

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

BRAZILIAN RESOURCES, INC.
(Unaudited)

For the three months ended March 31, 2010 and 2009

(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, 2010 | December 31, 2009 |
|---|-------------------|----------------------|
| | (Unaudited) | |
| Assets | | |
| Current assets: | | |
| Cash | \$ 117,486 | \$ 50,810 |
| Prepaid expenses and sundry receivables | 60,653 | 341,324 |
| | 178,139 | 392,134 |
| Property, plant and equipment | 1,007,750 | 1,015,024 |
| Mineral property and exploration (Note 3) | 8,597,512 | 8,597,512 |
| Investment in Jaguar Mining Inc. | 14,862,103 | 18,057,213 |
| Other investments | 4,862 | 4,862 |
| | \$ 24,650,366 | \$ 28,066,745 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 2,285,425 | \$ 2,047,306 |
| Accrued interest | 207,269 | 197,989 |
| Income taxes payable | 277,437 | 278,634 |
| Due to non-controlling Petrocal shareholders (Note 3) | - | 4,594,533 |
| Current portion of loans payable (Note 4) | 6,335,437 | 2,882,460 |
| | 9,105,568 | 10,000,922 |
| Loans payable (Note 4) | 14,023 | 15,345 |
| Future tax liability | 2,835,016 | 4,223,843 |
| Due to related parties | 212,329 | 217,183 |
| Other payables | 27,473 | 36,435 |
| | 12,194,409 | 14,493,728 |
| Shareholders' equity: | | |
| Capital stock (Notes 3 and 5(a)) | 24,492,019 | 22,892,131 |
| Warrants | 292,100 | 292,100 |
| Stock options (Note 5(b)) | 353,502 | 353,502 |
| Contributed surplus | 1,272,398 | 1,272,398 |
| Deficit | (21,212,511) | (20,425,090) |
| Accumulated other comprehensive income | 7,258,449 | 9,187,976 |
| | 12,455,957 | 13,573,017 |
| Going concern and basis of presentation (Note 1) | | |
| Subsequent Events (Note 9) | | |
| | \$ 24,650,366 | \$ 28,066,745 |

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, | |
|---|---------------------------------|-----------------|
| | 2010 | 2009 |
| Expenses (income): | | |
| Professional fees | \$ 200,914 | \$ 95,161 |
| Consulting expenses | 140,765 | 171,889 |
| General and administrative expenses | 518,597 | 218,501 |
| Interest and other | 21,327 | 32,320 |
| Depreciation | 12,677 | 13,297 |
| Salaries and employee benefits | 189,903 | 70,172 |
| Stock based compensation | - | 1,433 |
| Loss (gain) on foreign exchange | (263,296) | 19,604 |
| Other income | (1,456) | (9,376) |
| Other taxes | - | 10,857 |
| Loss before undernoted | (819,431) | (623,858) |
| Current income tax expense | 26,432 | - |
| Future income tax recovery | (58,443) | (531,859) |
| Total income tax recovery | (32,011) | (531,859) |
| Net loss | (787,421) | (91,999) |
| Deficit, beginning of period | (20,425,090) | (18,898,636) |
| Deficit, end of period | \$ (21,212,511) | \$ (18,990,635) |
| Basic and diluted income (loss) per share (Note 7) | \$ (0.01) | \$ 0.00 |
| Weighted average number of common shares outstanding (Note 7) | 101,268,364 | 101,085,532 |
| Comprehensive Income (Loss) | | |
| Net loss | \$ (787,421) | \$ (91,999) |
| Other comprehensive income (loss) | (3,195,110) | 1,342,737 |
| Less: tax provision for other comprehensive income (loss) | 1,265,583 | (531,858) |
| Other comprehensive income (loss) | (1,929,527) | 810,879 |
| Comprehensive income (loss) | \$ (2,716,948) | \$ 718,880 |

See accompanying notes to the interim consolidated financial statements.

BRAZILIAN RESOURCES, INC.

Consolidated Statements of Shareholders' Equity
(Expressed in U.S. Dollars)
(Unaudited)

| | Capital Stock | Warrants | Stock Options | Contributed Surplus | Deficit | Accumulated Other Comprehensive Income | Total | | |
|---|--------------------|----------------------|-------------------|---------------------|-------------------|--|------------------------|---------------------|----------------------|
| Balance, December 31, 2008 | 101,085,532 | \$ 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 |
| Balance, March 31, 2009 | 101,085,532 | \$ 8,750,000 | \$ 397,100 | \$ 6,156,209 | \$ 397,149 | \$ 1,120,598 | \$ (18,990,635) | \$ 4,059,753 | \$ 9,876,096 |
| Balance, December 31, 2009 | 101,085,532 | \$ 8,750,000 | \$ 292,100 | \$ 5,256,209 | \$ 353,502 | \$ 1,272,398 | \$ (20,425,090) | \$ 9,187,976 | \$ 13,573,017 |
| Shares to be issued for debt repayment (Note 3) | 2,742,473 | - | - | - | - | - | - | - | 1,599,888 |
| Net loss for the period | - | - | - | - | - | - | (787,421) | - | (787,421) |
| Other comprehensive income for the period | - | - | - | - | - | - | - | (1,929,527) | (1,929,527) |
| Balance, March 31, 2010 | 103,828,005 | \$ 24,492,019 | \$ 292,100 | \$ 5,256,209 | \$ 353,502 | \$ 1,272,398 | \$ (21,212,511) | \$ 7,258,449 | \$ 12,455,957 |

See accompanying notes to the interim consolidated financial statements.

BRAZILIAN RESOURCES, INC.

Interim Consolidated Statements of Cash Flow
 (Expressed in U.S. dollars)
 (Unaudited)

| | Three Months Ended March 31, | |
|---|---------------------------------|-------------|
| | 2010 | 2009 |
| Cash provided by (used in): | | |
| Operating Activities: | | |
| Net loss | \$ (787,421) | \$ (91,999) |
| Items not involving cash from operations: | | |
| Depreciation | 12,677 | 13,297 |
| Stock based compensation | - | 1,433 |
| Non-cash management fees, interest and other | 37,521 | 15,984 |
| Future income tax recovery | (58,443) | (531,859) |
| Unrealized foreign exchange (gain) loss | (271,826) | 19,412 |
| Change in other payables | (8,962) | (7,055) |
| Change in non-cash working capital: | | |
| Prepaid expenses and sundry receivables | 280,671 | 46,867 |
| Accounts payable | 235,714 | 118,048 |
| Accrued interest | (1,062) | 10,153 |
| Cash flows used in operations | (561,131) | (405,719) |
| Financing Activities: | | |
| Increase in loans payable | 3,479,000 | 124,868 |
| Repayment of loans payable | (1,220) | - |
| Issuance of common shares (Note 3) | 1,599,887 | - |
| Related party payable | - | 1,524 |
| Cash flows provided by financing activities | 5,077,667 | 126,392 |
| Investing Activities: | | |
| Debt repayment on mineral property acquisition (Note 3) | (4,444,457) | - |
| Purchase of property, plant and equipment | (5,403) | - |
| Cash flows used in investing activities | (4,449,860) | - |
| Increase (decrease) in cash for the period | 66,676 | (279,327) |
| Cash, beginning of period | 50,810 | 370,017 |
| Cash, end of period | \$ 117,486 | \$ 90,690 |

See accompanying notes to the interim consolidated financial statements.

Brazilian Resources, Inc.

Notes to Interim Consolidated Financial Statements
(Expressed in U.S. dollars)
(Unaudited)
Three months ended March 31, 2010 and 2009

1. Going Concern and Basis of Presentation:

The interim consolidated financial statements have been prepared on a going concern basis whereby Brazilian Resources, Inc. (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 dependent 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 securing additional sources of financing is uncertain and there is no assurance that these initiatives would be successful or sufficient. Management believes that the Company has sufficient cash and available resources to carry out its operations for the next twelve months. Failure to secure additional credit facilities or equity funding would raise 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 was not appropriate. If the going concern assumption was not appropriate for the interim consolidated financial statements, then adjustments would be necessary in the carrying value of assets such as mineral interests, liabilities, reported expenses, and the balance sheet classifications used.

2. Significant Accounting Policies

The interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and include the accounts of the Company and its subsidiaries. Intercompany transactions and balances are eliminated on consolidation.

Other than the changes in accounting policies noted below, the interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and do not include all the information required for complete financial statements. They are consistent with the policies outlined in the Company's audited financial statements for the year ended December 31, 2009. The interim financial statements and related notes should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2009.

(a) Effective January 1, 2010, the Company adopted the following new Canadian Institute of Chartered Accountants ("CICA") Handbook standards:

(i) Equity:

In August 2009, the CICA issued an amendment to Handbook Section 3251, Equity establishing additional 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 Sections 1601 and 1602. Adoption of the amendment did not have a material impact on the Company's financial statements.

Brazilian Resources, Inc.

Notes to Interim Consolidated Financial Statements (continued)
(Expressed in U.S. dollars)
(Unaudited)
Three months ended March 31, 2010 and 2009

2. Significant Accounting Policies (continued):

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

(i) 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 Section further aligns Canadian GAAP with U.S. GAAP and International Financial Reporting Standards ("IFRS") and changes the accounting for business combinations in a number of areas. It establishes 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 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. Adoption of this Section is limited to any future acquisitions beginning in fiscal 2011.

(ii) 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 Sections further align Canadian GAAP with U.S. 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 balance sheet 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 Sections 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 Sections on its consolidated financial statements in fiscal 2011.

(iii) Adoption of IFRS:

The Canadian Accounting Standards Board has confirmed January 1, 2011 as the date that IFRS will replace Canadian GAAP for publicly accountable enterprises. As a result, the Company will report under IFRS for interim and annual periods beginning January 1, 2011 with comparative information for 2010 restated under IFRS. Adoption of IFRS as Canadian GAAP will require the Company to make certain accounting policy choices and could materially impact our reported financial position and results of operations.

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

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 non-controlling shareholders of Petrocal and security is provided by the quota shares acquired. The amount is non-interest bearing. The Company has paid \$5,760,538 to date with both cash (\$4,160,651) and common shares (\$1,599,887) of the Company. The payments were made as follows:

Brazilian Resources, Inc.

Notes to Interim Consolidated Financial Statements (continued)
(Expressed in U.S. dollars)
(Unaudited)
Three months ended March 31, 2010 and 2009

3. Acquisition of Petrocal Indústria e Comércio de Cal S.A. (continued):

| Date | Amount |
|--|---------------------|
| April 2, 2008 | \$ 203,022 |
| September 22, 2008 | 555,895 |
| October 30, 2008 | 141,837 |
| May 11, 2009 | 200,000 |
| June 15, 2009 | 215,330 |
| March 26, 2010 | 2,844,567 |
| Total Cash | 4,160,651 |
| March 26, 2010, Common shares to be issued | 1,599,887 |
| Total | \$ 5,760,538 |

The initial purchase price less amounts paid is not equal due to fluctuation of the foreign exchange rate.

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 |

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

The amount due at December 31, 2009 was R\$8,000,000 (\$4,594,533), payable March 31, 2010. On March 25, a new agreement was signed revising the terms of the final payment. The new agreement calls for R\$5,083,246 (\$2,844,567) (63.54% of the final payment due) to be made in cash and the remainder to be paid with common shares of the Company.

The terms of the new agreement specified that the exchange rate to be used to convert the R\$ to USD for the final payment should be the rate on the date of the final payment. Based on the new agreement the date of the final payment was March 26, 2010. The rate of exchange on March 26, 2010 was R\$1.8231 per U.S. \$1.00, which was used to convert the balance due into shares of the Company. The cash payment of R\$5,083,246 (\$2,844,567) was made on March 26, 2010 and the shares are currently in transit to be issued and are valued at R\$ 2,916,754 (\$1,599,887).

The number of shares to be issued of 2,742,473 was determined by using an imputed value of Cdn.\$0.60 per share, however, there may be an adjustment to the number of shares issued if the imputed share value is materially different than the issue price of any new shares issued in a contemplated private placement to fund construction of the project.

| | |
|---|-----------------|
| Number of shares | 2,742,473 |
| Price per share | Cdn.\$0.60 |
| Value of shares | Cdn.\$1,663,581 |
| Foreign exchange rate at March 26, 2010 | 1.0285 |
| Value of Shares | US \$1,599,587 |

Brazilian Resources, Inc.

Notes to Interim Consolidated Financial Statements (continued)

(Expressed in U.S. dollars)

(Unaudited)

Three months ended March 31, 2010 and 2009

4. Loans Payable:

| | March 31, 2010 | December 31, 2009 |
|----------------------|-------------------|----------------------|
| (a) Auto loan | \$ 19,580 | \$ 20,799 |
| (b) Credit facility | 6,329,880 | 2,877,006 |
| | 6,349,460 | 2,897,805 |
| Less current portion | (6,335,437) | (2,882,460) |
| | \$ 14,023 | \$ 15,345 |

- (a) In November 2008, the Company purchased a vehicle financed by a loan. The loan payable is denominated in USD, bears interest at 7.49% per annum and is repayable over 60 months. The loan is secured by the related vehicle.
- (b) The Company has in place a credit facility denominated in USD, bearing interest at U.S. LIBOR plus 1% per annum, 1.2% at March 31, 2010 (1.2% - December 31, 2009). The amount of the credit facility varies with the value of the security, with available borrowing power of 50% of the market value of the security less any outstanding balance drawn. The Company had 1,291,692 shares of Jaguar on deposit as security at March 31, 2010 (1,291,692 - December 31, 2009), resulting in an available credit facility of nil (\$4,350,011 - December 31, 2009).

5. Capital Stock:

- (a) Common shares:

Changes in common shares for the periods ended March 31, 2010 and December 31, 2009 are as follows:

| | Number | Amount |
|---|--------------------|----------------------|
| Balance, December 31, 2008 and 2009 | 101,085,532 | \$ 22,892,131 |
| Shares to be issued to non-controlling Petrocal shareholders (Note 3) | 2,742,473 | 1,599,888 |
| Balance, March 31, 2010 | 103,828,005 | \$ 24,492,019 |

The Company is authorized to issue 320,000,000 common shares and 160,000,000 preferred shares.

| Common Share Options | Number | Weighted Average Exercise Price CAD |
|--|------------------|---|
| Balance, December 31, 2008 | 6,006,209 | 0.21 |
| Expired, vested | (900,000) | 0.16 |
| Granted | 150,000 | 0.25 |
| Balance, December 31, 2009 and March 31, 2010 | 5,256,209 | \$ 0.22 |

Brazilian Resources, Inc.

Notes to Interim Consolidated Financial Statements (continued)
 (Expressed in U.S. dollars)
 (Unaudited)
 Three months ended March 31, 2010 and 2009

5. Capital Stock (continued):

(b) Stock Options (continued):

| Exercise Price | Outstanding March 31, 2010 | Weighted Average Remaining Life in Years | Number Exercisable |
|----------------|----------------------------------|--|-----------------------|
| \$ 0.150 CAD | 3,506,209 | 1.05 | 3,506,209 |
| \$ 0.400 CAD | 700,000 | 2.28 | 700,000 |
| \$ 0.400 CAD | 725,000 | 2.30 | 725,000 |
| \$ 0.250 CAD | 175,000 | 2.80 | 175,000 |
| \$ 0.250 CAD | 150,000 | 4.01 | 150,000 |
| Total | 5,256,209 | | 5,256,209 |

| Exercise Price | Outstanding December 31, 2009 | Weighted Average Remaining Life in Years | Number Exercisable |
|----------------|-------------------------------------|--|-----------------------|
| \$ 0.150 CAD | 3,506,209 | 1.30 | 3,506,209 |
| \$ 0.400 CAD | 700,000 | 2.53 | 700,000 |
| \$ 0.400 CAD | 725,000 | 2.55 | 725,000 |
| \$ 0.250 CAD | 175,000 | 3.05 | 175,000 |
| \$ 0.250 CAD | 150,000 | 4.25 | 150,000 |
| Total | 5,256,209 | | 5,256,209 |

The fair value of the options granted in 2009 and 2008 was calculated on the date of the grant using the Black-Scholes option pricing model with the following assumptions for 2009 and 2008: risk-free interest rate of 5%; dividend yield of nil; expected volatility of 50%; and expected life of 60 months. The weighted-average grant date fair value of the options was \$0.07 in 2010 and \$0.03 in 2009 per option.

6. Loss per Share:

| | Three Months Ended March 31, | |
|---|---------------------------------|-------------|
| | 2010 | 2009 |
| Numerator: | | |
| Net loss | \$ (787,421) | \$ (91,999) |
| Denominator: | | |
| Weighted average number of shares outstanding | 101,268,364 | 101,085,532 |
| Basic net loss per share | \$ (0.01) | \$ 0.00 |
| Diluted net loss per share | \$ (0.01) | \$ 0.00 |

7. Related Party Transactions:

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. The following, in addition to the amounts in Due to related parties, are the related party transactions entered into by the Company:

Brazilian Resources, Inc.

Notes to Interim Consolidated Financial Statements (continued)

(Expressed in U.S. dollars)

(Unaudited)

Three months ended March 31, 2010 and 2009

7. Related Party Transactions:

(a) On January 31, 2006, the Company, with IMS Empreendimentos Ltda. ("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 the use of administrative offices to Jaguar. As a result, the Company recorded occupancy income of \$45,000 during the three months ended March 31, 2010 (\$45,000 – March 31, 2009). Occupancy income is included in general and administrative expenses within the interim consolidated statements 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 are treated as Jaguar's prepaid rent. At March 31, 2010, the Company recorded \$114,355 (nil – March 31, 2009) of prepaid rent from Jaguar. Prepaid rent is included in accounts payable within the interim consolidated balance sheet.

The Company also provides legal and administrative services to Jaguar. During the three months ended March 31, 2010, the Company recorded legal and administrative service income of \$33,412 (\$143,592 – March 31, 2009) which is included in salaries and employee benefits expense within the interim consolidated statement of operations and deficit and comprehensive income (loss). At March 31, 2010, legal and administrative services owed to the Company were \$12,530 (\$53,260– March 31, 2009). At March 31, 2010, accounts payable included \$101,826 due to Jaguar (nil - March 31, 2009), the net of prepaid rent payable to Jaguar of \$114,355 and legal and administrative fees due to the Company of \$12,530.

(c) The Company and IMS have guaranteed payment of a Net Smelter Royalty ("NSR") payable to MSOL, a wholly owned subsidiary of Jaguar Mining Inc. Included in accounts payable is an accrual of \$581,746 relating to potential non-payment by Prometalica Mineração Ltda ("PML") or its successors of the NSR liability owing to MSOL.

8. Commitments:

| | Payments due in \$ 000's | | | | |
|--|--------------------------|---------------|--------------|-------------------|----------------|
| | 1 Year | 2-3 Years | 4-5 Years | Beyond 5 Years | Total Due |
| Accounts payable and accrued liabilities | \$ 2,494 | \$ 27 | \$ - | \$ - | \$ 2,521 |
| Income taxes payable | 277 | - | - | - | 277 |
| Due to related parties | - | 212 | - | - | 212 |
| Loans payable | 6,335 | 13 | 1 | - | 6,349 |
| Total | \$9,106 | \$ 252 | \$ 1 | \$ - | \$9,359 |

9. Subsequent Event:

Subsequent to March 31, 2010, the Company sold 58,932 shares of Jaguar at an average price of \$10.28 for estimated gross proceeds of \$606,049.

10. Comparative Figures:

Certain prior year comparative figures have been reclassified to conform to the presentation adopted for the current year.