MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012

(Containing information through March 27, 2013 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 27, 2013 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, 2012 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, 2012 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 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 and Carlos Cravo, P.Geo Project Manager for Belo Sun, who are Qualified Persons under National Instrument 43-101 of the Canadian Securities Administrators, 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 information includes, but is not limited to, statements with respect to the Company's development potential and timetable of the Company's properties; future mineral prices; ability to raise additional financing; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; the timing and amount of estimated future exploration and development; capital expenditures; success of exploration activities; currency exchange rates; reliance on qualified personnel; competition; dependence on outside parties; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking information is based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of future exploration at the Volta Grande Gold Project are based on management expectations, exploration done to date and recommended programs, purchase orders placed by the Company to date, actual expenditures incurred, recent estimates of exploration costs and other factors that are set out herein. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during construction, expansion and start-up; variations in mineral grade and recovery rates; revocation of government approvals; timing and availability of external financing on acceptable terms; ability to finalize required agreements for operations; actual results of current exploration activities; changes in project parametres as plans continue to be refined; future mineral prices; failure of equipment or processes to operate as anticipated; accidents, labour or community disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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, 2012:

- The Company’s shares commenced trading on the Toronto Stock Exchange on February 16, 2012.
- The Company submitted an Environmental Impact Assessment for the Volta Grande Gold Project, covering the necessary monitoring and environmental studies required for the preliminary licensing for the project. The Company expects the preliminary license to be issued in early 2013.
- The Company raised $10,610,850 during Q1-2012 from the exercise of 21,515,600 warrants exercisable at $0.49 that were due to expire on March 3, 2012.
- 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 Verd*e 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 project.

- In July 2012, the Company released a technical report which includes a mineral resource estimate for the South Block that added Inferred mineral resources of 357,000 ounces at an average grade of 2.75 g/t Au. The Company followed up with a new technical report released in February 2013.
- A new independently audited resource estimate was released in December 2012, which included results from 273 additional drill holes from the latest estimate in April 2012. Measured and Indicated Resources increased by 44% to 4.1 million ounces of gold at an average grade of 1.73 g/t Au. Inferred Resources increased 16% to 2.6 million ounces of gold at an average grade of 1.89 g/t Au. This mineral resource estimate will be the basis for the preliminary feasibility studies being carried out by AMEC Minproc Engenharia e Consultoria Limitada, expected to be completed in early 2013.

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 and indicated mineral resource of 4,103,000 ounces of gold (73.78 million tonnes grading 1.73 grams per tonne gold) and an estimated inferred mineral resource of 2,788,000 ounces of gold (44.25 million tonnes grading 1.96 grams per tonne gold) based on 0.50-gram-per-tonne-gold cut off (see the Technical Report issued February 1, 2013).

Belo Sun completed 347 drill holes (98,514 metres) at the Volta Grande Gold Project during 2012. From April 2010 to December 2012 the Company completed 693 drill holes (188,090 metres).

Belo Sun is working on a preliminary feasibility study for the Volta Grande Gold Project, which is expected to be completed in early 2013. Belo Sun intends to complete a definitive feasibility study for the project in 2013. In this context, Belo Sun is planning the programs set out for the Volta Grande Project as follows:

- Continued definition and delineation drilling on the Ouro Verde and Grota Sêca deposits to identify extensions of mineralization along strike and down dip as well as infill drilling on a grid spacing of about 50 metres by 50 metres in mineralized areas
- Continued infill drilling on the Ouro Verde and Grota Sêca “Junction area” to delineate possible extensions of mineralization along strike and down dip. Approximately 10,000 metres of drilling will be required;
- Continued exploration over South Block to identify new gold mineralization and to investigate existing gold occurrences at depth to support mineral resource estimation; and

- Regional exploration programs (including regional permits) to follow up high resolution airborne geophysical surveys (magnetic and electromagnetic) completed in 2012.

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
	2012	2012	2012	2012	2011	2011	2011	2011
Net (loss)	($8,460,407)	($12,931,632)	($16,823,928)	($10,191,667)	($8,042,719)	($11,678,884)	($8,711,105)	($4,437,251)
Net loss per share	($0.03)	($0.06)	($0.07)	($0.05)	($0.04)	($0.06)	($0.04)	($0.03)
Working Capital*	$42,003,938	$3,594,574	$16,223,478	$33,517,505	$30,576,636	$38,885,845	$49,955,689	$52,374,800
Total Assets	$53,781,289	$15,322,537	$29,380,281	$38,272,507	$34,504,425	$44,925,143	$53,606,410	$55,897,308
Total Non-current Liabilities	$17,404	$22,532	$28,622	$7,091	$20,663	$27,522	$42,189	$58,103

* Working Capital is defined as current assets minus current liabilities

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 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 2012, the Company recorded stock-based compensation expense of $363,000 (Q3-2012 – $184,050, Q2-2012 – $3,876,200, Q1-2012 – $2,741,300, Q4-2011 – Nil, Q3-2011 – Nil, Q2-2011 – $4,380,758, Q1-2011 – Nil). Exploration expenditures during quarters vary and can cause earnings to fluctuate. In the fourth quarter of 2012, the Company recorded exploration and evaluation expenses (including engineering studies) of $6,648,823 (Q3-2012 – $12,039,843, Q2-2012 – $9,750,813, Q1-2012 – $7,365,317, Q4-2011 – $7,100,783; Q3-2011 – $9,997,723; Q2-2011 – $4,016,818; Q1-2011 – $3,304,542). 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. During Q3-2011, the Company completed an extensive infill drilling program and extended the program into Q4-2011.

Also contributing to fluctuating quarterly net (loss) 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.

Summary of Annual Results

	2012	2011	2010
Net (loss)	($48,407,634)	($32,869,959)	($10,207,923)
Net loss per share	$ (0.21)	$ (0.17)	$ (0.08)
Working Capital	$42,003,938	$30,576,636	$6,157,334
Total Assets	$53,781,289	$34,504,425	$8,391,615
Total Non-current Liabilities	$17,404	$20,663	$47,828

Working Capital is defined as current assets minus current liabilities

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, 2012. They should be read in conjunction with the Company's annual consolidated financial statements for the twelve months ended December 31, 2012 and related notes.

For the quarters ended:

	Three Months Ended December 31, 2012	2011
Net loss	$ 8,460,407	$ 8,042,719
Interest income	(212,062)	(630,308)
Management fees to directors	94,496	88,339
Salaries, wages and consulting fees	550,778	259,712
Professional fees	151,940	39,883
General and administration	531,692	534,830
Amortization	97,032	41,792
Share-based payments	363,000	-
Exploration and evaluation expenses	5,644,086	6,372,709
Engineering studies	1,004,737	728,074
Loss on foreign exchange	11,487	607,688
Unrealized loss on derivative liability	223,985	-
(Gain) on sale of capital assets	(764)	-

For the three months ended December 31, 2012, the Company recorded a net loss of $8,460,407 ($0.03 per share) compared to a net loss of $8,042,719 ($0.04 per share) for the three months ended December 31, 2011.

Salaries, wages and consulting fees were higher in Q4-2012 compared to Q4-2011 as a result of increased number of consultants as well as higher consulting fees during Q4-2012 compared to Q4-

2011. In particular, the Company recruited a VP of Engineering and a Chief Operating Officer during 2012.

Professional fees increased in Q4-2012 compared to Q4-2011 as a result of internal audit costs incurred during Q4-2012.

Exploration and evaluation expenses, including engineering studies, were $6,648,823 for the three months ended December 31, 2012 compared to $7,100,783 for the three months ended December 31, 2011. In Q4-2012, the Company continued actively exploring its Volta Grande Gold Project completing approximately 58 drill holes (14,388 metres), working on environmental technical studies and a preliminary feasibility study.

Interest income was $212,062 for the three months ended December 31, 2012 compared to $630,308 for the three months ended December 31, 2011. Lower cash balances and lower interest rates earned in Brazil during Q4-2012 compared to Q4-2011 resulted in lower interest income.

Share-based payments was $363,000 for the three months ended December 31, 2012 in relation to the 300,000 stock options granted to directors, officers, employees and consultants of the Company. During Q4-2011, no stock options were granted resulting in $Nil share-based payments expense.

The Company recorded an unrealized loss on derivative liability of $223,985 related to the change in value of the shares due in relation to a property acquisition since the initial acquisition.

The Company also recognized a foreign exchange loss of $11,487 during Q4-2012 (Q4-2011 – $607,688). The US dollar strengthened marginally throughout the current quarter compared to the Brazilian Reais, and the Company carried large monetary assets in Brazilian Reais during Q4-2012 resulting in this loss.

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 and $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 previous quarter, and purchased capital assets of $527,125. During the three months ended December 31, 2011, the Company spent $9,828,199 on operations, raised $349,060 from the exercise of warrants and options, acquired new leases and paid lease obligations of net $19,041, and incurred $203,536 in capital asset expenditures.

For the periods ended:

	Twelve months ended December 31, 2012	2011
Net loss	$ 48,407,634	$ 32,869,959
Interest income	(1,137,926)	(1,347,043)
Management fees to directors	559,803	412,484
Salaries, wages and consulting fees	2,933,486	1,390,178
Professional fees	215,680	133,075
General and administration	2,218,312	1,699,171
Amortization	256,082	127,059
Share-based payments	7,164,550	4,380,758
Exploration and evaluation expenses	29,694,408	21,745,781
Engineering studies	6,110,388	2,674,085
Loss/(gain) on foreign exchange	169,998	1,654,411
Unrealized loss on derivative liability	223,985	-
(Gain) on sale of capital assets	(1,132)	-

For the twelve months ended December 31, 2012, the Company recorded a net loss of $48,407,634 ($0.21 per share) compared to a net loss of $32,869,959 ($0.17 per share) for the twelve months ended December 31, 2011. The larger loss is attributable primarily to higher exploration and evaluation expenses, including engineering studies, however most cost categories increased overall in 2012.

Salaries, wages and consulting fees were higher in 2012 compared to 2011 primarily as a result of higher performance bonuses granted during 2012 compared to 2011. Additional consultants also joined the Company during 2012, including the Company's Chief Operating Officer, Vice President, Engineering and General Manager of Brazilian Operations resulting in higher costs.

General and administration costs were higher during 2012 compared to 2011 primarily as a result of the Company's graduation to the Toronto Stock Exchange and the consequent listing fees charged. The Company incurred higher costs in general during 2012, but particularly for travel, in light of the increased activities during 2012.

Exploration and evaluation expenses, including engineering studies, were $35,804,796 for the twelve months ended December 31, 2012 compared to $24,419,866 for the twelve months ended December 31, 2011. In 2012, the Company continued actively exploring its Volta Grande Gold Project completing approximately 347 drill holes (98,514 metres), working on environmental technical studies and a preliminary feasibility study.

Interest income was $1,137,926 for the twelve months ended December 31, 2012 compared to $1,347,043 for the twelve months ended December 31, 2012. The Company earned lower interest income as a result of lower interest rates during 2012.

Share-based payments were $7,164,550 for the twelve months ended December 31, 2012 in relation to the 8,745,000 stock options granted to directors, officers, employees and consultants of the Company. During 2011, 4,922,200 stock options were granted resulting in $4,380,758 in share-based payments expense.

The Company recorded an unrealized loss on derivative liability of $223,985 related to the change in value of the shares due in relation to a property acquisition since the initial acquisition.

The Company also recognized a foreign exchange loss of $169,998 during 2012 (2011 – $1,654,411). The US dollar strengthened while net monetary assets held in Brazil decreased throughout the twelve month period resulting in this loss.

During the twelve months ended December 31, 2012, the Company spent $40,271,719 on operations, raised $47,033,357 in net proceeds from a bought deal financing and $11,260,984 from the exercise of warrants and options, paid lease obligations of $67,623 and purchased capital assets of $5,553,563 of which $2,450,403 is still payable, including a significant land package. During the twelve months ended December 31, 2011, the Company spent $26,003,963 on operations, raised $48,326,058 from the issuance of shares in a bought-deal financing, raised $5,216,628 from the exercise of warrants and options, acquired and paid lease obligations of net $92,119, and incurred $695,340 in capital asset expenditures.

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 discovery of economically recoverable reserves. 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 $42,003,938 as at December 31, 2012 (December 31, 2011 - $30,576,636) including cash and cash equivalents of $45,977,241 (December 31, 2011 - $32,415,945). None of the cash equivalents are invested in asset-backed securities.

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

Exercise of Warrants and Options

During the twelve months ended December 31, 2012, 21,515,600 warrants and 1,070,600 options were exercised for total proceeds of $11,260,984.

Long Term Investment

In Q3-2012, the Company redeemed its term deposit of 1,058,832 Reais (December 31, 2011 – 1,005,805 Reais), including accrued interest, which was set up to fund potential amounts owing to Companhia de Pesquisa de Recoursos Minerais ("CPRM"). The bank in which the deposit resided closed its investment portfolio business. In Q4-2012, the Company opened a new account with a different institution re-establishing the term deposit. As at December 31, 2012, the balance of this deposit was 1,078,680 Reais ($524,131). 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 to the United Stated dollars and Brazilian Real.

A strengthening of $0.01 in the United States dollar against the Brazilian Reais would have decreased net income by approximately $121,000 for the twelve months ended December 31, 2012 (December 31, 2011 - $345,000). A strengthening of $0.01 in the Canadian dollar against the United States dollar would have decreased other comprehensive income by approximately $59,000 for the twelve months ended December 31, 2012 (December 31, 2011 - $185,000). At December 31, 2012, one Canadian dollar was equal to 1.0051 United States dollars (December 31, 2011 – 0.9833) and one Canadian dollar was equal to 2.0580 Brazilian Reais (December 31, 2011 – 1.8322).

As at December 31, 2012 the monetary balances in non-Canadian dollar currencies are as follows:

	Brazilian Reais	United States Dollar
Cash	$ 18,973,685	$ 1
Accounts receivable and prepaid expenses	800,082	-
Long term investment	1,078,680	-
Accounts payable	(8,666,848)	(3,318)
Lease payable	(75,550)	-
	$ 12,110,049	$ (3,317)

Capital Risk Management

The Company includes cash and equity, comprised of issued common shares, share-based payment reserve, warrants 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, 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 $5,140,000 be made upon the occurrence of certain events such as a change of control. Minimum commitments remaining under these contracts were approximately $847,000, 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 $6,394,504 (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 4,103,000 measured and indicated ounces of gold (73.78 million tonnes grading 1.73 g/t Au) and 2,788,000 inferred ounces of gold (44.25 million tonnes grading 1.96 g/t Au) using a 0.50 g/t Au cut-off (see the Technical Report issued February 1, 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.

Recent Developments

Drill Program and Assay Highlights

Belo Sun has completed 693 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 statement incorporates results from core boreholes to October 30, 2012. The Company plans to update the mineral resource estimate in Q2-2013 with results from the final holes of the drilling program drilled since the last update. Drilling highlights from 2012 include:

Ouro Verde

- Hole VVGD-270 located 150 metres from the edge of the drill intercepts modeled on the April 2011 mineral resources update has intersected multiple high grade mineralized zones including 4.00 metres grading 20.88 g/t Au (from 73.25 m depth) and 19.65 metres grading 4.73 g/t Au including 12.20 metres grading 6.80 g/t Au (from 181.00 m depth). (See press release dated January 4, 2012.)

- Significant down dip intercepts in hole VVGD-234 include 59.30 metres grading 2.59 g/t Au (from 216.70 m depth) including 21.40 metres grading 4.06 g/t Au. (See press release dated January 4, 2012.)

- VVGD-201 intersected 24.00 metres grading 3.68 g/t Au (from 18.00 m depth) including 10.00 metres grading 8.13 g/t Au. (See press release dated January 4, 2012.)

- Hole VVGD-297 has intersected multiple mineralized zones with widths ranging from 5.45 m to 14.50 metres. A high grade 10.00 meter thick zone grading 4.01 g/t Au has been intersected near surface (from 10.00 m depth). It is important to emphasize that this hole extends the Ouro Verde deposit 250 metres from the previously modeled zones. (See press release dated March 20, 2012.)

- Significant down dip intercepts in that region also includes VVGD-292 with 12.00 metres grading 3.91 g/t Au (from 130.00 m depth) including 7.60 metres grading 5.86 g/t Au. (See press release dated March 20, 2012.)

- Several other resource expansion holes show significant multiple mineralized zones with thickness of up to 40.45 metres such as in VVGD 291. (See press release dated March 20, 2012.)
- At the Ouro Verde deposit, hole VVGD-267 which is part of the infill drilling for upgrading the mineral resource categories intersected multiple high grade shallow mineralized zones and improved the grade in that area of the deposit. Hole VVGD-300 intersected multiple high grade mineralized intervals extending down dip approximately 500 metres below surface. This hole intersected 9 mineralized zones with widths ranging from 3.65 m to 24.00 metres and the best interval being 9.65 metres grading 5.03 g/t Au. (See press release dated March 20, 2012.)
- Hole VVGD-339 has intersected multiple mineralized zones such as 49.50 metres grading 5.04 g/t Au (from 184.90 metres) including 8.33 metres grading 21.79 g/t Au (from 188.12 metres). (See press release dated April 5, 2012.)
- Hole VVGD-327 has intersected multiple mineralized zones such as 44.20 metres grading 1.90 g/t Au (from 206.80 metres) including 7.27 metres grading 6.54 g/t Au (from 221.85 metres). (See press release dated April 5, 2012.)
- Significant down dip intercepts in the same region also include VVGD-331 with 27.70 metres grading 3.57 g/t Au (from 146.00 metres) including 11.35 metres grading 7.56 g/t Au (from 146.00 metres) and VVGD-340 with 29.25 metres grading 2.21 g/t Au (from 214.00 metres) including 9.50 metres grading 4.50 g/t Au (from 217.00 metres). (See press release dated April 5, 2012.)
- Hole VVGD-344 has intersected multiple mineralized zones such as 32.00 metres grading 2.20 g/t Au (from 181.80 metres) including 6.71 metres grading 5.63 g/t Au (from 182.45 metres). (See press release dated June 27, 2012.)
- Hole VVGD-360 has intersected multiple mineralized zones such as 31.50 metres grading 2.40 g/t Au (from 231.00 metres) including 10.40 metres grading 5.31 g/t Au (from 247.60 metres). (See press release dated June 27, 2012.)
- Significant down dip intercepts such as in hole VVGD-417 with 58.00 metres grading 1.10 g/t Au (from 234.00 metres) including 17.30 metres grading 2.20 g/t Au (from 259.70 metres). (See press release dated September 4, 2012.)
- Significant down dip intercepts such as in hole VVGD-444 with 12.10 metres grading 4.90 g/t Au (from 401.85 metres) and 16.73 metres grading 2.00 g/t Au (from 483.50 metres). (See press release dated November 5, 2012.)

Grota Sêca

- Holes VVGD-175 and VVGD-192 which were part of the infill drilling program intersected multiple high grade mineralized zones as follows: 18.00 metres grading 3.09 g/t Au (from 105.00 m depth) including 10.10 metres grading 5.19 g/t Au and 34.35 metres grading 2.71 g/t Au (from 239.00 m depth) including 12.70 metres grading 5.93g/t Au. (See press release dated January 4, 2012.)
- At the Grota Sêca deposit all holes being released are part of the infill drilling program to upgrade the resources and several significant high grade intercepts such as the one in hole VVGD-249 which intersected multiple mineralized zones such as 22.00 metres grading 8.32 g/t Au (from 567.00 m depth). (See press release dated March 20, 2012.)

- Hole VVGD-378 has intersected multiple mineralized zones such as 22.10 metres grading 3.00 g/t Au (from 227.90 metres) including 9.50 metres grading 6.12 g/t Au (from 229.50 metres). (See press release dated June 27, 2012.)
- Hole VVGD-380 intersected multiple mineralized zones such as 19.24 metres grading 5.31 g/t Au (from 237.50 metres) including 9.77 metres grading 10.08 g/t Au (from 240.11 metres). (See press release dated September 4, 2012.)
- Hole VVGD-462 intersected multiple mineralized zones such as 10.80 metres grading 15.42 g/t Au. (See press release dated September 4, 2012.)
- Hole VVGD-542 with 39.00 metres grading 5.25 g/t Au (from 71.00 metres) including 12.00 metres grading 10.09 g/t Au (from 75 metres) (See press release dated November 5, 2012.)
- Hole VVGD-566 which is located in the Ouro Verde / Grota Sêca "Junction" intersected multiple mineralized zones suggesting possible continuity of the mineralization between the two deposits. (See press release dated November 5, 2012.)

Gréia

- VVGR-001 with 19 metres grading 1.16 g/t Au (from surface). (See press release dated June 19, 2012.)
- VVGR-019 with 12 metres grading 1.13 g/t Au (from 14 metres) and 14 metres grading 1.74 g/t Au (from 155 metres). (See press release dated June 19, 2012.)
- VVGR-025 with 12 metres grading 1.55 g/t Au (from 77 metres). (See press release dated June 19, 2012.)

The South Block

The South Block is characterized by a very extensive alteration system and numerous artisanal workings and this hole confirms the potential for significant associated gold mineralization. The existing deposits continue to be extended along strike and down dip.

The Company continues drilling on the South block. The focus of the program is to follow up on geophysical and geochemical surveys aimed at discovering the source rocks responsible for the major alluvial gold deposits of the Itata River and its tributaries. Belo Sun received the results from the soil geochemistry program comprising 2,107 samples analyzed by ICP multi-element analysis and gold by fire assay. The soil anomalies were followed up with a 25-line-kilometre IP geophysical survey. Several strong IP anomalies had been identified, coincident with the soil anomalies, and these are the priority targets to be tested by a 5,000-metre drilling program. Limited historic drilling had been carried out in the area and these results indicated that the gold mineralization is hosted in sulphide-bearing granodiorite rocks. The gold mineralization appears to be associated with higher sulphide content than observed with the mineralization found in the North block and as such is expected to respond well to IP geophysical techniques. Significant gold mineralization intercepts from the historic drilling include 28 metres grading 1.47 g/t AU (hole VVD_156) in the Pequi garimpo area. On October 11, 2011 Belo Sun announced the discovery of new gold mineralization on the South block. In the South Block area, the Itata discovery is represented by Hole VVGD-191 that intersected 15.45 metres grading 2.09 g/t Au (from 13.7 metres depth) and 15.00 metres grading 2.06 g/t Au (from 56 metres depth). The mineralization is similar in character to the North Block deposits. Additional drilling has been initiated to investigate extensions of this mineralization along strike and down dip and to determine the extent of this zone.

South Block drilling highlights include:

- ➢ Holes VVGD-078 and VVGD-090 intercepted 1.15 metres grading 11.60 g/t Au and two metres grading 12.44 g/t Au, respectively. Additionally, hole VVGD-090 intercepted 7.95 metres grading 1.75 g/t Au. (See press release dated July 5, 2011.)
- ➢ Hole VVGD-070 intersected 3.8 metres grading 23.59 grams per tonne gold. (See press release dated April 28, 2011.)
- ➢ Hole VVGD-075 had an intercept of 11.08 metres grading 1.87 g/t Au. These drill holes were targeting induced polarization geophysical anomalies. The gold mineralization in the South block is associated with quartz veins and disseminated sulphides (mainly pyrite) in highly potassic, hydrothermally altered rocks. (See press release dated April 28, 2011.)
- ➢ Hole VVGD-191 intercepted 20.05 metres grading 1.66 g/t Au, including 15.45 metres grading 2.09 g/t Au and 15.00 metres grading 2.06 g/t Au. (See press release dated November 10, 2011.)
- ➢ Hole VVGD-443 with 5.15 metres grading 12.97 g/t Au. (See press release dated September 4, 2012.)
- ➢ Hole VVGD-465 with 4.65 metres grading 6.13 g/t Au (See press release dated November 5, 2012.)

During Q2-2012, the Company announced an initial, non-independent mineral resource estimate for the newly delineated South Block deposits (named the Pequi, Grande and Itata deposits. These are initial results from an ongoing program and indicate a potentially important new resource area which adds to the previously released Volta Grande mineral resources. Updates to 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.

<u>Measured and Indicated and Inferred Mineral Resource Increased at Volta Grande</u>

The Company released an updated mineral resource estimate for its Volta Grande Gold Project in Para state, Brazil, in February 2013. Highlights are:

- A 44% increase on the contained ounces in the measured and indicated mineral resources category and a 2% increase in the average grade of the measured and indicated resources compared to the previous estimate of April 2012;
- A 16% increase in the gold grade for inferred mineral resources relative to the previous estimate of January 2012;

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)	20,789	17,034	37,823	18,640
	Grade (g/t Au)	1.86	1.69	1.78	1.71
	Ounces @ 0.5 g/t cut-off ('000's)	1,237	926	2,162	1,025
Ouro Verde Underground	Tonnes ('000's)	-	38	38	954
	Grade (g/t Au)	-	2.78	2.78	2.94
	Ounces @ 0.2 g/t cut-off ('000's)	-	3	3	90
Grota Seca Pit Constrained	Tonnes ('000's)	21,629	14,133	35,762	18,124
	Grade (g/t Au)	1.61	1.77	1.67	1.83
	Ounces @ 0.5 g/t cut-off ('000's)	1,120	804	1,924	1,066
Grota Seca Underground	Tonnes ('000's)	-	161	161	752
	Grade (g/t Au)	-	3.37	3.37	3.64
	Ounces @ 0.2 g/t cut-off ('000's)	-	17	17	88
South Block Pit Constrained	Tonnes ('000's)	-	-	-	5,368
	Grade (g/t Au)	-	-	-	2.73
	Ounces @ 0.5 g/t cut-off ('000's)	-	-	-	471
South Block Underground	Tonnes ('000's)	-	-	-	408
	Grade (g/t Au)	-	-	-	3.89
	Ounces @ 0.2 g/t cut-off ('000's)	-	-	-	51
TOTAL	**Tonnes ('000's)**	**42,418**	**31,366**	**73,784**	**44,246**
	Grade (g/t Au)	**1.73**	**1.74**	**1.73**	**1.96**
	Ounces ('000's)	**2,356**	**1,751**	**4,107**	**2,791**

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 parametres and assumptions including gold price of US$1,400 per troy ounce, metallurgical gold recovery for 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 in this press release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council. The effective date of this mineral resource estimate is January 31, 2013.

The mineral resource model was completed by the Belo Sun team under supervision of David Gower, P.Geo, and Carlos H. C. Costa, P.Geo. each of whom is a Qualified Person as defined by National Instrument 43-101. The results were audited by SRK Consulting (Canada) Inc. and SRK Consultores do Brasil Ltda.

Mineral resource estimate parametres

The database consists of a total of 369,290 metres of diamond drilling obtained from previously reported drilling and from 157,344 m 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 55 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.

An NI 43-101-compliant technical report is available on the company's website and on SEDAR.

Belo Sun Preliminary Feasibility Study

The new mineral resource model will be the basis for a preliminary feasibility study being carried out by AMEC Minproc Engenharia e Consultoria Limitada, which is expected to be completed in Q2-2013. This will provide the context for the Definitive Feasibility Study to be completed in 2013.

The ongoing metallurgical test work program recently returned an average recovery of 94%. Highlights of the gold recovery tests included:

- Between 25% to 50% of the gold can be recovered in a gravity concentration step prior to leaching.
- The optimal leaching conditions for the Ouro Verde and Grota Sêca composites were a grind size of 80% passing 75 µm, slurry density of 50% by weight, 0.5 g/L NaCN concentration, 10 ppm dissolved oxygen concentration at a pH of 10.5.
- For the Ouro Verde ore, with a gold head grade varying between 1.17 g/t to 3.80 g/t, with an average gold recovery of 94%.
- For the Grota Sêca ore, with a gold head grade varying between 1.06 g/t to 3.90 g/t, with an average gold recovery of 94%.
- The Ouro Verde and Grota Sêca ores are amenable to conventional gravity and gold leaching processes including leach / CIP or CIL.

Grind determination tests results indicate that the Ouro Verde and Grota Sêca ores are amenable to conventional primary crushing, SAG and ball milling.

Increased Mineral Rights at Volta Grande

The Company has been granted priority on its application for an additional 5 claims which comprise an area totaling 28,654 hectares. Total land package now consists of a total of 34 claims which cover 149,918 hectares (1,499 square kilometres)

New claims were acquired through a public tender and correspond to mineral rights that were previously held by other titleholders that had been allowed to lapse. The tender process was opened for 60 days and Belo Sun's Brazil technical team had compiled the data in advance of the tender in preparation for targeting the key prospective areas. Belo Sun successfully acquired this key land position as part of this process. The confirmation of priority was published in the Brazilian Official Gazette on September 1, 2011.

The new claims cover much of the area along the southeastern extension of the Tres Palmeiras greenstone belt, which includes several granitic plutons similar to the ones within the North and South blocks of the Volta Grande Gold Project and hosts numerous gold showings. The gold occurrences were visited and catalogued by the Brazilian Geological Survey (CPRM).

The entire belt has already been photo interpreted using available aerial geophysics and satellite images by Belo Sun, and fieldwork and regional mapping/sampling will start in the near future in order to outline new potential drill targets.

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 Verd*e 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) with a fair market value of R$936,000 ($455,500) as at December 31, 2012. 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. Subsequent to the end of the year, the Company made a cash payment of R$869,018 ($500,110).

PATROCINIO

<u>Background</u>

The 100% owned Patrocinio Project covers approximately 18,670 hectares of the Tapajos gold province in the Para State of northern Brazil.

The Tapajos province is historically the most important gold producing region in Brazil, with over nine million ounces of artisanal production since the 1950s. Several public sources indicate that approximately one million ounces of gold have been produced by local miners at Patrocinio. Belo Sun's geologists have confirmed 19 property locations where current or former gold production has occurred from two types of mineralization: high-grade quartz veins and hydrothermally-altered granites where gold is associated with sulphides.

The Patrocínio Project was initiated with the objective to identify and characterize primary gold mineralization, representing the sources of large alluvium deposits, which produced a huge amount of gold extracted from the Surubim River and its tributaries, which even today are still mined by garimpeiros (artisanal miners).

Within mineralized zones, gold grades have been demonstrated to range from roughly 1 to 67 grams per tonne (g/t) within the quartz veins and from roughly 1 to 37 g/t within the granites. Channel sampling along a quartz vein in the Alcantara pit returned grades ranging from roughly 4 to 37 g/t Au over approximately 8 metres.

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

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

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 Twelve months ended December 31, 2012	2011
2227929 Ontario Inc.	$ 446,825	$ 275,202
Forbes & Manhattan, Inc.	315,000	180,000
Falcon Metais Ltda.	339,584	162,510
Valencia Ventures Inc.	-	1,366

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

Mr. Stan Bharti, a director of the Company, is the Executive Chairman of Forbes and Manhattan, Inc., a corporation that provides administrative services to the Company. Forbes and Manhattan, Inc. charges a monthly consulting fee of $25,000.

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

Mr. Michael Hoffman, Vice President of Engineering for the Company, is a director of Azul Ventures Inc. The Company was reimbursed by Azul Ventures Inc. for $2,093 in travel expenses incurred by Mr. Hoffman paid by the Company on his behalf during the twelve months ended December 31, 2012 (2011: $nil).

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

	Amounts owed by related parties		Amounts owed to related parties	
	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11
2227929 Ontario Inc.	$ 90,000	$ 72,209	$ -	$ 14,893
Directors of the Company	-	-	53,280	72,936
Falcon Metais Ltda.	-	29,384	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:

	Twelve months ended December 31, 2012	2011
Short-term benefits	$ 2,337,054	$ 1,383,209
Share-based payments	4,249,500	2,937,000

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 and accounts payable approximate their fair values due to the short maturity of those instruments.

Outstanding Share Data

Authorized unlimited common shares without par value – 265,910,534 are issued and outstanding as at March 27, 2013.

There were no warrants outstanding as at March 27, 2013.

Stock options outstanding as at March 27, 2013:

Number of stock options outstanding	Exercise price	Expiry date
3,611,000	$ 0.34	5-Mar-15
60,000	$ 0.45	2-Jun-15
1,968,000	$ 0.36	29-Jul-15
50,000	$ 0.80	11-Nov-15
600,000	$ 0.89	5-Dec-15
4,742,000	$ 1.33	21-Apr-16
3,467,000	$ 1.15	31-Jan-17
250,000	$ 1.15	30-Apr-17
700,000	$ 1.17	14-Jun-17
2,815,000	$ 1.15	3-Jul-17
1,200,000	$ 1.15	10-Jul-17
300,000	$ 1.70	29-Nov-17
50,000	$ 1.58	11-Jan-18
19,813,000		

Subsequent Events

The environmental licensing process continues in the ordinary course. A second public hearing was held in January 2013 as part of the standard application process, and at present this second hearing is the final scheduled hearing at this stage of the licensing process. The Company understands that the technical aspects of the license application are currently the subject of review, and to date, has not received any comments or recommended changes.

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.

<u>Nature of Mining, Mineral Exploration and Development Projects</u>

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 Minerals Resources through drilling. Upon completion of a 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 establishment or expansion of mineral resources or 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.

Development projects have no operating history upon which to base estimates of future capital and operating costs. For development projects, mineral 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 ore body, 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.

<u>Mineral Resource Estimates May be Inaccurate</u>

There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the control of the Company. 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 engineering and 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 Company's mineral resource estimates, financial position and results of operations.

<u>No Revenues</u>

To date, the Company has not recorded any revenues from operations nor has the Company commenced commercial production on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company'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 Company's properties. The Company 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 Company's properties will continue to require the commitment of substantial mineral resources. There can be no assurance that the Company will continue as a going concern, generate any revenues or achieve profitability.

Liquidity Concerns and Future Financings

The Company 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 Company will be successful in obtaining the required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt or equity financing on favourable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of the Company's properties or reduce or terminate some or all of its activities. In the event that the Company completes an equity financing at or near to current trading prices of its common shares, such financing could be extremely dilutive to current shareholders who invested in the Company at higher share prices.

Mineral Commodity Prices

The ability of the Company to fund its activities and, if it becomes a producing mineral Company, the profitability of the Company's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates 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 Company's business, financial condition and result of operations.

Licenses and Permits, Laws and Regulations

The Corporation's exploration and development activities, including mine, road, rail and port 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 licenses 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 licenses, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

The costs and potential delays associated with obtaining the necessary authorizations and licenses and complying with these authorizations, licenses and applicable laws and regulations could stop or materially delay or restrict the Corporation from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws, regulations, authorizations or licenses, 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 licenses and authorizations on a timely basis, if at all. The Corporation only has exploration permits. There is no assurance that it will obtain the corresponding mining concessions. In addition, it may not obtain one or more licenses, and such failure may have a material adverse effect on our business, results of operations and financial condition.

Foreign Exchange

Gold is sold in United States dollars thus the Company is subject to foreign exchange risks relating to the relative value of the Canadian dollar and Brazilian real as compared to the United States dollar. To the extent that the Company 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 Company's revenues and adversely affect the Company's financial performance.

Acquisition of Surface Rights

The goal of the Company is to bring the Volta Grande project into production. The Company is still in the process of defining the footprint of the deposit and associated infrastructures. Among various factors that may affect the ability of the Company to develop and bring the Volta Grande project into production is the necessity for the Company to acquire surface rights from land owners. Although the Company is confident that it will be successful in acquiring all necessary surface rights, there is no assurance that the Company will be able to do so in a timely manner and/or on reasonable terms.

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 licenses for its activities. The Corporation must update and review its licenses 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 may be more challenging and time consuming as compared to the environmental licensing process 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 licenses 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 mineral resource properties is a very detailed and time-consuming process. The Company 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 Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties. There are garimpeiros (informal miners) operating within the Company'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.

Informal Mining

Informal miners have been and continue to operate illegally on parts of the Volta Grande property. From time to time it is not uncommon that there are some clashes between the informal miners, security staff and law enforcement personnel. Given the nature of the current and future operations, the presence of the informal miners may create a safety issue for both the illegal miners and Volta Grande personnel and may cause disruptions to operations from the risk of the informal miners encroaching or attempting to encroach onto other areas of Belo Sun's concessions. The Company does not directly confront currently operating small illegal miners on its concession, but in accordance with the laws of Brazil, and in support of the local police, the Company does not allow encroachment onto new areas of its property. There is always a risk that from time to time confrontations from attempted encroachments may arise, resulting in violence and/or damage to the property.

Government measures designed to regulate the acquisition of rural property by foreigners

In August 2010, the Brazilian president approved an opinion of the Brazilian Attorney General's Office that limits purchases of land in Brazil by foreigners or Brazilian companies controlled by foreigners. Contrary to the understanding prevailing at the time, the new opinion defended the validity of Law No. 5,709/71 in light of the 1988 Brazilian Constitution, imposing limits on the purchase and leasing of rural property in Brazil by foreigners. The law provides, for example, that companies whose controlling equity capital is held by foreigners may only acquire rural properties for agricultural, livestock, industrial or settlement projects upon the approval of the competent authorities, up to an individual limit per company of 100 modules (a land-measurement unit that is equivalent to 25 ha in the City of Senador José Porfírio, Pará State) for indefinite exploration. Purchases or leases in excess of this limit require the approval of the Brazilian congress. Transactions made in violation of such rules shall be considered null and void. Despite the fact that we have acquired the possession rights for an area covering 1,734 ha, which is comprised of three distinct properties - Fazenda Galo de Ouro, Fazenda Ouro Verde and Fazenda Ressaca, where our mineral deposits are located, and also despite the fact that the legitimacy of the application of Law No. 5,709/71 and Brazilian Attorney General Office's opinion is disputable in court, the validity of the documents by which the possession rights have been acquired may be challenged, potentially resulting in the payment of compensation to the landowner or legal possessor, corresponding to 50% of the amount paid the holder of the mineral rights as Federal Royalties (i.e. CFEM) in the respective area in case the acquisition of such area is deemed null and void by the court. Federal Decree-law No. 3,365/41 granted mining activities the status of public utility and the holder of mineral rights is entitled to access the land where the deposits are located, irrespective of the acquiescence of the landowner, by means of legal mechanisms established in the Brazilian Mining Code (Federal Decree-law No. 227/67), at the exploration phase (i.e. right of access) and at the exploitation phase (i.e. mineral easement). Even if eventually the transactions relating to the acquisition of the possession rights are declared null and void in court, we would not be denied access to the land where our deposits are located and would be able to regularly operate our business under the legal mechanisms above.

Uninsured Risks

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

Dependence on Outside Parties

The Company has relied upon consultants, engineers and others and intends to rely on these parties for exploration, drilling, and local expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. 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 Company.

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 Company. In addition, the recruiting of qualified personnel is critical to the Company'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.

Dependence on Qualified Personnel

Recruiting and retaining qualified personnel in the future is critical to the Company's success. As the Company 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 in Brazil is limited and competition for this workforce is intense. The development of the Volta Grande Gold Project and other initiatives of the Company may be significantly delayed or otherwise adversely affected if the Company 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 interpretation of 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 such 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 Company's share price will not occur.

Conflicts of Interest

Certain of the Company'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 Company may participate, the directors of the Company 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 Company are exposed to various levels of political, economic and other risks and uncertainties associated with operating in 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, land or tax disputes; changes in taxation policies; restrictions on foreign exchanges; changing political condition; 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 conducts business may adversely affect the operations of the Company. The Company may become subject to local political unrest that could have a debilitating impact on operations, and at its extreme, could result in damage and injury to personnel and site infrastructure. Furthermore, the Federal Government of Brazil collects royalties on mineral production, with up to half of such royalties being paid to surface rights owners. The Corporation will be required to pay a net smelter return, and may be required to pay other royalties, the level of which may be varied at any time as a result of changing legislation, if the Corporation goes into production, which may have a material adverse effect on the Corporation at such time.

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, 2012, 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, 2012.

Future Accounting Pronouncements

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 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.

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 not yet determined the impact of the amendments to IFRS 10 on its financial statements.

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 has not yet determined the impact of the amendments to IFRS 11 on its 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 not yet determined the impact of the amendments to IFRS 12 on its financial statements.

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 not yet determined the impact of the amendments to IFRS 13 on its 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.

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 not yet determined the impact of the amendments to IAS 1 on its financial statements.

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 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.