



CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

For the three months ended
March 31, 2021 and 2020
(unaudited)

(expressed in Canadian dollars)

Belo Sun Mining Corp.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Belo Sun Mining Corp.
Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

	Notes	March 31, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		\$ 28,511,575	\$ 30,007,304
Prepaid expenses and sundry receivables	3	183,056	196,510
		28,694,631	30,203,814
Non-current assets			
Promissory notes receivable	6	3,929,402	3,926,054
Long-term deposits	7	1,509,000	1,527,840
Property, plant and equipment	4, 7	18,179,521	18,378,295
Term investment	5	412,025	451,870
Total Assets		\$ 52,724,579	\$ 54,487,873
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities	8	\$ 3,265,863	\$ 3,607,999
Current portion of lease liabilities	9	14,053	15,197
		3,279,916	3,623,196
Long-term portion of lease liabilities	9	19,017	24,933
Total Liabilities		3,298,933	3,648,129
Equity			
Share capital	10	262,771,769	262,771,769
Share-based payments reserve	11	3,704,806	3,184,507
Contributed surplus	12	(13,869)	(48,161)
Accumulated other comprehensive income		501,822	686,385
Deficit		(217,538,882)	(215,754,756)
Total Equity		49,425,646	50,839,744
Total Liabilities and Equity		\$ 52,724,579	\$ 54,487,873

Commitments and contingencies 17

"Carol Fries"

Director

"Mark Eaton"

Director

Belo Sun Mining Corp.
Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars)

		Three months ended March 31,	
	Notes	2021	2020
Expenses			
Salaries, wages and consulting fees	16	602,171	760,570
Accounting, audit and tax fees		24,745	21,593
Legal fees		64,100	25,233
General and administration		275,076	266,263
Depreciation	7	27,056	34,555
Share-based payments	11, 12	554,591	52,906
Exploration and evaluation expenses	4	295,758	472,733
Permitting costs	4	23,171	50,536
Foreign exchange (gain)		(43,464)	(587,084)
Loss from operations		(1,823,204)	(1,097,305)
Interest income		39,766	123,981
Interest expense		(688)	(1,260)
Net loss for the period		(1,784,126)	(974,584)
Other comprehensive income (loss)			
Items that may be reclassified to profit/loss:			
Exchange differences on translating foreign operations		(184,563)	1,216,966
Comprehensive loss for the period		\$ (1,968,689)	\$ 242,382
Loss per share:			
Basic and diluted		\$ (0.00)	\$ 0.00
Weighted average number of shares outstanding:			
Basic and diluted		455,055,248	448,999,827

- See accompanying notes to these condensed consolidated interim financial statements -

Belo Sun Mining Corp.
Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

		Three months ended March 31,	
	Notes	2021	2020
Cash provided by (used in) operations:			
Net (loss)		\$ (1,784,126)	\$ (974,584)
Items not involving cash:			
Share-based payments	11, 12	554,591	52,906
Depreciation	7	27,056	34,555
Interest income		(39,766)	(123,981)
Interest income received		37,802	117,851
Unrealized loss on foreign exchange		243,937	(278,320)
Working capital adjustments:			
Change in prepaid expenses and sundry receivables		10,106	12,269
Change in accounts payables and accrued liabilities		(342,136)	(248,209)
Net cash (used in) operating activities		(1,292,536)	(1,407,513)
Investing activities			
Expenditures on property, plant and equipment	4, 7	(228)	(291)
Promissory note repayment	6	-	84,627
Net cash provided by investing activities		(228)	84,336
Financing activities			
Payment of principal portion of lease liability	9	(4,166)	(5,940)
Option exercise	11	-	414,223
Net cash provided by (used in) financing activities		(4,166)	408,283
Change in cash and cash equivalents		(1,296,930)	(914,894)
Cash and cash equivalents, beginning of the year		30,007,304	28,965,718
Effect of exchange rate on cash held		(198,799)	(62,397)
Cash and cash equivalents, end of the year		\$ 28,511,575	\$ 27,988,427
Cash and cash equivalents are comprised of:			
Cash in bank		\$ 26,576,056	\$ 27,698,212
Short-term money market instruments		1,935,519	290,215
		\$ 28,511,575	\$ 27,988,427

Belo Sun Mining Corp.
Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Contributed Surplus	Share-Based Payments Reserve	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2019	448,846,915	\$ 260,388,019	\$ (114,662)	\$ 3,583,488	\$ 1,120,459	\$ (210,268,080)	\$ 54,709,224
Share-based compensation (Note 12)	-	-	52,906	-	-	-	52,906
Other comprehensive loss	-	-	-	-	1,216,966	-	1,216,966
Stock option exercise	1,882,834	696,649.00	-	(282,426)	-	-	414,223
Net loss	-	-	-	-	-	(974,584)	(974,584)
Balance, March 31, 2020	450,729,749	\$ 261,084,668	\$ (61,756)	\$ 3,301,062	\$ 2,337,425	\$ (211,242,664)	\$ 55,418,735
Balance, December 31, 2020	455,055,248	\$ 262,771,769	\$ (48,161)	\$ 3,184,507	\$ 686,385	\$ (215,754,756)	\$ 50,839,744
Share-based compensation (Note 12)	-	-	34,292	-	-	-	34,292
Other comprehensive loss	-	-	-	-	(184,563)	-	(184,563)
Stock option grant	-	-	-	520,299	-	-	520,299
Net loss	-	-	-	-	-	(1,784,126)	(1,784,126)
Balance, March 31, 2021	455,055,248	\$ 262,771,769	\$ (13,869)	\$ 3,704,806	\$ 501,822	\$ (217,538,882)	\$ 49,425,646

- See accompanying notes to these condensed consolidated interim financial statements -

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

1. Nature of operations

Belo Sun Mining Corp. (“Belo Sun” or the “Company”), through its subsidiaries, is a gold exploration and development company engaged in the exploration and development of properties located in Brazil. The Volta Grande Gold project moved to the development stage in 2017 (Note 4). The other project is in the exploration and evaluation stage. The Company is a publicly listed company incorporated in the Province of Ontario. The Company’s shares are listed on the Toronto Stock Exchange and trade under the symbol “BSX”. The Company’s head office is located at 65 Queen Street West, 9th Floor, Toronto, Ontario, Canada, M5H 2M5.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and development and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interests in the underlying properties, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company’s mining assets that are located outside of North America are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, expropriation and currency exchange fluctuations and restrictions.

2. Significant accounting policies

a) Statement of compliance

These condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). The policies applied in these condensed interim consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as at March 31, 2021. The policies set out in the Company’s Annual Consolidated Financial Statements for the year ended December 31, 2020 were consistently applied to all the periods presented unless otherwise noted. The Board of Directors approved these condensed interim consolidated financial statements for issue on May 3, 2021.

b) Basis of preparation

These condensed consolidated interim financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies.

2. Significant accounting policies (continued)

c) New and future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2021 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

New accounting standards issued but not effective:

IAS 16, Property, Plant and Equipment

The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The extent of the impact of adoption of this standard has not yet been determined.

IFRS 9 – Financial Instruments

The IASB has issued an amendment to IFRS 9 Financial Instruments clarifying which fees to include in the test in assessing whether to derecognize a financial liability. Only those fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included.

The amendment is effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

IAS 1 – Presentation of Financial Statements

The IASB has issued an amendment to IAS 1 Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty.

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

2. Significant accounting policies (continued)

The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

d) Principals of consolidation

(i) Subsidiaries

All entities in which the Company has a controlling interest (Note 16) are fully consolidated from the date that control commences until the date that control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(ii) Transactions eliminated on consolidation

Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the condensed consolidated interim financial statements.

e) Significant accounting judgments, estimates and assumptions

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. These condensed consolidated interim financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, on a prospective basis. The revision may affect current or both current and future periods.

Information about critical judgments and estimates in applying accounting policies, and areas where assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following areas:

2. Significant accounting policies (continued)

e) Significant accounting judgments, estimates and assumptions (continued)

- Impairment of property, plant and equipment
Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations. When an indication of impairment loss or a reversal of impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.
- Recognition of deferred tax assets
In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company reassesses unrecognized income tax assets at each reporting period.
- Title to land
In assessing the recognition of land acquired with deferred payment terms as an asset, management must make an assumption as to whether the title of the land has passed. Management has determined that the Company has obtained title to the land upon execution of the land purchase agreements as outlined within the agreements themselves.
- Share-based payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.
- Assessment of the project stage for mineral properties and activities
In determining whether the Company is in the exploration and evaluation stage or the development stage, management must make an assessment as to whether the technical feasibility and commercial viability of extracting the mineral resource are demonstrable. Management assesses several considerations including technical studies performed by consultants and the status of licences to make this assessment. Effective February 2, 2017, management's judgement was that the Company has moved into the development stage on the Volta Grande project as the Company has received its construction licence and has awarded a contract for the first phase of Engineering, Procurement and Construction ("EPC"), despite the interim suspension of the licence (Note 4).

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

2. Significant accounting policies (continued)

e) Significant accounting judgments, estimates and assumptions (continued)

- Valuation of promissory notes receivable
Estimating the fair value of the promissory notes receivable requires the use of assumptions, the most significant being the discount rate.
- Collectability of promissory notes receivable
Management makes an assessment of whether the promissory notes receivable are collectable for each recipient based on payment history and financial condition. These estimates are continuously evaluated and updated.
- Determination of functional currency
Under IFRS, each entity within the Company has its results measured using the currency of the primary economic environment in which the entity operates (the “functional” currency). Judgment is necessary in assessing each entity’s functional currency. The Company considers the currency of expenses and outflows, as well as financing activities as part of its decision-making process.
- Contingencies
Refer to Note 17.

f) Presentation and functional currency

The Company’s condensed consolidated interim financial statements are presented in Canadian dollars. The Company’s functional and presentation currency is the Canadian dollar. The Company’s subsidiaries’ functional currency is the United States dollar. References to R\$ refer to the Brazilian Real.

g) Foreign currency translation

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate. Non-monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the historical rate effective on the date of the transactions. All foreign currency adjustments are expensed, apart from adjustments on borrowing in foreign currencies, constituting a hedge for the net investment in a foreign entity. These adjustments are allocated directly to equity until the divestiture of the net investment.

Financial statements of subsidiaries for which the functional currency is not the Canadian dollar are translated into Canadian dollars as follows: all asset and liability accounts are translated at the period-end exchange rate and all earnings and expense accounts and cash flow statement items are translated at average exchange rates for the period. The resulting translation gains and losses are recorded as exchange differences on translating foreign operations in Accumulated Other Comprehensive Income (“AOCI”).

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

3. Prepaid expenses and sundry receivables

	March 31, 2021	December 31, 2020
Amounts receivables and other advances	\$ 32,048	\$ 21,978
Reimbursable court fees pending appeal	28,770	31,697
HST receivable	92,931	95,710
Prepaid insurance	29,307	47,125
	\$ 183,056	\$ 196,510

The Company paid fees in prior years with respect to appeal proceedings which are expected to be reimbursed. The Company expects to be reimbursed the balance, R\$129,002 (\$28,770) (December 31, 2020: R\$129,002 (\$31,697)), upon successful judgment.

4. Mineral property development and exploration and development

The Company has determined that it has moved into the development stage for its Volta Grande Project upon receiving its construction license in February 2017 and awarding a contract for the first phase of EPC, despite the interim suspension of the license received in April 2017. The Company appealed the suspension and, in December 2017, received notice that the suspension would be upheld until an indigenous study was completed in accordance with regulatory guidelines. Since then, the Company's focus has been on completing the indigenous study and limited exploration work. The construction license expired and was to be renewed on February 2, 2020. The Company filed its renewal application in September 2019. The application is pending government approval.

The Volta Grande Gold Project comprises 4 mine concessions submitted, 3 applications for public tender, 11 exploration permits, and 63 exploration permit extensions submitted and to be submitted in 2019, covering a total area of 175,498 hectares; it is located in municipalities including Senador José Porfírio, Anapu, Vitória do Zingu and Pacajá, in the southern region of Pará State in northern Brazil. The Volta Grande Project is located on the Xingu River, north of the Carajás mineral province, approximately 60 km southeast of the city of Altamira. Development costs have been capitalized effective February 2, 2017. The Company continues to incur costs that are not related to the development of the project, and these are expensed to the consolidated statement of comprehensive loss as exploration and evaluation expenses. Exploration and evaluation expenditures expensed immediately in the condensed consolidated interim statement of comprehensive loss for the three months ended March 31, 2021 amounted to \$318,929 (three months ended March 31, 2020: \$523,269). There were no amounts capitalized to property, plant and equipment during the three months ended March 31, 2021 (\$nil during the three months ended March 31, 2020) related to development costs.

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

5. Term investment

The investment consists of a term deposit with Banco do Brasil SA to fund the potential amounts owing to Companhia de Pesquisa de Recursos Minerais (“CPRM”). As at March 31, 2021, the balance in this account was R\$1,847,497 (\$412,025) (December 31, 2020: R\$1,839,013 (\$451,870)) and the Company earned 1.87% in interest for the three months ended March 31, 2021 (December 31, 2020: 1.86%). The Company intends to renew the term deposit on maturity because it is security against the potential amount owing to the CPRM (Note 8), a Brazilian state-owned company to which the Company is committed to paying a debt obligation plus applicable interest.

6. Promissory notes receivable

In April 2018, certain directors and officers of the Company (“the Supporting Directors”) agreed to acquire an aggregate of 29,850,746 common shares of the Company at a price of \$0.335 per share by a private purchase from an existing shareholder for the purposes of supporting the Company’s share price and further align their interests with those of the Company’s shareholders. The Supporting Directors each acquired the number of common shares as follows: Stan Bharti 12,932,835 common shares; Peter Tagliamonte 12,932,835 common shares; Denis Arsenault 2,985,076 common shares; Mark Eaton 1,000,000 common shares.

To facilitate the Supporting Directors with the foregoing purchases, the Company loaned them an aggregate amount of \$10,000,000. Unsecured promissory notes have been entered into with each of the Supporting Directors for their respective loans. Under the original terms of the promissory notes, the Company received a per annum interest rate of LIBOR plus 1%, payable on each one-year anniversary of the loans. The principal amount of the loans will be due and payable, together with all accrued and unpaid interest thereon, on April 23, 2020. Upon the sale of any shares of the Company acquired with the principal by the recipient, a portion of the principal equal to the amount of the proceeds realized from such sale shall become immediately due. Given the credit worthiness of the recipients, the Company believes credit risk is remote and has not recorded an expected loss.

In May 2019, Mark Eaton repaid his note in full. In September 2019, Denis Arsenault repaid \$444,000 of his loan and paid an additional \$84,627 in March 2020. In December 2019, Peter Tagliamonte repaid \$400,000 of his loan and paid an additional \$15,856 in April 2020.

On April 23, 2020, Denis Arsenault and Stan Bharti repaid their loans. Peter Tagliamonte repaid his annual interest owing on April 23, 2020. Peter Tagliamonte’s loan repayment date was extended to April 23, 2022 and the loan principal of \$3,916,644 remains payable. The interest rate was amended to a per annum interest rate of LIBOR, payable on each one-year anniversary of the loan.

As at March 31, 2021, the Company recognized a carrying value of \$3,929,402 with respect to these promissory notes (December 31, 2020: \$3,926,054). Interest income of \$3,348 was recognized for the three months ended March 31, 2021 (three months ended March 31, 2020: reversal of \$20,797).

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

6. Promissory notes receivable (continued)

	March 31, 2021	December 31, 2020
Opening balance	\$ 3,926,054	\$ 9,013,433
Interest accrued	3,348	(10,387)
Interest repaid	-	(172,636)
Principal repaid	-	(4,904,356)
Ending balance	\$ 3,929,402	\$ 3,926,054

7. Property, plant and equipment

Cost	Mine assets							Total
	Vehicles	Furniture & equipment	Mining equipment	Right of use assets	under construction	Land		
Balance, December 31, 2019	\$ 369,842	\$ 1,273,174	\$ 520,421	\$ 135,010	\$ 4,389,607	\$ 13,506,965	\$ 20,195,019	
Additions	-	913	261	-	7,381	-	8,555	
FX adjustment	(8,429)	(27,443)	(1,578)	(3,077)	(32,301)	(276,353)	(349,181)	
Balance, December 31, 2020	361,413	1,246,644	519,104	131,933	4,364,687	13,230,612	19,854,393	
Additions	-	228	-	-	-	-	228	
FX adjustment	(2,854)	(9,410)	(12,867)	(1,042)	(19,809)	(148,900)	(194,882)	
Balance, March 31, 2021	\$ 358,559	\$ 1,237,462	\$ 506,237	\$ 130,891	\$ 4,344,878	\$ 13,081,712	\$ 19,659,739	
<i>Accumulated depreciation and impairment</i>								
Balance, December 31, 2019	\$ 369,842	\$ 511,805	\$ 457,450	\$ 46,811	\$ -	\$ -	\$ 1,385,908	
Charge for the year	-	54,389	15,095	27,973	-	-	97,457	
FX adjustment	(8,429)	(3,782)	5,641	(697)	-	-	(7,267)	
Balance, December 31, 2020	361,413	562,412	478,186	74,087	-	-	1,476,098	
Charge for the period	-	15,443	4,019	7,594	-	-	27,056	
FX adjustment	(2,854)	(5,891)	(4,192)	(9,999)	-	-	(22,936)	
Balance, March 31, 2021	\$ 358,559	\$ 571,964	\$ 478,013	\$ 71,682	\$ -	\$ -	\$ 1,480,218	
Net book value, December 31, 2020	\$ -	\$ 684,232	\$ 40,918	\$ 57,846	\$ 4,364,687	\$ 13,230,612	\$ 18,378,295	
Net book value, March 31, 2021	\$ -	\$ 665,498	\$ 28,224	\$ 59,209	\$ 4,344,878	\$ 13,081,712	\$ 18,179,521	

No development costs were incurred or capitalized to mine assets under construction during the three months ended March 31, 2021 (March 31, 2020: \$nil). Depreciation for the three months ended March 31, 2021 was \$27,056 (three months ended March 31, 2020: \$34,555). Since the mining property is in the development stage, the mine assets under construction are not amortized.

During the year ended December 31, 2018, the Company acquired a 3,000 hectare land package for R\$7,000,000 (\$2,771,191). The Company made payments of R\$4,490,949 (\$1,702,098) against this purchase in December 31, 2018, with a balance owing of R\$2,509,051 (\$559,563) payable in instalments as at March 31, 2021.

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

7. Property, plant and equipment (continued)

During the year ended December 31, 2018, the Company amended its agreement to purchase a Semi-Autogenous Grinding (“SAG”) mill and a letter of credit was issued by the vendor. The credit of US\$1,200,000 (\$1,509,000) will be applied against the purchase of a new SAG mill from the vendor. As a result, the carrying value of the advance on the mill, which was originally recorded to Mine assets under construction, has been reallocated to Long-term deposits.

8. Accounts payable and accrued liabilities

	March 31, 2021	December 31, 2020
Mineral properties suppliers and contractors	\$ 155,026	\$ 116,940
Accrued CPRM debt obligation (Note 17(1))	1,596,054	1,741,234
Land acquisition costs payable	559,563	616,508
Property taxes	680,328	664,819
ANM taxes	1,053	1,160
Corporate payables	218,809	360,302
Audit and other accruals	55,030	107,036
	\$ 3,265,863	\$ 3,607,999

9. Lease liabilities

Upon the adoption of IFRS 16, operating leases were reassessed as lease liabilities for right-of-use assets using an estimated incremental borrowing rate of 7.5%. The following table reflects the lease activity for the periods ended March 31, 2021 and December 31, 2020:

January 1, 2019	\$ 71,776
Lease payments for the period	(20,580)
Foreign exchange impact	(11,066)
December 31, 2020	\$ 40,130
Lease payments for the period	(4,166)
Foreign exchange impact	(2,894)
March 31, 2021	\$ 33,070
Current portion	\$ 14,053
Long-term portion	19,017
	\$ 33,070

Interest expense recognized with respect to these leases was \$688 for the three months ended March 31, 2021 (\$1,260 for the three months ended March 31, 2020).

The Company’s leases consist of premise and equipment leases. The amount of the Company’s lease liability that is due with one year is \$14,053. The amount of Company’s lease liability that is due later than one year and not later than five years is \$19,017.

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

10. Share capital

As at March 31, 2021 and December 31, 2020, the Company's authorized number of common shares was unlimited without par value and an unlimited number of special shares. The special shares have the same features as the common shares with the exception that the special shares take preference over the common shares in the event of liquidation, dissolution or winding up of the Company. The special shares are entitled to the same dividend rights as common shares. No special shares are outstanding.

	Number of Shares	Amount
Balance, December 31, 2019	448,846,915	\$ 260,388,019
Stock option exercise	6,208,333	2,383,750
Balance, December 31, 2020 and March 31, 2021	455,055,248	\$ 262,771,769

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

11. Share-based payments reserve

Stock options

The Company has adopted a Floating Stock Option Plan (the "Plan"), whereby the number of common shares reserved for issuance under the Plan is equivalent to up to 10% of the issued and outstanding shares of the Company. In accordance with the terms of the Plan, officers, non-independent directors, employees and consultants of the Company may be granted options to purchase common shares at exercise prices determined at the time of grant. Options under the Plan which have been exercised or which have expired shall be available for subsequent grants. The option vesting terms are determined at the discretion of the Board of Directors.

Each employee share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

	Number of Options	Weighted average exercise prices	Value of options
December 31, 2019	10,988,333	\$0.49	\$ 3,583,488
Granted	4,850,000	\$0.80	568,187
Expired/cancelled	(15,000)	\$0.22	(2,250)
Exercised	(6,208,333)	(\$0.22)	(964,918)
December 31, 2020	9,615,000	\$0.81	\$ 3,184,507
Granted	2,500,000	\$0.97	520,299
March 31, 2021	12,115,000	\$0.84	\$ 3,704,806

The following stock options were outstanding as at March 31, 2021:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price	Black-Scholes inputs			Risk-free interest rate
					Expected volatility	Expected life (yrs)	Expected dividend yield	
4,565,000	4,565,000	14-Nov-16	14-Nov-21	\$ 0.85	83%	5	0%	0.96%
200,000	200,000	15-Jun-18	15-Jun-23	\$ 0.23	75%	5	0%	2.08%
4,850,000	-	27-Jul-20	27-Jul-25	\$ 0.80	84%	5	0%	0.35%
2,500,000	-	4-Jan-21	4-Jan-26	\$ 0.97	84%	5	0%	0.39%
12,115,000	4,765,000							

During the three months ended March 31, 2021, 2,500,000 were granted and \$520,299 in stock-based compensation expense was recorded (three months ended March 31, 2020, no options were granted and no vesting expense was recorded). The weighted average life of the outstanding options at March 31, 2021 is 2.99 years (December 31, 2020: 2.77 years).

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

12. Contributed surplus

Deferred Share Unit Incentive Plan

In 2016, the Company approved and adopted a Deferred Share Unit (“DSU”) incentive plan. In accordance with the terms of the plan, officers, directors and employees of the Company may be granted DSUs. Each vested DSU held shall be redeemed by the Company at the time that the holder ceases to be an officer, director or employee of the Company, where the value of the DSU shall be equal to the market value of the Company’s shares at that time. The DSUs can be redeemed, at the election of the Company, in cash or in shares of the Company, either held in treasury (subject to shareholder approval) or purchased in the secondary market by a trustee. If the holder of a DSU ceases to be an officer, director or employee of the Company prior to vesting, other than in the event of a change of control, the DSUs shall be deemed cancelled. In the event of a change of control, or termination without cause, each DSU shall automatically vest and be redeemed.

As at March 31, 2021, the Company has a total of 16,814,750 shares of the Company held with an independent trustee (December 31, 2020: 16,814,750). The Company is the beneficiary of the shares held and the Company has full control of these shares. Vesting charges are applied against contributed surplus.

As at March 31, 2021, 17,064,750 DSU's were outstanding (December 31, 2020: 17,064,750).

As at March 31, 2021, 16,814,750 shares are held in trust at a total recorded value of \$6,343,386 (December 31, 2020: 16,814,750 shares at a value of \$6,343,386) which is included in contributed surplus.

DSU activity during the period:

	Number of DSUs
December 31, 2019	17,714,750
Granted	500,000
Paid	(1,150,000)
December 31, 2020 and March 31, 2021	17,064,750

On August 7, 2019, 367,000 DSUs were granted to directors of the Company, where one-third vested immediately on grant, one-third vested on August 7, 2020, and the final third vests on August 7, 2021. In August 2020, the Board accelerated the vesting of 83,334 DSUs that were due to vest on August 7, 2021, leaving only 39,000 DSUs remaining to vest on August 7, 2021 from this grant.

On February 10, 2020, 250,000 DSUs were granted to a director of the Company, where one-third vested immediately on grant, one-third vested on February 10, 2021, and the final third vests on February 10, 2022.

On August 14, 2020, 250,000 DSUs were granted to a director of the Company, where one-third vested immediately on grant, one-third vests on August 14, 2021, and the final third vests on August 14, 2022.

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

12. Contributed surplus (continued)

The following table displays the vesting activity for outstanding DSUs:

December 31, 2019	16,188,250	1,526,500	17,714,750
Vested, new DSUs	166,666	333,334	500,000
Vested, previously granted DSUs	1,487,500	(1,487,500)	-
Paid	(1,150,000)	-	(1,150,000)
December 31, 2020	16,692,416	372,334	17,064,750
Vested, previously granted DSUs	83,334	(83,334)	-
March 31, 2021	16,775,750	289,000	17,064,750

Anticipated future vesting:

August 7, 2021	39,000
August 14, 2021	83,333
February 10, 2022	83,333
August 14, 2022	83,334

During the three months ended March 31, 2021, \$34,292 was recorded as stock-based compensation expense related to vested DSUs on the consolidated statements of comprehensive loss (three months ended March 31, 2020: \$52,906).

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

13. Operating segments

Geographical information

The Company operates in Canada where its head office is located and in Brazil where its exploration and development properties are located. Information about the Company's assets by geographical location is detailed below.

	Current assets	Property, plant and equipment	Other non-current assets	Total Assets
December 31, 2020				
Canada	\$ 28,100,334	\$ 20,187	\$ 5,453,894	\$ 33,574,415
Brazil	2,103,480	18,358,108	451,870	20,913,458
	\$ 30,203,814	\$ 18,378,295	\$ 5,905,764	\$ 54,487,873
March 31, 2021				
Canada	\$ 26,704,305	\$ 20,187	\$ 5,438,402	\$ 32,162,894
Brazil	1,990,326	18,159,334	412,025	20,561,685
	\$ 28,694,631	\$ 18,179,521	\$ 5,850,427	\$ 52,724,579

14. Financial instruments

Financial assets and financial liabilities as at March 31, 2021 and December 31, 2020 were classified as follows:

December 31, 2020	Assets at amortized cost	Liabilities at amortized cost	Total
Cash and cash equivalents	\$ 30,007,304	\$ -	\$ 30,007,304
Promissory notes receivable	3,926,054	-	3,926,054
Term investment	451,870	-	451,870
Accounts payable and accrued liabilities	-	3,607,999	3,607,999
Lease liabilities, current and long-term	-	40,130	40,130
March 31, 2021			
Cash and cash equivalents	\$ 28,511,575	\$ -	\$ 28,511,575
Promissory notes receivable	3,929,402	-	3,929,402
Term investment	412,025	-	412,025
Accounts payable and accrued liabilities	-	3,265,863	3,265,863
Lease liabilities, current and long-term	-	33,070	33,070

A fair value hierarchy prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the statement of financial position. These have been prioritized into three levels.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

14. Financial instruments (continued)

The carrying value of cash and cash equivalents, and accounts payable and accrued liabilities approximates fair value due to their short-term nature.

The carrying values of promissory notes receivable and the term investment are calculated at amortized cost by applying market interest rates at the inception of the financial instrument.

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment.

The Company's risk exposures and their impacts on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the three months ended March 31, 2021.

Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's primary counterparties related to its cash and cash equivalents and term investment carry an investment grade rating as assessed by external rating agencies. The Company maintains all of its cash and cash equivalents and term investment with major Canadian and Brazilian financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The Company's promissory notes are held by directors of the Company. Management has assessed the credit risk associated with these promissory notes and based on the credit-worthiness of the parties involved, the Company has assessed the chance of loss as remote.

The Company's maximum exposure to credit risk at the statement of financial position date is the carrying value of cash and cash equivalents, promissory notes receivable and term deposits.

Liquidity risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

As at March 31, 2021, the Company had current assets of \$28,694,631 to settle current liabilities of \$3,279,916. Approximately \$1,082,000 of the Company's financial liabilities as at March 31, 2021 have contractual maturities of less than 30 days and are subject to normal trade terms. Of this amount, approximately \$2,156,000 has been payable for over 180 days.

Market risk

(a) Interest rate risk

The Company's cash and cash equivalents, term deposit, and promissory note are subject to interest rate cash flow risk as they carry variable rates of interest. The Company's interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase.

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

14. Financial instruments (continued)

Based on cash and cash equivalents, term deposit and promissory note balances on hand at March 31, 2021, a 0.1% change in interest rates could result in a corresponding change in net loss of approximately \$32,900 (December 31, 2020 - \$34,400).

(b) Currency risk

Foreign exchange risk exposures arise from transactions and balances denominated in foreign currencies. The Company's currency risk arises primarily with respect to the United States dollar and Brazilian Real. Fluctuations in the exchange rates between these currencies and the Canadian dollar could materially affect the Company's business, financial condition, and results of operations. The Company does not mitigate this risk with hedging activity.

A strengthening of \$0.01 in the United States dollar against the Brazilian Real would have increased net loss by approximately \$10,600 for the three months ended March 31, 2021 (three months ended March 31, 2020 - \$30,000). A strengthening of \$0.01 in the Canadian dollar against the United States dollar would have decreased other comprehensive income by approximately \$2,000 for the three months ended March 31, 2021 (three months ended March 31, 2020 - \$6,000).

15. Capital management

The Company includes cash and equity, comprised of issued common shares, share-based payment reserve, contributed surplus and deficit, in the definition of capital. The Company's objectives when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company's Volta Grande property is in the development stage and, accordingly, the Company is dependent upon external financings to fund activities. In order to carry out planned engineering, test work, advancement and development of the mining projects, and pay for administrative costs, the Company will spend working capital and expects to raise the additional funds from time to time as required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes in the Company's approach to capital management during the three months ended March 31, 2021. The Company is not subject to externally imposed capital requirements.

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

16. Related party disclosures

The condensed consolidated interim financial statements include the financial statements of the Company and the subsidiaries at their respective ownership listed in the following table.

	Country of incorporation	% equity interest
Belo Sun Mineracao Ltda	Brazil	100
Intergemas Mineracao e Industrailizacao Ltda	Brazil	100
Aubras Mineracao Ltda	Brazil	98
Oca Mineracao Ltda	Brazil	100
Sun Exploracao Mineral Ltda.	Brazil	100

During the three months ended March 31, 2021 and 2020, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Purchases of goods/services Three months ended March 31,	
	2021	2020
2227929 Ontario Inc.	\$ 90,000	\$ 120,000
Directors' promissory notes interest	3,348	(20,797)

The Company shares office space with other companies who may have common officers and directors. The costs associated with the use of this space, including the provision of office equipment and supplies, are administered by 2227929 Ontario Inc. to whom the Company pays a monthly fee of \$30,000. 2227929 Ontario Inc. does not have any officers or directors in common with the Company.

The following balances included in the Company's accounts were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	31-Mar-21	31-Dec-20	31-Mar-21	31-Dec-20
Directors and officers of the Company	\$ 3,929,402	\$ 3,926,054	\$ 26,792	\$ 41,224

Amounts owed by related parties reflect the promissory notes entered into with directors of the Company in April 2018.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior periods for expected credit loss in respect of the amounts owed by related parties.

Belo Sun Mining Corp.
Notes to the condensed consolidated interim financial statements
March 31, 2021 and 2020
(Expressed in Canadian dollars unless otherwise noted)

16. Related party disclosures (continued)

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel during the period were as follows:

	Three months ended March 31,	
	2021	2020
Short-term benefits	\$ 380,350	\$ 486,498
Share-based payments	275,354	-
DSU expense	34,292	52,906
	\$ 689,996	\$ 539,404

In accordance with IAS 24 Related Party Disclosures, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (executive and non-executive) of the Company.

17. Commitments and contingencies

- Under a renegotiated agreement with CPRM in March 2008, the Company maintains an interest-bearing term deposit to cover the future debt obligation plus applicable interest. As at March 31, 2021, no payments have been paid.
- Minimum commitments relating to management contracts to be made for termination without cause were approximately \$3,850,000. These contracts require that additional payments of up to \$20,009,000 be made upon the occurrence of certain events such as a change of control of the Company. The change of control commitment includes a component based on the Company's current share price. As a result of this inclusion, the change of control commitment reported increases or decreases in relation to the change in share price during the period.
- The Federal Constitution of Brazil has established that the States, municipalities, federal district and certain agencies of the federal administration are entitled to receive royalties for the exploitation of mineral resources by holders of mining concessions (including extraction permits). The royalty rate for gold is currently 1.5% - Federal law 13,540/17 - arising from the sale of the mineral product, less the sales taxes of the mineral product. No royalties are currently due.
- The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations. As at March 31, 2021, no amounts have been accrued related to such matters.

17. Commitments and contingencies (continued)

5. The Company's mining, exploration and development activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public safety, health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.
6. On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The current COVID-19 pandemic is significantly impacting the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices and has raised the prospect of an extended global recession. As well, as efforts are undertaken to slow the spread of the COVID-19 pandemic, the operation and development of projects may be impacted as governments have declared a state of emergency or taken other actions. If the operation or development of one or more of the operations or projects of the Company is suspended, it may have a material adverse impact on the Company's profitability, results of operations, and financial condition. The broader impact of the COVID-19 pandemic on investors, businesses, the global economy or financial and commodity markets may also have a material adverse impact on the Company's profitability, results of operations and financial conditions. The extent to which the coronavirus impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

On March 20, 2020, Brazil declared a state of emergency, freeing up funds for the federal government to fight the coronavirus. The extent to which the coronavirus impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others. The Amazon region, in the north of the country, has been hardest hit. Altamira has been hit hard by a second wave of cases that has stretched emergency services to breaking point. A coronavirus variant identified in the Brazilian Amazon may be three times more contagious.

Although the Company does expect some delays to the normal review process, at this point the delays are not expected to be excessive and government agencies have been working very well under the circumstances. The Indigenous study was approved by FUNAI (National Indian Foundation (Brazil): a Brazilian governmental protection agency for Indian interests and their culture) in November 2020. The final presentation of the Indigenous study with the Indigenous community has been delayed until the Indigenous community has been vaccinated.

Belo Sun continues to closely monitor developments around the COVID-19 pandemic. The Company quickly followed the recommended measures by public health and government authorities. The Company continues to monitor the situation with our priority being the health and safety of our employees and our surrounding communities. Belo Sun has provided assistance with coordinating the manufacturing of personal protection equipment ("PPE") in the city of Altamira and has supplied PPE to the communities surrounding the PVG and made donations to the municipality of Senador Jose Poririo.