



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013

(Containing information through March 26, 2014 unless otherwise noted)

Background

This Management's Discussion and Analysis ("MD&A") has been prepared based on information available to Belo Sun Mining Corp. ("we", "our", "us", "Belo Sun" or the "Company") as of March 26, 2014 unless otherwise noted. The MD&A provides a detailed analysis of the Company's operations and compares its financial results with those of the previous periods and should be read in conjunction with our annual consolidated financial statements for the twelve months ended December 31, 2013 and related notes. The financial statements and related notes of Belo Sun have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Please refer to the notes of the December 31, 2013 annual consolidated financial statements for disclosure of the Company's significant accounting policies. Unless otherwise noted, all references to currency in this MD&A refer to Canadian dollars.

Additional information, including our press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under the Company's profile at www.sedar.com.

The Company's annual information form can be found under the Company's profile at www.sedar.com. Additional information relating to the Company can be found on the Belo Sun website at www.belosun.com.

David Gower, P.Geo., an advisor to the Company, Carlos Cravo, P.Geo., Project Manager for Belo Sun and Michael Hoffman, P.Eng., Vice President Engineering for Belo Sun, who are Qualified Person's under National Instrument 43-101, have reviewed and approved the scientific and technical information in this MD&A.

Cautionary Statement Regarding Forward Looking Information

Except for statements of historical fact relating to Belo Sun, certain information contained herein constitutes forward-looking information under Canadian securities legislation. Forward-looking statements include, without limitation, statements with respect to: possible events, the future price of gold, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of projects and new deposits, success of exploration, development and mining activities, permitting timelines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated

reclamation expenses, title disputes or claims and limitations on insurance coverage. The words “anticipates”, “plans”, “expects”, “indicative”, “intend”, “scheduled”, “timeline”, “estimates”, “forecasts”, “guidance”, “opportunity”, “outlook”, “potential”, “projected”, “schedule”, “seek”, “strategy”, “study” (including, without limitation, as may be qualified by “feasibility” and “pre-feasibility”), “targets”, “models”, or “believes”, or variations of or similar such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, or “should”, “might”, or “will be taken”, “occur” or “be achieved” and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Belo Sun as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Forward-looking statements are provided for the purpose of providing information about management’s expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the “Risk Factors” section of our most recently filed Annual Information Form and this 2013 Management Discussion and Analysis. These factors are not intended to represent a complete list of the factors that could affect Belo Sun. Belo Sun disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

Overview of the Company

Belo Sun is a Canadian mineral exploration company with a portfolio of properties in Brazil including its principal project, the Volta Grande Gold Project in Para State. Belo Sun’s other properties are the Patrocinio Gold Project in Para State and the Rainbow Alexandrite Project in Goias State.

Highlights for the twelve months ended December 31, 2013:

- The Company’s ongoing metallurgical test work has returned an average recovery of 94% for both Grota Sêca and Ouro Verde ore, both of which are amenable to conventional gravity and gold leaching processes. Grind determination test results have indicated that Grota Sêca and Ouro Verde ore are also amendable to conventional primary crushing, SAG and ball milling. These results are providing the parameters for finalizing the plant design as the Company moves towards completion of the feasibility study.
- The Company received positive results from preliminary metallurgical leach test work conducted with samples from the South Block. Head grades varied from 2.2 g/t Au to 6.5 g/t Au with an average gold recovery of 95%, consistent with recovery for the Ouro Verde and Grota Sêca deposits. These results indicated that the ores from Ouro Verde, Grota Sêca and South Block deposits can all be blended and treated in the same plant under the same optimum process conditions.
- The Company released an updated mineral resource statement for the Volta Grande Project with an effective date of October 1, 2013, based on all holes completed as at September 30, 2013. Measured and indicated resources increased to 5.1 million ounces of gold with 93.8 million tonnes at an average grade of 1.69 g/t Au representing an increase of 10% compared to the April 2013 mineral resource update. Inferred resources were estimated at 2.6 million ounces of gold with 45.5 million tonnes at an average grade of 1.75 g/t Au.

- Subsequent to the end of the year, the Company completed a Preliminary Economic Assessment of a staged development approach on the updated mineral resource for the Volta Grande Project which generated a post-tax Internal Rate of Return (“IRR”) of 16.1% at a gold price of US\$1300 per ounce (see Press Release issued February 20, 2014).

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issuance of shares from treasury to investors. These stock issuances depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a positive track record for the Company and the experience of management.

The Company’s financial statements have been prepared in accordance with IFRS applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

Outlook

Belo Sun’s principal focus is the Volta Grande Gold Project. The Volta Grande Gold Project has a National Instrument 43-101 compliant estimated measured mineral resource of 2,999,000 ounces of gold (55.4 million tonnes grading 1.68 grams per tonne gold) and indicated mineral resource of 2,085,000 ounces of gold (38.4 million tonnes grading 1.69 grams per tonne gold) for a total measured and indicated mineral resource of 5,084,000 ounces of gold, and an estimated inferred mineral resource of 2,565,000 ounces of gold (45.5 million tonnes grading 1.75 grams per tonne gold) based on 0.50-gram-per-tonne-gold cut off (see the Press Release October 3, 2013).

Belo Sun completed 74 drill holes (15,145 metres) at the Volta Grande Gold Project during 2013. From April 2010 to December 2013 the Company completed 767 drill holes (203,235 metres).

Belo Sun completed a preliminary feasibility study for the Volta Grande Gold Project, which was released on May 6, 2013 (see the Press Release issued May 6, 2013). A Preliminary Economic Assessment (“PEA”) was completed on February 20, 2014 (see Press Release issued February 20, 2014) which has taken a new staged development approach to the project. Accordingly, the preliminary feasibility study is no longer considered to be current. The results of this PEA are discussed below. In this context, Belo Sun is planning the programs set out for the Volta Grande Project as follows:

- Regional exploration programs (including regional permits) to follow up high resolution airborne geophysical surveys (magnetic and electromagnetic) completed in 2012.
- Continued metallurgical testwork on the Ouro Verde and Grota Sêca deposits was completed in Q4 of 2013.
- Continued permitting activities and exploring project financing options.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
	2013	2013	2013	2013	2012	2012	2012	2012
Net (loss)	(\$4,745,211)	(\$8,259,403)	(\$8,166,717)	(\$11,360,487)	(\$8,460,407)	(\$12,931,632)	(\$16,823,928)	(\$10,191,667)
Net (loss) per share	(\$0.02)	(\$0.03)	(\$0.03)	(\$0.04)	(\$0.03)	(\$0.06)	(\$0.07)	(\$0.05)
Working Capital*	\$12,410,902	\$16,619,491	\$22,598,930	\$30,386,056	\$42,003,938	\$3,594,574	\$16,223,478	\$33,517,505
Total Assets	\$20,579,101	\$26,995,268	\$33,189,599	\$43,188,647	\$53,781,289	\$15,322,537	\$29,380,281	\$38,272,507
Total Non-current Liabilities	\$0	\$0	\$0	\$5,344	\$17,404	\$22,532	\$28,622	\$7,091

Factors Affecting Comparability of Quarters

Results of operations can vary significantly as a result of a number of factors. The Company's level of activity and expenditures during a specific quarter are influenced by a number of factors, including the level of working capital, the availability of external financing, the time required to gather, analyze and report on geological data related to its properties and the nature of activity, and the number of personnel required to advance each individual project.

In addition, the granting of stock options in a particular quarter gives rise to stock-based compensation expense. In the fourth quarter of 2013, the Company recorded stock-based compensation expense of \$Nil (Q3 – \$2,175,000; Q2-2013 – \$186,000; Q1-2013 – \$65,000, Q4-2012 – \$363,000, Q3-2012 – \$184,050, Q2-2012 – \$3,876,200, Q1-2012 – \$2,741,300). Exploration expenditures during quarters vary and can cause earnings to fluctuate. In the fourth quarter of 2013, the Company recorded exploration and evaluation expenses (including engineering studies) of \$2,684,382 (Q3 – \$4,737,009; Q2-2013 – \$6,173,255; Q1-2013 – \$8,068,455, Q4-2012 – \$6,648,823, Q3-2012 – \$12,039,843, Q2-2012 – \$9,750,813, Q1-2012 – \$7,365,317). During 2013, the Company completed 15,145 metres of drilling, completed work on its prefeasibility study, worked on its Preliminary Economic Assessment, and continued work on its definitive feasibility study. During 2012, the Company incurred costs from its extensive drilling program of 98,514 metres, as well as costs in relation to prefeasibility and geophysical studies.

Also contributing to fluctuating quarterly net (losses) are changes in foreign exchange rates. The Company holds a large portion of its monetary assets and liabilities in Brazil and therefore changes in the rate of exchange between the Brazilian Real, United States dollar and the Canadian dollar result in reported gains and losses on foreign currency fluctuations.

Results of Operations – Financial

The following is a discussion of the results of operations of the Company for the three and twelve months ended December 31, 2013. This should be read in conjunction with the Company's annual consolidated financial statements for the twelve months ended December 31, 2013 and related notes.

For the quarters ended:

	Three Months ended December 31,	
	2013	2012
Net loss	\$ 4,745,211	\$ 8,460,407
Interest income	(145,284)	(212,062)
Management fees to directors	125,621	94,496
Salaries, wages and consulting fees	762,784	550,778
Professional fees	38,112	151,940
General and administration	1,035,765	531,692
Amortization	76,497	97,032
Share-based payments	-	363,000
Exploration and evaluation expenses	1,458,305	5,644,087
Engineering studies	1,226,077	1,004,736
Loss/(gain) on foreign exchange	167,021	11,487
Loss on derivative liability	391	223,985
(Gain) on sale of assets	(78)	(764)

For the three months ended December 31, 2013, the Company recorded a net loss of \$4,745,211 (\$0.02 per share) compared to a net loss of \$8,460,407 (\$0.04 per share) for the three months ended December 31, 2012.

Salaries, wages and consulting fees were higher by \$212,000 in Q4-2013 compared to Q4-2012 as a result of a larger management team and new consultants.

General and administration costs increased in Q4-2013 compared to Q4-2012 primarily as a result of the expensing of tax advances, and higher legal and software costs in Brazil which were offset by lower travel costs incurred by the corporate head office. Legal costs in Brazil related to the appeals and delays in the environmental licensing process.

Exploration and evaluation expenses, including engineering studies, were \$2,684,382 for the three months ended December 31, 2013 compared to \$6,648,823 for the three months ended December 31, 2012, a decrease of \$3,964,441. In Q4-2013, the Company worked on its preliminary economic assessment. There was no drilling in Q4-2013 compared to drilling of 14,388 metres in Q4-2012.

Interest income decreased by \$66,788 for the three months ended December 31, 2013 compared to the three months ended December 31, 2012. Lower cash balances held during Q4-2013 compared to Q4-2012 resulted in reduced interest income.

Share-based payments were \$nil for the three months ended December 31, 2013 as the Company did not issue stock options during this period. During Q4-2012, 300,000 stock options were granted to consultants of the Company resulting in \$363,000 in share-based payments expense for the comparable quarter. All options vested immediately for both periods.

The Company also recognized a foreign exchange loss of \$167,021 during Q4-2013 (Q4-2012 – \$11,487). The US dollar strengthened throughout the current quarter compared to the Brazilian Reais, and the Company carried significant monetary assets in Brazilian Reais during Q4-2013 resulting in this loss.

During the three months ended December 31, 2013, the Company spent \$4,798,945 on operations, paid lease obligations of \$4,833, purchased capital assets of \$12,031 and paid a liability related to the acquisition of land of \$1,206,080. During the three months ended December 31, 2012, the Company spent \$8,471,125 on operations, raised \$47,033,357 in net proceeds from a bought deal financing raised \$232,460 from the exercise of options, paid lease obligations of \$10,369, reinvested its term deposit for cash of \$513,534 which was redeemed during the third quarter, and incurred \$324,386 in capital asset expenditures.

For the twelve months ended:

	Twelve months ended December 31,	
	2013	2012
Net loss	\$ 32,531,818	\$ 48,407,634
Interest income	(782,225)	(1,137,926)
Management fees to directors	702,688	559,803
Salaries, wages and consulting fees	4,603,620	2,933,486
Professional fees	125,439	215,680
General and administration	2,646,002	2,218,312
Amortization	379,692	256,082
Share-based payments	2,426,000	7,164,550
Exploration and evaluation expenses	11,648,898	29,694,408
Engineering studies	10,014,203	6,110,388
Loss on foreign exchange	811,851	169,998
(Gain) on derivative liability	(32,124)	223,985
(Gain) on sale of assets	(12,226)	(1,132)

For the twelve months ended December 31, 2013, the Company recorded a net loss of \$32,531,818 (\$0.12 per share) compared to a net loss of \$48,407,634 (\$0.21 per share) for the twelve months ended December 31, 2012.

Salaries, wages and consulting fees and management fees to directors increased by \$1,813,019 in 2013 compared to 2012 as a result of a larger management team and more consultants, some of which were hired during the latter portion of 2012. Overall, bonuses were higher in 2013 compared to 2012 also as a result of the increased headcount.

Exploration and evaluation expenses, including engineering studies, were \$21,663,101 for the twelve months ended December 31, 2013 compared to \$35,804,796 for the twelve months ended December 31, 2012, a decrease of \$14,141,695. In 2013, the Company completed its preliminary feasibility study, continued actively exploring its Volta Grande Gold Project completing approximately 74 drill holes (15,145 metres) and working on environmental technical studies, began work on a preliminary economic assessment and continued its work on a definitive feasibility study. During 2012, the Company had drilled approximately 347 drill holes (98,514 metres) resulting in the higher cost for this period.

Interest income was \$782,225 for the twelve months ended December 31, 2013 compared to \$1,137,926 for the twelve months ended December 31, 2012. Lower average cash balances for the year and lower interest rates earned in Brazil during 2013 compared to 2012 resulted in lower interest income.

Share-based payments were \$2,426,000 for the twelve months ended December 31, 2013 in relation to the 4,000,000 stock options granted to directors, officers, employees and consultants of the Company. During 2012, 8,745,000 stock options were granted resulting in \$7,164,550 in share-based payments expense for the comparable period.

The Company recorded a gain on derivative liability of \$32,124 related to change in the market value of the shares due in relation to a property acquisition. The liability was paid in cash in February 2013. The Company realized a total loss for the transaction of \$191,861, of which \$223,985 was recognized as an unrealized loss in 2012.

The Company also recognized a foreign exchange loss of \$811,851 during 2013 (2012 – \$169,998) as a result of fluctuations in the exchange rate between the US dollar and the Brazilian Reals.

During the twelve months ended December 31, 2013, the Company spent \$30,063,834 on operations, raised \$72,000 from the exercise of options, paid lease obligations of \$26,046, purchased capital assets of \$203,690 and paid a liability related to the acquisition of land of \$2,391,743. During the twelve months ended December 31, 2012, the Company spent \$40,271,719 on operations, raised \$47,033,357 net of issue costs from a bought deal financing, raised \$11,260,984 from the exercise of warrants and options, paid lease obligations of \$67,623, and incurred \$3,283,980 in capital asset expenditures, net of accrued liabilities related to the acquisition of land.

Liquidity and Capital Resources

Given the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the development of a property that leads to the production of gold. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine.

The Company currently has negative operating cash flow and finances its mineral exploration activities through equity financing. The Company's financial success will be dependent on the economic viability of its mineral exploration properties and the extent to which it can establish economic reserves and operations.

The Company had working capital of \$12,410,902 as at December 31, 2013 (December 31, 2012 - \$42,003,938) including cash and cash equivalents of \$13,197,670 (December 31, 2012 - \$45,977,241). None of the cash equivalents are invested in asset-backed securities.

The Company is currently focusing its efforts on the Volta Grande Gold Project.

Long Term Investment

The Company is carrying a term deposit with Banco do Brasil to fund potential amounts owing to Companhia de Pesquisa de Recursos Minerais ("CPRM"). As at December 31, 2013, the balance of this deposit was 1,149,072 Reals (\$517,427). There has been no production at Volta Grande thus no royalties payable and no amounts were withdrawn by the CPRM.

Currency Risk

The Company operates internationally and is exposed to foreign exchange risk as certain expenditures are denominated in non-Canadian dollar currencies. Foreign exchange risk is predominantly due to the United States dollars and Brazilian Real.

A strengthening of \$0.01 in the United States dollar against the Brazilian Reals would have decreased net income by approximately \$47,000 for the twelve months ended December 31, 2013 (December 31,

2012 - \$121,000). A strengthening of \$0.01 in the Canadian dollar against the United States dollar would have decreased other comprehensive income by approximately \$20,000 for the twelve months ended December 31, 2013 (December 31, 2012 - \$59,000). At December 31, 2013, one Canadian dollar was equal to 0.9402 United States dollars (December 31, 2012 – 1.0051) and one Canadian dollar was equal to 2.2207 Brazilian Reais (December 31, 2012 – 2.0580).

As at December 31, 2013 the monetary balances in non-Canadian dollar currencies are as follows:

	Brazilian Reais	United States Dollar
Cash	\$ 5,013,347	\$ 969
Accounts receivable and prepaid expenses	53,504	-
Long term investment	1,149,072	-
Accounts payable	(1,509,147)	(3,333)
Lease payable	(21,225)	-
	\$ 4,685,551	\$ (2,364)

Capital Risk Management

The Company includes cash and equity, comprised of issued common shares, share-based payment reserve 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 and exploration 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 properties are in the exploration stage and, accordingly, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise the additional funds 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 twelve months ended December 31, 2013 and 2012. The Company is not subject to externally imposed capital requirements.

Commitments

Management Contract Commitments

The Company is party to certain management contracts. These contracts require that additional payments of up to \$7,470,000 be made upon the occurrence of certain events such as a change of control. Minimum commitments remaining under these contracts were approximately \$866,000, all due within one year.

Environmental Commitments

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.

The only capital resource of the Company is the plant and equipment at \$6,584,995 (net book value).

Results of Operation - Exploration

VOLTA GRANDE PROPERTY

Volta Grande, the Company's primary focus, is an advanced-stage exploration project located in Para State, Brazil where a measured and indicated and inferred gold resource has been delineated by the Company. The mineral resource is comprised of 5,084,000 measured and indicated ounces of gold (93.8 million tonnes grading 1.68 g/t Au) and 2,565,000 inferred ounces of gold (45.5 million tonnes grading 1.75 g/t Au) using a 0.50 g/t Au cut-off (see the Press Release October 3, 2013).

Agreement

In 2005, the Company signed an agreement modifying the terms of the acquisition of a 100 percent interest in the Volta Grande Gold Property located in the Para State, approximately 60 kilometres southwest of the city of Altamira in northern Brazil (the "Volta Grande Property"). Under the original terms of the contract signed in 2004, the Company was to pay US\$3 million over four years. Under the modified agreement the Company agreed to pay to the Vendor a total of US\$600,000 which was paid in 2006. The transfer of title to the Volta Grande Property occurred following the arrangements with CPRM, whereby the Company has committed to pay CPRM 3,740,000 Reais if a mineable deposit is defined on the Volta Grande Property. Payments would begin two years following production and could be paid over ten years on a quarterly basis. As security, the Company had 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 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 resulting in no royalties payable and no amounts were withdrawn by the CPRM.

Background

The 100% owned Volta Grande Gold Project is located approximately 60 kilometres southwest of the town of Altamira (pop. 100,000) in the northern region of Para State. The geological setting (*Tres Palmeiras greenstone belt*) at the project areas is part of the same sequences present in the Carajas "World Class" mineral province.

Gold mineralization was identified at numerous sites in the 1990s by past operators TVX Gold Inc. (now part of Kinross Gold Corporation) and Battle Mountain Exploration (now part of Newmont Mining Corporation). Historical drilling by these companies included more than 27,000 metres of combined core, auger, and reverse circulation drilling and several thousand channel and soil samples. Preliminary

metallurgical work indicated that Volta Grande mineralization is amenable to conventional milling and cyanidation process methods, with gold recoveries of up to 95% in bottle roll tests.

The shear-hosted mineral resource at Volta Grande is contained in three main areas (Ouro Verde and Grota Sêca at the North Block and the South Block), all of which have development in the form of artisanal workings into them. Within these areas, there are numerous narrow zones of high-grade gold mineralization, with potential for expansion along strike and at depth. There is also potential for the discovery of additional mineralized zones within the large alteration envelope in the host intrusive which has been traced for more than three kilometres along strike. Two types of gold mineralization are present: primary gold in intrusive rocks and secondary gold in an extensive saprolitic zone overlying the primary mineralization.

Roscoe Postle Associates Inc (“RPA”) (formerly Scott Wilson Roscoe Postle Associates Inc.) reported that “there is potential for high grade shoots that may extend to depths of at least 200 metres or 300 metres below the surface, based on analogy with other Precambrian shear zone hosted gold deposits in Brazil.” The property has been mined historically by garimpeiros (artisanal miners) for several decades using both open pit and underground mining methods with several shafts of 80 to 200 metres along high-grade veins. Grab samples from these shafts have assayed as high as 474.9 g/t Au.

Preliminary Economic Assessment

Subsequent to the end of the year, the Company completed a PEA of a staged development approach based on the updated mineral resource (see Press Release dated October 3, 2013) for its 100%-owned Volta Grande gold project in Para State, Brazil. The study of this approach is a response to the current financial environment for large capital gold projects and mitigates against some of the start-up risks of large tonnage projects.

The scientific and technical information pertaining to the Project has been reviewed and approved by the following Qualified Persons under NI 43-101: Dr. Jean-Francois Couture, PGeo and Dr. Oy Leuangthong, P.Eng (Mineral Resource), of SRK Consulting (Canada) Inc., Gordon Zurowski, P.Eng (Mining and Author Technical Report), and Lyn Jones P. Eng (Metallurgy and Process), of AGP Mining Consultants Inc, each of whom are independent of Belo Sun. See “Cautionary Statement Regarding Forward Looking Information”.

The PEA contemplates the construction of a 3.0 million tonne/year processing facility for the first seven years of production and an expansion of the facility to a nominal 6.0 million tonne/year processing facility from Year 9 to the end of mine life. Higher grade material will be processed in the initial years of mine life with lower grade material stockpiled to expedite the project payback.

For the PEA, Belo Sun used the October 2013 mineral resource estimate. Mineral resources that are not mineral reserves do not have demonstrated economic viability. External mining dilution is calculated at 12.3% at zero grade. The diluted life of mine mill feed grade will average 1.14 g/t gold with an average cutoff of 0.48 g/t gold. Based on current metallurgical testing, the average gold recovery is expected to be 92.8% overall for the life of mine. The ultimate pit design was based on an optimised pit shell using a US\$1020/oz gold price. Internal phases were designed within that ultimate shell. For the purposes of the PEA, only measured and indicated resources from Ouro Verde and Grota Seca were included in the PEA mine design.

Preliminary Economic Assessment			
Project Data	Units	Years 1-6	L.O.M
Life of Mine	Years		21
Average Annual Mining Rate	Mtpa	24.8	27.3
Annual Mill Throughput	Mtpa	3.0	4.9
Metallurgical Recovery	%	94.1%	92.8%
Average Annual Gold Production	oz recovered	147,900	167,309
Average Waste to Mill Feed Strip Ratio	Waste:Feed	6.32	4.30
Average Waste to Mill Feed Strip Ratio	Waste:(Feed+Stockpile)	3.31	4.30
Average Feed Grade (diluted)	grams/tonne	1.66	1.14
Mine Operating Costs			
<i>Per Feed Tonne</i>			
Mining	US\$/tonne feed	19.27	13.25
Process	US\$/tonne feed	9.13	8.64
General and Administration	US\$/tonne feed	3.49	2.22
Total Operating Cost	US\$/tonne feed	31.89	24.11
Total Operating Cost including Royalties	US\$/tonne feed	32.53	24.55
<i>Per Gold Ounce</i>			
Mining	US\$/oz gold recovered	383	373
Process	US\$/oz gold recovered	182	279
General and Administration	US\$/oz gold recovered	69	63
Total Operating Cost	US\$/oz gold recovered	634	715
Total Operating Cost including Royalties	US\$/oz gold recovered	647	727
CAPITAL COST (including tax)		Pre-Production	LOM
Initial CAPEX	US\$ ('000's)	328.7	
Sustaining CAPEX	US\$ ('000's)		104.8
Expansion CAPEX	US\$ ('000's)		203.6

The mine design, mining costs and mining fleet requirements for the project were prepared by AGP Mining Consultants Inc. The PEA contemplates conventional open pit mining utilizing owner operated trucks and loaders to provide the initial 3.0 million tonnes per year of mill feed. Backhoe support is provided in each of the pits for assistance in grade control. Plant throughput will ramp up from 3.0 million tonnes to 6.0 million tonnes per year starting in Year 8 and reaching full production in Year 9. The ramp up coincides with planned mining equipment replacement. The mine is designed as a two pit operation with multiple phases in each pit mined over 21 years, plus a year of pre-production.

The average waste to mill feed strip ratio for the life of the mine is estimated to be 4.3:1. Bench heights of 10 meters will be mined initially using 14.5 m³ loaders with 97 tonne haul trucks. This provides the greatest flexibility for grade control in the pit and flexibility of operations while maintaining reasonable operating costs and production capability. When the plant throughput increases, the fleet size will also be increased so production can be maintained in a cost effective manner while not sacrificing grade control. The smaller 97 tonne trucks will be replaced with larger trucks carrying 134 tonnes of material. The smaller loaders will be replaced with 19 m³ loaders and 22 m³ shovels. At both production levels, grade control support will be provided with backhoes and reverse circulation drilling.

Mill feed grade has been increased in the initial years using an elevated cutoff to assist with project payback. The lower grade material will be stockpiled near the primary crushing plant and fed to the plant in the later years of the project. Waste rock will be hauled to dedicated waste management facilities adjacent to the open pits. Saprolite feed material will be stockpiled and up to 10% will be fed to the plant annually.

Metallurgy

Based on recent test work completed at SGS Chile, the run-of-mine feed material from the Ouro Verde and Grota Seca open pits feed material is amenable to conventional crush, grind, gravity concentration, CIP / CIL flow sheet. Test work results indicate that 40% to 50% of the gold is expected to be recovered in a gravity concentrate. Overall gold recovery is estimated between 92% and 94% depending on the head grade.

Other test work completed at SGS Chile included Bond work indices, JK drop weight and SMC tests. These results were used to model the Volta Grande grinding circuit and have confirmed that the feed material is amenable to a SAG / ball mill grinding configuration.

Infrastructure

Access to site will be via an existing 60 kilometer upgraded gravel road. Power for the project will originate from Belo Monte's Pimental distribution station requiring the construction of a 20 kilometer 230 kV high tension power line. Water sufficient to meet mining needs is readily available at the Project site. In addition to the mine and process facilities, a camp will be established at the project site to house workers on a shift rotation basis. Provision will be made for the storage of critical supplies on site.

Pre Production Costs	Capital Cost (US\$ millions)
Open Pit	\$12.6
Processing	\$114.4
Infrastructure	\$76.0
Indirects, Contingency, Owners Costs	\$97.3
Subtotal	\$300.3
Tax	\$28.4
Total	\$328.7

Post Tax Evaluation	Units	Base Case	Sensitivity
Gold Price	US\$ Ounce	1,300	1,450
NPV 0%	US\$ Million	1,062	1,472
NPV 5%	US\$ Million	418	637
IRR	%	16.1	21.1
Payback	years	4.2	3.3

The Company will continue working on the following opportunities to optimise the project further:

- Further optimization of the mine plan in regards to pit sequencing and waste management facilities;
- Further optimization of the staged approach.
- Continued permitting activities and sourcing of project financing.

Drill Program and Assay Highlights

Belo Sun has completed 767 drill holes at the Volta Grande Gold Project since April 2010. The drilling program was designed to upgrade the mineral resource designation in support of a planned feasibility study and to expand the existing mineral resource estimate. The Company's updated mineral resource estimate released in April 2013 incorporates results from core boreholes to January 30, 2013. The

Company has released one more mineral resource update in October 2013 which will be used as the basis for the definitive feasibility study. The Company is continuing the drilling program to upgrade and expand further mineral resources. Drilling highlights from 2013 include:

Ouro Verde

- Hole VVGD-628 intersected 9.75 metres grading 2.80 g/t Au (from 338.95 m depth) and 6.30 metres grading 4.46 g/t Au (from 379.00 m depth). (See the Press Release dated January 28, 2013.)
- A significant down dip intercept in hole VVGD-640 with 11.0 metres grading 2.08 g/t Au (from 256 m depth). (See the Press Release dated July 24, 2013.)

Grota Sêca

- Hole VVGD-529 intersected 12.07 metres grading 11.08 g/t Au (from 59.4 m depth) including 4.85 metres grading 26.78 g/t Au (from 63.4 m depth). This intercept represents a new high grade mineralized zone which is located parallel to the main "Central" zone. (See the Press Release dated January 28, 2013.)
- Hole VVGD-567 intersected 13.34 metres grading 4.60 g/t Au (from 119.56 m depth). (See the Press Release dated January 28, 2013.)
- Hole VVGD-689 intersected 11.65 metres grading 1.91 g/t Au (from 182.60 m depth). (See the Press Release dated July 24, 2013.)

The South Block

- Hole VVGD-633 intersected 9.02 metres grading 5.68 g/t Au (from 168.03 metres) and 4.52 metres grading 15.47 g/t Au (from 201.18 metres). (See the Press Release dated January 28, 2013.)
- Hole VVGD-688 intersected 14.09 metres grading 6.32 g/t Au (from 295.56 metres). (See the Press Release dated July 24, 2013.)
- Hole VVGD-693 intersected 5.88 metres grading 8.02 g/t Au (from 118.62 metres). (See the Press Release dated July 24, 2013.)
- Hole VVGD-656 intersected 4.4 metres grading 11.99 g/t Au (from 26.65 metres). (See the Press Release dated July 24, 2013.)

The Company's mineral resources also include those in the South Block, described as follows:

- Inferred Pit Constrained Mineral Resources of 5,368,000 tonnes at an average grade of 2.73 g/t Au containing 471,000 ounces of gold which are present in three different deposits named Pequi, Grande and Itata.
- Inferred Underground Mineral Resources of 408,000 tons at an average grade of 3.89 g/t Au containing 51,000 ounces of gold which are present in three different deposits named Pequi, Grande and Itata.

Measured and Indicated and Inferred Mineral Resource Estimate Increased at Volta Grande

Effective October 1, 2013, the Company released an updated mineral resource estimate based on results from all holes completed at the Volta Grande Project to date. The results were independently audited by SRK Consulting (Canada). Highlights from this release include:

- An increase of 981,000 ounces of gold in the measured and indicated mineral resources category compared with the December 2012 update.

The revised mineral resource estimate for the Volta Grande Gold Project is outlined in the table.

Volta Grande Resources Estimate

		MEASURED	INDICATED	MEASURED AND INDICATED	INFERRED
Ouro Verde Pit Constrained	Tonnes ('000's)	24,036	20,087	44,123	22,602
	Grade (g/t Au)	1.78	1.61	1.70	1.48
	Ounces @ 0.5 g/t cut-off ('000's)	1,379	1,037	2,416	1,079
Grotta Seca Pit Constrained	Tonnes ('000's)	31,384	15,671	47,055	18,265
	Grade (g/t Au)	1.61	1.56	1.59	1.59
	Ounces @ 0.5 g/t cut-off ('000's)	1,620	788	2,408	932
South Block Pit Constrained	Tonnes ('000's)	-	2,503	2,503	2,921
	Grade (g/t Au)	-	3.06	3.06	3.94
	Ounces @ 0.5 g/t cut-off ('000's)	-	246	246	370
Total Pit Constrained (0.5 g/t Au cut-off)	Tonnes ('000's)	55,420	38,261	93,682	43,788
	Grade (g/t Au)	1.68	1.68	1.68	1.69
	Ounces ('000's)	2,999	2,072	5,070	2,381
Ouro Verde Underground	Tonnes ('000's)	-	64	64	831
	Grade (g/t Au)	-	2.66	3.88	3.13
	Ounces @ 0.2 g/t cut-off ('000's)	-	5	5	84
Grotta Seca Underground	Tonnes ('000's)	-	53	53	695
	Grade (g/t Au)	-	2.88	3.03	3.38
	Ounces @ 0.2 g/t cut-off ('000's)	-	5	5	75
South Block Underground	Tonnes ('000's)	-	24	24	193
	Grade (g/t Au)	-	4.24	4.24	4.05
	Ounces @ 0.2 g/t cut-off ('000's)	-	3	3	25
Total Underground (2.0 g/t Au cut-off)	Tonnes ('000's)	-	140	140	1,719
	Grade (g/t Au)	-	3.01	3.01	3.33
	Ounces ('000's)	-	14	14	184
TOTAL	Tonnes ('000's)	55,420	38,402	93,822	45,507
	Grade (g/t Au)	1.68	1.69	1.69	1.75
	Ounces ('000's)	2,999	2,085	5,084	2,565

Notes:

(1) The 0.5 g/t Au open pit cut off grade and 0.2 g/t Au underground mineral resources cut off grade underlying the resource estimates are based on a number of parameters and assumptions including gold price of US\$1,400 per troy ounce, metallurgical gold recovery of 94% for unweathered and weathered rock, open pit mining costs of US\$1.41/tonne, process costs of US\$11.98/tonne, general & administrative costs of US\$2.89/tonne and selling costs (refining, transport, insurance and environment) of US\$ 13.82 per troy ounce.

(2) The quantity and grade of reported inferred mineral resources in this estimation are uncertain in nature and there has been insufficient exploration to define the inferred mineral resources as Indicated or Measured mineral resources and it is uncertain if further exploration will result in upgrading them to indicated or measured mineral resource categories.

(3) The mineral resources have been classified according to the Canadian Institute of Mining, Metallurgy and Petroleum Standards for Mineral Resources and Reserves (November 2010). The effective date of this mineral resource estimate is October 1, 2013.

(4) The audited mineral resource statement was prepared by SRK Consulting (Canada) Inc. SRK Consulting (Canada) Inc. is not aware of any legal, political, environmental or other risks that could materially affect the potential development of the mineral resources.

Mineral resource estimate parameters

The database consists of a total of 36,561 metres of diamond drilling obtained from previously reported drilling and from 199,340 metres of drilling completed and assayed by Belo Sun since April 2010, for the Ouro Verde, Grota Sêca and South Block deposits.

The mineralized zones at the Ouro Verde deposit extend for about 2,400 m along strike. Eight gold mineralization domains were modeled in fresh rock, and one saprolite domain was modeled. The gold mineralization thickness ranges from 2 to 60 metres. The maximum allowed internal dilution is approximately 3 metres.

The mineralized zones at the Grota Sêca deposit extend 2,900 m along strike. Seven gold mineralization domains were modeled in fresh rock, and one saprolite domain was modeled. The gold mineralization thickness ranges from 2 to 70 metres. The maximum allowed internal dilution is approximately 3 metres.

The mineralized zones at the South Block deposits extend discontinuously for about 1,900 m along strike. Three gold mineralization domains were modeled in fresh rock, and one saprolite domain was modeled. The gold mineralization thickness ranges from 2 to 16 metres. The maximum allowed internal dilution is approximately 3 metres.

The grade estimation was done using ordinary kriging interpolation using 1.0 m composites. All estimations are based on a percent block model with unitary dimension of 12.5 m E, 5 m N and 10 m elevation rotated -17° clockwise in the Ouro Verde and Grota Sêca deposits and rotated -25° clockwise in the South Block. Measured mineral resources include all mineralized blocks within one time of the variogram range and estimated with minimum of 3 drill holes and minimum of 3 octants. Indicated mineral resources include all mineralized blocks within one time of the variogram range and estimated with minimum of 2 drill holes using an elliptical search. Inferred mineral resources include all mineralized blocks within two times of the variogram range and estimated with minimum of 2 drill holes including the isolated areas and the blocks that were estimated in the passes one and two (M&I) that not comprised the criteria of these two categories.

Calculations of the average grades of the mineralized zones are based on original samples top cut to a value that ranged from 9 - 40 g/t Au depending on the mineralized domain.

Tonnage estimates are based on rock specific gravity of 2.75 tonnes per cubic metre for the Grota Sêca and Ouro Verde deposits and 2.77 for the South Block, and 1.36 tonnes per cubic metre for saprolite.

Purchase of Volta Grande Surface Rights

In May 2012, the Company acquired surface rights for an area covering 1,734 hectares, which was comprised of three distinct properties – *Fazenda Galo de Ouro* covering 824.8 hectares, *Fazenda Ouro Verde* covering 503.6 hectares and *Fazenda Ressaca* covering 405.9 hectares. The Company has also purchased all structures and other facilities located on the properties. The surface area acquired includes the entire known Volta Grande deposits of Ouro Verde and Grota Sêca as well as potential sites for certain of the mining and process facilities that will be required for the future operation of the property. The total consideration agreed to be paid for the acquisition is R\$8.2 Million in cash (approximately \$4.1 Million Canadian Dollars) and the issuance of 281,217 common shares of Belo Sun (or the cash equivalent). The Company paid 50% of the purchase price upon signing the definitive agreement, and the balance is to be paid once the vendors complete the demobilization of all artisanal mining activities on these properties. In February 2013, the Company made a cash payment of R\$869,018 (\$437,985) which was the fair market value of the 281,217 common shares of the Company at the time of payment. The Company made further payments throughout 2013 of R\$4,100,000 (\$1,953,758) to clear this liability.

Environmental licensing

In December 2013, the Environmental Council of Para State, Brazil (COEMA) approved the Environmental Impact Assessment (“EIA”) for Belo Sun’s Volta Grande Project (see press release dated November 18, 2013). The approval of the Environmental Impact Assessment and receipt of the Preliminary License (LP) is a key milestone in the advancement of the project towards construction phase.

The approval of the EIA will allow Belo Sun to further advance the permitting process for the mine construction and other related authorizations from the Para State authorities.

Off Balance Sheet Arrangements

The Company is not committed to any off-balance sheet arrangements.

Related Party Transactions

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.

	Purchases of goods/services	
	Year ended	
	December 31,	
	2013	2012
2227929 Ontario Inc.	\$ 538,700	\$ 446,825
Forbes & Manhattan, Inc.	313,000	315,000
Falcon Metais Ltda.	159,890	339,584

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 fee. 2227929 Ontario Inc. does not have any officers or directors in common with the Company.

Mr. Stan Bharti, a director of the Company, is the Executive Chairman of Forbes & Manhattan, Inc., a corporation that provides administrative and consulting services to the Company, including but not limited to strategic planning and business development. Forbes & Manhattan, Inc. charges a monthly consulting fee of \$25,000. During the twelve months ended December 31, 2013, the Company granted Mr. Bharti, through Forbes & Manhattan, Inc., a bonus of \$13,000.

Mr. Helio Diniz, Vice President of Exploration for the Company, is an officer of Falcon Metais Ltda., a company providing exploration and administration services to the Company in Brazil, including bookkeeping and secretarial services.

Mr. Michael Hoffman, Vice President of Engineering for the Company, is a director of Azul Ventures Inc.. During the twelve months ended December 31, 2013, the Company was reimbursed by Azul Ventures Inc. for \$nil (2012: \$2,093) in travel expenses incurred by Mr. Hoffman paid by the Company on his behalf.

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

	Amounts owed by related parties		Amounts owed to related parties	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
	2227929 Ontario Inc.	\$ -	\$ 90,000	\$ 11,661
Directors of the Company	-	-	-	53,280
Falcon Metais Ltda.	-	-	-	47,057

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:

	Year ended	
	December 31,	
	2013	2012
Short-term benefits	\$ 3,109,833	\$ 2,337,054
Share-based payments	1,288,760	4,249,500

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.

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

More detailed information regarding the compensation of officers and directors of the Company is disclosed in the management information circular. The management information circular is available under profile of the Company on Sedar at www.sedar.com.

Financial Instruments and Other Instruments

The carrying value of cash and cash equivalents, prepaid expenses, sundry receivable, accounts payable and finance leases approximate their fair values due to the short maturity of those instruments.

Outstanding Share Data

Authorized unlimited common shares without par value – 266,110,534 are issued and outstanding as at March 26, 2014.

There were no warrants outstanding as at March 26, 2014.

Stock options outstanding as at March 26, 2014:

Number of stock options outstanding	Exercise price	Expiry date
3,611,000	\$ 0.34	5-Mar-15
60,000	\$ 0.45	2-Jun-15
1,768,000	\$ 0.36	29-Jul-15
50,000	\$ 0.80	11-Nov-15
500,000	\$ 0.89	5-Dec-15
4,657,000	\$ 1.33	21-Apr-16
3,372,000	\$ 1.15	31-Jan-17
250,000	\$ 1.15	30-Apr-17
400,000	\$ 1.17	14-Jun-17
2,815,000	\$ 1.15	3-Jul-17
1,160,000	\$ 1.15	10-Jul-17
300,000	\$ 1.70	29-Nov-17
50,000	\$ 1.58	11-Jan-18
200,000	\$ 1.14	9-Apr-18
3,750,000	\$ 0.71	19-Aug-18
22,943,000		

Risks and Uncertainties

The operations of the Company are speculative due to the high-risk nature of its business, which are the acquisition, financing, exploration and development of mining properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company.

Nature of Mining, Mineral Exploration and Development Projects

Development projects have no operating history upon which to base estimates of future capital and operating costs. For development projects, resource estimates and estimates of operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of capital and operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the mineral deposit, expected recovery rates of minerals from ore, estimated operating costs, and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish measured, indicated and inferred mineral resources through drilling. Upon completion of a definitive feasibility study, with an accompanying economic analysis, proven and probable mineral reserves may be estimated. Because of these uncertainties, no assurance can be given that exploration programs will result in the expansion of mineral resources or the establishment of mineral reserves. There is no certainty that the expenditures made towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Mineral Resource Estimates May be Inaccurate

There are numerous uncertainties inherent in estimating Mineral Resources, including many factors beyond the control of the Corporation. Such estimates are a subjective process, and the accuracy of any Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in geological interpretation. These amounts are estimates only and the actual level of recovery of minerals from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices, market conditions and actual events could have a material adverse effect on the Corporation's mineral resource estimates, financial position and results of operations.

Uncertainty Relating to Mineral Resources

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty that may attach to mineral resources, there is no assurance that mineral resources will be upgraded to mineral reserves.

Licences and Permits, Laws and Regulations

The Corporation's exploration and development activities, including mine, mill and infrastructure facilities, require permits and approvals from various government authorities, and are subject to extensive federal, provincial and local laws and regulations governing prospecting, development, production, transportation, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent

and compliance can therefore become more time consuming and costly. In addition, the Corporation may be required to compensate those suffering loss or damage by reason of its activities. The Corporation will be required to obtain additional licences and permits from various governmental authorities to continue and expand its exploration and development activities. There can be no assurance that the Corporation will be able to maintain or obtain all necessary licences, permits and approvals that may be required to explore and develop its properties, commence construction or to operate its mining facilities.

The costs and potential delays associated with obtaining the necessary authorizations and licences and complying with these authorizations, licences and applicable laws and regulations could stop or materially delay or restrict the Corporation from proceeding with the development of the Volta Grande Gold Project. Any failure to comply with applicable laws, regulations, authorizations or licences, even if inadvertent, could result in interruption or termination of exploration, development or mining operations or logistics operations, or material fines, penalties or other liabilities which could have a material adverse effect on the Corporation's business, properties, results of operations, financial condition or prospects. The Corporation can make no assurance that it will be able to maintain or obtain all of the required mineral licences and authorizations on a timely basis, if at all. The Corporation only has exploration permits and the preliminary license which was granted on December 2, 2013 (see "*General Development of the Business – Financial Year Ended December 31, 2013.*"). There is no assurance that it will obtain the corresponding mining concessions, or that if they are granted, that the process will not be heavily contested and thus costly and time consuming to the Corporation. In addition, it may not obtain one or more licences. Any such failure may have a material adverse effect on the Corporation's business, results of operations and financial condition.

The Environmental Secretary Office of the State of Pará is the regulatory authority responsible for evaluating and determining the appropriateness of preliminary licences. As part of the standard application process the Environmental Secretary Office holds public hearings. There can be no assurances that the Environmental Secretary Office of the State of Pará will grant the a preliminary licence to the Corporation.

No Revenues

To date, the Corporation has not recorded any revenues from operations nor has the Corporation commenced commercial production on any property. There can be no assurance that significant losses will not occur in the near future or that the Corporation will be profitable in the future. The Corporation's operating expenses and capital expenditures may increase in relation to the engagement of consultants, personnel and equipment associated with the continued exploration and future development of the Corporation's properties. The Corporation expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Corporation's properties will continue to require the commitment of substantial resources. There can be no assurance that the Corporation will continue as a going concern, generate any revenues or achieve profitability.

Mineral Commodity Prices

The ability of the Corporation to fund its activities and, if it becomes a producing mineral company, the profitability of the Corporation's operations will depend upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Corporation. The level of interest rates, the rate of inflation, the world supply of mineral commodities, the stability of exchange rates and geopolitical concerns can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable,

thereby having a material adverse effect on the Corporation's business, financial condition and result of operations.

Liquidity Concerns and Future Financings

The Corporation will require significant capital and operating expenditures in connection with the development of the Volta Grande Gold Project. There can be no assurance that the Corporation will be successful in obtaining the required financing as and when needed. Volatile markets may make it difficult or impossible for the Corporation to obtain debt or equity financing on favourable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Corporation to postpone or slow down its development plans, forfeit rights in some or all of the Corporation's properties or reduce or terminate some or all of its activities. In the event that the Corporation completes an equity financing, such financing could be extremely dilutive to current shareholders who invested in the Corporation at higher share prices.

Foreign Exchange

Gold is sold in United States dollars thus the Corporation is subject to foreign exchange risks relating to the relative value of the Canadian dollar and the Brazilian Reais as compared to the United States dollar. To the extent that the Corporation generates revenues upon reaching the production stage on its properties, it will be subject to foreign exchange risks as revenues will be received in United States dollars while operating and capital costs will be incurred primarily in Canadian dollars and Brazilian Reais. A decline in the United States dollar would result in a decrease in the real value of the Corporation's revenues and adversely affect the Corporation's financial performance.

Environmental

The Company's activities are subject to extensive federal, provincial and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are more stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Furthermore, any failure to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

The current and future operations of the Corporation, including development and mining activities, are subject to extensive federal, state and local laws and regulations governing environmental protection, including protection and remediation of the environment and other matters. Activities at the Corporation's properties may give rise to environmental damage and create liability for the Corporation for any such damage or any violation of applicable environmental laws. To the extent the Corporation is subject to environmental liabilities, the payment of such liabilities or the costs that the Corporation may incur to remedy environmental pollution would reduce otherwise available funds and could have a material adverse effect the Corporation. If the Corporation is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect. The Corporation intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards.

Many of the local, state and federal environmental laws and regulations require the Corporation to obtain licences for its activities. The Corporation must update and review its licences from time to time, and is subject to environmental impact analyses and public review processes prior to approval of new activities. In particular, the Corporation's mineral project is located in the Volta Grande do Xingu region,

in the surroundings of the area where the Belo Monte hydroelectric plant is being constructed, at Xingu River, which is one of the Amazon's most important rivers. Due to the existence of communities of indigenous peoples and the region's biodiversity, the environmental licensing process of the Belo Monte dam has attracted a great deal of attention from the local communities, non-governmental organizations, the Federal Public Prosecutor Office, the Brazilian Institute of Environment and Renewable Natural Resources, and other Brazilian and foreign institutions. Therefore, environmental licensing of the Volta Grande Gold Project and relations with local communities may be more challenging and time consuming and subject to greater scrutiny as compared to the environmental licensing process and community and social relations for other mineral projects conducted in Brazil. Belo Sun can make no assurance that it will be able to maintain or obtain all of the required environmental and social licences on a timely basis, if at all.

In addition, it is possible that future changes in applicable laws, regulations and authorizations or changes in enforcement or regulatory interpretation could have a significant impact on the Corporation's activities. Those risks include, but are not limited to, the risk that regulatory authorities may increase bonding requirements beyond the Corporation's or its subsidiaries' financial capabilities.

Title to Properties

The acquisition of title to resource properties is a very detailed and time-consuming process. The Corporation holds its interest in its properties indirectly through exploration permits and exploration applications. Title to, and the area of, the permits may be disputed or applications may lapse. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Corporation may have an interest, which, if successful, could result in the loss or reduction of the Corporation's interest in the properties. There are garimpeiros (informal miners) operating within the Corporation's property, and there may be issues and difficulties that could arise, including title disputes and the risk of the garimpeiros encroaching onto active areas of the Volta Grande Gold Project.

The Corporation may need to acquire title to additional surface rights and property interests to further exploration and development activities. There can be no assurances that the Corporation will be able to acquire such additional surface rights. To the extent additional surface rights are available, they may only be acquired at significantly increased prices, potentially adversely impacting financial performance of the Corporation.

Uninsured Risks

The Corporation maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks and, in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, fire and other natural disasters may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Common Shares.

Competition

The Corporation competes with many other mining companies that have substantially greater resources than the Corporation. Such competition may result in the Corporation being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund the Corporation's operations and develop its properties. The Corporation's inability to compete with other mining companies for these resources could have a material adverse effect on the Corporation's results of operations and business.

Dependence on Outside Parties

The Corporation has relied upon consultants, engineers and others and intends to rely on these parties for exploration, development and construction operations, and local expertise. Substantial expenditures are required to establish Mineral Resources and Mineral Reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Corporation.

Dependence on Key Personnel

Belo Sun is reliant on key personnel it has employed or engaged. Loss of such personnel may have a material adverse impact on the performance of the Corporation. In addition, the recruitment of qualified personnel is critical to the Corporation's success. As Belo Sun's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations.

Recruiting and retaining qualified personnel in the future is critical to the Corporation's success. As the Corporation develops its Volta Grande Gold Project toward commercial production, the need for skilled labour will increase. The number of persons skilled in the exploration and development of mining properties is limited and competition for this workforce is intense. The development of the Volta Grande Gold Project and other initiatives of the Corporation may be significantly delayed or otherwise adversely affected if the Corporation cannot recruit and retain qualified personnel as and when required.

Litigation

Belo Sun has entered into legal binding agreements with various third parties on a consulting and partnership basis. The rights and obligations that arise from such agreements is open to interpretation and Belo Sun may disagree with the position taken by the various other parties resulting in a dispute that could potentially initiate litigation and cause Belo Sun to incur legal costs in the future. Given the speculative and unpredictable nature of litigation, the outcome of any future disputes could have a material adverse effect on Belo Sun.

Availability of Reasonably Priced Raw Materials and Mining Equipment

The Company will require a variety of raw materials in its business as well as a wide variety of mining equipment. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Company's production and financial performance could be adversely affected.

Share Price Fluctuations

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Corporation's share price will not occur. During the 52 weeks ended March 26 2014, the Corporation's share price closed at a high of \$1.27 and a low of \$0.32.

Conflicts of Interest

Certain of the Corporation's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Corporation may participate, the directors of the Corporation may have a conflict of interest in negotiating and concluding terms respecting such participation.

Foreign Operations

At present, the operations of Belo Sun are located in Brazil. As a result, the operations of the Corporation are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties include, but are not limited to, currency exchange rates; price controls; import or export controls; currency remittance; high rates of inflation; labour unrest; renegotiation or nullification of existing permits, applications and contracts; tax disputes; changes in tax policies; restrictions on foreign exchange; changing political conditions; community relations; currency controls; and governmental regulations that may require the awarding of contracts of local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Changes, if any, in mining or investment policies or shifts in political attitudes in Brazil or other countries in which Belo Sun may conduct business, may adversely affect the operations of the Corporation. The Corporation may become subject to local political unrest or poor community relations that could have a debilitating impact on operations and, at its extreme, could result in damage and injury to personnel and site infrastructure.

Failure to comply with applicable laws and regulations may result in enforcement actions and include corrective measures requiring capital expenditures, installing of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Foreign mining tax regimes

Mining tax regimes in foreign jurisdictions are subject to differing interpretations and are subject to constant change. The Corporation's interpretation of taxation law as applied to its transactions and activities may not coincide with that of the tax authorities. As a result, transactions may be challenged by tax authorities and the Corporation's operations may be assessed, which could result in significant additional taxes, penalties and interest. In addition, proposed changes to mining tax regimes in foreign jurisdictions could result in significant additional taxes payable by the Corporation, which would have a negative impact on the financial results of the Corporation.

Disclosure Controls and Procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures. Management has designed such disclosure controls and procedures, or caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Chief Executive Officer and the Chief Financial Officer by others within those entities.

Internal Control Over Financial Reporting

Belo Sun's management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. Under their supervision, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions, acquisitions and dispositions of the assets of the Company;

- Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual or interim financial statements.

The CEO and CFO have certified that Internal Controls over Financial Reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission on Internal Control (COSO) Framework to design the Company's internal control over financial reporting. The Audit Committee of the Company has reviewed this MD&A and the consolidated financial statements for the twelve months ended December 31, 2013, and Belo Sun's Board of Directors approved these documents prior to their release.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that disclosure controls and procedures and internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Significant Accounting Policies

The Company's significant accounting policies can be found in Note 2 of its annual consolidated financial statements for the twelve months ended December 31, 2013.

New 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, 2013 or later periods. Updates that are not applicable or are not consequential to the Company have been excluded thereof.

IFRS 10, Consolidated Financial Statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard (i) requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements; (ii) defines the principle of control, and establishes control as the basis for consolidation; (iii) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and (iv) sets out the accounting requirements for the preparation of consolidated financial statements. IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation—Special Purpose Entities and is effective for annual periods beginning on or after January 1, 2013, with early application

permitted. The Company has re-assessed its control conclusions and determined that there were no changes in the consolidation status of any of its subsidiaries.

IFRS 11, Joint Arrangements, establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted. The Company currently has no joint ventures and therefore there is no impact of IFRS 11 to the Company's financial statements.

IFRS 12, Disclosure of Involvement with Other Entities, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted. The Company has determined that it is in compliance with IFRS 12 and there was no change to the financial presentation as a result of this change.

IFRS 13, Fair Value Measurement, defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 (Share-based Payments); leasing transactions within the scope of IAS (17 Leases); measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 (Inventories); or value in use in IAS 36 (Impairment of Assets). This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted. The Company has determined that it is in compliance with IFRS 13 and there was no impact of this change on the Company's financial statements.

IFRIC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine* was issued by the IFRIC in October 2011. IFRIC 20 applies to all types of natural resources that are extracted using the surface mining activity process. IFRIC 20 may represent a change in accounting practice for some Canadian mining entities. Specifically, IFRIC 20 permits capitalization of stripping costs if all of the following three criteria are met:

- probability of future economic benefit (improved access to the ore body) flowing to the entity;
- identifiability of the component of the ore body for which access has been improved; and
- measurability of the costs associated to the stripping activity.

Furthermore, where the costs of the stripping activity asset and of the inventory produced are not separately identifiable, IFRIC 20 provides a more detailed cost allocation guidance based on a relevant production measure that allows allocation between inventory produced and the stripping activity asset. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013. Early application is permitted. As the Company is not in a production phase, there is no impact to the Company's financial statements as a result of this change.

IAS 1, *Presentation of Financial Statements* ("IAS 1"), has been amended to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual

periods beginning on or after July 1, 2012 with earlier application permitted. The Company has determined that there is no impact of the amendments to IAS 1 on its financial statements.

Future Accounting Pronouncements

IFRS 9, Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2015, 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 financial statements for the period beginning January 1, 2015, and has not yet considered the potential impact of the adoption of IFRS 9.

Critical Accounting Estimates

The preparation of the Company's Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and impact estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of stock based compensation and the valuation of income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.