

**BRAZILIAN RESOURCES, INC.**  
**Management's Discussion and Analysis**  
**of Financial Condition and Results of Operations**  
**in respect of the three and nine months ended September 30, 2009**

This Management's Discussion and Analysis has been prepared as of November 30, 2009 and should be read in conjunction with the unaudited interim consolidated financial statements of Brazilian Resources, Inc. (the "Company") for the three and nine months ended September 30, 2009 with comparative figures for the three and nine months ended September 30, 2008 and the annual audited consolidated financial statements of the Company for the years ended December 31, 2008 and 2007. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. All amounts are expressed in U.S. Dollars ("US\$"), the Company's functional currency, unless otherwise indicated. However, a significant portion of the Company's expenses are incurred in Brazilian reais ("R\$").

The Company's ability to meet its targets and to execute on its strategy is subject to the various risks and assumptions that can be found in the "Forward-Looking Statements" below.

**FORWARD-LOOKING STATEMENTS**

Certain statements in this Management's Discussion and Analysis ("MD&A") constitute "Forward-Looking Statements" within the meaning of Canadian securities legislation. These Forward-Looking Statements include, among others, statements concerning the Company's future objectives. Forward-Looking Statements can be identified by the use of words such as "are expected", "is forecast", "is targeted", "approximately" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-Looking Statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the Forward-Looking Statements. These factors include but are not limited to: the inherent risks and uncertainties involved in the exploration and development of mineral properties; the uncertainties involved in interpreting drilling results and other ecological data; fluctuating gold and base metal prices; fluctuating monetary exchange rates; the possibility of project cost delays and overruns or unanticipated costs and expenses; uncertainties relating to the availability and costs of financing needed in the future; uncertainties related to production commencement and rates thereafter, timing of production and the cash and total costs of production; changes in applicable laws including laws related to mining development, environmental protection, and the protection of the health and safety of mine workers; the availability of labor and equipment; the possibility of labor strikes and work stoppages; the ability of the Company to initiate and complete various corporate transactions with third parties; the enactment of laws and regulations allowing the export of irradiated food products from Brazil and the import to the United States and the timing and enforcement thereof; the ability of the Company to establish commercial relationships with third-party agricultural growers in Brazil and food wholesalers/retailers in the United States in sufficient quantity, on commercially feasible and reasonable terms or at all; the ability of the Company to seek and develop new businesses; and changes in general economic conditions. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in Forward-Looking Statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

These Forward-Looking Statements represent our views as of the date of this discussion. The Company anticipates that subsequent events and developments may cause the Company's views to change. The Company does not intend to update each and every Forward-Looking Statement, either written or oral, that may be made from time to time by or on behalf of the Company subsequent to the date of this discussion except as required by law.

Further information about the Company is available on System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

## OVERVIEW

Brazilian Resources, Inc. is a company with expertise in seeking, evaluating, financing and owning interests in mining, agriculture, infrastructure, and other industries in Brazil. Corporate offices are located in Concord, New Hampshire, USA. The Company is a U.S. company and a reporting issuer in the Provinces of Alberta, British Columbia and Ontario, Canada.

## AGRICULTURE & INFRASTRUCTURE

### ***SecureFoods, Inc. (“SecureFoods”)***

Brazil is one of the largest agricultural producing countries in the world. In June 2001 the Company formed SecureFoods, a U.S.-based wholly-owned subsidiary, intending to develop gamma ray ionization facilities in Brazil and export treated food products to North America. SecureFoods has obtained exclusive rights in Brazil to an irradiation technology particularly well suited for application to food.

Gamma ray ionization is a process that exposes food products to a controlled amount of radiant energy. The irradiation process extends the shelf life of many agricultural products, thus permitting the opportunity for more cost effective transportation of these foods as well as extending the time for consumption. This process will also neutralize harmful bacteria like e-coli and salmonella. The Company believes this technology will replace many outdated food sanitation treatment processes necessary for food importation to the U.S.

All necessary permits and approvals have either been received, applied for or are in process except permits and approvals that are premature to obtain. It is expected that the additional licenses will be obtained when needed. The Company’s wholly-owned Brazilian subsidiary, Gamma - Serviços de Irradiação Ltda, has acquired a property where the first irradiator facility is expected to be built. This facility is expected to house four irradiators with possible expansion to eight. SecureFoods has identified four other municipalities as potential locations for additional facilities as demand grows. The Company believes it has a significant advantage by being the first in Brazil to begin this process with exclusive equipment usage rights, as noted above.

Initially, SecureFoods plans to be a value-added service provider to exporters of fruits and vegetables to the U.S. In addition, SecureFoods plans to purchase, treat and export its own fruits and vegetables. The Company is also working to develop the market in the U.S. for the Brazilian irradiated products. With heightened consumer awareness for food safety coupled with reduced transportation costs and increased shelf life, the Company believes SecureFoods offers an opportunity to generate significant cash flow. The Company is currently seeking suitable financing in order to commence construction of its first facility in 2010.

### ***BrasAgro Fertilizantes Minerais Ltda. (“BrasAgro”)***

The Company invested in a feasibility study, conducted by TechnoMine Services LLC (“TechnoMine”), to determine if it should exercise its option to acquire an 80% stake in Petrocal Indústria e Comércio de Cal S.A. (“Petrocal”), the owner of a limestone property in Brazil. Based on the favorable results of the study, the Company acquired 80% of Petrocal through BrasAgro, a wholly-owned subsidiary, in Q2 2008. The project will produce and sell limestone to agricultural customers in the nearby region and eventually to industrial customers. The use of agricultural limestone for all crops (sugar cane, soy, cotton, corn, among others) is required in that region to adjust the soil pH. Plant nutrients and other inputs are also essential to modern agricultural practices to maximize output for such industries, including ethanol production. The Company intends to bring the project into operation and acquire similar properties in order to consolidate within the sector and have a long-lived asset generating significant cash flow. The Company is currently seeking suitable financing in order to begin operations in 2010.

The feasibility study, which is NI 43-101 compliant, includes all required surveying, a run of mine ("ROM") bulk sample extraction and study, a 2,000 meter ("m") drilling exploration campaign, a hydrogeology study, the required metallurgical test work, a detailed market study, and the preparation of requests for proposals ("RFP") for the engineering, procurement and construction management ("EPCM") phase.

The property encompasses 995 hectares ("ha") of mining rights and is located at the northwestern edge of the Paraná Sedimentary Basin in the state of Mato Grosso, Brazil. The exploration campaign, process and economic studies identified two sedimentary ore bodies; high and medium grade limestone. The drilling program included 51 drill holes (1,948 m) on a 200 m by 100 m staggered grid. The project area contains limestone measured resources estimated to be 27.0 million tonnes ("Mt"). Significant potential exists to increase resources within the area with additional drilling. In addition to the mining concession, Petrocal has five exploration permits in good standing for areas located around the mining concession area, totaling 4,537.80 ha.

The initial capital cost of developing the project with an annual capacity of 1.0 Mt of saleable agricultural limestone production over a 10-year LOM is estimated at \$19.6 million.

The production plan includes 700,000 tonnes ("t") in 2010 and the first full year of operation, 2011, to be ramped up to the design capacity of 1,000,000 tonnes per year ("tpy"). Production costs are expected to gradually decrease over the first five years to levels comparable to similar operations in Brazil, starting at \$9.23 per tonne reaching \$7.05 per tonne in the fifth year. The key findings of the feasibility study are listed below (see full details of the feasibility study that uses an exchange rate of 2.0 R\$/US\$ and NI 43-101 report on SEDAR):

- Production average of 1Mt of saleable limestone per year
- Mining operating cost of \$2.97 per tonne
- Total production cost of \$7.05 per tonne at year 5 (starts at \$9.23 per tonne)
- Total delivered cost of \$17.55 per tonne at year 5 (starts at \$19.73 per tonne)
- The study proposes open pit mining using a hydraulic excavator and front end loaders to load trucks for transport to a nearby crushing, grinding, screening, storage and loadout facility.

The Company is in the process of optimizing the feasibility study before it proceeds to the detailed engineering phase. The current updated cash flow model has increased both the Net Present Value of the project as well as the IRR due to the increased market price for Limestone in the region. The Qualified Person, as defined by the NI 43-101 is Ivan C. Machado, M.Sc, PE., P.Eng..

The Company negotiated a purchase price of \$5,684,618 (R\$9,819,040) on April 2, 2008 for its 80% interest in Petrocal, due to the (now) non-controlling shareholders of Petrocal and security is provided by the quota shares acquired. The amount is non-interest bearing. The total amount paid to date is \$1,316,084 (refer to Note 3 to the Interim Consolidated Financial Statements). The remaining balance is due on March 31, 2010. In April, 2009, the Company agreed that, if the exchange rate on the date of the final payment is higher than R\$2.00 per US\$1.00 the final payment will be \$4,000,000. If the exchange rate on the date of the final payment is lower than R\$2.00 per US\$1.00 the final payment will be R\$8,000,000. At September 30, 2009 the exchange rate was 1.778 resulting in a balance due of R\$8,000,000 (\$4,499,185).

On August 15, 2008, Petrocal signed a contract with Centrais Elétricas Matogrossenses S.A. ("CEMAT"), the electric utility in the state of Mato Grosso, Brazil, to provide the necessary power to the Petrocal mine site. Construction of the transmission lines is expected to cost approximately R\$1.4 million, of which Petrocal was obligated to provide R\$976,729 (\$549,341) in a series of three installment payments that ended October 15, 2008. Total payments required to CEMAT were made. Petrocal anticipates the power line construction to be completed by the end of March 2010. Petrocal will not be charged for power usage until January 2010, unless power is consumed earlier.

## **MINING**

### ***Prometalica Mineração Ltda. ("PML")***

The Company is the holder of 49% of the quota shares of PML. The balance of the quota shares are owned by IMS Empreendimentos Ltda. ("IMS") (50%) and another individual quota holder (1%). The Company has a voting agreement with the individual quota holder whereby the Company and the individual holder controlled 50% of PML. The Company, IMS and the individual quota holder have paid their minimum required subscribed capital. PML was being used for the development of mineral resources, exploration, and mining of mainly base metals. The Company filed a National Instrument 43-101 technical report on SEDAR for PML's Monte Cristo property in 2007.

Management agreed to cease PML operations effective September 3, 2008. A combination of uncontrollable economic factors, primarily the falling prices of zinc and copper, caused a critical drop in operational working capital. That, coupled with financing based predominantly on short term loans and the tightening of global credit markets, rendered PML unable to meet all its liabilities.

One of the tools available to cope with the working capital issue and potentially reorganize PML is a Judicial Restructuring. The Company engaged one of the pre-eminent firms in Brazil to assist with this Judicial Restructuring process. The petition to file was completed on August 11, 2008 and the court decision ordering the commencement of the proceedings was received on September 5, 2008. The Judicial Restructuring process allows PML to hold all properties and stay all debts pending court approval of a recovery plan, which was filed on November 6, 2008. This process also allows a possible sale of the business. The recovery plan that was filed with the court included technical studies indicating that further investment in the property could delineate additional mineral resources and potential renewal of operations. A brief notification establishing the publication of a formal notice to creditors was issued September 5, 2008. Currently, PML is in the process of updating the recovery plan and the judge has not made an official ruling on the plan or the date of the creditors meeting.

The Company is not obligated to satisfy PML's debts other than those for unpaid salaries and some unremitted taxes. Based on the current restructuring plan, PML should have sufficient funds to pay these liabilities as they have been deemed the highest priority on the creditor list. In addition, the Company and IMS have guaranteed payment of the Net Smelter Royalty ("NSR") to Mineração Serras do Oeste Ltda. ("MSOL") in the event of non-payment by PML or its successors when due. At September 30, 2009, the Company's share of the NSR liability is \$581,746 and is recorded in accounts payable on the interim consolidated balance sheet.

For accounting purposes, the Company determined that it lost joint control and is not able to exert significant influence over this joint venture as a result of the court's acceptance of the Judicial Restructuring. Accordingly, the financial results of PML have been deconsolidated effective August 31, 2008 (refer to Note 6 to the Annual Consolidated Financial Statements).

Based on the analysis performed by third parties experienced in the Judicial Restructuring process in conjunction with the court administrator, the amounts owed to the Company from PML would be among the last to be paid in the event that PML had enough working capital to repay its existing creditors. Accordingly, the Company has not recorded any recovery of such amounts in its consolidated financial statements.

### ***Jaguar Mining Inc. ("Jaguar")***

In 2001, when gold prices were below \$300/oz., the Company recognized an opportunity to consolidate gold projects in the Iron Quadrangle region in the state of Minas Gerais, Brazil. The Company entered into a joint venture with a local engineering company and launched Jaguar. Jaguar produces gold and has its operating offices in Minas Gerais, Brazil. Jaguar is domiciled in Ontario, Canada, with corporate administrative affairs conducted at the Company's offices in New Hampshire, USA.

From 2002 through 2004, the Company focused significant efforts on further developing and growing Jaguar. Today, Jaguar is a publicly traded company on both the TSX and NYSE with a current market capitalization of approximately \$864 million of which the Company's current ownership is approximately 2.0%. The Company's initial investment in Jaguar was approximately \$5 million. Since Jaguar became publicly-traded, the Company has sold approximately 3.9 million shares of Jaguar for proceeds of \$24.9 million to redeploy into other areas, including investments and operations in Brazil, engineering, technical, and other analyses for growth projects, as well as providing sustaining capital for ongoing administrative costs.

At September 30, 2009, the Company owned 1,613,692 common shares of Jaguar at a fair value of \$14,418,177 (\$8,222,634- December 31, 2008). This was determined based on the 1,613,692 shares owned, the period ending stock price of Cdn \$9.58 and an exchange rate of Cdn \$1.0722 per U.S. dollar.

At September 30, 2009, the Company has pledged 322,000 of its Jaguar common shares as security for the investment in Prometálica Centro Oeste Ltda. ("PMCO") (See "Other mineral projects"). The remaining 1,291,692 Jaguar shares are on deposit as security for its credit facility.

The Company may continue to sell portions of its Jaguar holdings in order to provide additional financing to existing projects, finance other projects, repay debt, or provide working capital. The Company has and may continue to use its Jaguar shares as collateral for loans.

### ***Other mineral projects***

During 2005, the Company acquired 23% of the quota shares of PMCO. The balance of the quota shares are held by IMS. Although the Company continues to own 23% of the quota shares of PMCO, the economic interests of IMS and the Company have been reduced by 50% in connection with the financing provided for the construction and development of the PMCO project. PMCO is being used for development of mineral resources, exploration, and mining of precious and base metals through a project known as Americano do Brazil. Construction of the project was completed and ramp-up production began in September 2006. IMS is the construction and operating manager of the project. On January 31, 2006 the Company, 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 the above referenced financing agreement between PMCO and certain creditors.

## **RESULTS OF OPERATIONS**

### ***Selected financial information***

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2009	2008 Restated	2007 Restated	2009	2008 Restated	2007 Restated
Net income (loss) from continuing operations	\$ (511,742)	\$ 2,140,782	\$ (1,010,084)	\$ (859,557)	\$ 6,892,554	\$ (1,947,888)
Net income (loss) per share from continuing operations	\$ (0.01)	\$ 0.06	\$ (0.01)	\$ (0.01)	\$ 0.06	\$ (0.02)
Net income (loss) from discontinued operations	\$ -	\$ 4,359,309	\$ 1,467,040	\$ -	\$ (678,843)	\$ (364,745)
Net income (loss)	\$ (511,742)	\$ 6,500,091	\$ 456,956	\$ (859,557)	\$ 6,213,711	\$ (2,312,633)
-per share basic and diluted	\$ (0.01)	\$ 0.06	\$ -	\$ (0.01)	\$ 0.06	\$ (0.02)
Total assets	\$ 24,664,092	\$ 21,120,687	\$ 34,557,662	\$ 24,664,092	\$ 21,120,687	\$ 34,557,662
Total long term liabilities	\$ 3,182,882	\$ 2,089,249	\$ 9,764,634	\$ 3,182,882	\$ 2,089,249	\$ 9,764,634

The net loss for the three months ended September 30, 2009 amounted to \$0.5 million or \$0.01 per share, as compared to a net income of \$6.5 million or \$0.06 per share for the three months ended September 30, 2008. The net loss for the nine months ended September 30, 2009 amounted to \$0.9 million or \$0.01 per share, as compared

to a net income of \$6.2 million or \$0.06 per share for the nine months ended September 30, 2008. The primary factors contributing to the year-to-date net loss include, but are not limited to, the following:

Agriculture and infrastructure:

- \$0.6 million loss due to expenses related to the progression of the SecureFoods project
- \$1.4 million loss due to expenses incurred by BrasAgro and corporate office expenses incurred directly on behalf of BrasAgro

Corporate:

- \$0.9 million loss due to general and administrative expense
- \$0.4 million loss due to income tax expense
- \$0.2 million gain related to the sale of property
- \$2.2 million future income tax recovery

Summary of quarterly results (in thousands of dollars, except per share amounts)

Quarter ended	Sep 30	June 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Year	2009	2009	2009	2008	2008	2008	2008	2007
Net sales	\$-	\$-	\$-	\$-	\$-	\$1,501	\$1,044	\$735
Net income (loss)	(\$511)	(\$256)	(\$92)	(\$1,593)	\$6,500	\$2,777	(\$3,063)	\$1,373
per share basic and diluted	(\$0.01)	\$0.00	\$0.00	(\$0.01)	\$0.06	\$0.03	(\$0.03)	\$0.01

Per share quarterly amounts do not add to annual amounts due to rounding.

The quarters presented with positive net income and earnings per share results shown above are primarily due to gains related to the Company's investment in Jaguar and deconsolidation of PML.

**CASH FLOW AND LIQUIDITY**

At September 30, 2009 the Company had a cash balance of \$0.03 million. During the three months ended September 30, 2009 the Company's cash increased by \$0.01 million (nine months decreased \$0.3 million). The decrease in cash during Q3 2009 was primarily due to the following:

- Operating activities resulted in a cash decrease of \$0.6 million primarily due to a \$1.5 million decrease in non-cash working capital and other non-cash adjustments offset by a tax recovery of \$0.8 million.
- Financing activities resulted in a cash increase of \$0.5 million primarily due to borrowing activity.
- Investing activities resulted in an increase of \$0.1 million primarily due to the sale of property.

At September 30, 2009, the Company's assets, in particular the potential borrowing power or liquidation of its Jaguar shares, were sufficient to meet the current needs of the business projects. See the discussion in the "Risks and Uncertainties" and "Outlook" sections.

## Contractual Obligations

The Company's contractual obligations at September 30, 2009 are summarized as follows:

	Payments due in \$ 000's				
	1 Year	2-3 Years	4-5 Years	Beyond 5 Years	Total Due
Accounts payable and accrued liabilities	\$ 2,111	\$ 45	\$ --	\$ -	\$ 2,156
Income taxes payable	278	-	-	-	278
Due to related parties	213	-	-	-	213
Due to non-controlling Petrocal shareholders	4,499	-	-	-	4,499
Loans payable	2,339	12	5	-	2,356
<b>Total</b>	<b>\$ 9,440</b>	<b>\$ 57</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ 9,502</b>

## RELATED PARTY TRANSACTIONS

On January 31, 2006 the Company, 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 the financing agreement between PMCO and certain creditors. (See "Other mineral projects").

The Company provides the use of administrative offices to Jaguar. As a result, the Company recorded occupancy income of \$45,000 during the three months ended September 30, 2009 (\$45,000 –September 30, 2008). During the nine months ended September 30, 2009 the Company recorded occupancy income of \$135,000 (\$135,000 –September 30, 2008). Occupancy income is included in general and administrative expenses within the consolidated statement of operations and deficit and comprehensive income (loss).

Jaguar is responsible for half of any leasehold improvements on the building leased from the Company, any amounts paid in excess will be treated as prepaid occupancy fees. For the three months ended September 30, 2009, the Company recorded \$42,103 (nil –September 30, 2008) in prepaid occupancy fees. During the nine months ended September 30, 2009 the Company recorded \$117,141 (nil –September 30, 2008) of prepaid occupancy fees. Prepaid occupancy fees are included in accounts payable within the consolidated balance sheet.

The Company also provides legal and administrative services to Jaguar. During the three months ended September 30, 2009, the Company recorded legal and administrative service income of \$157,030 (\$43,960 – September 30, 2008). During the nine months ended September 30, 2009, the Company recorded legal and administrative service income of \$456,471 (\$210,595 – September 30, 2008) and is included in salaries and benefits within the consolidated statement of operations and deficit and comprehensive income (loss). At September 30, 2009, legal and administrative services owed to the Company were \$98,111 (\$101,255 – December 31, 2008). At September 30, 2009, accounts payable included \$19,030 due to Jaguar, the net of prepaid occupancy fees payable to Jaguar of \$117,141 and legal and administrative fees due to the Company of \$98,111.

The Company has amounts payable to MSOL and Mineração Turmalina Ltda. ("MTL") in relation to a court-ordered settlement of a labor case. The labor was performed for MSOL and other Company subsidiaries. At the time the labor was performed, the Company owned MSOL. At the time of the court order, MSOL, MTL and the Company's wholly-owned subsidiary, BW Mineração Ltda., had a director in common, and as a result, the Brazilian labor court considered the companies to be an economic group and ordered payment from each company. The Company has guaranteed the amount owed to MSOL and MTL, \$212,676. The amount of the guarantee is denominated in R\$ (R\$378,158), bears monthly interest at US LIBOR (0.2473% - September 30, 2009), is payable quarterly and due September 30, 2011.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the interim consolidated financial statements in conformity with Canadian GAAP requires management to make a wide variety of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the interim consolidated financial statements, and the reported amounts of expenses during the reporting periods covered by the interim consolidated financial statements. Our management routinely makes judgments and estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the future resolution of the uncertainties increases, these judgments become even more subjective and complex. We have identified certain accounting policies that are most important to the portrayal of our current financial condition and results of operations. Our significant accounting policies are disclosed in Note 4 of the annual consolidated financial statements, which should be read in conjunction with this report.

### ***Stock-based Compensation Costs***

The Company determines stock-based compensation costs using an option pricing model involving the selection of highly subjective assumptions, including an assumption as to price volatility. Changes in these assumptions can materially affect the fair value estimate and therefore the current model does not provide a consistently reliable measure of the fair value cost of the Company's outstanding stock options.

### ***Impairment of Long-lived Assets***

The Company reviews and assesses long-lived assets for recoverability whenever indicators of impairment exist. Impairment assessments are based on estimated future undiscounted net cash flows from each property. Future cash flows are calculated using estimated recoverable metals, future sales prices, future operating, capital, and reclamation and mine closure costs. Estimates of future cash flows are uncertain and are affected by external factors such as metal prices and foreign currency exchange rates. As discussed in the Mineral Properties section, various factors could impact the Company's ability to achieve its forecasted production schedules from proven and probable reserves. Additionally, metal prices, exchange rates, operating and capital expenditure requirements and reclamation and mine closure costs could differ from the assumptions used in the cash flow models used to assess impairment. The Company also reviews the reasonability of the useful lives of long-lived assets. Material changes to any of these factors or assumptions discussed above could result in future impairment charges to operations.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

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

### ***Income Taxes***

In August 2008, the Canadian Institute of Chartered Accountants ("CICA") Emerging Issues Committee ("EIC") issued Abstract 172, Income Statement Presentation of a Tax Loss Carryforward Recognized Following an Unrealized Gain Recorded in Other Comprehensive Income. EIC Abstract 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. Adoption of this standard did not have any material impact on the Company's financial statements.

### ***Credit Risk and Fair Value of Financial Assets and Liabilities***

In January 2009, the CICA issued 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 account 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.

### ***Goodwill and Intangible Assets***

In January 2008, the CICA issued Handbook 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 EIC-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

### **CHANGES IN ACCOUNTING POLICIES TO BE ADOPTED**

#### ***Business Combinations***

In January 2009, the CICA issued 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 Financial Reporting Standards ("IFRS") and changes the accounting for business combinations in a number of areas. It establishes principles 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 establishes disclosure requirements that will enable users of the acquiring company's financial statements to evaluate the nature and financial effects of its business combinations. Although the Company is considering the impact adoption of this pronouncement, it will be limited to any future acquisitions beginning in fiscal 2011.

#### ***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 of 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 impact adoption of these pronouncements may have on its consolidated financial statements in fiscal 2011.

#### ***Mining Exploration Costs***

In March 2009, the CICA EIC-174, Mining Exploration Costs which provides guidance on the capitalization of mining exploration costs, particularly when mining reserves have not been proven and when an impairment test of these costs is required. Adoption of EIC-174 is expected to have no material impact on the Company's financial statements.

### ***Financial Instruments- Disclosure:***

Amendments to CICA handbook Section 3862 require enhanced disclosures for fair value measurement of financial instruments and liquidity risk effective for fiscal years beginning after September 30, 2009. Enhanced fair value measurements include disclosure relating to the level of fair value hierarchy into which the fair value measurements are categorized, disclosure of significant transfers between levels of the hierarchy including reasons for the transfers, and a reconciliation of the beginning balances to ending balances for those fair value measurements that resulted from the use of significant unobservable inputs in valuation techniques. The amendment clarifies that liquidity risk relates to financial liabilities that are settled by delivering cash or another financial asset. Enhanced liquidity risk disclosures include maturity analysis for derivative financial liabilities based on how an entity manages liquidity risk. The Company is considering the impact adoption of this amendment will have on its consolidated financial statements.

### ***Equity***

In August 2009, the CICA issued an amendment to Handbook Section 3251- Equity. This Section establishes standards for the presentation of equity and changes in equity during the reporting period. The requirements of this Section are in addition to those in Sections 1530- Comprehensive Income, 3240- Share Capital and 3260 Reserves. This Section should be adopted in conjunction with the Section 1601 and 1602 above. Adoption of these amendments is not expected to have a material impact on the Company's financial statements.

### ***Impaired Loans***

In August 2009, the CICA issued an amendment to Handbook Section 3025, Impaired Loans to add held-to-maturity investments to the scope of the Section. Adoption of this amendment is not expected to have a material impact on the Company's financial statements.

### ***Adoption of IFRS***

In January 2006, the Accounting Standards Board announced its decision to require all publically accountable enterprises to report under IFRS for fiscal years 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 accounting policies under IFRS.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet investments or debt arrangements.

## **RISKS AND UNCERTAINTIES**

Liquidity remains the primary concern facing the Company. The recent economic conditions and the global credit market crisis has not only impacted the ability of the Company to raise capital but has also negatively affected the current investments and assets of the Company. The Company is dependent on additional financings or sales of existing assets in order to raise capital to fund its business opportunities, until such time as the Company generates adequate cash flow from operations.

The discovery, development and acquisition of mineral properties are, in many instances, unpredictable events. Future metal prices, the success of exploration programs, and other property transactions will have a significant impact on the Company's capital requirements. On any project, the Company must evaluate its available options, which range from developing the property itself, bringing in joint venture partners, outright sale to a third party, or, if results do not justify additional expenditures, abandonment. The ability of the Company to expand its current

investments is dependent on many factors including the Company's ability to resume trading its common shares, the market value of the common shares, the Company's ability to locate appropriate properties at appropriate values and the viability of financing their acquisition and development.

The ability to establish an irradiation business is dependent on many factors including, without limitation, the enactment of laws and regulations allowing the export of irradiated food products from Brazil and the import to the United States and the timing and enforcement thereof, the ability of the Company to establish commercial relationships with third party agricultural growers in Brazil and food wholesalers/retailers in the United States in sufficient quantity, on commercially feasible and reasonable terms or at all, and other market conditions.

All of the projects of the Company and Jaguar are located in the country of Brazil and may be affected in varying degrees by political stability and government regulations. Any changes in regulations or shifts in political attitudes in Brazil are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to the restrictions on production, price controls, export controls, income and other taxes, expropriation of property, environmental legislation, land use, water use and mine safety. Although the Company has developed fifteen years of expertise and relationships in Brazil, these factors could compromise the Company's ability to find and operate fitting investments.

The country of Brazil currently encourages foreign investment in mining exploration and development, subject to compliance with local health, energy, mining and environmental laws. However, it is possible that deterioration in economic conditions or other factors could result in a change in government policies.

Brazilian currency has been devalued in the past against the U.S. dollar. It is possible that any future and sustained devaluations may hinder future financings if potential investors perceive greater risks with investments in the country of Brazil. Continued strength in the Brazilian currency could increase operating and capital costs, relative to the U.S. dollar. During the year ended December 31, 2008, the Brazilian currency depreciated more than 25% against the U.S. dollar. Such dramatic fluctuation over a short period of time may increase the perceived risk for investments in Brazil.

## **OUTLOOK**

The Company's mission is Brazil-focused and growth oriented. The Company will realize this mission in part by anticipating change and participating in Brazil's economic and infrastructure expansion. The Company is focused on matching opportunities in Brazil with proper financing and the right set of management skills to create shareholder value. Management is using its expertise and relationships developed during its fifteen-year history in Brazil to locate additional business opportunities compatible with its current business activities and interests. The Company considers its expertise and relationships in Brazil to be a significant asset.

A primary focus of the Company is to seek financing for implementation of current projects, acquisition of new projects and working capital. The Company has investigated several alternatives for raising capital and is confident in its ability to raise the funds required for development of SecureFoods and BrasAgro. However, the timing of the projects' funding depends on the continuing recovery of the global financial markets. In the meantime, the Company is focused on cost containment, permit and approvals finalization for SecureFoods and is postponing expenditures related to a potential relisting until capital is obtained.

The Company is continuing to attempt to recover its investment in PML through the Judicial Restructuring process. The Company believes the Monte Cristo project should be combined with other base metals properties in a company with better access to the capital markets. These opportunities will continue to be sought. Current market conditions make a sale of PML unlikely unless global commodities prices continue to show improvement. Further deterioration of metals prices and/or economic conditions could lead to a reduction or shutdown of mining operations at PMCO.

### **Outstanding Share Data**

Common shares and convertible securities outstanding at November 30, 2009 are:

<b>Security</b>	<b>Expiration Date</b>	<b>Exercise Price</b>	<b>Securities Outstanding</b>	<b>Common Shares on Exercise</b>
Common Shares			101,085,532	101,085,532
Warrants	25 Aug 2010	Cdn.\$0.20	5,750,000	5,750,000
Options	19 Apr 2011	Cdn.\$0.15	3,506,209	3,506,209
Options	17 Jul 2012	Cdn.\$0.40	725,000	725,000
Options	10 Jul 2012	Cdn.\$0.40	700,000	700,000
Options	16 Jan 2013	Cdn.\$0.25	175,000	175,000
Options	31 Mar 2014	Cdn.\$0.25	150,000	<u>150,000</u>
Fully diluted common shares				<u>112,091,741</u>

At the March 11, 2008 annual and special meeting of the shareholders, the Board of Directors were authorized to effect a one for five reverse split through May 31, 2009 should they deem it beneficial to the Company. The split was not completed.

November 30, 2009



Robert J. Lloyd  
President & Chief Executive Officer



Jeffrey C. Kirchhoff  
Chief Financial Officer