



Michael S. (Mickey) Fulp M.Sc., C.P.G.

MercenaryGeologist.com
contact@mercenarygeologist.com

Mercenary Alert: Update on Brazil Resources Inc

A Special Alert Musing from Mickey the Mercenary Geologist

For Subscribers Only

[Contact@MercenaryGeologist.com](mailto:contact@mercenarygeologist.com)

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Since its IPO in May 2011, [Brazil Resources Inc \(BRI.V\)](#) has had a relatively stable stock price, especially when one considers the bearish performance of the TSX Venture Index, down 37% over the same time period. I attribute BRI's stability to three factors: Strong management led by Chairman of the Board Amir Adnani; a tight share structure; and a core group of committed, long-term investors who participated in two private financings before the company went public.

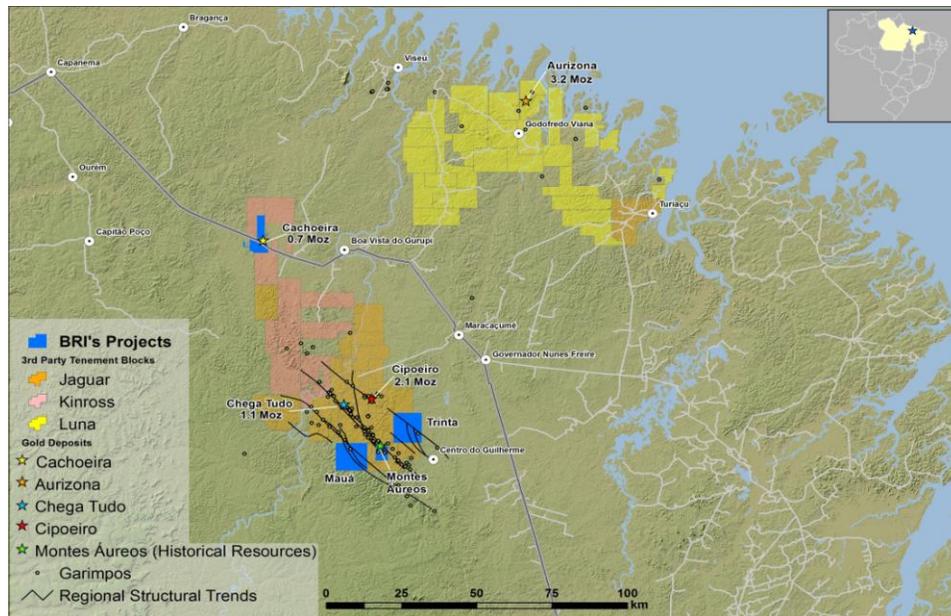
In BRI's 20-month history, over 23 million shares (nearly 60% of those outstanding) have traded at an average price of \$1.18. Its last equity financing was at \$1.10 with no warrant and it has a healthy cash position of \$7.2 million. The company closed today at \$1.16:



That said and in keeping with the inherent volatility of junior resource explorers, note that Brazil Resources Inc has a 52-week high of \$1.75 and low of 61 cents. Folks, there are always buying and selling opportunities in the junior resource sector.

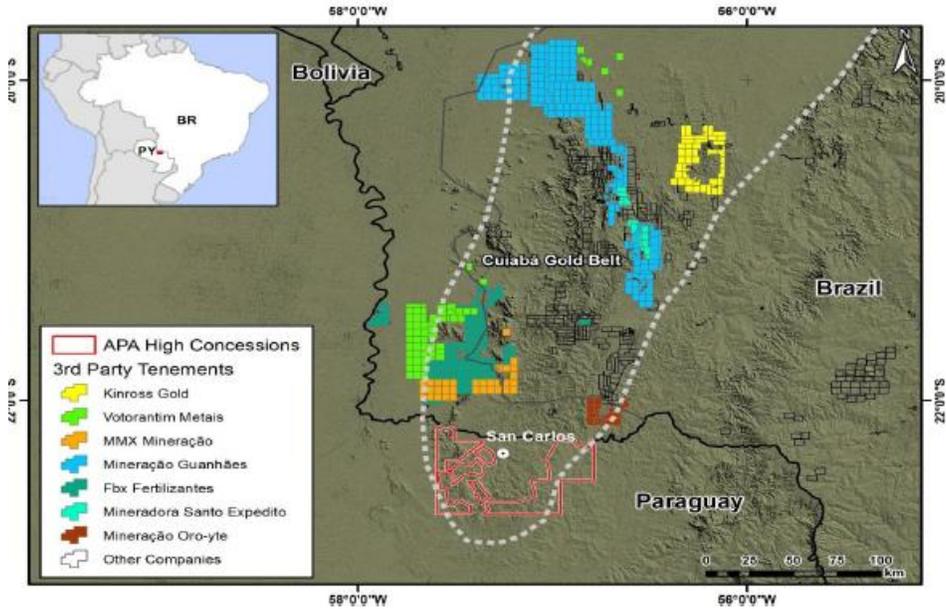
I reviewed BRI's management team and share structure last summer ([Mercenary Alert, July 16, 2012](#)). For reference, please consult that musing and my two prior reports if you are unfamiliar with the company or need a refresher on its merits ([Mercenary Alert, February 9, 2012](#); [Mercenary Alert, June 15, 2011](#)).

Since I last wrote about the company, it completed the acquisition of the Cachoeira project in Para State, Brazil. Cachoeira has indicated resources of 446,000 oz gold at 1.11 g/t Au and inferred resources of 221,000 oz gold at 1.27 g/t Au with significant exploration potential. The company also has three earlier stage projects in the emerging Gurupi gold province:



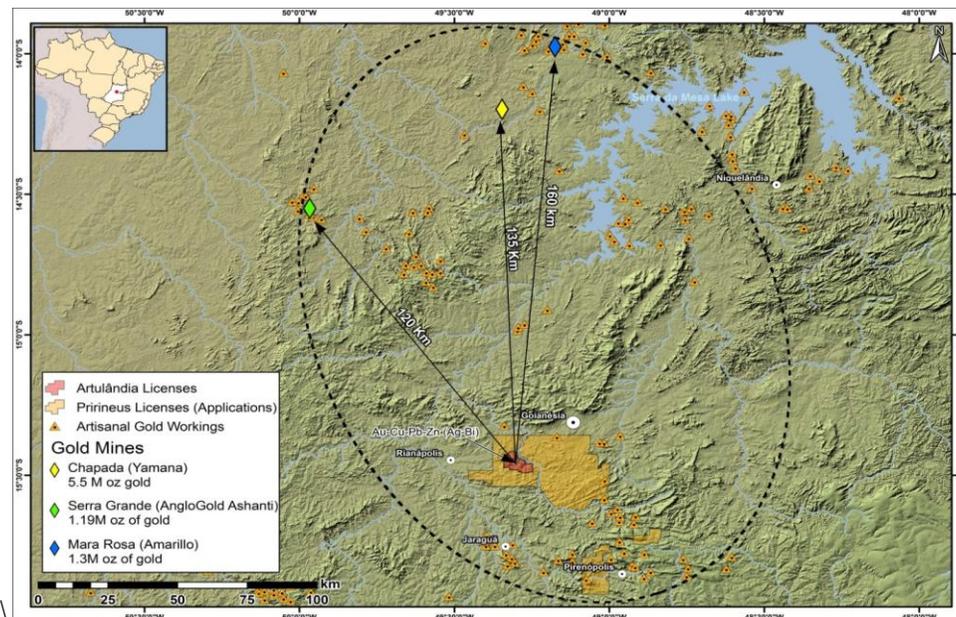
Gurupi Gold Belt Projects, Para State, Brazil

In addition, a large reconnaissance exploration concession was acquired in Concepcion State, Paraguay, contiguous with the Brazil border. The property covers over 198,000 ha along the southern extension of the prolific Cuiaba gold trend in Mato Grosso State, Brazil:



Apa High Project, Concepcion State, Paraguay

Brazil Resources also has a new polymetallic mineral discovery at the Artulandia property in Goiás State, central Brazil. Artulandia is located in savannah terrain about three hours west of Brasília and ten km from a main highway. It is situated in a known mineralized area with Yamana Gold’s Chapada copper-gold mine, AngloGold-Ashanti’s Serra Grande mine, and Amarillo Gold’s Mara Rosa deposit located within 160 km. These deposits collectively have over eight million ounces of gold reserves:



Artulandia Project, Goiás State, Brazil

Although the project is in its early days, BRI's geologists are excited about what they have found. Initial geochemistry and geophysics surveys and trenching have discovered two mineralized zones. Dubbed Alvo North and Alvo South, both currently encompass areas of at least 2000 meters by 250 meters and are open to expansion. Drilling is planned for 2013.

Brazil Resources Inc meets all of my strict criteria for an advanced junior explorer. It has a superb management team, a tight share structure, a flagship project with in-situ gold resources and potential for expansion, and five earlier stage prospects. Management is seeking additional project acquisitions given currently low valuations in the junior gold sector.

Although my cost basis is lower than its long-term average price, I still hold over 90% of my original BRI stock position. That said, I always advocate taking profits in any stock when opportunities are presented. Please note that the company is a paying sponsor of my website, so my views are skewed by these financial considerations.

In my opinion, Brazil Resources Inc is likely to have catalysts in the short- to mid-term that will cause the stock price to rise. I urge you to take a hard look at this well-run company and see if it meets your speculating criteria.

Ciao for now,

Mickey Fulp
Mercenary Geologist



Acknowledgement: Michelle Lopez is the editor of MercenaryGeologist.com.

The [Mercenary Geologist Michael S. "Mickey" Fulp](http://MercenaryGeologist.com) is a Certified Professional Geologist with a B.Sc. Earth Sciences with honor from the University of Tulsa, and M.Sc. Geology from the University of New Mexico. Mickey has 35 years experience as an exploration geologist and analyst searching for economic deposits of base and precious metals, industrial minerals, uranium, coal, oil and gas, and water in North and South America, Europe, and Asia.

Mickey worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for over 20 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey's professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

Mickey is well-known and highly respected throughout the mining and exploration community due to his ongoing work as an analyst, writer, and speaker.

Contact: Contact@MercenaryGeologist.com

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