

Interim Consolidated Financial Statements  
(Expressed in U.S. dollars)

**BRAZILIAN RESOURCES, INC.**  
(Unaudited)

March 31, 2009 and 2008

(An accounting firm has not audited or reviewed  
these financial statements)

# BRAZILIAN RESOURCES, INC.

Interim Consolidated Balance Sheets  
(Expressed in U.S. dollars)

	March 31, 2009	December 31, 2008
<b>Assets</b>	(Unaudited)	
Current Assets		
Cash and cash equivalents	\$ 90,690	\$ 370,017
Prepaid expenses and sundry receivables	497,954	544,816
	588,644	914,833
Property, plant and equipment	1,086,864	1,100,164
Mineral properties and exploration (Note 4)	8,597,512	8,597,512
Investment in Jaguar Mining, Inc.	9,565,370	8,222,634
Other investment	4,862	4,862
	\$ 19,843,252	\$ 18,840,005
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Accounts payable	\$ 1,905,739	\$ 1,779,346
Accrued interest	125,205	115,052
Income taxes payable	37,586	37,235
Due to related parties	163,337	161,814
Due to non-controlling Petrocal shareholders (Note 4)	4,415,330	4,415,330
Current portion of loans payable (Note 5)	1,072,979	940,533
	7,720,176	7,449,310
Loans payable (Note 5)	19,580	20,800
Future tax liability	2,180,876	2,160,534
Other payables	46,524	53,578
	9,967,156	9,684,222
Shareholders' Equity:		
Capital stock	22,892,131	22,892,131
Warrants	397,100	397,100
Stock options (Note 6)	397,149	395,716
Contributed surplus	1,120,598	1,120,598
Deficit	(18,990,635)	(18,898,636)
Accumulated other comprehensive income	4,059,753	3,248,874
	9,876,096	9,155,783
Basis of Presentation and Going Concern (Note 1)		
	\$ 19,843,252	\$ 18,840,005

See accompanying notes to the interim consolidated financial statements.

On behalf of the Board:

**"R. Lloyd"** \_\_\_\_\_, Director

**"J. Kirchhoff"** \_\_\_\_\_, Director

# BRAZILIAN RESOURCES, INC.

Interim Consolidated Statements of Operations and Deficit and Comprehensive Income (Loss)  
 (Expressed in U.S. dollars)  
 (Unaudited)

	Three Months Ended March 31,	
	2009	2008
Expenses (income):		
Professional fees	\$ 95,161	\$ 469,554
Consulting expenses	171,889	200,026
General and administrative expenses	218,501	462,339
Interest	32,320	381,008
Depreciation	13,297	15,432
Salaries and employee benefits	70,172	164,673
Stock based compensation	1,433	10,382
(Gain) loss on foreign exchange	19,604	(83,368)
Other (income) expense	(9,376)	(41,605)
Other taxes	10,857	36,990
Loss before income tax	(623,858)	(1,615,431)
Future income tax recovery	(531,859)	(414,331)
Loss from continuing operations	(91,999)	(1,201,100)
Loss from discontinued operations (Note 3)	-	(1,862,216)
Net loss	(91,999)	(3,063,316)
Deficit, beginning of period	(18,898,636)	(23,519,355)
Deficit, end of period	\$ (18,990,635)	\$ (26,582,671)
Basic and diluted loss per share (Note 7)	\$ (0.00)	\$ (0.03)
Weighted average number of common shares outstanding (Note 7)	101,085,532	108,429,689
<b>Statement of Comprehensive Income (Loss)</b>		
Net loss	\$ (91,999)	\$ (3,063,316)
Other comprehensive income (loss), net of tax	810,879	(3,534,106)
Comprehensive income (loss)	\$ 718,880	\$ (6,597,422)

See accompanying notes to the interim consolidated financial statements.

## Brazilian Resources, Inc.

Statement of Shareholders Equity  
(Expressed in U.S. Dollars)  
(Unaudited)

	Capital Stock	Warrants	Options	Equity		Deficit	Accumulated Other Comprehensive Income	Total				
				Component of Convertible Debtentures	Contributed Surplus							
Balance, December 31, 2007	108,072,124	\$ 24,785,644	23,000,000	\$ 319,571	9,687,157	\$ 480,403	\$ 326,305	\$ 46,700	\$ (23,519,356)	\$ 22,692,806	\$ 25,132,073	
Options exercised	2,254,928	285,395	-	-	(2,254,928)	(53,892)	-	-	-	-	-	231,503
Stock based compensation	-	-	-	-	175,000	10,381	-	-	-	-	-	10,381
Net loss for the period	-	-	-	-	-	-	-	-	-	(3,063,316)	-	(3,063,316)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-	(3,534,106)	(3,534,106)
<b>Balance, March 31, 2008</b>	<b>110,327,052</b>	<b>\$ 25,071,039</b>	<b>23,000,000</b>	<b>\$ 319,571</b>	<b>7,607,229</b>	<b>\$ 436,892</b>	<b>\$ 326,305</b>	<b>\$ 46,700</b>	<b>\$ (26,582,672)</b>	<b>\$ 19,158,700</b>	<b>\$ 18,776,535</b>	
Balance, December 31, 2008	101,085,532	\$ 22,892,131	8,750,000	\$ 397,100	6,006,209	\$ 395,716	\$ -	\$ 1,120,598	\$ (18,898,636)	\$ 3,248,874	\$ 9,155,783	
Stock based compensation	-	-	-	-	150,000	1,433	-	-	-	-	-	1,433
Net loss for the period	-	-	-	-	-	-	-	-	(91,999)	-	-	(91,999)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	810,879	810,879
<b>Balance, March 31, 2009</b>	<b>101,085,532</b>	<b>\$ 22,892,131</b>	<b>8,750,000</b>	<b>\$ 397,100</b>	<b>6,156,209</b>	<b>\$ 397,149</b>	<b>\$ -</b>	<b>\$ 1,120,598</b>	<b>\$ (18,990,635)</b>	<b>\$ 4,059,753</b>	<b>\$ 9,876,096</b>	

See accompanying notes to the interim consolidated financial statements.

# BRAZILIAN RESOURCES, INC.

Interim Consolidated Statements of Cash Flows  
(Expressed in U.S. dollars)  
(unaudited)

	Three Months Ended	
	March 31,	
	2009	2008
Cash provided by (used in):		
Operating Activities:		
Net loss from continuing operations	\$ (91,999)	\$ (1,201,100)
Items not involving cash from continuing operations:		
Depreciation and amortization	13,297	15,432
Stock based compensation	1,433	10,382
Non-cash management fees and interest	15,984	139,963
Future income tax recovery	(531,859)	(532,154)
Unrealized foreign exchange (gain) loss	19,412	(136,486)
Change in non-cash working capital:		
Prepaid expenses and sundry assets	46,867	(17,566)
Accounts payable	118,048	718,518
Accrued interest	10,153	83,440
Long term taxes payable	(7,055)	110,251
Cash flows used in continuing operations	(405,719)	(809,320)
Cash flows used in discontinued operations	-	(619,813)
Cash flows provided by operating activities	(405,719)	(1,429,133)
Financing Activities:		
Increase in debt	124,868	1,712,344
Issuance of common shares and warrants	-	148,066
Related party payable	1,524	15,643
Cash flows provided by continuing operations	126,392	1,876,053
Cash flows provided by discontinued operations	-	55,370
Cash flows provided by financing activities	126,392	1,931,423
Investing Activities:		
Purchase of property, plant and equipment	-	(69,297)
Cash flows used in continuing operations	-	(69,297)
Cash flows provided by discontinued operations	-	442,734
Cash flows provided by financing activities	-	373,437
Increase (decrease) in cash for the period	(279,327)	875,728
Cash and cash equivalents, beginning of period	370,017	551,050
Cash and cash equivalents, end of period	\$ 90,690	\$ 1,426,778

See accompanying notes to the interim consolidated financial statements.

# BRAZILIAN RESOURCES, INC.

Notes to Interim Consolidated Financial Statements (continued)  
(Expressed in U.S. dollars)  
(Unaudited)  
Three months ended March 31, 2009 and 2008

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## 1. Basis of Presentation and Going Concern:

These interim consolidated financial statements have been prepared on a going concern basis whereby the Company is assumed to be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to continue as a going concern is dependant upon its ability to finance current and future operations. The Company is considering a number of alternatives to secure additional capital including additional credit facilities or equity financing, however the ultimate success of additional sources of financing are uncertain and there is no assurance that these initiatives would be successful or sufficient. The Company has a working capital deficiency of \$7,131,532. In addition, as of March 31, 2009, the Company has \$3,828,336 available under its current credit line and this amount will fluctuate based on the market value of the 1,291,692 common shares of Jaguar Mining Inc. ("Jaguar") used as security under the credit facility (Note 5(b)). Management believes that the Company has sufficient cash to carry out its planned operations beyond 2009. Failure to secure additional credit facilities or equity funding raises substantial doubt that the Company could fully implement its long-term business objectives.

The recoverability of the amounts shown for mineral interests is dependent on the existence of economically recoverable reserves, the ability to obtain financing to complete the development of such reserves and meet the Company's obligations under various agreements and the success of future operations or dispositions.

The interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption was not appropriate for these interim consolidated financial statements, then adjustments would be necessary in the carrying value of assets such as mineral interests, and liabilities, the reported expenses, and the balance sheet classifications used.

## 2. Significant Accounting Policies:

Other than the changes in accounting policies noted below, the interim consolidated financial statements of Brazilian Resources, Inc. (the "Company") follow the same accounting policies and methods of application as the annual audited consolidated financial statements. The interim consolidated financial statements do not contain all disclosures as required by Canadian generally accepted accounting principles and accordingly should be read in conjunction with the Company's annual audited consolidated financial statements.

(a) Effective January 1, 2009 the Company adopted the following new CICA Handbook Standards:

(i) Income Taxes:

In August 2008, the CICA issued the Emerging Issues Committee (EIC) Abstract 172- Income Statement Presentation of a Tax Loss Carryforward Recognized Following an Unrealized Gain Recorded in Other Comprehensive Income. EIC-172 provides that the tax benefit from the recognition of previously unrecognized tax loss carryforwards consequent to the recording of unrealized gains on available for sale financial assets in other comprehensive income should be recognized in net income. This accounting standard is to be applied retrospectively, with restatement of prior periods from the date of adoption.

# BRAZILIAN RESOURCES, INC.

Notes to Interim Consolidated Financial Statements (continued)  
(Expressed in U.S. dollars)  
(Unaudited)  
Three months ended March 31, 2009 and 2008

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## 2. Significant Accounting Policies (continued):

(a) Effective January 1, 2009 the Company adopted the following new CICA Handbook Standards (continued):

(ii) Credit Risk and Fair Value of Financial Assets and Liabilities:

In January 2009, the CICA issued the Emerging Issues Committee Abstract EIC-173, Credit Risk and the Fair Value of Financial Assets and Liabilities effective for interim and annual financial statements ending on or after January 20, 2009. Earlier adoption of this abstract is permitted. EIC-173 provides further information on the determination of the fair value of the financial assets and the financial liabilities under Section 3855, Financial Instruments- Recognition and Measurement. It states that an entity's own credit and the credit risk of the counterparty should be taken into accounting in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 should be applied retrospectively, without restatement of prior periods to all financial assets and liabilities measured at fair value. Adoption of this standard did not have any material impact on the Company's financial statements.

(iii) Goodwill and Intangible Assets:

In January 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, which replaced Section 3062, Goodwill and Other Intangible Assets, and resulted in the withdrawal of Section 3450, Research and Development Costs and Emerging Issues Committee ("EIC") Abstract 27, Revenues and Expenditures during the Pre-operating Period, and amendments to Accounting Guideline ("AcG") 11, Enterprises in the Development Stage. The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition as well as clarifying the application of the concept of matching revenues and expenses, whether these assets are separately acquired or internally developed. This standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Adoption of these standards did not have a material impact on the Company's financial statements.

(b) The following new CICA Handbook Standards have been issued but not yet implemented:

(i) Consolidated Financial Statements and Non-Controlling Interests:

In January 2009, the CICA issued Handbook Section 1601-Consolidated Financial Statements and Section 1602- Non-Controlling Interests effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of these Sections is permitted. These pronouncements further align Canadian GAAP with US GAAP and IFRS. Sections 1601 and 1602 change the accounting and reporting for ownership interest in subsidiaries held by parties other than the parent. Non-controlling interests are to be presented in the consolidated statement of financial position within equity but separate from the parent's equity. The amount of consolidated net income attributable to the parent and to the non-controlling interest is to be clearly identified and presented on the face of the consolidated statement on income. In addition, these pronouncements establish standards for a change in a parent's ownership interest in a subsidiary and the valuation of retained non-controlling equity. They also establish reporting requirements for providing sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. The Company is currently considering the impacts of adopting these pronouncements on its consolidated financial statements in fiscal 2011.

# BRAZILIAN RESOURCES, INC.

Notes to Interim Consolidated Financial Statements (continued)  
(Expressed in U.S. dollars)  
(Unaudited)  
Three months ended March 31, 2009 and 2008

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## 2. Significant Accounting Policies (continued)

(b) The following new CICA Handbook Standards have been issued but not yet implemented:

(ii) Business Combinations:

In January 2009, the CICA issued the new Handbook Section 1582-Business Combinations, effective for fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted. The pronouncement further aligns Canadian GAAP with US GAAP and International Financials Reporting Standards ("IFRS") and changes the accounting for business combinations in a number of areas. It established principals and requirements governing how an acquiring company recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, any non-controlling interest in the acquiree, and goodwill acquired. The section also established disclosure requirements that will enable users of the acquiring company's financial statements to evaluate the nature and financial effects of its business combinations. Adoption of this pronouncement is limited to any future acquisitions beginning in fiscal 2011.

(iii) Adoption of International Financial Reporting Standards:

In January 2006, the Accounting Standards Board announced its decision to require all publically accountable enterprises to report under International Financial Reporting Standards ("IFRS") for year beginning on or after January 1, 2011. These changes reflect a global shift to IFRS and they are intended to facilitate capital flows and bring greater clarity and consistency to financial reporting in the global marketplace. The Company is in the process of completing the scoping phase of its conversion plan, which has a timeline for assessing resources, training, analyzing key differences and selecting account policies under IFRS.

## 3. Discontinued Operations:

On August 11, 2008 PML filed for Judicial Restructuring in Brazil. On September 5, 2008, the Company received the court decision ordering commencement of the proceedings. Management agreed to shut down the operations of PML effective September 3, 2008. Subsequent to the filing and operational shut down; it became apparent to management that PML was insolvent.

The Company is not responsible for PML's debts other than those for unpaid salaries or unremitted taxes. Based on the current restructuring plan presented to the court, the Company currently believes that PML should have sufficient resources to be able to pay these liabilities as they are the highest priority on the creditor list. In addition, the Company and the 50% joint owner, IMS have guaranteed the payment of the Net Smelter Royalty ("NSR") to Mineração Serras do Oeste Ltda. ("MSOL") in the event of non-payment by PML. At March 31, 2009 the Company's proportional share of the NSR is \$581,746. This amount is included in accounts payable on the interim consolidated balance sheet.

As a result of the Judicial Restructuring, the Company no longer exerts control or has significant influence over PML. The financial results of PML have been deconsolidated effective August 31, 2008. Therefore, the Company will no longer use the proportional consolidation method to include the 49% interest in PML in the interim consolidated financial statements. The Company's investment in PML was classified as held-for-trading and its carrying value was valued at zero. PML's activities are also considered as "Discontinued Operations" in the interim consolidated financial statements of the Company.

# BRAZILIAN RESOURCES, INC.

Notes to Interim Consolidated Financial Statements (continued)  
(Expressed in U.S. dollars)  
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Three months ended March 31, 2009 and 2008

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### 3. Discontinued Operations (continued):

The results of PML were reclassified and disclosed in the interim consolidated statements of operations as "Loss from discontinued operations", while cash flows related to these operations were reclassified and disclosed in the interim consolidated statements of cash flows as "Cash flows (used in) provided by discontinued operations."

### 4. Acquisition of Petrocal Indústria e Comércio de Cal S.A.:

On April 2, 2008, the Company, through BrasAgro, acquired a limestone mineral property through the purchase of 80% of the quota shares of Petrocal. The purchase price of \$5,684,618 (R\$9,819,040) is due to the non-controlling shareholders of Petrocal and security is provided by the quota shares acquired. The amount is non-interest bearing.

During 2008, the Company renegotiated its payment schedule with Petrocal. The balance due at December 31, 2008, \$4,415,330 (R\$8,468,360), was initially due on September 17, 2008. This was later extended to February 27, 2009. Subsequent to March 31, 2009 the Company did not pay the remaining balance due. On April 30, 2009 the terms of the agreement were renegotiated to retain the Company's 80% ownership and set new payment terms. The renegotiated payment terms are as follows: the first installment of \$200,000 was due on signing of the April 30, 2009 amendment and was paid May 11, 2009; the second installment of \$150,000 was due on May 30, 2009, the third installment of \$65,330 is due 10 days after the after the documentation confirming the renovation for the environmental installation license has been received and the remaining balance of \$4,000,000 is due March 2010. The second and third installments were paid on June 15, 2009. The parties agreed on a fixed exchange rate of R\$2.00 per US\$1.00 which will be used if the exchange rate on the date of the any payment is lower than R\$2.00.

The transaction was accounted for as an asset acquisition. As the tax basis of the asset is lower than its cost, future income tax has been recognized at the time of acquisition and added to the cost of the asset.

The purchase price of \$5,684,618 (R\$9,819,040) was allocated as follows:

Current assets	\$	11,073
Mineral property		8,597,512
Current liabilities		(813)
Future income taxes		(2,923,154)
	\$	5,684,618

### 5. Loans Payable:

	March 31, 2009	December 31, 2008
(a) Auto loan	\$ 24,325	\$ 25,457
(b) Credit line	1,068,234	935,876
	1,092,559	961,333
Less current portion	(1,072,979)	(940,533)
	\$ 19,580	\$ 20,800

(a) In November 2008, the Company purchased a vehicle financed by a loan. The loan payable bears interest at 7.49% per annum and is repayable over 60 months. The loan is secured by the related vehicle.

# BRAZILIAN RESOURCES, INC.

Notes to Interim Consolidated Financial Statements (continued)  
 (Expressed in U.S. dollars)  
 (Unaudited)  
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## 5. Loans Payable (continued):

(b) In July 2005, the Company obtained a credit facility. The demand credit facility bears interest at U.S. LIBOR plus 1% per annum, 1.5% at March 31, 2009 (1.4% -December 31, 2008). The amount of the credit line varies with the value of the security, with available borrowing power of 50% of the market value of the Jaguar shares less any outstanding balances. The Company had 1,291,692 shares of Jaguar on deposit as security at March 31, 2009, resulting in an available credit facility of \$3,828,336 (1,291,692 shares at December 31, 2008 for an available credit facility of \$3,290,935).

During the year ended December 31, 2008 the Company obtained and repaid a bridge loan. The loan included options to acquire 50,000 Jaguar shares owned by the Company at \$15 per share for a period of two years from the closing date. In the event that option is not exercised by its expiration date, the Company will pay an expiration fee of \$50,000 (prorated in the event of any partial option exercise). This amount is included in accounts payable on the interim consolidated balance sheet.

## 6. Stock Options:

	<b>Number</b>
Balance, December 31, 2007	9,687,157
Expired, unvested	(18,000)
Expired, vested	(824,540)
Exercised	(3,013,408)
Granted	175,000
<b>Balance, December 31, 2008</b>	<b>6,006,209</b>
Granted	150,000
<b>Balance, March 31, 2009</b>	<b>6,156,209</b>

## 7. Income (Loss) Per Share:

Income per share related to continuing operations:

	<b>March 31, 2009</b>	<b>March 31, 2008</b>
Numerator:		
Net income from continuing operations	\$ (91,999)	\$ (1,201,100)
Denominator:		
Weighted average number of shares outstanding	101,085,532	108,429,689
Basic and diluted net income per share from continuing operations	\$ 0.00	\$ (0.01)

Loss per share related to discontinued operations (note 3):

	<b>March 31, 2009</b>	<b>March 31, 2008</b>
Numerator:		
Net loss from discontinued operations	\$ -	\$ (1,862,216)
Denominator:		
Weighted average number of shares outstanding	101,085,532	108,429,689
Basic and diluted net loss per share from discontinued operations	\$ 0.00	\$ (0.02)

# BRAZILIAN RESOURCES, INC.

Notes to Interim Consolidated Financial Statements (continued)  
 (Expressed in U.S. dollars)  
 (Unaudited)  
 Three months ended March 31, 2009 and 2008

## 7. Income (Loss) Per Share (continued):

Income (loss) per share related to all operations:

	March 31, 2009	March 31, 2008
Numerator:		
Net income (loss) from all operations	\$ (91,999)	\$ (3,063,318)
Denominator:		
Weighted average number of shares outstanding	101,085,532	108,429,689
Basic and diluted net income (loss) per share from all operations	\$ 0.00	\$ (0.03)

The determination of the weighted average number of shares outstanding for the calculation of diluted net loss per share does not include the effect of outstanding warrants and options since they are anti-dilutive.

## 8. Related Party Transactions:

In addition to other transactions disclosed elsewhere in these interim consolidated financial statements related to Jaguar and IMS, the following are the remaining related party transactions entered in to by the Company:

- (a) On January 31, 2006 the Company, along with IMS, entered into a Pledge Agreement whereby the Company pledged 322,000 of its Jaguar shares, and IMS pledged 1,078,000 of its Jaguar shares as security for a financing agreement between Prometalica Centro Oeste Ltda. ("PMCO") and certain creditors.
- (b) The Company provides administrative services and use of administrative offices to Jaguar. As a result, the Company recorded occupancy income of \$45,000 (\$45,000 -March 31, 2008) and administrative service income of \$143,592 (\$117,738 -March 31, 2008). The occupancy income and administrative service income is included in the statement of operations, deficit and other comprehensive income. At March 31, 2009 accounts receivable included \$53,260 due from Jaguar (\$116,899 accounts payable at March 31, 2008).

All related party transactions are in the normal course of operations and have been recorded at the exchange amount, which the parties believe to be fair value.

## 9. Commitments:

The Company's commitments and related interest at March 31, 2009 are summarized as follows:

	Payments due in \$ 000's				
	1 Year	2-3 Years	4-5 Years	5 + Years	Total Due
Accounts payable and accrued liabilities	\$ 2,077	\$ -	\$ -	\$ -	\$ 2,077
Current taxes payable	38	-	-	-	38
Due to related parties	-	163	-	-	163
Due to non-controlling Petrocal shareholders	4,415	-	-	-	4,415
Loans payable	1,073	11	9	-	1,093
<b>Total</b>	<b>\$ 7,603</b>	<b>\$ 174</b>	<b>\$ 9</b>	<b>\$ -</b>	<b>\$ 7,786</b>