



(An exploration stage company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2014 AND 2013**

(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 August 31, 2014 (\$)	As at November 30, 2013 (\$)
Assets			
Current assets			
Cash	7	1,624,280	225,827
Other receivables	8	56,680	101,634
Prepaid expenses and deposits		142,690	78,863
Available-for-sale securities	9	25,000	20,000
		1,848,650	426,324
Non-current assets			
Equipment	4	107,522	157,918
Exploration and evaluation assets	5	25,317,278	23,807,802
Investment in joint venture	6	1,705,439	1,655,615
		28,978,889	26,047,659
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	689,017	1,157,499
Provisions	11	596,247	514,357
Due to related parties	16	4,200	5,289
Current portion of long-term obligations		-	300,000
		1,289,464	1,977,145
Non-current liabilities			
Long-term obligations	12	246,321	229,313
		1,535,785	2,206,458
Equity			
Issued capital	13	34,126,149	30,175,354
Share issuance obligations	13	6,978,960	7,201,061
Reserves	13	3,569,745	1,191,336
Accumulated deficit		(17,897,456)	(13,886,438)
Accumulated other comprehensive income (loss)		665,706	(840,112)
		27,443,104	23,841,201
		28,978,889	26,047,659

Commitments (Note 18)

Subsequent events (Note 19)

Approved and authorized for issue by the Board of Directors on October 22, 2014.

/s/ "Steve Swatton"

Steve Swatton

Chief Executive Officer, President & 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)



	Notes	For the three months ended August 31,		For the nine months ended August 31,	
		2014 (\$)	2013 (\$)	2014 (\$)	2013 (\$)
Expenses					
Consulting fees		78,476	76,714	258,152	256,266
Depreciation	4	15,585	10,439	49,179	30,504
Directors' fees, salaries and benefits	16	209,886	174,194	612,876	537,535
Exploration expenses	5	309,646	660,803	1,226,877	2,187,933
General and administrative		151,431	169,088	1,190,732	802,568
Professional fees		49,074	24,896	182,354	99,186
Project evaluation costs		77,259	-	141,087	132,013
Share-based compensation	13	265	9,499	(2,127)	56,091
Share of loss on investment in joint venture	6	36,078	-	94,826	-
Write-off of exploration and evaluation assets	5	237,500	-	282,022	-
		1,165,200	1,125,633	4,035,978	4,102,096
Operating loss		(1,165,200)	(1,125,633)	(4,035,978)	(4,102,096)
Other items					
Interest income		5,376	4,706	25,377	29,699
Loss on disposition of assets		-	-	(417)	-
Net loss for the period		(1,159,824)	(1,120,927)	(4,011,018)	(4,072,397)
Other comprehensive income (loss)					
Items that may be reclassified subsequently to net income or loss:					
Available-for-sale financial assets	9	(5,000)	-	5,000	-
Foreign currency translation adjustments		(61,947)	(1,079,524)	1,500,818	(688,552)
Total comprehensive loss for the period		(1,226,771)	(2,200,451)	(2,505,200)	(4,760,949)
Net loss per share, basic and diluted		(0.02)	(0.03)	(0.06)	(0.10)
Weighted average number of shares outstanding, basic and diluted					
		72,500,423	41,330,147	71,131,308	41,330,147

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 (Loss) (\$)	Total (\$)
Balance at November 30, 2012		41,330,147	15,785,863	8,365,040	1,127,199	(8,384,426)	(394,835)	16,498,841
Share-based compensation		-	-	-	46,592	-	-	46,592
Foreign currency translation adjustments		-	-	-	-	-	390,972	390,972
Net loss for the period		-	-	-	-	(2,951,470)	-	(2,951,470)
Balance at May 31, 2013		41,330,147	15,785,863	8,365,040	1,173,791	(11,335,896)	(3,863)	13,984,935
Share-based compensation		-	-	-	9,499	-	-	9,499
Foreign currency translation adjustments		-	-	-	-	-	(1,079,524)	(1,079,524)
Net loss for the period		-	-	-	-	(1,120,927)	-	(1,120,927)
Balance at August 31, 2013		41,330,147	15,785,863	8,365,040	1,183,290	(12,456,823)	(1,083,387)	11,793,983
Issued capital pursuant to acquisition of:								
Exploration and evaluation assets		19,198,682	14,389,491	(1,163,979)	-	-	-	13,225,512
Share-based compensation		-	-	-	8,046	-	-	8,046
Foreign currency translation adjustments		-	-	-	-	-	243,275	243,275
Net loss for the period		-	-	-	-	(1,429,615)	-	(1,429,615)
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	13	11,650,620	4,027,305	-	-	-	-	4,027,305
Share issue costs	13	-	(312,361)	-	-	-	-	(312,361)
Shares issued on exercise of share options		12,500	13,750	-	-	-	-	13,750
Warrants issued for private placement	13	-	-	-	2,380,536	-	-	2,380,536
Issued capital pursuant to acquisition of:								
Exploration and evaluation assets		308,474	222,101	(222,101)	-	-	-	-
Share-based compensation		-	-	-	(2,392)	-	-	(2,392)
Foreign currency translation adjustments		-	-	-	-	-	1,562,765	1,562,765
Unrealized gain on available-for-sale securities		-	-	-	-	-	10,000	10,000
Net loss for the period		-	-	-	-	(2,851,194)	-	(2,851,194)
Balance at May 31, 2014		72,500,423	34,126,149	6,978,960	3,569,480	(16,737,632)	732,653	28,669,610
Share-based compensation		-	-	-	265	-	-	265
Foreign currency translation adjustments		-	-	-	-	-	(61,947)	(61,947)
Unrealized loss on available-for-sale securities	9	-	-	-	-	-	(5,000)	(5,000)
Net loss for the period		-	-	-	-	(1,159,824)	-	(1,159,824)
Balance at August 31, 2014		72,500,423	34,126,149	6,978,960	3,569,745	(17,897,456)	665,706	27,443,104

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)



	Notes	For the three months ended August 31,		For the nine months ended August 31,	
		2014 (\$)	2013 (\$)	2014 (\$)	2013 (\$)
Operating activities					
Net loss for the period		(1,159,824)	(1,120,927)	(4,011,018)	(4,072,397)
Adjustments for items not involving cash:					
Depreciation	4	15,585	10,439	49,179	30,504
Equity losses of joint venture	6	36,078	-	94,826	-
Share-based compensation		265	9,499	(2,127)	56,091
Write-off exploration and evaluation assets	5	237,500	-	282,022	-
Net changes in non-cash working capital items:					
Other receivables		(1,892)	92,121	70,331	136,630
Prepaid expenses and deposits		(18,401)	9,351	(63,827)	55,565
Accounts payable and accrued liabilities		(53,187)	(28,366)	(468,482)	(25,430)
Interest income		(5,376)	(4,706)	(25,377)	(29,699)
Cash used in operating activities		(949,252)	(1,032,589)	(4,074,473)	(3,848,736)
Investing activities					
Investment in exploration and evaluation assets	5	-	-	(145,617)	(93,901)
Investment in joint venture	6	(39,000)	-	(144,650)	-
Purchase of equipment		-	-	-	(13,474)
Proceeds from disposition of assets	4	-	-	1,217	-
Settlement of long-term obligations		-	-	(300,000)	-
Cash used in investing activities		(39,000)	-	(589,050)	(107,375)
Financing activities					
Proceeds from shares issued, net of share issuance costs	13	-	-	6,109,230	-
Advances from related parties	16	(368)	(815)	(1,089)	(2,365)
Cash generated from financing activities		(368)	(815)	6,108,141	(2,365)
Effect of exchange rate changes on cash		(10,526)	(12,441)	(46,165)	(41,032)
Net increase (decrease) in cash		(999,146)	(1,045,845)	1,398,453	(3,999,508)
Cash					
Beginning of period		2,623,426	2,566,478	225,827	5,520,141
End of period		1,624,280	1,520,633	1,624,280	1,520,633

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, 2013, which have been prepared in accordance with IFRS.

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 *Judgements and estimates*

The preparation of these condensed consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. 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, 2013

2.4 *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, 2013.

3.2 Adoption of new accounting standards

IFRS 10 – *Consolidated Financial Statements* supersedes SIC-12 – Consolidation – Special Purpose Entities and the requirements relating to consolidated financial statements in IAS 27 – Consolidated and Separate Financial Statements. IFRS 10 establishes the principle and application of control as the basis for an investor to identify whether an investor controls an investee and thereby requiring consolidation.

IFRS 11 – *Joint Arrangements* establishes the principle a joint arrangement is classified as a joint venture or joint operation based on the rights and obligations of the parties to the joint arrangement, rather than its legal form. It requires that a joint operator recognize and measure the assets, liabilities, revenues and expenses in relation to its interest in the joint arrangement in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses, while a joint venture recognizes its investment in a joint arrangement using the equity method.

IFRS 12 – *Disclosure of Interests in Other Entities* requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 – *Fair Value Measurement* defines fair value and sets out a single framework for measuring fair value which is applicable to all IFRSs that require or permit fair value measurements or disclosures about fair value measurements. IFRS 13 requires valuation technique used should maximize the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability.

IAS 28 – *Investments in Associates and Joint Ventures* prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method for investments in associates and joint ventures.

Effectively December 1, 2013, the Company adopted all of the above standards. The adoption of these standards did not have a material impact on the unaudited condensed consolidated interim financial statements.

3.3 Standards issued but not yet effective

For annual periods beginning on or after December 1, 2014:

Amendments to IAS 32 – *Financial Instruments* amends IAS 32 – Financial Instruments: Presentation to provide clarifications on the application of the offsetting rules. The Company is in the process of evaluating the impact of the adoption of the amendment.

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. The Company is in the process of evaluating the impact of the adoption of the new standard.

For annual periods beginning on or after December 1, 2015:

IFRS 9 – *Financial Instruments* replaces the current standard IAS 39 – Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. The IASB issued amendments to IFRS 9 which deferred the mandatory effective date of IFRS 9 to January 1, 2018. The Company is in the process of evaluating the impact of the adoption of the new standard.

4. Equipment

	Computer Equipment (\$)	Exploration Equipment (\$)	Furniture and Fixtures (\$)	Leasehold Improvement (\$)	Vehicles (\$)	Total (\$)
Cost						
Balance at November 30, 2012	68,040	28,367	28,779	1,447	21,784	148,417
Additions	20,362	24,084	27,468	-	7,018	78,932
Balance at November 30, 2013	88,402	52,451	56,247	1,447	28,802	227,349
Disposals	(417)	-	(800)	-	-	(1,217)
Balance at August 31, 2014	87,985	52,451	55,447	1,447	28,802	226,132
Accumulated Depreciation						
Balance at November 30, 2012	19,748	946	5,983	1,025	727	28,429
Depreciation	23,176	5,995	7,053	422	4,356	41,002
Balance at November 30, 2013	42,924	6,941	13,036	1,447	5,083	69,431
Depreciation	24,553	9,305	10,298	-	5,023	49,179
Balance at August 31, 2014	67,477	16,246	23,334	1,447	10,106	118,610
Net Book Value						
At November 30, 2013	45,478	45,510	43,211	-	23,719	157,918
At August 31, 2014	20,508	36,205	32,113	-	18,696	107,522

5. Exploration and Evaluation Assets

	For the three months ended August 31,		For the nine months ended August 31,	
	2014	2013	2014	2013
	(\$)	(\$)	(\$)	(\$)
Balance at the beginning of period	25,601,192	11,888,007	23,807,802	11,360,781
Mineral properties acquired	5,847	5,315	124,048	19,077
Mineral property option payment	-	-	38,577	93,901
	25,607,039	11,893,322	23,970,427	11,473,759
Foreign currency translation adjustments	(52,261)	(1,067,083)	1,628,873	(647,520)
Write-off of exploration and evaluation assets	(237,500)	-	(282,022)	-
Balance at the end of period	25,317,278	10,826,239	25,317,278	10,826,239

During the nine months ended August 31, 2014, the Company abandoned two mineral properties located in Brazil with acquisition costs of \$282,022. As a result, a write-off of exploration and evaluation assets in the amount of \$282,022 was recorded.

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

	August 31, 2014 (\$)	November 30, 2013 (\$)
Cachoeira	11,352,185	10,603,607
São Jorge	9,622,854	9,000,672
Surubim	3,317,767	3,197,616
Batistão	432,310	404,358
Montes Áureos and Trinta	329,568	308,300
Artulândia	169,788	158,831
Other Exploration and Evaluation Assets	92,806	134,418
Total	25,317,278	23,807,802

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 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 August 31, 2014, the aforementioned payment remains outstanding to certain parties in lieu of the royalty respecting the Cachoeira Project. The Company is

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August 31, 2014 and 2013



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 in addition to other budgeted amounts for the project.

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.

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

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measuring between 1,000,000 to 2,000,000 ounces of gold; and (iii) US\$1.00 per reserve ounce for reserves exceeding 2,000,000 ounces of gold.

Altoro Agreement

BGC entered into an option agreement (the "Altoro Agreement") with Altoro Mineração Ltda. ("Altoro") on November 5, 2010, as amended on December 3, 2010 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.

Montes Áureos and Trinta

On September 30, 2010, the Company entered into the Option and Joint Venture 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:

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- (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 August 31, 2014, 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		For the nine months		For the period from incorporation, September 9, 2009, to August 31, 2014
	ended August 31,		ended August 31,		
	2014	2013	2014	2013	
	(\$)	(\$)	(\$)	(\$)	(\$)
Cachoeira	144,115	453,345	827,331	1,513,767	3,161,078
São Jorge	58,558	-	145,874	-	148,121
Surubim	28,078	-	94,594	-	94,594
Batistão	5,803	-	22,362	-	22,362
Montes Áureos and Trinta	1,944	40,862	8,037	55,300	1,817,908
Artulândia	17,586	162,502	37,607	584,669	1,289,817
Other Exploration Expenses	53,562	4,094	91,072	34,197	258,518
Total	309,646	660,803	1,226,877	2,187,933	6,792,398

6. Investment in Joint Venture

As at August 31, 2014, 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").

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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 August 31,		For the nine months Ended August 31,	
	2014	2013	2014	2013
	(\$)	(\$)	(\$)	(\$)
Balance at the beginning of period	1,702,517	-	1,655,615	-
Funding	39,000	-	144,650	-
Share of losses	(36,078)	-	(94,826)	-
Balance at the end of period	1,705,439	-	1,705,439	-

On April 26, 2013, BGC signed a Share Exchange Agreement with D'Gold Mineral Ltda. ("D'Gold") to acquire D'Gold's remaining 13.05% interest in BVG. In consideration for D'Gold's 13.05% interest, BGC agreed to issue an 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 after 375,000 BGC common shares were issued. 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.

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

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

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 dated March 2008, as amended May 2010 and June 2013, BGC was required to make cash payments in installments totalling R\$4,400,000 in consideration for the acquisition. BGC paid R\$80,000 before the BGC Arrangement. The Company 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 subsequent to August 31, 2014);
- 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.

7. Cash

	As at August 31, 2014 (\$)	As at November 30, 2013 (\$)
Cash consists of:		
Cash at bank and on hand	1,624,280	225,827
Total	1,624,280	225,827

8. Other Receivables

	As at August 31, 2014 (\$)	As at November 30, 2013 (\$)
Goods and service and sales tax receivable	39,882	81,228
Other receivables	16,798	20,406
Total	56,680	101,634

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 and nine months ended August 31, 2014, the Company recorded an unrealized loss of \$5,000 and an unrealized gain of \$5,000 respectively (2013: \$nil and \$nil) in other comprehensive income 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 \$25,000 at August 31, 2014 (November 30, 2013: \$20,000).

10. Accounts Payable and Accrued Liabilities

	As at August 31, 2014 (\$)	As at November 30, 2013 (\$)
Trade payables	620,899	975,125
Accrued liabilities	43,553	112,460
Payroll and tax withholding	24,565	69,914
Total	689,017	1,157,499

11. Provisions

In 2012, eighteen employees of RAC Treinamento Ltda. ("RAC") filed labour lawsuits in Brazil to claim unpaid wages and benefits during the period they worked. 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 labour 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 in insolvency and is not attending court hearings, it is probable that Regent will have to pay the amounts once they are executed, despite the fact that Regent is in compliance with Brazilian labour laws. After payment to the plaintiffs, Regent will have the right of recourse against RAC. The total potential liability amount is estimated at R\$1,229,103 (\$596,247) (November 30, 2013: R\$1,229,103 (\$514,357)). As at August 31, 2014, Regent has deposited R\$104,334 (\$50,613) (November 30, 2013: R\$104,334 (\$47,347)) with various Brazilian government agencies as a guarantee related to these labour lawsuits.

12. Long-Term Obligations

All long-term obligations under the Cachoeira Agreement have been reflected as of August 31, 2014. The cash payments due have been discounted using an interest rate of 10%.

	Note	As at August 31, 2014 (\$)	As at November 30, 2013 (\$)
Stated value as at Cachoeira Closing Date		600,000	600,000
Cash payment	5	(300,000)	-
Discount		(53,679)	(70,687)
		246,321	529,313
Less: current portion		-	(300,000)
Net present value		246,321	229,313

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 December 31, 2013, the Company completed a non-brokered private placement (the "Private Placement") of 11,650,620 units of the Company (each, a "Unit") at \$0.55 per Unit for aggregate gross proceeds of \$6,407,841, with each Unit consisting of one BRI Share and one share purchase warrant (each, a "BRI Warrant"). Each BRI Warrant entitles the holder thereof to purchase one BRI Share of the Company at an exercise price of \$0.75 at any time within 60 months from the closing date, subject to acceleration in certain circumstances in accordance with the terms of the warrant indenture governing the Warrants. The Units, BRI Shares and BRI Warrants issued under the Private Placement are subject to a hold period expiring on May 1, 2014 in accordance with the rules and policies of the TSX-V and applicable Canadian securities laws and such other further restrictions as may apply under foreign securities laws. The BRI Warrants are listed on the TSX-V under the symbol "BRI.WT".

In connection with the 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 \$231,761, in accordance with the policies of the TSX-V. Other share issuance costs total \$80,600.

The BRI Shares are valued at the Company's closing price of \$0.50 at December 31, 2013, and the BRI Warrants are valued using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2013
Risk-free interest rate	1.94%
Expected life (years)	5.00
Expected volatility	90.84%
Expected dividend yield	0.00%

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The fair value of BRI Shares and BRI Warrants are allocated to the net proceeds from the 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	5,825,310
Fair value of BRI Warrants	3,732,859
Total fair value before allocation to net proceeds	9,558,169
Gross proceeds	6,407,841
Share issuance costs	(312,361)
Net proceeds received	6,095,480
Relative fair value allocation to:	
BRI Shares	3,714,944
BRI Warrants	2,380,536
	6,095,480

13.3 Issued Capital

	Number of Shares	Amount (\$)
Balance at November 30, 2012	41,330,147	15,785,863
Balance at May 31, 2013	41,330,147	15,785,863
Balance at August 31, 2013	41,330,147	15,785,863
Issued pursuant to the Cachoeira Agreement	1,214,000	1,432,520
Issued pursuant to the BGC Arrangement	17,884,682	12,876,971
Issued pursuant to the Montes Áureos Agreement	100,000	80,000
Balance at November 30, 2013	60,528,829	30,175,354
Private Placement @ \$0.55 per Unit	11,650,620	4,027,305
Share issuance costs	-	(312,361)
Issued on exercise of share options	12,500	13,750
Issued pursuant to the BGC Arrangement	308,474	222,101
Balance at May 31, 2014	72,500,423	34,126,149
Balance at August 31, 2014	72,500,423	34,126,149

13.4 Share Issuance Obligations

	Share Issuance Obligations (\$)
Balance at November 30, 2012	8,365,040
Balance at May 31, 2013	8,365,040
Balance at August 31, 2013	8,365,040
Issued pursuant to the Cachoeira Agreement 2 nd Payment	(1,432,520)
Pursuant to the BGC Arrangement:	
Deferred compensation and directors fees – 243,974 BRI Shares @ \$0.72 per share	175,661
D'Gold - 129,000 BRI Shares @ \$0.72 per share	92,880
Balance at November 30, 2013	7,201,061
Issued pursuant to the BGC Arrangement deferred compensation and directors fees	(175,661)
Issued pursuant to the BGC Arrangement D'Gold	(46,440)
Balance at May 31, 2014	6,978,960
Balance at August 31, 2014	6,978,960

13.5 Reserves

	Share Options (\$)	BRI Warrants (\$)	Total (\$)
Balance at November 30, 2012	1,127,199	-	1,127,199
Share-based compensation	46,592	-	46,592
Balance at May 31, 2013	1,173,791	-	1,173,791
Share-based compensation	9,499	-	9,499
Balance at August 31, 2013	1,183,290	-	1,183,290
Share-based compensation	8,046	-	8,046
Balance at November 30, 2013	1,191,336	-	1,191,336
Issuance of BRI Warrants	-	2,380,536	2,380,536
Share-based compensation	(2,392)	-	(2,392)
Balance at May 31, 2014	1,188,944	2,380,536	3,569,480
Share-based compensation	265	-	265
Balance at August 31, 2014	1,189,209	2,380,536	3,569,745

13.6 Warrants

	Number of BRI Warrants	Weighted Average Exercise Price (\$)
Balance at November 30, 2012	-	-
Balance at May 31, 2013	-	-
Balance at August 31, 2013	-	-
Balance at November 30, 2013	-	-
Granted	11,650,620	0.75
Balance at May 31, 2014	11,650,620	0.75
Balance at August 31, 2014	11,650,620	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, 2012	2,003,750	1.22
Granted	115,000	1.04
Expired/Forfeited	(103,750)	1.20
Balance at May 31, 2013	2,015,000	1.21
Expired/Forfeited	(100,000)	0.90
Balance at August 31, 2013	1,915,000	1.22
Expired/Forfeited	(10,000)	1.20
Balance at November 30, 2013	1,905,000	1.22
Expired/Forfeited	(100,000)	0.96
Balance at May 31, 2014	1,805,000	1.24
Expired/Forfeited	(25,000)	1.26
Balance at August 31, 2014	1,780,000	1.24

A summary of Options outstanding and exercisable at August 31, 2014:

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)
\$1.03 to \$1.15	65,000	1.06	3.41	65,000	1.06	3.41
\$1.16 to \$1.25	1,265,000	1.20	2.10	1,265,000	1.20	2.10
\$1.26 to \$1.40	300,000	1.30	1.89	300,000	1.30	1.89
\$1.41 to \$1.50	150,000	1.50	2.44	150,000	1.50	2.44
	1,780,000	1.24	2.14	1,780,000	1.24	2.14

The fair value of the Options recognized as expense during the three and nine months ended August 31, 2014 was \$265 and (\$2,127) respectively (2013: \$9,499 and \$56,091) 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 and cash equivalents.

At August 31, 2014, 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 uses the following hierarchy for determining and disclosing fair value of financial instruments:

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

The following table sets forth the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at August 31, 2014, those financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement.

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial Assets				
Cash	1,624,280	-	-	1,624,280
Available-for-sale securities	25,000	-	-	25,000
Financial Liabilities				
Due to related parties	-	-	4,200	4,200
Long-term obligations	-	246,321	-	246,321

The carrying values of other receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The Company assessed that there were no indicators of impairment for these financial instruments.

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 August 31, 2014 (\$)	As at November 30, 2013 (\$)
Assets		
United States Dollar	14,447	65,318
Brazilian Real	78,263	35,360
Paraguayan Guarani	3,923	3,841
Total	96,633	104,519

The Company's sensitivity analysis suggests that a consistent 5% change in the foreign currencies to Canadian dollar exchange rate on the Company's financial instruments based on balances at August 31, 2014 would be \$4,832 (November 30, 2013: \$5,226).

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 August 31, 2014, 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 August 31, 2014 was \$559,186.

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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 August 31, 2014 (\$)		As at November 30, 2013 (\$)	
	Due within		Due within	
	1 year	2-5 years	1 year	2-5 years
Accounts payable and accrued liabilities	689,017	-	1,157,499	-
Due to related parties	4,200	-	5,289	-
Current portion of long-term obligations	-	-	300,000	-
Long-term obligations	-	246,321	-	229,313
Total	693,217	246,321	1,462,788	229,313

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 and nine months ended August 31, 2014, the Company incurred \$12,000 and \$36,000 respectively (2013: \$12,000 and \$36,000) 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 August 31, 2014, \$4,200 was payable to such related party (November 30, 2013: \$4,200).
- During the three and nine months ended August 31, 2014, the Company incurred \$1,050 and \$3,338 respectively (2013: \$2,466 and \$9,029) in general and administrative expenses related to website design, hosting services and marketing services paid to a company controlled by a direct family member of a director. The fees paid were commensurate to fees charged to other clients for similar services provided. As at August 31, 2014, no amounts were due or payable to such related party (November 30, 2013: \$1,089).

Related party transactions are entered into based on normal market conditions at the amounts agreed to by the parties. As at August 31, 2014, the Company has not entered into any contracts or undertaken any commitment or obligation with any related parties other than as disclosed herein.

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**16.2 Transactions with Key Management Personnel**

	For the three months ended August 31,		For the nine months ended August 31,	
	2014	2013	2014	2013
	(\$)	(\$)	(\$)	(\$)
Fees, salaries and benefits ⁽¹⁾	50,970	39,695	150,410	145,760
Total	50,970	39,695	150,410	145,760

(1) Total directors' fees, salaries and benefits of \$612,876 disclosed on the consolidated statement of comprehensive loss for the nine months ended August 31, 2014 includes \$150,410 paid to the Company's Chief Executive Officer and Chief Financial Officer, \$200,250 in directors' fees paid to the Company's directors, and \$262,216 paid for employees' salaries and benefits. Total directors' fees, salaries and benefits of \$537,535 disclosed on the consolidated statement of comprehensive loss for the nine months ended August 31, 2013 includes \$145,760 paid to the Company's Chief Executive Officer and Chief Financial Officer, \$185,250 in directors' fees paid to the Company's directors, and \$206,525 paid for employees' salaries and benefits.

Total compensation payable, including share-based compensation, to key members of management and directors for the three and nine months ended August 31, 2014 was \$50,970 and \$150,410 respectively (2013: \$39,695 and \$145,760). Compensation is comprised entirely of employment and similar forms of remuneration. Management includes the Chief Executive Officer and Chief Financial Officer, who are also directors of the Company.

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 and total liabilities and operating loss by geographical location are detailed below:

	Total assets		Total liabilities	
	As at August 31, 2014	As at November 30, 2013	As at August 31, 2014	As at November 30, 2013
	(\$)	(\$)	(\$)	(\$)
Canada	1,757,060	334,168	801,903	1,423,155
Brazil	27,170,053	25,614,237	732,064	745,196
Paraguay	51,776	99,254	1,818	38,107
	28,978,889	26,047,659	1,535,785	2,206,458

	For the three months ended		For the nine months ended	
	August 31, 2014	August 31, 2013	August 31, 2014	August 31, 2013
	(\$)	(\$)	(\$)	(\$)
Canada	482,492	393,878	2,095,480	1,803,804
Brazil	678,208	726,382	1,918,697	2,282,722
Paraguay	4,500	5,373	21,801	15,570
	1,165,200	1,125,633	4,035,978	4,102,096

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 August 31, 2014, the Company has entered into consulting agreement and land owner surface rights agreements which require the Company to pay the following amounts for the following period:

	Amount (\$)
2014	41,998
2015	34,772
2016	4,366
Total	81,136

The Company is renting or leasing various offices located in Canada and Brazil with total monthly payments of \$9,658. Office lease agreements expire between October 2014 and January 2016.

19. Subsequent Events

During the period, there were no material subsequent events.