(An exploration stage company)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED FEBRUARY 29, 2012

(Expressed in Canadian Dollars unless otherwise stated)

April 24, 2012

BRAZIL RESOURCES INC

Overview

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, 2012 should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and notes thereto for the three months ended February 29, 2012, and its annual audited consolidated financial statements and the notes thereto for the years ended November 30, 2011and 2010, copies of which are available on SEDAR at www.sedar.com. The Company's financial statements for the three months ended February 29, 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Unless otherwise stated, all information contained in this MD&A is as of April 27, 2012.

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

Paulo Pereira, Vice President of Exploration, 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 National Instrument 43-101 ("NI 43-101") and is a member of the Association of Professional Geoscientists of Ontario.

Disclaimer for Forward-Looking Information

This MD&A contains certain forward-looking statements that reflect the current views and/or expectations of the Company with respect to its performance, business and future events, including statements regarding the Company's plans in respect of the Company's projects, capital needs, business plans and expectations, anticipated work programs and goals and its future acquisition strategy. 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 that: the current price of and demand for minerals being targeted by the Company will be sustained or will improve; the Company's current exploration programs and objectives can be achieved; general business and economic conditions will not change in a material adverse manner; financing will be available if and when needed on reasonable terms; the Company will not experience any material accident; and the Company will be able to identify and acquire additional mineral interests on reasonable terms or at all. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including: that the Company has a limited operating history; that resource exploration and development is a speculative business; that the Company may lose or abandon its property interests; that the Company's properties are in the exploration stage and are without known bodies of commercial ore; that the Company may not be able to obtain all necessary permits and approvals on any of its properties; that environmental laws and regulations may become more onerous; that the Company may not be able to raise additional funds when necessary; potential defects in title to the Company's properties; fluctuations in currency exchange rates; fluctuating prices of commodities; operating hazards and risks; 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. These risks, as well as others, could cause actual results and events to vary significantly. Additional information about these and other assumptions, risks and uncertainties are set out in the "Risk Factors" of the Company's Management's Discussion and Analysis for the year ended November 30, 2011, a copy of which is available on SEDAR at www.sedar.com. 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 and Overall Performance

Brazil Resources was incorporated in the Province of British Columbia, Canada, on September 9, 2009. The Company is principally engaged in the acquisition, exploration and development of mineral properties in Brazil.

The Company's principal exploration property is the Montes Áureos Project, which is located in the municipality of Centro de Guilherme, in the Gurupi region, approximately 200 kilometers directly west of the City of São Luís, the capital of the Maranhão State in Brazil and 250 kilometers southeast of Belém, the capital of Pará State.

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

Private Placement

On December 28, 2011, the Company completed a non-brokered private placement (the "Private Placement") of 4,324,136 BRI Shares at a subscription price of $1.10 per BRI Share for aggregate gross proceeds of $4,756,550. In connection with the Private Placement, the Company paid cash commissions equal to 6% on a portion of the gross proceeds derived from the sale of BRI Shares under the Private Placement in the aggregate amount of $246,213. The Shares issued under the Private Placement are subject to a hold period expiring on April 24, 2012.

Montes Áureos Project

The Company's principal project is the Montes Áureos Project, a 4,942 acre exploration license located within the Gurupi gold belt, a gold-producing area in the Pará and Maranhão States in north-eastern Brazil. Company geologists believe the Gurupi gold belt is an underexplored region. The gold occurrences and deposits in the project area were first discovered and put into production by early Portuguese and English miners and, in recent decades, by informal artisanal miners who are still active in the region today.

In September 2010, the Company initiated an exploration program, which included channel sampling, logging and sampling of previous artisanal miners' works from pits, drifts and previous excavations, and a systematic surface soil sampling program complemented with an auger drilling program over a selected area with anomalous gold soil sample results.

During the year ended November 30, 2011, the Company concluded a follow-up exploration program on the Montes Áureos Project, building upon the initial program conducted in 2010. The focus of the follow-up exploration program was to extend, by auger drilling, the remaining 1.7 kilometers of a 2.0 kilometer anomalous soil gold trend and to delineate diamond drill targets. The Company also completed the auger drilling program which consisted of 107 holes (1,100 meters). The interpretation of the auger drilling results allowed for the identification and selection of areas for a diamond drilling program.

As set forth in the Company's news release dated April 26, 2012, Brazil Resources completed ten drill holes totaling 1,616 meters at the Montes Áureos Project. Nine drill holes tested the 500-meter northern expression of a 2-km long gold/arsenic soil/auger anomaly identified by the Company. Interval spacing was approximately 40m-50m with a north-south orientation. Each drill hole was drilled at a 60-degree azimuth and at a 60-degree dip from surface. An additional exploratory drill hole (MADDH-01) was completed to test an isolated soil anomaly to the southeast of the main soil anomaly, near a site with artisanal mining activities.

The drill results have confirmed a continuous low-grade 100-130 meter wide gold enrichment zone that hosts several 1-meter to 17-meter intersections with grades between 0.45 and 3.5 g/t gold. The remaining 1.5 km of the

soil/auger anomaly is open to the south. The Company currently anticipates that a further drill program in 2012 will test the southern extension zone at Monte Áureos. The mineralization is typical of greenstone-hosted bulk low-grade deposits. More drilling will be required along strike to understand the full extent of the mineralization at depth, and Company geologists have already sited additional drill targets for future testing.

During the three months ended February 29, 2012, the Company incurred $402,965 of exploration expenditures on the Montes Áureos Project, which is within budgeted estimates.

Further detailed technical information on the Montes Áureos Project and the Company's planned work program can be found in the NI 43-101 technical report, dated March 16, 2011 (the "Technical Report") authored by Coffey Mining, who is independent of the Company. A copy of the Technical Report is available under the Company's profile on SEDAR at www.sedar.com.

Trinta Project

On June 20, 2011, the Company announced the acquisition of the 23,643 acre Trinta Project situated in the emerging Gurupi Gold Belt located in Maranhão State, Brazil. The property consists of an exploration license located approximately three kilometers northeast of the Company's Montes Áureos Project. The acquisition of the Trinta Project was completed by amendment to the terms of the mineral property option and joint venture agreement relating to the Montes Áureos Project dated effective September 30, 2010 (the "Montes Áureos Agreement"). The Trinta Project is subject to the option terms of the Montes Áureos Agreement. In addition to its previously disclosed obligations under the Montes Áureos Agreement, the Company will be responsible for the annual land fees payable to the Brazil National Department of Mineral Production ("DNPM") with respect to the Trinta Project.

During the year ended November 30, 2011 and the three months ended February 29, 2012, the Company continued to conduct its previously disclosed exploration programs with the objective of identifying drill-ready targets. As disclosed in the Company's news release of April 26, 2012, a property reconnaissance float, stream sediment, soil and trenching program was completed, comprising 1,328 samples. As a result, three target areas with gold soil anomalies have been identified. Follow-up work completed in one of the areas confirmed the presence of mineralization associated with quartz veining in a foliated granitoid. Grab samples from quartz float returned high-grade gold results including 20 g/t gold and 12.5 g/t gold, with the highest returning 60 g/t gold.

Government geophysical surveys from the district show the mineralisation to be coincident with linear NNW-SSE magnetic highs and such highs will be the focus of follow up exploration in 2012. The western geophysical anomaly extends north-south for approximately 5km, and the eastern anomaly extends for approximately 9 kilometers.

Maua Project

On September 15, 2011, the Company announced the acquisition of the 24,678 acre Maua Project located approximately 2.5 kilometers west of the Company's Montes Áureos Gold Project. The acquisition represented the Company's third acquisition in the Gurupi Gold Belt, and increased its total land package in the Gurupi Gold Belt to 53,263 acres. The Maua Project was acquired through an application to the DNPM for a new exploration license. The Company's initial $120,000 exploration program at the Maua Project includes geological mapping and geochemical reconnaissance sampling over the entire property, with detailed soil sampling over a selected area.

During the year ended November 30, 2011, a reconnaissance Heavy Mineral Concentrate ("HMC") sampling program was initiated and completed at the Maua Project. Results from the program have confirmed the presence of two areas with gold anomalous results inside the property. These areas will be further investigated in 2012 by detailed HMC and soil sampling work programs with the objective of delineating initial drill targets.

Pireneus Project

On November 29, 2011, the Company announced it had staked 247,000 acres covering the Pireneus region in Goias State, Brazil. The project area is located approximately 150 kilometers west of Brasilia and contains several occurrences of historic artisanal gold mining operations.

Goias State is a gold-producing district in Brazil with increasing production from the Kinross-Anglogold Ashanti Crixas Mine and Yamana Gold's Chapada Mine. The Company has identified areas of initial interest based on geophysical surveys and regional geochemical sampling. A regional exploration program, which will include mapping, stream sediment sampling and soil sampling, will be conducted on these areas upon obtaining the requisite exploration license.

The staked area is being acquired by the Company through an application to the Brazilian National Department of Mining Production for a new exploration license, which has priority. The Company is waiting for publication of the exploration licenses to initiate the work program proposed for Pireneus Project. The initial term of the exploration license is three years from the date of official publication. Under the terms of the license, in addition to its exploration programs and other requirements under the license and applicable law, the Company will be responsible for annual land fees.

The first phase of work will consist of regional stream sediment sampling program and mapping to define target areas for further follow-up work.

Artulandia Project

On December 8, 2011, the Company announced that its wholly-owned subsidiary entered into an option agreement (the "Artulandia Agreement") to acquire a 100%-interest in the 12,000 acre Artulandia Property located in Goias State, Brazil. The Artulandia Property is contiguous to the Company's 247,000 acre Pireneus Project.

As disclosed in the Company's news release dated April 26, 2012, geological mapping and follow-up sampling programs, including stream sediment (62 samples), soil (1,355 samples) and rock (397 samples) sampling, have been completed. As a result of this work, eight target areas for copper, lead, zinc, silver and gold have been identified.

Follow-up work completed on target ART-1 confirmed the presence of rock samples with copper values of up to 0.7%, lead-zinc values of greater than 2%, silver grades of up to 183 g/t and gold grades of up to 1.2 g/t gold. These elevated base metal values are associated with hydrothermally modified metavolcanic rock units distributed around the contact zones of a large intrusive granitoid. Preliminary data indicates that the potential target may be a base metal skarn-type deposit.

Exploration is still at an early stage at the Company's Artulandia Property. The Company plans to make further determinations regarding the nature of a follow-up program once remaining results for the current program have been received.

Please refer to the Company's news release dated April 26, 2012 for further information regarding recent work completed by the Company on its Montes Áureos and Trinta Projects and its Artulandia Property.

BRAZIL RESOURCES INC

Results of Operations

Three months ended February 29, 2012 compared to the three months ended February 28, 2011

General

The Company recorded a net loss for the three months ended February 29, 2012 of $1,376,270, compared to $246,581 for the same period in 2011. The increase in net loss is primarily due to increased corporate and exploration and activity during 2012 compared with 2011.

Expenses

The Company incurred operating losses of $1,399,326 during the three months ended February 29, 2012, compared to $246,581 for the same period in 2011. The increase in operating losses was primarily as a result of expenses incurred in connection with increased exploration activities, due diligence activities and the overall increased level of activity of the Company.

Exploration expenses in the three months ended February 29, 2012 were $643,921, compared to $19,562 for the same period in 2011. The increase is due to the increased exploration activities during the three months ended February 29, 2012 related to the Company's current projects.

Exploration expenditures on a project-by-project basis were as follows for the three months ended February 29, 2012 and February 28, 2011:

	For the three months ended	
	February 29, 2012 ($)	February 29, 2011 ($)
Montes Áureos	402,965	19,562
Trinta	50,506	-
Maua	16,456	-
Pireneus	7,210	-
Artulandia	166,784	-
Total	643,921	19,562

Share-based compensation was $282,805 during the three months ended February 29, 2012, compared to $nil in the same period of 2011, consisting of options granted to the Company’s directors, senior officers, employees and consultants. These non-cash amounts are calculated using the Black-Scholes option-pricing model and represent the fair value of stock options granted to management, employees and consultants.

General and administrative expenses increased to $203,357 during the three months ended February 29, 2012 from $90,108 in the same period of 2011, primarily as a result of the expansion of the Company's operations, specifically with respect to investor relations, office administration, travel and insurance costs.

Consulting fees were $133,297 during the three months ended February 29, 2012, compared to $62,775 for the same period in 2011. This increase for the three months period was a result of services rendered to manage the Company's exploration activities and various administrative and corporate functions in Brazil and Canada.

Directors' fees and officers' fees and salaries and benefits were $103,139 for the three months ended February 29, 2012, compared to $nil in the same period of 2011. This increase is due to the Company commencing payment of directors' fees and officers' fees and salaries as of August 1, 2011 and hiring of a number of full-time and part-time employees after May 2011.

Professional fees decreased from $61,423 in the three months ended February 28, 2011 to $21,706 in the three months ended February 29, 2012. The majority of professional fees incurred in the three months ended February 29, 2011 was due to the Company's increased activity with respect to the Company's initial public offering completed on May 12, 2011 (the "Offering").

Project evaluation expenses decreased from $12,713 in the three months ended February 28, 2011 to $6,606 in the three months ended February 29, 2012 due to the decreased number of project reviews undertaken by the Company during the three months ended February 29, 2012.

Summary of Quarterly Results

For the quarter ended	Revenues	Net loss ($)	Basic and diluted net loss per share ($)
February 29, 2012	-	1,376,270	0.04
November 30, 2011	-	1,455,310	0.04
August 31, 2011	-	1,031,275	0.03
May 31, 2011	-	413,541	0.01
February 28, 2011	-	246,581	0.01
November 30, 2010	-	383,801	0.01
August 31, 2010	-	74,787	74,787
May 31, 2010	-	76,023	76,023

Brazil Resources is an exploration stage company, and the Company currently expenses all its mineral exploration costs and general and administration costs, with such amounts included in the loss for each quarter.

Liquidity and Capital Resources

The following table sets out selected financial information with respect to the Company's financial position as at February 29, 2012 and November 30, 2011.

	As at February 29, 2012	As at November 30, 2011
Cash and cash equivalents	9,158,231	5,962,909
Working capital	9,052,818	5,702,387
Total assets	9,630,066	6,332,194
Total liabilities	280,278	386,718
Shareholders' equity	9,349,788	5,945,476

As at February 29, 2012, the Company had working capital of $9,052,818 (November 30, 2011: $5,702,387), comprised of cash and cash equivalents of $9,158,231 (November 30, 2011: 5,962,909), accounts and other receivable of $114,182 (November 30, 2011: $95,324), prepaid expenses and deposits of $60,683 (November 30, 2011: 30,872) offset by current liabilities of $280,278 (November 30, 2011: 386,718).

The Company increased net cash by $3,195,322 during the three month period ended February 29, 2012. The increase in cash was a result of proceeds from the Private Placement. The increase of accounts and other receivable and prepaid expenses and deposits during the three months ended February 29, 2012 were attributable to ongoing corporate and exploration activities. The decrease of current liabilities is a result of the Company's normal payment processes.

Operating Activities

Net cash used in operating activities during the three months ended February 29, 2012 was $1,243,087, compared to $150,143 during the same period ended February 28, 2011. Significant operating expenditures during the current year included mineral property expenditures, general and administrative expenses, and professional and consulting fees.

Investing Activities

Net cash used in investing activities during the three months ended February 29, 2012 was $58,376, compared to $nil during the same period ended February 28, 2011. The increase is due to the Company's acquisition of mineral properties during the three months ended February 29, 2012.

Financing Activities

Net cash provided by financing activities during the three months ended February 29, 2012 was $4,496,785, compared to $nil during the same period ended February 28, 2011. On December 28, 2011, the Company closed a Private Placement of 4,324,136 BRI Shares at a price of $1.10 per BRI Share for gross proceeds of $4,756,550 (net cash proceeds of $4,493,877 after the Company paid commissions of $246,213 in connection with the Private Placement).

Share Options and Broker Warrants

As at February 29, 2012, 1,741,250 share options and 305,200 broker warrants remain outstanding. The outstanding share options have a weighted average exercise price of $1.24 per share and the outstanding broker warrants have a weighted average exercise price of $0.65 per share. At February 29, 2012, outstanding share options and broker warrants represented 2,046,450 BRI Shares issuable for gross proceeds of approximately $2,364,380 should these options and broker warrants be exercised in full. At February 29, 2012, outstanding, in-the-money stock options and broker warrants totaled 1,896,450 BRI Shares issuable for gross proceeds of approximately $2,139,380 should these options and warrants be exercised in full. The exercise of these stock options and warrants is at the discretion of the respective holders and, accordingly, there is no assurance that any of these stock options or warrants will be exercised in the future.

Prospectus Financing

On May 12, 2011, the Company completed the Offering, raising gross proceeds of $2,470,000. The following table sets out the estimated use of the net proceeds of the Offering and the Company's working capital as at March 31, 2011 as disclosed in the Company's prospectus dated April 21, 2011 (the "IPO Prospectus") and actual amounts spent between March 31, 2011 and February 29, 2012.

	As disclosed in the IPO Prospectus ($)	From March 31, 2011 to February 29, 2012 ($)
Proposed exploration program for the Montes Áureos Project	4,783,000	1,181,619
General and administrative expenses[1]	900,000	1,208,822
Expenses of the Offering[2]	120,000	105,875
Reserve fund for future acquisition of mining claims/concessions	1,880,000	642,219
General working capital purposes	514,100	165,172
Total	8,197,100[2]	3,303,707

(1) General and administrative expenses exceeded prospectus estimates due to an increase in corporate development and geological consulting fees as well as investor relations fees as a result of increased activities of the Company subsequent to the Offering.
(2) Represents the estimated net proceeds disclosed in the IPO Prospectus, being $2,297,100 and the working capital of the Company as at March 31, 2011, being $5,900,000. As a result of reduced commissions paid with respect to President's list subscribers, the actual net proceeds realized under the Offering were $2,272,464.

Contractual Obligations

(i) Mineral Properties Obligations

Pursuant to the Montes Áureos Agreement, the Company has the option to acquire an initial undivided 51% interest in the Montes Áureos and Trinta Projects over a three year period, from September 30, 2010 to September 30, 2013.

The initial option commitments under the Montes Áureos Agreement 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; and

(c) 100,000 additional BRI Shares on or before September 30, 2013;

(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; and

(4) make all necessary payments in order to keep the Montes Áureos and Trinta Projects in good standing during the term of the Agreement.

The Company has 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. Additional option payments are as follows:

(1) a cash payment of US$1,000,000 on or before September 30, 2015;

(2) share issuances of 700,000 BRI Shares in the following manner:

(a) 200,000 BRI Shares on or before September 30, 2014; and

(b) 500,000 additional BRI Shares on or before September 30, 2015; and

(3) incur exploration expenditures to a maximum of US $3,000,000 on or before September 30, 2015, in the following manner:

(a) US$1,000,000 of the expenditures on or before September 30, 2014; and

(b) the lesser of either US$2,000,000 of additional expenditures or an amount of expenditures as may be required in order for the Company to obtain a feasibility study respecting any of the interests comprising the Montes Áureos and Trinta projects on or before September 30, 2015.

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

Pursuant to the Artulandia Agreement respecting the Company's Artulandia Property, a wholly-owned subsidiary of the Company was granted the option in consideration for an initial payment of approximately R$100,000 ($57,000). Under the option, the Company may acquire a 100% interest in the mineral licences underlying the Artulandia Property by making additional payments of approximately: (i) R$50,000 ($28,500) within 6 months; and (ii) R$200,000 ($114,000) within 12 months of the date of the Artulandia Agreement. If the option is exercised, an additional R$1,000,000 ($570,000) will be payable by the Company upon completion of a positive NI 43-101-compliant pre-feasibility study.

(ii) General and Administration Obligations

The Company has entered into consulting agreements, including corporate development and investor relations agreements, which require the Company to pay the following amounts for the following periods:

2012	$ 258,867
2013	$ 111,148
Total	$ 370,015

The Company's wholly owned Brazilian subsidiary has a one-year office rental lease agreement which will expire in May 2012. The future minimum lease payments total $4,720 by November 30, 2012.

Future Liquidity

Based upon the current work program on the Company's projects, management believes that available cash will be adequate to meet its ongoing liquidity needs in the short-term and over the next year. Future expansion, including

the acquisition of 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 private placements and short-term or long-term loans. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity of the BRI Shares, restricting access to some institutional investors. The Company's growth and success is dependent on external sources of financing which may not be available on acceptable terms.

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 Parties Transactions

During the three months ended February 29, 2012, the Company incurred $4,538 (2011: $155) in general and administrative expenses related to website design and hosting services paid to a company controlled by a direct family member of a director. The balance due to related parties of $1,892 as at February 29, 2011 ($2,884 as at November 30, 2011) relates entirely to amounts due to a company controlled by a direct family member of a director, and was unsecured, interest-free and repayable on demand.

Transactions with Key Management Personnel

The following table sets out amounts paid to key management personnel and directors for the three months ended February 29, 2012 and February 28, 2011, pursuant to directors' fees and management salaries and benefits and option grants.

	For the three months ended	
	February 29, 2012 ($)	February 28, 2011 ($)
Fees, salaries and benefits[(1)]	35,000	-
Share-based compensation	38,538	-
Total	73,538	-

(1) Total Directors' fees, salaries and benefits of $103,139 disclosed on the consolidated statement of comprehensive loss includes $35,000 paid to the Company's Chief Executive Officer and Chief Financial Officer, $31,750 paid to the Company's directors, and $36,389 paid for employees' salaries and benefits.

Total compensation payable, including share-based compensation, to members of management and directors in the three months ended February 29, 2012 was $73,538 (2011: $nil). Compensation is comprised entirely of employment and similar forms of remuneration. Management includes the Chief Executive Officer and Chief Financial Officer, who are also directors of the Company.

International Financial Reporting Standards

The Company's unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB. 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, 2011, which have been prepared in accordance with IFRS.

Significant Accounting Policies

Basis of consolidation

The unaudited condensed consolidated interim financial statements for the three months ended February 29, 2012 include the financial statements of Brazil Resources 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 year are included in the condensed consolidated interim 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.

Foreign currencies

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

Mineral exploration, evaluation and development expenditures

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

Mineral property option agreements

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

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

acquisition costs. Any amounts received in excess of amounts capitalized are taken as a gain to the consolidated statement of comprehensive loss.

Impairment of non-financial assets

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

Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of comprehensive loss.

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

Share-based compensation

The Company grants share options to certain directors, employees, and consultants of the Company. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The Company uses the Black-Scholes option-pricing model to determine the grant date fair-value of share-based awards.

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes, provides services that could be provided by a direct employee, or has authority and responsibility for planning, directing and controlling the activities of the Company, including non-executive directors. The fair value is measured at grant date and recognized over the period during which the options vest.

For consultants, the fair value of the award is recorded in income over the term of the service provided, and the fair value of the unvested amounts are revalued at each reporting period over the service period.

Consideration received on the exercise of share options is recorded as issued capital and the related share-based compensation reserve is transferred to issued capital.

Significant accounting judgments and estimates

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

The most significant estimates relate to valuation of recoverability of other receivables, asset impairment testing and valuation of share-based compensation and warrants.

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

Standards issued but not yet effective

At the date of approval of the unaudited condensed consolidated interim financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective. The standards, amendments and interpretations issued, which the Company reasonably expects to be applicable at a future date, are listed below. The Company intends to adopt those standards, amendments and interpretations when they become effective. The Company expects no material impact from the adoption of these standards, amendments and interpretations on its financial position or performance.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment becomes effective for annual periods beginning on or after July 1, 2012.

IAS 12 Income Taxes – Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after January 1, 2012.

IAS 24 Related Party Disclosures (Amendment)

The IASB issued an amendment to IAS 24 that clarified the definition of the related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The adoption of the amendment did not have any significant impact on the financial position or performance of the Company.

IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Company does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected over the course of 2011 or the first half of 2012. The adoption of the first phase of IFRS 9 will have no impact on the classification and measurement of the Company's financial assets and financial liabilities.

IFRS 10 Consolidated Financial Statements

IFRS 10 establishes control as the basis for an investor to consolidate its investees; and defines control as an investor's power over an investee with exposure, or rights, to variable returns from the investee and the ability to affect the investor's returns through its power over the investee. It replaces SIC-12 – *Consolidation – Special Purpose Entities* and the requirements relating to consolidated financial statements in IAS 27 – *Consolidated and Separate Financial Statements*. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 11 Joint Arrangements

IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. It requires that a joint operator recognize and measure the assets, liabilities, revenues and expenses in relation to its interest in the joint arrangement in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses, while a joint venturer recognizes its investment in a joint arrangement using the equity method. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is a new standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purposes vehicles and other off balance sheet vehicles. The standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes new guidance on fair value measurement and disclosure requirements. It requires entities to disclose information about the valuation techniques and inputs used to measure fair value. This standard is effective for annual periods beginning on or after January 1, 2013.

Financial Instruments and Risk Management

The Company's financial assets include cash and other receivables. The Company's financial liabilities include accounts payable and accrued liabilities and due to related parties. 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.

All of the Company's financial instruments approximate their carrying amounts largely from the short-term maturities of these instruments and are included in Level 1.

Financial risk management objectives and polices

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 U.S. dollars, the Brazilian Real 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 does not have any significant foreign currency denominated monetary liabilities.

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

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

	As at February 29, 2012 ($)	As at November 30, 2011 ($)
Assets		
United States Dollar	6,584	14,443
Brazilian Real	82,252	51,774
	88,836	66,217

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, 2012 would be $4,442 ($3,311 at November 30, 2011).

Interest rate risk

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

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk for the Company is primarily associated with the Company's bank balances, the harmonized sales tax 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 HST receivable includes amounts that have been accumulated to date in the Company. At February 29, 2012, 100% of the 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 the Company's cash reserves and external financial resources into account, the Company has sufficient working capital for its present obligations for at least the next twelve months commencing from February 29, 2012. The Company's working capital as at February 29, 2012 was $9,052,818. The Company's other receivables, deposits, accounts payable and accrued liabilities and due to related parties are expected to be realized or settled, respectively, within a one year period.

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.

Outstanding Share Data

The Company's authorized capital consists of an unlimited number of BRI Shares.

The following table sets out the outstanding share data of the Company as at April 24, 2012:

	Number Outstanding
BRI Shares	39,802,147
Broker warrants to purchase BRI Shares	-
Options to purchase BRI Shares[1]	1,858,125

(1) 300,000 options are exercisable until July 21, 2016 at a price of $1.30 per BRI Share; 1,158,125 options are exercisable until October 3, 2016 at a price of $1.20 per BRI Share; 105,000 options are exercisable until October 11, 2016 at a price of $1.20 per BRI Share; 15,000 options are exercisable until January 11, 2017 at a price of $1.30 per BRI Share; 150,000 options are exercisable until February 7, 2017 at a price of $1.50 per BRI Share; and 130,000 options are exercisable until April 23, 2017 at a price of $1.20 per BRI Share.

Additional Information

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