

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

***Item 1 Name and Address of Company***

State the full name of your company and the address of its principal office in Canada.

Brazilian Gold Corporation  
Suite 308, 595 Howe Street  
Vancouver, British Columbia  
V6C 2T5

***Item 2 Date of Material Change***

State the date of the material change.

July 21, 2011

***Item 3 News Release***

State the date and method(s) of dissemination of the news release issued under section 7.1 of National Instrument 51-102.

July 21, 2011

The Press Release was disseminated to the TSX Venture Exchange and through various other approved public media and filed on SEDAR with the securities commissions of British Columbia, Alberta and Ontario. A copy of this Press Release is attached hereto as Schedule "A".

***Item 4 Summary of Material Change***

Brazilian Gold Corporation (the "Company") has reported the positive results of a Preliminary Economic Assessment ("PEA") on the São Jorge gold deposit located in the Tapajós Mineral Province of northern Brazil. The PEA was prepared as an independent National Instrument 43-101 ("NI43-101") technical report by the Canadian office of Coffey Mining Pty Ltd. ("Coffey Mining") with assistance from Coffey Mining's Brazilian office.

Highlights from the PEA include:

- Independent PEA completed by Coffey Mining indicates a project internal rate of return (IRR) of 22.9% and a net present value (NPV) at a 5% discount rate of \$99.1 M at a gold price of \$1,300 per ounce.
- Project economics using a gold price of \$1,560 per ounce indicates a project IRR of 36.4% and a NPV at a 5% discount rate of \$181.4 M.
- Study based on the updated mineral resources as outlined in the PEA using a 0.3 g/t gold cut-off and drill hole assays up to July 30, 2008.
- Not included in the PEA are assay results from the 2011 drill program on São Jorge that is testing down dip and along strike of historic drilling.

- Given the robust economics of the PEA, the Company will embark on a pre-feasibility study on the São Jorge deposit once the planned drill program and an updated resource estimate is completed.
- Subject to further favorable results from Brazilian Gold's additional properties that are located adjacent to São Jorge, the pre-feasibility study will look at the relevant synergies of their gold mineral resources and a central processing facility. These additional properties include the new Rio Novo discovery and Surubim, where an extension to the historic drill program is underway.

***Item 5 Full Description of Material Change***

**5.1 Full Description of Material Change**

Please see Press Release attached hereto as Schedule "A".

**5.2 Disclosure for Restructuring Transactions**

*N/A.*

***Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102***

If this Report is being filed on a confidential basis in reliance on subsection 7.1(2) of National Instrument 51-102, state the reasons for that reliance.

*N/A.*

***Item 7 Omitted Information***

State whether any information has been omitted on the basis that it is confidential information.

*N/A.*

***Item 8 Executive Officer***

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the material change and the Report, or the name of an officer through whom such executive officer may be contacted.

Ian Stalker, Chief Executive Officer and Director  
Tel: 604-602-8188

***Item 9 Date of Report***

Date the Report.

July 22, 2011

## SCHEDULE "A"

July 21, 2011

Release No. 16/11

### **BRAZILIAN GOLD RECEIVES NATIONAL INSTRUMENT 43-101 INDEPENDENT TECHNICAL REPORT DETAILING A POSITIVE PRELIMINARY ECONOMIC ASSESSMENT ON THE SÃO JORGE DEPOSIT, NORTHERN BRAZIL**

Brazilian Gold Corporation (TSXV: BGC) ("Brazilian Gold" or the "Company") is pleased to announce the positive results of a Preliminary Economic Assessment ("PEA") on the São Jorge gold deposit located in the Tapajós Mineral Province of northern Brazil. Brazilian Gold has the option to purchase 100% of the project from Talon Metals Corp. The PEA was prepared as an independent National Instrument 43-101 ("NI43-101") technical report by the Canadian office of Coffey Mining Pty Ltd. ("Coffey Mining") with assistance from Coffey Mining's Brazilian office.

#### **Highlights**

- Independent PEA completed by Coffey Mining indicates a project internal rate of return (IRR) of 22.9% and a net present value (NPV) at a 5% discount rate of \$99.1 M at a gold price of \$1,300 per ounce.
- Project economics using a gold price of \$1,560 per ounce indicates a project IRR of 36.4% and a NPV at a 5% discount rate of \$181.4 M.
- Study based on the updated mineral resources as outlined in the PEA using a 0.3 g/t gold cut-off and drill hole assays up to July 30, 2008.
- Not included in the PEA are assay results from the 2011 drill program on São Jorge that is testing down dip and along strike of historic drilling.
- Given the robust economics of the PEA, the Company will embark on a pre-feasibility study on the São Jorge deposit once the planned drill program and an updated resource estimate is completed.
- Subject to further favorable results from Brazilian Gold's additional properties that are located adjacent to São Jorge, the pre-feasibility study will look at the relevant synergies of their gold mineral resources and a central processing facility. These additional properties include the new Rio Novo discovery and Surubim, where an extension to the historic drill program is underway.

The PEA is based on the outcomes of an engineering study completed by Coffey Mining according to preliminary economic assessment study standards. The PEA includes the project concept, infrastructure, geotechnical assessment, mining, mineral processing, environmental, permitting, social aspects and project economics. The study is based on the updated mineral resources as outlined in the PEA using a 0.3 g/t gold cut-off and drill hole assays up to July 30, 2008. The study envisaged a 2 Mtpa open pit mine with an on-site gold processing plant that would deliver an average of 52,900 ounces gold per year, at full production, for the 8-year life of mine ("LOM"). The project has an IRR, using a base case gold price of \$ 1,300 per ounce, of 22.9% and a NPV at a 5% discount rate of \$99.1 M. Using a gold price of \$1,560 per ounce, the project has an IRR of 36.4% and an NPV at a 5% discount rate of 181.4 M.

#### **Preliminary Economic Assessment Summary**

	Base Case (\$1,300/oz gold)*	+20% Base Case (\$1,560/oz gold)
Average mined gold grade	0.93 g/t	-
Average mine production per year	2 Mt	-
Metallurgical recoveries	91%	-
Average Gold production per year	52,900 ounces	-
Capital costs	\$126 million	-
Operating costs	\$16.36/tonne	-
IRR	22.9%	36.4%
NPV (5% discount rate)	\$99.1 million	\$181.4 million
Payback	3 years	2 years
Cash cost per ounce	\$617	-

*This PEA is preliminary in nature as it includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.*

*The PEA is based on an mineral resource estimate containing an indicated mineral resource of 11.365 Mt grading 1.0 g/t gold (379,000 ounces of gold) and an inferred mineral resource of 20.673 Mt grading 0.8 g/t gold (558,000 ounces of gold); both the resource estimate and PEA have been prepared by Coffey Mining.*

*All references to \$ in this News Release are references to United States dollars.*

Mr. Ian Stalker, CEO of Brazilian Gold, commented, "Given that the PEA on São Jorge is based solely on the resource estimate that incorporates historic assay results up to July 30, 2008 and still demonstrates a robust economic data set, the potential clearly exists to enhance the project's economics by factoring in the latest drill results from São Jorge, Rio Novo and Surubim. As we continue to increase our understanding of the gold potential contained in our extensive land package in the immediate vicinity of São Jorge, the objective will be to examine the various development and production scenarios of these nearby projects. With further additions to our exploration land package in and around São Jorge in the Tapajós region of Brazil announced recently, and the commencement of regular commercial flights from Brasilia to Novo Progresso in the near future adding to the already fast improving infrastructure, the potential for a combined 'São Jorge – Tapajós regional project' with central treatment plant and ease of management control and human resources mobilization all adds to this already positive PEA.

I would like to take this opportunity to thank Coffey Mining and the staff of Brazilian Gold for their efforts in completing the PEA."

## **I. MINERAL RESOURCES**

The São Jorge gold project is host to structurally controlled stockwork and disseminated gold mineralization hosted in Proterozoic-age granitic rocks. Coffey Mining estimated indicated and inferred mineral resources for the São Jorge project on the basis of analytical results available up to the 30<sup>th</sup> of July 2008.

The summarised mineral resource statement in Table 1 has been prepared and reported in accordance with NI43-101 standards, and the classifications adopted by CIM Council in December 2005. The resource estimate has been classified as an indicated and inferred

mineral resource based on the confidence of the input data, geological interpretation and grade estimation.

**Table 1: São Jorge Grade Tonnage Report - Combined Oxide and Fresh Domains  
Multiple Indicator Kriging Estimate  
10E x 10mN x 2.5mRL Selective Mining Unit Applying 0.3g/t of cut-off grade**

		Lower Cutoff Grade (g/t Au)	Million Tonnes	Average Grade (g/t Au)	Contained Gold (Kozs)
Indicated Resource	Mineral	0.3	11.365	1.0	379
		0.5	8.334	1.3	343
		0.7	6.232	1.5	303
		0.8	5.453	1.6	285
		0.9	4.792	1.7	267
		1.0	4.207	1.8	249
		1.1	3.683	2.0	231
		1.2	3.199	2.1	213
Inferred Resource	Mineral	0.3	20.673	0.8	558
		0.5	12.576	1.1	458
		0.7	7.861	1.5	369
		0.8	6.541	1.6	338
		0.9	5.465	1.8	309
		1.0	4.471	1.9	278
		1.1	3.670	2.1	251
		1.2	3.117	2.3	230

Mineral resources are not mineral reserves and do not have demonstrated economic viability. Mining methods, metallurgical recoveries, environmental permitting, legal, marketing, or other relevant issues may materially affect the conversion of mineral resources to mineral reserves.

As is allowed under CIM rules, inferred mineral resources may be used in a PEA. The São Jorge mine plan has been designed to include as much of the indicated and inferred mineral resources as economically possible.

## II. MINING, PROCESSING AND PRODUCTION PLAN

The São Jorge deposit is amenable to open pit mining of its gold bearing mineralization. The processing plant of 2 Mtpa will necessitate a nominal mining rate of 11 Mtpa according to the pit design and its 4.5:1 stripping ratio. Pre-production stripping of 5.6 Mt will be required prior to the initiation of commercial operations. Thereafter, the mining rate will average 9.9 Mtpa for the 8-year LOM.

Standard drill and blast bench mining will be employed with excavator loading of dump trucks. Waste rock will be delivered to a waste rock stockpile near the pit mouth and ore will be delivered to the run-of-mine (ROM) stockpile where it will be fed to the crusher and the processing mill.

Mining costs for the operation are estimated to be \$1.39/tonne mined and the mine is projected to have a 4.5:1 strip ratio of waste tonnes to ore tonnes.

Coffey Mining has undertaken a process flow design and scoping-level cost estimate for the processing mill based on limited metallurgical test work conducted in 2006 and reported in previous technical reports by SGS Lakefield Limited. An overall recovery of 91% from this material indicates the ore responds well to conventional gold extraction processes.

The test work that has been completed, in conjunction with costing estimates, has resulted in the proposal of a standard gold plant process flow sheet for precious metal recovery. The

proposed flow sheet incorporates crushing, grinding, gravity concentration, thickening and the Carbon in Leach (CIL) process to produce gold doré.

### III. OPERATING COSTS

The operating costs for the mine and plant have been derived from known mining costs and factored mill processing costs based on the preliminary plant design. The operating costs amount to \$16.36/t of which mining accounts for \$7.63/t and processing accounts for \$8.73/t; G&A is included in the processing costs. Details of the cost estimates are provided in Table 2.

	US\$/t mined	US\$/t ROM
<b>Mine (average)</b>	<b>1.39</b>	<b>7.63</b>
<b>Ore</b>	<b>1.91</b>	
<b>Waste</b>	<b>1.27</b>	
Drilling and Blasting (excl Labour)	0.27	
Mine equipment	0.88	
Direct Mine Labour	0.23	
<b>Process Plant</b>	<b>-</b>	<b>8.73</b>
Plant	-	1.72
Labour	-	1.96
Power	-	2.64
Security	-	0.15
Logistics	-	0.39
Support services	-	0.33
Corporate G&A	-	1.54
<b>TOTAL</b>		<b>16.36</b>

### IV. CAPITAL COSTS

The PEA has assumed owner mining necessitating the purchase of all mining and ancillary equipment. The capital requirements for the São Jorge gold mine, operating at a steady state of 2 Mtpa throughput rate, have been tallied by cost centre: mine, processing plant and infrastructure. In addition, indirect costs, owner costs and working capital items have been included to determine the total funding requirements for the construction and preparation of the mine for commercial operations.

Table 3 summarizes capital costs for the São Jorge project.

Section	Department	Cost US\$	Initial Capital US\$	Sustaining Capital US\$
Mine	Equipment	13,299,652	20,404,435	
	Equipment during LOM	12,381,509		12,381,509
	Pre-stripping	7,104,783		
Mill	Civil construction, site prep	13,083,016	59,468,253	
	Mech, Elect, Instr'n	34,491,587		
	EPCM	5,946,825		
	Contingency	5,946,825		
Infrastructure	Power supply (138kV x 75km)	8,750,000	17,875,000	
	Water supply	200,000		
	Access Road (5km)	625,000		
	Buildings, site roads, dam	8,300,000		
<b>Total Direct Costs</b>		<b>110,129,197</b>	<b>97,747,688</b>	<b>12,381,509</b>
Indirects	7% of Direct costs	7,014,000	7,014,000	
Owners Costs	4% of Direct & Indirect costs	4,685,728	4,685,728	
Working Capital	2 months Opex	4,387,143	4,387,143	
<b>Total</b>		<b>126,216,067</b>	<b>113,834,558</b>	<b>12,381,509</b>

## V. FINANCIAL ANALYSIS

Cost estimates for the construction and operation of the project have been made in the second quarter of 2011 in US dollars. The estimates do not include allowances for escalations or currency exchange fluctuations. It has been assumed that all equipment will be purchased new from competitive bids. Cost estimates have been derived from:

- Mechanical equipment lists
- Process design criteria
- Process flow sheet
- Current labour and material costs
- Preliminary general arrangement drawings
- First principles

The economics of the São Jorge gold project have been evaluated utilizing the cost inputs shown in the previous tables and the financial inputs shown in Table 4, along with the projected resultant financial performance of the operation.

Parameter	Value	Comment
Gold Price	US\$1,300	→ 17% premium to 12-qtr trailing avg (US\$1,111) → 16% discount to London price fix on June 21, 2011
Discount Factor	5%	
Currency	1.70	Brazilian Real: US dollar
NPV	\$99.1 M	
IRR	22.9%	
Payback	3 years	

## VI. SÃO JORGE NI43-101 TECHNICAL REPORT

Coffey Mining Pty Ltd (Coffey Mining) under its Canadian office, in collaboration with its Brazilian office, completed the study of the PEA and prepared the updated NI43-101 Technical Report for the São Jorge Gold Project, in Para State, Brazil. The NI43-101 Technical Report on the São Jorge Project will be filed on SEDAR and Brazilian Gold's website within 45 days of this news release.

All principal technical personnel participating in the preparation and review of this Technical Report have extensive relevant experience. Bernardo Viana, Porfirio Cabaleiro and Curtis Clarke, all Qualified Persons in their respective fields as defined by NI43-101, completed a site visit to the São Jorge Gold Project on March 1, 2011. Bernardo Viana was responsible for the geology and mineral resource estimate sections of the report, Porfirio Cabaleiro was responsible for the mining sections of the report, and Frank Bainbridge was responsible for the metallurgical and processing sections of the report. Curtis Clarke was the project leader and responsible for the financial analysis section as well as the overall compilation of the report.

Garnet Dawson, M.Sc., P.Geo. (British Columbia), Vice President, Exploration for the Company and a Qualified Person, as defined by National Instrument 43-101, has reviewed and approved the technical disclosure contained in this News Release.

### About Brazilian Gold Corporation

Brazilian Gold Corporation is a Canadian based public company with a focus on acquisition, exploration and development of mineral properties in northern Brazil. It is the largest holder of exploration concessions (3,546 km<sup>2</sup>) in the underexplored Tapajós Mineral Province, which

historically produced over 30 million ounces of gold largely from alluvial deposits. The Company has a portfolio of ten grass-roots to development stage gold projects (8 projects in the Tapajós and 2 projects in the nearby Alta Floresta Gold Province) with drill programs (4 drill rigs) currently underway on the São Jorge, Rio Novo and Surubim projects.

**For further information:**

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*Forward Looking Statement:*

*Some statements in this news release contain forward-looking information, including without limitation statements as to planned expenditures and exploration programs. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include without limitation the completion of planned expenditures, the ability to complete exploration programs on schedule and the success of exploration programs.*

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or the accuracy of this news release.*