⁽²⁾⁽³⁾	Net Proceeds to the Company⁽⁴⁾
Per Common Share	\$0.65	\$0.0455	\$0.6045
Minimum Offering	\$2,080,000	\$145,600	\$1,934,400
Maximum Offering	\$2,470,000	\$172,900	\$2,297,100

Notes:

- (1) The Company has agreed to pay the Agent a cash commission equal to 7% of the gross proceeds of the Offering, excluding proceeds from the purchasers introduced to the Agent by the Company ("**President's List Purchasers**"), for which the Company has agreed to pay a cash fee equal to 2% of such proceeds (the "**Commission**"). The Company has also agreed to issue to the Agent warrants (the "**Agent's Warrants**"), exercisable at any time up to 12 months after the Closing Date (as hereinafter defined), to acquire, at a price of \$0.65 per Common Share, that number of Common Shares of the Company which is equal to: (a) 10% of the number of Common Shares sold under the Offering to purchasers other than President's List Purchasers; and (b) 2% of the number of Common Shares issued to President's List Purchasers. The Company has also agreed to reimburse the Agent for the fees and disbursements of its legal counsel not exceeding \$25,000 (excluding taxes) and for its reasonable disbursements in connection with the Offering. To the extent they are Qualified Compensation Securities (as defined herein), the Agent's Warrants are qualified for distribution pursuant to this Prospectus.
- (2) These figures do not include the corporate finance fee of \$50,000 payable in Common Shares of the Company (the "**Corporate Finance Shares**") at a price of \$0.65 per Corporate Finance Share, payable to the Agent on the Closing Date. To the extent they are Qualified Compensation Securities, the Corporate Finance Shares are also qualified for distribution pursuant to this Prospectus.
- (3) Assumes no Common Shares are sold to President's List Purchasers.
- (4) Before deducting expenses of the Offering, estimated at \$120,000 (excluding the Commission but including fees and expenses of the Agent (including its legal expenses) and the legal and audit expenses of the Company), which will be paid from the proceeds of the Offering.

As at the date of the Prospectus, Brazil Resources does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

There is currently no public market for the Common Shares. The TSX Venture Exchange (the "TSXV") has conditionally approved the listing of the Common Shares under the symbol "BRI".

Subscriptions for the Common Shares offered hereunder will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Provided that the Minimum Offering is subscribed for, it is expected that the closing of the Offering will take place on May 11, 2011 or on such other date as Brazil Resources and the Agent may agree (the "Closing Date"). If subscriptions representing the Minimum Offering are not received within 90 days of the issuance of a receipt for the (final) prospectus, or if a receipt has been issued for an amendment to the (final) prospectus, within 90 days of the issuance of such receipt and, in any event, not later than 180 days from the date of receipt for the (final) prospectus, the Offering will cease. The Agent, pending closing of the Minimum Offering, will hold in trust all subscription funds received pursuant to the provisions of the Agency Agreement. If the Minimum Offering is not completed, the subscription proceeds received by the Agent in connection with the Offering will be returned to the subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent. See the section of this Prospectus entitled "Plan of Distribution".

The Common Shares are being offered to the public in the provinces of British Columbia and Alberta.

There is currently no market through which the Common Shares may be sold and purchasers may not be able to resell Common Shares purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See the section of this Prospectus entitled "Risk Factors".

Investments in natural resource issuers involve a significant degree of risk. The degree of risk increases substantially where the issuer's properties are in the exploration stage as opposed to the development stage. The sole property of the Company is in the exploration stage and is without a known body of commercial ore. An investment in the Common Shares should only be made by persons who can afford the total loss of their investment. See the section of this Prospectus entitled "Risk Factors".

National Instrument 41-101 – *General Prospectus Requirements* ("NI 41-101") imposes a restriction on the maximum number of securities which may be distributed under a prospectus to the Agent as compensation ("**Qualified Compensation Securities**"). Pursuant to NI 41-101, the aggregate Qualified Compensation Securities must not exceed 10% of the securities offered pursuant to this Prospectus, which in the case of this Offering is 320,000 (in the case of completion of the Minimum Offering) and up to 380,000 (in the case of completion of the Maximum Offering). For the purposes of this Offering, any combination of the following are Qualified Compensation Securities (within the aggregate amounts set forth above) and are qualified for distribution by this Prospectus: (a) up to 380,000 Agent's Warrants assuming the Maximum Offering; and (b) up to 76,923 Corporate Finance Shares. To the extent that the Agent is entitled to receive securities as compensation exceeding 10% of the securities issued under the Offering, those securities exceeding the 10% threshold will not be Qualified Compensation Securities, will not be qualified for distribution under this Prospectus and will be subject to a hold period in accordance with applicable securities laws.

The following table sets forth the number of securities issuable to the Agent:

Agent's Position	Maximum size or number of securities available	Exercise period or acquisition date	Exercise price
Agent's Warrants ⁽¹⁾	380,000 Common Shares ⁽²⁾	12 months following the Closing Date	\$0.65 per Common Share
Corporate Finance Shares ⁽¹⁾	76,923 Common Shares ⁽³⁾	On the Closing Date	\$0.65 per Common Share

Notes:

- (1) For further information, see section of this Prospectus entitled "Plan of Distribution".
- (2) Assumes the completion of the Maximum Offering. Also assumes no Common Shares are sold to President's List Purchasers.
- (3) Represents the corporate finance fee of \$50,000 payable to the Agent upon closing of the Offering pursuant to the Agency Agreement.

The Agent, as exclusive agent for the purposes of the Offering, hereby conditionally offers the Common Shares on a commercially reasonable efforts basis, subject to prior sale, if, as and when issued by Brazil Resources and accepted by the Agent in accordance with the terms and conditions contained in the Agency Agreement referred to in the section of this Prospectus entitled "Plan of Distribution" and subject to the approval of certain legal matters on behalf of Brazil Resources by Sangra Moller LLP and on behalf of the Agent by Miller Thomson LLP.

One or more global certificates that represent the aggregate number of Common Shares subscribed for under this Prospectus will be issued in registered form as directed by the Agent. Purchasers of Common Shares will receive only a customer

confirmation from the Agent as to the number of Common Shares subscribed for. Certificates representing the Common Shares in registered and definitive form will be issued in certain limited circumstances.

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TABLE OF CONTENTS

GLOSSARY OF NON-TECHNICAL TERMS	i
GLOSSARY OF TECHNICAL TERMS	vi
NOTE TO INVESTORS	x
TECHNICAL INFORMATION	x
FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES	x
CURRENCY	x
FORWARD LOOKING STATEMENTS	xi
SUMMARY	xii
CORPORATE STRUCTURE	1
Name and Incorporation	1
Intercorporate Relationships	1
DESCRIPTION OF THE BUSINESS	1
General.....	1
History	1
Option Agreement.....	2
MINING IN BRAZIL	4
Introduction.....	5
Political and Economic Climate.....	5
Mining Legislation, Permits and Licences	5
Environmental Legislation, Permits and Licences	7
Royalties	7
Taxes.....	8
Investment and Repatriation of Funds	8
Other Considerations	8
DESCRIPTION OF MINERAL PROPERTY	8
Project Description and Location.....	9
Accessibility, Climate, Local Resources, Infrastructure and Physiography	10
History	10
Geological Setting.....	11
Exploration	13
Mineralization.....	14
Drilling.....	14
Sampling and Analysis	14
Security of Samples	15
Mineral Resources and Mineral Reserve Estimates	15
Mining Operations	15
Interpretation and Conclusions	15
Recommendation	16
USE OF PROCEEDS	17
Proceeds and Funds Available	17
Principal Purposes.....	17
Business Objectives and Milestones	18
DIVIDENDS AND DISTRIBUTIONS	18
MANAGEMENT'S DISCUSSION AND ANALYSIS	18
Overall Performance	19
Selected Financial Information	19
Results of Operation	20
Summary of Quarterly Results.....	20
Liquidity	20
Capital Resources	21
Off-balance Sheet Arrangements	21
Transactions with Related Parties	21
Critical Accounting Estimates.....	21
Changes in Accounting Policies including Initial Adoption	21
Financial Instruments and Other Instruments	22
Additional Disclosure for IPO Venture Issuers without Significant Revenue.....	23
Additional Disclosure for Junior Issuers	23

DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED	23
CONSOLIDATED CAPITALIZATION.....	24
OPTIONS TO PURCHASE SECURITIES	24
PRIOR SALES	25
ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER.....	25
IPO Escrow Agreement	25
Voluntary Escrow Agreements	27
Resale Restrictions.....	28
PRINCIPAL SHAREHOLDERS.....	29
DIRECTORS AND OFFICERS	29
Name, Occupation and Security Holding.....	29
Corporate Cease Trade Orders or Bankruptcies	31
Conflicts of Interest	32
EXECUTIVE COMPENSATION	32
Generally.....	32
Compensation Discussion and Analysis	32
Option-Based Awards.....	32
Incentive Plan Awards and Pension Plans	32
Termination and Change of Control Benefits	33
Compensation of Directors	33
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS.....	33
CORPORATE GOVERNANCE DISCLOSURE	33
Board of Directors	33
Directorships.....	34
Orientation and Continuing Education.....	34
Ethical Business Conduct	34
Nomination of Directors	34
Compensation	35
Other Board Committees	35
Assessments.....	35
AUDIT COMMITTEE DISCLOSURE.....	35
Audit Committee Charter.....	35
Composition of the Audit Committee.....	35
Relevant Education and Experience.....	35
Audit Committee Oversight.....	36
Reliance on Certain Exemptions.....	36
Pre-Approval Policies and Procedures.....	36
External Auditor Service Fees	36
Exemption.....	36
PLAN OF DISTRIBUTION	37
RISK FACTORS.....	38
Risks Relating to the Company and the Industry	38
Risks Relating to the Offering	43
PROMOTERS	44
LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	45
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	45
RELATIONSHIP BETWEEN THE COMPANY AND THE AGENT	45
AUDITORS, REGISTRAR AND TRANSFER AGENT	45
MATERIAL CONTRACTS.....	45
LEGAL MATTERS.....	46
EXPERTS	46
RIGHTS OF WITHDRAWAL AND RESCISSION	46
EXEMPTIONS FROM INSTRUMENT	46
FINANCIAL STATEMENTS.....	46
SCHEDULE "A" AUDIT COMMITTEE CHARTER.....	A-1
SCHEDULE "B" DESCRIPTION OF THE MONTES ÁUREOS PROPERTY	B-1
SCHEDULE "C" AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED NOVEMBER 30, 2010 AND THE PERIOD FROM INCORPORATION (SEPTEMBER 9, 2009) TO NOVEMBER 30, 2009	C-1
AUDITORS' CONSENT	C-2
SCHEDULE "D" CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIODS ENDED FEBRUARY 28, 2011 AND FEBRUARY 28, 2010.....	D-1
CERTIFICATE OF BRAZIL RESOURCES INC. CERTIFICATE OF THE AGENT	

GLOSSARY OF NON-TECHNICAL TERMS

Unless the context otherwise requires, when used in this Prospectus, the following defined non-technical terms shall have the meanings set forth below. Words importing the singular number shall include the plural and vice versa and words importing any gender shall include all genders.

"**Affiliate**", a Company is an "Affiliate" of another Company if: (a) one of them is the subsidiary of the other; or (b) each of them is controlled by the same Person. A Company is "controlled" by a Person if: (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person; and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company. A Person beneficially owns securities that are beneficially owned by: (a) a Company controlled by that Person; or (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

"**Agency Agreement**" means the agency agreement dated April 21, 2011 between the Agent and the Company relating to the Offering.

"**Agent**" means Canaccord Genuity Corp.

"**Agent's Warrants**" means Common Share purchase warrants to be issued to the Agent entitling the Agent to purchase one Common Share at a price of \$0.65 for a period of 12 months from the Closing Date of the Offering.

"**Apoio**" means J. Fernando Reis, an individual company organized under the laws of Brazil, which operates under the name "Apoio Engenharia e Mineração".

"**Associate**" when used to indicate a relationship with a Person, means: (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the issuer; (b) any partner of the Person; (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; (d) in the case of a Person who is an individual, (i) that Person's spouse or child, or (ii) any relative of that Person or of his spouse who has the same residence as that Person; but (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the Exchange with respect to that Member firm, Member corporation or holding company.

"**Audit Committee Charter**" means the charter of the Audit Committee of the Company, attached hereto as Schedule "A".

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Board**" means the board of directors of the Company.

"**Border Zone**" means the 150km-wide strip parallel to the Brazilian border.

"**Brazil Resources**" means Brazil Resources Inc.

"**Brazilian Border Law**" means, collectively, Brazilian Law 6,634/1979 and its regulations under Decree No. 85,064/1980.

"**Business Day**" means any day other than a Saturday, Sunday or statutory or civic holiday in the City of Vancouver, British Columbia.

"**Canadian GAAP**" means generally accepted accounting principles in Canada as set out in the *Handbook of the Canadian Institute of Chartered Accountants*, at the relevant time applied on a consistent basis.

"**Closing**" means the closing of the Offering.

"**Closing Date**" means such date or dates that the Company and the Agent mutually agree to close the Offering.

"**Coffey Mining**" means Coffey Mining Pty Ltd.

"**Commission**" means the commission payable, being 7% of the gross proceeds of the Offering excluding President's List Purchasers and 2% of the gross proceeds of the Offering from President's List Purchasers, to the Agent pursuant to the terms of the Agency Agreement.

"**Common Shares**" means the common shares in the capital of the Company.

"**Company**" means Brazil Resources Inc.

"**Computershare**" means Computershare Trust Company of Canada.

"**Corporate Finance Shares**" means the Common Shares of the Company to be issued to the Agent as the corporate finance fee in accordance with the terms of the Agency Agreement.

"**CTO**" means a cease trade order.

"**DNPM**" means the Brazil National Department of Mineral Production.

"**EIA**" means an environmental impact assessment required to be undertaken pursuant to the National Environmental Policy.

"**Exchange**" means the TSXV, or in the event the Common Shares are listed on some other stock exchange, such other stock exchange.

"**Federal Constitution**" means the Federal Constitution of Brazil.

"**First Option**" shall have the meaning ascribed to such term in the section of this Prospectus entitled "*Description of the Business – History*".

"**Funds Available**" shall have the meaning ascribed to such term in the section of this Prospectus entitled "*Use of Proceeds*".

"**GDP**" means gross domestic product.

"**Gurupi Belt**" shall have the meaning ascribed to such term in the section of this Prospectus entitled "*Description of Mineral Property – Geological Setting*".

"**IFRS**" mean International Financial Reporting Standards as issued by the International Accounting Standards Board.

"**Insider**" if used in relation to an issuer, means: (a) a director or senior officer of the issuer; (b) a director or senior officer of a Company that is an Insider or subsidiary of the issuer; (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or (d) the issuer itself if it holds any of its own securities.

"**Installation Licence**" means an installation licence granted pursuant to the National Environmental Policy.

"**Investor Relations Activities**" means any activities, by or on behalf of the Company or a Shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include: (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company (i) to promote the sale of products or services of the Company, or (ii) to raise public awareness of the Company that cannot reasonably be considered to promote the purchase or sale of securities of the Company; (b) activities or communications necessary to comply with the requirements of: (i) applicable securities laws; (ii) Exchange requirements or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Company; (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if: (i) the communication is only through the newspaper, magazine or publication, and (ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or (d) activities or communications that may be otherwise specified by the Exchange.

"**IPO Escrow Agreement**" means the escrow agreement dated February 1, 2011 amongst the Company, Computershare and each of the Principals of the Company.

"**Joint Operation**" shall have the meaning ascribed to such term in the section of this Prospectus entitled "*Description of the Business – Option Agreement*".

"**Letter of Intent**" means the letter of intent dated for reference May 18, 2010 between the Company and Apoió.

"**Listing Date**" means, if the Common Shares are listed for trading on the TSXV, the date the Exchange issues an Exchange Bulletin announcing the listing of the Common Shares on the Exchange for trading pursuant to an initial public offering, or if the Common Shares are listed on some other Exchange, the date of initial listing of the Common Shares on such Exchange.

"**Maximum Offering**" means the maximum offering size condition for this Offering of 3,800,000 Common Shares.

"**Member**" means a Person who has executed the Exchange member's agreement and is accepted as and becomes a member of the Exchange.

"**Minimum Offering**" means the minimum offering size condition for this Offering of 3,200,000 Common Shares.

"**Mining Code**" means the Brazilian Mining Code (Decree-law No. 227 of 28 February 1967), as amended and the Brazilian Mining Code Regulation of 1968.

"**Montes Áureos Option**" means the option to acquire a 51% interest in the Montes Áureos Property pursuant to the First Option, and, where applicable, in addition, the option to acquire an additional 46% interest in the Montes Áureos Property pursuant to the Second Option.

"**Montes Áureos Project**" means gold project being undertaken on the Montes Áureos Property.

"**Montes Áureos Property**" means certain mineral property rights, which are described in Schedule "B" to this Prospectus, relating to the mineral exploration and development of the Montes Áureos Project, located in the State of Maranhão, Brazil.

"**Named Executive Officers**" or "**NEO**" shall have the meaning ascribed to such term in the section of this Prospectus entitled "*Executive Compensation*".

"**National Environmental Policy**" means the Brazilian National Environmental Policy (Federal Law 6.938 of 31 August 1981)

"**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements*.

"**NI 43-101**" means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

"**NI 45-102**" means National Instrument 45-102 – *Resale of Securities*.

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*.

"**NI 52-107**" means National Instrument 52-107 – *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*.

"**NP 11-202**" means National Policy 11-202 – *Process for Prospectus Review in Multiple Jurisdictions*.

"**NP 46-201**" means National Policy 46-201 – *Escrow for Initial Public Offerings*.

"**NYSE Amex**" means the NYSE Amex Equities Stock Exchange.

"**Offering**" means the offering of Common Shares described in this Prospectus.

"**Offering Price**" means \$0.65 per Common Share.

"**Operation Licence**" means an operation licence granted pursuant to the National Environmental Policy.

"**Options**" means options granted pursuant to the Option Plan to purchase Common Shares.

"Option and Joint Venture Agreement" means the Mineral Property Option and Joint Venture Agreement effective September 30, 2010 between Apoio and the Company.

"Option Plan" means the Company's Stock Option Plan dated January 28, 2011.

"PCA" means an environmental control plan required to be produced during the Preliminary Licence stage of the environmental licensing process pursuant to the National Environmental Policy.

"Person" means a Company or individual.

"Preliminary Licence" means a preliminary licence granted pursuant to the National Environmental Policy.

"President's List Purchasers" means those persons, introduced to the Agent by the Company, who purchase Common Shares under the Offering.

"Principals" means:

- (a) a person of the Company who acted as a Promoter of the Company within two years before the date of this Prospectus;
- (b) a director or senior officer of the Company or any of its material operating subsidiaries at the time of this Prospectus;
- (c) a person or company that holds securities carrying more than 20% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Offering; or
- (d) a person or company that: (i) holds securities carrying more than 10% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Offering; and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Company or any of its material operating subsidiaries.

"Promoter" means a person who:

- (a) acting alone or in concert with one or more other persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, or
- (b) in connection with the founding, organization or substantial reorganization of the business of the issuer, directly or indirectly receives, in consideration of services or property or both, 10% or more of a class of the issuer's own securities or 10% or more of the proceeds from the sale of a class of the issuer's own securities of a particular issue,

but does not include:

- (c) a person who receives securities or proceeds referred to in paragraph (b) solely as underwriting commissions or in consideration for property, and
- (d) does not otherwise take part in founding, organizing or substantially reorganizing the business.

"Prospectus" means this prospectus.

"Qualified Compensation Securities" means the maximum number of securities which may be distributed under a prospectus to the Agent as compensation pursuant to the restrictions imposed by NI 41-101.

"São Luís Cráton" means that part of the Precambrian continental crust that crops out at the border of the states of Pará and Maranhão in northern Brazil, whose rocks have not been affected by geological events since the Precambrian era.

"Second Option" shall have the meaning ascribed to such term in the section of this Prospectus entitled *"Description of the Business – History"*.

"SEDAR" means the System for Electronic Document Analysis and Retrieval.

"Shareholders" means the holders of the Common Shares.

"**Technical Report**" means the independent technical report dated March 16, 2011 entitled "Montes Áureos Gold Project, Maranhão, Brazil" prepared by Mario Conrado Reinhardt, BSc(Geo), MAIG of Coffey Mining in respect of the early exploration stage of the Montes Áureos Gold Project, in Maranhão State, Brazil.

"**TSXV**" means the TSX Venture Exchange.

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended.

"**Voluntary Escrow Agreements**" mean the escrow agreements dated September 1, 2010, September 13, 2010, September 22 2010 and November 9, 2010 between the Company, Computershare and certain of the Company's Shareholders, as more properly described in the section of this Prospectus entitled "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*".

GLOSSARY OF TECHNICAL TERMS

Unless the context otherwise requires, when used in this Prospectus, the following technical terms and abbreviations shall have the meanings set forth below. Words importing the singular number shall include the plural and vice versa and words importing any gender shall include all genders.

"**alkaline rocks**" means igneous rocks with a high potassium and a low silica content; fine-grained alkaline extrusive or subvolcanic rocks are commonly trachyte or phonolite.

"**alteration**" means chemical and mineralogical changes in a rock mass resulting from reaction with hydrothermal fluids or changes in pressure and temperature.

"**amphibolite**" means a metamorphic rock composed chiefly of amphibole with minor plagioclase and little quartz.

"**arsenopyrite**" means a mineral that is an iron arsenic sulfide.

"**Au**" means gold.

"**assay**" is an analysis to determine the presence, absence or quantity of one or more elemental components.

"**batholiths**" means a very large body of igneous intrusive rock, usually granite.

"**boudin**" means a structure arising from tensional forces developed by stretching of a competent bed along bedding planes giving rise to tension cracks.

"**calc-alkaline**" means igneous rocks that have compositions related by characteristic chemical trends.

"**carbonaceous**" means containing carbon or coal, especially shale or other rock containing small particles of carbon distributed throughout the mass.

"**chalcopyrite**" means copper iron sulphur, CuFeS_2 , which occurs in brass-yellow crystals or masses and is an important ore of copper.

"**chert**" means a compact rock consisting essentially of microcrystalline quartz.

"**chlorite**" means a generally green or black secondary mineral often formed by metamorphic alteration of primary dark rock minerals, that appears as a spot of green and resembles mica

"**detrital**" means a sedimentary rock formed from detritus (sand, mud, etc).

"**deposit**" means a mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures. Such a deposit does not qualify as a commercially mineable ore body or as containing ore reserves, until final legal, technical, and economic factors have been received.

"**ductile**" means a rock that is able to sustain 5-10% deformation before fracturing or faulting.

"**facies**" means such aspects of rock units as rock type, mode of origin, composition, fossil content, or environment of deposition.

"**fault**" means a fracture in a rock across which there has been displacement.

"**feldspar**" means a common silicate mineral that occurs in all rock types and decomposes to form much of the clay in soil, including kaolinite.

"**felsic**" means light coloured silicate minerals, mainly quartz and feldspar, or an igneous rock comprised largely of felsic minerals (granite, rhyolite).

"**ferromagnesian**" means containing iron and magnesium.

"**fire assay**" means any type of assay procedure that involves melting the sample in a furnace.

"**fracture**" means a break in a rock, usually along a flat or gently curved surface.

"**garimpeiros**" means Brazilian artisanal miners.

"**gneiss**" means a metamorphic rock, commonly rich in quartz and feldspar, with a banded and foliated texture, formed at temperatures above about 550° C.

"**granodiorite**" is an intrusive igneous rock similar to granite, but contains more plagioclase than potassium feldspar; it usually contains abundant biotite mica and hornblende, giving it a darker appearance than true granite.

"**granitoid**" mean coarse grained felsic igneous rock, resembling granite.

"**greenschist**" means a metamorphosed rock which owes its colour and schistosity to abundant chlorite. This term is also used to describe a certain level of metamorphic facies defined by a specific mineral assemblage.

"**grade**" means the amount of valuable mineral in each tonne of ore, expressed as ounces per tonne or grams per tonne for precious metal and as a percentage by weight for other metals.

"**ha**" means hectare, an area totalling 10,000 square metres.

"**igneous**" means a type of rock formed by crystallization of magma or lava.

"**intrusion**" means the process of emplacement of magma in pre-existing rock.

"**ISO**" means the International Standards Organization.

"**Itapeva Complex**" means a geological term used to group several rock/geological units of similar age that are not subdivided into defined stratigraphic units.

"**kaolinite**" means a mineral $\text{Al}_2\text{Si}_2\text{O}_5(\text{OH})_4$ consisting of a hydrous silicate of aluminum that is polymorphous with dickite and nacrite and constitutes the principal mineral in kaolin.

"**laterite**" or "**lateritic**" means highly weathered red subsoil or material rich in secondary oxides of iron, aluminum, or both, nearly devoid of bases and primary silicates, and commonly with quartz and kaolinite.

"**lenticular**" means resembling in shape the cross section of a lens.

"**leucogranites**" means an intrusion commonly found in deformed metapelitic/metagraywacke sequences that have been thrust over basements during crustal thickening associated with continental collisions.

"**limonite**" means a red brown to brown hydrated oxide of iron, $(\text{FeO}(\text{OH}) \cdot n\text{H}_2\text{O})$ which forms in gossans developed over sulphide mineral deposits that are being weathered.

"**lithologic**" means adjective from 'lithology' – pertaining to rock.

"**km**" means kilometres.

"**m**" means metres.

"**Ma**" means the short form for geological time period for millions of years.

"**massifs**" means a section of a planet's crust that is demarcated by faults or flexures. In the movement of the crust, a massif tends to retain its internal structure while being displaced as a whole. The term is also used to refer to a group of mountains formed by such a structure.

"**mesh**" means a unit of measurement for sieve opening sizes. The mesh number is the number of wires per centimetre.

"**metamafic/ultramafic**" means metamorphic rocks formed by the recrystallization of pre-existing mafic and ultramafic rocks in response to a change of pressure, temperature of volatile content.

"**metapelite**" means a metamorphosed pelitic rock.

"**metapelitic/metagreywacke**" means pertaining to or derived therefrom a metamorphosed sedimentary rock consisting of angular fragments of quartz, feldspar, and other minerals set in a muddy base.

"**metatonalite**" means an igneous, plutonic (intrusive) rock, of felsic composition, with phaneritic texture. Feldspar is present as plagioclase (typically oligoclase or andesine) with 10% or less alkali feldspar. Quartz is present as more than 20% of the rock. Amphiboles and pyroxenes are common accessory minerals that have been submitted to some kind of metamorphism/deformation process.

"**metavolcanic**" means a metamorphic rock of volcanic origin.

"**metavolcano**" means a volcano from which metamorphic rock may originate.

"**monzogranite**" means a plutonic rock type intermediate in composition comprised principally of quartz and feldspar.

"**muscovite**" means a platy, soft potassium aluminum silicate mineral, $KAl_2(AlSi_3O_{10})(OH)_2$, the most common form of mica, also called white mica.

"**mylonitic**" means pertaining to a siliceous schist geologically produced by intense crushing of rocks.

"**mafic**" means pertaining to or composed dominantly of the ferromagnesian rock-forming silicates; said of some igneous rocks and their constituent minerals.

"**metamorphism**" means mineralogical, chemical and structural adjustment of solid rocks to physical and chemical conditions which have generally imposed at depth below the surface zones of weathering and cementation.

"**mineralization**" means the presence of minerals of possible economic value – and also the process by which concentration of economic minerals occurs.

"**Neoproterozoic**" means an era of geological time approximately from 544 million years ago to 1 billion years ago.

"**orthogneisses**" means a banded rock derived from a magma that is formed under high and intense metamorphism.

"**Paleoproterozoic**" means an era of geological time approximately from 1,600 to 2,500 million years ago.

"**pelite**" means sedimentary rock composed of fine fragments, as of clay or mud.

"**ppb**" means parts per billion.

"**ppm**" means parts per million.

"**pyrite**" means an iron sulphide mineral with the chemical formula FeS_2 .

"**quartz**" means a common rock forming mineral composed of silicon and oxygen.

"**quartz-carbonate**" means a mineral containing the carbonyl ion CO_3^{2-} , as in the mineral calcite $CaCO_3$.

"**quartzite**" means a metamorphic rock composed primarily of fused quartz grains.

"**schist**" means a metamorphic rock that can be split into thin layers

"**schistosity**" means a type of cleavage characteristic of metamorphic rocks, notably schists and phyllites, in which the rocks tend to split along parallel planes defined by the distribution and parallel arrangement of platy mineral crystals.

"**sedimentary**" means rock formed by the deposition of solid fragmented material that originates from weathering of rocks and is transported from a source to a site of deposition.

"**sericite**" means a condition under which very fine grained white mica minerals are present in a rock.

"**shear**" means a fracture in rock similar to a fault.

"**silicate**" means any of a group of substances containing negative ions composed of silicon and oxygen.

"**silicification**" means complete or partial replacement of a rock by quartz, often during hydrothermal alteration.

"**tonalite**" means an igneous intrusive rock, of felsic composition, with a coarse-grained texture.

"**trondhjemite**" means a type of felsic intrusion.

"**vein**" means a mineral filling of a fault or fracture in the host rock, typically in tabular or sheet-like form.

NOTE TO INVESTORS

An investor should rely only on the information contained in this Prospectus. Neither the Company nor the Agent has authorized anyone to provide investors with additional or different information. Neither the Company nor the Agent is offering to sell these securities in any jurisdictions where the offer or sale is not permitted. The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus or any sale of the Common Shares. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus, and the Company is required to file an amended prospectus if any such change constitutes a material change.

For investors outside Canada, neither the company nor the Agent has done anything that would permit the Offering or distribution of this Prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about and to observe any restrictions relating to the Offering and the distribution of this Prospectus.

TECHNICAL INFORMATION

Technical information relating to the Montes Áureos Project and the Montes Áureos Property contained in this Prospectus is derived from, and in some instances is an extract from, the Technical Report.

Reference should be made to the full text of the Technical Report which has been filed with Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review under the Company's profile on SEDAR at www.sedar.com.

The Technical Report refers to United States dollars only. Unless otherwise noted, all units are metric. For the meanings of certain technical terms used in this Prospectus, see the section of this Prospectus entitled "*Glossary of Technical Terms*".

PRE-FILING APPLICATION

In connection with the initial public offering, the Company has prepared its financial statements included in this Prospectus in accordance with IFRS and, subject to the approval of the relevant securities regulators, for all subsequent financial filings, as there would have been significant inefficiencies and costs associated with preparing and auditing historical financial statements in accordance with Canadian GAAP when all reporting issuers will be required to prepare their financial statements in accordance with IFRS for financial years beginning after January 1, 2011.

The Company has made a pre-filing application with the British Columbia Securities Commission pursuant to Part 8 of NP 11-202 in the jurisdictions of British Columbia and Alberta for relief from the requirement in Section 3.1 of NI 52-107 that its financial statements included in this Prospectus be prepared in accordance with Canadian GAAP, provided that the Company prepares such financial statements in accordance with IFRS. In accordance with NP 11-202, the receipt for the (final) prospectus will constitute evidence of receipt of such exemption for the purposes of the financial statements contained in the (final) prospectus. The Company also intends to report in IFRS going forward after completion of the initial public offering and, concurrently with the filing of its preliminary prospectus, filed an exemption application with the British Columbia Securities Commission in this regard.

FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

The audited consolidated financial statements of the Company included in this Prospectus have been prepared in accordance with IFRS rather than Canadian GAAP and may not be comparable to financial statements of Canadian issuers. Brazil Resources has not provided, and is not required to provide, a reconciliation of its financial statements to Canadian GAAP.

CURRENCY

Unless otherwise indicated, all references to "\$" or "dollars" in this Prospectus refer to Canadian dollars, all references to "US\$" or "U.S. dollars" refer to United States dollars and references to the "Real" is to the Brazilian Real. Brazil Resource's consolidated financial statements included herein are reported in Canadian dollars.

On April 20, 2011 the exchange rate for one United States dollar expressed in Canadian dollars based upon the noon buying rates provided by the Bank of Canada was \$0.9524 and the exchange rate for one Real expressed in Canadian dollars based upon the noon buying rates provided by the Bank of Canada was \$0.6071.

FORWARD LOOKING STATEMENTS

This Prospectus contains "forward-looking information" within the meaning of applicable Canadian securities regulations. The forward-looking information contained in this Prospectus is made as of the date of this Prospectus. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update this forward-looking information.

Forward-looking information includes, but is not limited to, statements with respect to the future price of minerals and the effects thereof, the timing and amount of estimated capital expenditures, costs and timing of proposed activities, plans and budgets for and expected results of exploration activities, permitting time-lines, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation obligations and expenses, title disputes or claims, adequacy of insurance coverage, the payment of dividends in the future, and the Company's use of the proceeds of the Offering. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

This forward-looking information is based on certain assumptions that the Company believes are reasonable, including that the current price of and demand for minerals being targeted by the Company will be sustained or will improve, that the Company's current exploration programs and objectives can be achieved, that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms and that the Company will not experience any material accident, labour dispute, or failure of plant or equipment.

While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, that the Company has a limited operating history, resource exploration and development is a speculative business, the Company may lose or abandon its interest in the Montes Áureos Property, the Montes Áureos Property is in the exploration stage and is without known bodies of commercial ore, the Company may not be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on any of its properties, environmental laws and regulations may become more onerous, the Company's ability to raise additional funds by equity financing and the fluctuating price of gold, as well as the other factors discussed in the section of this Prospectus entitled "*Risk Factors*". Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

The Company: The principal business carried on and intended to be carried on by the Company is the acquisition, exploration and development of mineral properties. Pursuant to the terms of the Option and Joint Venture Agreement effective September 30, 2010, the Company holds the Montes Áureos Option, consisting of the First Option (51%) and the Second Option (46%) on the terms and conditions thereof. The Company's current objective is to explore and develop the Montes Áureos Property. See the section of this Prospectus entitled "*Description of the Business*".

The Property: The Company will be utilizing a significant proportion of the proceeds of this Offering to carry out further exploration work on the Montes Áureos Property. The Montes Áureos Property consists of an exploration permit, as published by the DNPM, with a total area of 2,000 ha located in the State of Maranhão in Brazil. See the section of this Prospectus entitled "*Description of Mineral Property*".

The Offering: A minimum of 3,200,000 and a maximum of 3,800,000 Common Shares are being offered at a price of \$0.65 per Common Share for minimum gross proceeds of \$2,080,000 and maximum gross proceeds of \$2,470,000. See the section of this Prospectus entitled "*Plan of Distribution*".

Use of Proceeds: The net proceeds to the Company from the Offering, after deducting the Commission (assuming there are no President's List Purchasers), but before deducting the other expenses of the Offering (estimated to be \$120,000), are estimated to be \$1,934,400, assuming the Minimum Offering and \$2,297,100, assuming the Maximum Offering. Such proceeds, together with the Company's estimated consolidated working capital of approximately \$5,900,000 as at March 31, 2011, for an estimated total of up to \$7,834,400, assuming the Minimum Offering and \$8,197,100, assuming the Maximum Offering, will be used as set out below. As the Technical Report and the Option and Joint Venture Agreement express currency amounts in U.S. dollars, the information below has been converted to Canadian Dollars using the noon buying rate for U.S. dollars reported by the Bank of Canada on April 8, 2011, being US\$1.00 = \$1.0434.

<u>Principal Purpose</u>	<u>Minimum Offering</u>	<u>Maximum Offering</u>
Proposed exploration program at the Montes Áureos Project	\$ 4,783,000	\$ 4,783,000
General and administrative expenses	\$ 900,000	\$ 900,000
Expenses of the Offering	\$ 120,000	\$ 120,000
Reserve fund for future acquisition of mining claims/concessions	\$ 1,880,000	\$ 1,880,000
For general working capital purposes	\$ 151,400	\$ 514,100
Total	\$ 7,834,400	\$ 8,197,100

The Company intends to use the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. See the section of this Prospectus entitled "*Use of Proceeds*".

Risk Factors: An investment in the Common Shares is considered to be speculative due to the nature of the Company's business and the present stage of its development. The Company has no history of earnings and, to date, no known commercial quantities of mineral reserves on the Montes Áureos Property. Political and related legal and economic uncertainty may exist in the countries where the Company may operate. The Company and its assets may also become subject to uninsurable risks. The Company's activities may require permits or licences which may not be granted to the Company. The Company competes with other companies with greater financial resources and technical facilities. The Company may be affected by political, economic, environmental and regulatory risks beyond its control. The Company is currently largely dependent on the performance of its directors and officers and there is no assurance the Company can retain their services. In recent years, both metal prices and publicly traded securities prices have fluctuated widely. See the section of this Prospectus entitled "*Risk Factors*" for details of these and other risks relating to the Company's business and operations.

**Financial
Information:**

The following selected financial information is subject to the detailed information contained in the financial statements of the Company including the notes thereto appearing elsewhere in this Prospectus. The selected financial information is derived from the audited financial statements of the Company for the year ended November 30, 2010 and the period from incorporation (September 9, 2009) to November 30, 2009 and the unaudited interim condensed consolidated financial statements of the Company for the three-month periods ended February 28, 2011 and February 28, 2010.

	<u>Year ended November 30, 2010</u>	<u>Period from incorporation (September 9, 2009) to November 30, 2009</u>	<u>Three-month period ended February 28, 2011</u>	<u>Three-month period ended February 28, 2010</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Net loss	\$ (674,779)	\$ (25,571)	\$ (246,581)	\$ (140,168)
Net loss per-share	\$ (0.08)	\$ (25,571)	\$ (0.01)	\$ (140,168)
	<u>November 30, 2010</u>	<u>November 30, 2009</u>	<u>February 28, 2011</u>	
Total assets	\$ 6,319,399	\$ 115,930	\$ 6,069,879	
Liabilities				
Accounts payable and accrued liabilities	\$ 134,047	\$ 25,571	\$ 131,108	
Deposit received for share issuance	\$ -	\$ 115,930	\$ -	
Total liabilities	\$ 134,047	\$ 141,501	\$ 131,108	
Working capital (deficit) ⁽¹⁾	\$ 6,160,352	\$ (25,571)	\$ 5,913,771	

Note:

(1) Working capital is defined as current assets less current liabilities.

See the section of this Prospectus entitled "*Management's Discussion and Analysis*".

CORPORATE STRUCTURE

Name and Incorporation

The Company was incorporated under the name "Cor Resources Inc." pursuant to the BCBCA on September 9, 2009. On April 27, 2010, the Company's Notice of Articles was amended to change the Company's name to "Brazil Resources Inc.". The Company's head office address is Suite 320 – 1111 West Hastings Street, Vancouver, British Columbia, V6E 2J3, and its registered office address is located at Suite 1000 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

Intercorporate Relationships

The Company has one subsidiary, Brasil Desenvolimentos Minerais Ltda., registered in Minas Gerais State, Brazil. The Company owns and controls 99% of the issued and outstanding shares and votes attaching thereto of Brasil Desenvolimentos Minerais Ltda.

DESCRIPTION OF THE BUSINESS

General

The principal business carried on and intended to be carried on by the Company is the acquisition, exploration and development of mineral properties. The Montes Áureos Property, in which the Company currently has an interest, is in the exploration stage. The Company intends to expend existing working capital and net proceeds raised from the Offering to pay the balance of the estimated costs of the Offering, to carry out the planned exploration program on the Montes Áureos Property, to pay for administrative costs and for working capital. The Company will continue to assess new mineral properties and will seek to acquire interests in additional properties if the Company determines such properties have sufficient geologic or economic merit and if the Company has adequate financial resources to complete such acquisitions. For further information on the Montes Áureos Property, please see the section of this Prospectus entitled "*Description of Mineral Property*".

History

Since incorporation, the Company undertook certain steps to develop its business, including, among other things, recruiting directors and officers with the skills required to operate a public mining company, raising sufficient capital to acquire the Montes Áureos Property and commence initial exploration on the Montes Áureos Property, engaging Coffey Mining to prepare the Technical Report, and engaging the Agent to assist the Company in making an application for listing on the Exchange and completing the Offering.

On May 18, 2010, the Company and Apoio entered into the Letter of Intent, wherein the Company and Apoio agreed to enter into a formal option and joint venture agreement, to replace the Letter of Intent in its entirety, whereby Apoio would grant an option to the Company to acquire up to an aggregate undivided 97% legal, beneficial and registered interest in and to the Montes Áureos Property.

Effective September 30, 2010, the Company entered into the Option and Joint Venture Agreement with Apoio, which formalized and replaced, in its entirety, the Letter of Intent, as contemplated by the terms of the Letter of Intent, to acquire an initial undivided 51% interest in the Montes Áureos Property (the "**First Option**") by: (a) paying to Apoio US\$25,000 cash, which was paid on October 14, 2010; (b) issuing to Apoio an aggregate of 325,000 Common Shares on the terms and conditions set forth in the Option and Joint Venture Agreement; (c) incurring annual exploration expenditures totalling US\$1,750,000 on the Montes Áureos Property over a period of three years; and (d) paying all underlying option, regulatory and governmental payments, royalties and assessment work required to keep the Montes Áureos Property in good standing during the term of the Option and Joint Venture Agreement. Upon earning such 51% interest, the Company has the option of acquiring an additional undivided 46% interest in the Montes Áureos Property (the "**Second Option**") by: (a) paying to Apoio US\$1,000,000 on or before September 30, 2015; (b) issuing to Apoio an aggregate of 700,000 Common Shares on the terms and conditions set forth in the Option and Joint Venture Agreement; and (c) incurring annual exploration and development expenditures as set forth in the Option and Joint Venture Agreement. Apoio is a Brazilian company domiciled in Sao Luiz, Maranhão State, Brazil. For a detailed summary of the Option and Joint Venture Agreement, see the section of this Prospectus entitled "*Option Agreement*" below.

In September 2010, Brazil Resources started an exploration program on the Montes Áureos Property with the objective to delimitate the main mineralized gold zones. The scope of the exploration plan involves detailed geological mapping and channel sampling of outcrops, surface geological mapping, register and sampling of previous informal miner works, such as

pits, drifts and any kind of previous excavations and a systematic surface soil sampling program with analyses for gold ppb. The exploration of the Montes Áureos Property is at an early stage.

In October 2010, the Company engaged Coffey Mining to prepare the Technical Report on the Montes Áureos Property. For further information on the Montes Áureos Property and the Technical Report, please see the section of this Prospectus entitled "*Description of Mineral Property*".

During the year ended November 30, 2010, the Company completed several private placements of a total of 31,164,888 Common Shares for aggregate gross proceeds of \$6.9 million. See the sections of this Prospectus entitled "*Capitalization*" and "*Prior Sales*" for further information.

Save and except for management, the Company presently has no employees. See the sections of this Prospectus entitled "*Directors and Executive Officers*" and "*Executive Compensation*".

Option Agreement

Pursuant to the terms of the Option and Joint Venture Agreement effective September 30, 2010, the Company holds the Montes Áureos Option, consisting of the First Option (51%) and the Second Option (46%) on the terms and conditions thereof.

The following is a summary of the principal terms of the Option and Joint Venture Agreement. The description of the Option and Joint Venture Agreement, both below and elsewhere in this Prospectus, is a summary only, is not comprehensive and may not contain all information that is important to investors and is expressly qualified in its entirety by reference to the terms of the Option and Joint Venture Agreement, a copy of which is available online at www.sedar.com.

First Option

Pursuant to the Option and Joint Venture Agreement, in order to exercise the First Option and earn an initial undivided 51% in the Montes Áureos Property, the Company must: (a) pay to Apoio US\$25,000 cash (paid); (b) issue to Apoio an aggregate of 325,000 Common Shares, in the following manner: (i) 125,000 Common Shares on or before September 30, 2011; (ii) 100,000 Common Shares on or before September 30, 2012; and (iii) 100,000 Common Shares on or before September 30, 2013; (c) incur annual exploration expenditures totalling US\$1,750,000 on the Montes Áureos Property on or before the third anniversary date of the Option and Joint Venture Agreement, in the following manner: (i) at least US\$250,000 of such expenditures must be expended by September 30, 2011; (ii) at least an additional US\$500,000 of such expenditures must be expended by September 30, 2012; and (iii) at least an additional US\$1,000,000 of such expenditures must be expended by September 30, 2013; and (d) pay all underlying option, regulatory and governmental payments, royalties and assessment work required to keep the Montes Áureos Property in good standing during the term of the Option and Joint Venture Agreement.

In respect of the expenditure requirements, any expenditures in any year in excess of the minimum expenditures as described above shall be fully credited against the expenditures the Company is required to expend in a subsequent year such that total minimum cumulative expenditures for exploration and development work of at least US\$1,750,000 must be expended prior to September 30, 2013. The Company may, however, pay to Apoio cash in lieu of any expenditure for exploration and development work that the Company is unable to make or incur between September 30, 2010 to September 30, 2013.

At such time as the Company has fulfilled the conditions to the exercise of the First Option as described above, the First Option shall be deemed to have been exercised by the Company and the Company will have thereby, without any further act required on its behalf, acquired an undivided fifty-one percent (51%) legal and beneficial interest in and to the Montes Áureos Property. Within five calendar days of such deemed exercise, Apoio is required to deliver such documents and perform all such acts as may be necessary to transfer such legal and beneficial interest to the Company.

Second Option

Upon exercising the First Option, the Company has the option of acquiring an additional undivided 46% interest in the Montes Áureos Property pursuant to the Second Option by: (i) paying to Apoio US\$1,000,000 on or before September 30, 2015; (b) issuing to Apoio an aggregate of 700,000 fully paid and non-assessable Common Shares, in the following manner: (i) 200,000 Common Shares on or before September 30, 2014; and (ii) 500,000 Common Shares on or before September 30, 2015; and (c) incurring annual exploration and development expenditures: (i) of at least US\$1,000,000 on or before September 30, 2014; and (ii) the lesser of either US\$2,000,000 or such amount as may be required in order for the Company to obtain a feasibility study respecting any of the interests compromising the Montes Áureos Property on or before September 30, 2015.

In respect of the expenditure requirements, any expenditures in any year in excess of the minimum expenditures as described above in connection with the Second Option shall be fully credited against the expenditures the Company is required to expend in a subsequent year such that the total minimum cumulative expenditures for exploration and development work as required must be expended between September 30, 2013 to September 30, 2015. The Company may, however, pay to Apoio cash in lieu of any expenditure for exploration and development work that the Company is unable to make or incur during this required period.

At such time as the Company has fulfilled the conditions to the exercise of the Second Option as described above, the Second Option shall be deemed to have been exercised by the Company and the Company will have thereby, without any further act required on its behalf, acquired an additional undivided forty-six percent (46%) legal and beneficial interest in and to the Montes Áureos Property. Within five calendar days of such deemed exercise, Apoio is required to deliver such documents and perform all such acts as may be necessary to transfer such legal and beneficial interest in the Montes Áureos Property to the Company.

Net Smelter Return Royalty

In the event that, while the Option and Joint Venture Agreement remains in force, Apoio or the Company has its interest in the Montes Áureos Property reduced to a level below three percent (3%), that party shall be deemed to have assigned and conveyed the interest in the Montes Áureos Property that they at that time hold, to the other parties to the Option and Joint Venture Agreement at that time contributing, or entitled to contribute, funding for exploration costs, constructions costs or production costs, as the case may be, pursuant to the terms of the Option and Joint Venture Agreement, if more than one then in proportion to their respective interest in the Montes Áureos Property, and in consideration of such assignment, shall be entitled to receive as its sole remuneration and benefit, by way of a royalty, a one and a half percent (1.5%) net smelter return royalty interest for all mineral and product sales, to be calculated and paid in accordance with the formula set out in the Option and Joint Venture Agreement.

Third Party Option

Either of the Company or Apoio may, with the written consent of the other party, grant an option to a third party to acquire an interest in and to some or all of its interest in the Montes Áureos Property subject to certain conditions, including contribution to costs and expenditures. Each of the Company or Apoio, however, have granted to the other a right of first refusal to acquire all of the interest of the party who intends to dispose of its interest in the Montes Áureos Property to a third party.

Joint Venture

Upon the exercise by the Company of the First Option, the Company and Apoio thereby will associate and participate in a joint operation for the purpose of exploring and developing the Montes Áureos Property and, if deemed warranted, bringing all or a portion of the Montes Áureos Property into commercial production by establishing and operating a mine (the "**Joint Operation**"). Except as otherwise provided in the Option and Joint Venture Agreement, the Company and Apoio shall bear all costs arising out of the Option and Joint Venture Agreement and shall own the Montes Áureos Property, all tangible and intangible goods, chattels, improvements or items acquired for or made to the Montes Áureos Property and any mine, all in proportion to their respective interests, which shall initially be 51% for the Company and 49% for Apoio, but which may become 97% for the Company and 3% for Apoio upon the Company's exercise of the Second Option.

Apoio will have a carried interest in the expenditures until such time as a positive feasibility study is completed. Thereafter, either party may elect to dilute their interest in accordance with the terms and conditions of the Option and Joint Venture Agreement. If such dilution reduces a party's interest below 3%, the interest will convert to a 1.5% net smelter return royalty.

The Option and Joint Venture Agreement addresses in detail the rights and obligations of the Company and Apoio in respect of the Joint Operation, including the submission of programs to the management committee formed pursuant to the Option and Joint Venture Agreement and discussed below.

The Operator

Prior to the due and complete exercise of the Montes Áureos Option, the Company (or its affiliate) will act as the Operator of the Montes Áureos Property. Should the Company's interest in the Joint Operation fall below fifty-one percent (51%) at any time during the continuance of the Option and Joint Venture Agreement, the Company will have been deemed to resign and Apoio will be deemed to be appointed as the operator of the Montes Áureos Property. Pursuant to the Option and Joint Venture Agreement, any operator is entitled to a fee for acting as such, which fee shall equal ten percent (10%) of any

expenditure made or incurred by the operator pursuant to an annual or other exploration program in respect of the Montes Áureos Property.

Subject to, among other things, the prior control and direction of the management committee (discussed below), the operator has the full right, power and authority to do everything necessary and desirable in connection with the exploration and development of the Montes Áureos Property and to determine the manner of operation of the Montes Áureos Property as a mine. The Option and Joint Venture Agreement also provides for the formation of a management committee, consisting of two members designated by each of the Company and Apoio. The management committee, among other things, has the exclusive right, power and authority to appoint a new operator or joint operator and determine the terms of the engagement of the operator, approve programs and feasibility studies, and otherwise supervise the operator and operations of the Montes Áureos Property. In addition, the following decisions, among others listed in the Option and Joint Venture Agreement, by the management committee, must be by the affirmative vote of all votes entitled to be cast by members in attendance at management committee meetings: (a) the acquisition or disposition of any asset with a fair market value or price in excess of US\$200,000 or any asset which would change the nature of the business ordinarily conducted by joint operation under the Option and Joint Venture Agreement; (b) the disposition of any portion of any mineral concession interests comprising the Montes Áureos Property; (c) the grant of an option by either the Company or Apoio to a third party to acquire an interest in and to some or all of its interest in the Montes Áureos Property; (d) cost overruns in excess of ten percent (10%) in any one calendar year of the approved program and budget then in effect; and (e) after the commencement of commercial production, any suspension of operations exceeding 180 calendar days.

Termination of the Montes Áureos Option

In the event that the Company fails to: (i) make the required share issuance in connection with the First Option; (ii) make the required minimum cumulative expenditures for exploration and development work in connection with the First Option; or (iii) pay all underlying option, regulatory and governmental payments and assessment work required to keep the mineral property concession interests comprising the Montes Áureos Property in good standing; then, and only upon Apoio first providing the Company with at least 90 calendar days' prior written notice of its determination of the occurrence of such event and the Company thereupon, either failing to cure or choosing not to cure any such event, the Montes Áureos Option will then terminate at the end of such 90 calendar day period.

Prior to the exercise of the First Option, the Company may terminate the Montes Áureos Option by providing a notice of termination to Apoio in writing of its desire to do so at least 90 calendar days prior to its decision to do so. After such 90 calendar days' period, the Company shall have no further obligations, financial or otherwise, under the Option and Joint Venture Agreement, except for any obligations upon termination as provided for therein summarized below.

If the Montes Áureos Option is terminated as described above, the Company will have no interest in and to the Montes Áureos Property, and all prior cash payments, share issuances, minimum cumulative expenditures and maintenance payments made or incurred by the Company shall not be refundable to the Company. Further, upon termination, the Company shall: (a) leave the Montes Áureos Property in good standing for a period of at least 90 calendar days from the termination of the Montes Áureos Option; (b) cause to be delivered to Apoio any transfer documents and a bill of sale whereby the Company's entire right, title and interest in and to the Montes Áureos Property has been transferred to Apoio free and clear of all liens or charges arising from the Company's activities on the Montes Áureos Property to the date thereof; and (c) deliver at no cost to Apoio within 90 calendar days of such termination, copies of all reports, maps, assay results and other relevant technical data compiled by or in the possession of the Company with respect to the Montes Áureos Property and not already furnished to Apoio.

Either the Company or Apoio may terminate the Option and Joint Venture Agreement prior or after the exercise of the Montes Áureos Option by the Company if the other party is in default with respect to any other provisions of the Option and Joint Venture Agreement. The parties may also terminate the Option and Joint Venture Agreement by agreement among the parties, if one party acquires a one hundred percent (100%) interest in the Montes Áureos Property, upon suspension and termination by the operator of the operations and upon withdrawal of any party from the Option and Joint Venture Agreement by surrender of all or portion of their interest in the Montes Áureos Property, all on the terms and conditions set forth in the Option and Joint Venture Agreement.

MINING IN BRAZIL

The Company's only exploration interest is located in the Federal Republic of Brazil. The following is a summary of the Company's understanding of the political, economic and legal regimes of Brazil.

Introduction

Brazil has an estimated population of approximately 201 million, the largest in Latin America and fifth in the world, and a land area of 8.5 million square kilometres. It is a constitutional democracy with a strong national policy encouraging foreign investment. The country offers reasonable infrastructure, a large pool of skilled technical and professional personnel, and an established legal system. Mining rights are guaranteed under Brazil's Federal Constitution, the Mining Code and all other applicable laws. The official language in Brazil is Portuguese, while English, Spanish, German and French are also spoken. Brazil's capital city is Brasilia, located in the centre of the country.

Political and Economic Climate

Brazil is a federative republic with the President presiding as both chief of state and head of government. The cabinet is appointed by the President. The bicameral National Congress consists of the Federal Senate and the Chamber of Deputies. The judiciary consists of the Supreme Federal Tribunal and the Higher Tribunal of Justice, Federal Courts and State Courts. Political conditions in Brazil are generally stable. Brazil has been a member of the World Trade Organization since 1995 and is a founding member of the Southern Common Market (MERCOSUR), a trade liberalization program for South America.

Brazil's economy grew approximately 5.7% in 2007, 5.2% in 2008 and had a slowdown of 0.2% due to the world financial crises in 2009. Several steps were taken by the government to minimize the impact of the crisis, including injecting more than U.S. \$100 billion of additional liquidity into the economy, providing tax cuts to manufacturers and consumers, and reducing Central Bank interest rates. Brazil emerged from the global financial crisis in 2009 and the economy is estimated to have grown somewhere in the range of 7.1% to 7.5 % in 2010. A more sustainable growth level, in the range of 4.5%, is predicted for 2011. Brazil is now a net creditor nation, and the 2008-2009 financial crisis notwithstanding, has in recent years experienced sustained growth, strong exports, healthy external accounts, moderate inflation, decreasing unemployment, and reductions in the debt-to-GDP ratio. Brazil holds investment grade status from the major rating agencies.

Brazil has made progress but significant vulnerabilities remain. Despite registering year-on year declines, according to the Central Bank of Brazil, the country's (largely domestic) net public debt was at 40.1% of GDP as at the end of the third quarter of 2010. Total foreign debt, while falling, is still large in relation to Brazil's export base. Over time this concern will be reduced by export growth, which has anchored the positive trade and current accounts. Further, total tax burden in the country is high, income distribution remains skewed, and annual interest rates for consumers (on credit cards, for example) can be as high as 150%.

Sustaining high growth rates in the longer term depends on the impact of the country's reform program and efforts to build a more welcoming climate for investment, both domestic and foreign. The country has passed key tax and pension reforms to help improve the government fiscal accounts. Judicial reform and an overhaul of the bankruptcy law were passed in late 2004, along with tax measures to create incentives for long-term savings and investments.

Brazil's mining and metallurgy sector is responsible for 5% of Brazil's GDP, and from, 2000 to 2008, the sector recorded growth of 250%. Brazil is the world's largest producer of niobium and iron ore, the second largest producer of tantalum, and the third largest producer of aluminum, graphite and manganese. Key factors in terms of offering a favourable climate for investors are keeping inflation under control, addressing the fiscal deficit, providing stable rules for capital repatriation and profit remittance, and reducing tax burdens, tariffs and non-tariff barriers.

Mining Legislation, Permits and Licences

Sources of Law

The main sources of mining legislation in Brazil are the Federal Constitution and the Mining Code. With respect to mineral activities, the Federal Constitution establishes that: (i) mining legislation can only be enacted at the federal level; (ii) property over minerals differ from the property of the land where minerals are located; (iii) minerals on the ground are the property of the Federal Government; (iv) exploration can be carried out by Brazilian individuals or legal entities incorporated in Brazil under the authorization of the Federal Government; (v) mining can be carried out by legal entities incorporated in Brazil under the concession of the Federal Government; (vi) exploration and mining are considered activities of national interest; (vii) the mining concession holder has ownership of the extracted minerals; (viii) landowners, local, state and federal governments are entitled to a royalty; (ix) mining is subject to environmental licensing; and (x) holders of mining concessions are obligated to restore the areas degraded by mining activities.

Among other matters, the Mining Code defines and classifies deposits and mines, sets requirements and conditions for obtaining authorizations, concessions, licences and permits, the rights and duties of holders of exploration licences and mining

concessions. There are two main legal regimes under the Mining Code regulating exploration and mining, i.e. the "authorization" for exploration and the "concession" for mining.

Exploration Licences

Mineral exploration can be carried out through an authorization from the Federal Government. The exploration authorization is granted through a licence issued by the Director General of the DNPM. The DNPM is the federal agency in charge of implementing the country's exploration and mining, fostering the mining industry, granting and managing exploration and mining titles and monitoring the activities of exploration and mining companies. Exploration licences are granted on a priority rights basis, determined by the chronological order of filing of the application, provided that the application covers areas not previously staked by third parties with mineral rights in force and all information and documents required for the application are submitted to the Brazilian mining authority, including an exploration plan and budget with maps and geographic coordinates signed off by a qualified Brazilian geologist or mining engineer. The maximum area of an exploration licence may vary from 50 ha to 10,000 ha, depending on the mineral to be explored and the area within Brazil where exploration will take place, and can be granted for a period of one (1) to three (3) years. The term can be extended by no more than a further three (3) year period once, at the discretion of the DNPM, upon its review of an interim report of the licence holder regarding exploration to date which justifies further exploration work.

The holder of an exploration licence has the exclusive right to carry out exploration within the licence area. Work can be carried out in land on the public or private domain. Furthermore, the holder of the licence is entitled to the use of easements, rights of way and servitudes over the land covered by the licence and/or neighbouring land. The holder of an exploration licence must inter alia (i) commence exploration work no later than 60 days after the exploration licence has been published in the Federal Official Gazette (and not to interrupt it without due reason for more than three consecutive months or 120 non-consecutive days); (ii) perform work only within the area specified in the licence and under the responsibility of a geologist or mining engineer legally qualified in Brazil; (iii) notify the DNPM of the discovery of a mineral substance not included in the granted licence; (iv) perform the work in accordance with the applicable environmental legislation; (v) compensate the surface owner or possessor for occupation of the land and for losses caused by the work; (vi) report yearly to the DNPM on exploration expenditures; (vii) report the results of the work to the DNPM before the termination of the validity date of the licence; and (viii) pay an annual exploration fee to the DNPM. Exploration licences may be transferred (in whole or in part) to Brazilian individuals and legal entities incorporated in Brazil. The transfer is subject to the approval of and registration by the DNPM.

Within the validity period of the exploration licence or its renewal, its holder must submit a report on the results of the work to the DNPM. The DNPM may then decide to (i) approve the report, when it shows the existence of a resource which can be both technically and financially developed; (ii) dismiss the report, when the exploration work undertaken was insufficient or due to technical deficiencies in the report; (iii) file the report, when it has been proved that there was no deposit which may be both technically and/or financially developed; or (iv) postpone a decision on the report in the event the existence of a resource has been demonstrated, but for technical and/or financial reasons development of the property is not feasible at the time. In the event the exploration report is approved, the holder of the licence will have one year to apply for a mining concession. If the licence holder does not apply for the mining concession within the time period mentioned above, the mineral rights over the property will lapse.

Mining Concessions

Brazilian mining legislation defines mining as a set of connected operations with the principal aim to commercially develop and utilize a deposit, from extraction of the useful mineral substances to their processing. A mining concession is granted through an ordinance of the Ministry of Mines and Energy. Generally, the government will not refuse to grant a mining concession to a person that has explored, identified a resource, obtained the approval of the exploration report by the DNPM, filed applications for a mining concession in a timely manner, undertaken a feasibility study on the commercial viability of the reserve and obtained the Installation Licence. The only reasons for not granting the concession would be on the grounds of public interest or if the Federal Government considers that it could have a negative effect on certain interests which are more important than mineral exploitation. In the latter case, the applicant is entitled to be indemnified by the Federal Government for any expenses incurred relating to the exploration work, in those cases where the final exploration report has already been approved.

The area of the mining concession will be limited to (and can be smaller than) the area of the exploration licence from which it derives. Mining concessions are valid up to the depletion of the mineral deposit and the holder of a mining concession has exclusive rights to mine the concession area. Furthermore, the holder of the concession is entitled to servitudes over the land covered by the concession or adjacent to it for mining, processing and infrastructure.

The holder of a mining concession must inter alia: (i) commence development within 180 days from the granting of the concession, subject to obtaining all required environmental licences and authorizations; (ii) refrain from suspending development and mining operations for more than 6 months without the prior approval of the DNPM; (iii) mine according to the mining plan approved by the DNPM; (iv) compensate the land owner for occupation of the property; (v) pay a royalty to the landowner; (vi) pay a royalty to be distributed among the local, state and federal governments; (vii) obtain all required environmental licences and authorizations; (viii) restore the areas degraded by mining and processing operations and infrastructure; and (ix) report annually to the DNPM on activities, production and sales.

Mining concessions may be transferred (in whole or in part) to legal entities incorporated in Brazil, as long as the transferee demonstrates technical and financial capability to the DNPM. The transfer is subject to the approval of and registration by the DNPM. Furthermore, mining concessions can also be encumbered, e.g. as a result of a judicial order or as a security. The mining concession may be relinquished by its holder at any time. In such event, the holder will, at the discretion of DNPM, be able to remove its property from the mine location provided that no damage is caused to the mine.

Environmental Legislation, Permits and Licences

Article 225 of the Federal Constitution requires reclamation and rehabilitation of mined-out areas by the operators. All possible polluting activities are required to be licensed in terms of the National Environmental Policy.

In general, mining projects must undergo a three stage environmental licensing process. As a general rule, the State environmental authority is in charge of licensing a mining project, as opposed to the Federal environmental authority. The Federal environmental authority will be in charge on an exceptional basis whenever mining activities will be undertaken in, or cause an impact on, areas deemed as federal, such as national environmental conservation units as well as in cases where mining activities will be executed in two or more States. The compliance with all applicable environmental laws includes, but is not limited to, the possession by mining companies of all permits and other governmental authorizations required under applicable environmental laws, and compliance with the terms and conditions thereof, including the authorizations granted to impound water and exploit forest resources.

A Preliminary Licence must be obtained at the planning stage of the mining project. An EIA and a plan for the restoration of degraded areas must be prepared at this stage. One of the key requirements of the process is the participation of society decision-making on license authorizations or environmental compensation. The participation of society is ensured through public hearings, which may be called to present the EIA to the communities and authorities. Following the public hearing the State Environmental Council may or may not approve the issue the Preliminary Licence. The Preliminary Licence usually imposes conditions that must be complied with by the mining company. By granting the Preliminary Licence the environmental authority acknowledges that the project is environmentally acceptable. At this stage the environmental authority will also set the amount of the environmental compensation.

The second stage of the environmental licensing process is the Installation Licence stage. During this stage the mining company must produce a PCA, among other documents and submit it to the environmental authorities. Once the PCA is approved, the Installation Licence is granted, usually under certain conditions. The mining company may start construction of the mine, plant and infrastructure. A mining concession will only be granted once the mining company has obtained the Installation Licence.

The last stage of the environmental licensing process relates to obtaining the Operation Licence. The Operation Licence is granted once the environmental authorities are satisfied that the development and construction were completed in accordance with all the conditions of the Installation Licence and that the PCA is correctly implemented. The Operation Licence authorizes a mining company to mine, process and sell (as well as other ancillary activities that may be described in the licence), from an environmental viewpoint. It is possible to renew the Operation Licence if the request is made within a certain period (set by regulation) before the expiry date of the last permit, in which case, the Operation Licence is automatically extended until the environmental agency discloses its final decision about the request.

Royalties

Producing mines must pay a royalty to the government, which is shared between the local (65%), state (23%) and federal (12%) governments. The royalty rate varies from 0.2% to 3%, depending on the mineral. The rate for gold is set at 1%. The royalty is calculated based on the proceeds from the sale of the ore, after the marketing taxes, external transportation costs and insurance have been deducted. Producing mines must also pay a royalty to the landowner. The royalty is calculated at 50% of the royalty due to the Government. For gold, the landowners royalty would be 0.5% of the proceeds from the sale of the mineral substance, after the marketing taxes, external transportation costs and insurance have been deducted.

Taxes

Mining activities are also subject to taxation in the same manner as other activities in Brazil. Mining activities are subject to a range of corporate taxes, charges and duties which are administered at the federal, state and municipal level. These include income taxes, social contribution taxes, sales taxes, service taxes and taxes on financial transactions. A variety of fiscal incentives, concessions and exemptions are also available for selective fostering of industries and advancement or development of certain economic regions.

Investment and Repatriation of Funds

Foreign capital investments must be registered with the Central Bank of Brazil for purposes of profit remittances to non-resident investors, reinvestment of profits and its eventual repatriation. Investors may register investments through an internet-based electronic registration system.

Foreign capital registered with the Central Bank of Brazil may be repatriated at any time without prior authorization. The portion of the international remittance that surpasses the (foreign) capital registered amount is treated as a capital gain for the foreign investor and subject to a 15% withholding income tax. Authorization from the Central Bank of Brazil is required for such remittances.

There are no restrictions to the sale of interest in a Brazilian company abroad (including the corresponding payment). In such an event, the parties must register the assignment of the foreign investment with the Central Bank of Brazil.

Other Considerations

Special permitting requirements may apply in cases where exploration and mining works are performed within, or close to, environmental conservation units, depending on the applicable rules to the unit and the respective management plan. Generally speaking, environmental conservation units are created by the Federal Government, States or Municipalities, and can be either conservation units of total protection, where industrial activities such as mining cannot take place; or conservation units for sustainable use, where some industrial activities (including mining) may be carried out as long as they comply with special requirements, and with due regard to the environmental unit's management plan. Every environmental conservation unit in Brazil must have its own management plan that sets out the regulations for the administration and occupation of the unit. Such plan will also contain rules applicable to the zone that surrounds the unit.

Within the Border Zone, the issuance and the transfer of exploration and/or mining rights is subject to the consent of the Brazilian government, which will verify compliance with the requirements set forth in the Brazilian Border Law. Under the Brazilian Border Law, mineral rights may be only granted or assigned to Brazilian nationals or Brazilian companies incorporated under the laws of Brazil that have at least a 51% equity ownership held by Brazilian nationals.

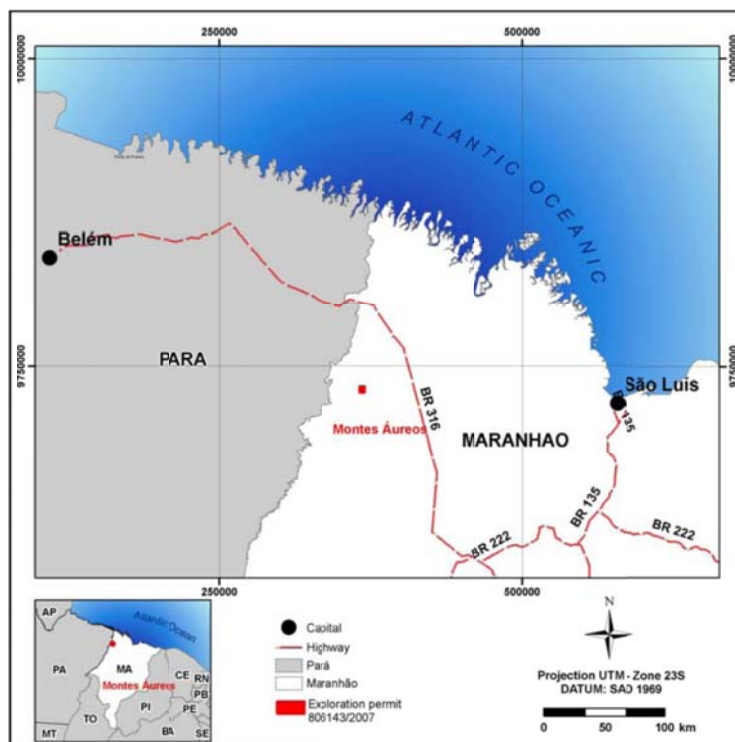
DESCRIPTION OF MINERAL PROPERTY

Currently, the Company only owns an interest in a single material property, being the Montes Áureos Property, on which the Company has commenced the Montes Áureos Project. Substantially all of the information in this section is summarized or extracted from the Technical Report prepared by Coffey Mining. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Technical Report, which is available on SEDAR at www.sedar.com.

Project Description and Location

Project Location

The Montes Áureos Project is located in the municipality of Centro de Guilherme, region of Gurupi, approximately 200 km directly west of the City of São Luís, the capital of the Maranhão State in Brazil and 250 km southeast of Belém, the capital of Pará State. The geographical coordinates of the project are Latitude 2° 25' S, Longitude 46° 11' W. See the map below.



Claims and Agreements

On September 30, 2010 the Company entered into the Option and Joint Venture Agreement with Apoió to acquire up to a 97% undivided interest in the Montes Áureos Property, pursuant to the terms thereof. See the section of this Prospectus entitled "*Description of the Business – Option Agreement*" for more information on the Option and Joint Venture Agreement.

The Montes Áureos Property is an exploration permit, as published by the DNPM, with a total of 2,000 ha of area. The mineral property rights associated with the Montes Áureos Property are more properly described in Schedule "B" to this Prospectus. The table below summarizes the concession status of Brazil Resources in the San Jorge Region.

Concession Type	Concession No.	Concession Name	Holder	Area (Ha)	Expiration Date	Comments
Exploration Licence	806.143/2007	Montes Áureos	J. Fernando Tajra Reis	2,000	March 31, 2014	The DNPM renewed the Exploration Licence for a three year period commencing March 31, 2011

Environmental Liability

There has been no environmental study conducted on the Montes Áureos Property. The only environmental issue apparent is in the northern area of the concession, where there is a small abandoned pit which has been impacted by previous garimpeiros works. The Company has not yet engaged a qualified expert to assess the impact of such abandoned pit. There has been a notable degree of natural recovery of the worked areas. No environmental permits exist within the mineral titles.

The author of the Technical Report is not a "Qualified Person" in environmental issues and therefore these statements should not be taken as a professional opinion of such author. The author of the Technical Report recommends that a qualified expert be consulted if a professional environmental report is required.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Project Access

The Montes Áureos Project is accessed by commercial flights to São Luís, the capital of Maranhão State in Brazil and from there by a ferry boat and/or paved regional roads and the federal highway BR-316 to the City of Centro de Guilherme, which is approximately 200 km from São Luís.

Climate

The climate of the surrounding area of the Montes Áureos Project is tropical hot and humid with an annual rainfall of around 2,000 millimetres and seasonal variations with a drier period between July and November and a wetter period between December and May. The average annual temperature is approximately 26°C with minimal month to month variations.

Local Resources and Infrastructure

The Montes Áureos Project is partially covered by rain forest and grassland for cattle. At the northern limit, outside of the Montes Áureos Property, there is a small gold mine with some shafts, but this mine is no longer operational. At the northern part of the Montes Áureos Property, a 100m long now abandoned open pit and several historic near surface excavations remain visible in the forest indicating informal past gold exploitation.

Most of the people live in the village of Quarenta e Cinco, located at the southeast edge of the exploration tenement. This village is the source of all workers used in the exploration programs. The local economy of Quarenta e Cinco consists mainly of small cattle ranches and also subsistence farming, and timber harvesting. Power to the project site on the Montes Áureos Property is supplied by power lines of the local utility company "CEMAR".

Physiography

The topography of the Montes Áureos Property is, in general, flat and gently rolling with low elevations of 50m to 100m above mean sea level. The Montes Áureos Project area is characterized by several higher topographic plateaus of around 100m to 150m related to the preservation of residual lateritic cover and possibly quartz veins. The Montes Áureos Property area is covered mainly by second growth tropical bush and open grass lands.

History

The exploration history for the Montes Áureos Property is summarized in the table below.

<u>Date</u>	<u>Entity</u>	<u>Work Program</u>	<u>Significant Results</u>
From the 18 th Century until recently	Several periods of artisanal "garimpeiros" mining activity.	Weathered material, including alluvium, saprolite and saprolite-hosted quartz veins.	Some gold production (not reported).
2007 – 2010	Apoio Engenharia e Mineração Ltda	Preliminary exploration with location of topographic marks and geological reconnaissance works.	Indication of several gold occurrences and previous old garimpeiros excavations along the Montes Áureos Property.
2010	Brazil Resources	Soil and rock geochemistry survey and auger reconnaissance drilling.	Exploration in progress.

Gold is reported to have been first discovered in the Gurupi region in the 17th century by colonial settlers and the Brazilian "Bandeirantes", the so called Portuguese hinterland explorers. During the second part of the 19th century, there was an attempt by the Brazilian "Baron of Mauá", Mr. Irineu Evangelista de Souza, together with a British company to implement a semi-industrial operation in the region. There is also evidence of intermittent small scale production in the early 1900s, with some mechanization.

During the mid-1980s, until 1995, there was a region-wide "garimpeiro-rush" (artisanal miners), with all such historic production exploiting gold from oxidized, weathered material, including alluvium, saprolite and saprolite-hosted quartz veins. Generally, the abandoned open pits visible on the Montes Áureos Property are from that time.

During more recent years there has been some underground exploration based on a 20m to 30m deep shaft at the northern end of the Montes Áureos Property. There are no records available of past production at the Montes Áureos Property.

Geological Setting

Regional Geology

The Montes Áureos Project lies within an elongated northwest–southeast-trending shear zone developed along the boundary between the south western margin of the Archaean São Luís Cráton and a Lower Proterozoic metamorphic belt (the "**Gurupi Belt**").

The São Luís Cráton comprises suites of calc-alkaline granitoids that range in age from 2,165Ma to 2,149Ma and intruded older greenschist to lower-amphibolite facies metavolcano–sedimentary rocks dated at 2,240Ma. Schists of variable compositions, including metavolcanic and metapyroclastic rocks, as well as subordinate quartzite, metachert and metamaficultramafic rocks, form the metavolcano-sedimentary succession (known as the Aurizona Group). The Tromai Intrusive Suite, composed of subordinate volcanic rocks and several granitoid suites, is the largest unit of the São Luís Cráton, forming composite batholiths of tonalite, trondhjemite, granodiorite and minor monzogranite with variable textural and structural aspects.

The Gurupi Belt may represent a portion of a fold belt that surrounded the São Luís Cráton and once constituted its foreland. The Gurupi Belt consists of north-northwest–south-southeast-trending metavolcano-sedimentary and sedimentary sequences with intercalated massifs of gneiss and metatonalite, in addition to intrusions of calc-alkaline granitoids, muscovite-bearing leucogranites, and alkaline rocks. The volcano-sedimentary sequence (known as the Chega Tudo Formation) consists of alternating felsic to mafic volcanic rocks and detrital sedimentary rocks that underwent metamorphism under greenschist to lower-amphibolite facies. The rocks show a pervasive northwest–southeast-striking schistosity and/or mylonitic fabric that dips at moderate to high angles generally to the southwest and locally can be folded.

Age dates of 2,148Ma to 2,160Ma have been returned from the volcanic units, whereas the sediments returned age dates indicating deposition in the Paleoproterozoic and Neoproterozoic.

Orthogneisses of the "Itapeva Complex" (c. 2,167Ma to 2,594Ma), which are middle to upper amphibolite facies, foliated and banded rocks that show localized migmatization, are tectonically intercalated with the supracrustal rocks. Granitoids of variable chemical affinities and ages (2,100Ma to 2,080Ma) intruded and/or were tectonically intercalated within the supracrustal sequences and the gneisses. Large wedges of the calc-alkaline granitoids have been strongly affected by the Tentugal shear zone in the boundary zone between the São Luís Cráton and the Gurupi Belt and have been incorporated into the framework of the Gurupi Belt.

Two Neoproterozoic intrusions are known to occur in the greenstone belt, a granite and a metamorphosed nepheline–syenite body.

Small sedimentary basins formed in depressions of both the São Luís Cráton and the Gurupi belt, and likely represent post-orogenic basins related to the final stages of Neoproterozoic events. The basins comprise sandstones, arkoses and conglomerates, with subordinate occurrences continental clastic sediments deposited in semi-arid conditions.

Tentugal Shear Zone

The most important gold deposits and showings of the Gurupi greenstone belt, including the Montes Áureos Property, are hosted in structures associated with the strike-slip, sinistral Tentugal shear zone. The shear zone is continuous for over 120km, and in places, reaches 30km in width, forming a corridor of shear zones with variable structural aspects that were developed under ductile-brittle and greenschist facies conditions. The highly-strained rocks correspond to metapelites and metavolcanic rocks of the Chega Tudo Formation, whereas the less deformed rocks correspond to coarse-grained tonalites of the Tromai Intrusive Suite.

The area is characterized by the presence of a relatively narrow northwest-trending highly strained zone developed along carbonaceous metapelitic lithologic units. This corridor is well defined in the geophysical data and represents an important zone of crustal weakening responsible for most of the deformation partitioning which took place in the area. A secondary north-northwest-trending shear zone branches off from this main deformation zone and follows the contact of the metapelites with the metavolcaniclastic rocks. The spall caused the detachment of the coarse-grained volcanic rocks from the metapelites.

The dominant northwest-trending tectonic fabric observed along the exposed rocks of the belt is crosscut by three main sets of fractures well defined by the geophysical surveys, trending north-south, east-west and northeast-southwest. The north-south and east-west fracture sets are associated with drag folds showing sinistral and dextral displacements, respectively.

Weathering Profile

The Montes Áureos Project and regional areas are situated in an area of low relief with occasional higher elevations centered on lateritic plateaus. Soil and laterite cover the area. Outcrops of bedrock are generally limited to previous garimpeiros workings or exploration. In the plateau areas the lateritic profile is well developed and consists of a dark red limonite/goethite lateritic crust, with quartz granules and grains cemented by an iron oxide matrix, and a strongly weathered mottled zone above the saprolite, which can locally attain significant depth. The lateritic cover is actually suffering erosion.

Project Geology

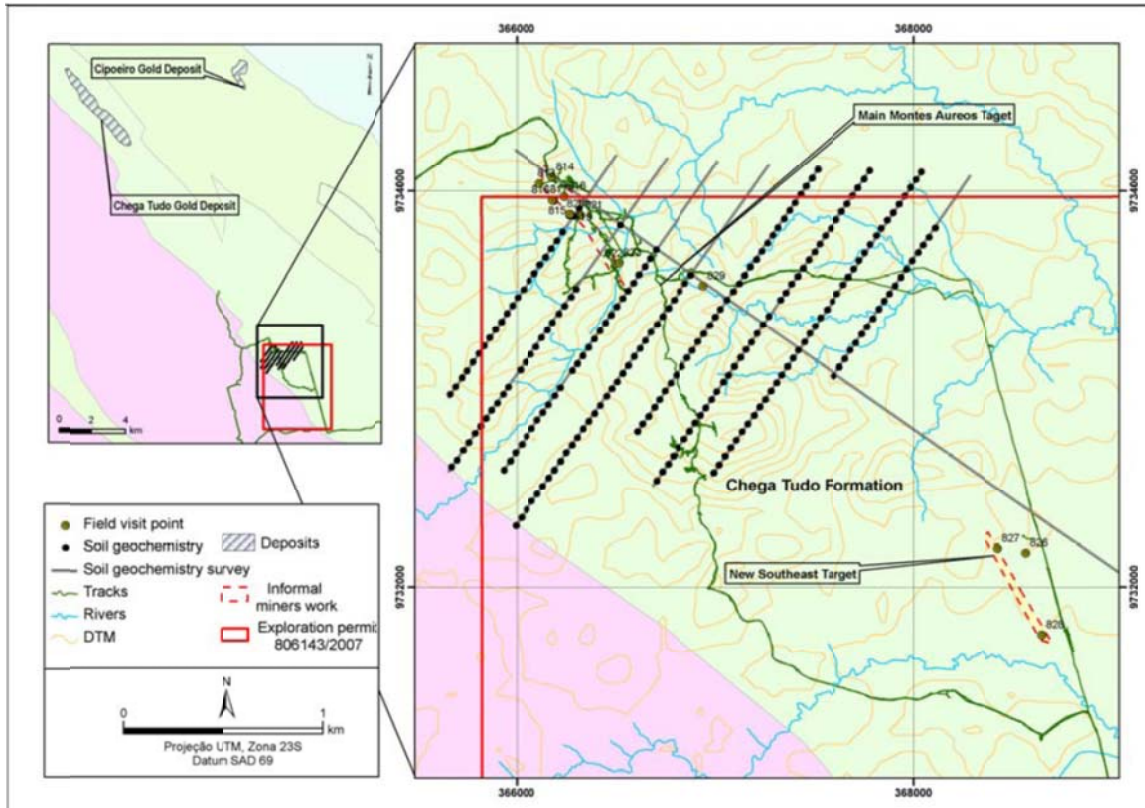
The Montes Áureos Property is partially covered by a reddish soil and a lateritic crust expressed by a plateau. The project geology involves the Chega Tudo Formation. The Chega Tudo Formation presents a volcanic-sedimentary sequence.

In the northern area, referred to as the Montes Áureos area, where the Company is developing a systematic soil geochemistry survey, it is possible to identify, along the several old garimpeiros excavations, a sequence of strongly foliated and sometimes structurally and hydrothermal banded volcano sedimentary rocks with strongly developed foliation. The lithologies vary from chlorite schist, sometimes with very purple colour, to graphite schist and sericite schist. The graphite schists are always present along the old garimpeiros excavations and appear to have an important role for the control of gold mineralization. Also sericite – quartzite is present and boulders of some quartz-iron-rich rocks have been found. In the eastern gold occurrences, where a small garimpeiros' open pit exists, are mainly fine and rhythmically banded meta-pelite.

The Chega Tudo sequence in the Montes Áureos area is strongly foliated and sheared due to the presence of the regional Tentugal shear zone and local northwest highly strained shear zones, especially within the carbonaceous metapelitic lithology. The presence of high strain is also evident from the presence of mesoscopic S and C structures, quartz boudins, several phases of silicification with sheared veins, gash veins and folded veins and hydrothermal alteration.

Exploration

Brazil Resources started an exploration program in September 2010 on the Montes Áureos Property with the objective to delimit the main mineralized gold zones. After data integration from regional geographic information systems and implementation of a local topographic grid with a northwest/southeast base line and a 200m by 50m spacing, Brazil Resources is undertaking exploration as indicated in the figure below, which indicates the potential trends and targets of the Montes Áureos Property indicated by previous informal mining activity.



The scope of the exploration plan is as follows:

- (i) geological mapping and channel sampling of outcrops. Whenever possible, the 2kg to 3kg channel samples are taken perpendicular to the main rock foliation and sent to the lab for gold fire assay ppb analyses. A total of 78 samples have been analyzed to date. Of these samples, 14 returned above 0.5 g/t gold and maximum values of 2.50 g/t gold, confirming mineralized zones along the borders of the old pit and along some smaller previous informal miners' works in the northwest region of the main trend;
- (ii) surface geological mapping with special attention to the presence of rock boulders, soil and lateritic cover and outcrops, and register of previous informal miners' works, like pits, drifts and any kind of previous excavations; and
- (iii) a systematic surface soil sampling program with analyses for gold (ppb). The samples are taken from soil zone B horizon, around 30cm below surface, after removing the near-surface organic material (A horizon). Around 1kg samples are collected and sent to the laboratory. To date, a total of 625 samples have been collected along a trend of around 2000m northeast-southwest.

The multi-element analytical data has been checked for quality. Based on statistical grouping and analysis using graphical examination and histograms and spatial distribution analyses based on gridding with specialized GIS software, the soil geochemistry data evaluation and comparison with geological data outline a gold-arsenic anomaly along the main. The anomaly has a range between 150 to 1000 ppb gold.

The gold anomaly also has a positive correlation with iron and shows a second parallel trend located around 150m east of the main trend, with superposition of gold, arsenic, copper and chrome anomalies. The arsenic-gold association is common for quartz-lode gold mineralization and is confirmed by local carbonate-chlorite-sulphide alteration halo. The iron anomaly can be

explained by the presence of a lateritic soil profile along the trend. The anomalous copper and chrome values may be related to more mafic or ultramafic schists associated with the shear belt to east of the main zone.

The geochemistry data evaluation and interpretation outlines two major anomalous northwest-southeast trends, with one to the west extending for approximately 1500m and another to the east extending for approximately 600m.

After delimitation of the main mineralized zones based on the geological and geochemical data interpretation, it is planned to extend the reconnaissance auger drilling to the geochemical targets and prepare a deeper 100m by 50m exploratory reverse circulation or diamond drilling program at the already anomalous zone mineralization at the northwest edge of the area.

Mineralization

Gold mineralization is related to a superimposed structural and hydrothermal event which generated a system of vein and veinlets both concordant and discordant to the rock foliation. Based on a research project developed by the University of Pará State (Yamaguti H.S., 2007), the sheared quartz veins show carbonate-chlorite-sulphide alteration halos. Gold occurs mainly in late-tectonic quartz-carbonate veins or veinlets associated with arsenopyrite, pyrite and minor chalcopyrite. The spatial distribution of the Montes Áureos gold mineralization shows lenticular to tabular bodies of up to 20m thickness, elongated in a northwest-southeast direction with a southwest dip and with gold contents up to 2ppm.

The exploration work currently undertaken by Brazil Resources may confirm Áureos target potential with a northwest-southeast trend of 500m to 1000m strike extent, along which are several old informal open pit workings, several exploration pits and some drifts. This trend is still open to the southeast where Brazil Resources is currently developing a soil geochemistry and geological mapping program.

At the southeast of the Montes Áureos Property another target is indicated by informal miners' workings. This trend is related to the two small open pits (Garimpo do Queimado) of N35W/50SW trends, along a total of around 500m potential extension. This is located west of, but parallel to, the main Montes Áureos trend and involves more metapelite with sheared quartz veins and carbonate alteration.

Drilling

At this stage only reconnaissance auger drilling is being carried out by Brazil Resources to survey the main trend of previous exploration and informal miners' work along the northern part of the Montes Áureos Property.

Brazil Resources is proceeding with the execution of an auger reconnaissance drilling grid of approximately 50m by 50m, along an initial 300m trend, to investigate subsurface geology and geochemical signature. To date Brazil Resources has completed a total of 21 auger drill holes, with depths between 7m and 15m, collecting a total of 283 samples. The analytical results for gold show a total of 40 values higher than 0.5 g/t gold, with some significant intersections:

Hole F04 – 7m with 2.80 g/t Au

Hole F09 – 4m with 1.97 g/t Au

Hole F18 – 8m with 0,80 g/t Au

The higher values are associated with silicified hydrothermal alteration zones.

An evaluation of the metal screen gold analysis shows that especially in the more superficial parts of the soil profile some coarser gold is present (up to 30% to 60% gold content coarser than 150 mesh in some samples), that can be explained by the lateritic profile. The positive results of the auger drilling program confirms that the anomalous northwest-southeast trend of soil geochemistry reflect potential primary gold mineralization, which is to be further evaluated by deeper reverse circulation or diamond drilling. No diamond drilling has been developed at this stage of project

Sampling and Analysis

At this stage of exploration, only soil sampling, channel sampling and auger drilling sampling have been undertaken.

The present drilling pattern involves an approximately 50m by 50m grid along the main anomalous trend. The samples are separated and collected meter by meter, manually homogenized and split on a plastic sheet, where the material is piled into a

cone and successively split and quartered in equal parts. One part is separated for lab analyses and the other for storage. The rejected part of material is separated and spread in the field for geological description by the geologist.

Sample preparation and analysis of all the samples taken by Brazil Resources is performed by SGS Geosol Laboratórios Ltda (www.sgsgeosol.com.br), an ISO 9000-2001 certified laboratory. The laboratory is located in Belo Horizonte, Brazil. After samples are received by the laboratory, seal numbers and sample numbers are reported to Brazil Resources for confirmation. The laboratory uses international standard procedures for sample preparation and analyses.

The soil samples are dried, disaggregated, sieved 80mesh, with weighting of passing and retained and homogenized. The saprolite channel samples are dried, crushed 2mm, homogenized, quartered, with pulverization of 250g to 300g with a steel mill 95 % -150 mesh. The soil samples are analysed by ICP methods for 31 elements and the channel samples using metallic screen analyses. All the first campaign auger drilling samples are also analysed for 31 elements. The gold analyses are all by fire assay using 50g samples.

Brazil Resources collects a total of 10% duplicate soil samples for quality control. These samples correspond to around 18% of the total of samples. A total of 50 field duplicates soil samples have been analyzed for gold. The quality control data has been assessed statistically by Coffey Mining using a number of comparative analyses for available datasets. The objectives of these analyses were to determine relative precision and accuracy levels between various sets of assay pairs and the quantum of relative error. A total of 78 SGS standards and blanks (internal lab standard sample) for gold variable were utilized in the drilling program. All standards analyses were evaluated using Coffey Mining's QC Assure statistical software. Coffey Mining believes the parameters from the quality control analysis of the reference samples from exploration and the lab control samples are inside acceptable limits. Coffey Mining has not collected any independent samples for verification as this would be premature until specific mineralized zones are under investigation.

Security of Samples

The sampling procedure and security is considered to be in line with current industry best practice.

Mineral Resources and Mineral Reserve Estimates

No mineral resource and mineral reserves estimates have been undertaken.

Mining Operations

No mining operations have been commenced.

Interpretation and Conclusions

The Montes Áureos Property is related to a major regional shear zone, the Tentugal shear zone, where several typically quartz – lode or orogenic gold deposits have been developed, like Chega Tudo, Cipoeiro e Serrinha and Cachoeira gold deposits. The Montes Áureos Property comprises the Chega Tudo Formation, a strongly foliated and highly strained volcanosedimentary sequence of low to medium metamorphism grade.

In field observations the presence of high strain is evident by the presence of mesoscopic S and C structures, quartz boudins, several silicification phases with sheared veins, gash veins and folded veins, besides hydrothermal alteration. Based on a research project developed by the University of Pará State (Yamaguti H.S., 2007), gold occurs mainly in late-tectonic quartzcarbonate veins or veinlets associated with arsenopyrite, pyrite and minor chalcopyrite. The spatial distribution of the Montes Áureos gold mineralization shows lenticular to tabular bodies.

The Montes Áureos Property has a long history of garimpeiros exploration of the near surface oxidized and strongly weathered rocks indicated by several old pits, especially at the northern part of the Montes Áureos Property.

The exploration of the Montes Áureos Property is at an early stage. Objectives to date have been achieved with superficial gold mineralization confirmed by channel sampling and an exploratory auger drilling grid and definition of an open 1,500m long soil geochemistry anomalous Gold-Arsenic trend. Coffey Mining is of the opinion that the data gathered provides support for the potential identification from more detailed exploration campaigns of economic concentrations of gold mineralization.

Recommendation

Given the geological and mineralization indications, Coffey Mining is of the opinion that the Montes Áureos Property is prospective for hosting gold deposits.

The Company's proposed exploration strategy is considered by Coffey Mining to be consistent with the potential of the Montes Áureos Project, provided that target priorities are clearly adhered to and exploration is appropriately staged to permit continual assessment of progressive exploration results.

It is for this reason that Coffey Mining has recommended the continuity of the current follow up exploration program and an additional exploration budget to:

- detail the geological mapping of the entire Montes Áureos Property and available bedrock exposures below the soil and lateritic cover and anomalous zones to better understand possible structural down plunge controls and complete the channel sampling of all the available exposures;
- extend the exploratory auger drilling program to check the two main trends of soil geochemistry gold-arsenic anomaly;
- extend the soil sampling grid to the southeast extension of the main structural and anomalous zones;
- undertake a ground geophysical survey using magnetic and radiometric, and electromagnetic or induced polarization methods to give support for a better understanding of the subsurface geology;
- undertake a first phase exploratory reverse circulation or diamond drilling program to investigate the northern target gold mineralization outlined superficially by the first phase auger drilling; and
- after outlining the main gold mineralization, undertake a second phase infill diamond or reverse circulation drill program with the objective to detail mineral resources.

Brazil Resources' personnel have provided comprehensive work programs and budgets covering proposed exploration for Years 1 and 2.

Coffey Mining is cognisant of the requirement that each phase of exploration will be contingent on the successful completion of the previous phase. Thus, the Year 1 exploratory drilling is part of the first stage program of target definition and the Year 2 detailed diamond or reverse circulation drilling for resource evaluation will be contingent on the successful completion of all the prior work listed here.

Coffey Mining has reviewed the proposed program and budget (as indicated in the table below) and concurs this is appropriate for the current status of the project.

	Budget	Budget	Total US\$
	<u>Allocation Year 1</u>	<u>Allocation Year 2</u>	
Geological mapping and rock sampling	\$ 100,000	\$ -	\$ 100,000
Soil geochemistry and auger drilling	\$ 200,000	\$ -	\$ 200,000
Pitting & trenching	\$ 50,000	\$ -	\$ 50,000
Ground geophysics	\$ 100,000	\$ -	\$ 100,000
Exploratory diamond drilling – 3,000m & logging and sampling	\$ 750,000	\$ -	\$ 750,000
Infill diamond drilling – 10,000m & logging and sampling	\$ -	\$ 2,500,000	\$ 2,500,000
Chemical analysis	\$ 100,000	\$ 250,000	\$ 350,000
Operational support/administration	\$ 300,000	\$ 300,000	\$ 600,000
Technical studies	\$ 100,000	\$ 250,000	\$ 350,000
Total US\$	\$ 1,700,000	\$ 3,300,000	\$ 5,000,000

USE OF PROCEEDS

Proceeds and Funds Available

The net proceeds to the Company from the Offering, after deducting the Commission (assuming there are no President's List Purchasers), but before deducting the other expenses of the Offering (estimated to be \$120,000) are estimated to be \$1,934,400, assuming the Minimum Offering, and \$2,297,100, assuming the Maximum Offering. Such proceeds, together with the Company's estimated consolidated working capital of approximately \$5,900,000 as at March 31, 2011, for an estimated total of up to \$7,834,400, assuming the Minimum Offering, and \$8,197,100, assuming the Maximum Offering (the "**Funds Available**"), will be used as set out below. As the Technical Report and the Option and Joint Venture Agreement express currency in amounts in U.S. dollars, the information below has been converted to Canadian dollars using the noon buying rate for U.S. dollars reported by the Bank of Canada on April 8, 2011 being US\$1.00 = \$1.0434.

Principal Purposes

The Company intends to use the Funds Available as follows:

<u>Principal Purpose</u>	<u>Minimum Offering</u>	<u>Maximum Offering</u>
Proposed exploration program at the Montes Áureos Project	\$ 4,783,000	\$ 4,783,000
General and administrative expenses	\$ 900,000	\$ 900,000
Expenses of the Offering	\$ 120,000	\$ 120,000
Reserve fund for future acquisition of mining claims/concessions	\$ 1,880,000	\$ 1,880,000
For general working capital purposes	\$ 151,400	\$ 514,100
Total	\$ 7,834,400	\$ 8,197,100

The Company intends to implement the following proposed exploration program over the next two years:

- detail the geological mapping of the entire Montes Áureos Property and available bedrock exposures below the soil and lateritic cover and anomalous zones to better understand possible structural down plunge controls and complete the channel sampling of all the available exposures;
- extend the exploratory auger drilling program to check the two main trends of soil geochemistry gold-arsenic anomaly;
- extend the soil sampling grid to the southeast extension of the main structural and anomalous zones;
- undertake a ground geophysical survey using magnetic and radiometric, and electromagnetic or induced polarization methods to give support for a better understanding of the subsurface geology;
- undertake a first phase exploratory reverse circulation or diamond drilling program to investigate the northern target gold mineralization outlined superficially by the first phase auger drilling; and
- after outlining the main gold mineralization, undertake a second phase infill diamond or reverse circulation drill program with the objective to detail mineral resources.

Coffey Mining recommends the continuity of the current follow up exploration program and an exploration budget estimated at US\$1,700,000 for Year 1 and US\$3,300,000 for Year 2. This exploration expenditure would earn the Company a 51% interest in the Montes Áureos Project.

The Company intends to follow the above work program with a diamond drilling program in Year 3 in the amount of US\$1,000,000 in furtherance of its commitment to earn an additional 46% interest in the Montes Áureos Project.

Pursuant to the Agency Agreement, the Company has agreed to pay the Agent the Agent's Warrants in an amount equal to: (a) 10% of the number of Common Shares sold under the Offering to purchasers other than President's List Purchasers; and (b) 2% of the number of Common Shares issued to President's List Purchasers. The Agent's Warrants will have a term of 12 months from the date of the Offering and will be exercisable at \$0.65 per share. Upon the exercise of all the Agent's Warrants the Company could realize between a minimum of \$208,000 to a maximum of \$247,000 (assuming there are no President's List Purchasers).

The Company estimates that it will utilize approximately \$1, 880,000 of the Funds Available for future acquisitions of mining claims/concessions. There are no definitive plans for the expenditure of these funds as of the date of this Prospectus. Accordingly, all allocations will be at the sole discretion of the management of the Company. See the section of this Prospectus entitled "*Risk Factors – Unallocated Funds Available*".

The Company estimates that it will utilize approximately \$900,000 of the Funds Available for general and administrative expenses. The table below provides a breakdown of the general and administrative expenses for the next twelve months:

<u>Category</u>	<u>Amount</u>
Vancouver office rent & overhead	\$ 40,000
Vancouver wages and benefits	\$ 50,000
Directors & officers fees	\$ 230,000
Legal	\$ 120,000
Accounting fees	\$ 100,000
Commercial insurance	\$ 12,000
Directors and officers insurance	\$ 15,000
Transfer and Escrow Agent fees	\$ 20,000
Consultants (corporate development, geological, etc.)	\$ 200,000
Travel and miscellaneous	\$ 100,000
Brazil office rent and overhead	\$ 13,000

The Company estimates that it will utilize approximately between \$151,400 to \$514,100 of the Funds Available for general working capital purposes. There are no definitive plans for the expenditure of these funds as of the date hereof. Accordingly, all allocations will be at the sole discretion of the management of the Company. See the section of this Prospectus entitled "*Risk Factors – Unallocated Funds Available*".

The Company intends to spend the Funds Available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives. The actual use of Funds Available will vary depending on the Company's operating and capital needs from time to time and will be subject to the discretion of management of the Company. Pending such use, the Company intends to invest such funds to the extent practicable in short-term, investment grade, interest-bearing securities and other marketable securities.

Business Objectives and Milestones

The Company is primarily engaged in the acquisition of mineral resources properties and the exploration of such properties. The Company's business objectives include completing the work program recommended in the Technical Report for the next two years. See the section of this Circular entitled "*Description of Mineral Property – Interpretation and Conclusions*" for the components of the work program for Year 1 and Year 2, and the expected costs related to each component. The Company intends to commence second phase of the work program upon completion of this Offering.

DIVIDENDS AND DISTRIBUTIONS

The Company has neither declared nor paid any dividends on its Common Shares to date. The Company intends to retain its earnings to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Company's financial condition and results of operations for the fiscal year ended November 30, 2010, the period from incorporation on September 9, 2009 to November 30, 2009 and the three-month periods ended February 28, 2011 and February 28, 2010 should be read in conjunction with the Company's audited consolidated financial statements for the year ended November 30, 2010 and period ended November 30, 2009, copies of which have been included at Schedule "C" of this Prospectus, and its unaudited interim condensed consolidated financial statements for the

three-month periods ended February 28, 2011 and February 28, 2010, copies of which have been included at Schedule "D" of this Prospectus. The Company's consolidated financial statements have been prepared in accordance with IFRS.

In addition to historical information, the following review includes forward-looking information that involves risks, uncertainties and assumptions. The Company's actual results and the timing of events could differ materially from those anticipated by these forward-looking statements as a result of many factors, including those discussed in the section of this Prospectus entitled "Risk Factors".

Unless specifically stated otherwise, all references in this section to 2010 and 2009 refer to the Company's fiscal year ended November 30, 2010 and period ended November 30, 2009, respectively. The information below is given as of April 21, 2011.

Overall Performance

The Company's year ended November 30, 2010 resulted in a net loss of \$674,779 and working capital of \$6,160,352. The following highlights indicate the Company's activities for the year ended November 30, 2010:

- The Company successfully completed several private placements of a total of 31,164,888 Common Shares for aggregate gross proceeds of \$6,890,702; and
- The Company entered into the Option and Joint Venture Agreement with Apoio, pursuant to which the Company has the option to acquire, in aggregate, 97% of the legal and beneficial interest in the Montes Áureos Property.

Pursuant to the Option and Joint Venture Agreement, the Company made a cash payment of US\$25,000 and incurred \$253,386 of exploration expenditures with respect to the Montes Áureos Property during the year ended November 30, 2010.

The Company's three-month periods ended February 28, 2011 and February 28, 2010 resulted in a net loss of \$246,581 and \$140,168, respectively, and working capital of \$5,913,771 at February 28, 2011. During the three-month period ended February 28, 2011, the Company continued to explore the Montes Áureos Property and worked towards its initial public offering.

Selected Financial Information

The following table sets forth summary financial information for the Company as at and for the periods indicated. This information has been derived from the Company's consolidated financial statements, prepared in accordance with IFRS, and is qualified in its entirety by, and should only be read in conjunction with the Company's consolidated financial statements, including the notes thereto, included elsewhere in this Prospectus.

	<u>Year ended November 30, 2010</u>	<u>Period from incorporation (September 9, 2009) to November 30, 2009</u>	<u>Three-month period ended February 28, 2011</u>	<u>Three-month period ended February 28, 2010</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Net loss	\$ (674,779)	\$ (25,571)	\$ (246,581)	\$ (140,168)
Net loss per-share	\$ (0.08)	\$ (25,571)	\$ (0.01)	\$ (140,168)
	<u>November 30, 2010</u>	<u>November 30, 2009</u>	<u>February 28, 2011</u>	
Total assets	\$ 6,319,399	\$ 115,930	\$ 6,069,879	
Liabilities				
Accounts payable and accrued liabilities	\$ 134,047	\$ 25,571	\$ 131,108	
Deposit received for share issuance	\$ -	\$ 115,930	\$ -	
Total liabilities	\$ 134,047	\$ 141,501	\$ 131,108	
Working capital (deficit) ⁽¹⁾	\$ 6,160,352	\$ (25,571)	\$ 5,913,771	

Note:

(1) Working capital is defined as current assets less current liabilities.

The Company did not declare any dividends during the year ended November 30, 2010, the period from incorporation (September 9, 2009) to November 30, 2009 or the three-month period ended February 28, 2011.

Results of Operation

Year Ended November 30, 2010 Compared to Period from Incorporation (September 9, 2009) to November 30, 2009

The Company's operations during the year ended November 30, 2010 primarily consisted of exploration of the Montes Áureos Property located in Brazil. The Company is in the preliminary stages of exploration. See the section of this Prospectus entitled "*Description of Mineral Property*".

The Company recorded a net loss for the year ended November 30, 2010 of \$674,779 compared to a net loss for the period ended November 30, 2009 of \$25,571. The increase in net loss is primarily due to increased exploration and evaluation activity during 2010, the expenses which relate thereto increased from \$21,799 to \$345,009, \$253,386 of which relates to the Montes Áureos Project while the balance is attributable to other due diligence and evaluation expenses for other projects.

Professional fees increased from \$3,733 in 2009 to \$59,322 in 2010 largely as a result of an increase in corporate legal services provided by legal counsel. Consulting fees increased from \$nil in 2009 to \$149,259 as a result of services rendered to manage the Company's exploration activities and various administrative functions in Brazil. General and administrative expenses increased from \$39 in 2009 to \$121,189 in 2010 primarily as a result of corporate and exploration activities in Brazil and the period of less than 60 days in 2009 versus 365 days in 2010.

Three-Month Period Ended February 28, 2011 Compared to Three-Month Period Ended February 28, 2010 (Unaudited)

The Company's operations during the three-month periods ended February 28, 2011 and February 28, 2010 primarily consisted of exploration of the Montes Áureos Property located in Brazil and due diligence on mineral properties in Brazil respectively. The Company is in the preliminary stages of exploration.

The Company recorded a net loss for the three-month periods ended February 28, 2011 and February 28, 2010 of \$246,581 and \$140,168 respectively. The increase in net loss is primarily due to increased corporate and exploration and evaluation activity during 2011 compared with 2010, the expenses which relate thereto increased from \$nil to \$19,562, which relates to the Montes Áureos Project.

Professional fees moderately decreased from \$72,365 in 2010 to \$61,423 in 2011 due to the expenses associated with the start-up of the Company in late 2009 and early 2010. Consulting fees increased from \$32,780 in 2010 to \$62,775 in 2011 as a result of services rendered to manage the Company's exploration activities and various administrative functions in Brazil. General and administrative expenses increased from \$35,023 in 2010 to \$102,821 in 2011 primarily as a result of corporate and exploration activities in Brazil.

Capital spending during the year ended November 30, 2010 was \$25,000, compared to \$nil in the period ended November 30, 2009, primarily as a result of the Company entering into the Option and Joint Venture Agreement. The Company has implemented and commenced an exploration plan which includes drilling and evaluation and interpretation of the results thereof. The Company does not have any credit facilities and relies upon equity financing to fund all exploration expenditures.

Capital spending during the three-month periods ended February 28, 2011 and February 28, 2010 was \$nil in both periods. The Company does not have any credit facilities and relies upon equity financing to fund all exploration expenditures.

Summary of Quarterly Results

Prior to the date of this prospectus, the Company was not a reporting issuer. Accordingly, the Company is not required to and did not prepare quarterly financial statements for any period since incorporation, except for those statements for interim periods included in this Prospectus.

Liquidity

The Company has not generated any revenue from operations and the only source of financing to date has been the prior issuance, by way of private placements of Common Shares for gross proceeds of \$6,890,702 as of February 28, 2011. See the sections of this Prospectus entitled "*Consolidated Capitalization*" and "*Prior Sales*".

The Company's ability to meet its obligations and finance exploration and development activities depends on its ability to generate cash flow through the issuance of Common Shares pursuant to private placements and short term or long term loans. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Common Shares, restricting access to some institutional investors. The Company's growth and success is dependent on external sources of financing which may not be available on acceptable terms.

Capital Resources

Capital spending during the year ended November 30, 2010 was \$25,000, compared to \$nil in the period ended November 30, 2009, primarily as a result of the Company entering into the Option and Joint Venture Agreement. The Company has implemented and commenced an exploration plan which includes drilling and evaluation and interpretation of the results thereof. The Company does not have any credit facilities and relies upon equity financing to fund all exploration expenditures.

Capital spending during the three-month periods ended February 28, 2011 and February 28, 2010 was \$nil in both periods. The Company does not have any credit facilities and relies upon equity financing to fund all exploration expenditures.

Off-balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors, except for guarantees.

Transactions with Related Parties

The consolidated financial statements include funds received from the Company's directors, officers and related entities of the Company in connection with private placements carried out by the Company. As at November 30, 2010 and November 30, 2009, \$117,150 and \$nil, respectively, remained outstanding from related parties. As at February 28, 2011 and February 28, 2010, no amounts remained outstanding from related parties.

Critical Accounting Estimates

The preparation of financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates relate to valuation of recoverability of other receivables, valuation of deferred income tax amounts, impairment testing and mine rehabilitation provisions.

The most significant judgments relate to the recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

Changes in Accounting Policies including Initial Adoption

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

IAS 24 Related Party Disclosures

The amended standard is effective for annual periods beginning on or after January 1, 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The Company does not expect any impact on its financial position or performance.

IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*

The amendment to IAS 32 is effective for annual periods beginning on or after February 1, 2010, and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Company after initial application.

IFRS 9 *Financial Instruments: Classification and Measurement*

IFRS 9 as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have no impact on the classification and measurement of the Company's financial assets.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

IFRIC 19 is effective for annual periods beginning on or after July 1, 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Company.

Improvements to IFRSs (issued in May 2010)

The IASB issued *Improvements to IFRSs*, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either July 1, 2010 or January 1, 2011. The amendments listed below, are considered to have a reasonable possible impact on the Company:

- IFRS 3 *Business Combinations*
- IFRS 7 *Financial Instruments: Disclosures*
- IAS 1 *Presentation of Financial Statements*
- IAS 27 *Consolidated and Separate Financial Statements*

The Company, however, expects no impact from the adoption of the amendments on its financial position or performance.

Financial Instruments and Other Instruments

The Company's financial assets include cash and other receivables. The Company's financial liabilities include accounts payable and accrued liabilities. The Company uses the following hierarchy for determining and disclosing fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

All financial instruments of the Company approximate their carrying amounts largely due to the short-term maturities of those instruments.

Additional Disclosure for IPO Venture Issuers without Significant Revenue

The following table sets out a breakdown of all material components of certain costs to the Company in respect of the various gold projects, including the Montes Áureos Property, for the period ended November 30, 2009 and year ended November 30, 2010:

	<u>Three-month period ended February 28, 2011</u>	<u>Year ended November 30, 2010</u>	<u>Period from incorporation (September 9, 2009) to November 30, 2009</u>
Deferred development costs	\$ Nil	\$ Nil	\$ Nil
General and administrative costs	\$ 102,821	\$ 121,189	\$ 39
Consulting Fees	\$ 62,775	\$ 149,259	\$ Nil
Professional fees	\$ 61,423	\$ 59,322	\$ 3,733
Exploration and evaluation expenses	\$ 19,562	\$ 345,009	\$ 21,799

For the period from incorporation, September 9, 2009 to November 30, 2009, the Company incurred total aggregate operating expenditures of \$25,571, which included: (i) general and administrative costs of \$39; (ii) professional fees of \$3,733; and (iii) exploration and evaluation expenses in the amount of \$21,799, which were associated with due diligence on various gold and consisted of consulting fees of \$14,241 and travel related expenditures in the amount of \$7,558.

For the year ended November 30, 2010, the Company incurred total aggregate operating expenditures of \$674,779, which consisted of: (i) general and administrative costs of \$121,189, consisting of travel and office related expenses; (ii) consulting fees of \$149,259 related to geological services provided and expenses related to the formation of the Company's Brazilian subsidiary; (iii) professional fees of \$59,322, which consisted of legal and accounting expenses; and (iv) exploration and evaluation expenses of \$345,009, which included due diligence expenses for various properties in the amount of \$91,621 and \$253,386 for exploration expenditures related to the Montes Áureos Project. Exploration expenditures related to the Montes Áureos Project included: (i) consulting fees of \$22,999; (ii) travel and accommodation costs of \$14,807; and (iii) exploration contractor fees of \$215,580.

For the three-month period ended February 28, 2011, the Company incurred total aggregate operating expenditures of \$246,581, which included: (i) general and administrative costs of \$102,821, which consisted of travel expenditures of \$61,622 and office related expenditures of \$41,199; (ii) consulting fees of \$62,775, related to the Montes Áureos Project and review of various mineral exploration projects; (iii) professional fees of \$61,423, which consisted of legal and accounting expenses; and (iv) exploration and evaluation costs to various contractors and suppliers in the amount of \$19,562, which were related to the Montes Áureos Project.

Additional Disclosure for Junior Issuers

The Company expects that the proceeds raised pursuant to the Offering will fund operations for, assuming the Minimum Offering, a minimum of 12 months after the completion of the Offering. The estimated total operating costs necessary for the Company to achieve its stated business objectives during the 12 months subsequent to the completion of the Offering is \$900,000, including all material capital expenditures during that period. For further information, including the estimated amount of other material capital expenditures, see the sections of this Prospectus entitled "*Description of Mineral Property – Interpretation and Conclusions*" and "*Use of Proceeds*".

DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED

The authorized capital of the Company consists of an unlimited number of Common Shares without par value. As at the date of this Prospectus, Brazil Resources has an aggregate of 31,164,888 Common Shares issued and outstanding. No other shares of any other classes have been issued or are outstanding.

Since the Company's Articles do not provide for any rights or restrictions for the Common Shares, every Common Share must, pursuant to the BCBCA, be equal to every other share. This means, among other things, that the holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the Common Shares are entitled to receive such dividends in any financial year as the Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the

holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company.

This Prospectus qualifies the distribution of the Common Shares issued under the Offering.

Agent's Warrants

On completion of the Offering pursuant to this Prospectus, the Agent will receive that number of non-transferable Agent's Warrants that is equal to 10% of the Common Shares sold pursuant to the Offering, each Agent's Warrant entitling the holder to purchase one Common Share for a period of twelve months from the Closing Date at a price of \$0.65 per Common Share. This Prospectus qualifies the distribution of the Agent's Warrants to the extent they are Qualified Compensation Securities and as permissible by NI 41-101. See the section of this Prospectus entitled "*Plan of Distribution*".

Corporate Finance Shares

On completion of the Offering, the Agent will receive approximately 76,923 Corporate Finance Shares, representing the corporate finance fee of \$50,000. This Prospectus qualifies the distribution of the Corporate Finance Shares to the extent they are Qualified Compensation Securities and as permissible by NI 41-101. See the section of this Prospectus entitled "*Plan of Distribution*".

CONSOLIDATED CAPITALIZATION

The following table outlines the consolidated capitalization of the Company as at February 28, 2011 and the date of this Prospectus, to reflect any material changes in the share and loan capital of the Company and both before and after giving effect to the Minimum Offering and the Maximum Offering. The table should be read in conjunction with the audited Financial Statements of the Company, attached hereto at Schedule "C".

<u>Description of Security</u>	<u>Number Authorized</u>	<u>As at February 28, 2011</u>	<u>As at the date of this Prospectus</u>	<u>After giving effect to the Minimum Offering⁽¹⁾⁽²⁾</u>	<u>After giving effect to the Maximum Offering⁽¹⁾⁽²⁾</u>
Common Shares	Unlimited	31,164,888 ⁽³⁾	31,164,888 ⁽³⁾	34,441,811 ⁽⁴⁾	35,041,811 ⁽⁴⁾
Agent's Warrants	380,000 ⁽⁵⁾	Nil	Nil	320,000 ⁽⁵⁾	380,000 ⁽⁵⁾
Long-term Debt	N/A	Nil	Nil	Nil	Nil

Notes:

- (1) Does not reflect the costs of the issuance.
- (2) Does not include the Agents' Warrants to be issued upon completion of the Offering.
- (3) 31,164,888 Common Shares were issued pursuant to private placements.
- (4) Includes the 76,923 Corporate Finance Shares representing the corporate finance fee of \$50,000 payable to the Agent upon Closing pursuant to the Agency Agreement.
- (5) Assumes no Common Shares are sold to President's List Purchasers.

OPTIONS TO PURCHASE SECURITIES

The Company's Option Plan was approved by the Board on January 28, 2011. The purpose of the Option Plan is to attract, retain and motivate qualified directors, executives, employees and consultants and to reward them for their contributions toward the goals and success of the Company. Pursuant to the terms of the Option Plan, the Board may designate directors, senior officers, employees and consultants of the Company eligible to receive Options to acquire such numbers of Common Shares as the Board may determine, each Option so granted being for a term specified by the Board up to a maximum of five years from the date of grant. The maximum number of Common Shares reserved for issuance for Options granted under the Option Plan at any time is 10% of the issued and outstanding Common Shares in the capital of the Company, which is currently 3,116,488 Common Shares.

In accordance with its terms, in no case may the grant of Options under the Option Plan result in: (i) the grant to any one individual, within any 12-month period (unless the Company has obtained disinterested Shareholder approval) of Options reserving for issuance a number of Common Shares exceeding in the aggregate 5% of the issued and outstanding Common Shares; (ii) the grant to all persons engaged by the Company to provide Investor Relations Activities, within any twelve month period, of Options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the issued and outstanding Common Shares; or (iii) the grant to any one consultant, in any twelve month period, of Options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the issued and outstanding Common Shares.

The price at which an Option holder may purchase Common Shares upon the exercise of an Option is determined by the Board, provided that such exercise price cannot be less than the "market price" of the Common Shares subject to the maximum discount permitted by the Exchange on the last trading day prior to the date on which such options are granted. For the purposes of the Option Plan, the "market price" is the last closing price of the Common Shares before the issuance of any news release disclosing the grant of an option or the filing of a price reservation form, subject to the exceptions provided for by the applicable Exchange's policies or, if the Company does not issue a news release to fix the price, the market price is the last closing price of the Common Shares on the Exchange prior to the date of the grant of the option (less the maximum applicable discount permitted by the Exchange). In the event that the Common Shares did not trade on the last business day prior to the issuance of the news release or the date of the grant of the Option, as the case may be, the market price is the average of the bid and asked prices in respect of such shares at the close of trading on such date. In the event that the Common Shares are not listed and posted for trading on any stock exchange, the market price is the fair market value of such shares as determined by the Board in its sole discretion.

Subject to certain exceptions, an Option will not be exercisable unless the Option holder remains an eligible director, senior officer, employee or consultant continuously throughout the term of such Option. Should the Option holder cease to be an eligible director, senior officer, employee or consultant of the Company during the term of an Option for any reason other than death or cause, the Option will be exercisable for a maximum of ninety days thereafter. If an Option holder dies during the term of an Option, such option will be exercisable by the executor or administrator of the Option holder for a maximum of one year following such death. Should the Option holder cease to be an eligible director, senior officer, employee, consultant or Management Company Employee of the Company or any of its subsidiaries as a result of having been dismissed from any such position for cause, all unexercised Options of such Option holder under the Option Plan shall immediately become terminated and shall lapse, notwithstanding the original term of the option granted to such Option holder under the Option Plan.

As at the date of this Prospectus, the Company has not granted any Options under the Option Plan.

PRIOR SALES

The Company has made the following distributions of Common Shares during the twelve months preceding the date of this Prospectus:

<u>Date of Issue</u>	<u>Number of Securities</u>	<u>Price per Common Share</u>
September 1, 2010	3,730,000 ⁽¹⁾	\$0.01
September 13, 2010	10,300,000 ⁽¹⁾	\$0.05
September 22, 2010	2,490,000 ⁽¹⁾	\$0.10
November 9, 2010	9,826,434 ⁽¹⁾	\$0.35
November 30, 2010	4,818,454	\$0.55

Note:

(1) Subject to voluntary escrow pursuant to the Voluntary Escrow Agreements. See the section of this Prospectus entitled "*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer*".

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

IPO Escrow Agreement

Common Shares Under Escrow

In accordance with NP 46-201, all common shares of an issuer owned or controlled by its Principals will be escrowed at the time of the issuer's initial public offering, unless the shares held by the Principal or issuable to the Principal upon conversion of convertible securities held by the Principal collectively represent less than 1% of the total issued and outstanding shares of the issuer after giving effect to the initial public offering. All of the Principals of the Company have entered into Voluntary Escrow Agreements, which provide for stricter release terms than required under NP 46-201 and the terms of the IPO Escrow Agreement. See the section of this Prospectus entitled "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer – Voluntary Escrow Agreements*".

At the time of its initial public offering, an issuer will be classified for the purposes of escrow as either an "exempt issuer", an "established issuer" or an "emerging issuer".

Uniform terms of automatic timed-release escrow apply to Principals of exchange-listed issuers, differing only according to the classification of the issuer. As the Company will be classified as an "emerging issuer" by virtue of being listed on Tier 2 of the Exchange upon Closing of the Offering, the following automatic timed releases will apply to the securities held by its Principals pursuant to the IPO Escrow Agreement:

Release Time	Calculation of Escrowed Securities Release
On the Listing Date	1/10 of the escrow securities
6 months following the Listing Date	1/6 of the remaining escrow securities
12 months following the Listing Date	1/5 of the remaining escrow securities
18 months following the Listing Date	1/4 of the remaining escrow securities
24 months following the Listing Date	1/3 of the remaining escrow securities
30 months following the Listing Date	1/2 of the remaining escrow securities
36 months following the Listing Date	The remaining escrow securities

Assuming there are no changes to the escrow shares initially deposited and no additional escrow securities are deposited, this will result in a 10% release of escrow shares on the Listing Date, with the remaining escrow securities being released in 15% tranches every 6 months thereafter.

The automatic time release provisions under NP 46-201 pertaining to "established issuers" provide that 25% of each Principal's escrowed securities are released on the Listing Date, with an additional 25% being released in equal tranches at six month intervals over 18 months. If, within 18 months of the Listing Date, the Company meets the "established issuer" criteria, as set out in NP 46-201, the escrow securities will be eligible for accelerated release according to the criteria for established issuers. In such a scenario, that number of escrow securities that would have been eligible for release from escrow if the Company had been an "established issuer" on the Listing Date will be immediately released from escrow. The remaining escrow securities would be released in accordance with the time release provisions for established issuers, with all escrow securities being released 18 months from the Listing Date.

The following Common Shares of the Company are held by, and are subject to the terms of the IPO Escrow Agreement:

<u>Name of Principal</u>	<u>Number of Common Shares</u>	<u>Percentage of Total Common Shares as at the date hereof⁽¹⁾</u>	<u>Percentage of Total Common Shares on Completion of the Minimum Offering⁽²⁾</u>	<u>Percentage of Total Common Shares on Completion of the Maximum Offering⁽²⁾</u>
Amir Adnani	4,880,000 ⁽³⁾	15.66%	14.17%	13.93%
Mario Garner ⁽⁴⁾	2,900,000	9.31%	8.42%	8.28%
Stephen Swatton	1,800,000	5.78%	5.23%	5.14%
Pat Obara	700,000	2.25%	2.03%	2.00%

Notes:

- (1) On the basis of 31,164,888 issued and outstanding as at the date of this Prospectus.
- (2) Includes the issuance of 76,923 Corporate Finance Shares, but does not include the Common Shares to be issued upon exercise of the Agent's Warrants.
- (3) Does not include 150,000 Common Shares owned by Mr. Adnani's spouse, who owns less than one percent of the outstanding Common Shares.
- (4) These Common Shares are held by Brasilinvest International Investments Limited, of which Mr. Garner is Chairman.

Transfer Restrictions

Pursuant to the terms of the IPO Escrow Agreement, the securities of the Company held in escrow may be transferred within escrow to an individual who is a director or senior officer of the Company or of a material operating subsidiary of the Company, subject to the approval of the Company's Board, or to a person or company that before the proposed transfer holds more than 20% of the voting rights attached to the Company's outstanding securities, or to a person or company that after the proposed transfer will hold more than 10% of the voting rights attached to the Company's outstanding securities and that has the right to elect or appoint one or more directors or senior officers of the Company or of any of its material operating subsidiaries.

Pursuant to the terms of the IPO Escrow Agreement, upon the bankruptcy of a holder of escrowed securities, the securities held in escrow may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities. Upon

the death of a holder of escrowed securities, all securities of the deceased holder will be released from escrow to the deceased holder's legal representative. Pursuant to the terms of the IPO Escrow Agreement, 10% of each Principal's Common Shares (a total of 1,028,000 Common Shares) will be released from escrow on the Listing Date. The remaining 9,252,000 Common Shares of the Company which will be held in escrow immediately following the Listing Date will represent 26.86%, assuming the Minimum Offering, and 26.40%, assuming the Maximum Offering, of the issued and outstanding Common Shares of the Company immediately following the completion of the Offering.

The complete text of the IPO Escrow Agreement is available for inspection at the head office of the Company.

Voluntary Escrow Agreements

Common Shares under Escrow

In addition to the IPO Escrow Agreement, certain shareholders of the Company have entered into Voluntary Escrow Agreements with the Company and Computershare. Pursuant to the Voluntary Escrow Agreements, the following securities of the Company will be held in escrow:

<u>Designation of Class</u>	<u>Number of securities held in escrow or that are subject to a contractual restriction on transfer</u>	<u>Percentage of Class⁽¹⁾</u>
Common Shares ⁽²⁾	16,520,000	53.0%
Common Shares ⁽³⁾	9,826,434	31.5%

Notes:

- (1) Based on a total of 31,164,888 Common Shares outstanding as at the date of this Prospectus.
(2) These Escrowed Securities will be released according to the following schedule:

<u>Release Time</u>	<u>% of Escrowed Securities</u>
On the Listing Date	10%
6 months following the Listing Date	15%
12 months following the Listing Date	15%
18 months following the Listing Date	15%
24 months following the Listing Date	15%
30 months following the Listing Date	15%
36 months following the Listing Date	The balance of the Escrowed Securities

- (3) These Escrowed Securities will be released according to the following schedule:

<u>Release Time</u>	<u>% of Escrowed Securities</u>
On the Listing Date	25%
3 months following the Listing Date	10%
6 months following the Listing Date	15%
9 months following the Listing Date	25%
12 months following the Listing Date	The balance of the Escrowed Securities

None of the escrowed securities will be released from escrow unless and until such securities are released under both the IPO Escrow Agreement and the Voluntary Escrow Agreements, as applicable.

Transfer Restrictions

Pursuant to the terms of the Voluntary Escrow Agreements, the Common Shares in escrow thereunder may be transferred within escrow to any entity into or with which the registered holder of any of the Common Shares may be merged or consolidated or amalgamated, or any entity resulting therefrom.

Resale Restrictions

Statutory Hold Periods

Canadian securities legislation generally provides that shares issued by a company during its private stage, such shares commonly referred to as "seed shares", may not be resold until the expiration of certain hold periods. The legislation which imposes and governs these hold periods is NI 45-102. Pursuant to NI 45-102, securities of an issuer issued prior to an initial public offering are either subject to a "seasoning period" lasting four months from the date an issuer becomes a reporting issuer, or both a seasoning period and a "restricted period" of four months from the date of distribution of the securities. During either a seasoning period or a restricted period, securities may not be resold except pursuant to an exemption from applicable prospectus and registration requirements. Where an issuer becomes a reporting issuer in certain Canadian jurisdictions (including British Columbia and Alberta) by filing a prospectus in that jurisdiction, however, the four-month seasoning period is eliminated.

Accordingly, all Common Shares issued prior to the filing of this Prospectus will only be subject to the restricted period, that is, such Common Shares may not be traded by the holder thereof until four months after those Common Shares were distributed. All Common Shares issued as a private placement after the Offering shall be subject to both the seasoning period and the restricted period.

In addition, to the extent that the Agent is entitled to receive securities as compensation exceeding 10% of the securities issued under the Offering, those securities exceeding the 10% threshold will not be Qualified Compensation Securities, will not be qualified for distribution under this Prospectus and will be subject to a four-month hold period in accordance with applicable securities laws.

TSXV Seed Share Resale Restrictions

In addition to the resale restrictions imposed by NI 45-102 and the escrow requirements imposed by NP 46-201, the Exchange can impose additional resale restrictions and escrow requirements on Principals and non-Principals of a company. In the Company's case, the Exchange's seed share resale matrix will be applicable to the following Common Shares:

<u>Common Shares</u>	<u>Resale Restrictions</u>
3,730,000 Common Shares issued at \$0.01 on September 1, 2010	10% of total released on the Closing Date and 15% of the total released every 6 months thereafter, resulting in total release 36 months after the Closing Date.
10,300,000 Common Shares issued at \$0.05 on September 13, 2010	20% of total released on the Closing Date and 20% of the total released every 6 months thereafter, resulting in total release 24 months after the Closing Date.
2,490,000 Common Shares issued at \$0.10 on September 22, 2010	20% of total released on the Closing Date and 20% of the total released every 3 months thereafter, resulting in total release 12 months after the Closing Date.
9,826,434 Common Shares issued at \$0.35 on November 9, 2010	20% of total released on the Closing Date and 20% of the total released every month thereafter, resulting in total release 4 months after the Closing Date.

The holders of the Common Shares listed above, however, have entered into the Voluntary Escrow Agreements, which impose terms on the release and resale of such Common Shares equal to or more strict than those imposed by the Exchange's seed share resale matrix. As a result, the Exchange's seed share resale matrix may not apply. See the section of this Prospectus entitled "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer – Voluntary Escrow Agreements*".

PRINCIPAL SHAREHOLDERS

Except as disclosed in the table below, to the knowledge of the directors and officers of the Company, no person beneficially owns, directly or indirectly, or exercise control or direction over Common Shares carrying more than 10% of the votes attached to Common Shares, or will beneficially own, directly or indirectly, or exercise control or direction over Common Shares carrying more than 10% of the votes to be attached to Common Shares after giving effect to the offering.

<u>Name</u>	<u>Type of Ownership</u>	<u>Common Shares owned before completion of the Offering</u>	<u>Percentage of Class Prior to Giving Effect to the Offering⁽¹⁾</u>	<u>Common Shares owned After giving Effect to the Minimum Offering⁽²⁾</u>	<u>Percentage of Class After Giving Effect to the Minimum Offering⁽¹⁾⁽³⁾</u>	<u>Common Shares owned After giving Effect to the Maximum Offering⁽²⁾</u>	<u>Percentage of Class After Giving Effect to the Maximum Offering⁽¹⁾⁽³⁾</u>
Amir Adnani	Direct and indirect	5,030,000 ⁽⁴⁾	16.14%	5,030,000 ⁽⁴⁾	14.60%	5,030,000 ⁽⁴⁾	14.35%
KCR, LLC ⁽⁵⁾	Direct	5,100,000	16.36%	5,100,000	14.81%	5,100,000	14.55%

Notes:

- (1) On the basis of 31,164,888 Common Shares Outstanding as at the date of this Prospectus.
- (2) Assuming the Principals do not purchase any Common Shares pursuant to the Offering.
- (3) Includes the issuance of the 76,923 Corporate Finance Shares, but does not include the Common Shares to be issued upon exercise of the Agent's Warrants.
- (4) Includes 150,000 Common Shares owned by Mr. Adnani's spouse.
- (5) KCR, LLC is a wholly-owned subsidiary of KCR Fund, LLC, a United States investment partnership.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth the name and municipality of residence of each director and executive officer of the Company, as well as each individual's position with the Company, the period of service in such position, principal occupation within the five preceding years and the number and percentage of Common Shares held.

<u>Name, Position with Company, Municipality and Country of Residence</u>	<u>Year Term as Director Began</u>	<u>Principal Occupation for the Five Preceding Years</u>	<u>Number of Common Shares held</u>	<u>Percentage of Total Common Shares Held⁽¹⁾</u>
Stephen Swatton <i>Director and President</i> Singapore	August 18, 2010	Mr. Swatton was the Global New Business Manager of BHP Billiton Limited from 2005 to 2008, Chief Executive Officer of Raffles Resources Group Pte Ltd. from 2008 to 2009, a director of Sentosa Mining Limited since December 2010, and is Principal and General Manager of Baggy Point Metals Ltd.	1,800,000	5.78%
Amir Adnani ⁽²⁾⁽³⁾ <i>Director and Chairman</i> British Columbia, Canada	August 18, 2010	Mr. Adnani has been the President and Chief Executive Officer, Principal Executive Officer and a director of Uranium Energy Corp. since January 2005 and President and a director of Blender Media Inc. from 2004 to 2006.	5,030,000 ⁽⁵⁾	16.14%
Pat Obara <i>Director, Chief Financial Officer and Secretary</i> British Columbia, Canada	September 9, 2009	Mr. Obara currently serves as Vice President Administration of Uranium Energy Corp. and previously was the Secretary, Treasurer, Chief Financial Officer and Principal Accounting Officer of Uranium Energy Corp from August 2006 to January 2011.	700,000	2.25%
Mario Garnero ⁽⁴⁾ <i>Director</i> Brazil	August 18, 2010	Mr. Garnero is the Chairman of the board of directors of the Brasilinvest Group, a business organization established in 1975 as a private merchant bank.	2,900,000 ⁽⁶⁾	9.31%

<u>Name, Position with Company, Municipality and Country of Residence</u>	<u>Year Term as Director Began</u>	<u>Principal Occupation for the Five Preceding Years</u>	<u>Number of Common Shares held</u>	<u>Percentage of Total Common Shares Held⁽¹⁾</u>
David Kong ⁽²⁾⁽³⁾⁽⁴⁾ <i>Director</i> British Columbia, Canada	October 29, 2010	Mr. Kong is a director of Hana Mining Ltd. since July 2010, Channel Resources Ltd. since July 2010, CIBT Education Group Inc. since July 2010, New Pacific Metals Corp since November 2010 and Uranium Energy Corp. since January 2011. From 2005 to 2010, Mr. Kong was a Partner of Ernst & Young LLP, a position from which he is now retired.	300,000 ⁽⁷⁾	0.96%
Gloria Ballesta ⁽²⁾⁽³⁾⁽⁴⁾ <i>Director</i> British Columbia, Canada	August 18, 2010	Ms. Ballesta has been paralegal for Uranium Energy Corp., a NYSE Amex listed company since May 2010, Administrative Manager for Petaquilla Minerals Ltd. and Petaquilla Copper Ltd. from October 2006 until February 2010 and Office Manager of Ken Etheridge and Associates from December 2003 until September 2006.	20,000	0.06%

Notes:

- (1) On the basis of 31,164,888 Common Shares Outstanding as at the date of this Prospectus.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Nominating and Corporate Governance Committee.
- (5) Includes 150,000 Common Shares owned by Mr. Adnani's spouse.
- (6) These Common Shares are held by Brasilinvest International Investments Limited, of which Mr. Garnero is Chairman.
- (7) These shares are owned by Anaconda Investments Corp of which David Kong is a director.

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of office of the officers expires at the discretion of the Company's directors. The Company has not entered into any non-competition or non-disclosure agreements with its directors and officers.

As at the date of this Prospectus, the directors and officers of the Company as a group owned beneficially, directly or indirectly or exercised control or discretion over an aggregate of 10,750,000 Common Shares of the Company, which is equal to 34.5% of the Common Shares of the Company's currently issued and outstanding Common Shares. Such holdings will represent, taking into account the 76,923 Corporate Finance Shares issued to the Agent, 31.21% of the Common Shares, assuming closing of the Minimum Offering and 30.68% of the Common Shares, assuming closing of the Maximum Offering, without including any securities which may be purchased by directors and officers pursuant to the Offering.

The directors and officers of the Company anticipate that they will dedicate the following percentage of their time to the affairs of the Company: Stephen Swatton, 75%; Amir Adnani, 20%; Pat Obara, 75%; Mario Garnero, 20%; Gloria Ballesta, 50%; and David Kong, 20%. Actual time spent by each individual may be more or less depending on the Company's requirements.

Stephen Swatton, age 49, is President and a director of the Company. Mr. Swatton is a field geologist by training who migrated into various senior corporate roles throughout his 28 year career. He initially worked for Rio Tinto as a field geologist (1984-91). His last major corporate role was as the Global New Business Manager of BHP Billiton's Business Development Group (Exploration Division 2005-2008). His career includes being Chief Executive Officer of Fortress Minerals Corp. and Southern Rio Resources Ltd. in the late 1990's and a corporate finance mining analyst for Yorkton Securities in the early to mid 1990's. Mr. Swatton has extensive experience in both finance and private sector projects in Canada, Asia (Mongolia, Indonesia, and Philippines), Greenland and many South and Central American countries. Mr. Swatton holds a Masters of Science degree from the University of Alberta in Edmonton.

Mr. Swatton is also acting as Interim Chief Executive Officer of the Company. The Company is seeking to identify a permanent Chief Executive Officer to replace Mr. Swatton to further its objectives and goals, which will allow Mr. Swatton to focus his efforts on the technical development of the Company on a going forward basis.

Amir Adnani, age 33, is the (non-executive) Chairman of the Board and a director of the Company. Mr. Adnani is a founder of Brazil Resources Inc., and since 2005 has been Chief Executive Officer, President and a director of Uranium Energy Corp., a NYSE Amex-listed company. Under his leadership, Uranium Energy Corp. has become one of North America's newest uranium-producing company. Mr. Adnani is an entrepreneur with a background in business development and marketing. In 2004, he founded Blender Media Inc. where he served as the President and a director until 2006. Blender Media Inc. is a Vancouver-based company that provides strategic marketing and financial communications services for public companies in the mineral exploration, mining and energy sectors. In 2001, Mr. Adnani co-founded and, until 2004, was a director and

officer of Fort Sun Investments Inc., a strategic marketing firm providing services to small and mid-cap public companies. Mr. Adnani holds a Bachelor of Science degree from the University of British Columbia.

Pat Obara, age 54, is the Chief Financial Officer, Secretary and a director of the Company. Mr. Obara was Secretary, Treasurer and Chief Financial Officer of Uranium Energy Corp., a NYSE Amex listed company, from August 2006 to January 2011 and currently serves as Vice President Administration of Uranium Energy Corp. He has consulted to several private and publicly listed companies providing various services in the areas of corporate finance, management and administration. Mr. Obara has served as the Chief Financial Officer and a director of several public companies listed on the TSXV. He holds a degree in Building Technology, Land and Construction Economics, from the British Columbia Institute of Technology in British Columbia.

David Kong, age 64, is a director of the Company. Mr. Kong holds a Bachelor in Business Administration from Taiwan and earned his Chartered Accountant designation in British Columbia in 1978 and U.S. CPA (Illinois) designation in 2002. From 1981 to 2004, he was a partner at Ellis Foster Chartered Accountants. Mr. Kong was also a partner of Ernst & Young LLP from 2005 to 2010. Currently Mr. Kong is a director of Hana Mining Ltd., Channel Resources Ltd., CIBT Education Group Inc. New Pacific Metals Corp. and Uranium Energy Corp.

Mario Garnero, age 73, is a director of the Company. Mr. Garnero is Chairman of the Board and principal shareholder of the Brasilinvest Group, a business organization established in 1975 as a private merchant bank. Mr. Garnero became director of Volkswagen Brazil in 1979, chaired the National Automakers Association and subsequently chaired the National Confederation of Industries. Mr. Garnero, holds a law degree from the Pontifical Catholic University of São Paulo Pontificia Universidade Católica de São Paulo.

Gloria Ballesta, age 35, is a director of the Company. Ms. Ballesta has been paralegal for Uranium Energy Corp., a NYSE Amex listed company, since May 2010. Ms. Ballesta has experience working in North American, European and Latin American business environments and has direct experience working with Canadian listed public companies holding interests in Latin America. Ms. Ballesta has experience managing administrative and compliance procedures for spin-offs, take-overs and financings of various Canadian public companies. Ms. Ballesta holds an LLB (Hons.) degree in Law from the CEU Cardinal Herrera University in Spain and a Masters degree in Marketing and Business Management from ESIC School of Business in Spain.

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed elsewhere herein, to the best of the Company's knowledge, no director or executive officer of the Company is at the date hereof, or has been within the ten years prior to the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
- (b) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.

To the best of the Company's knowledge, no director or executive officer or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company is at the date hereof, or has been within the ten years prior to the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Except as disclosed elsewhere herein, no director, executive officer, promoter or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company is or has been, within ten years prior to the date hereof, bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Except as disclosed elsewhere herein, no director, executive officer, promoter or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

In June 2007, the British Columbia Securities Commission issued a CTO against Uranium Energy Corp., which trades on the NYSE Amex and is a reporting issuer in the United States and British Columbia. The British Columbia Securities Commission issued the CTO to Uranium Energy Corp. for not having filed technical reports under NI 43-101 respecting Uranium Energy Corp.'s material mineral property interests and for not disclosing historical mineral resources in its annual report filed with the British Columbia Securities Commission that were otherwise publicly disclosed by Uranium Energy Corp. On October 19, 2007, Uranium Energy Corp. filed the required NI 43-101 reports on SEDAR. On October 22, 2007, the British Columbia Securities Commission revoked the CTO and reinstated Uranium Energy Corp. for trading in British Columbia. At the time, Amir Adnani was President, CEO and a director of Uranium Energy Corp. and Pat Obara was Chief Financial Officer of Uranium Energy Corp..

Conflicts of Interest

Other than as set out herein, none of the members of the Board or its senior management has an existing or potential material conflict of interest with the Company or any of its subsidiaries. There are no family relationships between members of the Board.

EXECUTIVE COMPENSATION

Generally

This section sets out all annual compensation for services in all capacities to the Company and its subsidiaries for the period ended November 30, 2009 and the year ended November 30, 2010 in respect of the individuals comprised of the Chief Executive Officer, the Chief Financial Officer and each of the other three most highly compensated executive officers of the Company, whose total compensation for the most recently completed financial year exceeded \$150,000, and any individual who would have satisfied these criteria but for the fact that the individual was not serving as an officer at the end of the most recently completed financial year ("**Named Executive Officers**" or "**NEOs**").

Compensation Discussion and Analysis

As of the date of this Prospectus, no directors or officers have received or are due any compensation and no compensation has been determined to be awarded to, earned by, paid to, or payable to any directors or officers of the Company once the Company becomes a reporting issuer.

Option-Based Awards

The Option Plan provides that the Board may from time to time, in its discretion, grant Options to directors, officers, employees and consultants of the Company, or any subsidiary of the Company. For information in respect of the Option Plan, please see the section of this Prospectus entitled "Options to Purchase Securities".

For the periodic grant of Options to key employees and executive officers, the Compensation Committee will make recommendations to the Board regarding the approval of grants to participants. For the grants to the Chief Executive Officer, the compensation committee will make a recommendation to the Board regarding the magnitude of such grant. Option grants are based on individual performance, positions held within the Company and the overall performance of the Company. Previous grants of Options are taken into account by the Chief Executive Officer and the Compensation Committee when considering new grants to employees and executives of the Company.

No Options have been granted pursuant to the Option Plan. There are no Options issued or outstanding.

Incentive Plan Awards and Pension Plans

The Company does not currently have any equity incentive, or compensation or pension plans for its directors, executive officers, employees or consultants. No Options have been granted pursuant to the Option Plan.

Termination and Change of Control Benefits

Other than as disclosed herein, the Company does not have any agreements providing for any benefits to Named Executive Officers upon termination of his or her office.

Compensation of Directors

According to the Company's articles, the Company's directors are entitled to receive remuneration for serving on the Board as the Board or the Shareholders may from time to time determine, and the Company is required to reimburse each director for reasonable expenses that he or she may incur in and about the business of the Company. The Company's directors may award special remuneration, without confirmation of same by Shareholders, to any director undertaking any special services on the Company's behalf other than routine work ordinarily required of a director, and such remuneration will be in addition to any other remuneration that such director may be entitled to receive. Unless the Shareholders determine otherwise, the Board may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

The Company does not currently compensate its directors and has no standard arrangement pursuant to which the Company's directors are compensated for their services in their capacity as directors.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Except as otherwise disclosed herein, no director or officer of the Company, or any associate of any such director or officer is or, has been indebted, other than routine indebtedness, to the Company or to any other entity that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company since the beginning of the most recently completed financial year.

CORPORATE GOVERNANCE DISCLOSURE

Board of Directors

Currently, the Board is comprised of six members, three of whom are independent and three of whom are not independent. The Board considers that management is effectively supervised by the independent directors on an informal basis as the independent directors are actively and regularly involved in reviewing the operations of the Company and have full access to management. The independent directors are also able to meet at any time without members of management and non-independent directors being present. The independent directors discharge their responsibilities for independent oversight of management through their representation on the Board.

The following directors are independent in that they do not have a direct or indirect material relationship with the Company or one which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment:

- David Kong
- Gloria Ballesta
- Mario Garnero

The following directors are not independent:

- Stephen Swatton
- Pat Obara
- Amir Adnani

Mr. Swatton is not independent by virtue of being the President and Interim Chief Executive Officer of the Company. Mr. Obara is not independent by virtue of being the Chief Financial Officer of the Company. Mr. Adnani is not independent by virtue of being an associate of the Company.

Directorships

The following directors of the Company are also directors of other reporting issuers:

<u>Name of Director</u>	<u>Name of Reporting Issuer(s)</u>	<u>Exchange</u>	<u>Position Held</u>	<u>In Position Since</u>
Amir Adnani	Uranium Energy Corp.	NYSE Amex	Director, President and Chief Executive Officer	January 2005
David Kong	Hana Mining Ltd.	TSXV	Director	July 2010
	Channel Resources Ltd.	TSXV	Director	July 2010
	New Pacific Metals Corp.	TSXV	Director	November 2010
	Uranium Energy Corp.	NYSE Amex	Director	January 2011
	CIBT Education Group Inc	NYSE Amex, Toronto Stock Exchange	Director	July 2010
Stephen Swatton	Sentosa Mining Limited	Australian Securities Exchange	Director	December 2010

Orientation and Continuing Education

The Board does not have any formal procedures to orient new Board members nor does it have a formal policy of providing continuing education for directors. When a new director is appointed, he or she has the opportunity to meet other directors, executives, management and employees of the Company with orientation tailored to the needs and experience of the new director, as well as overall needs of the Board. New Board members are provided with information respecting the Company and its business and operations.

The Company relies upon the advice of its professional advisors to update the knowledge of its Board members in respect of changes in relevant policies and regulations. A number of directors are also directors of other publicly traded companies and are benefiting from exposure to boards of such companies. New Board members are generally selected on the basis of their breadth of experience with respect to the mining business, having regard to the requirements for appropriate skill sets required by the Company.

As an ongoing process, the Board is to consider executive and management development (including training and monitoring of senior executives and management) to be based mainly on periodic reports from the Compensation and the Nominating and Corporate Governance Committee and the President and Chief Executive Officer. Board members are encouraged to communicate with executives, management, auditors, and technical consultants to keep themselves current with business and affairs of the Company and with respect to developments within the mining industry. Board members have free and full access to the Company's records at all times.

Ethical Business Conduct

The Board relies upon the selection of directors, officers, employees and consultants whom it considers as meeting the highest ethical standards to promote a culture of ethical business conduct.

The Board itself must comply with the conflict of interest provisions of applicable Canadian corporate law, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director and executive officer has a material interest.

Nomination of Directors

The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board in respect of filling of vacancies on the Board and as to nominees for the Board. On an annual basis, the Board reviews its strategies to determine the composition of the Board and the appropriate candidates to be put forth for election as directors at annual general meetings. The review takes into account the desirability of maintaining a balance of skills, experience and background, required for the discharge of its fiduciary duty to the Company.

Compensation

The Compensation Committee is appointed by the Board to, among other things, discharge the Board's responsibilities relating to compensation of the Company's directors and officers. The Compensation Committee periodically reviews the adequacy and form of compensation to ensure it realistically reflects the responsibilities and risks involved in being an effective director or officer and that compensation allows the Company to attract qualified candidates. Such review includes an examination of publicly available data as well as independent compensation surveys.

The Compensation Committee annually reviews and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluates the Chief Executive Officer's performance in light of those goals and objectives and sets the Chief Executive Officer's compensation level based on this evaluation. The Compensation Committee meets without the presence of other executive officers when approving the Chief Executive Officer's compensation.

Other Board Committees

Apart from the Audit Committee and Compensation Committee, the Board has established a Nominating and Corporate Governance Committee.

The Nominating Corporate Governance Committee is responsible for developing and establishing corporate governance guidelines and practices for the Board and the Company. The Corporate Governance Committee is responsible for assessing the overall effectiveness and composition of the Board and providing recommendations to the Board for suitable nominations of directors at annual general meetings of Shareholders and the filling of vacancies on the Board.

Assessments

The Board is required to establish appropriate practices for the regular evaluation of the effectiveness of the Board, its committees and its members. Such assessment considers:

- (i) in the case of the Board or a Board committee, its mandate or charter, and
- (ii) in the case of an individual director, the applicable position description(s), as well as the competencies and skills each individual director is expected to bring to the Board.

The Nominating and Corporate Governance Committee is responsible for assessing the effectiveness of the Board and the committees of the Board. The Nominating and Corporate Governance Committee recommends to the Board any changes that would enhance the performance of the Board based on a variety of assessment criteria.

AUDIT COMMITTEE DISCLOSURE

Audit Committee Charter

The Audit Committee operates under a written charter that sets out its responsibilities and composition requirements. A copy of the charter is attached to this Prospectus as Schedule "A".

Composition of the Audit Committee

The members of the Audit Committee are David Kong, Amir Adnani and Gloria Ballesta. Each member of the Audit Committee is financially literate and David Kong and Gloria Ballesta are independent directors.

Relevant Education and Experience

The following relevant education and experience of the members of the Audit Committee have been used in assessing their financial literacy:

David Kong

Mr. Kong has a Bachelor degree in Business Administration from Taiwan and earned his Chartered Accountant designation in British Columbia in 1978 and U.S. CPA (Illinois) designation in 2002. From 1981 to 2004 he was a partner at Ellis Foster Chartered Accountants. Mr. Kong was also a partner of Ernst & Young LLP from 2005 to 2010.

Amir Adnani

Mr. Adnani holds a Bachelor of Science degree from the University of British Columbia. Since 2005, Mr. Adnani has been Chief Executive Officer, President and a director of Uranium Energy Corp., a NYSE Amex listed company. Mr. Adnani is an entrepreneur with a background in business development and marketing. In 2004, he founded Blender Media Inc. a Vancouver-based company that provides strategic marketing and financial communications services to public companies and investors in the mineral exploration, mining, and energy sectors.

Gloria Ballesta

Ms. Ballesta holds an LLB (Hons.) Bachelor degree in Law from the CEU Cardenal Herrera University in Spain and a Masters degree in Marketing and Business Management from ESIC School of Business in Spain. Ms. Ballesta has been Paralegal for Uranium Energy Corp., a NYSE Amex listed company, since May 2010. Ms. Ballesta has experience working in North American, European and Latin American business environments and has direct experience working with Canadian listed public companies. Ms. Ballesta has experience managing administrative and compliance procedures for spin-offs, take-overs and financings of various Canadian public companies.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

Except as otherwise disclosed herein, at no time since the commencement of the Company's most recently completed financial year has the Company relied on any exemption from NI 52-101. See the section of this Prospectus entitled "*Exemptions from this Instrument*" for information in respect of an exemption from NI 52-107 the Company relied on.

Pre-Approval Policies and Procedures

The Audit Committee Charter provides that the Audit Committee shall pre-approve all non-audit services to be provided by the external auditors of the Company.

External Auditor Service Fees

Ernst & Young LLP have served as the Company's auditors since December 2010. Fees payable to Ernst & Young LLP for services rendered for the year ended November 30, 2010 and period ended November 30, 2009 is detailed below:

	Year ended November 30, 2010	Period ended November 30, 2009
Audit Fees ⁽¹⁾	\$ 5,000	\$ 2,000
Audit-Related Fees ⁽²⁾	\$ Nil	\$ Nil
Tax Fees ⁽³⁾	\$ 3,500	\$ 1,500
All Other Fees	\$ Nil	\$ Nil
Total⁽⁴⁾	\$ 8,500	\$ 3,500

Notes:

- (1) Audit fees were for professional services rendered by the auditors for the audit of the Company's financial statements in connection with statutory and regulatory filings.
- (2) Audit-related fees are for services rendered by the Company's auditors related to the performance of the audit of the Company's financial statements and are not reported under the category "Audit Fees" above.
- (3) Tax fees were for tax compliance.
- (4) These fees only represent professional services rendered and do not include any out-of-pocket disbursements or fees associated with filings made on the Company's behalf. These additional costs are not material as compared to the total professional services fees for each year.

Exemption

The Company is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of National Instrument 52-110 – *Audit Committees* by virtue of the exemption contained in section 6.1 thereof.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement between the Company and the Agent, the Company has retained the Agent to act as its agent to offer for sale to the public in the provinces of British Columbia and Alberta, on a commercially reasonable efforts basis, in accordance with the terms and subject to the conditions of the Agency Agreement, subject to prior sale, if, as and when issued by the Company, of a minimum of 3,200,000 and maximum of 3,800,000 Common Shares at the Offering Price of \$0.65 per Common Share for aggregate gross proceeds of \$2,080,000 assuming the Minimum Offering and \$2,470,000 assuming the Maximum Offering. The price of the Common Shares was established by negotiation between the Company and the Agent based on several factors and may bear no relationship to the price that will prevail in the market.

The Agent has agreed to use its commercially reasonable efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Company, but is not obligated to buy any Common Shares that are not sold. The obligations of the Agent under the Agency Agreement may be terminated at the discretion of the Agent and the Agent may withdraw subscriptions for Common Shares on behalf of subscribers on the basis of its assessment of the state of the financial markets or upon the occurrence of certain stated events, including any material adverse change in the business or financial condition of the Company's. At the direction and/or approval of the Company, the Agent may offer selling group participation to other registered dealers.

Pursuant to the Agency Agreement, the Company has agreed to pay the Agent the Commission equal to 7% of the gross proceeds of the Offering, excluding proceeds from President's List Purchasers for which the Company has agreed to pay a cash fee equal to 2% of such proceeds. The Agent will also receive the Agent's Warrants, exercisable at any time up to 12 months after the Closing Date, to acquire, at the Offering Price, that number of Common Shares which is equal to: (a) 10% of the Common Shares sold under the Offering to purchasers other than President's List Purchasers; and (b) 2% of the number of Common Shares issued to President's List Purchasers. Further, a corporate finance fee of \$50,000 payable by the issuance of the Corporate Finance Shares at a price of \$0.65 per Corporate Finance Share, is payable to the Agent at the Closing Date. The Company will pay the Agent's expenses in connection with the Offering, including the reasonable fees and disbursements of legal counsel to the Agent (not to exceed \$25,000) and the reasonable disbursements of the Agent, with such expenses to be payable by the Company whether or not the Offering is completed. This Prospectus qualifies the distribution of the Agent's Warrants and Corporate Finance Shares to the extent they are Qualified Compensation Securities. Pursuant to the Agency Agreement, the Company has agreed to indemnify the Agent, its affiliates, directors, officers, employees and agents against certain liabilities.

The issue price of \$0.65 per Common Share offered pursuant to the Offering was determined by negotiation between the Company and the Agent.

NI 41-101 imposes a restriction on the maximum number of securities which may be distributed under a prospectus to the Agent as compensation, being the Qualified Compensation Securities. Pursuant to NI 41-101, the aggregate Qualified Compensation Securities must not exceed 10% of the securities offered pursuant to this Prospectus, which in the case of this Offering is: 320,000 (in the case of completion of the minimum Offering) and up to 380,000 (in the case of completion of the maximum Offering). For the purposes of this Offering, any combination of the following are Qualified Compensation Securities (within the aggregate amounts set forth above) and are qualified for distribution by this Prospectus: (a) up to 380,000 Agent's Warrants, assuming the Maximum Offering; and (b) up to 76,923 Corporate Finance Shares. To the extent that the Agent is entitled to receive securities as compensation exceeding 10% of the securities issued under the Offering, those securities exceeding the 10% threshold will not be Qualified Compensation Securities, will not be qualified for distribution under this Prospectus and will be subject to a hold period in accordance with applicable securities laws.

Subscriptions for Common Shares will be received subject to rejection or allotment, in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing is conditional upon all conditions of closing specified in the Agency Agreement having been satisfied or waived. The completion of the sale of securities pursuant to the Offering will take place on the Closing Date or such day or days as the Agent and the Company may mutually agree upon. If subscriptions representing the Minimum Offering are not received within 90 days of the issuance of a receipt for the (final) prospectus, or if a receipt has been issued for an amendment to the (final) prospectus, within 90 days of the issuance of such receipt and in any event not later than 180 days from the date of receipt for the (final) prospectus, the Offering will cease. The Agent, pending closing of the Minimum Offering, will hold in trust all subscription funds received pursuant to the provisions of the Agency Agreement. If the Minimum Offering is not completed, the subscription proceeds received by the Agent in connection with the Offering will be returned to the subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

The securities offered under this prospectus have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state. Such securities may not be offered or sold or otherwise transferred or disposed of within the United States or to, or for the account or benefit of a U.S. person without registration unless an exemption from registration is available. Accordingly, such securities may only be offered and sold within the United States to "accredited investors" pursuant to Rule 506 of Regulation D under the U.S. Securities Act, and outside the United States in compliance with Regulation S under the U.S. Securities Act (in this section "**Regulation S**"), and thereafter may only be reoffered, resold or otherwise transferred or disposed of in the United States or to or for the account or benefit of a U.S. person pursuant to the registration requirements of the U.S. Securities Act and applicable state securities laws or an exemption therefrom. The Agent has agreed not to offer or sell the securities offered under this prospectus without registration under the U.S. Securities Act and applicable state securities laws except as set forth above. In addition, until 40 days after the commencement of the Offering, an offer or sale of such securities in the United States by any dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if such an offer or sale is made otherwise than in accordance with an exemption under the U.S. Securities Act. The securities offered under this prospectus will be "restricted securities" within the meaning of Rule 144(a)(3) of the U.S. Securities Act.

As at the date of the Prospectus, Brazil Resources does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

There is currently no public market for the Common Shares. The TSXV has conditionally approved the listing of the Common Shares under the symbol "BRI".

Except as disclosed in this Prospectus, the Company has not made nor will it make any payments in cash, securities, or other consideration to a promoter, finder or any other person or company in connection with this Offering. The directors, officers and other insiders of the Company may participate in this Offering.

RISK FACTORS

An investment in the Common Shares is considered to be speculative due to the nature of the Company's business and the present stage of its development. The following risk factors, as well as risks not currently known to the Company could materially adversely affect the Company's future business, operations and financial condition and could cause them to differ materially from estimates described in forward-looking statements relating to the Company. A prospective investor should carefully consider the risk factors set out below.

Risks Relating to the Company and the Industry

Limited Operating History

The Company has no history of earnings. There are no known commercial quantities of mineral reserves on the Montes Áureos Property, currently the Company's only interest in a mineral resource property. Development of the Montes Áureos Property will only follow upon obtaining satisfactory results. Exploration for and the development of natural resources involve a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Further, the Company is subject to many risks common to start-up enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance the Company will be successful in achieving a return on shareholder's investment and the likelihood of success must be considered in light of its early stage operations.

Exploration, Development and Operating Risks

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including

regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

There is no certainty that the expenditures made by the Company towards the search for and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

Acquisition of Additional Mineral Properties

If the Company loses or abandons its interest in the Montes Áureos Property, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

Commercial Ore Deposits

The Montes Áureos Property is in the exploration stage and is without known bodies of commercial ore. Development of the Montes Áureos Property would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. Such occurrences could result in damage to mineral properties or facilities thereon, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers being reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover certain risks at economically feasible premiums. In addition, insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. As a result, the Company may become subject to liability for pollution or other hazards that may not be insured against. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Permits and Government Regulations

The future operations of the Company may require permits from various governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on any of its properties.

Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Company believes that its exploration activities are currently carried out in accordance with all of the applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail the production or development of the Company's properties. Amendments to current laws and regulations governing the operations and activities of the Company or a more

stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, the installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may be subject to civil or criminal fines or penalties for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or a more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

Environmental and Safety Regulations and Risks

Environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In all major developments, the Company generally relies on recognized designers and development contractors from which the Company will, in the first instance, seek indemnities. The Company intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Company's operations more expensive.

Mineral Titles

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its interests in any properties, there is no guarantee that title to any such properties will not be challenged or impaired. Third parties may have valid claims underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate on such properties as permitted or to enforce its rights with respect to such properties.

Loss of Interest in Properties

The Montes Áureos Property is subject to the Option and Joint Venture Agreement which requires the Company to make cash and share payments and to incur exploration and development expenditures in order to maintain and/or earn its interest. The Company's ability to maintain an interest in the Montes Áureos Property may be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in the Company being unable to make periodic payments required for the maintenance or acquisition of these properties and could result in a delay or postponement of further exploration and the partial or total loss of the Company's interest in these properties.

Fluctuating Price of Gold

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of base and precious metals such as gold. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. These factors may affect the price of base and precious metals, and, therefore, the economic viability of any of the Company's future exploration projects cannot accurately be predicted.

Competition

The mining industry is intensely competitive in all of its phases and the Company competes with many companies possessing greater financial and technical resources than itself. Competition in the precious metals mining industry is primarily for: mineral rich properties that can be developed and produced economically; technical expertise to find, develop, and operate such properties; labour to operate the properties; and capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a global basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop mining properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future.

Dependence on Key Management Personnel, Employees and Consultants

The success of the Company is and/or will be dependent on a relatively small number of key management personnel, employees and consultants. The loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. The Company's ability to manage its exploration and future development activities, and hence its success, will depend in large part on the efforts of these individuals. The Company faces intense competition for qualified personnel, and there can be no assurance that the Company will be able to attract and retain such personnel.

Financing Risks

The Company has no history of earnings, and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has paid no dividends on the Common Shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is through the sale of its equity shares. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially minable deposit exists on any of its properties. While the Company may generate additional working capital through further equity offerings, there is no assurance that any such funds will be available on terms acceptable to the Company, or at all. If available, future equity financing may result in substantial dilution to purchasers under the Offering. At present it is impossible to determine what amounts of additional funds, if any, may be required.

Foreign Operations

Political and related legal and economic uncertainty may exist in countries where the Company may operate. The Company's mineral exploration and mining activities may be adversely affected by political instability and changes to government regulation relating to the mining industry. Other risks of foreign operations include political unrest, labour disputes, invalidation of governmental orders and permits, corruption, war, civil disturbances and terrorist actions, arbitrary changes in law or policies of particular countries, foreign taxation, price controls, delays in obtaining or the inability to obtain necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on gold exports and increased financing costs. These risks may limit or disrupt the Company's projects, restrict the movement of funds or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation.

Presently, the Company's only mineral property is located in Brazil. While the Company believes that Brazil represents a favourable environment for mining companies to operate, there can be no assurance that changes in the laws of Brazil or changes in the regulatory environment for mining companies or for non-domiciled companies in Brazil will not be made that would adversely affect the Company. It is also possible that current or future social unrest in Brazil will adversely affect the Company's operations.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Currency Fluctuations

The Company maintains accounts in U.S. and Canadian dollars and Brazilian Reals. While financings have all been conducted in Canadian dollars, the Company conducts its business using all three currencies depending on the location of the operations in question and the payment obligations involved. Accordingly, the results of the Company's operations are subject to currency exchange risks, particularly to changes in the exchange rate between the U.S. and Canadian dollars. Further, the Offering of the Common Shares pursuant to this Prospectus is denominated in Canadian dollars. To date, the Company has not engaged in any formal hedging program to mitigate these risks. The fluctuations in currency exchange rates, particularly between the U.S. and Canadian dollars, may significantly impact on the Company's financial position and results of operations in the future.

Foreign Subsidiaries and Repatriation of Earnings

The Company may in the future conduct its operations through foreign subsidiaries, joint ventures or divisions, and substantially all of its assets may be held in such entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations, could have an adverse impact on the Company's valuation and stock price. There is no assurance that Brazil or any other foreign country in which the Company may operate in the future will not impose restrictions on the repatriation of earnings to foreign entities.

Capital Cost Estimates

Capital and operating cost estimates made in respect of the Company's current and future development projects and mines may not prove to be accurate. Capital and operating costs are estimated based on the interpretation of geological data, feasibility studies, anticipated climatic conditions and other factors. Any of the following events, among the other events and uncertainties described in this Prospectus, could affect the ultimate accuracy of such estimates: unanticipated changes in grade and tonnage of ore to be mined and processed; incorrect data on which engineering assumptions are made; delay in construction schedules, unanticipated transportation costs; the accuracy of major equipment and construction cost estimates; labour negotiations; changes in government regulation (including regulations regarding prices, cost of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exportation of minerals); and title claims.

Increased Demand for Services and Equipment

Increased demand for services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and could increase potential scheduling difficulties and costs due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs or result in project delays or both. Any such material increase in costs would adversely affect the Company's results of operations and financial conditions.

Joint Ventures

The existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on the Company's profitability or the viability of its interests held through joint ventures, which could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition: (i) disagreement with joint venture partners on how to develop and operate mines efficiently; (ii) inability of joint venture partners to meet their obligations under the joint venture or to third parties; and (iii) litigation between joint venture partners regarding joint venture matters.

Litigation

The Company is subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's mining and project development operations.

Non-Resident Director

Stephen Swatton, President, Chief Executive Officer and a director of the Company, resides outside of Canada. Although Mr. Swatton has appointed Sangra Moller LLP, 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia,

V6C 3L2, as his agent for service of process in Canada, it may not be possible for investors to enforce judgments obtained in Canada against Mr. Swatton.

Enforceability of Judgments

Substantially all of the Company's assets and directors are located outside of Canada. It may be difficult or impossible to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of the securities laws of the various Canadian provinces against the Company's assets located outside of Canada.

Conflicts of Interest

The Company is dependent on certain directors of the Company who are, and may in the future be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnership or joint ventures which are or may be potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company.

In accordance with the applicable laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interest of the Company. Any decision made by any of such directors and officers involving the Company is made in accordance with their fiduciary duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each director is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set out in the BCBCA and other applicable laws. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Risks Relating to the Offering

Offering Price

The Offering Price of the Common Shares has been determined by the Board through negotiation with the Agent, yet may not be indicative of the value of the Common Shares after the Offering. The value of the Common Shares could be subject to significant fluctuations in response to variations in quarterly and yearly operating results, the success of the Company's business strategy, competition or other applicable regulations which may affect the business of the Company and other factors. These fluctuations may affect the value of the Common Shares.

Volatility of Stock Exchange Prices and Volume

The market price of a publicly traded stock is affected by many variables not all of which are directly related to the success of the Company. In recent years, the securities markets have experienced a high level of price and volume volatility and the market price of securities of many companies has experienced wide fluctuations, which have not necessarily been related to the operating performance underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Company's securities. In addition, sales or issuances of substantial amounts of Common Shares, or rights to acquire such shares or the availability of Common Shares for sale, could adversely affect the market prices for the Company's securities. A decline in the market prices of securities of the Company could impair the Company's ability to raise additional capital through the sale of Common Shares.

Discretion in the Use of the Funds Available

The Company intends to use the Funds Available as set forth in the section of this Prospectus entitled "*Use of Proceeds*". The Company maintains broad discretion to spend the proceeds in ways that it deems most efficient. The application of the proceeds to various items may not necessarily enhance the value of the Common Shares. The failure to apply the Funds Available in accordance with the intended use as described in the section of this Prospectus entitled "*Use of Proceeds*" could adversely affect the Company's business and consequently, could adversely affect the price of the Common Shares on the open market.

Unallocated Funds Available

As of the date of this Prospectus, the Company has no definitive plans for the expenditure of the Funds Available. Currently, approximately \$1,880,000 of such Funds Available have been allocated for future acquisitions of mining claims/concessions while approximately between \$151,400 to \$514,100 has been allocated for general working capital purposes. All such potential acquisitions and expenditures of the Funds Available in connection with the general working capital purposes shall be

at the sole discretion of the management of the Company, and as of the date of this Prospectus, there can be no assurances as to how such funds will be expended. The Company is not a party to any definitive agreement in respect of strategic investments or acquisitions and no assurance can be given that such agreement will ever be entered into and in such events the use of proceeds allocated to potential acquisitions will be at the sole discretion of the management of the Company.

Market for Securities

There is presently no known market for the Common Shares. An active public market for the Common Shares might not develop or be sustained after the Offering.

Dilution

Issuances of additional securities will result in a dilution of the equity interests of any person who may become a shareholder as a result of or subsequent to the Offering. The Company may issue additional shares in the future if further capital is required and on the exercise of options or other rights to acquire Common Shares that the Company may in the future issue. If additional Common Shares or securities exercisable or convertible into Common Shares are sold or issued, such sales or issuances may substantially dilute the interests of the Company's Shareholders.

Dividends

The Company has not yet earned a profit and intends to retain any future earnings to finance growth and expand operations and does not anticipate paying any dividends in the foreseeable future. See the section of this Prospectus entitled "*Dividend and Distributions*".

Effecting Service of Process

Some or all of the Company's directors may reside outside of Canada. Substantially all of the assets of these persons may be located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors, officers and experts named herein. It may also not be possible to enforce against the Company, certain of its directors and officers, and certain experts named herein, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

PROMOTERS

Amir Adnani and Pat Obara may be considered to be Promoters of the Company in that they took the initiative in founding and organizing the Company. Mr. Adnani and Mr. Obara own, directly or indirectly, 5,030,000 and 700,000 Common Shares, respectively, and neither has received any compensation in his capacity as Promoter of the Company. See the section of this Prospectus entitled "Principal Shareholders".

Other than as disclosed below, no person who is or was a Promoter of the Company within the last two years:

- (a) received anything of value directly or indirectly from the Company or a subsidiary of the Company;
- (b) sold or otherwise transferred any asset to the Company or a subsidiary of the Company within the last 2 years;
- (c) except as otherwise disclosed herein, has been a director, officer or promoter of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied such company access to any statutory exemptions for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;
- (d) has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or

- (f) has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

In June 2007, the British Columbia Securities Commission issued a CTO against Uranium Energy Corp., which trades on the NYSE Amex Equities Stock Exchange and is a reporting issuer in the United States and British Columbia. The British Columbia Securities Commission issued the CTO to Uranium Energy Corp. for not having filed technical reports under NI 43-101 respecting Uranium Energy Corp.'s material mineral property interests and for not disclosing historical mineral resources in its annual report filed with the British Columbia Securities Commission that were otherwise publicly disclosed by Uranium Energy Corp. On October 19, 2007, Uranium Energy Corp. filed the required NI 43-101 reports on SEDAR. On October 22, 2007, the British Columbia Securities Commission revoked the CTO and reinstated Uranium Energy Corp. for trading in British Columbia. At the time, Amir Adnani was President, CEO and a director of Uranium Energy Corp. and Pat Obara was Chief Financial Officer of Uranium Energy Corp.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not involved in any material legal proceedings, nor is it aware of any proceedings that are contemplated that it believes would have a material adverse effect upon its financial condition or results of operations. In the ordinary course of the Company's business, claims are asserted or made against the Company. To date, no reservation or provision has been made in the financial statements in connection with such claims.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein: (a) no director or executive officer of the Company; (b) no person or company that beneficially owns, controls or directs, directly or indirectly, more than ten percent of any class or series of the issued and outstanding voting securities of the Company; and (c) no associate or affiliate of any of the persons described in (a) or (b) directly above, has had any material interest, direct or indirect, in any transaction since the Company's incorporation which has materially affected or would materially affect the Company or any of its subsidiaries, except with an interest arising from the ownership of Common Shares where such person or company will receive no extra or special benefit or advantage not shared on a pro rata basis by all holders of the same class of shares who are resident in Canada.

RELATIONSHIP BETWEEN THE COMPANY AND THE AGENT

The Company is not a "related party" or "connected party" to the Agent as such terms are utilized under National Instrument 33-105 – *Underwriting Conflicts*.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The Company's auditors are Ernst & Young LLP with an office at Suite 2300, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1C7. The registrar and transfer agent for the Company is Computershare Investor Services Inc. with an office at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V5C 3B9.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the following are the only material contracts entered into by the Company since incorporation on September 9, 2009 which are currently in effect and considered to be material:

1. Option and Joint Venture Agreement respecting the Montes Áureos Property dated September 30, 2010 between the Company and Apoio. For information respecting the Option and Joint Venture Agreement, please see the section of this Prospectus entitled "*Description of the Business – Option Agreement*";
2. Voluntary Escrow Agreements dated September 1, 2010, September 13, 2010, September 22 2010 and November 9, 2010 between the Company, Computershare and certain of the Company's Shareholders, as more properly described in the section of this Prospectus entitled "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*";
3. IPO Escrow Agreement dated February 1, 2011 between the Company, Computershare and certain of the Company's Principals as more properly described in the section of this Prospectus entitled "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*"; and

4. Agency Agreement between the Company and the Agent dated April 21, 2011. For information respecting the Agency Agreement, please see the section of this Prospectus entitled "*Plan of Distribution*".

A copy of any material contract and the Technical Report may be inspected during distribution of the Common Shares being offered under this Prospectus and for a period of 30 days thereafter during normal business hours at the Company's offices at Suite 320 – 1111 West Hastings Street, Vancouver, British Columbia.

LEGAL MATTERS

Certain legal matters related to the Offering have been passed upon on behalf of the Company by Sangra Moller LLP and on behalf of the Agent by Miller Thomson LLP.

EXPERTS

The information in this Prospectus in respect of the Montes Áureos Project is summarized from the Technical Report prepared by Mario Conrado Reinhardt, BSc (Geo) MAIG, of Coffey Mining and an independent qualified geological and engineering consultant and a "qualified person" as defined in NI 43-101. As of the date hereof, to the Company's knowledge, neither Mr. Reinhardt or a or a designated professional (as defined in Form 51-102F2 of National Instrument 51-102 – *Continuous Disclosure Obligations*) of Mr. Reinhardt or Coffey Mining, has received or will receive any direct or indirect interest or interests in any securities or other property of the Company or in excess of one percent of the issued and outstanding securities or other property of the Company. Neither Mr. Reinhardt, nor any director, officer or employee of Coffey Mining is or is expected to be elected, appointed or employed as a director or employee of the Company or of any associate or affiliate of the Company.

Ernst & Young LLP, as auditors of the Company, have advised the Board that they are independent of the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in the Province of British Columbia and Alberta provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendment. Securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

EXEMPTIONS FROM INSTRUMENT

The Company has made a pre-filing application with the British Columbia Securities Commission pursuant to Part 8 of NP 11-202 in the relevant jurisdictions for relief from the requirements in section 3.1 of NI 52-107 that financial statements included in this Prospectus be prepared in accordance with Canadian GAAP as applicable to public enterprises. The Company sought this relief to permit it to prepare its financial statements for inclusion in this Prospectus in accordance with IFRS. In accordance with NP 11-202, the receipt for the (final) prospectus will constitute evidence of receipt of such aforementioned relief for the purpose of the financial statements contained in the (final) prospectus. The Company also intends to report in IFRS going forward, and, concurrently with the filing of its preliminary prospectus, filed an exemption application with the British Columbia Securities Commission seeking relief from applicable Canadian securities regulators in this regard.

FINANCIAL STATEMENTS

Audited consolidated financial statements of the Company for the financial year ended November 30, 2010, and for the period ended November 30, 2009 are included at Schedule "C" hereto.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

BRAZIL RESOURCES INC. (THE "CORPORATION")

1. PURPOSE

- 1.1. The audit committee of the Company (the "**Committee**") is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Committee's role is to:
- (a) support the board of directors of the Company (the "**Board**") in meeting its responsibilities to shareholders;
 - (b) enhance the independence of the external auditor;
 - (c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board;
 - (d) increase the credibility and objectivity of the Company's financial reports and public disclosure.
- 1.2. The Committee will make recommendations to the Board regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee's responsibilities as described herein.
- 1.3. The Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board from time to time prescribe.

2. MEMBERSHIP

- 2.1. The Committee will consist of at least three members, the majority of whom are neither officers nor employees or control persons of the Company nor any of its associates or affiliates in accordance with Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual and who meet the independence requirements of National Instrument 52-110 – *Audit Committees*, as same may be amended from time to time.
- 2.2. The members of the Committee shall be appointed by the Board. The Committee members may be replaced by the Board, as the Board shall determine from time to time. There shall be a chair of the Committee, who shall be appointed by the Board.

3. AUTHORITY

- 3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Committee has specific authority to:
- (a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities;
 - (b) communicate directly with management and any internal auditor, and with the external auditor without management involvement; and
 - (c) approve interim financial statements and interim management's discussion and analyses on behalf of the Board.

3.2. The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers being necessary or advisable in order to perform its duties and responsibilities.

4. DUTIES AND RESPONSIBILITIES

4.1. The overall duties and responsibilities of the Committee shall be as follows:

- (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
- (b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
- (c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
- (d) to report regularly to the Board on the fulfillment of its duties and responsibilities.

4.2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

- (a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
- (b) to pre-approve the retention of the independent auditor for all audit and any non-audit services, including tax services, and the fees for such non-audit services which are provided to the Corporation or its subsidiary entities.
- (c) to review the audit plan of the external auditors prior to the commencement of the audit;
- (d) to review with the external auditors, upon completion of their audit:
 - (i) contents of their report;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of the Company's financial and auditing personnel;
 - (iv) co-operation received from the Company's personnel during the audit;
 - (v) internal resources used;
 - (vi) significant transactions outside of the normal business of the Company;
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - (viii) the non-audit services provided by the external auditors;
- (e) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
- (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

- 4.3. The duties and responsibilities of the Committee as they relate to the Company's internal auditors are to:
- (a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
 - (b) review and approve the internal audit plan; and
 - (c) review significant internal audit findings and recommendations, and management's response thereto.
- 4.4. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
 - (b) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
 - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
 - (d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
- 4.5. The Committee is also charged with the responsibility to:
- (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
 - (b) review and approve the financial sections of:
 - (i) the annual report to shareholders;
 - (ii) the annual information form;
 - (iii) annual and interim management's discussion and analysis;
 - (iv) prospectuses;
 - (v) news releases discussing financial results of the Company; and
 - (vi) other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;
 - (c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
 - (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
 - (e) review and report on the integrity of the Company's consolidated financial statements;
 - (f) review the minutes of any Committee meeting of subsidiary companies;

- (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
- (h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information;
- (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board following each annual general meeting of shareholders; and
- (j) evaluate, annually, the adequacy of this Charter and recommend any proposed changes to the Board.

5. MEETINGS

- 5.1. The quorum for a meeting of the Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to and hear each other.
- 5.2. The members of the Committee may determine their own procedures.
- 5.3. The Committee may establish its own schedule that it will provide to the Board in advance.
- 5.4. The external auditor is entitled to receive reasonable notice of every meeting of the Committee and to attend and be heard thereat.
- 5.5. A member of the Committee or the external auditor may call a meeting of the Committee.
- 5.6. The Committee will meet separately with the president of the Company and separately with the chief financial officer of the Company at least annually to review the financial affairs of the Company.
- 5.7. The Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.
- 5.8. The chair of the Committee must convene a meeting of the Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board or the shareholders.

6. REPORTS

- 6.1. The Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board's meeting at which those recommendations are presented.

7. MINUTES

- 7.1. The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

SCHEDULE "B"

DESCRIPTION OF THE MONTES ÁUREOS PROPERTY

<u>Exploration Permit No.</u>	<u>Hectares</u>	<u>Effective Date</u>	<u>Expiration Date</u>
806.143/2007	2,000	30/11/2007	March 31, 2014*

*The exploration permit originally expired on November 30, 2010, but was renewed by the DNPM for a three year period commencing on March 31, 2011.

Reference point at confluence of Pacoral and Maracacume Rivers.

Latitude: -02°18'27"700

Latitude: 46°00'18"000

Vector Distance: 21.42 km

Angle: 59°23'59"997

Direction: SW

Claim Vertices:	Latitude	Longitude
	-02°24'22"751	-46°10'14"931
	-02°27'05"534	-46°10'14"931
	-02°27'05"532	-46°12'24"406
	-02°24'22"749	-46°12'24"401
	-02°24'22"751	-46°10'14"931

SCHEDULE "C"

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED NOVEMBER 30, 2010 AND
THE PERIOD FROM INCORPORATION (SEPTEMBER 9, 2009) TO NOVEMBER 30, 2009**



AUDITORS' CONSENT

We have read the prospectus of Brazil Resources Inc. (the "Company") dated April 21, 2011 relating to the issue and sale of a minimum of 3,200,000 and a maximum of 3,800,000 common shares of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the directors of the Company on the consolidated statements of financial position of the Company as at November 30, 2010 and 2009 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year ended November 30, 2010 and the period from incorporation (September 9, 2009) to November 30, 2009. Our report is dated April 21, 2011.

Vancouver, Canada

April 21, 2011

Ernst & Young LLP

Chartered Accountants



AUDITORS' REPORT

To the Board of Directors
Brazil Resources Inc.

We have audited the consolidated statements of financial position of **Brazil Resources Inc.** (the "Company") as at November 30, 2010 and 2009 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year ended November 30, 2010 and the period from incorporation (September 9, 2009) to November 30, 2009. These financial statements are the responsibilities of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements presented fairly, in all material respects, the financial position of the Company as at November 30, 2010 and 2009 and the results of its operations and its cash flows for the year ended November 30, 2010 and the period from incorporation (September 9, 2009) to November 30, 2009 in accordance with International Financial Reporting Standards.

Vancouver, Canada,
April 21, 2011.

Ernst & Young LLP
Chartered Accountants

BRAZIL RESOURCES INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at November 30, 2010	As at November 30, 2009
CURRENT ASSETS			
Cash and cash equivalents		\$ 6,162,062	\$ 115,930
Other receivables	5	122,337	-
Deposits		10,000	-
		6,294,399	115,930
EXPLORATION AND EVALUATION ASSETS			
	4	25,000	-
		\$ 6,319,399	\$ 115,930
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 134,047	\$ 25,571
Deposit received for share issuance	5	\$ -	\$ 115,930
		134,047	141,501
SHAREHOLDERS' EQUITY			
Issued capital	5 & 10	6,885,702	-
Deficit		(700,350)	(25,571)
		6,185,352	(25,571)
		\$ 6,319,399	\$ 115,930

COMMITMENTS (Note 12)

SUBSEQUENT EVENTS (Note 13)

Approved and authorized for issue by the Board of Directors on April 21, 2011.

/s/ "Stephen Swatton"

Stephen Swatton
President and Chief Executive Officer

/s/ "Pat Obara"

Pat Obara
Chief Financial Officer

The accompanying notes are an integral part of these Consolidated Financial Statements

BRAZIL RESOURCES INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Year Ended November 30, 2010	Period from incorporation, September 9, 2009, to November 30, 2009
EXPENSES			
General and administrative		\$ 121,189	\$ 39
Consulting fees		149,259	-
Exploration and evaluation expenses		345,009	21,799
Professional fees		59,322	3,733
OPERATING LOSS		674,779	25,571
Income tax expense	9	-	-
NET LOSS FOR THE PERIOD		(674,779)	(25,571)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		\$ (674,779)	\$ (25,571)
NET LOSS PER SHARE, BASIC AND DILUTED		\$ (0.08)	\$ (25,571.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED		8,773,165	1

The accompanying notes are an integral part of these Consolidated Financial Statements

BRAZIL RESOURCES INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued Capital	Deficit	Total
BALANCE, SEPTEMBER 9, 2009	\$ -	\$ -	\$ -
Total comprehensive loss for the period	-	(25,571)	(25,571)
BALANCE, NOVEMBER 30, 2009	\$ -	\$ (25,571)	\$ (25,571)
Issued capital containing:			
Cash and cash equivalents	6,773,552	-	6,773,552
Subscription receivable	117,150	-	117,150
Direct subscription agreement costs	(5,000)	-	(5,000)
Total comprehensive loss for the year	-	(674,779)	(674,779)
BALANCE, NOVEMBER 30, 2010	\$ 6,885,702	\$ (700,350)	\$ 6,185,352

The accompanying notes are an integral part of these Consolidated Financial Statements

BRAZIL RESOURCES INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended November 30, 2010	Period from incorporation, September 9, 2009, to November 30, 2009
OPERATING ACTIVITIES			
Net loss for the period		\$ (674,779)	\$ (25,571)
Changes in working capital			
Other receivables	5	(5,187)	-
Deposits		(10,000)	-
Accounts payable and accrued liabilities		108,476	25,571
NET CASH USED IN OPERATING ACTIVITIES		(581,490)	-
INVESTING ACTIVITIES			
Investment in exploration and evaluation assets	4	(25,000)	-
NET CASH USED IN INVESTING ACTIVITIES		(25,000)	-
FINANCING ACTIVITIES			
Deposit received for share issuance		-	115,930
Proceeds from issued capital	5	6,652,622	-
NET CASH FROM FINANCING ACTIVITIES		6,652,622	115,930
NET INCREASE IN CASH		6,046,132	115,930
CASH AND CASH EQUIVALENTS,			
BEGINNING OF PERIOD		115,930	-
END OF PERIOD		\$ 6,162,062	\$ 115,930

SUPPLEMENTAL CASH FLOW INFORMATION (Note 8)

The accompanying notes are an integral part of these Consolidated Financial Statements

BRAZIL RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended November 30, 2010 and 2009

1. Corporate Information

Brazil Resources Inc. is a limited private company domiciled and incorporated on September 9, 2009, in British Columbia, Canada. The Company, together with its subsidiary (collectively referred to as the "Company"), is principally engaged in the acquisition, exploration and development of mineral properties in Brazil.

The head office, principal address and registered and records office of the Company are located at Suite 320, 1111 West Hastings Street, Vancouver, British Columbia, V6E 2J3.

2. Basis of Preparation

2.1 Statement of compliance

The Company's Consolidated Financial Statements have been prepared in accordance with and using the accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended November 30, 2010.

2.2 Basis of presentation

The Company's Consolidated Financial Statements have been prepared on the historical cost basis. The Company's Financial Statements and those of its controlled subsidiary ("Consolidated Financial Statements") are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

These Consolidated Financial Statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. The Company commenced operations on September 9, 2009 and has not realized any significant revenues since incorporation. As at November 30, 2010, the Company has a working capital of \$6,160,352 and a deficit of \$700,350. Although existing cash resources are currently expected to provide sufficient funds through the upcoming year, the capital expenditures required to achieve planned principal operations may be substantial. The Company is in the exploration stage of its mineral property development and to date, has not yet established any reserves or resources on its existing properties.

3. Significant Accounting Policies

3.1 Basis of consolidation

The Consolidated Financial Statements include the financial statements of the Company and its controlled subsidiary. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-company transactions, balances, income and expenses are eliminated through the consolidation process.

BRAZIL RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended November 30, 2010 and 2009

3.2 Interest income

Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.3 Foreign currencies

The reporting currency and the functional currency of Brazil Resources Inc. and its subsidiary is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. Transactions performed in a different currency are translated into Canadian dollars using period end exchange rates as to monetary assets and liabilities and average exchange rates as to revenues and expenses. Non-monetary assets are translated at their historical exchange rates. Net gains and losses resulting from foreign currency exchange gains and losses on transactions occurring in a currency other than the Company's functional currency are included in the determination of net loss in the period.

3.4 Mineral exploration, evaluation and development expenditures

All direct costs related to the acquisition of the rights to explore are capitalized on a property by property basis. The Company assesses the carrying costs for impairment when indicators of impairment exist. Exploration and evaluation expenditures, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration and evaluation costs and the costs incurred to develop a property are capitalized into mineral properties. On the commencement of commercial production, depletion of each mineral property will be provided on a unit-of-production basis using estimated reserves as the depletion base.

3.5 Mineral property option agreements

When the Company acts as the farmee in a farm-in mineral property option agreement, the direct costs to enter into the agreement are capitalized to exploration and evaluation assets. All exploration and evaluation expenditure incurred by the Company in fulfilling the terms of the agreement is expensed as incurred, until such time as the option is exercised or lapses.

When the Company acts as the farmor in an agreement, it does not record any expenditure made by the farmee. It does not recognize any gain or loss on its exploration and evaluation farm out mineral property option agreements, and instead records any proceeds received as a credit to the amounts previously capitalized as mineral property acquisition costs. Any amounts received in excess of amounts capitalized are taken as a gain to the statement of comprehensive loss.

3.6 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period.

BRAZIL RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended November 30, 2010 and 2009

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settle or recovered.

3.7 Financial assets

All financial assets are initially recorded at fair value and designated upon incorporation into one of the following four categories: held to maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

BRAZIL RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended November 30, 2010 and 2009

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. The Company has classified other receivables as loans and receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive loss except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that investment below its cost.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

The Company has not designated any financial assets, upon initial recognition, as at fair value through profit or loss.

3.8 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon incorporation as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company has classified accounts payables and accrued liabilities as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive loss.

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss excludes any interest paid on the financial liabilities.

The Company has not designated any financial liabilities, upon initial recognition, as at fair value through profit or loss.

BRAZIL RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended November 30, 2010 and 2009

3.9 *Impairment of financial assets*

The Company assesses at the end of each reporting period whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to other receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

3.10 *Derecognition of financial assets and financial liabilities*

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.11 *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

BRAZIL RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended November 30, 2010 and 2009

3.12 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 7.

3.13 Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists or when annual impairment testing for an asset is required, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount, net of depreciation, that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

3.14 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

BRAZIL RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended November 30, 2010 and 2009

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred by the development / construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in profit or loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

For closed sites, changes to estimated costs are recognized immediately in profit or loss.

As at November 30, 2010 and 2009, no obligations exist to the Company, and therefore, the Company does not have any provisions recorded on its consolidated statement of financial position.

3.15 Cash and cash equivalents

Cash and cash equivalents are comprised of cash at banks, on hand and any short-term investments maturing within ninety days.

3.16 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3.17 Net loss per share

Basic net loss per share includes no potential dilution and is computed by dividing the net loss attributable to common stockholders by the weighted average number of common shares outstanding for the period.

The basic and diluted net loss per share are the same as there are no instruments that have a dilutive effect on earnings.

3.18 Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates relate to valuation of recoverability of other receivables, valuation of deferred income tax amounts, impairment testing and mine rehabilitation provisions.

The most significant judgments relate to the recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

BRAZIL RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended November 30, 2010 and 2009

3.19 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

IAS 24 Related Party Disclosures

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The Company does not expect any impact on its financial position or performance.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues

The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Company after initial application.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have no impact on the classification and measurement of the Company's financial assets.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Company.

Improvements to IFRSs (issued in May 2010)

The IASB issued *Improvements to IFRSs*, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the Company:

- IFRS 3 *Business Combinations*
- IFRS 7 *Financial Instruments: Disclosures*
- IAS 1 *Presentation of Financial Statements*
- IAS 27 *Consolidated and Separate Financial Statements*

BRAZIL RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended November 30, 2010 and 2009

The Company, however, expects no impact from the adoption of the amendments on its financial position or performance.

4. Exploration and Evaluation Assets

On September 30, 2010, the Company entered into a mineral property option and joint venture agreement (the "Agreement") with a third party, whereby the Company can initially acquire 51% legal and beneficial interest in the Montes Aureos Project (the "Property") (the "Initial Option") and subsequently an additional 46% legal and beneficial interest in the Property (the "Second Option") for a total legal and beneficial interest of 97%. The consideration required for the Company to earn the Initial Option is as follows:

- A. A cash payment of US \$25,000 within seven calendar days of September 30, 2010 (paid);
- B. Share issuances of 325,000 fully paid and non-assessable common shares in the capital of the Company in the following manner:
 - a. 125,000 common shares on or before September 30, 2011;
 - b. 100,000 common shares on or before September 30, 2012; and
 - c. 100,000 common shares on or before September 30, 2013;
- C. Incur exploration expenditures totaling US \$1,750,000 in the following manner:
 - a. US \$250,000 of the expenditures on or before September 30, 2011;
 - b. US \$500,000 of the expenditures on or before September 30, 2012; and
 - c. US \$1,000,000 of the expenditures on or before September 30, 2013; and
- D. Make all necessary payments in order to keep the Property in good standing during the term of the Agreement.

The consideration required to be made by the Company to earn the Second Option of an additional 46% interest in the Property is as follows:

- A. A cash payment of US \$1,000,000 on or before September 30, 2015;
- B. Share issuances of 700,000 fully paid and non-assessable common shares in the capital of the Company in the following manner:
 - a. 200,000 common shares on or before September 30, 2014; and
 - b. 500,000 common shares on or before September 30, 2015; and
- C. Incur expenditures on the Property to a maximum of US \$3,000,000 on or before September 30, 2015, in the following manner:
 - a. US \$1,000,000 of the expenditures on or before September 30, 2014; and
 - b. The lesser of either US \$2,000,000 of expenditures or an amount of expenditures as may be required in order for the Company to obtain a feasibility study respecting any of the interests comprising the Property on or before September 30, 2015.

The following outlines the movements of the Company's Exploration and Evaluation Assets:

	Amount
Balance, as at November 30, 2009	-
Additions	25,000
Total fiscal 2010 movement	25,000
Balance, as at November 30, 2010	\$ 25,000

BRAZIL RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended November 30, 2010 and 2009

5. Issued Capital

The Company has authorized an unlimited number of common shares without par value. The following outlines the movements of the Company's issued capital:

	Issued Capital	
	Number of Shares	Amount
Balance, as at September 9, 2009	-	\$ -
Share issued upon inception	1	\$ -
Balance, as at November 30, 2009	1	-
Subscription agreement @ \$0.01 per share	3,730,000	37,300
Subscription agreement @ \$0.05 per share	10,300,000	515,000
Subscription agreement @ \$0.10 per share	2,490,000	249,000
Subscription agreement @ \$0.35 per share	9,826,434	3,439,252
Subscription agreement @ \$0.55 per share	4,818,454	2,650,150
Direct subscription agreement costs	-	(5,000)
Total fiscal 2010 movement	31,164,888	6,885,702
Balance, as at November 30, 2010	31,164,889	\$ 6,885,702

The common shares issued pursuant to the subscription agreements @ \$0.01, \$0.05 and \$0.10 per share will be held under an escrow agreement and will only be released from escrow as follows:

- 10% on the day when the Company's common shares are listed on the TSX Venture Exchange ("Listing Date"),
- 15% 6 months following the Listing Date,
- 15% 12 months following the Listing Date,
- 15% 18 months following the Listing Date,
- 15% 24 months following the Listing Date,
- 15% 30 months following the Listing Date,
- The balance of the escrow shares 36 months following the Listing Date.

The common shares issued pursuant to the subscription agreement @ \$0.35 per share will be held under an escrow agreement and will only be released from escrow as follows:

- 25% on the Listing Date,
- 10% 3 months following the Listing Date,
- 15% 6 months following the Listing Date,
- 25% 9 months following the Listing Date,
- 25% 12 months following the Listing Date.

As at November 30, 2010, a subscription receivable of \$117,150 was outstanding; which was fully settled in December 2010 (see note 10). As well, the 2009 deposit received for share issuance, \$115,930, was reclassified to issued capital as it was converted into common shares issued by the Company during the year ended November 30, 2010. Subsequent to the balance sheet date, on January 19, 2011, the one share issued upon incorporation was redeemed by the Company.

6. Capital Risk Management

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements, continue the development and exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company

BRAZIL RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended November 30, 2010 and 2009

may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including capital deployment, results from operations, results from the exploration and development of its properties and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

At November 30, 2010, the Company's capital structure consists of the equity of the Company (Note 5). The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends.

The Company expects that, based on the net proceeds from the subscription agreements concluded in November 2010 (Note 5), sufficient capital resources are available to support further expansion and development of its mining assets.

7. Financial Instruments

The Company's financial assets include cash and cash equivalents and other receivables. The Company's financial liabilities include accounts payable and accrued liabilities. The Company uses the following hierarchy for determining and disclosing fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

All financial instruments of the Company approximate their carrying amounts largely due to the short-term maturities of these instruments.

7.1 Financial risk management objectives and policies

The financial risk arising from the Company's operations are currency risk, credit risk, liquidity risk and commodity price risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

7.2 Currency risk

The Company's operating expenses and acquisition costs are denominated in U.S. dollars, the Brazilian Real and Canadian dollars. The exposure to exchange rate fluctuations arises mainly on foreign currencies against the functional currency of the Company, which is the Canadian dollar. The Company does not have any significant foreign currency denominated monetary liabilities.

The Company has not entered into any derivative instruments to manage foreign exchange fluctuations; however, management monitors foreign exchange exposure.

The carrying amounts of the Company foreign currency denominated monetary assets are as follows:

	As at November 30, 2010	As at November 30, 2009
Assets		
Canadian Dollar	\$ 6,064,606	\$ 258
United States Dollar	50,213	115,672
Brazilian Real	47,243	-
	\$ 6,162,062	\$ 115,930

BRAZIL RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended November 30, 2010 and 2009

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 5% increase or decrease in the Canadian dollar against the foreign currency denominated monetary items in the preceding table. 5% represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 5% change in foreign currency rates. A positive number indicates a decrease in loss for the period and an increase in equity where the foreign currencies strengthen against the Canadian dollar. The opposite number will result if the foreign currencies depreciate against the Canadian dollar.

	Year ended November 30, 2010	Period from date of incorporation, September 9, 2009, to November 30, 2009
United States Dollar	\$ 2,511	\$ 5,784
Brazilian Real	2,362	-
	\$ 4,873	\$ 5,784

7.3 Interest rate risk

The Company is not exposed to interest rate risk as the Company has no outstanding debt or short and long-term investments. As such, the Company has not entered into any derivative instruments to manage interest rate fluctuations.

7.4 Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk for the Company is primarily associated with the Company's bank balances, the harmonized sales tax ("HST") receivable and receivables from subscription agreement holders associated with the latest \$0.55 subscription agreement.

The credit risk associated with the Company's bank balance is mitigated through the Company only holding cash with large, reputable financial institutions.

The HST receivable includes amounts that have been accumulated to date in the Company. At November 30, 2010, 100% of the HST receivable was due from the Canadian Government Taxation Authority.

The credit risk associated with the receivables from subscription agreement holders associated with the latest \$0.55 subscription agreement is managed through an internal process whereby the Company actively monitors the amounts owed by a subscriber and identifies the credit risk in a timely manner thereby reducing the risk of a credit related loss. In addition, the Company has option to cancel the specific subscription agreement where funds are not received in a timely manner. All receivables from the subscription agreement holders were settled after November 30, 2010.

7.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle or manage its obligations associated with financial liabilities. In the management of liquidity risk, the Company closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. The directors of the Company are of the opinion that, taking into account the Company cash reserves and external financial resources, the Company has sufficient working capital for its present obligations for at least the next twelve months commencing from November 30, 2010. The Company's working capital as at November 30,

BRAZIL RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended November 30, 2010 and 2009

2010 was \$6,160,352. The company's other receivables, deposits and accounts payable and accrued liabilities are expected to be realized or settled, respectively, within a one year period.

7.6 Commodity price risk

Profitability of the Company depends on the mineral prices it is able to realize. Mineral prices are affected by numerous factors such as interest rates, exchange rates, inflation or deflation and global and regional supply and demand. The Company currently has no mines in production and therefore commodity price risk is limited.

8. Supplemental Cash Flow Information

	As at November 30, 2010	As at November 30, 2009
Cash and cash equivalents consist of:		
Cash in bank	\$ 6,162,062	\$ 115,930
	\$ 6,162,062	\$ 115,930

No income tax or interest has been paid during the period ended November 30, 2010 and 2009. Excluded in the financing activities are the subscription receivables of \$117,150, which were all received in the subsequent period.

9. Income Tax

The Company is subject to Canadian federal and provincial tax for the estimated profit at a rate of 30% and 28.63% for the period ended November 30, 2009 and 2010, respectively. The Company had no assessable profit in Canada for the period ended November 30, 2009 and 2010.

As at November 30, 2010, the Company's subsidiary in Brazil has no assets or liabilities other than cash and immaterial expenditures during the period ended November 30, 2010 (2009: Nil). As such, the Company's subsidiary would not have a future income tax asset or liability.

9.1 Rate Reconciliation

The tax expense for the Company can be reconciled to the loss for the period per the Consolidated Statement of Comprehensive Income as follows:

	Year ended November 30, 2010	Period from date of incorporation, September 30, 2009, to November 30, 2009
Net loss for the period	\$ 674,779	\$ 25,571
Statutory tax rate	28.63%	30.00%
Recovery of income taxes based on combined Canadian federal and provincial statutory rates	193,155	7,671
Deduct:		
Non-deductible permanent differences	(2,464)	(3)
Effect from tax rate reduction	(25,427)	-
Benefit of losses not recognized	(165,264)	(7,668)
Tax recovery for the period	\$ -	\$ -

BRAZIL RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended November 30, 2010 and 2009

9.2 Deferred income tax assets

The deferred income tax assets for the Company that have not been recognized due to the uncertainty of future Canadian taxable income are as follows:

	As at November 30, 2010	As at November 30, 2009
Mineral properties	\$ 41,211	\$ -
Non-capital loss carryforwards	131,722	7,669

9.3 Expiry of non-capital loss carryforwards

The expiry of non-capital loss carryforwards are as follows:

	As at November 30, 2010	As at November 30, 2009
Year 2029	\$ 25,562	\$ 25,562
Year 2030	501,327	
Total non-capital loss carryforwards	\$ 526,889	\$ 25,562

10. Related Party Disclosures

The consolidated financial statements include funds received from the Company's directors, officers and related entities to the Company's directors and officers, in accordance with various subscription agreements, an aggregate amount of \$770,269 and \$85,930 during the period ended November 30, 2010 and 2009 respectively. As at November 30, 2010 and 2009, \$117,150 and nil remains outstanding from the related parties identified respectively. Management did not receive any compensation during the period ended November 30, 2010 and 2009.

11. Operating Segments

The Company conducts its business as a single operating segment, being the acquisition, exploration and development of mineral properties. Substantially all of the Company's assets and liabilities are held within Canada and as such the Company only has one reportable segment.

12. Commitments

The Company currently has no material commitments other than the disclosure made in note 4.

13. Subsequent events

On January 19, 2011, the one share issued upon incorporation was redeemed by the Company.

On January 28, 2011, the Company's stock option plan (the "Option Plan") was approved by the Board of Directors. Pursuant to the terms of the Option Plan, the Board may designate directors, senior officers, employees and consultants of the Company eligible to receive options to acquire such numbers of common shares as the Board may determine, each option so granted being for a term specified by the Board up to a maximum of five years from the date of grant. The maximum number of common shares reserved for issuance for options granted under the Option Plan at any time is 10% of the issued and outstanding common shares in the capital of the Company. As at April 21, 2011, the Company has not granted any options under the Option Plan.

On March 31, 2011, the Company received notice from the National Department of Mineral Production of Brazil, that the exploration license for the Montes Aureos Project had been renewed for a period of three years starting from the date of publication in the National Gazette. On April 6, 2011, the notice of renewal was published in the National Gazette.

BRAZIL RESOURCES INC.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended November 30, 2010 and 2009

On April 21, 2011, the Company entered into an agency agreement with Canaccord Genuity Corp. (the "**Agent**") in respect of a proposed initial public offering (the "**Offering**") of a minimum of 3,200,000 and a maximum of 3,800,000 common shares in the capital of the Company to be issued and sold at a price of \$0.65 per common share for gross proceeds of up to \$2,470,000. The Company has agreed to pay the Agent a cash commission equal to 7% of the gross proceeds of the Offering, excluding proceeds from the purchasers introduced to the Agent by the Company ("**President's List Purchasers**"), for which the Company has agreed to pay a cash fee equal to 2% of such proceeds. The Company has also agreed to issue to the Agent warrants, exercisable at any time up to 12 months after the date on which the Offering closes, to acquire, at a price of \$0.65 per common share, that number of common shares which is equal to: (a) 10% of the number of common shares sold under the Offering to purchasers other than President's List Purchasers; and (b) 2% of the number of common shares issued to President's List Purchasers. Further, a corporate finance fee of \$50,000 payable by the issuance of the common shares at a price of \$0.65 per common share, is payable to the Agent at the closing date of the Offering. The Company has also agreed to reimburse the Agent for certain fees and disbursements.

SCHEDULE "D"

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIODS
ENDED FEBRUARY 28, 2011 AND FEBRUARY 28, 2010**

Brazil Resources Inc.

(An exploration stage company)

Condensed consolidated interim statements of financial position

(All amounts in Canadian dollars unless otherwise stated) (Unaudited)

	Note	As at February 28, 2011	As at November 30, 2010
Assets			
Current assets			
Cash and cash equivalents		\$ 6,011,919	\$ 6,162,062
Other receivables		15,358	122,337
Prepaid expenses and deposits		17,602	10,000
		6,044,879	6,294,399
Non-current assets			
Exploration and evaluation assets	3	25,000	25,000
		\$ 6,069,879	\$ 6,319,399
Liabilities			
Current liabilities			
Account payables and accrued liabilities		\$ 131,108	\$ 134,047
		131,108	134,047
Equity			
Issued capital	4 & 6	6,885,702	6,885,702
Deficit		(946,931)	(700,350)
		5,938,771	6,185,352
		\$ 6,069,879	\$ 6,319,399

Commitments (Note 8)**Subsequent events** (Note 9)

Approved and authorized for issue by the Board of Directors on April 21, 2011

/s/ "Steve Swatton"

Steve Swatton

Chief Executive Officer, President and Director

/s/ "Pat Obara"

Pat Obara

Chief Financial Officer and Director

The accompanying notes are an integral part of these Consolidated Financial Statements

Brazil Resources Inc.

(An exploration stage company)

Condensed consolidated interim statements of comprehensive loss

(All amounts in Canadian dollars unless otherwise stated) (Unaudited)

	For the three months ended February 28, 2011	For the three months ended February 28, 2010
Expenses		
General and administrative	\$ 102,821	\$ 35,023
Consulting fees	62,775	32,780
Exploration and evaluation expenses	19,562	-
Professional fees	61,423	72,365
Operating loss	246,581	140,168
Income tax expense	-	-
Net loss for the period	(246,581)	(140,168)
Other Comprehensive Income	-	-
Total comprehensive loss for the period	\$ (246,581)	\$ (140,168)
Net loss per share, basic and diluted	\$ (0.01)	\$ (140,168)
Weighted average number of share outstanding, basic and diluted	31,164,888	1

The accompanying notes are an integral part of these Consolidated Financial Statements

Brazil Resources Inc.

(An exploration stage company)

Condensed consolidated interim statements of changes in equity

(All amounts in Canadian dollars unless otherwise stated) (Unaudited)

	Issued Capital	Deficit	Total
Balance at November 30, 2009	\$ -	\$ (25,571)	\$ (25,571)
Total comprehensive loss for the period	-	(140,168)	(140,168)
Balance at February 28, 2010	\$ -	\$ (165,739)	\$ (165,739)
Issued capital containing:			
Cash and cash equivalents	6,773,552	-	6,773,552
Subscription receivable	117,150	-	117,150
Direct subscription agreement costs	(5,000)	-	(5,000)
Total comprehensive loss for the year	-	(534,611)	(534,611)
Balance at November 30, 2010	\$ 6,885,702	\$ (700,350)	\$ 6,185,352
Total comprehensive loss for the period	-	(246,581)	(246,581)
Balance at February 28, 2011	\$ 6,885,702	\$ (946,931)	\$ 5,938,771

The accompanying notes are an integral part of these Consolidated Financial Statements

Brazil Resources Inc.

(An exploration stage company)

Condensed consolidated interim statement of cash flows

(All amounts in Canadian dollars unless otherwise stated) (Unaudited)

	Note	For the three months ended February 28, 2011	For the three months ended February 28, 2010
Operating activities			
Net loss for the period		\$ (246,581)	\$ (140,168)
Net changes in non-cash working capital items			
Other receivables		106,979	-
Prepaid expenses and deposits		(7,602)	-
Accounts payable and accrued liabilities		(2,939)	68,050
Net cash used in operating activities		(150,143)	(72,118)
Investing activities			
Net cash used in investing activities		-	-
Financing activities			
Deposit received for share issuance	6	-	10,000
Net cash generated from financing activities		-	10,000
Net decrease in cash and cash equivalents		(150,143)	(62,118)
Cash and cash equivalents			
Beginning of period		6,162,062	115,930
End of period		\$ 6,011,919	\$ 53,812

Supplemental cash flow information (Note 5)*The accompanying notes are an integral part of these Consolidated Financial Statements*

Brazil Resources Inc.

(An exploration stage company)

Notes to Condensed Consolidated Financial Statements

(All amounts in Canadian dollars unless otherwise stated)

(Unaudited)

1. Corporate information

Brazil Resources Inc. is a limited private company domiciled and incorporated on September 9, 2009, in the Province of British Columbia, Canada. The Company, together with its subsidiary (collectively referred to as the "Company"), is principally engaged in the acquisition, exploration and development of mineral properties in Brazil.

The head office and principal address of the Company is located at Suite 320, 1111 West Hastings Street, Vancouver, British Columbia, V6E 2J3, Canada.

2. Basis of preparation

The Company's condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for annual financial statements and should be read in conjunction with the consolidated financial statements of the Company for the year ended November 30, 2010, which have been prepared in accordance with International Financial Reporting Standards.

3. Exploration and evaluation assets

On September 30, 2010, the Company entered into a mineral property option and joint venture agreement (the "Agreement") with a third party, whereby the Company can initially acquire 51% legal and beneficial interest in the Montes Aureos Project (the "Property") (the "Initial Option") and subsequently an additional 46% legal and beneficial interest in the Property (the "Second Option") for a total legal and beneficial interest of 97%. The consideration required for the Company to earn the Initial Option is as follows:

- A. A cash payment of US \$25,000 within seven calendar days of September 30, 2010 (paid);
- B. Share issuances of 325,000 fully paid and non-assessable common shares in the capital of the Company in the following manner:
 - a. 125,000 common shares on or before September 30, 2011;
 - b. 100,000 common shares on or before September 30, 2012; and
 - c. 100,000 common shares on or before September 30, 2013;
- C. Incur exploration expenditures totaling US \$1,750,000 in the following manner:
 - a. US \$250,000 of the expenditures on or before September 30, 2011;
 - b. US \$500,000 of the expenditures on or before September 30, 2012; and
 - c. US \$1,000,000 of the expenditures on or before September 30, 2013; and
- D. Make all necessary payments in order to keep the Property in good standing during the term of the Agreement.

The consideration required to be made by the Company to earn the Second Option of an additional 46% interest in the Property is as follows:

- A. A cash payment of US \$1,000,000 on or before September 30, 2015;
- B. Share issuances of 700,000 fully paid and non-assessable common shares in the capital of the Company in the following manner:
 - a. 200,000 common shares on or before September 30, 2014; and
 - b. 500,000 common shares on or before September 30, 2015; and
- C. Incur expenditures on the Property to a maximum of US \$3,000,000 on or before September 30, 2015, in the following manner:
 - a. US \$1,000,000 of the expenditures on or before September 30, 2014; and
 - b. The lesser of either US \$2,000,000 of expenditures or an amount of expenditures as may be required in order for the Company to obtain a feasibility study respecting any of the interests comprising the Property on or before September 30, 2015.

Brazil Resources Inc.

(An exploration stage company)

Notes to Condensed Consolidated Financial Statements

(All amounts in Canadian dollars unless otherwise stated)

(Unaudited)

4. Issued capital

During the three-month period ended February 28, 2011, the Company redeemed one common share which was issued upon the incorporation of the Company.

5. Supplemental cash flow information

	As at February 28, 2011	As at February 28, 2010
Cash Consist of:		
Cash in bank	\$ 6,011,919	\$ 53,812
	\$ 6,011,919	\$ 53,812

No income tax or interest has been paid during the three months ended February 28, 2011 and 2010.

6. Related party disclosures

These condensed consolidated financial statements include funds received from the Company's directors, officers and related entities to the Company's directors and officers, in accordance with various share subscription agreements, an aggregate amount of \$nil and \$10,000 during the three months ended February 28, 2011 and 2010 respectively.

Management did not receive any compensation during the three months ended February 28, 2011 and 2010.

7. Operating segments

The Company conducts its business as a single operating segment, being the acquisition, exploration and development of mineral properties. Substantially all of the Company's assets and liabilities are held within Canada and as such the Company has only one reportable segment.

8. Commitments

The Company currently has no material commitments other than the disclosure made in note 3.

9. Subsequent events

On March 31, 2011, the Company received notice from the National Department of Mineral Production of Brazil, that the exploration license for the Montes Aureous project had been renewed for a period of 3 years starting from the date of publication in the National Gazette. Subsequently, on April 6, 2011, the notice of renewal was published in the National Gazette.

On April 21, 2011, the Company entered into an agency agreement with Canaccord Genuity Corp. (the "**Agent**") in respect of a proposed initial public offering (the "**Offering**") of a minimum of 3,200,000 and a maximum of 3,800,000 common shares in the capital of the Company to be issued and sold at a price of \$0.65 per common share for gross proceeds of up to \$2,470,000. The Company has agreed to pay the Agent a cash commission equal to 7% of the gross proceeds of the Offering, excluding proceeds from the purchasers introduced to the Agent by the Company ("**President's List Purchasers**"), for which the Company has agreed to pay a cash fee equal to 2% of such proceeds. The Company has also agreed to issue to the Agent warrants, exercisable at any time up to 12 months after the date on which the Offering closes, to acquire, at a price of \$0.65 per common share, that number of common shares which is equal to: (a) 10% of the number of common shares sold under the Offering to purchasers other than President's List Purchasers; and (b) 2% of the number of common shares issued to President's List Purchasers. Further, a corporate finance fee of \$50,000 payable by the issuance of the common shares at a price of \$0.65 per common share, is payable

Brazil Resources Inc.

(An exploration stage company)

Notes to Condensed Consolidated Financial Statements

(All amounts in Canadian dollars unless otherwise stated)

(Unaudited)

to the Agent at the closing date of the Offering. The Company has also agreed to reimburse the Agent for certain fees and disbursements.

CERTIFICATE OF BRAZIL RESOURCES INC.

Dated: April 21, 2011

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia and Alberta.

/s/ Stephen Swatton

/s/ Pat Obara

STEPHEN SWATTON
President and Chief Executive Officer

PAT OBARA
Chief Financial Officer and Secretary

ON BEHALF OF THE BOARD OF DIRECTORS

/s/ Amir Adnani

/s/ Gloria Ballesta

AMIR ADNANI
Director and Chairman

GLORIA BALLESTA
Director

PROMOTERS

/s/ Pat Obara

/s/ Amir Adnani

PAT OBARA

AMIR ADNANI

CERTIFICATE OF THE AGENT

Dated: April 21, 2011

To the best of our knowledge, information and belief, this Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia and Alberta.

CANACCORD GENUITY CORP.

/s/ Ali Pejman

BY: Ali Pejman, CA
Managing Director, Investment Banking