



BrazMin Corp.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2007

Dated: May 15, 2007

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This Management's Discussion and Analysis ("MD&A") of the consolidated financial position for the three months ended March 31, 2007, should be read in conjunction with the consolidated financial statements of BrazMin Corp. ("BrazMin" or the "Company") and notes thereto for the three months ended March 31, 2007.

Unless otherwise indicated all funds in this document are in Canadian Dollars.

1. Special Note Regarding Forward- Looking Statements

This MD&A contains certain "forward-looking statements". All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding mineral resources, metallurgical results, the Company's exploration plans with respect to the São Jorge and Água Branca Projects, exploration results and potential mineralization and resources) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause the actual results to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: failure to establish estimated mineral resources, the preliminary nature of metallurgical results, changes in gold prices, changes in equity markets, political developments in Brazil, changes to regulations affecting the Company's activities, delays in obtaining or failures to obtain required regulatory approvals, uncertainties relating to the availability and costs of financing needed in the future, the uncertainties involved in interpreting drilling results and other geological data, and the other risks involved in the gold exploration and development industry. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

The mineral resource figures referred to in this MD&A are estimates, and no assurances can be given that the indicated levels of gold will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the resource estimate included in this MD&A is well established, by their nature, resource estimates are imprecise and depend, to a certain

extent, upon statistical inferences which may ultimately prove unreliable. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that mineral resources can be upgraded to mineral reserves through continued exploration.

2. Overview

The focus of BrazMin Corp. is the acquisition, exploration and development of high-quality gold and other metal opportunities in Brazil and elsewhere. Management believes that the long term fundamentals of the metals industry are attractive. Brazil is considered to be ideally suited to exploration and mining of gold and other metals, due to its attractive geology, infrastructure, fiscal environment and long history of mining. The Company has acquired a balanced portfolio of exploration properties ranging from advanced to grassroots stages of development. The principal asset, the São Jorge Project ("São Jorge" or the "Project") in Para State, is an advanced-staged gold exploration project and Phase I and Phase II diamond drilling and work programs were completed in 2005 and 2006, respectively.

On March 27, 2007 BrazMin announced the retirement of the Company's inaugural President and CEO, Mr. Tony Ransom, and the appointment of Dr. Fiona Childe to the position of President and CEO, effective March 31, 2007.

The strategy is to focus on evaluating BrazMin's property portfolio in Brazil, as well as evaluate other potential base and/or precious metal opportunities within Brazil and elsewhere to enhance the Company's assets. Management continually reviews the Company's asset base and any potential new acquisitions to ensure optimum use of shareholders' funds. BrazMin's strategy of establishing a portfolio of projects at different stages of development is aimed at providing benefit from both near-term exploration success and any future rise in metal prices. The continuation of higher metal prices during the past period tends to support the Company's exploration focus.

3. Exploration Projects

São Jorge Project

During 2005, the Company entered into two agreements with independent third parties whereby approximately 40,000 hectares of adjacent mineral rights were acquired, thereby increasing the total project area to 57,420 hectares. Total acquisition-related costs for the year ended December 31, 2005 amounted to US\$320,000. During 2006, a total of \$416,104 was expended on acquisition-related costs. No further cash payments are anticipated. On April 22, 2005, the Company entered into an agreement with Jaguar Resources B Ltda whereby BrazMin acquired a 100% interest in three 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 São Jorge project reaches the development stage. The bonus amount corresponds to 1% of the proven mineable reserves as demonstrated by a feasibility study relating to the São

Jorge area. This study is to be prepared in accordance with internationally accepted practices and be compliant with National Instrument 43-101 (“**NI 43-101**”). This 1% bonus was purchasable by the Company on or before September 30, 2006 for an amount of US \$2,500,000. The Company has elected not to exercise its right to purchase the bonus. In addition, cash option payments totalling US\$400,000 were payable, all of which have been made. Also, 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.

On May 5, 2006, the Company issued a press release in respect of certain alleged irregularities affecting Licence #024, being one of the licences that were obtained from Centaurus Resources Ltd. (“**Centaurus**”) in 2004. BrazMin has received a document from the Brazilian Mining Department (“**DNPM**”), the DNPM, dated August 7, 2006, indicating that in the event that any such alleged irregularity should result in Licence #024 being nullified by the DNPM, then Licences #058 and #275, each owned 100% by the Company, will prevail and be granted priority rights over the São Jorge deposit and a large area surrounding such deposit.

In 2005, the Company completed a Phase I diamond drilling program on the São Jorge Gold Project (“**São Jorge**”). A total of 10,104 metres was drilled in 48 holes. The main target, the Wilton Zone, had 42 drill holes totalling 9,228 metres completed, covering the 650 metre by 100 metre zone on sections of approximately 40 metre spacing and at 40 metre intervals down dip to approximately 150 metres below surface. Assay results for all the holes were received and published in BrazMin news releases. Referee samples amounting to approximately 8% of the total number were submitted to a separate laboratory, independent of BrazMin, for check analyses. The results indicate acceptable levels of correlation.

As of March 31, 2006, the Company completed the geological interpretation of the Wilton Zone at São Jorge on the basis of the Phase I drilling results and field programs. The entire data set was provided to SRK Consulting (Canada) Inc. (“**SRK**”), an independent engineering firm, contracted to perform a NI 43-101-compliant mineral resource estimate of the Wilton Zone, based on diamond drilling information from both BrazMin’s Phase I Program, as well as data from the previous drilling performed by a subsidiary of Rio Tinto PLC.

In a news release dated September 1, 2006, the Company announced the results of SRK’s mineral resource estimate for the Wilton Zone. The zone of mineralized material has been constrained to a depth of about 236 metres below surface by an envelope delimited by hanging wall and footwall boundaries of a structural-alteration zone associated with gold mineralization. This zone has been delineated for 700 metres along a strike direction of 290°, with a sub-vertical dip. The average estimated true thickness of this zone is 60 metres. Within this broader zone of mineralization, four main high-grade gold zones, as well as mineralized sub-zones are present. These main zones are sub-parallel to the strike of the deposit and have estimated average true thicknesses ranging from 1 to 7 metres.

Using a 0.5 g/t gold cut-off, SRK classified only that material in the Wilton Zone occurring within 100 metres of surface as a mineral resource. SRK's estimate of indicated mineral resources is presented in Table 1.

Table 1: Wilton Zone Indicated Mineral Resource^{1,2,3,4} (approximately 0 to 100 metres depth)

Category	Rock Type	Tonnage [Mt]	Gold ^{3,4}		
			g/t	1000 kg	000' ounces
Indicated	Saprolite	0.50	1.30	0.65	21
Indicated	Unweathered Bedrock	4.50	1.18	5.31	170
Indicated	Unweathered Bedrock and Saprolite	5.00	1.19	5.95	191
Inferred	Saprolite	0.01	0.89	0.10	0
Inferred	Unweathered Bedrock	0.02	1.09	0.02	1
Inferred	Unweathered Bedrock and Saprolite	0.03	1.02	0.03	1

¹ Effective date August 30, 2006.

² For additional information on São Jorge and this mineral resource estimate see the independent technical report entitled "BrazMin Corp.: Resource Estimate and Technical Report for the São Jorge Project, Brazil", dated October 12, 2006, which has been filed on SEDAR and may be accessed on the Company's profile at www.sedar.com.

³ Gold cut-off grade 0.5 grams per tonne ("g/t") gold, all composite assays capped at 20 g/t gold.

⁴ Numbers in columns expressed in significant figures and may not total due to rounding

Mineral resources have been classified according to "*CIM Standards on Mineral Resources and Reserves: Definition and Guidelines*" (December, 2005) and prepared by G. David Keller, P. Geo. Mr. Keller is a Professional Geoscientist with the Association of Professional Geoscientists of Ontario and an employee of SRK. Mr. Keller is a "qualified person" within the meaning of NI 43-101 and independent of BrazMin.

On October 13, 2006, the Company filed a NI 43-101 technical report entitled "BrazMin Corp.: Resource Estimate and Technical Report for the São Jorge Project, Brazil", dated October 12, 2006, and prepared by Mr. Keller. A copy of this report is available on SEDAR at www.sedar.com.

During the first quarter of 2006, three 50 kilogram representative composite core samples were sent to SGS Lakefield Metallurgical Laboratory ("**Lakefield**") in Lakefield, Ontario, Canada, an accredited laboratory independent of BrazMin, for preliminary metallurgical testing. Samples were analyzed and tested by Lakefield under the direction of Mr. John R. Goode, P.Eng. A summary of the results of this work was reported in a BrazMin news release dated September 1, 2006. The work demonstrated that on the three representative samples, gold mineralization from São Jorge is very responsive to the standard gold recovery technique of carbon-in-leach on gravity tailings. Mr. Goode was contracted by BrazMin to coordinate and interpret the metallurgical test work performed by Lakefield. Mr. Goode is independent of BrazMin and a "qualified person" within the meaning of NI 43-101.

A Phase II Exploration Program commenced in May 2006. The drilling portion of this program has been completed, and comprised 7,952 metres in 34 holes. Of this

drilling, 2,302 metres in eight holes consisted of in-fill diamond drilling on the Wilton Zone. The balance of the drilling was directed towards the testing of new target areas and step-out drilling from the Wilton Zone to identify additional mineralization. Two new gold-mineralized zones, the "Kite Zone" and "Wilton East Zone", were discovered some 350 metres northwest and 430 metres southeast, respectively, of the Wilton Zone, as reported in news releases of July 24, 2006 and November 3, 2006.

Results for all 34 holes in the Phase II Program are contained in news releases dated July 24, 2006, August 17, 2006, October 6, 2006 and November 3, 2006.

The Phase II program also included 33.26 line-kilometres of ground geophysics consisting of Induced Polarization and magnetometer surveys covering an area some two kilometres in radius surrounding the Wilton Zone. A regional airborne geophysical program consisting of 2,284 line-kilometres of magnetometer and radiometric surveys has been completed.

Based on the interpretation of structural and airborne geophysical data, a total of eight new regional targets have been defined at São Jorge. Geological mapping and grid-based soil is planned to be initiated following the rainy season, in the second quarter of 2007, over these targets, with the objective of delineating drill targets.

A total of \$93,486 has been expended on São Jorge during the three month period under review.

Tartarugalzinho ("Little Turtle") Gold Project

During 2005, BrazMin acquired from an independent third party the rights to the 9,602 hectare Tartarugalzinho Project ("Little Turtle"), located in Amapá State, Brazil. Annual payments of \$100,000 USD will be made until the commencement of mine production. Half of this amount was paid in January 2007, and the balance is payable in June 2007. There is an underlying royalty of 1.2%, purchasable for 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, BrazMin has performed surface work on the property and completed a 1,504 metre diamond drilling program consisting of 13 holes. The cost of the drilling program and related expenses to date amounts to \$588,302. Gold assay results from all holes drilled by the Company have been received and published. They generally confirm the results obtained during the 1980's by a previous operator.

During the three month period under review, BrazMin made other payments amounting to \$4,512. The Company continues to pursue the farm-out of Tartarugalzinho to a third party.

Água Branca Gold Project

On July 16, 2004 the Company acquired through Brazmin Ltda. a 100% interest in the underlying mineral rights to the 9,356 hectare Água Branca Gold Project (“**Água Branca**”), 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 Brazmin Ltda., and to convert them into exploration licenses, was submitted to the Departamento Nacional de Producao Mineral (“**DNPM**”). BrazMin has received notification from the DNPM that the conversion process was completed and the transfer of the licences into the name of Brazmin 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). The property is subject to a 2% net smelter return royalty, with a buyout of US\$2 million. Subsequent to year end, a BrazMin subsidiary signed option agreements to acquire a 100% interest in an additional 10,950 hectares of ground adjacent to the above permits, from three independent vendors. This brings the total area of the Água Branca project to 20,306 hectares. Staggered option payments are payable in respect of the latter areas.

Água Branca is situated approximately 70 kilometres west-northwest of São Jorge and 30 kilometres northwest of the Transgarimperia Highway. A recently completed road from the highway to the nearby community of Água Branca facilitates access for personnel and equipment.

Mineralization at Água Branca is associated with linear zones of hydrothermal alteration within a northwest-trending crustal-scale deformation zone characteristic of the Tapajós Gold District. The Project is the site of widespread historic “*garimpo*” (artisanal) workings, in the form of hand dug pits and trenches up to 35 to 40 metres deep from which “*garimpeiros*” (artisanal miners) extracted gold from saprolite, the in-situ weathered rock overlying the bedrock. In 1996, TVX Gold Inc. conducted limited exploration activities at Água Branca, including channel and auger sampling of saprolite in five zones, as well as bedrock testing of one of these zones via two diamond drill holes. These two holes returned results of 1.1 g/t Au over 40 metres and 0.9 g/t Au over 32 metres.

Initial fieldwork by BrazMin at Água Branca commenced in July 2006, when a field crew was mobilized to the property to conduct a program of geological mapping and systematic channel sampling. A total of 585 channel samples have been collected from saprolite and mottled-zone exposures, shafts and adits. Results from these samples have been received and were reported in BrazMin news releases dated September 19, 2006, October 17, 2006 and November 9, 2006.

A 474.51 line kilometre airborne Magnetometer geophysical survey was flown over Água Branca in July 2006 by Fugro-Geomag, an ISO9001:2000 accredited company,

independent of BrazMin. Line spacing for the survey ranged from 200 to 400 metres. Interpretation of results is ongoing.

Based on the results of the geological mapping, sampling and interpretation of the results of the geophysical survey, drill targets were identified for a proposed 2,000 metre (12 to 15 hole) Phase I Drill Program in the Camarao Hill target area. This program commenced in October 2006, as reported in a BrazMin news release of October 17, 2006. A total of 2,416 metres were drilled in 13 holes, covering approximately 550 metres of the 750 by 300 metre Camarao Hill target area. All results from this program were received subsequent to year-end and announced in news releases dated January 9, 2007 and February 13, 2007.

In the three month period under review, mapping and soil sampling was carried out over three regional targets, namely Heaven, Jerimun and Serra da Abelha. Anomalous gold values were obtained at Serra da Abelha and Jerimun. At Serra da Abelha, the results of grid-based soil sampling delineated a northwest-trending zone of anomalous gold values. The anomalous zone, as defined by the 100 ppb Au in soil contour with values up to 521 ppb Au, is 800 metres long and averages 240 metres wide. The gold in soil anomaly is open to the northwest. Further surface work is planned with the objective of delineating drill targets at Água Branca

During the three months ending March 31, 2007, a total of \$135,600 was spent at Água Branca.

Tocantinzinho Gold Project

On September 13, 2006 BrazMin announced that an agreement had been reached whereby Brazauro Resources Corporation ("**Brazauro**") would acquire all of BrazMin's interests in the Tocantinzinho gold project area ("**Toc**") in exchange for 13,150,000 treasury shares of Brazauro. The agreement consolidates BrazMin's mineral interests with Brazauro's and extends the mineral land holdings of Brazauro in the area.

Toc is located in the Tapajos Gold District of Brazil, approximately 90 kilometres northwest of Sao Jorge.

In a news release dated December 4, 2006, the Company announced that the ("DNPM") in Brazil had awarded title for Toc to a party related to Brazauro. As a result, on February 7, 2007 BrazMin announced that it had completed the acquisition of the 13,150,000 shares of Brazauro (representing 17.4% of the issued and outstanding shares of Brazauro as at March 29, 2007) in settlement of the sale of all of its interests in Toc. Outside of these shares, BrazMin does not own beneficially, directly or indirectly, any shares of Brazauro. For a limited period of time, Brazauro will have the right to direct the voting of the shares issued to BrazMin except in certain conditions. The acquisition by Brazauro was accomplished by the purchase of a wholly-owned subsidiary of BrazMin, EIMB, which indirectly held BrazMin's Toc interests. (See Section 7 of MD&A for information on the gain on this transaction.)

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, 5 business days notice must be given. If the transaction involves 100,001 and 500,000 shares, fifteen days must be given, and 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.

The Company has designated its holdings in Brazauro as "held for trading" and will continue to review this position on a regular basis, with a view to maximizing shareholder value.

As Toc is now owned and operated by Brazauro, no further expenditures are contemplated by BrazMin.

Campo Grande Project

BrazMin's Campo Grande Project ("**Campo Grande**") is located in Minas Gerais state, approximately 115 kilometres west of the state capital of Belo Horizonte and 15 kilometres north of the Town of Pitangui. A major road transacts Campo Grande and facilitates access to the project area. Campo Grande is located in a region known as the "Iron Quadrangle", a major Brazilian gold mining camp with continuous production since the 17th century.

Campo Grande consists of three exploration licences totalling 2,611 hectares. Two of the licences are held by a wholly-owned subsidiary of BrazMin and one is held in the name of a third party. All three licences are owned 100% by BrazMin subsidiaries, and a royalty of 1.5% on production is payable on the licence held in the name of a third party.

Past work by previous operators at Campo Grande outlined a 1.8 kilometre by 250 metre semi-coincident gold, arsenic and antimony soil anomaly. During the three month period under review BrazMin conducted a nine-hole, 1,456 metre drill program with the objective of providing an initial drill test of the soil anomaly. Highlights of this program included hole CGD-002, which intersected 1.03 g/t Au over 7.98 metres from a depth of 20.90 metres, and 1.18 g/t Au over 20.55 metres from a depth of 45.20 metres, including 3.02 g/t Au over 4.47 metres. All significant assays from this program, are included in the Company's News Release of May 14, 2007.

During the three months ending March 31, 2007, a total of \$181,961 was spent at Campo Grande.

Other Properties

The Company owns or has interests in several other mineral properties in Brazil. Other than preliminary geological reconnaissance work, no formal exploration

programs were performed on these properties during the three month period under review.

During the three months ended March 31, 2007 an amount of \$89,809 was expended on these properties, primarily related to property maintenance and acquisition costs.

It is anticipated that some work will be performed during the first half of 2007 on at least one additional property. The scope, magnitude and estimated expenditures of such programs will be dependent on the results of preliminary ground investigations. An amount of \$350,000 has been budgeted for these programs. The Company has sufficient funds for this work.

Qualified Person

BrazMin's exploration programs are managed by BrazMin's VP Exploration, Mr. Paulo Ilidio de Brito, who is a "qualified person" within the meaning of NI 43-101. Mr. Ilidio de Brito has reviewed and approved the technical information in this MD&A.

4. Critical Accounting Estimates and Accounting Policies:

(a) General-

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements and the valuation of stock-based compensation expense.

Actual amounts could differ from the estimates used and, accordingly, affect the results of the operation.

(b) 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.

(c) 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.

(d) Mineral properties and deferred exploration costs –

Interest 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 development expenditures are not recoverable, these costs are written down to net recoverable amount of the deferred development expenditures.

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.

(e) 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.

(f) Values –

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.

(g) Cost of maintaining mineral properties -

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

(h) 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 U.S. dollars.

The share price of the Brazauro shares held by BrazMin, 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 variation's 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.

(i) Stock-based compensation -

From time to time, the Company may grant share purchase options to employees, directors and service providers. The Company uses the Black-Scholes option pricing model to estimate a value for these options. This model which is used to value options and warrants, require inputs such as expected volatility, expected life to exercise and interest rates. Changes in any of these inputs could cause a significant change in the stock-based compensation expense, or other expenses, charged in a period.

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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) Share issue costs -

Share issue costs are charged directly to deficit.

(p) Revenue recognition –

Revenue comprises interest income and is recognized when received.

5. Disclosure of Outstanding Share Data:

The following details the share capital structure as at May 15, 2007.

	<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Total</u>
Common Shares			27,054,222
Share purchase options	Apr. 18, 2010	\$1.25	1,695,000
Warrants	Feb 10, 2008	\$2.75	2,500,000
Share purchase options	May 31, 2011	\$2.00	339,500
Share purchase options	Dec 20, 2011	\$1.00	200,000
Share Purchase Options	Apr. 18, 2012	\$0.98	300,000
Total fully diluted number of shares			32,088,722

6. Capital Expenditure on Exploration Projects:

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

<u>Name of Project</u>	<u>Current Percentage of interest in project</u>	<u>December 31 2006 (audited)</u>	<u>March 31 2007 (unaudited)</u>
<u>BRML</u>			
São Jorge	100%	\$5,114,914	\$5,208,400
<u>BRAZMIN LTDA</u>			
Tartarugalzinho	100%	583,790	588,302
Água Branca	100%	893,784	1,029,384
Campo Grande	100%	359,822	541,783
Serrita and Serrita Norte	65%	362,301	362,301
Other	100%	112,067	201,876
<u>EIMB</u>			
Tocantinzinho	100%	744,214	-
		<u>\$8,170,892</u>	<u>\$7,932,046</u>

7. Results of Operations

(in thousands of \$)

Review of Certain Operating Expenses

	Three Months to March 31, 2007	Three Months to March 31, 2006
Expenses	\$337	\$375
Foreign exchange gain ¹	4	195

The earnings/(loss) for the three month period ended March 31, 2007 and 2006 was \$9,446,746 and \$(109,593) respectively. The Company recorded basic earnings/(loss) of \$0.35 and \$(0.01) per share, respectively, for the periods ended March 31, 2007 and 2006. The Company recorded diluted earnings/(loss) of \$0.30 and \$(0.01) per share, respectively, for the periods ended March 31, 2007 and 2006.

Capitalized exploration for the periods ended March 31, 2007 and 2006, amounted to \$505,368 and \$637,234 respectively. Costs of an amount of \$744,214 was reduced as a result of the sale of the Tocantinzinho project.

**Summary of Quarterly Results (as required by National Instrument 51-102):
(in Canadian Dollars and in accordance with Canadian Generally Accepted
Accounting Practice) (in thousands of Dollars except for Earnings/Loss per share)**

	<u>Mar. 31,</u> <u>2007</u>	<u>Dec 31,</u> <u>2006</u>	<u>Sept. 30,</u> <u>2006</u>	<u>June 30,</u> <u>2006</u>	<u>Mar. 31,</u> <u>2006</u>	<u>Dec. 31,</u> <u>2005</u>	<u>Sept. 30,</u> <u>2005</u>	<u>June 30,</u> <u>2005</u>
Total Revenues	\$83	\$124	\$111	\$121	\$70	\$16	\$17	\$13
Net(Earnings)/ loss	9,446	(793)	(214)	(858)	(109)	(621)	(453)	(1,408)
Net(Earnings)/loss (basic per-sharebasis)	0.35	(0.03)	(0.01)	(0.03)	(0.01)	(0.04)	(0.02)	(0.08)
Net(Earnings)/loss (diluted per-share basis)	0.30	(0.03)	(0.01)	(0.03)	(0.01)	(0.04)	(0.02)	(0.08)

¹ Foreign exchange gain (loss) due to the appreciation/depreciation of the Brazilian Real versus the US dollar.

The March 31, 2007 quarterly net earnings number included a realized gain on the sale of the Tocantinzinho project, of \$9,301,551. The investment in Brazauro has been designated as "held for trading" and recorded at fair market value, as required by Section 3855 (Financial Instruments) of the CICA Handbook, which was adopted by the Company on January 1, 2007. The Company also included in the Income Statement, an unrealized gain on this investment of \$394,500. This represents the change in market value between the date the investment was obtained, and the period end date.

During this past quarter, the Company continued with its exploration program with most of the capitalized expenditure relating to the Campo Grande and Água Branca projects. 300,000 broker warrants expired on February 10, 2007. An amount of \$171,910 was transferred to Contributed Surplus in respect of these warrants.

8. Financial Condition, Cash Flow, Liquidity and Capital Resources:

(in thousands of \$)

Cash Flow Highlights

	Three month period ended March 31, 2007	Three month period ended March 31, 2006
Operating activities ¹	\$ (347)	\$ (435)
Financing activities ²	-	9,976
Investing activities ³	(513)	(644)
Beginning cash & cash equivalent balance	11,439	5,887
Increase/(decrease) in cash & cash equivalents	(860)	8,897
Ending cash & cash equivalent balance	10,579	14,784

¹ Operating activities consumed \$347,000 for the period ended March 31, 2007.

² Financing activities generated \$nil for the period ended March 31, 2007.

³ Investing activities consumed \$513,000 for the period ended March 31, 2007.

In March 2005, the Company completed a private placement of 5,600,000 units at a price of \$1.25 per unit for total gross proceeds of \$7,000,000. Each unit consisting of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitled the holder thereof to purchase one common share of BrazMin at an exercise price of \$1.35 and the unexercised balance of these warrants expired on September 4, 2006. An amount of \$433,285 was taken to contributed surplus in respect of these warrants. In consideration for assistance with the private placement the Company paid to the agents a cash commission of \$560,000 out of the total gross proceeds and granted broker warrants which entitled the agents to acquire 588,000 shares of the Company at \$1.25 per share on or before September 4, 2006. An amount of \$82,709 was taken to contributed surplus in respect of the unexercised balance of these warrants. The value of both sets of unexercised warrants referred to above, was calculated at \$0.23 and \$0.27 per option respectively using the Black-Scholes option pricing model. The assumptions used for this were a volatility of 41%, dividends of 0%, a risk-free interest rate of 3.59% and an expected life of 1.5 years.

On December 15, 2005, the Company raised an additional \$3,500,000 through a private placement of 2,592,591 units of BrazMin, each unit consisting of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$1.70, and expired on December 15, 2006. An amount of \$593,369 has been transferred to Contributed Surplus in respect of these expired warrants.

On February 10, 2006, the Company issued 5,000,000 units at \$2 per unit in terms of a private placement. Each unit consists of one common share of BrazMin and one half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share of BrazMin at a price of \$2.75 until February 10, 2008. This is provided that in the event that the closing price of the common shares of BrazMin exceeds \$3.50 for any period of ten consecutive trading days, BrazMin may accelerate the expiry date of the warrants by giving notice to the holders thereof, and in such case the warrants will expire on the 30th calendar day after the date of such notice. Warrants were also issued to the private placement brokers at a rate of 6% of the units issued. These warrants were exercisable within 12 months at a price of \$2.13 or another price set by the Exchange. The Company determined a value of \$171,910 for these Broker warrants using a Black-Scholes calculation. Assumptions used were a risk free interest rate of 3.9%, expected life of 1 year, volatility of 67% and dividends of 0%. The fair value of these warrants was included in share issue costs on the Consolidated Statement of Operations and Deficit in the prior year, and Share Capital on the Consolidated Balance Sheet. Since these 300,000 broker warrants have expired, the amount of \$171,910 as per above, was transferred in the current period to Contributed Surplus.

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

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For the three months ended March 31, 2007.

December 31, 2006. The fair value of these options was calculated using the Black-Scholes model. The assumptions used were an expected life of 5 years, risk-free interest rate of 4.3%, volatility of 72% and dividends of 0%. Based on the 404,170 options which have vested, \$505,200 was included in the Consolidated Statement of Operations and Deficit last year, 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 18 month vesting period.

During the last quarter of fiscal 2006, the Company issued a total of 200,000 stock options to its directors. These options expire in December, 2011 and are exercisable at any time. The exercise price is \$1 per share. All these options are outstanding at December 31, 2006. The Company determined the fair value of these options using the Black-Scholes option pricing model. Assumptions used were an expected life of 5 years, risk-free interest rate of 3.8%, volatility of 93% and dividends of 0%. Since all these options have vested, \$146,218 was included previously in the Consolidated Statement of Operations and Deficit and Contributed Surplus on the Consolidated Balance Sheet.

A summary of options outstanding as at December 31, 2006 (and at March 31, 2007) is presented below:

	Options	Weighted Average Exercise Price
Outstanding – Dec 31, 2006	2,452,500	\$1.36
Granted	-	-
	<u>2,452,500</u>	<u>\$1.36</u>
Exercisable – Mar 31, 2007	<u>2,419,170</u>	<u>\$1.35</u>

A summary of contributed surplus for the period to March 31, 2007 is as follows:

Balance	Dec 31, 04	\$0
Options	Granted 05	931,827
Balance	Dec 31, 05	931,827
Options	Granted 06	651,462
Warrants	Expired 06	1,109,363
Balance	Dec 31, 06	2,692,652
Warrants	Expired 07	171,910
Balance	March 31, 07	<u>\$2,864,562</u>

The Company estimates total 2007 expenditures to be approximately \$2.2 million. Current cash is \$10.4 million. The Company therefore has sufficient liquidity to sustain operations for a minimum of 18 months from the date hereof. After that, it could be necessary to raise additional funds by means of public equity issue. The Company may also raise cash in the future, through the sale of some of the Brazauro shares which it owns as a result of the sale of the Tocantinzinho project.

9. Contractual Obligations

Mining obligations:

The mining obligations bore no interest and were the costs of acquisition for the São Jorge project. There are no further obligations.

10. Related Party Transactions

On August 1, 2004, the Company entered into an administrative service agreement (the "**Tau Agreement**") with Tau Capital Corp. ("**Tau**"). The controlling shareholder of Tau is a 6% shareholder of the Company. The Tau 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 Tau Agreement require the Company to pay Tau a monthly service fee of \$10,000 until the listing of the Company's shares on a Canadian stock exchange. As the shares are now listed, the agreement calls for Tau to be paid a monthly service fee of \$22,500. For the periods ended March 31, 2007 and 2006, fees paid to Tau for these services were \$67,500 and \$67,500 respectively.

Accounts receivable and other assets, at March 31, 2007, include \$22,500 paid to Tau for advisory services for April 2007. Consulting fees paid to officers of the Company for the periods ended March 31, 2007 and 2006 were \$57,101 and \$59,764 respectively.

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. Risks

The Company is subject to a number of risk factors due to the nature of the mineral business in which it is engaged, the limited extent of its assets and its stage of development. The following factors should be considered, among others:

The exploration for mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by

BrazMin or any of its joint venture partners will result in a profitable commercial mining operation.

BrazMin's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

Although BrazMin maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with the Company's operations.

All phases of the Company's operations are subject to environmental regulation which is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies.

Government approvals and permits are required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure valid title to its material properties, there is no guarantee that title to any of its material 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 construction of mining facilities and commencement of mining operations, will require substantial additional financing. Failure to obtain sufficient financing will

result in a delay or indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of a property interest. Additional financing may not be available when needed or if available, the terms of such financing might not be favourable to the Company.

Gold prices fluctuate and are affected by numerous factors beyond the control of the Company. The price of gold has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business.

The Company's operations are currently conducted in Brazil and, as such, the Company's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to, terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. Gold or other minerals are generally sold in US Dollars and the Company's costs are incurred principally in Canadian Dollars and Brazilian Reals. The appreciation of non-US Dollar currencies against the US Dollar can increase the cost of gold and other mineral exploration and production in US Dollar terms.

12. Outlook

BrazMin will continue to pursue gold exploration in the coming year. Any new, quality opportunities will be carefully reviewed and acquired, if warranted. BrazMin's other projects will be critically reviewed, evaluated and prioritized.

13. Additional Information

Additional information relating to the Company, including the Company's annual information form dated March 29, 2007, is available on SEDAR at www.sedar.com.

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Warren E. Newfield
Greg Kinross
Luis M.F. Azevedo
Don W.T. Lewis
Francis Crothers

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¹ “qualified person” as defined under NI 43-101

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