CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

for the three and nine months ended
September 30, 2011 and 2010

Belo Sun Mining Corp.
Condensed Interim Consolidated Statements of Comprehensive Loss
Unaudited
(Expressed in Canadian dollars)

	Notes	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
			(Note 19)		(Note 19)
Expenses					
Management fees paid to directors	16	$ 124,680	$ 37,500	$ 324,145	$ 825,387
Salaries, wages and consulting fees		271,329	169,407	1,130,466	518,580
Legal fees		2,504	3,968	22,233	88,487
Audit fees		25,197	13,850	70,959	45,360
General and administration		363,294	263,792	1,164,341	522,163
Amortization		31,765	14,693	85,267	40,623
Stock-based compensation	11	-	567,470	4,380,758	1,819,866
Exploration and evaluation expenses	5	8,728,612	1,810,095	15,373,072	3,127,205
Engineering studies	5	1,269,111	113,319	1,946,011	151,931
Foreign exchange loss/(gain)		1,226,828	(138,772)	1,046,723	(134,810)
Loss from operations		(12,043,320)	(2,855,322)	(25,543,975)	(7,004,792)
Interest income		364,436	92,887	716,735	143,837
Gain on capital assets		-	171	-	15,782
Taxes payable		-	(35,455)	-	(35,455)
Net loss for the period		(11,678,884)	(2,797,719)	(24,827,240)	(6,880,628)
Exchange differences on translating foreign operations		567,476	(116,781)	526,262	(5,040)
Comprehensive loss for the period		$ (11,111,408)	$ (2,914,500)	$ (24,300,978)	$ (6,885,668)
Loss per share	13				
Basic		$ (0.06)	$ (0.02)	$ (0.13)	$ (0.05)
Diluted		$ (0.06)	$ (0.02)	$ (0.13)	$ (0.05)
Weighted average number of shares outstanding:					
Basic and diluted		206,492,421	137,964,351	188,351,785	129,179,821

Belo Sun Mining Corp.
Condensed Interim Consolidated Statements of Financial Position
Unaudited
(Expressed in Canadian dollars)

	Notes	September 30, 2011	December 31, 2010
Assets			(Note 19)
Current assets			
Cash and cash equivalents		$ 42,988,163	$ 7,127,226
Prepaid expenses and sundry receivables	3	342,671	194,669
		43,330,834	7,321,895
Non-current assets			
Property, plant and equipment	4	1,041,068	517,587
Term investment	6	553,241	552,133
		$ 44,925,143	$ 8,391,615
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities	7	$ 4,359,028	$ 1,074,407
Finance leases	8	78,870	75,972
Current taxes	9	7,091	14,182
		4,444,989	1,164,561
Non-current liabilities			
Finance leases	8	13,340	33,646
Deferred taxes	9	14,182	14,182
		4,472,511	1,212,389
Equity			
Share capital	10	95,854,098	40,829,667
Share -based payments reserve	11	8,855,560	6,401,610
Accumulated other comprehensive income		407,635	(118,627)
Deficit		(64,664,661)	(39,933,424)
Total Equity		40,452,632	7,179,226
		$ 44,925,143	$ 8,391,615

Commitments and contingencies	17
Subsequent events	18

Approved on behalf of the Directors:

"Peter Tagliamonte"	*"Mark Eaton"*
Director	Director

Belo Sun Mining Corp.
Condensed Interim Consolidated Statements of Cash Flows
Unaudited
(Expressed in Canadian dollars)

	Notes	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Cash provided by (used in) operations:					
Net (loss)		$ (11,678,884)	$ (2,797,719)	$ (24,827,240)	$ (6,880,628)
Items not involving cash:					
Stock-based compensation	11	-	567,470	4,380,758	1,819,866
Amortization		31,765	14,693	85,267	40,623
Accrued interest on term deposit		(14,764)	(10,047)	(38,169)	(37,359)
Unrealized loss/(gain) on foreign exchange		1,545,599	(191,431)	1,292,246	(195,328)
Working capital adjustments:		-	-		
Change in prepaid expenses and sundry receivables		(101,656)	74,307	(148,002)	(30,050)
Change in accounts payables and accrued liabilities		2,153,285	319,716	3,284,621	763,341
Change in income taxes		-	35,455	(7,091)	35,455
Net cash used by operating activities		(8,064,655)	(1,987,556)	(15,977,610)	(4,484,080)
Investing activities					
Expenditures on property, plant and equipment		(184,338)	(139,222)	(491,804)	(222,131)
Net cash used in investing activities		(184,338)	(139,222)	(491,804)	(222,131)
Financing activities					
Proceeds from issuance of shares / units		-	-	51,842,000	6,000,000
Share issuance costs		-	-	(3,515,942)	(87,025)
Exercise of warrants/options		311,998	66,000	4,867,568	128,560
Lease payments/proceeds		(128,974)	81,399	(111,240)	81,399
Net cash provided by financing activities		183,024	147,399	53,082,386	6,122,934
Change in cash and cash equivalents		(8,065,969)	(1,979,379)	36,612,972	1,416,723
Cash and cash equivalents, beginning of the period		52,026,854	5,890,284	7,127,226	2,362,994
Effect of exchange rate on cash held		(972,722)	73,986	(752,035)	205,174
Cash and cash equivalents, end of the period		$ 42,988,163	$ 3,984,891	$ 42,988,163	$ 3,984,891
Cash and cash equivalents are comprised of:					
Cash in bank		$ 32,489,643	$ 149,689	$ 32,489,643	$ 149,689
Short-term money market instruments		$ 10,498,520	$ 3,835,202	$ 10,498,520	$ 3,835,202

Belo Sun Mining Corp.
Condensed Interim Consolidated Statements of Changes in Equity
Unaudited
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Share-Based Payments Reserve	Accummulated Other Comprehensive Income	Retained Earnings (Deficit)	Total
Balance, December 31, 2010	149,158,834	$ 40,829,667	$ 6,401,610	$ (118,627)	$ (39,933,424)	$ 7,179,226
Public offering (Note 10)	45,080,000	51,842,000	-	-	-	51,842,000
Share issuance costs	-	(3,515,942)	-	-	-	(3,515,942)
Value of warrants granted on exercise of broker units	-	(237,000)	237,000	-	-	-
Exercise of stock options	2,625,000	1,385,518	-	-	-	1,385,518
Valuation allocation on exercise of stock options	-	949,963	(949,963)	-	-	-
Exercise of warrants	10,026,500	3,482,050	-	-	-	3,482,050
Valuation allocation on exercise of warrants	-	1,117,842	(1,117,842)	-	-	-
Valuation allocation on expiry of warrants and stock options	-	-	(96,003)	-	96,003	-
Comprehensive (loss)	-	-	4,380,758	526,262	(24,827,240)	(19,920,220)
Balance, September 30, 2011	206,890,334	$ 95,854,098	$ 8,855,560	$ 407,635	$ (64,664,661)	$ 40,452,632
Balance at January 1, 2010	112,396,351	$ 30,120,388	$ 2,368,615	$ -	$ (29,868,348)	$ 2,620,655
Private placements (Note 10)	24,000,000	6,000,000	-	-	-	6,000,000
Share issuance costs -- common shares issued	1,200,000	(87,025)	-	-	-	(87,025)
Valuation of warrants granted with private placement	-	(2,211,000)	2,211,000	-	-	-
Valuation of agent unit options granted with private placement	-	(303,813)	303,813	-	-	-
Exercise of stock options	668,000	113,560	-	-	-	113,560
Valuation allocation on exercise of stock options	-	86,369	(86,369)	-	-	-
Exercise of warrants	50,000	15,000	-	-	-	15,000
Valuation allocation on exercise of warrants	-	5,614	(5,614)	-	-	-
Valuation allocation on expiry of warrants and stock options	-	-	(42,956)	-	42,956	-
Comprehensive (loss)	-	-	1,819,866	(5,040)	(6,880,628)	(5,065,802)
Balance, September 30, 2010 (Note 19)	138,314,351	$ 33,739,093	$ 6,568,355	$ (5,040)	$ (36,706,020)	$ 3,596,388

1. Nature of operations

Belo Sun Mining Corp. ("Belo Sun" or the "Company"), through its subsidiaries, is a gold exploration company engaged in the exploration of properties located in Brazil. The Company is a publicly listed company incorporated in the Province of Ontario. The Company's shares are listed on the Toronto Venture Stock Exchange. The Company's head office is located at 65 Queen Street West, 8th 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 in which it has an interest, in accordance with industry standards for the current stage of exploration 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 recoverability of the carrying value of interests in mineral properties and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, 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

In addition to the following discussion, please see the Company's Condensed Interim Consolidated Financial Statements for the period ending March 31, 2011 for a detailed listing of the Company's accounting policies.

a) Statement of compliance

These condensed interim consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") and IFRS 1 First-time Adoption of IFRS 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 November 28, 2011, the date the Board of Directors approved these interim financial statements for issue. These condensed interim consolidated financial statements have been prepared in accordance with the accounting policies the Company expects to adopt in its December 31, 2011 financial statements.

The Company's consolidated financial statements were previously prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). Canadian GAAP differs in some areas from IFRS. Reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, operations, comprehensive income, and the statements of financial position and cash flows are described in Note 19 for transition to IFRS. These financial statements should be read in conjunction with the Company's Condensed Interim Consolidated Financial Statements for the period ending March 31, 2011.

b) Basis of preparation

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

Those accounting policies are based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that the Company expects to be applicable at that time. The policies set out in the March 31, 2011 Condensed Interim Consolidated Financial Statements were consistently applied to all the periods presented unless otherwise noted below.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

c) Future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2011 or later periods. Updates that are not applicable or are not consequential to the Company have been excluded thereof.

IFRS 7, Financial Instruments – Disclosures ("IFRS 7") was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Company has not yet determined the impact of the amendments to IFRS 7 on its financial statements.

IFRS 9, Financial Instruments -- Classification and Measurement ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning January 1, 2013, with early adoption permitted. The Company has not yet determined the potential impact of IFRS 9 on its financial statements.

IFRS 10 Consolidated Financial Statements ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements. The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning January 1, 2013. The Company has not yet determined the impact of IFRS 10 on its financial statements.

IFRS 13 Fair Value Measurement converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has not yet determined the impact of IFRS 13 on its financial statements.

d) Principles of consolidation

(i) Subsidiaries

All entities, in which the Company has a controlling interest, specifically when it has the power to direct the financial and operational policies of these companies to obtain benefit from their operations, are fully consolidated from the date that control commences until the date that control ceases. The Company's wholly-owned subsidiaries include Belo Sun Mining Mineracao Ltda (Brazil), Intergemas Mineracao e Industrializacao Ltda (Brazil), Belo Sun Mining (Barbados) Corp., and controlling interest in Aubras Mineracao Ltda (Brazil).

A controlling position is assumed to exist where the Company holds, directly or indirectly, a voting interest exceeding 50%, and where no other shareholder or group of shareholders exercises substantive participating rights which would enable it to veto or to block ordinary decisions taken by the Company.

A controlling position also exists where the Company, holding an interest of 50% or less in an entity, possesses control over more than 50% of the voting rights by virtue of an agreement with other investors, power to direct the financial and operational policies of the entity by virtue of a statute or contract, power to appoint or remove from office the majority of the members of the Board of Directors or equivalent management body, or the power to assemble the majority of voting rights at meetings of the Board of Directors or equivalent management body. The Company consolidates special purpose entities which it controls in substance because it has the right to obtain a majority of benefits, or because it retains the majority of residual risks inherent in the special purpose entity or its assets.

(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 consolidated financial statements.

e) Significant accounting judgments, estimates and assumptions

The preparation of these 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 consolidated interim financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- Asset carrying values and impairment charges
- Estimation of asset lives
- Recognition of deferred taxes
- Contingencies
- Acquisitions
- Share-based payment

Information about 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 notes:

- Asset carrying values and impairment charges
- Estimation of close down and restoration costs and the timing of expenditures
- Estimation of environmental cleanup and the timing of expenditure and related accretion
- Contingencies
- Share-based payment
- Depletion, depreciation and amortization
- Determination of functional currency

f) Presentation currency

The Company's financial statements are presented in Canadian dollars. The Company's functional and presentation currency is the Canadian dollar. The Company's subsidiary's functional currency is the United States dollar. These condensed interim consolidated financial statements have been translated to the Canadian dollar in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates.

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. 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, affiliates and joint ventures for which the functional currency is not the Canadian dollar are translated into Canadian dollar 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 foreign currency translation adjustments in accumulated other comprehensive income ("AOCI").

(Expressed in Canadian dollars unless otherwise noted)

3. Prepaid expenses and sundry receivables

	30-Sep-11	31-Dec-10
Trade receivables	$ 187,518	$ 14,778
GST/VAT receivable	141,263	60,564
Proceeds from exercise of warrants	-	103,360
Prepaid insurance	13,890	15,967
	$ 342,671	$ 194,669

Receivables disclosed above are classified as loans and receivables and are therefore measured at amortized cost.

4. Property, plant and equipment

	Vehicles	Furniture & equipment	Mining equipment	Building under construction	Land	Total
Cost at January 1, 2010	$ 127,013	$ 172,296	$ 106,348	$ -	$ 7,701	$ 413,358
Additions	137,245	119,794	35,887	78,009	-	370,935
Disposals	-	(103,927)	-	-	-	(103,927)
FX adjustment	(7,164)	(9,351)	(5,998)	-	(434)	(22,947)
Cost at December 31, 2010	257,094	178,812	136,237	78,009	7,267	657,419
Additions	154,220	359,963	74,210	2,990	-	591,383
FX adjustment	20,388	(23,633)	44,584	7,602	658	49,599
Cost at September 30, 2011	431,702	515,142	255,031	88,601	7,925	1,298,401
Accumulated depreciation						
Balance at January 1, 2010	45,126	126,840	27,147	-	-	199,113
Charge for the year	26,669	20,814	7,816	-	-	55,299
Disposals	-	(104,408)	-	-	-	(104,408)
FX adjustment	(2,545)	(6,096)	(1,531)	-	-	(10,172)
Balance as at December 31, 2010	69,250	37,150	33,432	-	-	139,832
Charge for the year	37,442	22,322	25,503	-	-	85,267
FX adjustment	11,160	7,091	13,983	-	-	32,234
Balance at September 30, 2011	$ 117,852	$ 66,563	$ 72,918	$ -	$ -	$ 257,333
Net book value as at January 1, 2010	$ 81,887	$ 45,456	$ 79,201	$ -	$ 7,701	$ 214,245
Net book value as at December 31, 2010	$ 187,844	$ 141,662	$ 102,805	$ 78,009	$ 7,267	$ 517,587
Net book value as at September 30, 2011	$ 313,850	$ 448,579	$ 182,113	$ 88,601	$ 7,925	$ 1,041,068

As at September 30, 2011, the Company's finance leases consist of four vehicles having a net book value of $150,377 (2010 - $106,618).

5. Exploration and evaluation expenses and engineering studies

Exploration and evaluation expenditures and engineering studies expensed immediately in the income statement for the three and nine month periods ended September 30, 2011 collectively amounted to $9,997,723 and $17,319,083 (three and nine months ended September 30, 2010 - $1,923,414 and $3,279,136).

Exploration and evaluation properties comprise the following:

a) Volta Grande, Para State, Brazil

The gold project includes approximately 19,508 hectares in nine Exploration Permits and 148,235 hectares in twenty Exploration Applications and is situated in the margin of the Xingu river, some 60 km from the city of Altamira, Para State.

Under the agreement, the Company agreed to pay to OCA Mineracao Ltda., an unrelated company whose controlling shareholder is the Tenaris-Confab Group, a total of US$600,000 of which US$12,500 was paid in January 2004 and US$50,000 paid in April 2004 and the outstanding balance was paid in December 2006. OCA Mineracao Ltda. ownership was transferred to the Company in March 2008. The transfer of title to the Volta Grande Property to Belo Sun occurred following the arrangements with Companhia de Pesquisa de Recursos Minerais ("CPRM"), a Brazilian state owned company, whereby the Company has committed to pay CPRM 3,740,000 Reais if a mineable deposit is defined on the Volta Grande Property. As security, the Company purchased a term deposit of 3,740,000 Reais.

In March 2008, the Company successfully renegotiated the agreement with CPRM. Under the new terms, CPRM released to the Company 3,525,087 Reais of the total term deposit of 4,273,087 Reais, held in security to cover the Company's potential debt owed to CPRM. In addition, the Company allocated the balance of the original term deposit that was not released, amounting to 748,000 Reais, to be retained in an interest bearing term deposit to cover future royalty payments. There has been no production at Volta Grande Property thus no royalties payable and no amounts were withdrawn by CPRM.

The Company is committed to paying approximately US$1,500,000 to CPRM if a mineable deposit is defined on the property, and to invest a minimum US$1,500,000 at Volta Grande over a two year period. The Company has fulfilled its investment condition on this property.

b) Patrocino, Para State, Brazil

This gold project is situated in the Para State and includes approximately 18,669 hectares. Pursuant to a signed contract on October 8, 2004 the Company has the right to acquire 100% of the property. Under the terms of the contract, the Company must make 36 monthly payments of US $1,667 and issue 200,000 common shares of the Company to the original owners. The Company is current on these payments and issued 200,000 common shares at $0.10 on June 20, 2005. In addition, the property is subject to a 1.5% net smelter royalty and a sliding scale payment during the first two years of production from the property. The payment ranges from 606 ounces of gold assuming 100,000 ounces of proven and probable reserves to 12,121 ounces of gold assuming 1.2 million proven and probable reserve ounces.

The Company is currently assessing its options with respect to the project including, but not limited to, joint-venture scenarios, earn-out arrangements, and further development by Belo Sun.

(Expressed in Canadian dollars unless otherwise noted)

6. Term investment

The investment consists of a term deposit of 984,941 Reais (CDN$553,241) (December 31, 2010 – 921,297 Reais (CDN$552,133)), including accrued interest, to fund the potential amounts owing to CPRM. The term deposit matures on April 22, 2013 and bears interest at a floating rate of approximately 9.17% (December 31, 2010 – 9.17%). The Company intends on rolling over the term deposit on maturity because it is security against the potential amount owing to the CPRM (Note 5(a)) and accordingly, management has shown the investment as a long-term asset.

7. Accounts payable and accrued liabilities

	30-Sep-11	31-Dec-10
Mineral properties suppliers and contractors	$ 3,958,885	$ 649,613
DNPM Taxes (Note 17 (b))	243,291	272,340
Corporate payables	119,352	102,454
Audit accrual	37,500	50,000
	$ 4,359,028	$ 1,074,407

8. Finance leases

Finance leases relate to vehicles with lease terms of 1 to 2 years. The Company has options to purchase the vehicles for a nominal amount at the conclusion of the lease agreements.

As at September 30, 2011, the finance leases were composed of the following obligations:

	CAD$
2011	$ 27,787
2012	75,723
2013	7,964
	111,474
less amounts representing interest	(19,264)
	$ 92,210
current portion	$ 78,870
long term portion	$ 13,340

9. Current and deferred income tax payable

The current tax liability of $7,091 (December 31, 2010 - $14,182) represents amount of income taxes payable in respect of current and prior periods. An amount of $14,182 is recorded as deferred taxes.

(Expressed in Canadian dollars unless otherwise noted)

10. Share Capital

a) As at September 30, 2011 and December 31, 2010, 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.

b) Issued and outstanding share capital

Balance, January 1, 2010	112,396,351	$	30,120,388
Private placements (i,ii)	31,333,334		11,500,001
Exercise of stock options	2,275,000		638,430
Exercise of stock options - value allocation	-		440,631
Exercise of warrants	1,951,949		595,050
Exercise of warrants -value allocation	-		163,205
Exercise of agent unit options	2,200		550
Cost of issue	1,200,000		(113,775)
Allocation of fair value of warrants from private placement	-		(2,211,000)
Allocation of fair value of agent unit options	-		(303,813)
Balance, December 31, 2010	149,158,834		40,829,667
Public offerring (iii)	45,080,000		51,842,000
Exercise of stock options	2,625,000		1,385,518
Exercise of stock options - value allocation			949,963
Exercise of warrants	10,026,500		3,482,050
Exercise of warrants -value allocation			1,117,842
Value of warrants granted on exercise of broker units	-		(237,000)
Cost of issue			(3,515,942)
Balance, September 30, 2011	206,890,334	$	95,854,098

(i) On March 3, 2010, the Company closed a private placement offering for gross proceeds of $6,000,000 through the issuance of 24,000,000 units comprised of one common share and one purchase warrant. Each warrant is exercisable for one common share of Belo Sun at a price of $0.50 per share until March 3, 2012. In connection with this private placement, the Company issued 1,200,000 common shares to D&D Securities and Delano Capital Corp. (the "Agents") and issued 1,200,000 agent unit options that will entitle the Agents to acquire the same number of units of the Company at a price of $0.25 until March 3, 2012. The fair value of the agent unit options was estimated at $303,813 on the date of grant using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 127%; risk free interest rate of 2.25% and an expected life of two years.

(Expressed in Canadian dollars unless otherwise noted)

(ii) On December 22, 2010, the Company completed a non-brokered private placement financing of common shares of the Company for gross proceeds of $5,500,001 through the issuance of 7,333,334 common shares at a price of $0.75 per common share. The common shares were subject to resale restrictions that expired on April 22, 2011.

(iii) On March 25, 2011, the Company completed a bought deal financing of 45,080,000 common shares, including the full exercise of the agents' over-allotment option of 5,880,000 common shares, at a price of $1.15 per common share for gross proceeds of $51,842,000. The Company paid the underwriters a fee of 6% on funds raised.

11. Share-based payments reserves

The Company has an ownership-based compensation scheme for executives and employees. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, officers, directors and consultants of the Company may be granted options to purchase common shares at exercise prices determined at the time of grant. 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 of up to 10% of the issued and outstanding shares of the Company from time to time.

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 (CAD$)	Value of options	Number of Warrants	Weighted average exercise prices (CAD$)	Value of warrants	TOTAL VALUE
January 1, 2010	4,921,000	$0.46	$ 1,486,696	8,308,749	$0.28	$ 881,917	$ 2,368,613
Granted	7,770,400	$0.40	2,264,866	25,202,200	$0.49	2,514,813	4,779,679
Exercised	(2,275,000)	$0.28	(440,631)	(1,954,149)	$0.30	(163,205)	(603,836)
Expired/forfeited	(468,000)	$0.54	(142,846)	-	$0.00	-	(142,846)
December 31, 2010	**9,948,400**	**$0.45**	**$ 3,168,085**	**31,556,800**	**$0.44**	**$ 3,233,525**	**$ 6,401,610**
Granted	4,922,200	$1.33	4,380,758	600,000	$0.50	$ 237,000	4,617,758
Exercised	(2,625,000)	$0.53	(949,963)	(10,026,500)	$0.35	$ (1,117,842)	(2,067,805)
Expired/forfeited	(60,000)	$1.33	(53,400)	(372,500)	$0.24	$ (42,603)	(96,003)
September 30, 2011	**12,185,600**	**$0.79**	**$ 6,545,480**	**21,757,800**	**$0.49**	**$ 2,310,080**	**$ 8,855,560**

The following share-based payments arrangements were in existence during the current and prior reporting periods:

(Expressed in Canadian dollars unless otherwise noted)

Options:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
500,000	500,000	10-Apr-07	10-Apr-12	$ 0.60	99%	5	0%	4.50%
250,000	250,000	24-Oct-07	24-Oct-12	$ 0.60	81%	5	0%	4.18%
3,828,600	3,828,600	5-Mar-10	5-Mar-15	$ 0.34	100%	5	0%	2.59%
60,000	60,000	2-Jun-10	2-Jun-15	$ 0.45	100%	5	0%	2.68%
1,968,000	1,968,000	29-Jul-10	29-Jul-15	$ 0.36	104%	5	0%	2.36%
25,000	25,000	5-Aug-10	5-Aug-15	$ 0.43	96%	5	0%	2.32%
50,000	50,000	11-Nov-10	11-Nov-15	$ 0.80	94%	5	0%	2.50%
650,000	650,000	5-Dec-10	5-Dec-15	$ 0.89	94%	5	0%	2.40%
4,854,000	4,854,000	21-Apr-11	21-Apr-16	$ 1.33	94%	5	0%	2.70%
12,185,600	12,185,600							

Warrants:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
597,800	597,800	3-Mar-10	3-Mar-12	$ 0.25	127%	2	0%	2.25%
20,860,000	20,860,000	3-Mar-10	3-Mar-12	$ 0.50	127%	2	0%	2.25%
300,000	300,000	18-Apr-11	3-Mar-12	$ 0.50	94%	1	0%	1.74%
21,757,800	21,757,800							

Fair value of share options granted in the period:

During the three and nine months ended September 30, 2011, the Company granted nil and 4,922,200 stock options respectively (three and nine months ended September 30, 2010: 2,043,000 and 7,070,400). A value of $nil and $4,380,758 was recorded to the statement of comprehensive loss for the three and nine months ended September 30, 2011 respectively (three and nine months ended September 30, 2010: $567,470 and $1,819,866) related to these stock options. The weighted average grant date fair value of the share options granted during the nine-month period ended September 30, 2011 is $0.89 (2010: $0.26). Options were priced using the Black-Scholes option-pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non - transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years. The expected life of the option was calculated based on the history of option exercises.

12. Operating segments

Geographical information

The Company operates in Canada, Barbados and Brazil. The Company's information about its assets by geographical location are detailed below.

(Expressed in Canadian dollars unless otherwise noted)

	Current Assets	Property, Plant and Equipment	Other long-term assets	TOTAL ASSETS
September 30, 2011				
Canada	$ 32,603,002	$ 10,907	$ -	$ 32,613,909
Barbados	5,126	-	-	5,126
Brazil	10,722,706	1,030,161	553,241	12,306,108
	$ 43,330,834	$ 1,041,068	$ 553,241	$ 44,925,143
December 31, 2010				
Canada	$ 3,128,997	$ 15,654	$ -	$ 3,144,651
Barbados	9,059	-	-	9,059
Brazil	4,183,839	501,933	552,133	5,237,905
	$ 7,321,895	$ 517,587	$ 552,133	$ 8,391,615

13. Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

14. Financial instruments

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and are disclosed in note 2 of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2011.

Financial assets and financial liabilities as at September 30, 2011 and December 31, 2010 were as follows:

September 30, 2011	Loans and receivables	Assets /(liabilities) at fair value through profit/loss	Total
Cash and cash equivalents	$ -	$ 42,988,163	$ 42,988,163
Prepaid expenses and sundry receivables	342,671	-	342,671
Term investment	-	553,241	553,241
Accounts payable and accrued liabilities	4,359,028	-	4,359,028
Finance lease	92,210	-	92,210

(Expressed in Canadian dollars unless otherwise noted)

December 31, 2010	Loans and receivables	Assets /(liabilities) at fair value through profit/loss	Total
Cash and cash equivalents	$ -	$ 7,127,226	$ 7,127,226
Prepaid expenses and sundry receivables	194,669	-	194,669
Term investment	-	552,133	552,133
Accounts payable and accrued liabilities	1,074,407	-	1,074,407
Finance lease	109,618	-	109,618

At September 30, 2011, the Company's financial instruments that are carried at fair value, consisting of cash and cash equivalents and term investment, have been classified as Level 1 within the fair value hierarchy.

The Company's risk exposures and the impact 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 nine months ended September 30, 2011 and 2010.

Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's primary counterparty 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, British and Brazilian financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. Sundry receivables consist of advances made to employees and management believes that the credit risks associated with these amounts are remote.

The Company's maximum exposure to credit risk at the balance sheet date is the carrying value of cash and cash equivalents, term investment and sundry receivables.

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 September 30, 2011, the Company had current assets of $43,330,834 to settle current liabilities of $4,444,989.

Market risk

(a) Interest rate risk

The Company's cash equivalents 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.

Based on cash and cash equivalent balances on hand at September 30, 2011, a 0.1% change in interest rates could result in a corresponding change in net loss of approximately $43,000.

(b) Currency risk

As the Company operates on an international basis, foreign exchange risk exposures arise from transactions and balances denominated in foreign currencies. The Company's foreign currency risk arises primarily with respect to the United States dollar and Brazilian Reais. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

A strengthening of $0.01 in the United States dollar against the Brazilian Reais would have decreased net income by approximately $124,000 for the nine months ended September 30, 2011. A strengthening of $0.01 in the Canadian dollar against the United States dollar would have decreased accumulated other comprehensive income by approximately $67,000 for the nine months ended September 30, 2011. At September 30, 2011, one Canadian dollar was equal to 0.9540 United States dollars and one Canadian dollar was equal to 1.7803 Brazilian Reais.

(b) Price risk

The Company will be exposed to price risk with respect to commodity prices, specifically gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future operations will be significantly affected by changes in the market prices of these commodities. Prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for gold, the level of interest rates, the rate of inflation, investment decisions by large holders of gold and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors may in turn be influenced by changes in international investment patterns and monetary systems and political developments.

15. Capital management

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The capital of the Company consists of common shares, warrants and options. 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 to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration and development stage; as such the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development, and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no significant changes in the Company's approach to capital management during the nine months ending September 30, 2011. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars unless otherwise noted)

16. Related party disclosures

The condensed interim consolidated 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 Mining (Barbados) Corp.	Barbados	100
Belo Sun Mineracao Ltda	Brazil	100
Intergemas Mineracao e Industrializacao Ltda	Brazil	100
Aubras Mineracao Ltda	Brazil	98

During the period, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Sales of goods				Purchases of goods			
	Three months ended September 30,		Nine months ended September 30,		Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010	2011	2010	2011	2010
2227929 Ontario Inc.	$ -	$ -	$ -	$ -	$ 59,546	$ 33,709	$ 172,513	$ 46,911
Forbes & Manhattan, Inc.	-	-	-	-	45,000	30,000	105,000	68,387
Valencia Ventures Inc.	-	-	-	-	485	-	1,366	-
Global Atomic Corp.	-	-	-	-	-	-	-	30,867
Silvermet Inc.	-	-	-	-	-	-	-	29,078

The Company shares office space with other companies who may have common officers and directors. The costs associated with this space are administered by 2227929 Ontario Inc.

Mr. Stan Bharti, the Chairman of the Company, is the Executive Chairman of Forbes and Manhattan, Inc., a corporation that provides administrative services to the Company. Forbes and Manhattan, Inc. previously charged a monthly consulting fee of $10,000. However, the consulting fee has increased to $25,000 per month effective September 1, 2011.

Mr. Stephen Roman, a former CEO, president and director of the Company, is an officer and director of Global Atomic Corp. and Silvermet Inc., a corporation that had previously provided rent and administrative services to the Company. Mr. Jeff Dawley, former CFO of the Company, had his consulting fees paid to Silvermet Inc. These costs are no longer being incurred.

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	30-Sep-11	31-Dec-10	30-Sep-11	31-Dec-10
2227929 Ontario Inc.	$ 58,464	$ -	$ 2,946	$ 12,954
Directors of the Company	-	-	25,000	103,360

(Expressed in Canadian dollars unless otherwise noted)

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 bad or doubtful debts in respect of the amounts owed by related parties.

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 September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Short-term benefits	$ 150,000	$ 116,000	$ 1,125,000	$ 1,079,687
Share-based payments	-	389,792	2,937,000	1,178,780

In accordance with IAS 24, 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.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

17. Commitments and contingencies

(a) Long Term Investment

Under a successfully renegotiated agreement with CPRM in March 2008, the Company maintains an interest bearing term deposit to cover the future royalty payments, starting March 31, 2008. There has been no production at Volta Grande Property thus no royalties were payable and no amounts were withdrawn by the CPRM.

(b) Brazil Land Taxes

On December 31, 2010, the Company received notice from the Departamento Nacional de Producao Mineral (“DNPM”) that it owes 51,406,850 Reais (C$28,876,790) (2009 – 1,857,128 Reais) in land taxes. For the twelve months ended December 31, 2010, the Company had accrued 454,430 Reais (C$272,340) based on management’s estimate and understanding of the laws governing the DNPM. The Company believes that an administrative error has been made on the part of the DNPM and the Company has hired local counsel in Brazil to investigate. Local counsel has concluded their investigation and the Company has been paying down land taxes that are confirmed to be correct and is renegotiating a settlement for the ones that the Company believes are either invalid or illegal claims on the part of DNPM. This settlement is not expected to have a material effect on the Company. As at September 30, 2011, the Company has accrued 433,133 Reais (C$243,291).

The Company is party to certain management contracts. These contracts require that additional payments of up to $2,500,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements. Minimum commitments remaining under these contracts were approximately $671,000 all due within one year.

The Company's mining and exploration 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 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.

18. Subsequent events

Subsequent to September 30, 2011, 260,000 warrants and 34,000 stock options were exercised for gross proceeds of $141,560.

19. Transition to IFRS

The Company's consolidated financial statements for the year ending December 31, 2011 will be the first annual financial statements that comply with IFRS and these condensed interim consolidated financial statements were prepared as described in note 2 of the Company's March 31, 2011 Condensed Interim Consolidated Financial Statements, including the application of IFRS 1. IFRS 1 requires an entity to adopt IFRS in its first annual financial statements prepared under IFRS by making an explicit and unreserved statement in those financial statements of compliance with IFRS. The Company will make this statement when it issues its 2011 annual financial statements.

IFRS 1 also requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was January 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be December 31, 2011. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters. Please refer to the Company's March 31, 2011 Condensed Interim Consolidated Financial Statements for January 1, 2010 and December 31, 2010 reconciliations from Canadian GAAP to IFRS.

Initial elections upon adoption

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

(Expressed in Canadian dollars unless otherwise noted)

IFRS Exemption Options

1. *Share-based payments* - IFRS 2, Share-based Payments, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company elected to avail itself of the exemption provided under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by its Transition Date.

2. *Business combinations* - IFRS 1 provides the option to apply IFRS 3, Business Combinations, retrospectively or prospectively from the Transaction Date. The Company elected to apply IFRS 3 prospectively from the Transition Date. The retrospective basis would require the restatement of all business combinations that occurred prior to the Transition Date.

3. *IAS 27 – Consolidated and Separate Financial Statements*

   In accordance with IFRS 1, if a Company elects to apply IFRS 3 *Business Combinations* retrospectively, *IAS 27 Consolidated and Separate Financial Statements* must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company has also elected to apply IAS 27 prospectively.

IFRS 1 Mandatory Exceptions

Estimates - Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The changes made to the consolidated statements of financial position and consolidated statements of comprehensive income have resulted in reclassifications of various amounts on the consolidated statements of cash flows, however as there have been no changes to the net cash flows, no reconciliations have been presented.

a) Expiry of share-based compensation

Canadian GAAP – Under Canadian GAAP, the Company's policy was to leave the value recorded for expired unexercised stock options to contributed surplus and to record the value of expired unexercised warrants in contributed surplus.

IFRS – The Company has changed its policy related to expired share-based compensation whereby amounts recorded for expired unexercised stock options and warrants are transferred to retained earnings (deficit) on expiry.

Impact on Consolidated Balance Sheets –

	30-Sep-10
Share-based payment reserve	$ (2,143,770)
Adjustment to deficit	$ (2,143,770)

(Expressed in Canadian dollars unless otherwise noted)

b) Exploration and evaluation expenses

Canadian GAAP – Under Canadian GAAP, the Company's policy was to capitalize all exploration and evaluation expenses on the balance sheet once the legal right to explore on the property was obtained.

IFRS – Under IFRS, the Company has changed its policy to expense all exploration and evaluation expenses until such a time a technical feasibility study shows the economic potential on the property.

Impact on Consolidated Balance Sheets -

	30-Sep-10
Evaluation and exploration	$ (10,841,729)
Adjustment to deficit	$ (10,841,729)

Impact on Consolidated Statements of Comprehensive Income –

	Three months ended 30-Sep-10	Nine months ended 30-Sep-10
Evaluation and exploration	$ 1,795,639	$ 3,113,386
Engineering studies	113,319	151,931
Adjustment to deficit	$ 1,908,958	$ 3,265,317

c) Functional Currency

Canadian GAAP – Under Canadian GAAP, the Canadian dollar is the functional currency of the Company. Foreign currency transactions are recorded and translated based on the integrated subsidiary requirements.

IFRS – Under IFRS, each entity determines its functional currency and translates foreign currency items into its functional currency. The results and financial position of any individual entity within the reporting entity whose functional currency differs from the presentation currency are translated to the presentation currency.

Impact on Consolidated Balance Sheets -

	30-Sep-10
Property, plant and equipment	$ (5,776)
AOCI	(5,040)
Adjustment to deficit	$ 10,816

(Expressed in Canadian dollars unless otherwise noted)

Impact on Consolidated Statements of Comprehensive Income

	Three months ended 30-Sep-10	Nine months ended 30-Sep-10
General and administration	$ (2,116)	$ (1,479)
Amortization	(1,361)	(1,955)
Exploration and evaluation	14,456	13,819
Foreign exchange (gain) / loss	(119,618)	(10,449)
AOCI	116,781	5,040
Adjustment to deficit	$ (8,142)	$ (4,976)

Reconciliation of Consolidated Statement of Comprehensive Loss for the three months ended September 30, 2010

	Note	Canadian GAAP Balances	IFRS Adjustments	IFRS Balance
Expenses				
Management fees paid to directors		$ 37,500	$ -	$ 37,500
Salaries, wages and consulting fees		169,407	-	169,407
Legal fees		3,968	-	3,968
Audit fees		13,850	-	13,850
General and administration	(c)	265,908	(2,116)	263,792
Amortization	(c)	16,054	(1,361)	14,693
Share-based compensation		567,470	-	567,470
Exploration and evaluation expenses	(b),(c)	-	1,810,095	1,810,095
Engineering studies	(b)	-	113,319	113,319
Foreign exchange (gain)	(c)	(19,154)	(119,618)	(138,772)
Loss from operations		(1,055,003)	(1,800,319)	(2,855,322)
Finance income		92,887	-	92,887
Gain on capital assets		171	-	171
Taxes payable		(35,455)	-	(35,455)
Net loss for the period		(997,400)	(1,800,319)	(2,797,719)
Exchange difference on translating foreign operations	(c)	-	(116,781)	(116,781)
Comprehensive loss for the period		**$ (997,400)**	**$ (1,917,100)**	**$ (2,914,500)**
Loss per share				
Basic		$ (0.01)		$ (0.02)
Diluted		$ (0.01)		$ (0.02)
Weighted average number of shares outstanding				
Basic and diluted		137,964,351		137,964,351

(Expressed in Canadian dollars unless otherwise noted)

Reconciliation of Consolidated Statement of Comprehensive Loss for the nine months ended September 30, 2010

	Note	Canadian GAAP Balances	IFRS Adjustments	IFRS Balance
Expenses				
Management fees paid to directors		$ 825,387	$ -	$ 825,387
Salaries, wages and consulting fees		518,580	-	518,580
Legal fees		88,487	-	88,487
Audit fees		45,360	-	45,360
General and administration	(c)	523,642	(1,479)	522,163
Amortization	(c)	42,578	(1,955)	40,623
Share-based compensation		1,819,866	-	1,819,866
Exploration and evaluation expenses	(b),(c)	-	3,127,205	3,127,205
Engineering expenses	(b)	-	151,931	151,931
Foreign exchange loss/(gain)	(c)	(124,361)	(10,449)	(134,810)
Loss from operations		(3,739,539)	(3,265,253)	(7,004,792)
Finance income		143,837	-	143,837
Gain on capital assets		15,782	-	15,782
Taxes payable		(35,455)	-	(35,455)
Net loss for the period		(3,615,375)	(3,265,253)	(6,880,628)
Exchange difference on translating foreign operations	(c)	-	(5,040)	(5,040)
Comprehensive loss for the period		$ (3,615,375)	$ (3,270,293)	$ (6,885,668)
Loss per share				
Basic		$ (0.03)		$ (0.05)
Diluted		$ (0.03)		$ (0.05)
Weighted average number of shares outstanding				
Basic and diluted		129,179,821		129,179,821

(Expressed in Canadian dollars unless otherwise noted)

Reconciliation of Consolidated Statement of Financial Position as of September 30, 2010

Canadian GAAP accounts	Note	Canadian GAAP Balances	IFRS Adjustments	IFRS Balance
Assets				
Current assets				
Cash and cash equivalents		$ 3,984,891	$ -	$ 3,984,891
Prepaid expenses and sundry receivables		65,745	-	65,745
		4,050,636	-	4,050,636
Non-current assets				
Exploration and evaluation assets	(b)	10,841,729	(10,841,729)	-
Property, plant and equipment	(c)	394,598	(5,776)	388,822
Term investment		542,764	-	542,764
Total assets		**$ 15,829,727**	**$ (10,847,505)**	**$ 4,982,222**
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		$ 1,268,980	$ -	$ 1,268,980
Finance leases		52,909	-	52,909
Current taxes		14,182	-	14,182
		1,336,071	-	1,336,071
Non-current liabilities				
Finance leases		28,490		28,490
Deferred taxes		21,273		21,273
		1,385,834	-	1,385,834
Equity				
Issued capital		33,739,093		33,739,093
Share-based payment reserve	(a)	8,712,125	(2,143,770)	6,568,355
Accumulated other comprehensive income	(c)	-	(5,040)	(5,040)
Deficit	(a), (b),(c)	(28,007,325)	(8,698,695)	(36,706,020)
Total equity		14,443,893	(10,847,505)	3,596,388
Total liabilities and equity		**$ 15,829,727**	**$ (10,847,505)**	**$ 4,982,222**