



U.S. TRADE AND DEVELOPMENT AGENCY

EXECUTIVE SUMMARY

Santa Maria Gold Mine Feasibility Study

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FINAL REPORT

SANTA MARIA GOLD MINE FEASIBILITY STUDY

GENERAL

This report and the attachments constitute the Final Report for the Santa Maria Gold Mine Feasibility Study prepared for BW Mineracao Ltda. This report was delayed twice as a result of Brazilian Resources, Inc., inability to get the information and reports which were due from the US Subcontractor. As a result of legal action, Brazilian Resources, Inc., received the reports and other required information on February 28, 2000.

The second delay was necessitated by the requirements for Brazilian Resources, Inc., to validate and analyze the late reports of the US subcontractor and to evaluate the effect of the current world market prices of gold.

The study was completed in seven (7) preapproved Tasks after a Mobilization period in which resources were gathered in both the US and Brazil to perform the study. Several interim reports and a specific report on the Environmental Impact were prepared and delivered. These reports included the completed Tasks (I - 6) and the final Task #7, the Final Report is herein submitted.

All of the Task reports are included in this report (less some geological charting which is being held in Brazilian Offices in the US and Brazil). These Tasks are shown on the Table of Contents for this report.

SUMMARY

Task I - General Considerations. This task addressed legal items such as: mining titles and contracts, potential risk areas; and land and infrastructure requirements. All of the requirements for this Task were met or identified. Existing infrastructure was identified and evaluated.

Task 2 - Geological Aspects. After preparing a methodology for use by all participants, an exhaustive study was conducted to include considerable field work, in which revised reserve estimates were prepared and submitted.

Task 3 - Environmental Studies. Contractors performed extensive studies and field sampling, as well as, investigations of water resources and drainage. These studies provided a clear path for implementing proper mitigation procedures to preserve water qualities. The studies went well beyond the normal requirements and therefore provide a wealth of background data.

Task 4 - Project Engineering. The design and plans for mine operations, gold processing, plant and environment protection measures were developed. Cost analyses and estimating were completed and were held within the 10% margin of error. Laboratory and pilot plant testing was conducted. A phased plan for development was prepared and presented. Cost estimates for the mine plan, equipment and processing plant specifications were completed.

Task 5 - Production Revenue Estimate. This task was conducted utilizing the data from the earlier tasks with prices varying from \$260 USD/oz Au to \$3 5 0 USD/oz Au, with an average of \$327.52 USD/oz Au. Current gold prices have tumbled to \$265 USD/oz Au for most of this year (2000). At study prices of gold, the year 1999 would have ended with an income of \$23,440,195 USD (See page 31 of Mine Report 1998/1999 attached to Tasks 5 and 6.) Included in this study are gold pricing, capital costs and operating expenses. Operational personnel and costs for General Management, Administration at Macapa and Management, Minery, Extraction Foundry and Infrastructure are considered. Investment and Operational Costs are also addressed.

Task 6 - Construction Activities. This task covers the Phase I plan and budget for mine and gold plant construction activities. Preliminary Investment are shown in the Mine Report attached to this task at pages 2 and 3. Pages 32 - 36 outline a detailed Estimate of Investment. Total funds for construction and construction related activities are \$1,246,700 USD. The Budget Description is shown on pages 34 - 36. Total Funds for Phase I of this project are \$1,501,100 USD. The basis for the 1998/1999 Mine Plan was to analyze the equipment, the operational actions, the local construction capabilities and to project an income stream for Phase I in December 1999, then the design of mining operations would be up-graded to incorporate the equipment which was identified in the initial information provided in support of conducting the feasibility. This information included a list of US Suppliers of Goods and Services which is attached to this report. Phase H of this plan would have provided approximately \$24,000,000 USD for US equipment and services to be exported to Brazil.

Task 7 - Final Report. Brazilian Resources, Inc., has for the past four (4) months been re-analyzing the entire project considering the current and past years prices of gold.

FINAL ANALYSIS

According to all Tasks; completed Santa Maria has the following gold reserves.

MDA Study: 272,900 oz in existing pit area
 15,400 oz in Santaa Maria Conglomerate Area
 77.000 oz in waste dumps and spent pits
 365,300 oz

365,300 oz at \$276/oz Au = \$100,801,800 USD

CEntry Conservative Estimate = 180,000 oz minable reserves
180,000 at \$272/oz Au - \$49,680,000 USD

\$276/oz Au was priced on May 3, 2000 This price was not economically feasible to conduct gold mining operations at Santa Maria.

On the date of this report 15 November 2000 the price of gold is \$264.90, therefore, the project remains economically unfeasible.

This project can continue and can be marginally economically feasible at Santa Maria when the price of gold is **\$300/oz Au**.

The Study shows a tremendous potential for mining the Santa Maria Area during Phase 11.

RECOMMENDATION

It is recommended that no further action be taken on this study until world gold prices reach and stay at an average of at least \$300 USD/oz Au.

Daniel Titcomb
President