

BRAZIL RESOURCES

NI 43-101 Maiden Resource announced for the Island Mountain Deposit

EVENT

Brazil Resources announced results from a NI 43-101 compliant resource estimate for the Island Mountain deposit, located on the wholly owned Whistler Project in Alaska.

BOTTOM LINE

Positive - The announced maiden resource at Island Mountain deposit builds on the Whistler project which already has an indicated AuEq resource of 2.25M ounces. This resource proves that the Whistler project has numerous porphyry targets with excellent potential for resource expansion. We maintain our Buy recommendation and are increasing our target price to \$2.90 per share (+12%).

FOCUS POINTS

- **Island Mountain deposit details** – Full details include an indicated resource of 0.444M oz. AuEq (25.75 Mt grading 0.53 g/t Au, 1.16 g/t Ag, 0.06 % Cu, or 0.54 g/t AuEq) and an inferred resource of 1.133M oz. AuEq (69.23 Mt grading 0.51 g/t Au, 1.07 g/t Ag, 0.06 % Cu, or 0.51 g/t AuEq), both at a 0.3 g/t AuEq cut-off.
- **Additional targets nearby** – In addition to both the Whistler deposit and Island Mountain, on the 170 Km² Whistler land package there are several other porphyry centers (Raintree West, Raintree North, Raintree South, Rainmaker, and Cirque) with mineralized intersections similar to these deposits.
- **Diversifying asset base** – In addition to the Whistler Project, the full company portfolio also includes additional gold assets in Brazil and a uranium property (Rea) in the Athabasca Basin

Recommendation:

BUY

Symbol/Exchange: BRI/TSXV
Sector: Metals & Mining
All dollar values in CAD\$ unless otherwise noted.
Current price: \$0.99
One-year target: \$2.90↑
Return target: 193%
Cash on hand: \$6.0M

Financial summary

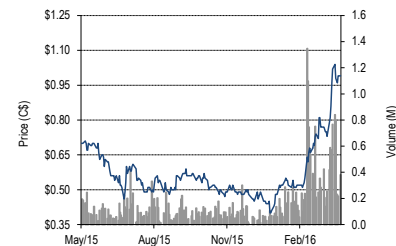
Shares O/S (M)	94.2	52-week range	\$ 0.42 - 1.21
Market cap (\$M)	\$94.2	Avg. weekly vol. (000)	1,380
Market float (\$M)	\$91.2	Fiscal year-end	31-Dec

Indicated	Tonnes (K)	Au (g/t)	Au (Koz)
Sao Jorge	14,420	1.5	715.0
Cachoeira	17,400	1.4	786.7
Island Mountain	25,750	0.5	438.0
Whistler	79,200	0.5	1,280.0
Total	136,770	0.7	3,219.7
Inferred	Tonnes (K)	Au (g/t)	Au (Koz)
Sao Jorge	28,190	1.1	1,035.2
Cachoeira	15,600	1.1	563.2
Boa Vista	8,470	1.2	336.0
Surubim	19,440	0.8	503.0
Island Mountain	69,230	0.5	1,124.0
Whistler	145,800	0.4	1,850.0
Total	286,730	0.6	5,411.4

0.30g/t cut-off for Whistler, 0.35g/t for Cachoeira, 0.50g/t for BV & 0.30g/t for Surubim

0.30g/t cut-off for Sao Jorge

Source: Company Reports and Cantor Fitzgerald



Company profile: Brazil Resources Inc. is a Brazil focused exploration stage company with a rapidly diversifying asset base spanning Brazil, Northern Alberta and South Central Alaska.

Rob Chang, MBA

rchang@cantor.com
(416) 849-5008

Michael Wichterle, MBA, CAIA

mwichterle@cantor.com
(416) 849-5005

Sales/Trading — Toronto: (416) 363-5757, (866) 442-4485

See disclosure and a description of our recommendation structure at the end of this report.

ISLAND MOUNTAIN RESOURCE ESTIMATE ANNOUNCED

The announced maiden resource at the Island Mountain deposit builds on the Whistler project which already has an indicated AuEq resource of 2.25M ounces. The NI 43-101 compliant resource proves that on the Whistler project itself, numerous porphyry targets with excellent potential for resource expansion exist.

The announced resource estimate on the Island Mountain deposit provides an indicated resource of 0.444M oz. AuEq (25.75 Mt grading 0.53 g/t Au, 1.16 g/t Ag, 0.06 % Cu or 0.54 g/t AuEq) and an inferred resource of 1.133M oz. AuEq (69.23 Mt grading 0.51 g/t Au, 1.07 g/t Ag, 0.06 % Cu or 0.51 g/t AuEq), both at a 0.3 g/t AuEq cut-off.

The combined resource for the Whistler and Island Mountain deposits is 2.694M oz. AuEq (104.95 Mt grading 0.51 g/t Au, 1.77 g/t Ag, 0.14 % Cu or 0.80 g/t AuEq) in the indicated category and 4.483M oz. AuEq (215.03 Mt grading 0.44 g/t Au, 1.53 g/t Ag, 0.12 % Cu or 0.66 g/t AuEq) in the inferred category, both at a 0.3 g/t AuEq cut-off.

Exhibit 1. Whistler Resource & Other Prospective Targets

Deposit	Classification	Cut-off	Tonnes & Grade					Contained Metal			
			AuEq ^{1,2} (g/t)	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Cu (%)	AuEq ^{1,2} (g/t)	Au (Moz)	Ag (Moz)	Cu (Mlb)
Whistler ⁴	Indicated	0.3	79.20	0.51	1.97	0.17	0.88	1.280	5.030	302.00	2.250
Island Mtn. ⁵	Indicated	0.3	25.75	0.53	1.16	0.06	0.54	0.438	0.960	34.07	0.444
			104.95	0.51	1.77	0.14	0.80	1.718	5.990	336.07	2.694
Whistler ⁴	Inferred	0.3	145.80	0.40	1.75	0.15	0.73	1.850	8.210	467.00	3.350
Island Mtn. ⁵	Inferred	0.3	69.23	0.51	1.07	0.06	0.51	1.124	2.382	91.59	1.133
			215.03	0.44	1.53	0.12	0.66	2.974	10.592	558.59	4.483

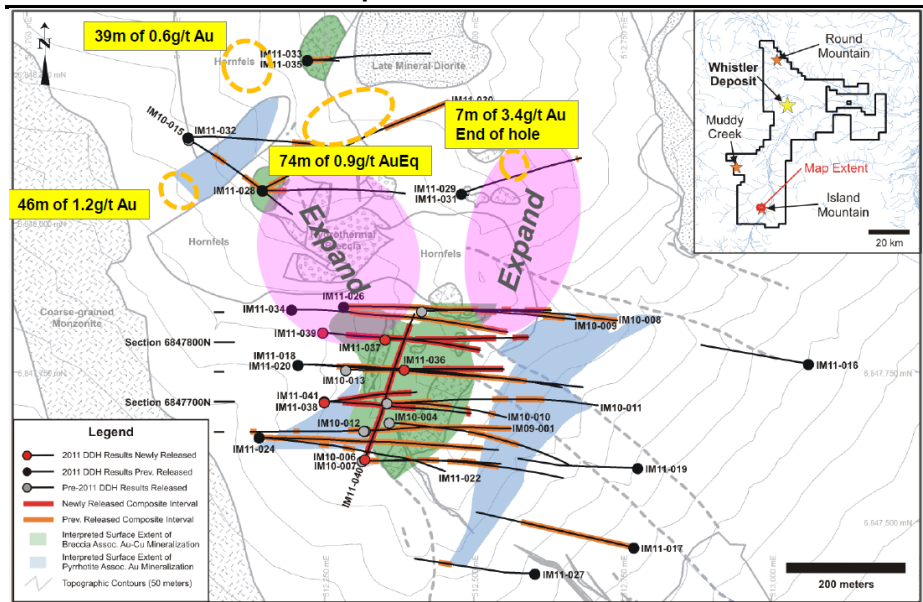
Table Notes:

- ¹Gold equivalent grade for the Whistler resource assumes metal prices of US\$990/oz gold, US\$15.40/oz silver and US\$2.91/lb copper.
- ²Gold equivalent grade for the Island Mountain resource assumes metal prices of US\$1,250/oz gold, US\$16.50/oz silver and US\$2.10/lb copper and recoveries of 90% for gold (cyanide), 80% for copper (flotation) and 25% silver (recovery in copper concentrate).
- Totals may not represent the sum of the parts due to rounding.
- The Mineral Resources for the Whistler deposit have been prepared by Moose Mountain Technical Services in conformity with "CIM Definition Standards for Mineral Resources and Mineral Reserves 2014". The resource estimate is contained in the amended and restated technical report titled "NI 43-101 Resource Estimate for the Whistler Project" authored by Robert J. Morris, M.Sc., P.Geo., Susan C. Bird, P.Eng., and Alan Riles, B.Met, M.AIG, who are each qualified persons within the meaning of NI 43-101 and independent of the Company with an effective date of August 15, 2015 (amended and restated as of November 12, 2015).
- The Mineral Resources for the Island Mountain deposit have been prepared by Giroux Consulting Ltd. in conformity with "CIM Definition Standards for Mineral Resources and Mineral Reserves 2014".

Source: Brazil Resources Inc.

There appears to be additional exploration upside at Island Mountain as management notes that rock geochemistry suggests that mineralization may extend for another 400m to the north as noted in the diagram below. The current dimensions of the resource are 300m strike by 400m width.

Exhibit 2. Island Mountain open to the north

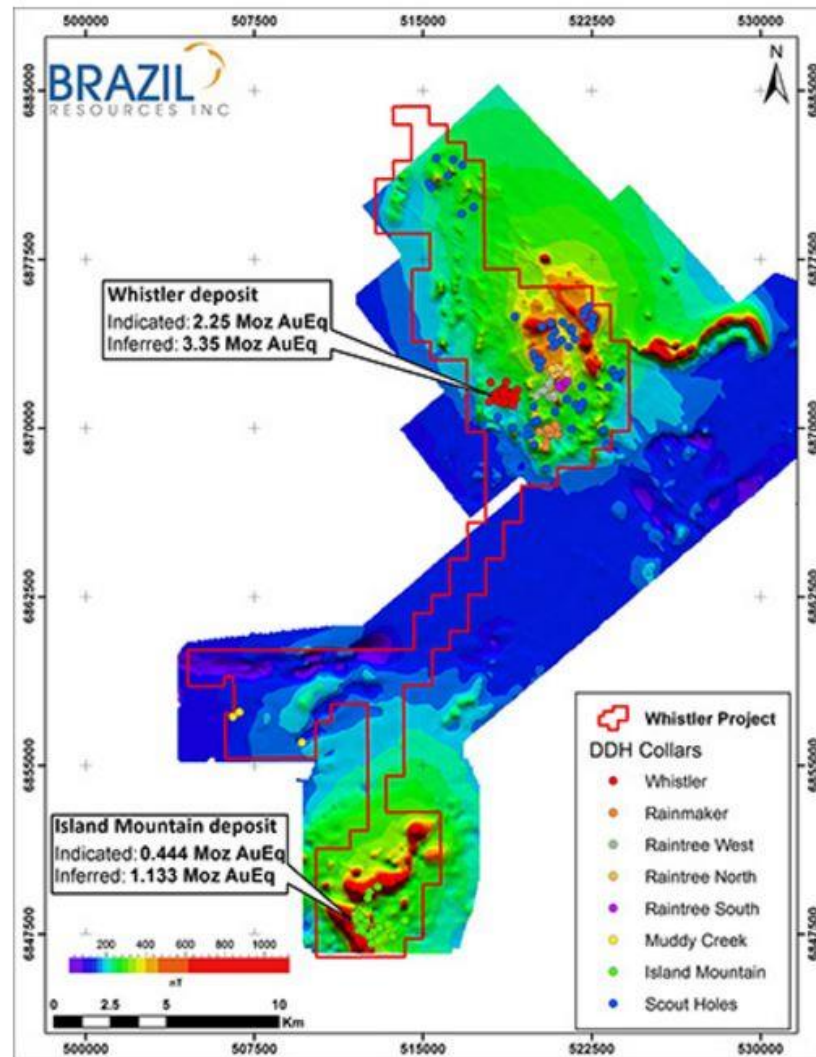


Source: Brazil Resources Inc.

ADDITIONAL TARGETS ON THE WHISTLER PROJECT

The Island Mountain deposit is one of several porphyry centers identified on the Whistler Project. The deposit outcrops on the southwest slope of Island Mountain and has been drilled over a strike length of 300m and to a depth of 450m; the deposit is up to 400m in width. The deposit is open to depth and to the north where surface mapping, geochemistry and geophysics have identified coincident hydrothermal breccia, multi-element geochemical and magnetic anomalies for an additional 400m to the north. Gold-copper mineralization is hosted by intrusive and hydrothermal breccia associated with strong sodic-calcic alteration, and gold-only mineralization is hosted by diorite porphyry with vein and disseminated pyrrhotite.

Exhibit 3. Whistler & Island Mountain Deposits



Source: Cantor Fitzgerald Canada Estimates

Recall that in addition to both the Whistler deposit and Island Mountain, on the 170 Km² Whistler land package there are several other porphyry centers (Raintree West, Raintree North, Raintree South, Rainmaker and Cirque) with mineralized intersections similar to these deposits. Future drill programs will focus on delineating higher grade, near-surface zones at the Whistler and Island Mountain deposits, expanding their existing resource, and developing a better understanding of the size potential of nearby targets. Approximately 70,000m of historic drilling has been completed on the Whistler Project with 12,668m (34 holes) completed at the Island Mountain deposit.

VALUATION

We are maintaining our Buy recommendation and increasing our target price to \$2.90/share (from, \$2.60/share previously), or by 12%. Our target price continues to reflect our blended 1.0x NAV_{8%} and in-situ valuation methodology for the given projects. We are adding the maiden resource estimate for Island Mountain and are including it in our target price derivation by assigning an in-situ multiple of \$30 per indicated gold ounce and \$15 per inferred gold ounce.

Our target implies 193% upside from the April 19 close of \$0.99/share.

Exhibit 4. Net Asset Value

Mining Assets					
		CDN\$ 000s	Per share	Comment	
Sao Jorge	(100%)	\$102,375	\$1.09	8% NPV	
Cachoeira	(100%)	\$42,733	\$0.45	In-Situ Valuation (\$40/oz Indicated, \$20/oz Inferred)	
Boa Vista	(100%)	\$6,720	\$0.07	In-Situ Valuation (\$40/oz Indicated, \$20/oz Inferred)	
Surubim	(100%)	\$10,060	\$0.11	In-Situ Valuation (\$40/oz Indicated, \$20/oz Inferred)	
Island Mountain	(100%)	\$30,000	\$0.32	In-Situ Valuation (\$30/oz Indicated, \$15/oz Inferred)	
Whistler	(100%)	\$66,150	\$0.70	In-Situ Valuation (\$30/oz Indicated, \$15/oz Inferred)	
Rea Uranium Project	(100%)	\$10,000	\$0.11	Exploration spend	
Total Mining Assets		\$268,038	\$2.84		

Financial Assets					
		CDN\$ 000s	Per share		
Cash		\$6,008	\$0.06	Plus \$4.5M raised from an equity financing on March 2016	
Working Capital net of cash		(\$1,572)	(\$0.02)		
LT Liabilities		(\$308)	(\$0.00)		
Proceeds from ITM Instruments		\$63	\$0.00		
		\$4,191	\$0.04		
Net Asset Value	CDN\$	\$272,229	\$2.89		
Shares Outstanding (000s)		94,200			
NAV/sh		\$2.89			
Diluted shares outstanding		94,270			
NAV per Diluted share (C\$/share)		\$2.89			
Current share price (C\$/share)		\$1.00			
Price / NAV		0.35x			

(1) Corporate adjustments are as of last reported Financial Statements dated November 31, 2015

(2) Estimated share count post March 2016 equity financing

Source: Cantor Fitzgerald Canada Estimates

Exhibit 5. Commodity Price Forecasts

	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Gold (US\$/oz)	\$1,150	\$1,200	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250

Source: Cantor Fitzgerald Canada Estimates

Exhibit 6. Gold Comparables

Gold Company Name	Stock Price (C\$)	Market Cap (C\$B)	Enterprise Value (C\$B)	N143-101 Resource (M oz)				Gold Equivalent Resource (M oz)						FY 2015e AISC/OZ Au	
				Avg Grade Au g/t	P&P Au	M&I Au	Inferred Au	M&I AuEq	Inferred AuEq	Total AuEq	M&I MKT / OZ	M&I EV / OZ	Total MKT / OZ		Total EV / OZ
Barrick Gold (TSX:ABX)	\$20.66	\$24.07	\$28.81	1.44	93.0	94.3	29.3	105.1	29.5	227.6	\$229.01	\$274.07	\$105.74	\$126.55	\$830-\$870
Agnico Eagle Mines (TSX:AEM)	\$52.56	\$11.61	\$10.18	2.00	20.0	15.0	13.5	15.0	13.5	48.5	\$773.37	\$678.29	\$239.51	\$210.07	\$840-\$860
Eldorado Gold (TSX:ELD)	\$4.90	\$3.51	\$3.22	1.04	24.5	8.9	13.9	15.3	17.4	58.5	\$229.18	\$210.32	\$60.04	\$55.10	\$870
Yamana Gold (TSX:YRI)	\$5.57	\$5.28	\$5.75	0.99	19.6	20.4	10.9	24.7	22.9	75.7	\$213.75	\$232.89	\$69.71	\$75.95	\$820
Kinross Gold (TSX:K)*	\$5.82	\$7.24	\$6.70	0.71	34.4	23.1	4.0	24.1	5.3	67.9	\$300.32	\$277.96	\$106.68	\$98.74	\$975-\$1,025
Detour Gold (TSX:DGC)	\$24.83	\$4.29	\$3.66	1.03	14.9	4.9	0.6	4.9	0.6	20.4	\$882.29	\$752.60	\$210.77	\$179.79	\$1,050-\$1,150
Centerra Gold (TSX:CG)	\$6.79	\$1.64	\$0.83	2.53	7.7	8.2	3.8	8.2	3.8	19.8	\$199.57	\$101.04	\$83.05	\$42.05	\$827-\$875
IAMGOLD (TSX:IMG)	\$3.95	\$1.60	\$1.54	1.38	8.6	12.8	7.0	12.8	7.0	28.4	\$125.23	\$120.31	\$56.40	\$54.18	\$1,050-\$1,150
Alacer Gold (TSX:IMG)	\$2.79	\$0.81	\$0.41	1.70	2.5	3.4	2.3	3.4	2.3	8.2	\$237.06	\$119.37	\$99.08	\$49.89	\$700-\$750
Average		\$6.67	\$6.79	1.42	25.0	21.2	9.5	23.7	11.4	61.7	\$354.42	\$307.43	\$114.55	\$99.15	

* Guidance is given in terms of AuEq

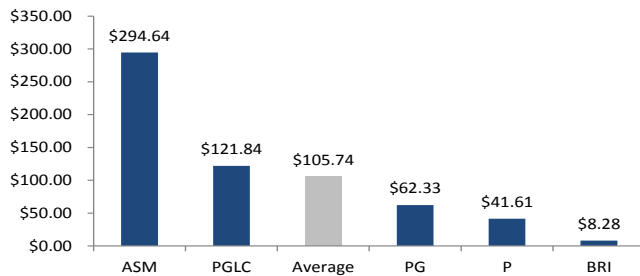
Gold Company Name	Stock Price (C\$)	Market Cap (C\$M)	Enterprise Value (C\$M)	N143-101 Resource (M oz)				Gold Equivalent Resource (M oz)						FY 2015e AISC/OZ Au	
				Avg Grade Au g/t	P&P Au	M&I Au	Inferred Au	M&I AuEq	Inferred AuEq	Total AuEq	M&I MKT / OZ	M&I EV / OZ	Total MKT / OZ		Total EV / OZ
Klondex (TSX:KDW)	\$4.24	\$596.38	\$413.42	21.71	0.3	0.8	0.6	0.9	0.6	2.0	\$631.59	\$437.83	\$303.37	\$210.31	\$750.00
Victoria Gold (TSX:VIT)	\$0.33	\$119.16	\$105.71	0.70	2.3	2.5	1.5	2.5	1.5	6.3	\$47.68	\$42.30	\$18.91	\$16.78	n/a
Timmins Gold (TSX:TMM)	\$0.48	\$149.85	\$120.70	0.74	1.6	4.3	2.3	4.4	2.3	8.3	\$33.96	\$27.35	\$17.97	\$14.47	\$1,105.00
International Tower Hill (TSX:ITH)	\$0.89	\$103.52	\$97.03	0.59	0.0	15.7	4.4	15.7	4.4	20.1	\$6.59	\$6.18	\$5.15	\$4.83	n/a
Lundin Gold (TSX:LUG)	\$5.65	\$572.12	\$430.62	8.52	0.0	7.3	2.6	7.4	2.6	10.0	\$77.23	\$58.13	\$57.00	\$42.90	n/a
Pretium Resources (TSX:PVG)	\$8.93	\$1,548.93	\$1,589.83	7.11	7.5	35.5	14.7	37.4	16.1	61.5	\$41.40	\$42.50	\$25.18	\$25.85	n/a
Continental Gold (TSX:CNL)	\$2.37	\$307.46	\$209.27	9.96	0.0	4.5	4.6	4.7	4.8	9.5	\$65.52	\$44.60	\$32.31	\$21.99	n/a
Guyana Goldfields (TSX:GUY)	\$6.47	\$988.54	\$912.82	2.50	3.5	6.8	2.1	6.8	2.1	12.4	\$145.00	\$133.89	\$79.70	\$73.59	\$749.00
Torex Gold (TSX:TXG)	\$1.95	\$1,534.57	\$1,536.74	10.37	0.0	1.0	1.4	1.1	2.1	3.2	\$1,364.08	\$1,366.00	\$473.55	\$474.22	n/a
Sabina (TSX:SBB)	\$1.45	\$289.84	\$271.79	8.79	3.5	1.0	1.4	1.0	1.4	5.9	\$288.68	\$270.71	\$48.79	\$45.76	n/a
TMAC Resources (TSX:TMR)	\$9.25	\$725.65	\$681.55	1.61	0.0	2.8	2.1	2.8	2.1	4.9	\$256.96	\$241.34	\$147.73	\$138.75	n/a
Kaminak Gold (TSX:KAM)	\$1.99	\$340.62	\$334.48	9.91	0.0	1.0	2.5	1.0	2.5	3.5	\$339.26	\$333.15	\$97.49	\$95.73	n/a
Dalradian Resources (TSX:KAM)	\$1.31	\$282.61	\$239.29	6.27	0.0	5.3	1.9	5.3	1.9	7.2	\$52.99	\$44.87	\$39.34	\$33.31	n/a
Average		\$581.48	\$534.10	\$6.83	\$1.44	\$6.81	\$3.23	7.0	3.4	11.9	\$257.76	\$234.53	\$103.58	\$92.19	
Primerio Mining (TSX:P)	\$2.10	\$344.79	\$341.93	4.79	1.8	3.1	1.2	4.3	2.2	8.2	\$79.27	\$78.61	\$41.95	\$41.61	\$1,021.00
Avino Silver & Gold Mines (TSXV:ASM)*	\$1.66	\$63.90	\$75.34	0.91	0.0	0.1	0.2	0.1	0.2	0.3	\$704.04	\$830.09	\$249.90	\$294.64	\$10.36
Premier Gold (TSX:PG)	\$3.61	\$633.79	\$569.08	2.34	0.0	5.9	3.3	5.9	3.3	9.1	\$108.01	\$96.98	\$69.41	\$62.33	n/a
Brazil Resources (TSXV:BRI)	\$0.99	\$93.23	\$92.05	0.55	0.0	3.2	5.4	4.2	6.9	11.1	\$22.22	\$21.94	\$8.39	\$8.28	n/a
Pershing Gold (NASDAQ:PGLC)	\$3.90	\$101.80	\$98.58	0.57	0.0	0.7	0.1	0.7	0.1	0.8	\$137.75	\$133.39	\$125.82	\$121.84	n/a

*Market data provided by Bloomberg

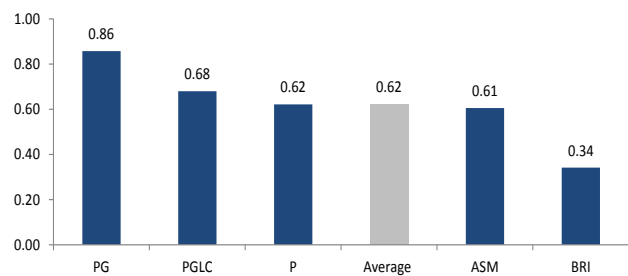
*AuEq is calculated given an Au price of \$1,250/oz and a Ag price of \$19/oz as per Cantor Fitzgerald Canada LT forecasts, cash costs are given as Ag/oz

* AISC estimates for companies under coverage, otherwise FY2015 figures as provided by company

Gold EV/Resource

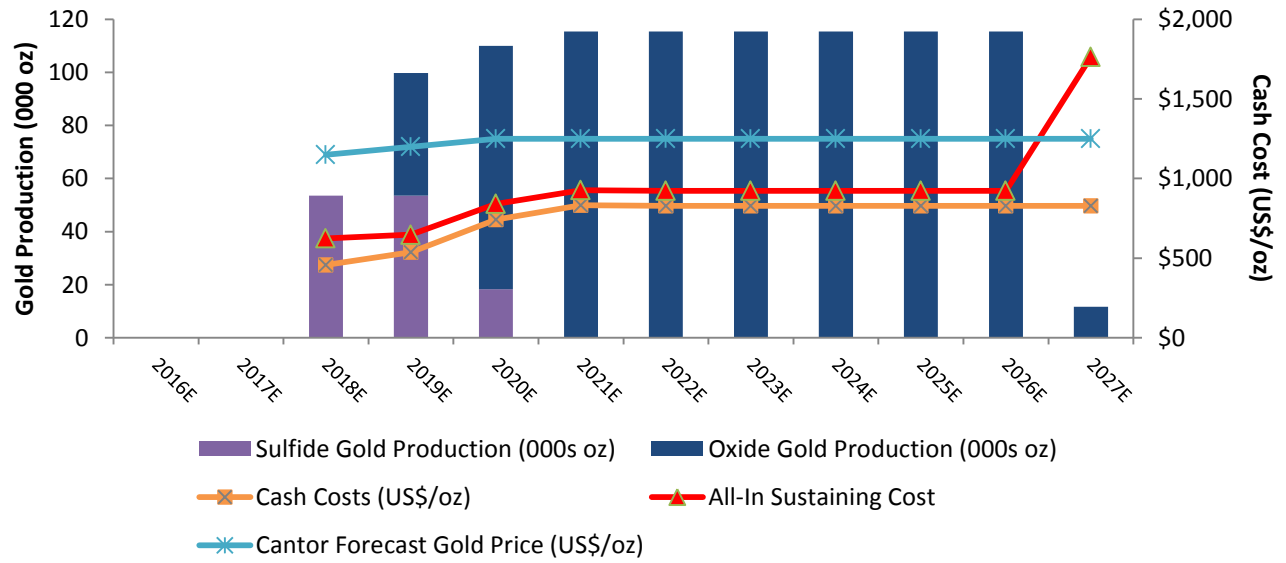


Gold Coverage P/NAV



Source: Cantor Fitzgerald Canada Estimates, Company Documents, Bloomberg

Exhibit 7. Sao Jorge forecast production and cost profile



Source: Cantor Fitzgerald Canada Estimates

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BUY: The stock is attractively priced relative to the company's fundamentals and we expect it to appreciate significantly from the current price over the next 6 to 12 months.

BUY (Speculative): The stock is attractively priced relative to the company's fundamentals, however investment in the security carries a higher degree of risk.

HOLD: The stock is fairly valued, lacks a near term catalyst, or its execution risk is such that we expect it to trade within a narrow range of the current price in the next 6 to 12 months. The longer term fundamental value of the company may be materially higher, but certain milestones/catalysts have yet to be fully realized.

SELL: The stock is overpriced relative to the company's fundamentals, and we expect it to decline from the current price over the next 6 to 12 months.

TENDER: We believe the offer price by the acquirer is fair and thus recommend investors tender their shares to the offer.

UNDER REVIEW: We are temporarily placing our recommendation under review until further information is disclosed.

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