



**Montes Áureos Gold Project, Maranhão, Brazil**

(Latitude 2° 25' S, Longitude 46° 11' W).

**Independent Technical Report on  
Exploration**

Prepared by Coffey Consultoria e Serviços Ltda on behalf of:  
**Brazil Resources Inc**

Effective Date: November /2010

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Appendix A – Certificate of Mario Conrado Reinhardt

# 1 EXECUTIVE SUMMARY

## Introduction

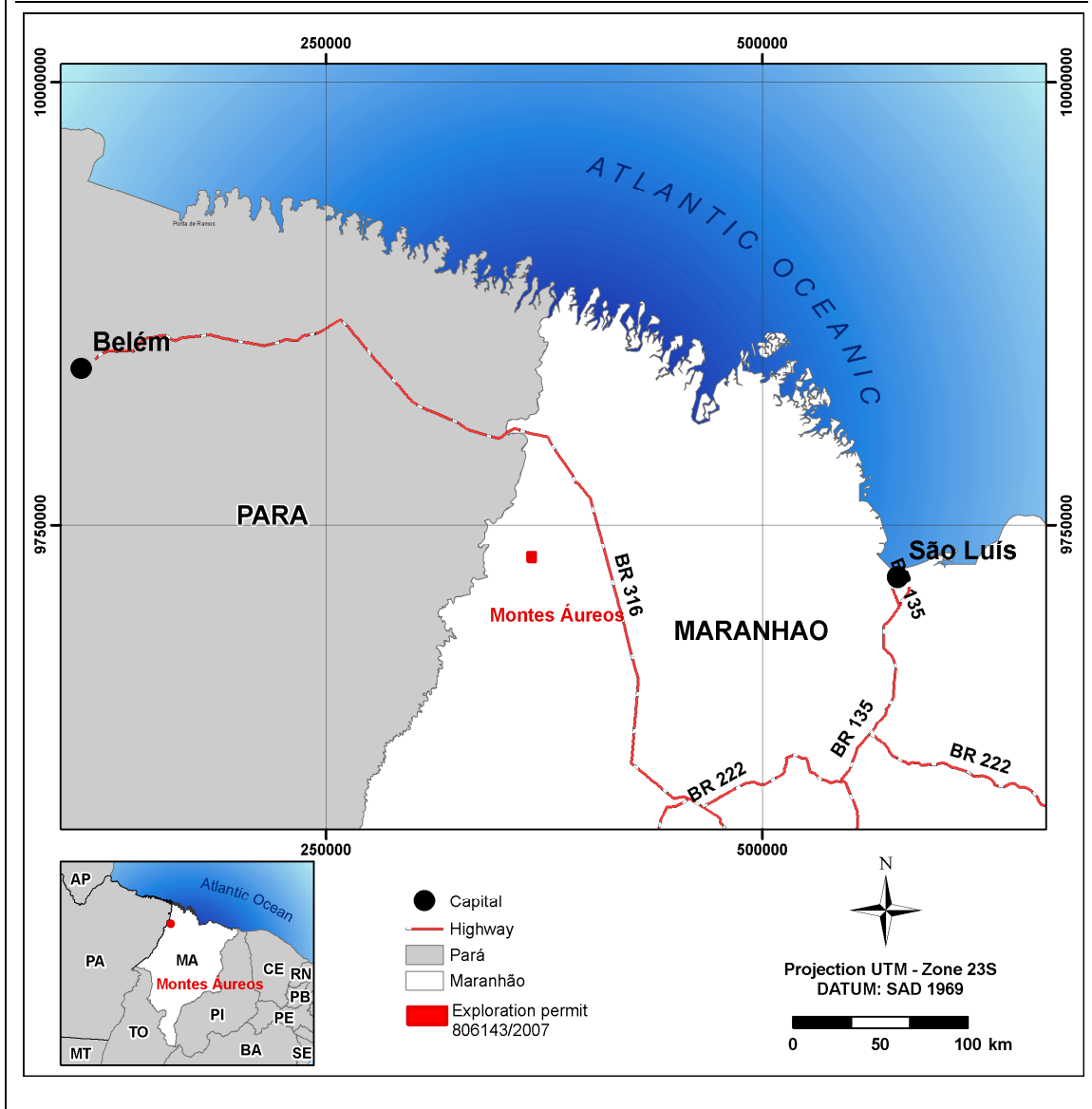
Coffey Mining Pty Ltd (Coffey Mining) under its Brazilian office in Belo Horizonte has been commissioned by Brazil Resources Inc (Brazil Resources) to prepare an independent Technical Report about the early exploration stage Montes Áureos Gold Project, in Maranhão State, Brazil.

The Company's mineral property is considered to represent an Exploration Project which is inherently speculative in nature. However, Coffey Mining considers that the property has been acquired on the basis of sound technical merit. The property is also generally considered to be sufficiently prospective, subject to varying degrees of exploration risk, to warrant further exploration and assessment of its economic potential, consistent with the proposed programs.

## Location

The Montes Áureos Gold Project is located in the municipality of Centro de Guilherme city, region of Gurupi, approximately 200km directly west of São Luís city, the capital of the Maranhão state (Figure ES\_1) and 250km southeast of Belém, the capital of Pará state.

Figure ES\_1  
Montes Áureos Project  
Project Location



## Property

The property consists of an Exploration License, number DNPM 806.143/2007, held by Mr. J. Fernando T. Reis, with a total of 2,000 hectares of area and an expire date of November 31st, 2010. On September 29th 2010 a 3 years extension has been requested and a preliminary exploration report has been filed.

## Ownership

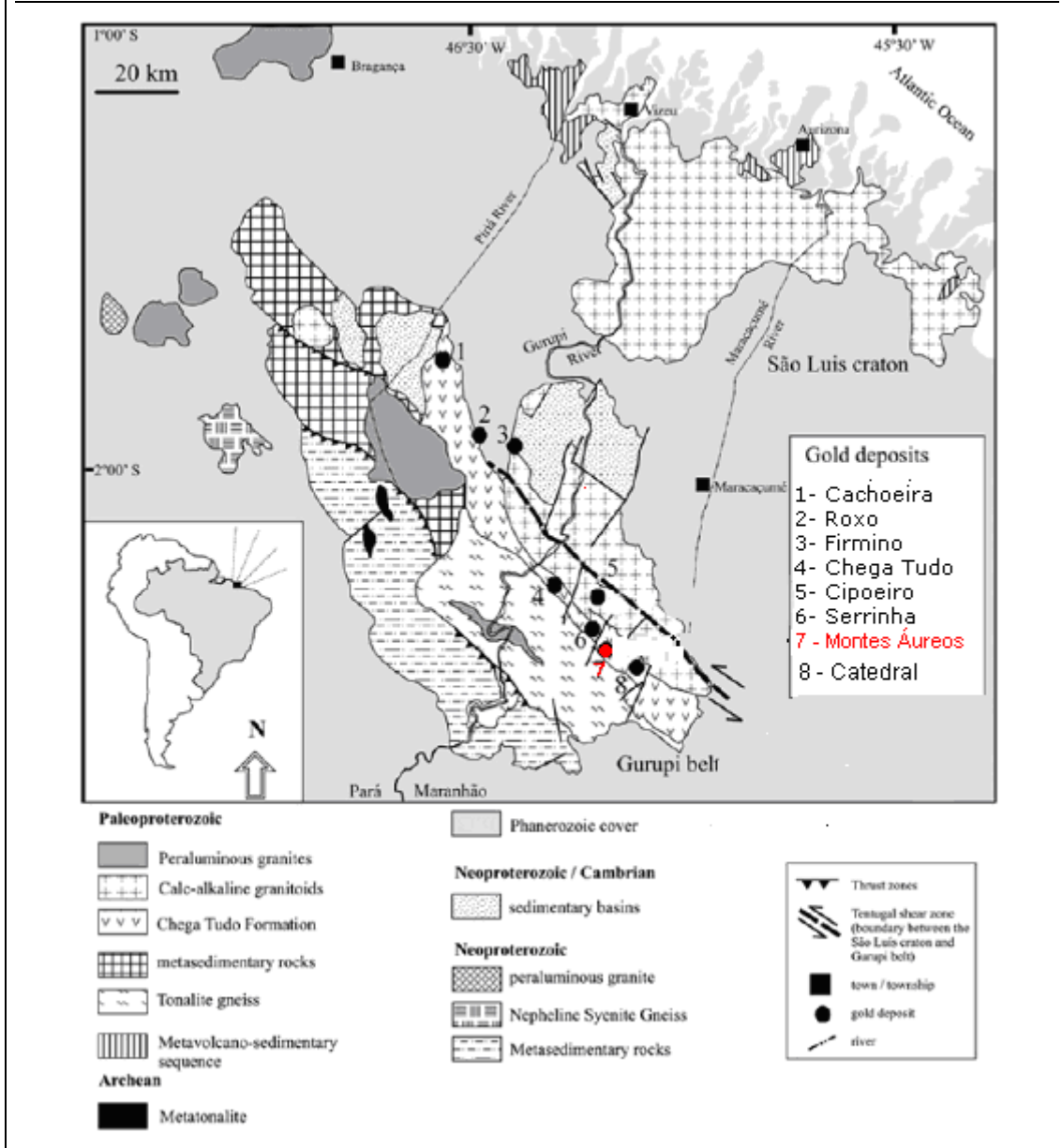
Brazil Resources has entered an Option and Joint Venture Agreement with Apoio Engenharia e Mineração, a Brazilian company domiciled in Sao Luiz, Maranhão State, Brazil. This Agreement has an Effective Date of 30 September 2010. Pursuant to the agreement, Brazil Resources has an initial option to acquire a 51% interest in the Montes Àureos project prior to September 30, 2013, and a second option to obtain a further 46% interest in the property prior to September 30, 2015, based on cash payment, shares and expenditure commitments. Brazil Resources will be the Operator during the option period and upon the deemed exercise of the Initial and Second Options respectively, Apoio Engenharia e Mineração will transfer the required legal and beneficial ownership in the property to Brazil Resources. Apoio Engenharia e Mineração will have a carried interest in expenditure until such time as a positive feasibility study is completed. Thereafter either party may elect to dilute their interest in line with the Agreement; if such dilution reduces a party's interest below 3%, the interest will convert to a 1.5% Net Smelter Return Royalty as defined herein.

## Geological Context

The Montes Àureos Project area lies within an elongated northwest–southeast-trending shear zone developed along the boundary between the southwestern margin of the Archaean São Luís Cráton and a Lower Proterozoic metamorphic belt (Gurupi belt). The most important gold deposits and showings of the Gurupi greenstone belt, including Montes Àureos property, are hosted in structures associated with the strike-slip, sinistral Tentugal shear zone. The shear zone is continuous for over 120km and in places reaches 30km in width, forming a corridor of shear zones with variable structural aspects that were developed under ductile–brittle and greenschist facies conditions. The highly-strained rocks correspond to metapelites and metavolcanic rocks of the Chega Tudo Formation, whereas the less deformed rocks correspond to coarse-grained tonalites of the Tromai Intrusive Suite (Figure ES\_2).



**Figure ES-12**  
**Montes Áureos Project**  
**Regional Geology Map Based on Klein at al. 2007 – Gold Deposit Held by Brazil Resources is Montes Áureos as Indicated**



## **Deposit Type**

The Montes Áureos mineral property is related to a regional shear zone where several typically quartz–lode or orogenic gold deposits have been developed, like Chega Tudo and Cipoiera e Serrinha (Figure 7.1\_1).

The origin of the gold mineralization is thought to be related to late stage post-metamorphic hydrothermal alteration controlled by ductile- rutil tectonics in the context of local second order shear zones inside the major regional structures.

Analogous deposits associated with the same major regional structure are the Chega Tudo, Cipoeiro, Serrinha and Cachoeira gold deposits

## **Gold Mineralization**

The property has a long history of informal miner’s exploration of the near surface oxidized and strongly weathered rocks which is evidenced by several old pits, specially at the northern part of the property.

Gold mineralization is related to a superimposed structural and hydrothermal event which generated a system of vein and veinlets both concordant and discordant to the rock foliation. Based on a research project developed by the University of Pará State (Yamaguti H.S., 2007), the sheared quartz veins show carbonate- chlorite- sulphide alteration halos. The spatial distribution of the Montes Áureos gold mineralization shows lenticular to tabular bodies of up to 20m thickness, elongated in a northwest-southeast direction with a southwest dip and with gold contents of up to 2ppm.

The exploration work currently undertaken by Brazil Resources may confirm Áureos target potential with a northwest-southeast trend of 500m to 1000m strike extent, along which are several old informal open pits workings, several exploration pits and some drifts. This trend is still open to the southeast where Brazil Resources is currently developing a soil geochemistry and geological mapping program. At the southeast of the property another target is indicated by informal miner’s workings (garimpeiros).

## **Project Exploration Stage**

Brazil Resources started an exploration program in September 2010 on the Montes Áureos Property with the objective to delimitate the main mineralized gold zones. The scope of the exploration plan involves detailed geological mapping and channel sampling of outcrops, surface geological mapping, register and sampling of previous informal miner’s works, like pits, drifts and any kind of previous excavations and a systematic surface soil sampling program with analyses for gold ppb. The exploration of the Montes Áureos property is at an early stage. Objectives to date have been achieved with gold mineralization confirmed. Coffey Mining considers that the data gathered provides support for the potential identification from

more detailed exploration campaigns of possible economic concentrations of gold mineralization. At the time of writing, the first analytical results are still pending.

### **Recommendations**

Given all the positive geological and mineralization indications, Coffey Mining considers the Montes Áureos Property to be prospective for hosting gold deposits.

Brazil Resources proposed exploration strategy is considered to be consistent with the potential of the Montes Áureos projects, providing that target priorities are clearly adhered to and exploration is appropriately staged to permit continual assessment of progressive exploration results.

For the current exploration program Coffey Mining recommends:

- Complete the geological mapping of all the property and available bedrock exposures below the soil and lateritic cover.
- Complete the channel sampling of all the available exposures with special attention to the graphitic zones, alteration and silicification zones. Undertake pitting and trenching to better access the rock exposures.
- Complete the soil sampling grid to the south and southeast extension of the main structural zones and consider the influence of the lateritic cover to the gold distribution in the strongly weathered soil profile.
- Undertake a ground geophysical survey using magnetic and radiometric, and EM or IP methods.
- Undertake an exploratory diamond drilling program to check the gold anomalies.

Brazil Resources personnel have provided comprehensive work programs and budgets covering proposed exploration for Years 1 and 2. Coffey Mining recommends the continuity of the current follow up exploration program and an exploration budget estimated at US\$ 1,700,000 for Year 1 and US\$ 3,300,000 for Year 2.

Coffey Mining is cognisant of the requirement that each phase of exploration will be contingent on the successful completion of the previous phase. Thus the exploratory drilling of Year 1 is part of the first stage program of target definition and detailed diamond drilling for resource evaluation in Year 2 will be contingent on the successful completion of all the prior work listed here.

## **2 INTRODUCTION**

### **2.1 Scope of Work**

Coffey Mining Pty Ltd (Coffey Mining) under its Brazilian office in Belo Horizonte has been commissioned by Brazil Resources Inc (Brazil Resources) to prepare an independent Technical Report about the Montes Áureos Gold Project, in Maranhão State, Brazil.

This report on the Montes Áureos Project is to be included in the Prospectus pursuant to which the Company seeks an initial public offering on the TSX Venture Exchange. The funds raised will be used, among other things, for the purpose of exploration and evaluation of the property portfolio. This report is to comply with disclosure and reporting requirements set forth in the Toronto Venture Exchange (TSX-V) Corporate Finance Manual, National Instrument 43-101, Companion Policy 43-101CP, and Form 43-101F1.

This report complies with Canadian National Instrument 43-101, for the Standards of Disclosure for Mineral Projects of December 2005 (the Instrument) and the Mineral Resource and Reserve classifications adopted by CIM Council in December 2005.

### **2.2 Principal Sources of Information**

In addition to site visits undertaken by Mario Reinhardt to the Montes Áureos Gold Project between 03th and 05th November 2010, the authors of this report have relied extensively on information provided by Brazil Resources, extensive discussion with Brazil Resources, and technical reports by Government agencies, and other relevant published and unpublished data. A listing of the principal sources of information is included at the end of this Independent Technical Report. We have endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which the Independent Technical Report is based.

The Company's mineral property is considered to represent an Exploration Project which is inherently speculative in nature. However, Coffey Mining considers that the property has been acquired on the basis of sound technical merit. The property is also generally considered to be sufficiently prospective, subject to varying degrees of exploration risk, to warrant further exploration and assessment of its economic potential, consistent with the proposed programs.

Exploration and evaluation program costs are summarised in Table 20\_1. The Company will aim to raise sufficient working capital to ensure at least two years of operation. The funds raised in the initial placement are understood by Coffey Mining to be committed, among other things, to the exploration and development of the Company's mineral property of Montes Áureos Project.

The Company has prepared a staged exploration and evaluation program, specific to the potential of the project, which is consistent with the budget allocations. Coffey Mining

considers that the relevant area has sufficient technical merit to justify the proposed program and associated expenditures.

Coffey Mining has made all reasonable enquiries to establish the completeness and authenticity of the information provided and identified, and a final draft of this report was provided to Brazil Resources along with a written request to identify any material errors or omissions prior to lodgement.

### **2.3 Qualifications and Experience**

Coffey Mining is a highly respected international consulting firm specializing in the areas of geology, mining and geotechnical engineering, metallurgy, hydrogeology, hydrology, tailings disposal, environmental science and social and physical infrastructure.

This report has been compiled by Mr. Reinhardt, who is a professional geologist with 30 years experience in exploration and mining geology, the majority of which has involved the exploration and evaluation of gold properties in Brazil and South America. He is Technical Director of Coffey Mining for the firm's Brazil operations. Mr. Reinhardt is also a Member of the Australian Institute of Geosciences (AIG) Mr. Reinhardt visited the Montes Áureos Gold Project between the 3th and 5th of November 2010.

Neither Coffey Mining nor the authors of this report have or have had previously any material interest in Brazil Resources or related entities or interests. Our relationship with Brazil Resources is solely one of professional association between client and independent consultant. This report is prepared in return for fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

### **2.4 Units of Measurements and Currency**

Metric units are used throughout this report unless noted otherwise. Currency is United States dollars (US\$). At the time of writing this report the currency exchange rate was 1.69 Brazilian Reais per US\$. Brazil Resources uses US\$ for most of its official cost and budget numbers and as such Coffey Mining did not convert any currency figures during this study. Coffey Mining used a conversion factor of 31.104 grams per ounce for its economic analysis.

### 3 RELIANCE ON OTHER EXPERTS

The Montes Áureos property is understood to consist of an Exploration Permit issued in terms of the Brazilian Mineral Code (Process Nº 806.143/2007 - Titular: José Fernando Tajra Reis Substance: Gold, Date D.O.U.: 30/11/2007 Local: Centro Do Guilherme –Maranhão).

Coffey Mining has not independently verified, nor is it qualified to verify, the legal status of this concession. The present status of tenement listed in this report is based on information and copies of documents provided by Brazilian Resources and public information available by DNPM - (National Department of Mineral Production), and the report has been prepared on the assumption that the tenement will prove lawfully accessible for evaluation. Neither Coffey Mining nor the authors of this report are qualified to provide extensive comment on legal issues associated with the Montes Áureos joint venture agreements. Comment on these agreements is for introduction only, and should not be relied on by the reader.

Similarly, neither Coffey Mining nor the authors of this report are qualified to provide comment on environmental issues associated with the Montes Áureos Project. No warranty or guarantee, be it express or implied, is made by Coffey Mining with respect to the completeness or accuracy of the legal or environmental aspects of this document. Coffey Mining does not undertake or accept any responsibility or liability in any way whatsoever to any person or entity in respect of these parts of this document, or any errors in or omissions from it, whether arising from negligence or any other basis in law whatsoever.

## 4 PROPERTY DESCRIPTION AND LOCATION

### 4.1 Background Information on Brazil

Brazil occupies a land surface area of about 8.5 million square kilometres, slightly larger than Australia. The climate is largely tropical, with more temperate regions in the south. The topography is mostly flat, with rolling lowlands in the north, some plains and a narrow coastal belt. The total population is about 186 million and literacy is about 86%. The official language is Portuguese, while English, Spanish and French are also spoken. The capital city is Brasilia, located in the centre of the country.

Political conditions in Brazil are generally stable. Brazil has been a member of the World Trade Organisation since 1995 and is a founding member of Mercosur, a trade liberalisation program for South America.

The fundamentals of Brazilian macro-economic policy are based primarily on fiscal austerity, the control of inflation and free foreign exchange. The strength of the world economy and the high level of liquidity in international financial resources have accelerated production, led to more intense global trade, and created favourable conditions for foreign investment and the recovery of the country's economy since 2004.

Brazil's economy, aided by a benign international environment, grew approximately 5.2% in 2008, had a slowdown of 0.2% due to the WFC crises in 2009 and is confirming a significant growth of 7.5 % in 2010. (Note: In early 2007, the Brazilian Institute of Geography and Statistics (IBGE) revised its methodology for computing gross domestic product and announced revised figures for 2000-2006.) Sustained growth, coupled with booming exports, healthy external accounts, moderate inflation, decreasing unemployment, and reductions in the debt-to-GDP ratio. President Lula and his economic team have implemented prudent fiscal and monetary policies and have pursued necessary microeconomic reforms.

Brazil has made progress but significant vulnerabilities remain. Despite registering year-on-year declines from 2004 to 2006, Brazil's (largely domestic) government debt remains high, at 50% of GDP. Total foreign debt, while falling, is still large in relation to Brazil's export base. Over time this concern will be reduced by healthy export growth, which has anchored the positive trade and current accounts. Personal incomes improved since 2004 after a significant decline over the previous decade. Income and land distribution remains skewed.

Sustaining high growth rates in the longer term depends on the impact of President Lula's structural reform program and efforts to build a more welcoming climate for investment, both domestic and foreign. In its first year, the Lula administration passed key tax and pension reforms to improve the government fiscal accounts. Judicial reform and an overhaul of the bankruptcy law were passed in late 2004, along with tax measures to create incentives for long-term savings and investments.

Legislation promoting public private partnerships, a key effort to attract private investment to infrastructure, also passed in 2004. Labour reform and proposals to increase autonomy for the Central Bank are pending. In January 2007, the Lula administration announced a package of reforms to increase public investment and control spending growth. Despite this well-considered reform agenda, much remains to be done to improve the regulatory climate for investments, particularly in the energy sector; to simplify tax systems at the state and federal levels; and to further reform the pension system.

Brazil's production from resources, oil and gas reached US\$28billion (or 4.2% of GDP) in 2004. Brazil is the world's largest producer of niobium and iron ore, the second largest producer of tantalum, and the third largest producer of aluminum, graphite and manganese.

The 1995, constitutional amendment provided a landmark in Brazilian mining legislation by granting foreign companies the right to hold majority ownership in Brazilian projects and equality of fiscal and economic treatment. Today, numerous multi-national major and junior mining companies are active in Brazil.

## **4.2 Mineral Tenure**

Tenements in Brazil are granted subject to various conditions prescribed by the Mining Code, including the payment of rent and reporting requirements, and each tenement is granted subject to standard conditions that regulate the holder's activities or are designed to protect the environment.

Mineral tenements in Brazil generally comprise Prospecting Licenses, Exploration Licenses and Mining Licenses.

The holder of a granted Prospecting License, Exploration License or Mining License is not required to spend a set annual amount per hectare in each tenement on exploration or mining activities. Therefore, there is no statutory or other minimum expenditure requirement in Brazil. However, annual rental payments are made to the National Department of Mineral Production (DNPM) and the holder of an Exploration License must pay rates and taxes, ranging, based on current exchange rate, from US\$1.18 to US\$1.8 per hectare, to the local government.

Lodging a caveat or registering a material agreement against the tenement may protect various interests in a Mining License.

If a mineral tenement is located on private land, then the holder must arrange or agree with the landowners to secure access to the property.

### **4.2.1 Prospecting Licenses**

A Prospecting License entitles the holder, to the exclusion of all others, to explore for minerals in the area of the License, but not to conduct commercial mining. A Prospecting License may cover a maximum area of 50 hectares and remains in force for up to 5 years. The holder may



apply for a renewal of the Prospecting License which, is subject to DNPM approval. The period of renewal may be up to a further 5 years.

#### **4.2.2 Exploration Licenses**

An Exploration License entitles a holder, to the exclusion of all others, to explore for minerals in the area of the license, but not to conduct commercial mining. The maximum area of an Exploration License is 2,000 hectares outside of the Amazonia region and 10,000 hectares within the Amazonia region (Amazonas, Para, Mato Grosso, Amapá, Rondônia and Roraima States). An Exploration License remains in force for a maximum period of 3 years and can be extended by no more than a further 3 year period. Any extension is at DNPM's discretion and will require full compliance with the conditions stipulated by the Mining Code that must be outlined in a report to DNPM applying for the extension of the License.

Once the legal and regulatory requirements have been met, exploration authorisation is granted under an Exploration License, granting its holder all rights and obligations relating to public authorities and third parties. An Exploration License is granted subject to conditions regulating the conduct of activities. These include the requirement to commence exploration work no later than 60 days after the Exploration License has been published in the Federal Official Gazette and not to interrupt it without due reason for more than 3 consecutive months or 120 non-consecutive days, to perform exploration work under the responsibility of a geologist or mining engineer legally qualified in Brazil, to inform DNPM of the occurrence of any other mineral substance not included in the exploration permit and to inform DNPM of the start or resumption of the exploration work and any possible interruption.

If the holder of an exploration License proves the existence of a commercial ore reserve on the granted exploration License, the DNPM cannot refuse the grant of a mining License with respect to that particular tenement if the License holder has undertaken the following:

- An exploration study to prove the existence of an ore reserve.
- A feasibility study on the commercial viability of the reserve.
- The grant of an environmental License to mine on the particular tenement.

#### **4.2.3 Mining Licenses**

A Mining License entitles the holder to work, mine and take minerals from the mining lease subject to obtaining certain approvals.

Mining rights can be denied in very occasional circumstances, where a public authority considers that a subsequent public interest exceeds that of the utility of mineral exploration, in which case the Federal Government must compensate the mining concession holder.

A Mining License covers a maximum area of between 2,000 hectares and 10,000 hectares, depending on the geographical area in Brazil, as detailed above, and remains in force indefinitely. The holder must report annually on the status and condition of the mine.

As with other mining tenements, a Mining License is granted subject to conditions regulating the conduct of activities. Standard conditions regulating activities include matters such as:

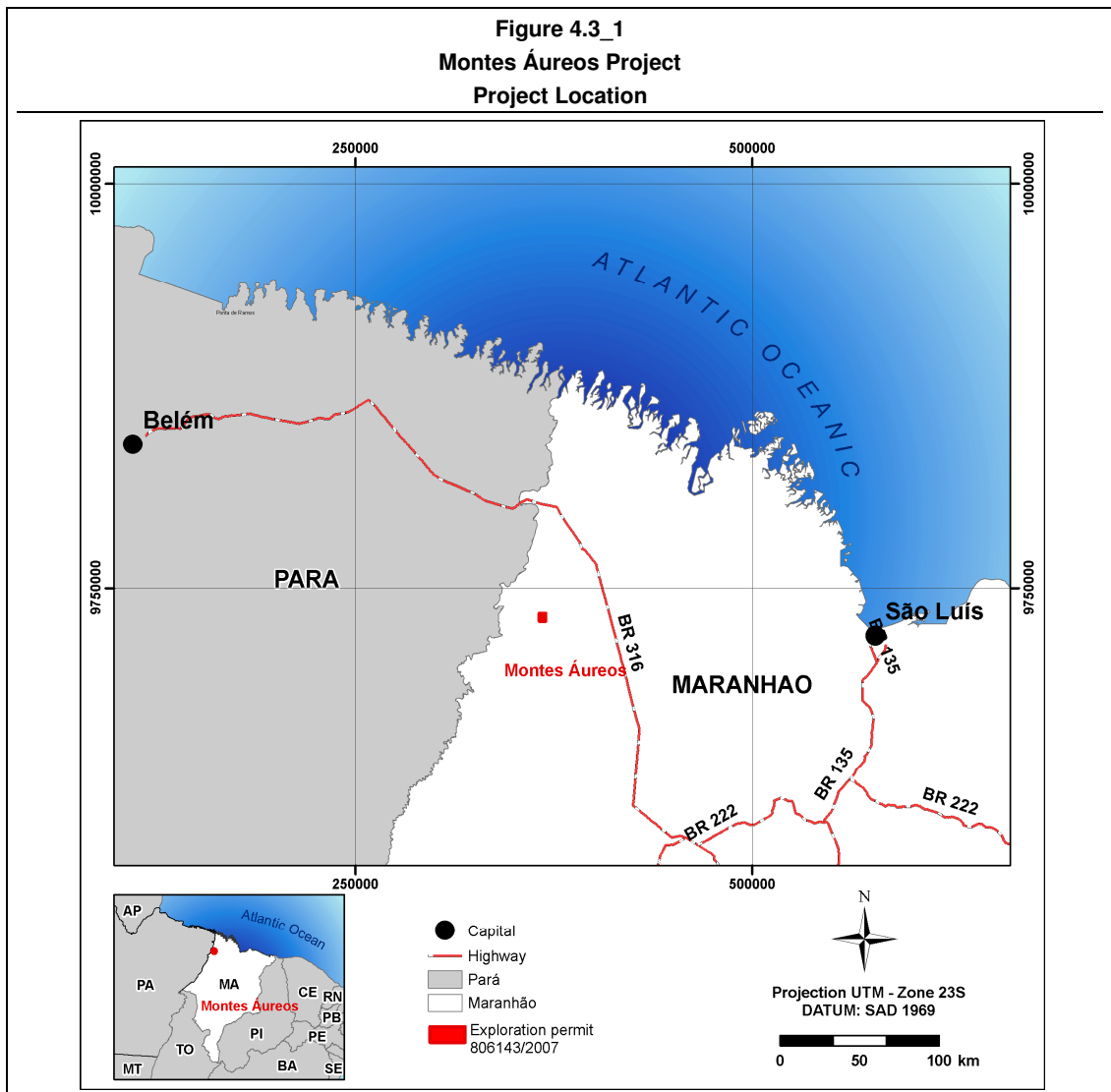
- The area intended for mining must lie within the boundary of the exploration area.
- Work described in the mining plan must be commenced no later than 6 months from the date of publication of the grant of the Mining License, except in the event of a force majeure.
- Mining activity must not cease for more than 6 consecutive months once the operation has begun, except where there is proof of force majeure.
- The holder must work the deposit according to the mining plan approved by the DNPM.
- The holder must undertake the mining activity according to environmental protection standards stipulated in an environmental License obtained by the holder.
- The holder must pay the landowner's share of mining proceeds according to values and conditions of payments stipulated by law, which is a minimum of 50% of CFEM (see below), but is usually agreed to be higher under a contract between the holder of the Mining License and the landowner.
- The holder must pay financial compensation to States and local authorities for exploring mineral resources by way of a Federal royalty being the CFEM, which is a maximum of 3% of revenue, but varies from state to state.

An application for a Mining License may only be granted solely and exclusively to individual firms or companies incorporated under Brazilian law, which will have a head office, management and administration in Brazil, and are authorized to operate as a mining company.

### **4.3 Project Location**

The Montes Áureos Gold Project is located in the municipality of Centro de Guilherme city, region of Gurupi, approximately 200km directly northwest of São Luís city, the capital of the Maranhão state (Figure 4.3\_1) and 250km southwest of Belém, the capital of Pará State.

The geographical coordinates of the project are Latitude 2° 25' S, Longitude 46° 11' W).



#### 4.4 Tenement Status

The property consists of an exploration license, as published by DNPM.

<https://sistemas.dnpm.gov.br/SCM/Extra/site/admin/dadosProcesso.aspx>

Details of the concession holding in the Montes Áureos region is found in Table 4.4\_1 and 4.4\_2, and Figures 4.4\_1 and 4.4\_2 below:

<b>Table 4.4_1</b> <b>Montes Áureos Project</b> <b>Summary of Brazil Resources Concession Status in the Sao Jorge Region</b>						
Concession Type	Concession No.	Concession Name	Holder	Area (Ha)	Expire Date	Comments
Exploration	806.143/2007	Montes Áureos	J. Fernando Tajra Reis	2,000	11/30/2010	On September 29 <sup>th</sup> 2010 a 3 years extension has been requested by action " 265 - AUT PESQ/PRORROGAÇÃO PRAZO ALVARÁ

Reference point at confluence of Pacoral and Maracacume Rivers:

Latitude: -02°18'27"700; Longitude: 46°00'18"000;

Vector Distance: 21.42 km; Angle: 59°23'59"997; Direction: SW

<b>Table 4.4_2</b> <b>Montes Áureos Project</b> <b>Brazil Resources' Exploration Permit Claim Vertices</b>	
Latitude	Longitude
-02°24'22"751	-46°10'14"931
-02°27'05"534	-46°10'14"931
-02°27'05"532	-46°12'24"406
-02°24'22"749	-46°12'24"401

The Property claims map is attached hereto.

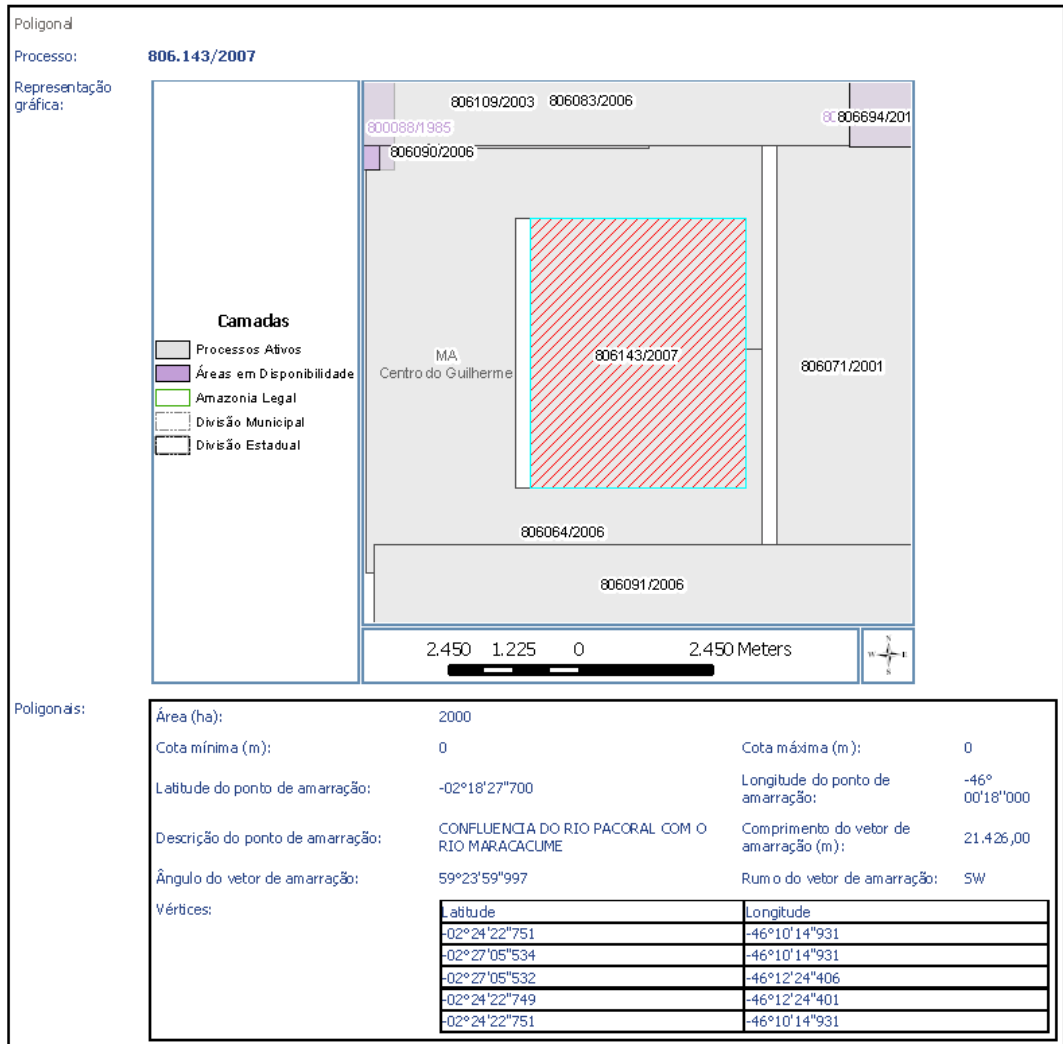
**Figure 4.4\_1**  
**Montes Áureos Project**  
**Basic Data of Process 806.143/2007 Based on DNPM- National Department of Mineral Production**



Dados básicos do processo								
Número do processo:	806.143/2007							
Tipo de requerimento:	Requerimento de Autorização de Pesquisa							
Fase atual:	Autorização de Pesquisa							
Ativo:	Sim							
Superintendência:	Superintendência / MA							
LUF:	MA							
Unidade protocolizadora:	MARANHÃO							
Data Protocolo:	26/06/2007 08:43:00							
Data Prioridade:	26/06/2007 08:43:00							
Pessoas relacionadas:	Tipo de Relação	CPF/CNPJ	Nome	Responsabilidade/Representação	Prazo de Arrendamento	Data de Início	Data Final	
	Titular/Requerente	03.951.521/0001-12	José Fernando Tajra Reis			26/06/2007		
	Responsável Técnico	066.867.453-91	José Fernando Tajra Reis	Plano de Pesquisa		26/06/2007		
	Representante Legal	066.867.453-91	José Fernando Tajra Reis	Estatutária		26/06/2007		
Títulos:	Número	Descrição	Tipo do Título	Situação do Título	Data de publicação	Data Vencimento		
	12675	ALVARÁ AUT. PESQ./ALVARÁ DE PESQUISA 03 ANOS PUBL	Alvará de Pesquisa	Outorgado	30/11/2007	30/11/2010		
Substâncias:	Nome	Tipo de uso	Data de início	Data final	Motivo de encerramento			
	MINÉRIO DE OURO	Industrial	26/06/2007					
Municípios:	Nome							
	CENTRO DO GUILHERME /MA							
Condição de propriedade do solo:	Tipo							
	Propriedade de terceiros							
Processos associados:	Nenhum processo associado.							
Documentos que compõem o processo:	Documento						Data de protocolo	
	Memorial descritivo						24/06/2007	
	Planta de situação da área						24/06/2007	
	Plano dos trabalhos de pesquisa						24/06/2007	
	Orçamento de pesquisa						24/06/2007	
	Cronograma de pesquisa						24/06/2007	
	Prova de recolhimento de emolumentos						24/06/2007	
	A.R.T. do plano de pesquisa						24/06/2007	
Eventos:	A.R.T. do memorial descritivo						24/06/2007	
	A.R.T. da planta de situação/detalhe						24/06/2007	
	Descrição							Data
	265 - AUT PESQ/PRORROGAÇÃO PRAZO ALVARÁ SOLICITADO							29/09/2010
	264 - AUT PESQ/PAGAMENTO TAH EFETUADO							28/01/2010
	239 - AUT PESQ/DENÚNCIA DE INVASÃO DA ÁREA							06/08/2009
	264 - AUT PESQ/PAGAMENTO TAH EFETUADO							29/01/2009
	264 - AUT PESQ/PAGAMENTO TAH EFETUADO							29/01/2008
	209 - AUT PESQ/INÍCIO DE PESQUISA COMUNICADO							10/12/2007
	323 - AUT PESQ/ALVARÁ DE PESQUISA 03 ANOS PUBL							30/11/2007
135 - REQ PESQ/CUMPRIMENTO EXIGÊNCIA PROTOCOLI							25/09/2007	
131 - REQ PESQ/EXIGÊNCIA PUBLICADA							14/08/2007	
100 - REQ PESQ/REQUERIMENTO PESQUISA PROTOCOLIZADO							26/06/2007	

**IMPORTANTE:** este serviço possui caráter meramente informativo e, portanto, não dispensa o uso dos instrumentos oficiais pertinentes para produção de efeitos legais. As informações são disponibilizadas no momento e na forma em que são inseridas na base de dados pelos servidores e colaboradores do DNPM.

**Figure 4.4\_2**  
**Montes Áureos Project**  
**Polygonal of Process 806.143/2007 based on DNPM- Brazilian National Mineral Production Department**



**IMPORTANTE:** este serviço possui caráter meramente informativo e, portanto, não dispensa o uso dos instrumentos oficiais pertinentes para produção de efeitos legais. As informações são disponibilizadas no momento e na forma em que são inseridas na base de dados pelos servidores e colaboradores do DNPM.

## 4.5 Royalties and Landowner Agreements

Brazil Resources has entered an Option and Joint Venture Agreement with Apoio Engenharia e Mineração, a Brazilian company domiciled in São Luís Maranhão State, Brazil. This Agreement has an Effective Date of 30 September 2010. The terms of this Agreement are summarised as follows:

- Initial Option to acquire 51% interest by:
  - Cash payment of \$25,000;
  - 325,000 fully paid shares in Brazil Resources at a deemed issue price of US\$0.35 per share, made up of 125,000 shares on or before the first anniversary, 100,000 shares on or before the second anniversary, and a final 100,000 shares on or before the third anniversary;
  - Expenditure commitment of \$1,750,000 on or before the third anniversary (\$250,000 in the first year, \$500,000 in the second year and \$1,000,000 in the third year) and
  - All legal and regulatory maintenance costs for the property.
- Second Option to acquire a further 46% interest by:
  - Cash payment of \$1,000,000;
  - 700,000 fully paid shares in Brazil Resources at a deemed issue price of US\$0.35 per share, made up of 200,000 shares on or before the fourth anniversary and 500,000 shares on or before the fifth anniversary;
  - Expenditure commitment of \$1,000,000 on or before the fourth anniversary and the lesser of \$2,000,000 or the cost of a Feasibility Study on or before the fifth anniversary;
  - All legal and regulatory maintenance costs for the Agreement and property.
- The Initial Option may be executed prior to September 30, 2013 and the Second Option may be executed prior to September 30, 2015.
- Brazil Resources will be the Operator during the option period but this may change thereafter if the Optionee's interest drops below 51%.
- Upon the deemed exercise of the Initial and Second Options respectively, the Optionor will transfer the required legal and beneficial ownership in the property to Brazil Resources.
- Upon the exercise of the Option, the parties agree to associate and participate in a Joint Operation for the purpose of developing the property.
- The Optionor will have a carried interest in expenditure until such time as a positive feasibility study is completed. Thereafter either party may elect to dilute their interest in

line with the Agreement; if such dilution reduces a party's interest below 3%, the interest will convert to a 1.5% Net Smelter Return Royalty as defined in the agreement.

#### 4.6 Brazil Environmental Legislation

Article 225 of the Brazilian Constitution requires reclamation and rehabilitation of mined out areas by the operators. All possible polluting activities are required to be licensed in terms of the Brazilian National Environmental Policy (Federal Law 6.938 of 31 August 1981). Regulations for the administration are contained in Resolution 237 of CONAMA (National Council of the Environment) on 19 December 1997. CONAMA sets the conditions, limits and measures for the control and use of natural resources, and permits the implementation and operation of projects. Licenses are issued by either a federal, state or a municipal agency.

The areal extent of the proposed impact is considered by CONAMA in determining the issue of a license and is based on regulations in Resolution 237/97, which are listed below:

- Federal entities are responsible for licensing activities which may cause national or regional-level environmental impact (more than two federal States).
- State entities and Federal District Entities are responsible for the activities which may cause State-level environmental impact (two or more cities).
- Municipal entities are responsible for licensing the activities, which may cause local environmental impact (within city limits).

The license may be issued in one of the forms described in Table 4.6\_1.

<b>Table 4.6_1</b> <b>Montes Áureos Project</b> <b>Main Environmental Licensing Stages of Brazilian Mining Projects</b>	
License	Description
Preliminary License (LP*)	Indicates environmental viability of project. Location and concept approval, subject to a specific environmental impact assessment and a formal public hearing
Installation License (LI*)	Authorises project initiation. Permits the engineering work, subject to an environmental control plan.
Operation License (LO*)	Authorises the start of operations. Requirement to demonstrate establishment of all the environmental programmes and control systems.

\* Brazilian abbreviation

The license will be subject to approval by the relevant municipality to confirm conformity with the Organic Act and the Municipal Law of Use and Occupation of the Terrain. This will be particularly important for the LP.

In addition to the environmental license process and in accord with Resolution 237/97, the requirements of the preliminary licensing phase also include:



- Approval to use water resources.
- The Authorisation for Forest Exploration (APEF) which is required in the cases where there is change in the soil usage or vegetation suppression.
- The Authorisation for disturbance of vegetation in Permanent Areas of Preservation (APP) or in Units of Conservation (UC) by the Authorised Environmental entity.

#### **4.7 Environmental Permits**

No environmental permits exist within the mineral titles.

For the drilling program a specific permit will be required from the relevant legal agencies, but Coffey Mining does not envisage any problem in application being approved.

#### **4.8 Environmental Liabilities**

The northern area of the concession, where exist a small abandoned pit, have been impacted by the previous garimpeiros works (Figure 7\_3).

In general it is notable the degree of natural recovery of the worked areas.

## **5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY**

### **5.1 Project Access**

São Luís, the capital of Maranhão, is a very well established near to one million habitants city, offering a complete infrastructure including port facilities.

Project access from the city of São Luís can be done using a ferryboat from São Luís to cross over the Ocean Basin of São Marcos and follow paved regional roads and the federal highway BR-316, passing through the cities of Governador Nunes de Freire and Presidente Medici, arriving in Centro de Guilherme city after around 200km.

Another option is leaving São Luís to the city of Santa Inês to the south using the paved State roads BR-135 and BR-222 and after this follow the some regional roads until the Federal highway BR-316 to the north until Presidente Medici. From Presidente Medici to the Centro de Guilherme city and the Montes Áureos property, the access is by graveled road with a distance of around 50km. The area around the property is moderately populated with subsistence farming (Figure 5.1\_1).

Centro Guilherme is a small town of around 7,000 inhabitants, with basic but still very precarious facilities and infrastructure.



## 5.2 Climate

The climate is tropical hot and humid with an annual rainfall of around 2,000mm and seasonal variations with a drier period between July and November and a wetter period between December and May. The average annual temperature is approximately 26°C with minimal month to month variations. During the rainy season, specially between December and February, there may be some temporary field work restriction.

## 5.3 Local Resources and Infrastructure

The Montes Áureos property is partially covered by rain forest and grassland for cattle. At the northern limit, already outside of the property, there is a small informal mining gold operation with some shafts, but not operational.

At the northern part of the property a 100m long now abandoned open pit and several historic near surface excavations remain visible in the forest indicating informal past gold exploitation.

Most of the people live in the village of Quarenta e Cinco, located at the southeast edge of the exploration tenement. This village is the source of all workers used in the exploration programs. The local economy consists mainly of small cattle ranches and also subsistence farming, and timber harvesting.

Power to the project site is supplied by power lines of local utility company CEMAR.

Water for any project development is available in abundance. Permitting is not expected to present any obstacle.

## 5.4 Physiography

The topography is in general flat and gently rolling with low elevations of 50m to 100m above mean sea level. The Montes Áureos project area is characterized by several higher topographic plateaus of around 100m to 150m related to the preservation of residual lateritic cover and possibly quartz veins.

The project area is covered mainly by second growth tropical bush and open grass lands.

## 6 HISTORY

The exploration history for the Montes Áureos property is summarised in Table 7\_1 below.

<b>Table 6_1</b> <b>Montes Áureos Project</b> <b>Exploration Property History</b>			
<b>Date</b>	<b>Entity</b>	<b>Work Program</b>	<b>Significant Results</b>
from 18 <sup>th</sup> century to recently	Several periods of artisanal “garimpeiros” mining activity	Weathered material, including alluvium, saprolite and saprolite-hosted quartz veins	Some gold production (not reported)
2007 - 2010	Apoio Engenharia e Mineração Ltda	Preliminary exploration with location of topographic marks and geological reconnaissance works	Indication of several gold occurrences and previous old garimpeiros excavations along the property;  Extension of exploration permits for 3 years more;
2010	Brazil Resources	Soil and rock geochemistry survey and auger reconnaissance drilling	Exploration on progress

Gold is reported to have been first discovered in the Gurupi region in the 17<sup>th</sup> century by colonial settlers and the Brazilian “Bandeirantes”, the so called Portuguese hinterland explorer.

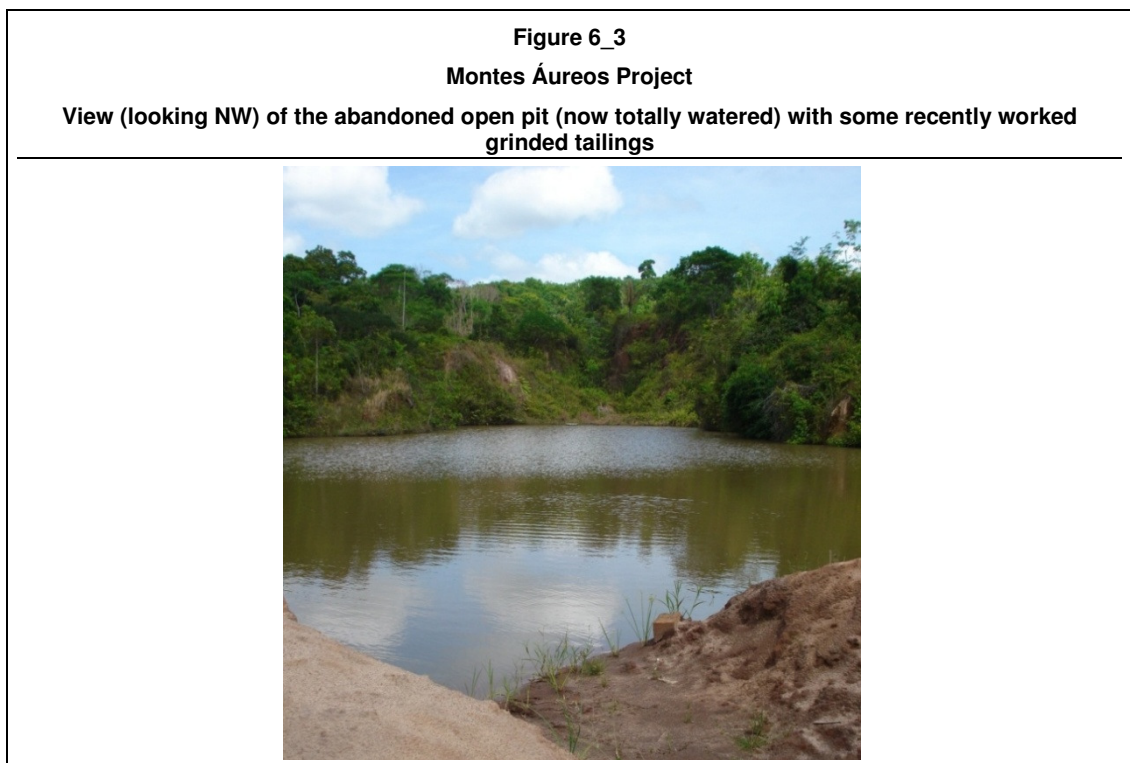
During the second part of the 19<sup>th</sup> century there was an attempt by the Brazilian “Baron of Mauá”, Mr. Irineu Evangelista de Souza, together with a British company to implement a semi-industrial operation. Today it is still possible to see some scrap of abandoned heavy steel components of that time on the Montes Áureos property (Figures 6\_1 until 6\_3)

**Figure 6\_1**  
**Montes Áureos Project**  
**Scrap of Abandoned Heavy Steel Components of a 18th Century Gold Project**



**Figure 6\_2**  
**Montes Áureos Project**  
**Present Garimpeiro Facilities Working With shaft and Underground**





There is evidence of intermittent small scale production in the early 1900s, with some mechanization. During the mid-1980s, until 1995, there was a region-wide “garimpeiro-rush” (artisanal miners), with all of this historic production exploiting gold from oxidized, weathered material, including alluvium, saprolite and saprolite-hosted quartz veins. The main abandoned open pits visible in the field are from that time.

During more recent years, and still at present, there was some underground exploration based on a 20m to 30m deep shaft at the northern end of the Montes Áureos property (Figure 6\_3)

Taking in consideration all the Gurupi belt region, there are some rough estimations mentioned around 225,000oz gold production by the past informal miners activity.

Given the nature of past mining activities there are no records available of past production at the Montes Áureos property.

Modern professional exploration work, comprising location of topographic marks and geological reconnaissance works, started in 2010 by Apoio Engenharia e Mineração Ltda.

On 30 September 2010 Brazil Resources entered into a joint venture agreement with Apoio Engenharia e Mineração and in October 2010 a new exploration program has been started with implementation of a systematic soil and rock geochemistry grid, geological mapping and auger reconnaissance drilling.

## 7 GEOLOGICAL SETTING

### 7.1 Regional Geology

The Montes Áureos Project area lies within an elongated northwest–southeast-trending shear zone developed along the boundary between the southwestern margin of the Archaean São Luís Cráton and a Lower Proterozoic metamorphic belt (Gurupi belt) (Figure 7.1\_1).

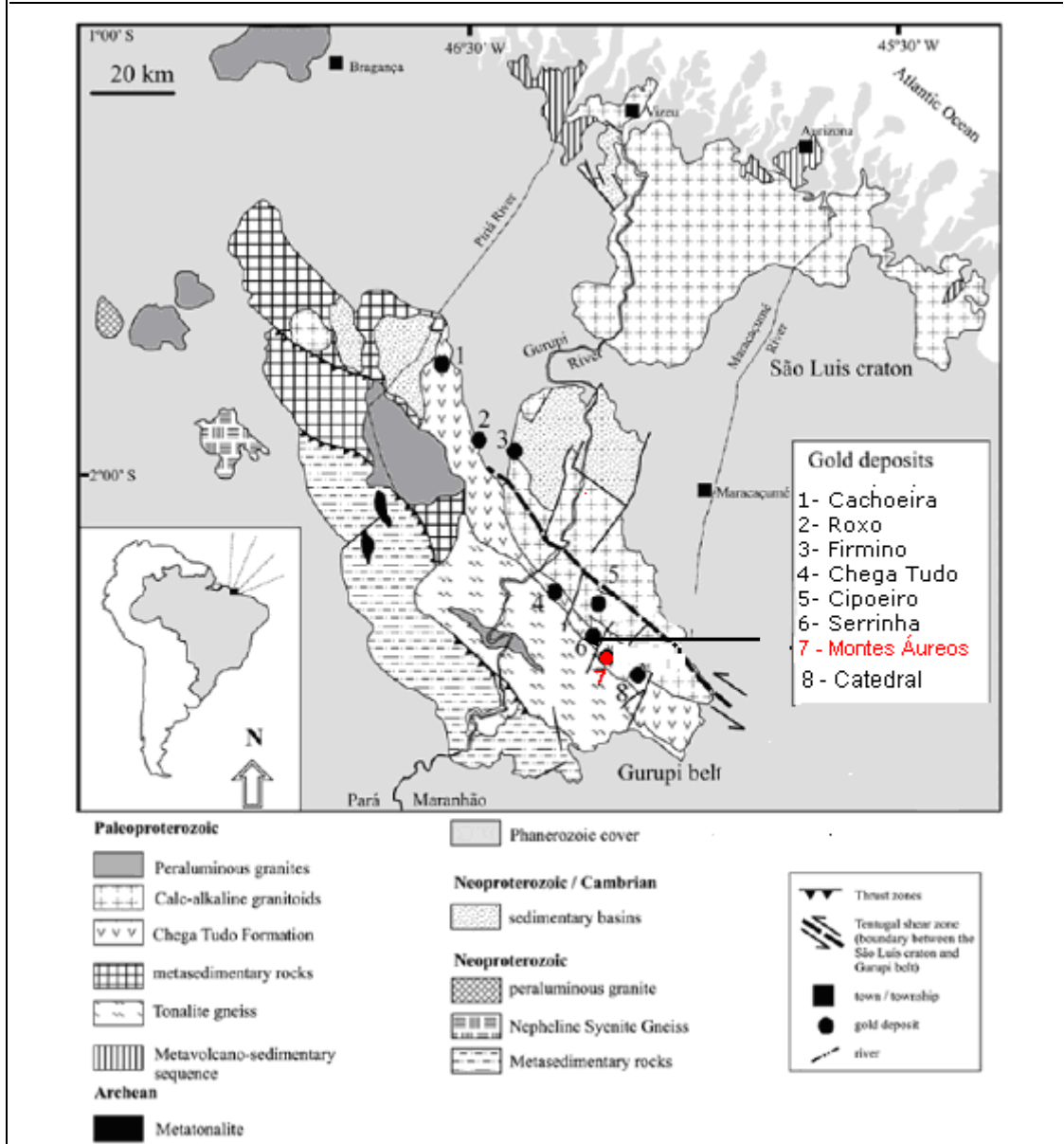
The São Luís Cráton comprises suites of calc-alkaline granitoids that range in age from 2,165Ma to 2,149Ma and intruded older greenschist to lower-amphibolite facies metavolcano–sedimentary rocks dated at 2,240Ma. Schists of variable compositions, including metavolcanic and metapyroclastic rocks, as well as subordinate quartzite, metachert and metamaficultramafic rocks, form the metavolcano-sedimentary succession of the Aurizona Group. The Tromaí Intrusive Suite is the largest unit of the Cráton, forming composite batholiths of tonalite, trondhjemite, granodiorite and minor monzogranite with variable textural and structural aspects.

The Gurupi belt may represent a portion of a fold belt that surrounded the Cráton and once constituted its foreland. The Gurupi Belt consists of north-northwest–south-southeast-trending metavolcano-sedimentary and sedimentary sequences with intercalated massifs of gneiss and metatonalite, in addition to intrusions of calc-alkaline granitoids, muscovite-bearing leucogranites, and alkaline rocks. The volcano-sedimentary sequence (Chega Tudo Formation) consists of alternating felsic to mafic volcanic rocks and detrital ( $\pm$  chert) sedimentary rocks that underwent metamorphism under greenschist to lower-amphibolite facies. The rocks show a pervasive northwest–southeast -striking schistosity and/or mylonitic fabric that dips at moderate to high angles generally to the southwest and locally can be folded.

Age dates of 2,148Ma to 2,160Ma have been returned from the volcanic units, whereas the sediments returned age dates indicating deposition in the Paleoproterozoic and Neoproterozoic.



**Figure 7.1\_1**  
**Montes Áureos Project**  
**Regional Geology Map Based on Klein et al. 2007**



Orthogneisses of the Itapeva Complex (c. 2,167Ma to 2,594Ma), which are middle to upper amphibolite facies, foliated and banded rocks that show localized migmatization, are tectonically intercalated with the supracrustal rocks (Figure 7.1\_1). Granitoids of variable chemical affinities and ages (2,100Ma to 2,080Ma) intruded and/or were tectonically intercalated within the supracrustal sequences and the gneisses. Large wedges of the calc-alkaline granitoids have been strongly affected by the Tentugal shear zone in the boundary zone between the São Luís Cráton and the Gurupi belt and have been incorporated into the framework of the belt.

Two Neoproterozoic intrusions are known to occur in the greenstone belt, a granite and a metamorphosed nepheline–syenite body.

Small sedimentary basins formed in depressions of both the São Luís Cráton and the Gurupi belt, and likely represent post-orogenic basins related to the final stages of Neoproterozoic events. The basins comprise sandstones, arkoses and conglomerates, with subordinate occurrences continental clastic sediments deposited in semi-arid conditions.

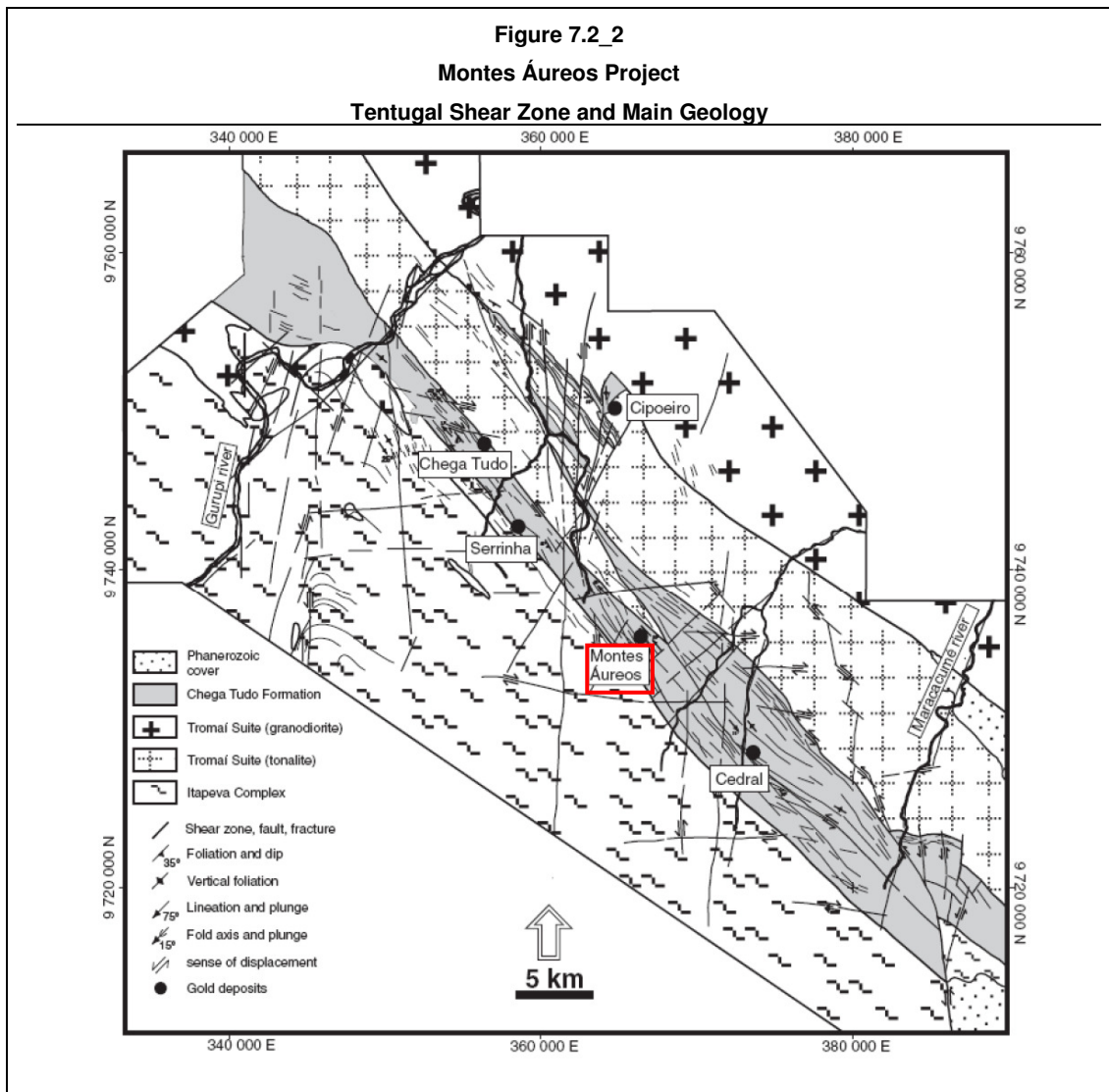
## **7.2 Tentugal Shear Zone**

The most important gold deposits and showings of the Gurupi greenstone belt, including Montes Áureos property, are hosted in structures associated with the strike-slip, sinistral Tentugal shear zone.

The shear zone is continuous for over 120km and in places reaches 30km in width, forming a corridor of shear zones with variable structural aspects that were developed under ductile–brittle and greenschist facies conditions. The highly-strained rocks correspond to metapelites and metavolcanic rocks of the Chega Tudo Formation, whereas the less deformed rocks correspond to coarse-grained tonalites of the Tromaí Intrusive Suite (Figure 7.2\_2).

In more detail the area is characterized by the presence of a relatively narrow northwest-trending highly strained zone developed along carbonaceous metapelitic lithologic units. This corridor is well defined in the geophysical data and represents an important zone of crustal weakening responsible for most of the deformation partitioning which took place in the area. A secondary north-northwest-trending shear zone branches off from this main deformation zone and follows the contact of the metapelites with the metavolcaniclastic rocks. The splay caused the detachment of the coarse-grained volcanic rocks from the metapelites.

The dominant northwest-trending tectonic fabric observed along the exposed rocks of the belt is crosscut by three main sets of fractures well defined by the geophysical surveys, trending north-south, east-west and northeast-southwest. The north-south and east-west fracture sets are associated with drag folds showing sinistral and dextral displacements, respectively.



### 7.3 Weathering Profile

The Montes Áureos project and regional areas are situated in an area of low relief with occasional higher elevations centered on lateritic plateaus. Soil and laterite cover the area. Outcrops of bedrock are generally limited to previous garimpeiros workings or exploration. In the plateau areas the lateritic profile is well developed and consists of a dark red limonite/goethite lateritic crust, with quartz granules and grains cemented by an iron oxide matrix, and a strongly weathered mottled zone above the saprolite, which can locally attain significant depth. The lateritic cover is actually suffering erosion.

### 7.4 Project Geology

The property is partially covered by a reddish soil and a lateritic crust expressed by a plateau.

The project geology involves the Chega Tudo Formation (Figure 7.1\_1). The Chega Tudo Formation presents a volcanic-sedimentary sequence.

In the northern area, the so-called Montes Áureos area, where Brazil Resources is developing a systematic soil geochemistry survey, it is possible to identify, along the several old garimpeiros excavations, a sequence of strongly foliated and sometimes structurally and hydrothermal banded volcano sedimentary rocks with strongly developed foliation. The lithologies vary from chlorite schist, sometimes with very purple colour, to graphite schist and sericite schist. The graphite schists are always present along the old garimpeiros excavations and seem to have an important role for the control of gold mineralization (Figure 7.2\_1). Also sericite – quartzite is present and boulders of some quartz-iron-rich rocks have been found.

In the eastern gold occurrences, where a small garimpeiros' open pit exists, are mainly fine and rhythmically banded meta-pelite.

The Chega Tudo sequence in the Montes Áureos area is always strongly foliated and sheared due to the presence of the regional Tentugal shear zone and local northwest highly strained shear zones, especially within the carbonaceous metapelitic lithology. The presence of high strain is also evident from the presence of mesoscopic S and C structures, quartz boudins, several phases of silicification with sheared veins, gash veins and folded veins and hydrothermal alteration.

## 8 DEPOSIT TYPES

The Montes Áureos mineral property is related to a regional shear zone where several typically quartz–lode or orogenic gold deposits have been developed, like Chega Tudo and Cipoiera and Serrinha (Figure 7.1\_1).

Based on regional studies the gold deposits of the Gurupi Belt are related to a probable metamorphic source of hydrothermal fluids; products of devolatilization reactions, of low salinity, where gold was most likely transported by sulphur complex, and with deposition and reaction with lithological and structural traps of syn - to late shear zone tectonic context.

The origin of the gold mineralization is thought to be related to late stage post-metamorphic hydrothermal alteration controlled by ductile- brittle tectonics in the context of local second order shear zones inside the major regional structures.

Analogous deposits associated with the same major regional structure are the Chega Tudo, Cipoeiro, Serrinha and Cachoeira gold deposits (Figure 7.2\_1).

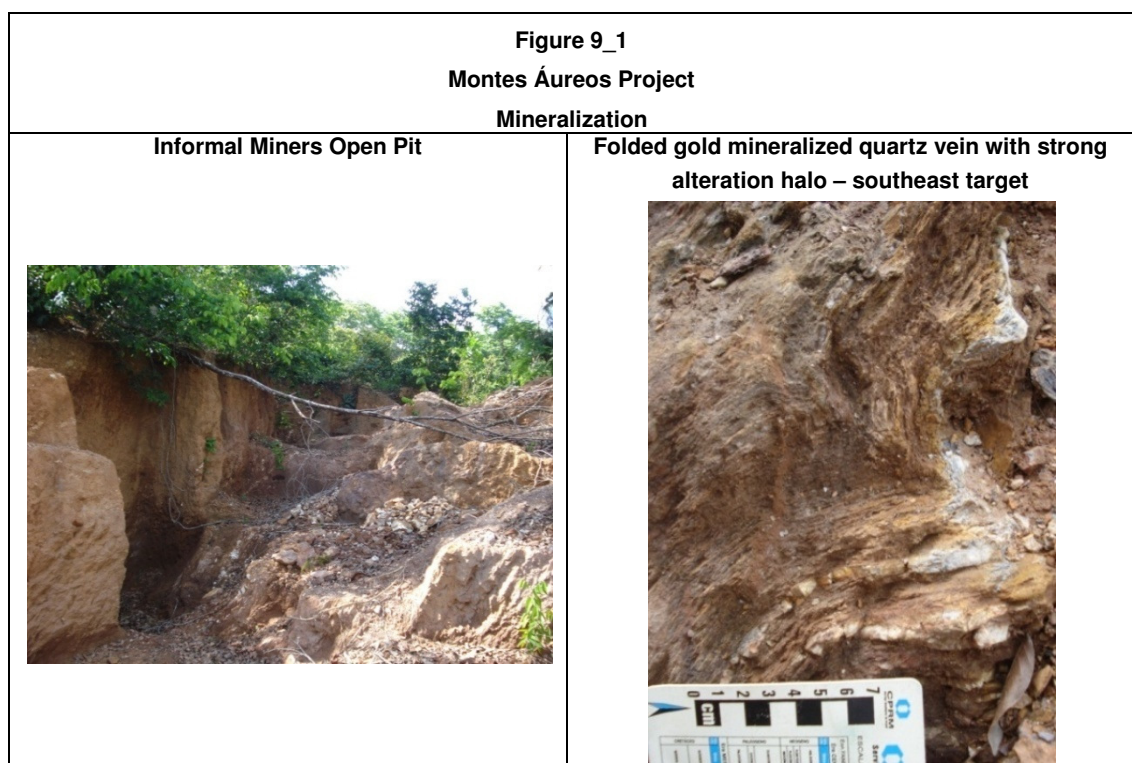
## 9 MINERALIZATION

Gold mineralization is related to a superimposed structural and hydrothermal event which generated a system of vein and veinlets both concordant and discordant to the rock foliation.

Based on a research project developed by the University of Pará State (Yamaguti H.S., 2007), the sheared quartz veins show carbonate-chlorite-sulphide alteration halos. Gold occurs mainly in late-tectonic quartz-carbonate veins or veinlets associated with arsenopyrite, pyrite and minor chalcopyrite. The spatial distribution of the Montes Áureos gold mineralization shows lenticular to tabular bodies of up to 20m thickness, elongated in a northwest-southeast direction with a southwest dip and with gold contents up to 2ppm.

The exploration work currently undertaken by Brazil Resources may confirm Áureos target potential with a northwest-southeast trend of 500m to 1000m strike extent, along which are several old informal open pits workings, several exploration pits and some drifts. This trend is still open to the southeast where Brazil Resources is currently developing a soil geochemistry and geological mapping program.

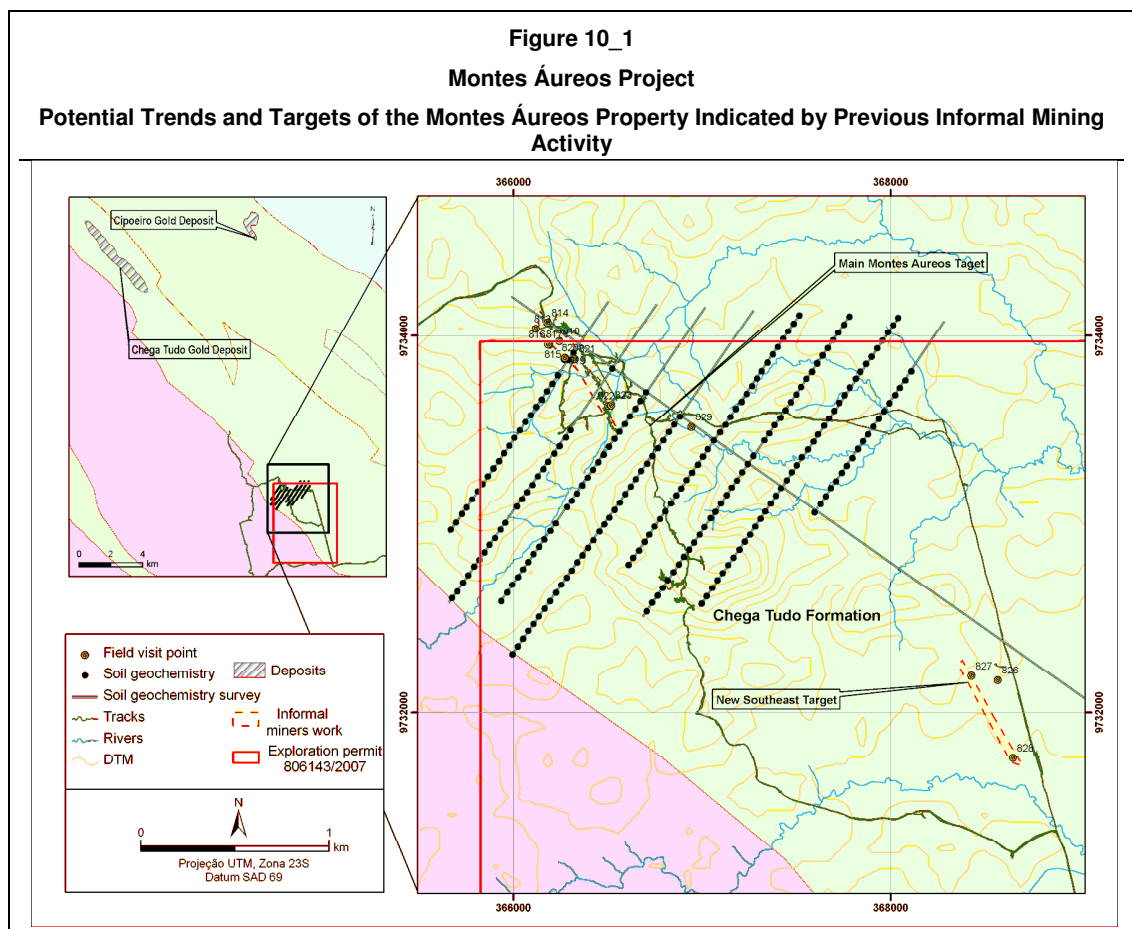
At the southeast of the property another target is indicated by informal miners' workings. This trend is related to the two small open pits (Garimpo do Queimado) of N35W/50SW trends, along a total of around 500m potential extension. This is located west of but parallel to the main Montes Áureos trend and involves more metapelite with sheared quartz veins and carbonate alteration (Figure 9\_1).



## 10 EXPLORATION

Brazil Resources started an exploration program in September 2010 on the Montes Áureos Property with the objective to delimit the main mineralized gold zones.

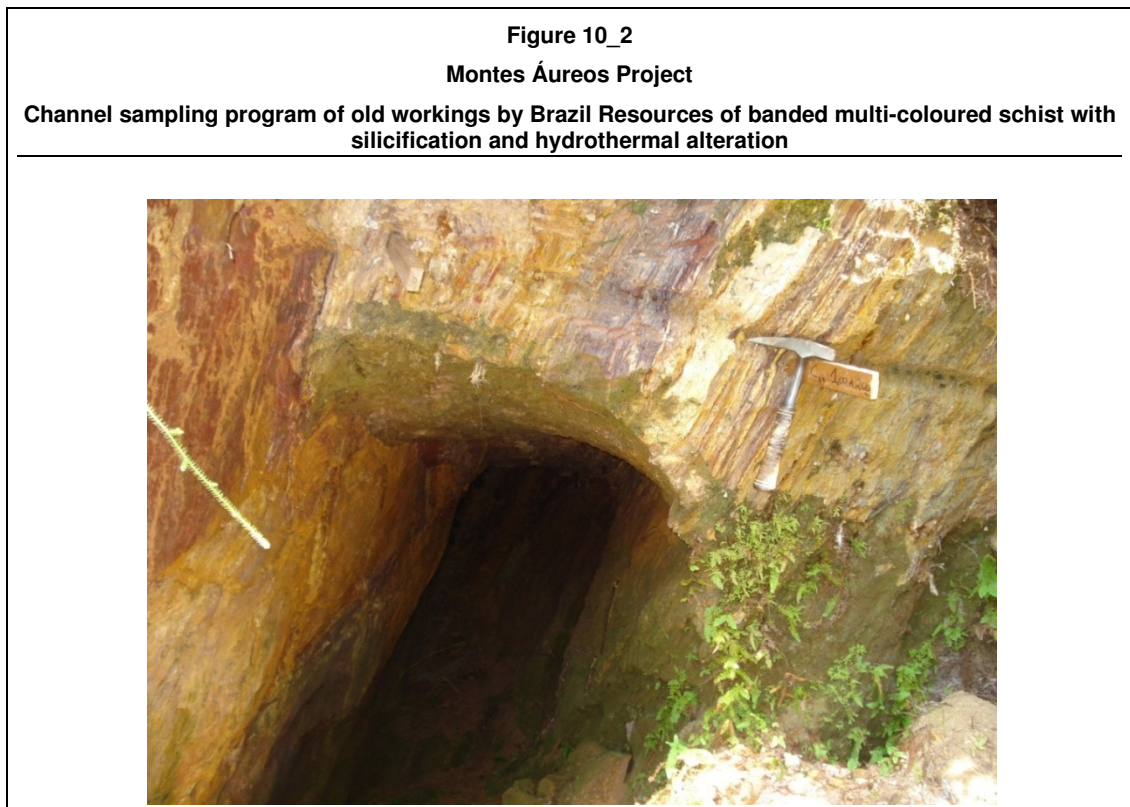
After regional GIS data integration and implementation of a local topographic grid with a northwest/southeast base line and a 200m by 50m spacing, Brazil Resources is undertaking exploration as indicated in Figure 10\_1.



The scope of the exploration plan is as follows:

- Detailed geological mapping and channel sampling of outcrops (Figure 10\_2). The 2kg to 3kg channel samples are always, if possible, taken perpendicular to the main rock foliation and sent to the lab for Au fire assay ppb analyses.
- Surface geological mapping with special attention to the presence of rock boulders, soil and lateritic cover and outcrops.
- Register of previous informal miners' works, like pits, drifts and any kind of previous excavations.

- A systematic surface soil sampling program with analyses for gold (ppb). The samples are taken from soil zone B horizon, around 30cm below surface, after removing the near-surface organic material (A horizon). Around 1kg samples are being collected and sent to the laboratory.



After delimitation of the main Montes Áureos Target (Figure 10\_1), Brazil Resources is proceeding with the execution of an auger reconnaissance drilling grid to investigate subsurface geology and geochemical signature. In parallel, other targets, such as the new southeast target, are being followed up (Figure 10\_1).

This work is still in progress. At the time of writing the first analytical results are still pending.

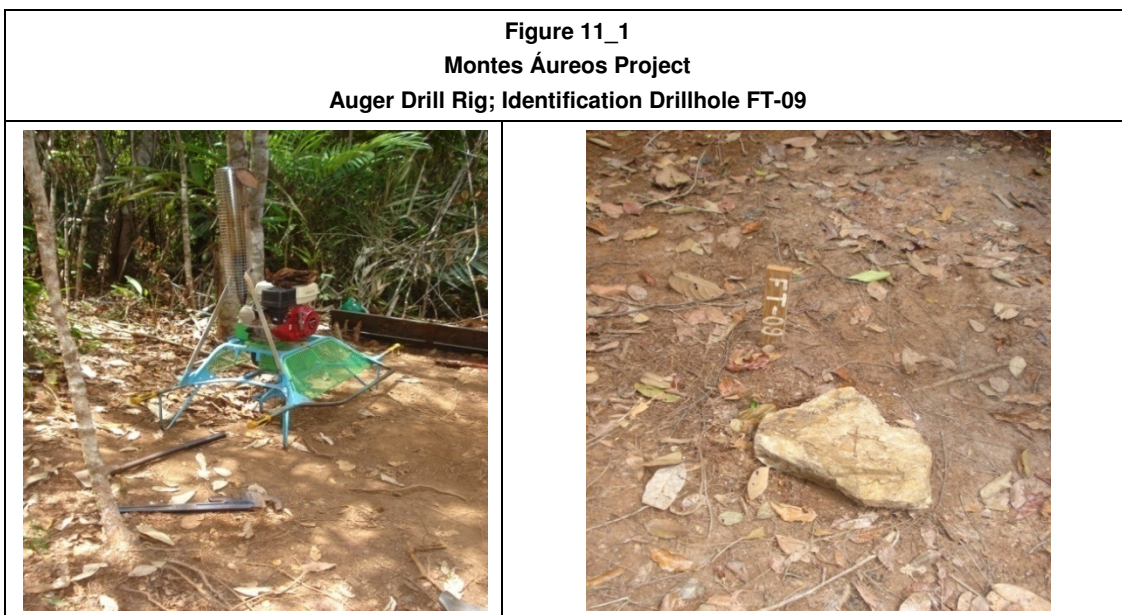
After delimitation of the main mineralized zones based on the geological and geochemical data interpretation, it is planned to start an exploratory drilling program supported by geophysical ground surveys.

Coffey Mining is informed that all the exploration work has so far been carried out by Brazil Resources. As far as it has been possible to ascertain, Coffey Mining is of the opinion that the work has been carried out professionally and in line with general good practise.



## 11 DRILLING

At this stage only reconnaissance auger drilling is being carried out by Brazil Resources to check the main trend of previous exploration and informal miners' work along the northern part of the property (Figure 11\_1). At the time of writing the first analytical results of the auger drilling are still pending.



Coffey Mining considers the auger drilling and sampling security to be in line with current industry best practice.

No diamond drilling has been developed at this stage of project.

## 12 SAMPLING METHOD AND APPROACH

At this stage of exploration only soil sampling, channel sampling and auger drilling sampling has been undertaken.

The present drilling pattern involves an approximately 50m by 50m grid along the main anomalous trend. The samples are separated and collected meter by meter, manually homogenized and split on a plastic sheet, where the material is piled into a cone and successively split and quartered in equal parts. One part is separated for lab analyses and the other for storage. The rejected part of material is separated and spread in the field for geological description by the geologist (Figure 12\_1).



Coffey Mining recognises that the current sampling operations are exploratory in nature and are purely aimed at identifying mineralization and mineralized zones. Subsequent phases of exploration will require more a more rigorous approach as resource evaluation becomes the program objective.

## 13 SAMPLE PREPARATION, ANALYSES AND SECURITY

Sample preparation and analysis of all the samples taken by Brazil Resources is performed by SGS Geosol Laboratórios Ltda ([www.sgsgeosol.com.br](http://www.sgsgeosol.com.br)), an ISO 9000-2001 certified laboratory. The laboratory is located in Belo Horizonte, Brazil.

After samples are received by the laboratory, seal numbers and sample numbers are reported to Brazil Resources for confirmation. SGS uses international standard procedures for sample preparation and analyses.

The soil samples are dried, disaggregated, sieved 80mesh, with weighting of passing and retained and homogenized.

The saprolite channel samples are dried, crushed 2mm, homogenized, quartered, with pulverization of 250g to 300g with a steel mill 95 % -150mesh.

The soil samples are analysed by ICP methods for 31 elements and the channel samples using Metallic Screen analyses. All the first campaign auger drilling samples are also analysed for 31 elements.

The gold analyses are all by Fire Assay with 50g samples.

Brazil Resources is collecting a total of 10% duplicate channel and auger drilling samples for quality control, which Coffey Mining agrees is very suitable.

Coffey Mining considers the sampling procedure and security to be in line with current industry best practice.

## **14 DATA VERIFICATION**

No analytic data is currently available for verification and QAQC control.

Coffey Mining has not collected any independent samples for verification as this would be premature until specific mineralized zones are under investigation.

## 15 ADJACENT PROPERTIES

The Montes Áureos Property is located at the southeast extension of the Gurupi Belt and the Tentugal Shear Zone, which represents the same geological and structural context as the adjacent property of Chega Tudo gold deposit (Figures 7.1\_1 and 7.2\_1).

The Chega Tudo property belongs to the Gurupi Project (Chega Tudo and Cipoeiro gold deposits) who was acquired by Jaguar Mining Inc. last December 2009 from Kinross Gold Corporation. In May 2010, Jaguar filed a National Instrument 43-101 compliant pre-feasibility technical report on the Gurupi Project, which was prepared by AMEC.

The AMEC pre-feasibility report, which assumes an average gold price of \$950 per ounce and a cut-off grade of 0.3grams per tonne of gold, registers an estimate of 20,066,000tonnes of indicated mineral resources at an average grade of 0.98grams per tonne totalling 632,000ounces. Probable gold reserves are estimated at 18,765,000tonnes at an average grade of 0.98grams per tonne totalling 592,000ounces. The Company is proceeding with the permitting and licensing of the Gurupi Project based on the pre-feasibility prepared by AMEC and is also working on completing a feasibility study on the Project (AMEC Project No. 3104).

Coffey Mining has been unable to verify the information on the Chega Tudo property. The information is not necessarily indicative of the mineralization on the property that is the subject of this technical report. While the general geological setting of the Chega Tudo property may be similar to that of the Montes Áureos property, the reader is cautioned that the Chega Tudo mineralization may have no relation to any mineralization present on the Montes Áureos property.

## **16 MINERAL PROCESSING AND METALLURGICAL TESTING**

No mineral processing and metallurgical testing have been undertaken.

## **17 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES**

No mineral resource and mineral reserves estimates have been undertaken.

## **18 OTHER RELEVANT DATA AND INFORMATION**

Coffey Mining is not aware of other relevant data pertaining to the Montes Áureos project.



## 19 INTERPRETATION AND CONCLUSIONS

The Montes Áureos mineral property is related to a major regional shear zone, the Tentugal shear zone, where several typically quartz – lode or orogenic gold deposits have been developed, like Chega Tudo, Cipoeiro e Serrinha and Cachoeira gold deposits. The property comprises the Chega Tudo Formation, a strongly foliated and highly strained volcanosedimentary sequence of low to medium metamorphism grade.

In field observations the presence of high strain is evident by the presence of mesoscopic S and C structures, quartz boudins, several silicification phases with sheared veins, gash veins and folded veins, besides hydrothermal alteration. Based on a research project developed by the University of Pará State (Yamaguti H.S., 2007), gold occurs mainly in late-tectonic quartz-carbonate veins or veinlets associated with arsenopyrite, pyrite and minor chalcopyrite. The spatial distribution of the Montes Áureos gold mineralization shows lenticular to tabular bodies.

The property has a long history of garimpeiros exploration of the near surface oxidized and strongly weathered rocks indicated by several old pits, specially at the northern part of the property.

The exploration of the Montes Áureos property is at an early stage. Objectives to date have been achieved with gold mineralization confirmed. Coffey Mining considers that the data gathered provides support for the potential identification from more detailed exploration campaigns of possible economic concentrations of gold mineralization.

## 20 RECOMMENDATIONS

Given all the positive geological and mineralization indications, Coffey Mining considers the Montes Áureos Property to be prospective for hosting gold deposits.

Brazil Resources's proposed exploration strategy is considered to be consistent with the potential of the Montes Áureos projects, provided that target priorities are clearly adhered to and exploration is appropriately staged to permit continual assessment of progressive exploration results.

It is for this reason that Coffey Mining recommends the continuity of the current follow up exploration program and an additional exploration budget to:

- Complete the geological mapping of all the property and available bedrock exposures below the soil and lateritic cover.
- Complete the channel sampling of all the available exposures with special attention to the graphitic zones, alteration and silicification zones. Undertake pitting and trenching to better access the rock exposures.
- Complete the soil sampling grid to the south and southeast extension of the main structural zones and consider the influence of the lateritic cover to the gold distribution in the strongly weathered soil profile
- Undertake a ground geophysical survey using magnetic and radiometric, and EM or IP methods.
- Undertake a first phase exploratory diamond drilling program to be investigate gold anomalies form the sampling programs.
- Undertake a second phase infill diamond drill program to follow up previous positive results and evaluate potential mineral resources.

Brazil Resources personnel have provided comprehensive work programs and budgets covering proposed exploration for Years 1 and 2.

Coffey Mining is cognisant of the requirement that each phase of exploration will be contingent on the successful completion of the previous phase. Thus the year 1 exploratory drilling is part of the first stage program of target definition and the Year 2 detailed diamond drilling for resource evaluation will be contingent on the successful completion of all the prior work listed here.

Coffey Mining has reviewed the proposed program and budget (Table 20\_1) and concurs this is appropriate for the current status of the project.

<b>Table 20_1</b>			
<b>Montes Áureos Project</b>			
<b>Exploration Potential and Recommended Work</b>			
<b>Activity</b>	<b>Budget Allocation Year 1</b>	<b>Budget Allocation Year 2</b>	<b>Total US\$</b>
Geological Mapping and rock sampling	100,000		100,000
Soil Geochemistry and Auger drilling	200,000		200,000
Pitting & trenching	50,000		50,000
Ground Geophysics	100,000		100,000
Exploratory diamond drilling – 3,000m & logging and sampling	750,000		750,000
Infill diamond drilling – 10.000m & logging and sampling		2,500,000	2,500,000
Chemical Analysis	100,000	250,000	250,000
Operational Support/Administration	300,000	300,000	600,000
Technical Studies	100,000	250,000	350,000
<b>Total US\$</b>	<b>1,700,000</b>	<b>3,300,000</b>	<b>5,000,000</b>

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## 22 DATE AND SIGNATURE PAGE

This report titled Independent technical report on Exploration, Montes Áureos Gold Project, Maranhão, Brazil with an effective date 12<sup>th</sup> November 2010 was prepared on behalf of Brazil Resources Inc by Mario Conrado Reinhardt and signed:

Dated at Belo Horizonte, this 12<sup>th</sup> November 2010

[SIGNED]

Mario Conrado Reinhard, Author – BSc (Geo) MAIG  
Technical Director Coffey Mining Brazil

**23      ADDITIONAL REQUIREMENTS FOR TECHNICAL REPORTS ON  
DEVELOPMENT PROPERTIES AND PRODUCTION PROPERTIES**

Nothing to report.

# Appendix A

**Certificate of Mario Conrado Reinhardt**

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## **Certificate of Qualified Person**

As the primary author of the report entitled "Independent Technical Report, Montes Áureos Gold Project, Maranhão, Brazil" dated 12<sup>th</sup> November 2010 of Brazil Resources Inc (the "Study"), I hereby state:

1. My name is Mario Conrado Reinhardt and I have been employed since 1994 as a Consulting Geologist with the firm of Coffey Consultoria e Serviços Ltda, of Av Afonso Pena, 3924, Conjunto 207, Mangabeiras- CEP 30.130-009. My residential address is number 71, Av Sagarana, Retiro do Chale, Brumadinho, MG - Brazil.
2. I am a practicing Geologist with 30 years of Mining Industry experience. I am a member of the Australian Institute of Geoscientists ("AIG").
3. I am a professional geologist with more than 15 years of relevant experience in gold exploration and mining, involving numerous gold properties in Brazil and South America.
4. I am a graduate of Federal University of Bahia, Salvador, Brazil and hold a Bachelor of Science Degree in Geology (1979) and Master of Science in Economic Geology (1988).
5. I have practiced my profession continuously since 1979.
6. I am a "qualified person" as that term is defined in National Instrument 43-101 (Standards of Disclosure for Mineral Projects) (the "Instrument").
7. I have visited the Montes Áureos Gold Project between the 3<sup>th</sup> and 5<sup>th</sup> of July 2010.
8. I prepared all sections of this report.
9. I have not had any prior involvement with the Montes Áureos property or project.
10. I am independent of Brazil Resources Inc, pursuant to section 1.4 of the Instrument.
11. I have read the National Instrument and Form 43-101F1 (the "Form") and the Study has been prepared in compliance with the Instrument and the Form.
12. I do not have nor do I expect to receive a direct or indirect interest in the Montes Áureos Gold Project of Brazil Resources Inc, and I do not beneficially own, directly or indirectly, any securities of Brazil Resources Inc or any associate or affiliate of such company.
13. I am not aware of any material fact or material change with respect to the subject matter of the Study, which is not reflected in the Study, the omission of which would make the Study misleading.

Belo Horizonte, Brazil, 12<sup>th</sup> November, 2010.

[SIGNED]

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Mario Conrado Reinhardt