



(An exploration stage company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED  
FEBRUARY 29, 2016 and FEBRUARY 28, 2015

(Expressed in Canadian Dollars unless otherwise stated)

**BRAZIL RESOURCES INC.**  
(An exploration stage company)

**Notice to Reader**

The accompanying unaudited condensed consolidated interim financial statements of Brazil Resources Inc. have been prepared and are the responsibility of its management. Brazil Resources Inc.'s independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements.

**Brazil Resources Inc.**  
(An exploration stage company)  
Condensed Consolidated Interim Statements of Financial Position  
(Unaudited, expressed in Canadian dollars unless otherwise stated)



	Notes	As at February 29, 2016 (\$)	As at November 30, 2015 (\$)
<b>Assets</b>			
Current assets			
Cash	7	3,824,209	1,445,056
Other receivables	8	82,668	67,055
Prepaid expenses and deposits		219,980	76,653
Available-for-sale securities	9	15,000	5,000
		4,141,857	1,593,764
Non-current assets			
Property and equipment	4	1,003,007	1,057,596
Exploration and evaluation assets	5	18,625,659	18,714,650
Investment in joint venture	6	1,342,404	1,350,434
		25,112,927	22,716,444
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	10	1,245,736	1,439,860
Due to related parties	16	2,769	3,633
Current portion of long-term obligations	12	284,140	277,468
		1,532,645	1,720,961
Non-current liabilities			
Rehabilitation provisions	11	313,807	307,928
		1,846,452	2,028,889
<b>Equity</b>			
Issued capital	13	41,643,806	38,334,494
Share issuance obligations	13	6,932,520	6,932,520
Reserves	13	5,851,116	5,790,267
Accumulated deficit		(23,831,281)	(23,150,987)
Accumulated other comprehensive income		(7,329,686)	(7,218,739)
		23,266,475	20,687,555
		25,112,927	22,716,444

**Commitments** (Note 18)

**Subsequent events** (Note 19)

Approved and authorized for issue by the Board of Directors on April 27, 2016.

/s/ "David Kong"

**David Kong**  
Director

/s/ "Pat Obara"

**Pat Obara**  
Chief Financial Officer & Director

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

**Brazil Resources Inc.**  
(An exploration stage company)  
Condensed Consolidated Interim Statements of Comprehensive Loss  
(Unaudited, expressed in Canadian dollars unless otherwise stated)



		For the three months ended	
	Notes	February 29, 2016 (\$)	February 28, 2015 (\$)
<b>Expenses</b>			
Consulting fees		81,518	86,870
Depreciation	4	54,589	12,170
Directors' fees, salaries and benefits	16	144,744	165,715
Exploration expenses	5	127,902	210,343
General and administrative		149,394	193,628
Professional fees		41,050	57,848
Project evaluation costs		-	2,356
Share-based compensation	13	60,849	187,597
Share of loss on investment in joint venture	6	19,517	32,344
		<b>679,563</b>	<b>948,871</b>
<b>Operating loss</b>		<b>(679,563)</b>	<b>(948,871)</b>
<b>Other items</b>			
Interest income		1,092	7,508
Accretion of rehabilitation provisions	11	(1,823)	-
Gain on settlement of accounts payable		-	105,936
<b>Net loss for the period</b>		<b>(680,294)</b>	<b>(835,427)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to net income or loss:			
Available-for-sale financial assets	9	10,000	(10,000)
Foreign currency translation adjustments		(120,947)	(401,356)
<b>Total comprehensive loss for the period</b>		<b>(791,241)</b>	<b>(1,246,783)</b>
<b>Net loss per share, basic and diluted</b>		<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted average number of shares outstanding, basic and diluted</b>			
	13	84,417,002	77,185,584

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**Brazil Resources Inc.**

(An exploration stage company)

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited, expressed in Canadian dollars unless otherwise stated)



	Notes	Number of Shares	Issued Capital (\$)	Share Issuance Obligations (\$)	Reserves (\$)	Deficit (\$)	Accumulated Other Comprehensive Income (\$)	Total (\$)
<b>Balance at November 30, 2014</b>		72,500,423	34,126,149	6,978,960	3,569,760	(18,935,480)	(1,438,047)	24,301,342
Private placement containing:								
Cash		8,103,506	2,732,745	-	-	-	-	2,732,745
Share issue costs		-	(107,902)	-	-	-	-	(107,902)
Warrant issue costs		-	(72,938)	-	-	-	-	(72,938)
Warrants issued for private placement		-	-	-	1,724,183	-	-	1,724,183
Issued capital pursuant to acquisition of:								
Exploration and evaluation assets		64,500	46,440	(46,440)	-	-	-	-
Shared-based compensation		-	-	-	187,597	-	-	187,597
Foreign currency translation adjustments		-	-	-	-	-	(401,356)	(401,356)
Unrealized loss on available-for-sale securities		-	-	-	-	-	(10,000)	(10,000)
Net loss for the period		-	-	-	-	(835,427)	-	(835,427)
<b>Balance at February 28, 2015</b>		80,668,429	36,724,494	6,932,520	5,481,540	(19,770,907)	(1,849,403)	27,518,244
Issued capital pursuant to acquisition of:								
Exploration and evaluation assets		3,500,000	1,610,000	-	-	-	-	1,610,000
Share-based compensation		-	-	-	308,727	-	-	308,727
Foreign currency translation adjustments		-	-	-	-	-	(5,369,336)	(5,369,336)
Net loss for the period		-	-	-	-	(3,380,080)	-	(3,380,080)
<b>Balance at November 30, 2015</b>		84,168,429	38,334,494	6,932,520	5,790,267	(23,150,987)	(7,218,739)	20,687,555
Private placement containing:								
Cash	13	7,540,050	3,393,023	-	-	-	-	3,393,023
Share issue costs	13	-	(83,711)	-	-	-	-	(83,711)
Shared-based compensation		-	-	-	60,849	-	-	60,849
Foreign currency translation adjustments		-	-	-	-	-	(120,947)	(120,947)
Unrealized loss on available-for-sale securities		-	-	-	-	-	10,000	10,000
Net loss for the period		-	-	-	-	(680,294)	-	(680,294)
<b>Balance at February 29, 2016</b>		91,708,479	41,643,806	6,932,520	5,851,116	(23,831,281)	(7,329,686)	23,266,475

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

**Brazil Resources Inc.**  
(An exploration stage company)  
Condensed Consolidated Interim Statements of Cash Flows  
(Unaudited, expressed in Canadian dollars unless otherwise stated)



	For the three months ended	
	February 29, 2016 (\$)	February 28, 2015 (\$)
<b>Operating activities</b>		
Net loss for the period	(680,294)	(835,427)
Adjustments for items not involving cash:		
Depreciation	54,589	12,170
Accretion	1,823	-
Equity losses of joint venture	19,517	32,344
Share-based compensation	60,849	187,597
Gain on settlement of accounts payable	-	(105,936)
Net changes in non-cash working capital items:		
Other receivables	(14,521)	(47,618)
Prepaid expenses and deposits	(143,327)	2,504
Accounts payable and accrued liabilities	(194,124)	(45,383)
Provisions payable	-	(233,266)
Interest income	(1,092)	(7,508)
<b>Cash used in operating activities</b>	<b>(896,580)</b>	<b>(1,040,523)</b>
<b>Investing activities</b>		
Investment in joint venture	(21,100)	-
Purchase of property and equipment	-	(1,635)
<b>Cash used in investing activities</b>	<b>(21,100)</b>	<b>(1,635)</b>
<b>Financing activities</b>		
Proceeds from shares issued, net of share issuance costs	3,309,312	4,276,088
Advances from related parties	(864)	(3,404)
<b>Cash generated from financing activities</b>	<b>3,308,448</b>	<b>4,272,684</b>
Effect of exchange rate changes on cash	(11,615)	(28,921)
<b>Net increase in cash</b>	<b>2,379,153</b>	<b>3,201,605</b>
<b>Cash</b>		
<b>Beginning of period</b>	<b>1,445,056</b>	<b>798,512</b>
<b>End of period</b>	<b>3,824,209</b>	<b>4,000,117</b>

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## **Brazil Resources Inc.**

(An exploration stage company)

Notes to Condensed Consolidated Interim Financial Statements  
(Unaudited, expressed in Canadian dollars unless otherwise stated)  
February 29, 2016 and February 28, 2015



### **1. Corporate Information**

Brazil Resources Inc. is a corporation organized under the laws of British Columbia and was incorporated in the Province of British Columbia, Canada, on September 9, 2009, and domiciled in Canada. Together with its subsidiaries (collectively, the "Company" or "Brazil Resources"), the Company 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 Inc.'s common shares (the "BRI Shares") are listed on the TSX Venture Exchange (the "TSX-V") 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.

### **2. Basis of Preparation**

#### **2.1 Statement of compliance**

The Company's unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS34") using accounting policies consistent 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"). 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, 2015, which have been prepared in accordance with IFRS. They were authorised for issue by the Company's board of directors on April 27, 2016.

#### **2.2 Basis of presentation**

The Company's unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis. The Company's unaudited condensed consolidated interim financial statements and those of its wholly controlled subsidiaries are presented in Canadian dollars ("\$" or "dollars"), which is the Company's reporting currency, and all values are rounded to the nearest dollar except where otherwise indicated. The functional currency of the Company and its subsidiaries in Canada is the Canadian dollar and the functional currency of its subsidiaries in Brazil is in the Brazilian Real ("R\$") and its subsidiaries in the United States and Paraguay is the United States dollar ("US\$"). Certain line items of the comparative figures have been reclassified to conform to the current periods' presentation format.

#### **2.3 Basis of consolidation**

The unaudited condensed consolidated interim financial statements include the financial statements of Brazil Resources Inc. and its wholly controlled subsidiaries. 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 reporting period are included in the consolidated statements 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.

#### *Subsidiaries*

The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. The Company's principal operating subsidiaries are as follows:

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Notes to Condensed Consolidated Interim Financial Statements

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Name	Place of Incorporation	Ownership Percentage (%)
1818403 Alberta Ltd.	Alberta, Canada	100
Brasil Desenvolvidimentos Minerais Ltda.	Brazil	100
Brazilian Gold Corporation	British Columbia, Canada	100
Brazilian Resources Mineração Ltda.	Brazil	100
BRI Alaska Corp.	United States	100
BRI Mineração Ltda.	Brazil	100
BRI Paraguay S.A.	Paraguay	95
Mineração Regent Brasil Ltda.	Brazil	100

**2.4 Judgements and estimates**

The preparation of these condensed consolidated interim 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. Actual outcomes may differ from these estimates under different assumptions and conditions.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended November 30, 2015.

**2.5 Going concern of operations**

These condensed consolidated interim financial statements are prepared on a going concern basis which contemplates that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, the ability of the Company to obtain necessary financing, and the ability of the Company to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets, or a business. The outcome of these matters cannot be predicted at this time. These circumstances comprise a material uncertainty which may lend significant doubt as to the ability of the Company to continue as a going concern. These condensed interim financial statements do not reflect any adjustments to amounts that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

**3. Significant Accounting Policies****3.1 Summary of significant accounting policies**

The Company's unaudited condensed consolidated interim financial statements follow the same significant accounting policies set out in Note 3 to the audited consolidated financial statements for the year ended November 30, 2015.

**3.2 Adoption of new 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.



### **3.3 Standards issued but not yet effective**

#### ***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.

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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.

**4. Property and Equipment**

	Camp Structures (\$)	Computer Equipment (\$)	Exploration Equipment (\$)	Furniture and Fixtures (\$)	Leasehold Improvement (\$)	Vehicles (\$)	Total (\$)
<b>Cost</b>							
Balance at November 30, 2014	-	87,985	52,451	55,447	1,447	28,802	226,132
Additions	572,032	1,635	201,600	1,127	-	295,500	1,071,894
Balance at November 30, 2015	572,032	89,620	254,051	56,574	1,447	324,302	1,298,026
Balance at February 29, 2016	572,032	89,620	254,051	56,574	1,447	324,302	1,298,026
<b>Accumulated Depreciation</b>							
Balance at November 30, 2014	-	72,703	19,348	26,666	1,447	11,779	131,943
Depreciation	28,073	14,704	25,846	13,468	-	26,396	108,487
Balance at November 30, 2015	28,073	87,407	45,194	40,134	1,447	38,175	240,430
Depreciation	21,056	494	13,181	3,409	-	16,449	54,589
Balance at February 29, 2016	49,129	87,901	58,375	43,543	1,447	54,624	295,019
<b>Net Book Value</b>							
At November 30, 2015	543,959	2,213	208,857	16,440	-	286,127	1,057,596
At February 29, 2016	522,903	1,719	195,676	13,031	-	269,678	1,003,007

**5. Exploration and Evaluation Assets**

	For the three months ended	
	February 29, 2016 (\$)	February 28, 2015 (\$)
Balance at the beginning of period	18,714,650	23,221,268
Mineral properties acquired	6,672	5,998
	18,721,322	23,227,266
Foreign currency translation adjustments	(95,663)	(372,435)
Balance at the end of period	18,625,659	22,854,831

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Exploration and evaluation assets on a project basis are as follows:

	February 28, 2016 (\$)	November 30, 2015 (\$)
Cachoeira	7,985,595	8,028,300
São Jorge	6,740,477	6,782,190
Surubim	2,335,875	2,350,330
Whistler	992,278	979,225
Batistão	302,818	304,692
Montes Áureos and Trinta	230,851	232,279
Rea	27,678	27,678
Other Exploration and Evaluation Assets	10,087	9,956
<b>Total</b>	<b>18,625,659</b>	<b>18,714,650</b>

The Company's exploration and evaluation assets are detailed below:

**Cachoeira**

On September 24, 2012 (the "Cachoeira Closing Date"), the Company acquired a 100% interest in the Cachoeira gold project in Pará State, Brazil (the "Cachoeira Project") from Luna Gold Corp. ("Luna"). The transaction was completed under the terms of a share purchase agreement dated July 10, 2012 between Brazil Resources and Luna, as amended effective September 24, 2013 (the "Cachoeira Agreement"), pursuant to which Brazil Resources acquired all of the issued and outstanding shares of BRI International Corp. (formerly Luna Gold (International) Corp.).

The Company paid \$500,000 cash and issued 1,428,000 BRI Shares (with fair value of \$1,685,040) to Luna at the Cachoeira Closing Date (the "1st Payment"). On September 23, 2013, the Company issued additional 1,214,000 BRI Shares (with fair value of \$1,432,520) to Luna (the "2nd Payment"). On January 10, 2014, the Company paid \$306,000 cash, including interest, to Luna (the "3rd Payment"). Pursuant to the Cachoeira Agreement (as amended), the following additional payments are to be made by the Company to Luna:

- \$300,000 cash and 1,214,000 BRI Shares within 30 days of receipt of approval of a mine development plan by the Brazilian National Department of Mining Production ("DNPM") and the environmental preliminary licenses for a gold mining operation relating to the Cachoeira Project (the "4<sup>th</sup> Payment");
- \$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 (the "5<sup>th</sup> Payment"); and
- \$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 (the "6<sup>th</sup> Payment").

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 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. Subsequent to February 29, 2016, the aforementioned royalty payment remains outstanding and includes in Company's accounts payable. The Company is currently negotiating with the parties to defer the payment until all permits and licenses have been received and

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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.

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 will provide sufficient support in order for the DNPM to grant the extension.

**São Jorge**

On November 22, 2013, the Company acquired all of the issued and outstanding shares of Brazilian Gold Corporation ("BGC") under the terms of an arrangement agreement (the "BGC Arrangement") dated September 29, 2013 between Brazil Resources and BGC.

On June 14, 2010, BGC signed an Option Agreement (the "São Jorge Agreement") to acquire a 100% interest in the São Jorge gold project (the "São Jorge Project") from Talon Metals Corp. ("Talon"). BGC completed all the required payments under the terms of the São Jorge Agreement. On November 22, 2013, Brazil Resources acquired a 100% interest in the São Jorge Project pursuant to the BGC Arrangement.

Under the terms of the São Jorge Agreement, Talon was granted a 1.0% net smelter return royalty from production on any of the eleven exploration concessions. On August 17, 2015, Talon sold its 1.0% net smelter return royalty to Orion Mine Finance ("Orion"). A net smelter return royalty to the original title holders of 1.0% of the proven mineable reserves as demonstrated by a feasibility study relating to the São Jorge deposit (no reserves have been defined) on certain concessions is payable and can be purchased by the Company for US\$2,500,000. Additionally, there is a 2.0% net smelter royalty on certain other concessions due to the original title holders, of which 1.5% of the 2.0% net smelter return royalty can be purchased by the Company for US\$500,000.

The current São Jorge deposit location has a net smelter return royalty of 1.5% comprising of 1.0% to Orion and 0.5% to the surface rights owner. The surface rights owner's royalty can be purchased for US\$750,000.

Two gold exploration licenses and one gold concession application for the São Jorge Project are under appeal awaiting decisions by the DNPM. These areas have no impact on the 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](http://www.sedar.com).

**Surubim**

On November 22, 2013, the Company acquired a 100% interest in the Surubim gold project pursuant to the BGC Arrangement. The Surubim gold project is comprised of exploration concessions acquired directly as well as option agreements on two properties, as outlined below.

***Jarbas Agreement***

BGC entered into an option agreement on February 11, 2010, as amended January 16, 2011 and March 23, 2015 (the "Jarbas Agreement"), 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 the BGC Arrangement. The Company paid R\$80,000 pursuant to the terms of the amended Jarbas Agreement dated March 14, 2014 during the year ended November 30, 2014. In an amendment dated March 23, 2015, the Company renegotiated the terms of the Jarbas Agreement, whereby the Company will now make the following option payments:

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- a cash payment of R\$35,000 upon execution of the March 2015 amendment to the Jarbas Agreement (paid);
- a cash payment of R\$50,000 in March 2016;
- a cash payment of R\$50,000 in March 2017; and
- a cash payment of R\$3,000,000 in March 2018.

The Company also agreed to fund the costs, up to R\$20,000, for the optionor 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 of the mineral rights subject to the Jarbas Agreement to be determined by the parties.

Additionally, a 1.3% net smelter return royalty is due upon commercial production from any ores extracted from a certain concession. Fifty percent of the net smelter return royalty can be purchased by the Company for US\$1,500,000 within 12 months of the DNPM granting a mining concession. A bonus royalty is due based on the in-situ reserve ounces as outlined in a feasibility study completed to Australian Joint Ore Reserves Committee or NI 43-101 standards. The bonus royalty consists of (i) US\$0.50 per reserve ounce for reserves that are less than 1,000,000 ounces of gold; (ii) US\$0.75 per reserve ounce for reserves measuring between 1,000,000 to 2,000,000 ounces of gold; and (iii) US\$1.00 per reserve ounce for reserves exceeding 2,000,000 ounces of gold.

### *Altoro Agreement*

BGC entered into an option agreement (the "Altoro Agreement") with Altoro Mineração Ltda. ("Altoro") on November 5, 2010, as amended on December 3, 2010, December 14, 2012 and August 5, 2015 to acquire certain exploration licenses for aggregate consideration of US\$850,000 to Altoro. BGC paid US\$150,000 before the BGC Arrangement. Pursuant to the Altoro Agreement, the following option payments are to be made by the Company to Altoro:

- a cash payment of US\$100,000 before December 14, 2013 (paid);
- a cash payment of US\$650,000 upon the DNPM granting a mining concession over the exploration permit.

In addition to the above optional cash payments, Altoro holds a 1.5% net smelter return royalty on any gold produced from certain concessions. Once the gold production has reached 2,000,000 ounces, the royalty increases an additional 0.5% to 2.0%. The Company can purchase the 0.5% royalty at any time for US\$1,000,000.

At the reporting date, two non-core gold exploration concessions for the Surubim gold project are under appeal for extension and await a decision by the DNPM.

### **Whistler**

On August 5, 2015 (the "Whistler Closing Date"), the Company acquired a 100% interest in the Whistler gold-copper project (the "Whistler Project") and certain related assets in south-central Alaska from Kiska Metals Corporation ("Kiska"). The Whistler Project includes 304 Alaska State Mineral Claims, a 50-person all season exploration camp, airstrip and assorted equipment. The transaction was completed under the terms of an asset purchase agreement dated July 20, 2015 between Brazil Resources and Kiska (the "Whistler Agreement").

Pursuant to the Whistler Agreement, the Company issued 3.5 million BRI Shares, which are subject to escrow provisions and released as follows:

- 875,000 BRI Shares 5 months following the Whistler Closing Date;
- 875,000 BRI Shares 10 months following the Whistler Closing Date;
- 875,000 BRI Shares 15 months following the Whistler Closing Date; and
- 875,000 BRI Shares 20 months following the Whistler Closing Date.

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In addition, the Whistler Project is covered by an aggregate 2.75% net smelter royalty, held entirely by a private equity fund and a 2% net profits interest, held by Teck Resources Limited. The aggregate net smelter royalty is subject to a buy down provision whereby the Company can reduce the net smelter royalty to 2% upon payment of US\$5,000,000 on or before the due date of the first royalty payment.

The Company has also entered into a management services agreement with Kiska (the "Kiska Management Services Agreement"), pursuant to which Kiska will provide certain ongoing support and maintenance services in respect of the Whistler Project for a fee of \$10,000 per month for a period of 15 months following the Whistler Closing Date.

**Batistão**

On November 22, 2013, the Company acquired a 100% interest in the Batistão gold project located in Goiás State, Brazil pursuant to the BGC Arrangement. 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.

**Montes Áureos and Trinta**

On September 30, 2010, the Company entered into an agreement with Apoio Engenharia e Mineração (the "Montes Áureos Agreement"). Pursuant to the Montes Áureos Agreement, the Company has the option to acquire an initial 51% undivided interest in the Montes Áureos Project over a three year period, from September 30, 2010 to September 30, 2013, (the "Initial Option"). On June 20, 2011, the Company amended the terms of the Montes Áureos Agreement by adding the option to acquire Trinta Project for no additional consideration. The Trinta property is subject to the same option terms stipulated in the Montes Áureos Agreement.

The Montes Áureos Project is located within the Gurupi gold belt, a gold-producing area in the Pará and Maranhão states in north-eastern Brazil, comprised of a 4,942 acre exploration license. The 23,643 acre Trinta Project is located approximately 3 kilometers northeast of the Montes Áureos Project.

The Initial Option payments are as follows:

- (1) a cash payment of US\$25,000 within seven calendar days of September 30, 2010 (paid);
- (2) share issuances of 325,000 BRI Shares in the following manner:
  - (a) 125,000 BRI Shares on or before September 30, 2011 (issued with fair value of \$142,500);
  - (b) 100,000 additional BRI Shares on or before September 30, 2012 (issued with fair value of \$104,000); and
  - (c) 100,000 additional BRI Shares on or before September 30, 2013 (issued with fair value of \$80,000);
- (3) incur exploration expenditures totalling US\$1,750,000 in the following manner:
  - (a) US\$250,000 of the expenditures on or before September 30, 2011 (incurred);
  - (b) US\$500,000 of additional expenditures on or before September 30, 2012 (incurred); and
  - (c) US\$1,000,000 of additional expenditures on or before September 30, 2013 (incurred); and
- (4) make all necessary payments in order to keep the Montes Áureos and Trinta projects in good standing during the term of the Montes Áureos Agreement.

The Company had the option (the "Second Option") to earn an additional undivided 46% interest in the Montes Áureos and Trinta Projects over a two year period, from September 30, 2013 to September 30, 2015. The Second Option has expired and the Company does not anticipate earning any further interest at this time.

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**Rea**

On November 22, 2013, the Company acquired a 75% interest in the Rea uranium project located in northeastern Alberta, Canada pursuant to the BGC Arrangement. 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. On March 9, 2015, the Company received an extension of the 6<sup>th</sup> period assessment expenditures to October 11, 2016, which was due February 11, 2016 and an extension of the 7<sup>th</sup> period to February 11, 2019, from the Alberta government. 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.

Exploration expenses on a project basis are as follows:

	For the three months ended		For the period from
	February 29, 2016	February 28, 2015	incorporation, September 9, 2009, to 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
<b>Total</b>	<b>127,902</b>	<b>210,343</b>	<b>8,934,154</b>

**6. Investment in Joint Venture**

As at February 29, 2016, the Company holds an 84.05% interest in Boa Vista Gold Inc. ("BVG") pursuant to the BGC Arrangement. BVG, a corporation formed under the laws of British Virgin Islands, holds the rights to the Boa Vista Gold Project (the "Boa Vista Project").

The Company accounts for its investment in BVG using the equity method since the Company shares joint control over the strategic, financial, permitting, development and operating decisions with Octa Mineração Ltda ("Octa"), who holds a 15.95% interest in BVG.

Changes in the Company's 84.05% investment in BVG are summarized as follows:

	For the three months ended	
	February 29, 2016	February 28, 2015
	(\$)	(\$)
Balance at the beginning of period	1,350,434	1,723,004
Funding	21,100	-
Share of losses	(19,517)	(32,344)
Foreign currency translations adjustments	(9,613)	-
<b>Balance at the end of period</b>	<b>1,342,404</b>	<b>1,690,660</b>

On April 26, 2013, BGC signed a Share Exchange Agreement with D'Gold Mineral Ltda. ("D'Gold") to acquire D'Gold's remaining 13.05% interest in BVG. In consideration for D'Gold's 13.05% interest, BGC agreed to issue an

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aggregate of 1,500,000 BGC common shares over 18 months. At the closing date of BGC Arrangement, BGC had a remaining share issuance obligation of 1,125,000 BGC common shares to D'Gold. Pursuant to the BGC Arrangement, the Company assumed BGC's share issuance obligation at a ratio of 0.172 BRI Share per BGC common share for a total aggregate share issuance obligation of 193,500 BRI Shares. As a result of these share issuances, the Company's interest in BVG increased to 84.05%.

Subsequent to the BGC Acquisition closing date of November 22, 2013, 64,500 BRI Shares were issued to D'Gold with fair value of \$46,440. The Company is required to issue additional shares as follows:

- 64,500 BRI Shares on or before May 23, 2014 (issued with fair value of \$46,440); and
- 64,500 BRI Shares on or before November 23, 2014 (issued with fair value of \$46,440).

Pursuant to the terms of a shareholders agreement among BGC, D'Gold and Octa dated January 21, 2010, as amended on May 25, 2011, June 24, 2011 and November 15, 2011, a 1.5% net smelter return royalty is payable to D'Gold and a further 1.5% net smelter return royalty is payable to Octa if its holdings in BVG drop below 10%. The Company can purchase each 1.5% net smelter return royalty for US\$2,000,000.

In addition, 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 the BGC Arrangement. The Company paid R\$160,000 during the year ended November 30, 2014. In March 2015, the Company and the surface rights holder agreed to amend the terms of the Boa Vista Surface Rights Agreement, and following the amendment, BVG will now make the remaining cash payments in the aggregate amount of R\$3,740,000 as follows in order to retain the surface rights to the property:

- a cash payment of R\$80,000 due on March 20, 2015 (paid);
- a cash payment of R\$40,000 due on September 20, 2015 (paid);
- a cash payment of R\$40,000 due on March 20, 2016;
- a cash payment of R\$40,000 due on September 20, 2016;
- a cash payment of R\$40,000 due on March 20, 2017;
- a cash payment of R\$40,000 due on September 20, 2017;
- a cash payment of R\$40,000 due on March 20, 2018; and
- a cash payment of R\$3,420,000 due on September 20, 2018.

**7. Cash**

	February 29, 2016 (\$)	November 30, 2015 (\$)
<b>Cash consists of:</b>		
Cash at bank and on hand	3,824,209	1,445,056
<b>Total</b>	<b>3,824,209</b>	<b>1,445,056</b>

**8. Other Receivables**

	February 29, 2016 (\$)	November 30, 2015 (\$)
Goods and service and sales tax receivable	78,525	65,217
Other receivables	4,143	1,838
<b>Total</b>	<b>82,668</b>	<b>67,055</b>



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**9. Available-for-Sale Securities**

Available-for-sale securities are recorded at fair value based on quoted market prices, with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. During the three months ended February 29, 2016, the Company recorded an unrealized gain of \$10,000 (2015: unrealized loss of \$10,000) in other comprehensive loss relating to available-for-sale securities.

The available-for-sale securities include 1,000,000 shares in Pure Nickel Inc. acquired in the BGC Arrangement with fair value of \$15,000 at February 29, 2016 (2015: \$5,000).

**10. Accounts Payable and Accrued Liabilities**

	February 29, 2016 (\$)	November 30, 2015 (\$)
Trade payables	1,099,796	1,312,972
Accrued liabilities	98,706	76,112
Payroll and tax withholding	47,234	50,776
<b>Total</b>	<b>1,245,736</b>	<b>1,439,860</b>

**11. Rehabilitation Provisions**

The Whistler Project's exploration activities are subject to the State of Alaska's laws and regulations governing the protection of the environment. The rehabilitation provision is valued under the following assumptions:

	Whistler Closing Date
Undiscounted amount of estimated cash flows (US\$)	235,000
Life expectancy (years)	10
Inflation rate	2.00%
Discount rate	2.27%

The following table summarizes the movements in the rehabilitation provision:

	February 29, 2016 (\$)	November 30, 2015 (\$)
Balance at the beginning of period	307,928	-
Provision	-	301,832
Accretion	1,823	2,189
Change in estimate	-	-
Foreign currency translation adjustments	4,056	3,907
<b>Balance at the end of period</b>	<b>313,807</b>	<b>307,928</b>

## 12. Long-Term Obligations

All long-term obligations under the Cachoeira Agreement have been reflected as of February 29, 2016. The cash payments due have been discounted using an interest rate of 10%.

	February 29, 2016 (\$)	November 30, 2015 (\$)
Stated value as at Cachoeira Closing Date	600,000	600,000
Cash payment	(300,000)	(300,000)
Discount	(15,860)	(22,532)
	284,140	277,468
Less: current portion	(284,140)	(277,468)
Net present value	-	-

## 13. Share Capital

### 13.1 Authorized

The authorized share capital of the Company is comprised of an unlimited number of common shares without par value.

### 13.2 Private Placement

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.

In connection with the 2016 Private Placement, the Company paid cash commissions equal to 6% on a portion of the gross proceeds to certain arm's length parties in the aggregate amount of \$40,500, in accordance with the policies of the TSX-V. Other share issuance costs totaled \$43,211.

### 13.3 Issued Capital

	Number of Shares	Amount (\$)
Balance at November 30, 2014	72,500,423	34,126,149
2015 Private Placement @ \$0.55 per unit	8,103,506	2,732,745
Share issue costs	-	(107,902)
Warrant issue costs	-	(72,938)
Issued pursuant to the BGC Arrangement	64,500	46,440
Balance at February 28, 2015	80,668,429	36,724,494
Issued pursuant to the Whistler Arrangement	3,500,000	1,610,000
Balance at November 30, 2015	84,168,429	38,334,494
2016 Private Placement @ \$0.45 per share	7,540,050	3,393,023
Share issue costs	-	(83,711)
Balance at February 29, 2016	91,708,479	41,643,806

### 13.4 Share Issuance Obligations

	Share Issuance Obligations (\$)
Balance at November 30, 2014	6,978,960
Issued pursuant to the BGC Arrangement deferred compensation and directors fees	(46,440)
Balance at February 28, 2015	6,932,520
Balance at November 30, 2015	6,932,520
Balance at February 29, 2016	6,932,520

Share issuance obligations consist of:

	February 29, 2016 (\$)	November 30, 2015 (\$)
Cachoeira Agreement 4 <sup>th</sup> Payment	1,432,520	1,432,520
Cachoeira Agreement 5 <sup>th</sup> Payment	2,500,000	2,500,000
Cachoeira Agreement 6 <sup>th</sup> Payment	3,000,000	3,000,000
	6,932,520	6,932,520

### 13.5 Reserves

	Share Options (\$)	Warrants (\$)	Total (\$)
Balance at November 30, 2014	1,189,224	2,380,536	3,569,760
Issuance of warrants	-	1,724,183	1,724,183
Share-based compensation	187,597	-	187,597
Balance at February 28, 2015	1,376,821	4,104,719	5,481,540
Share-based compensation	308,727	-	308,727
Balance at November 30, 2015	1,685,548	4,104,719	5,790,267
Share-based compensation	60,849	-	60,849
Balance at February 28, 2016	1,746,397	4,104,719	5,851,116

### 13.6 Warrants

The changes in the Company's share purchase warrants (the "Warrants") during the periods were as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance at November 30, 2014	11,650,620	0.75
Granted	8,103,506	0.75
Balance at February 28, 2015	19,754,126	0.75
Balance at November 30, 2015	19,754,126	0.75
Balance at February 29, 2016	19,754,126	0.75

### 13.7 Share Options

The changes in the Company's incentive share options (the "Options") during the periods were as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance at November 30, 2014	1,780,000	1.24
Granted	1,410,000	0.71
Balance at February 28, 2015	3,190,000	1.00
Expired/Forfeited	(150,000)	1.20
Balance at November 30, 2015	3,040,000	0.99
Granted	90,000	0.48
Expired/Forfeited	(3,750)	0.71
Balance at February 29, 2016	3,126,250	0.98

A summary of Options outstanding and exercisable at February 29, 2016:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number of Options Outstanding	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Exercisable	Weighted Average Exercise Price (\$)	Weight Average Remaining Contractual Life (years)
\$0.48 to \$0.60	90,000	0.48	4.79	-	-	-
\$0.61 to \$0.87	1,406,250	0.71	3.94	1,057,500	0.71	3.94
\$0.88 to \$1.15	65,000	1.06	1.91	65,000	1.06	1.91
\$1.16 to \$1.25	1,115,000	1.20	0.61	1,115,000	1.20	0.61
\$1.26 to \$1.50	450,000	1.37	0.57	450,000	1.37	0.57
	3,126,250	0.98	2.25	2,687,500	1.03	1.94

The fair value of the Options recognized as expense during the three months ended February 29, 2016 was \$60,849 (2015: \$187,597) using the Black-Scholes option pricing model.

BRI Shares commenced trading on the TSX-V on May 16, 2011. Due to the short period of trading history, the expected volatility for options granted before November 30, 2015 is based on the historical share price volatility of a group of comparable companies in the mining sector for a period similar to the expected life of the options.

### 14. 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 may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

At February 29, 2016, the Company's capital structure consists of the equity of the Company (Note 13). The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends.

## 15. Financial Instruments

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 (\$)
<b>Financial Assets</b>				
Cash	3,824,209	-	-	3,824,209
Available-for-sale securities	15,000	-	-	15,000
<b>Financial Liabilities</b>				
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.

### 15.1 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 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.

### 15.2 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.

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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 (\$)
<b>Assets</b>		
United States Dollar	61,411	35,900
Brazilian Real	53,511	74,069
Paraguayan Guarani	3,681	3,679
<b>Total</b>	<b>118,603</b>	<b>113,648</b>

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).

**15.3 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.

**15.4 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 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.

When entering into property acquisition agreements, the Company uses industry standard agreements and at times 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.

At February 29, 2016, the maximum exposure to credit risk for other receivables by geographic region was as follows:

	February 29, 2016 (\$)	November 30, 2015 (\$)
Canada	63,178	50,249
Brazil	9,818	7,706
Paraguay	9,672	9,100
<b>Total</b>	<b>82,668</b>	<b>67,055</b>

The GST and HST receivable includes amounts that have been accumulated to date in the Company. At February 29, 2016, \$62,520 of the balance was GST and HST receivable due from the Canadian Government Taxation Authority.

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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 will have sufficient working capital for its present obligations. However, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of the financing will be favourable. The Company's working capital as at February 29, 2016 was \$2,609,212. On February 26 and March 11, 2016, the Company completed the 2016 Private Placement for a total of \$4.5 million (Notes 13 and 19).

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	-
<b>Total</b>	<b>1,532,645</b>	<b>-</b>

**15.6 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.

**16. Related Party Transactions****16.1 Related Party Transactions**

Related party transactions not disclosed elsewhere in the consolidated financial statements are as follows:

- During the three months ended February 29, 2016, the Company incurred \$7,800 (2015: \$8,000) in consulting fees for corporate development consulting services paid to 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 (November 30, 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 a company controlled by a direct family member of a director. As at February 29, 2016, \$39 was payable to such related party (November 30, 2015: \$903).

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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.

**16.2 Transactions with Key Management Personnel**

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

(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.

**17. Segmented Information**

The Company conducts its business as a single operating segment, being the acquisition, exploration and development of mineral properties. The Company operates in four principal geographical areas – Canada (country of domicile), Brazil, United States and Paraguay.

The Company's total assets, total liabilities and operating loss by geographical location are detailed below:

	Total assets		Total liabilities	
	As at February 29, 2016 (\$)	As at November 30, 2015 (\$)	As at February 29, 2016 (\$)	As at November 30, 2015 (\$)
Canada	4,054,221	1,496,452	609,669	788,925
Brazil	19,042,501	19,182,978	900,307	905,455
United States	1,973,735	1,995,966	333,526	331,077
Paraguay	42,470	41,048	2,950	3,432
	<b>25,112,927</b>	<b>22,716,444</b>	<b>1,846,452</b>	<b>2,028,889</b>



**Brazil Resources Inc.**

(An exploration stage company)

Notes to Condensed Consolidated Interim Financial Statements  
(Unaudited, expressed in Canadian dollars unless otherwise stated)  
February 29, 2016 and February 28, 2015



	For the three months ended	
	February 29, 2016 (\$)	February 28, 2015 (\$)
Canada	439,947	620,594
Brazil	137,099	322,648
United States	98,407	-
Paraguay	4,110	5,629
	679,563	948,871

**18. Commitments**

In addition to the Cachoeira Agreement, Jarbas Agreement and Altoro Agreement (Note 5), as at February 29, 2016, the Company has entered into a consulting agreement, the Kiska Management Services Agreement and land owner surface rights agreements which require the Company to pay the following amounts for the following period:

	Amount (\$)
2016	155,373
Total	155,373

The Company is renting or leasing various offices located in Canada and Brazil. Office lease agreements expire between June 2016 and March 2021. Future rental payments are as follows:

	Amount (\$)
Due within 1 year	41,283
2 – 5 years	238,976
More than 5 years	20,183
Total	300,442

**19. Subsequent Events**

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 at a subscription price of \$0.45 per share. The Company paid cash commissions equal to 6% on this portion of the gross proceeds to certain arm's length parties in the amount of \$1,985, in accordance with the policies of the TSX-V.

On April 1, 2016, the Company granted 1,570,000 Options to certain directors, officers, employees and consultants of the Company. The Options have an exercise price of \$0.73 per BRI Share, representing the market price of the BRI Shares on April 1, 2016, are valid for a period of five years with 25% vesting each three months over a twelve-month period.