CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

For the nine months ended
September 30, 2014 and 2013

Belo Sun Mining Corp.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Belo Sun Mining Corp.

Condensed Interim Consolidated Statements of Financial Position

Unaudited

(Expressed in Canadian dollars)

	Notes	September 30, 2014	December 31, 2013 (Restated - Note 15)	January 1, 2013 (Restated - Note 15)
Assets				
Current assets				
Cash and cash equivalents		$ 9,221,086	$ 13,197,670	$ 45,977,241
Prepaid expenses and sundry receivables	3	192,892	279,009	885,413
		9,413,978	13,476,679	46,862,654
Non-current assets				
Property and equipment	6	6,793,857	6,584,995	6,394,504
Term investment	5	562,494	517,427	524,131
Total Assets		$ 16,770,329	$ 20,579,101	$ 53,781,289
Liabilities and Equity				
Current liabilities				
Accounts payable and accrued liabilities	7	$ 3,901,732	$ 3,425,522	$ 7,306,777
Finance leases		-	9,558	26,397
Current taxes		-	7,091	7,091
		3,901,732	3,442,171	7,340,265
Non-current liabilities				
Finance leases		-	-	10,313
Taxes payable		-	-	7,091
		3,901,732	3,442,171	7,357,669
Equity				
Share capital	8	163,803,207	157,304,907	157,177,638
Share-based payments reserve	9	15,141,493	15,141,493	13,270,262
Accumulated other comprehensive income		445,476	144,548	(497,425)
Deficit		(166,521,579)	(155,454,018)	(123,526,855)
Total Equity		12,868,597	17,136,930	46,423,620
Total Liabilities and Equity		$ 16,770,329	$ 20,579,101	$ 53,781,289

Commitments and contingencies 14

Approved on behalf of the Directors:

"Catherine Stretch" — Director

"Mark Eaton" — Director

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

(Expressed in Canadian dollars)

	Notes	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Expenses					
Management fees paid to directors	13	$ 152,747	$ 124,059	$ 403,392	$ 577,067
Salaries, wages and consulting fees		720,564	670,788	1,975,222	3,840,836
Legal fees		16,294	8,133	18,794	22,508
Audit fees		34,331	31,200	103,325	64,819
General and administration		350,374	421,989	959,796	1,610,237
Depreciation		69,374	119,785	209,861	303,195
Share-based payments	9	-	2,175,000	-	2,426,000
Exploration and evaluation expenses	4	1,698,292	1,569,295	4,988,869	10,190,593
Engineering studies	4	1,206,428	3,167,714	2,724,573	8,788,126
Foreign exchange loss/(gain)		5,051	162,294	(94,880)	644,830
Loss from operations		(4,253,455)	(8,450,257)	(11,288,952)	(28,468,211)
Interest income		67,319	192,227	221,391	636,941
(Loss)/gain on sale of assets		-	(362)	-	12,148
(Loss)/gain on derivative liability		-	(1,011)	-	32,515
Net loss for the period		(4,186,136)	(8,259,403)	(11,067,561)	(27,786,607)
Exchange differences on translating foreign operations		257,091	(204,148)	300,928	400,057
Comprehensive loss for the period		$ (3,929,045)	$ (8,463,551)	$(10,766,633)	$(27,386,550)
Loss per share					
Basic		$ (0.02)	$ (0.03)	$ (0.04)	$ (0.10)
Diluted		$ (0.02)	$ (0.03)	$ (0.04)	$ (0.10)
Weighted average number of shares outstanding:					
Basic and diluted		272,502,874	265,997,491	268,264,729	265,939,838

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

(Expressed in Canadian dollars)

	Notes	Nine months ended September 30, 2014	2013
Cash provided by (used in) operations:			
Net (loss)		$(11,067,561)	$(27,786,607)
Items not involving cash:			
Share-based payments	9	-	2,426,000
Depreciation		209,861	303,195
Interest income		(221,391)	(636,941)
Interest income received		183,178	611,625
(Gain) on sale of asset		-	(12,148)
Write-down of assets		-	64,746
(Gain) on derivative liability		-	(32,515)
Unrealized loss on foreign exchange		(61,740)	458,768
Working capital adjustments:			
Change in prepaid expenses and sundry receivables		86,117	(51,245)
Change in accounts payables and accrued liabilities		476,212	(602,676)
Change in current income taxes		(7,091)	(7,091)
Net cash (used) by operating activities		(10,402,415)	(25,264,889)
Investing activities			
Expenditures on property and equipment		(73,784)	(191,659)
Proceeds from sale of assets		-	12,148
Payment against liabilities related to the acquisition of land		-	(1,185,663)
Net cash (used) in investing activities		(73,784)	(1,365,174)
Financing activities			
Private placement financing		6,500,000	-
Cost of issue		(1,700)	-
Exercise of options		-	72,000
Finance lease payments		(10,153)	(21,213)
Net cash provided by financing activities		6,488,147	50,787
Change in cash and cash equivalents		(3,988,052)	(26,579,276)
Cash and cash equivalents, beginning of the period		13,197,670	45,977,241
Effect of exchange rate on cash held		11,468	(310,573)
Cash and cash equivalents, end of the period		$ 9,221,086	$ 19,087,392
Cash and cash equivalents are comprised of:			
Cash in bank		$ 8,735,676	$ 12,729,430
Short-term money market instruments		$ 485,410	$ 6,357,962
		$ 9,221,086	$ 19,087,392

- See accompanying notes to these Condensed Interim Consolidated Financial Statements -

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

(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Share-Based Payments Reserve	Accumulated Other Comprehensive Income/(Loss)	Deficit	Total
Balance, December 31, 2013 (Note 15)	266,110,534	$ 157,304,907	$ 15,141,493	$ 144,548	$ (155,454,018)	$ 17,136,930
Private placement	30,952,381	6,500,000	-	-	-	6,500,000
Cost of issue	-	(1,700)	-	-	-	(1,700)
Comprehensive (loss)	-	-	-	300,928	(11,067,561)	(10,766,633)
Balance, September 30, 2014	297,062,915	$ 163,803,207	$ 15,141,493	$ 445,476	$ (166,521,579)	$ 12,868,597
Balance, December 31, 2012 (Note 15)	265,910,534	$ 157,177,638	$ 13,270,262	$ (497,425)	$ (123,526,855)	$ 46,423,620
Exercise of options	200,000	72,000	-	-	-	72,000
Valuation allocation on exercise of options	-	55,269	(55,269)	-	-	-
Valuation allocation for expiry of options	-	-	(499,500)	-	499,500	-
Comprehensive (loss)	-	-	2,426,000	400,057	(27,786,607)	(24,960,550)
Balance, September 30, 2013	266,110,534	$ 157,304,907	$ 15,141,493	$ (97,368)	$ (150,813,962)	$ 21,535,070

1. Nature of operations

Belo Sun Mining Corp. ("Belo Sun" or the "Company"), through its subsidiaries, is a gold exploration company engaged in the exploration of properties located in Brazil. The Company is a publicly listed company incorporated in the Province of Ontario. The Company's shares are listed on the Toronto Stock Exchange. The Company's head office is located at 65 Queen Street West, 8th Floor, Toronto, Ontario, Canada, M5H 2M5.

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

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

2. Significant accounting policies

a) Statement of compliance

These condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). The policies applied in these condensed interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as at September 30, 2014. The policies as set out in the Company's Annual Consolidated Financial Statements for the twelve months ended December 31, 2013 were consistently applied to all the periods presented unless otherwise noted below. The Board of Directors approved these condensed interim consolidated financial statements for issue on November 12, 2014.

b) Basis of preparation

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

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

c) New and future accounting policies

IAS 32, Financial instruments: Presentation is effective for annual periods beginning on or after January 1, 2014. IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments also clarify that the right of offset must be available on the current date and cannot be contingent on a future date. At January 1, 2014, the Company adopted this pronouncement and there was no impact on the Company's financial statements.

IAS 36, Impairments of Assets was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. At January 1, 2014, the Company adopted this pronouncement and there was no impact on the Company's financial statements.

IFRS 9, Financial Instruments: Classification and Measurement, introduces new requirements for the classification and measurement of financial instruments. The date of application is yet to be determined, and the Company has not yet considered the potential impact of the adoption of IFRS 9.

d) Principles of consolidation

(i) Subsidiaries

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

(ii) Transactions eliminated on consolidation

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

e) Significant accounting judgments, estimates and assumptions

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

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

- Asset carrying values and impairment charges
  In the determination of carrying values and impairment charges, management looks at the recoverable amount considered to be higher of value in use or fair value less costs of disposal in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

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

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

- Assessment of the project stage for mineral properties and activities
  In determining whether the Company is in the exploration and evaluation stage or the development stage, management must make an assessment as to whether the technical feasibility and commercial viability of extracting the mineral resource are demonstrable. Management relies on technical studies performed by consultants to make this assessment.

- Estimation of close down and restoration costs and the timing of expenditures
  The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Estimation of asset lives and depletion, depreciation and amortization
  Depreciation and depletion expenses are allocated based on assumed asset lives and depletion/depreciation rates. Should the asset life or depletion/depreciation rate differ from the initial estimate, an adjustment would be made in the statement of comprehensive loss.

• Determination of functional currency

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

• Contingencies

Refer to Note 14.

f) Presentation and functional currency

The Company's condensed interim consolidated financial statements are presented in Canadian dollars. The Company's functional and presentation currency is the Canadian dollar. The Company's subsidiaries' functional currency is the United States dollar.

3. Prepaid expenses and sundry receivables

	September 30, 2014	December 31, 2013
Trade receivables and other advances	$ 8,483	$ 139,887
Prepaid taxes	-	-
HST/VAT receivable	146,827	115,539
Prepaid insurance	37,582	23,583
	$ 192,892	$ 279,009

4. Exploration and evaluation expenses and engineering studies

Exploration and evaluation expenditures and engineering studies expensed immediately in the consolidated statement of comprehensive loss for the three and nine months ended September 30, 2014 collectively amounted to $2,904,720 and $7,713,442 respectively (three and nine months ended September 30, 2013 - $4,737,009 and $18,978,719 respectively).

5. Term investment

The investment consists of a term deposit with Banco do Brasil SA to fund the potential amounts owing to Companhia de Pesquisa de Recursos Minerais ("CPRM"). As at September 30, 2014, the balance in this account was R$1,228,958 ($562,494) (December 31, 2013: R$1,149,072 ($517,427)) and the Company earned 7.70% in interest for the nine months ended September 30, 2014. The Company intends on rolling over the term deposit on maturity because it is security against the potential amount owing to the CPRM, a Brazilian state owned company to which the Company is committed to paying royalties if a mineable deposit is defined on the Volta Grande Property.

(Expressed in Canadian dollars unless otherwise noted)

6. Property and equipment

Cost	Vehicles	Furniture & equipment	Mining equipment	Assets under construction	Land	Total
Balance at December 31, 2012	$640,585	$1,146,800	$ 513,324	$ 117,411	$4,470,822	$6,888,942
Additions	4,558	282,714	26,134	(109,716)	-	203,690
FX adjustment	16,435	21,228	4,563	(7,695)	312,097	346,628
Balance at December 31, 2013	661,578	1,450,742	544,021	-	4,782,919	7,439,260
Additions	-	44,333	29,451	-	-	73,784
FX adjustment	28,794	70,186	29,477	-	253,368	381,825
Balance at September 30, 2014	690,372	1,565,261	602,949	-	5,036,287	7,894,869
Accumulated depreciation and impairment						
Balance at December 31, 2012	180,190	131,171	183,077	-	-	494,438
Charge for the year	119,918	84,452	175,322	-	-	379,692
Disposal	34,980	35,664	(3,330)	-	-	67,314
FX adjustment	(8,340)	(64,586)	(14,253)	-	-	(87,179)
Balance at December 31, 2013	326,748	186,701	340,816	-	-	854,265
Charge for the year	93,484	68,775	47,602	-	-	209,861
FX adjustment	14,556	7,458	14,872	-	-	36,886
Balance at September 30, 2014	$434,788	$ 262,934	$ 403,290	$ -	$ -	$1,101,012
Net book value as at December 31, 2013	$334,830	$1,264,041	$ 203,205	$ -	$4,782,919	$6,584,995
Net book value as at September 30, 2014	$255,584	$1,302,327	$ 199,659	$ -	$5,036,287	$6,793,857

7. Accounts payable and accrued liabilities

	September 30, 2014	December 31, 2013	January 1, 2013
Mineral properties suppliers and contractors	$ 1,054,347	$ 758,297	$ 1,606,074
Accrued royalties (Note 15)	2,473,884	2,376,394	2,481,549
Property acquisition consideration payable	-	-	2,450,403
Property taxes	163,045	-	-
Departamento Nacional de Produçao Mineral ("DNPM")	60,506	142,533	154,744
Corporate payables	66,800	38,298	485,007
Audit and other accruals	83,150	110,000	129,000
	$ 3,901,732	$ 3,425,522	$ 7,306,777

(Expressed in Canadian dollars unless otherwise noted)

8. Share Capital

The Company completed a non-brokered private placement financing through the issuance of 30,952,381 common shares of the Company a price of $0.21 per common share for gross proceeds of $6,500,000. The Company incurred nominal issue costs of $1,700 in relation to this private placement.

	Number of Shares	Amount
Balance, December 31, 2013	266,110,534	$ 157,304,907
Private placement	30,952,381	6,500,000
Cost of issue	-	(1,700)
Balance, September 30, 2014	297,062,915	$ 163,803,207

9. Share-based payments reserves

The Company has an ownership-based compensation plan for executives and employees. In accordance with the terms of the plan, officers, directors and consultants of the Company may be granted options to purchase common shares at exercise prices determined at the time of grant. The Company has adopted a Floating Stock Option Plan (the "Plan"), whereby the number of common shares reserved for issuance under the Plan is equivalent of up to 10% of the issued and outstanding shares of the Company from time to time. The option vesting terms are determined at the discretion of the Board of Directors.

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

	Number of Options	Weighted average exercise prices	TOTAL VALUE
December 31, 2013 and September 30, 2014	22,943,000	$0.93	$ 15,141,493

(Expressed in Canadian dollars unless otherwise noted)

The following share-based payments arrangements were in existence as at September 30, 2014:

Options:

				Black-Scholes inputs			
Number exercisable	Grant date	Expiry date	Exercise price	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
3,611,000	5-Mar-10	5-Mar-15	$ 0.34	100%	5	0%	2.59%
60,000	2-Jun-10	2-Jun-15	$ 0.45	100%	5	0%	2.68%
1,768,000	29-Jul-10	29-Jul-15	$ 0.36	104%	5	0%	2.36%
50,000	11-Nov-10	11-Nov-15	$ 0.80	94%	5	0%	2.50%
500,000	5-Dec-10	5-Dec-15	$ 0.89	94%	5	0%	2.40%
4,657,000	21-Apr-11	21-Apr-16	$ 1.33	94%	5	0%	2.70%
3,372,000	31-Jan-12	31-Jan-17	$ 1.15	94%	5	0%	1.25%
250,000	30-Apr-12	30-Apr-17	$ 1.15	94%	5	0%	1.60%
400,000	14-Jun-12	14-Jun-17	$ 1.17	94%	5	0%	1.28%
2,815,000	3-Jul-12	3-Jul-17	$ 1.15	94%	5	0%	1.26%
1,160,000	10-Jul-12	10-Jul-17	$ 1.15	94%	5	0%	1.18%
300,000	29-Nov-12	29-Nov-17	$ 1.70	93%	5	0%	1.30%
50,000	11-Jan-13	11-Jan-18	$ 1.58	119%	5	0%	1.48%
200,000	9-Apr-13	9-Apr-18	$ 1.14	118%	5	0%	1.24%
3,750,000	19-Aug-13	19-Aug-18	$ 0.71	118%	5	0%	1.98%
22,943,000							

Fair value of share options granted in the period:

During the three and nine months ended September 30, 2014, the Company did not grant stock options and no expense was incurred. For the three and nine months ended September 30, 2013, 3,750,000 and 4,000,000 options were granted respectively and $2,175,000 and $2,426,000 was recorded as stock-based compensation expense respectively. The weighted average grant date fair value of the share options granted during the nine months ended September 30, 2014 is $nil (September 30, 2013: $0.61). Options were priced using the Black-Scholes option-pricing model. Expected volatility is based on the historical share price volatility over the past 5 years. The expected life of the option was calculated based on the history of option exercises. The weighted average life of the outstanding options is 2.09 years. The weighted average market price on the date of grant for options granted during the period was $nil (September 30, 2013: $0.74).

(Expressed in Canadian dollars unless otherwise noted)

10. Operating segments

Geographical information

The Company operates in Canada and Brazil. Information about the Company's assets by geographical location is detailed below.

	Current assets	Property and equipment	Other long-term assets	Total Assets
September 30, 2014				
Canada	$ 8,679,323	$ 1,797	$ -	$ 8,681,120
Brazil	734,655	6,792,060	562,494	8,089,209
	$ 9,413,978	$ 6,793,857	$ 562,494	$ 16,770,329
December 31, 2013				
Canada	$ 11,195,075	$ 3,036	$ -	$ 11,198,111
Brazil	2,281,604	6,581,959	517,427	9,380,990
	$ 13,476,679	$ 6,584,995	$ 517,427	$ 20,579,101

11. Financial instruments

Financial assets and financial liabilities as at September 30, 2014 were classified as follows:

September 30, 2014	Loans and receivables	Other liabilities	Assets /(liabilities) at fair value through profit/loss	Total
Cash and cash equivalents	$ -	$ -	$ 9,221,086	$ 9,221,086
Term investment	-	-	562,494	562,494
Accounts payable and accrued liabilities	-	3,901,732	-	3,901,732
Finance leases	-	-	-	-

The fair value of accounts payable and accrued liabilities approximates fair value due to the short term nature of the financial instruments.

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

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

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

At September 30, 2014, cash and cash equivalents, term investment and accounts payable and accrued liabilities, financial instruments that are carried at fair value, have been classified as Level 1 within the fair value hierarchy.

The Company's risk exposures and their impacts on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the nine months ended September 30, 2014.

Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's primary counterparty related to its cash and cash equivalents and term investment carry an investment grade rating as assessed by external rating agencies. The Company maintains all of its cash and cash equivalents and term investment with major Canadian, British, US and Brazilian financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits.

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

Liquidity risk

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

As at September 30, 2014, the Company had current assets of $9,413,978 to settle current liabilities of $3,901,732.

Market risk

(a) Interest rate risk

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

Based on cash and cash equivalent balances on hand at September 30, 2014, a 0.1% change in interest rates could result in a corresponding change in net loss of approximately $9,200 (December 31, 2013 - $13,000).

(b) Currency risk

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

A strengthening of $0.01 in the United States dollar against the Brazilian Reais would have decreased net income by approximately $46,000 for the nine months ended September 30, 2014 (September 30, 2013 - $100,000). A strengthening of $0.01 in the Canadian dollar against the United States dollar would have decreased other comprehensive income by approximately $19,000 for the nine months ended September 30, 2014 (September 30, 2013 - $45,000). At September 30, 2014, one Canadian dollar was equal to 0.8929 United States dollars (September 30, 2013 – 0.9706) and one Canadian dollar was equal to 2.1848 Brazilian Reais (September 30, 2013 – 2.1584).

12. Capital management

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

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

There were no significant changes in the Company's approach to capital management during the nine months ended September 30, 2014. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars unless otherwise noted)

13. Related party disclosures

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

	Country of incorporation	% equity interest
Belo Sun Mining (Barbados) Corp.	Barbados	100
Belo Sun Mineracao Ltda	Brazil	100
Intergemas Mineracao e Industrailizacao Ltda	Brazil	100
Aubras Mineracao Ltda	Brazil	98
Oca Mineracao Ltda	Brazil	100

During the three and nine months ended September 30, 2014, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Purchases of goods/services			
	Three months ended September 30,		Nine months ended June 30,	
	2014	2013	2014	2013
2227929 Ontario Inc.	$ 90,091	$ 151,768	$ 250,840	$ 410,575
Forbes & Manhattan, Inc.	75,000	75,000	225,000	238,000
Falcon Metais Ltda.	46,770	40,470	131,358	119,000

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

Mr. Stan Bharti, a director of the Company, is the Executive Chairman of Forbes & Manhattan, Inc., a corporation that provides administrative and consulting services to the Company, including but not limited to strategic planning and business development. Forbes & Manhattan, Inc. charges a monthly consulting fee of $25,000. During the nine months ended September 30, 2014, the Company granted Mr. Bharti, through Forbes & Manhattan, Inc., a bonus of $nil (September 30, 2013 - $13,000).

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

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

	Amounts owed by related parties		Amounts owed to related parties	
	30-Sep-14	31-Dec-13	30-Sep-14	31-Dec-13
2227929 Ontario Inc.	$ -	$ -	$ -	$ 11,661
Falcon Metais Ltda.	-	-	64,136	-

(Expressed in Canadian dollars unless otherwise noted)

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

Compensation of key management personnel of the Company

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

	Three months ended September 30,		Nine months ended June 30,	
	2014	2013	2014	2013
Short-term benefits	$ 514,782	$ 408,000	$ 1,334,782	$ 2,701,833
Share-based payments	-	1,288,760	-	1,288,760

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.

14. Commitments and contingencies

(a) Under a successfully renegotiated agreement with CPRM in March 2008, the Company maintains an interest bearing term deposit to cover the future royalty payments, starting March 31, 2008. As at September 30, 2014, no royalty payments have been paid.

(b) The Company is party to certain management contracts. These contracts require that additional payments of up to $8,000,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is uncertain and it is not probable that there will be any outflow of resources to settle the commitment, the contingent payments have not been reflected in these condensed interim consolidated financial statements. Minimum commitments remaining under these contracts were approximately $971,000 all due within one year.

(c) 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.

15. Restatement of prior years' comparative financial statements

As a result of uncovering an amendment to an existing agreement dating back to 2008, the Company recorded an accrual for royalty payments which impacted prior periods. The restatement impacts the items shown below for prior periods on the Company's Statements of Financial Position. There was no impact to prior periods on the Company's Statements of Comprehensive Loss.

Statements of Financial Position	December 31, 2013	January 1, 2013
Accounts payable and accrued liabilities	(2,376,394)	(2,481,549)
Deficit	2,376,394	2,481,549