BELO SUN MINING

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended
March 31, 2022 and 2021
(unaudited)

(expressed in Canadian dollars)

Belo Sun Mining Corp.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

Belo Sun Mining Corp.
Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Notes	March 31, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents		$ 22,631,382	$ 23,964,791
Prepaid expenses and sundry receivables	3	373,581	309,438
Promissory notes receivable	6	3,995,063	3,932,695
		27,000,026	28,206,924
Non-current assets			
Long-term deposits	7	1,499,520	1,521,360
Property, plant and equipment	4, 7	17,994,113	18,240,915
Term investment	5	515,018	434,326
Total Assets		$ 47,008,677	$ 48,403,525
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities	8	$ 2,058,535	$ 1,830,236
Current portion of lease liabilities	9	17,873	15,163
		2,076,408	1,845,399
Long-term portion of lease liabilities	9	4,570	7,922
Total Liabilities		2,080,978	1,853,321
Equity			
Share capital	10	262,771,769	262,771,769
Share-based payments reserve	11	2,740,870	2,461,255
Contributed surplus	12	72,043	60,399
Accumulated other comprehensive income		395,388	627,294
Deficit		(221,052,371)	(219,370,513)
Total Equity		44,927,699	46,550,204
Total Liabilities and Equity		$ 47,008,677	$ 48,403,525
Commitments and contingencies	17		

"Carol Fries"
Director

"Mark Eaton"
Director

Belo Sun Mining Corp.
Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Notes	Three months ended March 31, 2022	2021
Expenses			
Salaries, wages and consulting fees	16	952,788	602,171
Accounting, audit and tax fees		36,494	24,745
Legal fees		46,442	64,100
General and administration		241,983	275,076
Depreciation	7	12,311	27,056
Share-based payments	11, 12	291,259	554,591
Exploration and evaluation expenses	4	280,462	295,758
Permitting costs		17,501	23,171
Foreign exchange (gain)		(59,454)	(43,464)
Loss from operations		(1,819,786)	(1,823,204)
Interest income		138,365	39,766
Interest expense		(437)	(688)
Net loss for the period		(1,681,858)	(1,784,126)
Other comprehensive income (loss)			
Items that may be reclassified to profit/loss:			
Exchange differences on translating foreign operations		(231,906)	(184,563)
Comprehensive loss for the period		$ (1,913,764)	$ (1,968,689)
Loss per share:			
Basic and diluted		$ (0.00)	$ (0.00)
Weighted average number of shares outstanding:			
Basic and diluted		455,055,248	455,055,248

Belo Sun Mining Corp.
Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	Three months ended March 31, 2022	2021
Cash provided by (used in) operations:			
Net (loss)		$ (1,681,858)	$ (1,784,126)
Items not involving cash:			
Share-based payments	11, 12	291,259	554,591
Depreciation	7	12,311	27,056
Interest income		(138,365)	(39,766)
Interest income received		126,816	37,802
Unrealized loss on foreign exchange		(142,807)	243,937
Working capital adjustments:			
Change in prepaid expenses and sundry receivables		(126,511)	10,106
Change in accounts payables and accrued liabilities		228,299	(342,136)
Net cash used in operating activities		(1,430,856)	(1,292,536)
Investing activities			
Expenditures on property, plant and equipment	4, 7	(15,291)	(228)
Net cash used in investing activities		(15,291)	(228)
Financing activities			
Payment of principal portion of lease liability	9	(4,365)	(4,166)
Net cash used in financing activities		(4,365)	(4,166)
Change in cash and cash equivalents		(1,450,512)	(1,296,930)
Cash and cash equivalents, beginning of the year		23,964,791	30,007,304
Effect of exchange rate on cash held		117,103	(198,799)
Cash and cash equivalents, end of the year		$ 22,631,382	$ 28,511,575
Cash and cash equivalents are comprised of:			
Cash in bank		$ 20,992,819	$ 26,576,056
Short-term money market instruments		1,638,563	1,935,519
		$ 22,631,382	$ 28,511,575

Belo Sun Mining Corp.
Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Contributed Surplus	Share-Based Payments Reserve	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2020	455,055,248	$ 262,771,769	$ (48,161)	$ 3,184,507	$ 686,385	$ (215,754,756)	$ 50,839,744
Share-based compensation	-	-	34,292	-	-	-	34,292
Other comprehensive loss	-	-	-	-	(184,563)	-	(184,563)
Stock option grant	-	-	-	520,299	-	-	520,299
Net loss	-	-	-	-	-	(1,784,126)	(1,784,126)
Balance, March 31, 2021	455,055,248	$ 262,771,769	$ (13,869)	$ 3,704,806	$ 501,822	$ (217,538,882)	$ 49,425,646
Balance, December 31, 2021	455,055,248	$ 262,771,769	$ 60,399	$ 2,461,255	$ 627,294	$ (219,370,513)	$ 46,550,204
Share-based compensation	-	-	11,644	279,615	-	-	291,259
Other comprehensive loss	-	-	-	-	(231,906)	-	(231,906)
Net loss	-	-	-	-	-	(1,681,858)	(1,681,858)
Balance, March 31, 2022	455,055,248	$ 262,771,769	$ 72,043	$ 2,740,870	$ 395,388	$ (221,052,371)	$ 44,927,699

1. Nature of operations

Belo Sun Mining Corp. ("Belo Sun" or the "Company"), through its subsidiaries, is a gold exploration and development company engaged in the exploration and development of properties located in Brazil. The Volta Grande Gold project moved to the development stage in 2017 (Note 4). The other project is in the exploration and evaluation stage. The Company is a publicly listed company incorporated in the Province of Ontario. The Company's shares are listed on the Toronto Stock Exchange and trade under the symbol "BSX". The Company's shares are also listing on the OTCQX best market and trade under the symbol "BSXGF". The Company's head office is located at 198 Davenport Road, Toronto, Ontario, Canada, M5R 1J2.

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

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

2. Significant accounting policies

a) Statement of compliance

These condensed consolidated interim financial statements of the Company and its subsidiaries have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These policies applied in these condensed interim consolidated financial statements are based on the International Financial Reporting Standards ("IFRS") issued and outstanding as at March 31, 2022. The policies set out in the Company's Annual Consolidated Financial Statements for the year ended December 31, 2021 were consistently applied to all the periods presented unless otherwise noted. The Board of Directors approved these condensed consolidated interim financial statements for issue on May 16, 2022.

b) Basis of preparation

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

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

2. Significant accounting policies (continued)

c) New and future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2023 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following amendments were adopted by the Company on January 1, 2022. The adoption of these amendments had no significant impact on the Company's financial statements.

IAS 16, Property, Plant and Equipment

The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use.

IFRS 9 – Financial Instruments

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

New accounting standards issued but not effective:

IAS 1 – Presentation of Financial Statements

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

2. Significant accounting policies (continued)

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

d) Principals of consolidation

(i) Subsidiaries

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

(ii) Transactions eliminated on consolidation

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

e) Significant accounting judgments, estimates and assumptions

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

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

2. Significant accounting policies (continued)

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

• Impairment of property, plant and equipment
Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations. When an indication of impairment loss or a reversal of impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

• Recognition of deferred tax assets
In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company reassesses unrecognized income tax assets at each reporting period.

• Title to land
In assessing the recognition of land acquired with deferred payment terms as an asset, management must make an assumption as to whether the title of the land has passed. Management has determined that the Company has obtained title to the land upon execution of the land purchase agreements as outlined within the agreements themselves.

• Share-based payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

• Assessment of the project stage for mineral properties and activities
In determining whether the Company is in the exploration and evaluation stage or the development stage, management must make an assessment as to whether the technical feasibility and commercial viability of extracting the mineral resource are demonstrable. Management assesses several considerations including technical studies performed by consultants and the status of licences to make this assessment. Effective February 2, 2017, management's judgement was that the Company has moved into the development stage on the Volta Grande project as the Company has received its construction licence and has awarded a contract for the first phase of Engineering, Procurement and Construction ("EPC"), despite the interim suspension of the licence (Note 4).

2. Significant accounting policies (continued)

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

• Valuation of promissory notes receivable
Estimating the fair value of the promissory notes receivable requires the use of assumptions, the most significant being the discount rate.

• Collectability of promissory notes receivable
Management makes an assessment of whether the promissory notes receivable are collectable for each recipient based on payment history and financial condition. These estimates are continuously evaluated and updated.

• Determination of functional currency
Under IFRS, each entity within the Company has its results measured using the currency of the primary economic environment in which the entity operates (the "functional" currency). Judgment is necessary in assessing each entity's functional currency. The Company considers the currency of expenses and outflows, as well as financing activities as part of its decision-making process.

• Contingencies
Refer to Note 17.

f) Presentation and functional currency

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

g) Foreign currency translation

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

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

(Expressed in Canadian dollars unless otherwise noted)

3. Prepaid expenses and sundry receivables

	March 31, 2022	December 31, 2021
Amounts receivables and other advances	$ 149,541	$ 120,846
Reimbursable court fees pending appeal	43,812	37,869
HST receivable	131,287	81,460
Prepaid insurance	48,941	69,263
	$ 373,581	$ 309,438

The Company has paid fees with respect to appeal proceedings which are expected to be reimbursed. The Company expects to be reimbursed the balance, R$166,458 ($43,812) (December 31, 2021: R$166,458 ($37,869)), upon successful judgment.

4. Mineral property development and exploration and development

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

The Volta Grande Gold Project comprises 4 mine concessions submitted, 3 applications for public tender, 11 exploration permits, and 63 exploration permit extensions submitted and to be submitted in 2019, covering a total area of 175,498 hectares; it is located in municipalities including Senador José Porfírio, Anapu, Vitória do Zingu and Pacajá, in the southern region of Pará State in northern Brazil. The Volta Grande Project is located on the Xingu River, north of the Carajás mineral province, approximately 60 km southeast of the city of Altamira. Development costs have been capitalized effective February 2, 2017. The Company continues to incur costs that are not related to the development of the project, and these are expensed to the consolidated statement of comprehensive loss as exploration and evaluation expenses. Exploration and evaluation expenditures expensed immediately in the consolidated statement of comprehensive loss for the three months ended March 31, 2022 amounted to $280,462 (three months ended March 31, 2021: $295,758). There were no amounts capitalized to property, plant and equipment during the three months ended March 31, 2022 ($nil during the three months ended March 31, 2021) related to development costs.

5. Term investment

The investment consists of a term deposit with Banco do Brasil SA to fund the potential amounts owing to Companhia de Pesquisa de Recursos Minerais ("CPRM"). As at March 31, 2022, the balance in this account was R$1,956,756 ($515,018) (December 31, 2021: R$1,909,125 ($434,326)) and the Company earned 2.49% in interest for the three months ended March 31, 2022 (December 31, 2021: 3.81%). The Company intends to renew the term deposit on maturity because it is security against the potential amount owing to the CPRM, a Brazilian state-owned company to which the Company is committed to paying a debt obligation plus applicable interest.

6. Promissory notes receivable

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

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

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

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

In April 2021, Peter Tagliamonte repaid his annual interest owing of $11,239.

In April 2022, Peter Tagliamonte's loan repayment date was extended to October 23, 2022. The interest rate remains unchanged.

In April 2022, Peter Tagliamonte repaid interest owing of $89,088.

As at March 31, 2022, the Company recognized a carrying value of $3,995,063 with respect to these promissory notes (December 31, 2021: $3,932,695). Interest income of $62,368 was recognized for the three months ended March 31, 2022 (three months ended March 31, 2021: $3,348).

(Expressed in Canadian dollars unless otherwise noted)

6. Promissory notes receivable (continued)

	March 31, 2022	December 31, 2021
Opening balance	$ 3,932,695	$ 3,926,054
Interest accrued	62,368	17,880
Interest repaid	-	(11,239)
Ending balance	$ 3,995,063	$ 3,932,695

7. Property, plant and equipment

Cost	Vehicles	Furniture & equipment	Mining equipment	Right of use assets	Mine assets under construction	Land	Total
Balance, December 31, 2020	$ 361,413	$ 1,246,644	$ 519,104	$ 131,933	$ 4,364,687	$ 13,230,612	$ 20,195,019
Additions	-	456	-	-	14,700	-	8,555
FX adjustment	(646)	(1,910)	6,335	(236)	(6,812)	(48,235)	(349,181)
Balance, December 31, 2021	360,767	1,245,190	525,439	131,697	4,372,575	13,182,377	19,818,045
Additions	-	591	-	-	14,700	-	15,291
FX adjustment	(5,452)	(17,903)	(7,940)	(1,990)	(37,663)	(191,667)	(262,615)
Balance, March 31, 2022	$ 355,315	$ 1,227,878	$ 517,499	$ 129,707	$ 4,349,612	$ 12,990,710	$ 19,570,721
Accumulated depreciation and impairment							
Balance, December 31, 2020	$ 361,413	$ 562,412	$ 478,186	$ 74,087	$ -	$ -	$ 1,385,908
Charge for the year	-	34,055	8,549	16,898	-	-	97,457
FX adjustment	(646)	20,073	19,456	2,647	-	-	(7,267)
Balance, December 31, 2021	360,767	616,540	506,191	93,632	-	-	1,577,130
Charge for the period	-	7,070	1,590	3,651	-	-	12,311
FX adjustment	(5,452)	8,864	(21,074)	4,829	-	-	(12,833)
Balance, March 31, 2022	$ 355,315	$ 632,474	$ 486,707	$ 102,112	$ -	$ -	$ 1,576,608
Net book value, December 31, 2021	$ -	$ 628,650	$ 19,248	$ 38,065	$ 4,372,575	$ 13,182,377	$ 18,240,915
Net book value, March 31, 2022	$ -	$ 595,404	$ 30,792	$ 27,595	$ 4,349,612	$ 12,990,710	$ 17,994,113

No development costs were incurred or capitalized to mine assets under construction during the three months ended March 31, 2022 (March 31, 2022: $nil). Depreciation for the three months ended March 31, 2022 was $12,311 (three months ended March 31, 2021: $27,056). Since the mining property is in the development stage, the mine assets under construction are not amortized.

During the year ended December 31, 2018, the Company acquired a 3,000 hectare land package for R$7,000,000 ($2,771,191). The Company made payments of R$4,490,949 ($1,702,098) against this purchase in December 31, 2018, with a balance owing of R$2,509,051 ($660,382) payable in instalments as at March 31, 2022.

(Expressed in Canadian dollars unless otherwise noted)

7. Property, plant and equipment (continued)

During the year ended December 31, 2018, the Company amended its agreement to purchase a Semi-Autogenous Grinding ("SAG") mill and a letter of credit was issued by the vendor. The credit of US$1,200,000 ($1,499,520) will be applied against the purchase of a new SAG mill from the vendor. As a result, the carrying value of the advance on the mill, which was originally recorded to Mine assets under construction, has been reallocated to Long-term deposits.

8. Accounts payable and accrued liabilities

	March 31, 2022	December 31, 2021
Mineral properties suppliers and contractors	$ 251,779	$ 230,494
Land acquisition costs payable	660,382	570,809
Property taxes	842,543	694,002
ANM taxes	1,243	1,074
Corporate payables	280,838	256,857
Audit and other accruals	21,750	77,000
	$ 2,058,535	$ 1,830,236

9. Lease liabilities

Upon the adoption of IFRS 16, operating leases were reassessed as lease liabilities for right-of-use assets using an estimated incremental borrowing rate of 7.5%. The following table reflects the lease activity for the periods ended March 31, 2022 and December 31, 2021:

January 1, 2019	$ 40,130
Lease payments for the period	(16,774)
Foreign exchange impact	(271)
December 31, 2021	$ 23,085
Lease payments for the period	(4,365)
Foreign exchange impact	3,723
March 31, 2022	$ 22,443

Interest expense recognized with respect to these leases was $437 for the three months ended March 31, 2022 ($688 for the three months ended March 31, 2021).

The Company's leases consist of premise and equipment leases. The amount of the Company's lease liability that is due with one year is $17,873. The amount of Company's lease liability that is due later than one year and not later than five years is $4,570.

(Expressed in Canadian dollars unless otherwise noted)

10. Share capital

As at March 31, 2022 and December 31, 2021, the Company's authorized number of common shares was unlimited without par value and an unlimited number of special shares. The special shares have the same features as the common shares with the exception that the special shares take preference over the common shares in the event of liquidation, dissolution or winding up of the Company. The special shares are entitled to the same dividend rights as common shares. No special shares are outstanding.

The Company had 455,055,248 shares outstanding at March 31, 2022, recorded at $262,771,769 (December 31, 2021 - 455,055,248 shares outstanding recorded $262,771,769).

11. Share-based payments reserve

Stock options

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

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

	Number of Options	Weighted average exercise prices	Value of options
December 31, 2020	9,615,000	$0.81	$ 3,184,507
Granted	2,500,000	$0.97	1,865,068
Expired/cancelled	(4,565,000)	$0.85	(2,588,320)
December 31, 2021	7,550,000	$0.84	$ 2,461,255
Vested	-	$0.86	279,615
March 31, 2022	**7,550,000**	**$0.84**	**$ 2,740,870**

The following stock options were outstanding as at March 31, 2022:

Number outstanding	Number exercisable	Grant date	Expiry date	Exercise price	Black-Scholes inputs: Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
200,000	200,000	15-Jun-18	15-Jun-23	$ 0.23	75%	5	0%	2.08%
4,850,000	1,212,500	27-Jul-20	27-Jul-25	$ 0.80	84%	5	0%	0.35%
2,500,000	625,000	4-Jan-21	4-Jan-26	$ 0.97	84%	5	0%	0.39%
7,550,000	2,037,500							

11. Share-based payments reserve (continued)

During the three months ended March 31, 2022, no stock options were granted. The Company recorded $279,615 in stock-based compensation expense for the three months ended March 31, 2022 (three months ended March 31, 2021: 2,500,000 options were granted and $520,299 in stock-based compensation expense was recorded). The weighted average life of the outstanding options at March 31, 2022 is 3.42 years (December 31, 2021: 3.66 years). The unvested stock options vest in four equal installments annually on the anniversary of the grant, with the first tranche vesting 12 months from the grant date.

12. Contributed surplus

Deferred Share Unit Incentive Plan

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

As at March 31, 2022, 17,064,750 DSU’s were outstanding (December 31, 2021: 17,064,750).

As at March 31, 2022, 16,814,750 shares are held in trust with an independent trustee at a total recorded cost of $6,343,386 (December 31, 2021: 16,814,750 shares at a cost of $6,343,386) which is included in contributed surplus. The Company is the beneficiary of the shares held and the Company has full control of these shares. Vesting charges are applied against contributed surplus.

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

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

(Expressed in Canadian dollars unless otherwise noted)

12. Contributed surplus (continued)

The following table displays the vesting activity for outstanding DSUs:

	Vested	Unvested	Total
December 31, 2020	16,692,416	372,334	17,064,750
Vested, previously granted DSUs	205,667	(205,667)	-
December 31, 2021	16,898,083	166,667	17,064,750
Vested, previously granted DSUs	83,333	(83,333)	-
March 31, 2022	**16,981,416**	**83,334**	**17,064,750**

Anticipated future vesting:	
August 14, 2022	83,334

During the three months ended March 31, 2022, $11,644 was recorded as share-based compensation expense related to vested DSUs on the consolidated statements of comprehensive loss (three months ended March 31, 2021: $34,292).

13. Operating segments

Geographical information

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

	Current assets	Property, plant and equipment	Other non-current assets	Total Assets
December 31, 2021				
Canada	$ 26,415,261	$ 19,985	$ 1,521,360	$ 27,956,606
Brazil	1,791,663	18,220,930	434,326	20,446,919
	$ 28,206,924	$ 18,240,915	$ 1,955,686	$ 48,403,525
March 31, 2022				
Canada	$ 25,072,583	$ 19,985	$ 1,499,520	$ 26,592,088
Brazil	1,927,443	17,974,128	515,018	20,416,589
	$ 27,000,026	$ 17,994,113	$ 2,014,538	$ 47,008,677

(Expressed in Canadian dollars unless otherwise noted)

14. Financial instruments

Financial assets and financial liabilities as at March 31, 2022 and December 31, 2021 were classified as follows:

December 31, 2021	Assets at amortized cost	Liabilities at amortized cost	Total
Cash and cash equivalents	$ 23,964,791	$ -	$ 23,964,791
Promissory notes receivable	3,932,695	-	3,932,695
Term investment	434,326	-	434,326
Accounts payable and accrued liabilities	-	(1,830,236)	(1,830,236)
Lease liabilities, current and long-term	-	(23,085)	(23,085)

March 31, 2022	Assets at amortized cost	Liabilities at amortized cost	Total
Cash and cash equivalents	$ 22,631,382	$ -	$ 22,631,382
Promissory notes receivable	3,995,063	-	3,995,063
Term investment	515,018	-	515,018
Accounts payable and accrued liabilities	-	(2,058,535)	(2,058,535)
Lease liabilities, current and long-term	-	(22,443)	(22,443)

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

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

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

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

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

The Company's risk exposures and their impacts on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the three months ended March 31, 2022.

14. Financial instruments (continued)

Credit risk

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

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

Liquidity risk

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

As at March 31, 2022, the Company had current assets of $27,000,026 to settle current liabilities of $2,076,408. Approximately $1,215,000 of the Company's financial liabilities as at March 31, 2022 have contractual maturities of less than 30 days and are subject to normal trade terms. Of these current liabilities, approximately $571,000 has been payable for over 180 days.

Market risk

(a) Interest rate risk

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

Based on cash and cash equivalents, term deposit and promissory note balances on hand at March 31, 2022, a 0.1% change in interest rates could result in a corresponding change in net loss of approximately $26,600 (March 31, 2021 - $32,900).

14. Financial instruments (continued)

(b) Currency risk

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

A strengthening of $0.01 in the United States dollar against the Brazilian Real would have increased net loss by approximately $3,120 for the three months ended March 31, 2022 (three months ended March 31, 2021 - $10,600). A strengthening of $0.01 in the Canadian dollar against the United States dollar would have decreased other comprehensive income by approximately $700 for the three months ended March 31, 2022 (three months ended March 31, 2021 - $2,000).

15. Capital management

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

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes in the Company's approach to capital management during the three months ended March 31, 2022. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars unless otherwise noted)

16. Related party disclosures

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

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

During the three months ended March 31, 2022 and 2021, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Purchases of goods/services Three months ended March 31,	
	2022	2021
2227929 Ontario Inc.	$ 15,000	$ 90,000
Directors' promissory notes interest	62,368	3,348

The Company shares office space with other companies who may have common officers and directors. The costs associated with the use of this space, including the provision of office equipment and supplies, are administered by 2227929 Ontario Inc. to whom the Company pays a monthly fee of $5,000.

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

	Amounts owed by related parties		Amounts owed to related parties	
	31-Mar-22	31-Dec-21	31-Mar-22	31-Dec-21
Directors and officers of the Company	$ 3,995,063	$ 3,932,695	$ 45,220	$ 35,959

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

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

(Expressed in Canadian dollars unless otherwise noted)

16. Related party disclosures (continued)

Compensation of key management personnel of the Company

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

	Three months ended March 31,	
	2022	2021
Short-term benefits	$ 785,350	$ 380,350
Share-based payments	253,423	275,354
DSU expense	11,644	34,292
	$1,050,417	$ 689,996

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

17. Commitments and contingencies

1. Under a renegotiated agreement with CPRM in March 2008, the Company maintains an interest-bearing term deposit to cover the future debt obligation plus applicable interest. In July 2021, the Company again renegotiated its agreement with CPRM. As a result of this renegotiation, the Company paid R$1,800,000 ($406,061) to CPRM in 2021 and it was agreed that the Company would pay CPRM R$6,871,711 ($1,808,634) upon the issuance of its mining license. The Company had not received its mining license as at March 31, 2022 and as such, no amounts were accrued at period end for this contingent liability. The amounts previously accrued by the Company under the prior superseded agreement with CPRM have been reversed in the exploration and evaluation expenses on the consolidated statement of comprehensive loss.

2. Minimum commitments relating to management contracts to be made for termination without cause were approximately $3,890,000. These contracts require that additional payments of up to $18,838,000 be made upon the occurrence of certain events such as a change of control of the Company. The change of control commitment includes a component based on the Company's current share price. As a result of this inclusion, the change of control commitment reported increases or decreases in relation to the change in share price during the period.

3. The Company has agreed with Brazilian National Institute of Colonization and Agrarian Reform ("INCRA") to provide 60 months of support for any resettled citizens resulting from the Company's mining activities at its Volta Grande Project. The Company's obligation is contingent on resettlement of citizens. No resettlement has occurred to date and as such, no payments have been made nor any expenses accrued in relation to this agreement.

4. The Federal Constitution of Brazil has established that the States, municipalities, federal district and certain agencies of the federal administration are entitled to receive royalties for the exploitation of mineral resources by holders of mining concessions (including extraction permits). The royalty rate for gold is currently 1.5% - Federal law 13,540/17 - arising from the sale of the mineral product, less the sales taxes of the mineral product. No royalties are currently due.

17. Commitments and contingencies (continued)

5. The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations. As at March 31, 2022, no amounts have been accrued related to such matters.

6. The Company's mining, exploration and development activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public safety, health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

7. On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The current COVID-19 pandemic is significantly impacting the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices and has raised the prospect of an extended global recession. As well, as efforts are undertaken to slow the spread of the COVID-19 pandemic, the operation and development of projects may be impacted as governments have declared a state of emergency or taken other actions. If the operation or development of one or more of the operations or projects of the Company is suspended, it may have a material adverse impact on the Company's profitability, results of operations, and financial condition. The broader impact of the COVID-19 pandemic on investors, businesses, the global economy or financial and commodity markets may also have a material adverse impact on the Company's profitability, results of operations and financial conditions. The extent to which the coronavirus impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

   Brazil has been adversely affected by the COVID-19 virus, but recently, cases have been dropping and conditions improving as the uptake and distribution of vaccines continue. The State of Para is currently showing declining cases and is currently in the Green Zone classification. Currently, access restrictions continue within Indigenous land and are being governed by FUNAI (Fundação Nacional do Indio or Federal Agency of Indigenous Affairs), SESAI (Secretaria Especial de Saude Indigena - Secretary for Indigenous Health) and DSEI (Distrito Sanitário Indigena Altamira - Altamira District for Indigenous Health). It is expected that restrictions will continue to be lifted.

   The Company continues to monitor the situation with our priority being the health and safety of our employees and our surrounding communities. Belo Sun continues to closely monitor developments around the COVID-19 pandemic.