



(An exploration stage company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2015 and 2014**

(Expressed in Canadian Dollars unless otherwise stated)

BRAZIL RESOURCES INC.
(An exploration stage company)

Notice to Reader

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

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



	Notes	As at February 28, 2015 (\$)	As at November 30, 2014 (\$)
Assets			
Current assets			
Cash	7	4,000,117	798,512
Other receivables	8	116,372	61,246
Prepaid expenses and deposits		107,088	109,592
Available-for-sale securities	9	5,000	15,000
		4,228,577	984,350
Non-current assets			
Equipment	4	83,654	94,189
Exploration and evaluation assets	5	22,854,831	23,221,268
Investment in joint venture	6	1,690,660	1,723,004
		28,857,722	26,022,811
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	956,333	1,107,652
Provisions	11	103,789	337,055
Due to related parties	16	21,114	24,518
		1,081,236	1,469,225
Non-current liabilities			
Long-term obligations	12	258,242	252,244
		1,339,478	1,721,469
Equity			
Issued capital	13	36,724,494	34,126,149
Share issuance obligations	13	6,932,520	6,978,960
Reserves	13	5,481,540	3,569,760
Accumulated deficit		(19,770,907)	(18,935,480)
Accumulated other comprehensive income		(1,849,403)	(1,438,047)
		27,518,244	24,301,342
		28,857,722	26,022,811

Commitments (Note 18)

Subsequent events (Note 19)

Approved and authorized for issue by the Board of Directors on April 24, 2015.

/s/ "David Kong"

David Kong
Director

/s/ "Pat Obara"

Pat Obara
Chief Financial Officer & Director

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

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



		For the three months ended February 28,	
	Notes	2015 (\$)	2014 (\$)
Expenses			
Consulting fees		86,870	73,417
Depreciation	4	12,170	17,020
Directors' fees, salaries and benefits	16	165,715	189,441
Exploration expenses	5	210,343	503,935
General and administrative		193,628	590,478
Professional fees		57,848	50,232
Project evaluation costs		2,356	6,855
Share-based compensation	13	187,597	-
Share of loss on investment in joint venture	6	32,344	29,708
		948,871	1,461,086
Operating loss		(948,871)	(1,461,086)
Other items			
Interest income		7,508	10,845
Loss on disposition of assets		-	(417)
Gain on settlement of accounts payable		105,936	-
Net loss for the period		(835,427)	(1,450,658)
Other comprehensive income			
Items that may be reclassified subsequently to net income or loss:			
Available-for-sale financial assets	9	(10,000)	-
Foreign currency translation adjustments		(401,356)	1,015,876
Total comprehensive loss for the period		(1,246,783)	(434,782)
Net loss per share, basic and diluted		(0.01)	(0.02)
Weighted average number of shares outstanding, basic and diluted			
		77,185,584	68,394,167

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

Brazil Resources Inc.

(An exploration stage company)

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited, expressed in Canadian dollars unless otherwise stated)



	Notes	Number of Shares	Issued Capital (\$)	Share Issuance Obligations (\$)	Reserves (\$)	Deficit (\$)	Accumulated Other Comprehensive Income (\$)	Total (\$)
Balance at November 30, 2013		60,528,829	30,175,354	7,201,061	1,191,336	(13,886,438)	(840,112)	23,841,201
Private placement containing:								
Cash		11,650,620	4,027,305	-	-	-	-	4,027,305
Share issue costs		-	(190,371)	-	-	-	-	(190,371)
Warrant issue costs		-	(121,990)	-	-	-	-	(121,990)
Warrants issued for private placement		-	-	-	2,380,536	-	-	2,380,536
Issued capital pursuant to acquisition of:								
Exploration and evaluation assets		243,974	175,661	(175,661)	-	-	-	-
Foreign currency translation adjustments		-	-	-	-	-	1,015,876	1,015,876
Net loss for the period		-	-	-	-	(1,450,658)	-	(1,450,658)
Balance at February 28, 2014		72,423,423	34,065,959	7,025,400	3,571,872	(15,337,096)	175,764	29,501,899
Shares issued on exercise of share options		12,500	13,750	-	-	-	-	13,750
Issued capital pursuant to acquisition of:								
Exploration and evaluation assets		64,500	46,440	(46,440)	-	-	-	-
Share-based compensation		-	-	-	(2,112)	-	-	(2,112)
Foreign currency translation adjustments		-	-	-	-	-	(1,608,811)	(1,608,811)
Unrealized loss on available-for-sale securities		-	-	-	-	-	(5,000)	(5,000)
Net loss for the period		-	-	-	-	(3,598,384)	-	(3,598,384)
Balance at November 30, 2014		72,500,423	34,126,149	6,978,960	3,569,760	(18,935,480)	(1,438,047)	24,301,342
Private placement containing:								
Cash	13	8,103,506	2,732,745	-	-	-	-	2,732,745
Share issue costs	13	-	(107,902)	-	-	-	-	(107,902)
Warrant issue costs	13	-	(72,938)	-	-	-	-	(72,938)
Warrants issued for private placement	13	-	-	-	1,724,183	-	-	1,724,183
Issued capital pursuant to acquisition of:								
Exploration and evaluation assets	6	64,500	46,440	(46,440)	-	-	-	-
Shared-based compensation		-	-	-	187,597	-	-	187,597
Foreign currency translation adjustments		-	-	-	-	-	(401,356)	(401,356)
Unrealized loss on available-for-sale securities		-	-	-	-	-	(10,000)	(10,000)
Net loss for the period		-	-	-	-	(835,427)	-	(835,427)
Balance at February 28, 2015		80,668,429	36,724,494	6,932,520	5,481,540	(19,770,907)	(1,849,403)	27,518,244

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

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



	For the three months ended	
	February 28,	
	2015	2014
	(\$)	(\$)
Operating activities		
Net loss for the period	(835,427)	(1,450,658)
Adjustments for items not involving cash:		
Depreciation	12,170	17,020
Equity losses of joint venture	32,344	29,708
Share-based compensation	187,597	-
Loss on disposition of assets	-	417
Gain on settlement of accounts payable	(105,936)	-
Net changes in non-cash working capital items:		
Other receivables	(47,618)	8,848
Prepaid expenses and deposits	2,504	(11,568)
Accounts payable and accrued liabilities	(45,383)	(358,069)
Provisions payable	(233,266)	-
Interest income	(7,508)	(10,845)
Cash used in operating activities	(1,040,523)	(1,775,147)
Investing activities		
Investment in exploration and evaluation assets	-	(107,040)
Investment in joint venture	-	(30,000)
Purchase of equipment	(1,635)	-
Proceeds from disposition of assets	-	800
Settlement of long-term obligations	-	(300,000)
Cash used in investing activities	(1,635)	(436,240)
Financing activities		
Proceeds from shares issued, net of share issuance costs	4,276,088	6,095,480
Advances from related parties	(3,404)	3,111
Cash generated from financing activities	4,272,684	6,098,591
Effect of exchange rate changes on cash	(28,921)	(22,200)
Net increase in cash	3,201,605	3,865,004
Cash		
Beginning of period	798,512	225,827
End of period	4,000,117	4,090,831

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

1. Corporate Information

Brazil Resources Inc. is a corporation organized under the laws of British Columbia and was incorporated in the Province of British Columbia, Canada, on September 9, 2009, and domiciled in Canada. Together with its subsidiaries (collectively, the "Company" or "Brazil Resources"), the Company is principally engaged in the acquisition, exploration and development of mineral properties in Brazil.

Brazil Resources Inc.'s common shares (the "BRI Shares") are listed on the TSX Venture Exchange (the "TSX-V") under the symbol "BRI" and are traded on the OTCQX International Market under the symbol "BRIZF" and on the Frankfurt Stock Exchange under the symbol "BSR". The head office and principal address of the Company is located at Suite 320, 1111 West Hastings Street, Vancouver, British Columbia, V6E 2J3, Canada.

2. Basis of Preparation

2.1 Statement of compliance

The Company's unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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, 2014, which have been prepared in accordance with IFRS. They were authorised for issue by the Company's board of directors on April 24, 2015.

2.2 Basis of presentation

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

2.3 Basis of consolidation

The unaudited condensed consolidated interim financial statements include the financial statements of Brazil Resources Inc. and its wholly controlled subsidiaries. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the reporting period are included in the consolidated statements of comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

Subsidiaries

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

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

2.4 Judgements and estimates

The preparation of these condensed consolidated interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes may differ from these estimates under different assumptions and conditions.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended November 30, 2014.

2.5 Going concern of operations

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

3. Significant Accounting Policies

3.1 Summary of significant accounting policies

The Company's unaudited condensed consolidated interim financial statements follow the same significant accounting policies set out in Note 3 to the audited consolidated financial statements for the year ended November 30, 2014.

3.2 Adoption of new accounting standards

IFRIC 21 – *Levies* clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Effectively December 1, 2014, the Company adopted this standard. The adoption of this standard did not have a material impact on the unaudited condensed consolidated interim financial statements.

Brazil Resources Inc.

(An exploration stage company)

Notes to Condensed Consolidated Interim Financial Statements
(Unaudited, expressed in Canadian dollars unless otherwise stated)
February 28, 2015 and 2014



3.3 Standards issued but not yet effective

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

Amendments to IFRS 11 – *Joint Arrangements: Accounting for Acquisitions of Interests* require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company is in the process of evaluating the impact of the adoption of the amendment.

Amendments to IAS 16 and IAS 38 – *Clarification of Acceptable Methods of Depreciation and Amortisation* clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company is in the process of evaluating the impact of the adoption of the amendment.

Amendments to IFRS 10 – *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)* are effective for transactions occurring in annual periods beginning on or after January 1, 2016 with earlier application permitted. The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if the assets are housed in a subsidiary. Other amendments also clarify the accounting for investment entities. The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. As well, only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to IAS 28 allow the investor, when applying the equity method to an associate or joint venture that is an investment entity, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The Company is in the process of evaluating the impact of the adoption of the amendment.

4. Equipment

	Computer Equipment (\$)	Exploration Equipment (\$)	Furniture and Fixtures (\$)	Leasehold Improvement (\$)	Vehicles (\$)	Total (\$)
Cost						
Balance at November 30, 2013	88,402	52,451	56,247	1,447	28,802	227,349
Disposals	(417)	-	(800)	-	-	(1,217)
Balance at November 30, 2014	87,985	52,451	55,447	1,447	28,802	226,132
Additions	1,635	-	-	-	-	1,635
Balance at February 28, 2015	89,620	52,451	55,447	1,447	28,802	227,767
Accumulated Depreciation						
Balance at November 30, 2013	42,924	6,941	13,036	1,447	5,083	69,431
Depreciation	29,779	12,407	13,630	-	6,696	62,512
Balance at November 30, 2014	72,703	19,348	26,666	1,447	11,779	131,943
Depreciation	4,042	3,101	3,353	-	1,674	12,170
Balance at February 28, 2015	76,745	22,449	30,019	1,447	13,453	144,113
Net Book Value						
At November 30, 2014	15,282	33,103	28,781	-	17,023	94,189
At February 28, 2015	12,875	30,002	25,428	-	15,349	83,654

5. Exploration and Evaluation Assets

	For the three months ended February 28,	
	2015 (\$)	2014 (\$)
Balance at the beginning of period	23,221,268	23,807,802
Mineral properties acquired	5,998	112,493
	23,227,266	23,920,295
Foreign currency translation adjustments	(372,435)	1,107,311
Balance at the end of period	22,854,831	25,027,606

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

	February 28, 2015 (\$)	November 30, 2014 (\$)
Cachoeira	10,238,366	10,400,999
São Jorge	8,668,684	8,811,545
Surubim	2,988,789	3,038,045
Batistão	389,443	395,861
Montes Áureos and Trinta	296,889	301,782
Artulândia	152,952	155,473
Other Exploration and Evaluation Assets	119,708	117,563
Total	22,854,831	23,221,268

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

Cachoeira

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

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

- \$300,000 cash and 1,214,000 BRI Shares within 30 days of receipt of approval of a mine development plan by the Brazilian National Department of Mining Production ("DNPM") and the environmental preliminary licenses for a gold mining operation relating to the Cachoeira Project (the "4th Payment");
- \$2,500,000, payable in cash or BRI Shares, at the Company's sole discretion, upon commencing mine construction at the Cachoeira Project, consisting of completion of \$500,000 of expenditures towards such construction (the "5th Payment"); and
- \$3,000,000, payable in cash or BRI Shares, at the Company's sole discretion, one year after achieving commercial production at the Cachoeira Project (the "6th Payment").

Notwithstanding the foregoing milestones, all of the payments from the Company to Luna will become due and payable on September 24, 2016, four years after the Cachoeira Closing Date. 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. The Company's payment obligations are evidenced by a promissory note issued by the Company to Luna, containing customary events of default and acceleration provisions, and are secured by security interests granted by the Company and its subsidiaries to Luna against, among other things, interests in the Cachoeira Project and the shares of the subsidiaries to be acquired under the Cachoeira Agreement.

In addition, the Cachoeira Project is subject to a 4.0% net smelter return royalty payable to third parties by the Company's subsidiary on future production. 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. Subsequent to February 28, 2015, the aforementioned payment remains outstanding to certain parties in lieu of the royalty respecting the Cachoeira Project. The Company is currently negotiating with the parties to defer the payment until all permits and licenses have been received and production is achieved. While the royalty holders previously granted similar extensions to the prior operator, there can be no assurance that the Company will be able to obtain the same on acceptable terms or at all, and, in such event, the payment in lieu of royalty will be payable.

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

São Jorge

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

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

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

The current São Jorge deposit location has a net smelter return royalty of 2.5% comprising of 1.0% to Talon, 1.0% to the government of Brazil and 0.5% to the surface rights owner. The surface rights owner's royalty can be purchased for US\$750,000.

At the reporting date, two gold exploration concession applications for the São Jorge Project are under appeal awaiting decisions by the DNPM, however, these areas are covered by concession applications held by a subsidiary of Brazil Resources, which currently have priority with the DNPM.

Surubim

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

Jarbas Agreement

BGC entered into an option agreement (the "Jarbas Agreement") on February 11, 2010, as amended January 16, 2011, pursuant to which BGC had the option to acquire a certain exploration license by paying R\$3,900,000 in six annual installments, until December 17, 2015. BGC paid R\$800,000 before the BGC Arrangement. In an amendment dated March 14, 2014, the Company renegotiated the terms of the Jarbas Agreement, whereby the Company is now required to make the following option payments:

- a cash payment of R\$80,000 upon execution of the amended Jarbas Agreement (paid);
- a cash payment of R\$570,000 in March 2015;
- a cash payment of R\$1,000,000 in March 2016; and
- a cash payment of R\$1,500,000 in March 2017.

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

Brazil Resources Inc.

(An exploration stage company)

Notes to Condensed Consolidated Interim Financial Statements
(Unaudited, expressed in Canadian dollars unless otherwise stated)
February 28, 2015 and 2014

*Altoro Agreement*

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

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

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

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

Montes Áureos and Trinta

On September 30, 2010, the Company entered into an agreement with Apoio Engenharia e Mineração (the "Montes Áureos Agreement"). Pursuant to the Montes Áureos Agreement, the Company has the option to acquire an initial 51% undivided interest in the Montes Áureos Project over a three year period, from September 30, 2010 to September 30, 2013, (the "Initial Option"), and an additional 46% undivided interest over an additional two year period, from September 30, 2013 to September 30, 2015. On June 20, 2011, the Company amended the terms of the Montes Áureos Agreement by adding the option to acquire Trinta Project for no additional consideration. The Trinta property is subject to the same option terms stipulated in the Montes Áureos Agreement.

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

The Initial Option commitments are as follows:

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

The Company has the option (the "Second Option") to earn an additional 46% undivided 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.

If the Company exercises 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 Agreement. If such dilution reduces a party's interest below 3%, the interest will convert to a 1.5% net smelter return royalty.

Subsequent to February 28, 2015, the Company has not exercised the Second Option, however, it intends to maintain its current 51% interest in the Montes Áureos and Trinta projects.

Artulândia

On December 8, 2011, the Company acquired a 100% undivided interest in the 12,000 acre Artulândia Property located in Goiás State, Brazil, through its wholly-owned subsidiary by way of an option (the "Artulândia Option Agreement"). The acquisition was completed by way of payments being made pursuant to terms of the Artulândia Option Agreement: (i) initial payment of R\$100,000; (ii) R\$50,000 within 6 months; and (iii) R\$200,000 within 12 months of the date of the Artulândia Option Agreement. An additional R\$1,000,000 will be payable by the Company upon completion of a positive NI 43-101-compliant pre-feasibility study.

Exploration expenses on a project basis are as follows:

	For the three months ended		For the period from
	February 28, 2015	February 28, 2014	incorporation,
	(\$)	(\$)	September 9, 2009, to
			February 28, 2015
			(\$)
Cachoeira	113,529	367,710	3,780,120
São Jorge	40,687	43,617	241,784
Surubim	25,099	49,067	164,609
Batistão	1,341	13,098	25,794
Montes Áureos and Trinta	-	1,098	1,817,908
Artulândia	803	9,111	1,291,789
Other Exploration Expenses	28,884	20,234	366,450
Total	210,343	503,935	7,688,454

6. Investment in Joint Venture

As at February 28, 2015, the Company holds an 84.05% interest in Boa Vista Gold Inc. ("BVG") pursuant to the BGC Arrangement. BVG, a corporation formed under the laws of British Virgin Islands, holds the rights to the Boa Vista Gold Project (the "Boa Vista Project").

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

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

	For the three months ended	
	February 28,	
	2015	2014
	(\$)	(\$)
Balance at the beginning of period	1,723,004	1,655,615
Funding	-	30,000
Share of losses	(32,344)	(29,708)
Balance at the end of period	1,690,660	1,655,907

On April 26, 2013, BGC signed a Share Exchange Agreement with D'Gold Mineral Ltda. ("D'Gold") to acquire D'Gold's remaining 13.05% interest in BVG. In consideration for D'Gold's 13.05% interest, BGC was required to issue an aggregate of 1,500,000 BGC common shares over 18 months. At the closing date of BGC Arrangement, BGC had a remaining share issuance obligation of 1,125,000 BGC common shares to D'Gold. Pursuant to the BGC Arrangement, the Company assumed BGC's share issuance obligation at a ratio of 0.172 BRI Share per BGC common share for a total aggregate share issuance obligation of 193,500 BRI Shares.

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

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

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

In addition, pursuant to the terms of a surface rights agreement ("Boa Vista Surface Rights Agreement") dated March 2008, as amended May 2010 and June 2013, BGC was required to make cash payments in installments totalling R\$4,400,000 in consideration for the acquisition. BGC paid R\$80,000 before the BGC Arrangement. BVG is required to make the remaining cash payments as follows in order to retain the surface rights to the property:

- a cash payment of R\$80,000 due on March 5, 2014 (paid);
- a cash payment of R\$80,000 due on September 5, 2014 (paid);
- a cash payment of R\$80,000 due on March 5, 2015;
- a cash payment of R\$80,000 due on September 5, 2015;
- a cash payment of R\$80,000 due on March 5, 2016;
- a cash payment of R\$3,500,000 due on March 5, 2017; and
- a cash payment of R\$240,000 due upon the commencement of small scale mining.

At the reporting date, one exploration license for the Boa Vista Project is under appeal for extension and awaits a decision by the DNPM.

7. Cash

	As at February 28, 2015 (\$)	As at November 30, 2014 (\$)
Cash consists of:		
Cash at bank and on hand	4,000,117	798,512
Total	4,000,117	798,512

8. Other Receivables

	As at February 28, 2015 (\$)	As at November 30, 2014 (\$)
Goods and service and sales tax receivable	73,831	58,077
Other receivables	42,541	3,169
Total	116,372	61,246

9. Available-for-Sale Securities

Available-for-sale securities are recorded at fair value based on quoted market prices, with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. During the three months ended February 28, 2015, the Company recorded an unrealized loss of \$10,000 (2014: \$nil) in other comprehensive loss relating to available-for-sale securities.

The available-for-sale securities include 1,000,000 shares in Pure Nickel Inc. acquired in the BGC Arrangement with fair value of \$5,000 at February 28, 2015 (2014: \$15,000).

10. Accounts Payable and Accrued Liabilities

	As at February 28, 2015 (\$)	As at November 30, 2014 (\$)
Trade payable	844,153	952,526
Accrued liabilities	46,385	85,213
Payroll and tax withholding	65,795	69,913
Total	956,333	1,107,652

11. Provisions

In 2012, eighteen employees of RAC Treinamento Ltda. ("RAC") filed labour lawsuits in Brazil to claim unpaid wages and benefits during a period which they were employed by RAC. RAC performed drilling services for BGC's wholly owned subsidiary Mineração Regent Brasil Ltda. ("Regent") from January 27, 2011 to June 27, 2011. According to Brazilian labor law, if RAC fails to pay the amounts awarded by the Court's final decision, Regent is required to assume the liability. Since RAC is insolvent and not attending court hearings, Regent is required to pay the awarded amounts, despite the fact that Regent is in compliance with Brazilian labour laws.

At November 30, 2014, the provision recorded was \$337,055 according to settlements with the plaintiffs which occurred in November 2014. At the reporting date, the provision was decreased from \$337,055 to \$103,789 after the Company paid \$233,266 to the plaintiffs during the three months ended February 28, 2015, in accordance with

the plaintiff's settlement agreements. Upon full payment to the plaintiffs, Regent will have the right of recourse against RAC. The Company has not determined if it will pursue the right of recourse at this time.

12. Long-Term Obligations

All long-term obligations under the Cachoeira Agreement have been reflected as of February 28, 2015. The cash payments due have been discounted using an interest rate of 10%.

	Note	As at February 28, 2015 (\$)	As at November 30, 2014 (\$)
Stated value as at Cachoeira Closing Date		600,000	600,000
Cash payment	5	(300,000)	(300,000)
Discount		(41,758)	(47,756)
Net present value		258,242	252,244

13. Share Capital

13.1 Authorized

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

13.2 Private Placement

On January 6, 2015, the Company completed a non-brokered private placement (the "2015 Private Placement") of 7,399,870 units of the Company (each, a "Unit") at \$0.55 per Unit for aggregate gross proceeds of \$4,069,928, with each Unit consisting of one BRI Share and one share purchase warrant (each, a "BRI Warrant") which is non-transferrable. Each BRI Warrant entitles the holder thereof to purchase one BRI Share at an exercise price of \$0.75 at any time within 60 months from the closing date.

On January 26, 2015, the Company raised an additional \$387,000 pursuant to further subscriptions under the 2015 Private Placement and issued a further 703,636 Units. The additional subscriptions brought the total aggregate gross proceeds of the 2015 Private Placement to \$4,456,928 and resulted in an aggregate of 8,103,506 Units issued.

In connection with the 2015 Private Placement, the Company paid cash commissions equal to 7% on a portion of the gross proceeds raised from the sale of the Units to certain arm's length parties in the aggregate amount of \$132,917, in accordance with the policies of the TSX-V. Other share issuance costs totaled \$47,923.

The BRI Shares are valued at the Company's closing price of \$0.55 at January 5, 2015, \$0.55 at January 6, 2015 and \$0.54 at January 26, 2015, and the BRI Warrants are valued using the Black-Scholes option pricing model under the following assumptions:

	January 5, 2015
Risk-free interest rate	1.27%
Expected life (years)	5.00
Expected volatility	95.16%
Expected dividend yield	0.00%

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	January 6, 2015
Risk-free interest rate	1.21%
Expected life (years)	5.00
Expected volatility	95.26%
Expected dividend yield	0.00%

	January 26, 2015
Risk-free interest rate	0.79%
Expected life (years)	5.00
Expected volatility	95.30%
Expected dividend yield	0.00%

The fair value of BRI Shares and BRI Warrants are allocated to the net proceeds from the 2015 Private Placement. The relative fair value of the BRI Shares and BRI Warrants calculated from the allocation is as below:

	Amount (\$)
Fair value of BRI Shares	4,449,892
Fair value of BRI Warrants	3,006,528
Total fair value before allocation to net proceeds	7,456,420
Gross proceeds	4,456,928
Share issue costs	(107,902)
Warrant issue costs	(72,938)
Net proceeds received	4,276,088
Relative fair value allocation to:	
BRI Shares	2,551,905
BRI Warrants	1,724,183
	4,276,088

13.3 Issued Capital

	Number of Shares	Amount (\$)
Balance at November 30, 2013	60,528,829	30,175,354
2013 Private Placement @ \$0.55 per Unit	11,650,620	4,027,305
Share issue costs	-	(190,371)
Warrant issue costs	-	(121,990)
Issued pursuant to the BGC Arrangement	243,974	175,661
Balance at February 28, 2014	72,423,423	34,065,959
Issued on exercise of share options	12,500	13,750
Issued pursuant to the BGC Arrangement	64,500	46,440
Balance at November 30, 2014	72,500,423	34,126,149
2015 Private Placement @ \$0.55 per Unit	8,103,506	2,732,745
Share issue costs	-	(107,902)
Warrant issue costs	-	(72,938)
Issued pursuant to the BGC Arrangement	64,500	46,440
Balance at February 28, 2015	80,668,429	36,724,494

13.4 Share Issuance Obligations

	Share Issuance Obligations (\$)
Balance at November 30, 2013	7,201,061
Issued pursuant to the BGC Arrangement deferred compensation and directors fees	(175,661)
Balance at February 28, 2014	7,025,400
Issued pursuant to the BGC Arrangement D'Gold	(46,440)
Balance at November 30, 2014	6,978,960
Issued pursuant to the BGC Arrangement D'Gold	(46,440)
Balance at February 28, 2015	6,932,520

Share issuance obligations consist of:

	As at February 28, 2015 (\$)	As at November 30, 2014 (\$)
Cachoeira Agreement 4 th Payment	1,432,520	1,432,520
Cachoeira Agreement 5 th Payment	2,500,000	2,500,000
Cachoeira Agreement 6 th Payment	3,000,000	3,000,000
BGC Arrangement D'Gold	-	46,440
	6,932,520	6,978,960

13.5 Reserves

	Share Options (\$)	BRI Warrants (\$)	Total (\$)
Balance at November 30, 2013	1,191,336	-	1,191,336
Issuance of BRI Warrants	-	2,380,536	2,380,536
Balance at February 28, 2014	1,191,336	2,380,536	3,571,872
Share-based compensation	(2,112)	-	(2,112)
Balance at November 30, 2014	1,189,224	2,380,536	3,569,760
Issuance of BRI Warrants	-	1,724,183	1,724,183
Share-based compensation	187,597	-	187,597
Balance at February 28, 2015	1,376,821	4,104,719	5,481,540

13.6 Warrants

	Number of BRI Warrants	Weighted Average Exercise Price (\$)
Balance at November 30, 2013	-	-
Granted	11,650,620	0.75
Balance at February 28, 2014	11,650,620	0.75
Balance at November 30, 2014	11,650,620	0.75
Granted	8,103,506	0.75
Balance at February 28, 2015	19,754,126	0.75

13.7 Share Options

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

	Number of Options	Weighted Average Exercise Price (\$)
Balance at November 30, 2013	1,905,000	1.22
Expired/Forfeited	(12,500)	1.10
Balance at February 28, 2014	1,892,500	1.22
Exercised	(12,500)	1.10
Expired/Forfeited	(100,000)	1.00
Balance at November 30, 2014	1,780,000	1.24
Granted	1,410,000	0.71
Balance at February 28, 2015	3,190,000	1.00

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A summary of Options outstanding and exercisable at February 28, 2015:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number of Options Outstanding	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Exercisable	Weighted Average Exercise Price (\$)	Weight Average Remaining Contractual Life (years)
\$0.71 to \$0.87	1,410,000	0.71	4.94	342,500	0.71	4.94
\$1.88 to \$1.15	65,000	1.06	2.92	65,000	1.06	2.92
\$1.16 to \$1.25	1,265,000	1.20	1.61	1,265,000	1.20	1.61
\$1.26 to \$1.40	300,000	1.30	1.39	300,000	1.30	1.39
\$1.41 to \$1.50	150,000	1.50	1.94	150,000	1.50	1.94
	3,190,000	1.00	3.10	2,122,500	1.15	2.18

The fair value of the Options recognized as expense during the three months ended February 28, 2015 was \$187,597 (2014: \$nil) using the Black-Scholes option pricing model.

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

14. Capital Risk Management

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

At February 28, 2015, the Company's capital structure consists of the equity of the Company (Note 13). The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends.

15. Financial Instruments

The Company's financial assets include cash, other receivables and available-for-sale securities. The Company's financial liabilities include accounts payable and accrued liabilities, due to related parties and long-term obligations. The Company uses the following hierarchy for determining and disclosing fair value of financial instruments:

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

The following table sets forth the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at February 28, 2015, 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	4,000,117	-	-	4,000,117
Available-for-sale securities	5,000	-	-	5,000
Financial Liabilities				
Due to related parties	21,114	-	-	21,114
Long-term obligations	-	258,242	-	258,242

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

- The fair value of available-for-sale securities is determined by obtaining the quoted market price of the available-for-sale security and multiplying it by the quantity of shares held by the Company.
- The fair value of the due to related parties is based on the transaction price agreed by the parties with the related parties transactions are entered into at market terms.
- The fair value of the long-term obligation is determined by discounting the amounts payable using a market rate of interest for a similar instrument of an issuer with similar credit rating.

15.1 Financial risk management objectives and policies

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

15.2 Currency risk

The Company's operating expenses and acquisition costs are denominated in United States dollars, the Brazilian Real, the Paraguayan Guarani and Canadian dollars. The exposure to exchange rate fluctuations arises mainly on foreign currencies against the Company's functional currency, being the Canadian dollar.

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

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

	As at February 28, 2015 (\$)	As at November 30, 2014 (\$)
Assets		
United States Dollar	33,900	13,170
Brazilian Real	80,521	204,462
Paraguayan Guarani	4,083	3,765
Total	118,504	221,397

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 28, 2015 would be \$5,925 (November 30, 2014: \$11,070).

15.3 Interest rate risk

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

15.4 Credit risk

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

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

The GST and HST receivable includes amounts that have been accumulated to date in the Company. At February 28, 2015, 100% of the GST and HST receivable was due from the Canadian Government Taxation Authority.

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

15.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle or manage its obligations associated with financial liabilities. To manage liquidity risk, the Company closely monitors its liquidity position and ensures it has adequate sources of funding to finance its projects and operations. The directors of the Company are of the opinion that, taking into account the Company's current cash reserves, its network of sophisticated and accredited investors from which to raise capital and the Company's ability to respond appropriately to negative market conditions, it will have sufficient working capital for its present obligations. However, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of the financing will be favourable. The Company's working capital as at February 28, 2015 was \$3,147,341.

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

	As at February 28, 2015 (\$)		As at November 30, 2014 (\$)	
	Due within		Due within	
	1 year	2-5 years	1 year	2-5 years
Accounts payable and accrued liabilities	956,333	-	1,107,652	-
Due to related parties	21,114	-	24,518	-
Long-term obligations	-	258,242	-	252,244
Total	977,447	258,242	1,132,170	252,244

15.6 Commodity price risk

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

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

16. Related Party Transactions

16.1 Related Party Transactions

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

- During the three months ended February 28, 2015, the Company incurred \$8,000 (2014: \$12,000) in consulting fees for corporate development consulting services paid to a direct family member of a director. The fees paid were for business development services, including introducing the Company to various parties in the areas of project generation, corporate finance groups and potential strategic partners, and are within industry standards. As at February 28, 2015, \$4,200 was payable to such related party (November 30, 2014: \$nil).
- During the three months ended February 28, 2015, the Company incurred \$1,500 (2014: \$1,238) in general and administrative expenses related to website design, video production, hosting services and marketing services paid to a company controlled by a direct family member of a director. The fees paid were commensurate to fees charged to other clients for similar services provided. As at February 28, 2015, \$16,914 was payable to such related party (November 30, 2014: \$24,518).

Related party transactions are entered into based on normal market conditions at the amounts agreed to by the parties. As at February 28, 2015, the Company has not entered into any contracts or undertaken any commitment or obligation with any related parties other than as disclosed herein.

16.2 Transactions with Key Management Personnel

	For the three months ended	
	February 28, 2015 (\$)	February 28, 2014 (\$)
Fees, salaries and benefits ⁽¹⁾	32,980	48,470
Share-based compensation	28,044	-
Total	61,024	48,470

(1) Total directors' fees, salaries and benefits of \$165,715 disclosed on the consolidated statement of comprehensive loss for the three months ended February 28, 2015 includes \$26,500 and \$6,480 paid to the Company's Chief Executive Officer and Chief Financial Officer, respectively, \$63,072 paid to the Company's president and directors, and \$69,663 paid for employees' salaries and benefits. Total directors' fees, salaries and benefits of \$189,441 disclosed on the consolidated statement of comprehensive loss for the three months ended February 28, 2014 includes \$38,750 and \$9,720 paid to the Company's Chief Executive Officer and Chief Financial Officer, respectively, \$66,750 paid to the Company's directors, and \$74,221 paid for employees' salaries and benefits.

Total compensation payable, including share-based compensation, to key members of management and directors in the three months ended February 28, 2015 was \$61,024 (2014: \$48,470). Compensation is comprised entirely of employment and similar forms of remuneration. Management includes the Chief Executive Officer and Chief Financial Officer, who is also director of the Company.

17. Segmented Information

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

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

	Total assets		Total liabilities	
	As at February 28, 2015 (\$)	As at November 30, 2014 (\$)	As at February 28, 2015 (\$)	As at November 30, 2014 (\$)
Canada	4,104,209	887,710	1,131,150	877,628
Brazil	24,689,920	25,078,238	205,104	842,296
Paraguay	63,593	56,863	3,224	1,545
	28,857,722	26,022,811	1,339,478	1,721,469

	For the three months ended	
	February 28, 2015 (\$)	February 28, 2014 (\$)
Canada	620,594	823,269
Brazil	322,648	625,579
Paraguay	5,629	12,238
	948,871	1,461,086

18. Commitments

In addition to the Cachoeira Agreement, São Jorge Agreement, Jarbas Agreement, Altoro Agreement, Montes Áureos Agreement and Artulândia Option Agreement (Note 5), as at February 28, 2015, the Company has entered into land owner surface rights agreements which require the Company to pay the following amounts for the following period:

	Amount (\$)
2015	59,214
2016	6,774
Total	65,988

The Company is renting or leasing various offices located in Canada and Brazil with total monthly payments of \$9,034. Office lease agreements expire between June 2015 to January 2016.

19. Subsequent Events

On March 18, 2015, the Company and the surface rights holder agreed to amend the terms of the Boa Vista Surface Rights Agreement, and, following the amendment, BVG is required to make the remaining cash payments in the aggregate amount of R\$3,740,000 as follows in order to retain the surface rights to the property:

- a cash payment of R\$80,000 due on March 20, 2015 (paid in March 2015);
- a cash payment of R\$40,000 due on September 20, 2015;
- a cash payment of R\$40,000 due on March 20, 2016;
- a cash payment of R\$40,000 due on September 20, 2016;

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

Original terms of the Boa Vista Surface Rights Agreement are disclosed in Note 6 of these financial statements.

On March 23, 2015, the Company renegotiated the terms of the Jarbas Agreement, whereby the Company is now required to make the following option payments:

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

The Company also agreed to fund the costs, up to R\$20,000, for the optionor under the Jarbas Agreement to apply for a "garimpeira" permit over an area of the mineral rights subject to the Jarbas Agreement to be determined by the parties.

Original terms of the Jarbas Agreement are disclosed in Note 5 of these financial statements.