



2005 Annual Report



2005 HIGHLIGHTS

- Listed on the TSX (“BZM”) on April 13, 2005
- Successful Initial Financing of \$7 million
- Completed 10,000 metre Phase I diamond drilling Program at 100%-owned, São Jorge Gold Project
- \$3 million Non-brokered Private Place in December 2005

SUBSEQUENT EVENTS

- \$10 million Bought-deal Private Placement in February 2006
- Commissioned SRK Consultants to perform NI 43-101 Resource Estimate on Wilton Zone, São Jorge
- Commissioned SGS Lakefield to perform Metallurgical Testing of Bulk Samples from Wilton Zone, São Jorge
- Commenced major Phase II Exploration Program in May 2006

BrazMin is well positioned and financed to accomplish its overall objectives, both from its current portfolio of projects as well as from continuing initiatives to secure additional high-quality assets.

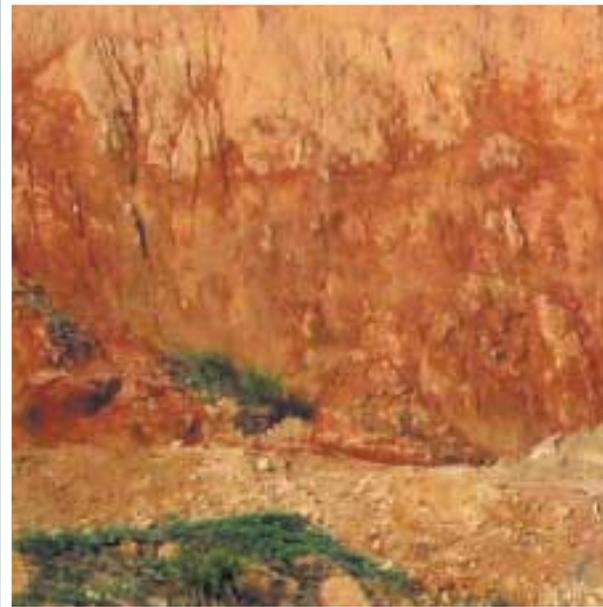
PONTOS DE ESPECIAL INTERESSE EM 2005

- Listada na TSX (Bolsa de Valores de Toronto como “BZM”), em 13 de abril de 2005
- Financiamento inicial bem sucedido de C\$ 7 milhões
- Na Fase I do Programa de Sondagem Diamantada, perfurou 10.000 metros no Projeto de Ouro São Jorge, do qual detém 100 % da participação
- Em dezembro de 2005 colocou C\$ 3 milhões de fundos privados sem a intervenção de agentes

EVENTOS SUBSEQÜENTES

- Em fevereiro de 2006, colocou C\$ 10 milhões de fundos privados de negócios adquiridos
- Consultores da SRK foram contratados para realizar Estimativa de Recursos, segundo os padrões NI 43-101, na Cava do Wilton, Projeto São Jorge
- A SGS Lakefield foi contratada para realizar Testes Metalúrgicos em Amostras Volumétricas da Cava do Wilton, Projeto São Jorge
- Em maio de 2006, iniciou a Fase II, a mais importante do Programa de Exploração

A BrazMin está bem posicionada e financiada para levar adiante seus objetivos globais, tanto os que hoje integram seu portfolio de projetos como as iniciativas contínuas, para garantir ativos adicionais de alta qualidade.



Brazil Location Map –
**BRAZMIN
PROJECTS**

Brasil – Mapa de Localização –
**PROJETOS
BRAZMIN**



Message to Shareholders

On behalf of the Board of Directors, I am very pleased to provide you, our valued shareholder, with a report on BrazMin Corp.'s inaugural period of operations.

BrazMin Corp. ("BrazMin", or "the Company") was formed on April 5, 2005 as a result of a reverse takeover ("RTO") of Ventures Resources Corporation, then a TSX Venture Exchange-listed company and a private company, Resource Holdings & Investments Inc. ("RHI").

The key asset of the merged company is São Jorge, an advanced-stage gold exploration project, located in Pará State, Brazil. This 100% owned project-of-merit qualified BrazMin to be listed on the TSX and trading commenced on April 13, 2005 under the symbol "BZM". We are very proud to possess a talented Board of Directors and Management team, with a wealth of international mining and project-financing experience and expertise and an enviable track record in developing major projects to the mineable stage. Commensurate with the reverse-takeover and listing, BrazMin raised \$7 million and a further \$3 million non-brokered private placement was concluded in December 2005. Subsequent to year-end, BrazMin completed an additional \$10 million bought-deal private placement. The Company is therefore well funded to achieve its goals and near-term objectives.

BrazMin is focused on the acquisition, exploration and development of high-quality gold assets, primarily in Brazil. Management has carefully selected Brazil for several reasons: the country has a centuries-long, successful history of mining; the mining laws of Brazil ensure secure land tenure and an attractive tax environment; there is still vast, untapped mineral-wealth and a good supply of skilled labour. Brazil is increasingly being recognized as an attractive mining jurisdiction and exploration activity has blossomed to the highest levels in at least a decade. Recent major transactions involving local industry giant CVRD and several other companies have triggered renewed interest in the minerals sector, driven by buoyant commodity prices.

BrazMin (formerly RHI) is well-positioned to capitalize on this current resurgence of the resource sector. Over the past five years BrazMin, through wholly-owned Brazilian subsidiaries, has acquired the mineral rights to several gold exploration properties within some of the recognized mineral-rich states. Three of the Company's key assets are located within the famous Tapajós Gold District located in southwestern Pará State. Since the 1960s, an enormous amount of alluvial gold has been produced by local garimpeiros (artisanal miners). Remarkably, this prolific gold camp has seen only limited modern exploration by major mining companies.

São Jorge is one property that did experience exploration work by a major mining company. During the 1990s a subsidiary of Rio Tinto explored the region and quickly focused their activities on the area now known as the Wilton Pit. Rio Tinto completed 26 holes in two phases of diamond drilling into the primary, sulphide zone. They delineated a significant, 100-metre wide gold-mineralized zone within hydrothermally altered granitic rocks. An in-house resource estimate in 1997, that does not conform to National Instrument 43-101 ("NI 43-101") standards, concluded that the resource was too small for Rio Tinto. After two unsuccessful attempts to farm-out the project to junior resource companies, Rio Tinto abandoned their tenements in 2003. Brazilian Resources Mineração Ltda ("BRM"), a subsidiary of BrazMin, acquired the rights to the core licence from an independent third party in July 2004.

In June 2005, BrazMin commenced a Phase I exploration program at São Jorge, consisting of 10,000 metres of diamond drilling, designed to confirm Rio Tinto's drilling results. Based on encouraging results, SRK Consultants have been commissioned to perform a revised NI 43-101 compliant resource estimate. Results are expected in May 2006.

Limited metallurgical testing by Rio Tinto indicated gold recoveries ranging from 90% to 94%. BrazMin has submitted three representative bulk samples to SGS Lakefield Laboratory in Ontario, Canada, to perform further comprehensive metallurgical testing. These results are expected in June 2006.

In 2005, the Company spent approximately \$3 million on acquisition and exploration, primarily at São Jorge and Tartarugalzinho, located in Amapá State.

Phase II exploration at São Jorge commenced May 4, 2006 and will include in-fill drilling, airborne geophysics, systematic regional exploration and step-out drilling of targets within the favourable structural trend. \$4 million has been budgeted for the 2006 program at São Jorge. Exploration is also planned during 2006 on BrazMin's two other highly-prospective projects within the Tapajós Gold District, the 100%-owned Água Branca and Tocantinzinho properties, both possessing similar geological characteristics to São Jorge. In addition, work will commence on the Company's 100%-owned Campo Grande project, located in Minas Gerais State. \$1.5 million has been budgeted for these other projects during 2006.

BrazMin has an overall objective of delineating NI 43-101 compliant resources of at least three million ounces of gold, both from its current portfolio of projects as well as from continuing initiatives to secure additional high-quality assets. In this regard, the Company is aggressively pursuing opportunities to expand our land position in key areas of operation.

The much-appreciated and dedicated efforts of our employees and consultants remain an important element to our future success.

We can all look forward confidently to the future growth prospects for BrazMin as the Company rapidly establishes maturity and continues operating successfully in this exciting period of the mining industry.



Respectfully Submitted on Behalf of the Board,
Tony Ransom,
President and CEO

Mensagem aos Acionistas

Em nome da Diretoria tenho a honra de fornecer aos nossos estimados acionistas um relatório sobre o período inaugural de operações da BrazMin Corp.

A BrazMin Corp. (“BrazMin”, ou “a Empresa”) foi constituída em 5 de abril de 2005, resultando de uma “RTO” – aquisição reversa, da Ventures Resources Corporation, à época uma empresa listada na Bolsa de Valores de Toronto (TSX), e uma empresa privada a Resource Holdings & Investments Inc. (“RHI”).

O principal ativo da empresa incorporada é o Projeto São Jorge, localizado no Estado do Pará no Brasil, sendo um projeto de exploração de ouro que está em um estágio avançado. A BrazMin detém 100 % desse projeto de mérito o que a qualificou a ser listada na TSX e a negociação de papéis começou em 13 de abril de 2005 usando o símbolo “BZM”. Para nós, é motivo de orgulho ter a Diretoria e a equipe administrativa compostas por pessoas talentosas, com vasta experiência e conhecimentos específicos em mineração e financiamento de projetos internacionais e com uma trajetória invejável ao desenvolver os mais importantes projetos até o estágio de lavra. Coincidente com a aquisição reversa e a listagem na Bolsa, a BrazMin levantou C\$ 7 milhões e, em dezembro de 2005, foi concluída a colocação de mais C\$ 3 milhões de capital privado sem agenciamentos. Após o final do ano, a BrazMin completou a colocação de um adicional de C\$ 10 milhões de um negócio privado. A Empresa, por esse motivo, tem bases sólidas para atingir seus alvos e objetivos de curto-prazo.

A BrazMin está direcionada para a aquisição, exploração e o desenvolvimento de ativos de ouro de alta qualidade, principalmente no Brasil. Nosso corpo administrativo escolheu cuidadosamente o Brasil por diversas razões: o país tem um histórico secular e bem sucedido de mineração; a legislação mineral do Brasil assegura a posse da terra e uma situação tributária atraente; ainda há uma riqueza mineral vasta, sem limites e uma boa oferta de mão-de-obra qualificada. O Brasil cada vez mais vem sendo reconhecido como um território com atrativos para a atividade mineira e os trabalhos de exploração prosperaram até os mais altos níveis por, pelo menos, uma década. Recentemente, transações de vulto que envolveram a CVRD, a gigante local, e várias outras empresas, dispararam um interesse renovado no setor mineral, impulsionado pelos preços atrativos das commodities.

A BrazMin (antigamente, RHI) está bem posicionada para capitalizar nesta ressurgência atual do setor de recursos. Ao longo dos últimos cinco anos, a BrazMin, através de suas subsidiárias integrais brasileiras, adquiriu os direitos minerais de várias áreas de exploração de ouro localizadas em alguns dos estados com riqueza mineral reconhecida. Três dos principais interesses da Empresa estão localizados no famoso Distrito Aurífero do Tapajós, na região sudoeste do Estado do Pará. Desde os anos Sessenta, uma quantidade enorme de ouro aluvionar foi retirada pelos garimpeiros. É extraordinário que as principais empresas de mineração tenham utilizado muito limitadamente os processos de exploração com tecnologia moderna.

O Projeto São Jorge é um dos locais que passou por trabalhos de exploração feito por uma grande empresa. Durante os anos 90, uma subsidiária da Rio Tinto desenvolveu trabalhos de exploração na região e rapidamente dirigiu seu foco de atividades para a área agora conhecida como a Cava do Wilton. A Rio Tinto fez 26 furos em duas fases de sondagem diamantada que atravessaram a zona sulfetada primária. Como resultado, foi delimitada uma zona mineralizada em ouro com 100 metros

de extensão encaixada em granitos com alteração hidrotermal. Em 1997, uma estimativa de recursos feita internamente, que não obedecia aos padrões 43 – 101 do National Instrument (“NI 43-101”), concluiu que o recurso era muito pequeno para a Rio Tinto. Depois de duas tentativas mal sucedidas de arrendar o projeto à empresas júnior, a Rio Tinto abandonou suas áreas em 2003. A Brazilian Resources Mineração Ltda. (“BRM”), uma subsidiária da BrazMin, adquiriu de um terceiro os direitos sobre as áreas essenciais em julho de 2004.

Em junho de 2005, a BrazMin iniciou a Fase I de um programa de exploração no Projeto São Jorge, que consistiu de 10.000 metros de sondagem diamantada planejada para confirmar os resultados obtidos pela Rio Tinto. Tendo por base os resultados animadores, consultores da SRK foram contratados para realizar uma estimativa dos recursos de acordo com os padrões do NI 43-101. Os resultados estão prometidos para maio de 2006.

A Rio Tinto realizou testes metalúrgicos limitados que indicaram a recuperação de ouro variando de 90 % a 94 %. A BrazMin enviou três amostras volumétricas representativas para o Laboratório da SGS Lakefield em Ontário, no Canadá, para realizarem testes metalúrgicos abrangentes. Estes resultados são aguardados para junho de 2006.

Em 2005, a Empresa gastou aproximadamente C\$ 3 milhões em aquisições e trabalhos de exploração, essencialmente nos Projetos São Jorge e Tartarugalzinho, este último localizado no Estado do Amapá.

A Fase II dos trabalhos exploratórios no Projeto São Jorge começou em 4 de maio de 2006 e abrangerá sondagem de detalhe, geofísica aérea, exploração regional sistemática e sondagem para ampliação da reserva nos alvos localizados no trend estrutural favorável. O programa para 2006, no Projeto São Jorge, foi orçado em C\$ 4 milhões. Ao longo de 2006, também estão planejados trabalhos de exploração nos outros dois projetos altamente prospectáveis da BrazMin no Distrito Aurífero do Tapajós, os projetos de Água Branca e Tocantinzinho nos quais a Empresa detém 100 % de participação, ambos apresentando características geológicas semelhantes às do projeto São Jorge. Os trabalhos também começarão no Projeto Campo Grande, com 100 % de participação da Empresa, localizado no Estado de Minas Gerais. Durante 2006, foi orçado C\$ 1,5 milhão para estes outros projetos.

A BrazMin tem o objetivo global de delinear, de acordo com os padrões NI 43-101, os recursos de pelo menos três milhões de onças de ouro, tanto do seu portfólio atual de projetos como das iniciativas contínuas de assegurar ativos adicionais de alta qualidade. Sob este aspecto, a Empresa está procurando agressivamente oportunidades para expandir as áreas nas posições-chave de operação.

Apreciamos muito os esforços dedicados de nossos empregados e consultores que constituem um elemento importante do nosso sucesso futuro.

Todos nós podemos esperar confiantemente na BrazMin o crescimento dos seus prospectos, à medida que a Empresa rapidamente amadurece e opera com sucesso, neste período estimulante que vive o setor mineral.



Respeitosamente Apresentado em Nome da Diretoria,
Tony Ransom,
Presidente e CEO

Projetos BrazMin

Geology: Mineralization within Tapajós is typically associated with a suite of granitic intrusions of Paleo-Proterozoic age, controlled by a major west-northwest trending structural corridor which extends for well over 100 kilometres. Several recently discovered primary sulphide occurrences with the potential to host multi-million ounce gold deposits are located within this structural corridor, including the TZ, Cuiú-Cuiú, Palito and Bom Jardim. At São Jorge, gold mineralization occurs in a west-northwest trending deformation zone traversing an irregularly shaped, granitic stock and is associated with zones of progressively more intense hydrothermal alteration with various assemblages of quartz, sericite, chlorite and carbonate. Pyrite and minor chalcopyrite occur as fine-grained disseminations and in fractures and quartz veins and veinlets. Gold grade increases with intensity of alteration, fracturing and sulphide concentration, from background values in the fresh to weakly altered intrusive, to 0.5-to-4 grams per tonne gold (“g/t Au”) in the moderately altered intrusive, to narrow 1-to-10 metre wide, high grade zones of 5-to-40 g/t Au. Individual altered and mineralized zones range from 2-to-25 metres in width along two prominent orientations, west-northwest sub-parallel to the orientation of the open pit, and northeast. Together the zones form an anastomosing network within the hydrothermally altered package. Overall width of the mineralization is approximately 100 metres with a known strike length of 635 metres. The zone dips steeply (80°) to the southwest.



Aerial View of Wilton Zone and Wilton West pit

Vista aérea da Zona do Wilton e da Cava do Wilton Oeste

Geologia: No Tapajós, a mineralização é tipicamente associada à uma suíte de intrusões graníticas Paleo-Proterozóicas, controlada por um corredor estrutural principal com trend oeste-noroeste que estende-se por bem mais de 100 quilômetros. Diversas ocorrências de sulfeto primário descobertas recentemente, com potencial para conter depósitos com vários milhões de onças de ouro estão localizadas neste corredor estrutural, dentre elas, estão incluídas as ocorrências de TZ, Cuiú-Cuiú, Palito e Bom Jardim. No Projeto São Jorge, a mineralização de ouro ocorre numa zona de deformação com trend oeste-noroeste que atravessa um stock granítico com forma irregular e está associada à zonas de alteração hidrotermal progressivamente mais intensas com várias associações de quartzo, sericita, clorita e carbonatos. Pirita, e calcopirita em menor escala, ocorrem na forma de disseminações com granulação fina e em fraturas, veios e vênulas de quartzo. O teor de ouro aumenta com a intensidade da alteração, o fraturamento e a concentração de sulfetos, indo dos valores de background nas intrusivas frescas a fracamente alteradas, para 0,5-a-4 gramas por tonelada de ouro (“g/t Au”) em intrusivas moderadamente alteradas, para zonas estreitas com 1-a-10 metros de largura, com altos teores de 5-a-40 g/t Au. Zonas individuais alteradas e mineralizadas variam de 2-a-25 metros de largura ao longo de duas orientações proeminentes, oeste-noroeste — subparalela à orientação da cava a céu aberto — e nordeste. Em conjunto, estas zonas formam uma rede anastomozada dentro do pacote alterado hidrotermalmente. A largura global da mineralização é de aproximadamente 100 metros com um comprimento direcional de 635 metros. A zona mergulha acentuadamente (80°) para sudoeste.



BrazMin Projects

History: Rio Tinto Desenvolvidimentos Minerais Ltda (“RTDM”), a subsidiary of Rio Tinto, acquired four exploration licences, negotiated a contract to acquire the surface rights at São Jorge, and conducted exploration programs from 1994 to 1997. Initial work consisted of geophysical surveys, a soil geochemical survey, trench and power-auger sampling, and a ten-hole diamond drill program. This was followed by a scoping study, which indicated that the property had the potential to host in excess of one million ounces of gold. A second diamond drilling program was undertaken with a further 16 diamond drill holes completed for a total of 4,350 metres in 26 holes.

In 1997, RTDM conducted an in-house resource estimate. Disregarding oxidized mineralization in the colluvium, saprolite and garimpo waste areas, an inferred resource of 58.76 million tonnes grading 0.9 g/t Au was estimated for the primary sulphide mineralization in a zone measuring 635 metres long by 100 metres wide to a depth of 300 metres. The projection to 300 metres is based on one intercept of 3.08 g/t Au at a vertical depth of 255 metres and assumed similar grade mineralization persists to a depth of 300 metres along the zone. A second estimation used the same dimensions but eliminated large waste blocks and yielded an inferred resource of 33.0 million tonnes grading 1.49 g/t Au, hosting 1.58 million ounces of gold.

These historic resource estimates were not performed by an independent qualified person and are non-NI 43-101 compliant and should not be relied upon.

Limited beneficiation studies carried out by past operators indicate that the gold occurs as discrete, relatively coarse grains within the pyrite. Two samples submitted to an independent laboratory by RTDM returned gold recoveries of between 90% and 94% using a combination of conventional gravity, flotation and leaching techniques.

In early 2003, RTDM relinquished their exploration licences and the core licence was immediately acquired by a private individual. This licence was subsequently optioned to Centaurus Mineração e Participações Ltda. (“Centaurus”). In 2004, BRM acquired a 100% interest in the property from Centaurus.

Histórico: A Rio Tinto Desenvolvidimentos Minerais Ltda (“RTDM”), uma subsidiária da Rio Tinto, adquiriu quatro alvarás de pesquisa, negociou um contrato para adquirir os direitos territoriais no local do Projeto São Jorge e realizou programas de exploração de 1994 a 1997. O trabalho inicial consistiu de levantamentos geofísicos, uma campanha de geoquímica de solo, amostragem de trincheiras e de material coletado com trado, e um programa de 10 furos de sondagem diamantada. Isto foi seguido de um estudo de oportunidades, que indicou que a área tinha potencial para conter mais de um milhão de onças de ouro. Um segundo programa de sondagem foi empreendido com a realização de mais 16 furos atingindo um total de 4.350 metros em 26 furos.

Em 1997, a RTDM realizou uma estimativa interna de recursos. Não foi levada em consideração a mineralização oxidada no colúvio, saprólito e nas áreas de rejeito dos garimpos, e chegaram à estimativas de recursos inferidos de 58,76 milhões de toneladas com teor de 0,9 g/t Au para a mineralização primária de sulfetos numa zona com dimensões de 635 metros de comprimento por 100 metros de largura e 300 metros de profundidade. A projeção de 300 metros está baseada numa interseção de 3,08 g/t Au numa profundidade vertical de 255 metros e a presunção de que a mineralização com um teor similar persiste até uma profundidade de 300 metros ao longo da zona. Uma segunda estimativa usou as mesmas dimensões mas eliminou os grandes blocos de rejeitos e inferiu recursos de 33,0 milhões de toneladas com teor de 1,49 g/t Au, que continham 1,58 milhões de onças de ouro.

Estas estimativas históricas de recursos não foram realizadas por uma pessoa qualificada e independente e não estão de acordo com os padrões NI 43-101, não merecendo confiança.

Estudos de beneficiamento limitados, realizados anteriormente pelos operadores anteriores, indicaram que o ouro ocorre na forma discreta de grãos relativamente grosseiros incrustados na pirita. A RTDM enviou duas amostras a um laboratório independente e o resultado da recuperação de ouro ficou entre 90 % e 94 % usando uma combinação das técnicas de gravidade convencional, flotação e lixiviação.

No início de 2003, a RTDM abriu mão de seus alvarás de pesquisa e as áreas principais foram imediatamente requeridas por uma pessoa física. Subseqüentemente, a Centaurus Mineração e Participações Ltda. (“Centaurus”) fez a opção por esta área. Em 2004, a BRM adquiriu 100 % de participação na área detida pela Centaurus.

Projetos BrazMin

Phase I Exploration Program – 2005: In view of the encouraging historical exploration results, BRM completed a Phase I diamond drilling program in 2005, comprising 48 holes totalling 10,104 metres, of which the vast majority of 42 holes were drilled into the Wilton Zone. Drilling density has been improved to approximately 40 metres by 40 metres spacing along strike and down dip to 150 metres below surface. Drill spacing is less dense below this level and the deepest intersection occurs at a depth of 230 metres below surface.



São Jorge Drill Location Plan
São Jorge Planta de Localização de Sondagem

Fase I do Programa de Exploração – 2005: Tendo em vista os resultados históricos encorajadores dos trabalhos de exploração, em 2005, a BRM realizou numa Fase I, um programa de sondagem diamantada, com 48 furos totalizando 10.104 metros, sendo que a grande maioria — 42 furos — foi perfurada na Cava do Wilton. O espaçamento da sondagem foi adensado para aproximadamente 40 metros por 40 metros ao longo da direção e seguindo o mergulho por 150 metros abaixo da superfície. O espaçamento dos furos fica menos denso abaixo deste nível e a interseção mais profunda ocorre a uma profundidade de 230 metros abaixo da superfície.

Os resultados de ensaios confirmam a presença de várias zonas mineralizadas com teores de ouro mais elevados que



Diamond Drill Rig in Wilton Pit
Sondagem à Diamante na Cava do Wilton

Assay results confirm the presence of several higher-grade gold mineralized zones grading greater than 1 g/t Au, although they are somewhat narrower than modeled by Rio Tinto. These zones are surrounded by lower-grade gold mineralization grading between 0.2 g/t Au and 1 g/t Au. The discrete zones commonly trend west to west-northwest, are characterized by higher concentrations of pyrite and increased intensity of fracturing and range in true width from 1 metre to up to 10 metres and more. Four major, persistent zones are present with several lesser zones. Mineralization weakens in a north-westerly direction towards the Wilton West pit located some 150-200 metres along trend where, based on the extensive garimpo workings, the zone may again strengthen. The Wilton Zone is open at depth and towards the southeast.

atingem mais de 1 g/t Au, apesar de serem de certa forma mais estreitas do que as que foram modeladas pela Rio Tinto. Estas zonas são cercadas por mineralizações de ouro de teor mais baixo variando entre 0,2 g/t Au e 1 g/t Au. As zonas discretas comumente seguem a direção oeste para oeste-noroeste e são caracterizadas por concentrações maiores de pirita com o aumento da intensidade de fraturamento e a largura verdadeira variando de 1 metro à 10 metros e até mais. Quatro zonas persistentes principais estão presentes com várias zonas menos intensas. A mineralização enfraquece na direção noroeste que segue para a Cava do Wilton Oeste, localizada a uns 150-200 metros ao longo do trend, onde, tomando por base os extensos garimpos, a zona pode estar novamente enriquecida. A Cava do Wilton está aberta em profundidade e na direção sudeste.



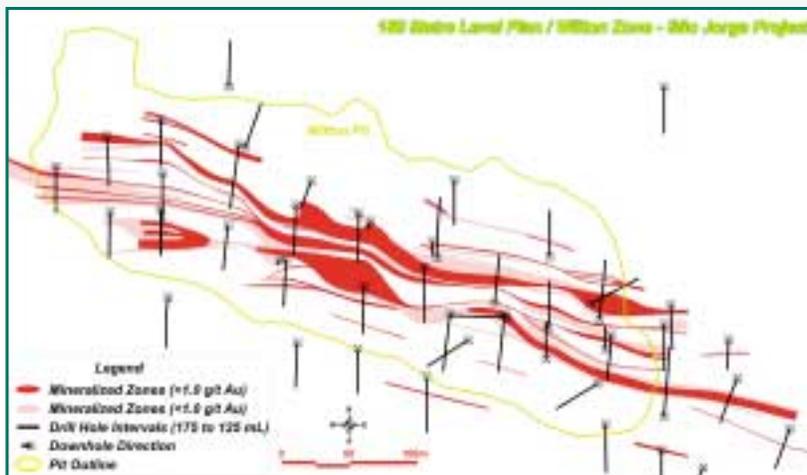
BrazMin Projects

SRK Consultants ("SRK"), a well known and internationally respected engineering group, have been commissioned to perform a revised independent resource estimate. This study will include a global resource estimate as well as definition of the resources associated with the discrete higher-grade zones. Block modeling will determine the optimum block size for potential selective mining of these zones. Results of this study are expected in May 2006.

Three representative bulk composite samples using quarter-core splits from the Wilton Zone have been submitted to SGS Lakefield Laboratories in Ontario, Canada for comprehensive mineralogical, work-index and beneficiation testing. Preliminary results are expected in June 2006.

Phase II Exploration Program – 2006: Based on the encouraging results from the Phase I exploration program, a \$2.5 million budget has been proposed for 2006 for 10,000-to-15,000 metres of in-fill diamond drilling on the Wilton Zone. The extent and scope of this Phase II program will be determined by the results of SRK's resource estimate. The program will be designed to promote a substantial proportion of the resource to the measured and indicated category and will include environmental studies and advanced metallurgical testing.

The favourable structural corridor extends for at least 20 kilometres on the property and a regional exploration program will be conducted during 2006 to locate additional zones of mineralization and extensions to the Wilton Zone. An additional \$1.5 million will be spent on this regional program which will consist of airborne geophysical surveys and ground-based geological, geochemical and geophysical surveys, supplemented by trenching, auguring and 5,000 metres of diamond drilling. The immediate target is the Wilton West pit area where there have been extensive recent garimpeiro excavations. Channel sampling by a previous operator 2 kilometres along strike from the main São Jorge deposit suggests the potential to increase the strike length of the primary sulphide mineralization significantly along the western extension of the deformation zone.



São Jorge 150 Metre Level Plan
São Jorge Planta do Nível de 150m

Os consultores da SRK ("SRK"), um grupo de serviços de engenharia muito conhecido e com conceito internacional, foram encarregados de realizar uma estimativa independente revisada dos recursos. Este estudo incluirá uma estimativa global de recursos assim como a definição dos recursos associados às zonas discretas de maior teor. O modelamento de blocos determinará o tamanho ideal dos blocos para a potencial lavra seletiva destas zonas. Esperam-se para maio de 2006 os resultados deste estudo.

Três amostras volumétricas representativas, compostas por frações de 1/4 dos testemunhos quarteados da Cava do Wilton, foram enviadas aos laboratórios da SGS Lakefield em Ontário, no Canadá para testes abrangentes envolvendo mineralogia, fator de trabalho e testes de beneficiamento. Os resultados preliminares são aguardados para junho de 2006.

Fase II do Programa de Exploração – 2006: Tendo por base os resultados encorajadores da Fase I do Programa de Exploração, foi proposto um orçamento de C\$ 2,5 milhões para 2006, para realizar 10.000 a 15.000 metros de sondagem de detalhamento na Cava do Wilton. A extensão e o escopo do programa desta Fase II serão determinados pelos resultados da estimativa de recursos a serem apresentados pela SRK. O programa será planejado para promover uma proporção substancial dos recursos para as categorias de medida e indicada e incluirá estudos ambientais e testes metalúrgicos avançados.

O corredor estrutural favorável prolonga-se por, pelo menos, 20 quilômetros, na área e, em 2006, será realizado um programa de exploração regional para localizar zonas de mineralização adicionais e extensões para Cava do Wilton. Um valor suplementar de C\$ 1,5 milhão será despendido com este programa regional que consistirá de levantamentos geofísicos e levantamentos geológico, geoquímico e geofísico terrestres, acrescidos de abertura de trincheiras, sondagem à trado e 5.000 metros de sondagem diamantada. O alvo imediato é a área da Cava do Wilton Oeste onde recentemente houve extensa atividade garimpeira. A amostragem de canal, realizada anteriormente pela empresa anterior, ao longo de dois quilômetros acompanhando a direção, a partir do depósito principal do Projeto São Jorge, sugere que há potencial para ampliar significativamente o alcance da direção da mineralização primária de sulfetos ao longo da extensão oeste da zona de deformação.

Projetos BrazMin

ÁGUA BRANCA PROJECT, PARÁ STATE

Mineral Rights: The 13,100-hectare Água Branca Project is located in western Pará State within the Tapajós Gold District, approximately 70 kilometres west-northwest of the São Jorge Project and some 30 kilometres northwest of the Transgarimpeira highway. Access to the area is by light aircraft. BRM acquired Centaurus's 100% interest in the Água Branca Project in July 2004 and assumed staged payment obligations. The property is subject to a net smelter return ("NSR") royalty of 2%, with a buyout of US\$2 million.

History: Historical garimpo workings in the saprolite at Água Branca cover an area measuring approximately 2,000 metres by 500 metres. Previous exploration by an international mining company focused on a small portion of this area. Both oxide and primary gold mineralization was investigated by channel sampling and limited auger and two diamond drill holes. Encouraging results were obtained from all the above surveys.

Geology: Gold mineralization on the Água Branca permit area is associated with linear hydrothermal alteration zones within a granitic stock surrounded by meta-volcanic rocks of Archaean to Proterozoic age. Similar to other gold deposits in the region, the mineralization is associated with a sub-parallel structure related to the northwest-trending crustal-scale Tocantinzinho deformation corridor.

Previous Exploration:

Channel sampling over five zones returned values ranging from 0.7 g/t Au over 24 metres to 2 g/t Au over 37 metres. Auger sample results ranged from 1 g/t Au over 6 metres to 3.8 g/t Au over 12 metres. Primary mineralization at one location was tested by two diamond drill holes, returning results of 1.1 g/t Au over 40 metres and 0.9 g/t Au over 32 metres respectively, with higher-grade intervals in each drill hole. The association of gold mineralization within a large scale structure related to the Tocantinzinho deformation corridor and the presence of the hydrothermally altered granite stock, as at São Jorge, suggests excellent potential for discovering a gold deposit amenable to bulk mining.

2006 Exploration Program: An airborne magnetic/radiometric survey will be completed by the end of May 2006. BrazMin plans to ground-truth prospective target areas with a combination of detailed geophysics, soil-sampling and diamond drilling.



Landsat Image of Água Branca Project

Imagem de Landsat do Projeto Água Branca

PROJETO ÁGUA BRANCA, ESTADO DO PARÁ

Direitos Minerários: O Projeto Água Branca cobre 13.100 hectares e está localizado na porção oeste do Estado Pará no Distrito Aurífero do Tapajós, aproximadamente a 70 quilômetros oeste-noroeste do Projeto São Jorge e a uns 30 quilômetros a noroeste da Rodovia Transgarimpeira. O acesso à área é feito por aviões de pequeno porte. Em julho de 2004, a BRM adquiriu da Centaurus 100 % da participação na área do Projeto Água Branca e assumiu a obrigação de fazer pagamentos escalonados. A área está sujeita ao pagamento de 2 % de royalty com base no resultado líquido da metalurgia (net smelter return – "NSR") com a compra do controle acionário estipulada em US\$ 2 milhões.

Histórico: Há registros históricos de garimpagem no saprólito da área do Projeto Água Branca que cobrem uma área com dimensões aproximadas de 2.000 metros por 500 metros. Os trabalhos de exploração realizados anteriormente por uma empresa de mineração internacional voltaram-se para uma pequena porção desta área. As pesquisas foram direcionadas para as mineralizações de ouro tanto primária como oxidada, realizadas através de amostragem de canal e uso limitado de trado e dois furos de sondagem diamantada. Todos os levantamentos mencionados responderam com resultados encorajadores.

Geologia: A mineralização de ouro na área do Projeto Água Branca está associada à zonas de alteração hidrotermal lineares dentro de um stock granítico circundado por metavulcânicas com idades que vão do Arqueano ao Proterozóico. A mineralização é semelhante a outros depósitos auríferos da região e está associada à uma estrutura subparalela relacionada ao corredor de deformação do Tocantinzinho que, na escala crustal, segue a direção noroeste.

Exploração Anterior: A amostragem de canal feita em cinco zonas deu resultados variando de 0,7 g/t Au em 24 metros até 2 g/t Au em 37 metros. Os resultados das amostras coletadas com trado variaram de 1 g/t Au em 6 metros a 3,8 g/t Au em

12 metros. A mineralização primária foi testada em um local com dois furos de sondagem diamantada e deu resultados de 1,1 g/t Au em 40 metros e 0,9 g/t Au em 32 metros respectivamente, com intervalos de teor mais elevado em cada furo. A associação da mineralização de ouro associadas à uma estrutura de grande escala relacionada com o corredor de deformação do Tocantinzinho e a presença de um stock de granito com alteração hidrotermal, como o que existe no Projeto São Jorge, sugere um potencial excelente para a descoberta de um depósito de ouro a ser tratado como lavra em larga escala.

Programa de Exploração para 2006: Ao final de maio de 2006, terá sido realizado um levantamento aéreo magnético/radiométrico. A BrazMin planeja provar áreas com alvos prospectáveis com levantamentos terrestres combinando geofísica detalhada, amostragem de solo e sondagem diamantada.

BrazMin Projects

TOCANTINZINHO PROJECT, PARÁ STATE

Mineral Rights: Pursuant to a series of agreements, Empresa Internacional de Mineração do Brasil Ltda. ("EIMB"), a wholly-owned subsidiary of BrazMin, obtained the right to acquire the Tocantinzinho applications for transformation of the garimpeiro (alluvial) rights covering 13,900 hectares, into one or more exploration licences. A single option payment of US\$8,000 is payable by EIMB to an arm's length party with respect to the Tocantinzinho Project, which is subject to a 0.5% NSR royalty.

History: The Tocantinzinho Project is located within the Tapajós Gold District and is the site of one of the world's largest gold rushes, which took place in northern Brazil from the early 1980s to the mid 1990s. During this period, it is estimated that between 20-and-30 million ounces of gold were produced by primitive artisanal methods. By the mid 1990s the easy alluvial gold was mostly exhausted, and the miners turned to primary sources. However, due to a lack of technology and capital, the full potential of this area has yet to be realized.

Geology: The Tocantinzinho Project lies at the intersection of a north-south lineament and a major west-northwest/east-southeast "mineralizing trend". The latter is the same crustal-scale shear that hosts other significant gold deposits, including São Jorge, the TZ, Cuiú-Cuiú and Bom Jardim, all of which host extensive primary gold mineralization.

2006 Exploration Program: An airborne magnetic/radiometric survey will be completed by the end of May 2006. BrazMin plans to ground-truth prospective target areas with a combination of detailed geophysics, soil-sampling and diamond drilling.

TARTARUGALZINHO, AMAPÁ STATE

Mineral Rights: In April 2005, BrazMin acquired a 100% interest in the 9,602-hectare Tartarugalzinho Project (known as "Little Turtle"), subject to a 1.2% NSR royalty purchasable at any time for US\$1 million. Staged acquisition costs totalling US\$160,000 have been paid and annual payments of US\$100,000 are required to keep the property in good standing. The property is located along the paved highway north from Macapá, capital of Amapá State, Brazil.

History: BP Mineração, a subsidiary of BP Minerals ("BP"), explored the Tartarugalzinho Greenstone Belt ("TGB") in the 1980s. The TGB is 50 kilometres long by 10 kilometres wide, with a regional strike ranging from 270° to 320° and dips 25° to 45° southwest. BP completed an 88-hole diamond drill program, primarily on the Mineiro Zone, one of at least four primary gold occurrences known on the Little Turtle property. BP's 1984 in-house scoping study reported the presence of gold resources within a tabular-shaped body, with a strike-length of 860 metres and true thickness ranging from less than 1 metre to a maximum of 13 metres. **This historic resource estimate was not performed by an independent qualified person and is non-NI 43-101 compliant and should not be relied upon.**

PROJETO TOCANTINZINHO, ESTADO DO PARÁ

Direitos Minerários: Seguindo uma série de acordos, a Empresa Internacional de Mineração do Brasil Ltda. ("EIMB"), uma subsidiária integral da BrazMin, obteve o direito de adquirir os pedidos protocolizados para a transformação dos direitos dos garimpeiros (aluvial) do Tocantinzinho, que cobrem 13.900 hectares, em um ou mais alvará(s) de pesquisa. A EIMB deverá fazer um pagamento único no valor de US\$ 8.000 à uma parte distante no que se refere ao Projeto Tocantinzinho, que está sujeito ao pagamento de 0,5 % de royalty NSR.

Histórico: O Projeto Tocantinzinho está localizado no Distrito Aurífero do Tapajós que foi palco de uma das maiores corridas de ouro do mundo, que ocorreu na região Norte do Brasil desde o início dos anos 80 até meados dos anos 90. Durante este período, estima-se que foi lavrado algo entre 20 e 30 milhões de onças de ouro empregando métodos artesanais primitivos. Lá pela metade dos anos 90, a maior parte do ouro aluvionar fácil de lavar, tinha sido exaurida, e os garimpeiros voltaram-se para as fontes primárias. No entanto, por falta de tecnologia e capital, o potencial completo desta área ainda está por ser percebido.

Geologia: O Projeto Tocantinzinho está na interseção de um lineamento norte-sul e de um "trend de mineralização" importante oeste-noroeste/leste-sudeste. Este último é o mesmo cisalhamento, em escala crustal, encaixante de outros depósitos significativos de ouro, inclusive o do Projeto São Jorge, o TZ, o Cuiú-Cuiú e o Bom Jardim, todos eles contendo extensas mineralizações primárias de ouro.

Programa de Exploração para 2006: Ao final de maio de 2006, terá sido realizado um levantamento aéreo magnético/radiométrico. A BrazMin planeja provar áreas com alvos prospectáveis com levantamentos terrestres combinando geofísica detalhada, amostragem de solo e sondagem diamantada.

PROJETO TARTARUGALZINHO, ESTADO DO AMAPÁ

Direitos Minerários: Em abril de 2005, a BrazMin adquiriu 100 % da participação no Projeto Tartarugalzinho de 9.602 hectares, sujeito a 1,2 % de royalty NSR, adquirível a qualquer tempo por US\$ 1 milhão. Os custos da aquisição escalonada no total de US\$ 160.000 foram pagos e são necessários pagamentos anuais de US\$ 100.000 para manter a área em boas condições. A área está localizada ao longo da rodovia pavimentada ao norte de Macapá, capital do Estado Amapá, no Brasil.

Histórico: A BP Mineração, uma subsidiária da BP Minerals ("BP"), realizou trabalhos de exploração no Greenstone Belt do Tartarugalzinho ("TGB") na última década de 80. O TGB tem 50 quilômetros de comprimento por 10 quilômetros de largura, com um strike regional variando 270° a 320° e mergulho de 25° a 45° para sudoeste. A BP realizou um programa

Projetos BrazMin

Geology: The TGB is one of a series of Paleo-Proterozoic greenstone belts that constitute a wide mineralized corridor extending from Venezuela, through the Guianas and Brazil, and into West Africa. These belts host several major multi-million ounces gold deposits in South America, including Las Cristinas, Omai, Amapari and Gross Rosebel. On the property, a basal volcanic sequence of rocks is overlain by a predominantly sedimentary package which includes a sequence of quartzites. Fine-grained gold mineralization is commonly associated with multi-directional gray-quartz veins and veinlets controlled by a northwest-trending shear zone, gently dipping to the southwest and developed on the hanging-wall portion of the quartzites.

2006 Exploration Program: In 2005 BrazMin completed an initial 13-hole diamond drilling program on Little Turtle totalling 1,504 metres. The program focused on the Mineiro Zone in order to verify the BP results and to better understand the geological characteristics of the area. Five holes were drilled to test for possible strike extensions associated with two other mineralized zones. The Mandiocal is located 1 kilometre to the northwest of Mineiro and the Buracão is located 1.4 kilometres to the southeast of Mineiro. Results generally confirm those obtained by BP with narrow zones ranging from 1-to-8 metres wide grading between 1-and-7.5 g/t Au. Strike extensions to the mineralization were demonstrated and management is currently seeking a joint-venture partner to advance exploration on the project.

CAMPO GRANDE PROJECT, MINAS GERAIS STATE

Mineral Rights: The 2,600-hectare Campo Grande Project is located in the Iron Quadrangle gold camp, approximately 100 kilometres west of Belo Horizonte, the capital of Minas Gerais State. A network of paved and gravel roads facilitate vehicle access in the area. BrazMin owns 100% of two of the three licences comprising the project area and in January 2004, obtained an option to acquire a 100% interest in the third licence. This third area is subject to a 1.5% NSR royalty, purchasable for US\$750,000.

History: Previous operators identified a strong semi-coincident gold, arsenic and antimony soil geochemical anomaly measuring 1,800 metres long by +250 metres wide which is open to the north. The anomaly is associated with an extensive sheared zone of intense silicic and argillic alteration, in rocks correlated to the Lapa Seca formation. The only follow-up work consisted of two shallow, hand-dug trenches from which a maximum value of 1.38 g/t Au was obtained.

Geology: The Iron Quadrangle is a renowned gold camp, and has maintained continuous gold production since the 17th century. The main gold mines in the camp are Morro Velho (+5.5 million ounces Au), Cuiaba (+6.5 million ounces Au) and Raposos (+3 million ounces Au). The camp is underlain by older Archaean and younger Neo-Proterozoic rocks. Primary gold mineralization is associated with two horizons within the

com 88 furos de sondagem diamantada, principalmente na Zona do Mineiro, uma das, pelo menos, quatro ocorrências de ouro primário conhecidas no Tartarugalzinho. Em 1984, um estudo interno das oportunidades realizado pela BP, relatou a presença de recursos de ouro contidos num corpo com forma tabular, com uma extensão de 860 metros e espessura verdadeira variando de menos de 1 metro até um máximo de 13 metros. **Estas estimativas históricas de recursos não foram realizadas por uma pessoa qualificada e independente e não estão de acordo com os padrões NI 43-101, não merecendo confiança.**

Geologia: O TGB é um de uma série de greenstone belts paleo-proterozóicos que constituem um largo corredor mineralizado que estende-se da Venezuela, passa pelas Guianas e o Brasil, indo para a África Ocidental. Estes cinturões são encaixantes de muitos depósitos importantes que contêm vários milhões de onças de ouro na América do Sul, inclusive os depósitos de Las Cristinas, Omai, Amapari e Gross Rosebel. Na área, uma seqüência vulcânica basal está sobreposta por um pacote predominantemente sedimentar que inclui uma seqüência de quartzitos. A mineralização de ouro muito fino está comumente associada aos veios e vênulas de quartzo cinza multidirecionais controlados por uma zona de cisalhamento que segue o trend noroeste, mergulhando suavemente para sudoeste e desenvolvida na porção de topo dos quartzitos.

Programa de Exploração para 2006: Em 2005, a BrazMin realizou um programa inicial de sondagem diamantada com 13 furos no Tartarugalzinho, totalizando 1.504 metros. O programa visou a Zona do Mineiro para verificar os resultados obtidos pela BP e entender melhor as características geológicas da área. Foram feitos cinco furos para testar possíveis extensões ao longo do strike associadas à duas outras zonas mineralizadas. O Mandiocal está situado a um quilômetro a noroeste da Zona do Mineiro e o Buracão está situado a 1,4 quilômetros a sudeste da Zona do Mineiro. Os resultados geralmente confirmam os que foram obtidos pela BP, com as zonas estreitas variando de 1 a 8 metros de largura com teores variando entre 1 e 7,5 g/t Au. Extensões ao longo do strike da mineralização foram demonstradas e nosso gerenciamento está buscando parceiros para uma joint venture para avançar com os trabalhos de exploração no Projeto.

PROJETO CAMPO GRANDE, ESTADO DE MINAS GERAIS

Direitos Minerários: O Projeto Campo Grande tem 2.600 hectares e está localizado no campo aurífero do Quadrilátero Ferrífero, a aproximadamente 100 quilômetros oeste de Belo Horizonte, a capital do Estado de Minas Gerais. Uma ampla rede de estradas pavimentadas e não pavimentadas facilita o acesso de veículos à área. A BrazMin detém 100 % de dois dos três alvarás que recobrem a área do projeto, e em janeiro de 2004, conseguiu uma opção para adquirir 100 % de participação no terceiro alvará. Esta terceira área está sujeita ao pagamento de um royalty NSR de 1,5 %, adquirível por US\$ 750.000.



BrazMin Projects

older group. Iron formations host significant stratabound gold mineralization in the lower part of the group. The Lapa Seca formation, in the upper part of the group, is a strongly hydrothermally altered shear zone approximately 30 metres wide by 14 kilometres long. This structure hosts the Morro Velho and other deposits which range in size from 0.5 metre to 20 metres thick, 300 to 3,000 metres long, with grades of 5-15 g/t Au.

The geology within the Camp Grande permits has been correlated to the Lapa Seca formation. In the 1980s and 1990s, Anglo American mined four small to medium sized oxide gold deposits located 4.5 kilometres southeast of Pitangui and along strike from the Campo Grande Project. It is estimated that approximately 1 million ounces were extracted from these deposits.

2006 Exploration Program: The relatively low gold grades obtained in the historic trench sampling may be the result of extreme near-surface geochemical leaching. BrazMin plans to drill up to 10 shallow diamond drill holes to test the primary zone beneath the geochemical anomaly.

OTHER PROJECTS

BrazMin owns several additional gold and gold/base-metal projects in Brazil which are currently deemed by management to be non-key assets. The 65%-owned Serrita gold project in Pernambuco State has been optioned to Troy Resources of Australia who may earn up to a 75% interest in the entire project by spending US\$700,000 over four years. The Rio Maria project in Pará State was until December 2005 subject to a joint venture agreement with Teck/Cominco, who focused on the base metal potential before returning the property to BrazMin. The gold potential on Rio Maria has yet to be fully tested and a new partner is being sought.

Histórico: Empresas que realizaram trabalhos anteriores identificaram uma forte anomalia geoquímica no solo com valores para ouro, arsênio e antimônio semi-coincidentes, medindo 1.800 metros de comprimento por mais de 250 metros de largura que está aberta para o norte. A anomalia está associada com uma extensa zona de cisalhamento com alteração intensa de sílica e argila, em rochas correlacionadas com a Formação Lapa Seca. O único trabalho subsequente consistiu na abertura manual de duas trincheiras rasas nas quais o teor máximo obtido foi de 1,38 g/t Au.

Geologia: O Quadrilátero Ferrífero é um campo aurífero renomado, e tem mantido uma produção de ouro contínua desde o século XVII. Suas principais minas de ouro são a Morro Velho (mais de 5,5 milhões de onças de ouro), Cuiabá (mais de 6,5 milhões de onças de ouro) e Raposos (mais de 3 milhões de onças de ouro). O campo é coberto pelas rochas mais velhas do Arqueano e mais recentes do Neo-Proterozóico. A mineralização primária do ouro está associada a dois horizontes encaixados no grupo de rochas mais antigas. As formações ferríferas são encaixantes da mineralização de ouro estratificada na parte inferior do grupo. A Formação Lapa Seca, na porção superior do grupo, é uma zona de cisalhamento com forte alteração hidrotermal com aproximadamente 30 metros de largura por 14 quilômetros de comprimento. Esta estrutura é a encaixante da Mina de Morro Velho e de outros depósitos cujas espessuras variam de 0,5 a 20 metros, com comprimentos de 300 a 3.000 metros, e teores de 5 a 15 g/t Au.

A geologia nas áreas do Projeto Campo Grande foi correlacionada com a da Formação Lapa Seca. Nos anos 80 e 90, a Anglo American lavrou quatro depósitos de ouro oxidado, com dimensões pequenas a médias, localizados a 4,5 quilômetros a sudeste de Pitangui e ao longo da direção do projeto Campo Grande. Estima-se que foi lavrado, aproximadamente, um milhão de onças desses depósitos.

Programa de Exploração para 2006: Os teores de ouro relativamente baixos obtidos com a amostragem na trincheira podem ser o resultado de um lixiviamento geoquímico muito próximo da superfície. A BrazMin planeja executar 10 furos rasos de sondagem diamantada para testar a zona primária abaixo da anomalia geoquímica.

OUTROS PROJETOS

A BrazMin possui vários outros projetos adicionais de ouro e ouro/metals básicos no Brasil que, no momento, não são considerados como projetos chaves. A Empresa detém 65 % de participação no Projeto de Ouro Serrita, no Estado de Pernambuco, e deu uma opção para a Troy Resources da Austrália que poderá deter até 75 % de participação no Projeto com o dispêndio de US\$ 700.000 ao longo de quatro anos. O projeto Rio Maria no Estado do Pará, até dezembro de 2005, estava sujeito a uma joint venture com a Teck Cominco, que visava o potencial de metais básicos antes de devolver a área para a BrazMin. O potencial de ouro no Projeto Rio Maria ainda tem que ser inteiramente testado e procura-se um novo parceiro para a empreitada.

Management's Discussion and Analysis

For the year ended December 31, 2005

Dated: March 24, 2006

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Management's Discussion and Analysis

For the year ended December 31, 2005

Unless otherwise indicated, all funds in this document are in Canadian dollars.

1. Forward-Looking Disclaimer

Management's Discussion and Analysis ("MD&A") of the consolidated financial position for the year ended December 31, 2005, should be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 2005.

Certain information in this MD&A contains forward-looking statements, based on the Company's estimates and assumptions. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, there cannot be any assurance that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company disclaims any intention or obligation to update or revise these forward-looking statements, as a result of new information, future events or circumstances, except as required by law.

Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by management using data from publicly available industry sources, as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which are believed to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While management is not aware of any misstatements regarding any industry data presented herein, the industries involve risks and uncertainties and are subject to change based on various factors.

2. Overview

The focus of BrazMin Corp. is the acquisition and exploration and development of high-quality gold opportunities, primarily in Brazil. Management believes that the long-term fundamentals of the gold industry are attractive and that Brazil, with its attractive geology, infrastructure, fiscal environment and long history of mining activities, is ideally suited to exploration and mining of gold. The Company has acquired a balanced portfolio of gold exploration properties ranging from advanced to grassroots stages of development. The principal asset, São Jorge Gold Project in Pará State, is an advanced-staged exploration project: a major work program commenced during the second quarter and Phase I diamond drilling was completed by year end.

The strategy is to focus on the enhancement of the São Jorge Gold Project by upgrading the current known inferred resources (which are not compliant with National Instrument 43-101 ("NI 43-101")) to NI 43-101 compliant standards while continuing to evaluate other potential precious metal opportunities within Brazil. Management continually reviews the Company's asset base and any potential new acquisition to ensure optimum use of shareholders' funds. BrazMin's strategy of establishing a portfolio of gold projects at different stages of development is aimed at providing benefit from both near-term exploration success and any future rise in the price of gold. The continuation of higher gold prices during the past period tends to support the Company's decision to focus on precious metals.

Key Performance Factors

BrazMin's gold exploration program is based on management's ability to identify targets that have the potential to host significant economic mineralization and to select and execute NI 43-101 compliant exploration programs that are best suited to discover, delineate and quantify mineralized resources and to upgrade these resources to mineable reserves. An important key factor is the ability of the Company to finance these programs.

Management's Discussion and Analysis

For the year ended December 31, 2005

Capability to Deliver Results

BrazMin's management and staff have extensive experience, are well regarded within the mining industry and have proven track records in the performance of the Company's stated goals and objectives. We are regularly invited to participate in many opportunities, emanating both from official government sources as well as from the private sector, within Brazil and internationally. The Company is confident that the exploration program recently embarked upon will produce encouraging results.

BrazMin commenced trading on the Toronto Stock Exchange ("TSX") on April 13, 2005.

3. Exploration Projects

São Jorge

During the period, 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 approximately 60,000 hectares. Total acquisition-related costs for the year ended December 31, 2005 amounted to United States ("US") \$320,000. Over the next 12 months further cash payments of US\$150,000 will be made. One of the newly acquired properties has a residual royalty of 1% to one of the independent parties, which is purchasable for US\$2.5 million on or before September 2006. 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 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 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. In addition, 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.

During the period under review, the Company completed its 10,000 metre Phase I diamond drilling program, on schedule. A total of 10,104 metres were 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 at approximately 40 metres spacing and at 40 metre intervals down dip to approximately 150 metres below surface. Assay results for all the holes have been received and have been published. Assay values have generally confirmed the results previously obtained by Rio Tinto during the 1990s. Referee samples amounting to approximately 8% of the total number were submitted to a separate laboratory, independent of BrazMin, for check analyses. The results so far received indicate acceptable levels of correlation.

The original 2005 budget for this program amounted to \$2.4 million, funded primarily from the proceeds of the equity issue that closed during the first quarter. As at December 31, 2005, an amount of \$2,763,026 has been expended on the property (excluding future accrued vendor-related obligations amounting to \$174,903). The additional expenditure relates to new property acquisitions, which were not budgeted and greater-than-expected costs related to camp construction, an extra drill rig and staff additions, assay costs and unfavourable currency variation as a result of the strengthening of the Brazilian reals compared to the U.S. dollar.

Geological interpretation of all the results from the drilling program has commenced and should be completed by the first quarter of 2006. The entire data set will then be provided to SRK Consultants, an independent and accredited consulting firm, who have been contracted to perform a revised resource estimate of the Wilton Zone, based on all diamond drilling information from both BrazMin's program as well as data from the previous drill performed by TRZ. The resource estimate will be performed to the standards set out in NI 43-101 and it is expected to be completed by April 2006. During the first quarter

Management's Discussion and Analysis

For the year ended December 31, 2005

of 2006, a number of representative composite core samples will be sent to an accredited laboratory for comprehensive, preliminary metallurgical testing. It is contemplated that a Phase II program will be undertaken during 2006, the scope and magnitude of which depend on the results of the Phase I program. Sufficient funds are available for this Phase II program.

Tartarugalzinho ("Little Turtle") Project

During the period under review, BrazMin acquired from an independent third party the rights to the 9,602-hectare Tartarugalzinho Project, located in Amapá State. Cash payments totalling US\$60,000 were paid during the year. Annual payments of US\$100,000 will be made until the commencement of mine production. There is an underlying royalty of 1.2%, purchasable for US\$1 million. In the 1980s, a major mining company did extensive work in the area, including some 88 diamond drill holes. 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 amounted to \$469,309. Gold assay results from all the holes have been received and published. They generally confirm the results obtained during the 1980s by a previous operator. BrazMin has therefore decided to make the first annual payment to the vendor, amounting to US\$100,000.

Other Projects

The Company owns or has interests in several other mineral properties in Brazil. No exploration programs have been performed on these properties during the period. During the twelve months ended December 31, 2005, an amount of \$202,370 was expended on these properties, primarily related to property maintenance and acquisition costs. Similar levels of expenditure are expected to be incurred on an ongoing basis until such time as the Company elects to perform physical exploration work on the properties. It is anticipated that some work will be performed during 2006 on at least two projects, once the Brazilian Department of Mines ("DNPM") ratifies the transfer of mineral rights into the name of BrazMin. The scope, magnitude and estimated expenditures of such programs will depend on when this ratification occurs.

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.

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, and other models which are used to value options, 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 charged in a period.

(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.

Management's Discussion and Analysis

For the year ended December 31, 2005

(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 is not recoverable, these costs are written down to the 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 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) 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.

(f) Cost of maintaining mineral properties

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

(g) 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 loan payable and mining obligations are denominated in U.S. dollars.

(h) 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.

Management's Discussion and Analysis

For the year ended December 31, 2005

(i) Environmental protection and rehabilitation costs

Liabilities related to environmental protection and rehabilitation costs are accrued and charged to income when the likelihood of occurrence is established. This includes future removal and site restoration costs as required due to environmental law or contracts.

(j) 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.

(k) Foreign currency translation

The functional currency of the Company is Canadian dollars. A portion of the Company's transactions are denominated in U.S. 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 U.S. 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.

(l) Financial instruments

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

(m) 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.

5. Disclosure of Outstanding Share Data

The following details the share capital structure as at December 31, 2005.

	<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Total</u>
Common shares			20,817,074
Share purchase options	April 18, 2010	\$1.25	1,815,000
Warrants	September 4, 2006	\$1.25	3,385,375
Warrants	December 15, 2006	\$1.70	1,296,296
Total fully diluted number of shares			27,313,745

Management's Discussion and Analysis

For the year ended December 31, 2005

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:

Name of Project	Current Percentage of Interest in Project	December 31, 2005 (audited)	December 31, 2004 (audited)
BRM			
São Jorge	100%	\$ 2,937,929	\$ 941,081
Água Branca	100%	58,141	28,978
BRAZ LTDA			
Tartarugalzinho	100%	469,309	-
Campo Grande	100%	337,950	290,049
Serrita Gold and Serrita Norte	65%	333,536	282,268
São Julião	100%	-	384,043
Other	100%	50,915	600
EIMB			
Tocantinzinho	100%	523,723	500,00
		\$ 4,711,503	\$ 2,427,019

7. Results of Operations

(in thousands of \$)

Review of Certain Operating Expenses

	YTD 2005	July 8, 2004 to December 31, 2005
Stock based compensation expense	\$ 932	\$ -
Administration	1,523	298
Foreign exchange loss	63	-
Exploration expenses written off	393	-

- Stock based compensation expense varies depending upon when the stock options were granted and when they vest.
- Administration costs increased due to the fact that the Company was setting up in the prior year.
- Foreign exchange loss due to the depreciation of the Brazilian real versus the U.S. dollar.
- Exploration costs written off relate mainly to the São Julião property. As a result of the continual evaluation and prioritization of the Company's assets, management has decided not to expend further funds on the São Julião property. An attempt to farm out the property to a third party has not been successful and it was therefore decided to write down the value of the property to \$0. This will result in cost savings related to future payments of approximately US\$25,000 annually. An amount of \$387,264 has therefore been recorded as an expense for the year for this property.

The loss for the year ended December 31, 2005, was \$2,858,147. The Company recorded a loss of \$0.17 per share (basic and diluted) for the year ended December 31, 2005.

Capitalized exploration for the year ended December 31, 2005, amounted to \$2,677,001 and mainly reflects work performed on the São Jorge Gold Project in Pará State, Brazil and for ongoing land acquisition costs previously committed to.

Management's Discussion and Analysis

For the year ended December 31, 2005

Summary of Quarterly Results (as required by National Instrument 51-102) (in Canadian dollars and in accordance with Canadian Generally Accepted Accounting Practice)

	Quarter ending			
	December 31, 2005	September 30, 2005	June 30, 2005	March 31, 2005
Total revenues	\$16,654	\$17,388	\$13,792	\$4,239
Net loss	\$621,547	\$453,034	\$1,408,695	\$374,871
Net loss (basic and diluted per-share basis)	\$0.04	\$0.02	\$0.08	\$0.03

The June 30, 2005 quarterly net loss number includes the expense for stock based compensation of \$931,827, as required by Canadian generally accepted accounting principles.

This amount, derived using the Black-Scholes option pricing model, represents the expected future cost to the Company relating to the exercising of the outstanding share warrants and options.

During the fourth quarter, the Company continued with its exploration program with most of the capitalized expenditure relating to the São Jorge and "Little Turtle" projects.

Other than the financing on December 15, 2005, described already, there were no other major items in this quarter that require specific mention.

(in thousands of \$)

Selected Annual Information

	YTD 2005	July 8, 2004 to December 31, 2004
Revenue	\$ 52	\$ 0
Net loss	2,858	298
Total assets	10,711	3,419
Total liabilities	778	956
Dividends declared	0	0

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

(in thousands of \$)

Cash Flow Highlights

	YTD 2005	July 8, 2004 to December 31, 2004
Operating activities	\$ (1,513)	\$ (190)
Financing activities	9,156	2,185
Investing activities	(2,713)	(1,037)
Beginning cash balance	958	-
Net cash for the period	4,929	958
Ending cash balance	5,887	958

Management's Discussion and Analysis

For the year ended December 31, 2005

- Operating activities consumed \$1,513,000 of cash for the year ended December 31, 2005, primarily due to a net operating loss \$2,858,147, which includes \$932,000 stock based compensation expense.
- Financing activities generated \$9,156,000 of cash for the year ended December 31, 2005, through the issuance of common shares.
- Investing activities consumed \$2,713,000 of cash for the year ended December 31, 2005, due to expenditure on mineral properties and deferred exploration expense and acquisition of equipment.

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 consists of one share of the Company and one half share purchase warrant at an exercise price of \$1.35, expiring on September 3, 2006. 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 that entitle the agents to acquire 588,000 shares of the Company at \$1.35 per share on or before September 3, 2006.

On December 15, 2005, the Company raised an additional \$3,500,000 through a private placement of 2,592,591 shares and 1,296,296 warrants at \$1.35. The warrants entitle the holder to purchase one half share per warrant at an exercise price of \$1.70, and expire on December 15, 2006.

Subsequent to year end, the Company issued 5,000,000 units at \$2.00 per unit in terms of a private placement. Each unit consists of one common share of BrazMin and half a 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.

The Company estimates total 2006 expenditures to be less than \$7 million. Current cash, taking the recent financing into account, is \$14.7 million. The Company therefore has sufficient liquidity to sustain operations for a minimum of 18 months from the date hereof. After that, it may be necessary to raise additional funds by means of public equity issue.

9. Contractual Obligations

Mining obligations

The mining obligations bear no interest and are the costs of acquisition for the São Jorge project and the Little Turtle US\$100,000 annual payment. Future obligations are \$291,505 during 2006.

10. Related Party Transactions

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 \$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 year ended December 31, 2005, fees paid to Tau for these services were \$262,490 and \$40,000 was paid for the period from July 8, 2004 (date of incorporation) to December 31, 2004.

Accounts receivable and other assets, at December 31, 2005, include \$22,500 paid to Tau for management fees for January 2006. Consulting fees paid to officers of the Company during 2005 were \$240,708. 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.

Management's Discussion and Analysis

For the year ended December 31, 2005

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 their stage of development. The following factors should be considered, among others:

The exploration for mineral deposits involves significant risks that 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 that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage and 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 proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. 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.

Management's Discussion and Analysis

For the year ended December 31, 2005

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 U.S. dollars and the Company's costs are incurred principally in Canadian dollars and Brazilian reals. The appreciation of non-U.S. dollar currencies against the U.S. dollar can increase the cost of gold and other mineral exploration and production in U.S. dollar terms.

12. Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this Management's Discussion and Analysis, management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian Securities Administrators) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

13. Outlook

BrazMin will continue to pursue the gold exploration program in the coming quarter, focusing on the São Jorge Project in Brazil. Any new, quality gold opportunities will be carefully reviewed and acquired, if warranted. BrazMin's other projects will be critically reviewed, evaluated and prioritized.

14. Other MD&A Requirements

Additional information relating to the Company is available on SEDAR at www.sedar.com

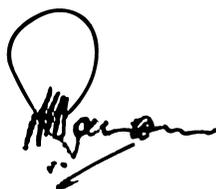
This document contains statements about expected future events and/or financial results that are forward-looking in nature and subject to substantial risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. The Company cautions readers that actual performance will be affected by a number of factors, many of which are beyond its control, as many may respond to changes in economic and political circumstances around the world.

Management's Responsibility for Financial Information

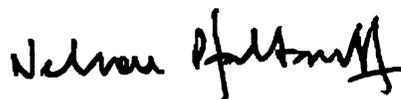
Management has prepared the information and representations in this financial statement. The consolidated financial statements have been prepared in conformity with generally accepted accounting principles in Canada and, where appropriate, reflect management's best estimates and judgement.

BrazMin maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that relevant and reliable financial information is produced. Our independent auditors have the responsibility of auditing the consolidated financial statements and expressing an opinion on them.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee is comprised of three directors. This Committee meets periodically with management and the independent auditors to review accounting, auditing, internal control and financial reporting matters.



A. H. Ransom,
President and CEO



N. F. M. Pfaltzgraff,
CFO

Auditors' Report

To the Shareholders of BrazMin Corp.

We have audited the consolidated balance sheets of BrazMin Corp. as at December 31, 2005 and 2004 and the consolidated statements of operations and deficit and cash flows for the year ended December 31, 2005 and the period from July 8, 2004 (incorporation) to December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and 2004 and the results of its operations and its cash flows for the year ended December 31, 2005 and the period from July 8, 2004 (incorporation) to December 31, 2004, in accordance with Canadian generally accepted accounting principles.

Zeifman & Company, LLP

Toronto, Canada
March 13, 2006

Zeifman & Company, LLP
Chartered Accountants

Consolidated Balance Sheets

Expressed in Canadian Dollars
December 31, 2005

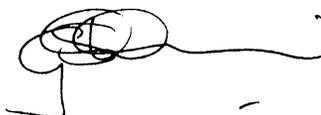
	2005	2004
Assets		
Current assets		
Cash and cash equivalents	\$ 5,886,806	\$ 957,509
Accounts receivable and other assets	71,427	25,651
	5,958,233	983,160
Equipment (note 4)	41,256	8,537
Mineral properties and deferred expenditures (note 5)	4,711,503	2,427,019
	\$ 10,710,992	\$ 3,418,716
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 486,926	\$ 131,748
Loan payable	-	120,200
Current portion of mining obligations (note 6)	291,505	103,104
	778,431	355,052
Long term portion of mining obligations (note 6)	-	601,000
	778,431	956,052
Shareholders' equity		
Share capital and warrants (note 7)	13,399,767	2,760,200
Contributed surplus (note 7)	931,827	-
Deficit	(4,399,033)	(297,536)
	9,932,561	2,462,664
	\$ 10,710,992	\$ 3,418,716

See accompanying notes to the consolidated financial statements.

On behalf of the Board



L. M. F. Azevedo
Director



G. S. Kinross
Director

Consolidated Statements of Operations and Deficit

Expressed in Canadian Dollars
Year ended December 31, 2005 and period from
July 8, 2004 (incorporation) to December 31, 2004

	2005	2004
Income	\$ 52,073	\$ -
Expenses		
Stock based compensation (note 7)	931,827	-
Exploration expenses written off (note 5)	392,517	-
Office and general	382,582	70,782
Professional fees	285,041	177,305
Management fees	262,490	40,000
Consulting fees	240,708	-
Listing and filing expense	175,577	-
Travel	152,138	6,525
Interest and bank charges	20,827	1,976
Amortization of capital assets	3,277	948
	2,846,984	297,536
Loss for the year before the following:	(2,794,911)	(297,536)
Foreign currency translation adjustment	(63,236)	-
Loss for the year	(2,858,147)	(297,536)
Deficit, beginning of year	(297,536)	-
Share issue cost	(1,243,350)	-
Deficit, end of year	\$ (4,399,033)	\$ (297,536)
Basic and diluted loss per share (note 8)	\$ (0.17)	\$ (0.05)

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

Expressed in Canadian Dollars
Year ended December 31, 2005 and period from
July 8, 2004 (incorporation) to December 31, 2004

	2005	2004
Cash flows from operating activities		
Loss for the period	\$ (2,858,147)	\$ (297,536)
Items not affecting cash:		
Stock-based compensation expense	931,827	-
Exploration expenses written off	392,517	-
Decrease in mining obligations	(292,399)	-
Amortization	3,277	948
	(1,822,925)	(296,588)
Changes in non-cash working capital balances:		
Accounts receivable and other assets	(45,776)	(25,651)
Accounts payable and accrued liabilities	355,178	131,748
	(1,513,523)	(190,491)
 Cash flows from financing activities		
Proceeds from issuance of shares and warrants	10,503,281	1,360,200
Share issue cost	(1,107,064)	-
(Decrease) increase in loan payable	(120,200)	103,104
(Decrease) increase in mining obligations	(120,200)	721,200
	9,155,817	2,184,504
 Cash flows from investing activities		
Acquisition of equipment	(35,996)	(9,485)
Mineral properties and deferred exploration expenses	(2,677,001)	(1,027,019)
	(2,712,997)	(1,036,504)
Increase in cash and cash equivalents	4,929,297	957,509
Cash and cash equivalents, beginning of period	957,509	-
Cash and cash equivalents, end of period	\$ 5,886,806	\$ 957,509

See accompanying notes to consolidated financial statements.

Notes to the Consolidated Financial Statements

December 31, 2005

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").

Under the amalgamation, 93% of the shares of the Company were distributed to the shareholders of RHI and the balance were distributed to the shareholders of VRC. The amalgamation has been treated as a purchase by RHI of VRC. VRC had no net assets or business at amalgamation date, and accordingly, no value has been attached to the shares issued to the VRC shareholders (note 3).

The Company has a wholly-owned subsidiary, Resource Holdings 2004 Inc. ("RH2004"), which was incorporated on July 8, 2004. The Company together with RH2004, owns 100% of the subsidiaries, Brazilian Resources Mineração Ltda. ("BRM"), Brazmin Ltda. ("BRAZ LTDA"), and EIMB – Empresa Internacional De Mineração Brasil Ltda. ("EIMB"). The Company, through its subsidiaries, has acquired rights ranging from a 65% to 100% interest in a number of prospective gold mining projects situated in Brazil.

The 2004 Consolidated Financial Statement numbers are for RHI.

These consolidated financial statements include the accounts of the Company's subsidiaries. The operating results of all subsidiaries are included from the dates of acquisition and the acquisitions are accounted for as purchases. All intercompany balances have been eliminated.

2. Summary of significant accounting policies

(a) General

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. 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. These consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

(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.

Notes to the Consolidated Financial Statements

December 31, 2005

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 is not recoverable, these costs are written down to the 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.

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.

(e) 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.

(f) Environmental protection and rehabilitation costs

Liabilities related to environmental protection and rehabilitation costs are accrued and charged to income when the likelihood of occurrence is established. This includes future removal and site restoration costs as required due to environmental law or contracts.

(g) 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.

Notes to the Consolidated Financial Statements

December 31, 2005

(h) Foreign currency translation

The functional currency of the Company is Canadian dollars. A portion of the Company's transactions are denominated in U.S. 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 U.S. 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.

(i) Financial instruments

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

(j) 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.

3. Amalgamation

Effective April 5, 2005, RHI amalgamated with VRC to form the Company. As consideration, BrazMin issued 901,858 common shares (note 7) on the basis of 1 BrazMin share for every 51 VRC shares. VRC had no assets at the date of amalgamation, and accordingly, no value has been attached to the shares issued to the VRC shareholders.

4. Equipment

	<u>2005</u>	<u>2004</u>
Cost	\$ 45,481	\$ 9,485
Accumulated depreciation	4,225	948
Net book value	<u>\$ 41,256</u>	<u>\$ 8,537</u>

Notes to the Consolidated Financial Statements

December 31, 2005

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:

Name of Project	Current Percentage of Interest in Project	<u>2005</u>	<u>2004</u>
BRM			
São Jorge	100%	\$ 2,937,929	\$ 941,081
Água Branca	100%	58,141	28,978
BRAZ LTDA			
Tartarugalzinho	100%	469,309	-
Campo Grande	100%	337,950	290,049
Serrita Gold and Serrita Norte	65%	333,536	282,268
São Julião	100%	-	384,043
Other	100%	50,915	600
EIMB			
Tocantinzinho	100%	523,723	500,00
		<u>\$ 4,711,503</u>	<u>\$ 2,427,019</u>

(a) São Jorge Project

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

Notes to the Consolidated Financial Statements

December 31, 2005

(b) Água Branca Project

On July 16, 2004, the Company acquired, through BRM, a 100% interest in the underlying mineral rights of Água Branca, located in Pará State, Brazil within the Tapajós Gold Camp, from an independent vendor and Centaurus Brazil (see note 6). An application to transfer these rights from the vendor to BRM, and to convert them into exploration licences, has been submitted to the DNPM. The purchase price includes US\$5,000 upon registration of the project, US\$20,000 within 6 months of the initial payment, US\$40,000 within 18 months of the initial payment, US\$80,000 within 30 months of the initial payment and US\$150,000 within 42 months of the initial payment. Additionally, the 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.

(c) Tartarugalzinho ("Little Turtle") Project

The Company has recently acquired a 100% interest in the 9,602-hectare Tartarugalzinho property, located along the paved highway north from Macapá, capital of Amapá State, Brazil. Cash payments to the vendor amounting to \$60,000 were made during the year. 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 BrazMin's favour of US\$1 million.

(d) Campo Grande Project

The Campo Grande project is located in the Iron Quadrangle gold camp, approximately 100 kilometres west of Belo Horizonte, the capital of Minas Gerais State, Brazil. This project consists of three exploration areas covering approximately 2,600 hectares, of which the Company owns two claims 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 Gold Project and Serrita Norte Project are two adjoining parcels located in Pernambuco State, Brazil (together, the "Serrita Project"). The eleven Serrita Project exploration licences cover approximately 19,360 hectares. BRAZ LTDA currently owns a 65% interest in the Serrita Gold Project exploration licences. The Company has decided to farm out this project, as it does not constitute a core asset. Subsequent to year end, 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 four years and making certain cash payments to the Company and its partners. Should Troy earn its 75% interest, BrazMin may retain a 16.25% interest or elect to convert to a NSR royalty.

(f) São Julião Project

As a result of the continual evaluation and prioritization of the Company's assets, management has elected not to expend further funds on the São Julião property. An attempt to farm out the property to a third party has not been successful and it was therefore decided to write down the value of the property to \$0.

(g) Tocantinzinho Project

The Tocantinzinho project, located in Pará State, Brazil, consists of a number of permit applications totalling 13,900 hectares. Applications have been submitted to the DNPM to transfer the rights and convert them to exploration permits in EIMBs name. The property is 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) is payable by EIMB to a related party with respect to this project. The balance on the option is due upon confirmation of the applications by the Brazilian Department of Mineral Production (DNPM).

Notes to the Consolidated Financial Statements

December 31, 2005

6. Mining obligations

The mining obligations bear no interest and are the costs of acquisition from Centaurus Brazil, Tapajós Mineração and Jaguar Resources for the transfer of the mineral rights for the São Jorge Project (see note 5). Also included is the "Little Turtle" annual amount of US\$100,000 (see Note 5). Future obligations are \$291,505 payable during the year ended December 31, 2006.

7. Share capital and warrants

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

	Number of shares	Number of warrants	Amount
Issue of shares for cash on incorporation	2,000,000	–	\$200
Issue of shares for São Jorge project	500,000	–	75,00
Issue of shares for BRAZMIN projects	5,500,000	–	825,000
Issue of shares for cash	2,720,000	–	1,360,000
Issue of shares for Tocantinzinho project	1,000,000	–	500,000
Balance, December 31, 2004	11,720,000	–	2,760,200
Issue of shares under amalgamation (note 3)	901,858	–	–
Issue of shares and warrants for cash	5,600,000	2,800,000	7,000,000
Warrants issued to private placement broker	–	588,000	136,286
Warrants exercised	2,625	(2,625)	3,281
Issue of shares and warrants for cash	2,592,591	1,296,296	3,500,000
Balance, December 31, 2005	20,817,074	4,681,671	\$ 13,399,767

The fully diluted share capital of the Company is 27,313,745 common shares.

This is made up of the shares and warrants as above, as well as the options mentioned in (a) below.

(a) Stock options

During the second quarter, the Company issued a total of 1,815,000 stock options to its directors, officers and employees. The options expire on April 18, 2010 and are exercisable at any time. The exercise price is \$1.25 per share. All the stock options are still outstanding as at December 31, 2005.

Estimated fair value of stock options

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

Expected life	5 years
Weighted average fair value (\$/option)	\$0.51
Risk-free interest rate	3.59%

Notes to the Consolidated Financial Statements

December 31, 2005

7. Share capital and warrants (continued)

Volatility	41%
Dividends	0%

As all of the options have vested, \$931,827 is included in the Consolidated Statement of Operations and Deficit and Contributed Surplus on the Consolidated Balance Sheet.

(b) Warrants

During the second quarter, the Company issued 2,800,000 warrants as part of a private placement. These warrants entitle the holder to purchase one half-share per warrant at an exercise price of \$1.25 and expire on September 4, 2006. During the second quarter, the Company also issued a total of 588,000 warrants to the broker/agents who arranged the acquisition and the private placement of April 5, 2005. The warrants entitle the holder to purchase one common share per warrant at the exercise price of \$1.35, expire on October 18, 2006 and are exercisable at any time. Only 2,625 warrants had been exercised by December 31, 2005. During the fourth quarter, the Company issued a total of 1,296,296 warrants as part of the private placement on December 15, 2005. The warrants entitle the holder to purchase one half share per warrant at an exercise price of \$1.70, and expire on December 15, 2006.

Estimated fair value of warrants

The Company determined the fair value of the warrants issued to the brokers using the Black-Scholes option pricing model under the following assumptions:

Weighted average fair value (\$/option)	\$0.23
Risk-free interest rate	3.10%
Expected life	1.5 years
Volatility	41%
Dividends	0%

The fair value of the warrants is included in share issue costs on the Consolidated Statement of Operations and Deficit and Share Capital on the Consolidated Balance Sheet.

(c) Contributed surplus

The contributed surplus comprises the stock based compensation owing to the vesting of the stock options issued to directors, officers and employees of the Company.

8. Loss per share

The following table sets forth the computing of basic and diluted loss per share:

	<u>2005</u>	<u>2004</u>
Numerator for basic and diluted loss per share available to common shareholders	<u>\$(2,858,147)</u>	<u>\$(297,536)</u>
Denominator for basic and diluted loss per share – weighted average number of common shares outstanding	<u>16,661,168</u>	<u>5,801,582</u>
Basic and diluted loss per share	<u>\$(0.17)</u>	<u>\$(0.05)</u>

Notes to the Consolidated Financial Statements

December 31, 2005

9. Income taxes

The Company is subject to tax in various jurisdictions, including the British Virgin Islands and Brazil. The Company and its subsidiary have a future tax asset in respect of operating losses approximating \$1,873,000, which are available to shelter future taxable income in those jurisdictions.

The Company has taken a full valuation allowance against the future tax asset, 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 non-deductible expenses of \$931,827 and the balance is due to the tax effect of losses not booked.

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 year ended December 31, 2005, fees paid to Tau for these services were \$262,490, and \$40,000 was paid for the period from July 8, 2004 (date of incorporation) to December 31, 2004.

Consulting fees paid to officers of the Company for the year were \$240,708 (2004 – \$0).

Accounts receivable and other assets include \$22,500 paid to Tau for management fees for January 2006.

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 their stage of development. The following factors should be considered, among others:

The exploration for mineral deposits involves significant risks that 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 the Company or any of its joint venture partners will result in a profitable commercial mining operation.

The Company'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 the Company 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.

Notes to the Consolidated Financial Statements

December 31, 2005

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 that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage and 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 proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. 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 U.S. dollars and the Company's costs are incurred principally in Canadian dollars and Brazilian reals. The appreciation of non-U.S. dollar currencies against the U.S. dollar can increase the cost of gold and other mineral exploration and production in U.S. dollar terms.

12. 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.

13. Subsequent event

On February 10, 2006, the Company issued 5,000,000 units at \$2.00 per unit by way of private placement. Each unit consists of one common share and one-half of a warrant of the Company. Each full warrant entitles the holder to purchase one common share of the Company at a price of \$2.75 until February 10, 2008.

Corporate Directory

DIRECTORS

Sandra S. Cowan*

Luis Mauricio F. Azevedo

Warren E. Newfield

Donald W. T. Lewis*

Gregory S. Kinross*

* *Members of Audit & Corporate Governance Committees*

MANAGEMENT

Sandra S. Cowan, *Chairman*

Anthony H. Ransom, *President and CEO* †

Luis Mauricio F. Azevedo, *COO*

Paulo Ilidio de Brito, *VP Exploration* †

Nelson F. M. Pfaltzgraff, *CFO*

† *Qualified persons as defined under National Instrument 43-101*

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CUSIP G1319U 100

SHARE INFORMATION

(as at April 26, 2006)

Listing	TSX:BZM
Shares Outstanding	26,466,813
Fully Diluted	35,113,745
Price	\$2.60

EXCHANGE RATES

Unless otherwise indicated, all dollar amounts in this annual report are expressed in Canadian dollars. The following table reflects the rate of exchange for Canadian dollars in effect at the end of each of the following periods and the average rates of exchange during each such period.

	2005
Brazilian Reals:	
Rate at end of year	\$0.50090
Average rate for the year	\$0.50000
United States Dollar:	
Rate at end of year	\$1.16602
Average rate for the year	\$1.21173

