(An exploration stage company)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2013

(Expressed in Canadian Dollars unless otherwise stated)

October 24, 2013

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 and nine months ended August 31, 2013 should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and notes thereto for the three and nine months ended August 31, 2013, and its audited consolidated financial statements and the notes thereto for the years ended November 30, 2012 and 2011, copies of which are available on SEDAR at www.sedar.com. The Company's financial statements for the three and nine months ended August 31, 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Unless otherwise stated, all information contained in this MD&A is as of October 24, 2013.

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 Real. References in this MD&A to the "Company" mean "Brazil Resources Inc.", together with its subsidiaries, unless the context otherwise requires.

Paulo Pereira, the Company's 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 pending acquisitions and its plans in respect of its projects, capital needs, business plans and expectations, anticipated work programs and goals and 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, among other things, that: the conditions to pending transactions will be satisfied; 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 conditions to pending acquisitions will not be satisfied; that the Company has a limited operating history; that the Company may not be able to obtain necessary financing on acceptable terms or at all; 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, including the Cachoeira Project; 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, 2012, 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. 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 Cachoeira gold project in Pará State, Brazil (the "Cachoeira Project") which is located in the Gurupi gold belt, approximately 220 kilometers southeast of the Pará State capital of Belém and approximately 270 kilometers northwest of the port city of São Luis, Maranhão State. The Cachoeira Project comprises one contiguous block consisting of two mining and three exploration licenses covering approximately 4,742 hectares.

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

Cachoeira Project

On September 24, 2012, the Company acquired a 100% interest in 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 the Cachoeira Agreement, Brazil Resources acquired all of the issued and outstanding shares of a subsidiary of Luna which holds an indirect 100% interest in the Cachoeira Project.

On March 4, 2013, Brazil Resources announced the results of an updated NI 43-101 mineral resource estimate on the Cachoeira Project, which was completed by Tetra Tech, Inc. ("Tetra Tech"), an independent geological consulting firm based in Vancouver, Canada. On October 3, 2013, the Company filed an amended and restated technical report (the "Technical Report") entitled "Technical Report on the Cachoeira Property, Pará state, Brazil" dated effective April 17, 2013 and amended and restated as of October 2, 2013. The amended Technical Report amended and restated the technical report filed on April 17, 2013 with the same title. The Technical Report included the following mineral resource estimates for the Cachoeira Project:

- indicated resource – 17,470,093 tonnes at 1.40 g/t gold (786,737 ounces); and
- inferred resource – 15,666,580 tonnes at 1.12 g/t gold (563,200 ounces).

Readers should refer to the Technical Report, a copy of which is available under the Company's profile at www.sedar.com, for further information regarding the Cachoeira Project and the above resource estimate. The Technical Report was prepared by Greg Mosher, M.Sc., P.Geo. Mr. Mosher is a qualified person and a Senior Geologist with Tetra Tech and is independent of the Company, as defined by section 1.5 of NI 43-101.

In the first quarter of 2013, the Company initiated the environmental licensing process for the Cachoeira Project in order to obtain a Preliminary License from the Brazilian regulatory agency SEMA/PA. The Company selected Arcadis-Logos, a consulting firm, to complete certain environmental studies in connection with the preparation of an Environmental Impact Assessment Report (EIA/RIMA), which is expected to be submitted to authorities by year-end in connection with the environmental licensing process. The Company has also initiated discussions with the local community, with several consultations occurring in the second quarter of 2013 to present upcoming work programs. The Company has also commenced negotiations to acquire mine servitudes and surface rights in the area encompassing the three deposits (Tucano, Arara and Coruja).

An initial drill program was expected to commence at the Cachoeira Project in the first half of 2013. However, the program has been postponed, pending the results of ongoing studies, including metallurgical tests. Future drilling will be determined based on the results of ongoing studies.

The Company has engaged Tetra Tech Brazil ("Tetra Tech Brazil") in connection with completing an assessment plan to be presented to the Brazilian National Department of Mineral Production (the "DNPM") pursuant to the requirements of its mining licenses. Pursuant to the mining licenses underlying the Cachoeira Project, the Company is required to commence mining operations at the property by April 2014. If such operations are not commenced, including as a result of environmental licensing delays, a new extension will need to be negotiated with the DNPM. While the DNPM had previously provided similar extensions to the prior operators of the Cachoeira Project, there can be no assurance that such extension will be granted.

In the third quarter of 2013, the Company initiated a trenching program at the Arara deposit with the objective of identifying near surface mineralization and to collect samples for metallurgical tests. A total of 1,049m of trenching has been completed so far and 1,149 channel samples have been collected and sent for ICP/Gold Fire Assay analysis. Laboratory results are pending.

In September 2013, the Company issued an additional 1,214,000 BRI Shares to Luna pursuant to the terms of the Cachoeira Agreement. Effective September 24, 2013, the Company and Luna amended the Cachoeira Agreement to defer the cash payment of $300,000 originally due on such date until the earlier of: (i) 24 months from the closing date of the Cachoeira Agreement; and (ii) 10 business days after Brazil Resources completes one or more equity financings for aggregate gross proceeds of at least $5 million. The deferred payment bears interests at a rate of 12% per annum from the effective date of the amendment.

Artulândia Project

In December 2011, the Company acquired a 100% undivided interest in the 12,000 acre Artulândia Property located in Goias State, Brazil, through its wholly-owned subsidiary pursuant to an option agreement (the "Artulândia Option Agreement"). The Artulândia Property is within the Company's Pireneus district.

On April 26, 2012, Brazil Resources announced the first results of a geochemical sampling program at Artulândia and identified eight target areas (ART-1 to ART-8) with elevated copper, gold, lead, zinc and silver values with rock grab sample results of up to 1.2 g/t gold, 0.7% copper and greater than 2% lead-zinc in separate samples. On September 6, 2012, the Company announced the completion of rock sampling and geochemical surveys on target areas ART-1 and ART-5. These results confirmed new mineralized outcrops with increased copper values of up to 0.81%, gold values of up to 2.3 g/t and silver values of up to 344 g/t, with additional anomalies of lead-zinc at ART-1.

On December 11, 2012, the Company announced trench and rock sample results from its initial program at the Artulândia Property. Trench samples from ART-1 returned anomalous results of up to 0.8% copper, 1 g/t gold, less than 1% zinc, less than 1% lead and 70 g/t silver. A continual 50m chip channel sample analyzed at 1m intervals from trench 2 on target ART-1, returned 0.21% copper over 50m including 19m at 0.33% copper. In addition, two gold zones returned 16m of 0.41 g/t gold and 9m of 0.45 g/t gold. A total of 50 rock geochemical samples collected from target area ART-5 returned elevated zinc (up to 13.8%), lead (up to 2.17%), silver (up to 301 g/t), copper (0.1% - 0.3%) and minor gold in separate samples.

On July 17, 2013, the Company announced the results of initial diamond drilling at the Artulândia Property, consisting of twelve drill holes at ART-1 and three drill holes at ART-4. A total of 1441.35m, with total depths ranging from 21.8m to 178.38m were drilled at ART-1, within Alvo South, and ART-4, within Alvo North. Nine of the twelve drill holes at ART-1 intersected mineralization, including a 15m interval returning 0.17 g/t gold, 0.35% copper, 18.04 g/t silver, 0.63% lead and 0.45% zinc (within which 7m returned 0.35 g/t gold, 0.39% copper, 30.43

g/t silver, 1% lead, and 0.31% zinc) and 9m returning 0.01g/t gold, 0.09% copper, 20.78 g/t silver, 0.32% lead and 1.49% zinc. The three drill holes completed at ART-4 returned low grades.

Seven previously delineated soil and rock geochemical targets on the Artulândia Property remain to be investigated. The true extension and width of mineralization intervals is not yet defined.

The Company recently renewed its exploration licenses for the Artulândia Property until March 2016.

The Artulândia Project is in the early stages of exploration, and, therefore, more work, including drilling, mapping and geochronology, is required to fully understand the geological model.

Montes Áureos Project

The Montes Áureos Project comprises 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.

Building upon the Company's prior exploration at the Montes Áureos Project, as set forth in the Company's news release dated April 26, 2012, Brazil Resources completed ten diamond drill holes totaling 1,616 meters at the Montes Áureos Project. Nine drill holes tested the 500-meter northern expression of a 2-kilometer 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 diamond 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 kilometers of the soil/auger anomaly is open to the south, and has yet to be drilled. The Company currently anticipates that a further diamond drill program in 2013 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. Company geologists have sited additional drill targets for future testing.

Further technical information on the Montes Áureos Project can be found in the NI 43-101 technical report, dated March 16, 2011 authored by Coffey Mining, a copy of which is available under the Company's profile on SEDAR at www.sedar.com.

A final assessment report is being prepared to be submitted to DNPM by December 2013 in connection with the Company's licensing requirements for the project. If the report is approved, the Company has the option to apply for a mining concession application. If the report is not approved, the project area will be available for public tender.

In October 2013, the Company announced that it had completed the exercise of its initial option (the "Initial Option") to acquire a 51% interest in the Montes Áureos and Trinta Projects under the mineral property option and joint venture agreement relating to the Montes Áureos and Trinta Projects dated effective September 30, 2010 (the "Montes Áureos Agreement"). The conditions of the option exercise were satisfied by making a cash payment of US$25,000, issuing an aggregate of 325,000 BRI Shares and incurring aggregate exploration expenditures of at least US$1,750,000 over the past three years. The Company has the option to acquire an additional 46% interest in the Montes Áureos and Trinta Projects pursuant to the terms of the underlying agreement by making additional cash payments totaling US$1 million, issuing an aggregate of 700,000 BRI Shares and incurring at least US$2 million of exploration expenditures by September 30, 2015.

Trinta Project

The Trinta Project consists of 23,643 acres situated in the emerging Gurupi gold belt and is 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 Montes Áureos Agreement and is subject to the option terms of the Montes Áureos Agreement.

The Company submitted a preliminary assessment to the DNPM report in connection with an application to renew the underlying licenses for a three-year term. The Company expects that the amount of work and results obtained in the first phase of work will be sufficient to obtain the extension of the exploration license.

In October 2013, the Company announced that it had completed the exercise of the Initial Option to acquire a 51% interest in the Montes Áureos and Trinta Projects under the Montes Áureos Agreement.

Apa High Project

The Company indirectly holds a mineral concession from the Republic of Paraguay in Concepcion Department, Paraguay, (the "Apa High Project"). The Apa High Project area is contiguous with the Brazilian border and is located along the southern extension of the Cuiaba gold belt, Mato Grosso State Brazil.

The Apa High Project area contains one of the two exposed areas in Paraguay where Precambrian-age rocks occur and it is believed that this package of rocks may be prospective for gold mineralization. To the Company's knowledge, the only mining company to have explored in this area is Yamana Gold Inc. which initiated gold exploration at Apa High in the mid-1990s. However, much of the Apa High Project area remains underexplored.

Company geologists have compiled and reviewed available exploration data and geological literature, and have made two reconnaissance trips to the area. Landsat imagery has been utilized to locate prospective target areas for reconnaissance field mapping sampling and geochemical analysis. 27 exploration target areas have been identified within the concession area based on a combination of lithology, structural control and alteration. Seven of the targets were considered high priority. A geochemical survey of these areas is being planned utilizing rock and stream sediment samples.

In August 2013, Brazil Resources applied to the Minister of Public Works and Communication of Paraguay to reduce its mineral concession area from 198,068 hectares to 57,696 hectares and now awaits approval of its application. The decision to reduce the concession area was based upon results received from a Landsat survey conducted by the Company in 2013.

Pireneus Project

Brazil Resources has applied for exploration licenses on 247,000 acres covering the Pireneus region in Goias State, Brazil, which it had previously stakes. The project area is located approximately 150 kilometers west of Brasilia and contains several occurrences of historic artisanal gold mining operations.

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 area is being acquired by the Company through an application to the DNPM 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 the Pireneus Project. The DNPM has advised that it will not be publishing new exploration licenses until potential changes under the country's proposed new mining regulations are more clearly defined. 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.

Maua Project

In September 2011, the Company announced that it had acquired the 24,678 acre Maua Project located in the Gurupi gold belt in Maranhão State, Brazil, and located approximately 2.5 kilometers west of the Company's Montes Áureos Gold Project. The Maua Project was acquired through an application to the DNPM for a new exploration license. Based on exploration results to date, the Company has determined to apply to the DNPM to terminate the exploration license underlying the project.

Acquisition of Brazilian Gold Corporation

On September 30, 2013, the Company announced that it entered into an arrangement agreement with Brazilian Gold Corporation ("BGC"), pursuant to which the Company will acquire all of the outstanding common shares of BGC (the "BGC Shares") by way of a plan of arrangement under the Business Corporations Act (British Columbia) (the "Arrangement"). Under the Arrangement, BGC shareholders will receive 0.172 BRI Shares for each BGC Share. The Company expects to issue 17,947,380 BRI Shares to BGC shareholders under the Arrangement.

The Arrangement is subject to court approval and the approval of at least 66 2/3% of the votes cast by BGC shareholders at BGC's upcoming special meeting, which is currently scheduled for November 20, 2013. The Arrangement is also subject to customary conditions, including, among other things, the receipt of applicable regulatory approvals, including the approval of the TSX-V, certain third-party consents and satisfaction of other customary closing conditions. Subject to satisfaction and/or waiver of the conditions under the Arrangement, the Company expects to complete the transaction in late-November 2013.

Certain senior officers, directors and consultants of BGC have agreed to accept BRI shares after closing of the Arrangement in satisfaction of deferred compensation and directors fees amounting to approximately $190,000. Such shares are expected to be issued at a price per share of $0.78 after completion of the Arrangement, subject to receipt of TSX-V approval.

Following completion of the Arrangement, Brazil Resources will take over certain share issuance and payment obligations of BGC. To satisfy these obligations, Brazil Resources expects to issue an aggregate of 193,500 BRI Shares and make aggregate payments of amounts equivalent to US$750,000 and R$3,150,000, with respect to obligations in connection with BGC's Boa Vista, Surubim and Rio Novo projects.

Results of Operations

During the three and nine months ended August 31, 2013, the Company recorded net losses of $1,120,927 and $4,072,397, respectively, as compared to a net loss of $915,665 and $3,322,871, respectively, for the same periods in 2012. Significant accounts and changes during these periods are as follows:

- Exploration expenses were $660,803 and $2,187,933, respectively, during the three and nine months ended August 31, 2013 (2012: $190,884 and $1,109,333) – increased during the three and nine month periods due to increased exploration, permitting and licensing activities at the Cachoeira Project.

(Unaudited, expressed in Canadian dollars unless otherwise stated)

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

	For the three months ended August 31,		For the nine months ended August 31,	
	2013 ($)	2012 ($)	2013 ($)	2012 ($)
Cachoeira	453,345	-	1,513,767	-
Montes Áureos	40,421	22,749	42,159	491,315
Trinta	441	772	13,141	70,488
Artulândia	162,502	165,392	584,669	519,185
Apa High	3,212	-	18,913	-
Pireneus	441	1,199	2,031	9,763
Maua	441	772	13,253	18,582
Total	660,803	190,884	2,187,933	1,109,333

- General and administration expenses were $150,569 and $747,803, respectively, during the three and nine months ended August 31, 2013 (2012: $207,662 and $746,460) – decreased in current three month period is primarily due to the reduction of the Company's activities with respect to corporate development and reduced investor relations expenses.

- Directors' fees and salaries and benefits were $174,194 and $537,535, respectively, during the three and nine months ended August 31, 2013 (2012: $124,157 and $371,870) – increased during the three and nine month periods due to an increase in the number of employees with respect to exploration, permitting and licensing activities and an increase in director fees.

- Consulting fees were $95,233 and $311,031, respectively, during the three and nine months ended August 31, 2013 (2012: $134,743 and $388,284) – decreased during the three and nine month periods due to reduced corporate development activity.

- Project evaluation expenses were $nil and $132,013, respectively, during the three and nine months ended August 31, 2013 (2012: $127,607 and $168,131) – decreased in current three month period is due to the reduction of number of project reviews undertaken by the Company.

- Professional fees were $24,896 and $99,186, respectively, during the three and nine months ended August 31, 2013 (2012: $25,224 and $76,692) – increased during the nine month period due to an increase in general matters and corporate activities**.**

- Share-based compensation $9,499 and $56,091, respectively, during the three and nine months ended August 31, 2013 (2012: $124,775 and $530,401) – decreased for the three and nine month periods due to a reduced number of share options granted during the three and nine months ended August 31, 2013.

(Unaudited, expressed in Canadian dollars unless otherwise stated)

Summary of Quarterly Results

For the quarter ended	Revenues	Net loss ($)	Basic and diluted net loss per share ($)
August 31, 2013	-	1,120,927	0.03
May 31, 2013	-	1,742,999	0.04
February 28, 2013	-	1,208,471	0.03
November 30, 2012	-	1,214,498	0.03
August 31, 2012	-	915,665	0.02
May 31, 2012	-	1,030,936	0.02
February 29, 2012	-	1,376,270	0.04
November 30, 2011	-	1,455,310	0.04

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 August 31, 2013 and November 30, 2012.

	As at August 31, 2013	As at November 30, 2012
Cash and cash equivalents	1,520,633	5,520,141
Working capital	1,088,714	5,222,923
Total assets	12,586,576	17,300,152
Total current liabilities	568,665	596,460
Total non-current liabilities	223,928	204,851
Shareholders' equity	11,793,983	16,498,841

As at August 31, 2013, the Company had working capital of $1,088,714 (November 30, 2012: $5,222,923), comprised of cash and cash equivalents of $1,520,633 (November 30, 2012: $5,520,141), accounts and other receivable of $34,750 (November 30, 2012: $141,681), prepaid expenses and deposits of $101,996 (November 30, 2012: $157,561) offset by current liabilities of $568,665 (November 30, 2012: $596,460).

The Company decreased net cash by $1,045,845 and $3,999,508, respectively, during the three and nine months ended August 31, 2013. The accounts and other receivable and prepaid expenses and deposits decreased from $299,242 to $136,746 during the nine months ended August 31, 2013. Such decreases were attributable to a tax receivable being received. Total current liabilities decreased slightly from $596,460 to $568,665 during the nine months ended August 31, 2013, primarily as a result of the Company's normal payment processes.

Operating Activities

Net cash used in operating activities during the nine months ended August 31, 2013 was $3,889,768, compared to $3,309,483 for the same period in 2012. Significant operating expenditures during the current period included mineral property expenditures and general and administrative expenses. A reduction in receivables and prepaid expenses and deposits provided cash of $106,931 and $55,565, respectively, during the current nine-month period, compared to $38,877 and $203,205, respectively, in the same period of 2012. An increase in accounts payable and accrued liabilities provided used cash of $25,420 during the current nine-month period, compared to $288,985 in the same period of 2012.

Investing Activities

Net cash used in investing activities during the nine months ended August 31, 2013 was $107,375, compared to $88,270 for the same period in 2012. Investments in exploration and evaluation assets used cash of $93,901 in the nine months ended August 31, 2013, compared to $83,376 in the same period of 2012. The increase was primarily due to the Company's acquisition of additional mineral properties (the Artulândia Project) and purchase of equipment during the nine months ended August 31, 2013.

Financing Activities

Net cash provided by financing activities during the nine months ended August 31, 2013 was $2,365 compared to $4,695,031 for the same period in 2012 in connection with private placements completed during the period. There were no BRI Shares issued during the nine months ended August 31, 2013.

Share Options

As at August 31, 2013, 1,915,000 share options were outstanding. The outstanding share options have a weighted average exercise price of $1.22 per share.

Contractual Obligations

I. Mineral Properties Obligations

Pursuant to the Cachoeira Agreement, on September 24, 2012, the Company acquired 100% of the issued and outstanding shares of BRI International Corp. (formerly Luna Gold (International) Corp.), which holds an indirect 100% interest in the Cachoeira Project through its subsidiaries. The Company paid $500,000 cash and issued 1,428,000 BRI Shares (with fair value of $1,685,040) to Luna at closing. Pursuant to the terms of the Cachoeira Agreement (as amended), in September 2013, the Company issued an additional 1,214,000 BRI Shares (with fair value of $1,432,520) to Luna and the Company is required to make the following additional payments to Luna in the future:

- $300,000 cash plus an amount equal to interest accrued on such amount at a rate per annum equal to 12% from September 24, 2013 by the earlier of: (i) September 24, 2014; and (ii) ten business days after the Company completes one or more equity financings for aggregate gross proceeds of at least $5 million after September 24, 2013;

- $300,000 cash and 1,214,000 BRI Shares within 30 days of receipt of approval of a mine development plan by the DNPM and the environmental preliminary licenses for a gold mining operation relating to the Cachoeira Project;

- $2,500,000, payable in cash or BRI Shares, at the Company's sole discretion, upon commencing mine construction at the Cachoeira Project, consisting of completion of $500,000 of expenditures towards such construction; and

- $3,000,000, payable in cash or BRI Shares, at the Company's sole discretion, one year after achieving commercial production at the Cachoeira Project.

Notwithstanding the foregoing milestones, all of the payments from the Company to Luna will become due and payable four years after the closing date of the transaction (September 24, 2016). 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 royalty payable by our subsidiary on future production to third parties. If production is not achieved at the Cachoeira Project by October 3, 2014, a US$300,000 per year payment in lieu of the royalty will be payable to the third parties until such time as production is achieved at the Cachoeira Project.

In October 2013, the Company announced that it had exercised the Initial Option under the Montes Áureos Agreement to acquire an initial undivided 51% interest in the Montes Áureos and Trinta Projects. In order to exercise the Initial Option the Company:

(1) made an initial cash payment of US$25,000 made in October 2010;

(2) issued an aggregate of 325,000 BRI Shares to the optionor as follows:
  (a) 125,000 BRI Shares in September 2011 (issued with fair value of $142,500);
  (b) 100,000 BRI Shares in September 2012 (issued with fair value of $104,000); and
  (c) 100,000 BRI Shares in September 2013 (issued with fair value of $80,000); and

(3) incurred exploration expenditures totalling US$1,750,000.

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 by:

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

(2) issuing an additional 700,000 BRI Shares in the following manner:
  (a) 200,000 BRI Shares on or before September 30, 2014; and
  (b) 500,000 BRI Shares on or before September 30, 2015; and

(3) Incurring 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's 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.

The Company completed the acquisition of Artulândia Property by way of payments made pursuant to terms of the Artulândia Option Agreement. An additional R$1,000,000 ($500,000) will be payable by the Company upon completion of a positive NI 43-101-compliant pre-feasibility study.

(Unaudited, expressed in Canadian dollars unless otherwise stated)

II. General and Administration Obligations

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

2013	$ 66,879
2014	116,430
2015	28,232
Total	$ 211,541

The Company is renting or leasing various offices located in Canada and Brazil with total monthly payments of $5,072. Office lease agreements expire between October 2013 and June 2014.

Future Liquidity

Based upon the current work program on the Company's projects, Management believes that available cash will be adequate to meet ongoing liquidity needs in the short-term and over the next year for the Company's existing business and projects. Future expansion, including the acquisition of BGC and/or additional mineral properties or interests, will likely require additional financing, which the Company may obtain through equity and/or debt financing.

The Company's ability to meet its obligations and finance exploration and development activities over the long-term depends on its ability to generate cash flow through the issuance of BRI Shares pursuant to equity financings and short-term or long-term loans. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. 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 or at all.

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 and nine months ended August 31, 2013, the Company had the following transactions with related parties:

- incurred $2,466 and $9,029 respectively (2012: $6,038 and $16,901) in general and administrative expenses related to website design, hosting services and marketing services paid to a company controlled by a direct family member of a director. The fee paid is commensurate to fees charged to the company's other clients for similar services provided; and

- incurred $12,000 and $36,000 respectively (2012: $nil and $nil) in consulting fees paid to a direct family member of a director. Corporate development fees paid were for introducing the Company to various parties in the areas of project generation, corporate finance groups and potential strategic partners, and are within industry standards.

(Unaudited, expressed in Canadian dollars unless otherwise stated)

The balance due to related parties of $4,817 as at August 31, 2013 (November 30, 2012: $7,182) 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

	For the three months ended August 31,		For the nine months ended August 31,	
	2013 ($)	2012 ($)	2013 ($)	2012 ($)
Fees, salaries and benefits(1)	39,695	36,908	145,760	106,908
Share-based compensation	-	10,004	-	71,366
Total	39,695	46,912	145,760	178,274

(1) Total Directors' fees, salaries and benefits of $537,535 disclosed on the consolidated statement of comprehensive loss includes $145,760 paid to the Company's Chief Executive Officer and Chief Financial Officer, $185,250 paid to the Company's directors, and $206,525 paid for employees' salaries and benefits.

Total compensation payable, including share-based compensation, to key members of management and directors for the three and nine months ended August 31, 2013 was $39,695 and $145,760, respectively (2012: $46,912 and $178,274). 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. 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, 2012, which have been prepared in accordance with IFRS.

Significant Accounting Policies

Basis of consolidation

The unaudited condensed consolidated interim financial statements for the three and nine months ended August 31, 2013 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 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.

Foreign currencies

The reporting currency of the Company and its subsidiaries is the Canadian dollar. The functional currency of the Company is the Canadian dollar and the functional currency of its subsidiaries in Brazil is the Brazilian Real and its subsidiary in Paraguay is the US dollar. Foreign operations are translated into Canadian dollars using period end exchange rates as to assets and liabilities and average exchange rates as to revenues and expenses. All resulting exchange differences are recognized in other comprehensive income.

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 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 share options vest.

For consultants, the fair value of the award is recorded as 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 upon 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 these condensed 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.

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, 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 August 31, 2013, those financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement.

	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Financial Assets				
Cash	1,520,633	-	-	1,520,633
Other receivables	34,750	-	-	34,750
Financial Liabilities				
Accounts payable and accrued liabilities	291,121	-	-	291,121
Due to related parties	4,817	-	-	4,817
Current portion of long-term obligations	-	272,727	-	272,727
Long-term obligations	-	223,928	-	223,928

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 August 31, 2013 ($)	As at November 30, 2012 ($)
Assets		
United States Dollar	14,790	33,582
Brazilian Real	126,358	153,804
Total	141,148	187,386

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 August 31, 2013 would be $7057 (November 30, 2012: $9,369).

Interest rate risk

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

(Unaudited, expressed in Canadian dollars unless otherwise stated)

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk for the Company is primarily associated with the Company's bank balances, the goods and service tax receivable ("GST"), the harmonized sales tax receivable ("HST") and refundable cash advances towards contemplated transactions.

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

The GST and HST receivable includes amounts that have been accumulated to date in the Company. At August 31, 2013, 100% of the GST and HST receivable was due from the Canada Revenue Agency.

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 August 31, 2013. The Company's working capital as at August 31, 2013 was $1,088,714. 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 upon 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 common shares.

The following table sets out the outstanding share data of the Company as at October 24, 2013:

	Number Outstanding
BRI Shares	42,644,147
Options to purchase BRI Shares(1)	1,915,000

(1) 300,000 options are exercisable until July 21, 2016 at a price of $1.30 per BRI Share; 1,150,000 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; 30,000 options are exercisable until April 23, 2017 at a price of $1.20 per BRI Share; 50,000 options exercisable until June 22, 2017 at a price of $0.90 per BRI share; 40,000 options exercisable until January 8, 2018 at a price of $1.03 per BRI share; 25,000 options exercisable until February 15, 2018 at a price of $1.10 per BRI share; 25,000 options exercisable until March 1, 2018 at a price of $1.10 per BRI share; and 25,000 options exercisable until May 8, 2018 at a price of $0.95 per BRI share.

Additional Information

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