

Resources and Reserves Standards Perspective of Equity and Debt Funding

CRIRSCO ANNUAL MEETING WORKSHOP

Dec,1 2015



OUR VISION IS THE WORLD'S VISION

Since 1975, Brasilinvest has been a key partner for all those who want to do business in Brazil and foster Joint-Ventures and investment relations involving Brazil and the world.

GLOBAL PRESENCE

We have partners in several countries.



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BRASILINVEST & Partners

The company is controlled by the Brasilinvest Group and is also formed by international partners, specializing in structuring, developing and implementing business operations and initiatives.



GRUPO GARNERO

Negócios e Desenvolvimento para o Brasil

This business segment is responsible for managing information technology at Brasilinvest. It also supplies other companies outside the Group with services in communications, lodging and support for management and financial systems.



BRASILINVEST

Empreendimentos & Participações S/A

The company operates in the promotion of investments, developing and managing real estate ventures in Brazil. Many of these ventures represent management initiatives geared towards third parties and promote partnerships and studies in the field of economic feasibility.

TSX-V: **BRI** OTCQX: **BRIZF** BRAZILRESOURCES.COM

BRAZIL
RESOURCES INC

PEOPLE.



CAPITAL.



STRATEGY.



Officers + Directors



**Amir Adnani,
Chairman**

Founder and CEO of Uranium Energy Corp, a uranium producer. He is an entrepreneur with a strong presence in the European and North American capital markets.



**Garnet Dawson,
CEO**

Over 30 years in the exploration and mining business working with major and junior mining companies in the Americas, Europe and China.



**Paulo Pereira,
President**

Over 25 years of experience in exploration development in Brazil and Canada including development of new business opportunities for juniors.



**Mario Garnero,
Director**

Chairman of Brasilinvest Group, a private merchant bank which has attracted investments up to US \$16 billion to Brazil.

**Herb Dhaliwal,
Director**

Former Canadian Minister of Natural Resources and Minister of National Revenue in the Federal Cabinet under Prime Minister Jean Chretien.

**Pat Obara,
Director & CFO**

Former CFO of Uranium Energy Corp from 2006 to 2011 and served as CFO for several TSX Venture companies.

**David Kong,
Director**

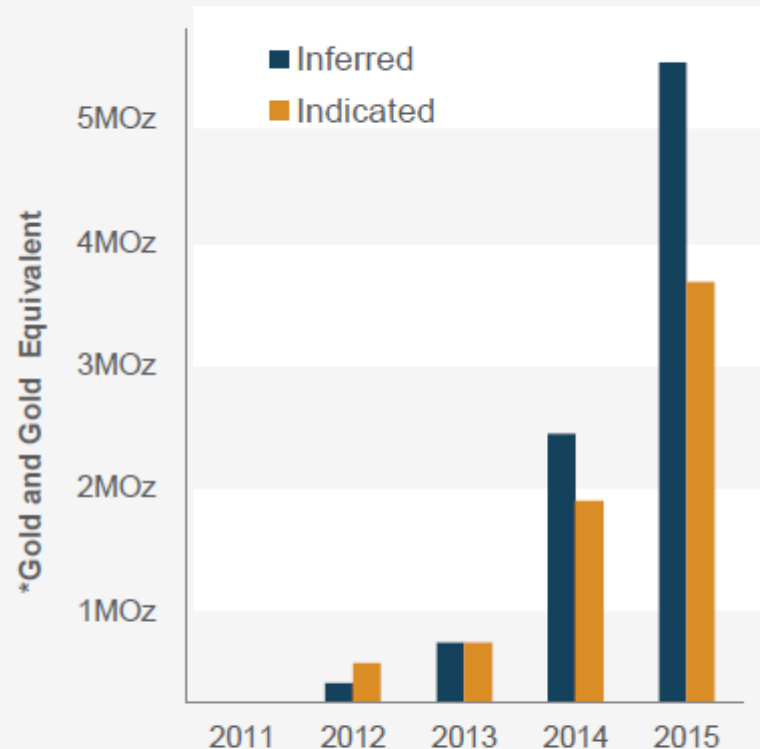
Director for several mining companies and formerly served as a partner with Ernst & Young and Ellis Foster Chartered Accountants.

**Enzio Garayp,
Advisor**

Former Exploration Manager for Kinross in Brazil and directly oversaw the 8 Moz expansion of the 15 Moz Paracatu Mine.

A Strategy for Rapid Accumulation of Gold Assets

- **Strategy:** acquire a portfolio of advanced-stage gold projects during current commodity downturn.
- **Viability:** focus on projects that are viable in today's market, and other projects which can expand very significantly with higher gold prices.
- **Growth:** the company has acquired five resource projects in the last 3 years:
 - Cachoeira
 - Sao Jorge
 - Surubim
 - Boa Vista
 - Whistler



*Based on resource estimates completed for each of our Cachoeira, Sao Jorge, Surubim, Boa Vista and Whistler projects. For further information on each individual project, including individual metal grades for our Whistler project, please refer to slides 12, 14, 19 and 21.

DEBT FUNDING

ADVANTAGES

- Can be used to fund just about any kind (or size) of business

DISADVANTAGES

- Require guaranty (inventory, equipment, real state, accounts receivable and insurance polices)
- Payments terms are agreed upon up front and are often difficult to change if the business does not perform well
- A loan has to be paid regardless of how well a business is doing
- Businesses that are strapped for cash will have to spend sizable portion of their revenue repaying the money borrowed from lenders - 'Debt requires repayment'

EQUITY FUNDING

- Very common to fund mine exploration businesses and other business that belong to deeply cyclical industries, which don't have steady cash flow to make regular loan payments.
- Raising Capital by selling shares of a business to investors
- Investors are entitled to a share of the business's profit over time
- Most investors expect return on their investment within three to five years.
- Angel Investors (\$K) typically an individual - at the startup phase
- Venture Capitalists (\$M) typically a venture capital firm not an individual) – first stage of growth

EQUITY FUNDING

ADVANTAGES

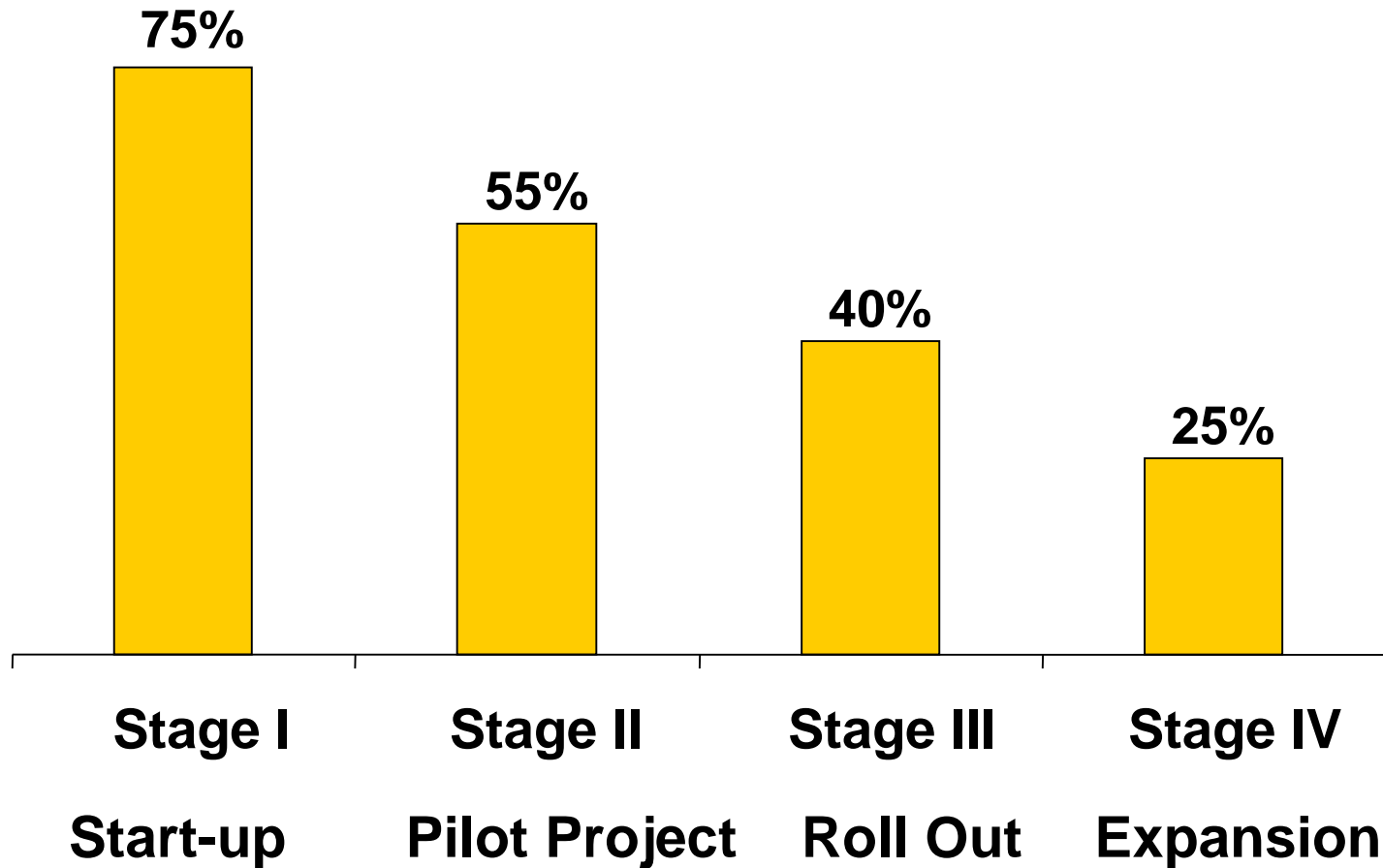
- Equity eliminates the two biggest disadvantages of debt funding : the constraint on available cash flow and the risk associated with personally guaranteeing a loan
- Another advantage is that the business owner don't have to pay investors back right away and if the business ultimately fails, you won't have anyone to repay.
- 'Investors sink or swim alongside the business owners'

EQUITY FUNDING

DISADVANTAGES

- The biggest disadvantage of using equity to fund a business is that equity investors actually own a percentage of the business
- Loss of control can be a problem for business owners who also want to secure additional debt financing
- There is no control when an investor decides to exit a business - A typical private equity partner requires an exit in five to seven years and will have enough control to force that exit event
- An Equity Partner can often be influential in the culture and operations of a company, which can have many implications (positive or negative) on a business

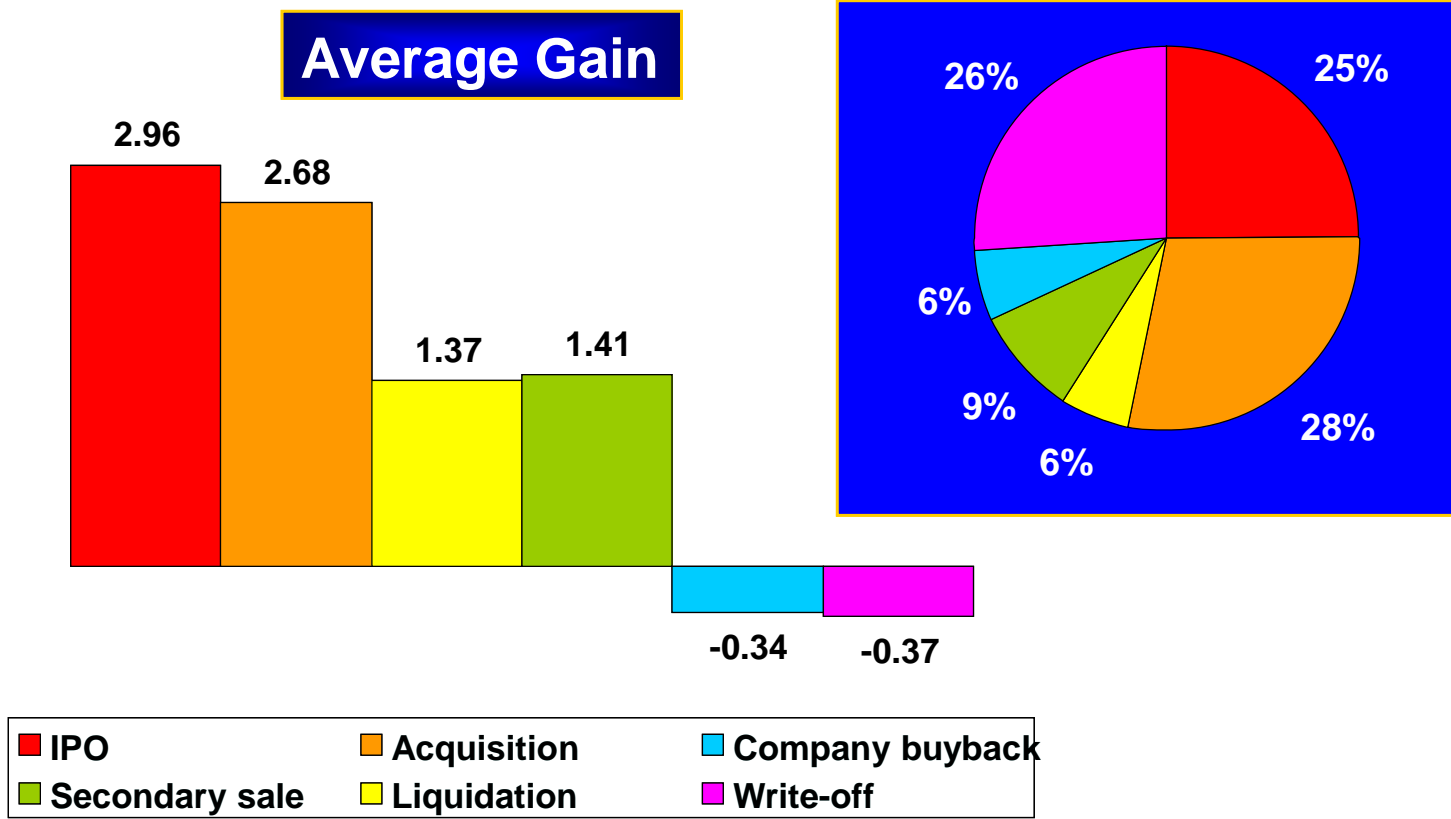
Required Rate of Return for Different Business Stages



EQUITY FUNDING

- The liquidity of the investment is another point of pressure. If a company is privately held, selling stock in that company may be more difficult than selling the shares of a publicly traded entity: buyers have to be privately found;
- Establishing the value of the stock requires audits of the company. When a company has grown substantially and thus its stock has appreciated, pressures tend to build to "take it public" in order to let investors cash out if they wish.
- But if the company pays very high dividends, such pressures may be less—the investors hesitant to "dilute" the stock by selling more of it and thus getting a smaller share of the profit.

Venture Capital Exit Routes and Realized Gains



SOURCES OF PRIVATE EQUITY IN BUSINESS DEVELOPMENT

STAGE CYCLE	R&D	START-UP	EARLY GROWTH	ACCELERATING GROWTH	SUSTAINING GROWTH	MATURITY GROWTH
TYPE OF FUNDING	Proof of Concept Funding	Seed Corn	First Round	Second Round	Development Capital	Replacement Capital MBO/ Development Capital
SOURCES OF FUNDING	Public Sector					
	Founders, Family and Friends					
	Business Angels					
			Venture Capital			
	Corporate Venturing					
					Public Listing/IPO	

10 Investment Evaluation Criteria

What Venture Capital Firms Look for In a Business Plan

- 1. A well-balanced management team with a sound track record**
- 2. A firm with a unique concept that meets an unmet consumer need**
- 3. A target market and proven niche product with great growth potential**
- 4. Sustainable competitive advantage**
- 5. Very healthy but realistic, financial projections**
- 6. A firm that is usually developed and looking for expansion funds**
- 7. Preferably a high-tech firm, but also firms in other sectors**
- 8. Detailed financial statements (preferably with milestone charts)**
- 9. Sound equity stake in exchange for funds**
- 10. Potential exit routes identifiable at the time of investment**

10 Most Important Investment Criteria

Criteria	Ranking by Angels	Ranking by VCs
Trustworthiness of the entrepreneur(s)	2	1
Enthusiasm of the entrepreneur(s)	1	3
Expertise of the entrepreneur(s)	4	2
Sales potential of the product	3	5
Growth potential of the market	6	6
Perceived financial rewards	8	4
Investor liked entrepreneur (s) upon meeting	5	9
Quality of product	7	10
Track record of the entrepreneur	9	8
Expected rate of return	10	7

Property Option Agreements Framework

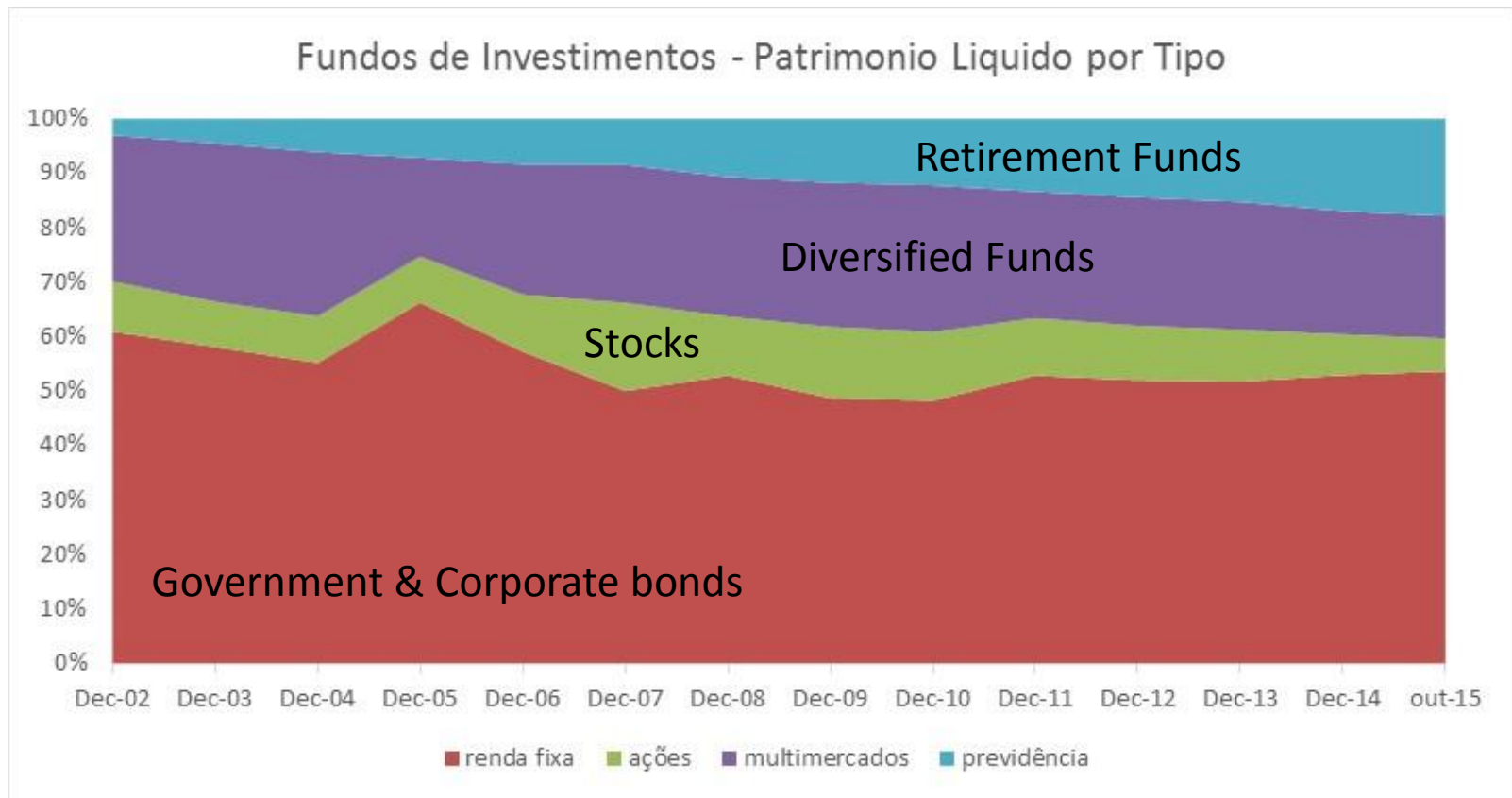
Based on the analyze of 50 deals closed in Brazil during the period 2000-2007

DEAL TYPE/	OWNE RSHIP	PERIO D	PROJECT STAGE	CASH PAYMENTS	STOCK PAYMENTS	WORK COMMIT	RESOURCE DISCOVERY PAYMENTS
PROPERTY OPTION AGREEMENT	50- 100%	3-5 YEARS	MINERAL EXPLORATION	50-500K	•500K to 3M common shares	0.5-1.5M	0.5-2.5%NSR
			<ul style="list-style-type: none"> •Drill Ready Targets 	<ul style="list-style-type: none"> •Staged over 1-3 years •Incremental payments from year 1 to year3 	<ul style="list-style-type: none"> •Staged over 1-3 years period •Escrow conditions 	<ul style="list-style-type: none"> •Over 1-3 year period 	<ul style="list-style-type: none"> •\$1-3 M buyout option •Back-in rights claw-backs clauses (30-50%) •Contributory Joint-Venture •Dilution <10% converted to NSR

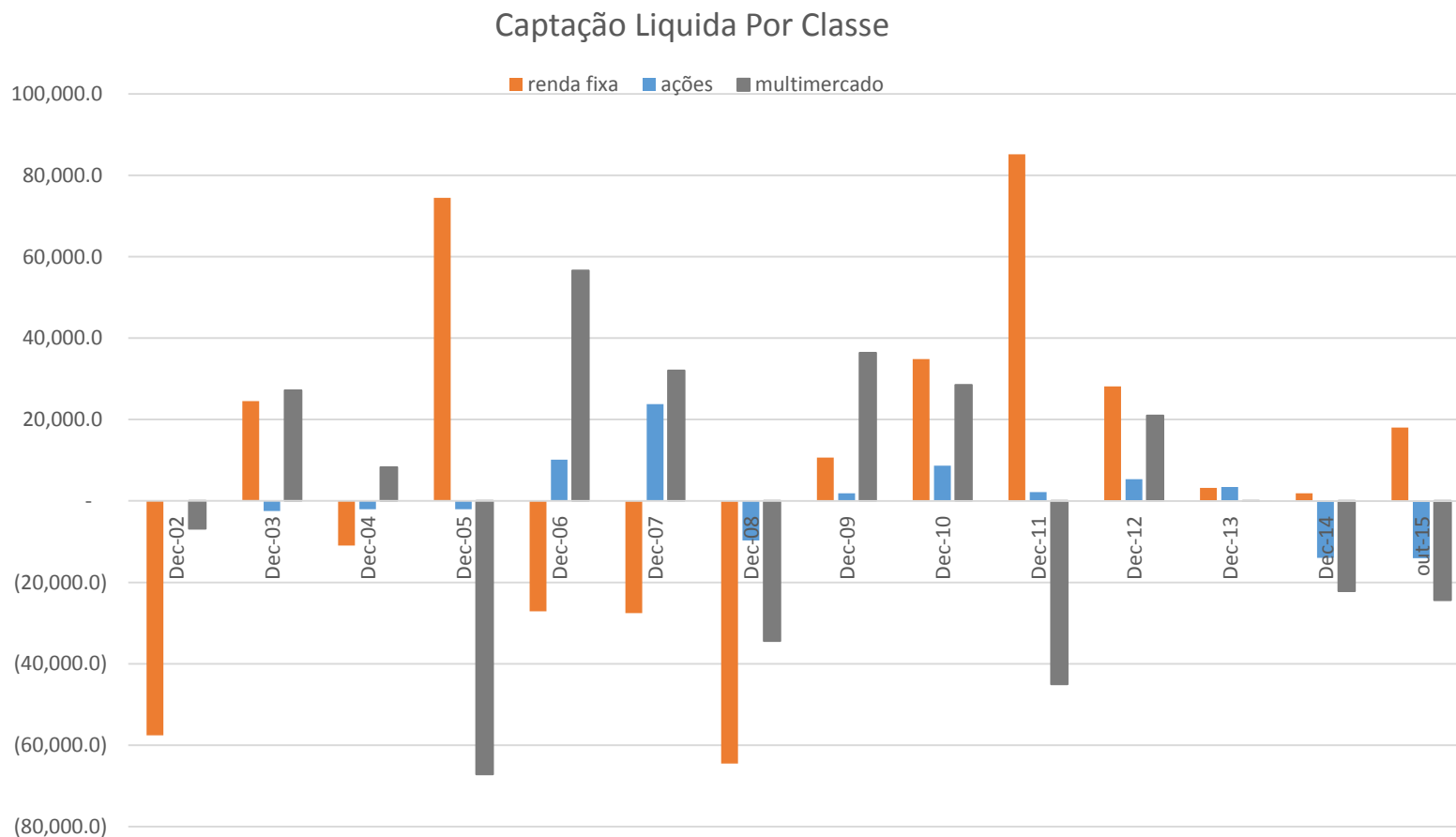
BRAZILIAN CAPITAL MARKET

- HAS ITS OWN CHARACTERISTICS
- WE NEED TO WORK WITH THESE SPECIFIC CHARACTERISTICS
- NO TRADITION TO INVEST IN MINING
- STOCK EXCHANGE DOES NOT OFFER AN ENVIRONMENT FOR EXPLORATION & MINING EQUITY FUNDING
- COMPARED TO CANADA – TSX-V (>1000 companies) IBOVESPA (4 companies – Vale, MMX and two other)

INVESTMENT FUNDS – PER ASSET CLASS (2002-2015)

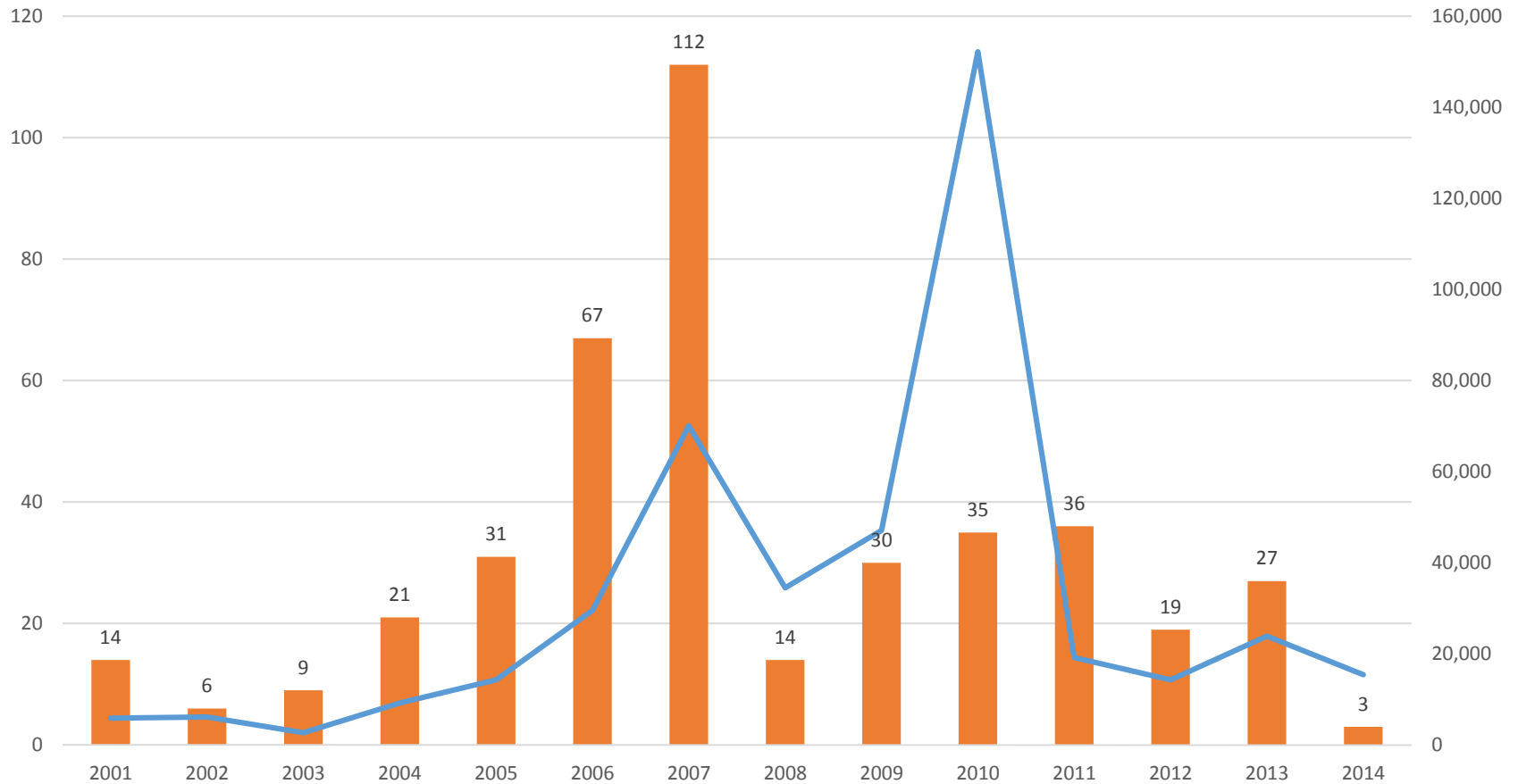


CURRENTLY DOWNTURN



CVM – IPO's & FOLLOW-ON'S

DISTRIBUIÇÕES (PRIMARIAS + SECUNDARIAS)



FOREING INVESTIMENT

INVESTIDOR ESTRANGEIRO - CARTEIRA (PORTIFÓLIO)

— AÇÕES — RENDA FIXA - - - VALOR INVESTIMENTO US\$ BILHÕES

