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**NEWS RELEASE**

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**BRAZAURO ACQUIRES BATALHA, A FORMER RIO TINTO PROSPECT IN THE TAPAJÓS**

**Houston, Texas:**— Brazauro has agreed to acquire the Batalha property, a major gold-producing gold field that occurs in the Tapajós gold province in northern Brazil. The property, a well known "garimpo" or artisanal mine, lies at the western end of the Tocantinzinho trend, a major crustal-scale lineament that hosts many of the large gold producers within the Tapajós mineral province. This lineament or shear, hosts the Bom Jardim property where Goldfields Exploration is now drilling, Cuiú Cuiú, which is believed to have produced an estimated 2 million ounces, Brazauro's Tocantinzinho and Mamoaal properties, Palito, where privately held Serabi Mining is mining high grade veins at a rate of 50t/day, and Sao Jorge, where Rio Tinto has previously conducted an extensive drill program.

Rio Tinto held the Batalha area in 1996-97 and conducted a significant exploration program, culminating in five widely-spaced diamond drill holes. This data is not yet available to Brazauro, but the core is stored on site.

Brazauro will pay the original garimpeiro and landowner of Batalha, who controls over 1,700 hectares directly over the Batalha zone, the Canadian dollar equivalent of \$86,000 in Brazilian Reais over a 42 month period with a buyout after 4 years of US\$250,000 (if the project is deemed economic by Brazauro) and an additional sum based on the number of ounces of gold at Batalha as set out in a feasibility study. The per ounce payment ranges in a sliding scale from US\$1 per ounce for one million ounces up to US\$10 per ounce for over four million ounces.. In addition, Brazauro has staked a 9,900 hectare mining exploration license over top of this area, covering extensions to north, south and west.

If after 4 years Brazauro, in its sole opinion, has not found an economic ore body, the area and all collected data will be handed back to the vendor.

Batalha hosts numerous large valleys that are completely saturated with former alluvial workings. It was a major gold producer in the Tapajós during the Brazilian gold rush that occurred from 1980 to 1992, and was one of three Tapajós garimpos drilled by Rio Tinto.

A recent site visit by Brazauro exploration staff revealed several new primary workings hosted in saprolitic granite in the highlands above the main valley, as well as a very interesting sheeted vein swarm about 7m wide, in an area exploited by miners since the departure of Rio Tinto. The host granites and stockwork mineralization appear similar to what Brazauro has discovered at Tocantinzinho, and management feels the area has great potential for hosting economic mineralization.

The Rio Tinto reports covering a two year exploration program are currently being procured. This data will be evaluated, and the upcoming program will be designed to follow up anomalies defined by the previous work, and to guide the Brazauro team to areas that were overlooked or not previously explored.

Batalha is the third former Garimpo acquired by Brazauro in the Tapajós. The others are Mamoaal and Tocantinzinho.

### **Petrographic work carried out at Tocantinzinho**

A suite of 20 core samples were selected from the recently completed drilling at Tocantinzinho, and submitted for petrographic analysis and description, to Dr. Bruce Geller, an independent consultant based in Denver, Colorado. Several of the mineralized samples were subject to polished section study and microphotography in order to determine the gold mineralogy and mineralization host sites. This preliminary study indicates that the gold occurs as native grains hosted on the surface of, or within fractures in pyrite, basemetal sulfides and hessite.. His initial conclusion is that most of the gold at Tocantinzinho is free and will be relatively easily extracted.

As announced earlier, the best intersections at Tocantinzinho to date were in holes 04-11, 04-16 and 04-17, which returned 174m @ 2.41g/t, 165m @ 1.65g/t and 283m @ 1.63g/t respectively, and which are all located at the southern end of the area drilled to date. At the conclusion of the latest drilling, the southern strike extension of the mineralization is completely open, the eastern edge is not yet defined, and the mineralized body is also open at depth.

*"Mark E. Jones, III"*

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