



**ANNUAL INFORMATION FORM**

**For the year ended December 31, 2012**

**65 Queen Street West, Suite 815  
Toronto, ON M5H 2M5  
Tel: 416-309-2137  
Fax: 416-861-8165  
[www.belosun.com](http://www.belosun.com)**

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## TABLE OF CONTENTS

|                                                                  |            |
|------------------------------------------------------------------|------------|
| CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION ..... | 1          |
| DEFINITIONS AND GLOSSARY OF TERMS.....                           | 2          |
| CURRENCY PRESENTATION AND DATE OF INFORMATION .....              | 3          |
| CORPORATE STRUCTURE.....                                         | 4          |
| GENERAL DEVELOPMENT OF THE BUSINESS.....                         | 4          |
| NARRATIVE DESCRIPTION OF THE BUSINESS.....                       | 6          |
| DESCRIPTION OF MINERAL PROPERTIES.....                           | 11         |
| DIVIDENDS .....                                                  | 27         |
| DESCRIPTION OF CAPITAL STRUCTURE.....                            | 27         |
| MARKET FOR SECURITIES .....                                      | 28         |
| DIRECTORS AND OFFICERS .....                                     | 28         |
| AUDIT COMMITTEE DISCLOSURE.....                                  | 32         |
| PROMOTERS .....                                                  | 34         |
| LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....                    | 34         |
| INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS ..... | 34         |
| TRANSFER AGENTS AND REGISTRARS .....                             | 34         |
| MATERIAL CONTRACTS .....                                         | 34         |
| INTERESTS OF EXPERTS.....                                        | 34         |
| ADDITIONAL INFORMATION.....                                      | 35         |
| AUDIT COMMITTEE CHARTER .....                                    | Schedule A |

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

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

## **CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED MINERAL RESOURCES**

This annual information form uses the terms "indicated" and "inferred" mineral resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. Inferred mineral resources have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. **United States investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.**

## DEFINITIONS AND GLOSSARY OF TERMS

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In this annual information form, references to “Belo Sun” or the “Corporation” mean Belo Sun Mining Corp., and its subsidiaries, unless the context otherwise requires, and the following abbreviations and defined terms are used:

|                               |                                                                                                                                                                                        |
|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “AIF”                         | means this annual information form.                                                                                                                                                    |
| “Audit Committee”             | means the audit committee of the Board.                                                                                                                                                |
| “Board”                       | means the board of directors of the Corporation.                                                                                                                                       |
| “Common Shares”               | means the common shares in the capital of the Corporation.                                                                                                                             |
| “NI 43-101”                   | means the Canadian Securities Administrators National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> .                                                        |
| “Patrocinio Gold Project”     | means the Patrocinio project in Para State, Brazil.                                                                                                                                    |
| “Rainbow Alexandrite Project” | means the Rainbow project in Goias State, Brazil.                                                                                                                                      |
| “Technical Report”            | means the technical report entitled “Mineral Resource Technical Report for the Volta Grande Gold Project, Para, Brazil” dated January 31, 2013, prepared by SRK Consulting Canada Inc. |
| “Volta Grande Gold Project”   | means the Volta Grande project in Para State, Brazil.                                                                                                                                  |
| cm                            | means centimetre.                                                                                                                                                                      |
| g/L                           | means grams per litre.                                                                                                                                                                 |
| g/t Au                        | means grams of gold per tonne.                                                                                                                                                         |
| ha                            | means hectare (10,000 square metres).                                                                                                                                                  |
| km                            | means kilometre.                                                                                                                                                                       |
| m                             | means metre.                                                                                                                                                                           |

## CURRENCY PRESENTATION AND DATE OF INFORMATION

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This AIF contains references to United States dollars, Canadian dollars and Brazilian Reais. All dollar amounts referenced herein, unless otherwise indicated, are expressed in Canadian dollars and United States dollars are referred to herein as "United States dollars" or "US\$". Certain dollar amounts referenced herein in Brazilian Reais are expressed as "R\$".

The following tables set out the exchange rates for Canadian dollars per United States dollar and Brazilian Real in effect at the end of the following periods based on the Bank of Canada noon spot rate of exchange.

### United States Dollars Exchange Rates

|         | Year Ended December 31 (Expressed in Canadian Dollars) |          |          |
|---------|--------------------------------------------------------|----------|----------|
|         | 2012                                                   | 2011     | 2010     |
| Closing | \$0.9946                                               | \$1.0162 | \$0.9946 |
| High    | \$1.0418                                               | \$1.0604 | \$1.0778 |
| Low     | \$0.9710                                               | \$0.9449 | \$0.9946 |

On March 28, 2013, the noon buying rate in United States Dollars reported by the Bank of Canada was US\$1.00 = \$1.0156.

### Brazilian Reais Exchange Rates

| Brazilian Reais | Year Ended December 31 (Expressed in Canadian Dollars) |          |          |
|-----------------|--------------------------------------------------------|----------|----------|
|                 | 2012                                                   | 2011     | 2010     |
| Closing         | \$0.5458                                               | \$0.5458 | \$0.5993 |
| High            | \$0.5856                                               | \$0.6217 | \$0.6115 |
| Low             | \$0.4695                                               | \$0.5438 | \$0.5993 |

On March 28, 2013, the noon buying rate in Brazilian Reais reported by the Bank of Canada was R\$1.00= \$0.5036.

All information in this AIF is given as of March 28, 2013 unless otherwise indicated.

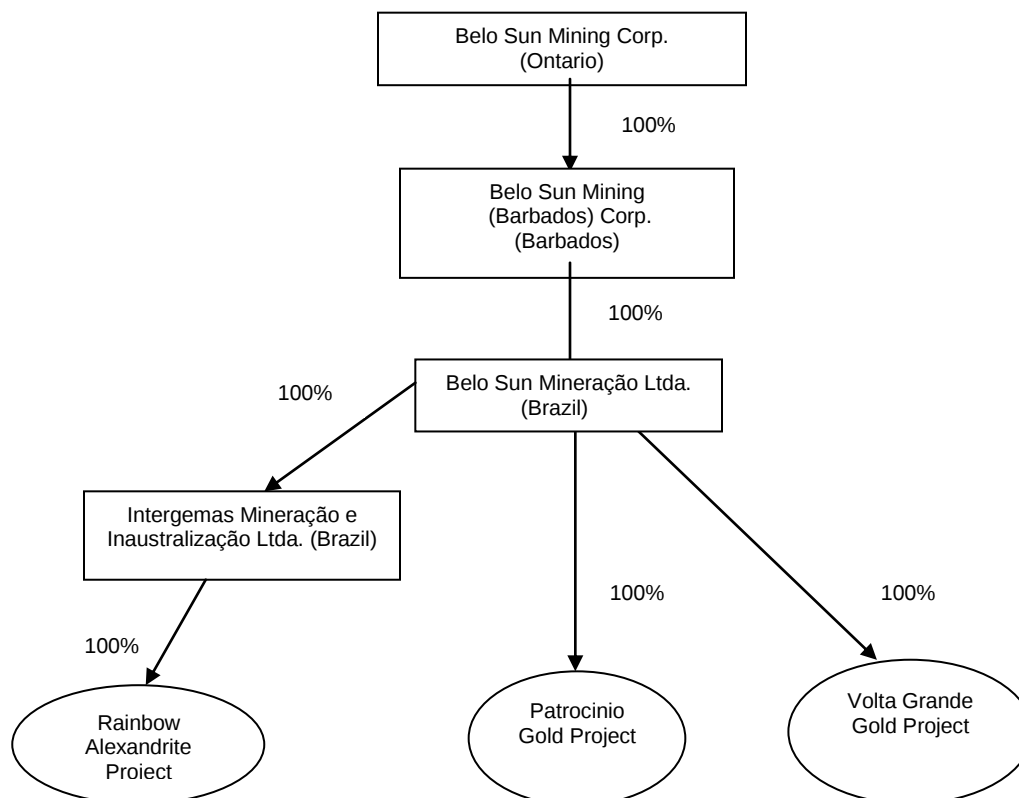
## CORPORATE STRUCTURE

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The Corporation was originally formed in the Province of Ontario by articles of amalgamation dated July 1, 1996 pursuant to the *Business Corporations Act* (Ontario) under the name “Verena Minerals Corporation”. On June 30, 2010, the Corporation filed articles of amendment to change its name to “Belo Sun Mining Corp.”

The head and registered office of the Corporation is located at 65 Queen Street West, Suite 815, Toronto, Ontario, Canada M5H 2M5.

The subsidiaries and properties of the Corporation are set forth in the following chart:



## GENERAL DEVELOPMENT OF THE BUSINESS

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Belo Sun is a Canadian-based mineral exploration company with a portfolio of properties focused on gold in Brazil. Belo Sun is focused on its advanced stage development project, the Volta Grande Gold Project, located in Para State, approximately 60 km southwest of the city of Altamira in northern Brazil, and which is 100% indirectly owned by the Corporation. On December 18, 2012, the Corporation announced an updated mineral resource estimate on the Volta Grande Gold Project. The resource estimate includes 4.1 million ounces of gold of measured and indicated mineral resources at an average grade of 1.73 g/t Au, and inferred mineral resources of 2.6 million ounces of gold at an average grade of 1.89 g/t Au. See “Description of Mineral Properties – the Volta Grande Gold Project.”

The Corporation also has a 100% ownership interest in the Patrocinio Gold Project, which is located in the Tapajos gold province in the Para State of northern Brazil, and a 100% ownership interest in the Rainbow Alexandrite Project, which is located approximately seven hours by paved and gravel roads north of the city of Brasilia.

### Three-Year History

The following is a summary of the general development of the Corporation's business since January 1, 2010.

#### *Current Year*

On February 1, 2013, the Corporation filed the Technical Report which contains an update mineral resource estimate for its Volta Grande Gold Project. See information under the heading under the heading "Description of the Mineral Properties – Volta Grande Gold Project."

#### *Financial Year Ended December 31, 2012*

On October 10, 2012, the Corporation closed its bought deal offering of 35,720,000 common shares at a price of \$1.40 per common share for gross proceeds of \$50,008,000. The offering was conducted by a syndicate of underwriters led by BMO Nesbitt Burns Inc., and which included Canaccord Genuity Corp., CIBC World Markets Inc., Cormark Securities Inc., Dundee Securities Ltd., National Bank Financial Inc. and TD Securities Inc. The net proceeds of the offering will be used to fund feasibility studies and further exploration on the Corporation's Volta Grande gold project, as well as for regional exploration and general corporate purposes.

On August 9, 2012, Ian Pritchard, was appointed as the Corporation's Chief Operating Officer. Joaquim Alvarenga also joined the Corporation as General Manager of Operations Brazil and Donald W. Clarke was engaged as an Advisor to Belo Sun.

On May 28, 2012, the Corporation entered into a letter of intent to acquire surface rights for an area covering 1,734 hectares, which was comprised of three distinct properties – Fazenda Galo de Ouro covering 824.8 hectares, Fazenda Ouro Verde covering 503.6 hectares and Fazenda Ressaca covering 405.9 hectares. The letter also includes the purchase all structures and other facilities located on the properties. The surface area acquired includes the entire known Volta Grande deposits of Ouro Verde and Grota Seca as well as potential sites for certain of the mining and process facilities that will be required for the future operation of the property. The total consideration agreed to be paid for the acquisition is R\$8.2 Million in cash. Payments of 50% of the purchase price are to be made within 30 days following the signing of the definitive agreements. Payment of the balance of the consideration is to be made once the vendors complete the demobilization of all "garimpo" (artisanal mining) activities on these properties.

On April 23, 2012 the Corporation adopted a Shareholder Rights Plan (the "**Plan**"). The objectives of the Plan are to ensure, to the extent possible, that all shareholders of the Corporation are treated equally and fairly in connection with any take-over bid for the Corporation. The Plan discourages discriminatory, coercive or unfair take-overs of the Corporation and gives the Corporation's Board time if, in the circumstances, the Board determines it is appropriate to take such time, to pursue alternatives to maximize shareholder value in the event an unsolicited take-over bid is made for Common Shares of the Corporation.

On March 12, 2012 the Corporation submitted the Environmental Impact Assessment ("**EIA-RIMA**") for its Volta Grande gold project. The EIA-RIMA covers all the necessary monitoring and environmental studies required by the Reference Term issued by the State Environment Agency of Para State ("**SEMA-PA**"), for the preliminary licensing for the project.

On February 16, 2012, the Common Shares commenced trading on the Toronto Stock Exchange ("**TSX**") and were concurrently delisted from the TSX Venture Exchange. The Common Shares trade under the symbol "BSX".

### *Financial Year Ended December 31, 2011*

On March 25, 2011, the Corporation completed a public offering of 45,080,000 Common Shares at a price of \$1.15 per Common Share for aggregate gross proceeds of \$51,842,000, including exercise of the over-allotment option in full. The offering was conducted by a syndicate of underwriters led by TD Securities Inc. and including Cormark Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., D&D Securities Inc. and Desjardins Securities Inc. The proceeds were used to fund further exploration and development of the Corporation's minerals properties, in particular the Volta Grande Gold Project and for general corporate purposes.

### *Financial Year Ended December 31, 2010*

On December 22, 2010, Belo Sun closed a non-brokered private placement of 7,333,334 Common Shares at a price of \$0.75 per Common Share for gross proceeds to the Corporation of \$5,500,000.

On March 3, 2010, the Corporation closed a private placement offering of 24,000,000 units of the Corporation at a price of \$0.25 per unit for aggregate gross proceeds of \$6,000,000. Each such unit consisted of one Common Share and one share purchase warrant, where each whole warrant entitled the holder thereof to acquire one Common Share at a price of \$0.50 at any time until March 3, 2012.

On February 19, 2010, the Corporation announced significant changes to its Board and management team as part of its strategy to develop the Volta Grande Gold Project and commence an aggressive exploration program at the Patrocinio Gold Project. Accordingly, effective February 23, 2010, Stan Bharti, Mark Eaton and Peter Tagliamonte joined the Board. Subsequently, on March 4, 2010, Mr. Bharti was appointed as Chairman of the Board, Mr. Eaton was appointed as President and Chief Executive Officer and Mr. Diniz, was appointed as the Vice President, Exploration.

## **NARRATIVE DESCRIPTION OF THE BUSINESS**

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### **General**

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

The Corporation's principal focus is the Volta Grande Gold Project. The Corporation recently filed a new technical report in accordance with NI 43-101 entitled "Mineral Resource Technical Report on the Volta Grande Project, Para, Brazil" dated January 31, 2013 (the "**Technical Report**"), was authored by Jean-Francois Couture, PhD, PGeo, Lars Weiershäuser, PhD, PGeo and Oy Leuangthong, PhD, PEng for SRK Consulting (Canada) Inc. ("**SRK**"). Please see the information below under the heading "*Description of the Mineral Properties – the Volta Grande Gold Project*".

### **Competitive Conditions**

The gold exploration and mining business is a competitive business. The Corporation competes with numerous companies that have resources significantly in excess of those of the Corporation, in the search for (i) attractive mineral properties; (ii) qualified service providers and labour; and (iii) equipment and suppliers. The ability of the Corporation to acquire additional mineral properties in the future will depend on its ability to operate and develop its present properties and on its ability to select and acquire suitable producing properties or prospects for development or exploration in the future.

### **Environmental Protection**

The Corporation's exploration, development and mining activities are subject to laws and regulations governing environmental protection, employee health and safety, waste disposal, remediation of environmental sites, reclamation, mine safety, control of toxic substances and other matters. Compliance with applicable laws and regulations requires forethought and diligence in the conduct of the Company's activities.

## **Employees**

The Corporation has approximately 15 internal consultants and employees in Toronto. In addition, it retains approximately 14 geologists, engineers, and other consultants on a permanent contract basis, as required. The Corporation has not experienced, and does not expect to experience, significant difficulty in attracting and retaining qualified personnel. However, no assurance can be given that a sufficient number of qualified employees can be retained by the Corporation when necessary. See *“Risks of the Business – Qualified Personnel”*.

## **Risks of the Business**

Investing in the Corporation involves risks that should be carefully considered. The operations of the Corporation are speculative due to the high-risk nature of its business. Investors should be aware that there are various risks, including those discussed below, that could have a material adverse effect on, among other things, the development of the Volta Grande Gold Project, and the operating results, earnings, business and condition (financial or otherwise) of the Corporation. See *“Cautionary Statement Regarding Forward-Looking Information”*.

### *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.

### *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.

### *No Revenues*

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

### *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.

### *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 licences, even if inadvertent, could result in interruption or termination of exploration, development or mining operations or logistics operations, or material fines, penalties or other liabilities which could have a material adverse effect on the Corporation's business, properties, results of operations, financial condition or prospects. The Corporation can make no assurance that it will be able to maintain or obtain all of the required mineral licences and authorizations on a timely basis, if at all. The Corporation only has exploration permits. There is no assurance that it will obtain the corresponding mining concessions. 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 licences. As part of the standard application process the Environmental Secretary Office holds public hearings. There can be no assurances that the Environmental Secretary Office of the State of Pará will grant the a preliminary licence to the Corporation.

### *Mineral Commodity Prices*

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

### *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 Corporation's activities are subject to extensive federal, state 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 Corporation, including the suspension or cessation of operations.

### *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.

### *Share Price Fluctuations*

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Corporation's share price will not occur. During the 52 weeks ended March 28, 2013, the Corporation's share price closed at a high of \$1.83 and a low of \$0.76.

### *Conflicts of Interest*

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

## *Foreign Operations*

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

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

## **DESCRIPTION OF MINERAL PROPERTIES**

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### **The Volta Grande Gold Project**

The following is a summary of, and in certain parts, a direct extract from, the Technical Report. See *"Interests of Experts"*. Unless specifically noted otherwise, the following disclosure regarding the Volta Grande Gold Project has been prepared with the consent of Messrs. Couture, Weiershauser and Leuangthong. The full Technical Report is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The scientific and technical information in this AIF has been reviewed and approved by Carlos Costa, P. Geo., an advisor to Belo Sun and a Qualified Person as defined by NI 43-101.

### ***Property Description and Location***

The Volta Grande Gold Project comprises 22 contiguous exploration permits and 22 exploration applications, covering a total area of 177,993.98 hectares; it is located in the municipality of Senador José Porfírio, in the northern region of Pará State in northern Brazil. The Volta Grande Gold Project is located on the Xingu River, north of the Carajás mineral province, approximately 60 kilometres southeast of the city of Altamira.

Belo Sun holds 100 percent interest in the Volta Grande Gold Project through its wholly owned subsidiary Verena Mineração Ltda. It comprises 22 exploration permits, covering an area of 101,525.09 hectares; eight exploration applications for exploration in mineral rights covering an area of 15,154.73 hectares; and fourteen exploration applications (public tender) for exploration in mineral rights in public tender, covering an area of 61,314.16 hectares; five of the exploration applications in public tender are in a priority regime.

Exploration applications by public tender process are for those lands which have been held by other landholders, but have been allowed to lapse. The Departamento Nacional de Produção Mineral (**DNPM**) (National Department of Mineral Production) is responsible for the management of exploration and mining activities in Brazil, under the control of the Ministry of Mines and Energy (**MME**). Exploration permits do not have physical boundaries, but are issued based on digital geographic map staking, that is, they are not required to be legally surveyed and are subject to an annual rental fee of one real per hectare to the State Government of Pará. Even though the exploration permits have already expired, the mineral rights remain fully valid and in force during the period of analysis by the DNPM.

The mineral rights for the exploration permits are all valid, regular, and in good standing. Belo Sun is in compliance with the mining regulation related to the mining rights, which includes meeting the requirements of the DNPM rules, the payment of the annual fee per hectare, or any other applicable fees. No decisions have been received on the exploration applications in public tenders. Belo Sun is the only applicant in the public tender process.

No royalties are currently due since the Volta Grande gold project's mineral rights are currently in phases of exploration permit and exploration application.

The mineral rights are not located within buffer zones of environmental conservation units, indigenous areas, or areas dedicated to land reform purposes.

The tenements containing the mineral resources at Ouro Verde and Grota Seca are 805.657/1976, 805.658/1976, 805.659/1976, and 812.559/1976. On September 12, 2012, the DNMP approved the final exploration report for the Volta Grande project. As a result, Belo Sun has made an application to the DNPM (Application for Concession) to convert the four exploration permits that contain the mineral resource to mining leases by August 2013 or earlier.

### Belo Sun Mining Corp. – Volta Grande Gold Project, Brazil

#### Property Status

| #  | Claim Number (DNPM) | Submittal Date | Exploration License Number | Issuing Date | Expiry Date | Area (ha) | Status                     | Name                    |
|----|---------------------|----------------|----------------------------|--------------|-------------|-----------|----------------------------|-------------------------|
| 1  | 850.313/10          | 22/Apr/2010    |                            |              |             | 1,359.04  | Application                | Belo Sun Mineração Ltda |
| 2  | 850.013/11          | 13/Jan/2011    |                            |              |             | 8,139.23  | Application                | Belo Sun Mineração Ltda |
| 3  | 851.668/11          | 09/Dec/2011    |                            |              |             | 10.38     | Application                | Belo Sun Mineração Ltda |
| 4  | 850.265/12          | 20/Mar/2012    |                            |              |             | 5,081.59  | Application                | Belo Sun Mineração Ltda |
| 5  | 850.266/12          | 20/Mar/2012    |                            |              |             | 283.92    | Application                | Belo Sun Mineração Ltda |
| 6  | 850.624/12          | 11/Jun/2012    |                            |              |             | 25.12     | Application                | Belo Sun Mineração Ltda |
| 7  | 850.625/12          | 11/Jun/2012    |                            |              |             | 145.97    | Application                | Belo Sun Mineração Ltda |
| 8  | 850.626/12          | 11/Jun/2012    |                            |              |             | 109.48    | Application                | Belo Sun Mineração Ltda |
| 9  | 850.692/11          | 23/Sep/2010    |                            |              |             | 1,284.54  | Priority Application       | Belo Sun Mineração Ltda |
| 10 | 850.693/11          | 23/Sep/2010    |                            |              |             | 8,656.74  | Priority Application       | Belo Sun Mineração Ltda |
| 11 | 850.694/11          | 23/Sep/2010    |                            |              |             | 8,070.12  | Priority Application       | Belo Sun Mineração Ltda |
| 12 | 850.695/11          | 23/Sep/2010    |                            |              |             | 2,992.62  | Priority Application       | Belo Sun Mineração Ltda |
| 13 | 850.703/11          | 23/Sep/2010    |                            |              |             | 7,649.94  | Priority Application       | Belo Sun Mineração Ltda |
| 14 | 850.214/04          | 22/Dec/2006    |                            |              |             | 696.60    | Application Public Tender  | Belo Sun Mineração Ltda |
| 15 | 850.092/01          | 28/Mar/2011    |                            |              |             | 1,000.01  | Application Public Tender  | Belo Sun Mineração Ltda |
| 16 | 850.632/08          | 31/May/2012    |                            |              |             | 2,088.17  | Application Public Tender  | Belo Sun Mineração Ltda |
| 17 | 850.633/08          | 31/May/2012    |                            |              |             | 1.72      | Application Public Tender  | Belo Sun Mineração Ltda |
| 18 | 850.633/15          | 31/May/2012    |                            |              |             | 2,168.26  | Application Public Tender  | Belo Sun Mineração Ltda |
| 19 | 850.635/08          | 31/May/2012    |                            |              |             | 3,598.74  | Application Public Tender  | Belo Sun Mineração Ltda |
| 20 | 850.636/08          | 31/May/2012    |                            |              |             | 7,007.65  | Application Public Tender  | Belo Sun Mineração Ltda |
| 21 | 850.637/08          | 31/May/2012    |                            |              |             | 9,007.66  | Application Public Tender  | Belo Sun Mineração Ltda |
| 22 | 850.639/08          | 31/May/2012    |                            |              |             | 7,091.39  | Application Public Tender  | Belo Sun Mineração Ltda |
| 1  | 805.657/76          | 25/Jun/1976    | 5,842                      | 18/Dec/2008  |             | 522.02    | Application for Concession | Belo Sun Mineração Ltda |

|       |            |             |        |             |             |            |                            |                         |
|-------|------------|-------------|--------|-------------|-------------|------------|----------------------------|-------------------------|
| 2     | 805.658/76 | 25/Jun/1976 | 5,843  | 18/Dec/2008 |             | 552.02     | Application for Concession | Belo Sun Mineração Ltda |
| 3     | 805.659/76 | 25/Jun/1976 | 5,844  | 18/Dec/2008 |             | 645.07     | Application for Concession | Belo Sun Mineração Ltda |
| 4     | 812.559/76 | 22/Nov/1976 | 5,854  | 18/Dec/2008 |             | 637.30     | Application for Concession | Belo Sun Mineração Ltda |
| 5     | 850.249/01 | 09/Jul/2001 | 1,175  | 05/Feb/2009 | 03/Feb/2012 | 1,730.86   | Extension Submitted        | Belo Sun Mineração Ltda |
| 6     | 850.439/08 | 02/May/2008 | 4,501  | 15/Apr/2009 | 13/Apr/2012 | 324.98     | Extension Submitted        | Belo Sun Mineração Ltda |
| 7     | 850.312/10 | 22/Apr/2010 | 17,209 | 30/Dec/2010 | 30/Dec/2013 | 9,884.05   | Permit                     | Belo Sun Mineração Ltda |
| 8     | 850.311/10 | 22/Apr/2010 | 8,661  | 21/Jun/2011 | 20/Jun/2014 | 7,731.66   | Permit                     | Belo Sun Mineração Ltda |
| 9     | 850.315/10 | 22/Apr/2010 | 8,662  | 21/Jun/2011 | 20/Jun/2014 | 8,750.81   | Permit                     | Belo Sun Mineração Ltda |
| 10    | 850.316/10 | 22/Apr/2010 | 8,663  | 21/Jun/2011 | 20/Jun/2014 | 3,114.04   | Permit                     | Belo Sun Mineração Ltda |
| 11    | 850.507/11 | 30/May/2011 | 8,858  | 28/Jun/2011 | 27/Jun/2014 | 311.99     | Permit                     | Belo Sun Mineração Ltda |
| 12    | 850.253/01 | 12/Jul/2001 | 8,843  | 28/Jun/2011 | 27/Jun/2014 | 481.83     | Permit                     | Oca Mineração Ltda      |
| 13    | 850.696/11 | 23/Sep/2010 | 11,285 | 05/Aug/2011 | 05/Aug/2014 | 8,448.89   | Permit                     | Belo Sun Mineração Ltda |
| 14    | 850.697/11 | 23/Sep/2010 | 11,286 | 05/Aug/2011 | 05/Aug/2014 | 9,728.63   | Permit                     | Belo Sun Mineração Ltda |
| 15    | 850.698/11 | 23/Sep/2010 | 11,287 | 05/Aug/2011 | 05/Aug/2014 | 7,937.24   | Permit                     | Belo Sun Mineração Ltda |
| 16    | 850.699/11 | 23/Sep/2010 | 11,288 | 05/Aug/2011 | 05/Aug/2014 | 7,995.43   | Permit                     | Belo Sun Mineração Ltda |
| 17    | 850.700/11 | 23/Sep/2010 | 11,289 | 05/Aug/2011 | 05/Aug/2014 | 9,246.10   | Permit                     | Belo Sun Mineração Ltda |
| 18    | 850.701/11 | 23/Sep/2010 | 11,290 | 05/Aug/2011 | 05/Aug/2014 | 9,900.00   | Permit                     | Belo Sun Mineração Ltda |
| 19    | 850.702/11 | 23/Sep/2010 | 11,291 | 05/Aug/2011 | 05/Aug/2014 | 8,358.97   | Permit                     | Belo Sun Mineração Ltda |
| 20    | 850.314/10 | 22/Apr/2010 | 15,239 | 03/Oct/2011 | 03/Oct/2014 | 1,654.62   | Permit                     | Belo Sun Mineração Ltda |
| 21    | 850.250/01 | 09/Jul/2001 | 4,452  | 05/Jul/2011 | 04/Jul/2014 | 1,256.96   | Permit Extension           | Belo Sun Mineração Ltda |
| 22    | 850.977/06 | 15/Dec/2006 | 3,066  | 05/Jul/2011 | 04/Jul/2014 | 2,311.62   | Permit Extension           | Belo Sun Mineração Ltda |
| TOTAL |            |             |        |             |             | 177,993.98 |                            |                         |

### ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

The Volta Grande Gold Project is located approximately 60 kilometres southeast of the city of Altamira. Access to the Volta Grande Gold Project takes two hours from Altamira either by river in a small motorboat along the Xingu River, or by land by crossing the Xingu River by barge, and taking a dirt road (BR-158) to the stretch of river known as the Big Bend (or Volta Grande) of the Xingu River where the exploration camp is situated near the right bank of the Xingu River. Altamira can be accessed by road via the Rodovia Transamazônica, (Transamazon Highway) (BR-2300), in Brazil or by plane via Altamira's airport that is served on a daily basis by a number of regional airlines.

The city of Altamira is situated along the Xingu River and is located in the north of the municipality of Altamira, which has a population of approximately 100,000. Infrastructure for mining equipment and experienced mining personnel are available in Altamira. Altamira is linked to the Pará State power grid. The property is located north of the Carajás mineral province, which has a long mining history. However, local infrastructure is poor for mining activities since the property is located in a remote area.

Electric power at the property is provided by two main diesel generators that operate alternately during the day and at night. A third generator is dedicated to the operation of rock saws. Water is available from wells on the property as well as from the Xingu River, which drains the general area. Well water is treated on-site continuously with chlorine and stored in a water tower outside of the camp perimeter. Telephone communication and internet service are available on the property. Since mid-2012, a mechanics shop has been set up, primarily to maintain the vehicle fleet on-site. A small carpenters shop is equipped to produce and maintain most wooden implements at camp. Core storage is being built on-site as the need arises with ongoing drilling. Recently, the Brazilian federal government completed the planning for the construction of the Belo Monte hydroelectric power dam. Construction is now ongoing. The dam will be

situated approximately 2 kilometres north from the western property boundary and 15 kilometres (upriver) of the property campsite. When the dam is completed, it will generate approximately 11,000 megawatts of electric power and will supply electric power to the property campsite. The construction of the dam will also provide better quality road access from Altamira.

There are a number of small settlements within the property, including the village of Ressaca, along the Xingu River, and the village of Itatá, which is situated approximately 3 kilometres south-southeast of the Volta Grande gold project. Both of these are predominantly inhabited by irregular small-scale miners (garimpeiros) who undertake illegal mining activities on the property.

The Volta Grande Gold Project is situated in an area of low topographic relief, generally in the order of 50 m. The dominant topographic feature is the valley of the meandering and northeast flowing Xingú River and the Itatá River, which drains into the Xingú River in the eastern part of the property. The topographic elevation of the low-lying areas ranges from 100 m to 120 m above mean sea level. The climate in northwestern Brazil is tropical rainforest, with rainy seasons from January to April and dry seasons extending from June to December. The mean temperature is consistent (25°C to 30°C) throughout the year.

The area around the property is covered with a number of small hills separated by north and northwest trending valleys in a tropical rainforest, with occasional outcrops. On hilltops and flanks of hills, occasional tall Brazil nut trees are present, and are reported to be exempt from harvesting by the Brazilian Government. Vegetation in low-lying areas consists predominantly of tall grass and fern, typical of tropical rainforests.

## ***History***

The extraction of gold in the eastern Amazon region dates back to the Portuguese colonisation in the 17th century. The discovery of gold along the stretch of the Xingu River known as the Big Bend or Volta Grande, where the Volta Grande gold project is located, occurred in the early 20th century. Since the 1950s, irregular small-scale miners (garimpeiros) have worked in the Volta Grande Gold Project area in small alluvial deposits, especially in the area of the South Block. In the 1990s, the garimpeiros started to exploit saprolite and fresh rock deposits, constructing shafts that appear to reach considerable depths. Early research was undertaken in the 1970s and systematic exploration started in the late 20th century.

Preliminary research was performed on the Volta Grande Gold Project property by Oca Mineração Ltda. (“**Oca**”) in the 1970s. Prospecting work, including field observations and sampling, confirmed the existence of gold at varying levels of concentration. Initial work by Oca determined areas of interest. Oca did a literature study aimed at better understanding the regional geology. This work included the interpretation and review of aerial photographs at a 1:60,000 scale dated from 1976 aimed at identifying areas with alluvial potential. Further aerial photography was flown over areas of interest. These aerial photographs were used to produce base maps at 1:50,000 and 1:25,000 scales to support field work. Once favorable areas were defined, a grid (800 by 200 metres) was established. Exploration wells in the alluvium were completed, using two machines from Maquesonda with 4-inch diameter drill bits. Oca carried out sampling of veins and geological mapping on the 1:10,000 scale. Oca built a base camp in the area to support this work.

From 1996 to 1998, systematic exploration was carried out by Volta Grande Mineração Ltda. (“**VGML**”) covering what was later defined as the South and North blocks. Exploration work on the Volta Grande Gold Project by VGML outlined approximately nine target areas based on significant gold results. These target areas were combined into four groups. Diamond drilling results were used to complete a historical mineral resource estimate for which preliminary pit designs were produced.

In 2004, Verena Minerals Corporation (now Belo Sun) optioned the property from Confab and carried out systematic exploration on the Volta Grande gold project, including testing the various anomalies and/or target areas outlined by VGML.

Since 2010, Belo Sun has carried out systematic exploration on the property, consisting of soil sampling surveys, auger drilling, detailed topographic surveys, aerial geophysical survey and diamond drilling mainly on the North Block.

## **Geological Setting**

### *Regional Geology*

The Volta Grande Gold Project area is located in the western portion of a west-northwest trending Três Palmeiras Greenstone Belt, which surrounds the Xingú Complex in central State of Pará, of the Brazilian Shield. The greenstone belt is 3 km to 10 km wide and extends approximately 70 km along strike. It comprises Upper Proterozoic metavolcanic and metasedimentary rocks enveloping linear granodioritic to dioritic domes, interpreted to be syntectonic plutons of Proterozoic age. The Xingú Complex comprises Archean basement granitic gneisses, and all rocks in the area exhibit strong foliation with a number of mylonitic zones and a steeply dipping attitude to the south. Other structures in the area include northeast, north-northeast, north-northwest, and east trending faults.

### *Local Geology*

The Volta Grande Gold Project is situated along a major ductile deformation zone within the west-northwest trending Três Palmeiras Greenstone Belt. It is underlain by west-northwest trending and steeply south dipping gneisses of metasedimentary and/or metavolcanic origin, and syntectonic diorite. Occasional chert horizons (chemical sediments) and banded iron formation (“**BIF**”) are also present within the metasedimentary sequence. A number of anorogenic granitic plutons are also present along the southern contact of the greenstone belt.

Gold mineralization at the property is of two types: primary gold in intrusive rocks and secondary gold in saprolitic rocks. Primary gold mineralization is associated with altered diorite within a wider, up to 300 m wide, alteration zone. Gold occurs in a stack of mineralized zones ranging in size from 100 m long and 5 m wide to over one kilometre long and 50 m wide. The dip of the mineralized zones is generally subvertical to 85° to the south. The alteration envelope surrounding these mineralized zones extends for more than 3 km along strike and contains two large mineralized areas – the Ouro Verde area in the northwestern part of the North Block and the Main Zone, which contains the Grota Sêca West, Grota Sêca, and Grota Sêca East target areas, along the southern part of the North Block. Both areas include old and new garimpeiro workings.

### *Property Geology*

The Volta Grande Gold Project contains two target areas named the North and South blocks; the former contains two large mineralised areas: (1) the Ouro Verde area in the northwestern part of the North Block and (2) the Grota Seca area, which contains Grota Seca West, Grota Seca, and Grota Seca East areas, along the southern part of the North Block. The South Block comprises three target areas: (1) Pequi in the northern part of the South Block, (2) Grande in the southern part of the South Block, and (3) Itatá in the southeastern part of the South Block. The North Block as well as the South Block include old and new garimpeiros workings.

In the central part of the North Block, a north-northwest trending lineament separates the southeastern mineralized zones of the Grota Seca from the northwestern zones at Ouro Verde. This lineament is parallel to other regional lineaments with similar orientation. There is a complicated contact relationship between auriferous bedrock and the overlying saprolitic material. At Grota Seca, near the current garimpeiros workings, almost fresh diorite is in sharp contact with saprolitic material, which is at least eight metres thick. This juxtaposition indicates that the saprolite is not made up of regular regolithic material developed on top of bedrock, but is transported by faulting parallel to the major shear zone that hosts the gold mineralization. There are a number of north-northwest-trending regional structures present in the area. One of these is parallel to the segment of the Xingu River flowing from Altamira to the Volta Grande gold project exploration camp. Other structures with similar orientation are present in the area west of Ouro Verde, one of which cuts a northeast trending structure.

In the South Block mineralization is primarily hosted in granodiorite; however, the Pequi target is located at the northern contact of the granodiorite body to an amphibolite body to the north. While mineralization in the North Block is controlled by northwesterly striking structural features, mineralization in the South Block appear to occur primarily where northwesterly striking structures intersect with northerly striking

faults. It is expected that ongoing drilling will contribute significantly to the understanding of the South Block geology.

### ***Mineralization***

Gold mineralization at the Volta Grande Gold Project is of two types: primary gold in intrusive rocks and secondary gold in saprolitic rocks. Both types of mineralization occur along a major shear zone and are therefore classified as shear zone-hosted.

In general, gold mineralization in bedrock is associated with sulphides (pyrite and/or arsenopyrite) and occurs in zones of intense hydrothermal replacement. These are:

- Intense silicification with fine-grained sulphide (predominantly arsenopyrite) within strongly sheared diorite, such as at the Grota Sêca area.
- Weak to moderate silicification in diorite with minor sulphides (mainly pyrite), such as at the Ouro Verde area.
- Intense silicification overprinted by sulphide alteration (pyrite) and potassium alteration (sericitization), such as at the João Leite occurrence of the South Block.

In all cases, the distribution of alteration assemblages and replacement textures suggests evolution of fluid-rock alteration. The initial hydrothermal alteration involved silicification (quartz flooding) of the host diorite. Subsequent alteration included replacement by pyrite and/or arsenopyrite, followed by K-spar alteration and sericitization. Finally, all of the rocks in the area were subjected to carbonate alteration. This is evidenced by the presence of numerous calcite veinlets in the diorite as well as in the metavolcanic rocks. In the Technical Report, it is opined that gold mineralization occurred as a result of changes in chemical conditions or mineralizing fluids in response to progressive fluid-rock interaction, in particular, with the introduction of sulphide mineralization.

### ***Primary Gold Mineralization***

Primary gold mineralization is associated with altered diorite within a 300-metres-wide alteration zone, which straddles the contact zone between the intrusive and the metasedimentary rock. Gold occurs in a stack of mineralized zones ranging in size from strike trends over 1 kilometre long, depths from surface to approximately 400 metres with true thickness ranging up to 50 metres.

The dip of the mineralized zones is generally moderate to steep (50 to 85 degrees) to the south. Two large mineralized areas occur in the North Block: Ouro Verde in the northwestern portion of the block, and Grota Seca in the southern portion. Mineralization in the Ouro Verde area extends for approximately 1,100 metres along an approximate northeast-southwest strike and extends to a vertical depth of 540 metres below surface.

Mineralization in the Grota Seca area extends for approximately 2,900 metres along a westnorthwesterly trend and extends to a vertical depth of 400 metres below surface.

### ***Saprolite Gold Mineralization***

Surficial weathering has resulted in an extensive saprolitic profile overlying the primary mineralization at the Volta Grande Gold Project. In general, the thickness of the saprolitic material ranges from 3 to 20 metres. Locally, the thickness can reach up to 45 metres, as in the Ouro Verde area. Occasional outcrops of saprolitic material occur in the project area. Overburden thickness ranges from 3 to more than 10 metres. Typical lateritic and saprolitic profiles with gold mineralization are observed in the many small open pits as well as in diamond drill core. The lateral transport of the gold in the surficial environment is caused by frequent changes in the water table in the rock and surficial alteration of the sulphides as well as the gangue minerals in the rock.

In general, the average grade of the lateritic material is lower than the saprolitic material, which is also lower grade than the primary mineralization underlying the saprolite. Occasionally, however, the saprolite

may also contain high-grade intersections. These occurrences are generally due to mineralized quartz vein material, which is more resistant than the enclosing saprolitic rock; the quartz becomes enriched in the saprolite leading to increased gold values. Typically, gold anomalies in laterite/saprolite extend beyond underlying mineralization in hard rock; however, in the Volta Grande area the saprolitic zone gold mineralization does not appear to be much larger than the underlying primary mineralization in bedrock.

### **Exploration**

In 2010, Belo Sun became the operator of the Volta Grande Gold Project and commenced exploration on the various target areas on the property, starting with the North Block.

From March to September 2010, Belo Sun reinterpreted the 2007 magnetic and radiometric airborne geophysical survey. The reinterpretation indicated that the mineralized area at the Grota Seca deposit coincides with a linear magnetic anomaly (first vertical derivative) as well as an area of anomalous radiometric responses in terms of total counts and potassium channels. The reinterpretation indicated that there is a possible contact zone approximately 300 meters south of the southern part of the Ouro Verde deposit. In October 2010, VOGBR Recursos Hídricos e Geotecnia conducted preliminary geotechnical, hydrogeological, and hydrological studies required for the development of the Volta Grande gold project.

In the period between October 18 and November 26, 2010, a spectral induced polarisation survey was completed by Fugro Brazil over the Volta Grande gold project. During this time, 31,950 line metres were surveyed using the pole-dipole array in the time domain with 50-metre spacing.

In July 2011, an exploration-oriented Landsat 7ETM/TM image interpretation at a 1:100,000 scale was carried out over 6,000 square kilometres of the Volta Grande gold project and surrounding areas by Barry McGrail & Associates, Australia. In addition, a 1:60,000 scale photogeological interpretation, compiled at 1:50,000 scale over a 1,000-square-kilometre area, within the Landsat project area, was also completed. The final results were presented as lithostructural maps in MapInfo format.

In August 2011, a light detection and ranging (LIDAR) and aerophotographic survey was carried out over the Volta Grande Gold Project by Topografia Engenharia e Aerolevantamentos S.S. Ltda. (Topocart), Brazil. The Geological Survey of Brazil database covering the Três Palmeiras Greenstone Belt was reviewed and regional field reconnaissance, including rock and soil sampling, as well as mapping, was undertaken. There are 27 gold occurrences covered by Belo Sun claims along approximately 100 kilometres of the belt.

The Interpretation of radiometric and magnetic airborne data was aimed at understanding the signature of the Volta Grande gold deposit. This work resulted in a preliminary structural study of the gold bearing shear zone at the Volta Grande gold project; the latter work was completed in September 2010. Belo Sun started to acquire structural data from oriented core. For this purpose Belo Sun uses a Reflex ACT RD 2 tool. To date core from 19 boreholes has been oriented and approximately 290 structural measurements have been acquired: 125 measurements from Grota Seca, 74 measurements from Ouro Verde, and 88 measurements from the South Block. Data from these measurements are being integrated into the structural model of Volta Grande to understand better structural control on mineralization.

In early 2012 Belo Sun commissioned independent consultant Dr. Roberto Viseu Lima Pinheiro to complete a structural study of the Ouro Verde, Grota Seca and South Block areas to aid in the understanding of the spatial and temporal relations between the structural fabric of the rocks and the mineralization within the regional tectonic framework.

In August 2012, Belo Sun completed an airborne magnetic and gamma survey over the entire contiguous tenement area. The survey was carried out by Prospectors Aerolevantamentos e Sistemas Ltda., from Rio de Janeiro, Brazil. The survey comprised 15,542 line kilometres; survey lines were spaced 200 metres apart, while control lines were flown with a line spacing of 2,000 metres. Survey lines were oriented at 23 degrees, approximately perpendicular to the general strike of the greenstone belt. Nominal terrain clearance was 100 metres.

### ***Drilling, Sampling Method and Approach***

A total of 667 core boreholes (approximately 168,136 metres), and 59 reverse circulation boreholes (11,225 metres) at Ouro Verde and Grota Seca in the North Block of the Volta Grande Gold Project. A total of 62 core boreholes (14,274 metres) have been drilled in the South Block.

#### ***Historic Drilling***

Under Volta Grande Mineração Ltda., the drilling was undertaken by Diana Drill. The diamond boreholes were drilled with Diakore VI, Longyear 38 and Maquesonda 700 drill rigs. The reverse circulation boreholes were drilled with a Rocky-300 drill rig. During the core drilling, the saprolite and the weathered rock were drilled using HW diameter and reduced to NW diameter when fresh rock was reached. Previous reports stated that core drilling recovered BQ, NQ and HQ core sizes. During the reverse circulation drilling, a 5.5-inch diameter was used. Core boreholes were surveyed using a Topari.

According to previous reports, drill core was logged using logging forms, marking lithological contacts, structural features and alteration and/or mineralization assemblages. Core recovery and core orientation were noted as part of the borehole logging to determine the true orientation of planar and other structural features, such as bedding and fractures, intersected in the drill core. Boreholes were then plotted and manual checking was done by the project geologist for any errors in the plots. Logging, sampling and assaying procedures for reverse circulation rock chips were similar to the ones used during the diamond drilling program. Drill core was stored at the Volta Grande Gold Project exploration camp.

Prior to March 2010, core drilling was undertaken by Geoserv Pesquisa Geológicas S.A. (Geoserv) from Rio de Janeiro, Brazil. Drilling utilized HQ equipment for weathered material and NQ for unweathered rock. The second half of the split drill core was stored at Volta Grande Gold Project exploration camp.

All drill hole collar locations were surveyed and marked in the field using a global positioning system (GPS) instrument. Down hole surveys were done at 50-metre intervals using Maxibore equipment. Logging was done by depicting all downhole data including assay values. All information was recorded on handwritten logs. This included marking:

- Lithological contacts;
- Descriptive geology;
- Intensity of various alteration types;
- Structural features, such as foliation, fracture and brecciated zones;
- Core angles;
- Core diameter;
- Downhole inclination;
- Percent core recovery record (in general, this was 98%);
- Recording geotechnical data, such as the numbers of fractures per metre;
- Rock quality designation (RQD) measurements; and
- Maintaining a photographic record of the core with a digital camera. Photographs are taken of all exploration drill core and key information is summarized in a digital database.

Mineralized drill core intervals to be sampled were identified and marked. Sample lengths were usually approximately 1 metre. Visual indicators of the intervals to be sampled include lithologic contacts and altered rock, such as hematitic, silicified, sericitic, and sulphide zones. The sampling procedure was as follows:

- The entire drill core was sampled, and sample length was 1 metre;
- Sample intervals were marked by metal tags in the core box, and were normally extended for several metres into unmineralized rock;
- Prior to sampling, the drill core was marked by a line drawn along the core, so that systematically one side of the core (with hatched lines) was sampled;
- Sample tags were inserted at the beginning of each sample;

- Sample tags were inserted in the same bags only after the samples were collected;
- Sample bags were numbered prior to sampling;
- Marked sample intervals were cut in half using a diamond saw, and the half core was sent for assay to SGS Geosol Laboratories (SGS), Belo Horizonte, Minas Gerais, Brazil, and the other half core was retained for future reference or for metallurgical tests;
- Samples were collected in medium-sized 25 centimetres by 40 centimetres clear polyethylene bags and sealed.

#### *Drilling Undertaken by Belo Sun*

The drilling was undertaken by Geologia e Sondagens S.A. (Geosol) of Belo Horizonte, Minas Gerais, Brazil, Rede Engenharia e Sondagem S.A. (Rede) of Lago Santa, Minas Gerais, Brazil and Boart Longyear Ltd. of Belo Horizonte, Minas Gerais, Brazil. Drilling utilized HQ equipment for weathered material and NQ for unweathered rock. All drill hole collars were surveyed according to UTM coordinates (SAD69 datum, Zone 22S). Down hole surveys were completed at 3-metre intervals using a maxibore down-hole survey tool. Core recover exceeds 95% in unweathered rock (which is high). All drill core was logged by geologists with direct digital entry of data into a comprehensive database program. Core intervals to be sampled were identified and marked by Belo Sun's geologists. Sample intervals range from 0.40 metres minimum to 1.60 metres maximum in length, averaging 1.00 metre. Visual indicators of the intervals to be sampled include lithological contacts and hydrothermal alteration zones (sulphidation, silicification and quartz veining) that can modify the 1 meter sampling interval.

The sampling procedures were as follows:

- Drill core was brought in by authorized exploration personnel one or more times per shift from the drill rig directly to a drill logging and sampling area, which is fenced within the Volta Grande exploration camp. The latter also has an outside fence. Within 48 hours, the material core intervals were photographed, logged, and sampled;
- Sample intervals were marked with metal tags in the core box;
- Prior to sampling, the drill core was marked by a line drawn along the core, so that systematically one side of the core (with hatched lines) was sampled. The other half core was retained for future reference;
- Sample tags were inserted at the end of each sample;
- Sample tags were inserted in the same bags only after the samples were collected;
- Sample bags were numbered prior to sampling;
- Each sample was assigned a unique sample number that allowed it to be traced through the sampling and analytical procedures, for validation against the original sample site;
- Marked sample intervals were cut in half using a diamond saw, and the half core was sent to the preparation lab (ACME) on site or to ACME preparation laboratory in Itaituba, Brazil, where the samples were prepared for sending for analysis to ACME Laboratory in Santiago, Chile.

Sample tags and quality control samples were generated by a database program that automatically generated quality control sample numbers in sequence with the core samples. Belo Sun has implemented an innovative colour code system for quality control samples to reduce errors made by technical staff in selecting certified reference material and other quality control samples.

SRK indicated in the Technical Report that procedures undertaken by Belo Sun at the Volta Grande Gold Project for reverse circulation and core drilling, chip and core handling, logging and the database for the project are well managed, documented and undertaken with a well-defined set of procedures and exceed industry standard practice. SRK stated that the exploration data collected by Belo Sun and previous project operators are of sufficient quality to support Mineral Resource evaluation.

#### ***Sample Preparation, Analyses, and Security***

##### Historic Work

Sample preparation for drill core and reverse circulation chip sampling was done at a sample preparation laboratory at the site. The security measures taken to ensure the validity and integrity of samples taken

are unknown. Samples were sent to NOMOS, a laboratory owned by Rio Tinto Mining in Brazil (“NOMOS”), and was the primary laboratory used for assaying. Assaying and analytical procedures used by NOMOS are not well documented. Rejects were stored onsite. Umpire check assaying was performed on drill core samples at secondary laboratories Bondar-Clegg and SGS in Canada and Metais Especiais in Brazil.

Sample preparation methods and known analytical procedures for each sampling program are described below.

#### *Drill Core Sampling*

Mineralized and altered intervals of core were split and sent for assay. In general, sample lengths were 1 metre. Core samples were taken by splitting or sawing the drill core longitudinally in half. Half of the core was sent to an assay laboratory and the other half was retained for reference. Samples were assayed by the fire assay method.

Procedures for sample preparation of drill core samples included the following:

- Crushing the 2- to 3-kilogram sample to quarter-inch size using a jaw crusher;
- Grinding the sample to 20 mesh and again pulverizing it to 200 mesh using a ring mill;
- Thoroughly mixing the sample and separating it using a Jones Splitter. Separating a 250-gram aliquot for assay and keeping the remaining 1.75-kilogram reject in temporary storage for further processing; and
- Carrying out fire assays with atomic absorption finish on a 50-gram aliquot of the sample.

#### *Reverse Circulation Drilling*

The sampling preparation methods included drying, splitting using a Jones Splitter and pulverizing, as follows:

- Collection of a 30- to 40-kilogram sample. If the sample was wet, it was dried first;
- Thoroughly mixing the sample and split it using a Jones Splitter, and separating a 2-kilogram aliquot for processing;
- Pulverizing the 2- kilogram subsample to 200 mesh using a Ring mill;
- Thoroughly mixing the sample and splitting it again using a Jones Splitter; and
- Separating a 250-gram aliquot for assay and keeping the remaining 1.75-kilogram reject in temporary storage for further processing.
- Sending the 250 gram sample to NOMOS for gold assaying

#### Work from 2004 to 2009

Sample preparation and assaying was undertaken by SGS-Geosol Laboratories Ltda (SGS-Geosol) in Belo Horizonte, Minas Gerais, Brazil. SGS-Geosol is ISO14001:2004 and ISO 9001:2008 accredited and is independent of Belo Sun.

Agnerian and Krutzelmann (2009) stated that sample preparation procedures at SGS were similar to those used at SGS, Canada and reported the following for SGS-Geosol. The samples were dried in paper bags or metal pans in a dryer at 60°C. The samples are crushed to 90 to 95 percent passing 2 millimetres. Samples are split using a Jones riffle splitter to 200 grams and milled using a ring and puck made of either hardened chrome steel or mild steel material, to 90 to 95 percent passing 200 mesh.

Samples were then assayed for gold by fire assay with an atomic absorption spectrometry finish using analysis method FAA 313 for 30 gram aliquots or FAA505 for 50 gram aliquots.

#### Belo Sun Work (2010 to Present)

Sample preparation was undertaken by the preparation laboratory adjacent to the Volta Grande exploration camp. The preparation lab independently managed by ACME Labs. Sample preparation was

also undertaken by the ACME preparation laboratory in Itaituba, Brazil. All core sample and quality control samples were delivered to the ACME preparation laboratory in sealed plastic barrels with samples in zip strap sealed plastic bags. Samples were logged into the laboratory and assigned barcodes. Sample pulps were shipped to the ACME Laboratory in Santiago, Chile independently of Belo Sun for assaying.

The samples were weighed (2.5 to 3.0 kilograms per metre) and dried for four hours at 60 degrees Celsius. Samples were crushed to 80 percent passing 10 mesh (2 millimetres). A 1000-gram split was pulverised to 85 percent passing 200 mesh (75 microns). A 150-gram split (pulp) was analysed by 50-gram fire assay with atomic absorption spectrometry finish and samples that yielded greater than 10 grams of gold per tonne were reanalyzed by 50-gram fire assay by gravimetric finish.

Replicate pulp assays (duplicates) were analyzed by Acme Laboratory in Santiago, Chile, and check assays were analyzed by ALS Chemex in Lima, Peru. ALS Peru S.A. was accredited by the Standards Council of Canada (accredited laboratory no. 670) for the determination of gold by lead collection fire assay and atomic absorption spectrometry and gravimetric finish conforming to requirements of ISO/IEC 17025:2005 in October 2011. Rejects were sent back to site and stored.

### *Specific Gravity Data*

Belo Sun has carried out specific gravity determinations during the 2010 and 2011 drilling programs. Specific gravity was measured by Belo Sun at site on core samples using the standard weight in air and weight in water procedure from complete sample intervals. Split core was used for the measurements. The entire split core from one sampled interval was used for each determination. One sample per box was measured. Specific gravity standards were used informally by Belo Sun. The scale was certified and re-certified at manufacturer suggested intervals. If specific gravity was lower than 2.50 or greater than 3.20, the test was repeated for validation. A total of 734 and 1,221 specific gravity measurements were taken from unweathered material at Ouro Verde and Grota Seca, respectively. An additional 39 measurements were obtained from saprolite material for all deposits combined. A total of 102 specific gravity measurements were taken from fresh rock in the South Block.

Following past recommendations by SRK, Belo Sun also measured specific gravity using an in situ sand replacement method. For this method, a flat surface is prepared on the ground in which a hole is dug with known dimensions. The excavated soil is weighed. A bottle with measuring sand of known specific gravity is weighed, then the hole is filled with sand and the bottle weighed again. From the weight difference of the sand bottle, the volume of excavated soil can be determined. From the known weight and volume of the soil its specific gravity can be determined.

SRK suggested in the Technical Report that the scale should be checked routinely using a certified set of weight standards for the scale, and several core samples should be used as standards as part of a quality control program for measuring specific gravity.

### **Quality Assurance/Quality Control**

#### Belo Sun's Program from April 2011 to October 2012

Belo Sun relied partly on the internal analytical quality control measures implemented by Acme. In addition, Belo Sun implemented external analytical control measures on all sampling consisting of using control samples in all sample batches submitted for assaying, including field blanks and certified reference materials (blanks and standards).

Blanks included coarse material consisting of building stone or sand (COARSE BLANK); BLANK QF 04, a fine powder consisting of gneiss of the Xingu Complex in Brazil near the project area prepared and certified by Instituto de Tecnologia August Kekulé (ITAK), Brazil; and two commercially certified reference materials: OREAS 22b sourced from Ore Research & Exploration Pty Ltd (ORE), Australia, and BLANK QF-03 sourced from ITAK, Brazil.

A total of 14 gold ore certified (commercially) reference materials (standards) sourced from Rocklabs Ltd. (Rocklabs) in New Zealand, two from ORE, and one from Geomatek, a joint venture between Geomarketing (Brazil) and Agoratek International (USA) for Belo Sun were used on sampling.

Control samples were inserted every 20 samples and replicate pulp assays (duplicates) of mineralized rock were also taken. The pulp duplicates were shipped at the same time as the original samples. In addition, umpire laboratory testing was performed on approximately 5 percent of the samples.

Based on SRK's review, the Acme analytical laboratory used procedures and equipment that are adequate for the analysis of gold samples from the Volta Grande Gold Project.

In the opinion of SRK presented in the Technical Report, Belo Sun personnel used care in the collection and management of field and assaying exploration data. In the opinion of SRK, the sampling preparation, security, and analytical procedures used by Belo Sun are consistent with generally accepted industry best practices and are, therefore, adequate. SRK considers that the exploration data collected by Belo Sun and previous project operators are of sufficient quality to support mineral resource evaluation.

### **Data Verification**

Belo Sun has undertaken due diligence, database verifications and quality assurance and quality control programs. Quality control measures are set in place by Belo Sun and include independent verifications on assaying and involve external quality control measures on all sampling. Assaying protocols involve replicating assays (pulp duplicates), inserting quality control samples (field blanks and standards) and check assaying.

Regular analysis of quality control data is undertaken by Belo Sun and uses the following acceptance criteria:

- If one standard fails between 2 standard deviations and 3 standard deviations and no other failure occurs in the batch, the batch is accepted;
- If a standard fails beyond three standard deviations the standard is classified as:
  - Accepted – if another standard (same type) was classified as approved and all of the others control samples were approved in the same batch;
  - Accepted – if the high grade standard assayed via gravimetric finish fail and any other sample wasn't analyzed the batch is approved.
  - Accepted – if the moving average keeps between two standard deviations and all of the others control samples were approved in the same batch; and
  - Failure – if above conditions were not applicable.
- If two or more standards fail between two standard deviations and three standard deviations in a batch, the batch is classified as failure;
- If a standard and the nearest blank fail in a batch, the batch is classified as failure; and
- If both blanks (coarse and fine) fail over the warning line, the batch is classified as failure until the next and/or the previous blank sequence.

Belo Sun has carried out unscheduled visits to ACME preparation laboratory in Itaituba, Brazil to check on sample preparation techniques and methodology.

### **SRK's Observations**

#### *First Site Visit (April 2011)*

SRK observed drilling, core handling and logging undertaken by Belo Sun. SRK relogged 18 boreholes drilled by Belo Sun. SRK also observed procedures for sampling core, assigning sample numbers and collecting assay quality control samples developed by Belo Sun and implemented in all aspects of the sampling process. SRK visited the Acme Laboratory sample preparation laboratory also located at the Volta Grande project site. SRK reviewed laboratory equipment and procedures appropriate for crushing and pulverizing core samples and concluded that the laboratory is appropriately managed independent of Belo Sun.

SRK also visited Acme Analytical Laboratories S. A. located in Santiago, Chile on June 30, 2011. SRK reviewed fire assay and analytical portions of the laboratory used for gold analysis. Pamela Muñoz,

Quality Control Manager for the Acme laboratory and her staff were very knowledgeable and provided SRK with details on the laboratory operations. SRK reviewed procedures and equipment used for gold fire assays including:

- Sample pulp handling and electronic sample tracking system;
- Fire assay procedures including automated addition of flux to samples;
- Cupellation and digestion procedures;
- Gravimetric determination of gold; and
- Atomic absorption determination of gold.

#### *Second Site Visit (April 2012)*

In April 2012, SRK returned to the Volta Grande Project site to inspect the additional exploration work completed by Belo Sun since April 2011. This site visit was completed by Dr. Lars Weiershäuser between April 28 and April 30, 2012. Dr. Weiershäuser from SRK's Toronto office was accompanied by Ricardo Lopez, Belo Sun Exploration Manager. SRK inspected new drilling sites and reviewed core from several boreholes. Furthermore, SRK inspected the equipment used to measure specific gravity of fresh rock and saprolite. SRK verified the location of 11 boreholes using a handheld GPS receiver. Typically, the results are within approximately 5 metres of the location determined by Belo Sun using a DGPS receiver, suggesting that collar coordinates determined by Belo Sun are reliable.

#### *Third Site Visit (October 2012)*

In October 2012, SRK returned to the Volta Grande project site to inspect the additional exploration work completed by Belo Sun since April 2012. This site visit was completed by Dr. Lars Weiershäuser from SRK's Toronto office and Camila Passos from SRK's Belo Horizonte office between April 28 and April 30, 2012. SRK staff was accompanied by Ricardo Lopez, Belo Sun Exploration Manager and Thiago Bonás, Belo Sun Resource Geologist. SRK inspected new drilling sites and reviewed core from several boreholes. SRK verified the location of 35 boreholes using a handheld GPS receiver. Typically, the results are within approximately 5 metres of the location determined by Belo Sun using a DGPS receiver, suggesting that collar coordinates determined by Belo Sun are reliable. Five collars presented difference bigger than 5 metres.

#### *Database Verifications*

SRK conducted a series of routine verifications to ensure the reliability of the electronic data provided by Belo Sun. This included checking the digital data against original assay certificates. More than 10 percent of the new assay data were audited for accuracy against assay certificates including 494 samples from the Grota Seca area, 505 samples from the Ouro Verde area, and 51 samples from the South Block. Only certificates from Acme Analytical laboratories were reviewed as older certificates were not available for review. No input errors were detected in the Belo Sun data.

#### *Verifications of Analytical QC Data*

SRK analyzed the analytical quality control data accumulated by Belo Sun for the Volta Grande Gold Project for all drilling in the South Block between April 2011 and October 2012, and new and unreported drilling in Ouro Verde and Grota Seca between April to October 2012.

In general, SRK considers that analytical quality control data reviewed by SRK attest that the assay results delivered by the primary laboratory used by Belo Sun are sufficiently reliable for the purpose of resources estimation. The data sets examined by SRK do not present obvious evidence of analytical bias.

#### ***Mineral Reserve and Mineral Resource Estimates***

The mineral resources have been estimated in conformity with generally accepted CIM Estimation of Mineral Resource and Mineral Reserves Best Practices Guidelines and are reported in accordance with the Canadian Securities Administrators' NI 43-101. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserves.

## *Resource Database*

The mineral resource model database consists of 259 core boreholes comprising approximately 12,328 assayed intervals for the Ouro Verde deposit; 408 core boreholes and 59 reverse circulation boreholes comprising approximately 16,913 assayed intervals for the Grota Seca deposit; and 62 core boreholes with 462 assayed intervals for the South Block targets.

All borehole collars were surveyed according to UTM coordinates (SAD69 datum, Zone 22S). Volta Grande Mineração Ltda and Verena Minerals Corporation previously completed down hole surveys at approximately 50-metre intervals. Belo Sun down hole surveys were completed at three metre intervals using a Maxibore down hole survey tool. Core recovery for the project exceeds 95 percent in unweathered rock.

## *Resource Estimation Procedures*

SRK reviewed the following aspects of the Volta Grande resource model prepared by Belo Sun:

- Database compilation and verification;
- Construction of wireframe models for the boundaries of the gold mineralization via interpretation of Vertical and Horizontal sections;
- Definition of resource domains;
- Data conditioning (compositing and capping) for geostatistical analysis and variography;
- Block modelling and grade interpolation;
- Resource classification and validation; and
- Assessment of “reasonable prospects for economic extraction” and selection of appropriate reporting cut-off grade.
- Preparation of an audited Mineral Resource estimate.

## *Grade Estimation*

Belo Sun estimated gold grades using ordinary kriging and three estimations runs with progressively relaxed search ellipsoids and data requirements. The estimation ellipse ranges and orientations are based on the variogram models developed for each deposit in Ouro Verde Zones 1, 2 and 4 and Grota Seca Zone 1. Ouro Verde Zone 3 used the variogram model for Ouro Verde Zone 2, while Ouro Verde's Zones 4 to 8 used the variogram model for Ouro Verde Zone 4. All seven zones in Grota Seca used the variogram model for Grota Seca Zone 1. First and second estimation runs considered search neighbourhood sizes based on the second structure variogram ranges. The third estimation run considered search ellipses sized at twice the variogram ranges. The ellipse orientations for Ouro Verde Zones 7 and 8 were adjusted to better match the orientation of the gold mineralization in these zones. The estimation of the saprolite domains followed the same estimation parameters as Zone 1 and Zone 4 for Grota Seca and Ouro Verde, respectively. All estimates used hard boundaries, using only data within each zone or saprolite domain.

## *Mineral Resource Statement*

SRK developed conceptual open pit shells for the Ouro Verde and Grota Seca deposits using the following assumptions:

- Pit bench height of 20 metres consisting of two 10-metre benches;
- Overall slope angle 31 degrees in saprolite, 53 degrees in unweathered rock;
- Processing and general and administrative costs of US\$14.87 per tonne mined;
- Metallurgical gold recovery of 90 percent in saprolite and 95 percent in unweathered rock; and
- Gold price of US\$1,400 per troy ounce.

Mineral resources were estimated in conformity with generally accepted CIM Estimation of Mineral Resource and Mineral Reserve Best Practices Guidelines. The mineral resources may be affected by further infill and exploration drilling that may result in increases or decreases in subsequent resource estimates. The mineral resources may also be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socio-economic and other factors.

The mineral resource estimate was prepared by Dr. Lars Weiershäuser, PGeo, Dr. Oy Leuangthong, PEng and Dr. Jean-Francois Couture, PGeo, all of whom are independent Qualified Persons, as this term is defined in NI 43-101. The effective date of the mineral resource estimate is December, 18, 2012.

### Mineral Resource Estimate\*, Volta Grande Gold Project

| Domain                  | Category             | Quantity       | Gold Grade | Contained Gold |
|-------------------------|----------------------|----------------|------------|----------------|
|                         |                      | ('000s tonnes) | (gpt)      | ('000s oz)     |
| Ouro Verde Open Pit     |                      |                |            |                |
| Saprolite               | Indicated            | 494            | 1.19       | 19             |
|                         | Inferred             | 373            | 1.08       | 13             |
| Unweathered             | Measured             | 20,789         | 1.85       | 1,233          |
|                         | Indicated            | 16,540         | 1.70       | 903            |
|                         | Inferred             | 18,267         | 1.72       | 1,010          |
| Ouro Verde Underground  |                      |                |            |                |
| Unweathered             | Indicated            | 38             | 2.78       | 3              |
|                         | Inferred             | 954            | 2.94       | 21             |
| Grota Seca Open Pit     |                      |                |            |                |
| Saprolite               | Indicated            | 412            | 1.09       | 14             |
|                         | Inferred             | 898            | 1.02       | 30             |
| Unweathered             | Measured             | 21,629         | 1.61       | 1,123          |
|                         | Indicated            | 13,721         | 1.79       | 789            |
|                         | Inferred             | 17,226         | 1.87       | 1,036          |
| Grota Seca Underground  |                      |                |            |                |
| Unweathered             | Indicated            | 161            | 3.37       | 17             |
|                         | Inferred             | 752            | 3.64       | 88             |
| South Block Open Pit    |                      |                |            |                |
| Saprolite               | Inferred             | 253            | 1.42       | 12             |
| Unweathered             | Inferred             | 5,115          | 2.79       | 459            |
| South Block Underground |                      |                |            |                |
| Unweathered             | Inferred             | 408            | 3.89       | 51             |
| Total Open Pit          |                      |                |            |                |
|                         | Measured             | 42,417         | 1.73       | 2,356          |
|                         | Indicated            | 31,166         | 1.72       | 1,726          |
|                         | Measured + Indicated | 73,583         | 1.73       | 4,082          |
|                         | Inferred             | 42,132         | 1.89       | 2,559          |
| Total Underground       |                      |                |            |                |
|                         | Indicated            | 198            | 3.26       | 21             |
|                         | Inferred             | 2,114          | 3.37       | 229            |
| Total                   |                      |                |            |                |
|                         | Measured             | 42,422         | 1.73       | 2,356          |
|                         | Indicated            | 31,360         | 1.73       | 1,746          |
|                         | Measured + Indicated | 73,782         | 1.73       | 4,103          |
|                         | Inferred             | 44,246         | 1.96       | 2,788          |

\*Mineral resources are not mineral reserves and do not have a demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Open pit mineral resources are reported at a cut-off grade of 0.5 gpt gold per tonne relative to a conceptual pit envelope. Underground mineral resources are reported at a cut-off grade of 2.0 gpt gold. The cutoff grades are based on a gold price of US\$1,400 per troy ounce and metallurgical recovery of 94 percent.

### Parameters and Assumptions

The classification parameters used by Belo Sun for Ouro Verde and Grota Seca are as follows:

- Measured: Blocks estimated in the first estimation run (within the variogram range), whose estimation required a minimum of three boreholes and composites in a minimum of three octants;
- Indicated: Blocks estimated in the first or second estimation runs (within the variogram range), whose estimation required a minimum of two boreholes;
- Inferred: All blocks not classified as Measured or Indicated in the first and second estimation runs and all blocks estimated in the third estimation run (twice the variogram range).

SRK has reviewed the classification parameters used by Belo Sun and has examined the classification visually by inspecting sections and plans through the block models. SRK concludes that the parameters used to define Measured blocks reasonably reflect estimates that can be considered to be at a high confidence level, material classified as Indicated reflect estimates made with a moderate level of confidence, and all other material is estimated at a lower confidence level. In addition to Belo Sun's

proposed classification scheme, SRK applied a post-smoothing filter on the classified material to ensure continuity within the classification categories.

SRK re-classified any blocks initially classified as Measured to Indicated in the saprolite zones. In Ouro Verde, a few blocks outside the conceptual pit shell considered to prepare the Mineral Resource Statement were initially classified as Measured or Indicated for potential underground extraction; however, SRK re-classified these as Inferred due to their insignificant quantity. Similarly, in Grota Seca, the small number of blocks classified as Measured for potential underground extraction was re-classified as Indicated.

For the South Block, Belo Sun classified all blocks in the Inferred category. Given the lack of data available for the South Block deposit, SRK agrees with the Inferred classification for this deposit.

### ***Proposed Exploration and Development Activities***

SRK drew the following conclusions in their Technical Report:

- Mineral resources can be expanded in the Ouro Verde and Grota Seca deposits areas by exploration drilling for possible extensions of mineralization along strike and to the north and south of the deposits, as well as continued infill drilling on a grid spacing of about 50 by 50 metres across identified areas of mineralization;
- Mineral resources can be expanded in the South Block deposit area by exploration drilling to extend known mineralization along strike and down dip in all three target areas; and
- An improved understanding of mineralization controls through structural geology studies can be instrumental in providing a better geological model to predict the form and shape of the gold mineralization and to improve the confidence in the mineral resources, especially in the South Block area.

In this context, SRK recommended a work program that includes exploration drilling and studies aiming at completing the characterization of the project in preparation for evaluating the viability of a mine project. The work program includes three components:

- Infill and step-out drilling to expand the mineral resources and improve resource classification;
- Geological studies aimed at improving the understanding of the geological and structural setting of the deposit; and
- Engineering, metallurgical and environmental studies to support the design of a conceptual mine and to provide robust key inputs to an economic model considered for a Feasibility Study.

SRK determined that additional drilling is required to:

- Infill gaps in the drilling data with the potential to increase the mineral resources;
- Infill areas of Inferred resources to improve resource classification; and
- Test the lateral and depth extensions of the gold mineralization.

SRK also recommended that further geological studies be initiated to build on existing knowledge and improve the confidence in the interpretation of the boundaries of the gold mineralization, understand its distribution and to update the three dimensional geological model. Finally, SRK recommended that geotechnical and geohydrological logging should be incorporated into standard field practices for all future drilling.

SRK understands that Belo Sun has been working on a pre-feasibility study for the Volta Grande gold project, which is expected to be completed by Q2 2013. Belo Sun intends to complete a feasibility study for the project by Q3 2013. SRK recommends that Belo Sun continues with ongoing engineering studies aimed at completing the characterization of the gold mineralization and evaluating at a conceptual level the viability of a combined open pit mine and underground mine on the Volta Grande Gold Project

The cost of the recommended work program is estimated at approximately US\$19 million as detailed below:

|                                                                                 |                     |
|---------------------------------------------------------------------------------|---------------------|
| Resource Expansion Drilling (15,000 metres @ US\$200/metre)                     | \$3,000,000         |
| Exploration and New Target Delineation Drilling (10,000 metres @ US\$200/metre) | \$2,500,000         |
| Assays (25,000 samples @ US\$20/sample)                                         | \$ 500,000          |
| Pre-feasibility study                                                           | \$ 500,000          |
| Detailed feasibility study                                                      | \$6,000,000         |
| Staff, contractors and consultants direct cost                                  | \$6,500,000         |
| <b>Total</b>                                                                    | <b>\$19,000,000</b> |

## **DIVIDENDS**

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The constating documents of the Corporation do not limit its ability to pay dividends on its Common Shares. However, the Corporation does not expect to pay dividends in the foreseeable future. Payment of dividends in the future will be made at the discretion of the Board.

## **DESCRIPTION OF CAPITAL STRUCTURE**

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The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of special shares of the Corporation (the “**Special Shares**”). As of December 31, 2012 and the date of this AIF there were 265,910,534 Common Shares issued and outstanding and no Special Shares issued and outstanding.

### **Common Shares**

Holders of Common Shares are entitled to receive notice of and to attend any meetings of shareholders and shall have one vote per share at all meetings, except meetings at which only holders of another class or series of shares are entitled to vote separately as such class or series. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board and, upon liquidation, dissolution or winding up of the Corporation, are entitled to receive on a pro rata basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

### **Special Shares**

The Special Shares may be issued from time to time in one or more series with such designation, rights, privileges, restrictions and conditions attaching to each series of Special Shares as determined by the Board subject to the issuance by the Director appointed under the *Business Corporations Act* (Ontario) of a certificate of amendment of articles in respect thereof. The Special Shares of each series shall rank on par with the Special Shares of every other series and may be entitled to preference over the Common Shares and over any other shares of the Corporation ranking junior to the Special Shares. The Special Shares may be convertible into Common Shares. The holders of Special Shares are entitled to receive copies of the annual financial statements of the Corporation and the auditor's report thereon to be submitted to the shareholders of the Corporation at annual meetings and the holders of each series of Special Shares shall have such rights to attend and vote at meetings of shareholders or restrictions on attendances or voting rights there at as may be determined by resolution of the Board. In the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the Special Shares of each series shall rank on par with the Special Shares of every other series and be entitled to preference over the Common Shares.

## MARKET FOR SECURITIES

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### Trading Price and Volume

The Common Shares trade on the TSX under the symbol "BSX". The table below shows the price ranges and volume of trading on the TSX for each month of the calendar year ended December 31, 2012.

| Period         | High (\$/Share) | Low (\$/Share) | Volume     |
|----------------|-----------------|----------------|------------|
| December 2012  | 1.75            | 1.52           | 20,658,146 |
| November 2012  | 1.73            | 1.33           | 22,855,210 |
| October 2012   | 1.40            | 1.26           | 12,578,979 |
| September 2012 | 1.58            | 1.15           | 35,221,379 |
| August 2012    | 1.35            | 1.08           | 12,318,587 |
| July 2012      | 1.24            | 1.11           | 5,182,597  |
| June 2012      | 1.39            | 1.05           | 11,848,983 |
| May 2012       | 1.26            | 0.76           | 26,202,177 |
| April 2012     | 1.18            | 0.78           | 16,191,235 |
| March 2012     | 1.07            | 0.88           | 7,681,543  |
| February 2012  | 1.18            | 0.97           | 11,666,891 |
| January 2012   | 1.17            | 0.92           | 15,016,345 |

### Prior Sales

During the financial year ended December 31, 2012, the Corporation issued the following securities:

| <u>Transaction Date</u> | <u>Number of Securities</u> | <u>Type of Securities</u> | <u>Exercise Price (\$)</u> |
|-------------------------|-----------------------------|---------------------------|----------------------------|
| January 31, 2012        | 3,470,000 <sup>(1)</sup>    | Options                   | 1.15                       |
| June 14, 2012           | 700,000 <sup>(1)</sup>      | Options                   | 1.17                       |
| July 2, 2012            | 2,825,000 <sup>(1)</sup>    | Options                   | 1.15                       |
| July 10, 2012           | 1,200,000 <sup>(1)</sup>    | Options                   | 1.15                       |

<sup>(1)</sup> Options granted to certain consultants, directors and officers. The options are exercisable for Common Shares for a period of five years.

## DIRECTORS AND OFFICERS

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The following table sets forth the name, province or state of residence and position held with the Corporation of each of the current executive officers and directors of the Corporation. All directors hold office until the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed.

| Name and Province of Residence      | Position(s) with Corporation and Period of Service as a Director | Principal Occupation                              | Number of Common Shares Beneficially Held | Percentage of Common Shares Beneficially Held <sup>(1)</sup> |
|-------------------------------------|------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------|--------------------------------------------------------------|
| Stan Bharti<br>(Ontario, Canada)    | Director since February 2010                                     | Mining consultant                                 | -                                         | -                                                            |
| Helio Diniz<br>(Para State, Brazil) | Vice President, Exploration<br>Director since February 2010      | Vice President,<br>Exploration of the Corporation | 250,000                                   | 0.1%                                                         |

| <b>Name and Province of Residence</b>                                | <b>Position(s) with Corporation and Period of Service as a Director</b> | <b>Principal Occupation</b>                                             | <b>Number of Common Shares Beneficially Held</b> | <b>Percentage of Common Shares Beneficially Held<sup>(1)</sup></b> |
|----------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------|
| Mark Eaton<br>(Ontario, Canada)                                      | President and Chief Executive Officer<br>Director since February 2010   | President and Chief Executive Officer of the Corporation                | 4,663,000                                        | 1.9%                                                               |
| Patrick Gleeson<br>(Ontario, Canada)                                 | Corporate Secretary since March 2010                                    | Corporate Lawyer                                                        | -                                                | -                                                                  |
| C. Jay Hodgson (Ontario, Canada)                                     | Director since June 2010                                                | Research exploration geologist                                          | -                                                | -                                                                  |
| Clay Livingston Hoes <sup>(1) (2)</sup><br>(New York, United States) | Director since December 2010                                            | Portfolio Manager/Geologist                                             | -                                                | -                                                                  |
| Michael Hoffman<br>(Ontario, Canada)                                 | Vice President, Engineering since February 2012                         | Mining Consultant                                                       | 200,000                                          | <0.1%                                                              |
| Simon Marcotte<br>(Ontario, Canada)                                  | Vice President, Corporate Development                                   | Vice President, Corporate Development of the Corporation                | 500,000                                          | 0.2%                                                               |
| Ian Pritchard<br>(Ontario, Canada)                                   | Chief Operating Officer since August 2012                               | Chief Operating Officer of the Corporation                              | -                                                | -                                                                  |
| Ryan Ptolemy<br>(Ontario, Canada)                                    | Chief Financial Officer since March 2010                                | Financial Consultant                                                    | 40,000                                           | <0.1%                                                              |
| Rui Botica Santos <sup>(1) (2)</sup><br>(Estremadura, Portugal)      | Director since March 2007                                               | Corporate Lawyer                                                        | 1,094,100                                        | 0.4%                                                               |
| Catherine Stretch <sup>(1)</sup><br>(Ontario, Canada)                | Director since May 23, 2012                                             | Chief Executive Officer of DT Plantations Limited                       | -                                                | -                                                                  |
| Peter Tagliamonte <sup>(2)</sup><br>(Ontario, Canada)                | Chairman of the Board<br>Director since February 2010                   | President and Chief Executive Officer of Sulliden Gold Corporation Ltd. | 280,000                                          | <0.1%                                                              |

(1) Member of the Audit Committee.

(2) Member of the Corporate Governance and Compensation Committees.

The directors and officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control over, 7,027,100 Common Shares, representing approximately 2.6% of the issued and outstanding Common Shares of the Corporation as of the date hereof, based on the information provided by these individuals.

**The principal occupation, business or employment of each of the Corporation's directors and executive officers within the past five years are disclosed in the brief biographies below.**

*Stan Bharti, Director.* Mr. Bharti has over 25 years of experience in operations, public markets and finance. Over the last ten years Mr. Bharti has been involved in acquiring, restructuring and financing resource companies. He is a Professional Mining Engineer and holds a Masters Degree in Engineering from Moscow, Russia and University of London, England. From 2002 to April 2006, Mr. Bharti was a director and past president of Desert Sun Mining Corp. (which was acquired by Yamana Gold Inc. in 2006). In addition, Mr. Bharti is a director of several public and private companies.

*Helio Diniz, VP Exploration.* Mr. Diniz has over 30 years of experience, most recently as Director of Exploration, Brazil for Xstrata Canada Corporation (formerly Noranda Inc. – Falconbridge Limited) from 1999 to 2007. In this role, he contributed to the primary discovery of the Araguaia Nickel Deposits which are currently undergoing scoping studies by Xstrata Nickel. He also contributed to the assembly property portfolios in the prolific Carajas Mineral District and the land position at Mangabal Nickel Sulfide Project. Prior to that he was with Eldorado Gold Corporation, and prior to that, he worked with GENCOR South Africa, and was involved in the evaluation and development of the Sao Bento gold mine in Brazil which operated for 25 years until 2007. He has served as a consultant of Apogee Minerals Ltd. since December 9, 2010, having previously been a director and President of the company. He served as the Chief Operating Officer of Castillian Resources Corporation from March 1, 2007 until April 23, 2010.

*Mark Eaton, President and Chief Executive Officer and Director.* Mr. Eaton is a graduate from Hull University, England and is an experienced investment professional with over 20 years of experience in equity capital markets specializing in the resource sector. From 1998 to 2007 he held the position of Managing Director of Global Mining Sales, a division of CIBC World Markets of Toronto and Manager of US Equity Sales for CIBC World Markets. Prior to joining the Corporation, Mr. Eaton's most recent position was as a Partner and Director of Loewen Ondaatje McCutcheon Ltd., a Toronto-based investment dealer, which he held from January 2007 until he joined the Board of UEX Corporation in March, 2008. From 2008 to 2010, Mr. Eaton was a private investor and consultant.

*Patrick Gleeson, Corporate Secretary.* Mr. Gleeson is a lawyer in the Province of Ontario who since 2007, has acted as legal consultant for several publically trading companies in the mining industry.

*C. Jay Hodgson, Director.* Dr. Hodgson is a Research Exploration Geologist with over 40 years of worldwide experience in base metal and precious metals exploration. He is a graduate of McGill University in Montreal and received his PhD from the University of California at Berkeley. From 1972 to 1995, Dr. Hodgson was Professor of Economic Geology at Queen's University where he collaborated very closely with the mining industry. During his tenure at Queen's University, he supervised over 50 graduate theses and published 45 scientific papers including several landmark articles on economic geology and exploration. Dr. Hodgson is a former Chief Geologist at Barrick Gold Corp. ("**Barrick**") from 1996 to 2006 where he was in charge of designing and executing Barrick's worldwide exploration programs while ensuring that Barrick maintained its technical edge. During his period at Barrick, Dr. Hodgson was involved with the discoveries, acquisitions and exploration of several world-class gold deposits such as Pierina and Alto Chicama in Peru, Pascua-Lama in Chile, Veladero in Argentina, and Bulyanhulu in Tanzania. He has been a consultant to mining companies since 2006.

*Clay Livingston Hoes, Director.* Mr. Hoes was a senior analyst and portfolio manager with Amerprise Financial from 1999 to 2010, managing a precious metals fund and an energy fund in Minneapolis. He was a senior analyst and portfolio manager with Scudder Kemper Investments from 1996 to 1999, managing a precious metal fund in New York. Prior to that, he was a sell-side resource analyst at Everen Securities from 1993 to 1996. He was a project finance analyst for Mocatta Metals and a petroleum development geologist for Pennzoil Company. He has a Masters degree in Mineral Economics from the Colorado School of Mines and dual B.A. degrees in Geology and Economics from Hobart College. He is an investment committee member at Allina Health in Minneapolis.

*Mike Hoffman, Vice President, Engineering.* Mr. Hoffman is a professional mining engineer and he is the Vice President, Engineering of the Corporation. He has held senior executive positions at Crocodile Gold, Kria Resources, Crowflight Minerals Inc., Goldcorp Inc., Desert Sun Mining Corp. and Yamana Gold Inc. He also serves on the board of Trevali Mining Corp., Castillian Resources Inc., Azul Ventures and Aberdeen International Inc. He received his Bachelor of Applied Science in Mining Engineering from Queen's University.

*Simon Marcotte, VP Corporate Development.* Mr. Marcotte is a CFA charter holder. From September 2006 to May 2010 he was with Cormark Securities Inc. in institutional sales. Prior to that, he worked for CIBC World Markets. He received his Bachelor of Business Administration from the University of Sherbrooke.

*Ian Pritchard, Chief Operating Officer.* Mr. Pritchard is a professional with over 20 years of experience in project and operations management in the mining industry both in North America as well as internationally, including, in particular, Brazil. Mr. Pritchard's mining experience includes the management of pre-feasibility and feasibility studies, engineering, procurement and construction management projects. He has held senior executive positions at various organizations worldwide including SNC-Lavalin and De Beers Canada. He is the Chief Operating Officer of the Corporation.

*Ryan Ptolemy, Chief Financial Officer.* Mr. Ptolemy is Certified General Accountant and CFA charter holder. From August 2005 to September 2009, Mr. Ptolemy was at an independent investment dealer in Toronto, most recently serving as Chief Financial Officer where he was responsible for financial reporting, auditing, budgeting and internal controls. Thereafter, he joined Rodinia Lithium Inc. as the Chief Financial Officer in 2010. In addition to Belo Sun, he is currently the Chief Financial Officer of Rodinia Lithium Inc., Antofagasta Gold Inc., Alder Resources Ltd. and Aberdeen International Inc.

*Rui Botica Santos, Director.* Mr. Santos has been a partner at CRA - Coelho Ribeiro e Associados, a Portuguese law firm with considerable expertise in mining law, since 1995. He is also a partner in CRA Timor, a law firm established in East Timor that focuses on international mining law and oil and gas transactions. Mr. Santos is a qualified lawyer in Portugal, Brazil and East Timor. In addition, since 2007, Mr. Santos has been an invited professor and lecturer on economic, banking and finance matters, including at the Instituto Superior de Derecho y Economia (Madrid, Spain) and Lisbon's University of Nova School of Economics, as well as at several executive conferences. He has also served as Director of Pirites Alentejanas, a copper and zinc mining project owned by Lundin Mining Corporation from 2001 to 2009, director of PortOil – Energia e Recursos Naturais, SA since 2006, Chairman of the general meeting of General Electric Portugal since 2005, and Chairman of the general meeting of Somincor – Sociedade Mineira de Neves Corvo SA, owned by Lundin Mining Corporation, since 2004.

*Catherine Stretch, Director.* Catherine Stretch has been Chief Executive Officer of DT Plantations Limited, a 40,000 hectare palm oil plantation under development in southern Philippines since mid-2012. Prior to assuming that role, Catherine worked on a project to consolidate sugar/ethanol operations in Brazil, travelling extensively to meet with farmers, owners, bankers, government officials and industry experts gaining an in depth understanding of the sector and the country. Previously, Catherine was a partner and the Chief Operating Officer of a Canadian investment firm which had \$1 billion in assets under management and focused on managing resource oriented investment funds. In this role Catherine helped research, develop and structure early stage investments and investment vehicles in Canada and overseas working with legal teams, securities regulators and local partners as well as overseeing day-to-day operations and financial reporting requirements of the company. Catherine has a BA in Economics from the University of Western Ontario and an MBA in International Business from the Schulich School of Business at York University.

*Peter Tagliamonte, Chairman.* Mr. Tagliamonte is a professional mining engineer and also holds an MBA from the Richard Ivey School of Business, at the University of Western Ontario. He was the President and Chief Executive Officer of Central Sun Mining until 2009 and Chief Operating Officer of Desert Sun Mining where he contributed to the development of the Jacobina Mine in Brazil into a 4,200-tonne-per-day mining operation. Mr. Tagliamonte has over 25 years of progressive managerial experience building and operating mines worldwide, notably in Central and South America. In 2005, he received the Mining Journal's "Mine Manager of the Year" award in recognition for his work in the mining sector. He is the President and Chief Executive Officer of Sulliden Gold Corporation Ltd.

### **Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Other than as set forth below, no director or executive officer of the Corporation is, as at the date of this AIF, or has been, within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, (i) while that person was acting in that capacity was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days

(an “**Order**”); (ii) was subject to an Order that was issued, after the person ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. Bharti was a director of Kansai Mining Corporation (“**Kansai**”), a company listed on the TSX Venture Exchange. On January 29, 2008, a cease trade order was issued against Kansai and each of the directors and officers, as a result of Kansai failing to file comparative financial statements for the year ended September 30, 2007 and management's discussion and analysis for the period ended September 30, 2007. On March 5, 2008, the cease trade order was revoked.

No director, executive officer or shareholder holding a sufficient number of securities to materially affect control of the Corporation:

- (a) has, as at the date of this AIF, or has been within the ten years before the date of this AIF, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy, or insolvency, or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

No director or executive officer of the Corporation, or a shareholder holding sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Conflicts of Interest**

Certain of the Corporation's directors and officers serve or may agree to serve as directors or officers of other reporting companies or have significant shareholdings in other reporting companies. To the extent that such other companies may participate in ventures in which the Corporation may participate, the directors or officers of the Corporation may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Corporation's directors, a director who has such a conflict will step out of the room during discussions and abstain from voting for or against the approval of such participation or such terms. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. Under the laws of Canada, the directors of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation. In determining whether or not the Corporation will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time.

### **AUDIT COMMITTEE DISCLOSURE**

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National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators (“**NI 52-110**”) requires the Corporation to have a written audit committee charter and to make the disclosure required by Form 52-110F2.

## **Audit Committee Charter**

A copy of the Charter of the Audit Committee of the Board, which has been adopted by the Board in order to comply with NI 52-110 and to more properly define the role of the Audit Committee in the oversight of the financial reporting process of the Corporation is attached hereto as Schedule "A". Nothing in the Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

The Audit Committee is comprised of Peter Tagliamonte, Clay Hoes and Rui Botica Santos. Each member of the Audit Committee is independent of the Corporation and financially literate, as such terms are defined in NI 52-110.

## **Relevant Education and Experience**

A brief summary of the qualifications of each member of the Audit Committee may be found above under the heading "*Directors and Officers*".

## **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year has there been a recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the Board.

## **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on any available exemption regarding the composition, responsibilities or otherwise of the Audit Committee.

## **Pre-Approval Policies and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

## **External Auditor Service Fees**

### Audit Fees

The Corporation's external auditors, Collins Barrow Toronto LLP, Licensed Public Accountants, billed the Corporation \$49,500 in the financial year ended December 31, 2011 and \$52,500 in the financial year ended December 31, 2012, for audit fees.

### Audit-Related Fees

The Corporation's external auditors, Collins Barrow Toronto LLP, Licensed Public Accountants, billed the Corporation \$38,200 in the financial year ending December 31, 2011 and \$16,500 in the financial year ended December 31, 2012 for assurance and related services related to the performance of the audit or review of the Corporation's financial statements, which are not included in audit fees.

### Tax Fees

The Corporation's external auditors, Collins Barrow Toronto LLP, Licensed Public Accountants, billed the Corporation \$nil in the financial year ending December 31, 2011 and \$15,500 in the financial year ended December 31, 2012 for tax compliance, tax advice and tax planning.

## All Other Fees

No other fees were charged by the external auditors for the financial years ended December 31, 2011 and December 31, 2012.

## **PROMOTERS**

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To the best of the Corporation's knowledge, no person or company has been within the two most recently completed fiscal years, or is during the current fiscal year, a promoter of the Corporation or any of its subsidiaries.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

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There are no current legal proceedings and there were no legal proceedings during the year ended December 31, 2012 to which the Corporation was a party or of which any of the Corporation's property was subject, nor, to the best of the Corporation's knowledge, are there any such legal proceedings contemplated.

There have been no penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during the fiscal year ended December 31, 2012, or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision in the Corporation. The Corporation has not entered into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority during the fiscal year ended December 31, 2012.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

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None of the directors, executive officers or principal shareholders of the Corporation and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction within the past three years or in any proposed transaction that has materially affected or will materially affect the Corporation or any of its subsidiaries.

## **TRANSFER AGENTS AND REGISTRARS**

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The Corporation's transfer agent and registrar is Equity Financial Trust Company, located in Toronto, Ontario.

## **MATERIAL CONTRACTS**

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Except for contracts entered into by the Corporation in the ordinary course of business or otherwise disclosed herein, no contracts entered into during the financial year ended December 31, 2012, or which remain in effect can reasonably be regarded as presently material, other than as set out below:

- The underwriting agreement dated September 25, 2012 between the Corporation and BMO Nesbitt Burns Inc., Canaccord Genuity Corp., CIBC World Markets Inc., Cormark Securities Inc., Dundee Securities Ltd., National Bank Financial Inc., and TD Securities Inc. in connection with a bought-deal public financing (see "*General Development of the Business – Three Year History – Financial Year Ended December 31, 2012*").

## **INTERESTS OF EXPERTS**

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Jean-Francois Couture, PhD, PGeo, Lars Weiershäuser, PhD, PGeo and Oy Leuangthong, PhD, PEng are the Qualified Persons who authored the Technical Report for SRK Consulting (Canada) Inc. To the knowledge of the Corporation, none of Messrs. Couture, Weiershäuser, or Leuangthong nor SRK had an interest in any securities or other properties of the Corporation, its associates or affiliates as at the date of the Technical Report or as at the date hereof.

Carlos Costa, P.Geo, is the Qualified Person who reviewed the scientific and technical information in this AIF. He is an advisor to Belo Sun whose holdings of securities of the Corporation as of the date hereof does not exceed 1% of the issued and outstanding securities of the Corporation.

Collins Barrow Toronto LLP, Licensed Public Accountants, are the auditors of the Corporation and have performed the audit in respect of the audited annual consolidated financial statements of the Corporation as at and for the year ended December 31, 2012. Collins Barrow Toronto LLP, Licensed Public Accountants were independent of the Corporation in accordance with the applicable rules of professional conduct.

#### **ADDITIONAL INFORMATION**

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Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, and securities authorized for issuance under the Corporation's stock option plan is contained in the management information circular of the Corporation dated April 20, 2012.

Additional financial information is provided in the Corporation's annual consolidated financial statements and management's discussion and analysis for the year ended December 31, 2012. These documents and other information about the Corporation can be found on SEDAR under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

## SCHEDULE A

### BELO SUN MINING CORP. AUDIT COMMITTEE CHARTER

#### **Audit Committee Charter**

(Implemented pursuant to National Instrument 52-110)

This Charter has been adopted by the Board in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

#### **PART 1**

**Purpose:** The purpose of the Committee is to:

- a) significantly improve the quality of the Corporation's financial reporting;
- b) assist the Board to properly and fully discharge its responsibilities;
- c) provide an avenue of enhanced communication between the Board and external auditors;
- d) enhance the external auditor's independence;
- e) increase the credibility and objectivity of financial reports; and
- f) strengthen the role of the outside members of the Board by facilitating in depth discussions between Members, management and external auditors.

#### **1.1 Definitions**

"accounting principles" has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

"Affiliate" means a Corporation that is a subsidiary of another Corporation or companies that are controlled by the same entity;

"audit services" means the professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

"Board" means the board of directors of the Corporation;

"Charter" means this audit committee charter;

"Corporation" means Belo Sun Mining Corp.;

"Committee" means the committee established by and among certain members of the Board for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;

"Control Person" means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation, except where there is evidence showing that the holder of those securities does not materially affect control of the Corporation;

"executive officer" means an individual who is:

- a) the chair of the Corporation;
- b) the vice-chair of the Corporation;
- c) the President of the Corporation;
- d) the vice-president in charge of a principal business unit, division or function including sales, finance or production;

- e) an officer of the Corporation or any of its subsidiary entities who performs a policy-making function in respect of the Corporation; or
- f) any other individual who performs a policy-making function in respect of the Corporation;

"financially literate" has the meaning set forth in Section 1.3;

"immediate family member" means a person's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person's immediate family member) who shares the individual's home;

"independent" has the meaning set forth in Section 1.2;

"Instrument" means National Instrument 52-110;

"MD&A" has the meaning ascribed to it in the National Instrument;

"Member" means a member of the Committee;

"National Instrument 51-102" means National Instrument 51-102 *Continuous Disclosure Obligations*;

"non-audit services" means services other than audit services;

## **1.2 Meaning of Independence**

1. A Member is independent if the Member has no direct or indirect material relationship with the Corporation.
2. For the purposes of subsection 1, a material relationship means a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a Member's independent judgement.
3. Despite subsection 2 and without limitation, individuals set out in sections 1.4 (3) and 1.5 of National Instrument 52-110 shall be considered to have a material relationship with the Corporation.

**1.3 Meaning of Financial Literacy** - For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

## **PART 2**

**2.1 Audit Committee** – The Board has hereby established the Committee for, among other purposes, compliance with the Instrument.

**2.2 Relationship with External Auditors** – The Corporation will henceforth require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

## **2.3 Committee Responsibilities**

1. The Committee shall be responsible for making the following recommendations to the Board:
  - a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
  - b) the compensation of the external auditor.
2. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

This responsibility shall include:

- a) reviewing the audit plan with management and the external auditor;
  - b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
  - c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
  - d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
  - e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;
  - f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
  - g) reviewing interim unaudited financial statements before release to the public;
  - h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, the annual information form and management's discussion and analysis;
  - i) reviewing any evaluation of internal controls by the external auditor, together with management's response;
  - j) reviewing the terms of reference of the internal auditor, if any;
  - k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and
  - l) reviewing the appointments of the Chief Financial Officer and any key financial executives involved in the financial reporting process, as applicable.
3. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.
4. The Committee shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.
5. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and shall periodically assess the adequacy of those procedures.
6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Policy 31, and the planned steps for an orderly transition.
7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in the National Instrument, on a routine basis, whether or not there is to be a change of auditor.
8. The Committee shall, as applicable, establish procedures for:
- a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
  - b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
9. As applicable, the Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, as applicable.

10. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

**2.4 De Minimis Non-Audit Services** – The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

- a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the fiscal year in which the services are provided;
- b) the Corporation or the relevant subsidiary of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

## **2.5 Delegation of Pre-Approval Function**

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).

2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 1 must be presented to the Committee at its first scheduled meeting following such pre-approval.

## **PART 3**

### **3.1 Composition**

1. The Committee shall be composed of a minimum of three Members.
2. Every Member shall be a director of the issuer.
3. Every audit committee member shall be independent.
4. Every audit committee member shall be financially literate.

## **PART 4**

**4.1 Authority** – Until the replacement of this Charter, the Committee shall have the authority to:

- a) engage independent counsel and other advisors as it determines necessary to carry out its duties,
- b) set and pay the compensation for any advisors employed by the Committee,
- c) communicate directly with the internal and external auditors; and
- d) recommend the amendment or approval of audited and interim financial statements to the Board.

## **PART 5**

**5.1 Disclosure in Information Circular** -- The Corporation shall include in its Annual Information Form the disclosure required by Form 52-110F1.

## **PART 6**

### **6.1 Meetings**

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.
2. Opportunities shall be afforded periodically to the external auditor, the internal auditor, if any, and to members of senior management to meet separately with the Members.
3. Minutes shall be kept of all meetings of the Committee.