MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2014

(Containing information through August 7, 2014 unless otherwise noted)

Background

This Management's Discussion and Analysis ("MD&A") has been prepared based on information available to Belo Sun Mining Corp. ("we", "our", "us", "Belo Sun" or the "Company") as of August 7, 2014 unless otherwise noted. The MD&A provides a detailed analysis of the Company's operations and compares its financial results with those of the previous periods and should be read in conjunction with our condensed interim consolidated financial statements for the six months ended June 30, 2014 and related notes as well as the annual consolidated financial statements and notes and MD&A for the twelve months ended December 31, 2013. The financial statements and related notes of Belo Sun have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Please refer to the notes of the December 31, 2013 annual consolidated financial statements for disclosure of the Company's significant accounting policies. Unless otherwise noted, all references to currency in this MD&A refer to Canadian dollars.

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

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

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

Cautionary Statement Regarding Forward Looking Information

Except for statements of historical fact relating to Belo Sun, certain information contained herein constitutes forward-looking information under Canadian securities legislation. Forward-looking statements include, without limitation, statements with respect to: possible events, the future price of gold, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of projects and new deposits, success of exploration, development and mining activities, permitting timelines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. The words “anticipates”, ‘‘plans’’, ‘‘expects’’, “indicative”, “intend”, ‘‘scheduled’’, “timeline”, ‘‘estimates’’, ‘‘forecasts”, “guidance”, “opportunity”, “outlook”, “potential”, “projected”, “schedule”, “seek”, “strategy”, “study” (including, without limitation, as may be qualified by “feasibility” and “pre-feasibility”), “targets”, “models”, or ‘‘believes’’, or variations of or similar such words and phrases or statements that certain actions, events or results ‘‘may’’, ‘‘could’’, ‘‘would’’, or ‘‘should’’, ‘‘might’’, or ‘‘will be taken’’, ‘‘occur’’ or ‘‘be achieved’’ and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Belo Sun as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

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

Overview of the Company

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

Highlights for the six months ended June 30, 2014:

- In February 2014, the Company completed a Preliminary Economic Assessment of a staged development approach on the updated mineral resource for the Volta Grande Project which generated a post-tax Internal Rate of Return (“IRR”) of 16.1% at a gold price of US$1300 per ounce (see Press Release issued February 20, 2014). The Company filed a technical report with respect to this Preliminary Economic Assessment on March 31, 2014 and can be found under the Company’s profile on www.sedar.com.

- In February 2014, the Company received its Preliminary License approving its Environmental Impact Assessment. The LP was issued with conditions related to training and capacity building, environmental monitoring, social education and development of local industries. Belo Sun built and opened a training centre in the local village and has been providing courses to train the community workforce in conjunction with Federal and Pará State agencies. The Company has commenced a study on the indigenous peoples in the region as part of the conditions of its LP. This study will involve consultation with the indigenous tribes and other potential indigenous stakeholders in the region.

- The Company has hired service providers and contractors necessary to fulfill all the conditions of the LP, including the completion of technical, environmental, social and communications programs and indigenous studies.

- Belo Sun opened a new office in the city of Senador José Porfirio, the municipality that hosts the Volta Grande Project, in order to improve communication and opportunities between the Company and the local community.

- In May 2014, the Company commenced a new drill program, which focuses on four high-grade areas in the Ouro Verde and Grota Seca deposits. This program is expected to provide additional details on these near surface high grade areas of the deposit with a view to improving the overall project economics.

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

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

Outlook

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

Since April 2010, the Company completed 784 drill holes (204,937 metres).

A Preliminary Economic Assessment ("PEA") was completed on February 20, 2014 (see Press Release issued February 20, 2014) which has taken a new staged development approach to the project. The results of this PEA are discussed later in this document. In this context, Belo Sun is planning the programs set out for the Volta Grande Project as follows:

- Regional exploration programs with drilling planned for Q4-2014 (including regional permits) to follow up high resolution airborne geophysical surveys (magnetic and electromagnetic) completed in 2012.
- Continued permitting activities and exploring project financing options.
- Completing a feasibility study on the phased approach.

Summary of Quarterly Results

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

	30-Jun 2014	31-Mar 2014	31-Dec 2013	30-Sep 2013	30-Jun 2013	31-Mar 2013	31-Dec 2012	30-Sep 2012
Net (loss)	($3,648,612)	($3,232,813)	($4,745,211)	($8,259,403)	($8,166,717)	($11,360,487)	($8,460,407)	($12,931,632)
Net (loss) per share	($0.01)	($0.01)	($0.02)	($0.03)	($0.03)	($0.04)	($0.03)	($0.06)
Working Capital*	$5,572,465	$9,286,967	$12,410,902	$16,619,491	$22,598,930	$30,386,056	$42,003,938	$3,594,574
Total Assets	$13,900,812	$17,680,862	$20,579,101	$26,995,268	$33,189,599	$43,188,647	$53,781,289	$15,322,537
Total Non-current Liabilities	$0	$0	$0	$0	$0	$5,344	$17,404	$22,532

* 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 a number of factors, including the level of working capital, the availability of external financing, the time required to gather, analyze and report on geological data related to its properties and the nature of activity, and the number of personnel required to advance each individual project.

In addition, the granting of stock options in a particular quarter gives rise to stock-based compensation expense. In the second quarter of 2014, the Company recorded stock-based compensation expense of $Nil (Q1-2014 – $Nil; Q4-2013 – $Nil; Q3-2013 – $2,175,000; Q2-2013 – $186,000; Q1-2013 – $65,000, Q4-2012 – $363,000, Q3-2012 – $184,050). Exploration expenditures during quarters vary and can cause earnings to fluctuate. In the second quarter of 2014, the Company recorded exploration and evaluation expenses (including engineering studies) of $2,625,502 (Q1-2014 – $2,183,220; Q4-2013 – $2,684,382; Q3-2013 – $4,737,009; Q2-2013 –$6,173,255; Q1-2013 – $8,068,455, Q4-2012 – $6,648,823, Q3-2012 – $12,039,843). The Company's activities slowed down in 2014 as the Company completed its Preliminary Economic Assessment and continued work on its definitive feasibility study. The Company initiated a small drill program during Q2-2014 and also incurred expenditures related to the new training facility. During 2013, the Company completed 15,145 metres of drilling, completed work on its prefeasibility study, worked on its Preliminary Economic Assessment, and continued work on its definitive feasibility study. During 2012, the Company incurred costs from its extensive drilling program of 98,514 metres, as well as costs in relation to prefeasibility and geophysical studies.

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

Results of Operations – Financial

The following is a discussion of the results of operations of the Company for the three and six months ended June 30, 2014. This should be read in conjunction with the Company's condensed interim consolidated financial statements for the six months ended June 30, 2014 and related notes.

For the quarters ended:

	Three months ended June 30, 2014	Three months ended June 30, 2013
Net loss	$ 3,648,612	$ 8,166,717
Interest income	(68,199)	(225,205)
Management fees to directors	122,490	124,036
Salaries, wages and consulting fees	635,457	746,056
Professional fees	43,994	19,510
General and administration	259,298	497,933
Amortization	59,408	71,238
Share-based payments	-	186,000
Exploration and evaluation expenses	2,000,749	3,444,699
Engineering studies	624,753	2,728,556
(Gain)/loss on foreign exchange	(29,338)	586,041
(Gain) on sale of assets	-	(12,510)
Loss on derivative liability	-	363

For the three months ended June 30, 2014, the Company recorded a net loss of $3,648,612 ($0.01 per share) compared to a net loss of $8,166,717 ($0.03 per share) for the three months ended June 30, 2013.

Salaries, wages and consulting fees decreased by $110,599 in Q2-2014 compared to Q2-2013 as a result of a reduction in consultants reflective of the Company's reduced activity level.

General and administration costs decreased by $238,635 in Q2-2014 compared to Q2-2013 primarily as a result of a reduction of activity and reduced travel in Q2-2014.

Exploration and evaluation expenses, including engineering studies, were $2,625,502 for the three months ended June 30, 2014 compared to $6,173,255 for the three months ended June 30, 2013, a decrease of $3,547,753. The Company's activities were reduced in Q2-2014 compared to Q2-2013. While the Company initiated a drilling campaign during Q2-2014, there was drilling activity and its costs were significantly reduced compared to Q2-2013.

Interest income decreased by $157,006 for the three months ended June 30, 2014 compared to the three months ended June 30, 2013. Lower cash balances held during Q2-2014 compared to Q2-2013 resulted in reduced interest income.

Share-based payments were $nil for the three months ended June 30, 2014 as the Company did not issue stock options during this period. During Q2-2013, 200,000 stock options were granted to a consultant of the Company resulting in $186,000 in share-based payments expense for the comparable quarter. All options vested immediately.

The Company also recognized a foreign exchange gain of $29,338 during Q2-2014 (Q2-2013 – a loss of $586,041). The US dollar weakened marginally throughout the current quarter compared to the Brazilian Reais.

During the three months ended June 30, 2014, the Company spent $3,523,765 on operations, paid lease obligations of $5,194, and purchased capital assets of $53,491. During the three months ended June 30, 2013, the Company spent $9,029,282 on operations, paid lease obligations of $5,189, incurred $114,386 in capital asset expenditures and paid $494,733 against liabilities related to the acquisition of land.

For the six months ended:

	Six months ended June 30, 2014	2013
Net loss	$ 6,881,425	$ 19,527,204
Interest income	(154,072)	(444,714)
Management fees to directors	250,645	453,008
Salaries, wages and consulting fees	1,254,658	3,170,048
Professional fees	71,494	47,994
General and administration	609,422	1,188,248
Amortization	140,487	183,410
Share-based payments	-	251,000
Exploration and evaluation expenses	3,290,577	8,621,298
Engineering studies	1,518,145	5,620,412
(Gain)/loss on foreign exchange	(99,931)	482,536
(Gain) on derivative liability	-	(12,510)
(Gain) on sale of assets	-	(33,526)

For the six months ended June 30, 2014, the Company recorded a net loss of $6,881,425 ($0.03 per share) compared to a net loss of $19,527,204 ($0.07 per share) for the six months ended June 30, 2013.

Salaries, wages and consulting fees along with fees to directors decreased by $2,117,753 in 2014 compared to 2013 as a result of a bonuses granted in the prior year. None were granted during 2014. As well, the Company incurred a lower cost for consultants, which is reflective of the Company's reduced activity level.

General and administration costs decreased by $578,826 in 2014 compared to 2013 primarily as a result of a reduction of activity and reduced travel in Q2-2014.

Exploration and evaluation expenses, including engineering studies, were $4,808,722 for the six months ended June 30, 2014 compared to $14,241,710 for the six months ended June 30, 2013, a decrease of $9,432,988. The Company's activities were reduced in 2014 compared to 2013. There was significantly more drilling activity in the prior year compared to the current year. Work during 2014 focused on the Company's requirements to fulfill the preliminary license conditions as well as improving the overall project economics through a small drilling campaign.

Interest income decreased by $290,642 for the six months ended June 30, 2014 compared to the six months ended June 30, 2013. Lower cash balances held during 2014 compared to 2013 resulted in reduced interest income.

Share-based payments were $nil for the six months ended June 30, 2014 as the Company did not issue stock options during this period. During 2013, 250,000 stock options were granted resulting in $251,000 in share-based payments expense. All options vested immediately.

The Company also recognized a foreign exchange gain of $99,931 during 2014 (2013 – a loss of $482,536). The US dollar weakened throughout the year compared to the Brazilian Reais.

During the six months ended June 30, 2014, the Company spent $6,736,111 on operations, paid lease obligations of $10,151, and purchased capital assets of $54,040. During the six months ended June 30, 2013, the Company spent $19,700,181 on operations, paid lease obligations of $16,563, incurred $188,522 in capital asset expenditures, sold assets for proceeds of $12,510 and paid $932,718 against liabilities related to the acquisition of land.

Liquidity and Capital Resources

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

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

The Company had working capital of $5,572,465 as at June 30, 2014 (December 31, 2013 - $12,410,902) including cash and cash equivalents of $6,599,269 (December 31, 2013 - $13,197,670). None of the cash equivalents are invested in asset-backed securities.

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

Long Term Investment

The Company is carrying a term deposit with Banco do Brasil to fund potential amounts owing to Companhia de Pesquisa de Recoursos Minerais ("CPRM"). As at June 30, 2014, the balance of this deposit was 1,197,136 Reais ($579,964). There has been no production at Volta Grande thus no royalties payable and no amounts were withdrawn by the CPRM.

Currency Risk

The Company operates internationally and is exposed to foreign exchange risk as certain expenditures are denominated in non-Canadian dollar currencies. Foreign exchange risk is predominantly due to the United 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 $52,000 for the six months ended June 30, 2014 (June 30, 2013 - $81,000). A strengthening of $0.01 in the Canadian dollar against the United States dollar would have decreased other comprehensive income by approximately $24,000 for the six months ended June 30, 2014 (June 30, 2013 - $37,000). At June 30, 2014, one Canadian dollar was equal to 0.9372 United

States dollars (June 30, 2013 – 0.9507) and one Canadian dollar was equal to 2. 0640 Brazilian Reais (Jun e30, 2013 – 2.0999).

As at June 30, 2014 the monetary balances in non-Canadian dollar currencies are as follows:

	Brazilian Reais	United States Dollar
Cash	$ 5,903,539	$ 7,173
Accounts receivable and prepaid expenses	68,553	-
Long term investment	1,197,036	-
Accounts payable	(1,943,655)	(520)
Lease payable	-	-
	$ 5,225,473	$ 6,653

Capital Risk Management

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

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

The Company's properties are in the exploration stage and, accordingly, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise the additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes in the Company's approach to capital management during the six months ended June 30, 2014. 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 $6,900,000 be made upon the occurrence of certain events such as a change of control. Minimum commitments remaining under these contracts were approximately $866,000, all due within one year.

Environmental Commitments

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

The only capital resource of the Company is the plant and equipment at $6,523,307 (net book value).

Results of Operation - Exploration

VOLTA GRANDE PROPERTY

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

Agreement

In 2005, the Company signed an agreement modifying the terms of the acquisition of a 100 percent interest in the Volta Grande Gold Property located in the Para State, approximately 60 kilometres southwest of the city of Altamira in northern Brazil (the "Volta Grande Property"). Under the original terms of the contract signed in 2004, the Company was to pay US$3 million over four years. Under the modified agreement the Company agreed to pay to the Vendor a total of US$600,000 which was paid in 2006. The transfer of title to the Volta Grande Property occurred following the arrangements with CPRM, whereby the Company has committed to pay CPRM 3,740,000 Reais if a mineable deposit is defined on the Volta Grande Property. Payments would begin two years following production and could be paid over ten years on a quarterly basis. As security, the Company had purchased a term deposit of 3,740,000 Reais.

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

Background

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

Gold mineralization was identified at numerous sites in the 1990s by past operators TVX Gold Inc. (now part of Kinross Gold Corporation) and Battle Mountain Exploration (now part of Newmont Mining Corporation). Historical drilling by these companies included more than 27,000 metres of combined core, auger, and reverse circulation drilling and several thousand channel and soil samples. Preliminary metallurgical work indicated that Volta Grande mineralization is amenable to conventional milling and cyanidation process methods, with gold recoveries of up to 95% in bottle roll tests.

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

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

Preliminary Economic Assessment

In February 2014, the Company completed a PEA of a staged development approach based on the updated mineral resource (see Press Release dated October 3, 2013) for its 100%-owned Volta Grande gold project in Para State, Brazil. The study of this approach is a response to the current financial environment for raising capital for large capital gold projects and mitigates some of the start-up risks of large tonnage projects.

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

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

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

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

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

The average waste to mill feed strip ratio for the life of the mine is estimated to be 4.3:1. Bench heights of 10 meters will be mined initially using 14.5 m^3 loaders with 97 tonne haul trucks. This provides the greatest flexibility for grade control in the pit and flexibility of operations while maintaining reasonable operating costs and production capability. When the plant throughput increases, the fleet size will also be increased so production can be maintained in a cost effective manner while not sacrificing grade control. The smaller 97 tonne trucks will be replaced with larger trucks carrying 134 tonnes of material. The smaller loaders will be replaced with 19 m^3 loaders and 22 m^3 shovels. At both production levels, grade control support will be provided with backhoes and reverse circulation drilling.

Mill feed grade has been increased in the initial years using an elevated cutoff to assist with project payback. The lower grade material will be stockpiled near the primary crushing plant and fed to the plant in the later years of the project. Saprolite feed material will be stockpiled and will comprise up to 10% of the feed annually.

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

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

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

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

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

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

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

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

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

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

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

Volta Grande Resources Estimate

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

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

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

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

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

Mineral resource estimate parameters

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

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

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

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

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

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

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

Environmental licensing

In December 2013, the Environmental Council of Para State, Brazil (COEMA) approved the Environmental Impact Assessment ("EIA") for Belo Sun's Volta Grande Project (see press release dated November 18, 2013). The approval of the Environmental Impact Assessment and receipt of the Preliminary License (LP) is a key milestone in the advancement of the project towards construction phase. The Company received its Preliminary License in February 2014 and was issued with conditions related to training and capacity building, environmental monitoring, social education and development of local industries.

The Company has built a training centre in the local village and has commenced training and capacity building workshops in conjunction with the Federal and Pará State agencies. As well, the Company has commenced a study on the indigenous peoples in the region as part of the conditions of the LP. This study will involve consultation with the indigenous tribes and other potential indigenous stakeholders in the region.

Belo Sun has hired service providers and contractors necessary to fulfill all the conditions of the LP.

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

Community relations

The Company has opened a new office in the city of Senador Jose Porfirio, the municipality that hosts the Volta Grande Project, in order to improve communication and opportunities between the Company and the local community. The office is located in the downtown core, near the City Hall where City Council and other public institutions are located.

Belo Sun is also contributing to the improved accessibility of public services such as health care and education to the local population near the Volta Grande Project by helping to transport doctors, nurses, dentists and teachers to the area. These efforts are on the Company's behalf to promote the eradication of malaria in the Volta Grande area. Belo Sun also provides transportation on the weekends to 20 local area residents who take a four hour round trip boat ride to attend mining-oriented technical courses in the city of Altamira.

Off Balance Sheet Arrangements

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

Related Party Transactions

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

	Purchases of goods/services			
	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
2227929 Ontario Inc.	$ 67,837	$ 146,943	$ 160,748	$ 258,807
Forbes & Manhattan, Inc.	75,000	75,000	150,000	163,000
Falcon Metais Ltda.	43,356	43,797	84,588	78,530

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 six months ended June 30, 2014, the Company granted Mr. Bharti, through Forbes & Manhattan, Inc., a bonus of $Nil (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-Jun-14	31-Dec-13	30-Jun-14	31-Dec-13
2227929 Ontario Inc.	$ -	$ -	$ -	$ 11,661
Falcon Metais Ltda.	-	-	74,695	-

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 June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Short-term benefits	$ 408,000	$ 408,000	$ 820,000	$ 2,293,833
Share-based payments	-	-	-	-

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

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

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

Financial Instruments and Other Instruments

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

Outstanding Share Data

Authorized unlimited common shares without par value – 266,110,534 are issued and outstanding as at August 7, 2014.

There were no warrants outstanding as at August 7, 2014.

Stock options outstanding as at August 7, 2014 are as follows:

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

Risks and Uncertainties

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

Nature of Mining, Mineral Exploration and Development Projects

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

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

Mineral Resource Estimates May be Inaccurate

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

Uncertainty Relating to Mineral Resources

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

Licenses and Permits, Laws and Regulations

The Corporation's exploration and development activities, including mine, mill and infrastructure facilities, require permits and approvals from various government authorities, and are subject to extensive federal, provincial and local laws and regulations governing prospecting, development, production, transportation, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more time consuming and costly. In addition, the Corporation may be required to compensate those suffering loss or damage by reason of its activities. The Corporation will be required to obtain additional 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 to operate its 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 the Volta Grande Gold Project. 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 and the preliminary license which was granted on December 2, 2013 (see "*General Development of the Business – Financial Year Ended December 31, 2013*."). There is no assurance that it will obtain the corresponding mining concessions, or that if they are granted, that the process will not be heavily contested and thus costly and time consuming to the Corporation. In addition, it may not obtain one or more licenses. Any such failure may have a material adverse effect on the Corporation's business, results of operations and financial condition.

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

<u>No Revenues</u>

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

<u>Mineral Commodity Prices</u>

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

Liquidity Concerns and Future Financings

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

Foreign Exchange

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

Environmental

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

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

Many of the local, state and federal environmental laws and regulations require the Corporation to obtain 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, on the Xingu River, which is one of the Amazon's most important rivers. Due to the existence of communities of indigenous peoples and the region's biodiversity, the environmental licensing process of the Belo Monte dam has attracted a great deal of attention from the local communities, non-governmental organizations, the Federal Public Prosecutor Office, the Brazilian Institute of Environment and Renewable Natural Resources, and other Brazilian and foreign institutions. Therefore, environmental licensing of the Volta Grande Gold Project and relations with local communities may be more challenging and time consuming and subject to greater scrutiny as compared to the environmental licensing process and community and social relations for other mineral projects conducted in Brazil. Belo Sun can make no assurance that it will be able to maintain or obtain all of the required environmental and social 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 resource properties is a very detailed and time-consuming process. The Corporation holds its interest in its properties indirectly through exploration permits and exploration applications. Title to, and the area of, the permits may be disputed or applications may lapse. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Corporation may have an interest, which, if successful, could result in the loss or reduction of the Corporation's interest in the properties. There are garimpeiros (informal miners) operating within the Corporation's property, and there may be issues and difficulties that could arise, including title disputes and the risk of the garimpeiros encroaching onto active areas of the Volta Grande Gold Project.

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

Uninsured Risks

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

Competition

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

Dependence on Outside Parties

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

Dependence on Key Personnel

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

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

Litigation

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

Availability of Reasonably Priced Raw Materials and Mining Equipment

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

Share Price Fluctuations

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Corporation's share price will not occur. During the 52 weeks ended May 12, 2014, the Corporation's share price closed at a high of $0.93 and a low of $0.21.

Conflicts of Interest

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

Foreign Operations

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

Failure to comply with applicable laws and regulations may result in enforcement actions and include corrective measures requiring capital expenditures, installing of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining actives 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 six months ended June 30, 2014, and Belo Sun's Board of Directors approved these documents prior to their release.

Limitations of Controls and Procedures

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

Significant Accounting Policies

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

Future Accounting Pronouncements
IFRS 9, Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2015, and has not yet considered the potential impact of the adoption of IFRS 9.

Critical Accounting Estimates
The preparation of the Company's Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and impact estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting

valuations of stock based compensation and the valuation of income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.