



(An exploration stage company)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED FEBRUARY 29, 2016

(Expressed in Canadian Dollars unless otherwise stated)

April 27, 2016

Brazil Resources Inc.

(An exploration stage company)

Management's Discussion and Analysis

For the three months ended February 29, 2016

**General**

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Brazil Resources Inc. (the "Company" or "Brazil Resources") for the three months ended February 29, 2016 should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and the notes thereto for the three months ended February 29, 2016, and its audited consolidated financial statements and the notes thereto for the years ended November 30, 2015 and 2014, copies of which are available on SEDAR at www.sedar.com.

The Company's financial statements for the three months ended February 29, 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Unless otherwise stated, all information contained in this MD&A is as of April 27, 2016.

Unless otherwise stated, references herein to "\$" or "dollars" are to Canadian dollars, references to "US\$" are to United States dollars and references to "R\$" are to Brazilian Real. References in this MD&A to the "Company" mean "Brazil Resources Inc.", together with its subsidiaries, unless the context otherwise requires.

Forward-Looking Information

This document contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively, "forward-looking statements"), including statements regarding the Company's: (i) future exploration and development plans; (ii) capital requirements and ability to obtain requisite financing; (iii) expectations respecting the receipt of necessary licences and permits, including obtaining extensions thereof; (iv) future acquisition strategy; and (v) mineral resource estimates. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "does not expect", "estimates", "intends", "anticipates", "does not anticipate", "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should" or "will" be taken, occur or be achieved. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates including assumptions about general business and economic conditions, the availability of equity and other financing on reasonable terms or at all, including necessary financing to meet the Company's contractual obligations to maintain its property interests or exercise mineral options, commodities prices, the timing and ability to obtain requisite operational, environmental and other licences, permits and approvals, including extensions thereof, and the Company's ability to identify, complete and integrate additional mineral interests on reasonable terms or at all. Investors are cautioned that forward-looking statements are not guarantees of future performance and involve risks and uncertainties, including, but not limited to: the Company's limited operating history, general economic conditions, the Company may not be able to obtain necessary financing on acceptable terms or at all; the Company may lose or abandon its property interests; the Company's properties are in the exploration stage and are without known bodies of commercial ore; the Company may not be able to obtain or maintain all necessary permits, licenses and approvals; environmental laws and regulations may become more onerous; potential defects in title to the Company's properties; fluctuating exchange rates; fluctuating commodities prices; operating hazards and other risks of the mining and exploration industry; competition; potential inability to find suitable acquisition opportunities and/or complete the same and other risks and uncertainties listed in the Company's public filings, including those set out under "Risk Factors" in this MD&A. These risks, as well as others, could cause actual results and events to vary significantly. Accordingly, readers should not place undue reliance on forward-looking statements and information, which are qualified in their entirety by this cautionary statement. There can be no assurance that forward-looking information, or the material factors or assumptions used to develop such forward-looking information, will prove to be accurate. The Company does not undertake any obligations to release publicly any revisions for updating any voluntary forward-looking statements, except as required by applicable securities laws.

Business Overview

Brazil Resources Inc. is a public mineral exploration company with a focus on the acquisition, exploration and development of projects in Brazil, United States, Canada and other regions of the Americas. Brazil Resources is advancing its Whistler Gold-Copper Project (the "Whistler Project"), located in Alaska, United States, Cachoeira (the "Cachoeira Project") and São Jorge (the "Sao Jorge Project") Gold Projects, located in the State of Pará, northeastern Brazil and Rea Uranium Project (the "Rea Project"), located in the western Athabasca Basin in northeast Alberta, Canada.

Brazil Resources' common shares (the "BRI Shares") are listed on the TSX Venture Exchange under the symbol "BRI" and are traded on the OTCQX International Market under the symbol "BRIZF" and on the Frankfurt Stock Exchange under the symbol "BSR". The head office and principal address of the Company is located at Suite 1830, 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3, Canada.

Company Strategy

The Company's previously disclosed long-term growth strategy is premised on taking advantage of the current historically low valuations in the commodities markets to pursue and execute accretive acquisitions of resource projects, primarily in the resource sector. This strategy is focused on identifying and acquiring projects that present compelling value for the Company's shareholders. In furtherance of this strategy, since 2012, the Company has completed the following acquisitions:

- In 2012, the Company completed the acquisition of the Cachoeira Project from Luna Gold Corp. ("Luna").
- In 2013, the Company acquired 100% of the outstanding shares of Brazilian Gold Corp ("BGC"), which resulted in the acquisition of several projects, including the São Jorge Project, the Surubim gold project, Boa Vista gold project and the Rea Project.
- In 2015, the Company acquired the Whistler Project from Kiska Metals Corporation ("Kiska").

In the current challenging commodities environment, the Company continues to assess potential acquisition opportunities, with a focus on projects that present acquisition costs below their replacement drilling and development costs.

Recent Developments

The following is a summary of selected recent developments in the Company's business.

- **Cost-Cutting Strategy.** As part of its long-term strategy, the Company also initiated a strategy to lower its ongoing operational costs in 2016 to better position itself to take advantage of opportunities in current markets. As a result, the Company successfully reduced its general and administrative expenses by 23% from \$194,000 for the three months ended February 28, 2015 to \$150,000 for the three months ended February 29, 2016. Additionally, the Company has adjusted its exploration and development plans to focus on project maintenance, which resulted in a reduction of exploration expenses by 39% from \$210,000 for the three months ended February 28, 2015 to \$128,000 for the three months ended February 29, 2016.
- **2016 Financing.** On February 26, 2016, the Company completed the initial tranche of a non-brokered private placement (the "2016 Private Placement") for gross proceeds of \$3,393,023, consisting of 7,540,050 BRI Shares at a subscription price of \$0.45 per share. On March 11, 2016, the Company completed an additional \$1,106,978 pursuant to further subscriptions under the 2016 Private Placement and issued a further 2,459,950 BRI Shares.

Material Properties

The Company's principal exploration properties are its Whistler, São Jorge, Cachoeira and Rea projects.

Whistler Project

In August 2015, the Company completed the acquisition of the Whistler Project, located 150 kilometers northwest of Anchorage, Alaska. The acquisition was completed pursuant to the terms of an asset purchase agreement between the Company, Kiska and their respective wholly-owned subsidiaries dated July 20, 2015. The consideration paid by the Company under the transaction consisted of 3.5 million BRI Shares. Pursuant to the agreement, such BRI Shares are subject to escrow provisions, providing for their release in 875,000 instalments 5, 10, 15 and 20 months following closing. As a result of the transaction, the Company holds an indirect 100% interest in the Whistler Project.

The Whistler Project is comprised of 304 Alaska State Mineral Claims covering an area of 170 square kilometers. Exploration programs can be conducted from a 50-person all season exploration camp fully-equipped with an airstrip, 38 KW diesel generator, water well, septic system, fuel storage facility and assorted equipment. The Whistler deposit and adjacent prospects in the Whistler Orbit are connected to the camp and airstrip by a 6 kilometer access road.

Pursuant to a management services agreement dated August 5, 2015 (the "Management Services Agreement"), between Kiska and the Company, the Company has engaged Kiska to provide certain technical and management services to it in connection with the Whistler Project, including, technical interpretation of exploration data, on-site work, maintenance and other operational services for a period of 15 months in consideration for the payment by the Company to Kiska of \$10,000 per month.

During the three months ended February 29, 2016, the Company incurred \$49,776 of expenditures on the Whistler Project, which included expenses associated with payments to Kiska in connection with the Management Services Agreement and camp maintenance.

On April 18, 2016, the Company announced the first resource estimate for the Island Mountain deposit, which is located approximately 23 kilometer south of the Whistler deposit. The Island Mountain resource estimate at a 0.3 g/t gold equivalent cut-off was prepared by Giroux Consulting Ltd. and is shown in the table below:

Resources Category	Tonnes & Grade					Contained Metal			
	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Cu (%)	Au Eq. ⁽¹⁾ (g/t)	Au (Moz)	Ag (Moz)	Cu (MIb)	Au Eq. ⁽¹⁾ (g/t)
Indicated	25.75	0.53	1.16	0.06	0.54	0.438	0.960	34.07	0.444
Inferred	69.23	0.51	1.07	0.06	0.51	1.124	2.382	91.59	1.133

(1) Gold equivalent grade for the Island Mountain Estimate assumes metal prices of US\$1,250/oz gold, US\$16.50/oz silver and US\$2.10/lb copper and recoveries of 90% for gold (cyanide), 80% for copper (flotation) and 25% silver (recovery in copper concentrate).

(2) Totals may not represent the sum of the parts due to rounding.

(3) The Mineral Resources have been prepared by Moose Mountain Technical Services in conformity with "CIM Definition Standards for Mineral Resources and Mineral Reserves 2014".

(4) Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserves.

This resource estimate is in addition to the prior resource estimate completed and announced by the Company on the Whistler deposit.

The Company will file a technical report in relation to the above estimate on SEDAR in due course. Please refer to the Company's news release dated April 18, 2016 for further information.

The Company intends to maintain the Whistler Project in good standing and currently, there are no exploration programs planned for 2016.

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For further information regarding the Whistler Project, please refer to the Whistler Technical Report, a copy of which is available under the Company's profile at www.sedar.com.

São Jorge Project

The Company acquired the São Jorge Project in November 2013 pursuant to the terms of an arrangement agreement between the Company and Brazilian Gold Corporation ("BGC") dated September 29, 2013. The project consists of seven gold exploration licenses and concession applications in the São Jorge area for a total of 58,742 hectares. Two licenses and one concession application are being reviewed by the Departamento Nacional de Produção Mineral (the "DNPM") at the request of the Company for clarification of title and are pending appeal by Brazil Resources. These areas have no impact on the project's reported resource as defined in its Canadian National Instrument 43-101 ("NI 43-101") technical report by Porfirio Rodriguez and Leonardo de Moraes of Coffey Mining titled "São Jorge Gold Project, Pará State, Brazil. Independent Technical Report on Mineral Resources" with an effective date of November 22, 2013, a copy of which is available under the Company's profile at www.sedar.com. The project is located 70 kilometers north of the city of Novo Progresso and 30 kilometers south of the town of Morais de Almeida in Pará State, Brazil. The project is accessible by highway BR 163, which connects the city of Cuiaba in Mata Grosso state with the Santarem port in Pará State.

During the three months ended February 29, 2016, the Company incurred \$15,885 of expenditures on the São Jorge Project to maintain it in good standing.

The Company intends to maintain the Sao Jorge Project in good standing and currently there are no exploration programs planned for 2016.

Cachoeira Project

In September 2012, the Company acquired an indirect 100% interest in the Cachoeira Project from Luna pursuant to the terms of a share purchase agreement dated July 10, 2012 between the parties, as amended from time to time (the "Cachoeira Agreement"). The project is located in Pará State, Brazil, approximately 250 kilometers southeast of the Pará State capital of Belém and about 270 kilometers northwest of the port city of São Luis, Maranhão State. The Cachoeira Project comprises one contiguous block consisting of three mining and three exploration licenses covering approximately 5,742 hectares.

As previously disclosed, in 2014, the Company submitted an assessment plan for the mining concessions within the Cachoeira Project, including certain conceptual engineering studies to the DNPM. The Company notes that such assessment plan does not constitute a preliminary economic assessment within the meaning of NI 43-101 and no production decision with respect to the project has been made to date. In 2015, the Company continued working with its consultants to obtain a Preliminary Environmental License from the Secretaria de Estado de Meio Ambiente/Pará ("SEMA"). The Company submitted the requisite Environmental Impact Assessment to SEMA in 2013 in connection with this licencing process. On December 19, 2014, a public hearing was held in connection with this licence application. This hearing was validated by SEMA for the purpose of continuation of the analysis of the licencing process and, in September 2015, the Company received comments from SEMA as a result of their review of the Company's application and related materials, requesting additional clarification and further information. The Company has responded thereto and is awaiting SEMA's response.

Pursuant to the mining licenses underlying the Cachoeira Project, the Company was required to commence mining operations at the property by April 2014. Prior to this date, the Company submitted an application to the DNPM requesting an extension of two years. While the DNPM previously provided extensions to the prior operators of the Cachoeira Project, there can be no assurance that such extension will be granted in this case. The Company believes that work conducted to date provides sufficient justification to grant the extension.

During the three months ended February 29, 2016, the Company incurred \$22,200 of expenditures on the Cachoeira Project, which included expenditures for maintenance, socio-economic, and environmental licencing and permitting activities.

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The Company has reduced expenditures on the Cachoeira Project while it awaits receipt of comments from the Brazilian regulatory authorities with respect to environmental licensing and permitting. In the interim, the Company continues to meet with local stakeholders. If an environmental license is received, the Company intends to evaluate whether to conduct additional engineering or other studies with respect to further development of the Cachoeira Project. Upon completion and granting of an environmental license, the Company will have an additional six months to implement an operational mining facility on the Cachoeira Project.

For further information respecting the Cachoeira Project, please refer to the technical report by Gregory Z. Mosher and Michael F. O'Brien of Tetra Tech with an effective date of April 17, 2013 and amended and restated as of October 2, 2013, and titled "Technical Report and Resource Estimate on the Cachoeira Property, Para State, Brazil", a copy of which is available under the Company's profile at www.sedar.com.

Rea Project

The Company acquired a 75% interest in the Rea Project as a result of its acquisition of BGC in September 2013. This uranium project is located in northeastern Alberta, Canada, approximately 185 km northwest of Fort McMurray.

The Rea Project consists of 15 contiguous exploration permits, which cover an area of 116,112 hectares in the western part of the Athabasca Basin and surrounds the Maybelle project held by Areva Resources Canada Inc. ("AREVA"). The north-northwest striking Maybelle River Shear Zone (the "MRSZ"), which is host to mineralization at Maybelle, extends for several kilometres on to the Rea project and is prospective for hosting similar mineralization on the Rea project. In addition, several parallel shear zones to the MRSZ have been identified by geophysical surveys and require follow-up exploration. The western Athabasca Basin has seen renewed exploration activity as a result of several discoveries in the last five years.

On March 9, 2015, the Company received an extension of the 6th period assessment expenditures to October 11, 2016, which was due February 11, 2016 and an extension of the 7th period to February 11, 2019, from the Alberta government. The extension was granted for a number of reasons, including land use designation uncertainty associated with the Lower Athabasca Regional Plan, delays in environmental permitting and consultation with First Nations and prolonged negotiations and closing of the acquisition of BGC during which time Brazil Resources could not complete exploration work on the project. The total assessment work now due on October 11, 2016 totals \$2,681,531, assuming the total permit area of 116,112 hectares is retained. Environmental permits to conduct an exploration program have been received from the Alberta government and are valid until October 11, 2016.

On April 5, 2016, the Company announced the completion and results of a Time Domain Electromagnetic ("TDEM") ground survey. The 10-day winter ground geophysical TDEM survey was completed over an airborne Versatile Electromagnetic (VTEM) conductor termed the "West Zone". The survey was undertaken to refine the location of the conductor and better define the geometry and orientation of this high priority conductor. The conductor was defined as high priority due to its orientation and spatial proximity to AREVA's Maybelle deposit.

In February, 2016, the Company learned that the Alberta Department of Environment and Parks was reviewing the Caribou Protection Plan (the "CPP") and no new applications for land tenure were being accepted by the Department of Coal and Mineral Development, Alberta Energy. After discussions with the Executive Director of Coal and Mineral Development, the following extension was granted to Brazil Resources. Until the CPP is finalized, no Metallic and Industrial Mineral permits will be cancelled and mineral assessment reports normally due to maintain permits in good standing will not be required. Once the CPP is finalized, permit and assessment report timelines will be extended accordingly. Extensions will take into consideration any new or existing surface restrictions and time needed to obtain exploration approvals. The Company will plan future programs once this review has been completed.

For further information respecting the Rea Project, please refer to the technical report prepared by Irvine R. Annesley, Ph.D., P. Geo and Roy Eccles, M.Sc, P.Geol, titled "Technical Report on the Rea Property, Northeastern

Alberta" with an effective date of September 12, 2014, a copy of which is available under the Company's profile at www.sedar.com.

Other Properties

In addition to the above projects, the Company, through its wholly owned subsidiaries, holds the following interests in additional properties:

- Surubim Project – the Company currently holds a 100% interest in the Surubim Project located in Pará State, Brazil. The project consists of three exploration licenses for a total area of 8,476 hectares; two of the smaller non-core concessions with a total area of 2,076 hectares are under appeal and the Company is awaiting a decision by the DNPM. On October 3, 2014, a final exploration report for an exploration concession within the Surubim Project, presenting the results of exploration work conducted on the property by BGC, including drilling programs, was submitted to the DNPM. Provided that the DNPM approves the submitted report, the Company would then have one year following such approval to present additional required studies to the DNPM and obtain environmental licensing, if the Company wishes to proceed with further work on that concession.
- Boa Vista Project – the Company currently holds an 84.05% interest in the Boa Vista Project located in Pará State, Brazil. The Boa Vista Project consists of two exploration licenses and one application for a total area of approximately 12,889 hectares.
- Batistão Project – the Company currently holds a 100% interest in the Batistão Project located in Goiás State, Brazil. The Company is required to file an Economic Assessment Plan and the Preliminary Environmental License, together with the Mining Concession Application by January 2016. The Company has requested an extension of one year to submit the Mining Concession Application, due to the current market conditions and gold price which has deteriorated since the Final Exploration Report was submitted to DNPM in 2013. There are no assurances that DNPM will accept the Company's request for an extension; and
- Montes Áureos and Trinta Projects – the Company currently holds a 51% interest in the Montes Áureos and Trinta Projects located in Pará and Maranhão States, respectively, Northeastern Brazil. A final report of work conducted on the Montes Áureos Project was submitted to DNPM on April 7, 2014. The Company's option to acquire an additional interest in this project has expired and it does not anticipate earning any further interest at this time.

The Company currently intends to hold these early stage properties in good standing with the intention of selling or optioning them to interested parties in 2016.

Material Properties Outlook

As previously disclosed, the Company is focused on identifying and completing additional acquisitions to further build shareholder value during the current challenged commodities environment. In furtherance thereof, the Company has determined to focus expenditures related to its existing project portfolio on project maintenance. Certain of the Company's properties, including its Cachoeira Project, Boa Vista Project and Surubim Project are subject to ongoing option and other agreements that require additional payments and share issuances by the Company. Please see "Contractual Obligations" for further information. While the Company currently intends to complete such option requirements and other obligations, in the event that the Company determines not to proceed with, or otherwise fails to make such payments, its interests in such projects may be lost. In addition, the Company plans to attempt to renegotiate existing property agreements and commitments in order to better position itself for its long-term strategy and reflect current market conditions. There can be no assurance that any renegotiation will be achieved on preferential terms or at all.

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The Company anticipates incurring expenses of approximately \$1.5 million in 2016 for mineral property obligations in connection with its projects to vendors, annual land fees and land owner surface rights payments. The most significant components of these expenses are \$300,000 to Luna per the Cachoeira Agreement and \$812,000 royalty payment (accrued) in respect of the Cachoeira Project. The Company is currently negotiating with the parties to defer the royalty payment until all permits and licenses have been received and production is achieved. While the royalty holders previously granted similar extensions to the prior operator, there can be no assurance that the Company will be able to obtain the same on acceptable terms or at all. In addition, pursuant to the Cachoeira Agreement, 1,214,000 BRI Shares and \$5.5 million, payable in BRI Shares or cash, at the Company's discretion, are due and payable on September 24, 2016. See "Contractual Obligations" for further information.

Results of Operations

For the three months ended February 29, 2016, the Company incurred total expenses of \$679,563, compared to \$948,871 for same period of 2015. The reduction was primarily the result of decreased non-cash share-based compensation, exploration expenses, general and administrative expenses and directors' fees, salaries and benefits.

General and administrative expenses were \$149,394 in the first quarter of 2016, compared to \$193,628 in the same period of 2015. The decrease was primarily a result of the Company's strategy to reduce general and administrative expenses, including a reduction in corporate development, marketing and investor relations activities. The most significant components of general and administrative expenses in the first quarter of 2016 were development and marketing expenses of \$39,282 (\$72,224 for 2015) and transfer agent and regulatory fees of \$33,349 (\$30,009 for 2015).

Directors' fees, salaries and benefits, which include management and personnel salaries, were \$144,744 in the first quarter of 2016, compared to \$165,715 for the same period of 2015.

Exploration expenses were \$127,902 in the first quarter of 2016, compared to \$210,343 in the same period of 2015. The decrease was primarily the result of a reduction in exploration activities on the Company's projects, partially offset by the addition of the Whistler Project and Rea Project in the current period. Exploration expenditures in the first quarter of 2016 consisted primarily of consulting fees of \$55,642 (\$66,641 for 2015) to vendors who provided geological and technical services respecting the Company's projects, geophysical survey costs of \$28,900 (\$nil for 2015) for the Rea Project and camp maintenance activities of \$14,802 (\$nil for 2015) for the Whistler Project.

Exploration expenses on a project basis were as follows for the periods indicated:

	For the three months ended		For the period from incorporation, September 9, 2009, to
	February 29, 2016	February 28, 2015	February 29, 2016
	(\$)	(\$)	(\$)
Cachoeira	22,200	113,529	4,400,448
São Jorge	15,885	40,687	405,364
Surubim	4,208	25,099	204,500
Whistler	49,776	-	348,270
Batistão	-	1,341	30,902
Montes Áureos and Trinta	-	-	1,817,908
Rea	31,654	21,936	195,858
Other Exploration Expenses	4,179	7,751	1,530,904
Total	127,902	210,343	8,934,154

Consulting fees, paid to corporate development, accounting, information technology and human resources service providers, were \$81,518 in the first quarter of 2016, compared to \$86,870 in the same period of 2015.

Non-cash share-based compensation expenses were \$60,849 in the first quarter of 2016, compared to \$187,597 for the same period of 2015. The decrease was a result of share option grants made by the Company in February 2015. Such options were granted to directors, officers, employees and consultants of the Company and have an exercise price of \$0.71 per BRI Share and are valid for a period of five years. The share options vest over an 18-month period.

Professional fees were \$41,050 in the first quarter of 2016, compared to \$57,848 in the same period of 2015. The decrease was primarily a reduced legal and advisory services provided to the Company respecting general matters and corporate activities.

The Company's share of loss on its investment in the Boa Vista Project was \$19,517 in the first quarter of 2016, compared to \$32,344 in the same period of 2015. The loss incurred on the joint venture was due primarily to expenses paid to maintain the Boa Vista Project. The joint venture remains an exploration project at this stage.

In the first quarter of 2016, the Company incurred a net loss of \$680,294, or \$0.01 per share on a basic and diluted basis, compared to \$835,427, or \$0.01 per share, on a basic and diluted basis, for the same period of 2015.

Summary of Quarterly Results

The following table sets forth selected quarterly results financial results of the Company for each of the periods indicated. The Company did not have any revenues during such periods.

For the quarter ended	Net loss (\$)	Basic and diluted net loss per share (\$)
February 29, 2016	680,294	0.01
November 30, 2015	1,595,944	0.02
August 31, 2015	769,839	0.01
May 31, 2015	1,014,297	0.01
February 28, 2015	835,427	0.01
November 30, 2014	1,038,024	0.01
August 31, 2014	1,159,824	0.02
May 31, 2014	1,400,536	0.02

The expenses incurred by the Company are typical of junior exploration companies that have no known commercial quantities of mineral reserves. The Company's fluctuations in net loss from quarter to quarter were mainly related to exploration, permitting and licensing work as well as corporate activities conducted during the respective quarter.

Liquidity and Capital Resources

The following table sets forth selected information regarding the Company's financial position as at each of the periods indicated.

	As at February 29, 2016 (\$)	As at November 30, 2015 (\$)
Cash	3,824,209	1,445,056
Working capital	2,609,212	(127,197)
Total assets	25,112,927	22,716,444
Total current liabilities	1,532,645	1,720,961
Accounts payable and accrued liabilities	1,245,736	1,439,860
Current portion of long-term obligations	284,140	277,468
Total non-current liabilities	313,807	307,928
Shareholders' equity	23,266,475	20,687,555

At February 29, 2016, the Company had \$3,824,209 in cash and working capital of \$2,609,212. In February and March 2016, the Company completed the 2016 Private Placement for gross proceeds of \$4.5 million.

The Company had accounts payable and accrued liabilities of \$1,245,736 at February 29, 2016, compared to \$1,439,860 as at November 30, 2015. This included \$1,099,796 of trade payables, comprised primarily of a \$811,860 royalty payment in respect of the Cachoeira Project and \$102,235 in professional fees, as at February 29, 2016, compared to \$1,312,972 as at November 30, 2015.

The current portion of long-term obligations, consisting of payments required under the Cachoeira Agreement, were \$284,140 as at February 29, 2016. Please see "Contractual Obligations" for further information. Mineral properties obligations, annual land fees and surface rights payments for the year ending November 30, 2016 are anticipated to be approximately \$1.5 million. As at the date of this MD&A, approximately \$5,500 has been paid. Corporate and general costs to maintain the Company in good standing are anticipated to be approximately \$1.2 million for the next twelve months.

Based upon management's decision to maintain its current projects in good standing with the intention of advancing them once the junior resource sector, capital markets and precious metals prices improve, management believes that available cash will be adequate to meet ongoing liquidity needs in the short-term and over the next twelve months for the Company's existing business and projects. Future expansion, including the acquisition of additional mineral properties or interests, may require additional financing, which the Company may obtain through equity and/or debt financing.

The Company's ability to meet its obligations and finance exploration and development activities over the long-term depends on its ability to generate cash flow through the issuance of BRI Shares pursuant to equity financings 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. The Company's growth and success is dependent on external sources of financing, which may not be available on acceptable terms or at all.

The Whistler Project's exploration activities are subject to the State of Alaska's laws and regulations governing the protection of the environment. The Company has recognised a rehabilitation provision of \$313,807 as at February 29, 2016 to comply with such laws and regulations.

Cash Flows

Operating Activities

Net cash used in operating activities during the three months ended February 29, 2016 was \$896,580 compared to \$1,040,523 during the same period of 2015. Significant operating expenditures during the current year included general and administrative expenses, directors' fees, salaries and benefits and mineral property expenditures. The decrease of net cash used in operating activities is due to the Company's cost-cutting strategy. The Company lowered its ongoing operational costs during the three months ended February 29, 2016 by reducing its general and administration expenses by 23% from the same period of 2015. The Company also adjusted its exploration and development plans to focus on project maintenance and led to a reduction in exploration expenses by 39% from \$210,000 for the three months ended February 28, 2015 to \$128,000 for the three months ended February 29, 2016.

Investing Activities

Net cash used in investing activities during the three months ended February 29, 2016 was \$21,000 compared to \$1,635 during the same period of 2015. Investing activities during the three months ended February 29, 2016 was the Company's investment in the Boa Visa project joint venture, consisting of expenses incurred to maintain the project.

Financing Activities

Net cash provided by financing activities during the three months ended February 29, 2016 was \$3,308,448 compared to \$4,272,684 during the same period of 2015. The initial tranche of the 2016 Private Placement provided net proceeds of \$3,309,312 in February 2016. During the three months ended February 28, 2015, the Company completed the initial tranche of the 2016 Private Placement for gross proceeds of \$3,393,023. Subsequently, in March 2016, the Company completed the second and financial tranche of the 2016 Private Placement for gross proceeds of \$1,106,978. Total gross proceeds under the 2016 Private Placement were \$4,456,928 (net cash proceeds of \$4,276,088 after the Company paid cash commissions of \$132,917 and other cash share issuance costs of \$47,923).

Contractual Obligations

General and Administrative

The Company is renting or leasing various offices located in Canada and Brazil with total monthly payments of \$6,297. Office lease agreements expire between June 2016 and March 2021. Payments required under the Management Services Agreement with Kiska and landowner surface rights agreements relating to the Company's Brazilian properties are expected to be \$155,373 for the year ended November 30, 2016.

Mineral Projects

Cachoeira Project

Pursuant to the Cachoeira Agreement, the Company is required to make the following additional cash and share payments to Luna: (i) \$300,000 cash and 1,214,000 BRI Shares within 30 days of receipt of approval of a mine development plan by the DNPM and the environmental preliminary licenses for a gold mining operation relating to the Cachoeira Project; (ii) \$2,500,000, payable in cash or BRI Shares, at the Company's sole discretion, upon commencing mine construction at the Cachoeira Project, consisting of completion of \$500,000 of expenditures towards such construction; and (iii) \$3,000,000, payable in cash or BRI Shares, at the Company's sole discretion, one year after achieving commercial production at the Cachoeira Project. Notwithstanding the foregoing milestones, all of the payments from the Company to Luna will become due and payable on September 24, 2016. These obligations are secured by, among other things, a promissory note issued by the Company and a pledge of the shares of the subsidiaries of the Company that hold the Cachoeira Project. Any discretionary share-based payments

Brazil Resources Inc.

(An exploration stage company)

Management's Discussion and Analysis

For the three months ended February 29, 2016



will be valued based on the volume weighted average trading price of the BRI Shares for the 10 days prior to such payment.

In addition, the Cachoeira Project is subject to a 4.0% net smelter return royalty payable to third parties by the Company's subsidiary on future production. A minimum payment of US\$300,000 per year in lieu of the royalty is payable in the event that production was not achieved by October 3, 2014. The Company has not made such payment for 2014 and 2015 and is currently negotiating with the parties to defer the payment until all permits and licenses have been received and production is achieved. While the royalty holders previously granted similar extensions to the prior operator, there can be no assurance that the Company will be able to obtain the same on acceptable terms or at all.

Boa Vista Project

Pursuant to the terms of a surface rights agreement ("Boa Vista Surface Rights Agreement") dated March 2008, as amended May 2010 and June 2013, BGC was required to make cash payments in installments totalling R\$4,400,000 in consideration for the acquisition. BGC paid R\$80,000 before it was acquired by the Company. The Company paid R\$160,000 during the year ended November 30, 2014. In March 2015, the Company and the surface rights holder of the Boa Vista Project agreed to amend the terms of the Boa Vista Surface Rights Agreement. Pursuant to the amended agreement, BGC made two payments totalling of R\$120,000 in 2015 and will make the remaining cash payments in the aggregate amount of R\$3,620,000 as follows in order to retain the surface rights to the property:

- R\$40,000 due on each of March 20, 2016, September 20, 2016, March 20, 2017, on September 20, 2017 and March 20, 2018; and
- R\$3,420,000 due on September 20, 2018.

Surubim Project

BGC entered into an option agreement (the "Jarbas Agreement") on February 11, 2010, as amended January 16, 2011 and March 23, 2015, pursuant to which BGC had the option to acquire a certain exploration license by paying R\$3,900,000 in six annual installments, until December 17, 2015. BGC paid R\$800,000 before its acquisition by Brazil Resources. Pursuant to this agreement, the Company paid R\$80,000 in fiscal 2014. The Jarbas Agreement was renegotiated and amended in 2015, and as a result, a payment of R\$35,000 was made in March 2015 and the Company will make the following additional cash payments under the option:

- R\$50,000 in each of March 2016 and 2017; and
- R\$3,000,000 in March 2018.

The Company also agreed to fund the costs, up to R\$20,000, for the option or under the Jarbas Agreement to apply for a Permissão de Lavra Garimpeira, or PLG, which is a permit for independent artisanal and small scale mining over a limited area and depth of the mineral rights subject to the Jarbas Agreement to be determined by the parties.

Pursuant to an option agreement between BGC and Altoro Mineração Ltda. ("Altoro") dated November 5, 2010, as amended on December 3, 2010 and December 14, 2012, BGC was granted the option to acquire certain exploration licenses for aggregate consideration of US\$850,000 to Altoro. BGC paid US\$150,000 before its acquisition by Brazil Resources, and an additional cash payment of US\$100,000 was made in December 2013. Pursuant to the Altoro Agreement, a cash payment of US\$650,000 is payable upon the DNPM granting a mining concession over the exploration permit.

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 the Company's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Transactions with Related Parties

Related Party Transactions

During the three months ended February 29, 2016, the Company entered into the following related party transactions:

- During the three months ended February 29, 2016, the Company incurred \$7,800 (2015: \$8,000) in consulting fees for corporate development consulting services rendered by Arash Adnani, a direct family member of a director. The fees paid were for business development services, including introducing the Company to various parties in the areas of project generation, corporate finance groups and potential strategic partners, and are within industry standards. As at February 29, 2016, \$2,730 was payable to such related party (2015: \$2,730).
- During the three months ended February 29, 2016, the Company incurred \$1,748 (2015: \$1,500) in general and administrative expenses related to website design, video production, website hosting services and marketing services paid to Blender Media, which is controlled by Arash Adnani, a direct family member of a director. The fees paid were commensurate to fees charged to Blender Media's other clients for similar services provided. As at February 29, 2016, \$39 was payable to such related party (2015: \$903).

Related party transactions are entered into based on normal market conditions at the amounts agreed to by the parties. As at February 29, 2016, the Company has not entered into any contracts or undertaken any commitment or obligation with any related parties other than as disclosed herein.

Transactions with Key Management Personnel

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation, including directors' fees and management salaries, for the three months ended February 29, 2016 and February 28, 2015 comprised of:

	For the three months ended	
	February 29, 2016 (\$)	February 28, 2015 (\$)
Fees, salaries and benefits ⁽¹⁾	25,038	32,980
Share-based compensation	8,265	28,044
Total	33,303	61,024

(1) Total directors' fees, salaries and benefits of \$144,744 disclosed on the consolidated statement of comprehensive loss for the three months ended February 29, 2016 includes \$18,720 and \$6,318 paid to the Company's Chief Executive Officer and Chief Financial Officer, respectively, \$59,701 paid to the Company's president and directors, and \$60,005 paid for employees' salaries and benefits. Total directors' fees, salaries and benefits of \$165,715 disclosed on the consolidated statement of comprehensive loss for the three months ended February 28, 2015 includes \$26,500 and \$6,480 paid to the Company's Chief Executive Officer and Chief Financial Officer, respectively, \$63,072 paid to the Company's president and directors, and \$69,663 paid for employees' salaries and benefits.

Total compensation payable, including share-based compensation, to key members of management and directors in the three months ended February 29, 2016 was \$33,303 (2015: \$61,024). Compensation is comprised entirely of employment and similar forms of remuneration. Management includes the Chief Executive Officer and Chief Financial Officer, who is also director of the Company.

Adoption of New and Amended Accounting Standards

The Company is not aware of any changes to IFRS and IFRIC effective December 1, 2015 that impact the Company's financial statements.

Future Changes in Accounting Policies

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Company is in the process of evaluating the impact of the adoption of the new standard.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Company is in the process of evaluating the impact of the adoption of the new standard.

IFRS 16 Leases

In January 2016, the IASB published a new standard, IFRS 16. The new standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 18 and the distinction between operating and finance leases is retained. The standard is effective for annual period beginning on or after January 1, 2019. The Company is in the process of evaluating the impact of the adoption of the new standard.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company is in the process of evaluating the impact of the adoption of the new standard.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company is in the process of evaluating the impact of the adoption of the new standard.

Amendments to IAS 1 – Disclosure Initiative

In December 2014, amendments to IAS 1 were issued to address perceived impediments to preparers exercising their judgement in presenting their financial statements. The amendments clarify the definition of materiality, the presentation of items on the statement of financial position and statement of profit or loss and other comprehensive income, and ordering of notes in the financial statements. The Company is in the process of evaluating the impact of the adoption of the new standard.

Financial Instruments and Risk Management

The Company's financial assets include cash, other receivables and available-for-sale securities. The Company's financial liabilities include accounts payable and accrued liabilities, due to related parties and current and long-term obligations. 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 have a significant effect on the recorded fair value which 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.

The following table sets forth the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at February 29, 2016, those financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement.

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial Assets				
Cash	3,824,209	-	-	3,824,209
Available-for-sale securities	15,000	-	-	15,000
Financial Liabilities				
Long-term obligations	-	284,140	-	284,140

The valuation techniques used to measure fair value are as follows:

- The fair value of available-for-sale securities is determined by obtaining the quoted market price of the available-for-sale security and multiplying it by the quantity of shares held by the Company.
- The fair value of the long-term obligation is determined by discounting the amounts payable using a market rate of interest for a similar instrument of an issuer with similar credit rating.

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 the Company mitigates these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Currency risk

The Company's operating expenses and acquisition costs are denominated in United States dollars, the Brazilian Real, the Paraguayan Guarani and Canadian dollars. The exposure to exchange rate fluctuations arises mainly on foreign currencies against the Company's functional currency, being the Canadian dollar. The Company has not

entered into any derivative instruments to manage foreign exchange fluctuations; however, management monitors foreign exchange exposure.

The Canadian dollar equivalents of the Company's foreign currency denominated monetary assets are as follows:

	As at February 29, 2016 (\$)	As at November 30, 2015 (\$)
Assets		
United States Dollar	61,411	35,900
Brazilian Real	53,511	74,069
Paraguayan Guarani	3,681	3,679
Total	118,603	113,648

The Company's sensitivity analysis suggests that a consistent 5% change in the foreign currencies to Canadian dollar exchange rate on the Company's financial instruments based on balances at February 29, 2016 would be \$5,930 (November 30, 2015: \$5,682).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest bearing financial asset is cash, which bears interest at fixed or variable rates. The Company does not believe it is exposed to material interest rate risk related to this instrument. As such, the Company has not entered into any derivative instruments to manage interest rate fluctuations.

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 goods and service tax receivable ("GST"), the harmonized sales tax receivable ("HST") and refundable cash advances towards contemplated transactions.

The Company mitigates credit risk associated with its bank balance by only holding cash with large, reputable financial institutions.

The GST and HST receivable includes amounts that have been accumulated to date in the Company. At February 29, 2016, 100% of the GST and HST receivable was due from the Canadian Government Taxation Authority.

When entering into property acquisition agreements, the Company uses industry standard agreements and initial payments or advances prior to closing of transactions are meant to be refundable in the event completion of a transaction is not attained. Furthermore, deposit amounts are kept to a minimum in order to mitigate any credit risk associated with a pending transaction.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle or manage its obligations associated with financial liabilities. To manage liquidity risk, the Company closely monitors its liquidity position and ensures it has adequate sources of funding to finance its projects and operations. The directors of the Company are of the opinion that, taking into account the Company's current cash reserves, its network of sophisticated and accredited investors from which to raise capital and the Company's ability to respond appropriately to negative market conditions, it has sufficient working capital for its present obligations for at least the next twelve months. The Company's working capital as at February 29, 2016 was \$2,609,212. In February and March 2016, the Company completed the 2016 Private Placement of \$4.5 million. The Company's other receivables, deposits, accounts payable and accrued

liabilities, due to related parties and current portion of long-term obligations are expected to be realized or settled, respectively, within a one year period.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following summarizes the remaining contractual maturities of the Company's financial liabilities:

	February 29, 2016	
	(\$)	
	Due within 1 year	2-5 years
Accounts payable and accrued liabilities	1,245,736	-
Due to related parties	2,769	-
Current portion of long-term obligations	284,140	-
Total	1,532,645	-

Commodity price risk

The Company's profitability is dependent on prices of the minerals 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 has limited exposure to commodity price risk.

The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of precious metals and other commodities. The Company monitors commodity prices to help determine the appropriate course of action to be taken.

Outstanding Share Data

As at the date hereof, the Company has 94,178,429 BRI Shares outstanding. In addition, the following options and warrants are currently outstanding:

Share Options

The outstanding share options to purchase BRI Shares as at the date hereof are summarized as follows:

Expiry Date	Exercise Price (\$)	Number Outstanding
July 21, 2016	1.30	300,000
October 3, 2016	1.20	990,000
October 11, 2016	1.20	105,000
February 7, 2017	1.50	150,000
April 23, 2017	1.20	20,000
January 8, 2018	1.03	40,000
March 1, 2018	1.10	25,000
February 6, 2020	0.71	1,406,250
December 15, 2020	0.48	90,000
April 1, 2021	0.73	1,570,000
		4,696,250

Warrants

The outstanding warrants as at the date hereof are summarized as follows:

Expiry Date	Exercise Price (\$)	Number Outstanding
December 31, 2018	0.75	11,650,620
January 5, 2020	0.75	1,984,400
January 6, 2020	0.75	5,405,470
January 26, 2020	0.75	703,636
		19,744,126

Additional Information

Additional information regarding the Company is available on SEDAR at www.sedar.com.

Paulo Pereira, President of the Company, has reviewed and approved the scientific and technical information contained in this MD&A. Mr. Pereira holds a Bachelor's degree in Geology from Universidad Do Amazonas in Brazil, is a qualified person as defined in NI 43-101 and is a member of the Association of Professional Geoscientists of Ontario.