

Unaudited Consolidated Financial
Statements of
BRAZMIN CORP.
expressed in Canadian Dollars
for the three months ended
March 31, 2007 and 2006

These unaudited financial statements of BrazMin Corp. ("the Company") have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3(3)(a) of National Instrument 51-102 Continuous Disclosure Obligations.

BRAZMIN CORP.

Consolidated Balance Sheets

	<u>March, 31</u> <u>2007</u> <u>Unaudited</u>	<u>December, 31</u> <u>2006</u> <u>Audited</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 10,578,880	\$ 11,439,157
Accounts receivable and other assets	66,920	171,251
	<u>10,645,800</u>	<u>11,610,408</u>
Equipment (note 4)	85,607	82,641
Mineral properties and deferred expenditures (note 5)	7,932,046	8,170,892
Investment in Brazauro Resources Corporation (note 6)	10,520,000	-
	<u>\$ 29,183,453</u>	<u>\$ 19,863,941</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 152,375	\$ 279,609
Shareholders' equity		
Share capital and warrants (note 7)	23,932,221	24,104,131
Contributed surplus (note 7)	2,864,562	2,692,652
Retained earnings/(deficit)	2,234,295	(7,212,451)
	<u>29,031,078</u>	<u>19,584,332</u>
	<u>\$ 29,183,453</u>	<u>\$ 19,863,941</u>

See accompanying notes to the consolidated financial statements.

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Consolidated Statements of Operations and Retained Earnings

	<u>Three months</u> <u>ended</u> <u>March 31</u> <u>2007</u> <u>Unaudited</u>	<u>Three months</u> <u>ended</u> <u>March 31</u> <u>2006</u> <u>Unaudited</u>
Interest income	\$ 83,989	\$ 70,208
Expenses		
Office and general	83,150	97,372
Management fees	67,500	67,500
Consulting fees	66,101	59,764
Professional fees	46,814	28,931
Travel	38,894	54,287
Listing and filing expense	16,353	54,911
Bank charges	16,109	10,835
Amortization of equipment	2,000	1,500
	<u>336,921</u>	<u>375,100</u>
Loss for the period before the following:	(252,932)	(304,892)
Foreign currency translation gain	3,627	195,299
Realized gain on investment	9,301,551	-
Unrealized gain on investment	<u>394,500</u>	<u>-</u>
Earnings/(loss) for the period	9,446,746	(109,593)
Deficit, beginning of year	(7,212,451)	(4,399,033)
Share issue cost	<u>-</u>	<u>(723,128)</u>
Retained earnings/(deficit), end of period	<u>\$2,234,295</u>	<u>\$(5,231,754)</u>
Basic earnings/(loss) per share (note 8)	<u>\$ 0.35</u>	<u>\$ (0.01)</u>
Diluted earnings/(loss) per share (note 8)	<u>\$ 0.30</u>	<u>\$ (0.01)</u>

See accompanying notes to the consolidated financial statements.

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Consolidated Statements of Cash Flows

	<u>Three months ended March 31 2007 Unaudited</u>	<u>Three months ended March 31 2006 Unaudited</u>
Cash flows from operating activities		
Earnings/(loss) for the period	\$9,446,746	\$(109,593)
Items not affecting cash:		
Realized gain on investment	(9,301,551)	-
Unrealized gain on investment	(394,500)	-
Amortization	2,000	1,500
	<u>(247,305)</u>	<u>(108,093)</u>
Changes in non-cash working capital balances:		
Accounts receivable and other assets	27,254	16,877
Accounts payable and accrued liabilities	(127,234)	(343,727)
	<u>(347,285)</u>	<u>(434,943)</u>
Cash flows from financing activities		
Proceeds from issuance of shares and warrants	-	10,647,624
Share issue cost	-	(555,586)
Decrease in mining obligations	-	(116,500)
	<u>-</u>	<u>9,975,538</u>
Cash flows from investing activities		
Acquisition of equipment	(4,966)	(6,562)
Mineral properties and deferred exploration expenses	(508,026)	(637,234)
	<u>(512,992)</u>	<u>(643,796)</u>
Increase/(decrease) in cash and cash equivalents	(860,277)	8,896,799
Cash and cash equivalents, beginning of period	11,439,157	5,886,806
Cash and cash equivalents, end of period	<u>\$10,578,880</u>	<u>\$14,783,605</u>

See accompanying notes to consolidated financial statements.

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Notes to the Consolidated Financial Statements
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1. Incorporation and Operations

Resource Holdings & Investments Inc. ("RHI") was incorporated on July 8, 2004 under the International Business Companies Act in the Territory of The British Virgin Islands to engage in the acquisition, exploration, development and operations of mineral properties in Brazil. On April 5, 2005 RHI amalgamated with Ventures Resource Corporation ("VRC"), a publicly traded company, to form BrazMin Corp. (the "Company").

The Company had a wholly-owned subsidiary, Resource Holdings 2004 Inc. ("RH 2004"), which had been incorporated in BVI on July 8, 2004. The Company together with RH 2004 owned 100% of the subsidiaries (all subsidiaries incorporated in Brazil), Brazilian Resources Mineracao Ltda. ("BRM"), Brazmin Ltda. ("BRAZ LTDA"), and EIMB - Empresa Internacional De Mineracao Brasil Ltda. ("EIMB"). The Company, through its subsidiaries, had acquired rights ranging from a 65% to 100% interest in a number of prospective gold mining projects situated in Brazil.

South American Resource Holdings Inc. ("South American") was incorporated in BVI during the previous year, and is a wholly-owned subsidiary of the Company. In the current quarter, BRM and BRAZ LTDA were transferred into South American so that RH 2004 owned only EIMB. RH 2004 was then sold as described in Note 5.

These consolidated financial statements include the accounts of the Company's subsidiaries. All intercompany balances have been eliminated.

2. Summary of significant accounting policies

In the opinion of management all adjustments required for a fair presentation are included in these statements, in accordance with the accounting policies of the company. These unaudited interim consolidated financial statements have been prepared following accounting principles consistent with those used in the audited annual consolidated financial statements and should be read in conjunction with the audited annual financial statements of the Company, for the year ended December 31, 2006. The results of operations for the interim period, are not necessarily indicative of the results of operations for any other interim period, or for a full fiscal year.

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The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. As a result of adopting the new standards, the Company has adopted the following additional accounting policy (paragraph a) for its fiscal period beginning on January 1, 2007:

a) Long-term investments -

The Company's long-term investments are classified as "held-for-trading" securities and are measured at fair value. Changes in fair value are recognized in net income. Investments in securities having quoted market values and which are publicly traded on a recognized securities exchange are recorded at values based on the current bid prices.

b) Estimates –

Because a precise determination of assets and liabilities depends on future events, the preparation of financial statements for a period necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expense during the period. Actual amounts could differ from these estimates.

c) Cash and cash equivalents –

Cash and cash equivalents include cash and term deposits with original maturities less than three months from the date of acquisition.

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d) Equipment –

Equipment is stated at cost and amortized at 20% per annum on a declining balance. One-half of the above rate is applied in the year of acquisition.

e) Mineral properties and deferred exploration costs –

Interests in mineral exploration properties are recorded at cost. Exploration expenditures, other than those of a general nature, relating to mineral properties in which an interest is retained are deferred and carried as an asset until the results of the projects are known. If a project is unsuccessful or if exploration has ceased because continuation is not economically feasible, the cost of the property and the related exploration expenditures are written off.

The cost of mineral properties includes the cash consideration and the negotiated value of shares issued on the acquisition of properties. Properties acquired under option agreements, whereby option payments are made at the discretion of the company, are recorded in the financial statements at the time payments are made. Certain option payments that management have determined are likely to be made, have been accrued in the financial statements. The proceeds from options granted on properties are credited to the cost of the related property.

Once the feasibility of a project has been established, deferred exploration expenses and other costs are segregated as deferred development expenditures. These costs are amortized over the estimated useful life of the related mineral property as commercial production commences. If the net carrying amount of the deferred exploration expenses are not recoverable, these costs are written down to net recoverable amount of the deferred exploration expense.

Although the Company believes it has taken reasonable measures to ensure proper title to its mineral properties in which it has an interest, there is no guarantee that title to any of its mineral properties will not be challenged or impaired. Third parties may have valid claims underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

The amounts shown for mineral properties and deferred exploration costs represents cost to date, and do not necessarily represent present or future values as they are entirely dependent upon the economic recovery of future reserves.

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

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f) Stock based compensation –

The Company uses the accounting standard for stock-based compensation which requires the use of the fair value method for valuing stock option grants. Under this method, compensation cost attributable to all share options granted is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. Upon the exercise of the stock options, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

g) Asset retirement obligation –

An asset retirement obligation is a legal obligation associated with the retirement of long-lived assets that the company is required to settle.

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred, when a reasonable estimate of the fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company does not have any significant asset retirement obligations for the years presented.

h) Income taxes –

Income taxes are accounted for using the liability method under which future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be reversed. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment. In assessing future tax assets, the Company considers whether it is more likely than not some portion or all of the future income tax asset will be realized and whether a valuation allowance is required.

i) Foreign currency translation –

The functional currency of the company is Canadian dollars. A portion of the Company's transactions are denominated in United States dollars and Brazilian reals. The Company's foreign subsidiaries are integrated operations and financial statements stated in foreign currencies are translated using the temporal method. Monetary assets and liabilities denominated in United States dollars or Brazilian reals are translated to Canadian dollars at the rate in effect at the balance sheet date. Non-monetary items are translated at historical rates. Revenue and expenses are translated at average rates prevailing in effect during the period. The resulting gain or loss is included in the statement of operations.

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j) Financial instruments –

The Company's financial instruments include cash and cash equivalents, accounts receivable and other assets, investment in Brazauro, accounts payable and accrued liabilities and mining obligations. The fair value of these financial instruments approximates carrying value.

k) Basic and diluted loss per share –

The Company uses the treasury stock method to determine the dilutive effect of the share purchase warrants and the stock options. Per share amounts have been computed based on the weighted average number of common shares outstanding for the period presented. Diluted loss per share is calculated by adjusting outstanding shares to take into account the dilutive effect of stock options and share purchase warrants.

l) Risks

The exploration and development of mineral deposits involves significant financial risks. The success of the Company will be impacted by a number of factors including financing, currency, exploration and extraction risks, political uncertainty, regulatory issues and environmental and other regulations. The Company's mining obligations are denominated in US dollars.

The share price of the Brazauro shares are subject to volatility. There can be no assurance that an active trading market for the Brazauro shares is sustainable. The trading price could be subject to wide fluctuations in response to factors beyond the Company's control including, quarterly variations in Brazauro's results of operations, changes in earnings, estimates by analysts, conditions in the industry and general market or economic conditions. Such fluctuations could adversely affect the value of the Brazauro shares held by BrazMin.

m) Share issue costs –

Share issue costs are charged directly to deficit.

n) Revenue recognition –

Revenue comprises interest income and is recognized when earned.

3. Adoption of new accounting recommendations

Financial instruments

Effective January 1, 2007, the Company adopted CICA Handbook Section 1530, Comprehensive Income, CICA Handbook Section 3855 ("Section 3855"), Financial Instruments—Recognition and Measurement, and CICA Handbook Section 3865, Hedges. These new standards contain comprehensive requirements for the recognition and measurement of financial instruments, the treatment of financing costs and the application of hedge accounting. CICA Handbook Section 1530 also introduces a new component of equity referred to as comprehensive income.

The adoption of the new standards had no impact on the consolidated financial statements as at January 1, 2007.

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4. Equipment

	March 31, 2007 (unaudited)	December 31, 2006 (audited)
	-----	-----
Cost	\$97,832	\$92,866
Accumulated Amortization	12,225	10,225
Net Book Value	<u>\$85,607</u>	<u>\$82,641</u>

5. Mineral properties and deferred expenditures

The properties on which the Company's subsidiaries carry out exploration and development activities are located in Brazil. The mineral properties and deferred exploration expenditures are comprised as follows:

<u>Name of Project</u>		March 31, 2007 (audited)	Addition (disposal)	December 31, 2006 (unaudited)
		-----	-----	-----
<u>BRM</u>				
São Jorge	100%	\$5,208,400	\$93,486	\$5,114,914
<u>BRAZ LTDA</u>				
Tartarugalzinho	100%	588,302	4,512	583,790
Agua Branca	100%	1,029,384	135,600	893,784
Campo Grande	100%	541,783	181,961	359,822
Serrita and Serrita Norte	65%	362,301	-	362,301
Other	100%	201,876	89,809	112,067
<u>EIMB</u>				
Tocantinzinho	100%	-	(744,214)	744,214
		<u>\$7,932,046</u>	<u>\$(238,846)</u>	<u>\$8,170,892</u>

a) Sao Jorge project -

On July 16, 2004 the Company entered into an agreement whereby BRM acquired a 100% interest in São Jorge exploration license and mineral rights located in Pará State, Brazil, within the Tapajós Gold District, from Centaurus Brazil. The license has an initial term of three years from the date of publication of the license on March 2, 2003. An application for the extension of

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the license for a second term of three years was submitted to the Departamento Nacional de Producao Mineral ("DNPM") in December 2005.

On April 22, 2005 the Company entered into an agreement with Jaguar Resources B Ltda whereby BrazMin acquired a 100% interest in 3 adjacent claims in the São Jorge area. On May 13, 2005 an agreement was made with Tapajós Mineração and a Mr. Pacheco whereby BrazMin acquired a 100% interest in certain adjacent claims within the São Jorge area. One of the vendors of the latter claims is entitled to receive a bonus at the time the project reaches development stage. The bonus amount corresponds to 1% of the proven minable reserves as demonstrated by a feasibility study relating to the São Jorge area. This study should be prepared in accordance with internationally accepted practices and be compliant with NI 43-101. This 1% bonus is purchasable by the Company on or before September 30, 2006 for an amount of US \$2,500,000. BrazMin has elected not to exercise the purchase of this bonus. In addition, cash option payments totaling \$400,000 were payable, all of which have been made. One of the newly acquired properties has a residual royalty amounting to 2% of gross proceeds from any mining operation, 1.5% of which is purchasable at any time for US \$1,500,000. The total area of São Jorge including all the above is 57,420 hectares.

b) Agua Branca Project -

On July 16, 2004 the Company acquired through BRAZ LTDA, a 100% interest in the underlying mineral rights of Agua Branca, a 9,356 hectare property, located in Pará State, Brazil within the Tapajós Gold District, from an independent vendor and Centaurus Brazil. An application to transfer these rights from the vendor to BRAZ LTDA, and to convert them into exploration licenses, has been submitted to the DNPM. BrazMin has received notification from the DNPM that the conversion process has been completed, and the transfer of the licenses into the name of BRAZ LTDA was published in the official Government Gazette. The payments already made to the vendors consist of US\$5,000 upon registration of the project; US\$20,000 within 6 months of the initial payment and US\$40,000 within 18 months of the initial payment. A further option payment of US\$80,000 is due within 30 months of the initial payment (March 2008); and a final option payment of US\$150,000 is due within 42 months of the initial payment (March 2009). Additionally, the independent vendor is entitled to a net smelter royalty ("NSR") of 2%, which the Company has the right to buy out for US\$2,000,000. Subsequent to year end, a BrazMin subsidiary signed option agreements to acquire a 100% interest in an additional 10,950 hectares from three independent vendors, each with staggered option payments.

The total area now comprising the Agua Branca property is 20,306 hectares.

c) Tartarugalzinho ("Little Turtle") Project –

During 2005 the Company acquired a 100% interest in the 9,602 hectare Tartarugalzinho property, located along the paved highway north from Macapá, capital of Amapá State, Brazil. Annual payments amounting to US\$100,000 will be made until the commencement of mine production. The property is subject to a 1.2% NSR royalty, with a buyout option in the Company's favour of US\$1 million. In the 1980's, a major mining Company did extensive work in the area, including some 88 diamond drill holes. During 2005, the Company performed surface work on the property and completed a 1,504m diamond drilling program consisting of 13 holes. The cost of the drilling program and related expenses to date, amounted to \$706,906. Gold assay results

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from all the holes have been received and published. They generally confirm the results obtained during the 1980's by a previous operator. During the period under review, the Company made half the annual payment to the vendor amounting to \$50,000, with the other half being due in June. Total other expenses for the period amounted to \$4,512. The Company is attempting to farm-out Tartarugalzinho to a third party.

d) Campo Grande Project –

The Campo Grande project is located in the Iron Quadrangle gold camp, approximately 100 km west of Belo Horizonte, the capital of Minas Gerais State, Brazil. This project consists of three exploration areas covering 2,611 hectares, of which the Company owns two claims (1,850 hectares) with respect of the three areas and has an option to acquire with respect to the third area. No option payments are payable by the Company with respect to the third claim which is subject to a 1.5% NSR on reaching commercial production. The Company has the right to buy out the NSR for US\$750,000.

e) Serrita Projects –

The Serrita and Serrita Norte Project are two adjoining parcels located in Pernambuco State, Brazil (together the "Serrita Project"). The eleven Serrita Project exploration licenses cover 19,363 hectares. BRAZ LTDA currently owns a 65% interest in the Serrita Project exploration licenses. The Company has decided to farm-out this project as it does not constitute a core asset. On February 8, 2006, the Company entered into an option agreement with Troy Resources of Australia ("Troy"). Troy has the right to up to a 75% interest in the Serrita project by spending US\$700,000 over 4 years and making certain cash payments to the Company and its partners. Should Troy earn its 75% interest, the Company may retain a 16.25% interest or elect to convert to a NSR royalty.

f) Tocantinzinho Project -

The Tocantinzinho project, located in Pará state, Brazil consisted of a number of permit applications totalling approximately 13,900 hectares. Toc is located in the Tapajos Gold District of Brazil, approximately 90 kilometres northwest of the Company's Sao Jorge project. Applications were submitted to the DNPM to transfer the rights and convert them to exploration permits in EIMB's name. The property was subject to a 0.5% NSR to the vendor, a director of the Company. A single option payment of US\$8,000 (US\$3,000 of which has been made) was payable by EIMB to a related party with respect to this project. The balance on the option was due upon confirmation of the applications by the DNPM.

In February, 2007 Brazauro Resources Corporation ("Brazauro") acquired all of the Company's interests in the Tocantinzinho gold project area ("Toc"), which was included in EIMB, in exchange for 13,150,000 treasury shares of Brazauro. This was in accordance with the agreement entered into between the Company and Brazauro in September 2006. (see Note 6)

The agreement resulted in the Company owning approximately 19.9% of the issued shares of Brazauro as at the closing date of February 6, 2007. The Company does not currently own beneficially, directly or indirectly, any other shares of Brazauro. For a limited period of time Brazauro will have the right to direct the voting of the shares to be issued to the Company except in certain conditions.

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The acquisition was accomplished by the purchase of a wholly owned subsidiary of the Company, EIMB, which indirectly held the Company's Toc interests.

Pursuant to the acquisition agreement, the Company entered into a placement rights agreement with Brazauro, under which the Company granted Brazauro the rights to be notified by the Company of every proposed sale, transfer assignment or any other transaction which alienates the Brazauro shares. In the event the transaction involves 100,000 or less shares, five business days notice must be given. If the transaction involves between 100,001 and 500,000 shares, 15 days notice must be given, and for transactions of more than 500,000 shares, 30 days notice must be given. The placement rights agreement terminates when the Company ceases to own a minimum of 10% of the issued and outstanding Brazauro shares.

6. Investment in Brazauro Resources Corporation

March 31, 2007		December 31, 2006	
Shares	Amount	Shares	Amount
13,150,000	\$10,520,000	-	\$0

The investment in Brazauro Resources Corporation has been recorded at the closing bid price of its shares as of March 30, 2007, being the last day of trading before the Company's quarter end. An unrealized gain in the amount of \$394,500 has been recognized in net income for the three months ended March 31, 2007.

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7. Share capital and warrants

The Company has an unlimited number of authorized voting common shares.

	Number of shares	Number of Warrants	Amount
Balance, December 31, 2004	11,720,000	-	\$2,760,200
Issue of shares – amalgamation	901,858	-	-
Issue of shares and warrants	8,192,591	4,096,296	10,500,000
Warrants issued to broker	-	588,000	136,286
Warrants exercised	2,625	(2,625)	3,281
Balance, December 31, 2005	20,817,074	4,681,671	13,399,767
Issue of shares and warrants	5,000,000	2,500,000	10,000,000
Warrants expired	-	(3,444,523)	(1,109,362)
Warrants issued to broker	-	300,000	171,910
Warrants exercised	1,237,148	(1,237,148)	1,641,816
Balance, December 31, 2006	27,054,222	2,800,000	24,104,131
Warrants expired	-	(300,000)	(171,910)
Balance, March 31, 2007	27,054,222	2,500,000	\$23,932,221

The fully diluted share capital of the Company is 32,006,722 common shares.

This is made up of the shares and warrants as above as well as the options as mentioned below.

Stock Options

During the last quarter of fiscal 2006, the Company issued a total of 200,000 stock options to its directors. The options expire in December, 2011 and are exercisable at any time. The exercise price is \$1 per share. All these options are outstanding as at December 31, 2006.

Estimated fair value of stock options

The Company determined the fair value of the 200,000 stock options issued using the Black-Scholes option pricing model under the following assumptions:

Expected life	5 years
Fair value (\$/option)	\$0.73
Risk-free interest rate	3.80%
Volatility	93%
Dividends	0%

Since all of these options vested last year, \$146,218 was included last year in the Consolidated Statement of Operations and Deficit and Contributed Surplus on the Consolidated Balance Sheet.

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During the second quarter of fiscal 2006, the Company issued a total of 437,500 stock options to its directors, officers and consultants. The options expire on May 31, 2011 and are exercisable at any time, except for 50,000 options which vest over a period of 18 months. The exercise price is \$2 per share. All these options are outstanding as at December 31, 2006.

The Company determined the fair value of the 437,500 stock options issued using the Black-Scholes option pricing model under the following assumptions:

Expected life	5 years
Fair value (\$/option)	\$1.25
Risk-free interest rate	4.30%
Volatility	72%
Dividends	0%

Based on the 404,170 options which vested last year, \$505,200 was included last year in the Consolidated Statement of Operations and Deficit and Contributed Surplus on the Consolidated Balance Sheet. A further \$41,675 will be included in the Consolidated Statement of Operations and Deficit and Contributed Surplus in respect of the other 33,330 options over their remaining vesting period.

A summary of options outstanding as at March 31, 2007 and 2006 and changes during the periods ended on those dates is presented below:

	2007		2006	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding – beg. of period	2,452,500	\$1.36	1,815,000	\$1.25
Granted	-	-	-	-
	<u>2,452,500</u>	<u>1.36</u>	<u>1,815,000</u>	<u>\$1.25</u>
Exercisable – end of period	<u>2,419,170</u>	<u>\$1.35</u>	<u>1,815,000</u>	<u>\$1.25</u>

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Warrants

On February 10, 2006, the Company issued 5,000,000 units at \$2 per unit by way of private placement. Each unit consists of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at a price of \$2.75 until February 10, 2008. Warrants were also issued to the private placement brokers at a rate of 6% of the total number of units issued ("Compensation Warrants"). These warrants were exercisable within 12 months at a price of \$2.13, or an amount agreed by the Toronto Stock Exchange. These warrants expired on February 10, 2007.

Estimated fair value of warrants

The Company determined the value of \$171,910 for the February 10, 2006 warrants issued to the brokers using the Black-Scholes option pricing model under the following assumptions:

Fair value (\$/option)	\$0.57
Risk-free interest rate	3.90%
Expected life (years)	1
Volatility	67%
Dividends	0%

These 300,000 warrants had an expiry date of February 10, 2007 and upon expiry, the amount of \$171,910 was transferred to Contributed Surplus.

There are also 2,500,000 warrants outstanding with an expiry date of February 10, 2008 exercisable at \$2.75 each.

Contributed Surplus

A summary of contributed surplus is as follows:

Balance – December 31, 2004	\$	0
Options granted in 2005		931,827
Balance – December 31, 2005		931,827
Options granted in 2006		651,462
Warrants expired unexercised in 2006		1,109,363
Balance – December 31, 2006		2,692,652
Warrants expired unexercised in 2007		171,910
Balance – March 31, 2007		<u>\$2,864,562</u>

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8. Earnings/(loss) per share

The following table sets forth the computing of basic and diluted earnings/(loss) per share:	Three months ended March 31, 2007	Three months ended March 31, 2006
Numerator for basic and diluted earnings/(loss) per share available to common shareholders	\$9,446,746	\$(109,593)
Denominator for basic earnings/(loss) per share	27,054,222	26,303,748
Share Purchase Options	2,452,500	-
Warrants	2,500,000	-
Denominator for diluted earnings/(loss) per share	32,006,722	26,303,748
Basic earnings/(loss) per share	\$0.35	\$(0.01)
Diluted earnings/(loss) per share	\$0.30	\$(0.01)

9. Income taxes

Since the Company is incorporated under the International Companies Business Act, it is exempt from tax in the British Virgin Islands. The Brazilian subsidiaries have loss carry forwards of \$227,225 which are available to shelter future taxable income. These losses have no expiry date but can only be offset against taxable income to the extent of 30% in any given year.

The Company has taken a full valuation allowance against the future tax asset relating to these losses, and accordingly, no future income tax asset has been recognized in these financial statements.

The difference between the expected tax recovery at statutory rates and the actual tax recovery of \$nil, is due to the tax effect of losses not booked, and the exempt status.

BRAZMIN CORP.

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For the three months ended March 31, 2007 and 2006

10. Related party transactions and balances

On August 1, 2004, the Company entered into an administrative service agreement (the "Agreement") with Tau Capital Corp. ("Tau"). The controlling shareholder of Tau is a 6% shareholder of the Company. The Agreement has an initial term of three years, terminating on July 31, 2007, subject to further renewal by the parties to the agreement. The terms of the Agreement require the Company to pay Tau a monthly service fee of \$22,500. For the three months ended March 31, 2007 fees paid to Tau for these services were \$67,500 (2006: \$67,500).

Consulting fees paid to officers of the Company for the three months ended March 31, 2007 were \$57,101(2006:\$59,764).

Accounts receivable and other assets include \$22,500 paid to Tau for management fees for April 2007 (April 2006: \$22,500).

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. Geographic information

Revenue of the Company is attributable to the British Virgin Islands. All of the Company's equipment and mining properties are located in Brazil.